

# LIVE VIRTUAL BOARD MEETING

**FEBRUARY 10, 2021 AT 9:00 AM  
BOARD OF INVESTMENTS MEETING**



**TO VIEW VIA WEB**

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**TO PROVIDE PUBLIC COMMENT**

**You may submit a request to speak during Public Comment or provide a written comment by emailing [PublicComment@lacera.com](mailto:PublicComment@lacera.com). If you are requesting to speak, please include your contact information, agenda item, and meeting date in your request.**

**Attention:** Public comment requests must be submitted via email to [PublicComment@lacera.com](mailto:PublicComment@lacera.com) no later than 5:00 p.m. the day before the scheduled meeting.

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

## AGENDA

### A REGULAR MEETING OF THE BOARD OF INVESTMENTS

### LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, PASADENA, CALIFORNIA 91101

9:00 A.M., WEDNESDAY, FEBRUARY 10, 2021

This meeting will be conducted 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](https://members.lacera.com/lmpublic/live_stream.xhtml)

*The Board 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 Regular Meeting of January 13, 2021

III. REPORT ON CLOSED SESSION ITEMS

IV. PUBLIC COMMENT

(\*You may submit written public comments by email to [PublicComment@lacera.com](mailto:PublicComment@lacera.com). Please include the agenda number and meeting date in your correspondence. 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.

You may also request to address the Boards. A request to speak must be submitted via email to [PublicComment@lacera.com](mailto:PublicComment@lacera.com) no later than 5:00 p.m. the day before the scheduled meeting. Please include your contact information, agenda item, and meeting date so that we may contact you with information and instructions as to how to access the Board meeting as a speaker.)

V. CHIEF EXECUTIVE OFFICER'S REPORT  
(Memo dated January 25, 2021)

VI. CHIEF INVESTMENT OFFICER'S REPORT  
(Presentation dated February 10, 2021)

VII. NON-CONSENT ITEMS

- A. Recommendation as submitted by Steven P. Rice, Chief Counsel, to approve the “Powers and Duties of Investments Board Members,” which will be included with the ballot materials for the 2021 election of the Third Member of the Board of Investments and posted on lacera.com.  
(Memo dated February 1, 2021)

VIII. REPORTS

- A. Strategic Asset Allocation Capital Market Assumptions and OPEB Master Trust Discussion  
Jude Perez, Principal Investment Officer  
Leandro Faustino, Meketa Investment Group  
Tim Filla, Meketa Investment Group  
Alina Yuan, Meketa Investment Group  
(Memo dated February 2, 2021)
- B. MSCI Analytics Investment Risk Education  
Jude Perez, Principal Investment Officer  
Jorge Mina, MSCI ESG Research LLC  
Christopher Brady, MSCI ESG Research LLC  
Stella Kondonijakos, MSCI ESG Research LLC  
(Memo dated January 26, 2021)
- C. Update - LACERA Holdings in Securities Subject to Executive Order 13959 Related to Investments that Finance Chinese Military Companies  
Ted Wright, Principal Investment Officer  
Esmeralda Del Bosque, Senior Investment Officer  
Jeff Jia, Senior Investment Analyst  
(For Information Only) (Memo dated January 25, 2021)
- D. Semi-Annual Interest Crediting for Reserves as of December 31, 2020 (UNAUDITED)  
Ted Granger, Interim Chief Financial Officer  
(For Information Only) (Memo dated January 22, 2021)
- E. Cost-Of-Living Adjustment Effective April 1, 2021  
Ted Granger, Interim Chief Financial Officer  
(For Information Only) (Memo dated January 22, 2021)

VIII. REPORTS (Continued)

F. Monthly Status Report on Board of Investments Legal Projects  
Steven P. Rice, Chief Counsel  
(For Information Only) (Memo dated February 1, 2021)

G. Monthly Education and Travel Reports for December 2020  
Ted Granger, Interim Chief Financial Officer  
(For Information Only)

Monthly Education and Travel Reports for December 2020

(Public Memo dated January 25, 2021)

(Confidential Memo dated January 25, 2021 – Includes Anticipated Travel)

H. January 2021 Fiduciary Counsel Contact and Billing Report  
Steven P. Rice, Chief Counsel  
(For Information Only) (Privileged and Confidential)  
(Attorney-Client Communication/Attorney Work Product)  
(Memo dated January 28, 2021)

IX. ITEMS FOR STAFF REVIEW

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

XI. EXECUTIVE SESSION

A. Conference with Staff and Legal Counsel to Consider the Purchase or  
Sale of Particular, Specific Pension Fund Investments  
(Pursuant to California Government Code Section 54956.81)

1. Caxton Global Investments  
Vache Mahseredjian, Principal Investment Officer  
Chad Timko, Senior Investment Officer  
Quoc Nguyen, Investment Officer  
(Memo dated January 22, 2021)

2. Brevan Howard Master Fund  
Vache Mahseredjian Principal Investment Officer  
Chad Timko, Senior Investment Officer  
Quoc Nguyen, Investment Officer  
(Memo dated January 29, 2021)

XI. EXECUTIVE SESSION (Continued)

3. Manager Selection for TA Realty Takeover Asset  
Amit Aggarwal, Investment Officer  
Mike Romero, Senior Investment Analyst  
Cindy Rivera, Senior Investment Analyst  
(For Information Only) (Memo dated January 22, 2021)
  4. Private Equity Investment Update  
David Chu, Senior Investment Officer  
Derek Kong, Investment Officer  
(For Information Only) (Memo dated January 25, 2021)
- B. Conference with Legal Counsel – Anticipated Litigation  
Significant Exposure to Litigation (Pursuant to Paragraph (2) of  
Subdivision (d) of California Government Code Section 54956.9) And  
Initiation of Litigation (Pursuant to Paragraph (4) of Subdivision (d) of  
Section 54956.9)

Number of Cases: 1

XII. ADJOURNMENT

***Documents subject to public disclosure that relate to an agenda item for an open session of the Board of Investments that are distributed to members of the Board of Investments 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 Investments 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 A REGULAR MEETING OF THE BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, PASADENA, CALIFORNIA 91101

9:00 A.M., WEDNESDAY, JANUARY 13, 2021

This meeting was conducted by teleconference under the Governor's Executive Order  
No. N-29-20.

PRESENT: Keith Knox, Chair

Joseph Kelly, Vice Chair

Alan Bernstein, Secretary

David Green

Elizabeth Greenwood

Shawn Kehoe

Ronal Okum

Gina V. Sanchez

Herman Santos

STAFF ADVISORS AND PARTICIPANTS

Santos H. Kreimann, Chief Executive Officer

Jonathan Grabel, Chief Investment Officer

Steven P. Rice, Chief Counsel

Ted Granger, Interim Chief Financial Officer

Carly Ntoya, Human Resources Division Manager

Christine Roseland, Senior Staff Counsel

STAFF ADVISORS AND PARTICIPANTS (Continued)

Christopher Wagner, Principal Investment Officer

Vache Mahseredjian, Principal Investment Officer

Jude Perez, Principal Investment Officer

John McClelland, Principal Investment Officer

Jim Rice, Principal Investment Officer

David Chu, Senior Investment Officer

Scott Zdrazil, Senior Investment Officer

Derek Kong, Investment Officer

Amit Aggarwal, Investment Officer

Trina Sanders, Investment Officer

David Simpson, Investment Officer

Cheryl Lu, Investment Officer

Calvin Chang, Senior Investment Analyst

Michael Romero, Senior Investment Analyst

Terra Elijah, Investment Analyst

Meketa Investment Group

Stephen McCourt, Managing Principal

Leandro Festino, Managing Principal

Timothy Filla, Principal

Alina Yuan, Associate

StepStone Group LP

Jose Fernandez, Partner

Natalie Walker, Partner

STAFF ADVISORS AND PARTICIPANTS (Continued)

The Townsend Group  
Rob Kochis, Partner  
Felix Fels, Vice President

Albourne  
Mark White, Head of Real Assets  
James Walsh, Partner

J.P. Morgan Private Equity Group  
Ashmi Mehrotra, Portfolio Manager  
Laureen Costa, Portfolio Manager

I. CALL TO ORDER

The meeting was called to order by Mr. Green at 9:00 a.m., in the Board Room of Gateway Plaza.

II. ELECTION OF OFFICERS

A. Chair of the Board

Mr. Knox was nominated to the position of Chair of the Board of Investments by Ms. Greenwood.

Hearing no other nominations, the nominations were closed. Mr. Green announced that Mr. Knox was elected to the position of Chair of the Board of Investments.

B. Vice Chair of the Board

Mr. Kelly was nominated to the position of Vice Chair of the Board of Investments by Mr. Bernstein. Ms. Greenwood was nominated to the position of Vice Chair of the



II. ELECTIONS (Continued)

Board of Investments by Mr. Santos. The Board voted to elect Mr. Kelly to the position of Vice Chair. The nomination passed (roll call) with Messrs. Knox, Kehoe, Bernstein, Kelly, and Okum voting yes and Messrs. Green, Santos, Ms. Greenwood and Ms. Sanchez voting no.

C. Secretary

Mr. Bernstein was nominated to the position of Secretary of the Board of Investments by Mr. Kelly.

Hearing no other nominations, the nominations were closed. Mr. Green announced that Mr. Bernstein was elected to the position of Secretary of the Board of Investments.

D. Joint Organizational Governance Committee Member

Mr. Kehoe was nominated to the position of Joint Organizational Governance Committee Member by Mr. Kelly. Mr. Green was nominated to the position of Joint Organizational Governance Committee Member by Mr. Santos.

The Board voted to elect Mr. Kehoe to the position of Joint Organizational Governance Committee member. The nomination passed (roll call) with Messrs. Knox, Kehoe, Bernstein, Kelly, and Okum voting yes and Messrs. Green, Santos, Ms. Greenwood, and Ms. Sanchez voting no.

E. Audit Committee Member

## II. ELECTIONS (Continued)

Ms. Sanchez was nominated to the position of Audit Committee Member by Mr. Santos. Mr. Kelly was nominated to the position of Audit Committee Member by Mr. Kehoe. Mr. Kehoe was nominated to the position of Audit Committee Member by Mr. Bernstein. Mr. Santos was nominated to the position of Audit Committee Member by Ms. Sanchez.

The Board voted to elected Ms. Sanchez to the position of Audit Committee Member. The nomination passed (roll call) with Messrs. Knox, Santos, Kehoe, Okum, Bernstein, Kelly, Green, Ms. Greenwood and Ms. Sanchez voting yes.

The Board voted to elected Mr. Kelly to the position of Audit Committee member. The nomination passed (roll call) with Messrs. Knox, Kehoe, Okum, Bernstein, Kelly, Ms. Greenwood and Ms. Sanchez voting yes and Messrs. Santos and Green voting no.

The Board voted to elected Mr. Kehoe to the position of Audit Committee member. The nomination passed (roll call) with Messrs. Knox, Kehoe, Okum, Bernstein, Kelly, and Santos voting yes and Mr. Green, Ms. Sanchez, and Ms. Greenwood voting no.

At the conclusion of the elections, Mr. Knox announced his appointment of Ms. Greenwood to the Joint Organizational Governance Committee.

## III. APPROVAL OF MINUTES

### A. Approval of the Minutes of the Regular Meeting of December 9, 2020

Mr. Okum made a motion, Ms. Sanchez seconded, to approve the minutes of the regular meeting of December 9, 2020. The

### III. APPROVAL OF MINUTES (Continued)

motion passed unanimously (roll call) with Messrs. Green, Santos, Kehoe, Okum, Bernstein, Kelly, Knox, and Ms. Greenwood and Ms. Sanchez voting yes.

### IV. REPORT ON CLOSED SESSION ITEMS

Steven Rice, Chief Counsel, reported, by posting on lacera.com after the meeting, that:

A. Under Agenda Item XII.A.3 of the December 9, 2020 meeting, on a motion by Mr. Santos, seconded by Mr. Knox, the Board voted 9-0 to terminate Matarin Capital Management. The termination was effective December 16, 2020.

B. Under Agenda Item XII.A.1 of the September 9, 2020 meeting, on a motion by Mr. Santos, seconded by Mr. Bernstein, the Board voted 8-0 to terminate Invesco Advisers, Inc. and transfer Invesco-managed real estate assets to one or more of LACERA's existing separate account managers. Mr. Muir did not participate in the vote. The termination was completed as of December 31, 2020. The assets managed by Invesco have been transferred to Clarion Partners.

C. Under Agenda Item XII.A.5 of the September 12, 2018 meeting, the Board took action to direct LACERA's separate account real estate managers to sell select real estate assets. The vote has previously been reported, and individual transactions have been reported out at various times as appropriate under the Brown Act.

LACERA now reports out that the Board at that time directed the sale of Instrada Nomad, a 50-story, 392-unit apartment property located in New York City, NY.

#### IV. REPORT ON CLOSED SESSION ITEMS (Continued)

The sale was completed on February 19, 2020. The asset sold for a gross sales price of approximately \$381 million.

D. Under Agenda Item XII.A.5 of the September 12, 2018 meeting, the Board took action to terminate certain separate account real estate managers. The vote has previously been reported, and individual actions have been reported out at various times as appropriate under the Brown Act. LACERA now reports out that the Board at that time directed the termination of Barings LLC for its separate equity account mandate. The termination was completed as of February 28, 2020.

#### V. PUBLIC COMMENT

Damien Goodmon addressed the Board regarding Baldwin Hills Crenshaw Plaza.

Wayne Moore addressed the Board regarding agenda item X.C and X.D.

#### VI. CHIEF EXECUTIVE OFFICER'S REPORT (Memo dated December 28, 2020)

Mr. Kreimann provided a brief presentation on the Chief Executive Officer's Report.

#### VII. CHIEF INVESTMENT OFFICER'S REPORT (Presentation dated January 13, 2021)

Mr. Grabel provided a brief presentation on the Chief Investment Officer's Report.

## VIII. CONSENT ITEMS

- A. Recommendation as submitted by Herman Santos, Chair, Equity: Public/Private Committee: That the Board approve the following proposed changes to the investment guidelines: 1) clarify tracking error, 2) affirm currency hedge, and 3) establish parameters for Cash Overlay.  
(Memo dated December 18, 2020)

Ms. Sanchez made a motion, seconded by Mr. Okum, to approve staff recommendation. The motion passed unanimously (roll call) with Messrs. Green, Santos, Kehoe, Okum, Bernstein, Kelly, Knox and Ms. Greenwood and Ms. Sanchez voting yes.

## IX. NON-CONSENT ITEMS

- A. Recommendation as submitted by John McClelland, Principal Investment Officer; James Rice, Principal Investment Officer, Amit Aggarwal, Investment Officer, Trina Sanders, Investment Officer and Terra Elijah, Investment Analyst: That the Board select Stepstone to provide real estate consulting services. (Memo dated December 21, 2020)

Messrs. McClelland, Rice, Aggarwal and Ms. Sanders and Ms. Elijah provided a presentation and answered questions from the Board.

Mr. Kelly made a motion, Mr. Okum seconded, to select Stepstone to provide real estate consulting services. The motion passed unanimously (roll call) with Messrs. Green, Santos, Kehoe, Okum, Bernstein, Kelly, Knox and Ms. Greenwood and Ms. Sanchez voting yes.

## X. REPORTS

- A. Envision 2021: Investments Division Work Plan and Strategic Initiatives  
Jonathan Grabel, Chief Investment Officer  
(Memo dated December 30, 2020)

X. REPORTS (Continued)

Mr. Grabel provided a presentation and answered questions from the Board.

- B. Strategic Asset Allocation Capital Markets Expectations  
Jude Perez, Principal Investment Officer  
(Memo dated December 30, 2020)

Mr. Perez was present and answered questions from the Board.

- C. Emerging Manager Program Update  
Ted Wright, Principal Investment Officer  
Vache Mahseredjian, Principal Investment Officer  
Christopher Wagner, Principal Investment Officer  
(Memo dated December 30, 2020)

Messrs. Wright, Mahseredjian and Wagner provided a presentation and answered questions from the Board.

- D. Private Equity Emerging Manager Program  
Calvin Chang, Senior Investment Analyst  
Ashmi Mehrotra, J.P. Morgan Private Equity Group  
Laureen Costa, J.P. Morgan Private Equity Group  
(Memo dated December 24, 2020)

Mr. Chang and Ms. Mehrotra and Ms. Costa of J.P. Morgan Private Equity Group provided a presentation and answered questions from the Board.

- E. Meketa Investment Group Self-Evaluation  
Stephen McCourt, Meketa Investment Group  
Leandro Festino, Meketa Investment Group  
Timothy Filla, Meketa Investment Group  
Alina Yuan, Meketa Investment Group  
(For Information Only) (Memo dated January 4, 202)

This item was received and filed.

- F. Institutional Limited Partners Association Diversity in Action Initiative  
Endorsement  
David Simpson, Investment Officer  
(For Information Only) (Memo dated December 21, 2020)

X. REPORTS (Continued)

This item was received and filed.

- G. Sustainability Accounting Standards Board Investor Advisory Group Open Letter to Financial Infrastructure and Data Providers  
Scott Zdrazil, Senior Investment Officer  
(For Information Only) (Memo dated December 21, 2020)

This item was received and filed.

- H. Board of Investments March Meeting Scheduling and Council of Institutional Investors Conference Agenda  
Scott Zdrazil, Senior Investment Officer  
(For Information Only) (Memo dated December 21, 2020)

This item was received and filed.

- I. Amendment to Brown Act – Use of Social Media  
Steven P. Rice, Chief Counsel  
(For Information Only) (Memo dated December 28, 2020)

This item was received and filed.

- J. Monthly Status Report on Board of Investments Legal Projects  
Steven P. Rice, Chief Counsel  
(For Information Only) (Memo dated January 4, 2021)

This item was received and filed.

- K. Monthly Education and Travel Reports for November 2020  
Ted Granger, Interim Chief Financial Officer  
(For Information Only)

Monthly Education and Travel Reports for November 2020  
(Public Memo dated December 24, 2020)  
(Confidential Memo dated December 24, 2020 – Includes Anticipated Travel)

This item was received and filed.

X. REPORTS (Continued)

- L. December 2020 Fiduciary Counsel Contact and Billing Report  
Steven P. Rice, Chief Counsel  
(For Information Only) (Privileged and Confidential)  
(Attorney-Client Communication/Attorney Work Product)  
(Memo dated December 28, 2020)

This item was received and filed.

XI. ITEMS FOR STAFF REVIEW

The Board requested for Staff to return the T.I.D.E initiative for Board approval.

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

Mr. Grabel recognized Michael Romero for volunteering to assist with the presentation at the Board of Investment meetings.

Mr. Knox recognized Calvin Chang as the unsung hero of the month.

XIII. EXECUTIVE SESSION

- A. Conference with Staff and Legal Counsel to Consider the Purchase or Sale of Particular, Specific Pension Fund Investments  
(Pursuant to California Government Code Section 54956.81)

- 1. LAV Fund VI, L.P. and LAV Fund VI Opportunities, L.P.  
Christopher J. Wagner, Principal Investment Officer  
David Chu, Senior Investment Officer  
Cheryl Lu, Investment Officer  
Jose Fernandez, StepStone Group  
(Memo dated December 18, 2020)

Messrs. Wagner, Chu and Ms. Lu and Mr. Fernandez of StepStone Group provided a presentation and answered questions from the Board.



XIII. EXECUTIVE SESSION (Continued)

Mr. Kehoe made a motion, seconded by Mr. Okum, to approve a commitment of up to \$100 million total to LAV Fund VI, L.P. and LAV Fund VI Opportunities, L.P., which are private equity investments focused on venture, growth, and public equity investments in the biomedical industry, primarily in China and the United States. LAV Fund VI, L.P. and LAV Fund VI Opportunities, L.P. will invest across different stages from early stage to public listed equities, but with a focus on early-stage investments. The motion passed unanimously (roll call) with Messrs. Green, Santos, Kehoe, Okum, Bernstein, Kelly, Knox and Ms. Greenwood and Ms. Sanchez voting yes.

2. Novacap TMT VI, L.P.  
Christopher J. Wagner, Principal Investment Officer  
David E. Simpson, Investment Officer  
Jose Fernandez, StepStone Group  
(Memo dated December 21, 2020)

Messrs. Wagner, Simpson and Mr. Fernandez of StepStone Group provided a presentation and answered questions from the Board.

Mr. Bernstein made a motion, seconded by Ms. Sanchez, to approve a commitment of up to \$100 million to Novacap TMT VI, L.P., which is a private equity buyout investment focused on the technology, media, and telecommunications sectors, primarily in Canada. The motion passed unanimously (roll call) with Messrs. Green, Santos, Kehoe, Okum, Bernstein, Kelly, Knox and Ms. Sanchez voting yes. Ms. Greenwood did not participate in the vote.

XIII. EXECUTIVE SESSION (Continued)

3. Secondary Sale Recommendation  
Christopher J. Wagner, Principal Investment Officer  
Scott Zdrazil, Senior Investment Officer  
Derek Kong, Investment Officer  
(Memo dated December 29, 2020)

Messrs. Wagner, Zdrazil and Kong provided a presentation and answered questions from the Board. The Board discussed a secondary sale recommendation. There is nothing to report.

4. Grain Communications Opportunity Fund III, L.P.  
James Rice, Principal Investment Officer  
David E. Simpson, Investment Officer  
Mark White, Albourne  
James Walsh, Albourne  
(Memo dated December 21, 2020)

Messrs. Rice and Simpson and Messrs. White and Walsh of Albourne provided a presentation and answered questions from the Board.

Ms. Sanchez made a motion, seconded by Mr. Okum, to approve a commitment of up to \$100 million to Grain Communications Opportunity Fund III, L.P., which is a real assets fund investment focused on telecommunications infrastructure, primarily in the United States. The motion passed unanimously (roll call) with Messrs. Green, Santos, Kehoe, Okum, Bernstein, Kelly, Knox and Ms. Greenwood and Ms. Sanchez voting yes.

5. Real Estate Manager Asset Transfer  
Mike Romero, Senior Investment Analyst  
Rob Kochis, The Townsend Group  
Felix Fels, The Townsend Group  
(Memo dated December 17, 2020)

XIII. EXECUTIVE SESSION (Continued)

Mr. Romero was present and answered questions from the Board.

The Board took action. It will be reported out at a future date in accordance with the Brown Act.

6. Capman Nordic Fund III  
Amit Aggarwal, Investment Officer  
Rob Kochis, The Townsend Group  
Felix Fels, The Townsend Group  
(Memo dated December 21, 2020)

Mr. Aggarwal and Messrs. Kochis and Fels of the Townsend Group provided a presentation and answered questions from the Board.

Mr. Kelly made a motion, seconded by Ms. Greenwood, to approve a commitment of up to €75 million (approximately \$91.2 million) in Capman Nordic Fund III, which is a closed end real estate fund investing in a diversified portfolio, primarily in Sweden, Denmark, and Finland and secondarily in Norway. The motion passed unanimously (roll call) with Messrs. Green, Santos, Kehoe, Okum, Bernstein, Kelly, Knox and Ms. Sanchez and Ms. Greenwood voting yes.

7. Hedge Funds Emerging Manager Program Separate Account  
Manager Search – Supplemental Information  
James Rice, Principal Investment Officer  
Chad Timko, Senior Investment Officer  
Quoc Nguyen, Investment Officer  
(For Information Only) (Memo dated December 22, 2020)

The Board received supplemental information in connection with the approval given at the December 9, 2020 Board meeting for an emerging manager hedge fund portfolio to be managed by Stable Asset Management. The Board took no action.

XIII. EXECUTIVE SESSION (Continued)

There is nothing to report.

8. Private Equity Co-Investment Update  
David Chu, Senior Investment Officer  
Didier Acevedo, Investment Officer  
(For Information Only) (Memo dated December 23, 2020)

The Board received an information only report providing notice that LACERA completed a \$30 million co-investment in a registered investment advisory firm alongside Lightyear Capital, one of the Board's approved managers. The co-investment was made in compliance with LACERA's private equity in-house investment guidelines.

9. Private Equity Co-Investment Update  
David Chu, Senior Investment Officer  
Cheryl Lu, Investment Officer  
(For Information Only) (Memo dated December 18, 2020)

The Board received an information only report providing notice that LACERA completed a \$20 million co-investment in a healthcare software and service company alongside Leonard Green & Partners, L.P., one of the Board's approved managers. The co-investment was made in compliance with LACERA's private equity in-house investment guidelines.

- B. Conference with Legal Counsel – Anticipated Litigation Significant Exposure to Litigation (Pursuant to Paragraph (2) of Subdivision (d) of California Government Code Section 54956.9) And Initiation of Litigation (Pursuant to Paragraph (4) of Subdivision (d) of Section 54956.9)

Number of Cases: 1

XIII. EXECUTIVE SESSION (Continued)

The Board met with legal counsel to discuss one case of anticipated investment related litigation. The Board did not take action. There is nothing to report.

- C. Public Employee Performance Evaluation (Pursuant to Paragraph (1) of Subdivision (b) of California Government Code Section 54957)

Title: Chief Counsel

There is nothing to report.

- D. Public Employee Performance Evaluation (Pursuant to Paragraph (1) of Subdivision (b) of California Government Code Section 54957)

Title: Chief Investment Officer

There is nothing to report.

- E. Public Employee Performance Evaluation (Pursuant to Paragraph (1) of Subdivision (b) of California Government Code Section 54957)

Title: Chief Executive Officer

There is nothing to report.

XIV. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 3:34 p.m.

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ALAN BERNSTEIN, SECRETARY

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KEITH KNOX, CHAIR



January 25, 2021

TO: Each Trustee,  
Board of Retirement  
Board of Investments

FROM: Santos H. Kreimann *SHK*  
Chief Executive Officer

SUBJECT: **CHIEF EXECUTIVE OFFICER'S REPORT**

The following reflects the Chief Executive Officer's Report for January 2021 that highlights a few of the operational activities that have taken place during the past month, key business metrics to monitor how well we are meeting our performance objectives, and our educational calendar.

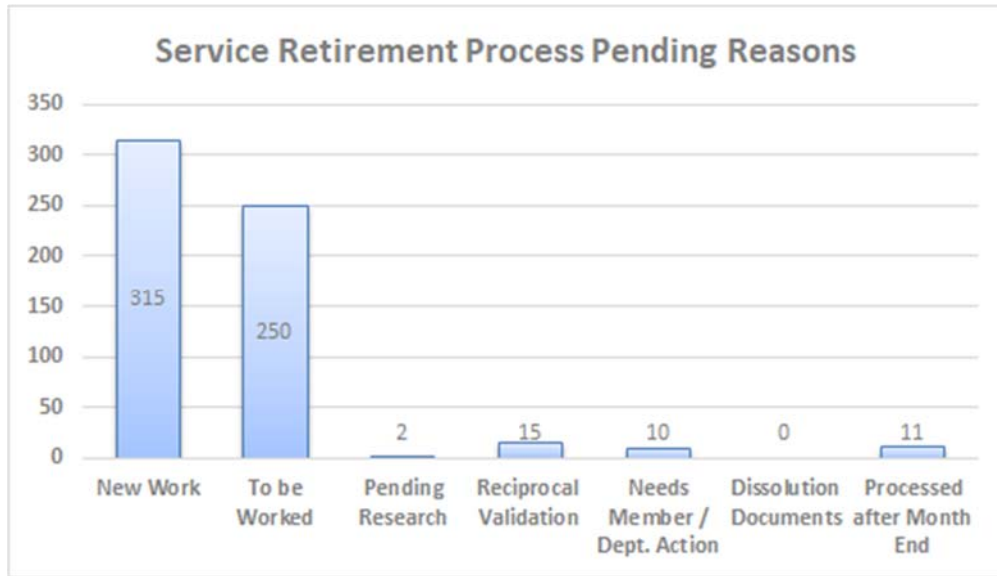
### **March Madness Update**

We are near the end of the second month of "March Madness", the period in which retirements tend to spike as members disproportionately elect to retire in time to be eligible for any April 1<sup>st</sup> cost-of-living adjustment (COLA). As we have in years past, we are continuing to share the annual March Madness statistics in this report. There are two key measures tracked during this time of year.

