



Alameda County Employees' Retirement Association
BOARD OF RETIREMENT

INVESTMENT COMMITTEE/BOARD MEETING

THIS MEETING WILL BE CONDUCTED VIA TELECONFERENCE [SEE EXECUTIVE ORDER N-29-20 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, November 4, 2020
 9:30 a.m.

ZOOM INSTRUCTIONS	COMMITTEE MEMBERS	
<p>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 Meeting ID: 831 6982 3202 Password: 300507 For help joining a Zoom meeting, see: https://support.zoom.us/hc/en-us/articles/201362193</p>	ELIZABETH ROGERS, CHAIR	ELECTED GENERAL
	TARRELL GAMBLE, VICE CHAIR	APPOINTED
	DALE AMARAL	ELECTED SAFETY
	OPHELIA BASGAL	APPOINTED
	KEITH CARSON	APPOINTED
	JAIME GODFREY	APPOINTED
	LIZ KOPPENHAVER	ELECTED RETIRED
	HENRY LEVY	TREASURER
	GEORGE WOOD	ELECTED GENERAL
	NANCY REILLY	ALTERNATE RETIRED¹
	DARRYL L. WALKER	ALTERNATE SAFETY²

The order of agenda items is subject to change without notice. Board and Committee agendas and minutes are available online at www.acera.org.

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

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.

¹ 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).

² Alternate Safety Member (Votes in the absence of (1) the Elected Safety, (2) either of the two Elected General Members, or (3) both the Retired and Alternate Retired Members).

INVESTMENT COMMITTEE/BOARD MEETING

NOTICE and AGENDA, Page 2 of 2 – Wednesday, November 4, 2020

Call to Order: 9:30 a.m.

Roll Call:

Public Input (Time Limit: 4 minutes per speaker)

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

1. Discussion of and Possible Motion to Recommend that the Board Adopt an up to \$75 million Investment in HPS Specialty Loan Fund V as part of ACERA's Private Credit Portfolio³

9:30 – 10:15

Peter Calabro, HPS Specialty Loan Fund V
Michel Patterson, HPS Specialty Loan Fund V
Stephanie Wong, HPS Specialty Loan Fund V
Faraz Shooshani, Verus Advisory Inc.
Clint Kuboyama, ACERA

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

1. Discussion of an up to \$10 million Investment in Canvas Ventures 3 as part of ACERA's Private Equity Portfolio – Venture Capital³

Faraz Shooshani, Verus Advisory Inc.
John Ta, ACERA

2. Review of Real Assets Structure and Investment Plan

John Nicolini, Verus Advisory Inc.
Clint Kuboyama, ACERA

3. Real Estate Market Update

Avery Robinson, Callan Inc.
Thomas Taylor, ACERA

Trustee Remarks

Future Discussion Items

Establishment of Next Meeting Date

December 9, 2020 at 9:30 a.m.

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.

**EXECUTIVE DEPARTMENT
STATE OF CALIFORNIA**

EXECUTIVE ORDER N-29-20

WHEREAS on March 4, 2020, I proclaimed a State of Emergency to exist in California as a result of the threat of COVID-19; and

WHEREAS despite sustained efforts, the virus continues to spread and is impacting nearly all sectors of California; and

WHEREAS the threat of COVID-19 has resulted in serious and ongoing economic harms, in particular to some of the most vulnerable Californians; and

WHEREAS time bound eligibility redeterminations are required for Medi-Cal, CalFresh, CalWORKs, Cash Assistance Program for Immigrants, California Food Assistance Program, and In Home Supportive Services beneficiaries to continue their benefits, in accordance with processes established by the Department of Social Services, the Department of Health Care Services, and the Federal Government; and

WHEREAS social distancing recommendations or Orders as well as a statewide imperative for critical employees to focus on health needs may prevent Medi-Cal, CalFresh, CalWORKs, Cash Assistance Program for Immigrants, California Food Assistance Program, and In Home Supportive Services beneficiaries from obtaining in-person eligibility redeterminations; and

WHEREAS under the provisions of Government Code section 8571, I find that strict compliance with various statutes and regulations specified in this order would prevent, hinder, or delay appropriate actions to prevent and mitigate the effects of the COVID-19 pandemic.

NOW, THEREFORE, I, GAVIN NEWSOM, Governor of the State of California, in accordance with the authority vested in me by the State Constitution and statutes of the State of California, and in particular, Government Code sections 8567 and 8571, do hereby issue the following order to become effective immediately:

IT IS HEREBY ORDERED THAT:

1. As to individuals currently eligible for benefits under Medi-Cal, CalFresh, CalWORKs, the Cash Assistance Program for Immigrants, the California Food Assistance Program, or In Home Supportive Services benefits, and to the extent necessary to allow such individuals to maintain eligibility for such benefits, any state law, including but not limited to California Code of Regulations, Title 22, section 50189(a) and Welfare and Institutions Code sections 18940 and 11265, that would require redetermination of such benefits is suspended for a period of 90 days from the date of this Order. This Order shall be construed to be consistent with applicable federal laws, including but not limited to Code of Federal Regulations, Title 42, section 435.912, subdivision (e), as interpreted by the Centers for Medicare and Medicaid Services (in guidance issued on January 30, 2018) to permit the extension of

otherwise-applicable Medicaid time limits in emergency situations.

2. Through June 17, 2020, any month or partial month in which California Work Opportunity and Responsibility to Kids (CalWORKs) aid or services are received pursuant to Welfare and Institutions Code Section 11200 et seq. shall not be counted for purposes of the 48-month time limit set forth in Welfare and Institutions Code Section 11454. Any waiver of this time limit shall not be applied if it will exceed the federal time limits set forth in Code of Federal Regulations, Title 45, section 264.1.
3. Paragraph 11 of Executive Order N-25-20 (March 12, 2020) is withdrawn and superseded 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 only during the period in which state or local public health officials have imposed or recommended social distancing measures.

All state and local bodies are urged to use sound discretion and to make reasonable efforts to adhere as closely as reasonably possible to the provisions of the Bagley-Keene Act and the Brown Act, and other applicable local laws regulating the conduct of public meetings, in order to maximize transparency and provide the public access to their meetings.

IT IS FURTHER ORDERED that as soon as hereafter possible, this Order be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this Order.

This Order is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its agencies, departments, entities, officers, employees, or any other person.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 17th day of March 2020.



GAVIN NEWSOM
Governor of California

ATTEST:

ALEX PADILLA
Secretary of State



**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**



NOVEMBER 2020

Review of Real Asset Structure and Investment Plan

Alameda County Employees' Retirement Association

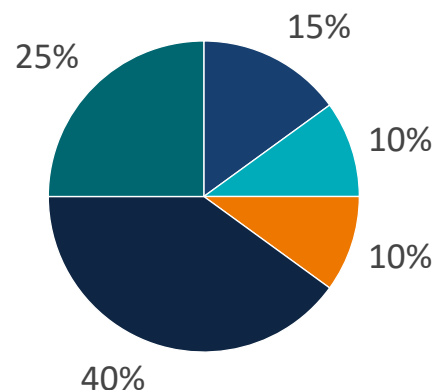
Introduction

- We are recommending an increase in allocation to infrastructure and a reduction to natural resources and commodities.
 - The opportunity set in natural resources has been significantly reduced given the current distressed environment and reduced demand outlook in energy, along with the persistent low returns in timber and farmland.
 - Low global growth since the GFC and the economic challenges caused by the COVID-19 pandemic have contributed to a low inflationary environment and slowing demand for commodities.
 - We expect infrastructure to provide the most compelling investment opportunities within real assets for the foreseeable future.
- We are also recommending a reduction of the liquid portion of the portfolio by 10% with the liquid pool being used to fund private commitments until the targeted mix is achieved.
 - While some liquidity in the portfolio is necessary, the public indices do not provide as much diversification to ACERA's total fund as pure real asset exposure.

