



**Alameda County Employees' Retirement Association
BOARD OF RETIREMENT**

INVESTMENT COMMITTEE/BOARD MEETING

THIS MEETING WILL BE CONDUCTED VIA TELECONFERENCE [SEE SECTION 42 OF EXECUTIVE ORDER N-08-21 ATTACHED AT THE END OF THIS AGENDA.]

ACERA MISSION:

To provide ACERA members and employers with flexible, cost-effective, participant-oriented benefits through prudent investment management and superior member services.

**Wednesday, September 8, 2021
9:30 a.m.**

ZOOM INSTRUCTIONS	COMMITTEE MEMBERS	
The public can view the Teleconference and comment via audio during the meeting. To join this Teleconference, please click on the link below. https://zoom.us/join Webinar ID: 889 7210 2162 Passcode: 638427 For help joining a Zoom meeting, see: https://support.zoom.us/hc/en-us/articles/201362193	GEORGE WOOD, CHAIR	ELECTED GENERAL
	JAIME GODFREY, VICE-CHAIR	APPOINTED
	DALE AMARAL	ELECTED SAFETY
	OPHELIA BASGAL	APPOINTED
	KEITH CARSON	APPOINTED
	TARRELL GAMBLE	APPOINTED
	LIZ KOPPENHAVER	ELECTED RETIRED
	HENRY LEVY	TREASURER
	DARRYL L.WALKER	ELECTED GENERAL¹
	NANCY REILLY	ALTERNATE RETIRED²
	VACANT	ALTERNATE SAFETY

¹Trustee Walker is filling the vacancy created by Trustee Rogers' retirement. See Gov't Code §§ 31524, 31520.1(b)

² Alternate Retired Member (Votes in the absence of the Elected Retired Member, or, if the Elected Retired Member is present, then votes if both Elected General members, or the Elected Safety Member and an Elected General member, are absent).

Note regarding accommodations: The Board of Retirement will provide reasonable accommodations for persons with special needs of accessibility who plan to attend Board meetings. Please contact ACERA at (510) 628-3000 to arrange for accommodation.

Note regarding public comments: Public comments are limited to four (4) minutes per person in total.

The order of agenda items is subject to change without notice. Board and Committee agendas and minutes, and all documents distributed to the Board or a Committee in connection with a public meeting (unless exempt from disclosure), are available online at www.acera.org.

INVESTMENT COMMITTEE/BOARD MEETING

NOTICE and AGENDA, Page 2 of 2 – September 8, 2021

Call to Order: 9:30 a.m.

Roll Call:

Public Input (The Chair allows public input on each agenda item at the time the item is discussed)

Action Items: Matters for discussion and possible motion by the Committee

1. Discussion of and Possible Motion to Recommend to the Board to Adopt an up to \$70 million Investment in Ares Senior Direct Lending Fund II as part of ACERA's Private Credit Portfolio,³ Pending Completion of Legal and Investment Due Diligence and Successful Contract Negotiations

9:30 – 10:15 Mitch Goldstein, Ares Management Corporation
Juliette Schainuck, Ares Management Corporation
Faraz Shooshani, Verus Advisory Inc.
Clint Kuboyama, ACERA
Betty Tse, ACERA

2. Discussion of and Possible Motion to Recommend to the Board to Adopt an up to \$25 million Investment in Summit Partners Growth Equity Fund XI as part of ACERA's Private Equity Portfolio – Venture Capital,³ Pending Completion of Legal and Investment Due Diligence and Successful Contract Negotiations

10:15 – 11:00 Ross Murphy, Summit Partners
John Carroll, Summit Partners
Faraz Shooshani, Verus Advisory Inc.
John Ta, ACERA
Betty Tse, ACERA

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

1. Review of ACERA's Dedicated Emerging Markets Equity Manager Newton Investment Management

Hanneke Smits, BNY Mellon Investment Management
Euan Munro, Newton Investment Management
Charles French, Newton Investment Management
Ian Smith, Newton Investment Management
Paul Birchenough, Newton Investment Management
James Blake, Newton Investment Management
Margaret Jadallah, Verus Advisory Inc.
Thomas Taylor, ACERA
Betty Tse, ACERA

³ Written materials and investment recommendations from the consultants, fund managers and ACERA Investment Staff relating to this alternative investment are exempt from public disclosure pursuant to CA Gov. Codes § 6254.26 and § 6255.

INVESTMENT COMMITTEE/BOARD MEETING

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2. Verus Firm Update – Introduction of Eileen Neill, Managing Director/Senior Consultant

Margaret Jadallah, Verus Advisory Inc.
Eileen Neill, Verus Advisory, Inc.
Betty Tse, ACERA

Trustee Remarks

Future Discussion Items

Establishment of Next Meeting Date

October 13, 2021 at 9:30 a.m.

42) Executive Order N-29-20, Paragraph 3, is withdrawn and replaced by the following text:

Notwithstanding any other provision of state or local law (including, but not limited to, the Bagley-Keene Act or the Brown Act), and subject to the notice and accessibility requirements set forth below, a local legislative body or state body is authorized to hold public meetings via teleconferencing and to make public meetings accessible telephonically or otherwise electronically to all members of the public seeking to observe and to address the local legislative body or state body. All requirements in both the Bagley-Keene Act and the Brown Act expressly or impliedly requiring the physical presence of members, the clerk or other personnel of the body, or of the public as a condition of participation in or quorum for a public meeting are hereby waived.

In particular, any otherwise-applicable requirements that

- (i) state and local bodies notice each teleconference location from which a member will be participating in a public meeting;
- (ii) each teleconference location be accessible to the public;
- (iii) members of the public may address the body at each teleconference conference location;
- (iv) state and local bodies post agendas at all teleconference locations;
- (v) at least one member of the state body be physically present at the location specified in the notice of the meeting; and
- (vi) during teleconference meetings, a least a quorum of the members of the local body participate from locations within the boundaries of the territory over which the local body exercises jurisdiction

are hereby suspended.

A local legislative body or state body that holds a meeting via teleconferencing and allows members of the public to observe and address the meeting telephonically or otherwise electronically, consistent with the notice and accessibility requirements set forth below, shall have satisfied any requirement that the body allow members of the public to attend the meeting and offer public comment. Such a body need not make available any physical location from which members of the public may observe the meeting and offer public comment.

Accessibility Requirements: If a local legislative body or state body holds a meeting via teleconferencing and allows members of the public to observe and address the meeting telephonically or otherwise electronically, the body shall also:

- (i) Implement a procedure for receiving and swiftly resolving requests for reasonable modification or accommodation from individuals with disabilities, consistent with the Americans with Disabilities Act and resolving any doubt whatsoever in favor of accessibility; and
- (ii) Advertise that procedure each time notice is given of the means by which members of the public may observe the meeting and offer public comment, pursuant to subparagraph (ii) of the Notice Requirements below.

Notice Requirements: Except to the extent this Order expressly provides otherwise, each local legislative body and state body shall:

- (i) Give advance notice of the time of, and post the agenda for, each public meeting according to the timeframes otherwise prescribed by the Bagley-Keene Act or the Brown Act, and using the means otherwise prescribed by the Bagley-Keene Act or the Brown Act, as applicable; and
- (ii) In each instance in which notice of the time of the meeting is otherwise given or the agenda for the meeting is otherwise posted, also give notice of the means by which members of the public may observe the meeting and offer public comment. As to any instance in which there is a change in such means of public observation and comment, or any instance prior to the issuance of this Order in which the time of the meeting has been noticed or the agenda for the meeting has been posted without also including notice of such means, a body may satisfy this requirement by advertising such means using "the most rapid means of communication available at the time" within the meaning of Government Code, section 54954, subdivision (e); this shall include, but need not be limited to, posting such means on the body's Internet website.

All of the foregoing provisions concerning the conduct of public meetings shall apply through September 30, 2021.



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To: Members of the Investment Committee
Date: September 8, 2021
From: Thomas Taylor, Investment Officer *-Thomas Taylor*
Subject: Review of ACERA's Dedicated Emerging Markets Equity Manager, Newton Investment Management.

Recommendation

This is not a recommendation. The purpose of this memorandum is to review the firm Newton Investment Management, ACERA's dedicated EM equity manager; and the organizational (corporate), and investment management changes since hired. Staff seeks directional guidance on next steps.

Background

In 2017¹, ACERA Trustees approved the timeline, search criteria and the evaluation matrix for the Emerging Markets Equity manager search. Accordingly, Staff sought to present the trustees with the investment manager finalists that represented strong organizations (history, organization, staff), investment teams (philosophy & process, experience, research capabilities), and performance. On June 13, 2018, the Investment Committee interviewed both Newton Global Emerging Markets and UBS Emerging Markets Equity Halo as finalists for the dedicated EM Equity manager. After a lengthy RFP process and thorough due diligence trip, Staff and Verus scored UBS with 93.3 and Newton 89.6. Given that both companies met the above qualifications, Staff and Verus expressed comfort with either manager. After interviewing CEO Hanneke Smits and co-PM Sophia Whitbread of Newton GEM, PM Geoffrey Wong and Grant Bughmann of UBS Halo, the Investment Committee voted unanimously in favor of Newton. The Board adopted the Committee's recommendation with a majority vote for Newton. After background checks and further legal negotiations, Newton started managing the dedicated EM equity account in August 2019.

Discussion

Staff is concerned about the wholesale turnover at Newton's corporate headquarters, as well as, the turnover of portfolio management of the fund which ACERA is in. The following represents an example of the multiple organization changes at Newton IM. On July 7, 2020, Newton announced and ACERA was informed that Hanneke Smits was leaving Newton Investment Management and accepted an appointment –starting in October 2020, as CEO of BNY Mellon, Newton's parent company. On October 5, 2020, ACERA was informed that Newton's lead PM, Robert Marshall-Lee, was departing; and simultaneously, the hiring of Paul Birchenough and Ian Smith from AXA Framlington to manage

¹ January 11, 2017 ICM

the strategy. Subsequently, co-PM Sophia Whitbread role was reduced by 12/31/20, and she left Newton in January 2021. Staff placed Newton on Watchlist and informed trustees of these organizational and personnel changes in the next quarterly manager report dated December 9, 2020.

Organizationally, Newton is building its new and extended global equity platform which Birchenough and Smith were originally hired for. Additionally, Staff learned that the original investment team and approximately half of the analyst are no longer associated with the high alpha strategy when ACERA hired Newton. With the platform changes, Newton, too, no longer has “boots on the ground” anymore for its EM strategy. Lastly, BNY Mellon is currently in the process of consolidating Newton and other investment management companies it owns under the BNY Mellon umbrella. (Please see Attachment #1, an addendum of organizational changes.)

Conclusion

Staff and Verus are at cross road because the presentation and selection of the dedicated emerging markets equity managers was based on specific known criteria of the company, the investment process, investment strategies, portfolio managers, and organizational structure. Though Newton has performed well within the investment strategy and risk management under Marshall-Lee, Newton is now a different investment management company and now represents an unknown entity. Accordingly, we seek guidance from the Committee regarding this special situation. Of consideration, Staff and Verus could consider 1) hire the other qualified candidate (UBS Halo) from the June 2018 ICM as that team is intact, 2) following the PM originally hired, Marshall-Lee/Whitbread team at Brook Asset Management or 3) consider another focus-list search. If preferred, the Committee may want interview the top two or three candidates Staff and Verus may present in the future.

Attachments:

1. Addendum: Organizational Changes at Newton prepared by Staff
2. Executive Summary by Staff
3. Verus Memo

Corporate Changes:Time of Hire (June 2018)

Hanneke Smit, CEO (April 2016-October 2020)
 Andrew Downs, CEO (October 2020 – June 2021)
 Curt Custard CIO (April 2017 – September 2021)

Current Roster

Euan Munro, CEO (June 2021 – Present)
 John Porter, CIO (September 2021 – Present)

Portfolio Manager Changes:Time of Hire

Robert Marshall-Lee, PM, (June 1999–October 2020)
 Sophia Whitbread, co-PM (June 2011-December 2020)
 Naomi Waistell, co-PM (February 2010 – 2020)

Current Roster

Paul Birchenough, PM (October 2020 – Present)
 Ian Smith, PM (October 2020 – Present)

Zoe Kan
 Caroline Keen
 Amy Leung
 Douglas Reed

Charles French – Head of Investment
 Paul Markham
 Jeff Munroe
 Louise Kemohan
 Simon Nichols (also manages multi-asset portfolio)
 Ben Smith
 Yuko Takano

Analyst Changes:Time of Hire

Duncan Bulgin – Head of Research
 Charles French – Head of Investment (promoted)
 Ben Smith – Consumer Analyst (promoted)
 15 of 29 of the research analyst not listed anymore

Current Roster

Duncan Bulgin – Head of Research

21 of the 35 analysts are new

Corporate Reorganization:

On February 10, 2021 BNY Mellon Investment Management announced the realignment to incorporate its capabilities with Newton Investment Management, Insight Investment, and Dreyfus Cash Investment Strategies. BNY Mellon believes that with the consolidation of the research [and operational] functions will enhance both BNY Mellon Investment Management and that of Newton. The transition of Mellon's capabilities is expected to be completed by the third quarter of 2021, subject to regulatory approvals. Additionally, as of September 1, 2021, John Porter will be Newton's CIO of Equities, replacing Curt Custard. Alongside the appointment of a CIO, we also announced that our current Global Head of Distribution, Julian Lyne, would take on the position of Chief Commercial Officer. With Andrew Downs (Chief Operating Officer) and James Helby (Chief Risk Officer) both remaining in their existing roles. This is the current structure and is a more focused management team, with more optimal oversight and governance than previously in place.

Executive Summary Report

Newton Investment Management, N.A.

Section I: General Information

Strategy Name:	Newton Global Emerging Markets Equity Fund (a BNY Mellon Collective Investment Fund)
Total Firm AUM:	\$65.8 billion (as of 6/30/2021)
Strategy Assets:	\$ 2.5 billion (as of 6/30/2021)
ACERA's Account:	\$266.3 million or 10.65% of Strategy AUM (as of 6/30/2021)
Strategy Inception:	May 31, 2011
Strategy Benchmark	MSCI EM Index

Section II: Investment Management

Firm Organization:	In 1998, Mellon Financial Corporation acquired a majority interest in Newton, and in 2001-2007 consummated the acquisition of the remaining shares. Up until recently, Newton Investment Management (IM) remained autonomous. In 2021, Newton announced that it will transfer the equity and multi-asset business into a newly established business entity, resulting in the consolidating to Newton Investment Management North America LLC (NIMNA). The transition of assets is expected to be completed by September 2021. NIMNA and NIM are affiliates under the brand of the Newton Investment Management Group. Newton IM will not necessarily operate as an autonomous company as it now has shared resources. (See Staff Memo.)
Firm Ownership:	Newton is a wholly owned subsidiary of BNY Mellon (NYSE: BK), one of several subsidiaries under the BNY Mellon Investment Management platform. Newton is now in the process of merging into a newly established business entity in North America established by BNY Mellon as an overall part of consolidating certain subsidiaries.
Business Mix:	In addition to the Global Emerging Markets strategy, which represents 3.7% of total AUM, Newton separately manages a Global Equity platform (36.5% of total AUM), a Real Return strategy (28.3% of AUM), a Multi-Asset strategies (17.7% of AUM), and Fixed Income strategy (12.9% of AUM), and a couple other smaller strategies (8.1% of total AUM). These percentages are as of 6/30/2021.
Professionals:	Newton's Global Emerging Markets team consists of 2 portfolio managers, a 7 investment team members, assisted by 26 analyst members (soon to be 35 once merged) of the global research team. As of October 19, 2020, Paul Birchenough and Ian Smith are the lead Portfolio Manager for the GEMS portfolio, with co-Portfolio Managers and, whom together construct the portfolio and are ultimately

responsible for alpha generation. The CEO is Euan Munro joined Newton in June 2021; John Porter will be the CIO effective 9/1/2021.

James Blake is the relationship manager with Newton Investment Management who is responsible for managing Newton's relationship with ACERA. Mr. Blake has 25 years of experience in the industry and has been with Newton since 2010. Benjamin Williams, a secondary to Blake, is no longer on the ACERA account.

Section III: Investment Strategy

Investment Objective: The Newton Global Emerging Markets strategy aims to outperform the MSCI Emerging Markets Index (NDR) in excess of 3% per annum over a rolling five-year period, while also being mindful of absolute capital performance.