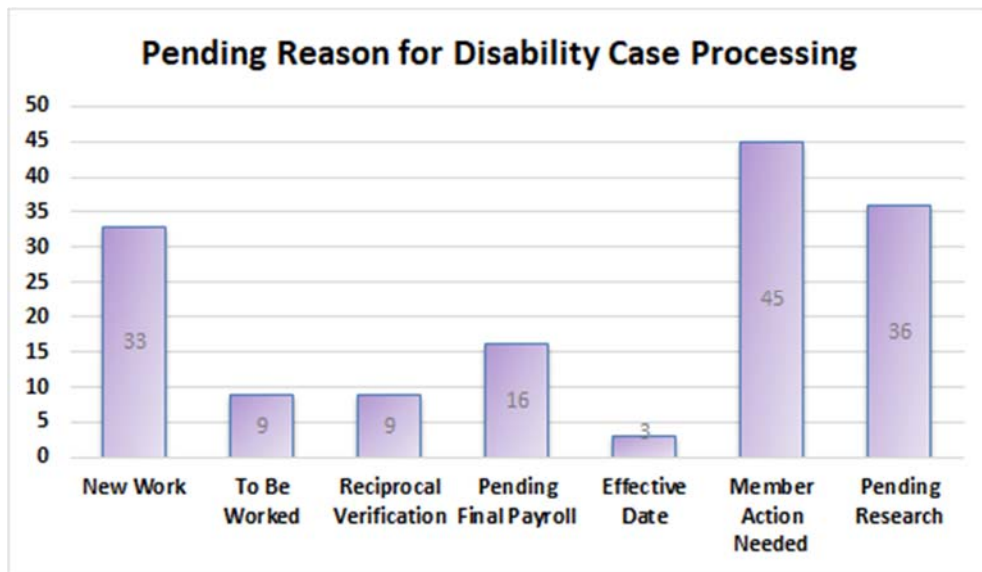
*How well are we keeping up with our member's requests to retire?* The chart below shows the total number of pending retirement elections. All incoming retirement requests are triaged by staff to facilitate processing those retirements with immediate retirement dates and those that require special handling (i.e. legal splits and those with uncompleted service credit purchases).

<b>Retirement Month</b>	<b>Pending Retirement Elections</b>
December 2020	<b>29</b>
January 2021	<b>62</b>
February 2021	<b>144</b>
March 2021	<b>368</b>
Pending Disability Cases	<b>151</b>
<b>Total Pending</b>	<b>754</b>

The 603 retirement elections to be completed for December - March are pending for the following reasons:



The 151 Pending Disability Cases represents the number of approved disability cases being processed by the Benefits Division. Once a disability has been granted by the Board, the Benefits Division staff works with the member and their employer to select a disability effective date, determine the member's option election, and bring them on payroll. These disability cases are pending for the following reasons:



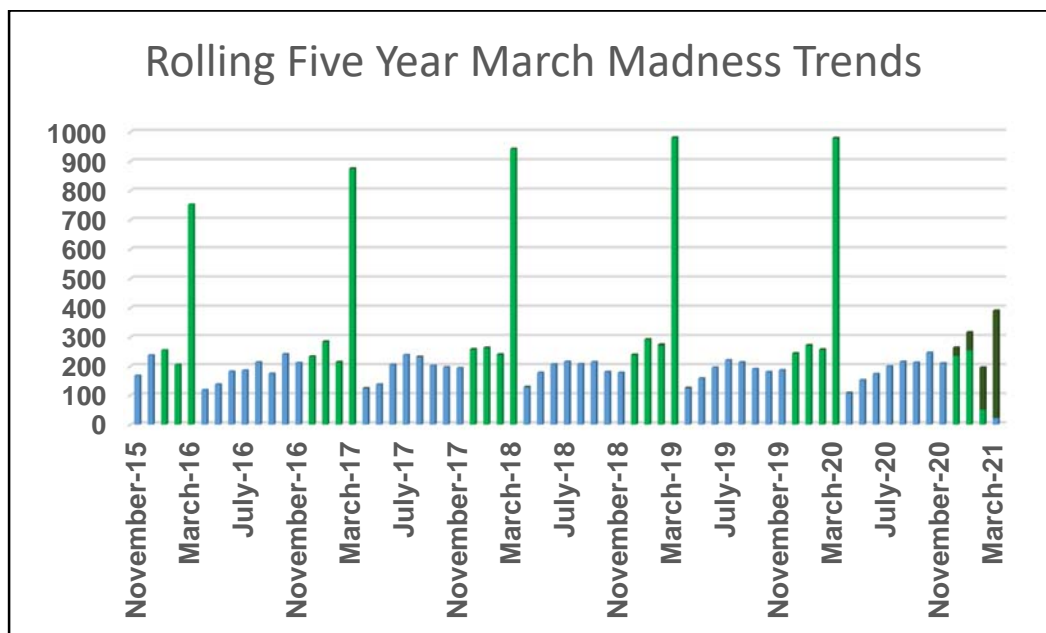
These cases are not assigned to a specific month in the "March Madness" period because the final effective date has not been determined. As with service retirements, some cases have mitigating factors such as legal splits and uncompleted purchases, which can also extend processing times. We expect to successfully meet the retirement agenda deadlines for a vast majority of our March Madness retirees.

The second key statistic is the volume of retirements during the year, but especially during March Madness. This gives us an indication on the severity of the stress placed on our capacity to meet our various member service requests and demands placed upon our staff.

The green bars in the chart below reflects those members approved by the Board to retire (i.e., their retirement elections have been approved and completed). The red bars show those cases that have not been processed as of the date of this report. The blue bars represent retirement elections processed during the remaining months of the year. As of January 15, 2021, we have processed 603 out of 1,169 retirements for the March Madness period so far. The following chart compares the total processed and pending cases per month to the average cases completed over the last five years.

	Current Period	Last Five Completed Years	Ahead (+) / Behind (-)
December	265	243	+
January	317	274	+
February	196	238	-
March	391	907	-

Putting this into perspective, during last year's March Madness 1,743 members retired, which was higher than the rolling five-year average of 1,662 (the five-year averages may change from month-to-month as disability cases are processed due to retroactive retirement dates).





In the last two CEO Reports, we shared that we were predicting the possibility of a higher-than-average March Madness period. This possibility was based on input from our Member Services Call Center on the number of members requesting retirement counseling. The data presented so far indicates this is still the case. We finished December and January ahead of the five-year average.

Staff continues to be prepared for a higher-than-normal season. As announced last month, we scheduled the Member Services Contact Center (which includes our Call Center) and the Retiree Healthcare Call Center to be open for half a day on three Saturdays in January. At the time of writing this report, we have compiled stats on our first Saturday. This was a soft launch advertised by a notice on LACERA.com. To be prepared, we had a total of 23 staff members (20 agents, one lead, and two supervisors). The team fielded 24 calls between 7 AM and 12 PM, and answered 29 emailed and secured message inquiries from members. We continue to monitor the demand for one-on-one virtual counseling sessions and are prepared, if needed, to offer these as well on Saturdays. Staffing for future sessions will be adjusted as we gain more experience with the call volumes.

Benefits is also planning for an increase in retirement elections. Through a combination of reassignment of duties and overtime, we will be ready to respond to the needs of our members. Again, we are evaluating additional work and staffing plans in case of a spike later in the March Madness period.

### **Retiree Healthcare COVID-19 Update**

As reported last month, staff continues to receive regular updates from our health plan partners regarding COVID-19. The most current information provided is the expansion of the COVID-19 vaccine eligibility, which now includes people age 65 and over. The carriers are also reporting that the main questions asked by members are centered around when and where to get the vaccine. Because the vaccine availability varies by county, messages that members are hearing on the news may not apply to them.

When asked what is being communicated to our members, the insurance carriers responded that they are encouraging participants to check the plan's website regularly for updates as things are changing daily and sometimes hourly throughout the day. As updates become available, our insurance partners are updating their websites and are also directing members to check with their healthcare provider, as some may be a distributor who has the vaccine on hand.

Lastly, both Kaiser Permanente and SCAN indicated that they are also providing outreach to their participants directly via text, email, their carrier portals, and phone call blasts.

### **COVID-19 Response Update**

The situation in Los Angeles County continues to be precarious, but slightly improved from the data we shared in the December 2020 report. The most recent daily count (per the LA County Department of Health) for January 22, 2021 was 9,277 cases.

LACERA has seen a decrease in reported incidents for staff members over the last month but continues to receive reports on a weekly basis. The following chart shows the number of LACERA staff members who were exposed (had direct close contact) to a person who tested positive for COVID-19; the number of LACERA staff members who tested positive for COVID-19; and the number of staff members who were in the office 14 days before testing positive for COVID-19.

#### **LACERA COVID-19 Incidents**

**December 30, 2020 to January 25, 2021**

<b>Exposed</b>	<b>Confirmed Positive</b>	<b>In Office Before Positive Test</b>
8	4	2

Earlier in December, the Los Angeles County Department of Public Health issued new temporary safety protocols for the workplace requiring all staff members working on site to wear masks at all times unless they are in an office with a closed door. Additional requirements were issued for hourly disinfecting routines for common areas. This was on top of earlier Occupational Safety and Health Administration (OSHA) regulations that increased the reporting protocols for COVID-19 incidents and required inspection protocols to make sure these staff members are following organizational protocols. The temporary protocols issued by the Department of Public Health were due to end at the end of the year but have been extended indefinitely until the situation in the County has improved.

LACERA continues to implement and follow all required and recommended protocols. We continue to limit the number of staff members physically in our offices on a daily basis. At this time most of our staff members, except those with critical job functions that must be carried out in the office, are working remotely. We have been averaging approximately 9-10% of our staff in the office at any one time (spread out over all our floors). Efforts continue to be made to prepare the office for a safe return to work should conditions change.

LACERA is also working with the County Department of Human Resources to be able to provide vaccinations to our staff. In early January, the County released their “Know Your Tier” vaccine public awareness program. As we reported last month, LACERA staff are considered essential due to our role in providing financial support to our members. We continue to support the County’s efforts to vaccinate those vital community members who provide medical services and our first

responders. In addition, the County has now opened up vaccinations for the general public for members who are age 65 or older. We are working to share this information with our staff members in this category and will be looking into supporting them by providing time for them to get vaccinated. We are committed to doing everything in our power to ensure we can vaccinate staff members as appropriate.

### **Business Continuity Tabletop Exercise**

On January 11, 2021, LACERA held a business continuity tabletop exercise and a disaster recovery exercise. The two exercises had different priorities and were conducted separately but at the same time to simulate the challenges we may face if a business disrupting event occurred.

The tabletop exercise was conducted by Castellan Solutions (formerly Assurance), our business continuity consultant. Participants in the event included our entire management team. While the team knew the event was scheduled for that day, no one on the team had any idea of the planned scenario or what we would be responding to. The team was asked to respond to an active shooter event that resulted in severe damage to the offices. The team is currently evaluating the consultant's report and recommendations, and the observations of team members and participants. A full report will be provided to the Operations Oversight Committee in March.

At the same time, LACERA Systems Division conducted a three-day disaster recovery exercise. The event was designed to test our abilities to restore data services and functionality at an offsite location. This event tested our abilities to restore backup data and reestablish services recently moved to our secure cloud environments. The Systems Division is also currently reviewing their observations and will provide a report to the Operations Oversight Committee in March as well.

We can share that both exercises went very well. The LACERA team members who participated were able to handle the specifics of the scenario in conjunction with our recently revised business continuity plans and protocols.

### **Master Board & Committee Calendars**

To provide better coordination and planning for board and committee meetings, we are working with the Board of Retirement and Committee Chairs to develop a master calendar for the next six months to a year. We will be meeting with the Board Chair and Vice Chair to review the agenda items and timing for the various educational presentations slated for 2021. The management staff assigned to support the committee operations, in consultation with the Committee Chairs, will review and finalize their calendars as well. This project will help us better plan and control the flow of public meetings and executive sessions. However, it will not prevent us from adding new items or making changes as we go and new events dictate.

## **FY 2021-2022 Budget Planning**

We have begun the annual planning process for the FY 2021-2022 Budget. Over the last two months, the management team has been working with our budget team to assemble their budget proposals. Through the remainder of January and February, the management team will be meeting with the Executive Office to present their proposed budgets. We will use this time to ensure alignment to organizational goals and the current strategic plan. The final result will be assembled and shared with the Joint Organizational Governance Committee for their input before consideration by the Trustees as part of a joint board meeting.

We look forward to the Board of Retirement and Board of Investments meetings in February where we will be prepared to answer any questions.

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CEO report Jan 2021.doc

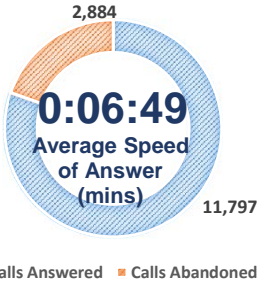
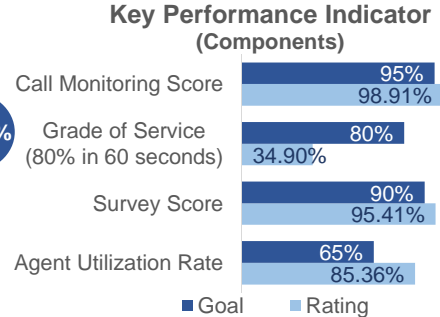
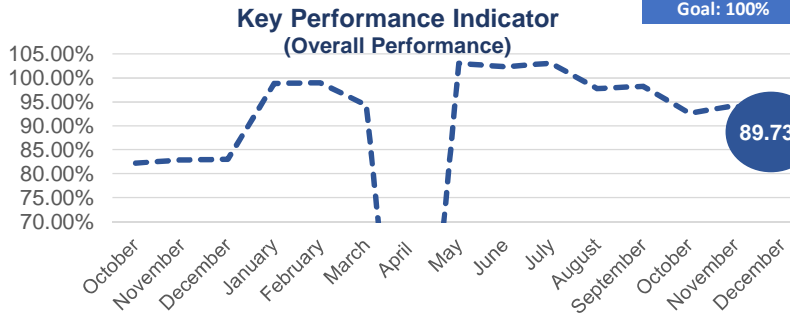
Attachments

# Striving for Excellence in Service

Service Metrics Reported on a Fiscal Year Basis (July 1) Through: **December 2020**

<p><b>Outreach Attendance</b> <b>1,285</b> 9,667 Year-to-Date</p>	<p><b>Outreach Events</b> <b>15</b> 80 Year-to-Date</p>	<p><b>Outreach Satisfaction</b> <b>N/A</b> Change Since Last Mo</p>	<p><b>Member Service Center</b> <b>N/A</b> - Change Since Last Mo</p>	<p><b>Member Services Calls</b> <b>14,681</b> 12,497 3 Mo. Avg.</p>
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## Member Services



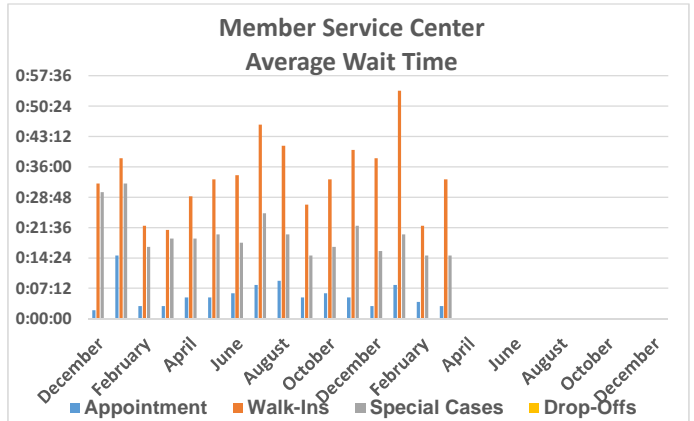
### Top Calls

1. Retirement Counseling: Process Overview
2. Retirement Counseling: Estimate
3. MyLACERA Portal Login Issues



**Emails 813**  
24:00 hours  
Avg. Response Time (ART)

**Secure Messages 1,082**



\*Drop Off Wait Time: No Waiting

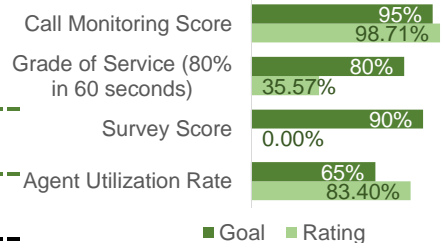
**Total RHC Calls: 9,086**

## Retiree Healthcare



### Top Calls

1. Medical-New Enrollment/Change/Cancel
2. Medical Benefits
3. Medicare Part B Reimbursement



**Emails 639**  
10 Day  
Avg. Response Time (ART)

**Secure Messages 662**

## Striving for Excellence in Service (Continued)

Disability

### Applications

**687**

**In Process**

**As Of:**

**12/31/2020**

692 Pending on: 11/30/2020

57 Received

313 Year-to-Date

0 Re-Opened

0 Year-to-Date

49 To Board - Initial

248 Year-to-Date

13 Closed

21 Year-to-Date

### Appeals

**91**

**In Process**

**As Of:**

**12/31/2020**

91 Pending on: 11/30/2020

0 Received

5 Year-to-Date

0 Admin Closed/Rule 32

7 Year-to-Date

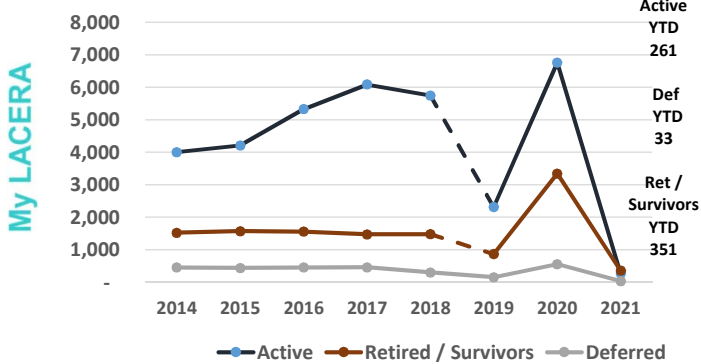
0 Referee Recommended

5 Year-to-Date

0 Revised/Reconsidered for Granting

1 Year-to-Date

### My LACERA Registrations

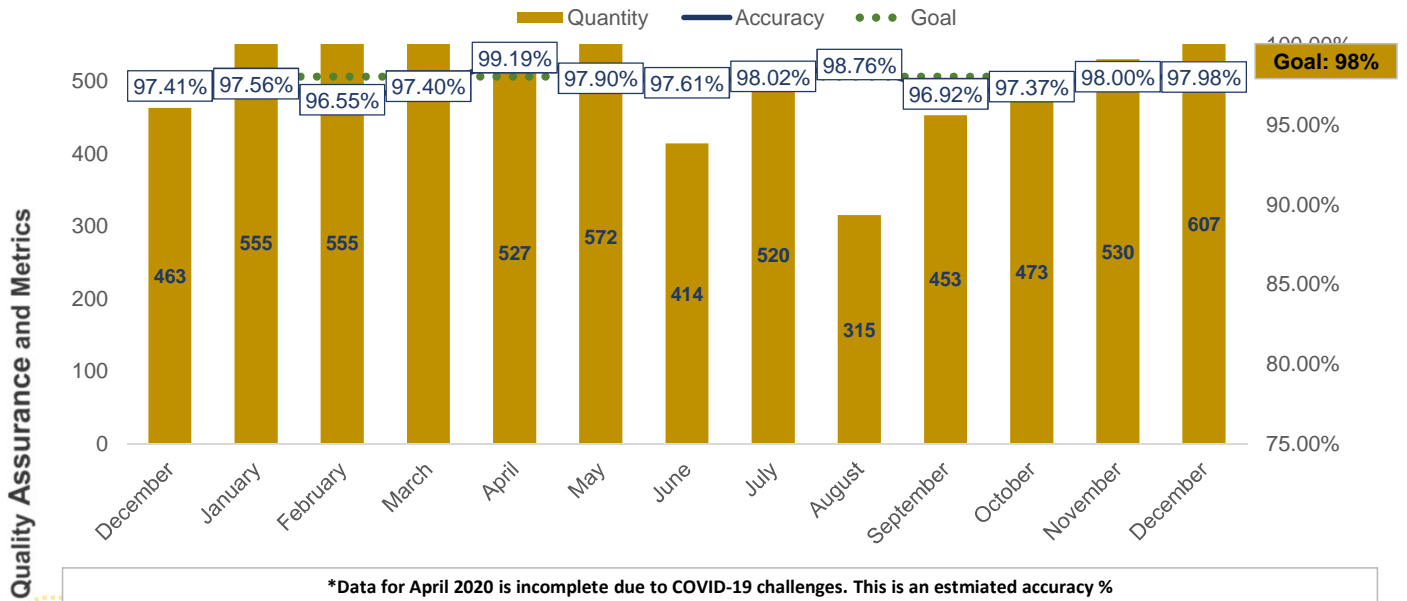


**COVID-19 NOTE**

Some Member Services, Retiree Healthcare, and Quality Assurance statistics became unavailable for a short time beginning in April 2020 due to COVID-19 impacts. Most of the data contained herein is up to date and based on current production both virtually and in the office. However, some data points such as surveys are based on six month average for survey scores prior to the pandemic.

## Striving for Excellence in Quality

### Audits of Retirement Elections, Payment Contracts, and Data Entry Completed by QA



\*Data for April 2020 is incomplete due to COVID-19 challenges. This is an estimated accuracy %

**December**

**97.98%**



#### Retirement Elections

**293** Samples  
96.58% Accuracy

#### Payment Contracts

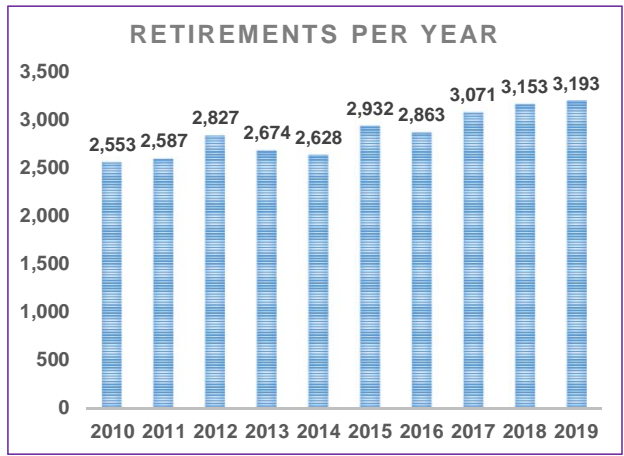
**224** Samples  
97.92% Accuracy

#### Data Entry

**90** Samples  
99.33% Accuracy

## Member Snapshot

	Members as of 01/15/2021				
	Plan	Active	Retired	Survivors	Total
<b>General</b>	Plan A	82	15,410	4,320	<b>19,812</b>
	Plan B	20	671	69	<b>760</b>
	Plan C	26	428	66	<b>520</b>
	Plan D	39,268	17,478	1,617	<b>58,363</b>
	Plan E	15,844	13,890	1,342	<b>31,076</b>
	Plan G	31,531	78	7	<b>31,616</b>
	<b>Total General</b>	<b>86,771</b>	<b>47,955</b>	<b>7,421</b>	<b>142,147</b>
<b>Safety</b>	Plan A	2	4,937	1,626	<b>6,565</b>
	Plan B	9,048	6,578	324	<b>15,950</b>
	Plan C	4,446	12	0	<b>4,458</b>
	<b>Total Safety</b>	<b>13,496</b>	<b>11,527</b>	<b>1,950</b>	<b>26,973</b>
<b>TOTAL MEMBERS</b>	<b>100,267</b>	<b>59,482</b>	<b>9,371</b>	<b>169,120</b>	
<b>% by Category</b>	<b>59%</b>	<b>35%</b>	<b>6%</b>	<b>100%</b>	



### Average Monthly Benefit Allowance Distribution December 2020

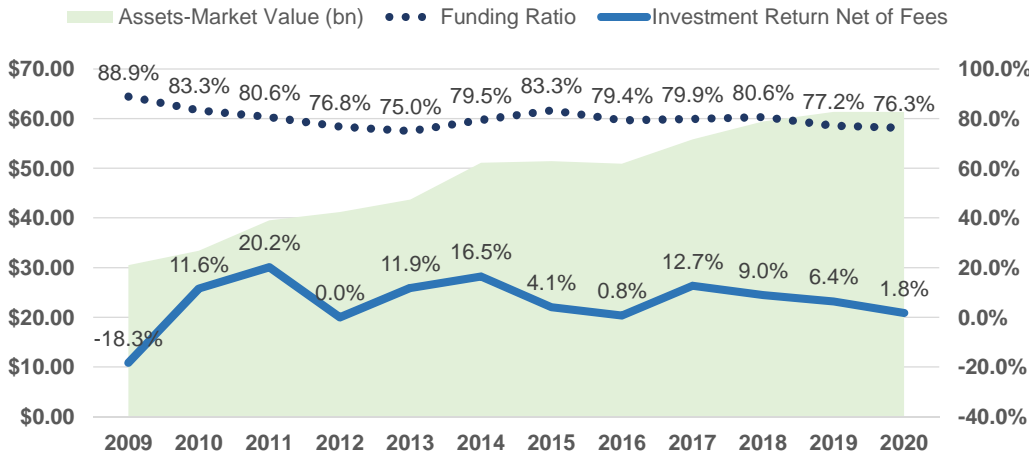
	General	Safety	Total	%
\$0 to \$3,999	29,871	1,832	31,703	53.79%
\$4,000 to \$7,999	12,941	3,485	16,426	27.87%
\$8,000 to \$11,999	3,381	4,144	7,525	12.77%
\$12,000 to \$15,999	935	1,525	2,460	4.17%
\$16,000 to \$19,999	297	279	576	0.98%
\$20,000 to \$23,999	83	106	189	0.32%
\$24,000 to \$27,999	27	19	46	0.08%
> \$28,000	12	3	15	0.03%
<b>Totals</b>	<b>47,547</b>	<b>11,393</b>	<b>58,940</b>	<b>100%</b>

**Average Monthly Benefit Allowance: \$ 4,432.00**

Healthcare Program		Healthcare Enrollments	
(YTD as of 12/31/20)		(Mo. Ending: 12/31/20)	
	Employer	Member	
Medical	284.6	22.2	Medical 52,365
Dental	22.7	2.2	Dental 53,776
Part B	37.2	0	Part B 35,752
LTC			LTC 596
<b>Total</b>	<b>344.5</b>	<b>24.4</b>	<b>Total 142,489</b>

## Key Financial Metrics

Fiscal Year End Financial Update (as of 06/30/2020)



Funding Metrics  
(as of 6/30/20)

Employer NC	10.89%
UAAL	14.85%
Assumed Rate	7.00%
Star Reserve	\$614m
Total Assets	\$58.5b

Contributions  
(as of 6/30/20)

	Employer	Member
Annual Add	\$1.8b	\$659.3m
% of Payroll	24.64%	7.80%

TOTAL FUND RETURN  
(Net of Fees)

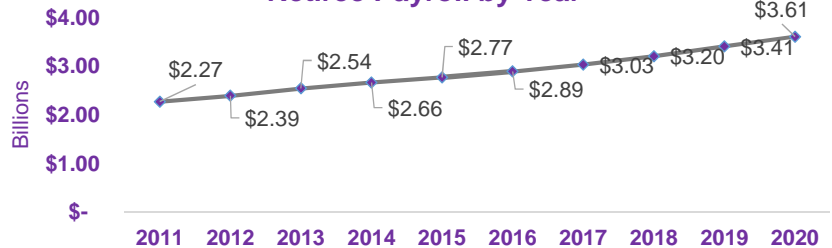
5 YR: 6.1%    10 YR: 8.2%

### Retired Members Payroll

(As of 12/31/2020)

Monthly Payroll	\$315.42m
Payroll YTD	\$1.9b
New Retired Payees Added	317
Seamless %	96.53%
New Seamless Payees Added	1,885
Seamless YTD	96.23%
By Check %	3.00%
By Direct Deposit %	97.00%

### Retiree Payroll by Year



Date	Conference
<b>February, 2021</b>	
2-3	NCPERS FALL (Financial, Actuarial, Legislative & Legal) Conference Virtual
11	CALAPRS (California Association of Public Retirement Systems) Round Table – Benefits Virtual
16-18	Pacific Pension Institute (PPI) Winter Roundtable Virtual
22-26	Investment Strategies & Portfolio Management ( <i>prev. Pension Fund &amp; Investment Mgmt.</i> ) Wharton School, University of Pennsylvania LIVE Virtual
<b>March, 2021</b>	
8-9	CALAPRS (California Association of Public Retirement Systems) General Assembly Meeting Virtual
8-10	Council of Institutional Investors (CII) Spring Conference Virtual
25-26	PREA (Pension Real Estate Association) Spring Conference Virtual
<b>April, 2021</b>	
11-14	World Healthcare Congress Washington D.C.
12-14	National Institute on Retirement Security (NIRS) Annual Conference Virtual
20	NCPERS (National Conference on Public Employee Retirement Systems) Legislative Conference Virtual
<b>May, 2021</b>	
11-14	SACRS Spring Conference Long Beach, CA
17-18	IFEBP (International Foundation of Employment Benefit Plans) Legislative Update Washington D.C.
23-26	NCPERS (National Conference on Public Employee Retirement Systems) Annual Conference Denver, CO <b><i>IN-PERSON EVENT CANCELLED</i></b>
28	CALAPRS (California Association of Public Retirement Systems) Round Table – Trustees Virtual



