

**Alameda County Employees'
Retirement Association**

ACERA

REAL ASSETS POLICY

Amended: April 17, 2025

ACERA REAL ASSETS POLICY

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Real Assets Policy

I. SCOPE

This Real Assets Policy (“RA Policy” or “Policy”) governs all investments in the Real Assets (“RA”) asset class made by Alameda County Employees’ Retirement Association (“ACERA”). Established in April, 2011 the RA Policy is subject to all provisions of applicable law and applicable limitations and requirements of ACERA’s General Investment Guidelines, Policies and Procedures. If there is any conflict between this RA Policy and ACERA’s General Investment Guidelines, Policies and Procedures pertaining to investments in the RA asset class, the Policy prevails. The ACERA Board (“Board”) reserves the right to amend, supplement, and/or rescind the Policy at any time.

II. PURPOSE

The purpose of the Policy is to:

1. Set forth the RA investment policies and guidelines which are deemed to be appropriate and prudent;
2. Establish criteria against which RA investment opportunities are to be measured; and
3. Serve as a review document to guide the ongoing oversight of ACERA’s Real Assets Portfolio on a consistent basis.

The Policy also defines roles and responsibilities of the Board, the ACERA Investment Committee (“IC”), the ACERA Staff (“Staff”), the ACERA RA Consultant (“Consultant”), and the RA Investment Managers hired by ACERA to manage its assets (“Managers”).

It is expected that the Policy will be a living document and that changes will be made from time-to-time to reflect experience, evolving investment products, and opportunities and changes in the economic and capital market environment.

The RA asset class is designed to produce positive expected returns and to mitigate the impact of domestic inflation.

The RA portfolio is principally intended to:

1. Exceed the RA Policy benchmark on a net of fees basis.
2. Mitigate the impact of domestic inflation and trending inflation, especially during periods of unexpected inflation.
3. Add alpha and diversification to the ACERA portfolio.

III. LEGAL AUTHORITY

The Policy is established in accordance with Article XVI, Section 17 of the California Constitution and California Government Code sections 31594 and 31595, which establish the exclusive authority and fiduciary responsibility of the Board for the investment and administration of the ACERA Trust Fund (“Fund”).

IV. TYPES OF REAL ASSETS INVESTMENTS

The RA portfolio is intended to invest in private natural resources and infrastructure investments over the long term. In order to maintain the RA portfolio's market value close to its target weighting in the total Fund as the portfolio transitions to 100% private investments, however, the RA portfolio will, over the medium-term, maintain its exposure to liquid/publicly traded investments¹ (please see Addendum for more information).

The private and liquid/publicly-traded investments in the RA portfolio are expected to provide a positive expected return and to help mitigate the impact of domestic inflation on the total Fund. Liquid/publicly-traded investments are expected to consist of publicly-traded equities in the natural resources and infrastructure sectors. In addition, the RA portfolio is expected to invest in private limited partnerships and secondaries in sectors with inflation-sensitive assets including, but not limited to, energy, mining, timberland, and farmland (collectively private natural resources investments), as well as infrastructure.

All RA investments/strategies made through privately-placed funds are considered Alternative Investments.

RA investments include, but are not limited to, the following:

1. Natural Resources-Related Equities
2. Infrastructure-Related Equities
3. Privately-placed Energy Investments
4. Privately-placed Mining Investments
5. Privately-placed Farmland Investments
6. Privately-placed Timber Investments
7. Privately-placed Infrastructure Investments

V. STRATEGIC OBJECTIVE OF REAL ASSETS INVESTMENTS

The strategic objective of real assets investments is to generate a positive return in excess of the asset class's assigned benchmark, while mitigating the impact of domestic inflation on the total Fund. The Board believes the Fund's overall returns can be enhanced, on a risk-adjusted basis, by investing a portion of its assets in RA assets.

VI. STRATEGIC ALLOCATIONS TO REAL ASSETS

The target allocation to the Real Assets Asset Class is 6.0% of the total Fund. The long-term RA target portfolio will consist of private investments with a target allocation between the two sub-classes of private investments (i.e., natural resources and infrastructure), as follows:

¹ The publicly-traded investments will consist of two passively managed equity index strategies managed in one vehicle that seeks to replicate the blended return of 67% S&P Global Infrastructure Index/33% S&P Global LargeMidCap Commodity and Resources Index.

