



COUNTY OF TULARE

BOARD OF RETIREMENT

Leanne Malison
Retirement Administrator

136 N AKERS STREET
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AGENDA OF THE BOARD OF RETIREMENT
INVESTMENT COMMITTEE MEETING
Wednesday, March 10, 2021 @ 10:30 a.m.
TCERA Board Room, 136 N. Akers Street, Visalia, CA 93291

NOTICE OF TEMPORARY PROCEDURES FOR BOARD OF RETIREMENT MEETINGS

On March 17, 2020, California Governor Gavin Newsom issued Executive Order N-29-20, relating to the convening of public meetings in light of the COVID-19 pandemic. The Tulare County Employees' Retirement Association (TCERA) hereby provides notice that it will continue to convene its regularly scheduled public meetings of the Board of Retirement in the Board Room at 136 N. Akers Street, Visalia, as provided in the publicly posted agenda notice, and until further notice.

Persons who wish to address the Board of Retirement during public comment or regarding an item that is on the agenda may address the Board of Retirement in person at the meeting. Members of the public may also submit public comment via email to BORPublicComment@tcera.org before the meeting. The comments received via email before the meeting will be read to the Board of Retirement in open session during the meeting as long as the comments meet the requirements for Public Comments as posted in the agenda. Persons wishing to listen to the meeting and/or participate in public comment remotely may call the TCERA Office during regular business hours (Monday through Friday, 8:00 a.m. to 5:00 p.m.) within 48 hours of the meeting at 559-713-2900 for login information. TCERA business hours are Monday through Friday, 8:00 a.m. to 5:00 p.m. Public comments are limited to any item of interest to the public that is within the subject matter jurisdiction of the Board of Retirement. (Gov't Code Section 54954.3(a).)

As a courtesy to those in attendance, all individuals are requested to place cell phones and other electronic devices in the non-audible alert mode.

I. CALL TO ORDER

II. ROLL CALL

III. PUBLIC COMMENT

At this time, members of the public may comment on any item not appearing on the agenda. Under state law, matters presented under this item cannot be discussed or acted upon by the Board at this time. For items appearing on the agenda, the public is invited to make comments at the time the item comes up for Board consideration. Any person addressing the Board will be limited to a maximum of five (5) minutes so that all interested parties have an opportunity to speak. Please state your name for the record.

IV. AGENDA ITEMS

1. Discussion and possible action regarding the following items:
 - a. Approve Investment Committee Minutes from February 10, 2021.
 - b. Asset Allocation Status
 - c. 2021 Investment Committee Goals and Objectives Timeline and 2021 Education Calendar
 - d. Asset/Liability Study
 - e. Rules-Based Investment Manager Scorecard
 - f. Investment Managers
 - 1) Verus Flash Report – All Managers
 - 2) Managers of Interest
 - a) Franklin Templeton – Manager Review
 - b) Sixth Street – Investment with Dyal Capital Partners
 - c) Boston Partners – Personnel Changes
 - g. Investment Consultant RFP Responses

V. UPCOMING MEETING

1. April 14, 2021, 10:30 a.m.

VI. ADJOURN

1. *In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Secretary of the Board of Retirement at (559) 713-2900. Notification 48 hours prior to the meeting will help enable staff to make reasonable arrangements to ensure meaningful access. Documents related to the items on this Agenda submitted after distribution of the Agenda packet are available for public inspection at TCERA, 136 N. Akers Street, Visalia, CA. during normal business hours.*



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MINUTES OF THE BOARD OF RETIREMENT INVESTMENT COMMITTEE MEETING Wednesday, February 10, 2021 @ 10:30 a.m. TCERA Board Room, 136 N. Akers Street, Visalia, CA 93291

I. CALL TO ORDER

The meeting was called to order at 10:30 a.m. by Gary Reed, Chair.

II. ROLL CALL

Voting Trustees Present:	Gary Reed, Cass Cook, Pete Vander Poel
Voting Alternate Trustees Present:	David Vasquez (in place of Nathan Polk)
Staff Members Present:	Leanne Malison, Retirement Administrator
Staff Members Participating Remotely:	Mary Warner, Assistant Retirement Administrator
Consultants Present:	Scott Whalen and Mike Kamell, Verus

III. PUBLIC COMMENT

1. At this time, members of the public may comment on any item not appearing on the agenda. Under state law, matters presented under this item cannot be discussed or acted upon by the Board at this time. For items appearing on the agenda, the public is invited to make comments at the time the item comes up for Board consideration. Any person addressing the Board will be limited to a maximum of five (5) minutes so that all interested parties have an opportunity to speak. Please state your name for the record.

Members of the public accessed the meeting remotely with no comment.

IV. AGENDA ITEMS

1. Discussion and possible action regarding the following items:
 - a. Approve Investment Committee Minutes from January 13, 2021.
Motion to approve the minutes as presented
Motion: Vasquez
Second: Cook
Motion passed unanimously.
 - b. Asset Allocation Status
Ms. Malison reviewed the report noting the current overweight to domestic and international equities due to recent positive performance. The asset classes are within the ranges allowed by TCERA policy and rebalancing considerations are under review.
 - c. 2021 Investment Committee Goals and Objectives Timeline and 2021 Education Calendar

Ms. Malison noted that the educational item requested for an “Investment Refresher Course” has been added to the calendar for March 24, 2021. Letters have been sent to the investment managers scheduled for presentations in 2021, notifying them that remote presentations are acceptable during the pandemic but in-person presentations will be expected when restrictions are lifted.

d. Investment Managers

1) Verus Flash Report – All Managers

Mr. Whalen reviewed the flash report noting the positive performance for the period.

Mr. Reed requested that Verus focus on specific performance measurement and expectations of managers as part of the quarterly performance reports presented to the Board.

2) Managers of Interest

a) Franklin Templeton – Manager Review

The manager continues to be monitored with the expectation of a performance recovery.

V. UPCOMING MEETING

1. March 10, 2021, 10:30 a.m.

VI. ADJOURN

The meeting was adjourned at 10:46 a.m.

Gary Reed, Chair



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TCERA, Board of Retirement Investment Committee

Agenda Item # IV. 1 b.

Agenda Date: March 10, 2021

Subject: Asset Allocation Status

Requests:

That the Investment Committee:

1. Discuss the current asset allocation status as compared to targets.
2. Make recommendations to the Board of Retirement as necessary.

Summary:

The Asset Allocation Comparison is provided as a reference tool for the Committee to note the current allocation as compared to target and to track new manager implementation and rebalancing activity. Depending on the date of the Investment Committee meeting, the report may not be available for distribution with the original packet of backup materials. The report will be provided as soon as the data is available from the custodian bank.

Prepared by: Leanne Malison



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TCERA, Board of Retirement Investment Committee

Agenda Item # IV. 1 c.

Agenda Date: March 10, 2021

Subject: 2021 Investment Committee Goals and Objectives Timeline and 2021 Education Calendar

Requests:

That the Investment Committee:

1. Discuss the Goals and Objectives Timeline and Education Calendar
2. Direct Staff to make revisions as determined by the Committee
3. Make recommendations to the Board of Retirement as necessary

Summary:

The Goals and Objectives Timeline is provided to assist the Committee in monitoring the progress of its goals and objectives for the year. The Education Calendar is provided to ensure that education items related to the Committee's goals and objectives are included in the presentation schedule for the year.

Prepared by: Leanne Malison

TCERA Investment Committee Goals and Objectives Timeline

Revised 3/2/2021

2021

January – March

Active/Passive Investment Panel – Scheduled for February 24, 2021.

Investment Refresher Course – At the Board meeting of January 27, 2021, the trustees directed Staff to arrange for an Investment Refresher Course to be provided as an educational opportunity during a future Board meeting. This has been placed on the calendar with a tentative date of March 24, 2021.

April – June

Asset/Liability Study – The asset liability study conducted every three years by the investment consultant is scheduled for presentation to the Board of Retirement on May 26, 2021.

Active/Passive Investment Analysis – As directed by the Board at its February 24, 2021 meeting. Scheduled for April 14, 2021 Investment Committee

July – September

Consideration of investment manager roundtable in 2021 as directed by the Board of Retirement at its meeting of July 8, 2020.