Investment Strategy: According to the company, Newton's approach is as a high conviction, fundamentally driven, cap-weight and benchmark-agnostic manager. They follow an approach that combines bottom-up fundamental analysis within a top-down thematic framework. Long-only stock selection is at the center of what Newton does and helps to drive the returns from its emerging-market strategies. Newton takes a rigorous, bottom-up approach to stock selection, with the starting point being quality, defensive attributes, strong compounding qualities of current and future profits and superior governance. Newton believes that protecting capital is as important as generating capital, and therefore, it focuses on stock fundamentals that offer transparency into future sustainable cash flow and profit generation. The approach is active in that it does not seek to replicate the benchmark, does not chase the market or rely on market momentum, though it does seek to benefit from market short-termism and emerging-market volatility by buying and selling in a contrarian manner, where possible, hence using its longer investment horizon as a competitive advantage. The Newton Global Emerging Markets strategy has a growth and quality style over the long term

Investment Process: Newton's investment strategy utilizes thematic orientation, valuation technique, quantitative measures (new) combined with detailed fundamental bottom-up analysis. Their long-term thematic framework helps to highlight areas of future growth in emerging markets and serves these important purposes: 1) Seeks to identify drivers of long-term change, 2) Represents the first stages of idea generation and risk management, 3) Allows a longer-term global perspective in an unpredictable world, and 4) Provides a dynamic framework for investment thinking. These investment themes help to guide stock, sector, and country selection.

Newton uses investment themes to narrow down the stock universe and to identify growth opportunities, while avoiding structural headwinds. Once a stock is seen as having thematic tailwinds, a liquidity analysis is performed before any detailed financial analysis on the company occurs. Newton considers the quality, return on capital employed, and governance as part of the stock selection criteria.

ESG considerations are embedded into the entire process, being factored in from start to finish. While the global themes by their very nature capture ESG issues, an important input into the fundamental analysis is that which is provided by the

dedicated responsible investment (RI) team. Newton believes that in emerging markets, assessment of ESG considerations is even more pertinent.

Section IV: Risk Management

Approach:	Newton's approach to risk management has three major components: 1) Security Selection – Risk management starts with the underlying proprietary research, fundamental analysis, and valuation. These findings provide a baseline as to the prospects of a given security. 2) Portfolio Construction – At the portfolio level, Active Share ¹ is considered to differentiate the portfolio from the MSCI EM index with respect to country and sector exposure, and portfolio composition. The strategy typically has 40-60 holdings (down from 50-80 holdings), with individual positions typically up to 6% of the total portfolio (vs. 5%), and flexibility to hold up to 10% in cash. 3) Risk monitoring – The risk management team performs a quantitative risk assessment of the volatility, correlations, and stock weights, as well as, currency, industry, and stock specific risk, and an evaluation of whether the risk being taken is consistent with strategic views.
Platforms/Technology:	Newton uses several different risk modeling and performance calculation platforms, including Axioma, FactSet and Aladdin. The combination of these platforms helps to position assets in the portfolio and manage the different exposures to ultimately give management enough information to ensure that the strategy is being compensated for the risks taken. Newton did not mention using Algorithmics, or Style Research anymore.
Governance:	The first line of defense in the overall risk management is performed by the investment team, as described above. Secondly, Newton's independent risk team helps to manage risk by facilitating the identification, assessment, and mitigation of risks. The independent risk team (IRT) monitors the portfolio on a day-to-day basis and reports to the investment risk oversight group (IROG) on a monthly basis. Newton's chief risk officer James Helby continues to oversee this process and is a member of Newton's executive management committee and board.
Compliance:	Newton's main compliance function is performed by Aladdin, provided by BlackRock Solutions, and which follows a "software as a service" model. Aladdin has recently replaced Charles River Investment Management Solution (CRIMS) as Newton's order management system and Quasar as Newton's accounting system. Aladdin is used to run pre-trade and post-trade (batch) compliance. This ensures that potential compliance restrictions are flagged before trades occur and are also monitored overnight post trading. The system is monitored daily to maintain compliance with investment guidelines.

¹ Active-Share examines how much a fund's holding differ from its benchmark, with the difference referred to as the active share. The greater the difference between the asset composition of the fund and its benchmark, the greater the active share.

Section V: Performance (year-over-year):

Fund/ Time Period Annualized Returns)	2Q2021	YTD (6/30/21)	7-months* (6/30/21)	1-year (6/30/21)	Since Inception** (5/08/2019)
Newton GEM	3.21	2.89	11.53	59.21	31.94
Newton GEM Net	3.08	2.63	11.07	58.42	31.43
Benchmark	5.05	7.45	10.74	40.90	14.51
Excess (Net)	-1.97	-4.82	+0.33	+17.52	+16.92

* On 10/5/2020, ACERA was informed that Newton's lead PM, Robert Marshall-Lee, was departing; and simultaneously, the hiring of Paul Birchenough and Ian Smith from AXA Investments to manage the strategy. Paul Birchenough and Ian Smith joined 10/19/2020 and were formally added to the Fund on 12/10/2020 and performance returns are shown from this date.

**ACERA funded BNYM Newton Global Emerging Markets Fund with \$210M in four tranches on 5/8, 5/10, 5/14, and 5/16/2019; 25.5 months through 6/30/2021.

Section VI: Fee:

Commingled Fund:

Flat Fee: 0.50% per year based on quarter-end NAV.

For a \$314.3 million account², management fees would be ~ \$1,571,000 per year or ~ \$393,000 per quarter.

² With the large infusion at the end of June 2021, Staff added \$50M to the Newton account in compliance and as part of the rebalancing the Total Fund on 7/6/2021.

Memorandum

To: Alameda County Employees' Retirement Association
From: Verus
Date: September 8, 2021
RE: Newton Global Emerging Markets

General Information

Firm name:	Newton Global Emerging Markets
Strategy name:	Emerging Markets
Firm total AUM:	\$65.8 billion
Strategy total AUM:	\$2.5 billion
ACERA portfolio value:	\$266.3 million
Strategy inception with ACERA:	August 2019
Benchmark:	MSCI Emerging Markets Index

Note: Data as of June 30, 2021

Organization

Newton was formed in 1978 as a joint venture with Reed Stenhouse, a Scottish insurance broker, and in 1986 was renamed as Newton Investment Management. In 1998, Mellon Financial Corporation (now The Bank of New York Mellon Corporation, or BNY Mellon) bought a majority interest in the company, and subsequently completed the acquisition of the Newton Group. Newton was a wholly owned but operationally autonomous subsidiary of BNY Mellon until 2020, when BNY Mellon, in partnership with Newton and Mellon, decided to fully merge their investment teams. This merger should be completed in September 2021.

In July 2020, the CEO of Newton Hanneke Smits left Newton and joined BNY Mellon Investment Management as their new CEO. Smits was replaced by Euan Munro who was CEO at Aviva Investors previously. In July 2021, Newton announced that the firm's CIO Curt Custard will be transitioning to a new role as Global Head of Client Investment Solutions in September and will be moving back to the U.S. for family reasons.

Investment Professionals

Former portfolio managers Rob Marshall-Lee and Sophia Whitbread left Newton after new emerging markets equity portfolio managers, Ian Smith and Paul Birchenough, were brought into the organization without their consultation. ACERA was notified of Rob Marshall-Lee's

departure and the new PM team on October 5th, 2020. The new portfolio managers came from AXA Investments and started on October 19, 2020. They were part of a team of managers on a small emerging markets product with \$417 million in assets as of December 2019. The new PMs use a slightly different strategy than the departing PMs which we will discuss later in this memo. Newton analyst Mathieu Poitrat subsequently left the team to join Rob Marshall-Lee at Brook Asset Management. Since ACERA invested in Newton's GEM product half of the analyst team has turned over.

Philosophy & Process

Newton's investment process is characterized by an active bottom-up approach. It conducts fundamental analysis against a backdrop of investment themes, which help to frame its view of the backdrop from a political, economic and market perspective. This framework provides a clear long-term view of where Newton sees global trends helping or hindering certain industries or companies. While their themes provide a long-term perspective, their global research team then works towards establishing a focused research recommended list (RRL) that forms a principal "menu" used by portfolio managers in the construction of portfolios. The team is comprised of career analysts who are specialists in particular industries. They conduct proprietary research across global sectors, rather than within the narrow confines of geographic borders, looking to identify companies with at least 20% price upside.

The global research analysts will consider any opportunity within the industry they cover with no reference to the composition of the benchmark. The team does not look to cover every stock in the market but instead focuses on key opportunities and understanding these companies in great detail. Analysis is undertaken with a three- to five-year time horizon. Each analyst is free to emphasize appropriate metrics he or she feels is important in driving value in their sector. It is very important that they have a holistic view of a company's financial statements and its outlook; hence its profit and loss statement, cash flow statement and balance sheet must all be considered together. If the valuation of a stock is found to be attractive (relative to its fundamentals, its global peers, its own history and the broader market) with at least a 20% undervaluation, the analyst will add it to the RRL, with a stated level of conviction to assist the portfolio managers with the sizing of any position.

The GEM portfolio holds between 50-80 stocks with no explicit limits relative to the benchmark. On an absolute basis, portfolios are limited to no more than 30% in a single country or sector, and individual position sizes are limited to no more than 5%. Capacity and liquidity of the security are also considered. In addition, environmental, social and governance (ESG) is embedded into the entire process. Newton's responsible investment team, which is part of the global research team, works closely with the global research analysts to provide a separate report of the ESG factors and possible risks associated with every potential investment, with a wide range of metrics being measured and scored.

Performance

The table below shows ACERA’s performance vs benchmark for the Newton emerging markets portfolio.

As of 3/31/21	3 months	6 months	1 year	Since inception (5/2019)
Newton (net)	-0.47%	26.37%	95.26%	39.83%
MSCI Emerging Markets Index	2.34%	22.58%	58.92%	19.49%

While Newton is newer in the ACERA portfolio with a limited track record, the GEM portfolio’s peer ranking has dropped from its initial high top quartile ranking to below median over that time.

We have also provided a performance comparison between the two portfolio management teams, although we recognize that is difficult to provide an apples-to-apples comparison. The below table shows the annualized return of both products through Q3 2020. The transition to the new team happened in Q4 2020.

	AXA Farmlington EM (new Newton Team)*	Newton (RML team)*
1-year	14.3%	42.8%
3-year	5.4%	9.9%
5-year	10.4%	14.9%

*performance through September 30, 2020, data provided by eVestment

Compared to the old portfolio management team, the new team seems to lag performance wise. A component to this is AXA’s benchmark aware strategy, which has a lower tracking error than what was the previous approach at Newton under Rob Marshall-Lee. (Note that Newton has told us that the new PM team would adhere to the same portfolio approach that was in place when ACERA hired them.)

Concerns

When Hanneke Smits left in 2020 to join BNY Mellon, Verus and staff did not see a concern to bring to the Board, as she was joining Newton’s parent company. Concerns arose when Rob Marshall-Lee lead PM on the Global Emerging Markets product was not informed of two new portfolio managers joining his team. There was a philosophical disconnect between Rob Marshall-Lee and management whereby management wanted to expand the emerging markets suite offerings, while Rob wanted to focus on his product. There is some indication that compensation structure was an additional source of disagreement. When Rob left, Sophia

Whitbread stayed on with a diminishing role in the portfolio in December 2020 and left in 2021. Rob, Sophia, and one analyst joined Brook Asset Management to start a new emerging markets product for that firm. Similar to Newton, Brook is an independent boutique operating as a subsidiary of Odey Asset Management.

BNY Mellon also announced it would merge investment teams across BNY Mellon and Newton. This was part of a realignment where four of BNY Mellon's subsidiaries combined to strengthen their research platform and global reach. As far as emerging markets, Newton and Mellon will combine research resources and collaboration for what they believe will be a more robust offering. This is a deviation from the organizational structure when Newton was hired. At the time, Newton was an independent subsidiary. The research team will be combined in September 2021.

The new team is looking to open two new strategies - sustainable GEM, and Core GEM. In the GEM strategy ACERA is invested in, the new team has trimmed some of the winners from the old team based on valuation and cut subscale positions that were under 1% of the portfolio to better focus research efforts. They are looking to focus on taking security selection risk and ensuring that they are aware of portfolio and position risks through a monthly review with their risk team. The strategy appears to be increasingly benchmark aware vs benchmark agnostic under the prior team. Should the ACERA portfolio have a lower tracking error emerging markets portfolio in the future, this could affect the future magnitude for alpha that is reasonable to expect.

Conclusion

As outlined above, there are several concerns about the integration of Newton into Mellon, including new portfolio managers, new senior leadership, analyst turnover and a modestly revised investment approach all predominantly occurring within 1-year time period. Verus and staff agree that this is essentially a new strategy that should be underwritten by Verus, Staff, and the Investment Committee.

There are a few options for next steps outlined below:

1. Perform due diligence on Rob Marshall-Lee's new product at Brook Asset Management to determine suitability for ACERA
2. Review prior finalists from the 2018 search
3. Start a new search
4. Accept the new Newton team, organization, and strategy as they were reviewed by the Investment Committee in this meeting

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➤ BNY MELLON | INVESTMENT MANAGEMENT

NEWTON GLOBAL EMERGING MARKETS STRATEGY

Alameda County Employees' Retirement Association (ACERA)

September 8, 2021

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Compared to more established economies, the value of investments in Emerging Markets may be subject to greater volatility due to differences in generally accepted accounting principles or from economic, political instability or less developed market practices. A fall in the global emerging markets may have a significant impact on the value of the Strategy because it primarily invests in this market.

Newton claims compliance with the Global Investment Performance Standards (GIPS®). Please read the important information at the back of this material.

PRE001646



Newton team



Hanneke Smits
Chief executive officer, BNY Mellon Investment Management

Hanneke Smits is CEO of BNY Mellon Investment Management and a member of BNY Mellon's Executive Committee.

With nearly 30 years of investment experience, Hanneke was previously CEO of Newton Investment Management, a BNY Mellon Investment Management firm, from 2016 to 2020. Prior to Newton, she served on the Executive Committee at private equity firm Adams Street Partners from 2001 to 2014, having been Chief Investment Officer from 2008 to 2014. She joined Adams Street in 1997 to build out its global investment capabilities, and successfully launched its presence in Europe and Asia. Before joining Adams Street, she was an investment manager at Pantheon Ventures, and worked for Philips China Hong Kong Group.

Hanneke is a member of The Investment Association's board, the trade body that represents UK investment managers, and serves as Chair of Impetus, a venture philanthropy organisation which backs charities to transform the lives of disadvantaged young people. As part of her role with Impetus, she is Trustee of the Education Endowment Foundation (EEF), founded in 2011 by The Sutton Trust in partnership with Impetus. Hanneke was also a Non-Executive Director to the Court of the Bank of England, and a co-founder and first Chair of Level 20, a not-for-profit organization set up in 2015 to inspire women to join and succeed in the private equity industry.

Originally from the Netherlands, Hanneke has a BBA from Nijenrode University and a MBA from the London Business School.

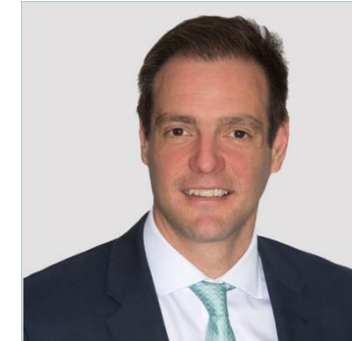


Euan Munro
Chief executive officer, Newton Investment Management

Euan Munro is Newton's new CEO and chair of the executive management committee. Euan is a seasoned investment management executive with a background in macro investing. He arrives from Aviva Investors where he was chief executive officer and a member of the Aviva plc group executive team for seven years. Prior to this, Euan spent nearly 20 years at Standard Life Investments (SLI) where he was head of multi-asset and fixed-interest investing and was latterly a member of that company's board. He joined SLI as an inflation-linked portfolio manager from Scottish Provident in 1995.

Euan has a first class honours degree in Physics from the University of Edinburgh and is a Fellow of the Faculty and Institute of Actuaries. He is also a graduate of the Advanced Management Program at Wharton Business School, Philadelphia.

Joined Newton: 2021
Joined industry: 1992



James Blake
Head of client relations and senior consultant relations manager

James works in the client and consultant relations team at Newton based out of its New York office. James joined Newton in 2010 and has held a number of positions within the firm, more latterly as Head of Client Relations (North America).

Prior to joining Newton, James spent three years at AXA Investment Managers as client investment director and prior to that he spent 11 years at Fidelity International Limited, initially in wholesale and then latterly in the institutional division focusing on new business development and relationship management.

