



# FY 20 BUDGET MEMO # 38

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DATE: May 2, 2019

TO: The Honorable Mayor and Members of the City Council

THROUGH: Robert A. Stalzer, City Manager *RA Stalzer*

FROM: David Hodgkins, Assistant City Manager/Director of Finance

SUBJECT: Investment Management Fee Analysis for the City's Supplemental Retirement Plan (Plan)

As requested by Councilmember Lim.

The attached fee analysis compares our investment managers' fee rates to the median fee rates for similar investment vehicles with similar dollars invested. In total, the City Plan's annual cost is 53bps (basis points), or 0.53% of Plan investments relative to 55bps for the median fees. The fee with NEPC (the City's investment advisor) is 18bps on plan assets.

The median fee used as the comparator on the attached schedule was taken from the eVestment's database. eVestment is an independent source of industry information used by the investment industry.

Product	Vehicle	Market Value(\$) as of 3/31/19	% of Portfolio	Current Fee (bps)	Universe Median Fee (bps)	Universe
SSGA S&P 500 Flagship NL	Commingled	20,654,174	16.5	2	5	eV US Passive S&P 500 Equity
FIAM Small/Mid Cap Core Commingled Pool	Commingled	9,008,407	7.2	65	85	eV US Small-Mid Cap Core Equity
SSGA Hedged Intl Developed Equity Index - SSHQX	Mutual Fund	4,057,603	3.2	14	32	eV EAFE Passive Equity
Baxter Street Offshore Fund, Ltd	Commingled	9,157,037	7.3	100	79	eV All ACWI ex-US Equity
Oberweis Intl Opps Instl - OBIIIX	Mutual Fund	6,683,187	5.3	110	90	eV EAFE Small Cap Equity
DFA EM Value Portfolio - DFEVX	Mutual Fund	4,863,071	3.9	55	107	eV All Emg Mkts Equity
Copper Rock EM Small Cap Equity Fund	Commingled	2,599,209	2.1	95	115	eV Global Emg Mkts Small Cap Equity
WTC-CIF II Core Bond Plus	Commingled	14,012,073	11.2	25	32	eV US Core Plus Fixed Inc
Manulife Strategic Fixed Income Fund Inst CL A	Commingled	12,534,911	10	35	32	eV US Core Plus Fixed Inc
SSGA US TIPS Index NL ERISA	Commingled	1,610,454	1.3	4	4	eV US Passive TIPS
SSGA US TIPS 0-5 Years Index NL CTF	Commingled	5,097,480	4.1	4	4	eV US Passive TIPS
GMO Real Return GAA Strategy	Commingled	15,050,645	12	100	86	eV Global TAA
Putnam Total Return	Commingled	11,357,102	9.1	75	86	eV Global TAA
PIMCO All Asset Fund - PAAIX	Mutual Fund	7,539,405	6	87	86	eV Global TAA
Cash Account		1,049,284	0.8			
		<b>125,274,042</b>	<b>100</b>	<b>53</b>	<b>55</b>	