

Employees' Retirement System of the County of Milwaukee
Minutes of the December 7, 2006 Investment Committee Meeting

1. Call to Order

Chairman John Martin called the meeting to order at 2:50 p.m. in the third floor conference room of the City Campus Building at 2711 West Wells Street, Milwaukee, Wisconsin.

2. Roll Call

Members Present

John Martin, Chairman
Dean Roepke
Marilyn Mayr

Members Excused

Michael Ostermeyer
Linda Bedford

Others Present

Peter Clark, Schroder Investments
Mark Grady, Corporation Counsel
Chris Cook, Schroder Investments
Jack Hohrein, ERS Manager
Brad Blalock, Mercer Consulting – via telephone conference
Kristin Finney-Cooke, Mercer Consulting – via telephone conference

3. Schroder Investment Management

Peter Clark and Chris Cook distributed and reviewed a handout dated December 2006 about their company and its investment programs. They reviewed the company's products and investment philosophy which included the

a) International Equity Funds – Large Cap and Small Cap

b) Quantitative Equity Funds

They reported that the quantitative fund invests in the top 50% of value companies.

Mr. Cook reviewed the companies' fixed income products.

Mr. Clark and Mr. Cook were excused from the meeting.

The Trustees asked the Mercer representatives to comment on the Schroder investment funds. Brad Blalock compared their performance with several of ERS' current managers and indicated that our current managers have outperformed Schroder's portfolio. He noted that Schroder uses a less restrictive approach and asks that they not be matched with a benchmark fund.

He compared Schroder global bonds with the Loomis Sayles portfolio which has limits placed on foreign investments per ERS's investment policy.

4. Review of Capital Guardian Performance

Mr. Blalock and Ms. Finney-Cooke reviewed their report dated December 7, 2006 on Capital Guardian. They reported that the policy guidelines called for a review at this time. They noted that this firm takes a little more risk with their investments but does not produce a much greater return of investment. They noted, however, that Japan investments had caused a large drop in the EAFE index in past years. Mercer's recommendation was to work closer on the Capital Guardian large cap portfolio.

Mr. Blalock reported that the Small Cap portfolio had performed well the last few years and that there was no policy compliance issue on the part of the portfolio.

5. Future Topics

Mr. Blalock recommended that the Board review the Real Estate Investments at a future meeting.

Mr. Hohrein noted that the January 4th, 2007 investment committee meeting was canceled and the next meeting was scheduled for February 1, 2007.

6. Adjournment

The meeting was adjourned at 4:40 p.m.

Submitted by
Jack L. Hohrein
Pension Board Secretary

JLH/kp