RA Portfolio	Long-Term Target Allocation	Long-Term Min. / Max. Ranges
Real Assets	6.0%	3.0% to 9.0%
-Private Infrastructure	67%	47% to 87%
-Private Natural Resources	33%	13% to 53%

However, in order to maintain the RA portfolio's target weighting in the total Fund while building investment exposure to private investments, a liquid vehicle ("Liquid Pool") will be used in the interim that invests in publicly traded global equities targeting the same percentage weightings for natural resources (33%) and infrastructure (67%) as the RA portfolio's long-term private targets to these sub classes. As more private investments are made, the private portion of the RA portfolio is expected to grow towards 100% of the RA portfolio while the Liquid Pool is being progressively and completely divested. (Please see Addendum for interim weightings to the private investments and the Liquid Pool.)

It is expected that the RA assets will be managed on a discretionary basis by investment managers, who are evaluated and monitored by Staff and Consultant. All investment managers will adhere to specific investment guidelines which are generally consistent with the intent of the Policy. Portfolio construction will be designed to produce a diversified mix of returns. While specific investments may incur losses of all or part of the capital invested, it is expected that a diversified RA Portfolio will produce a positive return that exceeds the RA Policy benchmark. The risks associated with RA investments will be viewed within the context of the entire Fund. ACERA may take on over and under weights to sub-asset classes within the RA Portfolio to improve its risk/return posture based upon an assessment of the relative attractiveness of all available opportunities.

VII. SPECIFIC GUIDELINES FOR REAL ASSETS PORTFOLIO

ACERA will gain exposure to RA investments by hiring external investment managers either directly or through participation in secondary RA markets. It is expected that the RA Portfolio will exceed the custom, blended benchmark net of all fees and expenses over a 7-10-year period (full market cycle).

The RA Portfolio is to be implemented over 3 to 5 years and diversified as follows:

By sub-asset classes: Natural resources and Infrastructure

A. Natural Resources Investments

Description: Natural Resources investments are public and private investments that include, but are not limited to, equity, royalty, and debt investments in companies that produce commodities such as precious metals, industrial metals, minerals, energy, agriculture, and timberland. The companies invested in may focus solely on the production of commodities and may operate throughout commodity supply chains.

ACERA will look to hire external managers with the goal of achieving a diversified exposure across sectors, regions, and vintage year.

B. Infrastructure Investments

Description: Infrastructure investments are public and private investments that include, but are not limited to, equity and debt investments in infrastructure assets or companies. Infrastructure assets and companies include, but are not limited to, those involved with renewable energy, energy transition, traditional energy, transportation, power, digital infrastructure, and social infrastructure.

ACERA will look to hire external managers with the goal of achieving a diversified exposure across sectors, regions, and vintage year.

By vintage year: It is expected that ACERA will commit capital to private real assets investments each year to take advantage of opportunities across vintage years. The commitment amounts will vary to adjust for changes in the market value of ACERA's plan and accommodate market opportunities.

By investment manager: No more than twenty (20) percent of the Fund's total six (6) percent target allocation to the RA Portfolio may be committed to any one private investment manager.

By private fund: No more than ten (10) percent of the Fund's total six (6) percent target allocation to the RA portfolio may be committed to any one private fund.

By geography: Through investments/commitments to funds on a global basis to mitigate the impact of domestic inflation.

By industry: As a result of the diversified investments/commitments outlined above, it is expected that the RA Portfolio will generally be diversified within the natural resources and infrastructure sectors by industry.

VIII. ROLES AND RESPONSIBILITIES

The delineation of roles and responsibilities is important for effective administration of ACERA's RA Portfolio. The duties and responsibilities of the Board, IC, Staff, Consultant, and Managers are stated below:

A. Board

The Board shall be responsible for approving the Policy that governs the RA Portfolio and approving the Investment Plans for ACERA's RA Portfolio. From time-to-time the Board, with input from the IC, shall review the Policy to determine whether amendments are advisable. The Board shall also be responsible for reviewing and approving all RA investments with individual commitments exceeding Staff's delegated authority as described in subparagraph C below.