Real Asset portfolio design

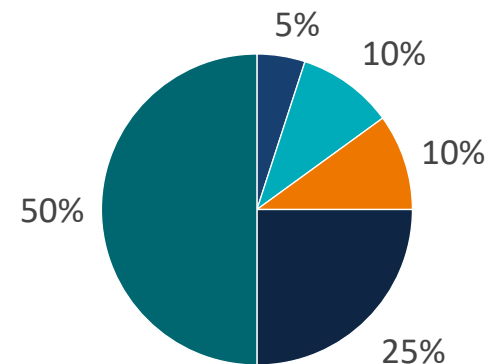
- The proposed changes would make infrastructure the majority allocation within the real asset portfolio at 60% (listed & private).
- The private infrastructure portfolio will be comprised of anchor positions in open-end core funds supplemented by investments in closed-end value add strategies and occasional opportunistic investments when there are attractive market dynamics in a specific sector.
- Private natural resource investments will be made when compelling opportunities arise in sectors such as mining, timberland, and agriculture.
- Listed real assets will be invested in a mix of passive index funds managed by SSGA.

Current Real Assets Target



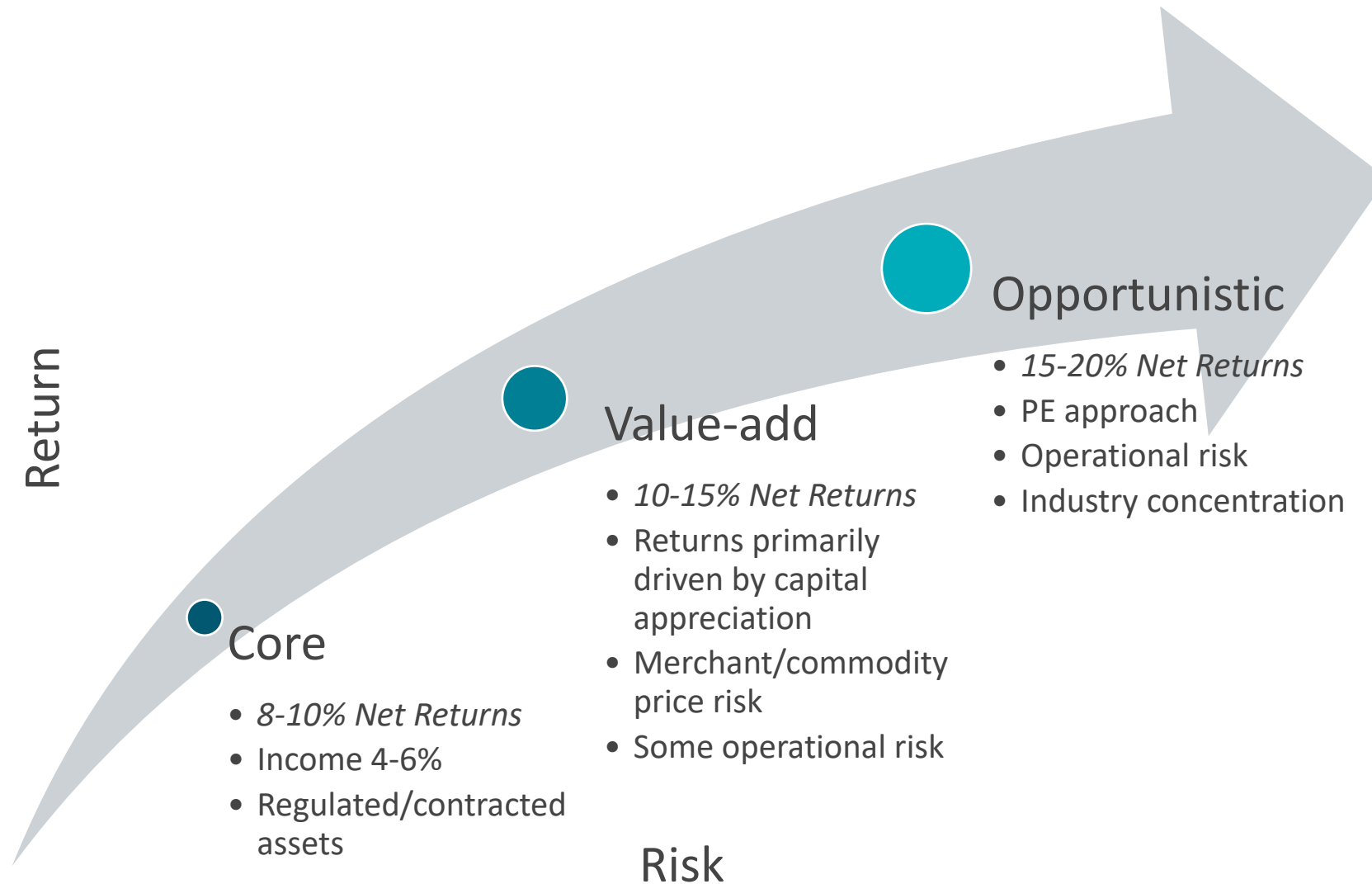
■ Commodities ■ Listed Natural Resources ■ Listed Infrastructure
■ Private Natural Resources ■ Private Infrastructure

Proposed Real Assets Target



■ Commodities ■ Listed Natural Resources ■ Listed Infrastructure
■ Private Natural Resources ■ Private Infrastructure

Infrastructure return/risk



Industries within infrastructure

Transportation	Energy	Communication	Water/Waste Treatment	Social
<ul style="list-style-type: none">• Airport• Toll Roads• Ports• Intermodal freight	<ul style="list-style-type: none">• Midstream• Power Generation• Transmission/Distribution	<ul style="list-style-type: none">• Cell Tower• Data Storage• Fiber	<ul style="list-style-type: none">• Water Transportation• Waste Treatment	<ul style="list-style-type: none">• Hospitals• Education Facilities

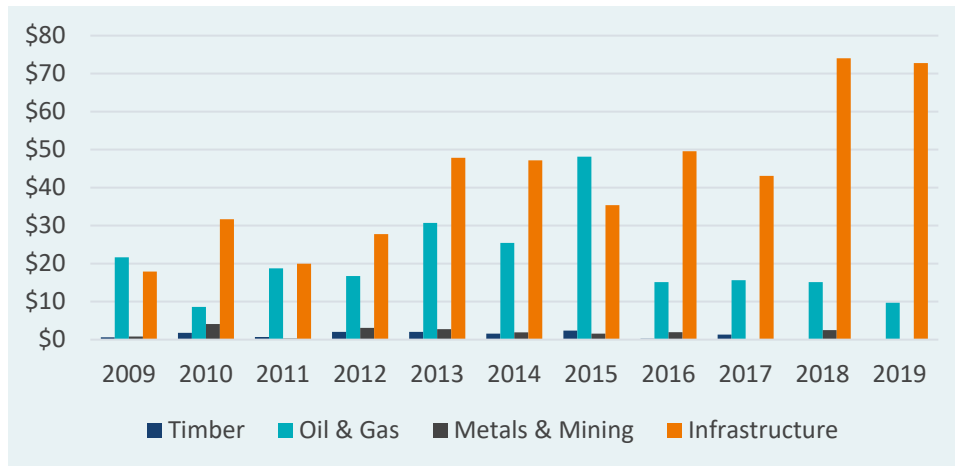
Core and value-add funds tend to invest in 3 or more industries

Opportunistic funds will often specialize in a single industry group (i.e. midstream energy or communications)

