

LIVE VIRTUAL COMMITTEE MEETING



TO VIEW VIA WEB



TO PROVIDE PUBLIC COMMENT

You may submit a request to speak during Public Comment or provide a written comment by emailing PublicComment@lacera.com. If you would like to remain anonymous at the meeting without stating your name, please let us know.

Attention: Public comment requests must be submitted via email to PublicComment@lacera.com.

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
300 N. LAKE AVENUE, SUITE 650, PASADENA, CA

A REGULAR MEETING OF THE REAL ASSETS COMMITTEE
OF THE BOARD OF INVESTMENTS*
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
300 N. LAKE AVENUE, SUITE 810, PASADENA, CA
8:00 A.M., WEDNESDAY, JUNE 9, 2021

This meeting will be conducted by the Board of Retirement by teleconference under the Governor's Executive Order No. N-29-20.

Any person may view the meeting online at
https://members.lacera.com/lmpublic/live_stream.xhtml

*The Committee may take action on any item on the agenda,
and agenda items may be taken out of order.*

I. CALL TO ORDER

II. APPROVAL OF MINUTES

- A. Approval of the Minutes of the Real Assets Committee Meeting of October 10, 2020.

III. PUBLIC COMMENT

(Written Public Comment - You may submit written public comments by email to PublicComment@lacera.com. Correspondence will be made part of the official record of the meeting. Please submit your written public comments or documentation as soon as possible and up to the close of the meeting.

Verbal Public Comment - You may also request to address the Committee. A request to speak must be submitted via email toPublicComment@lacera.com. We will contact you with information and instructions as to how to access the meeting as a speaker. If you would like to remain anonymous at the meeting without stating your name, please let us know.)

IV. NON-CONSENT

- A. Real Assets Co-investment and Secondaries Recommendation
James Rice, Principal Investment Officer
Daniel Joye, Investment Officer
(Memo dated May 28, 2021)

V. REPORT

- A. StepStone Real Estate (SRE) Consultant Presentation
James Rice, Principal Investment Officer
Amit Aggarwal, Investment Officer
Margaret McKnight, StepStone
Thomas Hester, StepStone
James Maina, StepStone
(Memo dated May 28, 2021)

VI. ITEMS FOR STAFF REVIEW

- VII. GOOD OF THE ORDER
(For information purposes only)

VIII. ADJOURNMENT

****The Board of Investments has adopted a policy permitting any member of the Board to attend a standing committee meeting open to the public. In the event five or more members of the Board of Investments (including members appointed to the Committee) are in attendance, the meeting shall constitute a joint meeting of the Committee and the Board of Investments. Members of the Board of Investments who are not members of the Committee may attend and participate in a meeting of a Committee but may not vote, make a motion, or second on any matter discussed at the meeting. The only action the Committee may take at the meeting is approval of a recommendation to take further action at a subsequent meeting of the Board.***

Documents subject to public disclosure that relate to an agenda item for an open session of the Board of Retirement that are distributed to members of the Board of Retirement less than 72 hours prior to the meeting will be available for public inspection at the time they are distributed to a majority of the Board of Retirement Members at LACERA's offices at 300 N. Lake Avenue, Suite 820, Pasadena, CA 91101, during normal business hours of 9:00 a.m. to 5:00 p.m. Monday through Friday.

Requests for reasonable modification or accommodation of the telephone public access and Public Comments procedures stated in this agenda from individuals with disabilities, consistent with the Americans with Disabilities Act of 1990, may call the Board Offices at (626) 564-6000, Ext. 4401/4402 from 8:30 a.m. to 5:00 p.m. Monday through Friday or email PublicComment@lacera.com, but no later than 48 hours prior to the time the meeting is to commence.

MINUTES OF THE REGULAR MEETING OF THE REAL ASSETS COMMITTEE
AND BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 NORTH LAKE AVENUE, SUITE 810, PASADENA, CA 91101

8:00 A.M., WEDNESDAY, OCTOBER 14, 2020

*This meeting was conducted by teleconference pursuant to the Governor's
Executive Order N-29-20*

PRESENT: David Muir, Chair
Alan Bernstein, Vice Chair
Wayne Moore
Gina V. Sanchez
David Green, Alternate

MEMBERS AT LARGE:

Herman Santos
Keith Knox
Elizabeth Greenwood
Shawn Kehoe

STAFF, ADVISORS, PARTICIPANTS

Jonathan Gabel, Chief Investment Officer
John McClelland, Principal Investment Officer

STAFF, ADVISORS, PARTICIPANTS (continued)

James Rice, Principal Investment Officer

Amit Aggarwal, Investment Officer

Noah Damsky, Senior Investment Analyst

Cindy Rivera, Senior Investment Analyst

I. CALL TO ORDER

The meeting was called to order by Mr. Muir at 8:00 a.m., in the Board Room of Gateway Plaza.

II. APPROVAL OF THE MINUTES

- A. Approval of the Minutes of the Regular Real Assets Committee Meeting of July 8, 2020.

Mr. Bernstein made a motion, Mr. Moore seconded, to approve the minutes of the regular meeting of July 8, 2020. The motion passed (roll call) with Messrs. Green, Moore, Muir, Bernstein and Ms. Sanchez voting yes.

III. PUBLIC COMMENT

There were no requests from the public.

IV. REPORT

- A. Real Assets and Inflation Hedges 2020 Mid-Cycle Structure Review as submitted by Jim Rice, Principal Investment Officer, John McClelland, Principal Investment Officer, Amit Aggarwal, Investment Officer, Cindy Rivera, Senior Investment Analyst, Noah Damsky, Senior Investment Analyst (Memo dated September 29, 2020)

Messrs. Rice and McClelland were present and answered questions from the Committee.

V. REPORT ON STAFF ACTION ITEM

Trustees Sanchez and Santos requested that a future presentation include a summary of: 1) how managers are selected, monitored and terminated and 2) how physical due diligence on real estate is being conducted during the pandemic.

VI. GOOD OF THE ORDER
(For information purposes only)


There was nothing to report.

VII. ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 9:00 a.m.

May 28, 2021

TO: Trustees – Real Assets Committee

FROM: James Rice, CFA 
Principal Investment Officer

Daniel Joye 
Investment Officer

FOR: June 9, 2021 Real Assets Committee Meeting

SUBJECT: **REAL ASSETS CO-INVESTMENT AND SECONDARIES RECOMMENDATION**

RECOMMENDATION

Advance to the Board for approval, the establishment of Co-Investment and Secondaries delegation of authority to CIO for Real Assets following the parameters on slide 18 of the attached presentation.

DISCUSSION

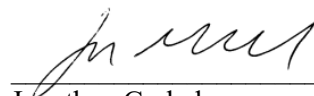
LACERA has been establishing a new private market real assets investment program over the past few years and has made approved commitments to five separate infrastructure funds. LACERA is considering the launch of new investments in the private natural resource category and staff expects to make its first recommendations to the Board in that category in the coming months.

As part of the structure review approved by the Board of Investments in late 2019, LACERA also is considering alternative structures beyond direct commitments to closed ended funds as it builds out its private investment program. The materials prepared for today's meeting include a discussion about the use of co-investments and secondaries to enhance the private real assets program. Also, included is a recommendation for the Committee to consider advancing to the Board which would allow for the delegation of authority to the CIO for certain co-investment or secondaries transactions which fall within certain defined parameters.

The delegation of authority to the CIO, if approved by the Board, would allow staff to begin the process of making smaller transactions in the area of co-investment or secondaries. Additionally, staff may also consider recommending directly to the Board larger co-investment or secondaries transactions or ones that do not fit the proposed parameters, as they arise, only when the transaction process can be completed within a timeframe that allows for Board approval at a scheduled meeting.

Attachment

Noted and Reviewed:



Jonathan Grabel
Chief Investment Officer

Real Assets
Proposed Co-Investment and Secondaries
Implementation Process

Real Assets Committee

June 9, 2021



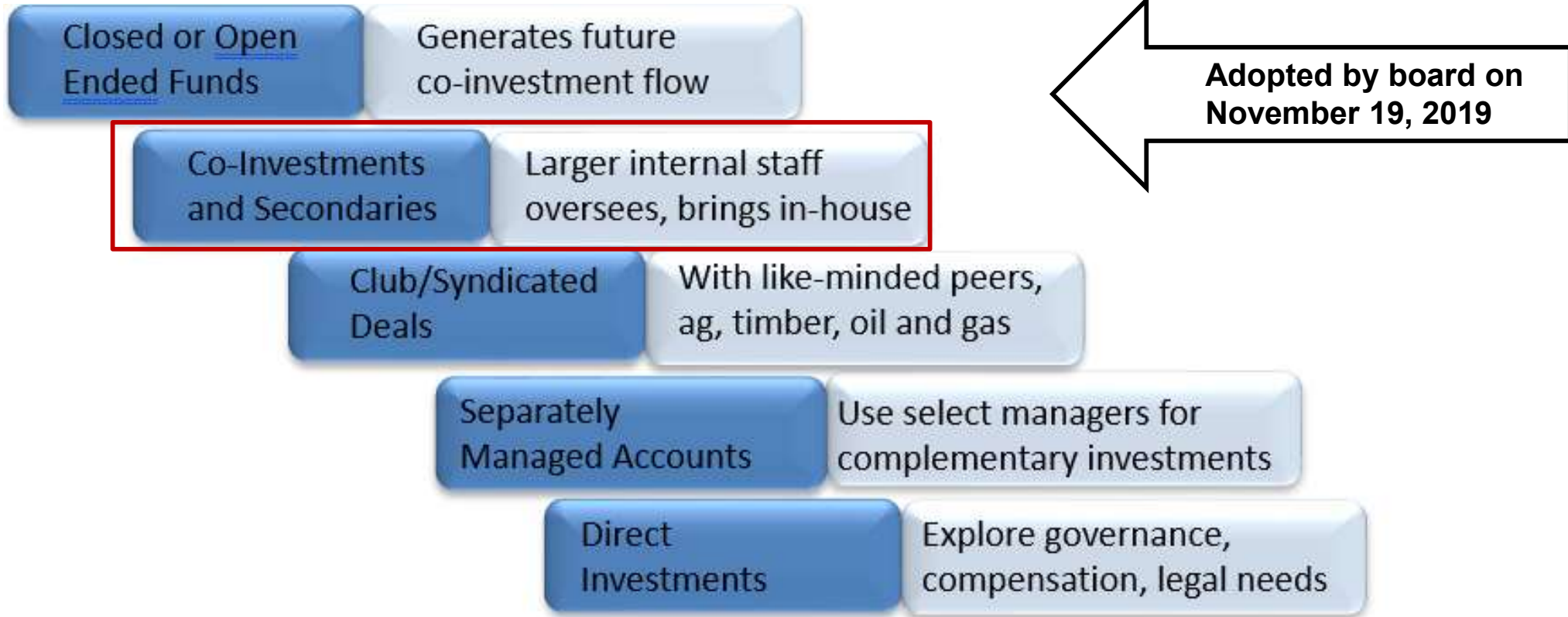
Agenda

- I. Background: Follow-up to the Real Asset Structure Review
- II. Benefits & Other Considerations for Co-investments and Secondaries
- III. Evaluation & Due Diligence Process
- IV. Proposed Implementation Plan

I. Background: Follow-up to the Real Asset Structure Review



LACERA Real Assets Structural Plan Steps

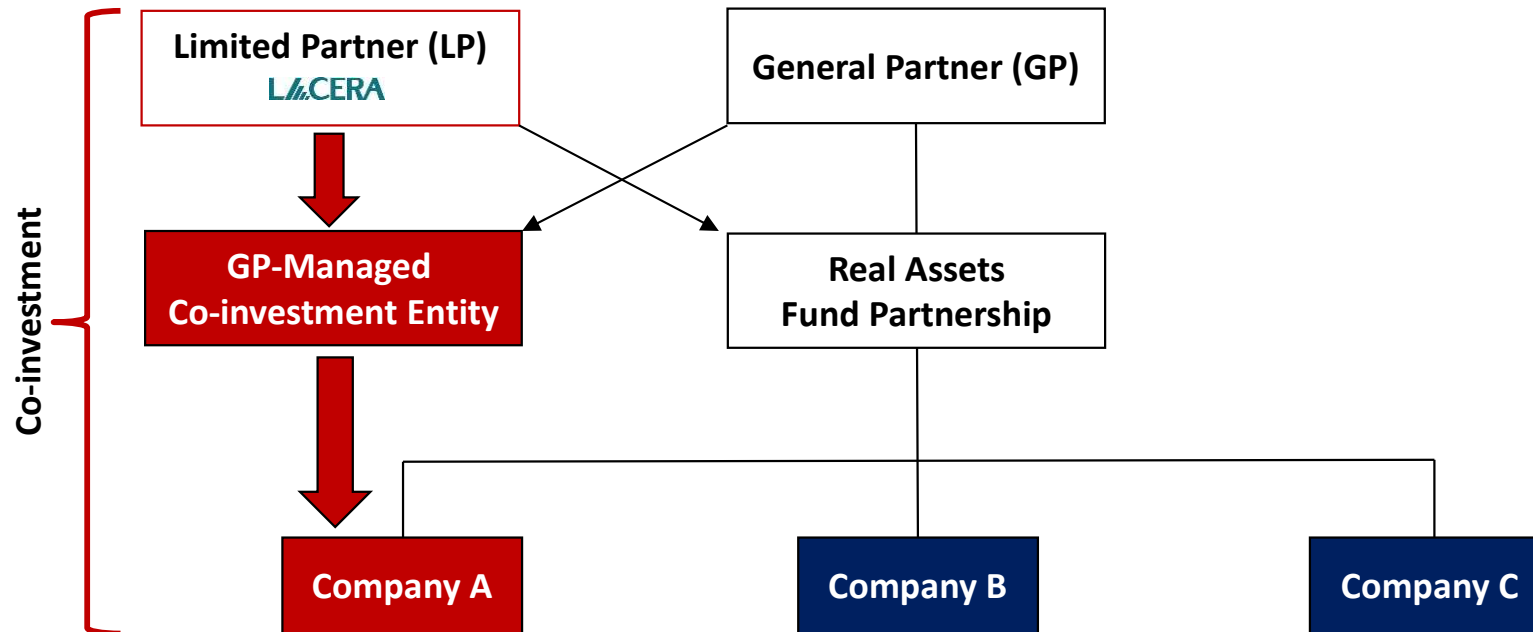


**Board objective as referenced in the Structure Review:
Develop co-investments and secondaries to reduce fees and build an intentional and diversified portfolio**

Co-Investments Definition

Co-investments are typically minority investments made directly in portfolio companies by fund limited partners alongside a private fund partnership

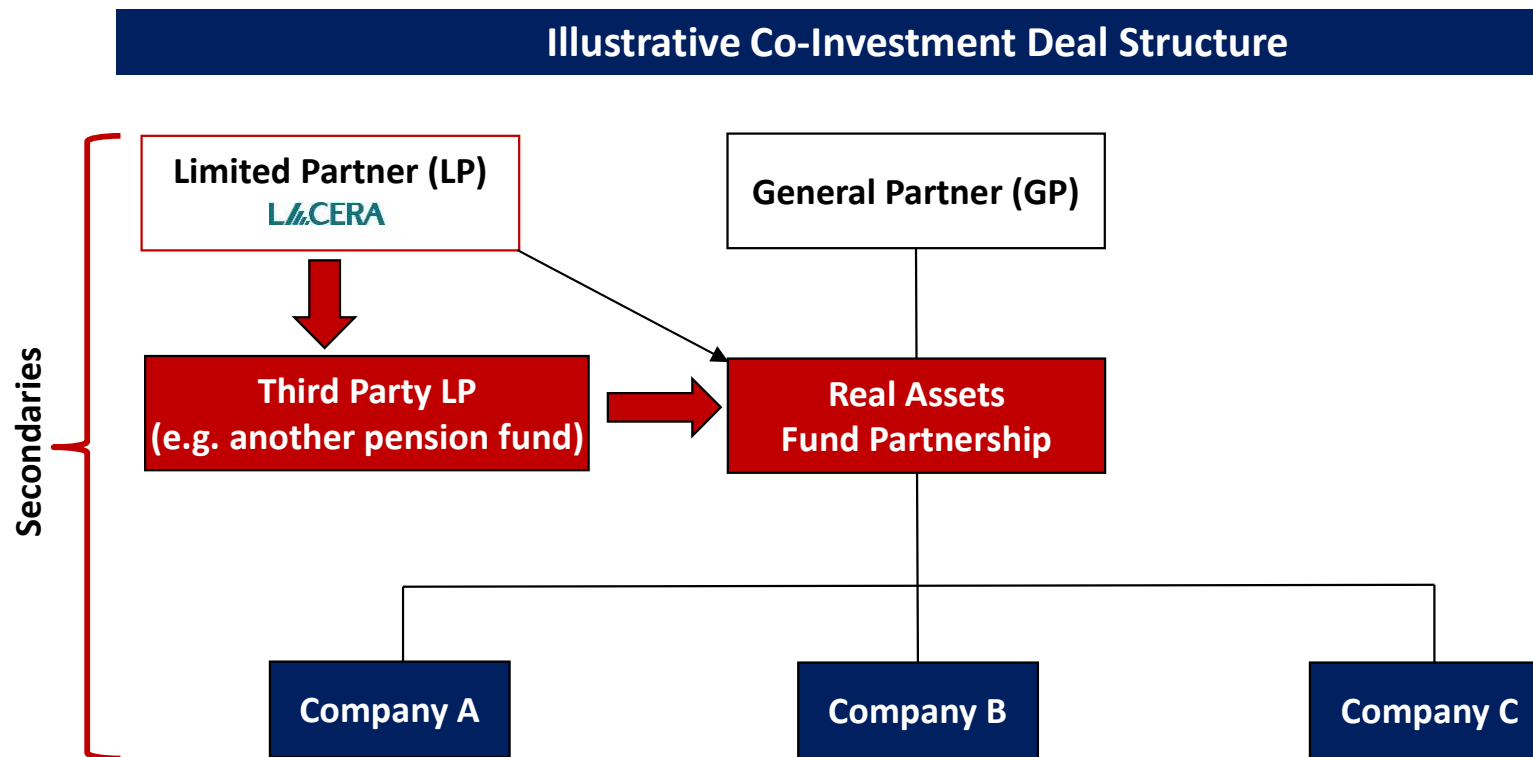
Illustrative Co-Investment Deal Structure



In this example, LACERA has exposure to “Company A” through its commitment to the private real assets fund AND further exposure through a co-investment

Secondaries Definition

Secondaries are the sale and purchase of a limited partners interest and obligations in a private fund partnership.



