

LIVE VIRTUAL BOARD MEETING



TO VIEW VIA WEB



TO PROVIDE PUBLIC COMMENT

You may submit a request to speak during Public Comment or provide a written comment by emailing PublicComment@lacera.com. If you 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 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, MARCH 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

*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 February 10, 2021

III. REPORT ON CLOSED SESSION ITEMS

IV. PUBLIC COMMENT

(*You may submit written public comments by email to 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 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 February 17, 2021)

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

VII. CONSENT

- A. Recommendation as submitted by Alan Bernstein, Chair, Corporate Governance Committee: That the Board approve a revised Corporate Governance and Stewardship Principles policy.
(Memo dated February 11, 2021)

VIII. NON-CONSENT ITEMS

- A. Recommendation as submitted by Jonathan Grabel, Chief Investment Officer and Jude Perez, Principal Investment Officer: That the Board 1) Approve Meketa Investment Group's proposed 10-year capital market expectations for use in determining LACERA's policy portfolio in upcoming Strategic Asset Allocation Studies for the Total Fund and the OPEB Master Trust; and 2) Approve Meketa's 20-year expectations for use in testing the reasonableness of LACERA's actuarial long-term return assumptions. (Memo dated February 25, 2021)
- B. Recommendation as submitted by Jonathan Grabel, Chief Investment Officer, Jude Perez, Principal Investment Officer, and Scott Zdrazil, Senior Investment Officer:

That the Board ratify that:

- (1) LACERA label its collective efforts to advance inclusion, diversity, and equity throughout its investment program and the financial services industry under a program title, LACERA "Towards Inclusion, Diversity, and Equity," or the acronym "LACERA TIDE;"
- (2) LACERA continue to pursue a comprehensive, multi-pronged approach organized under LACERA TIDE into five core pillars as discussed in September and December 2020 Board of Investments meetings: a. Internal Investments Division practices; b. Asset manager and investment partner due diligence, evaluation, and advocacy; c. Active ownership and corporate governance initiatives; d. Capital formation facilitation to firms with diverse ownership; e. Industry advocacy efforts; and
- (3) LACERA's TIDE activities, progress, and trend lines be presented to the Board of Investments for oversight, review, and input on an annual basis, starting in 2021.

(Memo dated February 22, 2021)

VIII. NON-CONSENT ITEMS (Continued)

- C. Recommendation as submitted by Vache Mahseredjian, Principal Investment Officer and Chad Timko, Senior Investment Officer: That the Board authorize the Chief Investment Officer (“CIO”) to rebalance among Board-approved Illiquid Credit mandates when the conditions identified on slide 5 of the attached presentation are met.
(Memo dated February 26, 2021)

IX. REPORTS

- A. Strategic Asset Allocation Asset Liability Overview
Jude Perez, Principal Investment Officer
Stephen McCourt, Meketa Investment Group
Alina Yuan, Meketa Investment Group
(Memo dated February 25, 2021)
- B. Form 700 Training
Karen Getman, Olson Remcho, LLP
Kelly Liang, Olson Remcho, LLP
(Memo dated February 23, 2021)
(Supplemental Memo dated February 26, 2021)
- C. 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
Christine Roseland, Senior Staff Counsel
(For Information Only) (Memo dated February 24, 2021)
- D. Los Angeles County Other Post-Employment Benefits Program Funding Overview
Jude Perez, Principal Investment Officer
Ted Granger, Interim Chief Financial Officer
(For Information Only) (Memo dated February 23, 2021)
- E. LACERA Quarterly Performance Book
Meketa Fund Evaluation Report
Jude Perez, Principal Investment Officer
(For Information Only) (Memo dated March 1, 2021)