B. Investment Committee

The IC shall be responsible for the following:

1. Establishing the RA Policy to govern all investments in the Real Assets asset class;
2. Reviewing the RA Policy, evaluating proposals for RA Policy amendments, if any, and making recommendations to the Board;
3. Reviewing and approving ACERA's RA Portfolio Investment Plan;

4. Reviewing RA investments recommended by Staff and/or Consultant and making recommendations to the Board for adoption; and
5. Delegation² :
 - a. Delegating to Staff the authority to make final decisions on new proposed RA investments with an individual commitment up to 7% of the target allocation to the total RA Portfolio.
 - b. Delegating to Staff the authority to make final decisions on proposed “re-up” RA investments with existing managers in good standing, on individual commitments in addition to the existing commitments, up to 15% of the target allocation to the total RA Portfolio.

C. Staff

Staff shall be responsible for oversight of ACERA’s RA Portfolio. Staff’s responsibilities shall include, but not be limited to, the following:

1. Developing and recommending all necessary changes to the RA Policy with input from Consultant;
2. Developing and maintaining specific procedures, if necessary, to comply with the approved RA Policy with input from Consultant;
3. Developing the investment plan of ACERA’s RA Portfolio and making recommendations to the Committee for adoption with input from Consultant;
4. Reviewing, conducting due diligence, and, if satisfied, recommending RA investment/commitment proposals to the IC. Staff and Consultant shall provide the IC all required reports (*See* Appendices I through III);
5. Delegation²:
 - a. Approving Consultant’s RA investment proposals (new proposals) with each individual commitment up to 7% of the target allocation to the RA portfolio upon completion of a thorough review and due diligence process with satisfactory results. Staff and Consultant shall provide the Investment Committee all required reports (*See* Appendices I through III).
 - b. Approving Consultant’s RA investment proposals for “re-ups” with existing managers with each individual commitment in addition to the existing commitments, up to 15% of the target allocation to the total RA portfolio to managers in good standing³ upon completion of a thorough review and due diligence process with satisfactory results. Staff and Consultant shall provide the Investment Committee all required reports (*See* Appendices I through III).
 - c. When the investment manager or general partner of existing investment vehicles offer related continuation vehicles (aka “continuation funds”), following a thorough evaluation of the investment options related to the continuation vehicle (i.e., subscribing to the continuation vehicle, receiving liquidity, or, in some cases, both), and in alignment with Consultant’s recommendation, approving of investment in continuation vehicles or other related options such as receiving liquidity (i.e., receiving cash proceeds for the investments that are to be transferred into the continuation vehicle);
6. Through the ACERA Investment Products and Services Introduction (“IPSI”) program and with the concurrence of the Consultant, recommend highly qualified RA investments to the IC or approve investments under delegated authority upon completion of a thorough due diligence process and the requisite reporting (*See* Appendices I through III).
7. Monitoring the RA Portfolio for performance and compliance with the Policy;

² Investment manager may not appear before the Investment Committee in circumstances when Staff has exercised its delegated authority.

³ An investment manager will be considered to be in good standing if there is sufficient comfort with factors including, but not limited to, its organization, strategy, performance, and compliance.

8. Monitoring the performance of the underlying Managers and their compliance with: a) the investment guidelines as set forth in their respective contracts; b) the Policy; and c) applicable requirements of ACERA's General Investment Guidelines, Policies and Procedures;
9. Conducting comprehensive reviews of ACERA's RA Portfolio and the individual investments in the Portfolio;
10. Reporting to the IC any violations of the Policy with appropriate recommendations;
11. Assisting ACERA's legal department in contract negotiations with the selected Managers;
12. Evaluating RA investment opportunities with Consultant's input on an ongoing basis; and
13. Evaluating and making recommendations for retention and termination of Managers.

D. Consultant

Consultant hired by the Board is a fiduciary to ACERA and its Board. Consultant shall independently and continuously monitor and analyze the performance of ACERA's RA Portfolio and make related recommendations to serve the best interests of the plan members. Consultant shall assist Staff in developing the Policy and recommending all necessary changes to the Policy. In addition, Consultant shall be responsible for:

1. Analyzing the asset allocation of the RA Portfolio by sub-asset class, implementation vehicle, geography, industry, and vintage year, and making recommendations for reallocation of assets, as appropriate;
2. Developing an investment plan for ACERA's RA Portfolio every 1 to 3 years;
3. Developing a search strategy for highly qualified RA investments and maintaining a robust database containing information on qualifying Managers;
4. Recommending highly qualified investments to Staff and/or the Investment Committee upon completion of a thorough due diligence process and providing the required reports to Staff and/or the IC;
5. When continuation vehicles are offered related to existing investment vehicles, and following a thorough evaluation of the related investment options, recommending to Staff which investment option is most suitable for the RA Portfolio;
6. Ongoing monitoring of the investment performance of ACERA's RA Portfolio and individual investment strategies in the Portfolio;
7. Conducting ongoing due diligence on Managers, notifying ACERA of any significant developments and adverse events and providing analysis and advice on such issues;
8. Monitoring Managers' compliance with: a) their respective investment guidelines as set forth in their contracts; b) the RA Policy; and c) applicable requirements of ACERA's General Investment Guidelines, Policies and Procedures;
9. Assisting Staff in contract negotiations with the selected Managers;
10. Submitting performance evaluation reports and conducting comprehensive reviews of the RA Portfolio semi-annually with the IC and on individual Managers when appropriate;
11. Making recommendations for retention or termination of Managers;
12. Attending IC and Board meetings as needed; and
13. Performing other duties in accordance with the terms of its contract and applicable State and Federal law.

E. Managers

Managers are fiduciaries and shall manage ACERA's assets prudently and in the best interests of ACERA and its members. Managers shall abide by all applicable policies and procedures established by ACERA and comply with applicable law. Managers shall be responsible for compliance with: a) the specific

investment guidelines as set forth in their respective contracts; b) the Policy; and c) applicable requirements of ACERA's General Investment Guidelines, Policies and Procedures. They shall also:

1. Communicate with Staff and/or Consultant promptly regarding investment strategy, investment results, and any non-conforming issues that may have significant and/or negative impact on the portfolio;
2. Cooperate fully with Staff, Consultant, ACERA's custodian, and other ACERA vendors concerning requests for information;
3. Submit reports in a timely manner to Staff and Consultant in accordance with their contract terms; and
4. Attend meetings as needed.

IX. DUE DILIGENCE PROCESS FOR REAL ASSETS INVESTMENT SELECTION

ACERA recognizes that a proper due diligence process is essential to control the risks associated with RA investments and, therefore, hereby establishes the following due diligence processes for both its Consultant and Staff:

A. Consultant

Consultant shall conduct extensive, documented due diligence before making any RA investment recommendations to Staff and the IC. Consultant shall work closely with Staff in the due diligence process when appropriate. For those investments recommended to be included in the ACERA RA Portfolio, Consultant's duties shall include but not be limited to:

1. Assessing the reputation of the individuals who manage the RA investments. Consider background checks, internet searches, and in-person meetings with these individuals, etc.;
2. Conducting on-site visits to the offices of the Managers;
3. Checking references from other investors that have invested in these RA investments, and, when advisable, from competitors;
4. Determining that the RA investment funds are audited, at least annually, by a reputable and recognized external auditing firm;
5. Reviewing Managers' investment strategies, policies, operating procedures, and historical performances;
6. Reviewing and understanding the valuation procedures employed by the Managers;
7. Reviewing and understanding the business terms of all operational documents and other related materials for the RA investments under consideration, including but not limited to offering memoranda, subscription agreements, fund policies, due diligence questionnaires, and Forms ADV, if and as available.
8. Assessing what exit strategies exist to avoid future investments in or liquidate exiting investments from strategies exhibiting poor performance; and
9. Reviewing the investments for potential exposure to Unrelated Business Taxable Income (UBTI) as specified by the Investment Manager, with the understanding that tax-related implications are outside the expertise of the Consultant

B. Staff

Staff shall ensure that Consultant has conducted extensive, documented due diligence on all RA investment proposals recommended to Staff and the IC. Staff shall participate in Consultant's due diligence process

when appropriate and shall also:

1. Review the comprehensive analysis report prepared by Consultant on its recommended RA investments;
2. Verifying the compliance of each recommended RA investment with the RA Policy, the investment plan for ACERA's RA Portfolio and other applicable ACERA investment policies;
3. Discussing issues related to the recommended RA investments with Consultant and with Investment Managers to gain a thorough understanding of each strategy's return drivers, key terms, and investment guidelines, and determine the investment suitability for ACERA's RA Portfolio;
4. Conduct independent internal due diligence on the recommended investment, including, but not limited to, meeting with Managers and their proposed management teams, performing background checks on related parties, review of the offering materials and proposed investment contracts, and attending onsite diligence meetings at the Managers' offices when possible; and
5. Arrange presentations to the IC for recommended RA investments as applicable.

