

Leanne Malison Retirement Administrator

136 N AKERS STREET VISALIA, CALIFORNIA 93291 TELEPHONE (559) 713-2900 FAX (559) 730-2631 www.tcera.org

AGENDA OF THE BOARD OF RETIREMENT INVESTMENT COMMITTEE MEETING Wednesday, April 14, 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.) 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 March 10, 2021.
 - b. Asset Allocation Status
 - c. 2021 Investment Committee Goals and Objectives Timeline and 2021 Education Calendar
 - d. Index Fund Review
 - e. Active Manager Expense Review
 - f. Active/Passive Investment Allocation Review
 - g. Investment Managers
 - 1) Verus Flash Report All Managers
 - 2) Managers of Interest
 - a) Franklin Templeton Manager Review
 - b) Sixth Street Dyal Capital Partners
 - h. Standard Questions for Investment Consulting RFP Finalist Presentations

V. UPCOMING MEETING

1. May meeting to be determined.

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, March 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: Staff Members Present: Staff Members Participating Remotely: Consultants Participating Remotely:

Gary Reed, Chair; Cass Cook, Nathan Polk, Pete Vander Poel Leanne Malison, Retirement Administrator Mary Warner, Assistant Retirement Administrator Scott Whalen and Mike Kamell, Verus

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.

None

IV. AGENDA ITEMS

- 1. Discussion and possible action regarding the following items:
 - a. Approve Investment Committee Minutes from February 10, 2021.

Motion to approve the minutes as presented.Motion:Vander PoelSecond:PolkMotion passed unanimously.

b. Asset Allocation Status

The Committee reviewed the report noting that rebalancing activity is in process.

c. 2021 Investment Committee Goals and Objectives Timeline and 2021 Education Calendar

The Committee reviewed the reports and provided guidance to Scott Whalen regarding the upcoming Investment Refresher Course and the Active/Passive discussion.

d. Asset/Liability Study

After discussion, the Committee directed Scott Whalen to include the following topics in the upcoming asset/liability study:

- Return expectations compared to TCERA's investment return assumption of 7%
- Risk/return considerations in asset allocation construction
- Appropriate level of risk for TCERA's portfolio
- Liquidity study to help assess potential to add private market investments
- e. Rules-Based Investment Manager Scorecard

Mr. Whalen reviewed the sample and the pros and cons of including a similar analysis in TCERA's reports. The Committee is recommending that this type of information be included annually in the Investment Performance Report prepared for each fiscal year end. Mr. Whalen will develop a customized version of the analysis for TCERA.

- f. Investment Managers
 - 1) Verus Flash Report All Managers

Mr. Whalen reviewed the report with the Committee.

- 2) Managers of Interest
 - a) Franklin Templeton Manager Review Mr. Whalen noted that there is some improvement in performance for the one month data. It is too soon to tell if this trend will continue.
 - b) Sixth Street Partnership with Dyal Capital Partners Mr. Whalen reviewed the concerns regarding the partnership. Sixth Street will remain a manager of interest on the Committee agenda to allow for discussion of future developments or effects on portfolio management.
 - c) Boston Partners Personnel Changes no action required.
- g. Investment Consultant RFP Responses

The Committee discussed the summary and proposals provided.

Motion to identify the following firms as finalists:

- AndCo
- Meketa
- NEPC
- Verus

Motion:Vander PoelSecond:PolkMotion passed unanimously.

The tentative date for finalist presentations to the Board of Retirement is April 28, 2021. Due to the critical nature of the investment consultant relationship, the Committee recommends that finalists be required to make their presentations to the Board in person.

The Committee directed Staff to place an item on the next agenda for discussion and development of standard questions to be posed to each firm during the finalist presentations.

V. UPCOMING MEETING

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

VI. ADJOURN

The meeting was adjourned at 11:14 a.m.

Gary Reed, Chair



Leanne Malison Retirement Administrator

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TCERA, Board of Retirement Investment Committee

Agenda Item # IV. 1 b.

Agenda Date: April 14, 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

TCERA Asset Allocation Comparison 03-31-21 - Preliminary Numbers

Manager	Category	Market Value	Actual %	Target %	Value at Target	Difference to Target	Comments
	DOMESTIC EQUITY						
QMA	Large Core Enhanced	84,800,668	4.49%	3.80%	71,848,317	12,952,351	
SSGA S&P 500 Flagship Index Fund	Large Core	153,988,196	8.14%	7.60%	143,696,633	10,291,563	
Boston Partners	Large Value	91,870,323	4.86%	3.80%	71,848,317	20,022,006	Rebalance in Progress for QMA and KBI - to
Ivy (Waddell & Reed)	Large Growth	89,328,809	4.72%	3.80%	71,848,317	17,480,492	be completed in April.
SSGA	SMID Core Index	48,229,715	2.55%	2.00%	37,814,904	10,414,812	
LMCG (Lee Munder)	Small Value	40,927,488	2.16%	2.00%	37,814,904	3,112,585	
William Blair	Smid Growth	39,333,343	2.08%	2.00%	37,814,904	1,518,440	
	Tot	tal 548,478,543	29.01%	25.00%	472,686,294	75,792,249	
	INTERNATIONAL EQUI	ТҮ					
SGA	International Growth	93,105,628	4.92%	6.60%	124,789,182	(31,683,553)	
PIMCO RAE	International Value	98,421,415	5.21%	4.20%	79,411,297	19,010,118	
SSGA - ACWI Index Fund	International Core	129,164,187	6.83%	4.20%	79,411,297	49,752,890	
	Tot	tal 320,691,231	16.96%	15.00%	283,611,776	37,079,455	
	GLOBAL EQUITY						
Skellig Water Fund (KBI)	Water Related	74,523,014	3.94%	3.00%	56,722,355	17,800,658	Rebalancing in Progress.
	Tot	tal 74,523,014	3.94%	3.00%	56,722,355	17,800,658	
	PRIVATE EQUITY						
Pantheon	Private Equity - F of F	451,311	0.02%				
Stepstone	PE - Secondaries	11,165,207	0.59%				
Ocean Avenue III	Private Equity - F of F	19,544,055	1.03%				
Ocean Avenue IV	Private Equity - F of F	12,059,527	0.64%				Pantheon and BlackRock in liquidation phase.
Pathway Fund 8	Private Equity - F of F	23,856,659	1.26%				
Pathway Fund 9	Private Equity - F of F	15,862,235	0.84%				
Pathway Fund 10	Private Equity - F of F	1,414,926	0.07%				
BlackRock Alternatives	Private Equity - F of F	2,684,500	0.14%				
	Tot	tal 87,038,420	4.60%	5.00%	94,537,259	(7,498,839)	
	FIXED INCOME						
BlackRock	Core Plus	144,585,716	7.65%	8.50%	160,713,340	(16,127,624)	
MacKay Shields	Core Plus	120,022,689	6.35%	4.25%	80,356,670	39,666,019	
DoubleLine	Core Plus	115,162,646	6.09%	4.25%	80,356,670	34,805,976	
PGIM	Emerging Market Debt	83,804,385	4.43%	5.00%	94,537,259	(10,732,874)	
Franklin Templeton	Global Credit	84,424,670	4.47%	5.00%	94,537,259	(10,112,589)	·
	Tot	tal 548,000,106	28.98%	27.00%	510,501,197	37,498,908	