Challenges facing natural resources

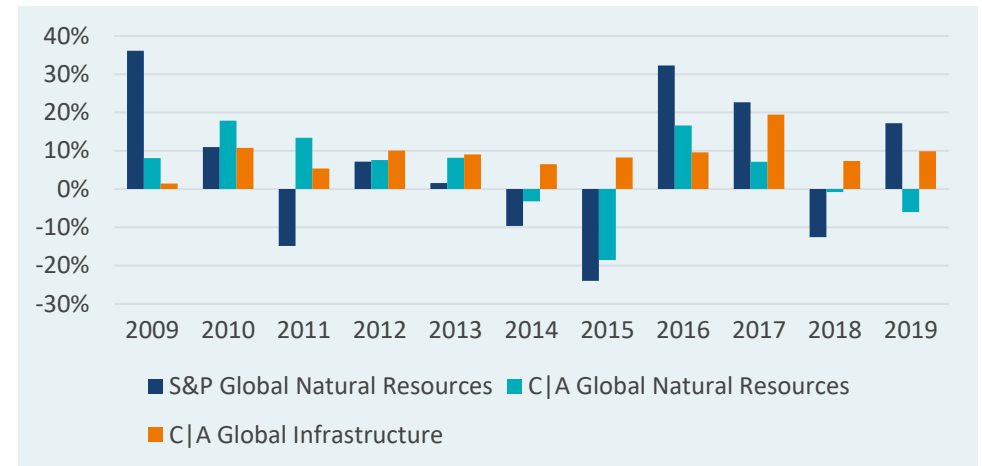
- The low commodity price environment has put downward pressure on historical & expected returns in both public and private markets.
- Oil & gas, which has historically been the largest source of investment opportunities in the space, has been particularly out of favor with limited upside going forward.
- While the market dislocation in energy may provide some attractive buying opportunities, it remains challenging to operate assets profitably at current oil prices and demand and supply outlooks do not suggest an increase in price is likely.

PRIVATE MARKET FUNDRAISING (\$B)



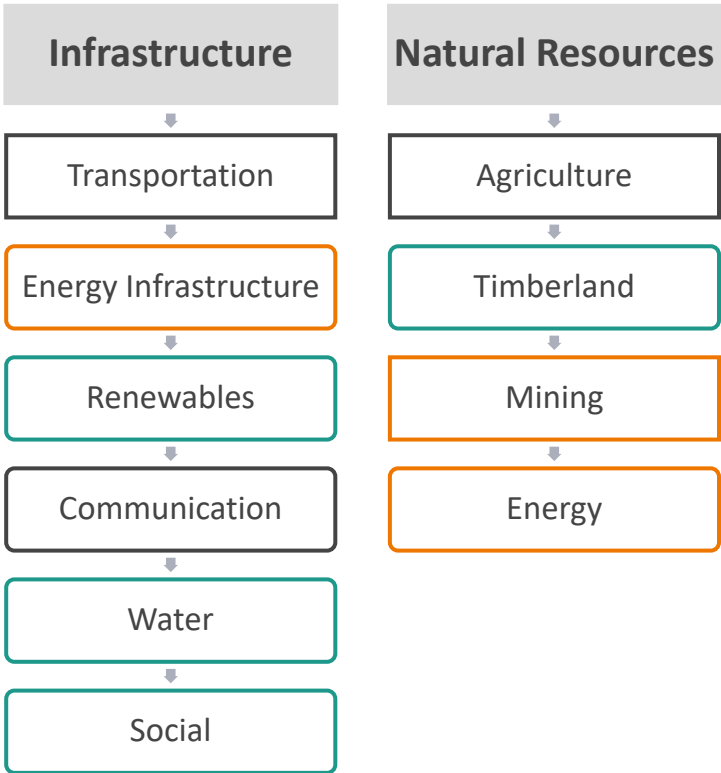
Source: PitchBook

PUBLIC & PRIVATE NATURAL RESOURCES RETURNS






Source: Thomson Reuters C|A, S&P

ESG considerations within real assets



There are opportunities for both positive and negative ESG outcomes within real assets. In general, there are more positive and neutral options within infrastructure, while it can be difficult to avoid ESG issues in natural resources.

-  - Potential ESG concerns
-  - Potential impact opportunity
-  - No concerns or opportunities

Pacing model

RA Category	2020	2021	2022	2023	2024	2025	2026
	Actual Commit (\$)	Projected Commit (\$)	Projected Commit (\$)	Projected Commit (\$)	Projected Commit (\$)	Projected Commit (\$)	Projected Commit (\$)
Infrastructure	\$ 70,000,000	\$ 40,000,000	\$ 40,000,000	\$ 40,000,000	\$ 40,000,000	\$ 40,000,000	\$ 40,000,000
Natural Resources		\$ 40,000,000	\$ 40,000,000	\$ 40,000,000	\$ 40,000,000	\$ 40,000,000	\$ 40,000,000
Total RA Portfolio	\$ 70,000,000	\$ 80,000,000	\$ 80,000,000	\$ 80,000,000	\$ 80,000,000	\$ 80,000,000	\$ 80,000,000

Listed Infrastructure		\$ (22,794,395)	\$ (24,335,524)	\$ (26,114,976)			
Listed Natural Resources		\$ (67,496,523)	\$ (24,335,524)	\$ (26,114,976)			
Commodities		\$ (1,705,368)	\$ (10,683,888)	\$ (11,465,112)			
Total Public		\$ (91,996,286)	\$ (59,354,936)	\$ (63,695,064)			

	Projected Commit (#)	Projected Commit (#)	Projected Commit (#)	Projected Commit (#)	Projected Commit (#)	Projected Commit (#)	Projected Commit (#)
Infrastructure	2	1	1	1	1	1	1
Natural Resources		1	1	1	1	1	1
Total	2	2	2	2	2	2	2

- This pacing model assumes a 5.0% target allocation to real assets with a private to public ratio of 75:25.
- Deploying ~\$80M/year should result in hitting the target allocation in 5-6 years.

Next steps

- Shifting of allocation within SSGA Real Asset Liquid Pool to:
 - 60% infrastructure
 - 35% natural resources
 - 5% commodities
- Sourcing of private funds to reach targeted allocations

Notices & disclosures

Past performance is no guarantee of future results. This report or presentation is provided for informational purposes only and is directed to institutional clients and eligible institutional counterparties only and should not be relied upon by retail investors. Nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security or pursue a particular investment vehicle or any trading strategy. The opinions and information expressed are current as of the date provided or cited only and are subject to change without notice. This information is obtained from sources deemed reliable, but there is no representation or warranty as to its accuracy, completeness or reliability. This report or presentation cannot be used by the recipient for advertising or sales promotion purposes.

The material may include estimates, outlooks, projections and other “forward-looking statements.” Such statements can be identified by the use of terminology such as “believes,” “expects,” “may,” “will,” “should,” “anticipates,” or the negative of any of the foregoing or comparable terminology, or by discussion of strategy, or assumptions such as economic conditions underlying other statements. No assurance can be given that future results described or implied by any forward looking information will be achieved. Actual events may differ significantly from those presented. Investing entails risks, including possible loss of principal. Risk controls and models do not promise any level of performance or guarantee against loss of principal.

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November 2020

**Real Estate Update
Impact of Covid-19**

Callan

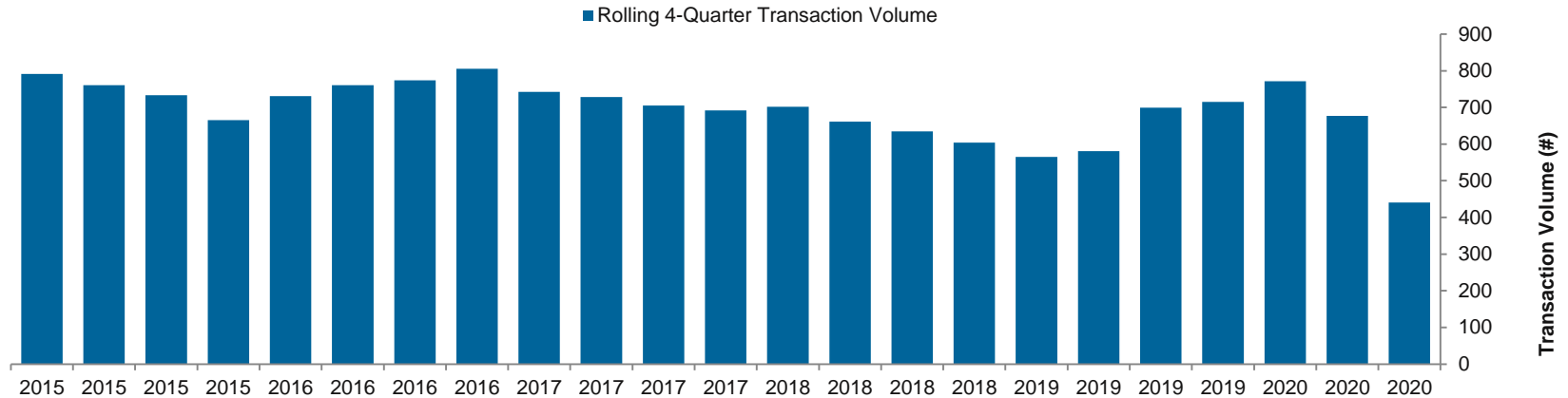
Avery Robinson, CAIA
Senior Vice President