X. PERFORMANCE EVALUATION CRITERIA

When appropriate, the specific performance evaluation criteria, including, but not limited to benchmarks, for Managers will be established in the investment agreements between ACERA and individual Managers.

Performance of the RA portfolio will be measured against the following blended benchmark:

67% S&P Global Infrastructure Index/33% S&P Global LargeMidCap Commodity and Resources Index
+100 basis points

Individual managers will be measured against their respective benchmarks.

Privately-placed and publicly-traded Natural Resources Investments	S&P Global LargeMidCap Commodity and Resources Index
Privately-placed and publicly-traded Infrastructure Investments	S&P Global Infrastructure Index

XI. MONITORING AND REPORTING

Consultant and Staff will monitor and analyze the RA Portfolio closely so that the strategic objective(s) of the Portfolio can be met.

Managers shall submit all reports to Staff, Consultant, ACERA's custodian, and other ACERA vendors in accordance with their respective contracts.

Consultant shall submit all reports to Staff in accordance with its contract terms and the Policy.

Consultant, in conjunction with Staff, shall perform evaluations of ACERA's RA Portfolio and the underlying Managers semiannually. Consultant shall report the findings to Staff and the IC.

XII. REAL ASSETS INFORMATION DISCLOSURE POLICY

ACERA is a public agency subject to state laws, including, without limitation, (a) the California Public Records Act (Cal. Gov. Code § 7920.000 *et seq.*) (the “Public Records Act”), which provides generally that all records relating to a public agency’s business are open to public inspection and copying unless specifically exempted under the Public Records Act, (b) the Ralph M. Brown Act (Cal. Govt. Code § 54950, *et. seq.*) (the “Brown Act”), which provides generally for open meetings for local legislative bodies, and (c) the California Government Code Section 7514.7 (“the Fee Disclosure Act) which provides generally that public pension systems in California obtain and publicly disclose certain information regarding fees, expenses and returns from the alternative investment vehicles in which they invest. *See* Appendix IV for details of the ACERA disclosure Policy regarding its RA investments.

XIII. TABLE OF AMENDMENT DATES

March 17, 2016
October 18, 2018
May 15, 2019⁴
December 17, 2020
April 17, 2025

⁴ This amendment reflects the updated “Natural Resources” index in the Real Assets Portfolio benchmark composite (see Section X Performance Evaluation Criteria) from the “S&P Global LargeMidCap Natural Resources Index” to the “S&P Global LargeMidCap Commodity and Resources Index” as reported to the Investment Committee on May 15, 2019.

Appendix I

List of Reports Required for Each Investment Recommendation/Approval

Name of Report	Source
Recommendation/Approval memo	Staff
Recommendation/Approval memo	Consultant
Executive Summary of the Fund	Consultant/*Staff
Compliance Checklist	Staff
Comprehensive Due Diligence Report (available to Trustees upon request due to confidentiality)	Consultant
Manager Pitchbook	Investment Manager

***Note: Staff will provide an abbreviated Executive Summary Report that is available for review upon request by the Trustees.**

Appendix II

Executive Summary Report Template

Fund Name

Section I: General Information

Fund Name; Total AUM of the Firm; Current Target Fund Size; Previous Fund Size; Fund Focus; etc.

Section II: Investment Management

Organizational Structure; Management Group; Experience; Personnel Turnover; etc.

Section III: Investment Strategy

Investment Philosophy; Investment Strategy; Investment Process; Investment Objective; etc.

Section IV: Risk Management

Risk Control Methodology; Exit Strategy; etc.

Section V: Investment Rationale

Section VI: Investment Concerns

Section VII: Performance

Section VIII: Key Terms

Fund Term; Preferred Return; Investment Period; Management Fee; Other Fees; Fee Discounts; General Partner Carry; GP Commitment; Advisory Board; Clawbacks; No-Fault Divorce; Key-Person Events; Closing Schedule; Drawdown Schedule; etc.