TCERA Asset Allocation Comparison 03-31-21 - Preliminary Numbers

Manager	Category		Market Value	Actual %	Target %	Value at Target	Difference to Target	Comments
	PRIVATE CREDIT							
Sixth Street DCP (TSSP)	Private Credit		75,556,101	4.00%	5.00%	94,537,259	(18,981,158)	
		Total	75,556,101	4.00%	5.00%	94,537,259	(18,981,158)	
	HEDGE FUNDS							
Aetos	Hedge Fund of Funds		93,982	0.00%	0.00%	-	93,982	Residual funds from liquidation.
		Total	93,982	0.00%	0.00%	-	93,982	
	REAL ASSETS							
Invesco	Real Estate Debt		-	0.00%	5.00%	94,537,259	(94,537,259)	American Dealty and Invesse needing conital
American Realty Advisors	Value Add Real Estate		15,067,672	0.80%	5.00%	94,537,259	(79,469,586)	American Realty and Invesco pending capital calls.
RREEF America II	Core Commingled		165,436,183	8.75%	10.00%	189,074,518	(23,638,335)	
		Total	180,503,855	9.55%	20.00%	378,149,035	(197,645,180)	
	OPPORTUNISTIC							
KKR - Mezzanine	Opportunistic		3,583,826	0.19%	n/a	-	3,583,826	Opportunistic sutside of Torget Allesstics
Sixth Street TAO Contingent (TSSP)	Opportunistic		14,813,294	0.78%	n/a	-	14,813,294	Opportunistic outside of Target Allocation. KKR and PIMCO funds in distribution phase.
PIMCO BRAVO - Distressed Debt	Opportunistic		17,564	0.00%	n/a	-	17,564	
		Total	18,414,684	0.97%		-	18,414,684	
	OTHER			0.97%		-	18,414,684	
Cash			37,445,240	1.98%	0.00%	_	37.445.240	Capital Calls and Cash Flow Needs. Extra operational cash in anticipation of potential liquidity issues due to market volatility.
		Total	37,445,240	1.98%	0.00%	-	37,445,240	
	Grand	Total	1,890,745,176	100.00%	100.00%	1,890,745,176		

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TCERA, Board of Retirement Investment Committee

Agenda Item # IV. 1 c.

Agenda Date: April 14, 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 4/7/2021

<u>2021</u>

January – March

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

<u>Investment Refresher Course</u> – 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

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

<u>Index Fund Review</u> – As directed by the Board at its February 24, 2021 meeting. Scheduled for April 14, 2021 Investment Committee.

<u>Active Manager Expense Review</u> – As directed by the Board at its February 24, 2021 meeting. Scheduled for April 14, 2021 Investment Committee.

<u>Asset/Liability Study</u> – 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.

<u>BlackRock Guidelines Review</u> – BlackRock has indicated that the investment guidelines for the fixed income investment are outdated. Review pending receipt of proposed changes.

<u>TCERA Separate Account Guidelines Review</u> – As directed by the Board at its March 12, 2021 meeting. Review pending receipt of responses from managers.

<u>TCERA China Exposure Analysis</u> – As directed by the Board at its March 12, 2021 meeting. Review pending completion of analysis.

July – September

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

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	BlackRock/BlackRock Alternatives (Fixed Income and Private Equity)
	March 24	Investment Refresher Course - Verus
April	April 14	PIMCO RAE Ivy Investments
	April 28	
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	Boston Partners SGA
	June 23	
July	July 14	Pathway Pantheon
	July 28	Private Markets Review – Verus
August	August 11	Franklin Templeton DoubleLine
	August 25	6/30/21 Investment Report - Verus

September	September 8	Invesco SSGA
	September 22	
October	October 13	
	October 27	
November	November 3 - due to SACRS	Actuarial Valuation Report - Cheiron
	SACRS Nov 9-12	
	November 17- due to Thanksgiving Holiday	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: April 14, 2021

Subject: Index Fund Review

Requests:

That the Investment Committee:

- 1. Discuss the information provided by Verus regarding the index fund review.
- 2. Make recommendations to the Board of Retirement if the Committee thinks consideration of changes is advisable.

Summary:

The Board of Retirement expressed interest in a review of TCERA's current index funds, including fee structures, compared to other index funds available. The Board referred the matter to the Investment Committee. The Committee is asked to review the information provided by Verus and determine if any changes should be considered.

Prepared by: Leanne Malison



Memorandum

То:	Investment Committee, Tulare County Employees' Retirement Association
From:	Mike Kamell, CFA, CAIA, Senior Consultant
Date:	April 14, 2021
RE:	Index Fund Pricing Analysis

Executive Summary

At the February 24 TCERA Board Meeting, Verus facilitated a discussion on active versus passive management. As follow-up to that discussion, Verus committed to reviewing TCERA's current passive index fund fees to determine if any fee savings were possible. The result of our analysis shows TCERA could realize estimated savings anywhere from \$40,000 to nearly \$200,000 per year, depending on the alternative selected (see comparison table on p.3).

Background and Analysis

TCERA currently invests in three different index fund strategies managed by State Street Global Advisors (SSgA):

- S&P 500 Index (Large Cap domestic equity): \$145.0 million
- Russell Small Cap Completeness Index (Small cap domestic equity): \$44.8 million
- MSCI ACWI ex-US Index (International equity): \$124.7 million

The S&P 500 index fund management fees are 3 basis points, the small cap index fees are 5 basis points, and the international equity fund fees are 8 basis points on the first \$25 million, 7 basis points on the next \$25 million, and 6 basis points thereafter. When applying these fee schedules to the total assets invested in each fund, and including administration fees for each fund, the total fee for index funds is 5.7 basis points, or \$179,949.

Verus inquired with SSgA to seek a lower fee, and additionally, we solicited proposals from SSgA's primary competitors, all of whom we view as institutionally viable options with significant experience managing index funds. Those competitors include:

- BlackRock
- Northern Trust
- BNY Mellon

We asked each firm to provide their best and final pricing assuming they were awarded the mandate for all three index funds. We also asked each firm to provide pricing for a commingled fund that engages in securities lending, as well as non-lending funds. (TCERA is currently invested

in non-lending funds.) Finally, we asked each firm to consider relevant ancillary considerations (for instance, BlackRock's pricing included consideration of TCERA's existing BlackRock investment, and BNY reduced fees in recognition that they are also TCERA's custodian).

In some cases, firms did not offer exactly the same small cap domestic equity index that TCERA currently invests in, offering a Dow Jones U.S. Completion index, in lieu of the Russell Small Cap Completeness Index, but we view these two indices as effectively providing the same market exposure.

The enclosed appendix reflects the details of the various pricing proposals provided by each firm. There are columns that reflect each index mandate (domestic large, domestic small, and international), as well as a total column which summarizes the 'all-in' fee across all three mandates. Each firm's proposed pricing schedule is summarized, and then each firm's 'net cost' is adjusted to reflect the lower of actual administrative expenses, or the administrative expense cap in place for that fund. For the funds that engage in securities lending, the cost was reduced by the trailing 3-year average net income from securities lending. Securities lending income is most relevant to the domestic small cap equity funds, where the revenue from securities lending can be substantially more than the management cost associated with the fund. In the case of Northern Trust and BNY Mellon, the lending income was, in aggregate, greater than the expense ratios, resulting in a negative cost; essentially the securities lending programs are more-than subsidizing the management and administrative costs.

Should TCERA wish to remain in non-lending funds, the lowest cost option is to utilize Northern Trust, which results in fee savings of approximately \$60,000 (from \$180,000 to \$120,000). However, if TCERA wishes to transition to funds that utilize securities lending, Northern Trust's lending funds are projected to generate a "cost" of -\$20,000, resulting in fee savings of approximately \$200,000 relative to the funds utilized today.

Securities Lending

As the name implies, securities lending is the practice of lending shares of stock to third parties. Index funds commonly engage in this practice as a way to mitigate fee drag and thus, achieve tighter tracking error to a reference index. This practice also results in an additional source of revenue generation for the fund manager, which in turn enables more competitive pricing. Securities lending generates two sources of revenue: the "rental fee" and the reinvestment income. The rental fee is the fee paid by the borrower as compensation for borrowing the security; the amount of this is generally driven by supply/demand dynamics of the shares in the index. Small cap stocks, because there are less of them, are harder to borrow, and thus generate more income. The reinvestment income is the income earned on the collateral that is provided by the borrower. Since the great financial crisis, the collateral utilized in securities lending is generally very conservative cash or cash-like instruments. Therefore, the reinvestment income earned is generally minimal. The incremental risk associated with securities lending programs is low given the way it is structured, including the fact that the loan is generally overcollateralized with a risk-free asset and marked-to-market daily. Verus has no concerns utilizing securitized lending to reduce cost for any of the funds managed by the firms included in this analysis.