Joined Newton: 2010
Joined industry: 1996

Newton team



Charles French
Investment leader, Equity Opportunities team

Charles French is investment leader of the equity opportunities team at Newton. The team comprises all of our core and sustainable active equity strategies that are not managed on an income basis – namely our global, US, Emerging, UK and European equity specialisms. Charles also has a leadership role in our investment process and strategy, including Newton’s thematic investment process and framework. Prior to his current responsibilities, Charles was co-head of research at Newton and a global industry analyst within this team. He joined Newton in 2000.

Prior to joining Newton, Charles worked in KPMG’s financial business division where he gained his professional qualifications, becoming a member of the Institute of Chartered Accountants. Charles studied Economics at the University of Nottingham. Outside of work, he is a rugby coach.

Joined Newton: 2000
Joined industry: 1996



Paul Birchenough
Portfolio manager, Equity Opportunities team

Paul Birchenough is a member of Newton’s equity opportunities team. Paul joined Newton in October 2020 to manage global emerging markets portfolios. Prior to joining Newton, Paul was a global emerging-market equity portfolio manager at AXA Investment Managers, where he had worked since April 2011. Prior to joining AXA Investment Managers, Paul was a research analyst at Nevsky Capital. Before joining Nevsky Capital, Paul held various roles at KPMG, including positions in corporate finance, transaction services and audit. Paul has a BSc (Hons) in Mathematics from Nottingham University and is an Associate Chartered Accountant.

Outsides of work, Paul enjoys swimming and sailing.

Joined Newton: 2020
Joined industry: 2004



Ian Smith
Portfolio manager, Equity Opportunities team

Ian is a member of Newton’s equity opportunities team. Ian joined Newton in October 2020 to manage global emerging markets portfolios. Prior to joining Newton, Ian was a global emerging market equity portfolio manager at AXA Investment Managers, where he had worked since February 2012. Prior to joining AXA Investment Managers, Ian was a research analyst covering Asian financials at Matrix Group. Before joining Matrix Group, Ian was a research analyst covering emerging market financials at Nevsky Capital. Ian has a BA in Economics and Politics from Durham University and gained ACA qualification in 2003.

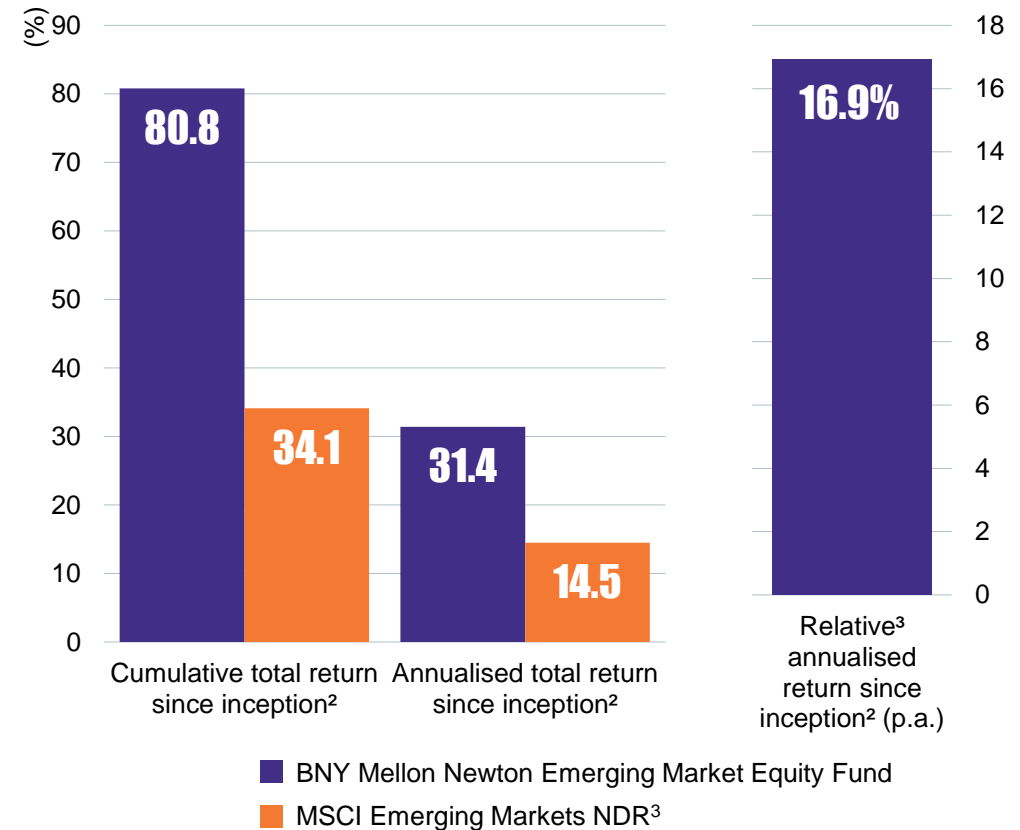
Outside of work, Ian enjoys travelling with family and friends.

Joined Newton: 2020
Joined industry: 2000

Summary of the Newton and ACERA relationship

Newton Global Emerging Markets Strategy

ACERA MANDATE	<ul style="list-style-type: none"> \$266.3m as at 30 June 2021 invested in the BNY Mellon Newton Emerging Market Equity Fund
OUR PERFORMANCE OBJECTIVE¹	<ul style="list-style-type: none"> Our Global Emerging Markets strategy aims to outperform the MSCI Emerging Markets Index NDR Index in excess of 3% p.a. over a rolling five-year period, whilst also mindful of absolute capital performance
NEWTON'S STRENGTHS IN THIS AREA	<ul style="list-style-type: none"> Strong performance driven by stock selection within a thematic framework Consistent focus on resilient growth and quality in EM Experienced portfolio management and research team delivering consistent outperformance for clients 40 years' experience in global investing, using a tried and tested investment philosophy and process Integrated ESG⁴
OUR PEOPLE AND SERVICE TO YOU	<ul style="list-style-type: none"> Dedicated Emerging Markets portfolio management team supported by global research team expertise Proprietary research platform and IDEA database enhances efficiency in decision-making Common long-term goal to deliver significant outperformance to all our clients Alignment through deferred compensation program Competitive fee structure



Past performance is not a guide to future performance. The value of investments and the income from them can fall as well as rise and investors may not get back the original amount invested. The performance results shown are net of investment management fees and do reflect the reinvestment of dividends and other earnings.

Notes:

¹ The outperformance target stated is for indicative purposes only and gross of fees, may be changed without notice and is not a guarantee of future returns;

² Client inception date: 8 May 2019; ³ The MSCI Emerging Markets NDR performance benchmark is used as a comparator for this strategy. Information about the indices shown here is provided to allow for comparison of the performance of the strategy and the Fund to that of certain well-known and widely recognized indices. There is no representation that such index is an appropriate benchmark for such comparison. ⁴ Environmental, Social and Governance.

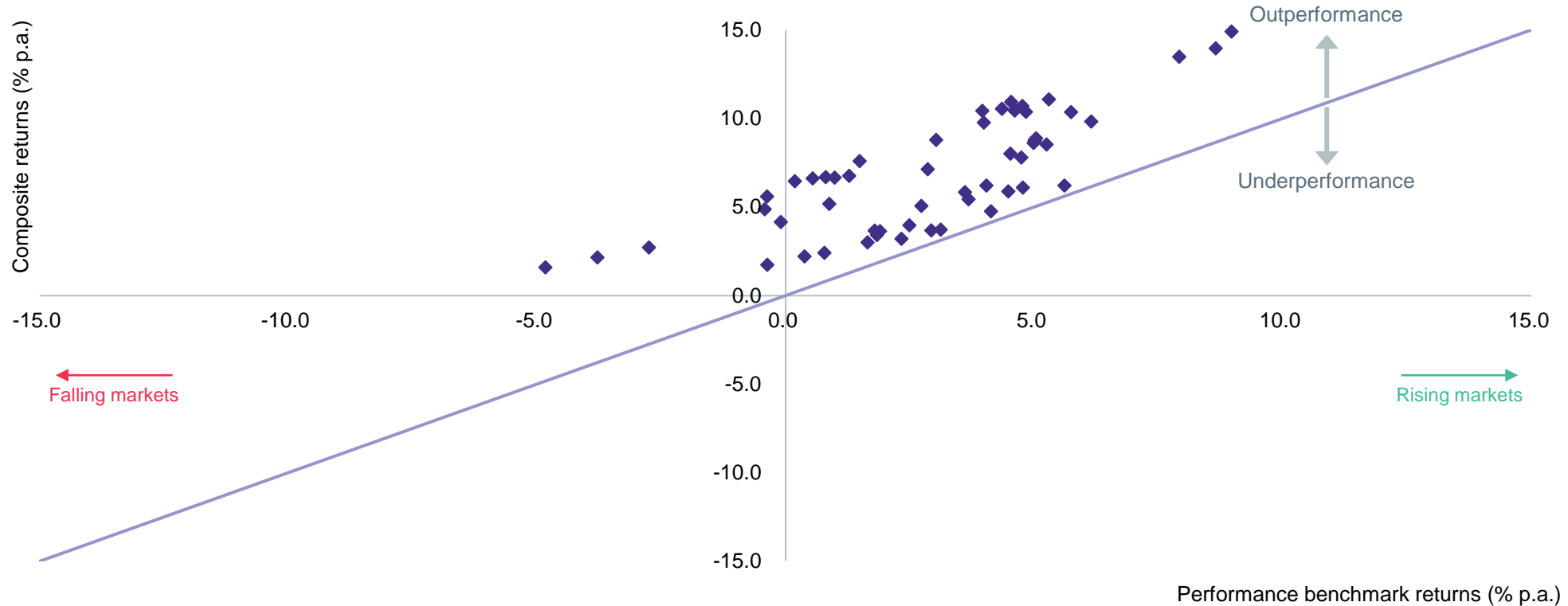
Source: Newton, 30 June 2021. Performance calculated close of business prices, total return (using monthly returns), income reinvested, net of fees, in USD.

A strategy capturing Newton's team based philosophy and process

Longer-term performance

Newton Global Emerging Markets composite – rolling five-year (p.a.) returns¹

Outperformed the performance benchmark² in 100% of five-year observations



Past performance is not a guide to future performance. The value of investments and the income from them can fall as well as rise and investors may not get back the original amount invested. The performance results shown are gross of management fees and do reflect the reinvestment of dividends and other earnings. The client's return will be reduced by the advisory fees and any other expenses it may incur in the management of its investment advisory account. The investment advisory fees are described in Part 2 of the adviser's Form ADV, which can be obtained from the SEC.gov website or obtained upon request.

Notes:

¹ Inception date: 31 May 2011, rolled monthly. ² The MSCI Emerging Markets NDR performance benchmark is used as a comparator for this strategy. Information about the indices shown here is provided to allow for comparison of the performance of the strategy to that of certain well-known and widely recognized indices. There is no representation that such index is an appropriate benchmark for such comparison.

Source: Newton, close of business prices, total return, income reinvested, gross of fees, in USD, 30 June 2021. Please refer to composite slide at the end of this presentation. This is supplemental information to the GIPS® compliant information.

Focus on downside protection while offering exposure to Emerging Market growth

A heritage built on purposeful ownership

Trusted stewards



Our purpose at Newton¹ is – and has been since our founding in 1978 – to improve people’s lives through active, thematic and engaged investment which delivers attractive outcomes to our clients, and helps foster a healthy and vibrant world for all.

Newton Statement of Corporate Purpose, 2021



Note:

¹ 'Newton' refers to 'The Newton Investment Management Group' of affiliated companies that provide investment advisory services. In the UK, these services are provided by Newton Investment Management Ltd, and in the US by Newton Investment Management North America LLC. Both firms are indirect subsidiaries of The Bank of New York Mellon Corporation ('BNY Mellon').

Newton's business

Helping clients meet their investment needs

IDEAS DRIVEN



Expansive idea generation; access to wide range of investment ideas and proprietary research across a global investment team

COLLABORATIVE



Highly collaborative investment team; a team-based structure utilising fundamental and quantitative investment techniques to deliver client outcomes

ESG FOCUSED



Well-resourced and experienced Responsible Investment team; with a process that ensures ESG is embedded across a range of strategies

- Globally diversified investment firm with >500 employees and 140 investment professionals¹
- Offices across 6 locations – Boston, London, New York, Pune², Tokyo³ and San Francisco
- \$145bn of assets under management across a globally diverse client base
- Leaders in thematic and sustainable investing
- 81 strong central research capability with embedded ESG that drives investment idea generation across a range of strategies
- 59 strong specialist portfolio management team focused on 4 key areas of investment excellence: absolute return, active equities, income and multi-asset solutions

Notes: ¹ Investment professionals excludes CEO; ² BNYM Mellon Operations India office provide support into the Newton group of companies; ³ BNY Mellon Investment Management Japan transition will occur in 2022 subject to regulatory approval.

Source: Newton group of companies, 1 September 2021. AUM as at 31 July 2021.

The realignment of the equity and multi-asset business of Mellon Investment Corporation into Newton took place on 1 September 2021, with the BNYM IM Japan transition anticipated to occur in 2022. Assets under management (AUM) relate to the combined Newton Investment Management group of companies. All AUM data is approximate based on current figures available as of 31 July 2021.

Newton's investment philosophy

Global thematic investing since 1978



Note: ¹ Environmental, Social and Governance.

Combining active management with active ownership to deliver results for our clients

Newton's global research – the power of ideas

Proprietary research is the foundation to everything we do

- **Global research platform** delivering genuine insights that are key to navigating the fast-changing environment
- Embedded **ESG** research forms a core part of the fundamental research process
- **Thematic framework** allows a longer-term perspective and help to navigate headwinds and tailwinds
- **Fundamental and quantitative research** leading to better informed decision making
- Specialist team of analysts encompassing **geopolitics, investigative and private markets research**
- Dedicated **credit research** analysts covering investment grade and high yield markets
- Research and portfolio managers working as one to deliver for clients



Ideas driven, collaborative and ESG focused

Newton's global research team structure

Overview of research analysts – by area of specialism

Fundamental Equity		Quantitative – Multi-Asset		Responsible Investment	
<p>Fundamental Equity</p> <p>Secular</p> <p> Duncan Bulgin Head of Global Equity Research</p> <p> Maria Toneva Head of Secular</p> <p>James Boyd Fei Chen Frank Goguen Robbie Henderson Connor Middleton Jonathan Piskorowski Erik Swords Justin Sumner Rob Zuethen</p> <p>Growth Cyclical</p> <p> Todd Wakefield Head of Growth Cyclical</p> <p>Tom Atkinson Stephen Benson Brian Blongasteiner William Eckel Monty Kori Kyle McDonough</p> <p>Research Associates</p> <p> Nicholas Cohn Head of Platform Development</p> <p>Meghan Bruni Veronique Daphnis Joy Cai Lea Nassar Shivam Kollur</p> <p>Interest Sensitive / Stable</p> <p> Mike Holton Head of Interest Sensitive / Stable</p> <p>Amy Chamberlain Vivek Gautam Jonny Urwin</p> <p>True Cyclical</p> <p> Michal Plotkowiak Head of True Cyclical</p> <p>Albert Chu David Intoppa Laura Sheehan Alex Trombetta</p> <p>Research & Development</p> <p> Edward Walter Head of R&D</p> <p>Keren Baranov Adam Chen Matthew Jenkin Rick Rosania Stefanie Rintoul</p>		<p>Quantitative – Multi-Asset</p> <p> Dimitri Curtil¹ Head of Multi-Asset Solutions</p> <p>Douglas Beach Berto Brauns Cristian DelSolar Xuan Huan Austin Jennings Joo Hee Lee David Lu Leiyong Pu Irene Wang</p> <p>Quantitative – Equity</p> <p> Martin Stephan Head of Quantitative Research</p> <p>Stephanie Brandaleone Paul Byrne Sunguk Choi Ian Johnston Joseph Karagoz Cameron Kilduff David King Patrick Slattery Tao Wang Chris Yao Shawn Zhang</p>		<p>Responsible Investment</p> <p> Andrew Parry Head of Sustainable investment</p> <p> Ian Burger Head of Responsible investment</p> <p> Lloyd McAllister Head of ESG research</p> <p> Alexander Parkinson Head of Responsible Investment Data Integration</p> <p>Sakshi Bahl⁴ Niall Brennan Tanushree Chandhok⁴ Carolyn Hewitt</p> <p>Ragi Khimasia Parag Saxena⁴ Rebecca White</p> <p>Specialist Research²</p> <p> Raphael Lewis Head of Specialist Research</p> <p>Richard Bullock Ryan Delisle Joaquim Encarnacao Edward Geall Thomas Karthaus Katherine Kelly Jeremy Stuber</p> <p>Credit Analysts</p> <p> Paul Brain¹ Head of Fixed Income</p> <p>Parmeshwar Chadha³ Martin Chambers Howard Cunningham³ Jeevan Dhoot Scott Freedman Ashwin Palta</p>	

Notes: ¹ Portfolio manager, excluded from analyst figures. ² Includes thematic, investigative, geopolitics, private markets. ³ Combined research / investment management roles. ⁴ An employee of BNY Mellon Operations India, not included in the calculation of team average numbers. Provides support to the Newton Responsible Investment Team from Pune, India.