Appendix III

Compliance Checklist Template for Real Assets (“RA”) Investment/Commitment

Target allocation to RA asset class: 6% of the Total Fund

A. RA Policy

Investment Fund

In Compliance

1. Permissible Legal Structures

Any legally permissible vehicle will be allowed including, but not limited to, separate accounts, commingled funds, joint ventures, limited partnerships, corporations, and limited liability companies.	<i>Specific legal structure.</i>	<i>Yes, No, or N/A</i>
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2. Investment Methods

Individual limited partnership funds Primary and/or Secondary Separate accounts Discretionary Separate Accounts Commingled Funds ETF's Fund-of-funds Direct investments/Co-Investments Combination of the above	<i>Specific investment methods.</i>	<i>Yes, No, or N/A</i>
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3. Investment Characteristics

RA investments shall include investments as specified in Section VII of the RA Policy.	<i>Specific investment type.</i>	<i>Yes, No, or N/A</i>
RA Investments may be denominated in USD or other currencies.	<i>Specific currency denomination.</i>	<i>Yes, No, or N/A</i>

RA Policy**Investment Fund****In Compliance****4. Portfolio Diversification**

<u>By sub-asset class</u> : Natural resources and infrastructure.	<i>Specific investment type.</i>	<i>Yes, No, or N/A</i>
<u>By vintage year</u> : roughly equal amounts of new funding may be committed in each calendar year with deviations permitted.	<i>Specific vintage year.</i>	<i>Yes, No, or N/A</i>
<u>By investment manager</u> : ≤ 20% of the target allocation to the RA asset class may be committed to any one private investment manager.	<i>Specific investment manager.</i>	<i>Yes, No, or N/A</i>
<u>By investment fund</u> : ≤10% of the target allocation to the RA asset class may be committed to any one illiquid private investment fund.	<i>Specific commitments to the Investment Fund.</i>	<i>Yes, No, or N/A</i>
<u>By geography</u> : commitments to funds located and/or investing both inside and outside of the U.S.	<i>Specific location.</i>	<i>Yes, No, or N/A</i>
<u>By sector/industry</u> : commitments to funds that will diversify the RA portfolio within sector/industry.	<i>Sector/Industry diversification</i>	<i>Yes, No, or N/A</i>

5. Return Expectation

67% S&P Global Infrastructure Index/33% S&P Global LargeMidCap Commodity & Resources Index + 100 basis points (net of all fees) in aggregate.	<i>Specific return target(s).</i>	<i>Yes, No, or N/A</i>
Infrastructure Investments: S&P Global Infrastructure Index	<i>Specific return target(s)</i>	<i>Yes, No, or N/A</i>
Natural Resources Investments: S&P Global LargeMidCap Commodity & Resources Index		

6. Investment Allocations

<u>RA Portfolio</u> : target 6%, range 3% - 9% of the total Fund.	<i>Expected allocations to the RA Portfolio and to the underlying portfolios including specific commitment to the Investment Fund.</i>	<i>Yes, No, or N/A</i>
<u>Private Investments</u> ⁵ :		
Natural Resources: 13% - 53% of the RA portfolio	<i>Proposed investment is within the sub-class-allocation range.</i>	<i>Yes, No, or N/A</i>
Infrastructure: 47% - 87% of the RA portfolio		

⁵ See RA Policy Addendum for interim sub-asset class target ranges for private and liquid/publicly traded investments.

B. RA Investment Plan for YEARS

Approved: <i>DATE</i>	<u>Investment Fund</u>	<u>In Compliance</u>
Specific Investment Plan.	<i>Specific commitment to the Investment Fund.</i>	<i>Yes, No, or N/A</i>

APPENDIX IV

Details of Disclosure Policy For Real Assets Investments (RA Funds)

1. Upon request, ACERA shall disclose : (i) the name, address and vintage year of each RA Fund; (ii) the dollar amount of capital committed to each RA Fund by ACERA since inception; (iii) the dollar amount of cash contributions made to each RA Fund by ACERA since inception; (iv) the dollar amount of distributions received by ACERA from each RA Fund on a fiscal yearend basis; (v) the market value of ACERA's investment in each RA Fund on a fiscal yearend basis; (vi) each RA Fund's net internal rate of return ("IRR") since inception; (vii) the investment multiple of each RA Fund since inception; (viii) the dollar amount of total management fees and expenses paid on an annual fiscal yearend basis, by ACERA to each RA Fund; and (ix) the dollar amount of cash profit received by ACERA from the RA Fund on a fiscal yearend basis. (*See* Cal. Govt. Code § 7928.710(c).)