	S&P 500 Index		ussell Small Cap mpleteness Index		ACWI ex-US Index		Total Index Consideration
Current Assets Invested (12/31/20):	\$ 145,018,220		44,846,139	\$	124,721,647		314,586,00
When the provide the second							
					8 bps on first \$25M		
Comment Conta Prove Annual Annual	2 10 10 10 10		ops on first \$50M		7 bps on next 25M		
Current SSgA Fees (non-lending):	3 bps all assets		5 bps thereafter		6 bps thereafter		
Current SSgA Fees (in bps):			5.0	240	8.9		
Current SSgA Fees (in \$)	\$ 47,131	\$	22,423	\$	110,395	Ş	179,94
							0.057
	2.25 has an East COM	2 75	har an Grat COM		Church C. 1 (1701)		
constant in the product provided	2.25 bps on first \$50M		bps on first \$50M		6 bps on first \$50M		
SSgA Non-Lending Revised Proposal:	1.5 bps thereafter 2.0	3	bps thereafter	-	5 bps thereafter	_	
SSgA Revised Pricing (in bps):		2	3.8	ć	7.7		141.00
55gA Revised Pricing (in 5):	\$ 29,120	<u>्र</u> ू	16,817	Ş	95,423	\$	141,36
BlackRock Non-Lending Proposal:	1.25 bps all assets				C F have all accesses		0.045
BLK Pricing (in bps):					6.5 bps all assets 8.4		
and the second		Non	on-lending version offered	\$			
BLK Pricing (in \$):	\$ 21,696		offereu	3	105,265		
		ть	s fund tracks the				
			ded Equity index: 2				
Northern Trust Non-Lending Proposal:	0.75 bps all assets	2.001	bps all assets		5 bps all assets		
NT Pricing (in bps):			3.9		6.8		
NT Pricing (in \$):		\$	17,625	Ŝ	84,437	Ś	120,18
				*		*	0.038
		D.	US Completion				01000
	2.4 bps on first \$50M		ops on first \$50M	3	9 bps on first \$50M		
	1.9 bps on next \$50M		ops on next \$50M		.4 bps on next \$50M		
BNY Mellon Non-Lending Proposal:	1.4 bp thereafter		9 bps thereafter		2.9 bps thereafter		
BNY Pricing (in bps):	2.71		4.90		7.50		
BNY Pricing (in \$):			21,975	ŝ	93,558	S	154,85
				-			0.049
the second se	Securities Len	ding Fun	ds				
			Completion Index				
		3 b	ps on first \$50M	5.5	bps on the first \$50M		
	2 bps on first \$50M	2.6 bps	on next \$50M		bps on the next \$50M		
SSgA Lending Funds (70/30 split to client):	1.3 bps thereafter	2.	3 bps thereafter		4 bps thereafter		
SSgA Lending Pricing (in bps):	1.8		. 4		. 7.1		
3-year avg. net lending return:	0.3		9.0		1.8		
Net Cost (in bps):	1.46		(5.03)		5.25		
Net cost (in 5):	\$ 21,144	Ś	(22,573)	\$	65,501	Ś	64,07
		-1		· ·		-	0.020
		This fo	nd tracks the DJ US				0.020
			letion Index at 1.5				
BlackRock Lending Funds (50/50 split):	1 bp all assets	comp	bps		5 bps all assets		
BLK Lending Price (in bps):	1.1		1.8		7,1		
3-year avg. net lending return:	1.8		11.9		2.4		
Net Cost (in bps):	(0.7)		(10.1)		4.7		
Net cost (in \$):		Ś	(45,384)	¢	58,744	¢	3,35
Her cost (m s).	<i>y</i> (10,000)	~	(43,304)	Ŷ	50,744	4	0.001
Northern Trust Lending Funds (70/30 split to client):	0.5 bp all assets		1 bp all assets		4 bps all assets		0.001
Northern trust certaing rands (70/30 spirt to client). NT Lending Price (in bps):	0.5 bp an assets 1.3		1 bp an assets 3.0		4 bps an assets 6.8		
3-year avg. net lending return:	1.3		19.0				
avaces eaks und rendulk ternius	(0)		(16)		2.7	-	_
Not Cost /in bank	(0)	ć		e:	4 50,637	¢	(21,55
Net Cost (in bps):	¢ /4251	9	(71,754)	\$	50,637	4	
Net Cost (in bps): Net Cost (in \$):	\$ (435)						-0.007
		1 / 1	one on first CEAM	2			
	1.9 bps on first \$50M		ops on first \$50M		.4 bps on first \$50M		
Net Cost (in \$):	1.9 bps on first \$50M 1.4 bps on next \$50M	1.9 b	ps on next \$50M		9 bps on next \$50M		
Net Cost (in \$); NY Mellon Non-Lending Proposal (70/30 split to client):	1.9 bps on first \$50M 1.4 bps on next \$50M 0.9 bp thereafter	1.9 b	ps on next \$50M 4 bp thereafter		9 bps on next \$50M 2.4 bps thereafter		
Net Cost (in \$); NY Mellon Non-Lending Proposal (70/30 split to client): BNY Lending Price (in bps):	1.9 bps on first \$50M 1.4 bps on next \$50M 0.9 bp thereafter 1.95	1.9 b	ps on next \$50M 4 bp thereafter 3.24		9 bps on next \$50M 2.4 bps thereafter 6.25		
Net Cost (in \$); NY Mellon Non-Lending Proposal (70/30 split to client): BNY Lending Price (in bps): 3-year avg. net lending return:	1.9 bps on first \$50M 1.4 bps on next \$50M 0.9 bp thereafter 1.95 1.71	1.9 b	ps on next \$50M 4 bp thereafter 3.24 14.53		9 bps on next \$50M 2.4 bps thereafter 6.25 2.97		
Net Cost (in \$); NY Mellon Non-Lending Proposal (70/30 split to client): BNY Lending Price (in bps): 3-year avg. net lending return: Net Cost (in bps):	1.9 bps on first \$50M 1.4 bps on next \$50M 0.9 bp thereafter 1.95 1.71 0.2	1.9 k 1.	ps on next \$50M 4 bp thereafter 3.24 14.53 (11.3)	2	9 bps on next \$50M 2.4 bps thereafter 6.25 2.97 3.3	¢	10 400
Net Cost (in \$); NY Mellon Non-Lending Proposal (70/30 split to client): BNY Lending Price (in bps): 3-year avg. net lending return:	1.9 bps on first \$50M 1.4 bps on next \$50M 0.9 bp thereafter 1.95 1.71 0.2	1.9 k 1.	ps on next \$50M 4 bp thereafter 3.24 14.53	2	9 bps on next \$50M 2.4 bps thereafter 6.25 2.97	\$	(6,277 -0.0029





Leanne Malison Retirement Administrator

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TCERA, Board of Retirement Investment Committee

Agenda Item # IV. 1. e.

Agenda Date: April 14, 2021

Subject: Active Manager Expense Review

Requests:

That the Investment Committee:

- 1. Discuss the information provided by Verus regarding TCERA's public markets investment expenses.
- 2. Make recommendations to the Board of Retirement as deemed necessary.

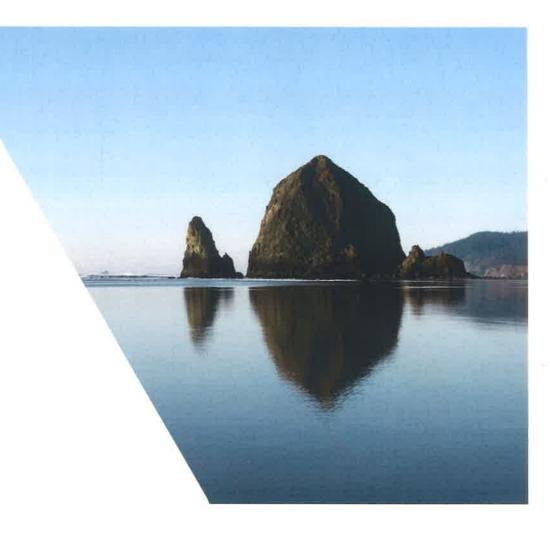
Summary:

The Board of Retirement requested that Verus provide information regarding the fee structures in place for TCERA's public markets investments. The Board instructed that the information be provided to the Investment Committee for review. The Committee is asked to review the information provided by Verus and make recommendations to the Board as deemed necessary.