Source: Newton group of companies, 1 September 2021. Newton group of companies includes Newton Investment Management Limited (NIM) and Newton Investment Management North America (NIMNA). Please see important information page for more details.

Fostering collaborative teamwork

NEWTON GLOBAL EMERGING MARKETS STRATEGY

Targeting good client outcomes over the long term

Access to a wealth of differentiated primary company research produced by the **Global Analyst Team**, which allows us to hunt for the best intrinsic value opportunities that can be overlooked or misunderstood (e.g. complex/ changing industries)

Thematic approach that encourages us to dedicate resource to asking & answering the right questions, and to remain disciplined in our long-term focus

Well-established and resourced approach to **responsible investing**

PM team focused on **process and execution**, with shared principles and philosophy

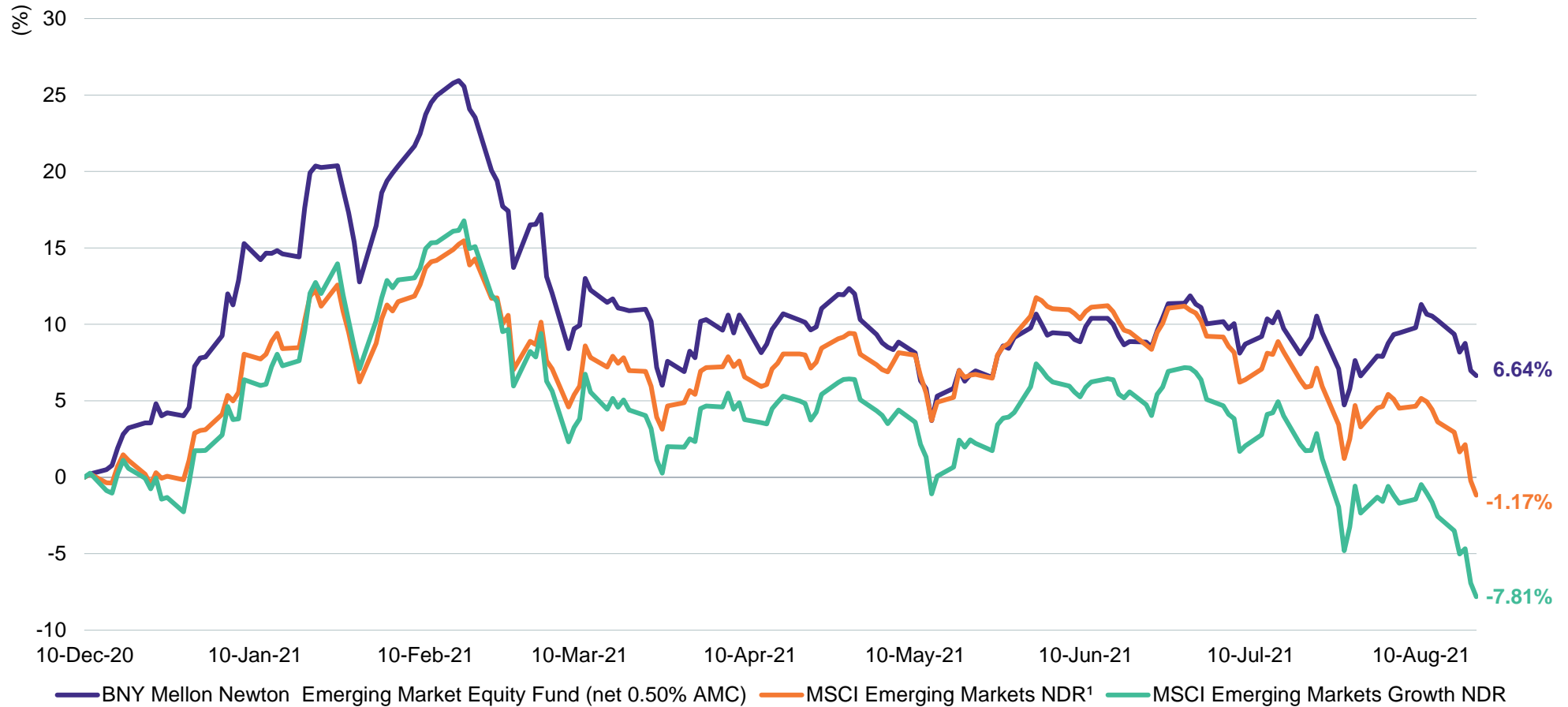
Genuinely long-term focus, which allows us to focus on more predictable outcomes, as well as to hunt for the best intrinsic value opportunities that can be overlooked or underappreciated (e.g. higher P/E or cyclically sensitive companies)

Tools and processes to maintain **portfolio balance**, in line with client objectives

NEWTON Investment Management

Performance since tenure (new team) – December 10, 2020 to date

BNY Mellon Newton Emerging Market Equity Fund



Past performance is not a guide to future performance. The value of investments and the income from them can fall as well as rise and investors may not get back the original amount invested. The performance results shown are net of investment management fees and do reflect the reinvestment of dividends and other earnings.

Note:

¹ The MSCI Emerging Markets NDR performance benchmark is used as a comparator for this strategy. Information about the indices shown here is provided to allow for comparison of the performance of the strategy to that of certain well-known and widely recognized indices. There is no representation that such index is an appropriate benchmark for such comparison.

Source: Newton, 20 August 2021. Performance calculated as close of business prices, total return (using daily returns), income reinvested, net of fees, in USD.

Strong outperformance despite market rotation in 2021

We seek to invest in ‘compounders’

Investing in exceptional, leading businesses with long-term growth

HIGH CONVICTION APPROACH

- ~35-55 equity holdings
- Majority of portfolio in top 20 positions
- Low turnover
- Stock selection drives performance

LONG-TERM THEMES TARGET GROWTH

- Areas with strong growth potential, not ‘old’ profit pools
- Guides stock, sector and country selection
- Fundamental bottom-up research

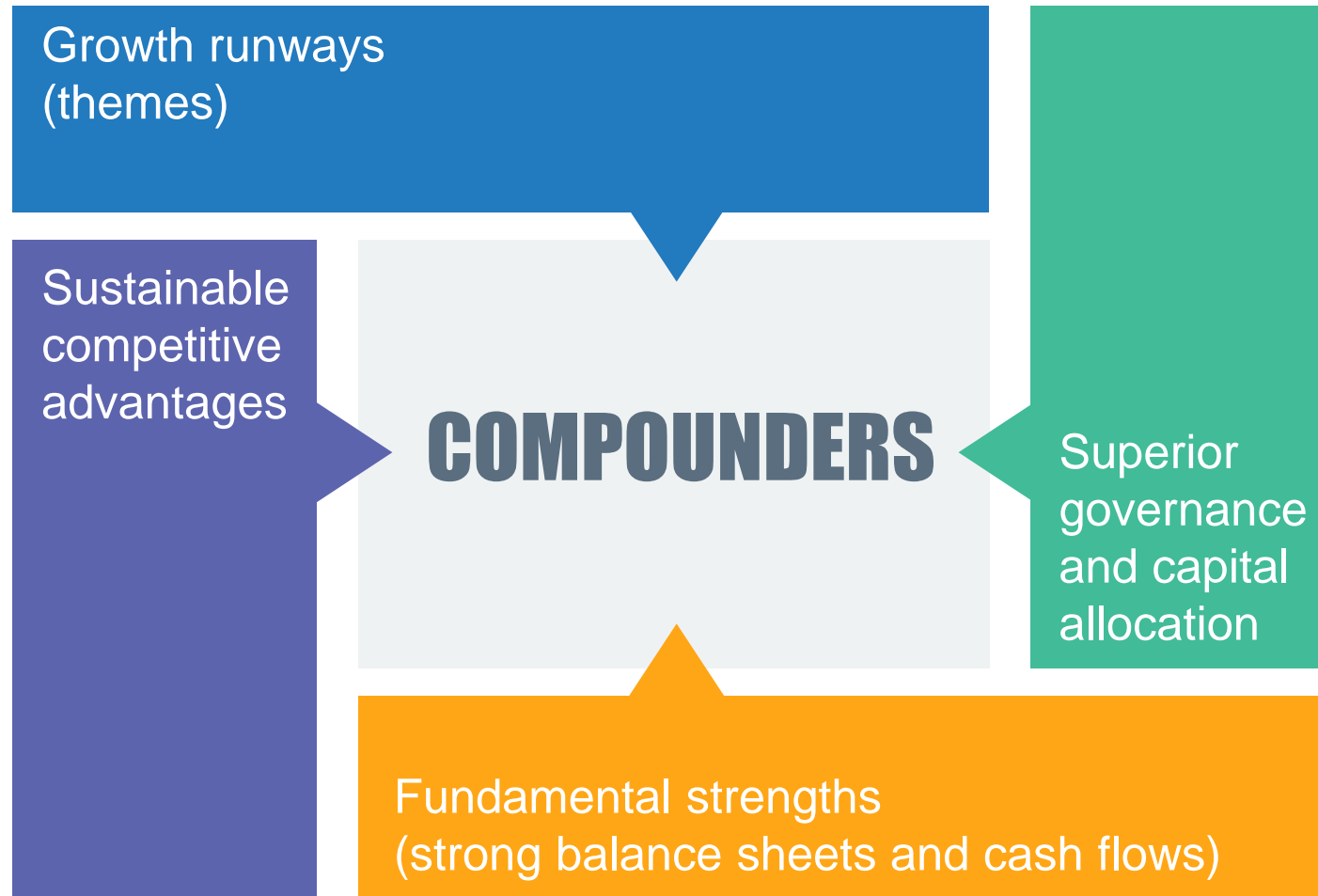
EMPHASIS ON QUALITY AND GOVERNANCE

- Focus on long-term value creation
- Focus on return on capital
- Focus on avoiding vulnerable businesses and untrustworthy promoters

**Long-term value-creation objective,
looks through short-term volatility**

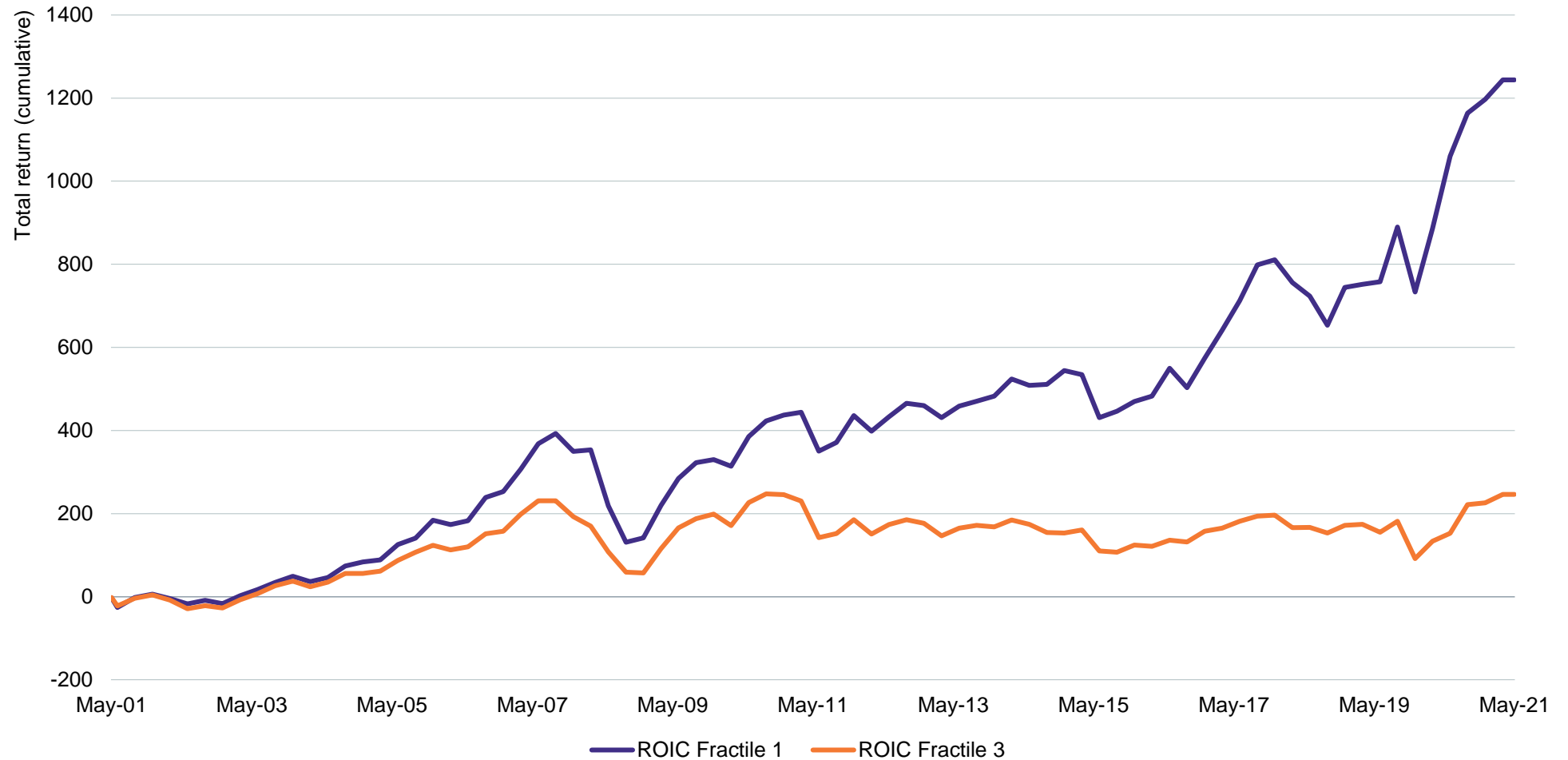
What makes a compounder?

Target characteristics



Compounders and ROIC in Emerging Markets

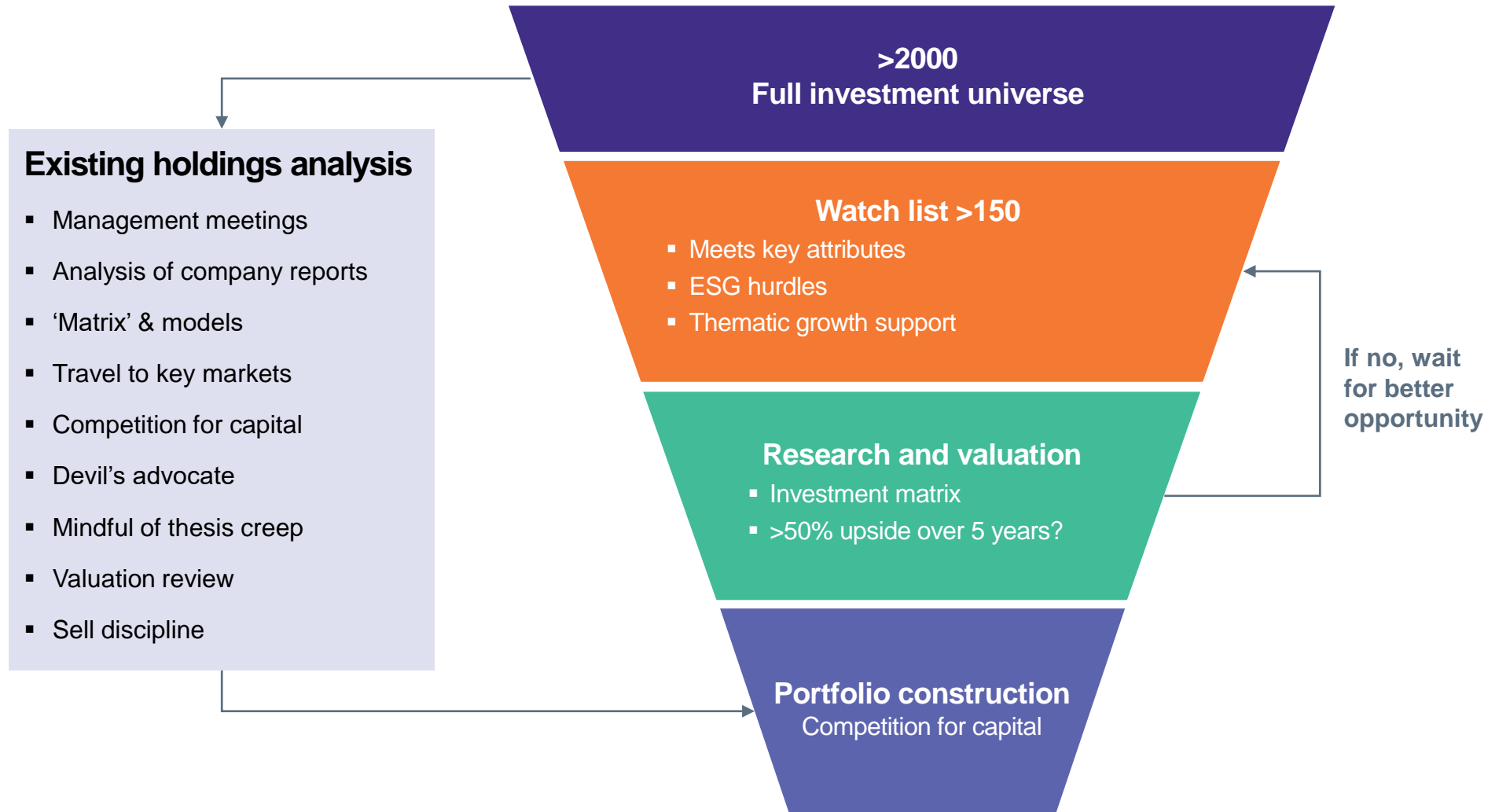
Relative performance of High versus Low ROIC companies in Emerging Markets



Source: Factset. MSCI Emerging Markets Index. Market cap weighted. Top 1/3 versus lowest 1/3 of dataset. Quarterly rebalanced in USD. 31 May 2021.