In this example, LACERA buys another LP's stake in a Real Asset fund and/or replaces the LP for future undrawn commitments.

(Note: A Secondaries purchase can also include the purchase of a co-investment interest.)

II. Benefits & Other Considerations for Co-investments and Secondaries



Co-investment Benefits for Real Assets

Merits

Portfolio Construction & Diversification

- Balance portfolio to underweight sectors
- Increase capital deployment speed with increased asset allocation for new real assets category
- Target specific asset types less readily available in public markets or more difficult to implement in private markets, e.g., high cash-yielding/contracted core assets (especially in infrastructure)

Reducing Fee drag

- Advantageous economics, often at no fee/no carry with existing GP relationship

Moving from allocator to investor

- Enhanced execution capabilities and culture leads to better deal flow
- Frequent opportunities for co-invest in Real Assets space
- Access to attractive individual assets of managers with whom LACERA is not currently invested with
- Ability to gain a deeper understanding of a manager's investment process

**Currently Private Equity has an active delegated co-investment program.
Real Estate's is inactive.**



Secondaries Benefits for Real Assets

Merits

Enhanced Portfolio Construction

- Investing in an existing portfolio or company interest(s) with lesser or minimal blind pool risk
- Ability to reduce the portfolio-level "j-curve" effect on LACERA's newer private portfolio with the addition of more mature funds later in investment period
- Ability to strategically manage a portfolio's diversification and targeted sectors more discretely
- Ability to diversify across vintage year investments for a newer program
- Access to attractive funds of managers with whom LACERA is not currently invested

Buying at a discount

- Possibility of purchasing assets at a discount to current carrying value and a further discount to fair market value

Currently Private Equity has an active delegated secondaries program.



Co-Investment & Secondaries Considerations for Real Assets

Considerations

Compressed Decision Timeframe

- Deal timeline is often incompatible with the current structure that requires board approval
- Proposed Delegation of authority to CIO for co-investment approval within specific parameters

Internal Resources

- Work process needed to address opportunities as they arise in marketplace → Growth in Real Assets (ex-Real Estate) Staff from one to three plus PIO increases ability to manage co-invest/secondaries workflow

Deal Concentration

- Co-Investments will result in more concentrated positions in certain deals
- → Proposed procedures will limit LACERA exposure to no more than 1/3 of asset position
- → Initial proposed program limited to \$50 million per co-investment transaction

Due Diligence can be costly

- Significant time and resource commitment to value and negotiate deal terms, e.g. engagement of outside advisors
- Seller may not agree on price (mainly on secondaries)



III. Evaluation & Due Diligence Process



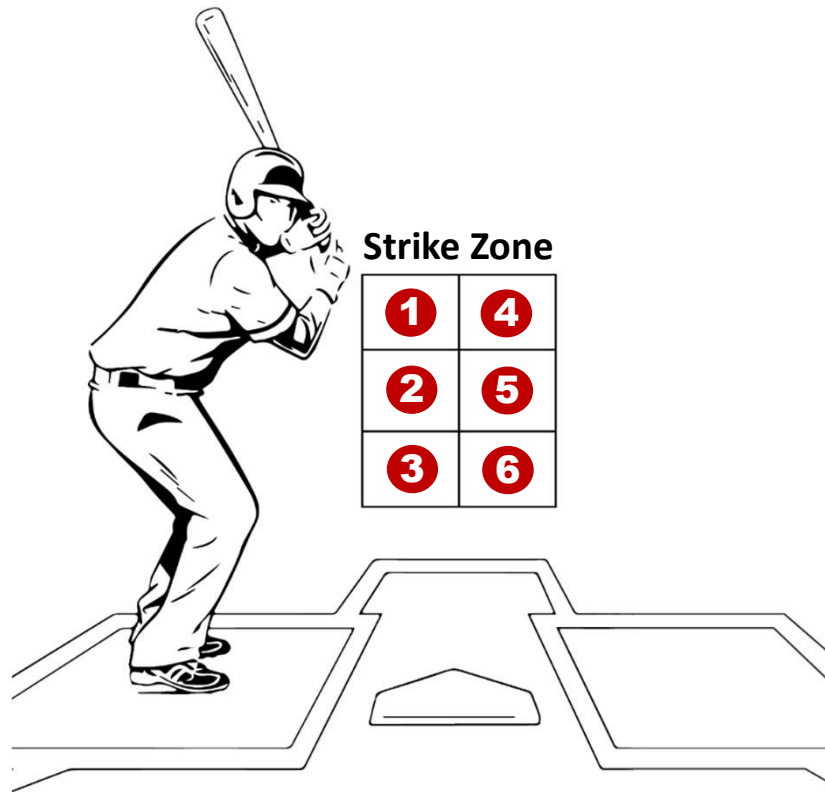
Co-Investment Evaluation Criteria

Proposed co-investment due diligence parameters designed to mitigate risks and ensure consistent decision making; only investments that fit LACERA's "Strike Zone" will be considered

1 Strong LACERA portfolio fit

2 Fit with general partner's investment strengths

3 Reasonable valuation and deal structure



4 Acceptable downside risk or protections

5 Positive macro tailwinds and/or manageable headwinds

6 Achievable company value creation strategy

Summary of Due Diligence Process for Co-investment

- Fit with LACERA' s portfolio
- Assessment of fit with the general partner's investment strengths
- Reasonableness of valuation and proposed deal structure and terms
- Analysis of the general market environment
- Analysis of the investment merits and concerns
- Compliance with all regulatory and legal requirements
- Reference checks on the company management and the general partner investment principals
- Analysis of ESG and DEI considerations
- Sign-off by LACERA's Internal Real Asset Investment Group
- Sign-off by CIO
- Third-party documentation that confirms LACERA's due diligence process was followed in a satisfactory manner (currently being discussed with Albourne)

Summary of Due Diligence Process for Secondaries

- Fit with LACERA' s portfolio
- Assessment of fit with the general partner's investment strengths
- Analysis of fund structure and terms
- Analysis of the general market environment
- Analysis of the investment merits and concerns
- Full valuation analysis conducted by staff and Secondary Advisor to assess fair value of partnership
- Negotiate parameters for legal documents and engagement of outside council if necessary
- Sign-off by LACERA's Internal Real Asset Investment Group
- Sign-off by CIO



III. Proposed Implementation Plan for Delegated Authority



Parameters: Sectors and Geographies



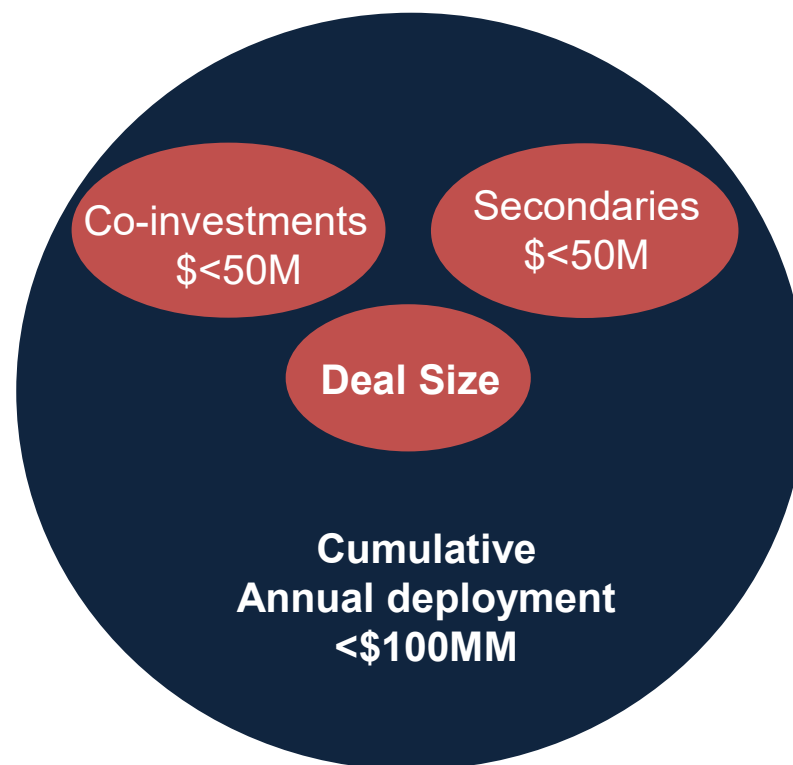
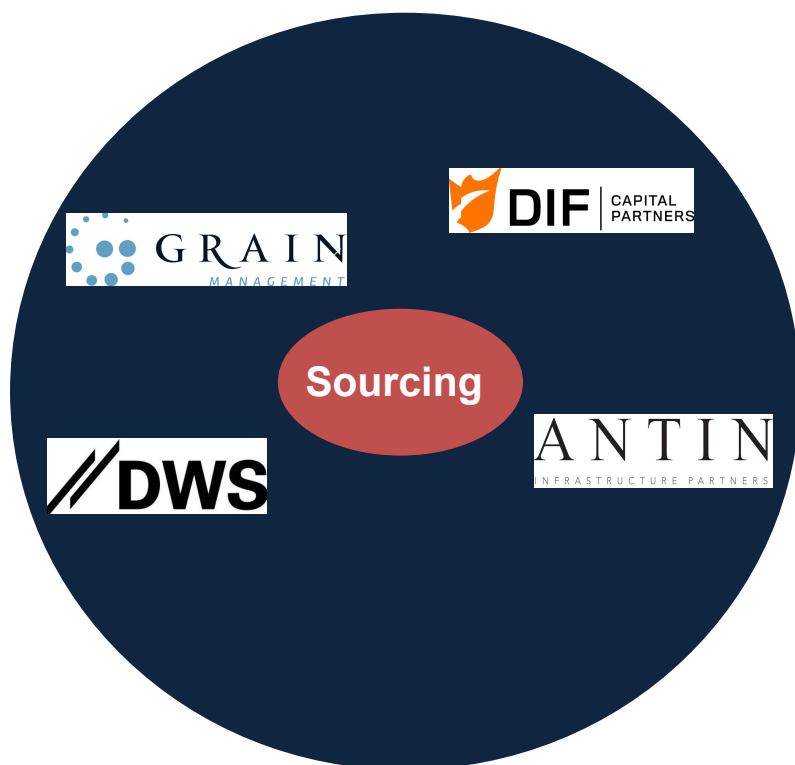
Proposed guidelines for target co-investments & secondaries

