



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

INVESTMENT COMMITTEE/BOARD MEETING

ACERA MISSION:

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

**Wednesday, June 5, 2024
10:30 a.m.**

LOCATION AND TELECONFERENCE	COMMITTEE MEMBERS	
ACERA C.G. "BUD" QUIST BOARD ROOM 475 14TH STREET, 10TH FLOOR OAKLAND, CALIFORNIA 94612-1900 MAIN LINE: 510.628.3000 FAX: 510.268.9574 The public can observe the meeting and offer public comment by using the below Webinar ID and Passcode after clicking on the below link or calling the below call-in number. Link: https://zoom.us/join Call-In: 1 (669) 900-6833 US Webinar ID: 879 6337 8479 Passcode: 699406 For help joining a Zoom meeting, see: https://support.zoom.us/hc/en-us/articles/201362193	JAIME GODFREY	APPOINTED
	CHAIR	
	GEORGE WOOD	ELECTED GENERAL
	VICE CHAIR	
	ROSS CLIPPINGER	ELECTED SAFETY
	OPHELIA BASGAL	APPOINTED
	KEITH CARSON	APPOINTED
	TARRELL GAMBLE	APPOINTED
	ELIZABETH ROGERS	ELECTED RETIRED
	HENRY LEVY	TREASURER
REMOTE LOCATION FOR TRUSTEE ROGERS: 18 RICHARD AVENUE CAMBRIDGE, MA 02140	KELLIE SIMON	ELECTED GENERAL
	CYNTHIA BARON	ALTERNATE RETIRED¹
	KEVIN BRYANT	ALTERNATE SAFETY²

¹ The 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 Safety Member and an Elected General member, are absent.

² The Alternate Safety Member votes in the absence of the Elected Safety, either of the two Elected General Members, or both the Retired and Alternate Retired members.

Note regarding accommodations: If you require a reasonable modification or accommodation for a disability, please contact ACERA between 9:00 a.m. and 5:00 p.m. at least 72 hours before the meeting at accommodation@acera.org or at 510-628-3000.

Public comments are limited to four (4) minutes per person in total. The order of items on the agenda 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 posted online at www.acera.org and also may be inspected at 475 14th Street, 10th Floor, Oakland, CA 94612-1916.

INVESTMENT COMMITTEE/BOARD MEETING

NOTICE and AGENDA Wednesday, June 5, 2024

Call to Order: 10:30 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. Recommendation that the Board Authorize Staff to Negotiate an Extension of the Custody Contract with State Street Bank and Trust Company for up to two years

10:30 – 11:00 Erica Haywood, ACERA
Serafin Lim, ACERA
Betty Tse, ACERA

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

1. Status Update: Review of Asset Allocation Mixes

11:00 – 11:45 Sam Austin, NEPC
Rose Dean, NEPC
Betty Tse, ACERA

2. Education Session: Private Credit/Private Debt

11:45 – 12:15 Sam Austin, NEPC
Rose Dean, NEPC
Clint Kuboyama, NEPC
Betty Tse, ACERA

Trustee Remarks

None

Future Discussion Items

None

Establishment of Next Meeting Date

July 3, 2024, at 10:30 a.m.



TO: Members of the Investment Committee

FROM: Serafin Lim, Investment Operations Officer *SL*
Erica Haywood, Fiscal Services Officer *EH*

DATE: June 5, 2024

SUBJECT: Recommendation that the Board Authorize Staff to Negotiate an Extension of the Custody Contract with State Street Bank and Trust Company for up to two years

Recommendation:

Staff recommends that the Board authorize it to negotiate a contract term extension of up to two years for the Third Amended and Restated Custody Contract between ACERA and State Street Bank and Trust Company ("SSB") dated July 7, 2021 ("Custody Contract"). The current Custody Contract term ends on February 8, 2025.

Background:

On April 1999, the ACERA Board of Trustees ("Board") retained SSB as its custodian bank. We have negotiated three separate custody contracts with SSB since the original 1999 agreement (with multiple term extensions via amendment). Each subsequent custody contract has been negotiated after a thorough review of SSB's performance and its relationship with ACERA to ensure that the custodial services continue to meet expectations. A two-year extension of the current Custody Contract would allow ACERA and SSB a monitoring period to work together to resolve current accounting deficiencies identified by the ACERA Fiscal Services Staff in late 2023. In the past, prior term extensions have resulted in challenges being overcome by both parties working together.

Discussion:

Staff is seeking an extension of the Custody Contract with SSB for the following reasons:

- A. The SSB Client Relationship team is responsive and generally understands ACERA's needs.
- B. In January 2020, ACERA Investments Staff and the SSB Client Relationship Team developed and instituted an operational guidelines document, the Service Level Document (SLD). This operational document outlined specific SSB service responsibilities, detailed certain deliverables, and clearly set forth ACERA's service expectations. This operational document has been in place since 2020 and continues to be reviewed and updated as needed by Investment Staff and the SSB Client Relationship Team. SSB and ACERA have adhered to the SLD guidelines, and the SLD has proven to be a helpful tool since its inception.
- C. The current Custody Contract is the product of extensive negotiations previously undertaken by both in-house and external counsels.

- D. The current Custody Contract has a flat fee arrangement which was heavily negotiated and is beneficial to ACERA at this time.
- E. ACERA's General Investment Consultant, NEPC, LLC, strongly supports a contract extension under the circumstances.

Conclusion:

ACERA's Investments & Fiscal Services Staff regularly monitors its service relationship with SSB, which covers client services, cash management, accounting reporting, performance and analytics reporting. Staff is working closely with SSB to strive for further improvements in the accounting services provided to ACERA.

If approved by the Board, any contract extension would be subject to legal due diligence and successful contract negotiations.



To: Alameda County Employees’ Retirement Association (ACERA)
From: NEPC Consulting Team
Date: June 5, 2024
Subject: Status Update: Review of Asset Allocation Mixes

Background

NEPC initially presented strategic asset allocation mixes at the Investment Committee meeting on May 1, 2024. After feedback from ACERA and further discussions with both ACERA staff and Callan, NEPC provided the following updated mixes for further review.¹ All proposed mixes result in improved expected returns and Sharpe Ratios when compared to the Current Policy.

	Current Policy	Mix C	Mix D	Mix E	Mix F
Cash	0.0%	0.0%	0.0%	0.0%	0.0%
Total Cash	0.0%	0.0%	0.0%	0.0%	0.0%
Public Equity	48.0%	48.0%	48.0%	48.0%	48.0%
Private Equity	11.0%	11.0%	11.0%	11.0%	11.0%
Total Equity	59.0%	59.0%	59.0%	59.0%	59.0%
Safe Haven Bonds	12.5%	10.0%	10.0%	10.0%	10.0%
Risk-Seeking Bonds	1.5%	4.0%	4.0%	4.0%	4.0%
Private Credit	4.0%	6.8%	8.0%	5.1%	4.3%
Total Fixed Income	18.0%	20.8%	22.0%	19.1%	18.3%
Public Real Assets	1.5%	0.0%	0.0%	0.0%	0.0%
Private Real Estate	9.0%	8.2%	9.0%	7.9%	8.8%
Private Infra/Natural Resources	4.5%	6.0%	6.0%	6.0%	6.0%
Total Real Assets	15.0%	14.2%	15.0%	13.9%	14.8%
Hedge Funds	8.0%	6.0%	4.0%	8.0%	8.0%
Total Multi Asset	8.0%	6.0%	4.0%	8.0%	8.0%
<i>Expected Return 10 year</i>	6.2%	6.5%	6.5%	6.4%	6.4%
<i>Expected Return 30 year</i>	7.5%	7.7%	7.7%	7.7%	7.6%
<i>Asset Volatility</i>	14.2%	14.2%	14.3%	14.2%	14.3%
<i>Sharpe Ratio 10 year</i>	0.160	0.179	0.178	0.176	0.174
<i>Sharpe Ratio 30 year</i>	0.286	0.303	0.302	0.300	0.298
<i>Expected Return/Surplus Volatility</i>	0.46	0.48	0.48	0.48	0.48

Note that we combined U.S. Equity and International Equity into Public Equity, as we believe that those types of sub-asset-class decisions are better made at the portfolio construction level instead of during this strategic asset allocation discussion. We believe that it would be best practice for the Board to continue focusing on the broadest asset class targets (Public Equity, Fixed Income, Real

¹ Mix C is similar to what was presented at the May 1 meeting with slight modifications to sub-asset class weights. Mix D reflects a trustee’s comment to lower the allocation to hedge funds instead of real estate. Mixes E and F are reflective of staff feedback to moderate the increase to private credit.