Disciplined and consistent process

High hurdles for stock selection

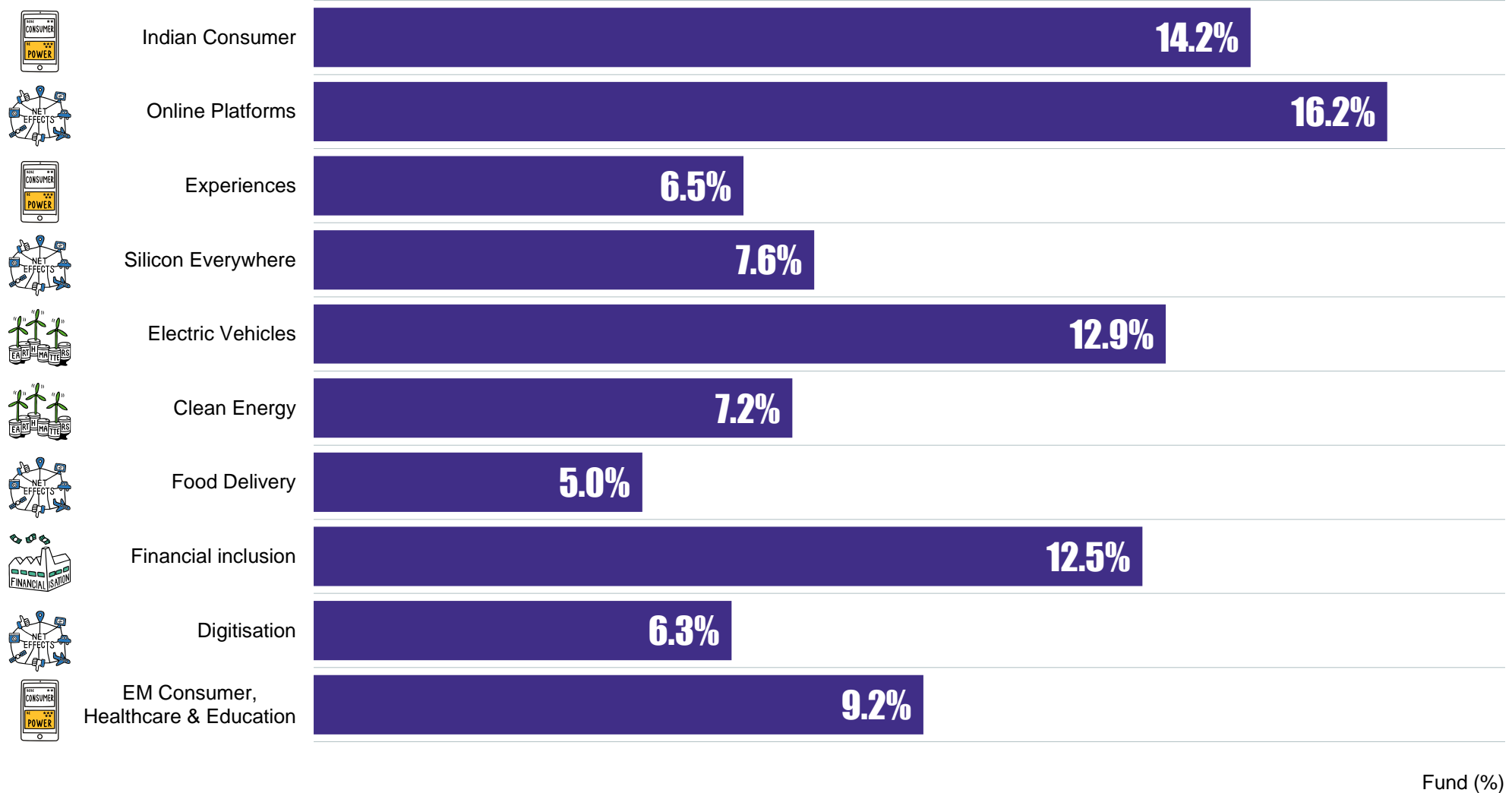


Dynamic yet structured process allowing creativity of thought

Targeting most attractive runways for growth

New opportunities transcend traditional sector boundaries

BNY Mellon Newton Emerging Market Equity Fund



Source: Newton, 30 June 2021.











The MSCI Emerging Markets NDR performance benchmark is used as a comparator for this strategy. Information about the indices shown here is provided to allow for comparison of the performance of the strategy to that of certain well-known and widely recognized indices. There is no representation that such index is an appropriate benchmark for such comparison.

Themes inform the best opportunities

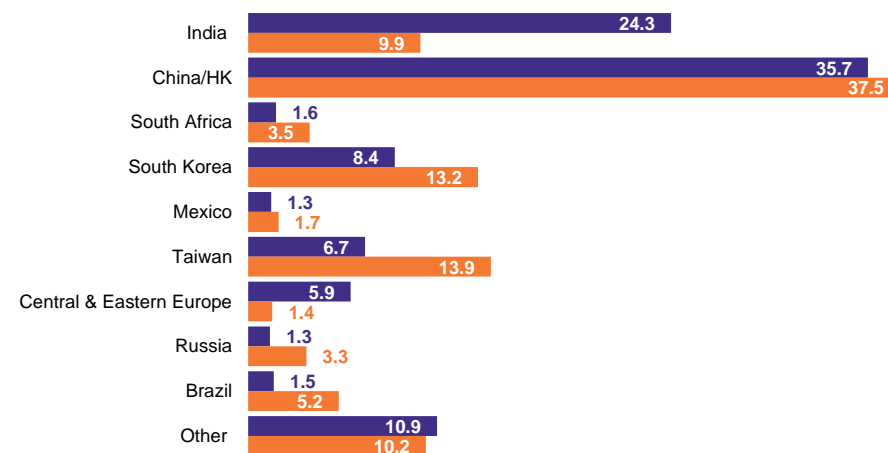
Stock, country and sector positioning as at 30 June 2021

BNY Mellon Newton Emerging Market Equity Fund

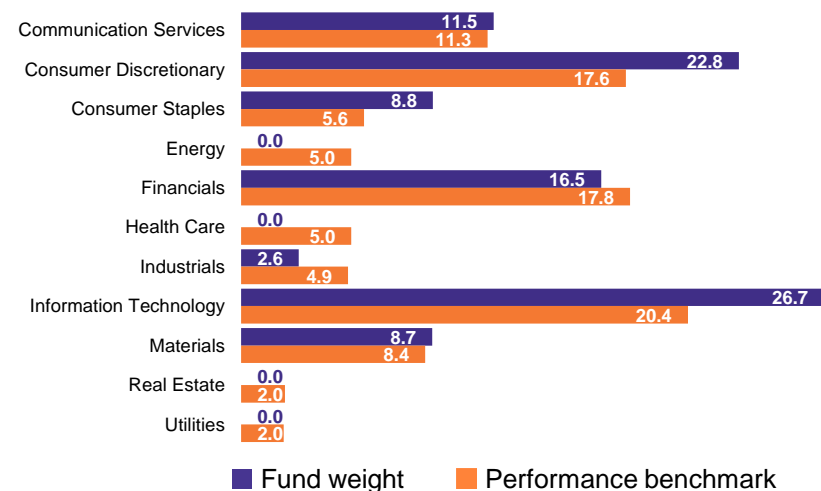
Top 10 positions

Stock	Country	Sector	Fund (%)
Taiwan Semiconductor		Information Technology	5.62
Alibaba		Consumer Discretionary	4.68
AIA		Financials	4.11
Housing Development Finance		Financials	3.94
Info Edge India		Communication Services	3.59
LONGi Green Energy Technology		Information Technology	3.37
Samsung SDI		Information Technology	3.22
Meituan		Consumer Discretionary	3.21
Tencent		Communication Services	3.19
Maruti Suzuki India		Consumer Discretionary	3.02

Country allocation (%)



Sector allocation (%)



Source: Newton, 30 June 2021.

The MSCI Emerging Markets NDR performance benchmark is used as a comparator for this strategy. Information about the indices shown here is provided to allow for comparison of the performance of the strategy to that of certain well-known and widely recognized indices. There is no representation that such index is an appropriate benchmark for such comparison. The portfolio data included herein should not be relied upon as a complete listing of the strategy holdings (or of a representative strategy's top and bottom holdings) as information on particular holdings may be withheld if it is in the strategy's best interest to do so. Portfolio holdings are subject to change without notice and may not represent current or future portfolio composition. The portfolio date is 'as at' the date indicated. Stock position information refers to the representative strategy and not the composition of the performance benchmark.

**A focused portfolio
reflecting our strongest views**

Fundamental analysis

BNY Mellon Newton Emerging Market Equity Fund

Aggregate statistics	30 June 2021			31 December 2020		
	Fund	MSCI Emerging Markets NDR Index ¹		Fund	MSCI Emerging Markets NDR Index ¹	
Risk						
Tracking error (ex ante) ²	6.70	Risk	–	9.30	Risk	–
Beta (ex ante) ²	0.97		–	0.93		–
Number of stocks	46		1,412	45		1,397
Aggregate statistics: value						
P/E (trailing)	29.53		13.64	41.06		17.89
Price / Book (fwd)	4.36		1.87	4.77		1.79
EV / EBITDA	27.89		13.87	28.33		12.92
Growth						
Historic earnings growth	14.06	Growth	10.00	15.75	Growth	9.33
Quality						
12m return on equity (% weighted average)	17.28	Quality	13.47	14.58	Quality	13.69

Notes:

¹ The MSCI Emerging Markets NDR performance benchmark is used as a comparator for this strategy. Information about the indices shown here is provided to allow for comparison of the performance of the strategy to that of certain well-known and widely recognized indices. There is no representation that such index is an appropriate benchmark for such comparison.

² Source: Axioma Risk Model, based on 3-year data, 30 June 2021.

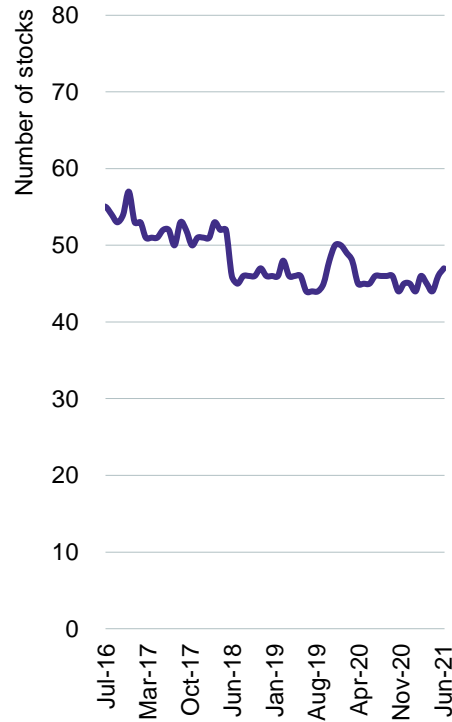
Source: FactSet, based on 5-year data, 30 June 2021.

**The market often undervalues
high quality growth investments**

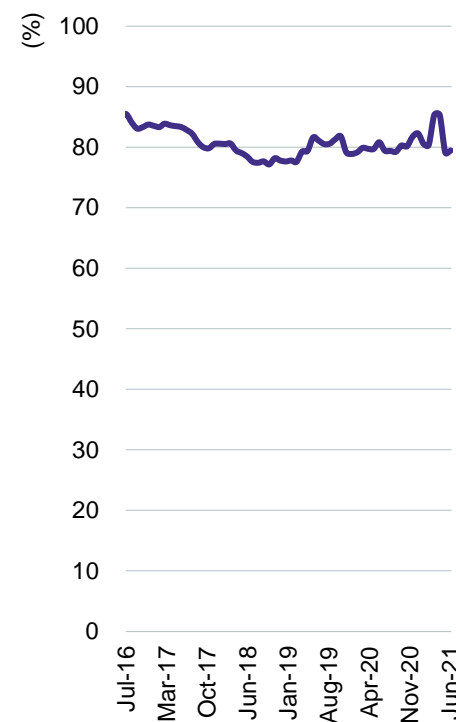
Statistical information

Newton Global Emerging Markets representative portfolio¹

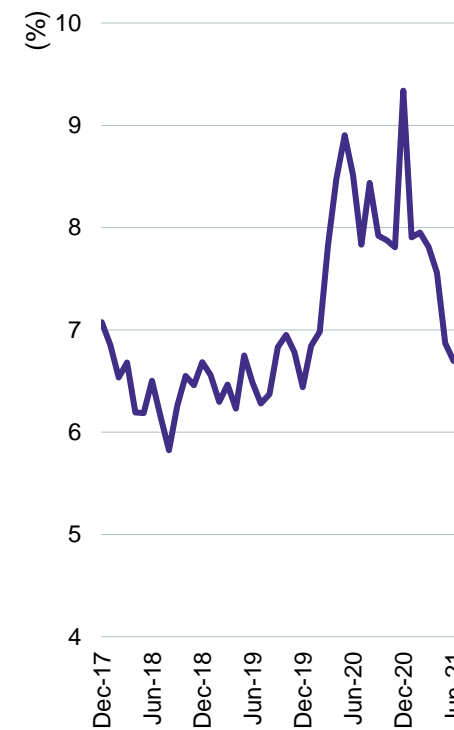
Number of stocks



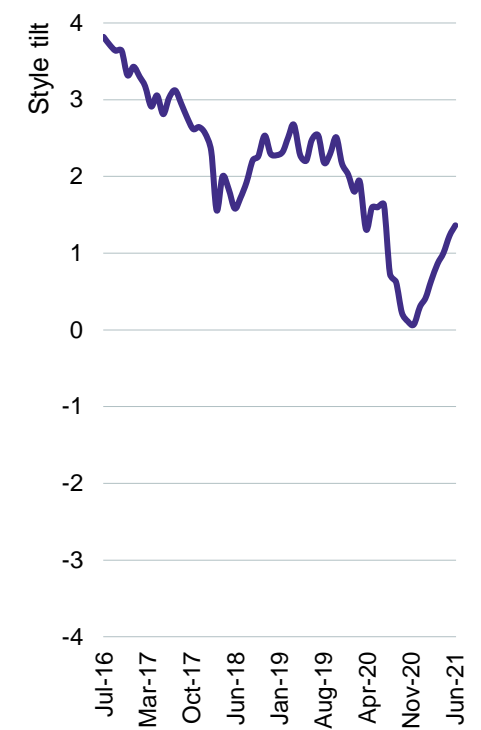
Active share



Tracking error²



ROIC³



FOCUS

A high conviction portfolio of global emerging securities

ACTIVE

Portfolio constructed with high levels of active share

RISK

Benchmark agnostic approach

QUALITY BIAS

Focus on quality, profitability and compounders

Note:

¹ The representative portfolio adheres to the same investment approach as the Newton Global Emerging Markets strategy. ² Tracking Error is

shown ex-ante - Source: Axioma Risk Model, based on 3-year data ³ Source: Style Analytics