Prepared by: Leanne Malison



PERSPECTIVES THAT DRIVE ENTERPRISE SUCCESS

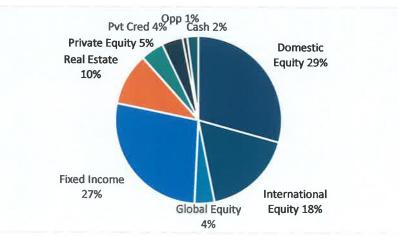


APRIL 2021

Domestic Equity Active Manager Review (update)

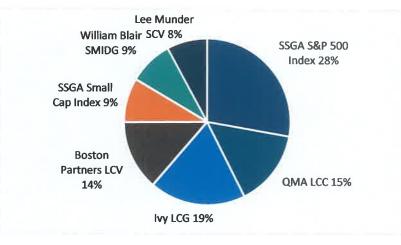
Tulare County Employees' Retirement Association

Portfolio breakdown

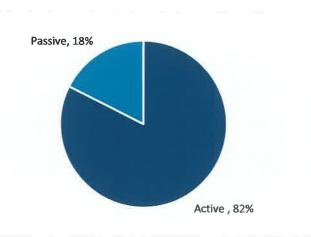


STRATEGIC ALLOCATION





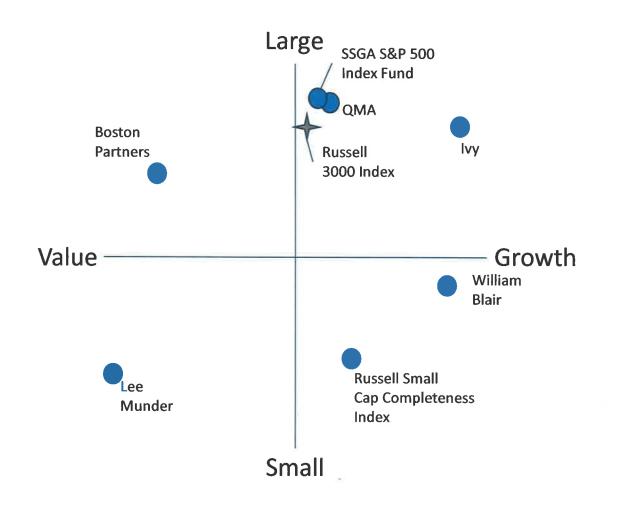
ACTIVE/PASSIVE MIX





Style map

Three years ending 12/31/20



The current line-up covers most of the investable landscape.



Current domestic equity manager performance (annualized, net-of-fees)

	Period ending December 31, 2020										
	1 Yr(%)	Rank	3 Yrs(%)	Rank	5 Yrs(%)	Rank	10 Yrs(%)	Rank			
Total Domestic Equity	18.2	44	13.2	38	14.5	39	13.4	27			
Russell 3000	20.9		14.5		15.4		13.8				
Excess	-1.7		-1.3		-0.9		-0.4				
SSGA S&P 500 Flagship Fund	18.3	29	14.1	20	15.2	13	1				
S&P 500	18.4		14.2		15.2		1				
Excess	-0.1		-0.1		0.0						
QMA Large Cap Core	12.0	66	10.3	67	12.9	56	13.3	28			
S&P 500	18.4		14.2		15.2		13.9				
Excess	-5.6		-3.9		-2.3		-0.6				
Ivy Large Cap Growth	30.9	86	22.5	64	19.3	45	16.5	27			
Russell 1000 Growth	38.5		23.0		21.0		17.2				
Excess	-7.6		-0.5		-1.7		-0.8				
Boston Partners Large Cap Value	2.4	57	4.9	63	9.5	57	10.8	40			
Russell 1000 Value	2.8		6.1		9.7		10.5				
Excess	-0.4		-1.2		-0.2		0.3				
William Blair SMID Cap Growth	32.6		19.5		18.8		15.8				
Russell 2500 Growth	40.5		19.9		18.7		15.0				
Excess	-8.1		-0.4		0.1		0.3				
Lee Munder Small Value	3.0	56	3.2	50	8.5	53	8.1	71			
Russell 2000 Value	4.6		3.7		9.7		8.7				
Excess	-0.4		-0.5		-1.2		-0.6				
SSGA Russell Small Cap Completeness Index	32.6	12	15.5	14	16.2	12					
Russell Small Cap Completeness	32.9		15.6		16.3		0.000				
Excess	-0.3		-0.1		-0.1						



Current domestic equity manager performance (calendar year, net-of-fees*)

	Period ending December 31, 2020																			
	2020	Rank	2019	Rank	2018	Rank	2017	Rank	2016	Rank	2015	Rank	2014	Rank	2013	Rank	2012	Rank	2011	Rank
Total Domestic Equity	18.2	44	29.8	59	-5.4	34	21.9	18	11.1	80	1.6	38	12.4	60	35.9	23	16.8	28	0.8	56
Russell 3000	20.9		31.0		-5.2		21.1		12.7		0.5		12.6		33.6		16.4		1.0	
Excess	-1.7		-0.2		-0.2		0.8		-1.6		1.1		-0.2		-0.3		0.4		-0.2	
SSGA S&P 500 Flagship Fund	18.3	29	31.5	29	-4.4	32	21.8	46	12.0	20	1.4	36	13.7	33	32.4	42	16.0	30	-	
S&P 500	18.4		31.5		-4.4		21.8		12.0		1.4		13.7		32.4		16.0		-	
Excess	-0.1		0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0			
QMA Large Cap Core	12.0	66	28.6	56	-6.8	62	22.1	43	12.1	19	1.8	30	15.2	18	33.9	29	17.8	13	2.2	26
S&P 500	18.4		31.5		-4.4		21.8		12.0		1.4		13.7		32.4		16.0		2.1	
Excess	-5.4		-2.9		-2.4		.03		.01		0.4		1.5		1.5		1.8		0.1	
Ivy Large Cap Growth	30.9	64	36.6	25	2.7	16	29.5	46	1.6	70	7.1	23	12.3	36	36.6	28	12.5	80	3.1	17
Russell 1000 Growth	38.5		36.4		-1.5		30.2		7.1		5.7		13.0		33.5		15.3		2.6	
Excess	-7.4		0.2		4.2		-0.7		-5.5		1.4		-0.7		3.1		-2.8		1.4	
Boston Partners Large Cap Value	2.4	57	23.8	75	-9.0	51	19.6	26	14.2	47	-4.4	63	11.4	50	36.4	30	21.0	7	0.7	44
Russell 1000 Value	2.8		26.5		-8.3		13.7		17.3		-3.8		13.5		32.5		17.5		0.4	
Excess	-0.4		-2.7		-0.7		***		-2.9		-0.6		-2.1		3.9		3.5		0.3	
William Blair SMID Cap Growth	32.6		31.1		-1.7		29.3	14	7.2	28	5.2	6	8.8	36	42.0	9	12.8	69	0.1	27
Russell 2500 Growth	40.5		32.7		-7.5		24.5		9.7		-0.2		7.1		40.7		16.1		-1.6	
Excess	-7.9		-1.6		5.8		4.8		-2.5		5.4		1.7		1.3		-3.3		1.7	
Lee Munder Small Value	3.0	56	26.3	25	-15.5	56	7.7	71	27.3	38	-0.5	10	4.1	59	31.8	86	14.6	59	-7.8	85
Russell 2000 Value	4.6		22.4		-12.9		7.8		31.7		-7.5		4.2		34.5		18.1		-5.5	
Excess	-1.6		3.9		-2.6		-0.1		-4.3		7.9		-0.1		-2.7		-3.5		-2.3	
SSGA Russell Small Cap Index	32.6	12	27.8	19	-9.2	36	18.1	21	16.5	78	-3.5	65	7.3	22	-		140			
Russell Small Cap Completeness	32.9		28.0		-9.2		18.3		16.6		-3.4		7.4		Deter:		**		344	
Excess	-0.3		-0.2		0.0		-0.2		-0.1		-0.1		-0.1							

*Total Domestic Equity data prior to 2016 reflects gross-of-fee performance.