October – December

TCERA Board of Retirement 2021 Trustee Education Calendar

Month	Meeting Date	Education Topics
January	January 13 January 27	
February	February 10 February 24	12/31/20 Investment Report – Verus Active/Passive Investment Panel - Verus
March	March 10 March 24	BlackRock/BlackRock Alternatives (Fixed Income and Private Equity) Investment Refresher Course - Verus
April	April 14 April 28	PIMCO RAE Ivy Investments
May	SACRS – May 11-14 May 26	3/31/21 Investment Report – Verus Asset/Liability Study – Verus Strategic Asset Allocation Review - Verus
June	June 9 June 23	Boston Partners SGA
July	July 14 July 28	Pathway Pantheon Private Markets Review – Verus
August	August 11 August 25	Franklin Templeton DoubleLine 6/30/21 Investment Report - Verus

September	September 8 September 22	Invesco SSGA
October	October 13 October 27	
November	November 3 - due to SACRS SACRS Nov 9-12 November 17- due to Thanksgiving Holiday	Actuarial Valuation Report - Cheiron 9/30/21 Investment Report
December		Brown Armstrong – Audit Results

Expected 2022 Investment Manager Regular Biennial Presentations:

QMA
LMCG
Sixth Street (TSSP)
Stepstone
RREEF
Ocean Avenue
William Blair
KBI
PGIM
KKR
American Realty Advisors
MacKay Shields



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TCERA, Board of Retirement Investment Committee

Agenda Item # IV. 1 d.

Agenda Date: March 10, 2021

Subject: Asset/Liability Study

Requests:

That the Investment Committee:

1. Discuss the upcoming Asset/Liability Study in process with Verus
2. Provide Verus with specific questions and issues to be addressed as part of the study

Summary:

At its meeting of February 24, 2021, the Board of Retirement directed Staff to place this matter on the Investment Committee agenda. The Board requested that the Committee discuss the upcoming Asset/Liability Study with the investment consultant and provide input regarding questions and issues to be addressed as part of the study. Some of the topics suggested include:

1. Return expectations compared to TCERA's investment return assumption of 7.0%.
2. Risk/return considerations in asset allocation construction.
3. Appropriate level of risk for TCERA's portfolio.

The Committee is asked to provide the requested direction to Verus for the upcoming Asset/Liability Study.

Prepared by: Leanne Malison



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**TCERA, Board of Retirement
Investment Committee**

Agenda Item # IV. 1 e.

Agenda Date: March 10, 2021

Subject: Rules-Based Investment Manager Scorecard

Requests:

That the Investment Committee:

1. Review the attached Rules-Based Investment Manager Scorecard
2. Make recommendations to the Board of Retirement as deemed necessary

Summary:

The Board of Retirement recently discussed tools and information available to TCERA trustees to facilitate the review of its investment managers. One such tool available from Verus is a rules-based scorecard that provides analysis of managers based on a set of parameters developed by the client. The report could be provided periodically to assist in the Board's review of its managers. A sample of the report is attached for review.

Prepared by: Leanne Malison

Total Fund Watch List

Period Ending: December 31, 2020

Name	Allocation Group	Status	Rule 1	Rule 2	Rule 3	Rule 4	Rule 5	Rule 6	Rule 7	Rule 8
Manager A	Domestic Equity Large Cap Value	No Issues	R	R	✓	✓	✓	✓	✓	-
Manager B	Domestic Equity Small Cap	No Issues	R	R	R	R	R	R	R	-
Manager D	Domestic Equity Large Cap Growth	No Issues	R	✓	✓	✓	✓	✓	✓	-
Manager E	Domestic Equity	No Issues	✓	✓	✓	✓	✓	✓	✓	-
Manager F	International Equity	No Issues	✓	✓	✓	✓	✓	✓	✓	-
Manager 1	International Equity	No Issues	R	-	-	✓	✓	-	-	-
Manager 2	International Equity	No Issues	✓	✓	✓	✓	✓	✓	✓	-
Manager 3	International Equity	No Issues	R	R	✓	R	✓	R	✓	-
Manager K	Domestic Fixed Income	No Issues	✓	✓	✓	✓	✓	✓	✓	-
Manager L	Domestic Fixed Income High Yield	No Issues	R	✓	R	✓	✓	✓	✓	-
Manager T	U.S. Fixed Income	No Issues	R	✓	✓	✓	✓	✓	R	-
Manager V	Emerging Markets Fixed Income	No Issues	R	-	-	R	R	-	-	-
Manager W	Real Estate	No Issues	R	R	-	-	-	-	-	-
Manager X	Real Estate	No Issues	-	-	-	-	-	-	-	-
Manager Z	Real Estate	No Issues	R	-	-	-	-	-	-	-
Manager AA	Real Estate	No Issues	-	-	-	-	-	-	-	-

Rule 1 - Manager has underperformed the benchmark index for the one year period.

Rule 2 - Manager has underperformed the benchmark index for the three year period.

Rule 3 - Manager has underperformed the benchmark index for the five year period.

Rule 4 - Manager has underperformed the 50th percentile in the appropriate style universe for the one year period.

Rule 5 - Manager has underperformed the 75th percentile in the appropriate style universe for the one year period.

Rule 6 - Manager has underperformed the 50th percentile in the appropriate style universe for the three year period.

Rule 7 - Manager has underperformed the 50th percentile in the appropriate style universe for the five year period.

Rule 8 - Fund experiences non-performance related issues including personnel turnover, changes in investment philosophy or drift, excessive asset growth, change in ownership and any other reason that raises concern.

Total Fund Watch List

Period Ending: December 31, 2020

Name	Allocation Group	Status	Rule 1	Rule 2	Rule 3	Rule 4	Rule 5	Rule 6	Rule 7	Rule 8
Manager BB	Real Estate	No Issues	✓	✓	-	-	-	-	-	-
Manager Q	Real Estate	No Issues	R	R	R	-	-	-	-	-
Manager CC	Real Estate	No Issues	R	R	R	-	-	-	-	-
Manager DD	Real Estate	No Issues	R	R	R	-	-	-	-	-
Manager EE	Real Estate	No Issues	R	R	R	-	-	-	-	-
Manager FF	Real Estate	No Issues	✓	✓	-	-	-	-	-	-
Manager GG	Real Estate	No Issues	-	-	-	-	-	-	-	-
Manager HH	PE/Opportunistic	No Issues	✓	-	-	-	-	-	-	-

Rule 1 - Manager has underperformed the benchmark index for the one year period.

Rule 2 - Manager has underperformed the benchmark index for the three year period.

Rule 3 - Manager has underperformed the benchmark index for the five year period.

Rule 4 - Manager has underperformed the 50th percentile in the appropriate style universe for the one year period.

Rule 5 - Manager has underperformed the 75th percentile in the appropriate style universe for the one year period.

Rule 6 - Manager has underperformed the 50th percentile in the appropriate style universe for the three year period.

Rule 7 - Manager has underperformed the 50th percentile in the appropriate style universe for the five year period.

Rule 8 - Fund experiences non-performance related issues including personnel turnover, changes in investment philosophy or drift, excessive asset growth, change in ownership and any other reason that raises concern.



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**TCERA, Board of Retirement
Investment Committee**

Agenda Item # IV. 1. f.