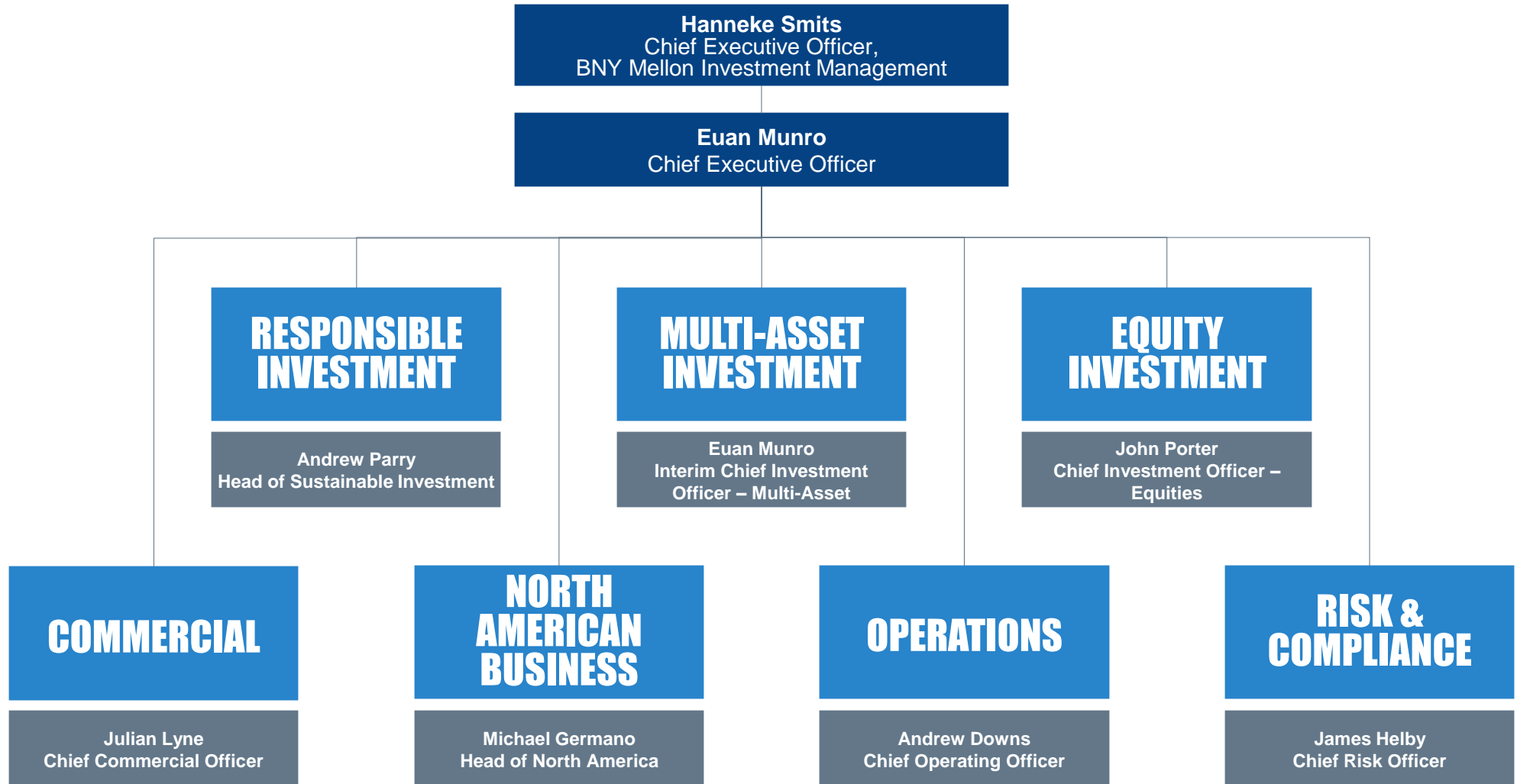
Each client portfolio is individually managed. Actual holdings will vary for each client and there is no guarantee that a particular portfolio will have some or all of the characteristics described in the representative portfolio shown.

Source: Newton, 30 June 2021.

REFERENCES

Newton's leadership team







Management structure from September 2021



Source: Newton group of companies, 1 September 2021.
 Newton group of companies includes Newton Investment Management Limited (NIM) and Newton Investment Management North America (NIMNA). Please see important information page for more details.

Newton's portfolio management team

Overview of portfolio managers – by specialism

John Porter Chief Investment Officer – Equities		Euan Munro Interim Chief Investment Officer – Multi-Asset			
Equity Income	Equity Opportunities	Real Return	Multi-Asset Solutions	Multi-Asset Balanced	Fixed Income
 Ilga Haubelt Head of Equity Income	 Charles French Head of Equity Opportunities	 Suzanne Hutchins Head of Real Return	 Dimitri Curtil ⁹ Head of Multi-Asset Solutions	 Rob Stewart Head of Multi-Asset Balanced	 Paul Brain Head of Fixed Income
John Bailer ¹ Jon Bell Paul Flood Brian Ferguson Peter Goslin Robert Hay Keith Howell Jr. Zoe Kan Adam Logan Tim Lucas James Lydotes ² Nick Pope	Karen Miki Behr Paul Birchenough Joseph Corrado Caroline Higgins ³ Patrick Kent ⁴ Louise Kernohan Andrew Leger Paul Markham Julianne McHugh ⁵ Jeff Munroe John Porter ⁶ Simon Nichols ⁷ Ian Smith Yuko Takano Leigh Todd	Matthew Brown Lars Middleton Aron Pataki Philip Shucksmith Andrew Warwick Brendan Mulhern ⁸	Ryan Arita Roberto Croce ¹⁰ Vassilis Dagioglu Haroldo Daltin Marie-Joelle Ghazal ³ Keith Lee Louis Mangini James Stavena Francis Tran Torrey Zaches Elaine Zhong	Oliver Larminie Hilary Meades Bhavin Shah Tim Wilson	Parmeshwar Chadha ⁹ Howard Cunningham ⁹ Jonathan Day Trevor Holder Carl Shepherd

Notes: ¹ Deputy Head of Equity Income; ² Deputy Chief Investment Officer – Equities; ³ Portfolio analyst; ⁴ Deputy Head of Equity Opportunities. ⁵ Head of Impact; ⁶ Chief Investment Officer – Equities; ⁷ Simon Nichols also manages multi-asset portfolios; ⁸ Investment strategist; ⁹ Combined research / investment management roles; ¹⁰ Head of Risk Parity and Liquid Alternatives.

Source: Newton group of companies, 1 September 2021. Newton group of companies includes Newton Investment Management Limited (NIM) and Newton Investment Management North America (NIMNA). Please see important information page for more details.

**Fostering
collaborative teamwork**

Newton Emerging Markets (USD) Composite

Annual disclosure

Year end	Total firm assets (USD millions)	Composite assets			Annual performance (in USD terms)				3 year ex-post risk statistics		
		USD (millions)	% of firm assets	Number of accounts	Composite total return, gross %	Composite total return, net %	Primary benchmark total return %	Composite dispersion %	Composite standard deviation %	Benchmark standard deviation %	Information ratio
2011 ¹	70,500	95	0.13	5 or fewer	-21.80	-22.14	-20.22	–	n/a	n/a	n/a
2012	80,241	75	0.09	5 or fewer	25.87	24.93	18.63	–	n/a	n/a	n/a
2013	84,967	80	0.09	5 or fewer	9.27	8.45	-2.27	–	n/a	n/a	n/a
2014	78,306	182	0.23	5 or fewer	6.23	5.44	-1.82	–	14.84	14.99	1.47
2015	68,359	214	0.31	5 or fewer	-7.43	-8.12	-14.60	–	14.87	14.04	1.07
2016	64,830	243	0.37	5 or fewer	2.52	1.76	11.60	–	16.24	16.07	0.27
2017	72,840	747	1.03	5 or fewer	49.90	48.78	37.75	–	15.39	15.36	0.35
2018	59,495	1,191	2.00	6	-23.28	-23.85	-14.24	–	16.32	14.62	-0.53
2019	65,965	1,629	2.47	6	23.91	22.99	18.88	0.31	15.03	14.17	0.08
2020	62,857	2,234	3.55	6	61.16	59.96	18.69	1.13	21.84	19.62	1.00

The Firm

Newton, the firm, includes all the assets managed by Newton Investment Management Limited and is a wholly owned subsidiary of The Bank of New York Mellon Corporation. The AUM for the firm, where quoted, may include assets managed by the firm's officers as dual officers or employees of the Bank of New York Mellon. Newton Investment Management Limited is authorized and regulated by the Financial Conduct Authority in the conduct of investment business. Newton Investment Management Limited is registered with the U.S. Securities and Exchange Commission as an investment advisor under the Investment Adviser's Act 1940.

Compliance statement

Newton claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Newton has been independently verified for the periods 1996 to 2019.

Verification

The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

Composite

Newton Emerging Markets Composite contains fully discretionary portfolios with invest in emerging market equities and for comparison purposes is measured against the MSCI Emerging Markets NDR Index.

Benchmark

The MSCI Emerging Markets Index comprises of large and mid-cap securities across global emerging markets and is calculated net of withholding tax.

Calculation methodology

A cash flow policy applied until 31 December 2010 up to which point a fund was excluded from the composite if it has a cash flow greater than 10% of the initial fund market value for that month such that the fund manager was considered to have lost discretion of the fund. Returns are presented gross of fees. Gross returns are gross of management fees, custodial fees, and net of withholding taxes and all trading expenses. All returns are net of withholding taxes. Past performance does not guarantee future results. Further information regarding the exchange rates used is available upon request.

Fees

The fee schedule appropriate for this presentation starts at 0.75%, however, individual fees are negotiated on an account-by-account basis.

Dispersion

Dispersion is calculated using the equal weighted standard deviation of annual gross fund returns included in the composite where there are six or more composite members for the entire year.

List of composites

A list of composite descriptions and additional information regarding the firm's policies and procedures for valuing portfolios, calculating and preparing compliant presentations are available upon request.

Creation date: 31 May 2011.

Note: ¹ Data is for the period from 1 June 2011 (inception) through 31 December 2011.

– = Not statistically meaningful due to insufficient number of portfolios in the composite for the entire year.

n/a = The three-year ex-post risk statistics are not presented because the composite does not yet have 36 monthly returns as of this date.

Key risks

Newton Global Emerging Markets Strategy (USD)

Investment performance

12 month returns, %	Jun-20 to Jun-21	Jun-19 to Jun-20	Jun-18 to Jun-19	Jun-17 to Jun-18	Jun-16 to Jun-17
Composite (gross)	59.61	14.03	-3.72	5.93	26.34
Composite (net)	58.42	13.18	-4.43	5.15	25.40
Benchmark	41.18	-3.05	1.60	8.59	24.17

Calendar year returns, %	2020	2019	2018	2017	2016
Composite (gross)	61.16	23.91	-23.28	49.90	2.52
Composite (net)	59.96	22.99	-23.85	48.78	1.76
Benchmark	18.69	18.88	-14.24	37.75	11.60

Performance is stated gross of management fees. The performance figures do not reflect the deduction of investment advisory fees. The client's return will be reduced by the advisory fees and any other expenses it may incur in the management of its investment advisory account. The investment advisory fees are described in Part 2 of the adviser's Form ADV, which can be obtained from the SEC.gov website or obtained upon request. A representative example (e.g. a table, chart, graph, or narrative), which shows the effect an investment advisory fee, compounded over a period of years, could have on the total value of a portfolio is available upon request.

MSCI Emerging Markets NDR performance benchmark is used as a comparator for this strategy. Information about the indices shown here is provided to allow for comparison of the performance of the strategy to that of certain well-known and widely recognized indices. There is no representation that such index is an appropriate benchmark for such comparison.

Key investment risks

- **Past performance is not a guide to future performance. Your capital may be at risk. The value of investments and the income from them can fall as well as rise and investors may not get back the original amount invested. Tax treatment depends on the individual circumstances of each client and may be subject to change in the future. Newton is not a tax expert and independent tax and/or legal advice should be sought.**
- **Objective/Performance Risk:** There is no guarantee that the strategy will achieve its objectives.
- **Currency Risk:** This strategy invests in international markets which means it is exposed to changes in currency rates which could affect the value of the strategy.
- **Geographic Concentration Risk:** The strategy primarily invests in a single market which may have a significant impact on the value of the strategy.
- **Derivatives Risk:** Derivatives are highly sensitive to changes in the value of the asset from which their value is derived. A small movement in the value of the underlying asset can cause a large movement in the value of the derivative. This can increase the sizes of losses and gains, causing the value of your investment to fluctuate. When using derivatives, the strategy can lose significantly more than the amount it has invested in derivatives.
- **Emerging Markets Risk:** Emerging Markets have additional risks due to less-developed market practices.
- **Concentration Risk:** A fall in the value of a single investment may have a significant impact on the value of the strategy because it typically invests in a limited number of investments.
- **Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect ('Stock Connect') risk:** The strategy may invest in China A shares through Stock Connect programmes. These may be subject to regulatory changes and quota limitations. An operational constraint such as a suspension in trading could negatively affect the strategy's ability to achieve its investment objective.
- **Counterparty Risk:** The insolvency of any institutions providing services such as custody of assets or acting as a counterparty to derivatives or other contractual arrangements, may expose the strategy to financial loss.

Source: Newton, close of business prices, total return, income reinvested, in USD, 30 June 2021.

Net of fees performance quoted with 0.75% annual management charges.

Please refer to composite slide at the end of this presentation. This is supplemental information to the GIPS® compliant information.

Important information

For US investors

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The 'Newton Investment Management Group' is used to collectively describe a group of affiliated companies that provide investment advisory services under the brand name 'Newton' or 'Newton Investment Management'. Investment advisory services are provided in the United Kingdom by Newton Investment Management Ltd ('NIM') and in the United States by Newton Investment Management North America, LLC ('NIMNA'). Both firms are indirect subsidiaries of The Bank of New York Mellon Corporation ('BNY Mellon').

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This presentation is for informational purposes and should not be taken as a recommendation to purchase any individual securities. Newton closely monitors its positions and may make changes to the portfolio's investment strategy when warranted by changing market conditions. If a security's underlying fundamentals or valuation measures change, Newton will re-evaluate its position and may sell part or all of its position. There is no guarantee that, should market conditions repeat, this security will perform in the same way in the future. There is no guarantee that the opinions expressed herein will be valid beyond the date of this presentation. There can be no assurance that the strategy will continue to hold the same position in companies described herein, and the strategy may change any portfolio position at any time.

Information about the indices shown here is provided to allow for comparison of the performance of the Strategy to that of certain well-known and widely recognized indices. There is no representation that such index is an appropriate benchmark for such comparison. You cannot invest directly in an index and the indices represented do not take into account trading commissions and/or other brokerage or custodial costs. The volatility of the indices may be materially different from that of the

Strategy. In addition, the strategy's holdings may differ substantially from the securities that comprise the indices shown.

Any reference to a specific security, country or sector should not be construed as a recommendation to buy or sell investments in those countries or sectors. Please note that portfolio holdings and positioning are subject to change without notice.

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Newton research performs ESG Quality Reviews on equity securities prior to their addition to Newton's Research Recommended List (RRL), which are typically refreshed within a three-year period. ESG Quality Reviews are not performed for all fixed income securities. The portfolio managers may purchase equity securities that are not included on the RRL and which do not have ESG Quality Reviews.

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Newton claims compliance with the Global Investment Performance Standards (GIPS®). To receive a list of composite descriptions of Newton and/or a compliant presentation, contact Jon Ritz at (212) 922-6030 or write to Newton: 200 Park Avenue (7th Floor), New York, NY 10166 or Jon.Ritz@newtonim.com

Newton

200 Park Avenue (7th Floor), New York, NY 10166

Registered in England no: 02675952.

Registered in the United States as an investment adviser under the Investment Advisers Act of 1940

web: www.newtonim.com

Registered office: BNY Mellon Centre, 160 Queen Victoria Street, London EC4V 4LA
Tel: 020 7163 9000

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Biographical information



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eneill@verusinvestments.com

Eileen Neill, CFA

Managing Director | Senior Consultant

For more than thirty years, Ms. Neill has provided a broad range of consulting services to a variety of institutional plan sponsors with respect to the successful development and implementation of their investment programs, including risk management, strategic asset allocation, manager structure analysis, investment policy development, manager selection, and the ongoing education of their fiduciaries. She is also a shareholder of the firm and sits on the Verus alternative investments committee, where she provides strategic direction to research staff on important issues affecting client portfolios.