Estate, Private Equity, Absolute Return, Real Assets, and Private Credit) during this asset allocation discussion. Portfolio construction and manager decisions can be contemplated at a later time.

Next steps

NEPC, Callan, and ACERA staff will continue to discuss the proposed strategic asset allocation mixes and sub-asset class allocations to reach consensus before bringing a recommendation to the Board as early as the July IC meeting.



PRIVATE DEBT EDUCATION

ALAMEDA COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION

JUNE 5, 2024

Rose Dean, CFA, Partner
Sam Austin, Partner



PRIVATE DEBT OVERVIEW

PRIVATE DEBT OVERVIEW

- **Private debt is the provision of debt finance to companies from funds, rather than banks, bank-led syndicates, or public markets**
 - Private debt is often used to finance buyouts, though it is also used as expansion capital or to finance acquisitions, amongst other use cases
- **Large investable universe**
 - Approximately \$300 billion raised annually across strategies over the past three years
- **Benefits of Private Debt**
 - **Return enhancer**
 - The premium earned over other investment options serves to compensate for the liquidity risk
 - **Investment diversification**
- **Two components of private debt return:**
 - **Current Income:** Derived from portfolio company operations, loans and leases
 - **Capital Appreciation:** Derived from an increase in the value of an asset between acquisition and sale

PUBLIC DEBT VS. PRIVATE DEBT

Public Fixed Income

Daily liquidity

Invested immediately

Daily valuations

Market pricing

Fees as a % of NAV

Regulated reporting

Some activism

Private Debt

Illiquid, 7-10 year funds

Invested over time

Quarterly valuations

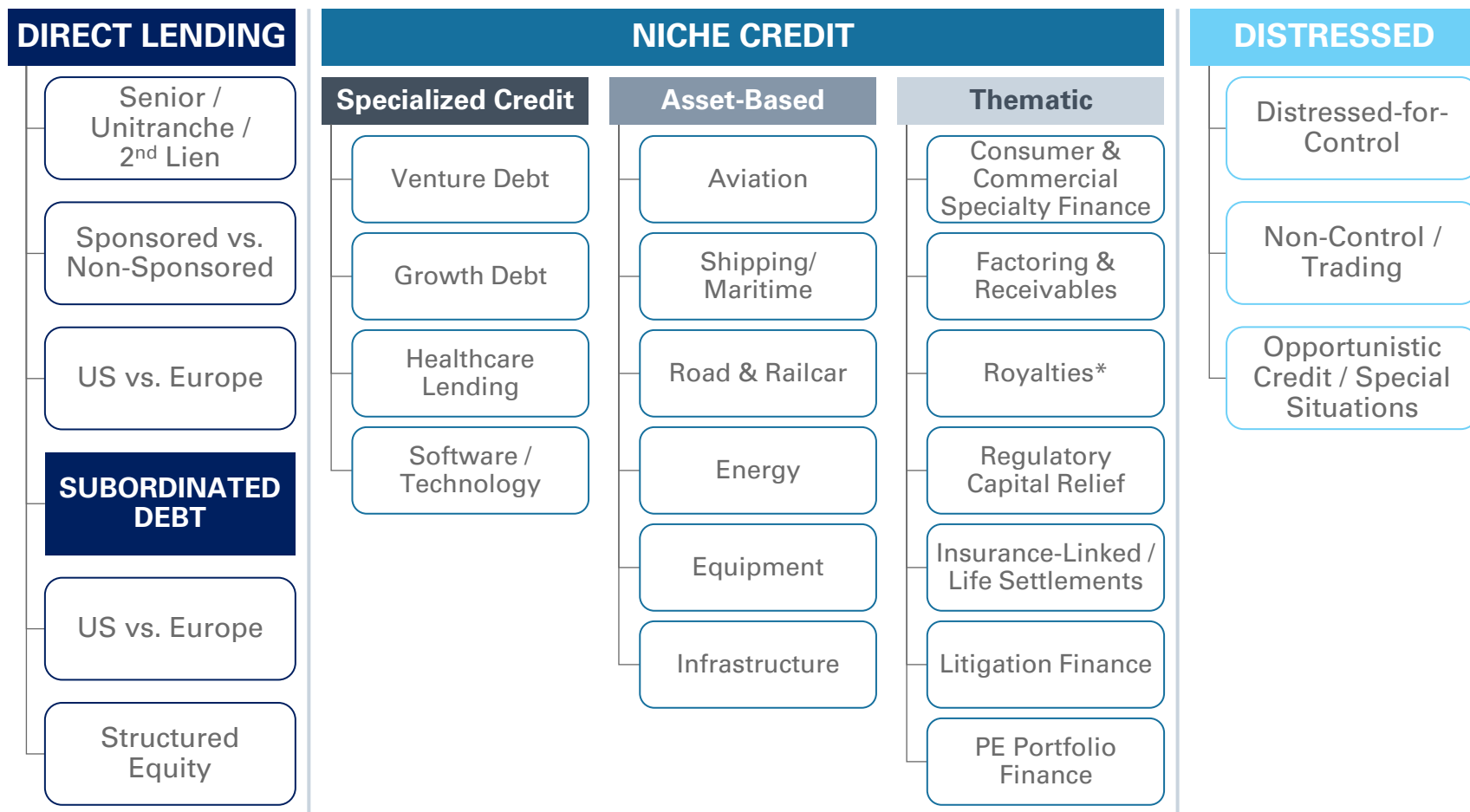
Estimated fair value

Fees as % of
commitment/investment

Transparency varies

Active value creation

NEPC PRIVATE DEBT TAXONOMY



Yield-Oriented/Capital Preservation/
Lower Outcome Dispersion

Maximized Return/Capital Appreciation/
Higher Outcome Dispersion



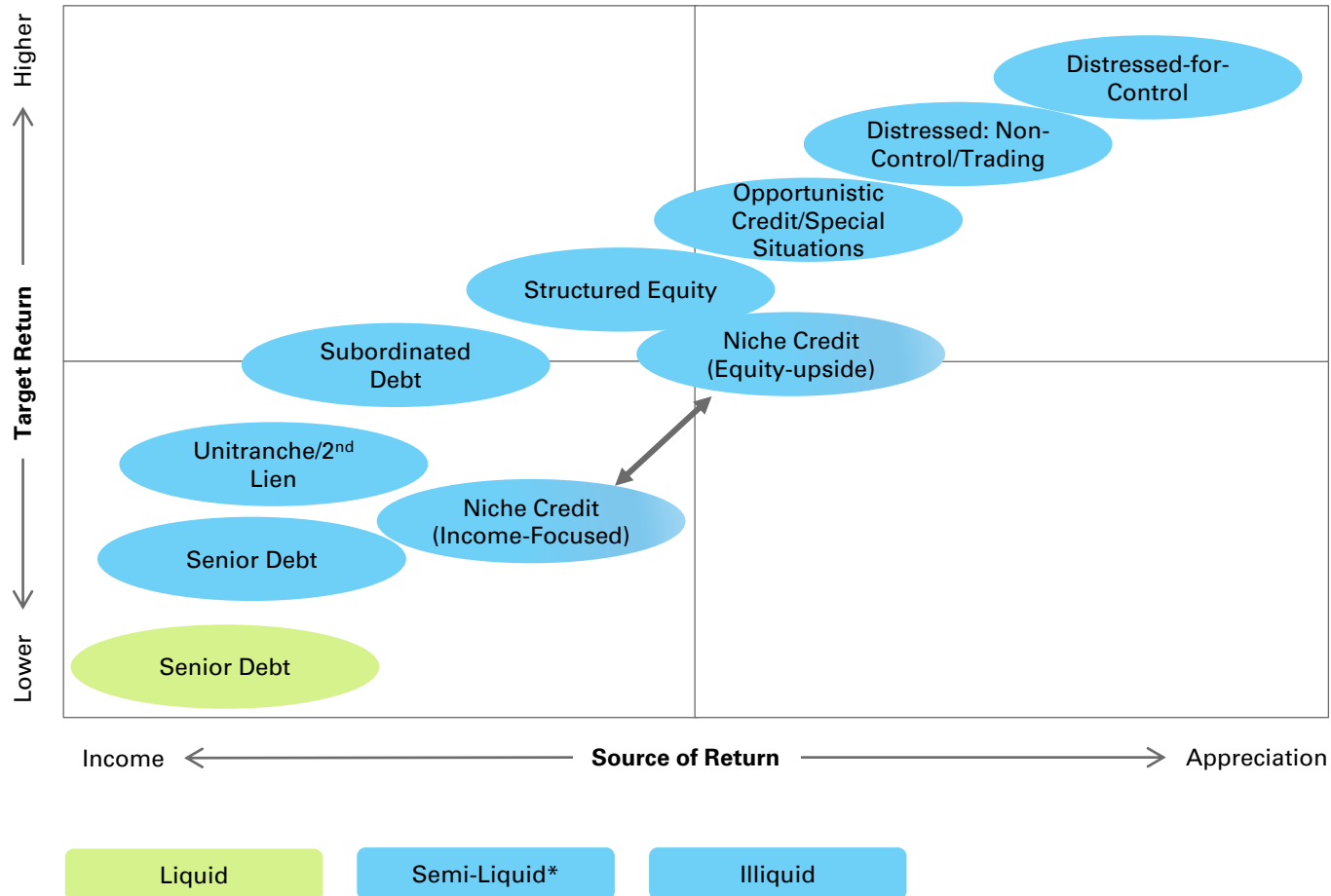
*Healthcare/Music/Film/Media/Energy & Minerals royalties