IX. REPORTS (Continued)

- F. OPEB Quarterly Performance Book
Meketa OPEB Fund Evaluation Report
Jude Perez, Principal Investment Officer
(For Information Only) (Memo dated February 26, 2021)
- G. External Quality Assessment (EQA) of Internal Audit's Recommendation
Follow-Up Process performed by KPMG dated December 31, 2020
Audit Committee Members
(For Information Only) (Memo dated February 23, 2021)
- H. Monthly Status Report on Board of Investments Legal Projects
Steven P. Rice, Chief Counsel
(For Information Only) (Memo dated March 1, 2021)
- I. Monthly Education and Travel Reports for January 2021
Ted Granger, Interim Chief Financial Officer
(For Information Only)

Monthly Education and Travel Reports for January 2021

(Public Memo dated February 19, 2021)

(Confidential Memo dated February 19, 2021 – Includes Anticipated
Travel)

2nd Quarter Education and Travel Expenditure Reports

(Memo dated February 19, 2021)

- J. February 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 February 22, 2021)

X. ITEMS FOR STAFF REVIEW

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

XII. 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. Dedicated Managed Account Services Search Recommendation
Chad Timko, Senior Investment Officer
Quoc Nguyen, Investment Officer
John Kim, Senior Investment Analyst
(Memo dated February 23, 2021)
 2. Antin Mid Cap Fund I, L.P.
James Rice, Principal Investment Officer
Daniel Joye, Investment Officer
Mark White, Albourne America LLC
James Walsh, Albourne America LLC
(Memo dated February 26, 2021)
 3. Excellere Capital Fund IV, L.P.
Christopher Wagner, Principal Investment Officer
Calvin Chang, Senior Investment Officer
Jose Fernandez, StepStone Group
(Memo dated February 26, 2021)
- B. Conference with Legal Counsel – Initiation of Litigation
(Pursuant to Paragraph (4) of Subdivision (d) of California Government Code Section 54956.9).
- Number of cases: 1 (Pending Under Seal)
(For Information Only)
- C. Public Employee Performance Evaluation
(Pursuant to Paragraph (1) of Subdivision (b) of California Government Code Section 54957)

Title: Chief Executive Officer

XIII. ADJOURNMENT

March 10, 2021

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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 THE 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 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

Christine Roseland, Senior Staff Counsel

STAFF ADVISORS AND PARTICIPANTS (Continued)

Vache Mahseredjian, Principal Investment Officer

Jude Perez, Principal Investment Officer

Chad Timko, Senior Investment Officer

Quoc Nguyen, Investment Officer

Meketa Investment Group

Stephen McCourt, Managing Principal

Leandro Festino, Managing Principal

Timothy Filla, Principal

Alina Yuan, Associate

StepStone Group LP

Jose Fernandez, Partner

The Townsend Group

Rob Kochis, Partner

Felix Fels, Vice President

Albourne

Mark White, Head of Real Assets

James Walsh, Partner

Steve Kennedy, Partner

MSCI ESG Research LLC

Jorge Mina, Managing Director

Christopher Brady, Executive Director

Stella Kondonijakos, Executive Director

I. CALL TO ORDER

The meeting was called to order by Chair Knox at 9: 22 a.m., in the Board Room of Gateway Plaza.

II. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of January 13, 2021

Mr. Green made a motion, Mr. Bernstein seconded, to approve the minutes of the regular meeting of January 13, 2021. The motion passed unanimously (roll call) with Messrs. Green, Santos, Kehoe, Okum, Bernstein, Kelly, Knox, Ms. Greenwood and Ms. Sanchez voting yes.

III. REPORT ON CLOSED SESSION ITEMS

There was nothing to report.

IV. PUBLIC COMMENT

Kelley Dixon, Shahidah Carter, Dennis Greene, Maribel Castillon, Keenan Sheedy and Carolyn Dasher provided a comment regarding Political Contributions by Money Managers.

Crenshaw Manor Community Association provided a written comment regarding Baldwin Hills Crenshaw Plaza.

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

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

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

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

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)

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

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

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)

Mr. Perez and Messrs. Faustino, Filla and Ms. Yuan of Meketa provided a presentation and answered questions from the Board.

- 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)

Mr. Perez and Messrs. Mina, Brady and Ms. Kondonijakos of MSCI ESG Research LLC provided a presentation and answered questions from the Board.