# Chief Investment Officer Monthly Report

Board of Investments

February 10, 2021



Jonathan Grabel   
Chief Investment Officer

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

# Table of Contents

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1. Market Environment
2. Portfolio Performance Updates
3. Portfolio Structural Updates
4. Key Initiatives and Operational Updates
5. Commentary
6. Appendix
  - Quiet Period for Search Respondents
  - Compliance Report
  - Pension Bridge and SuperReturn Presentations



# Market Environment

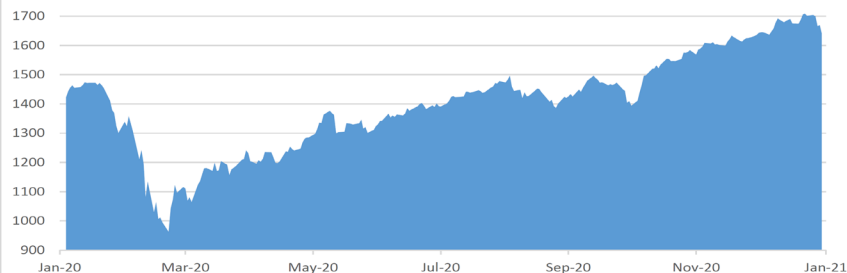


# Global Market Performance as of January 31, 2021

## MSCI ACWI Index (Global Equity Market)\*

Trailing Returns (%)			Annualized Returns (%)			
1-month	3-month	YTD	1Y	3Y	5Y	10Y
-0.2	18.1	-0.2	15.8	7.4	13.6	8.9

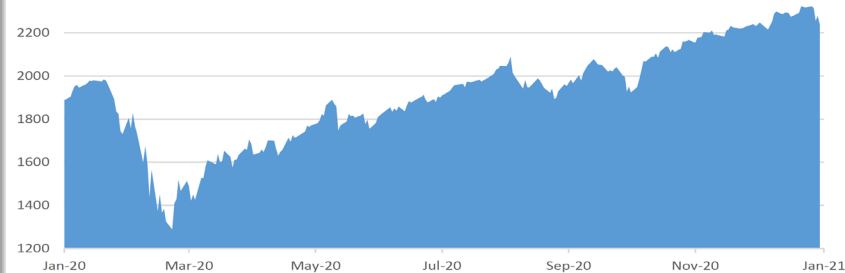
MSCI ACWI IMI Index 1-Year Performance



## Russell 3000 Index (U.S. Equity Market)

Trailing Returns (%)			Annualized Returns (%)			
1-month	3-month	YTD	1Y	3Y	5Y	10Y
-0.4	16.7	-0.4	20.5	12.4	16.7	13.5

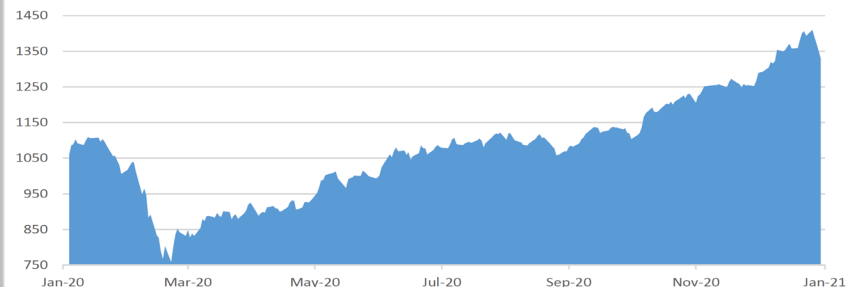
Russell 3000 1-Year Performance



## MSCI Emerging Market Index

Trailing Returns (%)			Annualized Returns (%)			
1-month	3-month	YTD	1Y	3Y	5Y	10Y
3.1	20.9	3.1	23.8	4.1	15.0	4.2

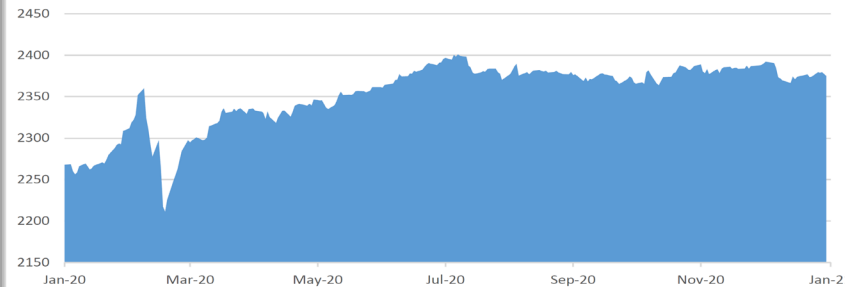
MSCI Emerging Markets 1-Year Performance



## Barclays U.S. Aggregate Bond Index\*\*

Trailing Returns (%)			Annualized Returns (%)			
1-month	3-month	YTD	1Y	3Y	5Y	10Y
-0.7	0.4	-0.7	4.7	5.9	4.0	3.8

Barclays U.S. Aggregate Bond Index 1-Year Performance



\*Global Equity Policy Benchmark - MSCI ACWI IMI Index

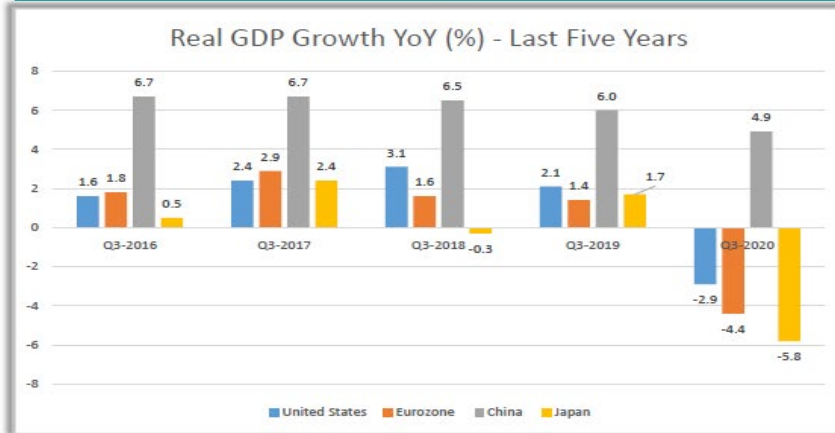
\*\*Investment Grade Bonds Policy Benchmark - Barclays U.S. Aggregate Bond Index

Source: Bloomberg

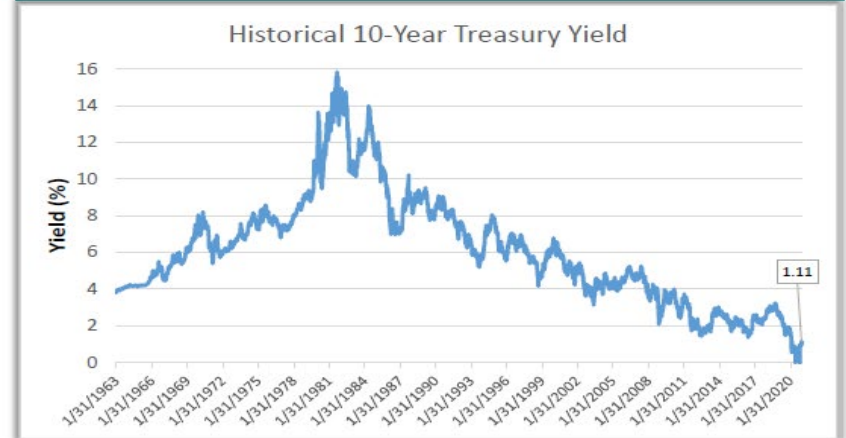


# Key Macro Indicators\*

## GDP Growth of Major Economies<sup>1</sup>



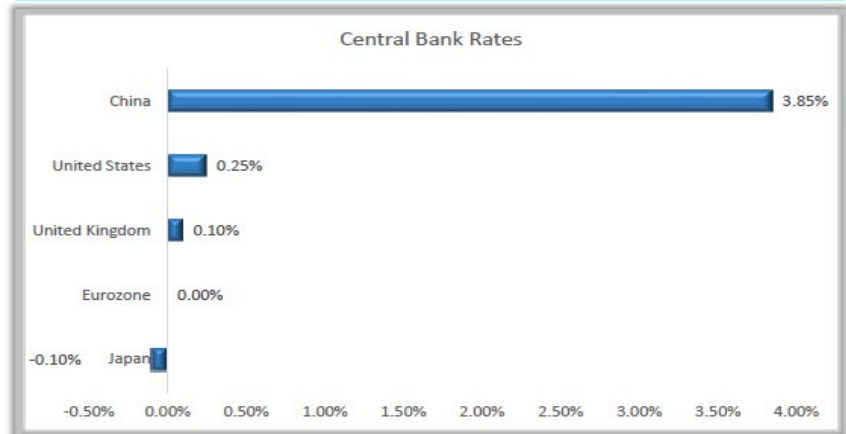
## Historical Low for 10-Year Treasury Yield<sup>2</sup>



## World Equity Valuation<sup>3</sup>



## Central Bank Rates<sup>4</sup> (as of 1/31/2021)



Sources: 1. Bloomberg  
2. St. Louis Federal Reserve

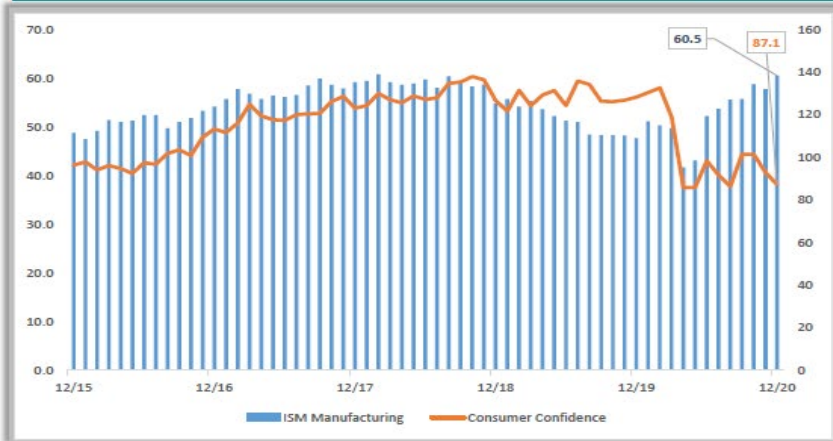
3. FactSet  
4. FactSet

\*The information on the "Key Macro Indicators" charts is the best available data as of 1/31/21 and may not reflect the current market and economic environment.

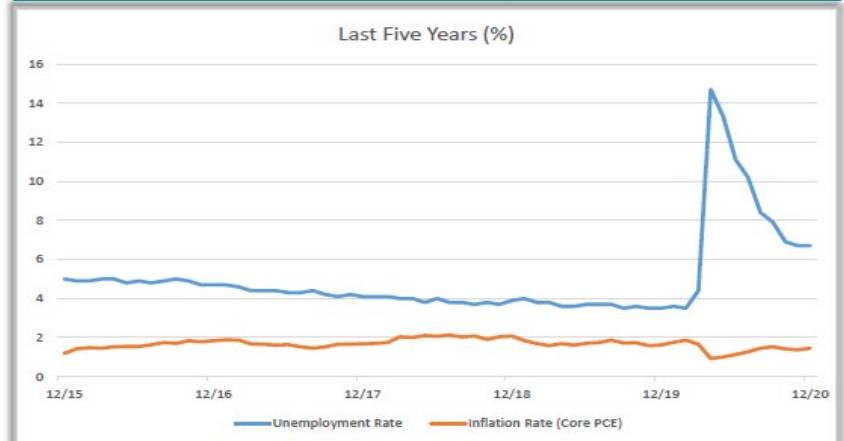


# Key Macro Indicators\*

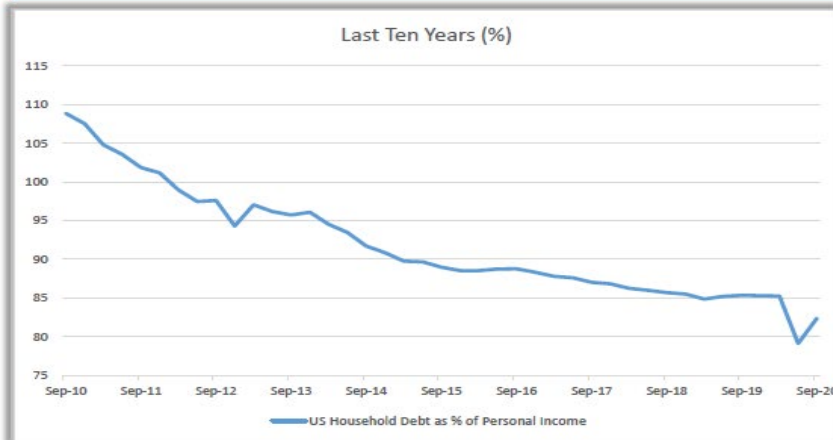
## Consumer Confidence & ISM Manufacturing<sup>1</sup>



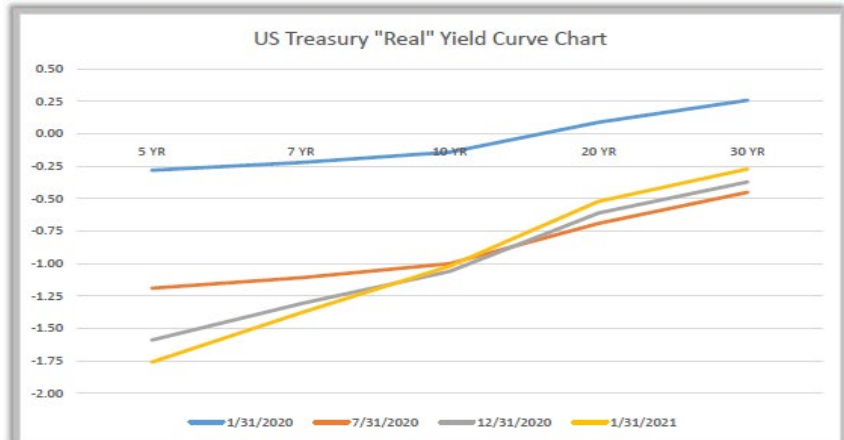
## U.S. Inflation & Unemployment<sup>2</sup>



## U.S. Household Debt as % of Personal Income<sup>3</sup>



## U.S. Treasury "Real" Yield Curve<sup>4</sup>



Sources: 1. Bloomberg 3. Bloomberg  
2. Bloomberg 4. U.S. Treasury

\*The information on the "Key Macro Indicators" charts is the best available data as of 1/31/21 and may not reflect the current market and economic environment.



# Market Themes and Notable Items to Watch

## Recent Themes

- COVID-19
  - More than 103 million cases and 2.2 million deaths worldwide
    - Over 26 million cases in the U.S.
      - Up from 13 million two months ago
      - Recent weeks have been the deadliest of the coronavirus pandemic
    - Evolution of new coronavirus variants
    - Vaccinations begin and a long process is expected
- U.S. Senate elections result in democratic control of both the executive and legislative branches
- Price volatility in several stocks such as GameStop captured widespread interest
- Global equities (MSCI ACWI) end January down marginally (-0.2%)

## What to Watch

- COVID-19
- Social equity and civil rights initiatives
- Unemployment and consumer spending
- Potential government infrastructure spending
- Continued liquidity in financial markets as benefitted by fiscal/monetary stimulus, risk appetites and available credit (rates)
- Inflation pressures and trends
- Geopolitical risks and trade arrangements
- The International Monetary Fund revised global economic growth projections upward to 5.5% in 2021 and 4.2% in 2022 reflecting vaccine-powered activity and policy support



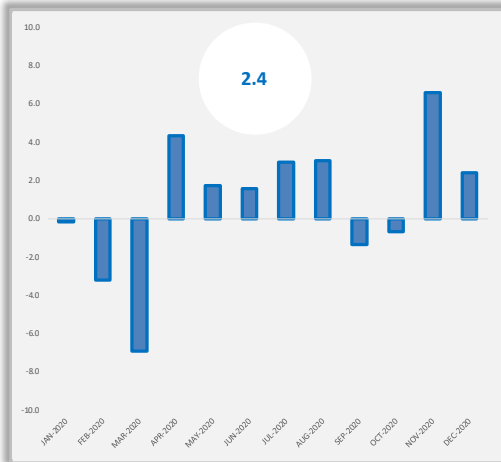
# Portfolio Performance Updates



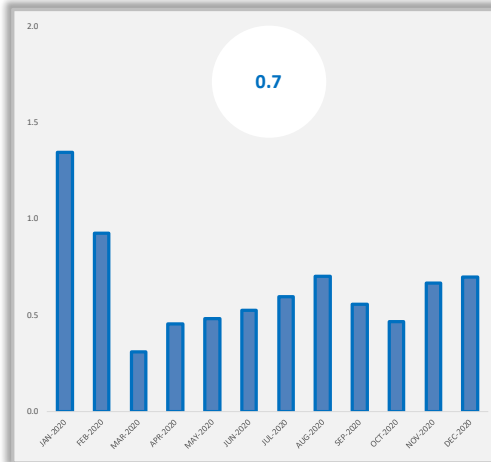


# Total Fund Summary as of December 2020

## Monthly Return (% net)



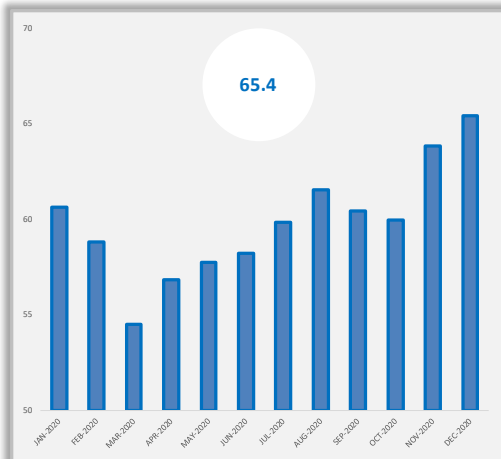
## Sharpe Ratio (3-Year Annualized)



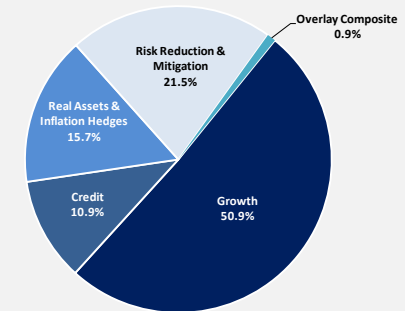
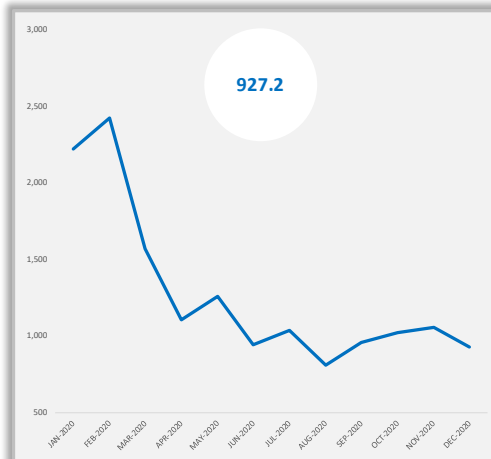
## Asset Allocation

	Market Value <sup>1</sup> (\$ millions)	% of Total	Final Target <sup>2</sup>
<b>TOTAL FUND</b>	<b>65,426</b>	<b>100.0%</b>	
<b>Growth</b>	<b>33,306</b>	<b>50.9%</b>	<b>47.0%</b>
Global Equity	24,800	37.9%	35.0%
Private Equity <sup>3</sup>	7,932	12.1%	10.0%
Opportunistic Real Estate <sup>4</sup>	574	0.9%	2.0%
<b>Credit</b>	<b>7,149</b>	<b>10.9%</b>	<b>12.0%</b>
High Yield	2,139	3.3%	3.0%
Bank Loans	2,532	3.9%	4.0%
Emerging Market Debt	897	1.4%	2.0%
Illiquid Credit <sup>3,4,5</sup>	1,578	2.4%	3.0%
<b>Real Assets &amp; Inflation Hedges</b>	<b>10,282</b>	<b>15.7%</b>	<b>17.0%</b>
Core & Value Added Real Estate <sup>6</sup>	4,554	7.0%	7.0%
Natural Resources & Commodities	2,539	3.9%	4.0%
Infrastructure	1,848	2.8%	3.0%
Treasury Inflation-Protected Securities	1,341	2.1%	3.0%
<b>Risk Reduction &amp; Mitigation</b>	<b>14,097</b>	<b>21.5%</b>	<b>24.0%</b>
Investment Grade Bonds	11,492	17.6%	19.0%
Diversified Hedge Fund Portfolio <sup>5</sup>	1,678	2.6%	4.0%
Cash	927	1.4%	1.0%
Overlay Composite <sup>6</sup>	592	0.9%	—

## Total Market Value (\$ billions)



## Cash (\$ millions)



1. Transition balances are included in each subcategory total, if applicable  
 2. Final target weights effective as of 10/1/19  
 3. Private Equity market values reflect latest available and are adjusted for cash flows

4. Real Estate market values reflect a 3-month lag and best available values  
 5. Hedge Fund market values reflect a 1-month lag  
 6. Reflects net cash position for overlay investing

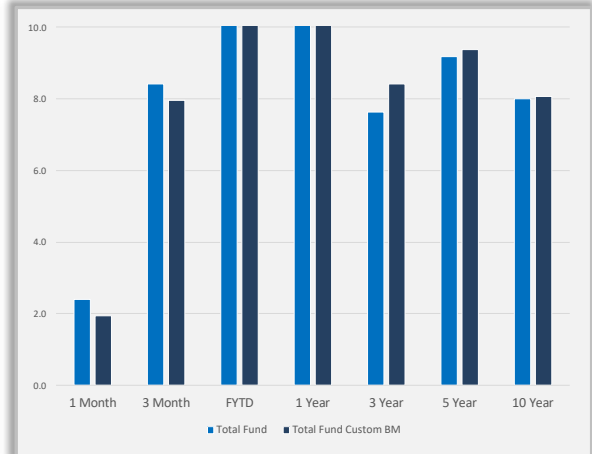


# Historical Net Performance as of December 2020\*

## LACERA Pension Fund (net)

	Market Value (\$ millions)	% of Total Fund	Final Target <sup>1</sup>	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
<b>TOTAL FUND</b>	<b>65,426</b>	<b>100.0%</b>	<b>100.0%</b>	<b>2.4</b>	<b>8.4</b>	<b>13.4</b>	<b>10.1</b>	<b>7.6</b>	<b>9.2</b>	<b>8.0</b>
<i>Total Fund Custom BM</i>				<i>1.9</i>	<i>8.0</i>	<i>13.9</i>	<i>10.4</i>	<i>8.4</i>	<i>9.4</i>	<i>8.1</i>
<i>7% Annual Hurdle Rate</i>				<i>0.57</i>	<i>1.71</i>	<i>3.44</i>	<i>7.00</i>	<i>7.00</i>	<i>7.00</i>	<i>7.00</i>
<b>Functional Composites<sup>2</sup></b>				<b>1 Month</b>	<b>3 Month</b>	<b>FYTD</b>	<b>1 Year</b>			
<b>GROWTH</b>	<b>33,306</b>	<b>50.9%</b>	<b>47.0%</b>	<b>3.8</b>	<b>13.8</b>	<b>22.2</b>	<b>15.2</b>			
<i>Growth Custom BM</i>				<i>3.1</i>	<i>13.7</i>	<i>25.4</i>	<i>16.1</i>			
<b>CREDIT</b>	<b>7,149</b>	<b>10.9%</b>	<b>12.0%</b>	<b>2.3</b>	<b>5.7</b>	<b>10.8</b>	<b>4.8</b>			
<i>Credit Custom BM</i>				<i>1.6</i>	<i>4.2</i>	<i>7.6</i>	<i>6.3</i>			
<b>REAL ASSETS &amp; INFLATION HEDGES</b>	<b>10,282</b>	<b>15.7%</b>	<b>17.0%</b>	<b>1.0</b>	<b>4.6</b>	<b>5.6</b>	<b>-0.3</b>			
<i>Real Assets &amp; Inflation Hedges Custom BM</i>				<i>1.5</i>	<i>5.4</i>	<i>6.5</i>	<i>1.9</i>			
<b>RISK REDUCTION &amp; MITIGATION</b>	<b>14,097</b>	<b>21.5%</b>	<b>24.0%</b>	<b>0.5</b>	<b>1.3</b>	<b>2.8</b>	<b>7.8</b>			
<i>Risk Reduction &amp; Mitigation Custom BM</i>				<i>0.1</i>	<i>0.6</i>	<i>1.2</i>	<i>6.5</i>			
<b>OVERLAY COMPOSITE</b>	<b>592</b>	<b>0.9%</b>	<b>—</b>							

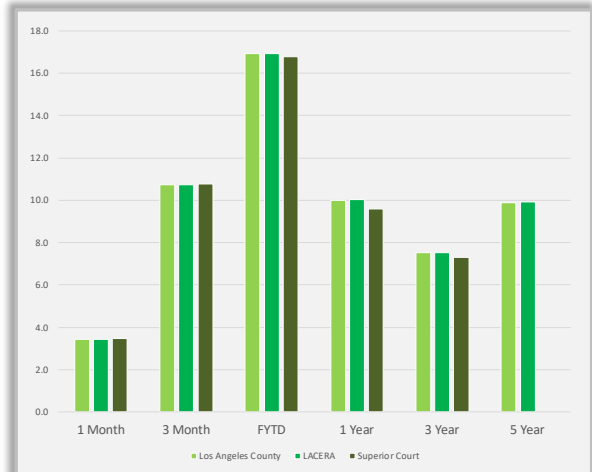
## Historical Returns (net)



## OPEB Master Trust Fund (net)

Sub-Trusts	Market Value (\$ millions) <sup>3</sup>	Trust Ownership %	Final Target	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year
<b>TOTAL OPEB MASTER TRUST</b>	<b>1,909</b>								
Los Angeles County	1,849	96.9%	—	3.4	10.7	16.9	10.0	7.5	9.9
LACERA	7	0.4%	—	3.4	10.7	16.9	10.0	7.5	9.9
Superior Court	53	2.8%	—	3.5	10.8	16.8	9.6	7.3	—
<b>Functional Composites</b>				<b>1 Month</b>	<b>3 Month</b>	<b>FYTD</b>	<b>1 Year</b>	<b>3 Year</b>	
<b>OPEB Growth</b>	<b>961</b>	<b>50.4%</b>	<b>50.0%</b>	<b>5.0</b>	<b>15.7</b>	<b>25.2</b>	<b>16.5</b>	<b>10.0</b>	
<i>Custom OPEB MT Growth Pool</i>				<i>5.0</i>	<i>15.7</i>	<i>25.1</i>	<i>16.3</i>	<i>9.7</i>	
<b>OPEB Credit</b>	<b>379</b>	<b>19.8%</b>	<b>20.0%</b>	<b>1.7</b>	<b>5.4</b>	<b>8.9</b>	<b>3.3</b>	<b>—</b>	
<i>Custom OPEB MT Credit Pool</i>				<i>1.9</i>	<i>5.8</i>	<i>9.5</i>	<i>4.3</i>	<i>—</i>	
<b>OPEB Real Assets &amp; Inflation Hedges</b>	<b>380</b>	<b>19.9%</b>	<b>20.0%</b>	<b>3.0</b>	<b>8.9</b>	<b>12.4</b>	<b>-2.1</b>	<b>—</b>	
<i>Custom OPEB MT RA &amp; IH Pool</i>				<i>3.0</i>	<i>9.0</i>	<i>12.4</i>	<i>-2.5</i>	<i>—</i>	
<b>OPEB Risk Reduction &amp; Mitigation</b>	<b>189</b>	<b>9.9%</b>	<b>10.0%</b>	<b>0.1</b>	<b>0.5</b>	<b>1.1</b>	<b>6.3</b>	<b>5.5</b>	
<i>Custom OPEB MT RR &amp; M Pool</i>				<i>0.1</i>	<i>0.5</i>	<i>1.1</i>	<i>6.1</i>	<i>5.3</i>	
<b>Operating Cash</b>	<b>0.4</b>	<b>0.0%</b>	<b>—</b>						