- Clearly Defined Infrastructure Categories: Utilities, Power & Renewables, Telecom, Transportation and Social
- Natural Resources: Mining, Agriculture & Timber
- Target economies: USA, Canada, Eurozone, UK, Australia and New Zealand

Merits

- High quality assets
- Fit with private asset objectives
- Strong legal framework for asset owners

Parameters: Deal Size and Sourcing



Proposed guidelines for co-investments & secondaries deals

Sourcing	<ul style="list-style-type: none"> • Current Board-approved managers
Deal Size	<ul style="list-style-type: none"> • Co-investments <\$50M • Secondaries <\$50M
Capital Deployment	<ul style="list-style-type: none"> • \$100 million annual maximum cumulatively across co-investments and secondaries

Advance to Board:

Proposed Delegated Co-Investment & Secondaries Authority

	Co-Investment Parameters	Secondaries Parameters
Sourcing	<ul style="list-style-type: none"> Co-investments by Board-approved real asset GPs currently managing capital on behalf of LACERA 	<ul style="list-style-type: none"> A fund managed by a GP in which LACERA is an existing real assets investor
Investment Size	Up to \$50 million	
Geography	USA, Canada, Eurozone , UK, Australia, and NZ	Global with Majority of Assets in developed markets
Deal Types	<ul style="list-style-type: none"> Infrastructure Natural Resources 	<ul style="list-style-type: none"> Infrastructure and Natural Resources Fund must be at least 70% deployed, committed or reserved Fund must have been managed by current team for at least 3 years
Deal Exposure	LACERA's ownership of co-investment asset or Fund not to exceed 1/3 of total under GP (combining co-invest & fund exposure)	
Annual Capital Deployment	\$100 million maximum cumulatively across co-investments and secondaries	
Advisory Confirmation	Third party (Albourne) confirms LACERA's due diligence was satisfactorily followed	Third party advisor confirms valuation
Monitoring Policy	<ul style="list-style-type: none"> Prompt notification to Board in writing of CIO-approved co-investments or secondaries Updates to BOI annually on capital deployed via co-investments & secondaries 	



Advance to Board:

Proposed Next Steps & Program Evolution

Gather Committee feedback and discuss further actions



	Proposed Initial Program	Next 1-3 years	Beyond
Sourcing	<ul style="list-style-type: none"> Current managers 	<ul style="list-style-type: none"> Current Managers Approved by any LACERA advisor 	TBD
Geography	USA, Canada, Western Europe, UK, Australia, and New Zealand	OECD ¹	Global
Co-Investment size	\$<50M	\$<100M	TBD
Secondary Size	\$<50M	\$<100M	TBD
Deal types	Infrastructure Natural Resources	Infrastructure Natural Resources	Infrastructure Natural Resources
Annual Capital deployment	\$100M	\$250M	TBD

¹³⁸ Member countries of Organization for Economic Co-operation and Development representing 80% of world trade including geography of “Proposed Initial Program” plus Chile, Colombia, Costa Rica, additional Middle and Eastern European Eurozone countries, Japan, Korea, Israel, and Mexico.



Advance to Board

Real Assets

Establish Co-Investment and Secondaries Delegation of Authority to CIO for Real Assets following the parameters on slide 18

May 28, 2021

TO: Trustees – Real Assets Committee

FROM: James Rice, CFA 
Principal Investment Officer

FOR: June 9, 2021 Real Assets Committee Meeting

SUBJECT: **STEPSTONE REAL ESTATE CONSULTANT PRESENTATION**

BACKGROUND

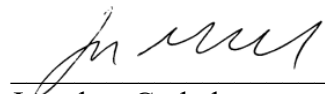
LACERA recently brought on StepStone Real Estate (“SRE” or “StepStone”) as its specialty Consultant for the Real Estate program. StepStone has prepared an educational presentation (**Attachment**) for the Committee to discuss alternatives in structuring an institutional real estate program and its view of the considerations across structures, particularly as it relates to the risk profile of the underlying real estate investments. Speakers from StepStone are:

Margaret McKnight, Partner
Thomas Hester, Managing Director
James Maina, Senior Associate

StepStone has begun its review of LACERA’s program including all of the underlying funds and property data. StepStone and LACERA staff expect to have specific recommendations for the Real Assets Committee and the Board of Investments in the coming months regarding the continued restructuring of the real estate program. These may include new RFPs for certain desired manager structures, repositioning existing assets into other structures, an updated structure review, and a defined path for future closed ended fund strategies to be considered.

Attachment

Noted and Reviewed:

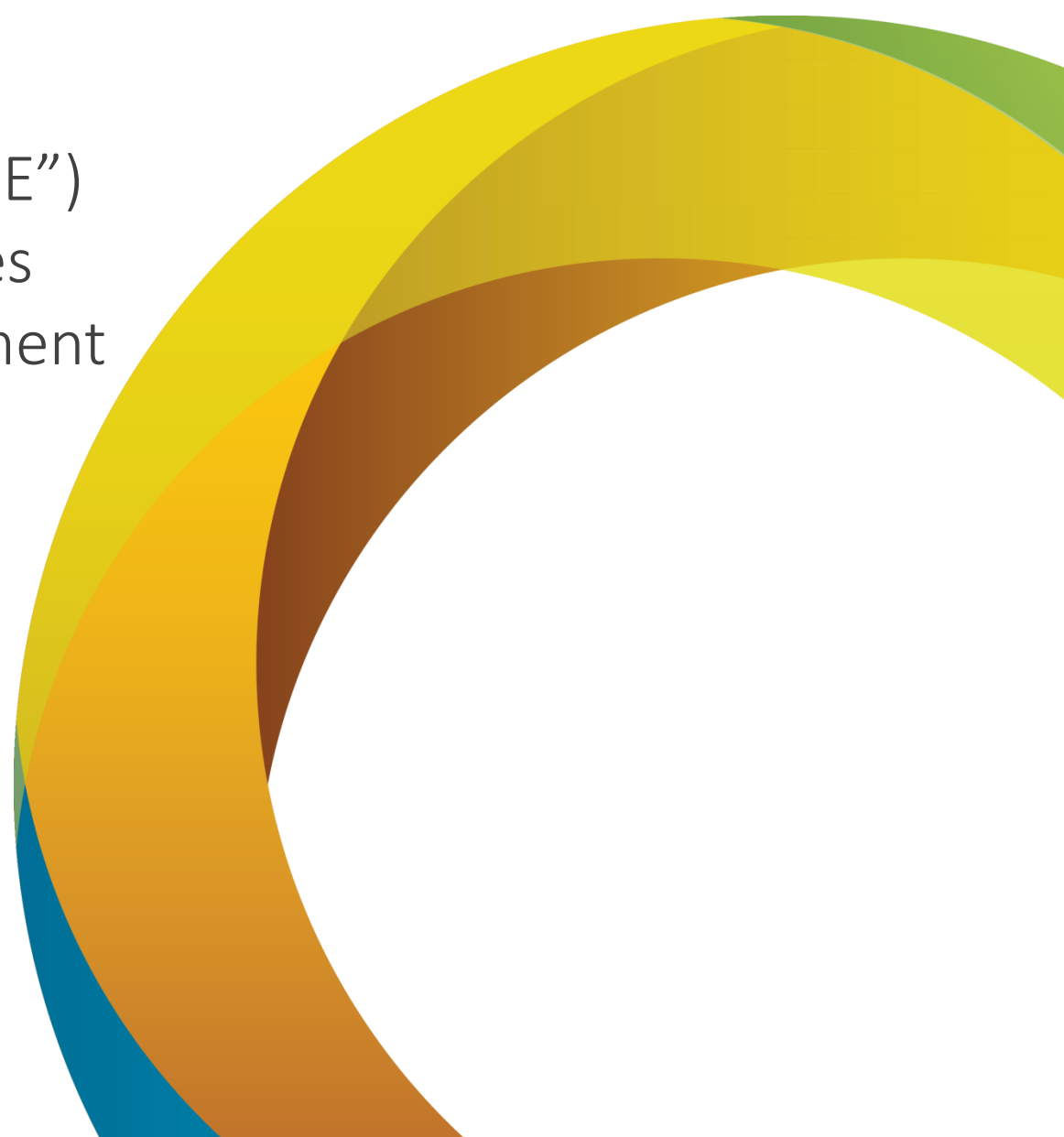


Jonathan Grabel
Chief Investment Officer



StepStone Real Estate (“SRE”)
Presentation to Los Angeles
County Employees Retirement
System (“LACERA”)

JUNE 2021



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Prospective investors should inform themselves and take appropriate advice as to any applicable legal requirements and any applicable taxation and exchange control regulations in the countries of their citizenship, residence or domicile which might be relevant to the subscription, purchase, holding, exchange, redemption or disposal of any investments. Each prospective investor is urged to discuss any prospective investment with its legal, tax and regulatory advisors in order to make an independent determination of the suitability and consequences of such an investment.