Potential fee impact

All Active

Structure

Current

50% /50%

Endine should

Current Structure

		Current	Estimated	Estimated
12			Annual Fee	Annual Fee
	value	(70)	(\$)	(%)
Cap Core \$	145,018,220	37%	\$ 43,505	0.02%
Cap Core \$	77,673,838	20%	\$ -	0.00%
Cap Value \$	71,126,751	18%	\$ 298,732	0.42%
Cap Growth \$	97,972,675	25%	\$ 470,269	0.48%
Cap Core \$	44,936,093	34%	\$ 22,468	0.04%
Cap Value \$	41,400,965	32%	\$ 289,807	0.70%
Growth \$	44,846,139	34%	\$ 367,738	0.82%
\$	522,974,681		\$1,492,520	0.29%
	Cap Core \$ Cap Core \$ Cap Value \$ Cap Growth \$ Cap Core \$ Cap Value \$ Growth \$	Value Cap Core \$ 145,018,220 Cap Core \$ 77,673,838 Cap Value \$ 71,126,751 Cap Growth \$ 97,972,675 Cap Core \$ 44,936,093 Cap Value \$ 41,400,965	Cap Core \$ 145,018,220 37% Cap Core \$ 77,673,838 20% Cap Value \$ 71,126,751 18% Cap Growth \$ 97,972,675 25% Cap Core \$ 44,936,093 34% Cap Value \$ 41,400,965 32% Growth \$ 44,846,139 34%	Value (%) (\$) Cap Core \$ 145,018,220 37% \$ 43,505 Cap Core \$ 77,673,838 20% \$ - Cap Value \$ 71,126,751 18% \$ 298,732 Cap Growth \$ 97,972,675 25% \$ 470,269 Cap Core \$ 44,936,093 34% \$ 22,468 Cap Value \$ 41,400,965 32% \$ 289,807 Growth \$ 44,846,139 34% \$ 367,738

All Passive			Estimated	
Manager	Style	12/31/20 Market Value	Annual Fee (\$)	Estimated Annual Fee (%)
SSgA S&P 500 Index Fund	Large Cap Core	\$ 391,791,484	\$ 117,537	0.02%
QMA	Large Cap Core			
Boston Partners	Large Cap Value			
lvy	Large Cap Growth			
SSgA Russell Sm Cap Completeness	Small Cap Core	\$ 131,183,197	\$ 65,592	0.04%
Lee Munder	Small Cap Value			
William Blair	SMID Growth			
Totals		\$ 522,974,681	\$ 183,129	0.04%

Estimated

50% PASSIVE/50% ACTIVE

		12/31/20	50/50	Estimated	Annual Fee
Manager	Style	Market Value	Allocation*	Annual Fee (\$)	(%)
SSgA S&P 500 Index Fund	Large Cap Core	\$ 195,895,742	50%	\$ 58,769	0.03%
QMA	Large Cap Core	\$ 60,714,664	15%	\$ -	0.00%
Boston Partners	Large Cap Value	\$ 54,167,577	14%	\$ 227,504	0.42%
lvy	Large Cap Growth	\$ 81,013,501	21%	\$ 388,865	0.48%
SSgA Russell Sm Cap Completeness	Small Cap Core	\$ 65,591,599	50%	\$ 32,796	0.05%
Lee Munder	Small Cap Value	\$ 31,073,212	24%	\$ 217,512	0.70%
William Blair	SMID Growth	\$ 34,518,386	26%	\$ 283,051	0.82%
Totals		\$ 522,974,681		\$1,208,496	0.23%

Easter start

Moving to a 50/50, active/passive split reduces fee by approximately 20% (23 bps from 29 bps).

All Passive

Notes:

Basis point estimates are calculated using full year fees and end-of-year assets.





Leanne Malison Retirement Administrator

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TCERA, Board of Retirement Investment Committee

Agenda Item # IV. 1. f.

Agenda Date: April 14, 2021

Subject: Active/Passive Investment Allocation Review

Requests:

That the Investment Committee:

- 1. Discuss the information provided by Verus regarding TCERA's domestic equity active/passive investment allocation.
- 2. Make recommendations to the Board of Retirement as deemed necessary.

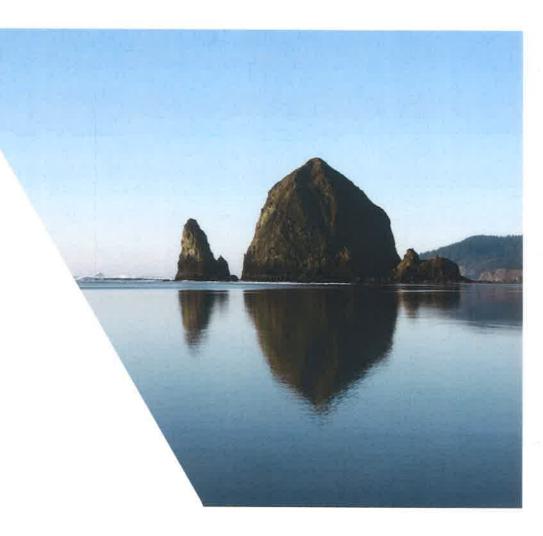
Summary:

The Board of Retirement has spent considerable time reviewing and evaluating TCERA's active/passive investment allocation. The Board requested that Verus provide an updated analysis and recommendation for further consideration. The Investment Committee is asked to review the information provided by Verus and make recommendations to the Board as deemed necessary.

Prepared by: Leanne Malison



PERSPECTIVES THAT DRIVE ENTERPRISE SUCCESS



APRIL 2021

Public Markets Manager Fee Review

Tulare County Employees Retirement Association

Public market manager fee overview

 As of 12/31/20, total 1-year fees paid on all public market strategies (excluding REITS) was \$4.1 million on assets of \$1.4 billion which translates to approximately 29 basis points.

US EQUITY - 23 BPS*

Manager	Strategy	Fee	 Assets	
QMA	Lg Cap Core	\$ 1970 1970	\$ 77,673,838	
lvy	Lg Cap Growth	\$ 388,257	\$ 97,972,675	
Boston Partners	Lg Cap Value	\$ 262,351	\$ 71,126,751	
William Blair	Small/Mid Cap Growth	\$ 297,540	\$ 44,846,139	
Lee Munder	Small/Mid Cap Value	\$ 215,976	\$ 41,400,965	
SSgA	S&P 500 Index	\$ 28,765	\$ 145,018,220	
SSgA	Russell Small Cap	\$ 15,903	\$ 44,936,093	
Totals		\$ 1,208,792	\$ 522,974,681	

GLOBAL EQUITY - 32 BPS*

Manager	Strategy	Fee	Assets	
PIMCO RAE	Non-US Equity	\$ 456,767	\$ 92,013,966	
SGA	Non-US Equity Growth	\$ 396,323	\$ 69,547,712	
SSgA	MSCI ACWI ex-US Index	\$ 69,629	\$ 124,721,647	
Totals		\$ 922,719	\$ 286,283,325	

TOTAL EQUITY - 26 BPS*

Manager	Strategy	Fee	Assets
Active managers	US Equity	\$ 1,164,124	\$ 333,020,368
Passive manager	US Equity	\$ 44,669	\$ 189,954,313
Active managers	Non-US Eq	\$ 853,090	\$ 161,561,678
Passive manager	Non-US Eq	\$ 69,629	\$ 124,721,647
Totals		\$ 2,131,511	\$ 809,258,006

US BONDS - 24 BPS*

Manager	Strategy	Fee		Assets
BlackRock	Core Plus Fixed Income	\$	209,526 \$	113,546,767
DoubleLine	Core Plus Fixed Income	\$	258,637 \$	97,182,221
MacKay Shields	Core Plus Fixed Income	\$	297,360 \$	103,147,834
Totals		\$	765,523 \$	313,876,822

NON-US BONDS - 45 BPS*

Manager	Strategy	Fee			Assets
Franklin Templeton	Global Fixed Income	\$	369,528	\$	86,845,449
PGIM	Emerging Market Debt	\$	427,909	\$	89,218,874
Totals		\$	797,437	\$	176,064,323

ALL ACTIVE BONDS - 39 BPS*

Manager	Strategy	Fee	Assets
BlackRock	Core Plus Fixed Income	\$ 209,526	\$ 113,546,767
DoubleLine	Core Plus Fixed Income	\$ 258,637	\$ 97,182,221
MacKay Shields	Core Plus Fixed Income	\$ 297,360	\$ 103,147,834
Franklin Templeton	Global Fixed Income	\$ 369,528	\$ 86,845,449
PGIM	Emerging Market Debt	\$ 427,909	\$ 89,218,874
Totals		\$ 1,094,796	\$ 279,212,157

Note: Basis point estimates are calculated using full year fees and end-of-year assets.