Agenda Date: March 10, 2021

Subject: Investment Manager Review

Requests:

That the Investment Committee:

1. Review and Discuss manager performance as reported in the most recent Verus Flash Report.
2. Review and Discuss any Managers of Interest and other presented topics

Summary:

1. **Verus Flash Report** – The Flash Report provides the most current performance information provided by Verus. The Committee will periodically discuss individual managers and their performance as well as overall portfolio performance. The Flash report is prepared by Verus as soon as month end information is available from TCERA's managers and is generally available by the 15th of the month. Depending on the timing of the receipt of the investment data and the date of the committee meeting, the most recent month-end report may not be ready in time for distribution or discussion.
2. **Managers of Interest** – The Committee has requested a standing agenda item to discuss managers of interest in greater detail. Most often these will be current investment managers as listed on the Verus Flash Report that have reported firm/personnel changes or managers that require additional discussion or scrutiny.
 - a. Franklin Templeton – Manager Review
 - b. Sixth Street – Investment with Dyal Capital Partners
 - c. Boston Partners – Personnel Changes

Prepared by: Leanne Malison

Total Fund

Executive Summary (Net of Fees) - Preliminary

Period Ending: January 31, 2021

	Market Value	% of Portfolio	1 Mo	QTD	Fiscal YTD	Fiscal 2020	Fiscal 2019	Fiscal 2018	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	20 Yrs
Total Fund	1,786,510,868	100.0	-0.2	-0.2	13.6	0.6	6.0	7.5	8.6	5.7	9.0	6.8	--	--
<i>Policy Index</i>			-0.2	-0.2	12.9	3.2	7.0	7.4	10.2	6.9	9.7	--	--	--
Total Domestic Equity	520,336,334	29.1	-0.5	-0.5	23.6	4.2	7.6	16.6	18.5	11.0	15.9	13.1	--	--
Russell 3000			-0.4	-0.4	24.7	6.5	9.0	14.8	20.5	12.4	16.7	13.5	9.7	7.6
SSGA S&P 500 Flagship Fund	143,558,631	8.0	-1.0	-1.0	20.9	7.5	10.4	14.4	17.2	11.7	16.1	--	--	--
S&P 500			-1.0	-1.0	20.9	7.5	10.4	14.4	17.2	11.7	16.2	13.5	9.6	7.2
QMA Large Cap Core	77,982,566	4.4	0.4	0.4	19.1	3.8	6.6	16.0	13.5	8.5	14.3	13.0	--	--
S&P 500			-1.0	-1.0	20.9	7.5	10.4	14.4	17.2	11.7	16.2	13.5	9.6	7.2
Ivy Large Cap Growth	95,426,385	5.3	-2.6	-2.6	16.9	20.2	15.1	26.3	24.2	18.2	20.2	16.0	--	--
Russell 1000 Growth			-0.7	-0.7	25.2	23.3	11.6	22.5	34.5	19.9	22.2	16.8	12.4	7.9
Boston Partners Large Cap Value	70,608,870	4.0	-0.8	-0.8	22.4	-8.8	4.5	10.0	5.9	2.8	10.9	10.4	--	--
Russell 1000 Value			-0.9	-0.9	21.6	-8.8	8.5	6.8	4.1	4.4	10.7	10.2	7.0	6.7
SSGA Russell Small Cap Completeness Index	45,957,740	2.6	2.3	2.3	44.0	0.8	2.3	16.7	36.5	15.1	18.8	--	--	--
Russell Small Cap Completeness			2.3	2.3	44.1	0.9	2.4	16.9	36.7	15.2	19.0	13.4	10.2	9.1
William Blair SMID Cap Growth	45,368,067	2.5	1.1	1.1	32.9	6.1	10.1	23.6	32.9	17.9	20.9	15.7	--	--
Russell 2500 Growth			2.8	2.8	41.5	9.2	6.1	21.5	44.2	19.1	21.8	15.2	11.4	9.3
Lee Munder Small Value	41,434,075	2.3	0.0	0.0	31.8	-14.9	-4.7	8.9	8.2	2.8	9.7	8.1	--	--
Russell 2000 Value			5.3	5.3	44.0	-17.5	-6.2	13.1	16.4	5.1	12.3	9.2	6.7	8.7
Total International Equity	312,818,322	17.5	-0.4	-0.4	24.6	-4.0	3.5	6.1	15.9	3.9	11.1	4.9	--	--
MSCI ACWI ex USA Gross			0.2	0.2	24.8	-4.4	1.8	7.8	14.4	3.6	11.0	5.3	4.9	5.6
SSGA MSCI ACWI Ex US Index Fund	124,998,698	7.0	0.2	0.2	24.6	-4.5	1.5	7.5	14.4	3.3	10.8	5.1	--	--
MSCI ACWI ex USA			0.2	0.2	24.6	-4.8	1.3	7.3	14.0	3.1	10.5	4.8	4.4	5.2
PIMCO RAE Fundamental Global Ex US Fund	92,893,439	5.2	1.0	1.0	27.9	-14.9	-1.5	6.1	7.6	-1.6	8.9	--	--	--
MSCI ACWI ex USA Value			-0.2	-0.2	22.9	-15.3	-0.1	4.6	3.7	-2.4	7.3	2.5	2.8	4.6
SGA Global Growth	94,926,185	5.3	-2.3	-2.3	21.1	6.5	10.7	--	23.4	--	--	--	--	--
MSCI ACWI ex USA Growth			0.6	0.6	26.3	5.8	2.6	9.9	24.1	8.4	13.5	7.1	5.9	5.6

Policy (10/1/2020): 25% Russell 3000, 15% MSCI ACWI ex US, 3% MSCI ACWI, 17% BBgBarc US Aggregate, 5% JPM GBI Global, 5% (50% JPM EMBI Global Div/50% JPM GBI EM Global Div), 20% NCREIF-ODCE, 5% Private Equity Returns, 5% Private Credit Returns. Shenkman HY liquidated 3/11/19. PGIM EMD funded 8/26/19. Ocean Ave Fund IV funded 9/16/19. Gresham Commodity and Wellington Commodity liquidated 9/27/19. American Realty funded 12/20/19. Pathway Fund 10 funded 3/25/20. TAO Contingent funded 4/16/20. Aetos holdback value of \$93,982 included in total fund market value. All data is preliminary.

Total Fund
Executive Summary (Net of Fees) - Preliminary

Period Ending: January 31, 2021

	Market Value	% of Portfolio	1 Mo	QTD	Fiscal YTD	Fiscal 2020	Fiscal 2019	Fiscal 2018	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	20 Yrs
Total Global Equity	70,137,322	3.9	0.8	0.8	30.3	-3.6	1.9	8.0	14.8	5.6	14.1	--	--	--
MSCI ACWI Gross			-0.4	-0.4	23.7	2.6	6.3	11.3	17.6	8.5	14.2	9.5	7.4	6.5
Skellig Water Fund (aka KBI)	70,137,322	3.9	0.8	0.8	30.3	-3.6	1.9	8.0	14.8	5.6	14.1	--	--	--
MSCI ACWI			-0.5	-0.5	23.4	2.1	5.7	10.7	17.0	7.9	13.6	8.9	6.8	6.0
Total Fixed Income	486,290,972	27.2	-0.7	-0.7	3.4	2.9	7.2	-0.2	2.7	4.2	4.1	3.9	--	--
BBgBarc US Aggregate TR			-0.7	-0.7	0.6	8.7	7.9	-0.4	4.7	5.5	4.0	3.8	4.4	4.7
Total Domestic Fixed Income	312,161,401	17.5	-0.5	-0.5	2.5	7.3	7.6	0.1	5.3	5.6	4.8	4.3	--	--
BBgBarc US Aggregate TR			-0.7	-0.7	0.6	8.7	7.9	-0.4	4.7	5.5	4.0	3.8	4.4	4.7
BlackRock Fixed Income	112,638,329	6.3	-0.8	-0.8	1.2	9.1	8.0	-0.6	5.5	5.8	4.3	4.0	--	--
BBgBarc US Aggregate TR			-0.7	-0.7	0.6	8.7	7.9	-0.4	4.7	5.5	4.0	3.8	4.4	4.7
Doubleline Core Plus	97,103,912	5.4	-0.1	-0.1	3.1	4.1	7.0	0.2	3.3	4.5	4.0	--	--	--
BBgBarc US Aggregate TR			-0.7	-0.7	0.6	8.7	7.9	-0.4	4.7	5.5	4.0	3.8	4.4	4.7
Mackay Shields Core Plus	102,419,160	5.7	-0.7	-0.7	3.4	8.5	7.4	-0.2	7.0	6.1	5.3	--	--	--
BBgBarc US Aggregate TR			-0.7	-0.7	0.6	8.7	7.9	-0.4	4.7	5.5	4.0	3.8	4.4	4.7
Total Global Fixed Income	86,013,306	4.8	-1.0	-1.0	-0.7	-7.9	6.1	-1.4	-6.4	-1.8	1.0	--	--	--
JPM GBI Global TR USD			-1.3	-1.3	3.4	5.2	5.7	1.7	6.3	4.0	4.0	2.3	3.9	--
Franklin Templeton Global Bond Plus	86,013,306	4.8	-1.0	-1.0	-0.7	-7.9	6.1	-1.4	-6.4	-1.8	0.9	--	--	--
JPM GBI Global TR USD			-1.3	-1.3	3.4	5.2	5.7	1.7	6.3	4.0	4.0	2.3	3.9	--
Total Emerging Markets Fixed Income	88,116,264	4.9	-1.2	-1.2	11.3	-2.4	--	--	3.1	--	--	--	--	--
50% JPM EMBI Global Div/50% JPM GBI EM Global Div			-1.1	-1.1	8.1	-1.1	10.8	-1.9	2.8	3.0	6.7	3.9	5.8	--
PGIM Emerging Markets Debt	88,116,264	4.9	-1.2	-1.2	11.3	--	--	--	3.1	--	--	--	--	--
50% JPM EMBI Global Div/50% JPM GBI EM Global Div			-1.1	-1.1	8.1	-1.1	10.8	-1.9	2.8	3.0	6.7	3.9	5.8	--
Total Real Estate	180,493,368	10.1				5.3	6.7	7.6	1.1	4.8	5.8	8.3	--	--
NCREIF-ODCE						2.2	6.4	8.4	1.2	4.9	6.2	9.9	6.4	7.5
RREEF America II	165,436,183	9.3				5.3	6.6	7.4	1.1	4.7	5.8	9.9	--	--
NCREIF-ODCE						2.2	6.4	8.4	1.2	4.9	6.2	9.9	6.4	7.5
American Realty	15,057,185	0.8				--	--	--	1.6	--	--	--	--	--
NCREIF-ODCE						2.2	6.4	8.4	1.2	4.9	6.2	9.9	6.4	7.5

