

SUMMARY OF UPDATED SCORING

Manager - EM Strategy:

Baillie Gifford & Co - *Emerging Markets All Cap*

Fidelity Institutional Asset Management - *Concentrated Emerging Markets*

Wellington Management Company LLP - *Emerging Market Development*

William Blair Investment Management, LLC - *Emerging Markets Growth*

<u>A. Organization/Firm</u> (maximum 30 pts)		<u>B. Investment Team</u> (maximum 30 pts)		<u>C. Performance & Risk</u> (maximum 30 pts)		<u>D. Proposed Fees</u> (maximum 10 pts)		<u>TOTALS:</u>		
<u>ACERA</u>	<u>VERUS</u>	<u>ACERA</u>	<u>VERUS</u>	<u>ACERA</u>	<u>VERUS</u>	<u>ACERA</u>	<u>VERUS</u>	<u>ACERA</u>	<u>VERUS</u>	<u>AVERAGE</u>
27.0	29.0	27.5	30.0	19.1	20.1	5.0	5.0	78.6	84.1	81.3
22.0	20.5	21.0	23.0	19.8	21.8	10.0	10.0	72.8	75.3	74.1
26.0	27.0	27.0	19.5	27.1	26.1	7.0	7.0	87.1	79.6	83.3
28.0	26.5	29.5	28.5	23.7	22.7	7.0	7.0	88.2	84.7	86.4

Executive Summary Report

Baillie Gifford – Emerging Markets All Cap

Section I: General Information

Strategy/Product Name:	Emerging Markets All Cap
Total Firm AUM:	USD \$365.3 billion - (as of 3/31/2022)
Emerging Market Strategies AUM:	USD \$33.4 billion – (as of 3/31/2022)
Specific Strategy Assets AUM:	USD \$15.0 billion - (as of 3/31/2022)
Product Inception:	9/30/1994
Product Benchmark	MSCI EM Index

Section II: Investment Management

Firm Organization:	Baillie Gifford & Co (BG) was founded in Edinburgh, Scotland in 1908 and is one of the UK’s largest independent investment management firms. The partnership structure has not changed since beginning and BG is committed to retaining this structure. Since then Baillie Gifford Overseas Limited was established in 1983 and provides investment management and advisory services to non-UK clients. In 2015, Baillie Gifford opened an office in Hong Kong under the subsidiary Baillie Gifford Asia (Hong Kong) Limited. In anticipation of the UK’s planned exit from the European Union (EU), Baillie Gifford created a new EU subsidiary company, Baillie Gifford Investment Management (Europe) Limited (BGE), domiciled in Ireland. The vast majority of the Baillie Gifford employees are in Edinburgh, Scotland.
Firm Ownership:	Baillie Gifford is a private, unlimited liability corporation, 100% owned by the 47 partners who work at the firm. No individual owns more than 10% of the capital of BG & Co.
Professionals:	Mike Gush manages the portfolio with the help of Andrew Stobart and Ben Durrant, thereby providing immediate cover in the event any of them leave. As the lead manager, Gush has ultimate responsibility for the strategy. Gush has 18 years of industry experience and has been with Baillie Gifford for 18 years. Andrew Stobart has 30 years of industry experience and 30 years with the company. Ben

Durrant has 9 years industry experience and has been with the company for 4 years. The Emerging Markets Equity Team is composed of eight individuals with different academic backgrounds, including a historian, an engineer, and a biological science major. This diversity of thought leads to different curiosities amongst the team. This results in interesting and unique stock ideas as well as more thought-provoking debates amongst the team at the weekly stock discussion.

Investor Relations for ACERA: **Liam Hoare** is the relationship manager, supported by **Rhona Geddes**.

Section III: Investment Strategy

Investment Objective: Baillie Gifford's over-riding business objective is to provide their existing client base with a first-class service encompassing investment performance, administration, and client care. Baillie Gifford's strategy objective is to outperform the benchmark over the long-term (5-year rolling term) by actively making long-term investments in growing companies. The objective is to find a company that has the potential to grow its profits significantly over time. BG believes an active approach (vs. passive) is critical in emerging markets. Baillie Gifford has outperformed the benchmark over the long-term as defined. (See Table #4 of the Staff Memo.)

Investment Strategy: The most persistent source of "alpha" is from those companies that can grow their profits faster than the market, in hard currency terms, over the long term. Empirical evidence has shown that ultimately those companies capable of growing their earnings and cash flows faster than the market for prolonged periods will outperform. BG looks for businesses that enjoy sustainable competitive advantages and which they believe will grow their earnings faster than the market average. BG identifies these companies via rigorous research, debate, and then holding those investments for a sufficiently long time to allow them to prove their worth.