CONTRASTING ILLIQUID CREDIT STRATEGIES: INCOME ORIENTATION VS CAPITAL APPRECIATION

- **Looking at 4 broad categories of private debt strategies**
 - The categories help define a spectrum of expected portfolio behavior and portfolio goals
 - Categories range from one that focuses on high cash income to one that focuses more on capital appreciation.

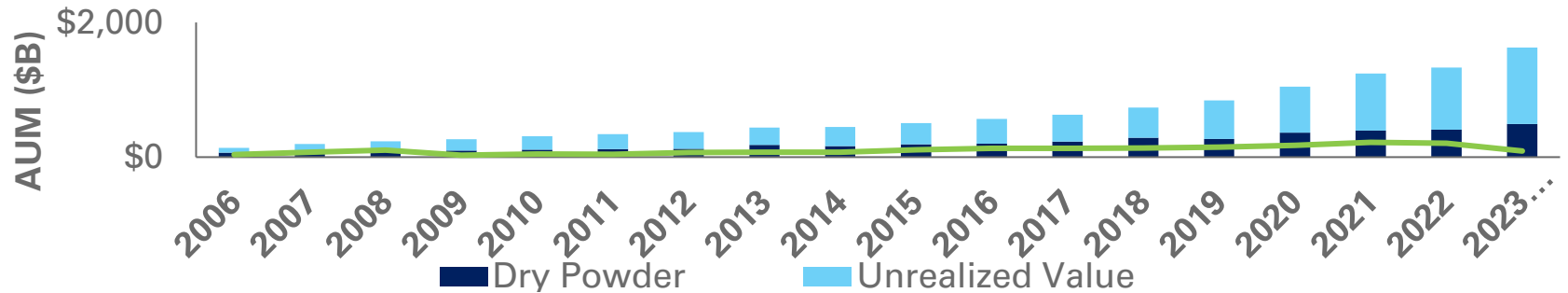
	Cash Income Focus	Capital Appreciation	Relative Risk and Total Return	Example
Senior Direct Lending			Low	Senior secured lending to non-public corporations
Mezzanine Lending			Mid	Subordinated lending to non-public corporations
Opportunistic/ Niche/ Other Credit			Mid to High	Requires a more specific expertise. May include "storied" credits, flexible but higher cost capital, younger or challenged companies. Includes other credit-linked opportunities.
Distressed			Mid to High	Distress-for-control strategies, but may include some trading