## Historical Returns (net)



1. Final target weights effective as of 10/1/19  
2. Functional composites were adopted on 4/1/19

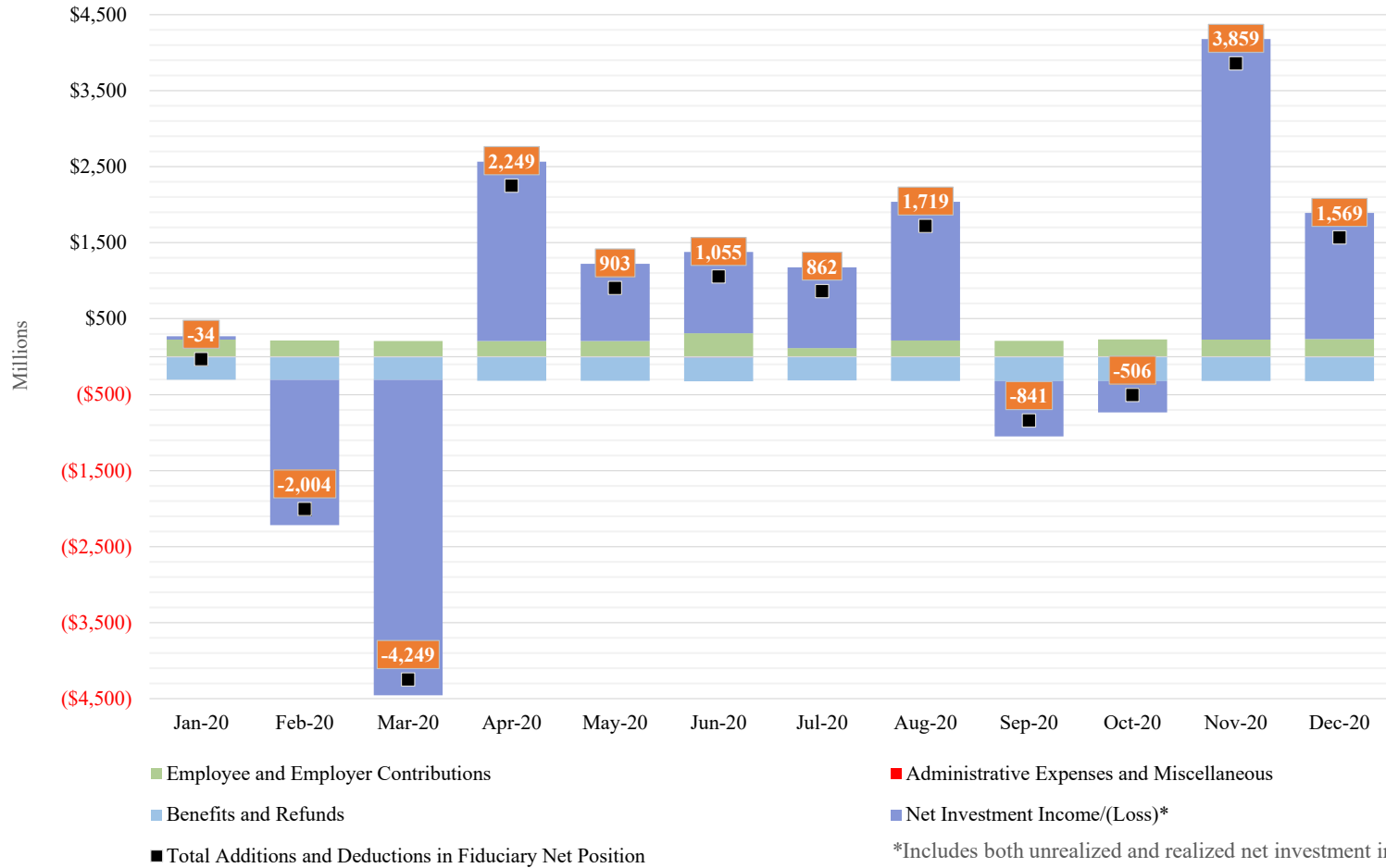
3. Market value differences between the sub-trusts and functional composites are due to operational cash

\* Historical real estate valuations are currently under review, therefore total fund, composite, and benchmark returns are preliminary.



# Change In Fiduciary Net Position

Additions and Deductions in Fiduciary Net Position (Unaudited)



Fiscal Year	Negative Months	Positive Months	Total Net Position Change \$
FY-19	4	8	\$1.9 billion
FY-20	5	7	-
FY-21	2	4	\$6.7 billion



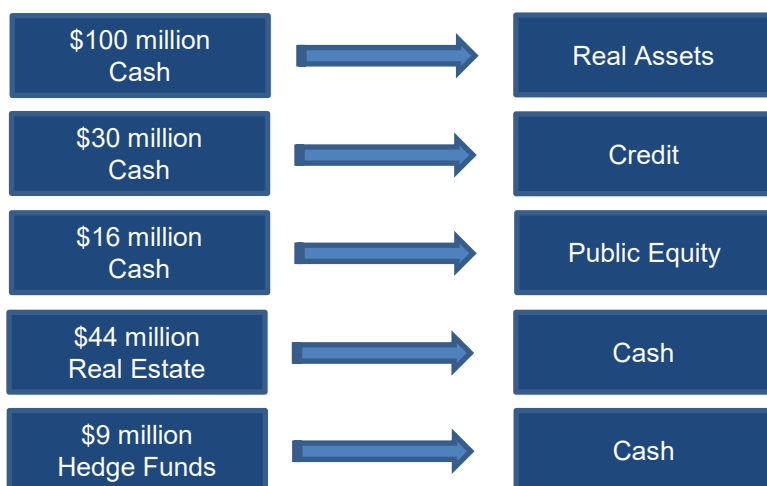
# Portfolio Structural Updates



# Portfolio Structural Updates

## Portfolio Movements

### Rebalancing Activity



### Hedges and Overlays

Program	December Return	December Gain/Loss	Inception* Gain/Loss
Currency Hedge**	-1.0%	-\$31.6 Million	\$857.9 Million
Cash/Rebalance Overlay***	-0.4%	-\$15.8 Million	\$17.7 Million

## Current Search Activity

### Status of Active Searches – Subject to Change

Name	RFP Issued	Due Diligence	BOI Review
High Yield Fixed Income Investment Management Services	●	●	Anticipated Early 2021
Dedicated Managed Account Services	●	●	Anticipated Early 2021
Proxy Research and Proxy Voting Platform Services	●	●	Anticipated Early 2021

### Quiet Period for Search Respondents

Please see the Appendix for this month's list of respondents to active searches

\*Currency and overlay program inception dates are 8/2010 & 7/2019, respectively

\*\* LACERA's currency hedge program's 1-month return is calculated monthly whereas the monthly gain/loss amount for the same period is the net realized dollar amount at contract settlement over three monthly tranches

\*\*\* LACERA's overlay program's 1-month return includes interest earned on the cash that supports the futures contracts



# Key Initiatives and Operational Updates



# Notable Initiatives and Operational Updates

## Key Initiative Updates

- Onboarding process of new risk, performance system, and real estate administrator continues
- Ongoing implementation and development of T.I.D.E. initiative
- Implementation of Private Markets Scorecard
- Review of Global Real Estate Sustainability Benchmark Results

## Operational Updates

- Completed the Annual Contract Compliance exercise for public markets
- Investments formed a “Back To Office” working group to develop plans to return to the office
- Financial Analyst II & III searches
  - Public Equity, Real Assets, Portfolio Analytics (Corporate Governance) and Credit
- Investments formed an Operational Due Diligence (“ODD”) Group to standardize and enhance ODD across the total Fund

## Manager/Consultant Updates

- State Street announced that it will eliminate 1,200 jobs to lower expenses. State Street anticipates eliminating roles that are primarily those impacted by operating model and business-process changes as well as automation.
- Pugh Capital Management, a fixed income manager, promoted Marisa Grant to co-CIO\*.
- Vinci Partners, a private equity manager, went public in late January and raised \$250 million with an Initial Public Offering trading under the symbol VINP.
- Pacific Investment Management Co. (“PIMCO”), a credit, commodities, and fixed income manager, current and former employees wrote to the investment firm's senior executives alleging a pattern of abusive and discriminatory behavior toward women and urging them to take steps to fix gaps in pay and promotions. The letter, which was signed by 21 women, was sent to Pimco's top leaders. PIMCO has hired a third-party to investigate the allegations.



# Commentary



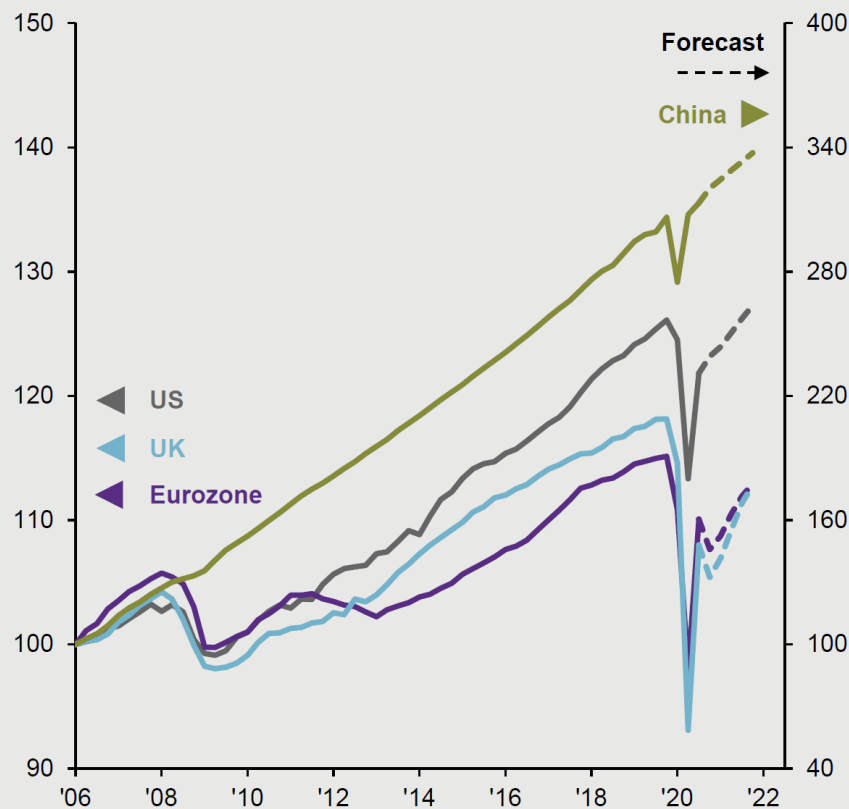


# Staff Chart of the Month\*

## GDP Growth

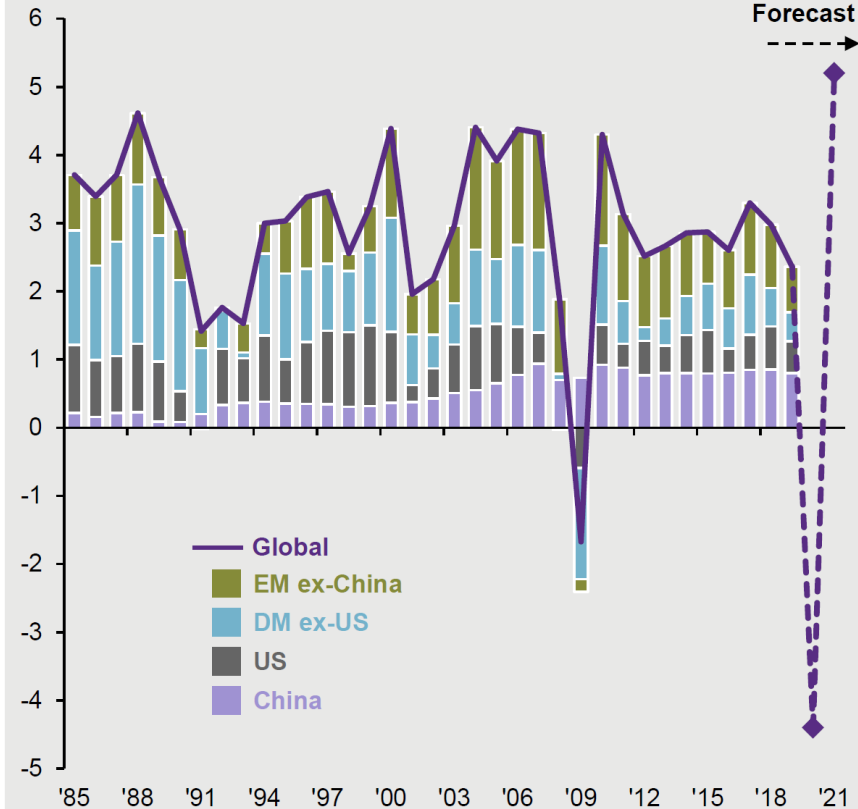
### Real GDP growth

Index level, rebased to 100 at 1Q 2006



### Contribution to global real GDP growth

% change year on year



Source: (Left) BEA, Bloomberg, Eurostat, National Bureau of Statistics of China, ONS, J.P. Morgan Asset Management. Forecasts are from Bloomberg contributor composite. (Right) Refinitiv Datastream, World Bank, J.P. Morgan Asset Management. EM is emerging markets. DM is developed markets. Dotted line represents forecasts from Bloomberg contributor composite. Past performance is not a reliable indicator of current and future results. *Guide to the Markets - Europe*. Data as of 31 December 2020.

# Appendix



# Quiet Period for Search Respondents

## Dedicated Managed Account Services

- ✓ Blueprint Capital Advisors
- ✓ HedgeMark Advisors LLC
- ✓ HFR Investments LLC
- ✓ Innocap
- ✓ Lighthouse Investment Partners LLC
- ✓ Lyxor Asset Management
- ✓ Man FRM
- ✓ Maples Group
- ✓ Monroe Capital
- ✓ Ultimus LeverPoint Private Fund Solutions
- ✓ Wilshire Associates Inc

## Proxy Research and Proxy Voting Services

- ✓ Equilar, Inc
- ✓ Glass, Lewis & CO., LLC
- ✓ Institutional Shareholder Services Inc. ("ISS")

## High Yield Fixed Income Investment Management Services

- ✓ Advent Capital
- ✓ Alliance Bernstein
- ✓ Ares
- ✓ AXA
- ✓ Barings
- ✓ BlackRock
- ✓ Columbia Threadneedle
- ✓ Credit Suisse
- ✓ Crescent Capital HY
- ✓ DDJ Capital
- ✓ Eaton Vance
- ✓ Federated Hermes
- ✓ HPS Investment Partners
- ✓ JP Morgan
- ✓ KKR
- ✓ Loomis Sayles
- ✓ Lord Abbett
- ✓ MacKay Shields
- ✓ Mellon
- ✓ Morgan Stanley
- ✓ Muzinich
- ✓ Nomura
- ✓ Payden and Rygel
- ✓ PGIM
- ✓ PIMCO
- ✓ PineBridge
- ✓ Post Advisory
- ✓ Seix Advisors
- ✓ Shenkman Capital
- ✓ T. Row Price
- ✓ Van Eck Associates
- ✓ Wellington
- ✓ Western Asset
- ✓ Yorkville Asset Management



# Compliance Monitor

This report highlights operational and compliance metrics monitored by the Investment Division  
As of December 2020\*

## LACERA PENSION FUND

12

**GROWTH**  
Total # of Advisory

### GROWTH

#### Global Equity

- Asset Allocation Policy Compliance
- Investment Guideline Compliance
- Emerging Manager Program
- # of Sudan/Iran Holdings Held by Managers

#### Quarterly Review Status

#### # of Advisory

#### Notes

✓

✓

✓

✓

12

12 issuers held, totaling \$29.0 mm in market value.

#### Private Equity - Growth\*\*

- Asset Allocation Policy Compliance
- Guideline Compliance by Strategy
- Guideline Compliance by Geographic Location
- Investment Exposure Limit

✓

✓

✓

✓

#### Opportunistic Real Estate\*\*

(See Real Assets & Inflation Hedges - Core & Value Added Real Estate section)

0

**CREDIT**  
Total # of Advisory

### CREDIT

#### High Yield, Bank Loans, EM Debt, Illiquid Credit\*\*

- Asset Allocation Policy Compliance
- Investment Guideline Compliance
- Emerging Manager Program
- # of Sudan/Iran Holdings Held by Managers

#### Quarterly Review Status

#### # of Advisory

#### Notes

✓

✓

✓

✓

# Compliance Monitor

This report highlights operational and compliance metrics monitored by the Investment Division  
As of December 2020\*

## LACERA PENSION FUND

1

### REAL ASSETS & INFLATION HEDGES

Total # of Advisory

#### REAL ASSETS & INFLATION HEDGES

##### Core & Value Added Real Estate\*\*

- Asset Allocation Policy Compliance
- Guideline Compliance by Strategy (Core/Non-Core)
- Guideline Compliance by Manager
- Guideline Compliance by Property Type
- Guideline Compliance by Geographic Location
- Guideline Compliance by Leverage

Quarterly Review Status	# of Advisory	Notes
✓		
✓		
✓		
✓		
✓		
✓	1	One value-add manager is above 65% LTV limit

##### Natural Resources & Commodities\*\*\*

- Asset Allocation Policy Compliance
- Investment Guideline Compliance
- # of Sudan/Iran Holdings Held by Managers

✓		
✓		
✓		

##### Infrastructure

- Asset Allocation Policy Compliance
- Investment Guideline Compliance
- # of Sudan/Iran Holdings Held by Managers

✓		
✓		
✓		

##### TIPS

- Asset Allocation Policy Compliance
- Investment Guideline Compliance
- # of Sudan/Iran Holdings Held by Managers

✓		
✓		
✓		

# Compliance Monitor

This report highlights operational and compliance metrics monitored by the Investment Division  
As of December 2020\*

## LACERA PENSION FUND

1

### RISK REDUCTION & MITIGATION

Total # of Advisory

RISK REDUCTION & MITIGATION	Quarterly Review Status	# of Advisory	Notes
<b>Investment Grade Bonds</b>			
Asset Allocation Policy Compliance	✓		
Investment Guideline Compliance	✓		
Emerging Manager Program	✓		
# of Sudan/Iran Holdings Held by Managers	✓	1	1 issuer held, totaling \$2.6 mm in market value.
<b>Diversified Hedge Funds**</b>			
Asset Allocation Policy Compliance	✓		
Portfolio Level Compliance	✓		
HFOF Manager Guideline Compliance	✓		N/A as the GSAM & GCM diversified HF portfolios are currently winding down
Direct Portfolio Manager Guideline Compliance	✓		
<b>Cash</b>			
Asset Allocation Policy Compliance	✓		
Investment Guideline Compliance	✓		
# of Sudan/Iran Holdings Held by Managers	✓		

# Compliance Monitor

This report highlights operational and compliance metrics monitored by the Investment Division  
As of December 2020\*

## INVESTMENT OPERATIONS

<b>6</b>
<b>INVESTMENT OPERATIONS</b>
<b>Total # of Advisory</b>

<b>INVESTMENT OPERATIONS</b>	Quarterly Review Status	# Advisory	Notes
<b>Securities Lending</b>			
Investment Guideline Compliance	✓		
\$ Value on Loan	✓	1	GSAL \$807.2 mm; State Street \$949.4 mm
\$ Value of Cash Collateral	✓	1	GSAL \$825.3 mm; State Street \$1,007.8 mm
Total Income - Calendar YTD	✓	1	GSAL \$1.3 mm; State Street \$3.8 mm
<b>Total Fund Overlay</b>			
Investment Guideline Compliance	✓		
<b>Proxy Voting</b>			
Number of Meetings Voted	✓	1	994 meetings voted
<b>Tax Reclaims</b>			
Total Paid Reclaims - Calendar YTD	✓	1	\$935,557
Total Pending Reclaims	✓	1	\$10.8 mm
<b>Fee Validation</b>			
Fee Reconciliation Project	✓		
AB 2833	✓		
<b>Investment Manager Meetings****</b>			
Manager Meeting Requests	✓		

# Compliance Monitor

This report highlights operational and compliance metrics monitored by the Investment Division  
As of December 2020\*

## OPEB MASTER TRUST

Functional Asset Categories (Growth, Credit, Inflation Hedges, Risk Reduction & Mitigation)	Quarterly Review Status	# Advisory	Notes
Asset Allocation Policy Compliance	✓		
Investment Guideline Compliance	✓		
# of Sudan/Iran Holdings Held by Managers	✓		

\* This list is not exhaustive as various compliance processes are completed throughout the year. Each quarter, different items may appear on the compliance monitor.

\*\* Represents the comprehensive Private Equity (3-month lag), Real Estate (3-month lag), Illiquid Credit (1- and 3-month lags), and Hedge Funds (1-month lag) programs across the total plan.

\*\*\* Investment guideline compliance based on public market exposure

\*\*\*\* Advisory noted if the CEO or a Board member recommends staff to meet with a specific manager three or more times in a year. The purpose of notifying the activity is to promote transparency and governance best practices designed to preserve the integrity of the decision-making process.



# Pension Bridge Alternatives 2021 – Presentation



# Our Path

January 26, 2021

Jon Grabel  
Chief Investment Officer



LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

## Discussion Outline

---

- 1 Who We Are and Challenges
- 2 Our Path
- 3 Summary



## Who We Are



Mission: Produce, Protect, and Provide the Promised Benefits

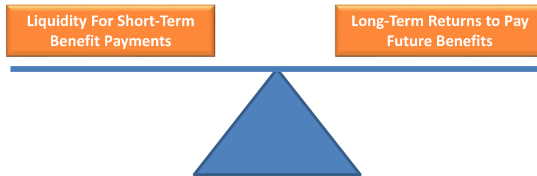
As of June 30, 2020

LACERA Membership	
Active Members	116,289
Retired Members	67,988
Total Membership	184,277

As of December 31, 2020

Net Asset Value ( \$ in billions) <sup>1</sup>	
LACERA Pension Plan	\$65.4
LACERA OPEB Trust	\$1.9
Total	\$67.3

### LACERA's Balancing Act



<sup>1</sup> Estimated 12/31/20 Net Asset Values



## Challenges

Historical 10-Year Treasury Yield

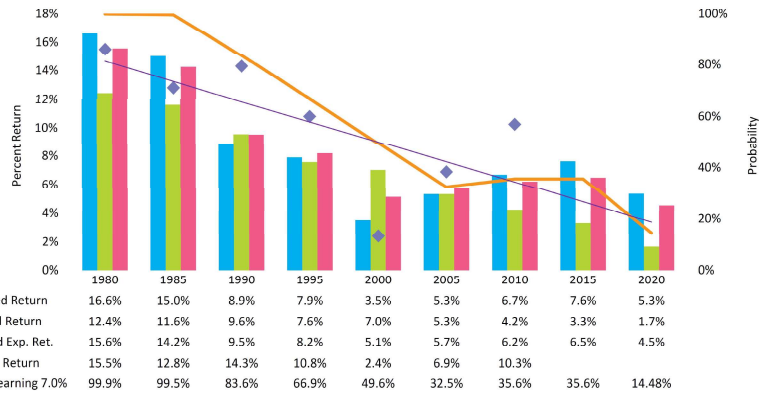


Data Source: U.S. Treasury



## Challenges

Low Rates = Low Future Returns<sup>1</sup>



- A simple stock/bond mix has produced diminishing expected, and actual, returns over the past 40 years
- LACERA and other institutions have confronted diminishing expected returns through the inclusion of alternative assets

<sup>1</sup> Expected return assumptions for 1) Bonds equals the yield of the ten-year Treasury plus 100 basis points, and 2) Equities equals the dividend yield plus the earnings yield of the S&P 500 index (using the inflation-adjusted trailing 10-year earnings). Probability calculation is based off of the blended 65/35 eq/bond portfolio for the subsequent ten years. Reflects yields and valuations as of June 30, 2020.