COVID-19 – Real Estate Market Timeline

- Prior to the COVID-19 pandemic, the overall real estate market was relatively healthy from a fundamental standpoint, albeit there were indications of the market being late in the cycle. Positive indicators included strong occupancy, upward rent growth and steady transaction volumes. While moderating total returns and the flattening of property value appreciation, particularly in the retail sector, was causing some cautiousness among investors.
- While the impact of the pandemic on real estate will continue to play out over time, it is clear that all property types have and will be negatively impacted by the crisis to varying degrees. Market consensus with support from rent collection figures is as follows:
 - Retail properties, with the lowest rent collections, will be the most negatively impacted out of the four main property types.
 - Apartments, industrial and office follow impacted by various drivers and risks.
 - Some locational bifurcations are also emerging for various property types. (i.e. urban vs suburban)
- Given the U.S. stay-at-home measures began in mid to late March, the impact of COVID-19 on 1Q returns was limited, with the private market benchmark still delivering a positive net 0.75% return. 2Q20 core real estate returns were approximately -1.8%, while preliminary 3Q20 returns are flat (~0.3%).

Key Real Estate Metrics

As of June 30, 2020



Core Real Estate Quarterly Returns

3.16	3.58	3.43	3.11	1.95	1.91	1.83	1.88	1.54	1.47	1.64	1.85	1.97	1.81	1.87	1.52	1.20	0.77	1.08	1.27	0.75	-1.75	0.27
2015				2016				2017				2018				2019				2020		

- Quarterly transaction volumes declined by 80% during 2020 compared to prior year averages
- Appraisers rely heavily on property transactions to establish valuations

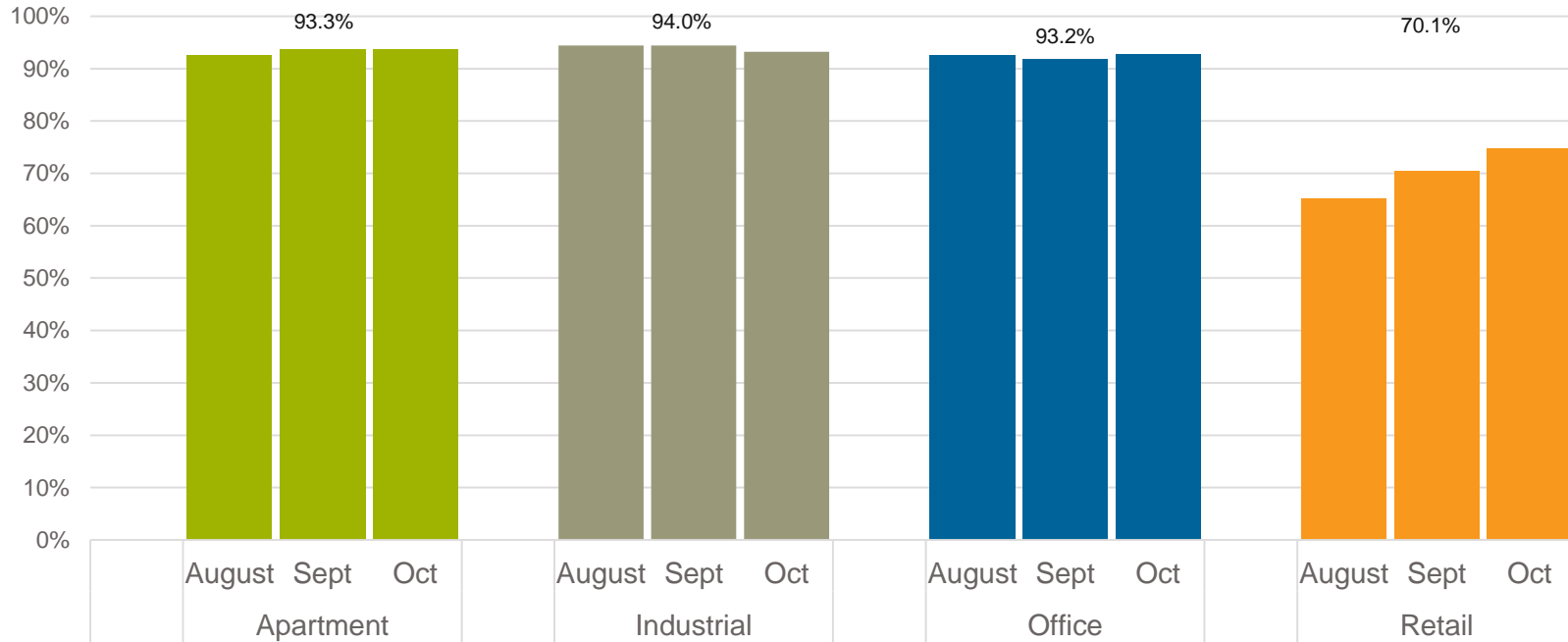
Source: NCREIF ODCE

COVID-19 Impact on Real Estate

Sector	COVID-19 Immediate Impact	Near-term Repricing	Long-term Risks: Change due to COVID-19
Single-Family Rental	Low	Low	Low
Industrial	Medium	Low	Low
Medical Office	Medium	Low	Low
Self-Storage	Medium	Low	Low
Apartment	Medium	Medium	Low
Student Housing	High	Medium	Medium
Senior Housing	High	High	Medium
Office	Medium	Medium	High
Hospitality	High	High	Medium
Open-Air Retail	High	High	Medium
Malls	High	High	High

Source: Heitman Research

Rent Collection Data



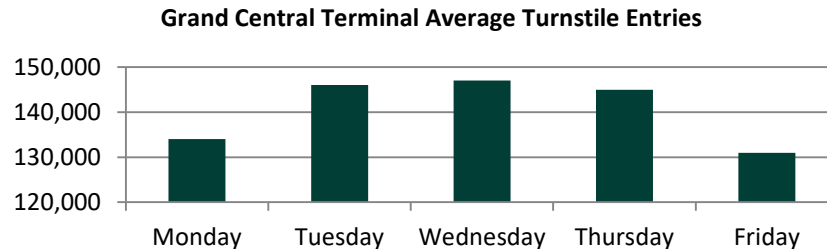
- Despite the market turmoil, rent collection for most property sectors have remained relatively strong for high quality institutional funds
- With the exception of apartments, new rental rates have been slower to be fully established and reflected given the lack of new leasing
- Landlords have demonstrated a willingness to work with tenants who have requested rent relief, but proof financial hardship (i.e. financial statements) are a standard requirement

Source: NCREIF ODCE

Office... A Closer Look

The outlook for the office property sector varies widely by manager opinion. Factors such as worker sentiment, company policies, office foreplan changes and employee productivity will all impact office space demands and ultimately office investment performance.

- Employee surveys generally show most workers prefer to work from home and are not in a hurry to return to the office.
- The de-densification of the office space floor plan may add a counter balance to potential reduced space needs.
- There are some opinions that remote working productivity is highest when everyone is remote. Either an in-office or a home model needs a “critical mass”.
- Employees who elect to work part time from home create a dilemma for space needs due to “Surge Capacity”.