Investment Process: Baillie Gifford's investment process focuses on the long term, five years or more, where the market is least efficient. Stock picking is entirely a product of rigorous fundamental research. Their research efforts drill into five broad factors. The Fundamental Analysis Framework consists of delving deep into study of 1) "Growth Opportunity", 2) "Competitive Advantage", 3) "Governance and Sustainability", 4) "Financial Strength", and 5) "Valuation". BG's process relies on the interplay of creative thinking and exposure to as wide a range of information as possible. In its research effort, Baillie Gifford hires and pays for independent research providers, e.g., academic research, private company investments, and local researchers. Inevitably, this means that the investment process is more qualitative than quantitative. Baillie Gifford claims their investment philosophy and style are intended to liberate rather than constrain their investors. Stock weightings are determined by a combination of factors

including the level of conviction in the investment case within the Emerging Markets Equity Team; the potential share price appreciation and portfolio return is successfully analyzed, assessment of the probable impact on the performance of the portfolio if wrong, and overall wellbeing of the portfolio and concentration of risk.

Section IV: Risk Management

Approach:

Portfolio construction is as much art as it is science. Baillie Gifford is deeply skeptical of ‘portfolio optimization’ tools or an overreliance on quantitative models. These measures typically use backward-looking statistical models that tend to break down at times of stress. Baillie Gifford aims to be very different from the index and the competition. They actively seek risk. Diversification in stock selection allows the significant risk-taking required to achieve meaningful outperformance.

All members of the Emerging Markets Equity Team are responsible for ongoing monitoring of portfolio positions. The team meets formally, once a month, to review the overall portfolio, including country, sector and industry positioning. Ultimately, the senior investment managers are responsible for the continuous review and monitoring of the portfolios. An independent investment risk team will also perform a quarterly check on the portfolio to ensure the integrity of the approach and that the portfolio characteristics are consistent with that approach. In addition, Baillie Gifford recognizes that owning a company’s shares confers certain rights and responsibilities. ESG is an integral part of their investment process; BG believes that good corporate governance can enhance shareholder value. As an example, Baillie Gifford’s approach, as growth investors, is to engage with companies to help them towards industry best practices.

Platforms/Technology:

Baillie Gifford’s dedicated Investment Risk, Analytics and Research Team, uses a range of tools and measures to analyze the portfolio. The tools include risk models provided by outside vendors of APT and Style Analytics, plus further quantitative tools such as Factset. The investment team is experienced in using these models and tools and has a strong understanding of its strengths and limitations. BG believes that these tools only add value to their monitoring if used intelligently and pragmatically. IT planning is performed in close conjunction with business stakeholders from across the Firm (i.e. Investments, Clients, Operations, Support.). The approach taken blends strategic, operational and security considerations to ensure IT aligns with the strategic direction and priorities of the Firm.

Governance: Baillie Gifford has a well-established governance and compliance structure. Having a strong corporate governance systems and programs is part of the firm's three tenets (investment advisory, corporate governance, and client services.) Specific to the *Emerging Markets All Cap* strategy, Baillie Gifford has clear portfolio construction guidelines designed to provide diversification (number of stocks 60-100; individual stocks - index +5% at the time of purchase; industries +/- 15%; countries +/- 15%).

Compliance: The Compliance Department comprises of over 70-experienced compliance professionals and is independent of the day-to-day functioning of the firm. The Compliance Department is responsible for providing assurance to the firm in its management of regulatory risk and for providing timely and reliable advice on domestic and overseas regulatory obligations. The Operational Compliance Committee considers emerging conflicts of interest and compliance risks quarterly and will escalate to the Group Compliance Committee as appropriate. BG has also established a group within the Compliance Department that convenes on an ad-hoc basis to consider any material/emerging conflicts of interest matters. The Group Compliance Committee is responsible for the oversight of the policy.

Section V: Performance – Calendar Years (percentages):

Manager (Gross)	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022*</u>
Baillie Gifford Emerging Markets All Cap	54.4	-14.4	28.9	30.9	-7.8	-12.4
MSCI Emerging Markets Index	37.8	-14.2	18.9	18.7	-2.2	-6.9
Relative Performance	16.7	-0.2	10.0	12.2	-5.6	-5.5

*2022 returns are through March 31, 2022.