NEPC PRIVATE DEBT TAXONOMY: RETURN DRIVERS

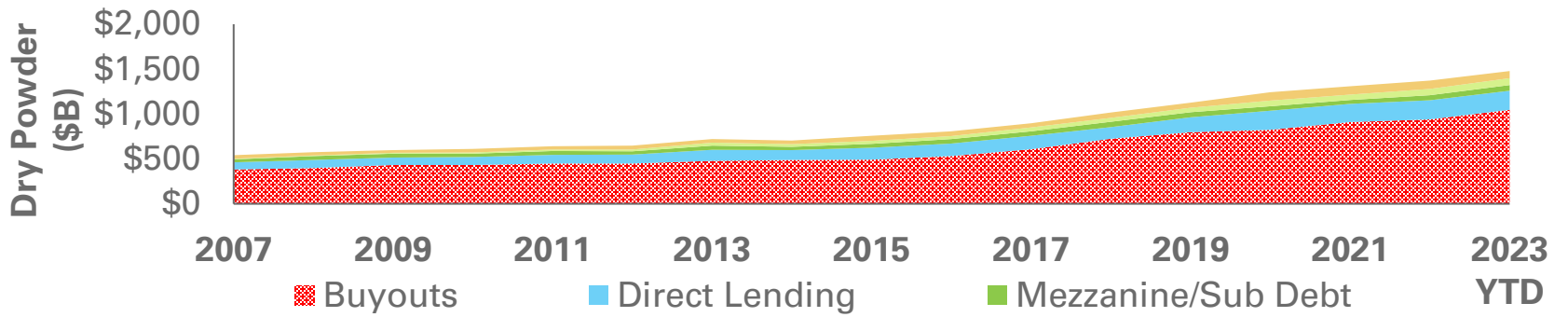


PRIVATE DEBT ASSETS UNDER MANAGEMENT

Private Debt Assets Under Management



PD vs. PE Dry Powder

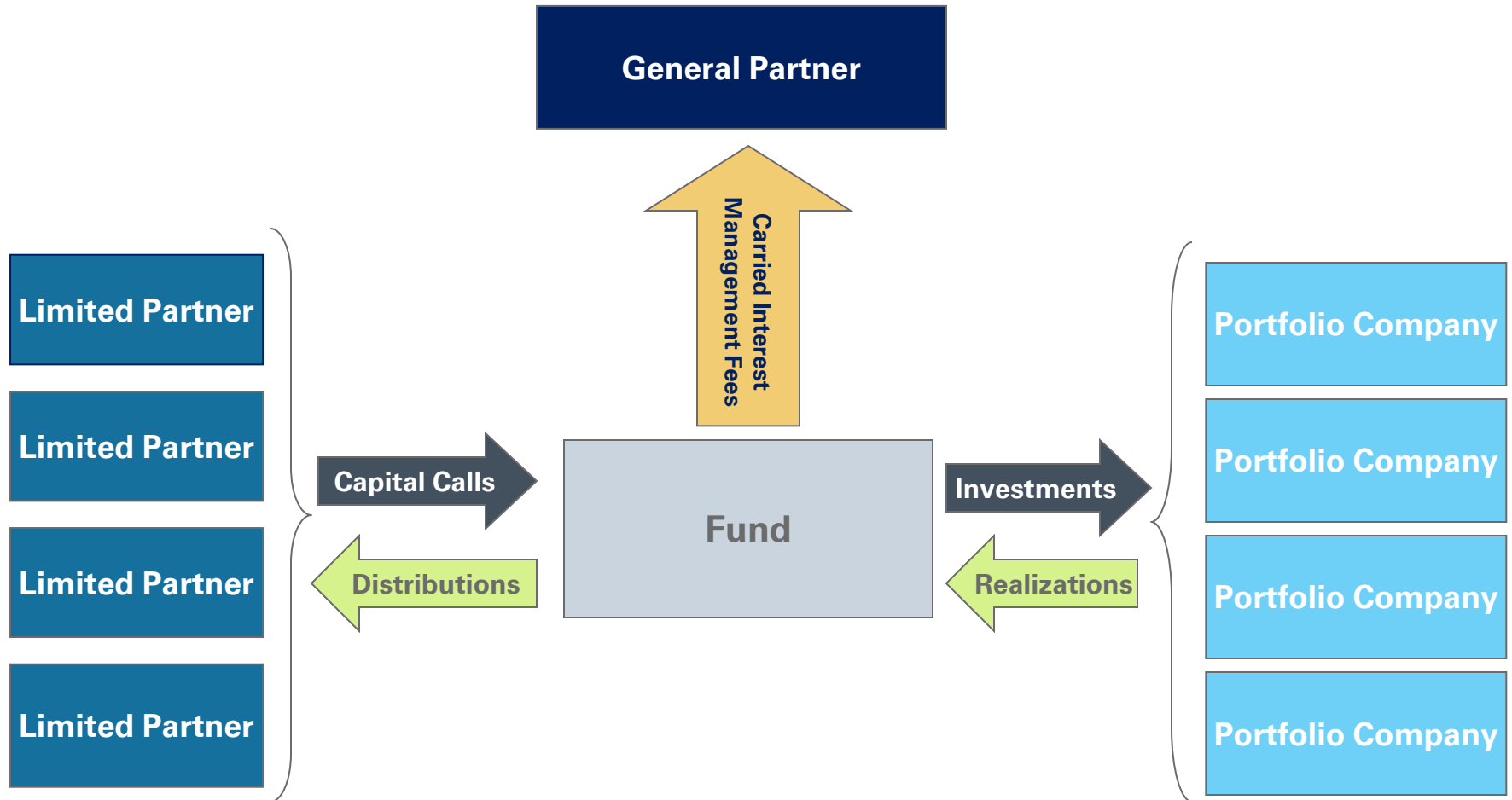


Source: Preqin as of 11/2023



FUND STRUCTURES, FEES AND PERFORMANCE METRICS

MECHANICS OF INVESTING IN A PRIVATE DEBT FUND



FEE STRUCTURE

Management Fee

- % of net invested capital or NAV after the investment period
- Generally 1.00%-1.75% fee rates

Preferred Return

- Rate of return LPs need to achieve before GP can earn carried interest
- Typically computed on amounts invested and amounts paid for fees to the GP
- Typically 8%, but can vary by strategy

Carried Interest

- Performance fee paid to the fund manager for profits generated on investments
- Paid only on realized investments (not on unrealized gains)
- Generally 10-20% of realized investment gain

PRIVATE DEBT CLOSED-END FUND LIFECYCLE

Fundraising, (0 – 2 years)

- Raise sufficient funds for the strategy typically through LP investors
- Limited Partners make an initial “Commitment” to a fund

Investing (years 1 – 5)

- Source investment opportunities.- generally three to five years of a fund’s life
- Current income may be paid out during the Investment Period
- Limited Partners fund their initial commitments as capital is called

Harvesting (years 6 – 10)

- Exit period for the investments through asset sales, portfolio company sales, IPOs, and other exit opportunities
- Proceeds of the realizations distributed to fund investors according to a pre-determined schedule, or “Distribution Waterfall”, including carried interest to the manager

PRIVATE DEBT RETURN METRICS – PERFORMANCE MULTIPLES

Total Value to Paid-In Multiple (“TVPI”)

$$\frac{\text{Total Value (TV) of all distributions and current net asset value}}{\text{Amount of capital called from (or Paid-In by) investors (PI)}}$$

Distributed to Paid-In Multiple (“DPI”)

$$\frac{\text{Total amount of distributions received (D)}}{\text{Amount of capital called from (or Paid-In by) investors (PI)}}$$

Both are good metrics for assessing amount of value created and distributed, but neither measure the time value of money

PRIVATE DEBT RETURN METRICS – PERFORMANCE RETURNS

Internal Rate of Return (IRR)

- “Money-weighted Return” : takes into account the timing of the cash in and out of the investment
- Can be <0% in the early years almost always reported as a since inception of the fund return percentage

Time-Weighted Return (TWR)

- Periodic returns based on starting and ending market value linked together
- Timing of the cash flow only impact the periodic return
- Same return metric that is used for public markets asset classes

IRR better reflects manager’s ability to add value through maximum cash flow timing efficiency.

TWR still needed for periodic reporting of total investment program

PORTFOLIO IMPLEMENTATION



PRIVATE DEBT INVESTMENT STRATEGIES (PERFORMING CREDIT)

Private Debt Strategy Overview	Description	Sector Exposure	Considerations
<p>Direct Lending</p> <ul style="list-style-type: none"> • Return driver: income • Expected IRR: 8%-12% • Expected TVPI Multiple: 1.2x-1.4x • Deal Time Horizon: 2-4 years 	<p>Primarily floating rate senior and/or unitranche debt capital used for various situations</p> <ul style="list-style-type: none"> • Ownership through leveraged buyouts or recapitalizations • Financing acquisitions, or enabling growth 	<p>Companies in a variety of industries that are backed by Private Debt Managers (sponsored) or not backed by a Private Debt Manager (non-sponsored)</p>	<ul style="list-style-type: none"> • Company enterprise value based • Loan structuring can impact return • Vintage year is important • Floating rates, shorter holding periods

PRIVATE DEBT INVESTMENT STRATEGIES (PERFORMING CREDIT)

Private Debt Strategy Overview	Description	Sector Exposure	Considerations
<p>Mezzanine</p> <ul style="list-style-type: none"> • Return driver: current income and appreciation • Expected IRR: 14%-16% • Expected TVPI Multiple: 1.6x-1.7x • Deal Time Horizon: 5-7 years 	<p>Primarily fixed rate subordinated debt obligations made to non-investment grade borrowers to effect buyout, M&A or other growth strategies</p>	<p>Companies in a variety of industries that are backed by Private Debt Managers (sponsored) or not backed by a Private Debt Manager (non-sponsored)</p>	<ul style="list-style-type: none"> • Company enterprise value based • Loan structuring can impact return • Limited recourse due to subordinated position in capital structure

PRIVATE DEBT INVESTMENT STRATEGIES (PERFORMING CREDIT)

Private Debt Strategy Overview	Description	Sector Exposure	Considerations
<p>Opportunistic Credit</p> <ul style="list-style-type: none"> • Return driver: current income and appreciation • Expected IRR: 13%-17% • Expected TVPI Multiple: 1.3x-1.8x • Deal Time Horizon: 1-4 years 	<p>Investment strategy involving various credit-linked opportunities such as distressed debt, performing and non-performing loans, structured products (CLOs, CDOs), hard assets</p>	<p>Diversified industry exposure. Instruments include publicly traded debt securities, private debt, trade claims, mortgage debt, common and preferred stock and commercial paper</p>	<ul style="list-style-type: none"> • Thematic • Esoteric investments

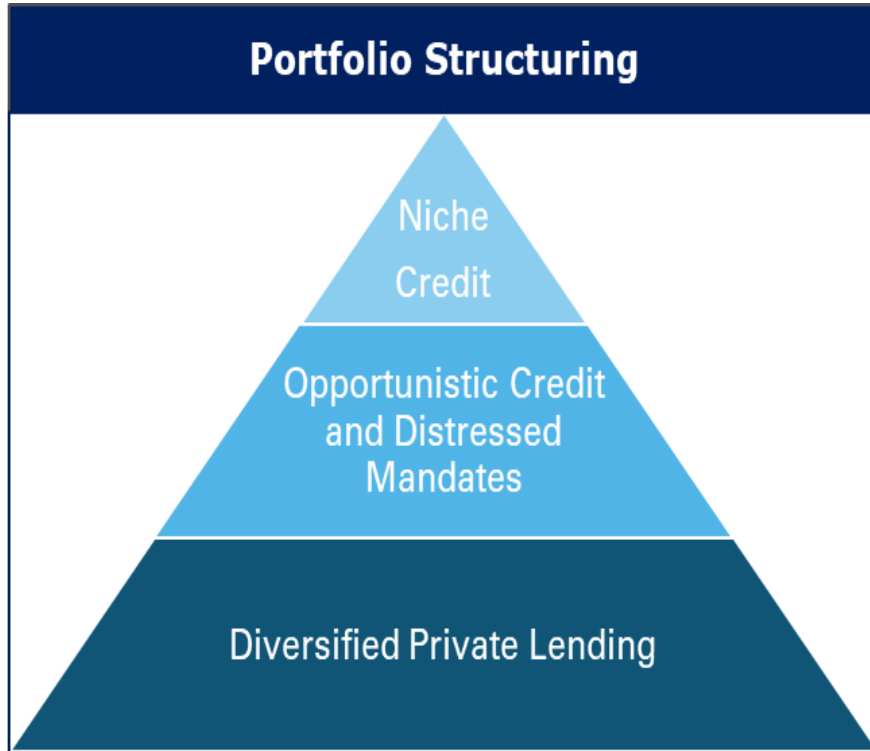
PRIVATE DEBT INVESTMENT STRATEGIES (DISTRESSED CREDIT)