Source: NYC MTA, Bureau of Labor Statistics, as of 2019

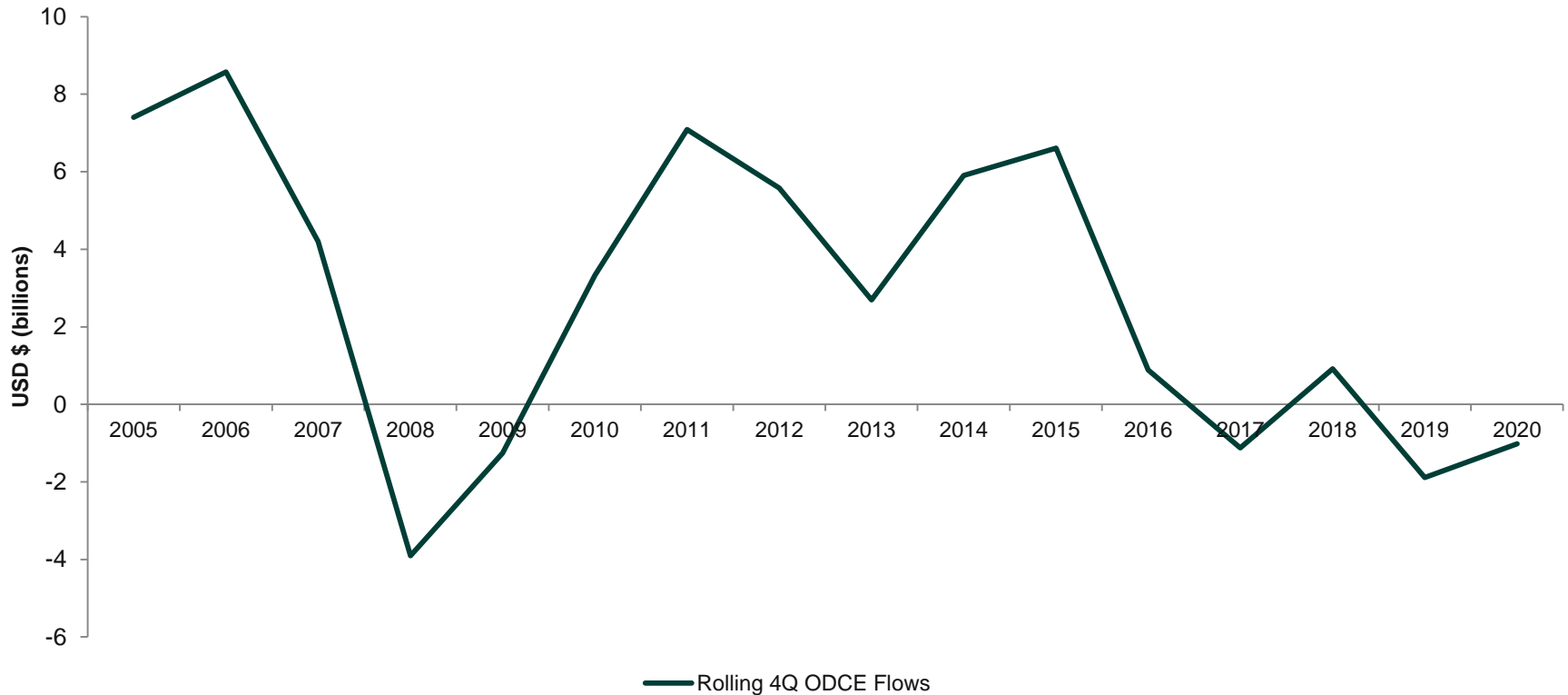
Retail... A Closer Look

The retail sector was facing headwinds prior to Covid-19 and sub-sector trends are expected to be accelerated during and post pandemic.

- Mall owners have been hit much harder than investors in neighborhood retail centers.
- One ACERA manager believes more than 50% of malls may be due for conversion to non-retail uses.
- Grocery distribution may be forever changed by the widespread use of shopping apps.
- Some sub-sectors, such as restaurants and theaters may experience extraordinary growth after widespread vaccination.

Capital Flows for Real Estate

As of June 30, 2020

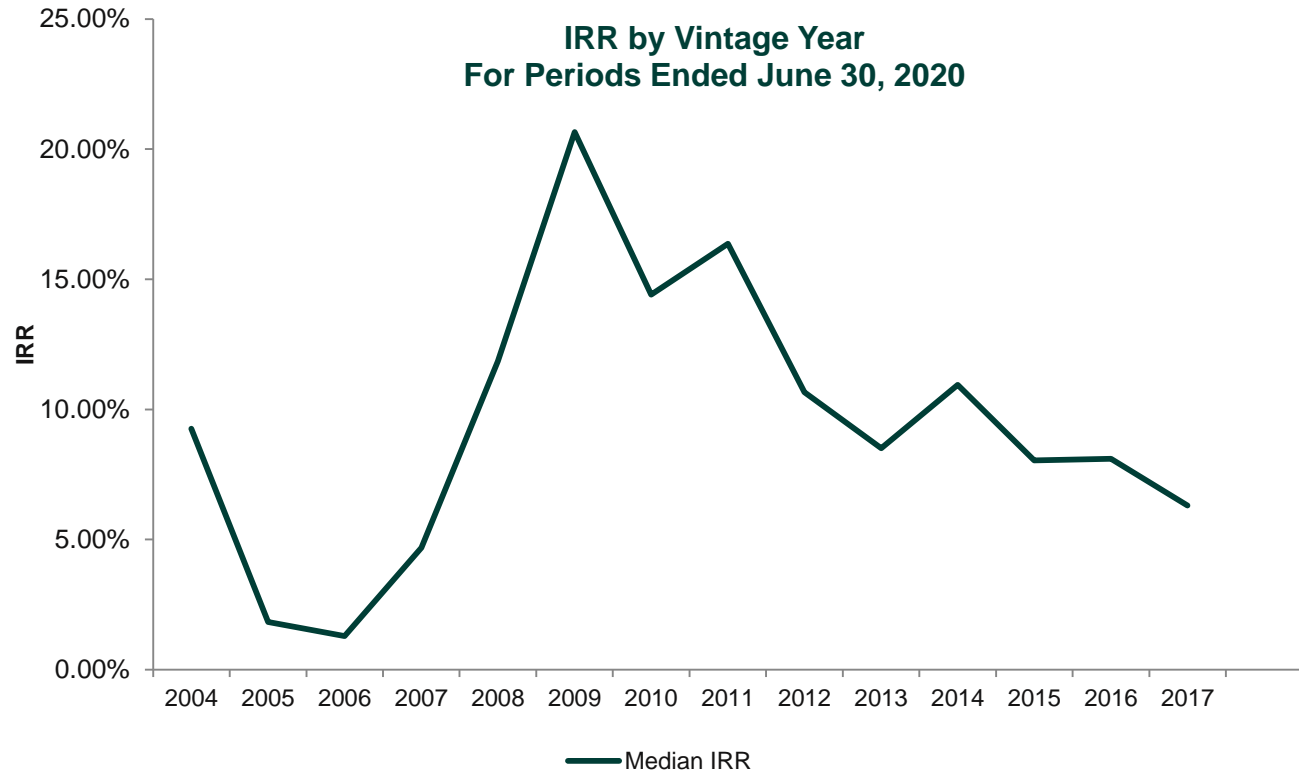


- During the most recent market correction, real estate experienced a significant capital exodus followed by a sharp return of capital.
- Prior to the pandemic, capital flows had already begun to slow.

Investment Timing is Impactful

As of June 30, 2020

Vintage Year	IRR (%)
2004	9.26%
2005	1.83%
2006	1.29%
2007	4.69%
2008	11.86%
2009	20.66%
2010	14.41%
2011	16.37%
2012	10.66%
2013	8.51%
2014	10.94%
2015	8.04%
2016	8.10%
2017	6.31%



- Vintage year diversification is imperative for non-core fund investments.
- Continued investment during uncertain times is important.