2. ACERA shall disclose at least once annually in a report presented at a meeting open to the public : (i) the fees and expenses that ACERA pays directly to the RA Fund, the RA Fund manager or related parties; (ii) ACERA's pro rata share of fees and expenses not included in (i) that are paid from the RA Fund to the RA Fund manager or related parties; (iii) ACERA's pro rata share of carried interest distributed by the RA Fund to the RA Fund manager or related parties; (iv) ACERA's pro rata share of aggregate fees and expenses paid by all of the portfolio companies held by the RA Fund to the RA Fund manager or related parties; (v) the information outlined in Section 1, above, and (vi) the gross and net IRR of the RA Fund, since inception. (*See* Cal. Govt. Code § 7514.7.)

All other records regarding such RA investments shall be exempt from disclosure to the fullest extent permitted under applicable law.

Notwithstanding the preceding, or anything else in this Policy, ACERA reserves the right to withhold any record when "on the facts of the particular case the public interest served by not disclosing the record clearly outweighs the public interest served by disclosure of the record." (*See* Cal. Govt. Code § 7922.000.) This weighing process contemplates a case-by-case balancing test between competing public interests based on the facts presented as the statute has been interpreted by the courts.³

³ *Michaelis, Montanari & Johnson v Superior Court*, 38 Cal.4th 1065, 1071 (2006).

ADDENDUM

Interim Asset Allocation Ranges (Expected 5-8 Years)

For Real Assets Portfolio

On July 18, 2024, the ACERA Board adopted a new Total Fund asset allocation that calls for the RA asset class to be 100% invested in private natural resources and infrastructure investments. However, prior to the adoption of this asset-allocation change, the RA portfolio was comprised of 56% liquid/publicly traded investments and 44% private natural resources and infrastructure investments and its aggregate market value was close to its 6% target weighting in the Total Fund. If ACERA immediately adopted an RA portfolio allocation of 100% private investments and divested its liquid/publicly traded investments, the RA portfolio would be significantly underweight its current 6% target in the Total Fund as it would divest 56% of its market value. In addition, it takes time to build out a portfolio of private investments as these investments must first be committed to, then, investors' committed capital is called into these investments and invested over multiple years during these investments' investment periods (typically 4 – 6 years). Moreover, it is prudent to achieve vintage-year diversification in building out private portfolios so all of the private capital will not be committed to private investments in a single year and will instead be committed over a multi-year period.

As a result, to maintain the market-value weighting of the RA portfolio close to its target weighting in the total Fund while continuing to build out the portfolio's private investments, the RA portfolio will temporarily invest, over the medium term, in liquid/publicly traded equities in the natural resources and infrastructure sectors. These equities will be passively managed in an existing separate account that will be comprised of two passive funds that seek to replicate the S&P Global LargeMidCap Commodity and Resources Index and the S&P Global Infrastructure Index in the same weightings, 33% and 67%, respectively, as the RA portfolio's target weightings to private natural resources (33%) and private infrastructure (67%). This existing separate account is known as the "Liquid Pool" and will serve as a temporary proxy for the private natural resources and infrastructure investments that are being built out over a multi-year period. By temporarily investing in these publicly-traded investments, the RA portfolio can maintain its 6% weighting in the Total Fund while achieving a risk/return posture that is similar to a 100% private RA portfolio.

Over time, as more commitments are made to private investments and capital is called to be invested into them, the private component of the RA portfolio will approach its 100% target. While this happens, the Liquid Pool will be used as a draw-down vehicle to fund the capital calls of the private investments dollar for dollar and will approach its intended 0% target in the RA portfolio.

This addendum and the below Interim Asset Allocation Ranges are meant to allow for the RA portfolio's transition from one that is a mix between liquid/publicly-traded and private investments to one that is completely private investments and do so while maintaining the RA portfolio's target weighting in the Total Fund with a risk/return posture that will approximate the risk/return posture of a 100% private portfolio along the way.

RA Portfolio	Interim Min. / Max. Ranges
Private Investments	30% to 100%
-Private Infrastructure	25% - 87%
-Private Natural Resources	0% - 53%
Liquid Pool	0% - 70%
-Publicly Traded Infrastructure	0% - 47%
-Publicly Traded Natural Resources	0% - 23%