DISCUSSION SHEET

Employees' Retirement Fund
Board of Trustees Meeting

August 18, 2020

Issue: Redwood Investments

Attachments: None

Discussion: Redwood Investment is a small cap growth manager. In November 2019, the Board placed Redwood on watch because the firm's returns had underperformed their benchmark (the Russell 2000 Growth Index) for the 3-year period ending September 30, 2019. The recommendation at the November Board meeting was to place Redwood on watch for six months and re-evaluate their investment performance after that time. During the watch period, ERF staff has had monthly calls with Redwood to closely monitor the organization and performance.

Since November 2019, Redwood has significantly outperformed both its peer group, and on an absolute basis. However, they continue to lag somewhat on an inception to date basis. Therefore, staff and Wilshire recommend Redwood remain on watch at this time given both their performance improvement, and their since-inception performance.

Recommendation: Suggested motion for the approval is as follows: Move to approve Redwood Investments remaining on watch status for an additional six-month period.