Note: Vintage Year IRRs represent median internal rate of return (IRR) calculations from Callan's Real Estate Vintage Year peer groups.

ACERA Portfolio Position

As of June 30, 2020

Allocation

	(\$ Millions)	(%)
Real Estate Target	655.0357	8.00%
Plan's Real Estate Market Value	603.633	7.37%
Net Unfunded Commitments	74.955	0.92%
RE Market Value & Unfunded Commitments	678.56	8.29%
Remaining Allocation	-23.52	-0.29%

Core/Non-Core

	Target	Funded	Funded & Committed
Core	70.00%	78.31%	68.64%
Non-Core	30.00%	21.69%	31.36%

Debt

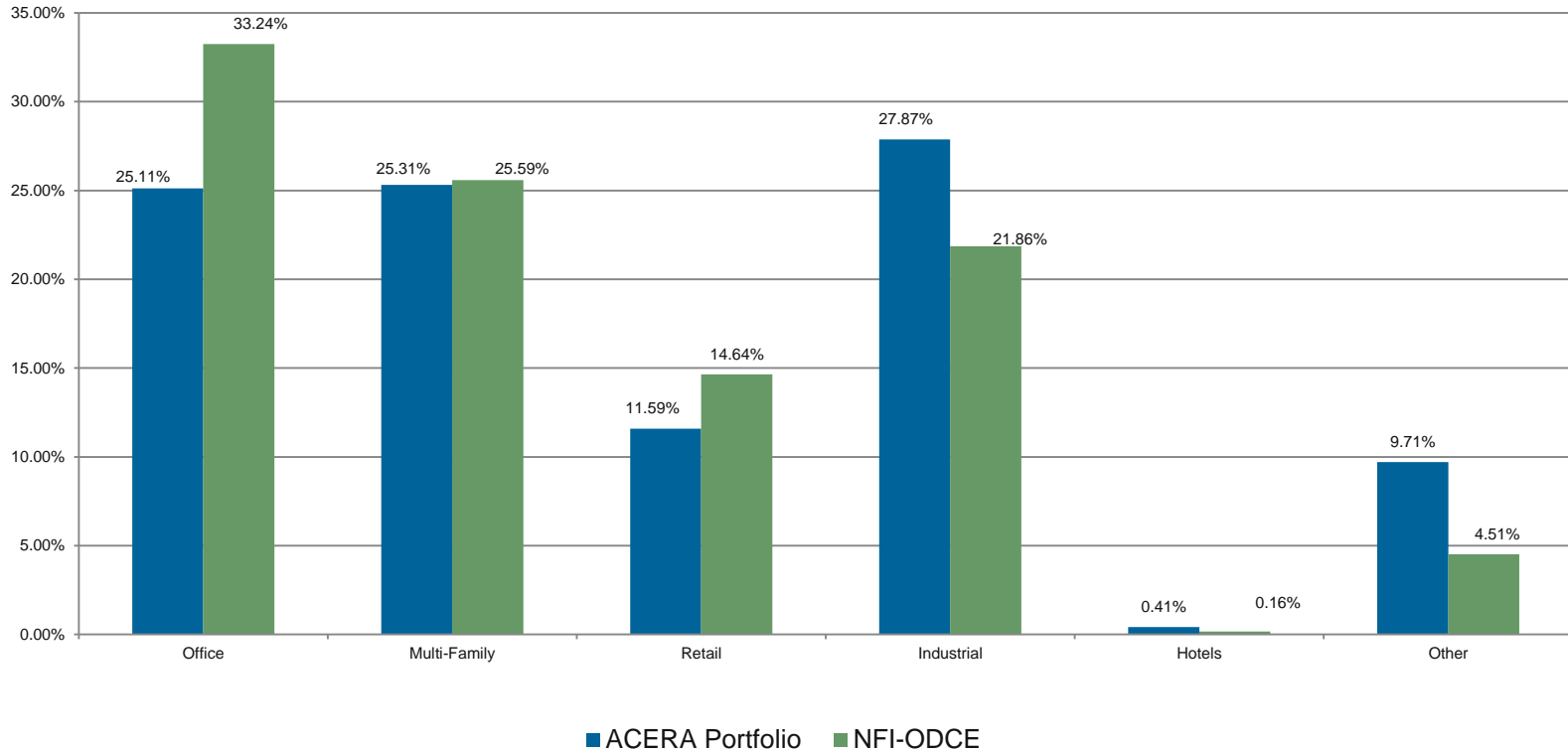
The ACERA debt position is currently at 28.6%. This is modestly higher than the debt position entering into the real estate downturn from GFC. (25.1% as of December 2008).

The debt maturity schedule for ACERA's core funds is manageable, with a peak of up to 15% over the next twelve months.

ACERA Real Estate Portfolio

As of June 30, 2020

ACERA Property Type Diversification



- ACERA's current underweight to the office and retail property sectors benefits the portfolio.
- ACERA's "Other" sector exposure consists predominately of self-storage.

ACERA Manager Highlights

- Most ACERA core funds are experiencing capital withdrawal queues, as is the broader market as a whole.
- Non-core managers continue to raise capital for their closed-end funds, albeit most commitments are coming from existing investor relationships.
- Some managers have created new products to take advantage of market opportunities (i.e. opportunistic debt, core-plus funds).
- There have been no reports of layoffs or planned employee reductions.
- Income returns have remained positive with only one of ACERA's 13 fund investment reporting a gross quarterly income return loss thus far.
- Managers who have adjusted their return outlook since the onset of the pandemic have generally improved their outlook. However, this may not incorporate the recent spike in Covid-19 cases nationally and potential resulting restrictions.