Active manager fee overview

As of 12/31/20, total 1-year fees paid on all active public market strategies (excluding REITS) was \$4.0 _ million on assets of \$1.1 billion which translates to approximately 37 basis points.

ACTIVE US EQUITY - 35 BPS*

Manager	Strategy	Fee		Ass	ets
QMA	Lg Cap Core	\$	2 1	\$	77,673,838
lvy	Lg Cap Growth	\$	388,257	\$	97,972,675
Boston Partners	Lg Cap Value	\$	262,351	\$	71,126,751
William Blair	Small/Mid Cap Growth	\$	297,540	\$	44,846,139
Lee Munder	Small/Mid Cap Value	\$	215,976	\$	41,400,965
Total		\$	1,164,124	\$	333,020,368

ACTIVE US BONDS - 24 BPS*

Manager	Strategy	Fee	Assets
BlackRock	Core Plus Fixed Income \$	209,526	\$ 113,546,767
DoubleLine	Core Plus Fixed Income \$	258,637	\$ 97,182,221
MacKay Shields	Core Plus Fixed Income \$	297,360	\$ 103,147,834
Totals	\$	765,523	\$ 313,876,822

ACTIVE GLOBAL EQUITY - 53 BPS*

Manager	Strategy	Fee			Assets
PIMCO RAE	Non-US Equity	\$	456,767	\$	92,013,966
SGA	Non-US Equity Growth	\$	396,323	\$	69,547,712
Totals		\$	853,090	\$	161,561,678

Manager	Strategy	Fee	Assets
Franklin Templeton	Global Fixed Income	\$ 369,528	\$ 86,845,449
PGIM	Emerging Market Debt	\$ 427,909	\$ 89,218,874
Totals		\$ 797,437	\$ 176,064,323

TOTAL ACTIVE BONDS - 39 BPS*

ACTIVE NON-US BONDS - 45 BPS*

TOTAL	ACTIVE	EQUITY	- 41	BPS ⁴
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Manager	Strategy	Fee	Assets
QMA	Lg Cap Core	\$	\$ 77,673,838
lvy	Lg Cap Growth	\$ 388,257	\$ 97,972,675
Boston Partners	Lg Cap Value	\$ 262,351	\$ 71,126,751
William Blair	Small/Mid Cap Growth	\$ 297,540	\$ 44,846,139
Lee Munder	Small/Mid Cap Value	\$ 215,976	\$ 41,400,965
PIMCO RAE	Non-US Equity	\$ 456,767	\$ 92,013,966
SGA	Non-US Equity Growth	\$ 396,323	\$ 69,547,712
Totals		\$ 2,017,213	\$ 494,582,046

Manager	Strategy	Fee	Assets
	Strategy	ree	 Assets
BlackRock	Core Plus Fixed Income \$	209,526	\$ 113,546,767
DoubleLine	Core Plus Fixed Income \$	258,637	\$ 97,182,221
MacKay Shields	Core Plus Fixed Income \$	297,360	\$ 103,147,834
Franklin Templeton	Global Fixed Income \$	369,528	\$ 86,845,449
PGIM	Emerging Market Debt \$	427,909	\$ 89,218,874
Totals	\$	1,094,796	\$ 279,212,157

Note: Basis point estimates are calculated using full year fees and end-of-year assets.



Active manager fee rankings

eVestment Universe	Manager	Strategy	Actual 1-year Fee (bps) ¹	Ranking (percentile) ²
US Large Cap Equity	Boston Partners	US Large Cap Value	37	13
	lvy	US Large Cap Growth	40	15
	QMA	US Large Cap Core	0	1
US Small Cap Equity	LMCG	Small Cap Value	52	5
	William Blair	SMID Growth	66	15
Global Equity	KBI Global	Water Strategy ³	57	30
	PIMCO	RAE Global ex-US	50	25
	SGA	Global Growth	41	15
Global Core+ Fixed Income	BlackRock	Core Plus Fixed Income	19	4
	DoubleLine	Core Plus Fixed Income	27	8
	MacKay Shields	Core Plus Fixed Income	30	24
	Franklin Templeton	Global Bond Plus	43	78
Emerging Mkts Debt	PGIM	EMD Blend Plus	48	48

¹Basis point estimates are calculated using full year fees and end-of-year assets.

²Percentile ranking: 1 – lowest fee; 100 – highest fee. Source data for ranking purposes: eVestment.

³KBIGI Water Strategy management fee reduced to 50 bps effective 10/1/20, ranking in the 25th percentile.

Verus⁷⁷⁷

Manager fee updates

Manager	Strategy	Fee Update	Effective Date	Previous Fee
QMA	US Large Cap Core	0 bps base 25% perf fee Max fee 45 bps	1/1/2020	First \$50 million 35 bps Next \$50 million 30 bps Thereafter 25 bps
LMCG	Small Cap Value	70 bps	4/1/2020	First \$25 million 90 bps Next \$75 million 85 bps Thereafter 30 bps
KBI Global	Water Strategy	50 bps base 14 bps above 2% hurdle Max fee 100 bps	10/1/2020	76.5 bps mgmt fee
MacKay Shields	Core Plus Fixed Income	30 bps all in	6/1/2019	35 bps mgmt. fee 15 bps max admin fee



Potential fee improvements

- Based on the fee rankings, possible fee reduction requests may be considered for the following managers:
 - Franklin Templeton Global Bond Plus: their current fee of 43 bps ranks at the bottom quartile (78th percentile) within eVestment's Global Core Plus Fixed Income universe.
 - PGIM Emerging Market Debt Plus: their current fee of 48 bps is slightly better than median within eVestment's Emerging Markets Debt universe.





Leanne Malison Retirement Administrator

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TCERA, Board of Retirement Investment Committee

Agenda Item # IV. 1. g.

Agenda Date: April 14, 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:

- <u>Verus Flash Report</u> 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. <u>Managers of Interest</u> 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 Dyal Capital Partners