Private Debt Strategy Overview	Description	Sector Exposure	Considerations
<p>Distressed Debt (Control)</p> <ul style="list-style-type: none"> • Return driver: appreciation and income • Expected IRR: 15%-17% • Expected TVPI: 1.3x-1.8x • Deal Time Horizon: 3-6 years 	<p>Debt investments with the intent to take debt control of companies that have typically defaulted on debt obligations and are in need of financial and operational restructuring.</p>	<p>Diversified</p>	<ul style="list-style-type: none"> • Window of opportunity tends to be short lived

PRIVATE DEBT INVESTMENT STRATEGIES (DISTRESSED CREDIT)

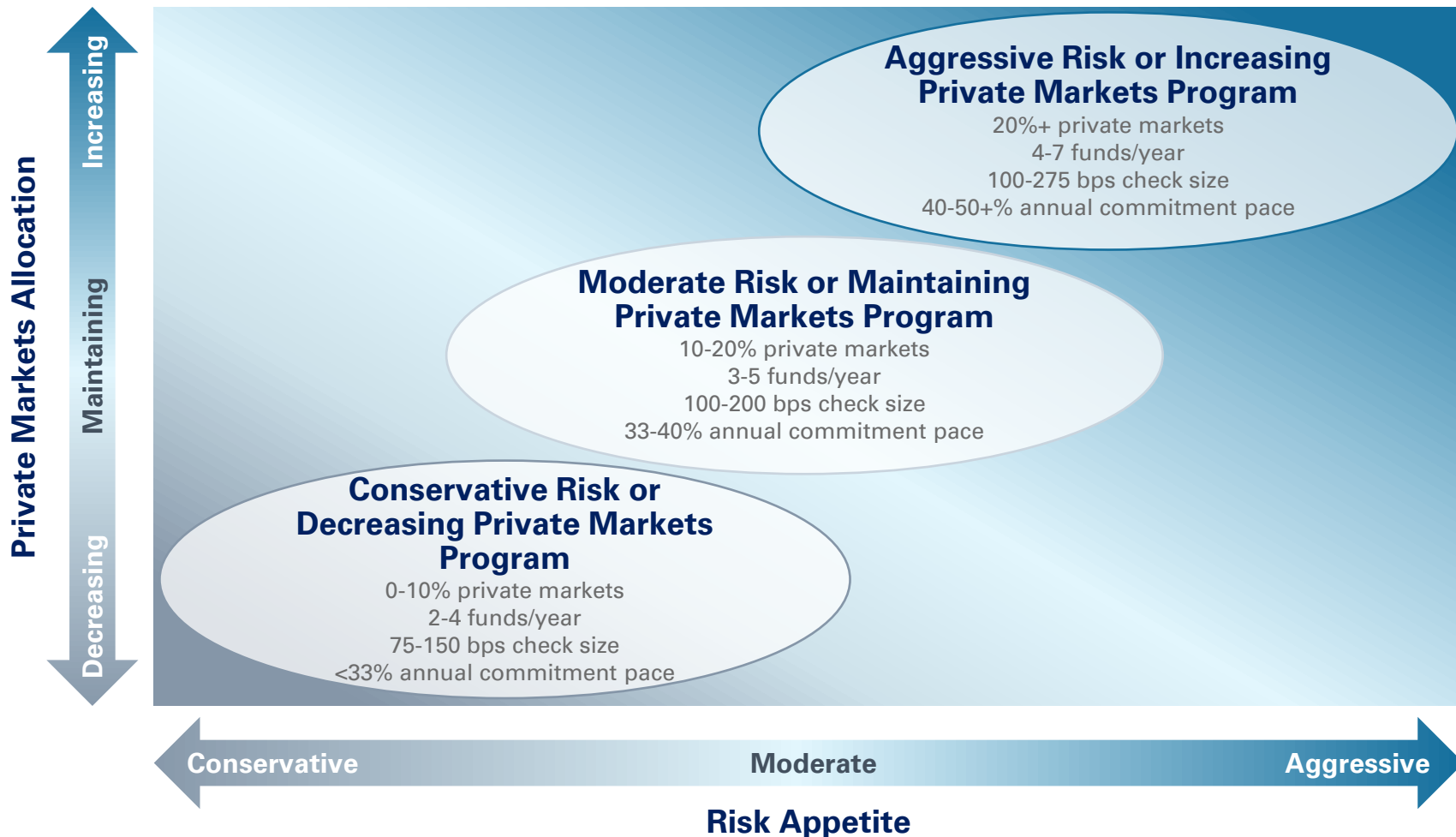
Private Debt Strategy Overview	Description	Sector Exposure	Considerations
<p>Distressed Debt (Non-control)</p> <ul style="list-style-type: none"> • Return driver: appreciation • Expected IRR: 13%-17% • Expected TVPI Multiple: 1.3x-1.8x • Deal Time Horizon: 1-4 years 	<p>Debt investments in companies that have typically defaulted on debt obligations and are in need of financial and operational restructuring.</p>	<p>Diversified exposure through various access points. Securities can include common and preferred shares, bank debt, trade claims (goods owed) and corporate bonds</p>	<ul style="list-style-type: none"> • Vintage year is important • Window of opportunity tends to be short lived

PRIVATE DEBT PORTFOLIOS



PUTTING IT ALL TOGETHER

CONSIDERATIONS BASED ON PRIVATE MARKETS PROGRAM



Source: NEPC

Annual commitment pace represents annual private market commitments/private market NAV



APPENDIX A: GLOSSARY

PRIVATE DEBT GLOSSARY

- **Carried interest** - the share of profits that the fund manager is due once it has returned the cost of investment to investors
- **Commitment** - every investor in a private DEBT fund commits to investing a specified sum of money in the fund partnership over a specified period of time. The fund records this as the limited partnership's capital commitment. The sum of capital commitments is equal to the size of the fund
- **DPI** – a ratio of the amount of capital distributed (D) to investors over the amount of capital called from (or Paid In by) investors
- **IRR** - a dollar-weighted, since inception return expressed as a percentage. IRR uses the present sum of cash drawdowns (money invested), the present value of distributions (money returned from investments) and the current value of unrealized investments
- **Management fee** – this is the annual fee paid to the general partner. It is typically a percentage of limited partner commitments to the fund and is meant to cover the basic salaries and overhead costs of running a fund
- **Fund expenses** – these are certain administrative, fund formation, reporting, legal and regulatory costs that are paid by the fund in addition to management fees. A fund's Limited Partnership Agreement (LPA) will specify what costs are fund expenses & which are not
- **Preferred return** – minimum returned distributed to the limited partners until the time when the general partner is eligible to deduct carried interest. The preferred return ensures that the general partner shares in the profits of the partnership only after investments have performed well
- **TVPI** - a ratio of the Total Value (TV) of all distributions and current net asset value over the amount of capital called from (or Paid In by) investors (PI)
- **EBITDA** – Earnings Before Interest, Taxes, Depreciation and Amortization. Commonly used as a proxy for operating cash flow



APPENDIX B: ALTERNATIVE INVESTMENT DISCLAIMER

ALTERNATIVE INVESTMENT DISCLAIMER

It is important to note the following characteristics of many non-traditional investment strategies including hedge funds and private DEBT:

1. Performance can be volatile and investors could lose all or a substantial portion of their investment
2. Leverage and other speculative practices may increase the risk of loss
3. Past performance may be revised due to the revaluation of investments
4. These investments can be illiquid, and investors may be subject to lock-ups or lengthy redemption terms
5. A secondary market may not be available for all funds, and any sales that occur may take place at a discount to value
6. These funds are not subject to the same regulatory requirements as registered investment vehicles
7. Managers are not required to provide periodic pricing or valuation information to investors
8. These funds may have complex tax structures and delays in distributing important tax information
9. These funds often charge high fees
10. Limited partnership agreements often give the manager authority to trade in securities, markets or currencies that are not within the manager's realm of expertise or contemplated investment strategy

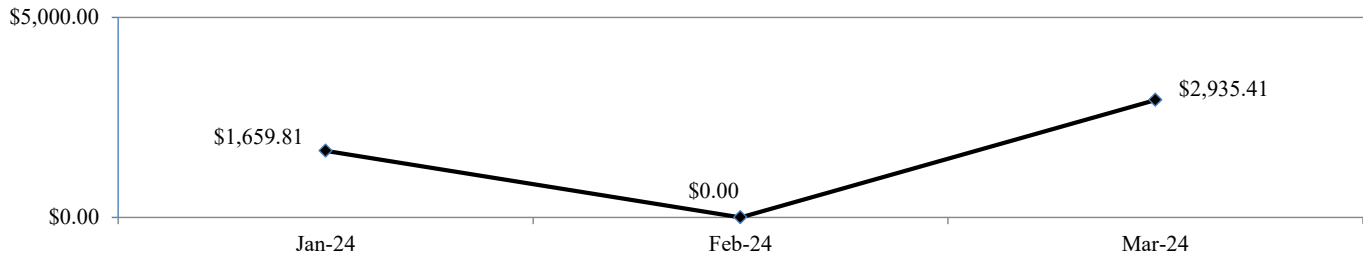


Alameda County Employees' Retirement Association First Quarter 2024 Directed Brokerage Report

Quarterly Commentary

In 1Q24, the total recaptured dollar amount for ACERA's Directed Brokerage (DB) Program was \$4,595.22. Since inception¹, ACERA has recaptured \$2,146,242.68. For the quarter, Kennedy Capital Management directed the highest percentage (46.04%) of trading volume. Kennedy Capital generated the largest recaptured directed commission dollar amount (\$3,686.30). Virtue (Knight Securities) received 80.2% 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; however, participating active management now make up less than 20% and 25% of domestic equity and international equity asset classes, respectively.

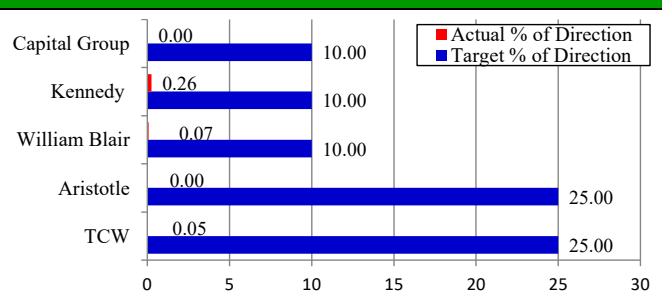
Monthly Recaptured



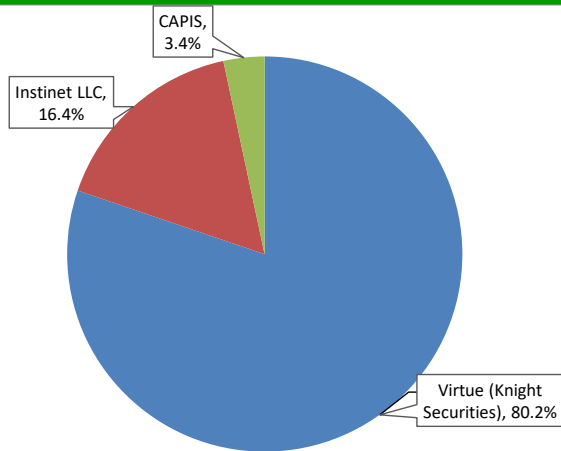
Directed Commission \$²

Manager	1Q2024	YTD
Capital Group	674.42	674.42
Kennedy	3,686.30	3,686.30
William Blair	154.50	154.50
Aristotle Capital	0.00	0.00
TCW	80.00	80.00
Total	\$4,595.22	\$4,595.22

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 Cowen Securities (U.S.) Drexel Hamilton HSBC James Capel ICAP (U.S.) Imperial Capital | <ul style="list-style-type: none"> Instinet LLC ITG, Inc. LAM Securities Liquidnet Merrill Lynch (U.S.) Mischler Financial Group North South Capital O'Neil Securities Penserra Securities, LLC Pershing, LLC Piper Sandler Societe Generale State Street Global Markets (Europe) Virtue America LLC |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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. Bivium does not participate in Commission Recapture; Blackrock, Franklin Templeton, William Blair EME CIT 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 (22.75% for 1Q2024), 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.



**INVESTMENT MANAGER,
CONSULTANT, AND CUSTODIAN FEES**
For Quarter Ending March 31, 2024

**INVESTMENT NET ASSET VALUE AND INVESTMENT MANAGER FEES
FOR THE QUARTER ENDED March 31, 2024**

For the Quarter Ended March 31, 2024	NAV ² (\$) As of 3/31/24	Q1 - Total Fees (\$)	bps of NAV
Name of Fund			
Domestic Equity¹			
Aristotle Capital	189,027,923	175,246	9.27
BlackRock R1000 Index Fund	2,345,779,169	48,927	0.21
Kennedy Capital	168,432,748	317,957	18.88
Trust Co. of the West	181,563,560	175,245	9.65
William Blair Small Cap Growth	155,522,877	283,752	18.25
Total Domestic Equity	3,040,326,277	1,001,126	3.29
International Equity¹			
BlackRock MSCI World ex-US	994,803,796	60,149	0.60
Blackrock EMSA Index Fund	374,086,693	63,194	1.69
Bivium International Equity	422,313,817	706,948	16.74
Capital Group	440,302,857	157,770	3.58
Franklin Templeton Inv.	286,324,337	417,860	14.59
Mondrian	3,783,856	-	-
William Blair Emerging Market Growth	428,656,393	538,642	12.57
Total International Equity	2,950,271,750	1,944,562	6.59
Fixed Income¹			
Baird Advisors	1,191,720,918	200,249	1.68
Loomis Sayles	283,126,904	227,166	8.02
Brandywine Global FI	186,577,301	140,970	7.56
Total Fixed Income	1,661,425,122	568,384	3.42
Real Estate^{4, 5, 6}			
Total Real Estate	792,730,265	2,196,876	27.71
Private Equity^{4, 5, 6}			
Total Private Equity	1,141,122,037	4,055,640	35.54
Absolute Return^{4, 5, 6}			
Total Absolute Return	928,797,921	1,570,028	16.90
Real Assets^{4, 5, 6}			
Total Real Assets	677,471,728	1,050,994	15.51
Private Credit^{4, 5, 6}			
Total Private Credit	267,102,021	960,027	35.94
Cash*			
	148,449,448		
TOTAL⁷	11,607,696,570	13,377,637	11.52

Notes:

*Cash total includes the NAVs for the Parametric Cash Overlay account and the SSGA transition account

1. Domestic, International Equity, and Fixed Income managers' fees are based on staff validated manager invoices.

2. NAVs may use estimates at the time of this report's production.

3. Some accounts contain submanaged funds; the fees shown include all assets in the account.

4. Sometimes fees may be estimates. According to the Limited Partnership Agreements, management fees are based on committed amounts and/or assets under management.

5. Detailed records regarding these investments of public pension funds are exempt from disclosure under California Government Code Section 6254.26

6. 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.

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

**CONSULTANT/CUSTODIAN FEES
FOR THE QUARTER ENDED March 31, 2024**

	Q1 - Fees (\$)	Total (\$)
Consultant		
NEPC	187,500	187,500
Callan Associates	56,250	56,250
Verus Advisory, Inc.	129,167	129,167
Institutional Shareholders Services	12,500	12,500
Zeno Consulting Group	11,813	11,813
Sub-total Consultant	397,229	397,229
Custodian		
State Street Bank	137,900	137,900
TOTAL OF CONSULTANT / CUSTODIAN FEES ¹	535,129	535,129

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.