## Our Path: Multi-Dimensional

### Legacy Approach

Numerator  
**Return Enhancing**  
Denominator  
**Risk Reducing**

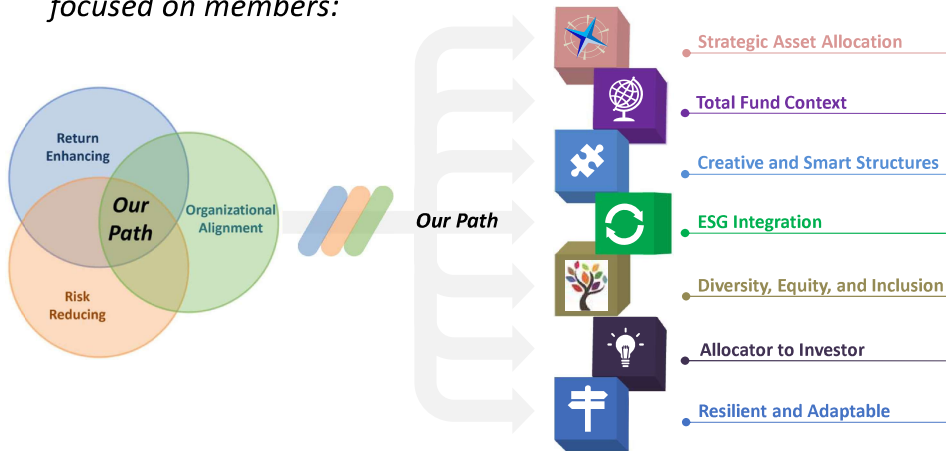
- Returns regardless of costs
- Risk measured by standard deviation
- Asset categories in silos
- Alpha and beta
- Leverage and illiquidity

### Current Approach

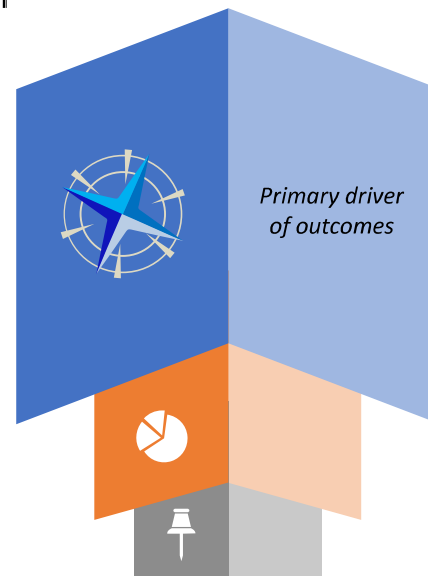


## Our Path: Overview

Guided by Board and  
focused on members:



## Our Path: Strategic Asset Allocation



### Strategic Asset Allocation

- Apportionment across asset categories
- Primary driver of return variability and outcomes
- Must get market betas right
- Functional framework

### Structure Reviews

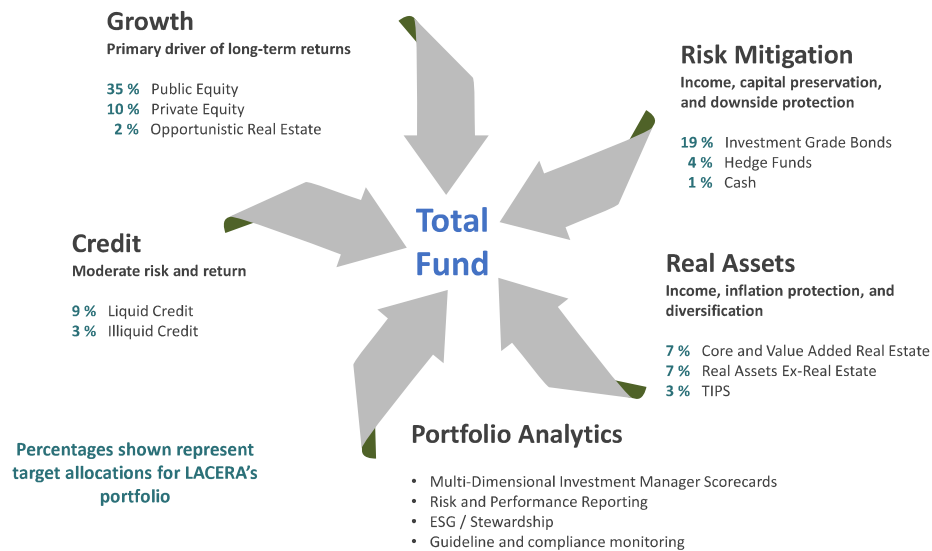
- Conducted to define asset category framework and implementation
- What is working and what can be improved

### Manager Selection

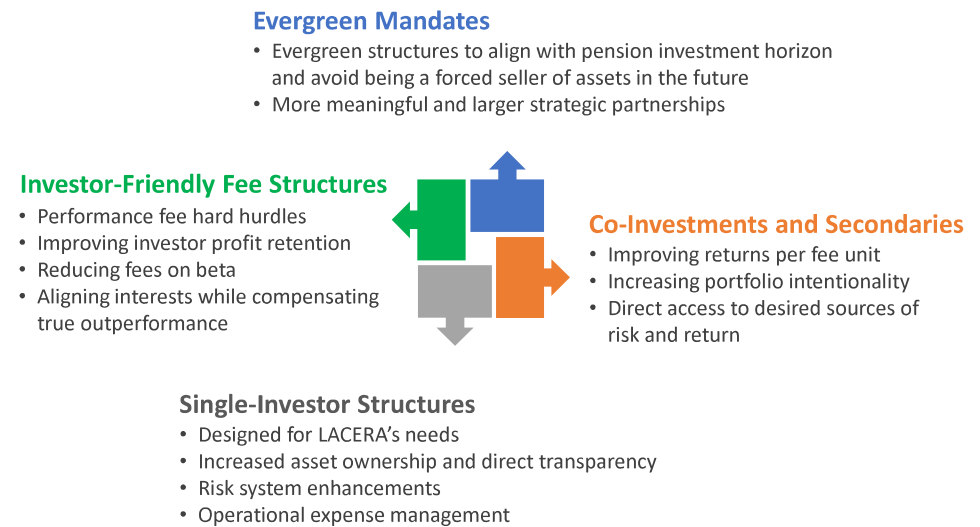
- Think globally and cast a wide net
- Emerging manager programs



## Our Path: Total Fund Context



## Our Path: Creative and Smart Structures



## Our Path: ESG Integration

LACERA recognizes that environmental, social, and governance (ESG) factors may impact the risk and return profile of investments



Environmental factors such as resource scarcity, climate change policies and physical impacts



Social factors such as human capital practices, diversity and inclusion, human rights, community and stakeholder relations



Governance factors include board quality, investor rights and protections, ethics and compliance controls



- Material ESG factors may vary by industry, geography, and investment time horizons
- LACERA performs due diligence on each mandate's investment process regarding ESG
- Ongoing monitoring and integrated assessment of best practices in each asset class

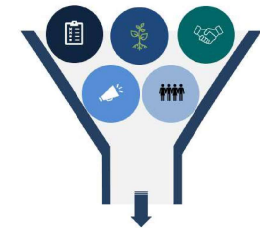


## Our Path: Diversity, Equity, and Inclusion

Towards Inclusion, Diversity, and Equity (T.I.D.E.) is defined by five pillars:



T.I.D.E.'s pillars are designed to improve outcomes



Enhanced Risk-Adjusted Returns



## Our Path: Allocator to Investor Strategic Plan

### Structures

- One size does not fit all
- Creative fee structures
- Single-investor vehicles

### Culture and Staffing

- Collaboration; accountability
- Total Fund orientation
- Inclusive; expand recruiting channels

### Implementation



### Mindset

### Portfolio Construction

- Limit offsetting risk exposures and fees
- Diversification at a total Fund level
- Elevated importance of operational due diligence
- Functional category committees

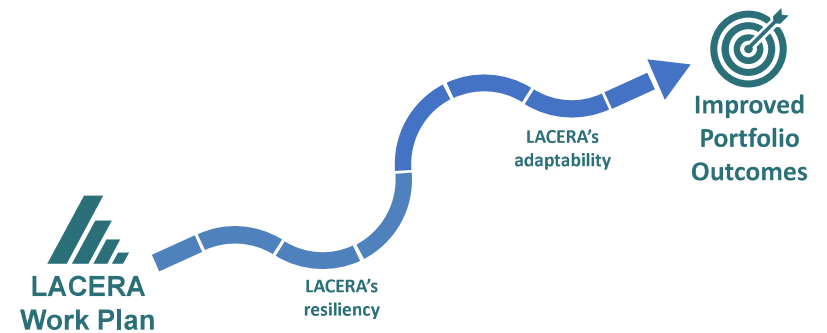
### Themes

- Active and influential to benefit LACERA
- External to internal implementations
- Control cost of capital decisions



## Our Path: Resilient and Adaptable

- 2020 reminds us that surprises happen and even the best plan may need to be revised

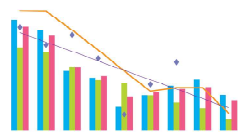
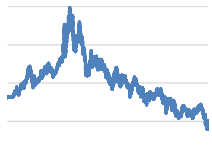


- Despite a pandemic, new partnerships were formed with select private equity, credit, hedge fund, and real asset managers in 2020





# Summary



## Current State and Challenges

- Low interest rate environment
- 65/35 stock and bond mix may not be sufficient
- No single solution

## Our Path

- Our path
  - Return enhancement
  - Risk reduction
  - Organizational alignment
- Strong processes
  - Strategic plan
  - Annual work plan
- Multi-dimensional and iterative

**Maximizing our mission to members**



Thank you



# SuperReturns SuperTechnology North America – Presentation



# An LP Perspective

## Progression from Allocator to Investor



**SuperTechnology**  
**North America**

Jonathan Grabel  
Chief Investment Officer  
February 2, 2021

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

## Discussion Outline

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- I. LACERA Overview
- II. LACERA's View on Technology Investments
- III. COVID Challenges and LACERA's Evolution
- IV. Widening the Investment Funnel
- V. Conclusion



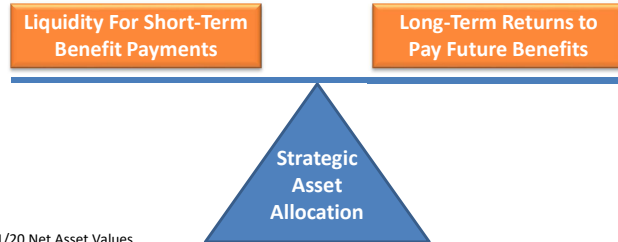
## Who We Are



Mission: Produce, Protect, and Provide the Promised Benefits

As of June 30, 2020		As of December 31, 2020	
LACERA Membership		Net Asset Value ( \$ in billions) <sup>1</sup>	
Active Members	116,289	LACERA Pension Plan	\$65.4
Retired Members	67,988	LACERA OPEB Trust	\$1.9
Total Membership	184,277	Total	\$67.3

### LACERA's Balancing Act



<sup>1</sup> Estimated 12/31/20 Net Asset Values

## Evolving from Allocator to Investor

Guided by Board and focused on members

### Structures

- One size does not fit all
- Bespoke fee structures
- Single-investor vehicles
- Alignment of interests

### Culture and Staffing

- Collaboration; accountability
- Total Fund orientation
- Inclusive; expand recruiting channels

### Implementation



### Mindset

### Portfolio Construction

- Limit offsetting risk exposures and fees
- Diversification at a total Fund level
- Increasing portfolio intentionality
- Functional category committees




### Themes

- Active and influential to benefit LACERA
- External to internal implementations
- Control cost of capital decisions
- Recognize macro trends



## Technology Disruption is Ubiquitous Across Sectors

Below are just three examples:

Automobile	Restaurants	Financial Services
 <p>TESLA</p> <ul style="list-style-type: none"> <li>• \$752B<sup>1</sup> Market cap &gt; next 8 competitors combined</li> </ul>	 <p>Domino's</p> <ul style="list-style-type: none"> <li>• 70%+ of U.S. sales via digital channels</li> </ul>	 <p>Goldman Sachs</p> <ul style="list-style-type: none"> <li>• ~25% of workforce in Engineering<sup>2</sup> roles</li> </ul>

Technology represents ~23% of all U.S. business spending driven by companies' needs to innovate, increase productivity, reduce costs, and stay competitive<sup>3</sup>

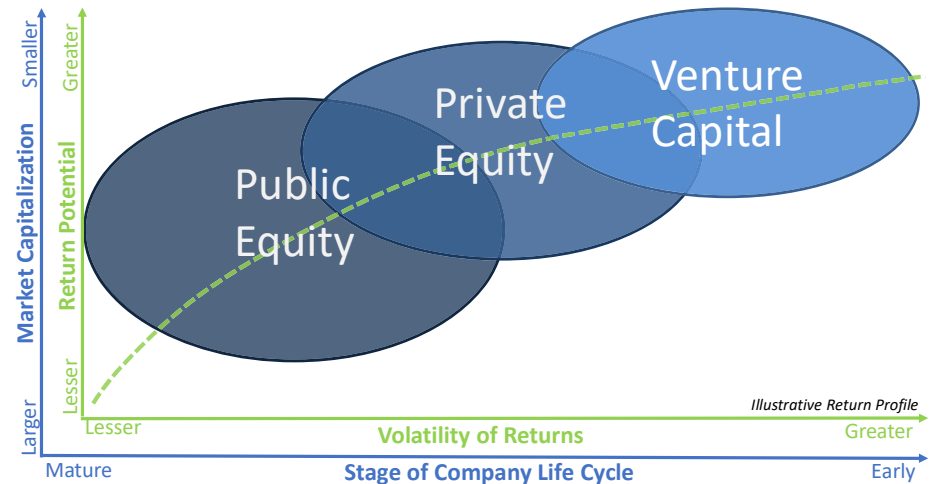
<sup>1</sup> As of 1/29/20 market close. <https://companiesmarketcap.com/automakers/largest-automakers-by-market-cap/>.

<sup>2</sup> Select examples of Engineering roles at Goldman include Quantitative Strategists, Cyber Security, Software Engineering and Systems Engineering.

<sup>3</sup> Source: FRED Economic Data, 2020.

## Technology Investments Portfolio Intentionality

The Growth functional asset category invests in public equity, private equity, and venture capital, with each sub-asset category seeking the highest risk-adjusted return opportunities



## Growth Portfolio Composition – Sector Exposures

Data as of September 30, 2020

Sector	LACERA Weights			Benchmark Weight	Difference
	Global Equity	Private Equity	Growth Total		
Communication Services	7.8%	2.5%	6.5%	8.6%	-2.0%
Consumer Discretionary	12.5%	13.6%	12.8%	12.9%	-0.1%
Consumer Staples	7.4%	4.3%	6.6%	7.5%	-0.8%
Energy	2.1%	1.1%	1.9%	2.8%	-0.9%
Financials	11.7%	6.6%	10.5%	12.4%	-1.9%
Health Care	12.0%	14.1%	12.5%	12.5%	0.0%
Industrials	10.6%	12.4%	11.1%	10.5%	0.6%
Information Technology	20.7%	38.8%	25.1%	20.8%	4.3%
Materials	4.6%	4.6%	4.6%	5.1%	-0.4%
Real Estate	3.1%	0.2%	2.4%	3.5%	-1.1%
Utilities	2.7%	0.3%	2.1%	3.1%	-1.0%
Miscellaneous	4.8%	1.5%	3.9%	0.3%	3.6%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>0%</b>

- In LACERA's aggregate Equity portfolio, IT represents 25% of NAV
- Within PE, LACERA is being intentional in its relative overweight in the technology sector as technology-led disruption is likely to continue to permeate every industry
- Prudently consider overall technology exposure beyond comparison to benchmark weights given widespread penetration of technology across sectors

## COVID Challenges and LACERA's Evolution

The spread of COVID-19 has presented unique challenges, and accelerated the adoption of technology at LACERA both internally and in our portfolio

### Challenge

+ Keeping team motivated and connected in a remote work environment

+ Comprehensive due diligence without in-person meetings

+ Post-investment monitoring in periods of uncertainty

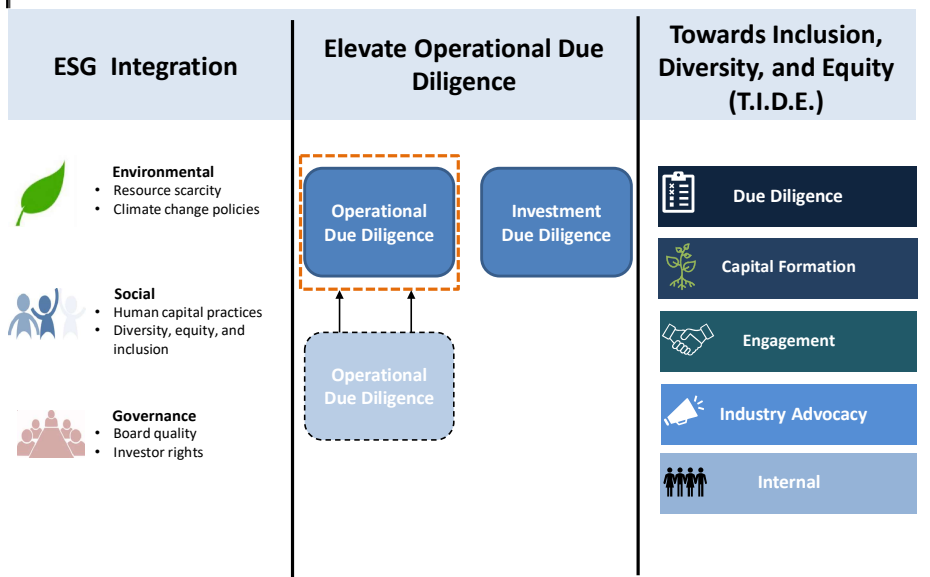
### Evolution

- Accelerated adoption of technology
- Importance of internal committees and increasing communication with Board
- Remote interviews expand talent pool

- Virtual meetings allow for greater access to investment team
- Increased emphasis on diligence of middle and back-office functions
- More reference checks for new managers

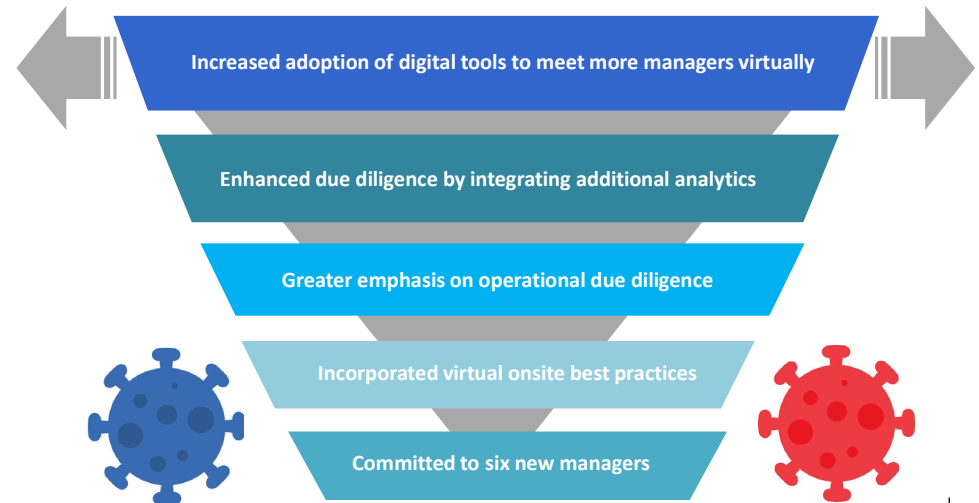
- Standardized manager scorecards
- Enhanced performance reporting
- Strengthen relationships through co-investment and secondary activities

## Initiatives to Improve Risk-Adjusted Returns



## Widening the Funnel: Embracing Technology

Despite COVID, LACERA widened funnel of relationships in 2020 by upgrading our remote working capabilities and incorporating remote diligence best practices



## Widening the Funnel: Emerging Manager Programs

We continue to expand and refine our emerging manager programs

### Graduation Goal

- Strong performers to receive follow-on investments
- Mutually beneficial growth



### Risk-Adjusted Returns

- Expectations of risk-adjusted return enhancement from inefficiencies in smaller markets

### Collaborative Partners

- Encourage adoption of best operational practices
- Influential in shaping firms



### Differentiated Return Source

- Potential to capture different sources of risk and return not available to larger firms

### Widest Possible Funnel

- Promotes inclusivity and diversity
- Younger and smaller firms can provide unique perspectives



### Durable Benefits to LACERA

- Future capacity rights
- Scalable terms
- Potential revenue sharing and other strategic benefits

## Widening the Funnel: Co-investments and Secondaries

Our in-house program has helped us build a more intentional portfolio across various sectors (including technology) and provided other benefits such as:

New & Stronger  
GP Relationships

Improved Investment  
Culture

Enhanced PE Fund  
Evaluation Insights

Promising Early  
Returns

### SELECT LACERA IN-HOUSE PE/VC DEAL PARAMETERS

Term	Co-Investments	Secondaries
Investment Size	\$10 to \$70 million	\$10 to \$130 million
Deal Types	Buyout, growth equity, late-stage venture capital	Any
Geography	Global	Global
2021 Investment Target	Up to \$450 million across co-investments and secondaries	



## Conclusion

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### Allocator to Investor

- View all investments through our Total Fund perspective
- Embrace Fund-wide initiatives
- Prioritize interest alignment and governance with business partners

### Technology Investments

- Growing importance of technology across all industries
- COVID has likely accelerated technology adoption
- Catalyzed long-lasting improvements to our processes

### Widening the Funnel

- Remote diligence has somewhat democratized access
- Increased adoption of digital tools
- Emerging manager programs, co-investments and secondaries



Thank You





February 1, 2021

TO: Trustees,  
Board of Investments

FROM: Steven P. Rice *SPR*  
Chief Counsel

FOR: February 10, 2021 Board of Investments Meeting

SUBJECT: LACERA 2021 Election for Third Member: Statement of Powers and Duties of Investments Board Members

### **RECOMMENDATION**

Approve the attached document entitled “Powers and Duties of Investments Board Members,” which will be included with the ballot materials for the 2021 election of the Third Member of the Board of Investments and posted on lacera.com.

### **LEGAL AUTHORITY**

The information in the Power and Duties is based on the responsibilities of Board of Investments trustees under the California Constitution (Cal. Const., art XVI, § 17), the County Employees Retirement Law of 1937 (CERL) (Cal. Gov’t Code §§ 31450 et seq.), the California Public Employees’ Retirement Law of 2013 (PEPRA) (Cal. Gov’t Code §§ 7522 et seq.), and LACERA’s policies and procedures. Approval of this document is consistent with the exercise of the Board’s plenary authority and fiduciary responsibility over fund investments and actuarial matters under the California Constitution. Cal. Const., art. XVI, § 17.

### **BACKGROUND**

Each year, the Board of Supervisors adopts a resolution to govern that year’s LACERA election. The election this year for the Board of Investments will include the Third Member (a general member seat currently held by Herman Santos) for a three-year term commencing January 1, 2022.

At LACERA's request, the Board of Supervisors will include with Board election materials a ballot insert entitled “Powers and Duties of Investments Board Members” provided by LACERA to assist voters in evaluating candidates. In addition, the Powers and Duties serve as a reference for Board candidates to understand the responsibilities of Board trustees. Finally, the Powers and Duties are posted on lacera.com, and they

are available to stakeholders and the public to communicate the responsibilities of Board trustees.

The proposed Powers and Duties is attached. The document is based on a restated template reviewed and approved by the Board for the elections conducted in 2018, and slightly revised in 2019. This year, the Powers and Duties were reviewed by fiduciary counsel Ashley Dunning and Peter Mixon, of Nossaman LLP. The changes proposed by fiduciary counsel and staff are redlined for the Board's consideration.

## **DISCUSSION**

The proposed Powers and Duties complies with best practices to fully and clearly describe the responsibilities and duties of Board trustees. The Power and Duties is generally based on content recommended in a report issued by The Stanford Institutional Investors' Forum Committee on Fund Governance. *The Clapman Report 2.0 Model Governance Provisions to Support Pension Fund Best Practice Principles*, at pages 9-10 (Clapman Report).

The proposed Powers and Duties includes the following information:

***Introduction.*** This section states the general responsibilities of Board of Investments trustees. The section states that, under the law, LACERA duties are included as part of an elected Board trustee's County or public employment and shall normally take precedence over any other duties. This section also addresses the time commitment required of Board trustees. The Clapman Report recommends that an estimated time commitment be provided. The estimate in the attached proposal is unchanged from last year. Staff requests that the Board carefully review the stated estimate of 60-80 hours per month based on actual past experience to ensure that it remains accurate. The only revision included in the proposal is an update of the amount of fund assets as of June 30, 2020 and a minor word change for readability as suggested by fiduciary counsel.

***Board Member Responsibilities.*** This section provides a detailed description of the main responsibilities of Board trustees. This section includes paragraphs on:

1. **Board and Committee Meetings.** Fiduciary counsel suggests adding a sentence briefly stating the role of the Board of Retirement. One minor word change is also made for readability as suggested by fiduciary counsel;

2. Pension Fund Investments. This paragraph is unchanged;
3. Retiree Healthcare Funds. The amount of OPEB trust assets is updated as of June 30, 2020;
4. Contribution Rates and Actuarial Services. This paragraph is unchanged;
5. Securities Litigation. This paragraph is unchanged;
6. Other Fund Administration. This paragraph previously used the word “management” to describe the trustees’ responsibilities. However, fiduciary counsel recommends that this word be changed to “administration,” which is the power granted by the California Constitution. The Constitution, in Article XVI, Section 17, provides that the Board has “plenary authority” over “investment of moneys and administration of the system.” The word “management” is not used. One other nonsubstantive word change is made;
7. Retention and Oversight of Vendors, Consultants, and Experts. This paragraph is unchanged;
8. Delegation. Fiduciary counsel suggests adding language regarding clear definition of delegated responsibilities;
9. Legal Compliance. Fiduciary counsel suggests that the phrase “plan documents and all applicable laws” be changed to read “plan documents and all other applicable laws” in recognition that LACERA’s plan documents include CERL and PEPRA, which are applicable laws governing the system. Fiduciary counsel also suggests adding language that the compliance responsibility includes oversight of investments and actuarial matters;
10. Education. This paragraph is unchanged; and
11. Involvement. Fiduciary counsel suggests that a reference to “applicable laws” be added in recognition that there are legal limits on trustee’s engagement activities. Fiduciary counsel also suggests other minor and nonsubstantive language changes.

Board of Investments

Re: Statement of Powers and Duties of Investments Board Members

February 1, 2021

Page 4

***Fiduciary Duties.*** The Powers and Duties includes a separate section on fiduciary duties, with subsections on the Duty of Loyalty and the Duty of Care. Fiduciary counsel suggests that an introductory reference be added that Board members are trustees for the fund and that, in the second paragraph of the subsection on Duty of Care, the same change described in paragraph 9 above be made regarding “other” applicable laws.

***Conflicts of Interest.*** This section states basic conflict principles and is unchanged.

***Compensation and Expenses.*** This section is new and is added based on a trustee suggestion to explain payments that certain trustees may receive under CERL and LACERA policy for attendance at meetings and reasonable and necessary expenses. Fiduciary counsel supports this addition.

## **CONCLUSION**

In addition to the above changes, staff last year suggested that use of Board “member” in the Powers and Duties be changed to “trustee” in recognition of the constitutional and statutory responsibilities of the Board. The Board did not make the change at that time. Staff requests that the Board consider whether this change is now appropriate. It is not included in the attached proposed version pending Board discussion and direction.

The proposed Powers and Duties provides information that will be helpful to voters, candidates, and the public in understanding the responsibilities of trustees of the Board of Investments.

## **THEREFORE, IT IS RECOMMENDED THAT THE BOARD:**

Approve the attached document entitled “Powers and Duties of Investments Board Members,” which will be included with the ballot materials for the 2021 election of the Third Member of the Board of Investments and posted on lacera.com.

Attachment

c: Santos H. Kreimann  
JJ Popowich  
Jonathan Grabel  
Cynthia Martinez  
Barry Lew

## POWERS AND DUTIES OF INVESTMENTS BOARD MEMBERS

The Board of Investments provides this summary to enable voters to evaluate candidates for the Board. The Board urges voters to review this summary prior to voting.

### INTRODUCTION

The Board of Investments oversees investment of LACERA's pension retirement fund (\$58.42 billion as of June 30, ~~2019~~2020) and determination of County and member contribution rates. In total, members of the Board of Investments can expect to commit as ~~much~~ many as 60 to 80 hours of their time each month to discharging their duties to the retirement system.

As to those elected Board members who are employed by the County or a participating district, the law provides that these LACERA duties are included as part of their County or other public employment and shall normally take precedence over any other duties. Given the time commitment necessary to fulfill the responsibilities of Board membership, elected Board members will be required to spend a material amount of their working time each month in carrying out their important LACERA duties and responsibilities.

The responsibilities and duties of Board members are explained in detail below.

### BOARD MEMBER RESPONSIBILITIES

Board of Investments members' duties include:

1. **Board and Committee Meetings.** The Board meets once each month unless otherwise specified, usually on the second Wednesday, with each meeting generally lasting from 4 to 6 hours. In addition to the time required to attend meetings, approximately 8 to 12 hours per meeting is required to prepare for meetings and review relevant materials developed by staff and management. The Board has established committees to assist in carrying out its responsibilities. The Board also shares additional committees jointly with the system's Board of Retirement, including the Audit Committee. The Board of Retirement is a separate board having responsibility for overseeing general plan administration. Committee meetings may be held both before and after regular Board meetings, and at other times, and generally last 1 to 2 hours per committee plus additional preparation time of several hours.
2. **Pension Fund Investments.** The Board of Investments has exclusive control of all retirement system investments and is responsible for establishing investment beliefs and objectives, the asset allocation for the portfolio, strategies, policies, and governance processes, which are

- subject to change by Board action. The Board evaluates risk and return, including consideration of corporate governance issues. The Board makes these decisions based on information and input provided by staff and external consultants. Currently, LACERA's investment portfolio is, with a few exceptions, externally managed. The Board does not make individual investment selections for the externally managed portfolio; rather, it selects investment managers to make investments for LACERA in accordance with investment objectives and guidelines established by the Board. The Board of Investments and its staff then regularly monitor and evaluate the investment activities and results of its managers.
3. **Retiree Healthcare Funds.** Under agreement with the County and other participating employers, the Board of Investments manages and invests trust funds prepaid for future retiree healthcare benefits, which total \$1.52 billion as of June 30, ~~2019~~2020.
  4. **Contribution Rates and Actuarial Services.** Using an actuarial valuation process, the Board of Investments determines the level of contributions necessary to fund retirement benefits. The Board of Investments is responsible for setting actuarial valuation policies, selecting the actuary who will perform the valuation, and approving the actuarial valuation services provided. The actuary submits to the Board of Investments for the Board's approval such changes in County and member contribution rates as are necessary to fund retirement benefits.
  5. **Securities Litigation.** The Board of Investments, with the assistance of counsel and staff, is charged with actively identifying, evaluating and monitoring securities class action lawsuits in which the fund has sustained a loss, and to determine whether the best interests of the fund are served by actively participating in such cases.
  6. **Other Fund ManagementAdministration.** A few management administrative functions are shared with the Board of Retirement. The Boards of Retirement and Investments, acting jointly, adopt the annual budget covering LACERA's operations. The two Boards also act jointly in certain employee relations matters, including the approval of class specifications for LACERA's employees, the approval of Memoranda of Understanding (MOU's) negotiated with SEIU Local 721, the union bargaining for represented employees of LACERA, and ~~the~~ approval of compensation to be provided to LACERA's nonrepresented employees. The Board of Investments is not responsible for general administration of the retirement system and benefits. The Legislature assigned those responsibilities to the Board of Retirement.
  7. **Retention and Oversight of Vendors, Consultants, and Experts.** The Board approves and oversees the retention and performance of vendors, consultants, and experts to assist in system operations and aid the Board when appropriate.