An investment involves a number of risks and there are conflicts of interest. Please refer to the risks and conflicts disclosed herein.

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All data is as of June 2021 unless otherwise noted.

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. ACTUAL PERFORMANCE MAY VARY.

Agenda

- I. Process Overview & Portfolio Choices
- II. Core & Value-Add Real Estate Portfolio Options
- III. Opportunistic Real Estate Portfolio Options



JEFF GILLER, PARTNER, HEAD OF STEPSTONE REAL ESTATE, SAN FRANCISCO

Mr. Giller leads StepStone's global real estate activities. He is also involved in the firm's diversity initiative, as well as various investment and management activities.

Prior to StepStone, Mr. Giller was a founder, managing partner and the chief investment officer at Clairvue Capital Partners, a real estate manager which integrated with StepStone to establish StepStone Real Estate. Before that he was a managing principal and chief investment officer at Liquid Realty Partners, an investment manager focused on real estate secondaries. Mr. Giller has also held senior positions in other real estate private equity investment firms in the US and Europe such as JER Partners and Somera Capital Management.

Mr. Giller received an AB from the University of California at Berkley and an MBA from the University of Virginia.



MARGARET MCKNIGHT, PARTNER, SAN FRANCISCO

Ms. McKnight is a member of the real estate team and focuses on various investment and portfolio management activities.

Ms. McKnight spent more than a decade at Carlyle's Metropolitan Real Estate, where she served as the co-Chief Investment Officer and was the fund head for Metropolitan's Global Funds series. She was a Consultant with Cambridge Associates and held various roles with JP Morgan. Ms. McKnight sits on the Investment Committee for Sutter Health, the fifth largest US non-profit community-based healthcare provider and the Real Assets Investment Subcommittee for Swarthmore College. She recently served as a Senior Advisor to Juniper Square, focused on Capital Markets applications of their investment management software.

Ms. McKnight graduated with high honors from Swarthmore College and earned an MBA from New York University.



THOMAS HESTER, MANAGING DIRECTOR, SAN FRANCISCO

Mr. Hester is a member of the real estate team and focuses on various investment and portfolio management activities.

Prior to StepStone, Mr. Hester was a senior vice president at Courtland Partners, Ltd., an international real estate advisory firm which integrated with StepStone Real Estate. Previously, Mr. Hester was director of accounting and financial reporting and chief compliance officer at Mesa West Capital, and CFO at Somera Capital Management, both real estate investment managers. Mr. Hester previously held principal positions at the McMahan Group and Westwood Consulting Group and was a senior manager at Kenneth Leventhal & Company/Ernst & Young. Mr. Hester is a current member of the NCREIF PREA Reporting Standards Council.

Mr. Hester received a BS from San Diego University and attended the University of California, Los Angeles, John E. Anderson Graduate School of Management.



ANJA RITCHIE, PRINCIPAL, LONDON

Mrs. Ritchie is a member of the real estate team and focuses on various investment and portfolio management activities, particularly in the European markets.

Prior to joining StepStone, Mrs. Ritchie worked at Cara Investment GmbH, a Germany-based family office, where she was responsible for the firm's Private Equity and Real Estate fund selection. Prior to joining Cara Investment GmbH in 2013, she was a Senior Analyst Alternative Investments at Bank of Oklahoma after starting her career at ClearRidge, a boutique corporate advisory firm in the United States.

Mrs. Ritchie holds a master's degree in Management from HHL-Leipzig Graduate School of Management and a bachelor's degree in International Business Administration from the European University Viadrina. She is also a CAIA charter holder.



JAMES MAINA, SENIOR ASSOCIATE, NEW YORK

Mr. Maina is a member of the real estate team and focuses on various investment and portfolio management activities.

Prior to joining StepStone full time, Mr. Maina was an intern for the firm, supporting the real estate and investor relations teams. Before that he was a real estate financial analyst Intern at University of Virginia Foundation in Charlottesville, Virginia and an investment banking summer analyst at Akemi Capital in New York.

Mr. Maina received a BS from the University of Virginia.

I. PROCESS OVERVIEW & PORTFOLIO CHOICES



TOP DOWN

- Understand and ensure program:
 - Furthers LACERA goals, risk tolerance, and sensitivities
 - Respects its resources
 - Captures size advantages
- Design guidelines for target exposures and manager structure
- Evaluate current vs. target portfolio exposures to formulate high level transition plan

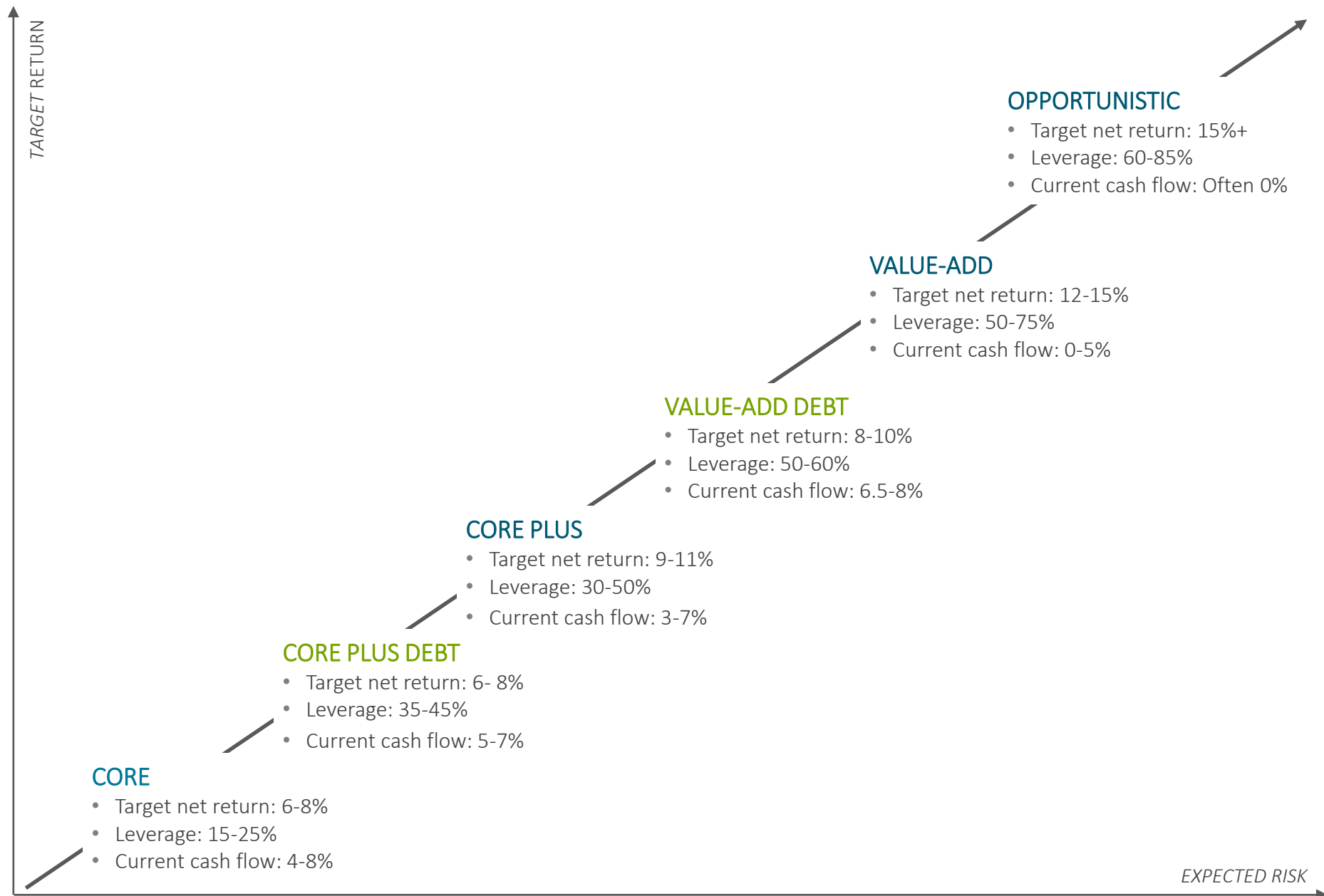


BOTTOM UP

- Assess separate account assets and managers, leveraging SRE active team
- Review fund commitments
- Develop detailed execution plan congruent with top-down goals

AT THIS STAGE OF THE PROCESS, THIS PRESENTATION IS MEANT TO BE EDUCATIONAL AND NOT ADVISORY

Real Estate Risk and Return Strategy Choices



StepStone Analysis, May 2021. Target returns are hypothetical and are neither guarantees nor predictions or projections of future performance. Future performance indications and financial market scenarios are no guarantee of current or future performance. There can be no assurance that such net target IRRs will be achieved or that the investment will be able to implement its investment strategy, achieve its investment objectives or avoid substantial losses. Further information regarding net target IRR calculation is available upon request.