Policy (10/1/2020): 25% Russell 3000, 15% MSCI ACWI ex US, 3% MSCI ACWI, 17% BBgBarc US Aggregate, 5% JPM GBI Global, 5% (50% JPM EMBI Global Div/50% JPM GBI EM Global Div), 20% NCREIF-ODCE, 5% Private Equity Returns, 5% Private Credit Returns. Shenkman HY liquidated 3/11/19. PGIM EMD funded 8/26/19. Ocean Ave Fund IV funded 9/16/19. Gresham Commodity and Wellington Commodity liquidated 9/27/19. American Realty funded 12/20/19. Pathway Fund 10 funded 3/25/20. TAO Contingent funded 4/16/20. Aetos holdback value of \$93,982 included in total fund market value. All data is preliminary.

Total Fund
Executive Summary (Net of Fees) - Preliminary

Period Ending: January 31, 2021

	Market Value	% of Portfolio	1 Mo	QTD	Fiscal YTD	Fiscal 2020	Fiscal 2019	Fiscal 2018	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	20 Yrs
Total Private Equity	83,596,961	4.7				5.4	17.8	17.1	8.6	14.3	12.3	12.7	--	--
Private Equity Benchmark						5.4	17.8	17.1	8.6	14.3	12.3	12.7	--	--
BlackRock Alternative Advisors	2,811,602	0.2				8.1	8.8	12.6	-4.6	7.7	7.1	9.4	--	--
Ocean Avenue Fund III	21,344,055	1.2				13.7	35.4	43.3	10.7	28.0	--	--	--	--
Ocean Avenue Fund IV	8,679,527	0.5				--	--	--	5.0	--	--	--	--	--
Pantheon Ventures	396,833	0.0				-23.1	5.6	7.7	-4.8	-6.2	-1.3	3.8	--	--
Pathway Private Equity Fund Investors 8	24,169,771	1.4				4.9	26.4	26.6	19.6	22.0	--	--	--	--
Pathway Private Equity Fund Investors 9	13,817,317	0.8				0.0	22.0	--	6.9	--	--	--	--	--
Pathway Private Equity Fund Investors 10	1,212,649	0.1				--	--	--	--	--	--	--	--	--
Stepstone Secondary Opportunities Fund II	11,165,207	0.6				-0.5	2.1	8.6	-1.8	2.0	5.4	--	--	--
Total Private Credit	73,268,999	4.1				-4.5	11.2	7.9	3.5	8.0	--	--	--	--
Private Credit Benchmark						-4.5	11.2	7.9	3.5	8.0	--	--	--	--
Sixth Street DCP (frmly TSSP DCP)	73,268,999	4.1				-4.5	11.2	7.9	3.5	8.0	--	--	--	--
Total Opportunistic	16,888,387	0.9				-6.2	-6.2	28.8	-4.6	3.1	4.7	--	--	--
Sixth Street TAO Contingent (frmly TSSP TAO Contingent)	13,226,464	0.7				--	--	--	--	--	--	--	--	--
KKR Mezzanine Partners I	3,601,963	0.2												
PIMCO Bravo	59,960	0.0												

Policy (10/1/2020): 25% Russell 3000, 15% MSCI ACWI ex US, 3% MSCI ACWI, 17% BBgBarc US Aggregate, 5% JPM GBI Global, 5% (50% JPM EMBI Global Div/50% JPM GBI EM Global Div), 20% NCREIF-ODCE, 5% Private Equity Returns, 5% Private Credit Returns. Shenkman HY liquidated 3/11/19. PGIM EMD funded 8/26/19. Ocean Ave Fund IV funded 9/16/19. Gresham Commodity and Wellington Commodity liquidated 9/27/19. American Realty funded 12/20/19. Pathway Fund 10 funded 3/25/20. TAO Contingent funded 4/16/20. Aetos holdback value of \$93,982 included in total fund market value. All data is preliminary.

Leanne C Malison

From: Scott Whalen <SWhalen@verusinvestments.com>
Sent: Monday, February 22, 2021 2:47 PM
To: Leanne C Malison
Cc: Michael Kamell
Subject: RE: [EXT] Sixth Street LP Communication
Attachments: Sixth Street LP Communication Feb 15.pdf

Hey Leanne:

As expected, I had a call with Brian D'Arcy on Friday to discuss the issue between Sixth Street and Dyal.

I had four points to cover listed below.

Point 1 – Explain in your own words what is happening

Brian pointed out that because there are legal proceedings underway, he is not able to go “off script” and referred generally to their February 15th communication (attached here for your convenience). He added they heard about the Dyal/Owl Rock tie up through the media and were largely rebuffed when they tried to address the contractual issues, which led them to file the lawsuit.

Point 2 – What is Sixth Street’s primary objection?

He reiterated that for Sixth Street, the sole issue is being owned by a competitor that could disadvantage their LPs in a number of ways. Their legal complaint is based on Dyal’s contractual guarantee that they would not transfer ownership of their stake in Sixth Street without Sixth Street’s consent.

Point 3 – How does this situation differ from Dyal’s passive interest in other Sixth Street competitors (e.g., HPS, Golub)

Those are passive ownership stakes that Sixth Street has no problem with because they cause no competitive disadvantage. With the Owl Rock transaction, Dyal and Owl Rock plan to combine into a new entity (Blue Owl) that will subsume Dyal’s ownership stake in Sixth Street, thereby giving a competitor potential informational advantage over Sixth Street.

Point 4 – How does Sixth Street respond to concern about management distraction?

The legal proceedings are being managed by outside counsel and Sixth Street’s COO, who has no portfolio management responsibility. Involvement from the investment management team will be limited to a select set of senior partners, and they will only become involved when weighing in on advice from counsel at specific decision points in the proceedings. They are mindful of the distraction issue and determined to manage it effectively.

My primary concern is that the investment team may become distracted from their portfolio management responsibilities. This concern is mitigated by my impression that Sixth Street is highly sensitized to the issue and determined to not let it happen. I still think very highly of Sixth Street in general, and while the current situation is unfortunate, it is not the result of any shortcoming on Sixth Street’s part.

I will continue to monitor the situation and keep you informed of any further material developments, as well as take this issue into consideration prior to recommending any further commitments with Sixth Street funds. As always, please don’t hesitate to let me know if you have any follow-up questions or care to discuss.