8. **Delegation.** The day-to-day investment operations of the retirement system are delegated to staff and outside service providers. Board members consider what responsibilities will be delegated and to whom delegation is made. Board members ensure that delegated responsibilities are clearly defined and properly performed through monitoring, questioning, and accountability.
9. **Legal Compliance.** The Board ensures that the retirement system maintains compliance with the plan documents and all other applicable laws governing the system. Board members comply with this responsibility by overseeing investments and actuarial matters, conducting a periodic review of plan documents, and monitoring changing legal requirements, with the assistance of counsel and other advisors.
10. **Education.** Board members are legally required to further their education on appropriate topics, which may include pension fund investments and investment management processes, actuarial matters, pension funding, pension fund governance, ethics, and fiduciary responsibilities, among other topics. Such education must consist of a minimum of 24 hours within two years of assuming office and 24 hours every subsequent two-year period the member continues on the Board.
11. **Involvement.** Subject to applicable laws, Board policies, and LACERA protocols, Board members may participate in state and national pension and investment related organizations, including serving as an executive or committee member in these organizations. ~~Within Subject to~~ the same laws, policies, and protocols, Board members may also represent LACERA's interests through engagement with the legislative and executive branches of state and federal government.

## FIDUCIARY DUTIES

The funds set aside for the payment of retirement benefits to LACERA members are trust funds held for the benefit of these members and their beneficiaries, and LACERA's investment operations further the delivery of plan benefits. The California Constitution requires that Board of Investments members have the following fiduciary duties as trustees of the fund:

1. **Duty of Loyalty.** The California Constitution provides that Board of Investments members are fiduciaries and are required to, "discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty." All Board members, whether elected or appointed, have the same fiduciary duty. The Board members' duty of loyalty at all times is to the participants and beneficiaries as a whole. Board members do not



serve as the agent or representative of the agency or group responsible for their election or appointment. Where different groups of participants have different interests on an issue, Board members have a duty to be impartial as between conflicting participant interests and act to serve the overall best interests of all of the participants of the system.

2. ***Duty of Care.*** The California Constitution provides that assets of the retirement system are trust funds to be used only for the purpose of providing benefits and paying the costs of administering the system. Under the Constitution, members of the Board of Investments “shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.” Governing law provides that the Board “may, in its discretion, invest, or delegate the authority to invest, the assets of the fund through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction when prudent in the informed opinion of the board.” The Constitution further requires that Board members “shall discharge their duties with respect to the system with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.”

The duty of care means that Board members must exercise a prudent level of effort and diligence in administering and exercising oversight over the investments of the system, including: implementing, and periodically reviewing and updating, policies, procedures, and processes; determining whether and when to delegate authority to staff and third-parties, and exercising proper oversight; requesting necessary reports and information; analyzing the information, advice, and recommendations received; asking questions; seeking expert advice when required from staff and outside expert consultants; deliberating carefully before making decisions; and understanding the reason for actions before taking them. Board members must monitor the investments of the system, follow the plan documents and other applicable law, and take corrective action when required to ensure the sound administration of the retirement fund’s investments and the other matters under the responsibility of the Board of Investments are properly performed.

## **CONFLICTS OF INTEREST**

Board members must be free of conflicts of interest in compliance with applicable legal requirements and LACERA’s Conflict of Interest Code and Code of Ethical Conduct. Board members must disclose conflicts of interest when they arise, and they cannot participate in decisions that will impact, positively or negatively, their own financial interests or the interests of certain of their related persons and entities. Board members are public officials under California conflict of interest laws, and they must be familiar with and follow those laws. Board members are

subject to public disclosure of their economic interests and annual reporting requirements under the Political Reform Act and Fair Political Practices Commission regulations. Violation of conflict of interest laws and regulations can result in civil and criminal penalties. Conflict of interest laws and regulations are complex, and Board members should seek legal advice when appropriate. See <http://www.fppc.ca.gov/> for more information.


### **COMPENSATION AND EXPENSES**

Elected Board members who are employed by the County or a participating district and the Treasurer and Tax Collector who serves on the Board ex officio do not receive payment for attendance at Board meetings; they receive their County salary. Board members elected by retirees and appointed members receive payment of \$100 per Board or committee meeting attended up to a maximum of \$500 per month. Required federal and state income tax withholding is made from payments, which is reported on a Form W-2 for tax reporting purposes. All Board members receive reimbursement of reasonable and necessary expenses and are provided reasonable support for the performance of their duties.

APPROVED BY THE BOARD OF INVESTMENTS ON FEBRUARY 12\_\_, 20210.

February 2, 2021

TO: Trustees – Board of Investments

FROM: Jude Pérez   
Principal Investment Officer

FOR: February 10, 2021 Board of Investments Meeting

**SUBJECT: STRATEGIC ASSET ALLOCATION CAPITAL MARKET ASSUMPTIONS  
AND OPEB MASTER TRUST DISCUSSION**

One of the Board of Investments' ("BOI") core responsibilities is setting LACERA's strategic asset allocation ("SAA"). The SAA is the key driver of long-term risk and returns for the Fund, and therefore, is a vital component as LACERA pursues its mission to produce, protect, and provide the promised benefits.

Furthermore, LACERA's Investment Beliefs expresses two key tenants on SAA:

- 1. Long-term strategic asset allocation will be the primary determinant of LACERA's risk/return outcomes; and**
- 2. Asset allocation has a greater effect on return variability than asset class investment structure or manager selection**

To date, the BOI has seen presentations discussing asset-liability management, the effects of the coronavirus pandemic on the economy and capital markets, and the implications of investing in a low global interest rate environment. Meketa also discussed potential ways to refine strategies given the changes in market conditions since the last SAA review. As communicated in previous BOI meetings, the SAA review cycle will continue over the next five months, culminating at the end of the 2021 fiscal year.

This month, Meketa's presentation will comprise of two parts. The first covers capital market assumptions ("CMAs") and the process that Meketa has undertaken with staff and the asset category consultants to derive them. As a reminder, the CMAs are fundamental inputs used in an SAA study and may be brought to the BOI for approval in March. The second part of the presentation focuses on the OPEB Master Trust ("OPEB"). Meketa will highlight the different asset classes between the OPEB and Pension Plan to facilitate a discussion on incorporating illiquid, alternative, and/or active management into the OPEB's SAA, which to this point, has been mostly invested in passive strategies.

Meketa will review the presentation at the February 2021 BOI meeting.

Attachments

Trustees – Board of Investments  
February 2, 2021  
Page 2 of 2

Noted and Reviewed:



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Jonathan Grabel  
Chief Investment Officer  
JP

Los Angeles County Employees  
Retirement Association

February 2021

Strategic Asset Allocation  
Capital Market Assumptions  
Discussion

## Introduction

- LACERA's Investment Beliefs state that "Long-term strategic asset allocation will be the primary determinant of LACERA'S risk/return outcomes."
- In September and October of 2020, Meketa presented information regarding the implications of the current low interest rate environment and an interim set of capital markets assumptions based on 6/30/2020 capital market conditions.
- Following those presentations, Meketa, StepStone, Townsend, Albourne and LACERA staff engaged in a series of conversations regarding Meketa's interim and 2021 capital market assumptions.
- In January of 2021 a final series of calls was held among Meketa, LACERA staff, and each of the other asset class consultants to review Meketa's 2021 capital market assumptions.

## Private Equity

- Meketa, StepStone, and LACERA staff exchanged information regarding Meketa's interim CMAs and StepStone provided some feedback on areas of difference.
- While most of the differences were minor, Meketa and StepStone held a conference call to discuss those items and also to discuss Meketa's 2021 CMAs.
  - Meketa's 2021 CMAs have Private Equity returns that are somewhat lower than StepStone's, but within what was deemed a reasonable range.
  - StepStone observed that Meketa's interim CMAs had a low premium over equities at ~1%. Meketa's 2021 CMAs adjusted that amount to ~2.5%, which is more in line with Stepstone's expectations.
- StepStone concurred that Meketa's 2021 CMAs are reasonable for strategic asset allocation purposes.

	20 year ER	10 year ER	Volatility
Buyouts	9.0%	7.9%	25.0%
Venture Capital	9.6%	8.1%	36.0%

## Real Estate

- Meketa, Townsend, and LACERA staff exchanged information regarding Meketa’s interim CMAs and Townsend provided some feedback on areas of difference.
- While most of the differences were minor, Meketa and Townsend held a conference call to discuss those items, and to discuss Meketa’s 2021 CMAs.
  - Townsend approaches capital market assumptions from a somewhat more tactical perspective and incorporates a point of view on positioning within an economic cycle.
  - Meketa’s 2021 were overall somewhat lower than Townsend’s assumptions, but the 2021 CMA’s were closer to Townsend assumptions.
  - As an example, Townsend has a range of 5.5%-6.0% for Core Private Real Estate. Meketa’s interim CMAs were 4.7% and that was raised to 5.0% for the 2021 based on 10-year expectations and 5.5% based on 20-year expectations.
  - Within Real Estate, the amount of premium associated with Value Add and Opportunistic differed somewhat between Townsend and Meketa. The differences largely stem from Townsend’s perspective on positioning within the market cycle.
- Townsend concurred that Meketa’s 2021 CMAs are reasonable for strategic asset allocation purposes.

	20 year ER	10 year ER	Volatility
Opportunistic RE	9.2%	8.9%	26.0%
Core-Private RE	5.5%	5.0%	12.0%
Value-Added RE	7.7%	7.8%	20.0%



### Credit/Illiquid Credit

- Meketa, Albourne, and LACERA staff exchanged information regarding Meketa’s interim CMAs and Albourne provided some feedback on areas of difference.
- Most of the differences were small across credit categories.
- Currently LACERA’s asset allocation for Credit has much more granularity than other categories. The idea of collapsing the categories within Credit to simply “Liquid Credit” and “Illiquid Credit” was discussed.
  - The framework would be more consistent with other asset categories.
  - LACERA would have increased flexibility regarding implementation and be more reflective of LACERA’s progress toward becoming more of an investor than an allocator.
  - Portfolio risks would still be managed at the more granular level.
- Albourne concurred that Meketa’s 2021 CMAs across credit categories are reasonable for strategic asset allocation purposes.

	20 year ER	10 year ER	Volatility
High Yield Bonds	4.2%	3.1%	11.0%
Bank Loans	4.0%	3.5%	9.0%
Emerging Markets Debt	3.8%	3.6%	12.5%
Private Debt Composite	6.8%	6.6%	16.0%
Fixed Income/ L-S Credit	3.4%	3.2%	9.0%

**Natural Resources, Commodities and Infrastructure**

- Meketa, Albourne, and LACERA staff exchanged information regarding Meketa's interim CMAs.
- While most of the differences were minor, Meketa, LACERA staff and Albourne held a conference call to discuss those items and also to discuss Meketa's 2021 CMAs.
- Albourne concurred that Meketa's 2021 CMAs in these categories are reasonable for strategic asset allocation purposes.

	20 year ER	10 year ER	Volatility
Natural Resources (Private)	8.3%	8.5%	23.0%
Commodities (naïve)	3.7%	3.4%	17.0%
Infrastructure (Core Private)	7.0%	7.6%	14.0%
Infrastructure (Non-Core Private)	9.0%	8.9%	22.0%

### Hedge Funds

- Meketa, Albourne, and LACERA staff exchanged information regarding Meketa’s interim CMAs and Albourne provided some feedback on areas of difference.
- On the surface, there were some significant differences between Meketa’s expected return and volatility assumptions and Albourne’s projections.
- Meketa’s overall approach is based on broad categories and index type returns. Albourne’s assumptions are more portfolio specific and incorporate specific program design.
- To bridge the gap between the approaches and make an apples to apples comparison, Meketa created a custom composite which more closely reflects LACERA’s use of hedge funds.
- Albourne has agreed the custom composite is reasonable for strategic asset allocation modelling purposes.

	20 year ER	10 year ER	Volatility
Fixed Income/ L-S Credit	3.4%	3.2%	9.0%
Long-Short	3.8%	1.7%	10.0%
Event-Driven	4.9%	4.2%	9.0%
Global Macro	4.3%	3.6%	5.0%
CTA	4.7%	5.6%	15.0%
Relative Value/Arbitrage	4.6%	5.3%	8.0%

### Items for Consideration

- As mentioned earlier, dividing Credit into liquid and illiquid “buckets” would allow for great implementation flexibility and is more consistent with other functional categories.
- Real Estate is comprised of multiple strategies with widely varying risk and return profiles. Given forward looking expectations might Value-Add Real Estate “fit” better in the Growth category?
- TIPS are an asset class which can serve multiple roles. Should they be considered primarily as Risk Mitigating or Inflation Hedging?
- Are overlays and hedges significant enough to consider as a fifth functional category?

### Next Steps

Next steps include:

- Discussing Meketa’s Capital Markets Assumptions with the Board at the March Meeting.
- Approving Capital Markets Assumptions for use in Strategic Asset Allocation modelling.
- Presenting the Asset Liability Study, and possible iterations thereafter, for both the OPEB and the Pension Trusts.
- Discussing suitability of benchmarks.
- Approving Strategic Asset Allocations for the Pension Trust and OPEB Trust.

## Disclaimers

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Los Angeles County Employees  
Retirement Association

February 2021

Strategic Asset Allocation  
OPEB

### Introduction

- LACERA's Investment Beliefs state that "Long-term strategic asset allocation will be the primary determinant of LACERA's risk/return outcomes."
- In December 2017, the BOI approved a new strategic asset allocation for the OPEB Trust.
- As of December 2020, the OPEB assets have accumulated to \$1.9B, bringing the OPEB to a feasible size to introduce illiquid or alternative asset classes.
- The purpose of this presentation is to highlight the different asset classes between OPEB and the Pension Plan and to allow the Board to consider whether to incorporate illiquid or alternative into the OPEB Trust's asset allocation.



OPEB Scenarios<sup>1</sup>

	OPEB Current Targets	+ Private Equity	+ Real Estate	+ Illiquid Credit
Growth	50%	50%	50%	50%
Credit	20%	20%	20%	20%
Real Assets and Inflation Hedges	20%	20%	20%	20%
Risk Reduction and Mitigation	10%	10%	10%	10%
Expected Return 20 years	5.31%	5.61%	5.18%	5.46%
Risk	13.19%	13.55%	12.21%	13.34%
Sharpe Ratio	0.35	0.36	0.37	0.36

- Private market asset classes tend to be less correlated with traditional assets and produce higher expected returns than their liquid counterparts. Most portfolio scenarios produce a higher Sharpe ratio and higher expected returns.
- These potential enhancements represent a significant change in portfolio complexity and may be best implemented over a number of years.

<sup>1</sup> Meketa 2021 Capital Market Expectations.

### OPEB Framework

	Current Targets (%)	Policy Range (%)
<b>Growth</b>	<b>50</b>	<b>40 - 60</b>
Global Equity	50	
<b>Credit</b>	<b>20</b>	<b>15 - 25</b>
High Yield Bonds	6	
Bank Loans	10	
Emerging Market Debt	4	
<b>Real Assets and Inflation Hedges</b>	<b>20</b>	<b>15 - 25</b>
REITs	10	
Commodities	4	
TIPS	6	
<b>Risk Reduction and Mitigation</b>	<b>10</b>	<b>5 - 15</b>
Investment Grade Bonds	8	
Cash Equivalents	2	

### Defined Benefit Plan Framework

	Current Targets (%)	Policy Range (%)
<b>Growth</b>	<b>47</b>	<b>40 - 54</b>
Global Equity	35	28 - 42
Private Equity	10	7 - 13
Opportunistic Real Estate	2	0 - 3
<b>Credit</b>	<b>12</b>	<b>9 - 15</b>
High Yield Bonds	3	0 - 6
Bank Loans	4	0 - 6
Emerging Market Debt	2	0 - 5
Illiquid Credit	3	0 - 4
<b>Real Assets and Inflation Hedges</b>	<b>17</b>	<b>14 - 20</b>
Core and Value-Added Real Estate	7	4 - 10
Natural Resource and Commodities	4	2 - 6
Infrastructure	3	0 - 4
TIPS	3	0 - 5
<b>Risk Reduction and Mitigation</b>	<b>24</b>	<b>18 - 30</b>
Investment Grade Bonds	19	13 - 25
Diversified Hedge Fund Portfolio	4	0 - 6
Cash Equivalents	1	0 - 3
<b>Overlay</b>	<b>0</b>	

### Growth

- The role of assets in the Growth category is to be the primary driver of long-term total returns for the Fund.
- Consider adding **Private Equity** to the OPEB Growth functional category. Private Equity investing is compelling for its potential to enhance returns within a public global equities portfolio.
  - Investors may earn an illiquidity premium.
  - There may be an enhanced alignment of interests between management and owners.
  - Private equity is a relatively inefficient asset class with more opportunities to identify mispricing and generate excess returns (alpha).
- Implementation of Private Equity may be accomplished in multiple ways:
  - Secondaries, to jumpstart the program.
  - Using all or some of the strategies the Pension Fund uses to build a program over time.
  - Fund of funds, to gain diversification early on.

### Credit

- The role of assets in the Credit category is to produce current income and moderate long-term total returns.
- Consider adding **Illiquid Credit** to the OPEB Credit functional category. Illiquid Credit offers long-term opportunities to take advantage of dislocations in the credit market. Assets included in this category are:
  - Asset-backed Credit
  - Real Estate Debt
  - Corporate and Consumer Credits
- As with Private Equity, implementation can be accomplished in multiple ways, including fund of funds, secondaries, and/or pairing up with commitments the Pension Fund makes.

### Real Assets and Inflation Hedges

- The role of assets in the Real Assets and Inflation Hedges category is to provide income as well as a hedge against inflation.
- Consider adding **Private Real Estate** to the OPEB Credit functional category as a first step to building a private market portfolio in real estate. Private Real Estate offers unique diversifying characteristics for the portfolio and acts as an inflation hedge.
  - Adding real estate to a diversified fund may lower volatility.
  - Real Estate has higher expected returns than bonds, lower expected volatility to stocks, and low correlation to both stocks and bonds.
- The current REITs OPEB position could be replaced/complemented with a private real estate allocation through Private Real Estate.

### Considerations

- The OPEB Master Trust has grown into a larger investment portfolio and warrants consideration for adopting a strategic asset allocation that includes alternative assets, such as those used by the Defined Benefit Plan.
- Introducing new asset private asset classes will reduce liquidity for the OPEB Trust in the short term.
- It would be important to review the anticipated liquidity profile of the OPEB Trust to ensure that illiquid assets would be an appropriate addition. Other actuarial aspects of the Trust (funded status, etc.) should also be part of the evaluation process.
- Involving private market opportunities will require greater attention and allocation of resources than the OPEB'S current all passive strategy.

### Next Steps

Next steps include:

- Reviewing and approving Capital Markets Expectations.
- Presenting the Asset Liability Study, and possible iterations thereafter, for both the OPEB and the Pension Funds.
- Discussing suitability of benchmarks.
- Approving Strategic Asset Allocations for the Pension Trust and OPEB Trust.


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January 26, 2021

TO: Trustees – Board of Investments

FROM: Jude Pérez   
Principal Investment Officer

FOR: February 10, 2021 Board of Investments Meeting

SUBJECT: **MSCI Analytics Investment Risk Education**

At the January 2020 Board of Investments (“BOI”) meeting, the Board authorized staff to hire MSCI Analytics (“MSCI”) to provide total Fund risk services. At the same meeting, the Board also approved the hire of MSCI ESG Research LLC and Sustanalytics US Inc. for ESG data and analytics, as well as Trucost-S&P Global for climate-related data. Since that time, staff finalized contracting the services and has worked with all three providers in the implementation of LACERA’s data onto each platform.

At today’s meeting, MSCI will provide education to the Board on their total Fund analysis tools. Three representatives from MSCI will be represented: Jorge Mina, MSCI’s Head of Analytics and Chair of MSCI’s Executive Diversity Council; Christopher Brady, LACERA’s MSCI Risk Consultant; and Stella Kondonijakos, Executive Director of MSCI’s Implementation Services.

They will collectively use the attached presentation to cover the MSCI analytics platform, risk methodology approach, implementation update, and preview LACERA’s total Fund risk report. The implementation phase of LACERA’s total Fund will be complete in the coming months; MSCI’s risk packet will be added to LACERA’s fiscal year-end June 30, 2021, total Fund performance report. When that report is delivered to the Board, Mr. Brady will be invited back to provide a further, in-depth review of LACERA’s risk results and how the Board can utilize the report for total Fund portfolio evaluation and analysis.

Attachment

Edb: JP

Noted & Reviewed:



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Jonathan Grabel  
Chief Investment Officer



## Investment Risk Education for LACERA's Board of Investments

2/10/2021

# Presenters



**Jorge Mina**

Managing Director, Analytics  
Product Management

New York



**Stella Kondonijakos**

Executive Director,  
Implementation Services

San Francisco



**Christopher Brady, CFA**

Executive Director, Client  
Coverage

San Francisco

# Agenda

- MSCI Overview
- Factor Based Investing
- Private Markets
- LACERA's Risk & Performance Platform
- Risk Reports & Analysis

# MSCI Overview

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# MSCI Integrated Solutions

MSCI enables the world's leading institutional investors to build and manage better portfolios.



## INDEXES

850+ ETFs are based on MSCI indexes, more than any other index provider<sup>1</sup>

Over USD 10 Trillion in assets are benchmarked to MSCI Indexes<sup>2</sup>

94% of US pension fund assets invested in global equities are benchmarked to MSCI<sup>3</sup>

180,000 Indexes calculated daily; 10,000 in real time



## ANALYTICS

“Best Sell-Side Market Risk”  
“Best Buy-Side Risk Management”

MSCI Global Risk and Performance Engine runs up to 1 Trillion calcs/day

**Broad and Deep Asset Coverage:** 17+ Million client positions, 2 Million time series, 52 Global FI Markets, 1,300+ issuer curves



## ESG RESEARCH

World's largest provider of Environmental, Social and Governance (ESG) data and research<sup>4</sup>

47 of top 50 global asset managers<sup>5</sup> 900+ clients including 125 asset owners

220+ dedicated full-time staff globally to ESG business, including 150+ ESG research analysts<sup>6</sup>



## REAL ESTATE

Global leader in Real Estate performance analysis and risk services

In over 30 markets worldwide

Analysis tools that can be applied to all types of Real Estate

**40+** YEARS IN BUSINESS

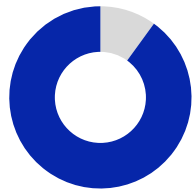
**33** GLOBAL LOCATIONS

**2,600+** EMPLOYEES

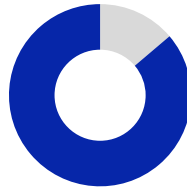
**7,500** ACTIVE CLIENTS

# Who We Serve

MANY OF THE WORLD'S LARGEST INVESTORS UTILIZE MSCI ANALYTICS



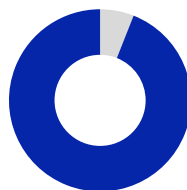
10  
OF THE  
TOP 10  
US PUBLIC  
PENSIONS\*



21  
OF THE  
TOP 25  
NORTH  
AMERICAN  
PUBLIC  
PENSIONS\*



31  
OF THE  
TOP 50  
GLOBAL  
HEDGE  
FUNDS\*



47  
OF THE  
TOP 50 GLOBAL  
ASSET  
MANAGERS\*

1200+ Risk Management Analytics Clients	
Asset Owners and Consultants	200 +
Asset Management	300 +
Banks & Others	350 +
Hedge Funds	200 +
Insurance	20+

Sources: MSCI as of Dec 2014 and \*P&I ; \*\*Absolute Return; and \*\*\* The Banker, all

# Risk Management & Factor Investing

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# What is Risk?

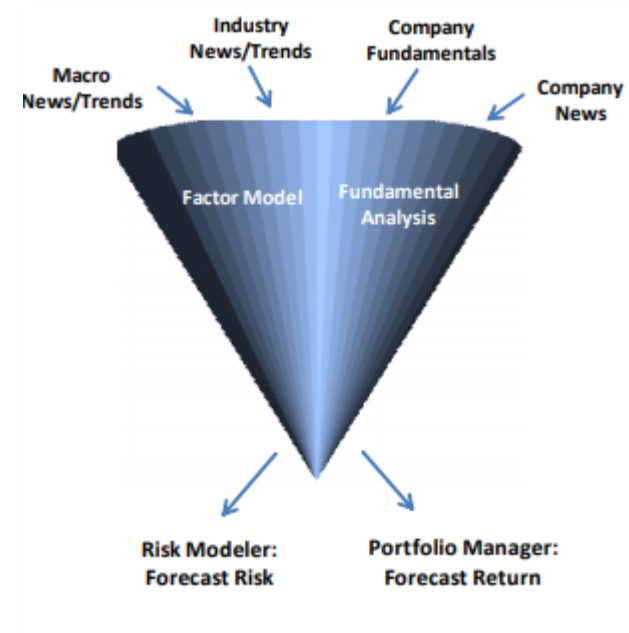


Investment Risk is uncertainty about future portfolio profit and loss

- *“How likely are large losses on our portfolio this year”?*
- *“How much risk does our equity allocation contribute”?*
- *“Is investment grade debt an effective hedge”?*
- *“What if we have a COVID-19 resurgence next winter”?*
- *“Are the external managers adhering to their strategy mandates”?*

# Fundamental Factor Models

- Factor Modelling Goals:
  - Identify the common characteristics driving investment returns
  - Develop accurate long horizon estimates of factor risk
- Factor models are ideal for:
  - Strategic Asset Allocation
  - Aligning risk with return
  - Risk forecasting over long investment horizons



# ► MSCI MAC Factor Model

1

## Supports factor-based asset allocation

- A consistent, integrated framework between high-level and detailed factors
- Link asset class decisions to manager and security selection

2

## Capture systematic strategies across asset classes

- Introduce systematic strategy factors beyond equities
- Multi-asset class systematic strategy factors distinguish factor betas from alpha and traditional beta

3

## Provides multiple levels of granularity to communicate global, MAC exposures

- Align factor granularity with reporting to maximize effectiveness
- Consistent risk and return attribution

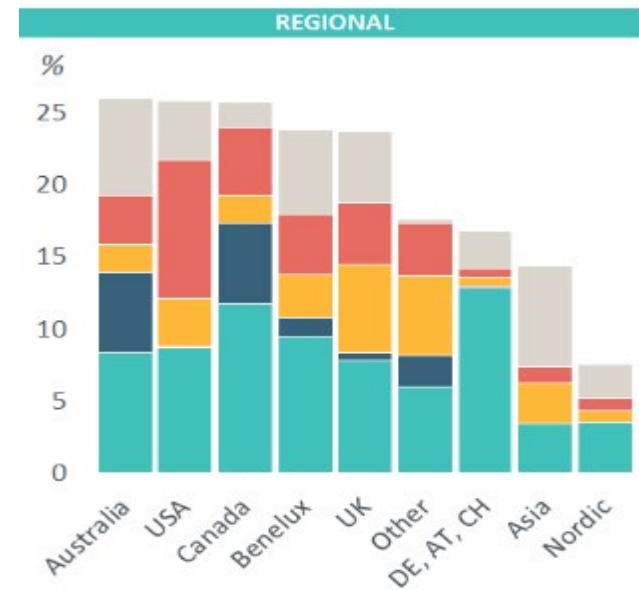
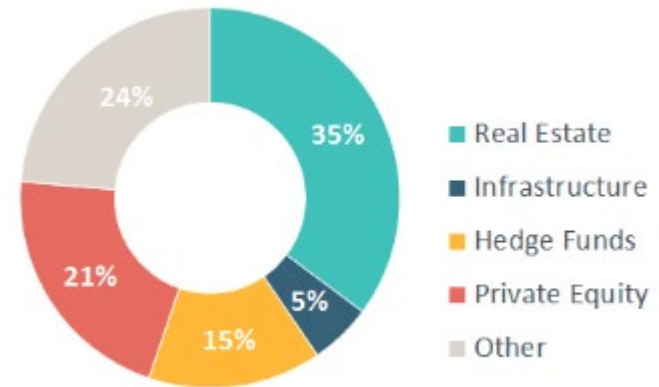
# Private Markets

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# ► The Growth in Private Asset Classes

- Classic 60:40 mix of stocks and bonds has shifted to a 40:40:20 mix of stocks, bonds and alternatives
- Advances in risk management have lagged increased allocations
- Leading institutional investors are seeking to normalize and integrate private assets into a multi-asset class risk management and asset allocation framework

\*Based on 138 asset owners in Survey Universe



## Combine Private Asset and Public Asset Information

- I. Private asset data: Burgiss
- II. De-smoothing corrects distortions
- III. Blend information from private, public

