

Introduction

The Investment Committee (“Committee”) has been established by the OCERS Board of Retirement (“Board”) to administer all matters relating to the investment and management of the Fund’s assets. The Committee will carry out its duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims. The Committee has final authority with regard to the duties, responsibilities and other matters described in this Charter and OCERS investment-related matters generally. Notwithstanding the foregoing, the Committee is an advisory committee to the Board and the Committee’s recommendations regarding this Charter (“Charter”) are subject to final approval by the Board.

Goals and Objectives

The Committee is charged with direction and oversight of the investments of the system solely in the interest of, and for the exclusive purposes of providing benefits to, plan participants and their beneficiaries, while minimizing employer contributions and defraying reasonable expenses of administering the system.

The Committee’s core objective is to ensure that the OCERS investment program aims to achieve and maintain a fully funded status with regard to the actuarial liability of the system.

Membership and Leadership

The Committee shall be comprised of all Board members. The Board Chair will appoint the Committee Chair and Vice Chair.

Meetings

The Committee will meet once a month and otherwise on an as needed basis as determined by the Committee Chair in consultation with the Board Chair.

Duties and Responsibilities

The Committee has responsibility for the OCERS’ investment portfolios and must set investment parameters, monitor investment activities, and allocate assets and risk. The Committee may delegate authority to appropriate staff and/or third parties such as investment consultants. The Committee’s responsibilities include:

- Establish OCERS’ overall investment beliefs, goals and objectives, risk tolerance and performance standards.
- Establish and approve investment-related charters and policies.
- Conduct, with the input of the investment staff, investment consultant and actuary, an annual strategic review of asset allocation and associated risks and approve changes as necessary.

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- Review asset performance and strategy relative to actuarial liabilities in concert with the actuarial tri-ennial study, or as needed. Approve, monitor and terminate investment managers, funds, consultants and custodians as necessary.
- Oversee and monitor OCERS' participation in securities litigation cases. Ensure that investments are made in compliance with the applicable investment policies.
- Review the investment performance of the OCERS' total portfolio and the underlying asset classes and the performance of individual investment managers retained by OCERS.
- Review OCERS' investment program fees and expenses and administrative costs on an annual basis.
- Perform any other duties assigned by the Board Chair.

Manager Monitoring Subcommittee

The Committee establishes a subcommittee, the Manager Monitoring Subcommittee ("MMS"), to perform any additional oversight responsibilities pertaining to incumbent investment advisors and managers. The MMS shall consist of four members of the Committee, appointed by the Board Chair, serving a one-year term. The MMS Chair and Vice-Chair shall also be appointed by the Board Chair.

The MMS shall meet at least quarterly as determined by the MMS Chair. The Committee recognizes that OCERS staff and its investment consultants serve in the primary due diligence role within OCERS' structure. The MMS will provide an additional layer of review and will focus on investment managers that are on the OCERS' Watch List, are facing sector or industry challenges or are in areas that are new or have the potential for future opportunities.

The MMS shall have the following responsibilities and powers:

- Receive and review investment manager presentations, consultant due diligence reports, performance histories and reports, and staff reports concerning specific managers invited to make presentations to the MMS.
- Review investment managers' performance on an absolute and relative basis, inclusive of fees.
- Recommend or provide guidance to the OCERS' Chief Investment Officer regarding investment managers' mandates.
- Record minutes of meetings and report to the full Investment Committee as a Consent Agenda item the following month.
- Make oral reports to the Committee as requested by the Committee Chair.
- Recommend to the Committee that an individual investment manager be placed on watch or removed from watch status, or terminated for reason.
- Recommend that the Committee review an individual manager with exceptional performance, either above or below its peer group.



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Charter Review

The Investment Committee will review the Investment Committee Charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the Charter remains relevant and appropriate.

Charter History

This Charter was adopted by the Board of Retirement on November 18, 2002, and amended on May 21, 2012, October 29, 2014, July 20, 2015, April 27, 2016, November 13, 2017 and January 24, 2018.

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.



1/24/2018

Steve Delaney, Secretary of the Board

Date