TO: Members of the Investment Committee

FROM: Agnes Ducanes – Administrative Specialist *AK Ducanes*

DATE: June 5, 2024

SUBJECT: Quarterly Report on ACERA’s Investment Products and Services Introductions (IPSI) Program

In the first quarter of 2024, Staff received 24 investment products and services inquiries from prospective providers. We met with 21 managers and service providers 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 second 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 first quarter of 2024.

ASSET CLASS	Q1 '24	Q2 '24	Q3 '24	Q4'24	TOTAL
U.S. Equities	0	0	0	0	0
Int'l Equities	11	0	0	0	11
Fixed Income	0	0	0	0	0
Real Estate	2	0	0	0	2
Private Equities	1	0	0	0	1
Absolute Return	0	0	0	0	0
Real Assets	1	0	0	0	1
Private Credit	4	0	0	0	4
Other Services	2	0	0	0	2
TOTAL:	21	0	0	0	21



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To: Members of the Investment Committee
From: Julius Cuaresma, Investment Analyst *JCC*
Date: June 5, 2024
Subject: Summary of Rebalancing and Cash Activities Completed in 1Q24

Recommendation:

Not Applicable – this is an informational report.

Background/Discussion:

1. For the quarter ending March 31, 2024 (“1Q24”), there was no Board action required to rebalance the Total Fund. 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, no rebalancing signals were received during the period. The Summary of Rebalancing and Cash Activities are reported to the Investment Committee on a quarterly basis.
2. Regarding significant cash flows for 1Q24, Staff implemented the following activity to manage excess cash, meet supplemental month-end retiree benefits, administrative payroll, capital calls and provide operating funds:
 - a. **Month-end payroll and Total Fund Withdrawals:** Staff withdrew a net \$57.0 million (M) from the ACERA Total Fund Cash Account (HI1A) to supplement month-end payroll for 1Q24. Staff wired out \$25.0 M in January, \$25.0 M in February, and \$25.0 M in March to ACERA’s JP Morgan Bank account. Fiscal Services wired in \$18.0 M to HI1A as subsequent employer contributions (\$1.0 M in January, \$1.0 M in February, and \$16.0 M in March). The reason for noting the incoming wires is not all employer contributions are received before the month-end and administrative payroll for that month.
 - b. **Capital Calls, Distributions:** In general, ACERA wired payments of \$61.7 M in aggregate to meet capital calls and fund ACERA’s privately placed investments. Distributions (e.g., cash, in-kind distributions and return of principal), totaled \$8.9 M. This dollar amount does not include other incidental income from other programs¹.
 - c. **Other Activity:** To meet current and future cash flow needs, Staff redeemed \$100.0 M from the U.S. Equity Passive Mandate (BlackRock Russell 1000) in February.

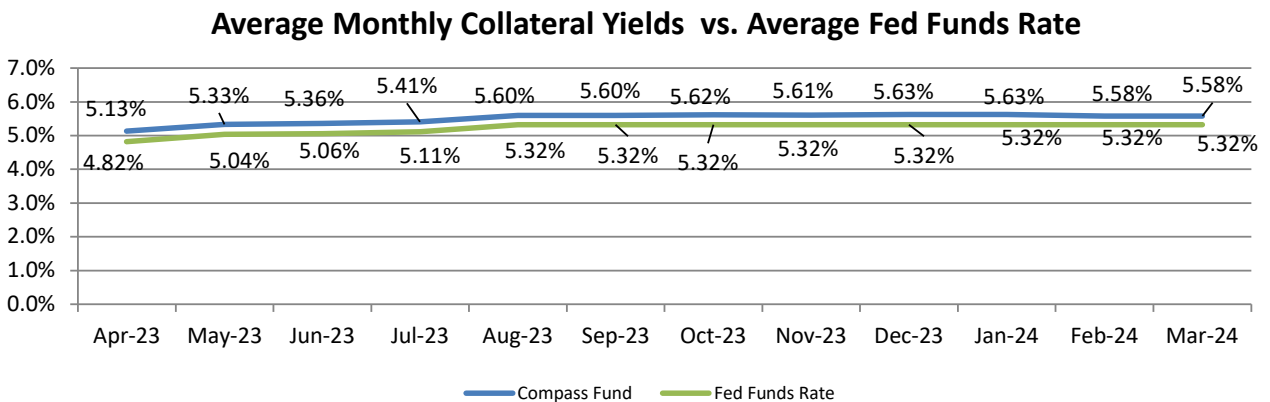
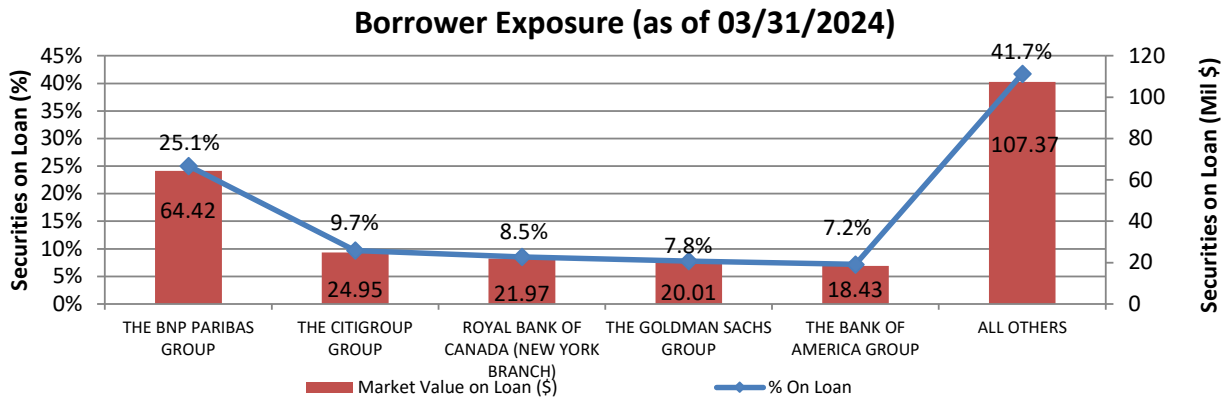
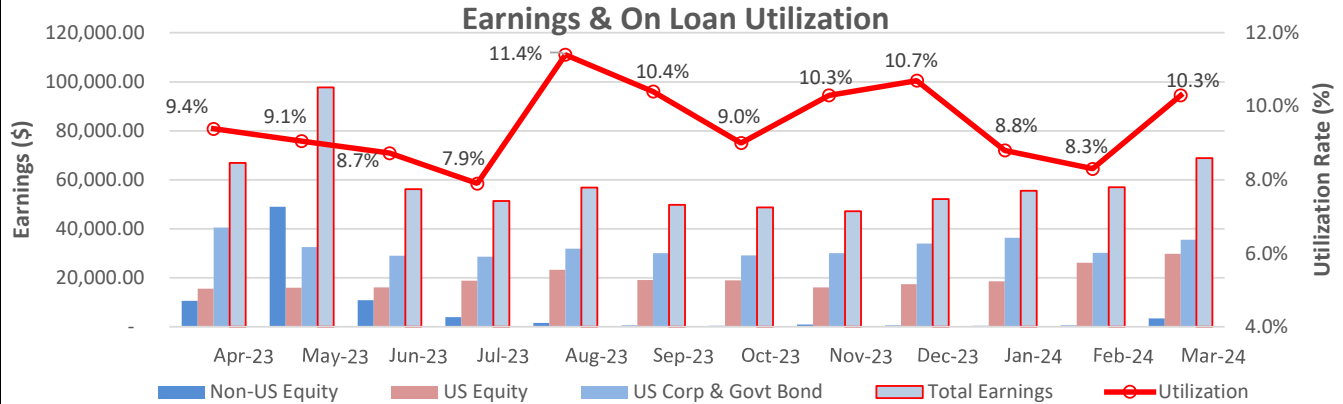
¹ Securities Lending Income, \$164.7 K, Securities Litigation Income, \$115.8 K, and Commission Recapture Income, \$1.9 K, totaled \$282.4 K (dividend and interest income from the traditional managed accounts are re-invested and calculated separately as part of the manager’s performance). This quarter-end data may be relatively different across other Staff reports due to the timing of when these actual cash flows occur.