Prepared by: Leanne Malison

Total Fund Executive Summary (Net of Fees) - Preliminary

Period Ending: February 28, 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	1,812,927,545	100.0	1.4	1.3	15.2	0.6	6.0	7.5	14.4	7.1	9.4	6.7		
Policy Index			0.7	0.5	13.6	3.2	7.0	7.4	14.6	8.0	9.9	7.0	4	
Total Domestic Equity	541,731,831	29.9	4.1	3.6	28.7	4.2	7.6	16.6	34.2	13.8	16.9	13,1		1952
Russell 3000			3.1	2.7	28.6	6.5	9.0	14.8	35.3	15.0	17.4	13.4	9.9	8.3
SSGA S&P 500 Flagship Fund	147,525,967	8.1	2.8	1.7	24.3	7.5	10.4	14.4	31.2	14.1	16.8		-	355
S&P 500			2.8	1.7	24.3	7.5	10.4	14.4	31.3	14.1	16.8	13.4	9.8	7.9
QMA Large Cap Core	79,977,790	4.4	2.6	2.9	22.1	3.8	6.6	16.0	28.1	11.0	14.9	12.9	-	-
S&P 500			2.8	1.7	24.3	7.5	10.4	14.4	31.3	14.1	16.8	13.4	9.8	7.9
Ivy Large Cap Growth	96,697,368	5.3	1.4	-1.3	18.6	20.2	15.1	26.3	34.6	19.3	21.2	15.8		
Russell 1000 Growth			0.0	-0.8	25.2	23.3	11.6	22.5	44.3	21.0	22.2	16.4	12,4	8.9
Boston Partners Large Cap Value	76,028,891	4.2	7.6	6.8	31.7	-8.8	4.5	10.0	25.9	6.8	12.5	10.8	-	-
Russell 1000 Value			6.0	5.1	29.0	-8.8	8.5	6.8	22.2	8.2	12.0	10.4	7.4	7.2
SSGA Russell Small Cap Completeness Index	48,280,837	2.7	5.1	7.4	51.3	0.8	2.3	16.7	55.7	18.4	19.9	-		-
Russell Small Cap Completeness			5.0	7.4	51.4	0.9	2.4	16.9	55.9	18.6	20.1	13.4	10.6	10.1
William Blair SMID Cap Growth	47,394,549	2.6	4.6	5.7	39.0	6.1	10.1	23.6	47.7	20.3	22.5	15.8		÷
Russell 2500 Growth			3.1	6.0	46.0	9.2	6.1	21.5	59.6	21.6	22.5	14.9	11.7	10.4
Lee Munder Small Value	45,826,429	2.5	10.5	10.6	45.7	-14.9	-4.7	8.9	32.8	8.1	11.6	8.8		
Russell 2000 Value			9.4	15.2	57.5	-17.5	-6.2	13.1	41.1	10.1	14.2	9.7	7.4	9.2
Total International Equity	322,252,695	17.8	3.0	2.6	28.4	-4.0	3.5	6.1	28.2	6.7	12.2	4.9	-	
MSCI ACWI ex USA Gross			2.0	2.2	27.3	-4.4	1.8	7.8	26.7	5.9	11.7	5.3	5.1	6.2
SSGA MSCI ACWI Ex US Index Fund	127,467,856	7.0	2.0	2.2	27.0	-4.5	1.5	7.5	26.5	5.7	11.4	5.0	-	<u></u>
MSCI ACWI ex USA			2.0	2.2	27.1	-4.8	1.3	7.3	26.2	5.4	11.2	4.8	4.6	5.7
PIMCO RAE Fundamental Global Ex US Fund	98,421,415	5.4	6.0	7.0	35.5	-14.9	-1.5	6.1	23.7	2.1	10.5			2
MSCI ACWI ex USA Value			4.3	4.2	28.3	-15.3	-0.1	4.6	18.2	0.7	8.5	2.7	3.1	5.1
SGA Global Growth	96,363,423	5.3	1.5	-0.8	22.9	6.5	10.7	-	32.1	-	-	-	-	544
MSCI ACWI ex USA Growth			-0.4	0.2	25.8	5.8	2.6	9.9	33.4	9.9	13.7	6.8	6.0	6.2

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: February 28, 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 Y rs	20 Yrs
Total Global Equity	71,060,685	3.9	1.3	2.2	32.0	3.6	1.9	8.0	27.9	8.3	14.0			
MSCI ACWI Gross			2.3	1.9	26.6	2.6	6.3	11.3	30.9	10.9	14.8	9.4	7.6	7.1
Skellig Water Fund (aka KBI)	71,060,685	3.9	1.3	2.2	32.0	-3.6	1.9	8.0	27.9	8.3	14.0	-	-	. .:
MSCI ACWI			2.3	1.9	26.3	2.1	5.7	10.7	30.2	10.3	14.2	8.8	7.0	6.6
Total Fixed Income	478,974,848	26.4	-1.5	-2.3	1.8	2.9	7.2	-0.2	0.9	3.9	3.7	3.6	-	-
BBgBarc US Aggregate TR			-1.4	-2.2	-0.9	8.7	7.9	-0.4	1.4	5.3	3.6	3.6	4.3	4.6
Total Domestic Fixed Income	307,914,265	17.0	-1.4	-1.9	1.1	7.3	7.6	0.1	2.4	5.4	4.4	4.1		-
BBgBarc US Aggregate TR			-1.4	-2.2	-0.9	8.7	7.9	-0.4	1.4	5.3	3.6	3.6	4.3	4.6
BlackRock Fixed Income	111,104,148	6.1	-1.4	-2.1	-0.2	9.1	8.0	-0.6	2.5	5.7	3.9	3.8	-	-
BBgBarc US Aggregate TR			-1.4	-2.2	-0.9	8.7	7.9	-0.4	1.4	5.3	3.6	3.6	4.3	4.6
Doubleline Core Plus	95,929,268	5.3	-1.2	-1.3	1.8	4.1	7.0	0.2	0.8	4.4	3.7			-
BBgBarc US Aggregate TR			-1.4	-2.2	-0.9	8.7	7.9	-0.4	1.4	5.3	3.6	3.6	4.3	4.6
MacKay Shields Core Plus	100,880,849	5.6	-1.5	-2.2	1.9	8.5	7,4	-0.2	3.9	5.9	4.8	++	-	-
BBgBarc US Aggregate TR			-1.4	-2.2	-0.9	8.7	7.9	-0.4	1.4	5.3	3.6	3.6	4.3	4.6
Total Global Fixed Income	85,029,864	4.7	-1.2	-2.2	-2.0	-7.9	6.1	-1.4	-6.5	-2.0	1.2	-	-	- 14
JPM GBI Global TR USD			-2.4	-3.7	1.0	5.2	5.7	1.7	2.5	3.4	2.9	2.0	3.7	-
Franklin Templeton Global Bond Plus	85,029,864	4.7	-1.2	-2.2	-2.0	-7.9	6.1	-1.4	-6.5	-2.0	1.2			-
JPM GBI Global TR USD			-2.4	-3.7	1.0	5.2	5.7	1.7	2.5	3.4	2.9	2.0	3.7	
Total Emerging Markets Fixed Income	86,030,719	4.7	-2.4	-3.6	8.7	-2.4			3.5	-			-	1
50% JPM EMBI Global Div/50% JPM GBI EM Global Div			-2.6	-3.7	5.3	-1.1	10.8	-1.9	2.3	2.6	5.8	3.5	5.5	
PGIM Emerging Markets Debt	86,030,719	4.7	-2.4	-3.6	8.7	-	-	-	3.5	-	-			_
50% JPM EMBI Global Div/50% JPM GBI EM Global Div			-2.6	-3.7	5.3	-1.1	10.8	-1.9	2.3	2.6	5.8	3.5	5.5	
Total Real Estate	180,493,368	10.0				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	9.1				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

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Verus⁷⁷

Total Fund Executive Summary (Net of Fees) - Preliminary

Period Ending: February 28, 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	82,878,049	4.6				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	2,684,500	0.1				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		220	_	_
Ocean Avenue Fund IV	8,679,527	0.5				34	-	-	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	23,885,585	1.3				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	÷	5.00	_	_	-
Pathway Private Equity Fund Investors 10	969,301	0.1						-	÷.		-	-	_	_
Stepstone Secondary Opportunities Fund II	11,100,931	0.6				-0.5	2.1	8.6	-2.4	1.8	5.3		_	_
Total Private Credit	76,189,372	4.2				-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 (frmrly TSSP DCP)	76,189,372	4.2				-4.5	11.2	7.9	3.5	8.0	-	_	_	_
Total Opportunistic	20,211,241	1.1				-6.2	-6.2	28.8	7.4	7.2	7.2		(68)	-
Sixth Street TAO Contingent (frmrly TSSP TAO Contingent)	16,543,292	0.9				-	-			-	-	÷	法	-
KKR Mezzanine Partners I	3,601,963	0.2												
PIMCO Bravo	65,986	0.0												

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TCERA, Board of Retirement Investment Committee

Agenda Item # IV. 1. h.

Agenda Date: April 14, 2021

Subject: Standard Questions for Investment Consulting RFP Finalist Presentations.

Requests:

That the Investment Committee:

1. Identify a list of questions to be posed to each Investment Consulting RFP Finalist during the presentations scheduled for April 28-29, 2021

Summary:

In order to facilitate discussion and ensure that critical issues are covered during the finalist presentations, the Investment Committee offered to identify standard questions to be asked of each firm. This agenda item provides the opportunity for the Committee to finalize a list of questions.