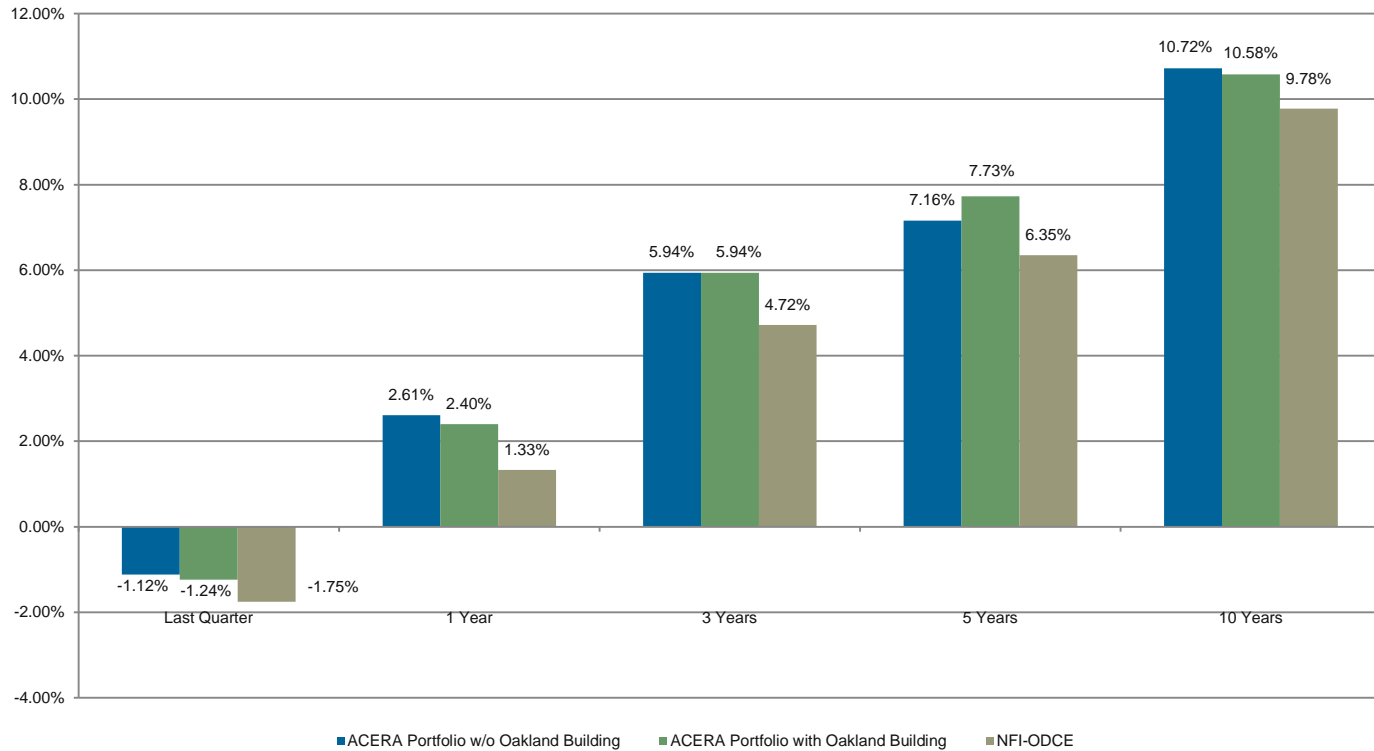


Appendix

Portfolio Net Returns

For Period Ended June 30, 2020

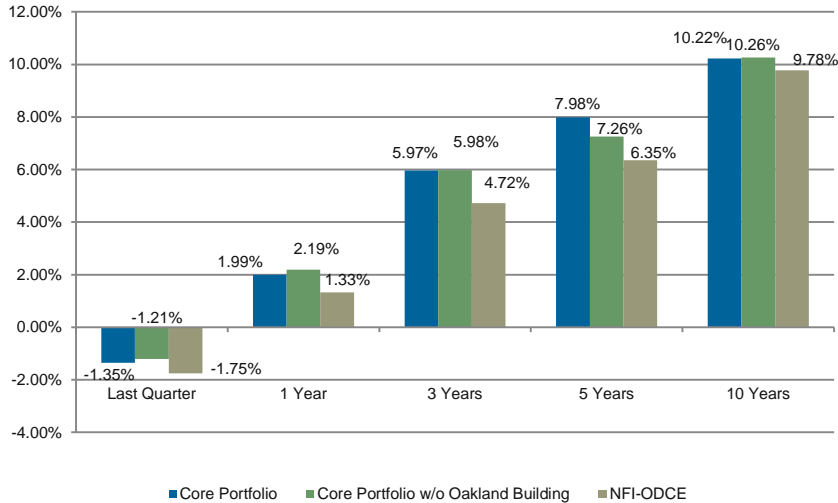
Total Net Real Estate Portfolio Returns



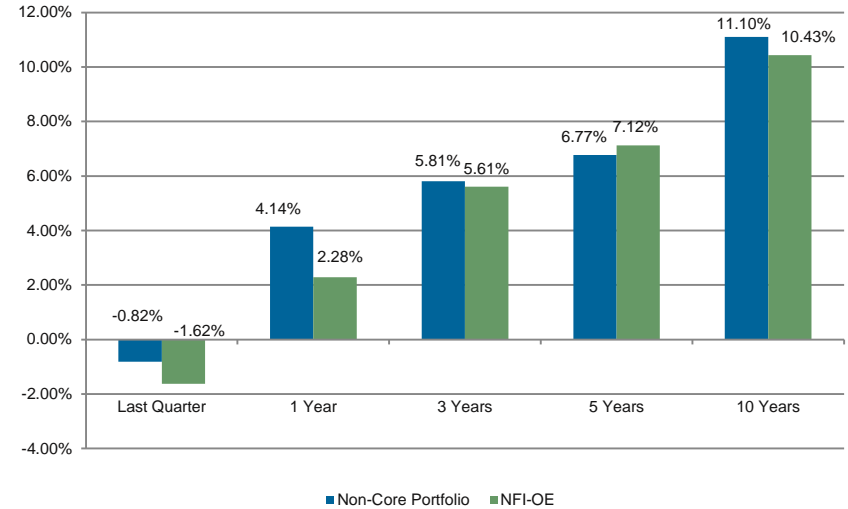
Portfolio Returns by Style

For Period Ended June 30, 2020

Net Core Returns



Net Non-Core Returns



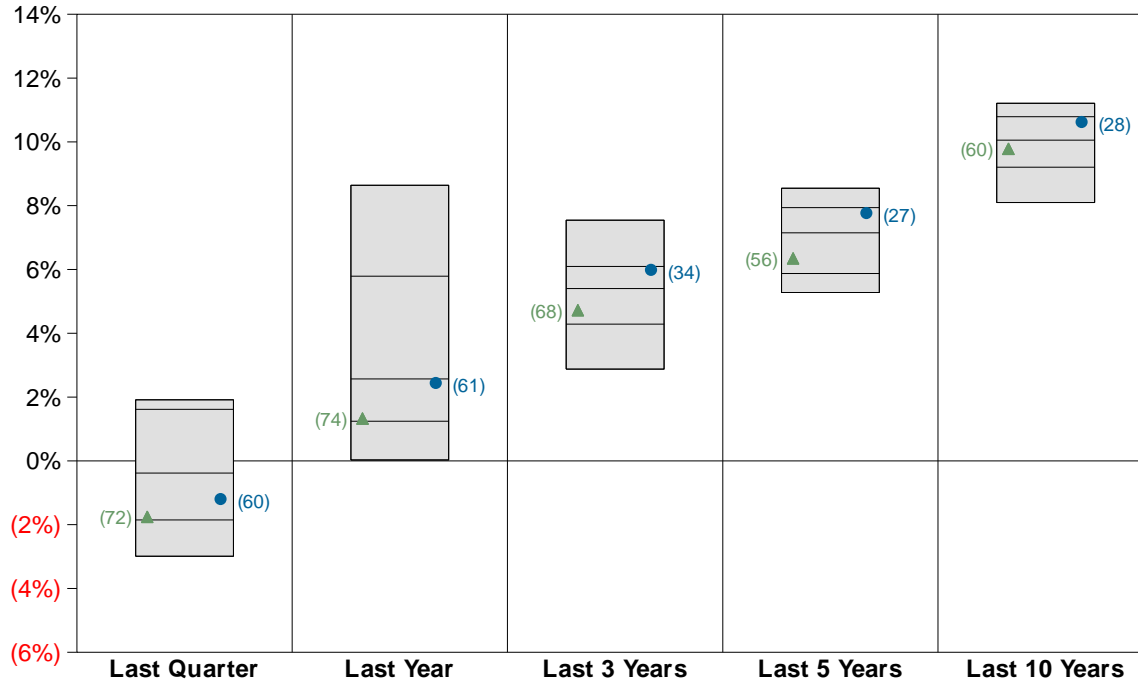
Net Portfolio w/o Oakland Building	Last Quarter	1 Year	3 Years	5 Years	10 Years
Core Portfolio w/o Oakland Building	-1.21%	2.19%	5.98%	7.26%	10.26%
Non-Core Portfolio	-0.82%	4.14%	5.81%	6.77%	11.10%
Total Portfolio w/o Oakland Building	-1.12%	2.61%	5.94%	7.16%	10.72%

Net Total Portfolio	Last Quarter	1 Year	3 Years	5 Years	10 Years
Core Portfolio	-1.35%	1.99%	5.97%	7.98%	10.26%
Non-Core Portfolio	-0.82%	4.14%	5.81%	6.77%	11.10%
Total Portfolio	-1.24%	2.40%	5.94%	7.73%	10.58%