Historical Market Performance Differs from Targets

ANNUALIZED PERFORMANCE

20 years ending March 31, 2021

	AVERAGE	VOLATILITY	SHARPE RATIO
CORE RE - NFI ODCE <i>(net of fees)</i>	6.7%	6.4%	0.97
NON-CORE RE – BURGISS <i>(net of fees)</i>	7.2%	10.3%	0.67
S&P 500	8.8%	17.1%	0.49
BARCLAYS US ALL BONDS	4.8%	3.4%	1.32

CORRELATION MATRIX

20 years ending March 31, 2021

	ODCE	BURGISS	S&P 500	BARC US All BONDS
CORE RE - NFI ODCE <i>(net of fees)</i>	1			
NON-CORE RE – BURGISS <i>(net of fees)</i>	0.83	1		
S&P 500	0.12	0.34	1	
BARCLAYS US ALL BONDS	(0.18)	(0.22)	(0.32)	1

Accessing Real Estate Varies by Risk-Return Choices

	OPEN-END FUNDS	CLOSED-END FUNDS	CO-INVESTMENTS	SECONDARIES	SEPARATE ACCOUNTS	JOINT VENTURES
RISK / RETURN FIT	Core / Core Plus	Non-Core	Any Risk Level			
ASSET-LEVEL CONTROL	●○○	●○○	○○○	●○○	○○●	○○○
ASSET SELECTION CONTROL	●○○	●○○	○○●	●○○	○○●	○○●
LIQUIDITY	○○○	●○○	○○○	●○○	○○●	○○●
J-CURVE	○○●	●○○	○○●	○○○	○○●	○○●
FEES	○○○	●○○	○○●	○○○	○○●	○○●
DIVERSIFICATION	○○●	○○○	○○○	○○●	●○○	●○○
TACTICAL ABILITY	○○○	○○●	○○●	○○●	○○○	○○○
ACCESS TO TRANSITIONAL OPPORTUNITIES	●○○	○○●	○○●	○○○	○○●	○○●
EXPERTISE / RESOURCES REQUIRED	○○●	○○○	●○○	●○○	●○○	●○○

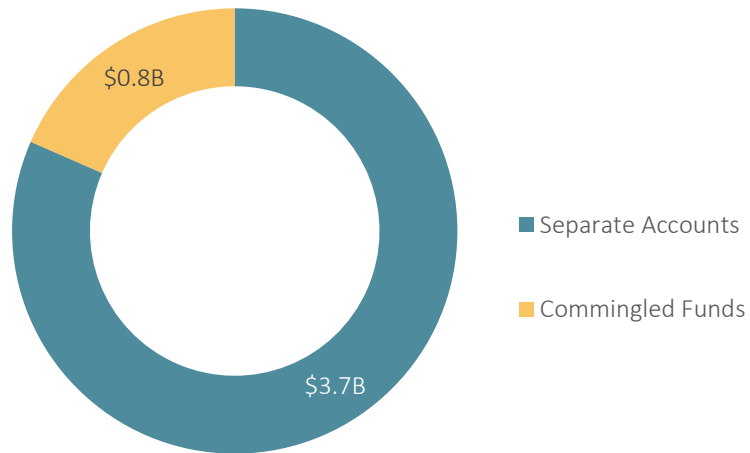
○○●	○○○	●○○
Readily Available / Easy	Moderately Available / Moderately Easy	Not Available / Difficult

The opinions expressed herein reflect the current opinions of StepStone as of the date appearing in this material only. There can be no assurance that views and opinions expressed in this document will come to pass.

LACERA's Portfolio is Predominantly Core SMAs

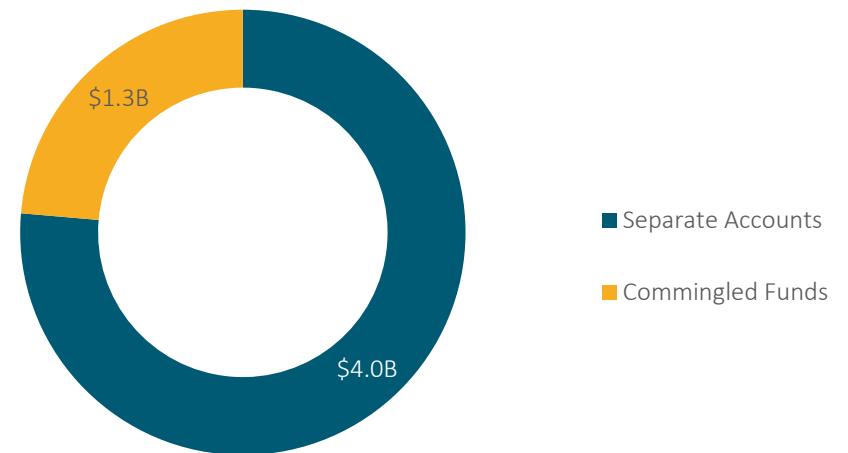
INFLATION HEDGE & REAL ASSETS

\$4.5 billion total



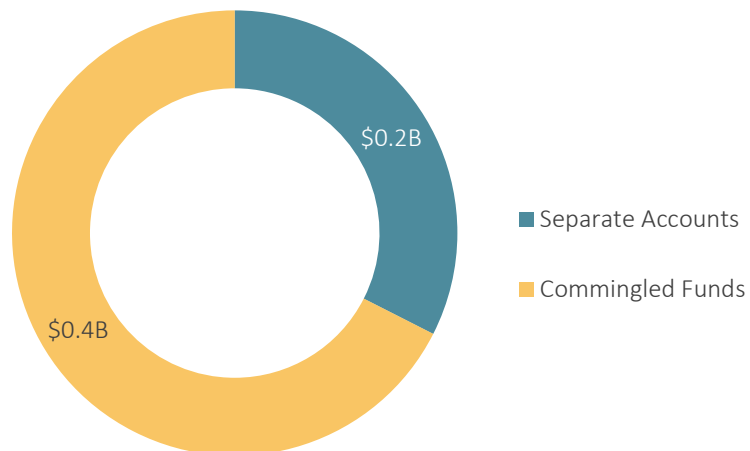
TOTAL REAL ESTATE

\$5.3 billion total



GROWTH

\$0.6 billion total



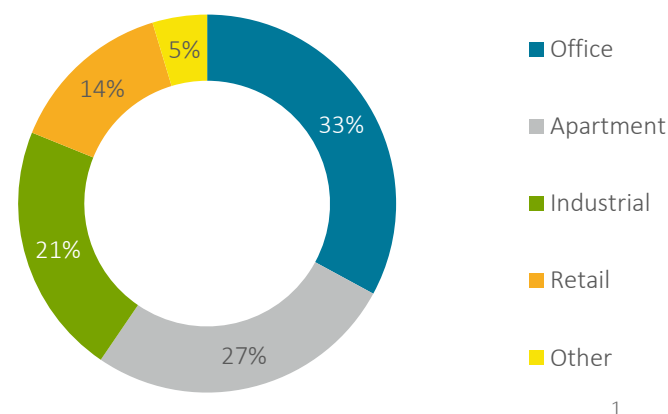
II. CORE & VALUE-ADD REAL ESTATE PORTFOLIO OPTIONS

US Open-Ended Funds: ODCE Overview

SUMMARY METRICS

- 26 Funds
- Average Fund:
 - \$9 billion NAV
 - 23.2% LTV
 - 115 properties
 - 92% occupancy

PROPERTY TYPE

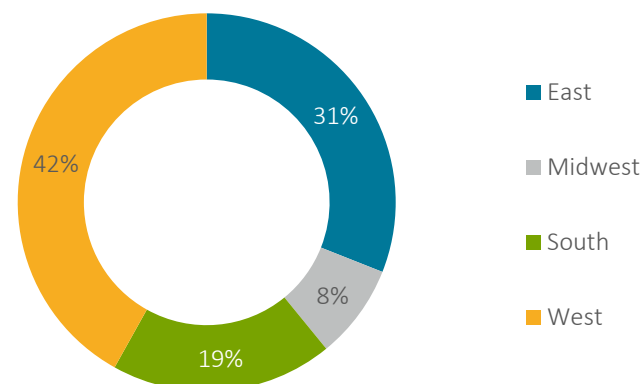


1

TOP 10 FUNDS (\$ millions)

FUND	GAV	NAV
J.P. Morgan Strategic Property Fund	\$40,726	\$31,032
Morgan Stanley Prime Property Fund	33,420	26,720
PGIM (Prudential) PRISA	27,075	21,198
UBS Trumbull Property Fund	17,763	15,649
Clarion Lion Properties Fund	16,501	14,681
Invesco Core Real Estate	14,392	12,361
DB/RREEF America REIT II	14,124	12,147
Heitman America Real Estate Trust	11,491	8,638
Principal U.S. Property Account	10,252	8,482
BentallGreenOak MEPT	9,995	9,149

