



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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Date: September 9, 2015
To: Members of the Board of Retirement
From: George Wood – Chair
Subject: Summary of the September 9, 2015 Investment Committee Meeting

The Investment Committee met on Wednesday, August 12, 2015 at 9:36 a.m. The Committee members present were Dale Amaral, Keith Carson, Tarrell Gamble, Liz Koppenhaver, Elizabeth Rogers, Donald White, and George Wood. Also present was Alternate Safety member Darryl Walker. Members of the Staff present were Joseph Fletcher – Chief Counsel, Kathy Foster – Interim Chief Executive Officer, Harsh Jadhav – Chief of Internal Audit, and Betty Tse – Chief Investment Officer.

ACTION ITEM

There were no action items for discussion.

INFORMATION ITEMS

1. Review of Mondrian Investment Partners (Traditional)

- Representatives from Mondrian Investment Partners discussed its investment philosophy, investment strategy, portfolio characteristics, and performance. The review revealed Mondrian Investment Partners to be in compliance with ACERA's investment guidelines. For the periods ending 06/30/15, ACERA's account managed by Mondrian returned (net) 3.92% YTD, -6.38% for one year, and 7.61% annualized since inception. The assets in ACERA's account with Mondrian were \$588 million at 06/30/15.
- The review found Mondrian to be in compliance with ACERA's reporting requirements; however, staff will continue to closely monitor its performance as Mondrian remains on Watchlist and Probation.

2. Quarterly Performance Review for the Second Quarter of 2015 – Equities, Fixed Income, and Real Return Pool

- For 2Q2015, ACERA's Total Fund returned 1.2% (gross), compared to the policy index of 0.5%. For the year ending on June 30, 2015, the Total Fund returned 2.8% (gross) compared to the policy index of 3.2%. The Total Fund ranked in the 3rd and 62nd percentile for the quarter and one year periods, respectively. U.S. Equity accounted for 35.4% of the Total Fund, International Equity 28.6%, Fixed Income 15.8%, and the Real Return Pool 3.9%.
- For 2Q2015, ACERA's U.S. Equity, International Equity, Fixed Income, and Real Return Pool asset classes returned 1.5%, 1.0%, -1.6%, and 0.2% (gross) compared to their benchmarks 0.1%, 1.2%, -1.5%, and 1.5%, respectively. On a 1-year basis, these asset classes returned 8.3%, -4.1%, 0.6%, and -22.8%, respectively.

- As of 06/30/2015, the market value of the Total Fund was \$6,937,697,459.

3. Quarterly Performance Review for the First Half of 2015 – Real Estate

- The Chair welcomed Callan Associates, ACERA's new Real Estate Investment Consultant, as the representatives made their first presentation since being hired at the end of July 2015. Accordingly, Callan Associates presented a high level review of current market conditions and ACERA's real estate portfolio. Representatives suggested they would soon provide an overview of ACERA's real estate policy and investment plan to bring ACERA up to date with the current real estate environment.
- ACERA's real estate portfolio returned 8.5% (gross) for the first half of 2015, outperforming the NFI-ODCE index of 6.8%.
- As of the 2nd quarter of 2015, the real estate portfolio returned 5.1% and outperformed the NCREIF-ODCE index of 3.8%.
- The total market value of ACERA's real estate portfolio was \$469.8 million; approximately 6.8% of ACERA's total Fund.

TRUSTEE/PUBLIC INPUT

FUTURE DISCUSSION ITEMS

None

ESTABLISHMENT OF NEXT MEETING DATE

October 14, 2015 at 9:30 a.m.

ADJOURNMENT

The meeting adjourned at 11:24 a.m.