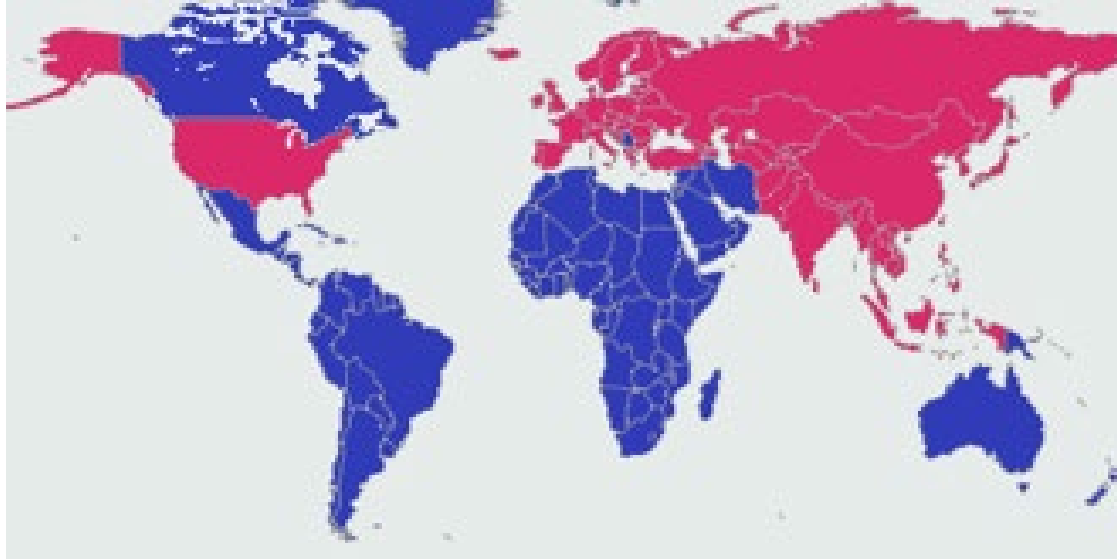
$$\textit{De-smoothed return innovation} = \textit{Beta} \cdot \textit{Public proxy} + \textit{Pure private factor} + \textit{Fund/firm specific}$$

### EXAMPLE

Large Health  
Care Buyout

$$= \text{Large Buyout} \cdot \text{Health Care proxy} + \text{Pure Large Buyouts} + \text{Specific}$$

# Private Equity Model



**US Early Stage Ventures**  
**US Late Stage Ventures**  
**US Small Buyouts**  
**US Large Buyouts**  
**US Mezzanine**  
**US Distressed**  
**Asia Early Stage Ventures**  
**Asia Late Stage Ventures**  
**Asia Small Buyouts**

**Asia Large Buyouts**  
**Asia Distressed**  
**Europe Early Stage Ventures**  
**Europe Late Stage Ventures**  
**Europe Small Buyouts**  
**Europe Large Buyouts**  
**Europe Mezzanine**  
**Europe Distressed**

# US Private Real Estate Factors

## Property Type by Region

Retail East
Retail South
Retail Midwest
Retail West
US Office East*
US Office South
US Office Midwest
US Office West
Industrial East
Industrial South
Industrial Midwest
Industrial West
Residential East
Residential South
Residential Midwest
Residential West
Hotel
Other

## Property Sub-Type

Regional Mall
Neighborhood Convenience Center
Open-Air Shopping Center
Retail Warehouse Big Box
Other Retail
CBD Office*
Suburban Office
Other Office
Logistics
Self Storage
Other Industrial
Urban Residential
Suburban Residential
Social Housing
Other Residential

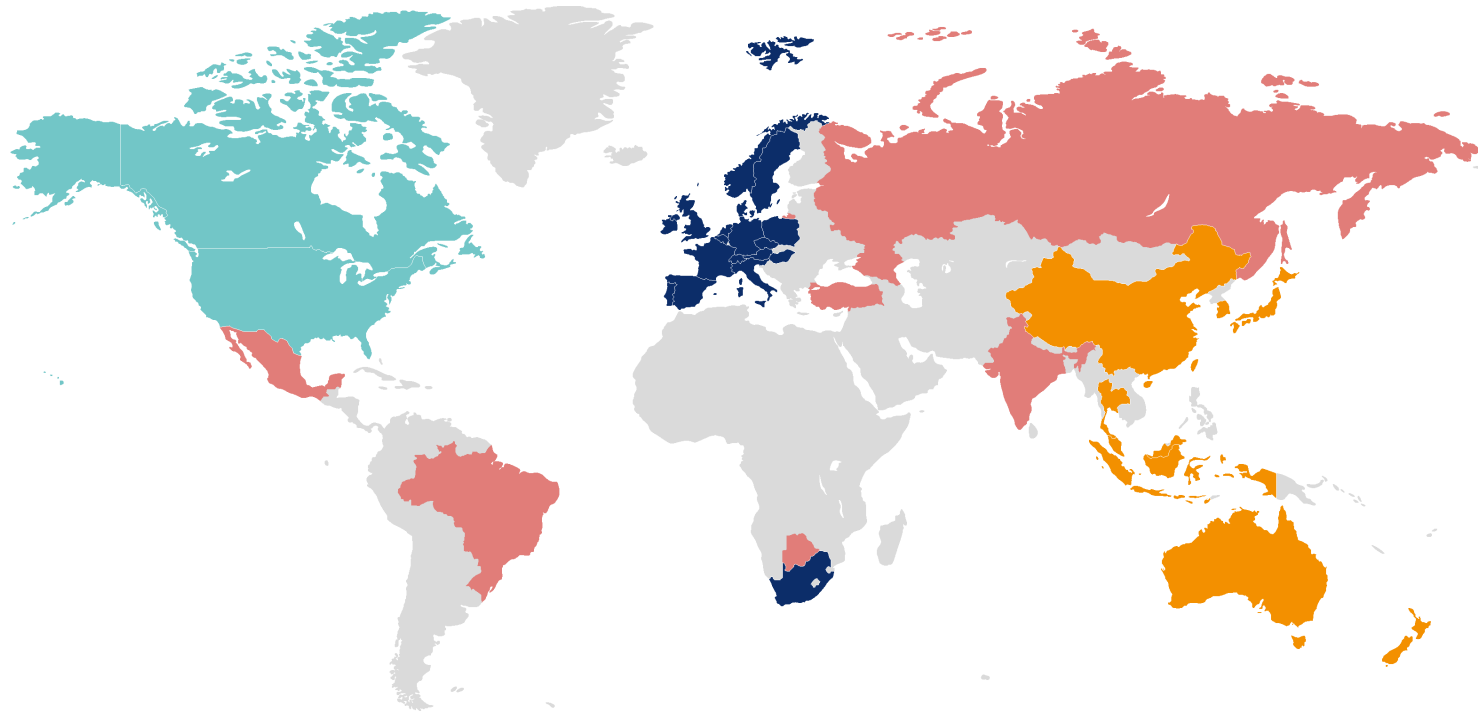
Income Return\*

## Metro Area

Boston
New York*
Washington DC
Atlanta
South Florida
Dallas
Houston
Chicago
Los Angeles
SF Bay Area
San Diego
Seattle
Denver
Rest of Northeast
Rest of South
Rest of Midwest
Rest of West



# Private Real Estate Model



North America

EMEA

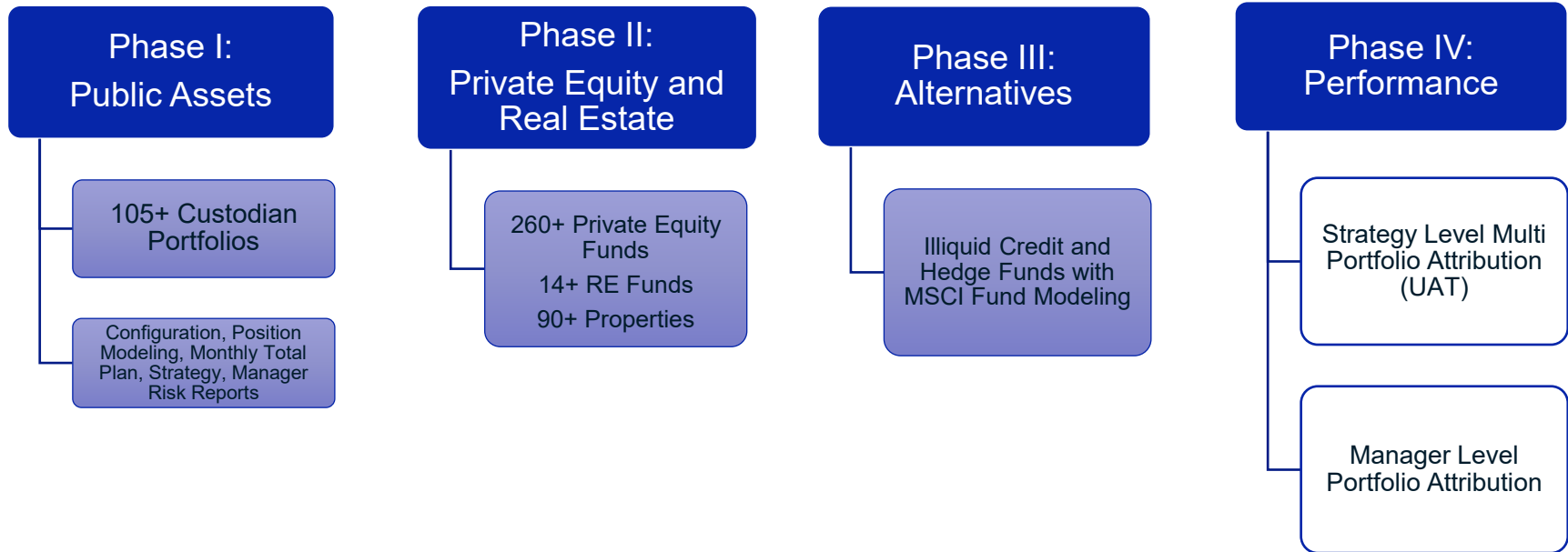
Asia Pacific

IPD databanks in

# Risk & Performance Solution

Technology & Services

# Implementation Progress – Total Plan and OPEB Master Trust



# Proactive and Tailored Client Support



Dedicated analytics specialist responsible for providing client education and product training (on-site and web-based training sessions)



Dedicated managed services specialist for monthly portfolio reconciliation and standard report production



Access to MSCI research and product team members for ad-hoc discussions Webinars & Documentation.



24X5 client service desk

# ► Risk Modeling & Analytic Tools

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## Risk Attribution

- Generate absolute and active risk forecasts at total plan and manager level
- Identify fundamental sources of risk
- Understand interaction of plan holdings

---

## Manager Search & Selection

- Understand impact on potential managers reallocation on total plan risk
- Analyze manager tilts using a standard, independent, framework

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## What-If Analysis

- Model impact of plan reallocations on asset class and total plan risk
- Understand changes in risk profiles across total plan or by asset class

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## Stress Testing & Scenario Analysis

- Run pre-defined historical stress tests and user-defined scenarios
- Select correlated or uncorrelated shocks

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## Asset-Liability Analysis

- Compute surplus risk
- Analyze expected shortfall

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## Simulation Risk (value-at-risk)

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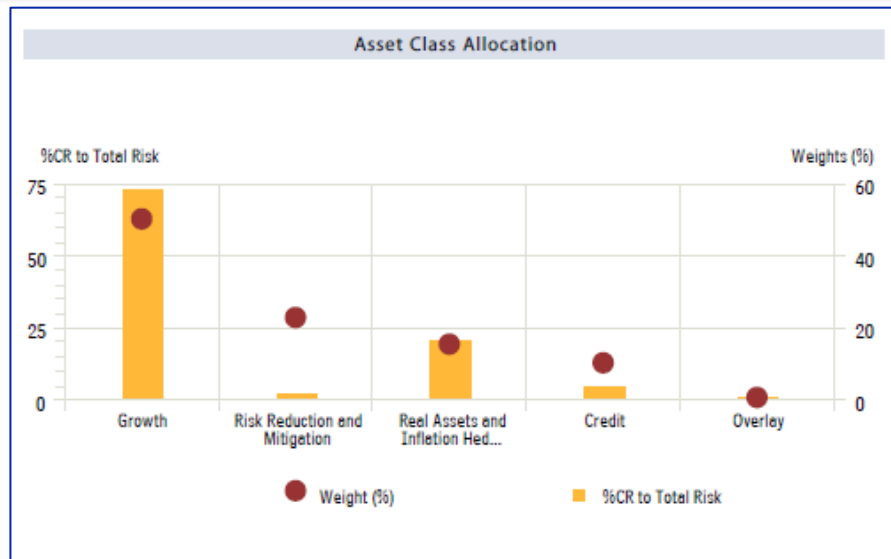
- Measure Value at Risk and tail risk (expected shortfall)
- Holdings-based, full instrument repricing using Historical and Monte Carlo simulations

# LACERA Reporting & Analysis

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# Asset Class Analysis

Risk Summary		Asset Class Contribution to Risk					
Statistic	Value	Asset Class	Mkt Value	Weight (%)	Total Risk	Risk Contribution	%CR to TR
Total Risk	15.69	<b>Total</b>	<b>60,723,197,465</b>	<b>100.00</b>	<b>15.69</b>	<b>15.69</b>	<b>100.00</b>
Benchmark Risk	13.72	Growth	30,553,046,805	50.32	23.27	11.50	73.31
Active Risk	3.14	Risk Reduction and Mitigation	13,806,649,365	22.74	3.67	0.25	1.56
Portfolio Beta	1.13	Real Assets and Inflation Hedges	9,532,457,357	15.70	22.93	3.14	20.00
Effective Duration	1.86	Credit	6,272,522,987	10.33	7.73	0.70	4.49
		Overlay	558,520,952	0.92	13.13	0.10	0.63



# Asset Class Analysis





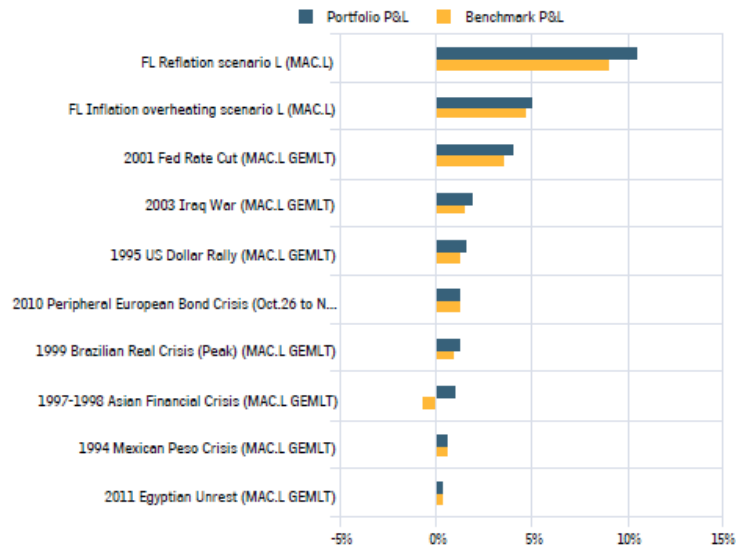
# Factor Analysis

Risk Factor Breakdown						
Risk Decomposition						
Risk Source	Portfolio			Active		
	Risk Contribution	% Risk	Correlation	Risk Contribution	% Risk	Correlation
<b>Total Risk</b>	<b>15.69</b>	<b>100.00</b>	<b>1.00</b>	<b>3.14</b>	<b>100.00</b>	<b>1.00</b>
Local Market Risk	15.25	97.18	1.00	3.16	100.45	1.00
Common Factor Risk	15.21	96.95	1.00	3.07	97.55	0.98
Equity	11.87	75.64	0.97	0.76	24.10	0.58
Fixed Income	0.70	4.48	0.55	0.05	1.51	0.36
Private Real Estate	2.21	14.09	0.71	0.58	18.47	0.54
Commodity	0.09	0.54	0.56	-0.04	-1.34	-0.18
Private Equity	0.35	2.20	0.15	1.72	54.79	0.74
Selection Risk	0.04	0.23	0.05	0.09	2.91	0.17
Currency Risk	0.44	2.82	0.50	-0.01	-0.45	-0.05

# Scenario Analysis

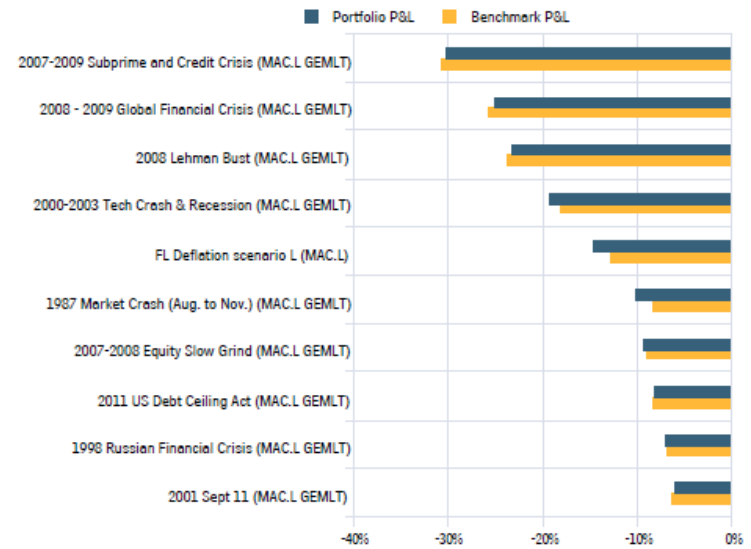
## Stress Scenarios

Top 10 Best Scenarios			
Scenario	Portfolio P&L	Benchmark P&L	Market Change (5)
FL Reflation scenario L (MAC.L)	10.52	9.06	6,388,243,640
FL Inflation overheating scenario L (MAC)	5.05	4.68	3,067,608,719
2001 Fed Rate Cut (MAC.L GEMLT)	3.97	3.60	2,411,094,356
2003 Iraq War (MAC.L GEMLT)	1.86	1.41	1,130,732,506
1995 US Dollar Rally (MAC.L GEMLT)	1.52	1.23	920,666,658
2010 Peripheral European Bond Crisis (Oc	1.27	1.20	768,571,220
1999 Brazilian Real Crisis (Peak) (MAC.L	1.18	0.92	715,907,760
1997-1998 Asian Financial Crisis (MAC.L	1.01	-0.63	611,121,648
1994 Mexican Peso Crisis (MAC.L GEMLT)	0.51	0.52	309,379,465
2011 Egyptian Unrest (MAC.L GEMLT)	0.36	0.29	218,658,064



MODEL: MAC.L GEMLT

Top 10 Worst Scenarios			
Scenario	Portfolio P&L	Benchmark P&L	Market Change (5)
2007-2009 Subprime and Credit Crisis (MA	-30.34	-30.78	-18,417,677,056
2008 - 2009 Global Financial Crisis (MAC	-25.13	-25.69	-15,254,707,374
2008 Lehman Bust (MAC.L GEMLT)	-23.32	-23.75	-14,158,360,460
2000-2003 Tech Crash & Recession (MAC.L	-19.14	-18.02	-11,618,915,608
FL Deflation scenario L (MAC.L)	-14.74	-12.88	-8,948,530,472
1987 Market Crash (Aug. to Nov.) (MAC.L	-10.20	-8.36	-6,191,346,210
2007-2008 Equity Slow Grind (MAC.L GEMLT	-9.26	-8.95	-5,620,981,183
2011 US Debt Ceiling Act (MAC.L GEMLT)	-8.23	-8.37	-4,997,841,254
1998 Russian Financial Crisis (MAC.L GEM	-6.99	-6.78	-4,245,026,992
2001 Sept 11 (MAC.L GEMLT)	-6.19	-6.23	-3,756,596,555



# Monthly Report Package



# Appendix

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# Biographies

## Jorge Mina

Jorge Mina, as Head of Analytics, is responsible for MSCI's equity and multi-asset class risk and portfolio management products. He is a member of the firm's Executive Committee. Jorge is also Chair of MSCI's Executive Diversity Council.

Prior to his current role, Jorge served as Head of Analytics for the Americas since 2015. He joined MSCI in 2010, following MSCI's acquisition of RiskMetrics and served as a managing director of Risk Management Analytics from 2010 to 2015. Prior to joining MSCI, Jorge was a founding member at RiskMetrics Group where he served in a variety of roles, including co-head of the RiskMetrics Business and Head of Research.

Jorge holds a Bachelor of Arts degree in Actuarial Sciences from the Instituto Tecnológico Autónomo de México and a Master's in Financial Mathematics from the University of Chicago.

# Biographies

## Stella Kondonijakos

Stella Kondonijakos is an executive director on the implementation services team. Ms. Kondonijakos and her team provide implementation services, as needed, for the automation and integration of MSCI Risk Solutions into client's investment processes. Ms. Kondonijakos joined MSCI in 2006 as a risk analytics project manager. Prior to that, she held product and project management positions at Advent Software and Wells Fargo Bank. She holds a BA in English Literature and Biological Anthropology from UC Berkeley.

# Biographies

## Christopher Brady

Chris works in the San Francisco office as a Consultant in the Risk Management Analytics group and covers many of MSCI's most significant Asset Owner clients on the West Coast. Chris collaborates closely with MSCI's clients on the design and development of total plan risk management solutions.

His role is multi-faceted and includes providing advice on how to best leverage MSCI's systems and analytics and ensuring client satisfaction with MSCI services. Chris first joined MSCI in 2003 as part of Barra's acquisition of Financial Engineering Associates.

He's held a variety of roles over his career at MSCI including Product Manager and Relationship Manager. Chris is a graduate of Wilfred Laurier University in Waterloo, Canada and is a CFA charter-holder.

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**FOR INFORMATION ONLY**

January 25, 2021

TO: Trustees – Board of Investments

FROM: Ted Wright, CFA, FRM, PRM, CAIA   
Principal Investment Officer

Esmeralda Del Bosque   
Senior Investment Officer

Jeff Jia   
Senior Investment Analyst

FOR: February 10, 2021 Board of Investments Meeting

SUBJECT: **UPDATE - LACERA HOLDINGS IN SECURITIES SUBJECT TO EXECUTIVE ORDER 13959 RELATED TO INVESTMENTS THAT FINANCE CHINESE MILITARY COMPANIES**

In December 2020, staff provided the Board of Investments (“Board”) with a “For Information Only” memo (see **Attachment**) outlining Executive Order 13959 (“E.O.”), which prohibits U.S. investments in Chinese companies that the White House identified as owned or controlled by the Chinese military. The memo also described LACERA’s exposure to these companies within LACERA’s custodied account investments.

On January 11, 2021, the order became effective with any existing security positions from the list of sanctioned Chinese companies to be divested by November 11, 2021. Furthermore, since the announcement of the E.O., an additional four securities were added to the list, taking the total number of prohibited entities to 35. The effective date for those securities is February 1, 2021. The Investment Division has worked closely with LACERA’s investment managers and custodian bank, State Street Bank and Trust (“State Street”), to monitor E.O. developments and explore appropriate courses of action.

The Investment Division has the following updates to report:

1. State Street requested that LACERA sign an attestation letter affirming our understanding of the E.O. and promptly notify State Street if LACERA becomes aware of any breaches. In that letter, State Street noted that they would also be responsible for informing LACERA of such events. The attestation was signed on January 12, 2021. Separately, State Street has also reached out to our investment managers for a signed attestation as well.

To monitor any transactions of securities identified in the E.O., staff is working with State Street's compliance team to build out an E.O. China rule into LACERA's investment guideline compliance reporting. The rule will allow both State Street and LACERA to flag any transactions, including new purchases of sanctioned securities, within our custodied investment manager accounts. This flag, along with ongoing investment manager diligence, will aid LACERA and State Street in identifying potential breaches of E.O. 13959.

2. The separate account equity exposure identified in the initial E.O. memo to the Board has decreased. As of this writing, the number of accounts holding the specified securities has gone from three to two reducing the market value of that exposure from \$27 million to \$7 million. Notably, the investment managers holding the securities have confirmed that that they will divest the positions by the end of February to comply with the E.O.

The situation continues to be fluid. E.O. 13959 was drafted under the previous administration, and the new administration's plan for E.O. 13959 remains unclear. The Investment Division will continue to monitor further developments and keep Trustees apprised of any updates as available.

Attachment

Noted and Reviewed:



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Jonathan Grabel  
Chief Investment Officer



## FOR INFORMATION ONLY

November 18, 2020

TO: Trustees – Board of Investments

FROM: Ted Wright, CFA, FRM, PRM, CAIA  
Principal Investment Officer

TW

Mel Tsao  
Senior Investment Analyst

MT

FOR: December 9, 2020 Board of Investments Meeting

SUBJECT: **LACERA HOLDINGS IN SECURITIES SUBJECT TO EXECUTIVE ORDER 13959 RELATED TO INVESTMENTS THAT FINANCE CHINESE MILITARY COMPANIES**

On November 12, 2020 President Trump issued and executed executive order (“EO”) 13959. The order prohibits U.S. investments in Chinese companies that the White House states are owned or controlled by the Chinese military. The current administration in conjunction with the Department of Defense included 11 additional companies to an existing list under section 1237 as “qualifying entities” to the National Defense Authorization Act of Fiscal Year 1999 for a total of 31 Chinese companies.

The Investment Division attained a copy of the executive order and qualifying entities list to gain context and understanding of the rule. A review of the total Fund portfolio was conducted to determine the net exposure and impact of the order. As of November 12, 2020, the Fund’s approximate holdings to the identified securities from the qualified entities list reside solely within the global equity portfolio and the amount is estimated at \$20.7 million with roughly 75% or \$15.5 million within the MSCI ACWI IMI Global Passive Index mandate. The remaining 25% or \$5.2 million exposure is further distributed across two non-U.S. mandates.

Stipulations of the executive order define certain conditions for which they provide a timely divestiture of applicable investments and staff notes the following two key dates: the order becomes effective January 11, 2021, and secondly the order allows until November 11, 2021 for any current and/or existing positions held from the list to be divested. Given the transition to a new administration, there is uncertainty as to whether EO 13959 will remain in effect or possibly be cancelled after January 20, 2021.

Trustees – Board of Investments

December 9, 2020

Page 2 of 2

As the situation remains fluid, the Investment Division will monitor the status of this order and work closely with its investment managers to adhere to and determine possible next steps, the disposition of the identified securities if necessary and keep Trustees abreast of any further developments.

Attachment

Noted and Reviewed:

A handwritten signature in black ink, appearing to read 'J. Grabel', is written in a cursive style.

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Jonathan Grabel  
Chief Investment Officer

TW:MT:mt

Federal Register

Vol. 85, No. 222

Tuesday, November 17, 2020

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# Presidential Documents

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Title 3—

Executive Order 13959 of November 12, 2020

The President

## Addressing the Threat From Securities Investments That Finance Communist Chinese Military Companies

By the authority vested in me as President by the Constitution and the laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) (IEEPA), the National Emergencies Act (50 U.S.C. 1601 *et seq.*), and section 301 of title 3, United States Code,

I, DONALD J. TRUMP, President of the United States of America, find that the People's Republic of China (PRC) is increasingly exploiting United States capital to resource and to enable the development and modernization of its military, intelligence, and other security apparatuses, which continues to allow the PRC to directly threaten the United States homeland and United States forces overseas, including by developing and deploying weapons of mass destruction, advanced conventional weapons, and malicious cyber-enabled actions against the United States and its people.

Key to the development of the PRC's military, intelligence, and other security apparatuses is the country's large, ostensibly private economy. Through the national strategy of Military-Civil Fusion, the PRC increases the size of the country's military-industrial complex by compelling civilian Chinese companies to support its military and intelligence activities. Those companies, though remaining ostensibly private and civilian, directly support the PRC's military, intelligence, and security apparatuses and aid in their development and modernization.

At the same time, those companies raise capital by selling securities to United States investors that trade on public exchanges both here and abroad, lobbying United States index providers and funds to include these securities in market offerings, and engaging in other acts to ensure access to United States capital. In that way, the PRC exploits United States investors to finance the development and modernization of its military.

I therefore further find that the PRC's military-industrial complex, by directly supporting the efforts of the PRC's military, intelligence, and other security apparatuses, constitutes an unusual and extraordinary threat, which has its source in substantial part outside the United States, to the national security, foreign policy, and economy of the United States. To protect the United States homeland and the American people, I hereby declare a national emergency with respect to this threat.

Accordingly, I hereby order:

**Section 1.** (a) The following actions are prohibited:

(i) beginning 9:30 a.m. eastern standard time on January 11, 2021, any transaction in publicly traded securities, or any securities that are derivative of, or are designed to provide investment exposure to such securities, of any Communist Chinese military company as defined in section 4(a)(i) of this order, by any United States person; and

(ii) beginning 9:30 a.m. eastern standard time on the date that is 60 days after a person is determined to be a Communist Chinese military company pursuant to section (4)(a)(ii) or (iii) of this order, any transaction in publicly traded securities, or any securities that are derivative of, or are designed to provide investment exposure to such securities, of that person, by any United States person.