REGION

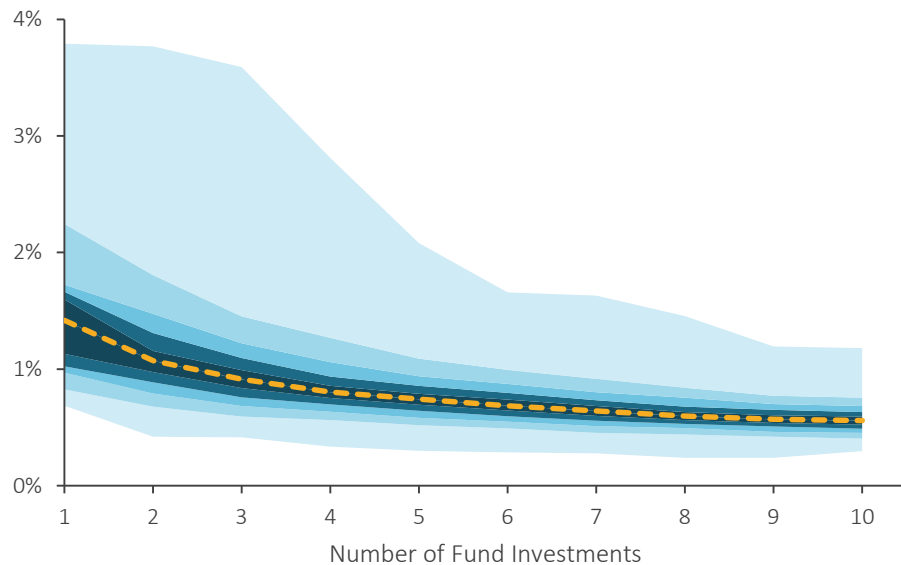


A Portfolio of ODCE Funds Can Have a Low Tracking Error

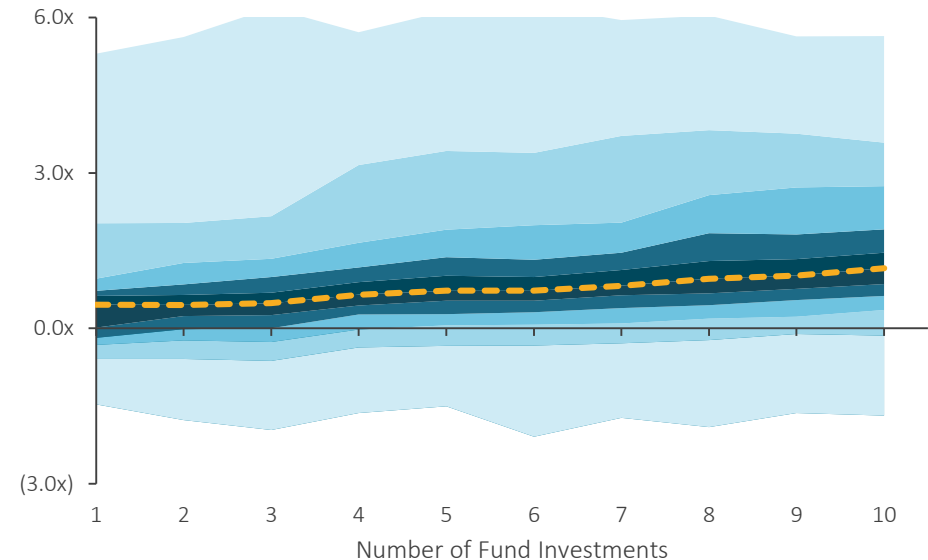
Tracking error drops with over five funds and returns approach indexation with over eight funds

- Risk-adjusted performance, as measured by the Information Ratio, steps up meaningfully with the number of funds
- This is based on a study of the historic performance data for 36 US funds of which 23 are NFI-ODCE constituents

ESTIMATED ANNUALIZED TRACKING ERROR VS. PORTFOLIO SIZE



ESTIMATED INFORMATION RATIO VS. PORTFOLIO SIZE

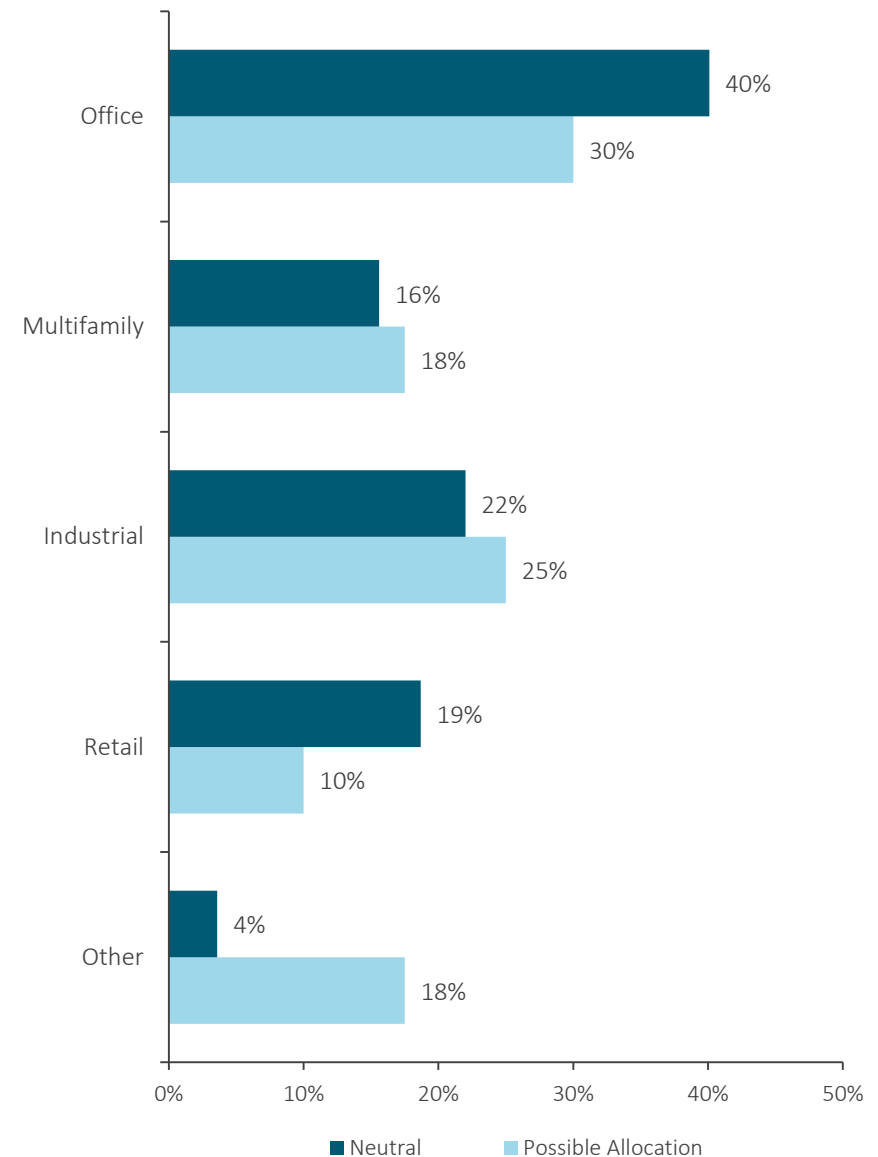


Deciles Median

Adding Alpha to an ODCE Portfolio

- Given LACERA's size, average fees could be lower than the index fees, implying structural potential for outperformance
- Other potential sources of outperformance include:
 - Active management of core fund mix
 - Addition of core plus funds for desired specialty asset class exposure
 - Value added funds may be added, but will have greater impact on tracking error
- Adding Non-US core exposure improves diversification, but is not expected to improve returns and will increase tracking error