Performance vs. Peer Group

For Period Ended June 30, 2020

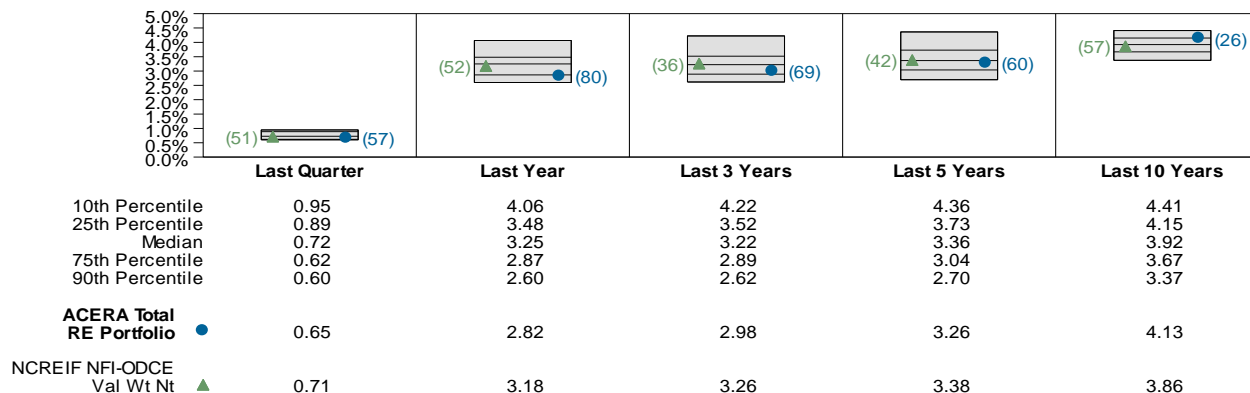
Performance vs Callan Open End Core Cmmingled Real Est



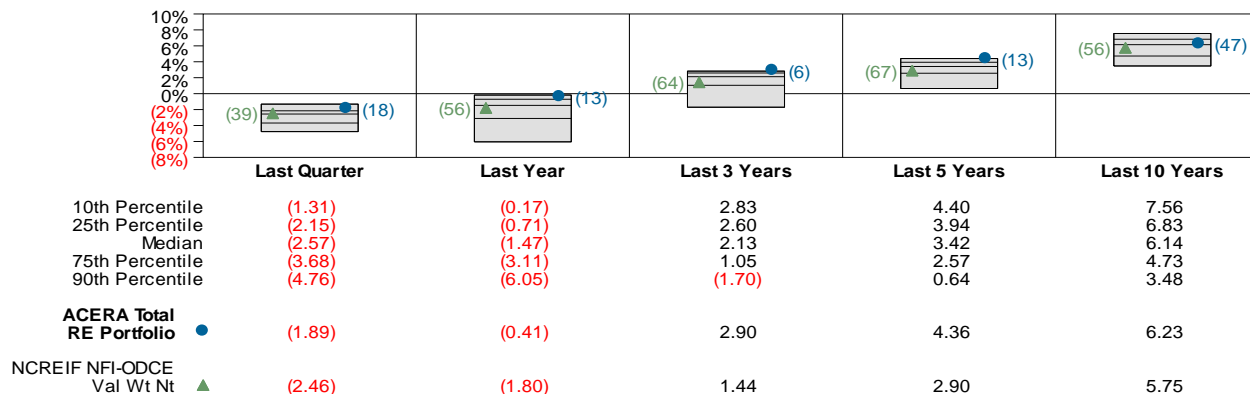
	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	1.91	8.64	7.55	8.55	11.21
25th Percentile	1.62	5.79	6.09	7.94	10.79
Median	(0.38)	2.57	5.40	7.15	10.05
75th Percentile	(1.85)	1.24	4.29	5.87	9.21
90th Percentile	(2.99)	0.03	2.88	5.28	8.10
ACERA Total RE Portfolio ●	(1.24)	2.40	5.94	7.73	10.58
NCREIF NFI-ODCE Val Wt Nt ▲	(1.75)	1.33	4.72	6.35	9.78

Performance vs. Peer Group

Income Rankings vs Callan OE Core Cmngld RE Periods ended June 30, 2020



Appreciation Rankings vs Callan OE Core Cmngld RE Periods ended June 30, 2020



Definitions

Performance

Capitalization rate: Commonly known as cap rate, is a rate that helps in evaluating a real estate investment. $\text{Cap rate} = \text{Net operating income} / \text{Current market value (Sale price) of the asset.}$

Net operating income: Commonly known as NOI, is the annual income generated by an income-producing property, taking into account all income collected from operations, and deducting all expenses incurred from operations.

Real Estate Appraisal: The act of estimating the value of a property. A real estate appraisal may take into account the quality of the property, values of surrounding properties, and market conditions in the area.

Income Return (“INC”): Net operating income net of debt service before deduction of capital items (e.g., roof replacement, renovations, etc.)

Appreciation Return (“APP”): Increase or decrease in an investment's value based on internal or third party appraisal, recognition of capital expenditures which did not add value, uncollectible accrued income, or realized gain or loss from sales.

Total Gross Return (“TGRS”): The sum of the income return and appreciation return before adjusting for fees paid to and/or accrued by the manager.

Total Net Return (“TNET”): Total gross return less Advisor fees reported. All fees are requested (asset management, accrued incentives, paid incentives). No fee data is verified. May not include any fees paid directly by the investor as opposed to those paid from cash flows.

Inception Returns: The total net return for an investment or portfolio over the period of time the client has had funds invested. Total portfolio Inception Returns may include returns from investments no longer held in the current portfolio.

Net IRR: IRR after advisory fees, incentive, and promote. This includes actual cash flows and a reversion representing the LP Net Assets at market value as of the period end reporting date.

Equity Multiple: The ratio of Total Value to Paid-in-Capital (TVPIC). It represents the Total Return of the investment to the original investment not taking into consideration the time invested. Total Value is computed by adding the Residual Value and Distributions. It is calculated net of all investment advisory and incentive

Definitions

Style Groups

The Style Groups consist of returns from commingled funds with similar risk/return investment strategies. Investor portfolios/investments are compared to comparable style groupings.

Core: Direct investments in operating, fully leased, office, retail, industrial, or multifamily properties using little or no leverage (normally less than 30%).

Value-Added: Core returning investments that take on moderate additional risk from one or more of the following sources: leasing, re-development, exposure to non-traditional property types, the use of leverage.

Opportunistic: Investments that take on additional risk in order to achieve a higher return. Typical sources of risks are: development, land investing, operating company investing, international exposure, high leverage, distressed properties.

Definitions

Indices

Stylized Index: Weights the various style group participants so as to be comparable to the investor's portfolio holdings for each period.

Open-End Diversified Core Equity Index ("ODCE"): A core index that includes only open-end diversified core strategy funds with at least 95% of their investments in U.S. markets. The ODCE is the first of the NCREIF Fund Database products, created in May 2005, and is an index of investment returns reporting on both a historical and current basis (24 active vehicles). The ODCE Index is capitalization-weighted and is reported gross and net of fees. Measurement is time-weighted and includes leverage.

NCREIF Fund Index Open-End Index ("OE"): NFI-OE is an aggregate of open-end, commingled equity real estate funds with diverse investment strategies. Funds comprising NFI-OE have varied concentrations of sector and region, core and non-core, leverage, and life cycle.

NAREIT Equity Index: This is an index of Equity Real Estate Investment Trust returns reflecting the stock value changes of REIT issues as determined through public market transactions.

Definitions

Cash Flow Statements

Beginning Market Value: Value of real estate, cash, and other holdings from prior period end.

Contributions: Cash funded to the investment for acquisition and capital items (i.e., initial investment cost or significant capital improvements).

Distributions: Actual cash returned from the investment, representing distributions of income from operations.

Withdrawals: Cash returned from the investment, representing returns of capital or net sales proceeds.

Ending Market Value: The value of an investment as determined by actual sales dollars invested and withdrawn plus the effects of appreciation and reinvestment; market value is equal to the ending cumulative balance of the cash flow statement (NAV).

Unfunded Commitments: Capital allocated to managers which has not yet been called for investment. Amounts are as reported by managers.

Remaining Allocation: The difference between the ending market value + the unfunded commitments and the target allocation. This figure represents dollars available for allocation.

NCREIF Region Map

GEOGRAPHIC REGIONS and DIVISIONS

