



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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September 11, 2013

To: Members of the Board of Retirement

From: Annette Cain-Darnes – Chair

Subject: Summary of the September 11, 2013 Investment Committee Meeting

The Investment Committee met on Wednesday, September 11, 2013 at 9:06 a.m. The Committee members present were Dale Amaral, Annette Cain-Darnes, George Dewey, Elizabeth Rogers, Donald White, and George Wood. Also present was Alternate Safety member Darryl Walker. Members of the Staff present were Vincent Brown – Chief Executive Officer, Harsh Jadhav – Chief Internal Auditor, and Betty Tse – Chief Investment Officer.

ACTION ITEM

1. Discussion of and Possible Motion to Recommend to the Board to Adopt the Amended Real Estate Strategic Plan, Objectives, Policies and Procedures
 - Staff and Townsend recommended no changes or revisions to the text of the Strategic Plan, and that only exhibits be updated to reflect the current holdings in the real estate portfolio.
 - After discussion, Mr. Dale Amaral moved, seconded by Mr. George Dewey, to recommend to the Board to adopt the Amended Real Estate Strategic Plan, Objectives, Policies and Procedures. The motion passed unanimously.

2. Discussion of and Possible Motion to Recommend to the Board to Adopt the 2013 – 2014 Investment Plan for ACERA's Real Estate Portfolio
 - Staff and Townsend presented the 2013 – 2014 Investment Plan for ACERA's real estate portfolio. ACERA's current allocation for Real Estate is out of compliance with Core real estate assets funded at a 65% level versus 70% target. Townsend recommended an increase of \$50-\$80 million in Core real estate assets and an increase of \$20 million to Value-added real estate assets for 2014 to help the real estate portfolio get back into compliance.
 - After discussion, Mr. George Dewey moved, seconded by Ms. Elizabeth Rogers, to recommend to the Board to adopt the 2013 – 2014 Investment Plan for ACERA's Real Estate Portfolio. The motion passed unanimously.

INFORMATION ITEMS

1. Review of Mondrian Investment Partners
 - Representatives from Mondrian Investment Partners discussed its investment philosophy, investment strategy, portfolio characteristics, and performance. The review revealed Mondrian Investment Partners to be in compliance with ACERA's investment guidelines.

- Mondrian representatives described current international equities market conditions and the portfolio shifts resulting from such conditions. They also discussed the rationale for replacing the Delaware Pooled Trust with the Mondrian Emerging Markets Fund, LP, effective July 1, 2012, and talked about how the manager's patient, low cost trading style has added value to ACERA's account.
2. Quarterly Performance Review for the Second Quarter of 2013 – Equities, Fixed Income, and Real Return Pool
- The Federal Reserve's discussion of tapering Quantitative Easing led to a pullback in the major indices in mid-June.
 - ACERA's total Fund returned 0.7% in the second quarter of 2013.
 - As of 6/30/2013, the market value of the total Fund was about \$6.0 billion.
 - For the quarter, ACERA's U.S. equity portfolio, international equity, fixed income, and real return pool asset classes returned 4.1%, -1.2%, -2.7%, and -7.9% (gross), respectively.
3. Quarterly Performance Review for the Second Quarter of 2013 – Real Estate
- As of 6/30/13, the total market value of ACERA's real estate portfolio was about \$322.8 million; approximately 5.4% of ACERA's total Fund.
 - ACERA's real estate portfolio returned 2.8% for Q2 2013.

RECOMMENDATIONS

The Committee recommends, and I move, that the Board adopt the Amended Real Estate Strategic Plan, Objectives, Policies and Procedures.

The Committee recommends, and I move, that the Board adopt the 2013 – 2014 Investment Plan for ACERA's Real Estate Portfolio.

TRUSTEE/PUBLIC INPUT

None

FUTURE DISCUSSION ITEMS

None

ESTABLISHMENT OF NEXT MEETING DATE

October 9, 2013 at 9:00 a.m.

ADJOURNMENT

The meeting adjourned at 10:54 a.m.