Best,

Scott

From: Scott Whalen
Sent: Monday, February 15, 2021 3:01 PM
To: Leanne C Malison <LMalison@tularecounty.ca.gov>
Cc: Michael Kamell <MKamell@verusinvestments.com>
Subject: FW: [EXT] Sixth Street LP Communication

Hi Leanne:

I suspect you received this notice about Sixth Street's recent issue with Dyal, their strategic partner with a sizable ownership stake. My primary concern in situations like this is potential management distraction. I have a call into Brian to get additional insight on that front, but I suspect we won't get much and will just have to continue to monitor. Stay tuned.

Best,

Scott

From: D'Arcy, Brian [Sixth Street] <BDarcy@sixthstreet.com>
Sent: Monday, February 15, 2021 6:00 AM
To: D'Arcy, Brian [Sixth Street] <BDarcy@sixthstreet.com>
Subject: [EXT] Sixth Street LP Communication

CAUTION: This email originated from outside of Verus. Do not click links or open attachments unless you recognize the sender and know the content is safe.

To Our Limited Partners:

Please see attached a communication from Sixth Street to all Limited Partners.

Best Regards,
Brian

Brian D'Arcy
Sixth Street
345 California St., Suite 3300
San Francisco, CA 94104
Tel: (415) 743-1538
Fax: (415) 438-1383
bdarcy@sixthstreet.com



www.sixthstreet.com/

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Leanne C Malison

From: Margiotti, Carolyn <cmargiotti@boston-partners.com>
Sent: Thursday, February 11, 2021 11:39 AM
To: Leanne C Malison
Cc: Butner, Kristin
Subject: Boston Partners Large Cap Value Update

Hello Leanne,

It was a pleasure catching up with you yesterday. As a follow up to our discussion, I am providing a brief summary of the team update we discussed for the Boston Partners Large Cap Value Equity strategy.

Effective February 1, 2021, Josh White was added as an additional portfolio manager on the strategy. Josh is a 15-year veteran of Boston Partners who began his investment career with the firm. Josh has managed money for our clients for the last 9 years most recently serving as a portfolio manager on our global team. During that time, Josh has also been a portfolio manager on two of our long-short strategies. In addition to portfolio management responsibilities, Josh spent 12 years as a research analyst with Boston Partners focusing on industrial and other cyclical sectors. Josh long ago established his credentials within the firm as a talented investor and an ardent proponent of the Boston Partners philosophy and process. As such, we have total confidence Josh will be a great addition to the team. Josh's current responsibilities on our global team will be absorbed by existing members of that team.

Josh joins Mark Donovan, David Cohen, Stephanie McGirr and David Pyle on the large cap team, which Mark continues to oversee. This development is unambiguously favorable for our clients, our firm, and our performance prospects. Mark's continued leadership provides experience and continuity to a well-resourced team that now welcomes Josh's stock selection skills.

The **Boston Partners Large Cap Value** strategy had a very strong Q4 2020 (as well as YTD as of 2/11/21), and is over 700 basis points ahead of the Russell 1000 Value Index over the last ~10 months.

Results Since March Market Bottom to Date

3/19/2020 – 2/5/2021

	<u>Return</u>
Tulare County Employees' Ret Assoc	64.30
Russell 1000 Value Index	57.21
Difference	7.09

As always, please don't hesitate to reach out with any follow up questions or if you need any further information.

Best regards,
Carolyn

Carolyn Margiotti, CFA

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TCERA, Board of Retirement Investment Committee

Agenda Item # IV. 1 g.

Agenda Date: March 10, 2021

Subject: Investment Consultant RFP Responses

Requests:

That the Investment Committee:

1. Review the proposals from investment consulting firms submitted in response to TCERA's RFP.
2. Make a recommendation to the Board of Retirement regarding the selection of finalists.

Summary:

On November 23, 2020, the Board of Retirement issued a Request for Proposal (RFP) for investment consulting services. Four qualified firms submitted proposals in response to the RFP:

1. And Co
2. Meketa
3. NEPC
4. Verus

The Board of Retirement directed the Investment Committee to review the proposals and provide a recommendation regarding the selection of finalists. The finalists selected by the Board of Retirement will be requested to make presentations at a future Board meeting, tentatively scheduled for April 28, 2021. The Board indicated that if the COVID pandemic restricted the ability of the finalists to make presentations in person, the presentation date would be delayed until such restrictions are lifted.

Staff has prepared a summary of the proposals to assist in the review of the information provided by each firm. The proposals and the summary are included as backup to this agenda item.

Prepared by: Leanne Malison

TCERA INVESTMENT CONSULTANT RFP RESPONSE SUMMARY

RFP SECTION	AND CO	Meketa	NEPC	VERUS
Mandatory Requirements	Yes	Yes	Yes	Yes
Insurance Requirements	Exception Requested	Yes	Yes	Yes
A. Organization				
History	Est 2000, 100% Employee Owned	Est 1974, Incorporated 1978, owned by senior professionals	LLC Est 1986, 100% employee owned, 44 partners	Subchapter S Corporation - Est 1986, employee owned
Org Chart	Provided	Provided	Provided	Provided
Lines of Business/Revenue	100% Institutional Investment Advisory Services	100% Institutional Investment Advisory Services	100% Advisory and discretionary investment consulting.	100% investment consulting - 85% non-discretionary, 15% discretionary (OCIO)
Client/Consultant Ratio	Varies depending on experience, portfolio, complexity, meetings, and travel	3-8 average	5:1	Average is 6:1 but varies based on complexity of clients. Scott Whalen is responsible for 5 clients.
Location/Staff	Orlando FL - multiple state satellites	Boston MA - multiple state satellites	Boston, MA - multiples state satellites	Seattle, WA with multiple satellite offices
Address/Team Members	Trevor Jackson - Resides in LA, Reno NV office	David Sancewich (Portland), Eric White (Sacramento/San Diego), Paola Nealon (Portland)	Dan Hennessy - Redwood City CA	Scott Whalen - Los Angeles, CA
Team Experience	Jackson - 2+ with AndCo, 27 ttl yrs exp (includes exp with Summit, Wilshire and SEI. Supporting team member Misha Bell - 11 ttl yrs exp at AndCo	Primary David Sancewich - 16 with Meketa, 20 total, team -2	Dan Hennessy - 9 years consulting/20 years investing, 6 years with firm, Don Stracke - 20 years consulting/35 years investing, 11 with firm	Scott Whalen - 19 years exp and with Verus, Mike Kammell - 10 years exp and with Verus, Jeff MacLean - 32 years exp with 28 at Verus.
Financial Condition	Profitable with debt levels within industry standards	Annual revenue increased in 19 of last 20 yrs	Profitable with increasing revenue for 34 years, no significant debt	Well capitalized, little debt, measured growth
SEC Registration Status	Registered Investment Adviser	Registered Investment Adviser	Registered Investment Advisor	Registered Investment Advisor
Regulatory Censures	None	None	None	None
Regulatory Investigations	None	Various 2002/2003, 2012/2013, 2016	SEC and DOL routine audits	None
Litigation	None	2020 Class Action - fiduciary duty	Will only disclose what is in ADV	None
Fiduciary Status	Accepted	Accepted	Accepted	Accepted
Code of Ethics	CFA Code of Ethics + internal guidelines	CFA Code of Ethics + internal guidelines	CFA Code of Ethics + internal guidelines	CFA Code of Ethics + Verus Code of Ethics and Policies and Procedures Manual
Insurance Coverage	\$15M Professional Liability, \$2M General Liability, \$5M Cyber, \$1M Fidelity, \$1M WC, \$4M Umbrella, \$1M Auto	\$20M E&O, \$25M ERISA, \$5M Liability, \$3M Cyber	\$25M E&O, \$10M Umbrella, \$5M Cyber + others	\$10M E&O, \$10M D&O, \$2M Cyber + others
Business Objectives				
Asset Limits	None - will seek strategic acquisitions and hires	None	None - growth at controlled pace	None - leadership manages workload