Ms. Neill joined Verus in 2017 from Wilshire Associates, where she served as a senior investment consultant. At Wilshire, Ms. Neill consulted to plan sponsors of varying sizes and complexity whose assets ranged from \$100 million to \$150 billion, a collection that included public institutions, corporate defined contribution and defined benefit plans, endowments and foundations, healthcare organizations, and insurance companies.

Ms. Neill has served as a guest speaker at industry conferences on a wide range of investment topics, such as ESG investing, emerging manager programs, credit strategies, currency management, investment strategy implementation, performance-based fees, portable alpha, and many others.

She earned a bachelor of science degree (BS) in business administration from the University of Arizona, and a master's degree in business administration (MBA) with an emphasis in finance in from Chapman University. She is a CFA charterholder (Chartered Financial Analyst) and is a member of the CFA Society of Los Angeles. Ms. Neill currently serves as an advisory council member for the Women in Institutional Investments Network, as well as an investment committee member for the Chadwick School Endowment Fund, and is on the West Coast Steering Committee for WAVE (Women's Association of Venture and Equity). Ms. Neill is also a member of the CFALA ESG Member Community and is mentor for the CFALA Career Mentorship Program. Before entering the investment consulting industry, she was a corporate financial analyst at a Fortune 100 company. She also sits on Verus' alternative investments committee.



**INVESTMENT MANAGER,
CONSULTANT, AND CUSTODIAN FEES**
For Quarter Ending June 30, 2021

**INVESTMENT NET ASSET VALUE AND INVESTMENT MANAGER FEES
FOR THE QUARTER ENDED JUNE 30, 2021**

For the Quarter Ended June 30, 2021	NAV ² (\$) As of 3/31/21	Q1 - Total Fees (\$)	bps of NAV	NAV ² (\$) As of 6/30/21	Q2 - Total Fees (\$)	bps of NAV
Name of Fund						
Domestic Equity¹						
Aristotle Capital	150,730,357	136,658	9.07	160,122,732	152,621	9.53
BlackRock R1000 Index Fund	2,251,830,085	46,533	0.21	2,409,566,427	50,694	0.21
Kennedy Capital	155,506,940	278,600	17.92	163,736,003	323,529	19.76
Trust Co. of the West	130,365,332	141,509	10.85	151,211,171	152,141	10.06
William Blair Small Cap Growth	163,621,954	310,642	18.99	171,569,253	322,748	18.81
Total Domestic Equity	2,852,054,668	913,943	3.20	3,056,205,586	1,001,732	3.28
International Equity¹						
BlackRock MSCI World ex-US	696,986,292	41,872	0.60	737,297,934	45,797	0.62
Bivium International Equity	141,465,263	271,534	19.19	150,898,722	294,838	19.54
Capital Group	679,744,520	1,184,087	17.42	726,094,505	1,254,066	17.27
Franklin Templeton Inv.	282,843,282	409,560	14.48	302,213,800	437,977	14.49
Mondrian	712,184,500	595,149	8.36	744,613,507	636,937	8.55
Newton Emerging Market Equity Fund	258,003,949	331,592	12.85	266,275,485	332,844	12.50
Total International Equity	2,771,227,806	2,833,795	10.23	2,927,393,953	3,002,460	10.26
Fixed Income¹						
Baird Advisors	854,968,230	154,416	1.81	872,487,802	160,038	1.83
Loomis Sayles	413,294,810	326,107	7.89	425,029,011	331,035	7.79
Brandywine Global FI	385,136,541	267,114	6.94	394,409,463	270,193	6.85
Total Fixed Income	1,653,399,581	747,637	4.52	1,691,926,276	761,265	4.50
Real Estate^{5,6}						
Total Real Estate	628,099,861	1,645,485	26.20	658,023,226	1,723,106	26.19
Private Equity^{4,5,6}						
Total Private Equity	914,721,914	3,178,966	34.75	943,388,577	2,902,962	30.77
Absolute Return^{5,6}						
Total Absolute Return	703,588,121	1,461,590	20.77	726,247,642	1,269,443	17.48
Real Assets^{4,5,6}						
Total Real Assets	506,512,344	609,490	12.03	524,858,115	677,322	12.90
Private Credit^{4,5,6}						
Total Private Credit	91,839,895	433,988	47.25	114,207,103	405,677	35.52
Cash	36,276,009			837,761,043		
TOTAL⁷	10,157,720,199	11,824,894	11.64	11,480,011,521	11,743,966	10.23

Notes:

- Domestic, International Equity, and Fixed Income managers' fees are based on staff validated manager invoices.
- NAVs may use estimates at the time of this report's production.
- Some accounts contain submanaged funds; the fees shown include all assets in the account.
- Sometimes fees may be estimates. According to the Limited Partnership Agreements, management fees are based on committed amounts and/or assets under management.
- Detailed records regarding these investments of public pension funds are exempt from disclosure under California Government Code Section 6254.26
- As of 1Q 2021, the management fee totals no longer includes estimates for other expenses and carried interest allocations. This additional information will be reported in the annual 7514.7 Alternative Investment Vehicles Information Report presented each December.
- Previous quarter's amounts may change as estimates are tried up to actual amounts. Each true up is made using the most recent information.

**CONSULTANT/CUSTODIAN FEES
FOR THE QUARTER ENDED JUNE 30, 2021**

	Q1 - Fees (\$)	Q2 - Fees (\$)
Consultant		
Doug McCalla	12,616	12,616
Callan Associates	56,250	56,250
Verus Advisory, Inc.	178,750	178,750
Institutional Shareholders Services	13,575	13,575
Zeno Consulting Group	11,250	11,250
Sub-total Consultant	272,441	272,441
Custodian		
State Street Bank	142,930	142,930
TOTAL OF CONSULTANT / CUSTODIAN FEES ¹	415,371	415,371

Notes:

1. Previous quarter's amounts may change as estimates are trued up to actual amounts. Each true up is made using the most recent information.

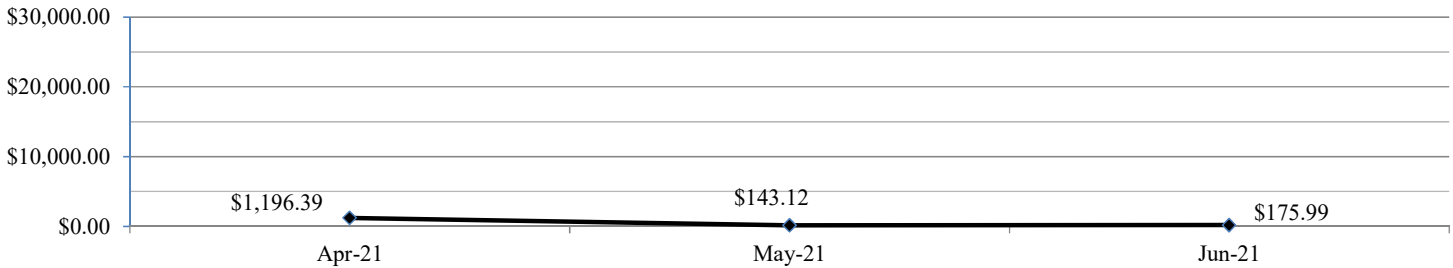


Alameda County Employees' Retirement Association Second Quarter 2021 Directed Brokerage Report

Quarterly Commentary

In 2Q21, the total recaptured dollar amount for ACERA's Directed Brokerage (DB) Program was \$1,515.50. Since inception¹, ACERA has recaptured \$2,084,506.53. For the quarter, Kennedy directed the highest percentage (12.37%) of trading volume and Kennedy also generated the largest recaptured directed commission dollar amount (\$3,367.78). CAPIS received 100.0% of ACERA's directed trades among the network of correspondent brokers. On average the program continues to operate in compliance with ACERA's DB Policy.

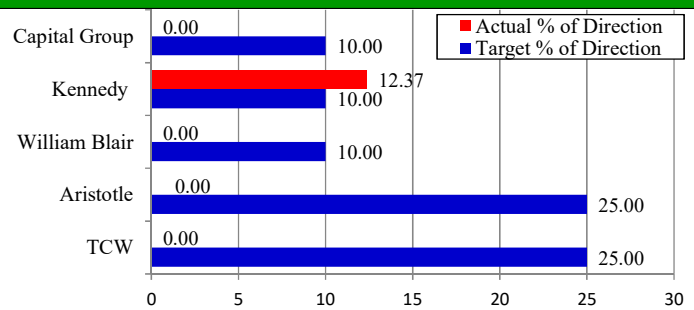
Monthly Recaptured



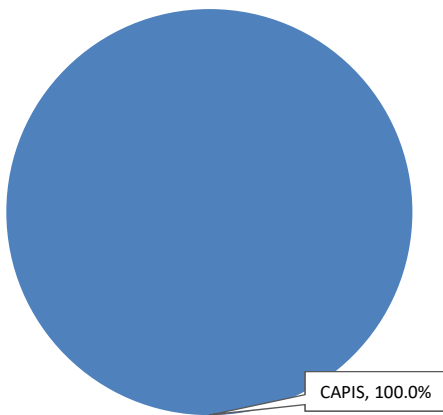
Directed Commission \$²

Manager	2Q2021	YTD
Capital Group	0.00	0.00
Kennedy	3,367.78	11,962.95
William Blair	0.00	4,243.82
Aristotle Capital	0.00	0.00
TCW	0.00	12.64
Total	\$3,367.78	\$16,219.41

Directed %³



Directed % to Correspondent Brokers⁴



- | | |
|---|---|
| <ul style="list-style-type: none"> Andes Capital Group B. Riley & Co. Barclays (US Algo/DMA) BIDS Trading Bley Investment Group Cabrera Capital Markets CAPIS CAPIS Step Out CF Global Trading Commission Direct, Inc. Cowen Securities (U.S.) Drexel Hamilton HSBC James Capel ICAP (U.S.) Imperial Capital Instinet LLC | <ul style="list-style-type: none"> ITG, Inc. Kota Global Securities LAM Securities Liquidnet Merrill Lynch (U.S.) Mischler Financial Group Northeast Securities O'Neil Securities Penserra Securities, LLC Pershing, LLC Piper Jaffray & Co. Societe Generale State Street Global Markets (Europe) Virtu Securities Weeden & Co LP |
|---|---|

Brokers are selected at the discretion of the Investment Managers, pursuant to Best Execution and ACERA's DB Policy.

1. ACERA's DB Program began in September 2006. Mondrian, Bivium do not participate in Commission Recapture; Blackrock, Newton, and Templeton are comingled accounts and do not participate.
 2. Data provided by CAPIS. Directed Commission \$ - Dollar amount of commissions from directed trades - this amount is split among ACERA (45% for 2Q2021), CAPIS, & the Correspondent Brokers.
 3. Data provided by Zeno Consulting Group (Zeno). Directed % - Calculated by dividing Manager's directed trading volume by its total trading volume and compared to its assigned target. Target percentages are ranges (e.g. up to 25% for TCW).
 4. Data provided by CAPIS.



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

TO: Members of the Investment Committee

FROM: Thomas Taylor, Investment Officer *-Thomas Taylor*

DATE: September 8, 2021

SUBJECT: Summary of Rebalancing and Cash Activities Completed in 2Q2021

Recommendation:

Not Applicable – This is an information item.

Background/Discussion:

1. For the 2Q2021, there was no action required to rebalance the Total Fund for the quarter ending June 30, 2021. In accordance with ACERA's General Investment Guidelines, Policies and Procedures, Section V: Asset Allocation and Rebalancing, Schedule IA: Asset Allocation Targets, and Schedule IC: Asset Allocation Portfolio Rebalancing, there was no rebalancing signal received during period.
2. Regarding significant cash-flows for 2Q2021, Staff implemented the following changes to manage excess cash, make the supplemental month-end retiree benefits and administrative payroll, and to meet the capital calls and provide operating funds:
 - a. **Month-end payroll and Total Fund Withdrawals:** Staff withdrew a net \$40.9 million from the Total Fund to supplement for month-end payroll for the three-months ending June 30, 2021. Staff wired out \$20.5M in April, \$33.0M in May, and \$20.0M in June to ACERA'S Wells Fargo Bank account. Fiscal Services wired-in \$14.0M in April, \$18M in May, and \$588.3K in June from Wells Fargo Bank to State Street Bank (#HI1A). The reason for noting the incoming wires is not all employer contributions are received before the month-end and administrative payroll for that month. Year-to-date withdrawals total a net \$135.8 million.
 - b. **Capital Calls, Distributions:** In general, wire-payments of \$82.0M in aggregate were made to meet capital calls and fund investments for ACERA's privately placed investments. Distributions, which include cash and in-kind distributions and return of principal (manly real estate distributions), totaled \$78.3 million for the second quarter. This dollar amount does not include other incidental income from other programs¹.

¹ Securities Lending Income (\$195.4 K), Securities Litigation Income (\$144.1) and Commission Recapture Income (\$4.6K) totaled \$344.2 K. (Dividend and interest income from traditional managed accounts are reinvested and calculated separately, as part of the manager returns.)



- c. **Other Activity:** To meet the cash flow needs noted above (a. and b.), Staff raised \$33M from the Blackrock Russell 1000 Index Fund on 5/20/2021. The U.S. Equity asset calls was the most overweight of the traditional asset classes in May and staff, following standard procedures, withdrew funds from the domestic index fund. Separately, the County and the Livermore Area Recreation and Park District contributed \$800M and \$12.6M, respectively on 6/29/2021. The prefunding contributions will be amortized over 13 years.

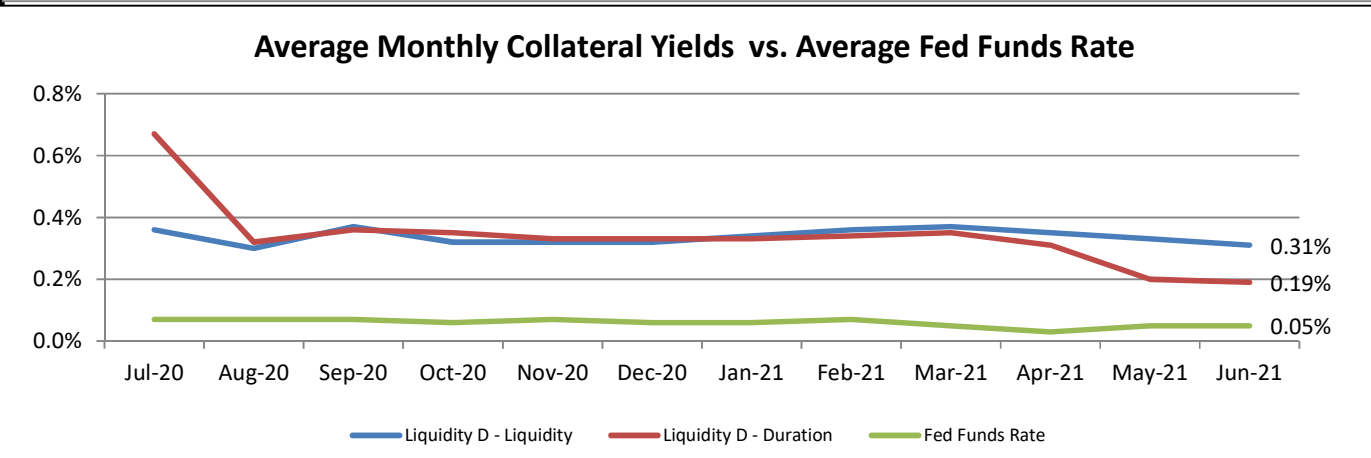
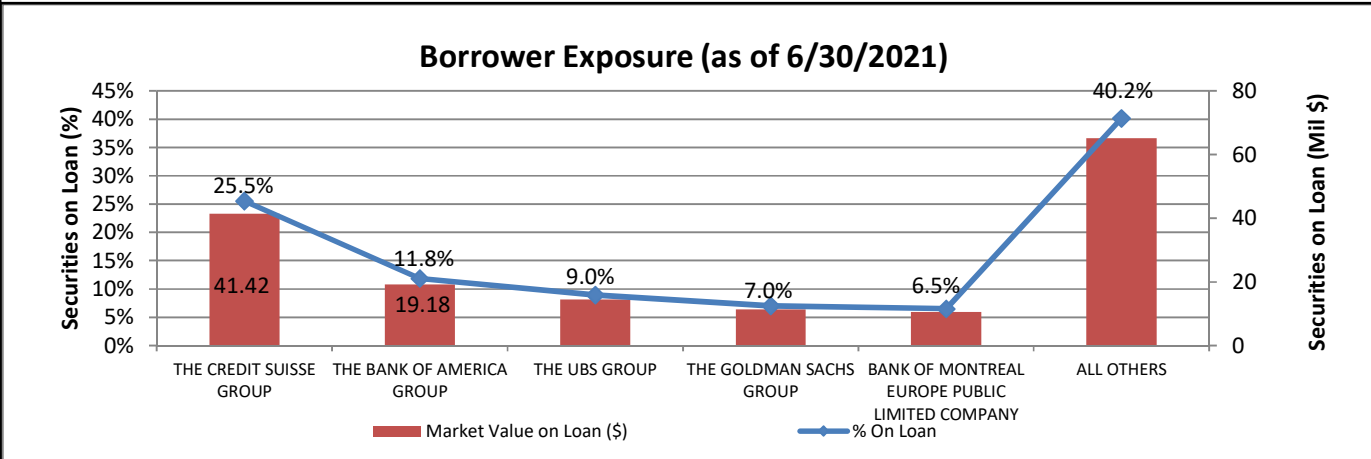
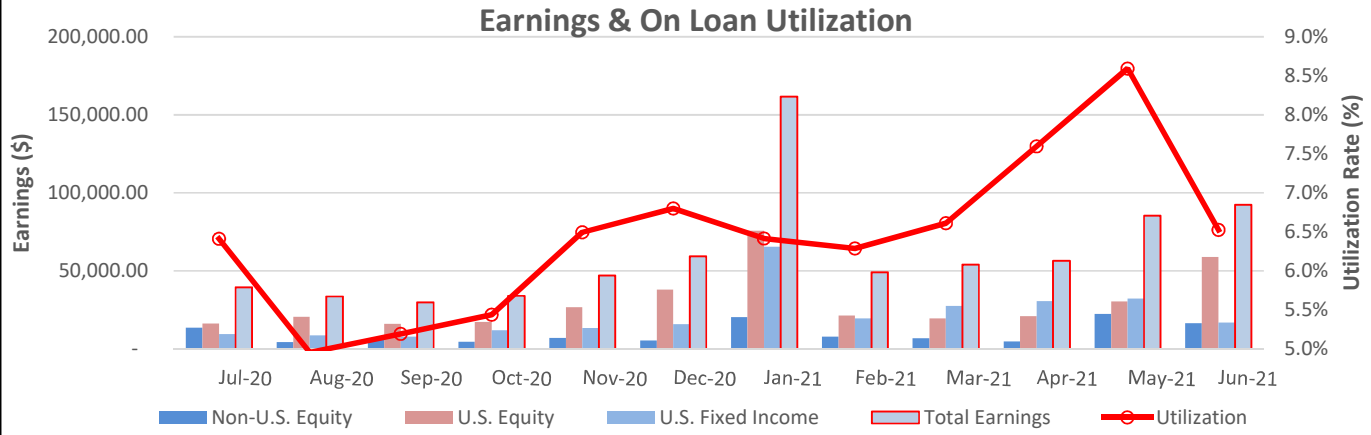
Reporting of rebalancing activities will continue to be submitted to the Investment Committee on a quarterly basis.