Section VI: Fee Proposal:

Commingled Fund: Baillie Gifford is proposing the Emerging Markets All Cap Collective Investment Trust (Class C). A \$260,000,000 commitment (>\$200mm) would have a total net fee of 77 basis points. This includes 15 bps for operating expenses, and a 62 bps for investment advisory fee. The estimated cost of \$260,000,000 @ 77 basis points equals \$2,002,000 per year.

Executive Summary Report

Wellington Management – Emerging Market Development

Section I: General Information

Strategy/Product Name:	Emerging Market Development
Total Firm AUM:	USD \$1.3 trillion (as of 3/31/2022)
Emerging Market Strategies AUM:	USD \$25.8 billion (as of 3/31/2022)
Specific Strategy Assets AUM:	USD \$1.1 billion (as of 3/31/2022)
Product Inception:	October 8, 2015
Product Benchmark	MSCI EM Index

Section II: Investment Management

Firm Organization:

Firm Organization Wellington Management Group LLP (WM), a Massachusetts private limited liability partnership owned by 195 partners, all active in the business of the firm. Wellington Management’s single focus is investments — from emerging market equities, global equities, and fixed income to currencies and commodities. There are no external entities with any ownership interest in the firm; Wellington is purely an investment manager. The Emerging Market Development strategy team is located in Singapore.

Firm Ownership Wellington is owned by 195 actively employed partners at the company.

Professionals: **Dáire Dunne**, a partner of Wellington Management Group, is the lead portfolio manager and has ultimate decision-making authority. **Simon Henry** is the co-portfolio manager. Dunne is a senior managing director with 22-years’ experience, and 13-years’ with Wellington; Henry is a managing director with 18-years’ experience, and 14-years’ with Wellington. The investment team is complete with Investment Strategy Analyst **Kenny Teo**, Research Associate **Aaron Koh**, and Macro Strategist **Santiago Millan**, and 16 dedicated research analysts

Investor Relations for ACERA: **Akin Greville** is the business development manager, supported by **Brian White**.

Prepared by Investment Department

Section III: Investment Strategy

- Investment Objective:** The PMs of the *Emerging Market Development* strategy seeks to outperform broad EM equity indices over a 3 – 5 year cycle by investing in companies which they believe will benefit from themes relating to structural and economic development in emerging markets. Unconstrained by traditional benchmarks (benchmark-agnostic), the strategy builds focused exposures to structural themes, typically 5 – 10 at any time. Each theme targets companies facilitating or benefiting from the long-term sustainable economic development in emerging markets. The investment team develops and uses its proprietary thematic research to identify demographic, policy and innovation tailwinds while considering liquidity in the emerging markets. The *Emerging Market Development* strategy has outperformed the broad EM equity index over the past 3-yr and 5-yr periods on an annualized basis. (See Table #4 of Staff Memo.)
- Investment Strategy:** The *Emerging Market Development* strategy is managed to reflect four distinctive beliefs about emerging markets: 1) Wellington focuses on thematic development opportunities rather than cyclical exposures. Sustainable economic development's emergence as both a government policy priority (regulations) and an investment opportunity in underappreciated companies. 2) Market capitalization indices in the Emerging Markets are skewed by weighting and risk allocation, rewarding past winners over future leaders. Therefore, building a portfolio unconstrained to traditional benchmarks and balanced across themes and risk drivers. 3) Thematic is a separate, yet complementary, discipline to security-level research. Therefore, combining dedicated thematic research insights with seasoned security selection expertise to identify the companies most likely to be successful within each theme. 4) ESG research, active company engagement, and a consideration of sustainable credentials help drive positive portfolio outcomes over time.
- Investment Process:** The *Emerging Market Development* strategy portfolio is a fundamentally driven approach that combines both top-down and bottom-up investment decisions. Wellington employs its dedicated internal resources (e.g., company analysts, industry analysts, economic analyst, and macro researchers) to undertake research that identifies the structural forces that drive sustainable economic development and then work to understand how these forces impact universes of stocks. The attractiveness of these universes are evaluated using proprietary quantitative screens combined with more qualitative analysis to select their highest conviction themes. In collaboration with stock selection experts (global industry analysts/equity research analysts/equity portfolio managers) at the firm, Wellington's dedicated investment analysts select the most attractive stocks to implement each theme. Capital allocations to each theme evolve over time and are determined based on the risk profile (or risk contribution) of each theme, the relationship of each theme to the other themes in the portfolio, along with the relative conviction levels across the themes.