Client Cap	None	None	None but turn down business if not staffed to service	None - leadership manages workload
Max assets/clients per consultant	None - ratios dependent on consultant capacity ratio	None	Generally 5:1	Average 6:1
Expected firm changes	Strategic Growth	Strategic Growth	Remain independent - mergers or acquisitions expected.	No current plans for mergers or acquisitions
Staff Turnover	Additions: 1-2018, 1-2019, 3-2020 Departures: 2-2018 (retirement), 3-2019 (1 job opportunity, 1 personal reasons, 1 retirement), 1=2020 (retirement)	Additions: 16-2019, 2-2020, Departures: 1-2018 (job opportunity), 5-2019 (job opportunity), 2-2020 (job opportunity)	Additions: 5-2018, 3-2019, 3-2020 Departures: 8-2018, 3-2019 (1 retirement), 7-2020	Additions: 2-2018, 2-2019, 4-2020 Departures: 2017-1 (other opportunity), 2018 (relocated), 2019-2 (1 retired, 1 left industry), 2020-3 (2 retired, 1 personal reasons)
Compensation/Incentives	Base salary + bonus tied to job responsibilities and overall firm success, equity eligibility at 5 yrs	Base salary + incentives and profit sharing, senior staff equity	Salary + Benefits and Profit Sharing - tied to employee performance and success of the firm. Senior employees participate in equity program.	Base Salary + performance bonus tied to client servicing and business plan. Equity ownership provides retention incentive (1/3 of personnel are equity owners)
Hard/Soft Dollar Compensation Sources	Client investment fees only.	Client investment fees only.	No soft dollar arrangements - 100% client fees.	100% client fees
Client use of firm related providers	None	none	Consulting Services to two firms whose parent or subsidiary organizations are in the financial services industry. Research on external investment managers provided to one firm. Total less than 1% of revenue.	None
Disaster Recovery Plan	Provided	Provided	Provided	Provided

B. Assets Advised

Clients/AUM	690 clients, \$96 billion AUM	216 Retainer Clients, \$1.5 trillion/72 Discretionary clients, \$39.5 billion		160 Clients - 145 Non-Discretionary (\$434 billion AUM), 15 Discretionary (\$4 billion AUM)
Client List	Provided	Provided	Unable to provide full list - representative list provided.	Provided public fund client list, others are confidential
Turnover	Won/Lost List Provided	Won/Lost List Provided	Won/Lost List Provided	Won/Lost List Provided
References	El Paso Firemen and Policemen's Pension Fund, Oklahoma Firefighters Pension & Retirement System, Prince George's County Pension Plans	San Joaquin County ERA, Oakland Police and Fire, East Bay Municipal	StanCERA, City and County of S.F., Santa Clara Valley Trans Auth	San Luis Obispo County, Contra Costa County, Fresno County

C. Philosophy and Process

Philosophy	Structuring, maintaining, and updating portfolios that aim to help provide our clients the greatest probability of achieving their unique goals and objectives. - Three main components: strategic asset allocation, opportunistic asset allocation, active & passive management.	Long-term approach. Asset allocation is largest determinant of a fund's performance. Diversify broadly to protect against a wide variety of risks. Approach new investment strategies or fads with skepticism. Succeed with careful planning, attention to detail, using the best people, moderating risks, and minimizing fees and expenses.	Client-focused approach.	Return objectives, tolerance for risk and the strategic mission of the enterprise guide decision-making and drive strategic asset allocation. Good results achieved by managing uncertainty using risk mgt and investment toolkit combined with discipline of humility. Analyze risk-free rates and risk premia. Simplicity is preferable - complexity evaluated. Manage fees and costs.
Strengths/Advantages	Reinvestment of profits, customization, independence, passion	Independent, Objective Advisors, Public Fund Exp, Client Success, Investment Thought Leaders, Customized Investment Solutions, Intensive Client Service, Risk-focused approach to asset allocation, robust manager research	Independent, Research-Driven, Forward-Looking, Creative, Focused	Pure consulting focus, extensive public fund experience, dedicated resources for Alternative Investment research, research focus, boutique-sized firm, risk focus.
Experience	Experience assessing and understanding portfolio's investment objectives, risk tolerance and liquidity requirements.	Comprehensive Reviews of each new client	Familiar with existing managers	34-year history of consulting for state and county level plans.
Methodology - Asset Allocation, A/L Reviews/Managers				
Theory and Methodology	Determine Assumptions, Computer Modeling, Qualitative Overlay, Report Formulation, Policy Update	Quantitative and Qualitative, Risk-Return construction - return, volatility, correlation	Investment Policy is cornerstone of the investment program, in-depth annual research review.	Stochastic modeling, risk budgeting, scenario analysis, stress testing, risk decomposition to determine optimal solution while considering client's risk tolerance, investment objectives, and anticipated spending and cash inflows.
Capital Markets Model	JP Morgan Long-Term Capital Market Assumptions	Proprietary model	Internally generated, 10-year and 30-year forecast	Strategic Research Group develops proprietary 10 and 30 year capital markets assumptions.
Model Inputs	Asset Classes based on asset allocation study	Standard inputs unless customized classes	Expected returns (economic growth, inflation, yield, valuation, etc.), risk and correlation assumptions.	Building block approach based on academic and practitioner research and historical behavior of markets. May be customized based on client guidelines.
Current Model	Provided	Provided	Provided	Provided
Frequency of Review	Each client meeting - Formal review annually	Formal analysis annually, review quarterly	Formal annual review	Asset allocation - annual, Asset/Liability Study - every 3-5 years.
Samples	Provided	Provided	Provided	Provided
5-year History of Capital Markets Assumptions	Provided	Provided	Provided only current information	Provided

			Review strategic asset allocation every 3-5 years (annually if necessary for private market implementation. Tailored to client's circumstances - well diversified portfolios with less reliance on public equity allocations. Would expect a recommended increase in private markets for TCERA's portfolio plus allocation to infrastructure.	No model portfolio. Recommendations are customized for each client based on investment background of staff and trustees, objectives of plan, time horizon, philosophy, risk tolerance, and governance. Sample allocations provided.
Development of Target Allocation/Sample	No default strategy - completely customized. Current asset class ranges provided	Start with current allocation policy. Evaluate, Constrained MVO, risk, expected performance, liquidity needs, communication with client		
View on Tactical/Dynamic Asset Allocation	Opportunistic - limited-term (12-36 months) as allowed by adopted investment policy, Dynamic - consider it market timing and do not recommend it.	Tactical asset allocation may be implemented on a stand alone basis by TAA manager during volatile markets.	Focus on long-term but will support tactical and opportunistic approaches.	Tactical allocation (near-term) is difficult/risky. "Stratcal" tilts may be recommended as opportunities arise.
Alternative Investment Mgr Experience	Since firm's inception in 2000, 50% of the Research Department is responsible for alternative and private investment research	Since 1999 - 39 staff	26 years of experience - 812 searches in last three years. Alternative Asset Committee	Dedicated resources for alternative investment consulting. Provided list of staff experience/education.
Implementation of Alternatives	Customized - 5%-15% for each general alternative class.	For TCERA - combination of fund of funds and direct investments, minimum 5% to each selected asset class, possible max at 6-7% until fund grows.	Did not address implementation question - discussed research capabilities	No specific percentages. Noted that as TCERA grows, a greater range of options exist for implementation. Direct investment should be employed when feasible (depends on plan size). Discretionary option is available if in-house staff is limited (like TCERA).
Leverage	Only as implemented by alternative investment managers	Evaluates leverage use by each manager	Leverage implemented with individual managers. Leverage implemented in risk parity approach using third party.	There will be implicit leverage embedded in alternatives portfolios which is appropriate for the asset class. Explicit leverage (total fund level) may be used in highly specialized cases and include Portable Alpha and Risk Parity.
Rebalancing Approach	As dictated by investment policy - clear structure that allows some flexibility	Use cash flows first and rebalance only as necessary - frequent rebalancing incurs transaction costs.	Strategic (staying with target allocation ranges) and Tactical (response to exceptional market developments) rebalancing	Recommend a clearly defined rebalancing policy to eliminate behavioral bias.
Active/Passive Investment View	Customized - "Core/Satellite" approach, passive management weighted in efficient asset classes.	Use of passive management in efficient asset classes, active management may add significant value in other asset classes - active and passive management can co-exist.	Healthy balance of active and passive. Active is most successful in global equity, EM equity, hedge funds and private markets.	Combination of active and passive management - passive recommended for efficient areas (e.g. large cap US equities).
Recent Recommendations due to Market Conditions	No examples provided - Opportunistic investments may be recommended	Low rate environment requires careful risk analysis to determine how to meet objectives. Consider barbell approach, emphasizing higher risk assets along with risk mitigating strategies (RMS). Defensive position due to high valuations.	Recommended increase in equity and credit to take advantage of expected return differentials over Treasuries. As volatility increased, recommended safe haven investments and liquidity.	Short-term - First quarter of 2020 was a "risk off" environment. Second quarter monetary and fiscal stimulus resulted in a "risk on" environment. Looking at reducing core real estate investments due to lagging valuations in favor of opportunistic funds.