Alameda County Employees' Retirement Association

1st Quarter 2024 Securities Lending Report

Quarterly Summary

In 1Q2024, ACERA's earnings from Securities Lending activities were \$181,476.50. Fixed Income/Bonds generated the highest earnings of \$102,268.04. The average value of securities on loan was \$222,052,203. The average lendable amount for the same period was \$2.4 billion. The BNP Paribas Group was the largest borrower of ACERA's securities with 25.1% or \$64.42 million.



Notes:

- 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 03/31/2024, ACERA's NAV per unit of the Compass Fund (1.0002). As of 03/31/2024, Compass Fund had 163,138,378.90 units.
- Data represents past performance and is not necessarily indicative of future results.
- Data Source: my.statestreet.com and Securities Finance Business Intelligence
- Securities Lending income will be wired into ACERA's unallocated cash account a few days after months end.

Securities Lending Report Provided by Staff



Investment Committee Workplan for 2024

June 5, 2024

Action Items

Information Items

Action Items	Information Items
January 3 (Meeting Cancelled)	1. Proposed 2024 Investment Committee Meeting Workplan (draft) – moved to the Board Meeting under “New Business”
February 7	1. Discussion and Possible Motion to Recommend that the Board approve an up to \$50 million Investment in PGIM Real Estate U.S. Debt Fund as part of ACERA’s Real Estate Portfolio, Pending Completion of Legal and Investment Due Diligence and Successful Contract Negotiations 2. 2024 Capital Market Assumptions 3. Investment Committee Work Plan 2024
March 6 (Meeting Cancelled)	
April 3 (Meeting Cancelled)	
May 1	1. Discussion of and Possible Motion to Recommend to the Board to Approve an up to \$50 million Investment in Heitman Value Partners VI as part of ACERA’s Real Estate Portfolio Pending Completion of Legal and Investment Due Diligence and Successful Contract Negotiations 2. Performance Review for the Period Ending December 31, 2023 – Total Fund Highlighting Public Markets Asset Classes 3. Education Session: Presentation of Asset Liability Study Findings and Discussion of Possible Asset Allocation Mixes
June 5	1. Discussion and Possible Motion to Recommend that the Board Authorize Staff to Extend its Custody Contract with State Street Bank and Trust Company for up to 2 years 2. Status Update – Review of Asset Allocation Mixes 3. Education Session: Private Credit

Notes:

1. This is a proposed WorkPlan and is subject to change. Periodic rearrangements of agenda items will be made to the workplan to provide a reasonable length of time for each meeting.
2. The updated WorkPlan will continue to be distributed to the IC on a quarterly basis.
3. Meeting date is assumed to be the first Wednesday of each month.



Investment Committee Workplan for 2024

June 5, 2024

Action Items

Information Items

	Action Items	Information Items
		<ol style="list-style-type: none"> 3. <i>Quarterly report of ACERA’s investment manager, consultant, and custodian bank fees for the first quarter of 2024</i> 4. <i>Quarterly report on ACERA’s rebalancing activities for the first quarter of 2024</i> 5. <i>Quarterly report on ACERA’s Directed Brokerage for the first quarter of 2024</i> 6. <i>Quarterly report on ACERA’s Securities Lending for the first quarter of 2024</i> 7. <i>Quarterly report on Investment Products and Services Introductions (IPSI) for the first quarter of 2024</i> 8. <i>Updated Investment Committee Work Plan 2024</i>
July 3	<ol style="list-style-type: none"> 1. Discussion and Possible Motion to Recommend that the Board to Adopt an Asset Allocation Mix 	<ol style="list-style-type: none"> 1. Semiannual Performance Review for the Period Ending December 31, 2023 – Real Estate 2. Semiannual Performance Review for the Period Ending December 31, 2023 – Private Equity 3. Semiannual Performance Review for the Period Ending December 31, 2023 – Private Credit 4. Semiannual Performance Review for the Period Ending December 31, 2023 – Absolute Return 5. Semiannual Performance Review for the Period Ending December 31, 2023 – Real Assets 6. Status Update for the Emerging Markets Equity Manager Search 7. Mid – year update on 2024 pacing plan implementation for Private Equity, Private Credit, Absolute Return, and Real Assets

Notes:

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Investment Committee Workplan for 2024

June 5, 2024

Action Items	Information Items
<p>August 7</p> <p>1. Discussion of and Possible Motion to Recommend to the Board to Adopt an Investment in ACERA’s Private Equity Portfolio – (Placeholder)</p>	<p>1. Review of Private Credit Policy (Placeholder)</p>
<p>September 4</p> <p>1. Discussion of and Possible Motion to Recommend to the Board to Approve the Finalists for ACERA’s Emerging Market Manager Search – International Equities (Placeholder)</p>	<p>1. Performance Review for the Period Ending June 30, 2024 – Total Fund Highlighting Public Market Asset Classes</p> <p>2. Education Session: ESG (Placeholder)</p> <p>3. <i>Quarterly report of ACERA’s investment manager, consultant, and custodian bank fees for the second quarter of 2024</i></p> <p>4. <i>Quarterly report on ACERA’s rebalancing activities for the second quarter of 2024</i></p> <p>5. <i>Quarterly report on ACERA’s Directed Brokerage for the first quarter of 2024</i></p> <p>6. <i>Quarterly report on ACERA’s Securities Lending for the first quarter of 2024</i></p> <p>7. <i>Quarterly report on Investment Products and Services Introductions (IPSI) for the second quarter of 2024</i></p> <p>8. <i>Updated Investment Committee Work Plan 2024</i></p>
<p>October 2</p> <p>1. Discussion of and Possible Motion to Recommend to the Board to Adopt an Investment in ACERA’s Private Equity Portfolio- (Placeholder)</p>	<p>1. Review of Directed Brokerage Policy (Placeholder)</p>
<p>November 6</p>	<p>1. Review of ESG Policy (Placeholder)</p> <p>2. Review of Placement Agent Policy (Placeholder)</p>

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Investment Committee Workplan for 2024

June 5, 2024

Action Items

Information Items

December 4	<ol style="list-style-type: none"> 1. Interview of the Finalists for ACERA’s Emerging Markets Manager Search – International Equities and Possible Motion by the Investment Committee to Recommend Finalist (s) to the Board (Placeholder) 2. Discussion of and Possible Motion to Recommend to the Board to Adopt an Investment in ACERA’s Private Equity Portfolio- (Placeholder) 3. Discussion of and Possible Motion to Recommend to the Board to Adopt an Investment in ACERA’s Real Estate Portfolio – (Placeholder) 4. Discussion of and Possible Motion to Recommend to the Board to Adopt the Proposed timeline, search criteria, and evaluation matrix for ACERA’s Small Cap Manager Search – International Equities (Placeholder) 	<ol style="list-style-type: none"> 1. 2025 Pacing Plans for Private Equity, Private Credit, Absolute Return, and Real Assets (Placeholder) 2. Semiannual Performance Review for the Period Ending June 30, 2024 – Real Estate 3. Semiannual Performance Review for the Period Ending June 30, 2024 – Private Equity 4. Semiannual Performance Review for the Period Ending June 30, 2024 – Private Credit 5. Semiannual Performance Review for the Period Ending June 30, 2024 – Absolute Return 6. Semiannual Performance Review for the Period Ending June 30, 2024 – Real Assets 7. CA Gov. Code § 7514.7 Information Report 8. Annual Update – ESG Implementation (Placeholder) 9. <i>Quarterly report of ACERA’s investment manager, consultant, and custodian bank fees for the third quarter of 2024</i> 10. <i>Quarterly report on ACERA’s rebalancing activities for the first quarter of 2024</i> 11. <i>Quarterly report on ACERA’s Directed Brokerage for the first quarter of 2024</i> 12. <i>Quarterly report on ACERA’s Securities Lending for the third quarter 2024</i> 13. <i>Quarterly report on Investment Products and Services Introductions (IPSI) for the third quarter of 2024</i> 14. <i>Updated Investment Committee Work Plan 2024</i>
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