Section IV: Risk Management

Approach:	The <i>Emerging Market Development</i> strategy portfolio management team uses a mosaic of both public and proprietary risk tools to build and monitor portfolio risk on a daily basis. This risk control is supported by Investment Product and Fund Strategies (IPFS) representatives who meet regularly with the portfolio management team as investment integrity and risk oversight mechanism to ensure portfolios are managed consistently with product design and client expectations. In addition, there is also an independent and dedicated risk management team focused solely on understanding and analyzing the risk sensitivities of their approaches. The Global Risk and Analytics group (GRA) acts as an independent thought partner to portfolio managers and is responsible for understanding market risk exposures across the firm. GRA risk managers provide ongoing market risk monitoring, analysis and reporting for all the firm's investment approaches. GRA risk managers are actively involved in portfolio oversight processes and collaborate with IPFS investment directors, line managers, and the firm's peer review groups on a regular basis.
Platforms/Technology:	The team utilizes various internal proprietary systems and tools, as well as external systems, to access current and historical portfolio data and to obtain exposure information at the individual portfolio level. The primary tool used for risk oversight is the Noether Risk Model, Wellington Management's proprietary portfolio risk system, which provides comprehensive, multi-asset risk statistics at the portfolio, factor, and security levels. In addition, the investment team develops its own proprietary analytical tools that are broadly distributed across the firm to be used for individual client reporting needs and research projects.
Governance:	Finally, the portfolio and investment team are subject to regular in-depth reviews by the firm's Investment Review Group and Risk Advisory Councils that consist of senior managers and business leaders from across the firm's investment disciplines. Within these groups, there are Core Regulatory Compliance professionals and Investment Platform Compliance professionals. At present there are 106 professional individuals working in compliance.

Section V: Performance - Calendar Years (percentages):

Manager (Gross)	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022*</u>
Wellington Emerging Market Development	46.6	-13.5	23.3	40.0	-0.3	-11.6
MSCI Emerging Markets Index	37.8	-14.2	18.9	18.7	-2.2	-6.9
Relative Performance	8.8	0.8	4.9	21.3	1.9	-4.7

*2022 returns are through March 31, 2022.

Section VI: Fee Proposal:

Commingled Fund:

The annual management fee for the Wellington *Emerging Market Development* strategy fund is 60 basis points plus a 6 bps operating expense, for a total management fee of 66 bps. A \$260,000,000 commitment would be \$1,716,000 per year.

Executive Summary Report

William Blair – Emerging Markets Growth

Section I: General Information

Strategy/Product Name:	Emerging Markets Growth
Total Firm AUM:	USD \$70.1 billion (as of 3/31/2022)
Emerging Market Strategies AUM:	USD \$30.4 billion (as of 3/31/2022) in Emerging Markets equities
Specific Strategy Assets AUM:	USD \$6.1 billion (as of 3/31/2022)
Product Inception:	9/30/1996
Product Benchmark:	MSCI Emerging Markets Index

Section II: Investment Management

Firm Organization:	Founded in Chicago in 1935, William Blair & Company (WB) is a private independent investment bank and financial services company focusing on investment banking (#98 of top 100), investment management, and private wealth management. William Blair employs 1,899 people companywide of which 348 individuals are within its investment management business. The firm currently reports \$70.1 billion of reportable assets under investment.
Firm Ownership:	William Blair & Company is an active-employee-owned investment firm. Ownership is broadly based among the 246 active partners.
Professionals:	Todd McClone, Casey Preyss, and Vivian Thurston (all CFA and partners) manage the <i>Emerging Markets Growth</i> strategy. William Blair has a deep and experienced global investment team that has been investing in emerging markets with a consistent philosophy since 1996. McClone has managed this portfolio since 2005, Preyss has managed this portfolio since 2015, and Thurston was added as the third portfolio manager in July 2021. The <i>Emerging Markets Growth</i> strategy is supported by 19 fundamental research analysts with an average 14 years of industry experience and 11 years at the firm. Stephanie Braming , CFA, Partner, is the global head of William Blair Investment Management and has oversight of overall investment but not day-to-day responsibility of the <i>Emerging Markets Growth</i> strategy.
Investor Relations for ACERA:	Steve Weeks , Partner and Wally Fikri , CFA, Partner