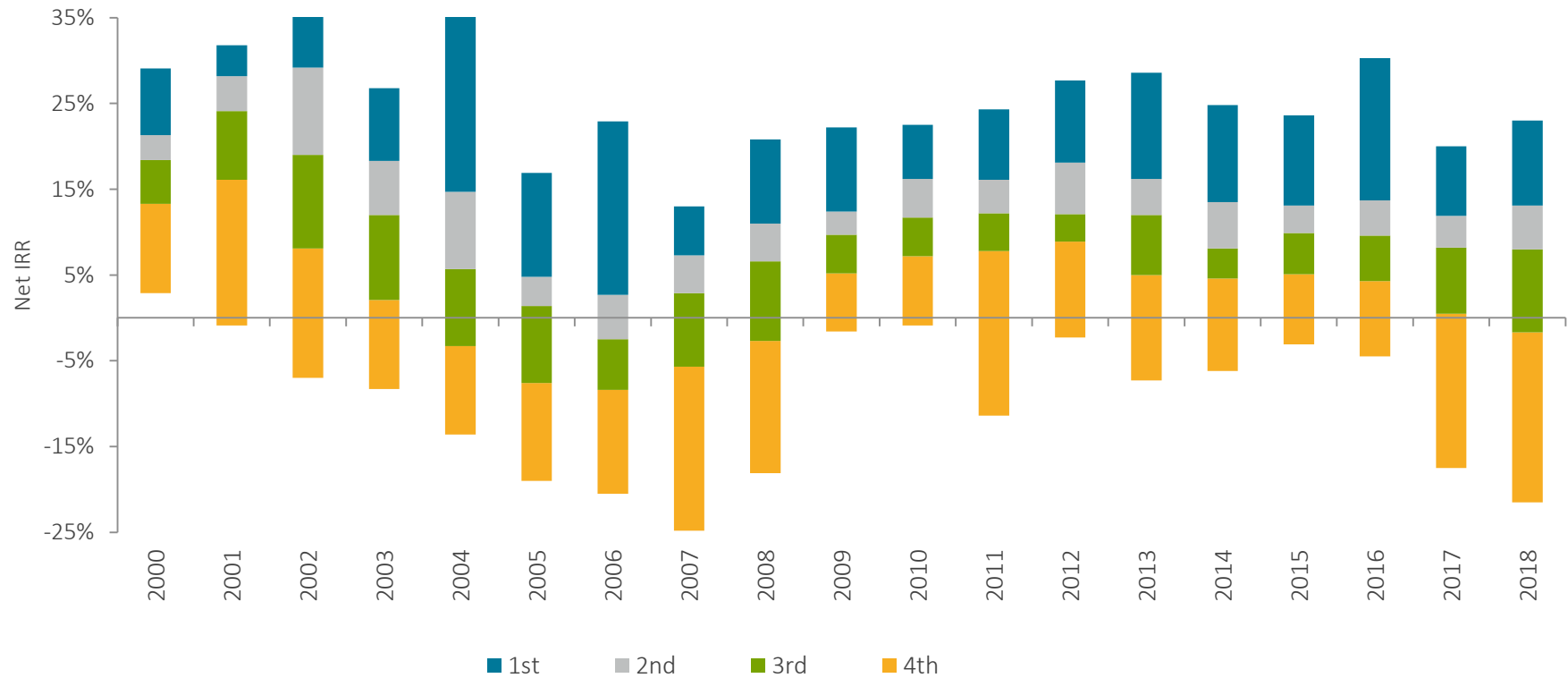
POSSIBLE TILTS VS. NEUTRAL WEIGHTING



III. OPPORTUNISTIC REAL ESTATE PORTFOLIO OPTIONS

Non-Core Manager Selection Matters

NON-CORE FUND RETURN DISPERSION BY QUARTILE
(20 YEARS ENDED DECEMBER 31, 2020)

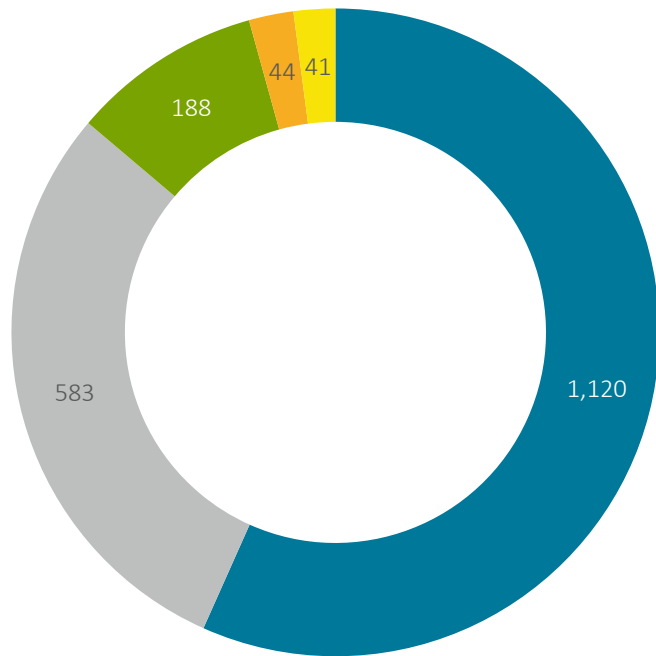


Source: Burgiss, as of December 31, 2020. Note: 2019 and 2020 vintage funds are in the j-curve and StepStone believes that their performance is not meaningful as of publication.

Large Universe Requires Thoughtful Approach

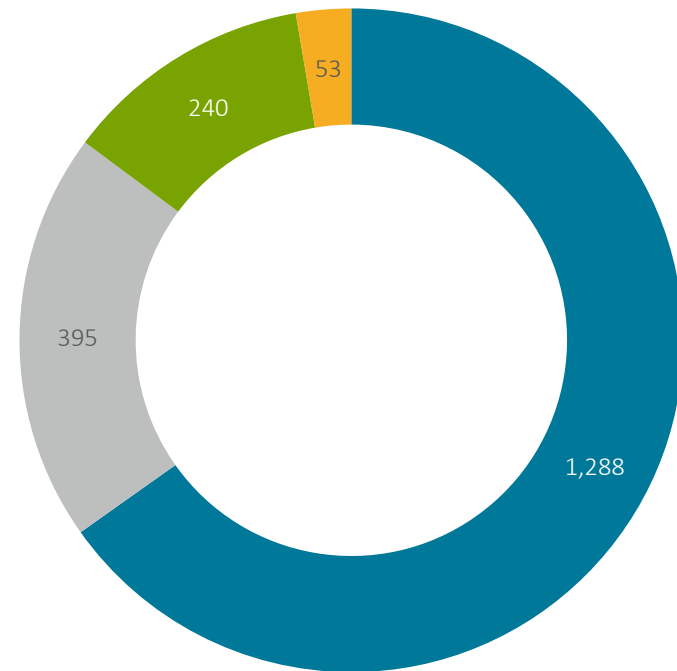
Nearly 1,200 funds were raised from 2015-2020

FUNDS RAISED (2015-2020): GEOGRAPHIC REGION



■ North America ■ Europe ■ Asia-Pacific ■ ROW ■ Global

FUNDS RAISED (2015-2020): FUND SIZE



■ \$0-500M ■ \$500M -1,000M ■ \$1,000M -2,500M ■ > \$2,500M

Goals & Resources Inform Manager Structure

PORTFOLIO CONSIDERATIONS

Exposures

- From global region to specific location
- Property type
- Capital position

Manager Type

- Full service to highly specialized
- Allocator vs. operator
- Experienced to emerging

Fund Type

- Diversified to focused
- Risk / return level
- Strategy

OTHER CONSIDERATIONS

Resources

- Decision-making
- Managing and monitoring

Higher-Level Goals

- Desired manager and portfolio composition
- ESG

Performance Goals

- Time to achieve targets
- J-curve tolerance
- Capitalizing on size

MANAGER STRUCTURE

- Creates a framework for successful execution
- Defines number of commitments, size, nature of manager, etc.
- Plans pacing to build and maintain target exposure

Risks and Other Considerations

Risks Associated with Investments. Identifying attractive investment opportunities and the right underlying fund managers is difficult and involves a high degree of uncertainty. There is no assurance that the investments will be profitable and there is a substantial risk that losses and expenses will exceed income and gains.

Restrictions on Transfer and Withdrawal; Illiquidity of Interests; Interests Not Registered. The investment is highly illiquid and subject to transfer restrictions and should only be acquired by an investor able to commit its funds for a significant period of time and to bear the risk inherent in such investment, with no certainty of return. Interests in the investment have not been and will not be registered under the laws of any jurisdiction. Investment has not been recommended by any securities commission or regulatory authority. Furthermore, the aforementioned authorities have not confirmed the accuracy or determined the adequacy of this document.

Limited Diversification of Investments. The investment opportunity does not have fixed guidelines for diversification and may make a limited number of investments.

Reliance on Third Parties. StepStone will require, and rely upon, the services of a variety of third parties, including but not limited to attorneys, accountants, brokers, custodians, consultants and other agents and failure by any of these third parties to perform their duties could have a material adverse effect on the investment.

Reliance on Managers. The investment will be highly dependent on the capabilities of the managers.

Risk Associated with Portfolio Companies. The environment in which the investors directly or indirectly invests will sometimes involve a high degree of business and financial risk. StepStone generally will not seek control over the management of the portfolio companies in which investments are made, and the success of each investment generally will depend on the ability and success of the management of the portfolio company.

Uncertainty Due to Public Health Crisis. A public health crisis, such as the recent outbreak of the COVID-19 global pandemic, can have unpredictable and adverse impacts on global, national and local economies, which can, in turn, negatively impact StepStone and its investment performance. Disruptions to commercial activity (such as the imposition of quarantines or travel restrictions) or, more generally, a failure to contain or effectively manage a public health crisis, have the ability to adversely impact the businesses of StepStone's investments. In addition, such disruptions can negatively impact the ability of StepStone's personnel to effectively identify, monitor, operate and dispose of investments. Finally, the outbreak of COVID-19 has contributed to, and could continue to contribute to, extreme volatility in financial markets. Such volatility could adversely affect StepStone's ability to raise funds, find financing or identify potential purchasers of its investments, all of which could have material and adverse impact on StepStone's performance. The impact of a public health crisis such as COVID-19 (or any future pandemic, epidemic or outbreak of a contagious disease) is difficult to predict and presents material uncertainty and risk with respect to StepStone's performance.

Taxation. An investment involves numerous tax risks. Please consult with your independent tax advisor.

Conflicts of Interest. Conflicts of interest may arise between StepStone and investors. Certain potential conflicts of interest are described below; however, they are by no means exhaustive. There can be no assurance that any particular conflict of interest will be resolved in favor of an investor.

Allocation of Investment Opportunities. StepStone currently makes investments, and in the future will make investments, for separate accounts having overlapping investment objectives. In making investments for separate accounts, these accounts may be in competition for investment opportunities.

Existing Relationships. StepStone and its principals have long-term relationships with many private equity managers. StepStone clients may seek to invest in the pooled investment vehicles and/or the portfolio companies managed by those managers.

Carried Interest. In those instances where StepStone and/or the underlying portfolio fund managers receive carried interest over and above their basic management fees, receipt of carried interest could create an incentive for StepStone and the portfolio fund managers to make investments that are riskier or more speculative than would otherwise be the case. StepStone does not receive any carried interest with respect to advice provided to, or investments made on behalf, of its advisory clients.

Other Activities. Employees of StepStone are not required to devote all of their time to the investment and may spend a substantial portion of their time on matters other than the investment.

Material, Non-Public Information. From time to time, StepStone may come into possession of material, non-public information that would limit their ability to buy and sell investments.