Alameda County Employees' Retirement Association

2nd Quarter 2021 Securities Lending Report

Quarterly Summary

In 2Q2021, ACERA's earnings from Securities Lending activities were \$229,206.89. U.S. Equities generated the highest earnings of \$110,185.57. For the quarter ending June 30, 2021, the average value of securities out on loan was \$225,913,267.67. The average lendable amount for the same period was \$2.986 billion. Credit Suisse was the largest borrower of ACERA's securities with 25.5% or \$41.41 million.



Notes:

- (1) Quality D Liquidity and Quality D Duration Funds are managed by an affiliate of State Street Bank (SSB); these funds are common pools in which many securities lending clients of SSB invest their cash collateral generated from their security lending activities. ACERA invests the cash collateral received from its security lending activities into Quality D Liquidity and Quality D Duration Funds. As of 6/30/2021, ACERA's combined NAV per unit of the Quality D Liquidity (1.00) and Quality D Duration Funds (94.26) was \$0.9999. As of 6/30/2021, Quality D Liquidity had 104,615,411.05 units and Quality D Duration had 246,344.31 units.

(2) Data represents past performance and is not necessarily indicative of future results.

(3) Data Source: my.statestreet.com and Securities Finance Business Intelligence

Securities Lending Report Provided by Staff

ICM 9/8/2021



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

TO: Members of the Investment Committee
FROM: Agnes Ducanes – Administrative Specialist II *Aducanes*
DATE: September 8, 2021
SUBJECT: Quarterly report on ACERA's Investment Products and Services
 Introductions (IPSI) Program

In the second quarter of 2021, Staff received 19 investment products and services inquiries from prospective providers. We met with 13 managers who presented through the IPSI process.

The purpose of IPSI is to provide prospective vendors an opportunity to gain a better understanding of ACERA's investment objectives and for Staff to learn about the vendors' investment products/services through face-to-face meetings, teleconferences, or video conferences. Staff has designated the morning of the third Wednesday of every month as ACERA's IPSI day. Each introductory session is approximately 45 minutes.

Below please find a chart depicting the types of IPSI sessions that were held in the second quarter of 2021.

ASSET CLASS	Q1 '21	Q2 '21	Q3 '21	Q4'21	TOTAL
U.S. Equities	0	0	0	0	0
Int'l Equities	0	0	0	0	0
Fixed Income	0	0	0	0	0
Real Estate	0	1	0	0	1
Private Equities	0	0	0	0	0
Absolute Return	0	11	0	0	11
Real Assets	2	0	0	0	2
Private Credit	5	0	0	0	5
Other Services	0	1	0	0	1
TOTAL:	7	13	0	0	20



Investment Committee Workplan for 2021

September 8, 2021

Action Items

Information Items

Date	Action Items	Information Items
January 8	<ol style="list-style-type: none"> 1. Discussion of and Possible Motion to Recommend to the Board to Adopt an up to \$35 million Investment in Peak Rock Fund III as part of ACERA’s Private Equity Portfolio – Buyout 2. Discussion of and Possible Motion to Recommend to the Board to Adopt an up to \$25 million Investment in Artemis Real Estate Partners Healthcare Fund II as part of ACERA’s Real Estate Portfolio – Value-Added <hr/> <p style="text-align: center;">Adjournment into Closed Session</p> <p style="text-align: center;">Consider the Purchase or Sale of Particular, Specific Pension Fund Investments (CA Gov. Code § 54956.81) (One Investment)</p>	<ol style="list-style-type: none"> 1. CA Gov. Code § 7514.7 Alternative Investment Vehicle Information Report 2. Proposed Investment Committee Work Plan for 2021
February 10	<ol style="list-style-type: none"> 1. Discussion of and Possible Motion to Recommend that the Board Adopt the 2021 – 2022 Investment Plan for ACERA’s Real Estate Asset Class 	<ol style="list-style-type: none"> 1. Investment Committee Work Plan 2021
March 10	<ol style="list-style-type: none"> 1. Discussion of and Possible Motion to Recommend to the Board to Adopt an up to \$30 million Investment in Genstar Capital Partners Fund X as part of ACERA’s Private Equity Portfolio – Buyout, Pending Completion of Legal and Investment Due Diligence and Successful Contract Negotiations 2. Discussion of and Possible Motion to Recommend to the Board to Adopt an up to \$27 million Investment in Strategic Value Special 	<ol style="list-style-type: none"> 1. <i>Quarterly report of ACERA’s investment manager, consultant, and custodian bank fees for the fourth quarter of 2020</i> 2. <i>Quarterly report on ACERA’s rebalancing activities for the fourth quarter 2020</i> 3. <i>Quarterly report on ACERA’s securities lending activities for the fourth quarter of 2020</i>

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Investment Committee Workplan for 2021

September 8, 2021

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	Action Items	Information Items
	<p>Situations Fund V as part of ACERA’s Private Equity Portfolio – Debt Related/Special Situations, Pending Completion of Legal and Investment Due Diligence and Successful Contract Negotiations</p> <p>3. Discussion of and Possible Motion to Recommend to the Board to Adopt an up to \$25 million Investment in Vision Ridge Partners Sustainable Asset Fund III as part of ACERA’s Real Assets Portfolio – Infrastructure, Pending Completion of Legal and Investment Due Diligence and Successful Contract Negotiations</p> <p>4. Discussion and Possible Motion to Recommend that the Board Adopt the Proposed Environmental, Social and Governance (ESG) Investment Policy</p>	<p>4. <i>Quarterly report on ACERA’s Directed Brokerage (DB) Program for the fourth quarter of 2020</i></p> <p>5. <i>Quarterly report on Investment Products and Services Introductions (IPSI) for the fourth quarter of 2020</i></p> <p>6. <i>Investment Committee Work Plan 2021</i></p>
April 14	<p>1. Discussion of and Possible Motion to Recommend that the Board Approve Certain Changes to the Absolute Return Asset Class Structure</p> <p>2. Discussion and Possible Motion to Recommend that the Board Hire an Overlay Services Provider, Pending Completion of Legal and Operational Due Diligence and Successful Contract Negotiations</p>	
May 5 (meeting moved to third Wednesday due to SACRS Conference)	<p>1. Discussion and Possible Motion to Recommend that the Board Adopt an up to \$40 million Investment in CBRE Strategic Partners U.S. Value 9 as part of ACERA’s Real Estate Portfolio – Value Added, Pending Completion of Legal and Investment Due Diligence and Successful Contract Negotiations</p> <p>2. Discussion and Possible Motion to Recommend that the Board Adopt an up to \$27 million Investment in ABRY Senior Equity VI, L.P. as part of ACERA’s Private Equity Portfolio – Debt Related/Special Situations, Pending Completion of Legal and Investment Due Diligence and Successful Contract Negotiations</p>	

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Investment Committee Workplan for 2021

September 8, 2021

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June 9	<ol style="list-style-type: none"> 1. Discussion and Possible Motion to Recommend that the Board Adopt an up to \$50 million Investment in Starwood Distressed Opportunity Fund XII as part of ACERA’s Real Estate Portfolio – Opportunistic, Pending Completion of Legal and Investment Due Diligence and Successful Contract Negotiations 2. Discussion and Possible Motion to Recommend that the Board Approve Changes to ACERA’s Portfolio Asset Allocation 	<ol style="list-style-type: none"> 1. Semiannual Performance Review for the Period Ending March 31, 2021 – Real Estate 2. Semiannual Performance Review for the Period Ending March 31, 2021 – Equities and Fixed Income 3. Semiannual Performance Review for the Period Ending March 31, 2021 – Absolute Return 4. Semiannual Performance Review for the Period Ending September 30, 2020 – Private Equity 5. Semiannual Performance Review for the Period Ending December 31, 2020 – Private Credit 6. Semiannual Performance Review for the Period Ending December 31, 2020 – Real Assets 7. <i>Quarterly report of ACERA’s investment manager, consultant, and custodian fees for the first quarter of 2021</i> 8. <i>Quarterly report on ACERA’s rebalancing activities for the first quarter of 2021</i> 9. <i>Quarterly report on ACERA’s securities lending activities for the first quarter of 2021</i> 10. <i>Quarterly report on ACERA’s Directed Brokerage (DB) Program for the first quarter of 2021</i> 11. <i>Quarterly report on Investment Products and Services Introduction (IPSI) for the first quarter of 2021</i> 12. <i>Updated Investment Committee Work Plan 2021</i>
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Investment Committee Workplan for 2021

September 8, 2021

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Date	Action Items	Information Items
July 14	<ol style="list-style-type: none"> 1. Discussion and Possible Motion to recommend that the Board Approve an Updated Absolute Return Policy 	<ol style="list-style-type: none"> 1. Report on the Proposed Timeline, Search Criteria, and Evaluation Matrix for ACERA’s Absolute Return (Custom Fund of Hedge Funds) Manager Search 2. Oral Status Update on Implementing the Following: <ol style="list-style-type: none"> a. The newly approved Asset Allocation b. The pre-fundings from Alameda County and LARPD
August 11	<ol style="list-style-type: none"> 1. Discussion and Possible Motion to Recommend that the Board Approve the Proposed Timeline, Minimum Qualifications, and Evaluation Matrix for ACERA’s Absolute Return (Custom Fund of Hedge Funds) Manager Search 	<ol style="list-style-type: none"> 1. Proxy Voting Education and Discussion of ACERA’s Proxy Voting Policy
September 8	<ol style="list-style-type: none"> 1. Discussion of and Possible Motion to Recommend to the Board to Adopt an up to \$70 million Investment in Ares Senior Direct Lending Fund II as part of ACERA’s Private Credit Portfolio - Pending Completion of Legal and Investment Due Diligence and Successful Contract Negotiations 2. Discussion of and Possible Motion to Recommend to the Board to Adopt an up to \$25 million Investment in Summit Partners Growth Equity XI as part of ACERA’s Private Equity Portfolio – Venture Capital, Pending Completion of Legal and Investment Due Diligence and Successful Contract Negotiations 	<ol style="list-style-type: none"> 1. Review of ACERA’s Dedicated Emerging Markets Equity Manager Newton Investment Management 2. Verus firm update – Introduction of Eileen Neill, CFA, Managing Director/Senior Consultant 3. <i>Quarterly report of ACERA’s investment manager, consultant, and custodian bank fees for the second quarter of 2021</i> 4. <i>Quarterly report on ACERA’s rebalancing activities for the second quarter of 2021</i> 5. <i>Quarterly report on ACERA’s securities lending activities for the second quarter of 2021</i> 6. <i>Quarterly report on ACERA’s Directed Brokerage (DB) Program for the second quarter of 2021</i>

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Investment Committee Workplan for 2021

September 8, 2021

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	Action Items	Information Items
		7. <i>Quarterly report on Investment Products and Services Introduction (IPSI) for the second quarter of 2021</i> 8. <i>Updated Investment Committee Work Plan for 2021</i>
October 13	1. Discussion and Possible Motion to Recommend that the Board to Adopt an up to \$XX million Investment Angelo Gordon Capital Solution II as part of ACERA’s Private Equity Portfolio – Debt-Related/Special Situations, Pending Completion of Legal and Investment Due Diligence and Successful Contract Negotiations 2. Discussion and Possible Motion to Recommend that the Board to Adopt a Private Equity Investment Policy 3. Discussion and Possible Motion to Recommend that the Board to Adopt a Private Equity Investment Plan	1. Review of Jamestown Premier Property Fund – (Real Estate) 2. Review of ESG Reporting and Monitoring on ACERA Portfolio (Placeholder)
November 3 (meeting moved to first Wednesday due to SACRS Conference)	1. Discussion of and Possible Motion to Recommend to the Board to Adopt an Amended ACERA Real Estate Investment Guidelines, Policies and Procedures 2. Discussion of and Possible Motion to Recommend to the Board to Adopt the 2019 – 2020 Investment Plan for ACERA’s Real Estate Asset Class 3. Discussion and Possible Motion to Recommend that the Board Adopt an up to \$XX million Investment as part of ACERA’s Real Asset Portfolio –Pending Completion of Legal and Investment Due Diligence and Successful Contract Negotiations	
December 8	1. Interview of the Finalists for ACERA’s Absolute Return Custom Fund of Hedge Funds Manager Search and Possible Motion by the Investment Committee to Recommend Finalist (s) to the Board	1. Semiannual Performance Review for the Period Ending September 30, 2021 – Equities and Fixed Income 2. Semiannual Performance Review for the Period Ending June 30, 2021 – Private Equity

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Investment Committee Workplan for 2021

September 8, 2021

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	<p>2. Discussion of and Possible Motion to Recommend to the Board to Adopt an Investment in ACERA’s Private Equities Portfolio (Placeholder)</p>	<p>3. Semiannual Performance Review for the Period Ending September 30, 2021 – Absolute Return</p> <p>4. Semiannual Performance Review for the Period Ending June 30, 2021 – Private Credit</p> <p>5. Semiannual Performance Review for the Period Ending June 30, 2021 – Real Assets</p> <p>6. Semiannual Performance Review for the Period Ending September 30, 2021 – Real Estate</p> <p>7. CA Gov. Code § 7514.7 Information Report</p> <p>8. <i>Quarterly report of ACERA’s investment manager, consultant, and custodian bank fees for the third quarter of 2021</i></p> <p>9. <i>Quarterly report on ACERA’s rebalancing activities for the third quarter 2021</i></p> <p>10. <i>Quarterly report on ACERA’s securities lending activities for the third quarter of 2021</i></p> <p>11. <i>Quarterly report on ACERA’s Directed Brokerage (DB) Program for the third quarter of 2021</i></p> <p>12. <i>Quarterly report on Investment Products and Services Introductions (IPSI) for the third quarter of 2021</i></p> <p>13. <i>Updated Investment Committee Work Plan 2021</i></p>
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