VIII. REPORTS (Continued)

- 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)

This item was received and filed.

- 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)

This item was received and filed.

- E. Cost-Of-Living Adjustment Effective April 1, 2021
Ted Granger, Interim Chief Financial Officer
(For Information Only) (Memo dated January 22, 2021)

This item was received and filed.

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

This item was received and filed.

- 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)

This item was received and filed.

VIII. REPORTS (Continued)

- 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)

This item was received and filed.

IX. ITEMS FOR STAFF REVIEW

The Board requested for staff to include all LACERA recruitments on the monthly CEO Report.

The Board requested for staff to return at a future meeting the status of the CEO, CIO and Chief Counsel Performance Evaluations and Salary adjustments.

The Board requested for staff to provide confirmation on the status of the OPEB Trust Contributions Sources and to provide an update on the OPEB Trust Allocation to the Board of Retirement.

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

There was nothing to report.

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)

XI. EXECUTIVE SESSION (Continued)

Messrs. Timko and Nguyen and Mr. Walsh of Albourne provided a presentation and answered questions from the Board.

Mr. Santos made a motion, seconded by Mr. Green, the Board voted 8-1 to approve an investment of \$250 million, with an initial allocation of \$200 million, to Caxton Global Investments, which is a discretionary global macro hedge fund with a track record of low correlations to equity and credit markets and strong downside protection. The motion passed with Messrs. Green, Santos, Kehoe, Bernstein, Okum, Knox, Ms. Greenwood and Ms. Sanchez voting yes and Mr. Kelly voting no.

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

Messrs. Timko and Nguyen and Mr. Walsh of Albourne provided a presentation and answered questions from the Board.

Mr. Okum made a motion, seconded by Mr. Kelly, the Board voted 9-0 to approve an investment of \$250 million to Brevan Howard Master Fund, which is a discretionary global macro fund that focuses on both directional and relative value trading strategies. The motion passed with Messrs. Green, Santos, Kehoe, Bernstein, Kelly, Knox, Ms. Greenwood and Ms. Sanchez voting yes.

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)

The Board received an information only report regarding staff action. It will be reported out at a future date in accordance with the Brown Act.

4. Private Equity Investment Update
David Chu, Senior Investment Officer
Derek Kong, Investment Officer
(For Information Only) (Memo dated January 25, 2021)

The Board received an information only report providing notice that LACERA completed a \$30 million private equity investment alongside Access Holdings.

The investment was made in compliance with LACERA's private equity 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

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.

XII. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned in memory of Trustee Santos's brother, Euclides Santos, at 1:04 p.m.

ALAN BERNSTEIN, SECRETARY

KEITH KNOX, CHAIR



February 17, 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 February 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.