An updated Summary of the RFP responses is provided for the Committee's reference.

Prepared by: Leanne Malison

TCERA INVESTMENT CONSULTANT RFP RESPONSE SUMMARY

CTION	AND CO	Meketa	NEPC	VERUS
ory Requirements	Yes	Yes	Yes	Yes
ce Requirements	Exception Requested	Yes	Yes	Yes
nization				
		Est 1974, Incorporated 1978, owned by	LLC Est 1986, 100% employee owned, 44	Subchapter S Corporation - Est 1986, emplo
History	Est 2000, 100% Employee Owned	senior professionals	partners	owned
Org Chart	Provided	Provided	Provided	Provided
	100% Institutional Investment Advisory	100% Institutional Investment Advisory	100% Advisory and discretionary investment	100% investment consulting - 85% non-
Lines of Business/Revenue	Services	Services	consulting.	discretionary, 15% discretionary (OCIO)
· · · · · · · · · · · · · · · · · · ·	Varies depending on experience, portfolio,			Average is 6:1 but varies based on complexi
	complexity, meetings, and travel - range			of clients. Scott Whalen is responsible for 5
Client/Consultant Ratio	from 1- to 30. Bidart = 15, Fleiner = 20.	3-8 average	5:1	clients.
Location/Staff	Orlando FL - multiple state satellites	Boston MA - multiple state satellites	Boston, MA - multiples state satellites	Seattle, WA with multiple satellite offices
		David Sancewich (Portland), Eric White		
	Annette Bidart and Mike Fleiner are	(Sacramento/San Diego), Paola Nealon		
Address/Team Members	located in Reno NV office	(Portland)	Dan Hennessy - Redwood City CA	Scott Whalen - Los Angeles, CA
			Dan Hennessy - 9 years consulting/20 years	
			investing, 6 years with firm, Don Stracke - 20	Scott Whalen - 19 years exp and with Verus
	Bidart - 4 with AndCo, 34 ttl yrs exp Fleiner -	Primary David Sancewich - 16 with Meketa,	years consulting/35 years investing, 11 with	Mike Kammell - 10 years exp and with Veru
Team Experience	4 with AndCo, 28 ttl yrs exp	20 total, team -2	firm	Jeff MacLean - 32 years exp with 28 at Verus
	Profitable with debt levels within industry		Profitable with increasing revenue for 34	
Financial Condition	standards	Annual revenue increased in 19 of last 20 yrs	years, no significant debt	Well capitalized, little debt, measured grow
		······	,,	
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
	CEA Code of Ethics Listornal quidelings	CEA Code of Ethics Linternal suidalines	CEA Code of Ethics / internal guidelines	CFA Code of Ethics + Verus Code of Ethics a
Code of Ethics	CFA Code of Ethics + internal guidelines	CFA Code of Ethics + internal guidelines	CFA Code of Ethics + internal guidelines	Policies and Procedures Manual
	\$15M Professional Liability, \$2M General			
	Liability, \$5M Cyber, \$1M Fidelity, \$1M	\$20M E&O, \$25M ERISA, \$5M Liability, \$3M	\$25M E&O, \$10M Umbrella, \$5M Cyber +	
Insurance Coverage	WC, \$4M Umbrella, \$1M Auto	Cyber	others	\$10M E&O, \$10M D&O, \$2M Cyber + othe
Business Objectives				
	None - will seek strategic acquisitions and			
Asset Limits	hires	None	None - growth at controlled pace	None - leadership manages workload

			None but turn down business if not staffed	
Client Cap	None	None	to service	None - leadership manages workload
Max assets/clients per	None - ratios dependent on consultant			
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
	Additions: 1-2018, 1-2019, 3-2020 Departures: 2-2018 (retirement), 3-2019 (1			Additions: 2-2018, 2-2019, 4-2020 Departur
Staff Turnover	job opportunity, 1 personal reasons, 1 retirement), 1=2020 (retirement), 1=2021 (job opportunity)	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	2017-1 (other opportunity), 2018 (relocated 2019-2 (1 retired, 1 left industry), 2020-3 (2 retired, 1 personal reasons)
	Base salary + bonus tied to job responsibilities and overall firm success,	Base salary + incentives and profit sharing,	Salary + Benefits and Profit Sharing - tied to employee performance and success of the firm. Senior employees participate in equity	Base Salary + performance bonus tied to clie servicing and business plan. Equity ownersh provides retention incentive (1/3 of personn
Compensation/Incentives	equity eligibility at 5 yrs	senior staff equity	program.	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
dvised		216 Retainer Clients, \$1.5 trillion/72		160 Clients - 145 Non-Discretionary (\$434
Clients/AUM	690 clients, \$96 billion AUM	Discretionary clients, \$39.5 billion		billion AUM), 15 Discretionary (\$4 billion AU
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

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/Mana	gers			
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
	Each client meeting - Formal review			Asset allocation - annual, Asset/Liability Study -
Frequency of Review	annually	Formal analysis annually, review quarterly	Formal annual review	every 3-5 years.
Samples	Provided	Provided	Provided	Provided
5-year History of Capital				

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	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.
View on Tactical/Dynamic Asset Allocation	Opportunistic - limited-term (12-36 months) as allowed by adopted investment policy, Dynamic - consider it market timing an 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. "Stratical" 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	<u>Customized - 5%-15% for each general</u> 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 withing 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. Low rate environment requires careful risk	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) Short-term - First quarter of 2020 was a "risk
Recent Recommendations due to Market Conditions	No examples provided - Opportunistic investments may be recommended	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.	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, valu 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 should not only be minimized b
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.	should be justified. Performance-based fees work well when the break-even is more favorable that the flat fee. MFN clauses are difficult to negotiate into and agreement and difficult to monitor. Customized fee solutions are more beneficial.
r 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.

		Standard reports with some customization.		
	Investment Metrics PARis provides	Most requests for customization are		
Report Customization	reporting. Customization is available.	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 Performance Attribution	Compare results with investment managers. Calculated by Investment Metrics PARis.	Compare results from custodian, managers, and independent calculation from Investment Metrics. Attribution analysis on individual portfolio, aggregate asset classes, and the aggregate plan.	Performance Analytics Team compares reconciles manager data and custodian data. Performance attribution developed through Investment Metrics.	 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 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 bases 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.
Research				
Research Department Publications White Paper Sample	Asset class specialists - 17 team members. 11 senior team members average over 19 years of academic and practical experience. None - research materials are for clients. Provided	138 investment professionals. Director of Research chairs Strategic Asset Allocation/Risk Management Committee. List provided Provided	58 research professionals (18% of work force) - seven teams White papers and blogs provided in various formats Provided	24 investment professionals (28% of personnel) dedicated to research in four areas - strategic, public markets, private markets, risk management. 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.
Manager Searches and Evaluation	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	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	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,	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,
Process	Policy Committee.	results of analysis.	compliance, track record, and risk profile.	or not Rated.

Database - Manager updates	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 an 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).
Sample Research/Due Diligence	Provided	Provided	Provided	Provided
Due Diligence - On Site/Phone/email	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.
Recent Search Results	Provided	Provided	Provided	Provided
Sample Manager Search Report	Provided	Provided	Provided	Provided
	Will make definitive recommendations,		Proactive with recommendations and	Hiring and firing recommendations are integral
Hiring/Firing Recommendations	provided examples.	Will make specific recommendations.	advice.	part of role as consultant.

G. Other Information

Custodial Bank Searches	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.
Securities Lending/Custody	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.
Educational Opportunities	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.

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 member, has attended CALAPRS	SACRS, CALAPRS, NCPERS, NASRA + other		SACRS member, CALAPRS sponsor, NASRA
SACRS/CALAPRS/Other Memberships	events.	state organizations	SACRS member, participates in CALAPRS	member
ndard Contract	Accepted with insurance coverage exception.	Accepted with exceptions noted in Exhibit P	Accepted with exceptions noted in Exhibit 11	Accepted with no exceptions.
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.

This summary is intended as an aid in comparing proposals. It is not comprehensive and is

NOTE: intended to be used in association with the entire proposal submitted by each firm.