

Memorandum

Meeting Date
06/12/13
Agenda Item
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Date: May 31, 2013
To: CCCERA Board of Retirement
From: Timothy Price, Retirement CIO
Subject: Updated Domestic Equity Target Allocations

Recommendation

At the May 22, 2013 meeting, the Board voted to terminate the WHV Large Cap Core mandate and reallocate the assets to the other large core domestic equity managers: INTECH and PIMCO. WHV currently has a 3.0% target allocation. An even split of this allocation between INTECH and PIMCO would bring these managers up to target allocations of 4.3% and 4.4%, respectively. Keep in mind that PIMCO generally holds the funds intended to be called for private equity allocations, and therefore a portion of the proposed 4.4% allocation should be considered temporary.

Alternatively, the Board could spread the 3.0% WHV allocation across all large cap accounts, resulting in a more even weighting to growth, value and core mandates within the large cap segment (core is currently more heavily weighted than growth or value). The downside of this strategy is that the growth (Delaware) and value (Robeco Boston Partners) allocations would rise to approximately 6% of the total fund each. While 5% target allocations to individual managers are relatively common for CCCERA, allocations above that level are not due to our efforts to maintain prudent diversification. For this reason, staff recommends evenly splitting the WHV allocation between INTECH Large Core and PIMCO Stocks Plus, as shown below.

Current and Prospective Allocations

The overall domestic equity allocation is close to target as of April 30, 2013. Reallocating the WHV allocation equally to INTECH and PIMCO would bring their targets roughly in line with Robeco and Delaware.

Current Assets as of April 30, 2013
\$6,039,608,000

	Current		Proposed		Current
	% of Target	Target Assets	% of Target	Target Assets	Market Value
Robeco	4.5%	271,782,360	4.5%	271,782,360	285,727,000
Delaware Investment Adv.	4.5%	271,782,360	4.5%	271,782,360	279,068,000
Emerald Advisors	3.0%	181,188,240	3.0%	181,188,240	191,475,000
Intech (Core)	2.8%	169,109,024	4.3%	259,703,144	170,888,000
PIMCO Stock +	2.9%	175,148,632	4.4%	265,742,752	154,790,000
Ceredex	3.0%	181,188,240	3.0%	181,188,240	181,225,000
WHV Investment Management	3.0%	181,188,240		0	183,485,000
Total Domestic Equity	23.7%	1,431,387,096	23.7%	1,431,387,096	1,446,658,000