Risk Assessment	Compliance Risk, Manager Risk, Operational Risk, Liquidity Risk. Public Pension concerns: funding status volatility, liquidity, leverage, volatility	Multiple risk factors: volatility, permanent impairment of capital, failure to meet return targets, underperforming peers - each client is unique. Public fund risks: Publicity, funding/regulation, investment return, interest rates, state budget, governance/conflicts of interest.	Begins with "what can go wrong?" Use risk budgeting analyzing each the contribution of each asset class to overall risk. Manage liquidity.	Risk factor evaluation - equity risk, interest rate risk, credit risk, inflation risk, and currency risk. Attribute anticipated volatility, active risk, value at risk, and scenario profit and loss. Take into account liquidity requirements, scenario analysis and stress testing, downside risk protections strategies and risk budgeting.
Consulting Firm's Performance Evaluation	Benchmark and peer comparison performance. Character based factors: trust, integrity, conviction, respect, performance and retention	Investment performance, level of diligence, quality of service.	Success in primary objectives - 1. earn higher returns 2. stabilize those returns.	Quantitative - attainment of Plan's enterprise objectives (return, risk, funded status, and contribution volatility). Somewhat difficult to analyze because not all recommendations are implemented by a client. Qualitative - level of trust, strength of relationship, clear communication, timely deliver of information, responsiveness, quality of education provided, knowledge of plan details, knowledge of markets and market dynamics.
Manager Fees - Performance/Asset Based	Not a fee reduction approach. Valuable opportunity to align client and manager interests and encourages patience during short-term manager underperformance.	Each manager relationship evaluated to determine appropriate structure.	Performance based fees are not intended to boost performance but may serve the interests of the program in some cases. May also negotiate special fee arrangements based on combined invested assets of all NEPC clients.	Manager fees should not only be minimized but should be justified. Performance-based fees work well when the break-even is more favorable than the flat fee. MFN clauses are difficult to negotiate into and agreement and difficult to monitor. Customized fee solutions are more beneficial.
D. Manager Measurement and Evaluation				
Monitoring and Analysis Process	Quarterly compliance questionnaires, category reviews, Investment Policy Committee scorecard. Consultant communicates with client re:managers. Use multiple databases.	Performance monitoring, statutory and regulations compliance, manager guideline compliance. Quarterly questionnaires, monthly data gathering, custom portfolio benchmarks and manager level benchmarking (market, style, peer group)	Manager research and search process, performance and portfolio characteristics review monthly, Investment Performance Analysis (IPA) quarterly, ongoing due diligence.	Primary performance measurement tool is Investment Metrics. Performance analysis is provided to the client in the quarterly investment performance report that provides manager benchmarking and customized information. Typical metrics were provided.
Analysis of TCERA's Portfolio	Part of RFP process. If hired, expand views based on client input.	Comprehensive initial fund review - examination of investment policy, asset allocation policy, asset allocation structure, actuarial reports, interviews with managers, review guidelines and fees, and assessment of custody relationship. Results in Initial Fund Review document (approx. 60 pages of information).	Evaluate goals and objectives in association with asset/liability study and client risk survey. Review of current managers to determine how each is contributing to the overall investment goals.	Primary steps for ongoing evaluation are the quarterly performance review, annual asset allocation review, triennial asset/liability study, periodic liquidity assessment, and periodic manager structure review. Current considerations include an increase to passively managed investments and a modest shift toward higher returning private market investments.

Report Customization	Investment Metrics PARis provides reporting. Customization is available.	Standard reports with some customization. Most requests for customization are included in standard fee.	Customization at no additional charge.	Customization at no additional charge.
Reporting Timelines	Flash report - 5 business days after release of custodian data. Quarterly report - 20 to 30 business days after release of data.	Monthly reports 30 days after month end, final quarterly reports 45 days after quarter end.	Monthly flash report - as early as 7 business days after month-end depending on availability of data. Quarterly reports will depend on complexity of the portfolio and availability of data.	Monthly flash reports - 15 days after month-end, quarterly and annual performance reports - 30-45 days following period end depending on complexity of portfolio.
Data Submission/Collection	Data may be collected from various sources including custodian, investment managers, and performance measurement system.	Works with Investment Metrics for performance measurement and reporting - gather from custodian and directly from managers.	Data is collected from custodian and managers. Work with Investment Metrics for analytics. eVestment provides quantitative data.	Data is collected and added to the Investment Metrics reporting platform electronically from the custodian bank. Individual managers provide data via the COLLECT platform.
Return Reconciliation	Compare results with investment managers.	Compare results from custodian, managers, and independent calculation from Investment Metrics.	Performance Analytics Team compares reconciles manager data and custodian data.	Performance Analytics Group is dedicated to data calculation, reconciliation, and performance evaluation. If a discrepancy is identified, the analyst follows up to determine the reason and request corrected information or identified as a footnote (for price source or accounting method differences).
Performance Attribution	Calculated by Investment Metrics PARis.	Attribution analysis on individual portfolio, aggregate asset classes, and the aggregate plan.	Performance attribution developed through Investment Metrics.	Performance attribution developed through Investment Metrics. Information varies depending on asset class.
Communication re Mgr Performance	Formal reports quarterly. Consultant will communicate via call, email, or meetings if issues come up between quarters.	Ongoing dialog with client - memo, phone, in-person, board meetings.	No "formula" for watch list, Due Diligence Committee advises NEPC staff regarding problems/issues. Use a Watch List that includes four categories: "Watch, Hold, Client Review, and Terminate". Did not address how this would be communicated to TCERA.	Performance and due diligence reviews provided to client through the primary consultant, typically through performance reports presented at Board and/or committee meetings. No formal watch list policy but can utilize a watch list checklist for identifying issues based on individual client considerations.
Termination Recommendations	No automatic triggers. Evaluate quantitative and qualitative factors.	Large-scale turnover of important personnel, failure to maintain portfolio within assigned guidelines, unexpected shift in overall strategy, significant underperformance that cannot be attributed to market forces beyond the manager's control. Quick termination of managers can be costly to the plan.	High manager turnover can affect performance. Factors contributing to a termination recommendation: 1. policy or structural changes by the client, 2. manager's lack of compliance with policy or structural changes, 3. loss of confidence in manager's ability to outperform due to loss of key investment professionals, change in investment process, or a change in the market environment.	Aware of costs associated with manager turnover and the risk of behavioral bias that will detract from long-term value. Underperforming managers receive on site reviews and a time-frame is prescribed for meeting expectations. Termination recommendations are based on the combination of the following factors: longer-term style drift, material changes in asset turnover, rapid and material growth or loss of AUM, investment team turmoil, key portfolio manager departures, other organization issues that are precursors to future underperformance.