(b) Notwithstanding subsection (a)(i) of this section, purchases for value or sales made on or before 11:59 p.m. eastern standard time on November 11, 2021, solely to divest, in whole or in part, from securities that any United States person held as of 9:30 a.m. eastern standard time on January 11, 2021, in a Communist Chinese military company as defined in section 4(a)(i) of this order, are permitted.

(c) Notwithstanding subsection (a)(ii) of this section, for a person determined to be a Communist Chinese military company pursuant to section 4(a)(ii) or (iii) of this order, purchases for value or sales made on or before 365 days from the date of such determination, solely to divest, in whole or in part, from securities that any United States person held in such person, as of the date 60 days from the date of such determination, are permitted.

(d) The prohibitions in subsection (a) of this section apply except to the extent provided by statutes, or in regulations, orders, directives, or licenses that may be issued pursuant to this order, and notwithstanding any contract entered into or any license or permit granted before the date of this order.

**Sec. 2.** (a) Any transaction by a United States person or within the United States that evades or avoids, has the purpose of evading or avoiding, causes a violation of, or attempts to violate the prohibitions set forth in this order is prohibited.

(b) Any conspiracy formed to violate any of the prohibitions set forth in this order is prohibited.

**Sec. 3.** (a) The Secretary of the Treasury, after consultation with the Secretary of State, the Secretary of Defense, the Director of National Intelligence, and the heads of other executive departments and agencies (agencies) as deemed appropriate by the Secretary of the Treasury, is hereby authorized to take such actions, including the promulgation of rules and regulations, and to employ all powers granted to the President by IEEPA, to carry out the purposes of this order. The Secretary of the Treasury may, consistent with applicable law, redelegate any of these functions within the Department of the Treasury. All agencies shall take all appropriate measures within their authority to carry out the provisions of this order.

(b) Rules and regulations issued pursuant to this order may, among other things, establish procedures to license transactions otherwise prohibited pursuant to this order. But prior to issuing any license under this order, the Secretary of the Treasury shall consult with the Secretary of State, the Secretary of Defense, and the Director of National Intelligence.

**Sec. 4. Definitions.** For purposes of this order:

(a) the term “Communist Chinese military company” means

(i) any person that the Secretary of Defense has listed as a Communist Chinese military company operating directly or indirectly in the United States or in any of its territories or possessions pursuant to section 1237 of Public Law 105–261, as amended by section 1233 of Public Law 106–398 and section 1222 of Public Law 108–375, as of the date of this order, and as set forth in the Annex to this order, until such time as the Secretary of Defense removes such person from such list;

(ii) any person that the Secretary of Defense, in consultation with the Secretary of the Treasury, determines is a Communist Chinese military company operating directly or indirectly in the United States or in any of its territories or possessions and therefore lists as such pursuant to section 1237 of Public Law 105–261, as amended by section 1233 of Public Law 106–398 and section 1222 of Public Law 108–375, until such time as the Secretary of Defense removes such person from such list; or

(iii) any person that the Secretary of the Treasury publicly lists as meeting the criteria in section 1237(b)(4)(B) of Public Law 105–261, or publicly lists as a subsidiary of a person already determined to be a Communist

Chinese military company, until the Secretary of the Treasury determines that such person no longer meets that criteria and removes such person from such list.

(b) the term “entity” means a government or instrumentality of such government, partnership, association, trust, joint venture, corporation, group, subgroup, or other organization;

(c) the term “person” means an individual or entity;

(d) the terms “security” and “securities” include the definition of “security” in section 3(a)(10) of the Securities Exchange Act of 1934, Public Law 73–291, as codified as amended at 15 U.S.C. 78c(a)(10), except that currency or any note, draft, bill of exchange, or banker’s acceptance which has a maturity at the time of issuance of not exceeding 9 months, exclusive of days of grace, or any renewal thereof the maturity of which is likewise limited, shall be a security for purposes of this order.

(e) the term “transaction” means the purchase for value of any publicly traded security; and

(f) the term “United States person” means any United States citizen, permanent resident alien, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person in the United States.

**Sec. 5.** The Secretary of the Treasury, in consultation with the Secretary of State and, as appropriate, the Secretary of Defense, is hereby authorized to submit the recurring and final reports to the Congress on the national emergency declared in this order, consistent with section 401(c) of the NEA (50 U.S.C. 1641(c)) and section 204(c) of IEEPA (50 U.S.C. 1703(c)).

**Sec. 6. General Provisions.** (a) Nothing in this order shall be construed to impair or otherwise affect:

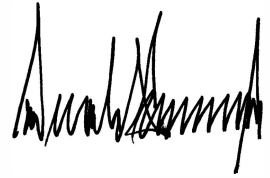
(i) the authority granted by law to an executive department or agency, or the head thereof; or

(ii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.

(b) This order shall be implemented consistent with applicable law and subject to the availability of appropriations.



(c) This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

A handwritten signature in black ink, appearing to be a stylized name, possibly "Donald Trump", written in a cursive script.

THE WHITE HOUSE,  
*November 12, 2020.*

Annex

Aero Engine Corp of China  
Aviation Industry Corporation of China, Ltd. (AVIC)  
China Academy of Launch Vehicle Technology (CALT)  
China Aerospace Science & Technology Corporation (CASC)  
China Aerospace Science & Industry Corporation (CASIC)  
China Communication Construction Group Company, Ltd.  
China Electronics Corporation (CEC)  
China Electronics Technology Group Corporation (CETC)  
China Mobile Communications  
China National Chemical Corporation (ChemChina)  
China National Chemical Engineering Group Co., Ltd. (CNCEC)  
China National Nuclear  
China Nuclear Engineering & Construction Corporation (CNECC)  
China General Nuclear Power  
China Railway Construction Corporation (CRCC)  
China Shipbuilding Industry Corporation (CSIC)  
China South Industries Group Corporation (CSGC)  
China Spacesat  
China State Construction Group Co., Ltd.  
China State Shipbuilding Corporation (CSSC)  
China Telecommunications  
China Three Gorges Corporation Limited  
China United Network Communications Group Co Ltd  
CRRC Corporation  
Dawning Information Industry Co. (Sugon)  
Hikvision  
Huawei  
Inspur Group  
Norinco  
Panda Electronics  
Sinochem Group Co Ltd



**FOR INFORMATION ONLY**

January 22, 2021

TO: Trustees – Board of Investments  
 FROM: Ted Granger   
 Interim Chief Financial Officer  
 FOR: February 10, 2021 – Board of Investments Meeting  
 SUBJECT: **Semi-Annual Interest Crediting for Reserves as of December 31, 2020 (UNAUDITED)**

Pursuant to the County Employees Retirement Law Section 31591, regular interest shall be credited semi-annually on June 30 and December 31 to all eligible member contributions in the retirement fund, which have been on deposit six months immediately prior to such date at an interest rate of 2.5% per annum, until otherwise determined by the Board.

The semi-annual interest crediting rate applicable for this cycle, December 31, 2020, was 3.50% (i.e., one-half of the 7.00% annual rate). The Board approved a reduction in the investment return assumption from 7.25% to 7.00% in January 2020. The new rate and corresponding employer and employee contribution rates, were implemented with the March 2020 Board’s action to adopt the June 30, 2019 actuarial valuation.

The Retirement Benefit Funding Policy stipulates that interest credits for Reserve accounts are allocated in the same priority order as the allocation of actuarial assets. Such interest credits are allocated based on Realized Earnings for the six-month period.

As of December 31, 2020, there were sufficient Realized Earnings to meet the required interest credit rates for Priority 1, the Member Reserve, through Priority 5, the Employer Reserve. In as much as there were no balances in the Advanced Employer Contributions Reserve and the County Contribution Credit Reserve at the beginning of the fiscal year, the remaining realized earnings were applied to Priority 6, the Contingency Reserve.

The table below depicts the actual interest credit allocations for the six-month period ended December 31, 2020.

Priority Order	Reserve Account	Interest Credit Rate Applied
1	Member	3.50%
2	Advanced Employer Contributions	N/A
3	Employer	3.50%
4	County Contribution Credit	N/A
5	Employer	3.50%
6	Contingency Reserve	0.05%

REVIEWED AND APPROVED:



Santos H. Kreimann  
 Chief Executive Officer

Interest Credit Rate Dec 2020 (unaudited).doc  
 SHK:tg:mh

c: Board of Retirement, LACERA  
 Fesia Davenport, CEO, Los Angeles County



January 22, 2021

**TO:** Trustees – Board of Retirement  
**FROM:** Ted Granger *TG*  
 Interim Chief Financial Officer  
**FOR:** February 3, 2021 – Board of Retirement Meeting  
**SUBJECT: COST-OF-LIVING ADJUSTMENT EFFECTIVE APRIL 1, 2021**

CONSUMER PRICE INDEX CHANGE

Sections 31870, 31870.1, and 31495.5 of the California Government Code govern cost-of-living adjustment (COLA) for retired LACERA members and beneficiaries. These sections provide that the Board of Retirement shall, before April 1 of each year, determine whether there has been an increase or decrease in the cost-of-living, as shown by the Bureau of Labor Statistics Consumer Price Index (CPI) for All Urban Consumers for the area in which the county seat is situated, as of January 1 of each year.

Information concerning the Bureau of Labor Statistics CPI for All Urban Consumers for the Los Angeles-Long Beach-Anaheim area is as follows:

CPI Index for Year Ended December 2020	279.56
CPI Index for Year Ended December 2019	275.55
CPI Index Change	4.01
CPI Percentage Change	1.45%
<b>LACERA 2021 COLA Award</b>	<b>1.50%</b>
(rounded to nearest one-half of 1.00%)	

MAXIMUM ALLOWABLE COLA CHANGES

Every retirement allowance, optional death allowance, or annual death allowance payable to or on account of any member, who retires or dies or who has retired or died shall, as of April 1 of each year, be increased or decreased by a percentage of the total allowance to approximate to the nearest one-half of 1.00%, the percentage of annual increase or decrease in the cost-of-living as of January 1 of each year subject to the following limitations:

- Section 31870.1 of the California Government Code governing cost-of-living increases for retired Plan A members and beneficiaries provides that such change shall not exceed 3.00% per year.
- Section 31870 of the California Government Code governing cost-of-living increases for retired Plans B, C, and D, as well as PEPRA Plans C and G, members and beneficiaries provides that such change shall not exceed 2.00% per year.
- Section 31495.5 of the California Government Code governing cost-of-living increases for retired Plan E members and beneficiaries provides that such change shall not

exceed 2.00% per year for Plan E members who retire on and after June 4, 2002. Plan E members with service *prior* to adoption of the resolution will have their COLA benefit reduced.

### COLA ACCUMULATION

The above Code sections also provide that the amount of any CPI cost-of-living increase or decrease in any year, which is not met by the maximum annual change of 3.00% or 2.00% in allowances, shall be accumulated to be met by increases or decreases in allowances in future years. The accumulated percentage carryover is known as the *COLA Accumulation*.

### COLA INCREASES EFFECTIVE APRIL 1, 2021

Based on the LACERA COLA award of 1.50% and applicable Government Code provisions, cost-of-living increases for retired members and beneficiaries, which may be approved to become effective April 1, 2021 based on retirement plan and date of retirement or death, are as follows:

#### **PLAN A MEMBERS AND ELIGIBLE BENEFICIARIES**

- ALL DATES UP TO MARCH 31, 1981: 3.00%  
The 3.00% increase is from the LACERA COLA award of 1.50% plus 1.50% from the COLA accumulation to equal the maximum allowable increase of 3.00%.
- APRIL 1, 1981 TO MARCH 31, 2018: 2.00%  
The 2.00% increase is from the LACERA COLA award of 1.50% plus 0.50% from the COLA accumulation to equal the maximum allowable increase of 2.00%.
- APRIL 1, 2018 TO MARCH 31, 2021: 1.50%  
The 1.50% increase equals the LACERA COLA award.

#### **PLANS B, C, & D, AND PEPRA PLANS C & G MEMBERS AND ELIGIBLE BENEFICIARIES**

- ALL DATES UP TO MARCH 31, 2020: 2.00%  
The 2.00% increase is from the LACERA COLA award of 1.50% plus 0.50% from the COLA accumulation to equal the maximum allowable increase of 2.00%.
- APRIL 1, 2020 TO MARCH 31, 2021: 1.50%  
The 1.50% increase equals the LACERA COLA award.

### **PLAN E MEMBERS AND ELIGIBLE BENEFICIARIES**

- BEGINNING JUNE 4, 2002 TO MARCH 31, 2020: UP TO 2.00%

Plan E COLA increases apply only to service credit earned on and after June 4, 2002. Plan E members who retire on and after June 4, 2002 will receive up to a 2.00% COLA increase. The portion of the 2.00% COLA is based upon a ratio defined as the months of service earned on and after June 4, 2002 divided by the total months of service.

- BEGINNING APRIL 1, 2020 TO MARCH 31, 2021: UP TO 1.50%

Plan E COLA increases apply only to service credit earned on and after June 4, 2002. Plan E members who retire on and after June 4, 2002 will receive up to a 1.50% COLA increase. The portion of the 1.50% COLA is based upon a ratio defined as the months of service earned on and after June 4, 2002 divided by the total months of service.

### **CHANGES TO THE COLA ACCUMULATION FOR 2020**

Based on the LACERA COLA award of 1.50% and applicable Government Code provisions, COLA Accumulation adjustments for retired members and beneficiaries, which may be approved to be effective April 1, 2021 based on retirement plan and date of retirement or death, are as follows:

### **PLAN A MEMBERS AND ELIGIBLE BENEFICIARIES (ATTACHMENT 1)**

- ALL DATES UP TO MARCH 31, 1981: 1.50% DECREASE

As the LACERA COLA award is 1.50%, 1.50% was deducted from the COLA accumulation to equal the maximum allowable increase of 3.00%.

- APRIL 1, 1981 TO MARCH 31, 2018: 0.50% DECREASE

As the LACERA COLA award is 1.50%, 0.50% was deducted from the COLA accumulation to equal the maximum allowable increase of 2.00%

- APRIL 1, 2018 TO MARCH 31, 2021: NO CHANGE

There was no balance to draw from since the COLA accumulation has a zero balance.

### **PLANS B, C, & D AND PEPRA PLANS C & G MEMBERS AND ELIGIBLE BENEFICIARIES (ATTACHMENTS 1 & 2)**

- ALL DATES UP TO MARCH 31, 2020: 0.50% DECREASE

As the LACERA COLA award is 1.50%, 0.50% was deducted from the COLA accumulation to equal the maximum allowable increase of 2.00%.

- APRIL 1, 2020 TO MARCH 31, 2021: NO CHANGE

There was no balance to draw from since the COLA accumulation has a zero balance.

**PLAN E MEMBERS AND ELIGIBLE BENEFICIARIES (ATTACHMENT 3)**

- JUNE 4, 2002 TO MARCH 31, 2020: 0.50% DECREASE

As the LACERA COLA award is 1.50%, 0.50% was deducted from the COLA Accumulation to equal the maximum allowable increase of 2.00%.

- APRIL 1, 2020 TO MARCH 31, 2021: NO CHANGE

There was no balance to draw from since the COLA accumulation has a zero balance.

The COLA Accumulation percentages as of April 1, 2021 are shown in the Attachments and reflect the above adjustments.

**THEREFORE, IT IS RECOMMENDED THAT THE BOARD OF RETIREMENT:**

For the year ended December 2020, determine the Consumer Price Index changed by 1.45% (or when rounded to the nearest one-half of 1.00% as the COLA benefit rules require, 1.50%: the LACERA 2021 COLA Award), and approve cost-of-living adjustment and respective COLA Accumulation changes for retired LACERA members and beneficiaries, based on retirement plan and date of retirement or death, to become effective April 1, 2021 in accordance with applicable California Government Code Sections.

Attachments

REVIEWED AND APPROVED:



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Santos H. Kreimann  
Chief Executive Officer

1/26/2021  
Date

SK:TG:ew:cl  
COLA BOR Memo 2021\_FINAL.doc

c: Board of Investments, LACERA





Cost-of-Living Accumulation Chart  
 Percentages as of April 1, 2021

Retirement Date	PEPRA Plans C and G			
	COLA % Accumulation 1-Apr-20	STAR Benefit Adjustment in 2021	COL Adjustment 1-Apr-21	COLA % Accumulation 1-Apr-21
1/1/2013 - 3/31/2013	3.5	0.0	(0.5)	3.0
4/1/2013 - 3/31/2014	3.5	0.0	(0.5)	3.0
4/1/2014 - 3/31/2015	3.5	0.0	(0.5)	3.0
4/1/2015 - 3/31/2016	3.5	0.0	(0.5)	3.0
4/1/2016 - 3/31/2017	3.5	0.0	(0.5)	3.0
4/1/2017 - 3/31/2018	3.5	0.0	(0.5)	3.0
4/1/2018 - 3/31/2019	2.0	0.0	(0.5)	1.5
4/1/2019 - 3/31/2020	1.0	0.0	(0.5)	0.5
4/1/2020 - 3/31/2021	0.0	0.0	0.0	0.0

Note: PEPRA Plans G and C were effective January 1, 2013.

Cost-of-Living Accumulation Chart  
 Percentages as of April 1, 2021

Retirement Date	Plan E		
	COLA % Accumulation 01-Apr-20	COL Adjustment 01-Apr-21	COLA % Accumulation 01-Apr-21
6/4/2002 - 3/31/2003	8.6	(0.5)	8.1
4/1/2003 - 3/31/2004	6.9	(0.5)	6.4
4/1/2004 - 3/31/2005	6.9	(0.5)	6.4
4/1/2005 - 3/31/2006	4.5	(0.5)	4.0
4/1/2006 - 3/31/2007	3.5	(0.5)	3.0
4/1/2007 - 3/31/2008	3.5	(0.5)	3.0
4/1/2008 - 3/31/2009	3.5	(0.5)	3.0
4/1/2009 - 3/31/2010	3.5	(0.5)	3.0
4/1/2010 - 3/31/2011	3.5	(0.5)	3.0
4/1/2011 - 3/31/2012	3.5	(0.5)	3.0
4/1/2012 - 3/31/2013	3.5	(0.5)	3.0
4/1/2013 - 3/31/2014	3.5	(0.5)	3.0
4/1/2014 - 3/31/2015	3.5	(0.5)	3.0
4/1/2015 - 3/31/2016	3.5	(0.5)	3.0
4/1/2016 - 3/31/2017	3.5	(0.5)	3.0
4/1/2017 - 3/31/2018	3.5	(0.5)	3.0
4/1/2018 - 3/31/2019	2.0	(0.5)	1.5
4/1/2019 - 3/31/2020	1.0	(0.5)	0.5
4/1/2020 - 3/31/2021	0.0	0.0	0.0

Note: Plan E COLA benefit is effective for members who retire on and after June 4, 2002.

**FOR INFORMATION ONLY**

February 1, 2021

TO: Trustees,  
Board of Investments

FROM: Steven P. Rice *SPR*  
Chief Counsel

FOR: February 10, 2021 Board of Investments Meeting

SUBJECT: Monthly Status Report on Board of Investments Legal Projects

Attached is the monthly report on the status of Board-directed investment-related projects handled by the Legal Division as of February 1, 2021.

Attachment

c: Santos H. Kreimann  
Jonathan Grabel  
JJ Popowich  
Vache Mahseredjian  
John McClelland  
Christopher Wagner  
Ted Wright  
Jim Rice  
Jude Perez  
Christine Roseland  
John Harrington  
Soo Park  
Margo McCabe  
Lisa Garcia



LACERA Legal Division  
 Board of Investments Projects  
 Monthly Status Report - Pending as of February 1, 2021



	Project/ Investment	Description	Amount	Board Approval Date	Completion Status	% Complete	Notes
HEDGE FUNDS	Stable Asset Management	Investment Manager Agreement	\$250,000,000.00	December 9, 2020	In Progress	50%	Legal negotiations in process.
PRIVATE EQUITY	LAV Fund VI, L.P. LAV Fund VI Opportunities, L.P.	Subscription	\$100,000,000.00	January 4, 2021	Completed	100%	Completed.
	Novacap TMT VI, L.P.	Subscription	\$100,000,000.00	January 4, 2021	In Progress	75%	Legal negotiations in process.
REAL ASSETS	Grain Communications Opportunity Fund III, L.P.	Subscription	\$100,000,000.00	January 4, 2021	Completed	100%	Completed.
REAL ESTATE	Capman Nordic Fund III	Subscription	\$91,200,000.00	January 4, 2021	Completed	100%	Completed.

**FOR INFORMATION ONLY**

January 25, 2021

TO: Each Trustee  
Board of Retirement  
Board of Investments

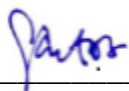
FROM: Ted Granger   
Interim Chief Financial Officer

FOR: February 3, 2021 Board of Retirement Meeting  
February 10, 2021 Board of Investments Meeting

SUBJECT: **MONTHLY EDUCATION & TRAVEL REPORTS – DECEMBER 2020**

Attached, for your review, are the Board and Staff Education & Travel Reports as of December 2020. These reports include travel (i.e., completed and canceled) during Fiscal Year 2020-2021.

REVIEWED AND APPROVED:



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Santos H. Kreimann  
Chief Executive Officer

TG/EW/krh

Attachments

c: J. Popowich  
J. Grabel  
S. Rice  
K. Hines

**BOARD EDUCATION AND TRAVEL REPORT  
FOR FISCAL YEAR 2020 - 2021  
DECEMBER 2020**

<b>Attendee</b>	<b>Purpose of Travel - Location</b>	<b>Event Dates</b>	<b>Travel Status</b>
<b>Alan Bernstein</b>			
B	- Edu - 2020 Milken Institute Virtual Global Conference - VIRTUAL	10/12/2020 - 10/21/2020	Attended
	- Edu- 2020 SACRS Fall Virtual Conference - VIRTUAL	11/10/2020 - 11/13/2020	Attended
<b>Elizabeth Ginsberg</b>			
B	- Edu - CALAPRS Principles for Trustees - VIRTUAL	08/18/2020 - 08/26/2020	Attended
<b>Vivian Gray</b>			
B	- Edu - SACRS Public Pension Investment Management Program 2020 - VIRTUAL	07/28/2020 - 08/13/2020	Attended
	- Edu - Koried Black Directors' Virtual Workshop - VIRTUAL	10/15/2020 - 10/15/2020	Attended
	- Edu- 2020 SACRS Fall Virtual Conference - VIRTUAL	11/10/2020 - 11/13/2020	Attended
<b>David Green</b>			
B	- Edu - PPI 2020 Summer Roundtable - Los Angeles CA	07/14/2020 - 07/16/2020	Attended
	- Edu - Pacific Council - "Beyond the Horizon" Summit - VIRTUAL	07/20/2020 - 07/24/2020	Attended
	- Edu - The Pacific Council on International Policy's PolicyWest 2020 - VIRTUAL	12/03/2020 - 12/04/2020	Attended
<b>Elizabeth Greenwood</b>			
B	- Edu - 2020 Milken Institute Virtual Global Conference - VIRTUAL	10/12/2020 - 10/21/2020	Attended
	- Edu- PPI 2020 Asia Pacific Roundtable - VIRTUAL	10/20/2020 - 10/22/2020	Attended
	- Edu - Yale School of Management Executive Education -Women's Leadership Program - VIRTUAL	11/18/2020 - 11/18/2020	Attended
<b>James Harris</b>			
B	- Edu - SACRS Sexual Harassment Prevention Training - VIRTUAL	07/15/2020 - 07/15/2020	Attended
	- Edu - SACRS Public Pension Investment Management Program 2020 - VIRTUAL	07/28/2020 - 08/13/2020	Attended
<b>Shawn Kehoe</b>			
B	- Edu- PPI 2020 Asia Pacific Roundtable - VIRTUAL	10/20/2020 - 10/22/2020	Attended
<b>Keith Knox</b>			
B	- Edu - PPI 2020 Summer Roundtable - Los Angeles CA	07/14/2020 - 07/16/2020	Attended
	- Edu - SACRS Public Pension Investment Management Program 2020 - VIRTUAL	07/28/2020 - 08/13/2020	Attended
	- Edu - CII & NYU Corporate Governance Bootcamp - VIRTUAL	09/23/2020 - 09/25/2020	Attended
	- Edu - 2020 Milken Institute Virtual Global Conference - VIRTUAL	10/12/2020 - 10/21/2020	Attended
	- Edu - CALAPRS Virtual Trustees Round Table - VIRTUAL	10/23/2020 - 10/23/2020	Attended
<b>Wayne Moore</b>			
B	- Edu- NASP 31st Annual Virtual Pension & Financial Services Conference - VIRTUAL	12/07/2020 - 12/10/2020	Attended

**BOARD EDUCATION AND TRAVEL REPORT  
FOR FISCAL YEAR 2020 - 2021  
DECEMBER 2020**

<b>Attendee</b>	<b>Purpose of Travel - Location</b>	<b>Event Dates</b>	<b>Travel Status</b>
<b>Ronald Okum</b>			
B	- Edu- 2020 SACRS Fall Virtual Conference - VIRTUAL	11/10/2020 - 11/13/2020	Attended
<b>Les Robbins</b>			
B	- Edu - IFEBP 66th Annual Employee Benefits Conference - VIRTUAL	11/10/2020 - 11/13/2020	Attended
X	- Edu - IFEBP 66th Annual Employee Benefits Conference - Honolulu HI	11/15/2020 - 11/18/2020	Host Canceled
<b>Gina Sanchez</b>			
B	- Edu - SACRS Sexual Harassment Prevention Training - VIRTUAL	07/15/2020 - 07/15/2020	Attended
	- Edu - 2020 Milken Institute Virtual Global Conference - VIRTUAL	10/12/2020 - 10/21/2020	Attended
	- Edu - 2020 Virtual NACD Summit - VIRTUAL	10/12/2020 - 10/13/2020	Attended
	- Edu - CALAPRS Virtual Trustees Round Table - VIRTUAL	10/23/2020 - 10/23/2020	Attended
	- Edu- 2020 SACRS Fall Virtual Conference - VIRTUAL	11/10/2020 - 11/13/2020	Attended
	- Edu - Harvard Business School Executive Education - Audit Committees - VIRTUAL	11/12/2020 - 11/14/2020	Attended
<b>Herman Santos</b>			
B	- Edu- LAVCA's Annual Investor Meeting - VIRTUAL	09/14/2020 - 09/17/2020	Attended
	- Edu - Nossaman's 2020 Public Pensions and Investments Fiduciaries' Forum - VIRTUAL	10/01/2020 - 10/01/2020	Attended
	- Edu- 2020 SACRS Fall Virtual Conference - VIRTUAL	11/10/2020 - 11/13/2020	Attended
	- Edu - Virtual PPI Salon: Gearing for Gridlock - VIRTUAL	12/10/2020 - 12/10/2020	Attended

Category Legend:

A - Pre-Approved/Board Approved

B - Educational Conferences and Administrative Meetings in CA where total cost is no more than \$2,000 per Trustee Travel Policy; Section III.A

C - Second of two conferences and/or meetings counted as one conference per Trustee Education Policy Section IV.C.2 and Trustee Travel Policy Section IV.

X - Canceled events for which expenses have been incurred.

Z - Trip was Canceled - Balance of \$0.00



**STAFF EDUCATION AND TRAVEL REPORT  
FOR FISCAL YEAR 2020 - 2021  
DECEMBER 2020**

<b>Attendee</b>		<b>Purpose of Travel - Location</b>	<b>Event Dates</b>	<b>Travel Status</b>
<b>Systems</b>				
Irwin Devries	1	Admin - Conduct Site Visit of Mesa, AZ Facility - Mesa AZ	12/03/2020 - 12/05/2020	Attended
Celso Tempo	1	Admin - Conduct Site Visit of Mesa, AZ Facility - Mesa AZ	10/09/2020 - 10/09/2020	Attended





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**Documents not attached are exempt from disclosure under the California Public Records Act and other legal authority.**

**For further information, contact:  
LACERA  
Attention: Public Records Act Requests  
300 N. Lake Ave., Suite 620  
Pasadena, CA 91101**



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**For further information, contact:  
LACERA  
Attention: Public Records Act Requests  
300 N. Lake Ave., Suite 620  
Pasadena, CA 91101**



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