Section III: Investment Strategy

- Investment Objective:** The *Emerging Markets Growth* strategy seeks to outperform the MSCI Emerging Markets IMI Index over a full market cycle, with a reasonable excess return expectation of 250-350 basis points annualized. William Blair focuses on quality growth companies. These companies tend to be market leaders, are well managed, have more financial flexibility and can capitalize on weak markets to gain market share and outpace weaker competitors. As of 3/31/2022, William Blair has achieved this goal on a 1-yr, 3-yr, and 5-yr annualized basis. (See Table #4 of Staff Memo.)
- Investment Strategy:** The core of William Blair's *Emerging Markets Growth* strategy is focusing on well-managed, above-average quality growth companies with sound management teams and that have the financial flexibility and strong competitive positioning. To mitigate fundamental risk, William Blair focuses on quality growth characteristics. The *Emerging Markets Growth* strategy is a broad emerging markets portfolio of 120-175 stocks diversified across market cap, region, industry, and corporate lifecycle with a structural weight to small-cap companies. The portfolio takes advantage of idea generation from highly inefficient parts of the market like EM small cap and China A, as well as large to mid-cap.
- Investment Process:** The team begins with an investable universe of approximately 9,000 companies. Proprietary quantitative models help narrow the universe to companies that best fit the quality growth criteria (e.g., business model, management, earnings quality), resulting in approximately 2,800-3,000 companies across sectors and regions on their Eligibility List. Of this list, approximately half are in emerging markets.
- From the Eligibility List, the team prioritizes companies for additional research in various ways, including companies that score well quantitatively in terms of current fundamentals versus valuation, for example. This leads to 50-75 names on their weekly Research Agenda, which is a focus list identifying potential buy and sell candidates. Companies on the Research Agenda undergo further due diligence which may include conference calls with competitors, suppliers, and industry analysts, as well as meetings with management. Analysts integrate material ESG factors within their fundamental company analysis and their holistic assessment of a company's opportunities and risks. ESG factors are inseparably linked with their fundamental assessment of company management and long-term value creation, as well as the sustainability of competitive strengths. The result of this process is a portfolio of 120-175 emerging markets stocks diversified across the market cap, region, and industry.

Section IV: Risk Management

Approach:	Portfolio construction by the three PMs incorporates risk management as an integrated part to the investment process. They hold that the strongest risk management tool is in investing in high quality companies. William Blair evaluates the following risks: Company/Fundamental Risk, Geopolitical Risk, Macroeconomic Risk, Currency Risk, Sector & Industry Concentration Risk, Trading & Liquidity Risk, and Quantitative Risk Factors. Through its proprietary research system (see below) PMs and analysts can amalgamate the firm's vast resources to manage and monitor the portfolio.
Platforms/Technology:	Fundamental and systematic/quantitative research and models are stored in <i>Summit</i> , William Blair's proprietary research system that connects all elements of their investment process. Summit houses a wide range of stock and portfolio information, including fundamental research, quantitative models, portfolio analytics, and risk management tools.
Governance:	The Risk Governance approach is designed to encourage and support the risk-oriented culture, where individual teams (e.g., Risk Management and Compliance unit) take ownership for their risk controls, and independent groups (e.g., Internal Audit) review and evaluate the current risk landscape to ensure appropriate controls are in place and being followed. This includes three lines of defense: 1) internal team members who establish and implement risk controls; 2) Risk Management and Compliance, who establish risk limits and assess risks independent of business units –for this strategy, as well as all other investment strategies; and, 3) William Blair & Company Internal audit team, who independently test internal controls that are performed by the business, support, and control functions.
Compliance:	From a risk management perspective, the firm utilizes third-party Linedata Service's comprehensive global trade order management system ("Longview") and compliance monitoring system (Linedata Compliance). Longview enhances the workflow of their portfolio managers and traders by simplifying and automating the trade process. Linedata Compliance helps to ensure that portfolios comply with all regulatory requirements, prospectus limitations, and investment guidelines and restrictions, including concentration and security level restrictions. The Linedata Compliance system is able to provide notice of potential breaches to traders and Compliance on either a pre or post-trade basis.

Section V: Performance – Calendar Years (percentages):

Manager (gross)	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022*</u>
William Blair: Emerging Markets Growth	51.2	-21.1	29.6	41.9	5.2	-12.1
MSCI Emerging Markets Index	37.8	-14.2	18.9	18.7	-2.2	-6.9
Relative Performance	13.4	-6.9	10.7	23.2	7.4	-5.2

*2022 returns are through March 31, 2022.

Section VI: Fee Proposal:

Commingled Fund:

Based on an approximate \$260mm mandate and applying the 5% relationship discount (William Blair manages ACERA's Small Cap Growth account with an approximate value of \$142.6 million as of 3/31/2022), the annual investment management fee for the Commingled Investment Trust Class 1 would be 61bps, plus operating expenses, which are capped at 5bps, for a total of 66 bps. A \$260,000,000 amount would cost between \$1,586,000 and \$1,716,000 million.