Review of Manager Selection/Recommendations		Monitor strategies implemented in portfolios. Compare to client objectives focusing on performance over market cycles.	Art and science, qualitative and quantitative analysis. Evaluate success through monthly and quarterly performance reports and through ongoing due diligence reviews.	Measure the success of an investment manager versus the specified goals and objectives as well as adherence to investment guidelines. Results are reviewed annually.	Evaluate the manager performance in the context of the role the product has in a portfolio. Examination of manager's ability to implement and manage risk through different market environments, evidence that performance results are consistent with the manager's identified area of skill, clear understanding of the conditions when the product may outperform or underperform.
E. Research					
Research Department		Asset class specialists - 17 team members. 11 senior team members average over 19 years of academic and practical experience.	138 investment professionals. Director of Research chairs Strategic Asset Allocation/Risk Management Committee.	58 research professionals (18% of work force) - seven teams White papers and blogs provided in various formats	24 investment professionals (28% of personnel) dedicated to research in four areas - strategic, public markets, private markets, risk management.
Publications White Paper Sample		None - research materials are for clients. Provided	List provided Provided	Provided	List provided. Provided
Research Resources		Research materials are available on client portal. Consultant will provide research directly to client as needed including educational asset class primers.	Annual Model Portfolio, specialized research for clients, white papers, webcasts.	Access to white papers, newsletters, and blogs. Ad hoc research provided based on client needs. List of database sources provided.	Access to capital markets updates, in-depth annual asset class outlooks and timely and varied research papers: Investment Landscape - quarterly, Topic on Interest papers - as produced, Sound Thinking - as produced, Real Assets Outlook - Annual, Hedge Funds Environment - Annual, Private Equity Outlook - Annual, Active Management Environment - Annual, Capital Market Assumptions - Annual.
F. Manager Searches and Evaluation					
Process		Client and consultant feedback, placement agents, database screening, conference attendance, new publications/industry journals and investment manager outreach. 1. Manager qualifications are reviewed. 2. Research Analyst advances the manager for further analysis. 3. Detailed analysis presented to Investment Team. 4. Due diligence. 5. Presentation to Investment Policy Committee.	Consulting staff works with client investment staff to determine needs of the fund - Collaborative effort. Adhere to strict criteria for identifying the most appropriate managers. Criteria: strategy, process, resources performance, costs. Use on-site visits to evaluate (on hold during pandemic). Four phase evaluation for private markets - 1. initial screening, 2. attractive characteristics, 3. competitive advantages, 4. complete references and document results of analysis.	Ongoing quantitative and qualitative analysis from research staff, screen for minimum criteria, deeper analysis on screened managers, present thesis to Due Diligence Committee for vetting. Vetted managers re placed on the Focused Placement List (FPL). Criteria used - structure, strategy, investment thesis, risk awareness, experience of team, process, compliance, track record, and risk profile.	Ongoing manager research and due diligence covered by two dedicated teams. Recommended products and strategies are presented to and approved the oversight committees composed of firm leadership and consultants. The goal of the manager evaluation and selection process is to find reliable investment products that have a proven repeatable approach for producing returns over the long-term. Criteria include alignment, edge, implementation, optimal use of risk, and understandable performance. Managers are categorized as Approved (recommended for client portfolios), Covered, or not Rated.

	Investment Metrics Investworks, eVestment Alliance, TopQ, Morningstar Direct, Preqin, Bloomberg Terminal, BCA Research, CAMBAK. Uses an approved list of managers, open door policy for meetings with any manager. Clients and consultants can provide input.	Proprietary database, Morningstar Direct, eVestment Alliance. Updated using quarterly questionnaires and monthly data gathering. No roster of preferred managers.	List of databases provided. The FPL is updated as noted in the Process section above.	Use a combination of internally developed and third-party databases (list provided). Each year review approximately 2800-3000 managers in the broad asset class universe, meet with 600-700 managers (video, teleconferences, in-person and on-site), conduct detailed due diligence on 80-100 products considered for approval or reviewed per client request, identify new strategies to be added to the approved list (approx. 30 new each year).
Database - Manager updates	Provided	Provided	Provided	Provided
Sample Research/Due Diligence				
	Multiple interactions: on site for new managers and ongoing review + conference calls, in office, reference calls.	Interview managers who provide services to clients at least annually. Meetings may be on site of at Meketa's offices. Uses teleconferencing and video conferencing during pandemic.	Due Diligence Committee is in charge of maintaining FPL. Initial research process includes onsite due diligence with majority of prospective managers - virtual since COVID. Ongoing due diligence may be at NEPC office, manager office, or via conference call. Due diligence for managers in client portfolios are conducted annually.	Meet with clients' managers and recommended managers at least once a year (in-person, telephone, virtual and on-site), conduct on-site due diligence reviews at least once every three years.
Due Diligence - On Site/Phone/email	Provided	Provided	Provided	Provided
Recent Search Results	Provided	Provided	Provided	Provided
Sample Manager Search Report	Will make definitive recommendations, provided examples.	Will make specific recommendations.	Proactive with recommendations and advice.	Hiring and firing recommendations are integral part of role as consultant.
Hiring/Firing Recommendations				

G. Other Information

	Ongoing, objective investment education will be provided: fiduciary governance, capital markets, portfolio construction, asset class reviews - tailored to client requests/needs.	Educational seminars, educational discussions, research papers/newsletters, client conferences, webinars.	Educational programs customized for each client - part of regular review meeting or special meeting as necessary. Annual investment Conference.	Have provided ongoing education: presenting new investment strategies and opportunities, providing best practices for fulfilling fiduciary duties, interpreting economic and financial developments, conducting educational presentations on specific topics (e.g. real estate, global investments, derivatives, alternative investment strategies), publishing research on topics of interest. Verus offers a periodic client summit (conference and workshops). Quarterly video and audio conference call presentations, and research publications.
Educational Opportunities	Not actively recommended but will evaluate.	Not actively recommending but will evaluate.	Support as long as clients understand the risks.	Generally in favor of securities lending (assuming proper construction and adequate compensation). Will assist with search and negotiation.
Securities Lending/Custody	Works with a number of custodians, will assist with search and evaluation if requested.	Works with a number of custodians, will assist with search and evaluation if requested.	Will assist with search and evaluation if requested.	Will assist with evaluation and selection if requested.
Custodial Bank Searches				

Commission Recapture	Best execution policy which may include an option for manager to use commission recapture programs.	not addressed	Best execution - commission recapture has little value in current environment.	Can assist with developing policies but believe that the small amount of compensation available in current trading environment is no longer worth the effort.
Website/Client Portal	Reports and other documents available on permission-based portal.	Research and white papers on website, reporting through Investment Metrics portal, reporting and document management through Vantage.	ClientHUB provides access to reporting, research, and communications.	Website provides general information and research. Secure client portal officers access to reports and research and allows for the secure exchange of information.
Diversity and Inclusion	Diversity enhances the firm and its client service. Committed to strategic and focused efforts in recruiting and retention.	Committed to promoting diversity - results in better organizational decision making. Diversity Leadership Committee, employee research group (Emerge Develop Grow Engage - EDGE), community outreach.	Diversity and Inclusion Advisory Board. Provides equal opportunity regarding recruiting, working conditions, transfers, compensation, training, hiring, promotions, the use of employee facilities and other benefits. Complies with all federal, state, and local law regarding non-discrimination. Also - Diverse Manager Committee to increase the use of diverse managers.	Actively promote diversity in hiring practices. HR department guides the firm's hiring practices which are committed to improving diversity in the workplace. In addition, Verus has led a call to action for institutional asset managers to provide better data and transparency regarding the diversity profiles of their organization beyond ownership. Note Institutional Investing Diversity Cooperative (IIDC) and Diversity & Inclusion section added to questionnaire by global database provider eVestment.
37 Act Clients	None	Los Angeles, Merced, Orange, San Joaquin	Stanislaus, Ventura, San Bernardino	Alameda, Contra Costa, Fresno, Imperial, Kern, Sacramento, San Mateo, Stanislaus, Tulare
SACRS/CALAPRS/Other Memberships	SACRS member, has attended CALAPRS events.	SACRS, CALAPRS, NCPERS, NASRA + other state organizations	SACRS member, participates in CALAPRS	SACRS member, CALAPRS sponsor, NASRA member
H. Standard Contract	Accepted with insurance coverage exception.	Accepted with exceptions noted in Exhibit P	Accepted with exceptions noted in Exhibit 11	Accepted with no exceptions.
I. Fee Proposal				
Proposal	\$235,000 annual for five years. Total = \$1,175,000	\$260,000 with increases each year through year 5. Total = 1,375,000	\$269,000 with increases each year through year 5. Total = \$1,428,000	\$270,000 (no change for years 1-3) increase in year 4 (no change for year 5) Total = \$1,400,000
Additional Costs	None	Custom Private Markets and alternatives advisory services - not included - no fee quote provided. Direct alternatives - \$35,000 for each search	None	None for services requested in RFP. Charges for other services available (e.g. assistance with direct investing in alternatives). Fee schedule provided.

NOTE: This summary is intended as an aid in comparing proposals. It is not comprehensive and is intended to be used in association with the entire proposal submitted by each firm.