

## \*Public Agenda Item #11

### *Consideration of Asset Class Investment Committee Charter – (Action)*

August 25, 2021

Tom Tull, CFA, Chief Investment Officer

# Asset Class Investment Committee (ACIC)



## Background

- Review prospective investment's alignment with Policy objectives
- Approve investment strategy based on business merits
- Voting Member of ACIC

- Provides expertise in the relevant asset class
- Voting Member of ACIC

- Conduct Due Diligence
- Portfolio Construction and Fit
- Review of risk management issues
- Review Company/Manager Operations
- Formal investment recommendation

- Conduct Parallel due diligence
- Independent Manager and/or portfolio company assessment
- Independent investment recommendation

- Assessment and negotiation of investment terms and legal issues
- Ensure compliance with ERS Investment Policy

Executive Director, CIO,  
Senior Investment Staff

IAC Member

ERS Investment Staff

Investment Consultant

ERS Legal &  
Investment Compliance

**ACIC**

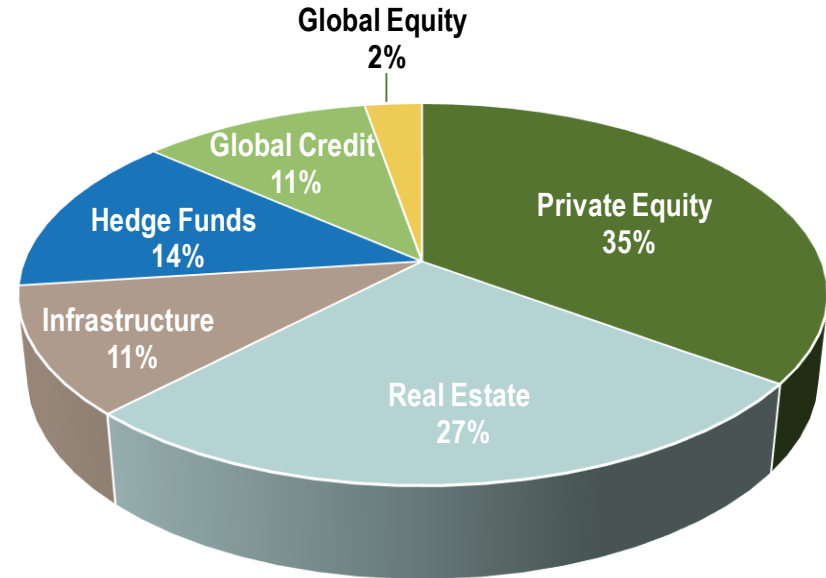
# Asset Class Investment Committee (ACIC)

## Background

### During FY21:

- 37 ACIC meetings held
- \$1.6 billion in commitments

ACIC Meetings by Asset Class



# Asset Class Investment Committee (ACIC)



## *Statutory Requirements*

- **Texas Government Code 815.3016**
  - Procedures for Approval of certain “Alternative Investments” (as defined in Sec. 815.3015).
  - Alternative Investments exceeding the threshold of 0.6 of the total Trust market value as of the last fiscal year end requires the Board of Trustees to approve the investment in either a regularly scheduled board meeting or executive session.

# Asset Class Investment Committee (ACIC)



## *ACIC Charter*

### **Elements of the Charter include:**

- Purpose
- Authority and Responsibilities
- Meeting Procedures
- Composition
- Approval
- Conflicts of Interests

The purpose of the ACIC Charter is a record of the responsibilities, structure, and authority of the ACIC, and establishes written procedures that foster prudent investment practices and active participation by ACIC members.

# Asset Class Investment Committee (ACIC)

## *ACIC Charter Review*



Annual review of the Charter by Executive Office, Investment Compliance, OGC and the CIO.

### **Investment Committee Best Practices**

- ❖ Meeting Fiduciary Requirements
- ❖ Building and conducting effective committee meetings
- ❖ Conducting an effective meeting
- ❖ Overcoming Committee behavioral hurdles
- ❖ Focusing on the fundamentals of Investing

# Asset Class Investment Committee (ACIC)

## *Proposed Changes to the ACIC Charter*



- Remove the Opportunistic Asset Class
- Clarifies the role of non-voting ACIC members
- Increase threshold from \$15 million to \$25 million for approval via email
- Contribute to efficient management of assets involved, investment management flexibility in time-sensitive opportunities
- Adds process for compliance with Texas Government Code 815.3015

Questions?  
**Action Item**