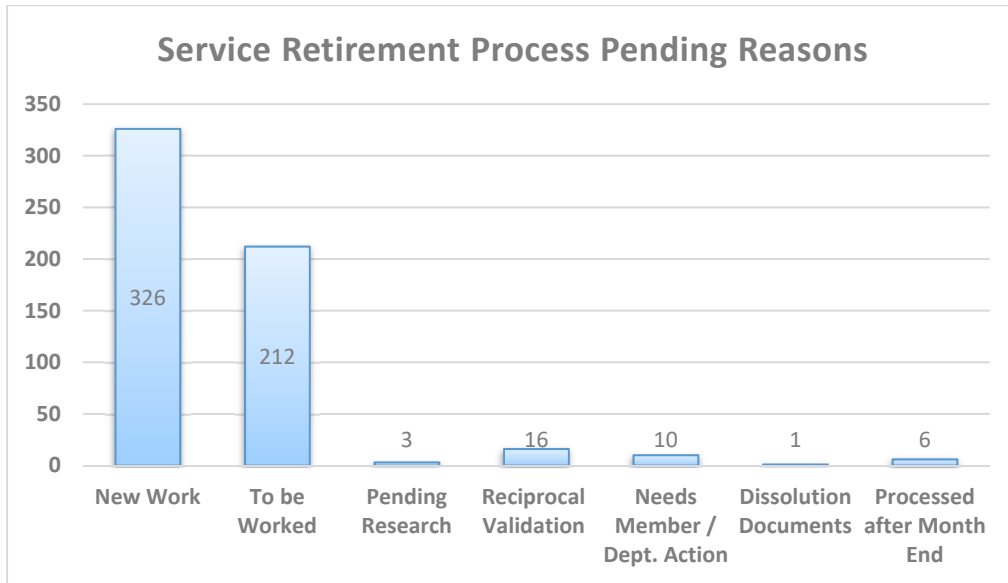
March Madness Update

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 to be eligible for any April 1st 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.

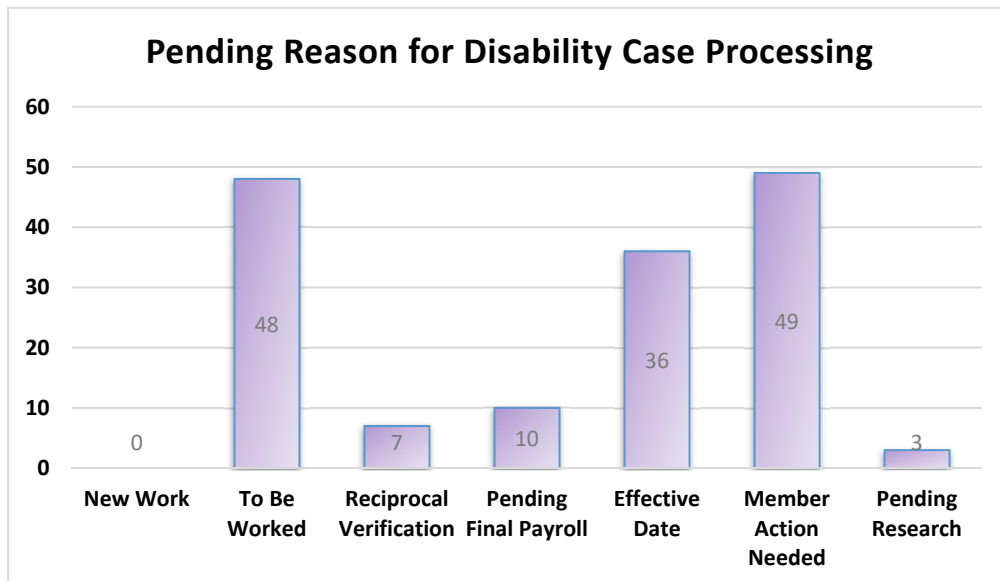
How well are we keeping up with our member's requests to retire? The chart below shows the total number of pending retirement elections from the date of this report. All incoming retirement requests are triaged by staff to facilitate processing those retirements with immediate retirement dates and those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

Retirement Month	Pending Retirement Elections
December 2020	0
January 2021	36
February 2021	51
March 2021	487
Pending Disability Cases	153
Total Pending	727

The 574 retirement elections to be completed for January - March are pending for the following reasons:



The 153 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 of Retirement, 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:



