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# **SPECIAL AGENDA**

## **BOARD OF FIRE AND POLICE PENSION**

### **COMMISSIONERS**

July 2, 2015

**8:35 a.m. or as soon thereafter as the  
Board recesses its regular meeting**

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

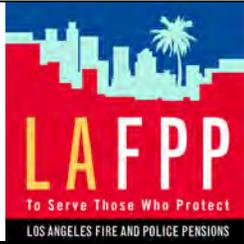
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An opportunity for the public to address the Board or Committee about any item on today's agenda for which there has been no previous opportunity for public comment will be provided before or during consideration of the item. Members of the public 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 2<sup>nd</sup> Street, 4<sup>th</sup> Floor, Los Angeles, California 90012, or by clicking on LAFPP's website at [www.lafpp.com](http://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](mailto: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. GENERAL PUBLIC COMMENT ON MATTERS WITHIN THE BOARD'S JURISDICTION
2. [FUNDING THE NEW DIRECT EMERGING MANAGER ACCOUNTS AND POSSIBLE BOARD ACTION](#)



## ***DEPARTMENT OF FIRE AND POLICE PENSIONS***

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

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### **REPORT TO THE BOARD OF FIRE AND POLICE PENSION COMMISSIONERS**

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**DATE:** JULY 2, 2015

**ITEM:** 2

**FROM:** RAYMOND P. CIRANNA, GENERAL MANAGER

**SUBJECT:** FUNDING THE NEW DIRECT EMERGING MANAGER ACCOUNTS AND  
POSSIBLE BOARD ACTION

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#### **RECOMMENDATION**

Liquidate the Attucks Group account to provide funding for the new small cap stock manager accounts.

#### **BACKGROUND**

The Board is in the process of conducting three investment manager searches in order to directly hire emerging managers for fixed income, small/micro cap stocks and large cap stocks. The Board originally allocated a total of \$100 million spread across the three different categories. Later on in the search process, the Board considered adding another \$25 million to the total amount for the searches due to the termination of Del Rey Global Investors (International Equity Fund).

At the June 25, 2015 Board meeting, the small and micro cap stock managers were interviewed. After the interviews, the Board considered using funding from one of our current emerging manager fund of funds to allocate more assets to the new small cap managers.

#### **DISCUSSION**

The managers that the Board interviewed last week have all added value net of fees above their various benchmarks over different time periods. Attucks Group was hired in late 2004 as a small cap fund of funds manager and has consistently struggled to outperform their benchmark over that period of time. Attucks has been on watch in the last 4 out of 5 years, and net of fees it has performed slightly below the Russell 2000 index over a more than ten year period. For years ending December or March, our most recent reports, Attucks is about 30 basis points below the benchmark net of fees for either time period. Staff agrees with the Board suggestion of using the existing allocation to Attucks to fund some of the new managers. The \$100 million funding of the new managers from liquidation of the Attucks account will not alter the current asset allocation mix.

#### **BUDGET**

Attucks' fees for small cap management are very reasonable at 75 basis points for the first \$100 million. If the Board chooses to liquidate the Attucks account and allocate the \$100 million to the new small cap managers the Fund will pay more in fees given what small cap managers in

general are charging currently. Depending on what Staff is able to negotiate, fees the Fund is paying could increase as much as another \$200,000 a year, assuming \$100 million invested with new small cap managers. If the new managers are able to continue outperforming the index it will be an excellent trade off.

This report was prepared by:

Tom Lopez  
Chief Investment Officer

RPC:TL