

AD HOC EMERGING INVESTMENT MANAGERS COMMITTEE

AGENDA

Board of Fire and Police Pension Commissioners

Ruben Navarro, Chair
Carl Cade, Vice Chair
George Aliano
Belinda Vega

November 6, 2014
8:30 a.m.

Los Angeles Times Building
202 W. First Street, Suite 500
Los Angeles, CA 90012

Commissioner Diannitto will participate telephonically from
4612 El Reposo Drive, Los Angeles, CA 90065

An opportunity for the public to address the Board or Committee about any item on today's agenda for which there has been no previous opportunity for public comment will be provided before or during consideration of the item. Members of the public who wish to speak on any item on today's agenda are requested to complete a speaker card for each item they wish to address, and present the completed card(s) to the commission executive assistant. Speaker cards are available at the commission executive assistant's desk.

In compliance with Government Code Section 54957.5, non-exempt writings that are distributed to a majority or all of the Board or applicable Committee of the Board in advance of their meetings may be viewed at the office of the Los Angeles Fire and Police Pension System (LAFPP), located at 360 East 2nd Street, 4th Floor, Los Angeles, California 90012, or by clicking on LAFPP's website at www.lafpp.com, or at the scheduled meeting. Non-exempt writings that are distributed to the Board or Committee at a scheduled meeting may be viewed at that meeting. In addition, if you would like a copy of any record related to an item on the agenda, please contact the commission executive assistant, at (213) 978-4555 or by e-mail at barbara.nobregas@lafpp.com.

Sign language interpreters, communication access real-time transcription, assistive listening devices, or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in securing sign language interpreters, five or more business days notice is strongly recommended. For additional information, please contact the Department of Fire and Police Pensions, (213) 978-4545 voice or (213) 978-4455 TDD.

1. [DISCUSSION OF CONDUCTING AN ADDITIONAL DIRECT HIRE EMERGING MANAGER SEARCH FOR A LARGE CAP EQUITY MANAGER AND POSSIBLE COMMITTEE ACTION](#)
2. GENERAL PUBLIC COMMENT ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION

SPECIAL MEETING

AGENDA

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DEPARTMENT OF FIRE AND POLICE PENSIONS

360 East Second Street, Suite 400
Los Angeles, CA 90012
(213) 978-4545

REPORT TO THE AD HOC EMERGING INVESTMENT MANAGERS COMMITTEE

NOVEMBER 6, 2014

ITEM: 1

FROM: Raymond P. Ciranna, General Manager

**SUBJECT: DISCUSSION OF CONDUCTING AN ADDITIONAL DIRECT HIRE EMERGING
MANAGER SEARCH FOR A LARGE CAP EQUITY MANAGER AND POSSIBLE
COMMITTEE ACTION**

RECOMMENDATION

That the Ad Hoc Emerging Investment Managers Committee consider releasing a Request For Proposal for direct hire, large cap equity emerging managers.

BACKGROUND

The Board is in the process of realigning the emerging manager program with recent Board actions to renew Attucks Asset Management, LLC contract of manager of emerging managers small cap equity with an allocation of \$100 million, approval of a new contract with FIS Group, Inc. for management of an international equity account of \$100 million, and approval to release two Request For Proposals (RFPs) for small cap/micro cap domestic equity and fixed income direct emerging managers. The two searches have commenced and responses are due November 14, 2014.

DISCUSSION

At the September 18, 2014 meeting Commissioner Navarro requested that the Board consider doing a direct hire search for a large cap equity manager. At that meeting the Board was considering approval of the RFPs for a small cap or micro cap emerging manager search and an emerging fixed income manager. Commissioner Navarro pointed out that with the transition of the FIS fund of fund account to an international equity portfolio the Fund would no longer have any emerging managers managing large cap equities for the fund. This approach was recommended by Staff as the FIS broad market fund of fund had not been able to outperform its benchmark net of fees over a nine year period. The Board reviewed other fund of fund managers managing similar portfolios and noted comparable results. These portfolios were not pure large cap portfolios, as broad market indexes contain some mid and small cap stocks. However, the vast majority of the portfolio's assets were in large cap stocks.

Should the Committee recommend to the Board to release an RFP for one or more direct hire emerging managers for large cap equities, the Board should then consider how much to allocate to this space. Commissioner Navarro has proposed staying within the new and increased allocation to emerging manager direct hires of \$100 million by modifying the amounts awarded to the small or micro cap and fixed income managers.

This report was prepared by:

Tom Lopez
Chief Investment Officer

RPC:TL