
REVISED MEMORANDUM

TO: MEMBERS OF THE INVESTMENT COMMITTEE (ACERA)
FROM: VALTER VIOLA (CORTEX)
SUBJECT: AMENDMENT TO FIRM PROFILES FOR ACERA'S GIC SEARCH
DATE: JUNE 14, 2023
CC: BETTY TSE, CHIEF INVESTMENT OFFICER (ACERA)

Highlighted items were added/amended in the Profiles of NEPC (below) and Verus (next page).

NEPC

1. ORGANIZATION (20%)	
1.	Most employees (356)
2.	Slightly fewer accounts than average (354 in total); average number of accounts in ACERA's size range (40)
3.	Most ND DB accounts (159), including Public and Corporate
4.	Above average number of ND Public DB accounts (66), similar to Callan and Meketa
5.	Employee ownership is broadly held; 1 employee, largest concentration, owns < 10%
6.	Limit on consultants' number of clients served? – Yes
7.	Firm-sponsored or managed investment funds ? – Yes
8.	Any revenue received by firm, or related company, from relationships with money managers recommended or mentioned to clients? – Yes
2. INVESTMENT TEAM (20%)	
9.	Lead consultant has 35 years of consulting experience
10.	Lead consultant has been with firm for shortest time (5 years), tied with Meketa
11.	Similar number of staff dedicated to asset allocation as Meketa and Callan (both 8)
3. INVESTMENT PROCESS (20%)	
12.	Relies on Monte Carlo simulations, scenario analyses, and stress tests (like other firms) for risk/asset allocation ; only firm that seems to believe tactical allocation* across markets can add a unique source of alpha
13.	Scoring reflects comparing/contrasting of capabilities, resources, experience, and suitability within the investment process
	<i>* Firms define tactical asset allocation somewhat differently, so it is difficult to make more specific conclusions.</i>
4. PERFORMANCE (15%)	
ND	• Average alpha (+61 bps), same as Callan
Accounts	• Highest Sharpe Ratio (1.23)
OCIO	• Below average alpha (-6 bps)
Accounts	• Slightly above average Sharpe Ratio (0.92)
5. FEES (10%)	
14.	Average GIC fee (~ \$780K/year)
15.	Lowest total fee (\$860K/year), including real estate consulting
6. PERFORMANCE MEASUREMENT & REPORTING (5%)	
16.	Maintains some form of manager watchlist, as all firms do
7. ESG FACTORS (5%)	
17.	31% of US public sector DB clients have an ESG Policy (highest among firms)

VERUS

1. ORGANIZATION (20%)	
1.	Fewest employees (82)
2.	Fewest number of accounts (155 in total) and fewest in ACERA's size range (11)
3.	Fewest ND DB accounts (27), including Public and Corporate
4.	2 nd fewest ND Public DB accounts (24), similar to Aon (19), but slightly more than the average of other firms (9) in ACERA's size range
5.	Employee ownership is concentrated (e.g., controlled by 1 person)
6.	Limit on consultants' number of clients served? – No
7.	Firm-sponsored or managed investment funds ? – No
8.	Any revenue received by firm, or related company, from relationships with money managers recommended or mentioned to clients? – No
2. INVESTMENT TEAM (20%)	
9.	Lead consultant has 35 years of consulting experience; has CFA designation (same as Callan)
10.	Fewest staff dedicated to asset allocation (≤ 2)
11.	Fewest staff dedicated to manager research (16), with most research staff dedicated to private equity (38%) and public equity (38%)
3. INVESTMENT PROCESS (20%)	
12.	Relies on Monte Carlo simulations, scenario analyses, and stress tests (like other firms) for risk/asset allocation
13.	Scoring reflects comparing/contrasting of capabilities, resources, experience, and suitability within the investment process
4. PERFORMANCE (15%)	
ND	• Highest alpha (+95 bps)
Accounts	• Lowest Sharpe Ratio (1.09)
OCIO	• Above average alpha (+15 bps)
Accounts	• Lowest Sharpe Ratio (0.71)
5. FEES (10%)	
14.	Average GIC fee (~ \$786K/year)
15.	2 nd lowest total fee (\$913K/year), including real estate consulting
6. PERFORMANCE MEASUREMENT & REPORTING (5%)	
16.	Maintains some form of manager watchlist, as all firms do
7. ESG FACTORS (5%)	
17.	8% of US public sector DB clients have an ESG Policy (lowest among firms)