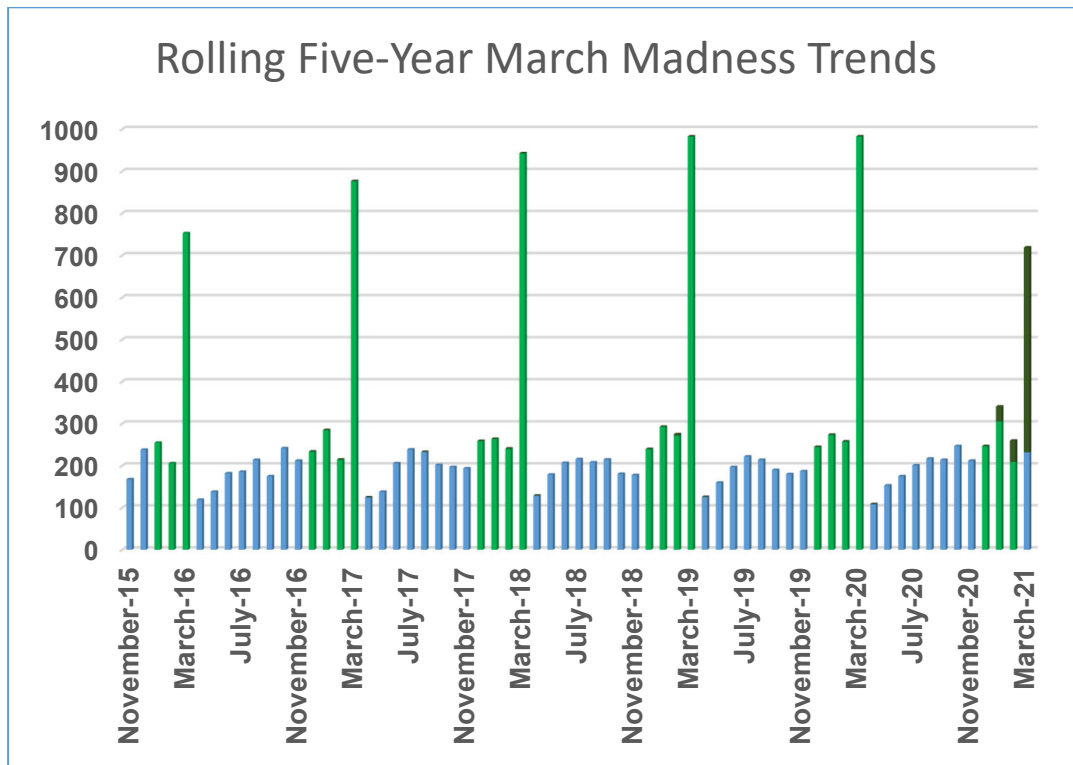
These cases are not assigned to a specific month in the "March Madness" period because the final effective date has not been determined. As with service retirements, some cases have mitigating factors such as legal splits and uncompleted purchases, which can also extend processing times. We expect to 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, 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 reflect those members approved by the Board of Retirement 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 February 16, 2021, we have processed 566 out of 1,567 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.

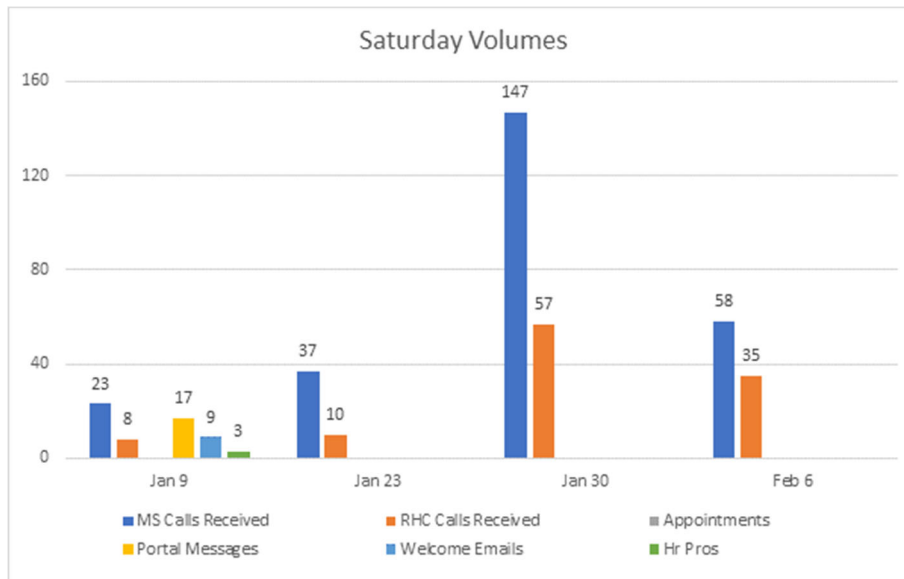
	Current Period	Last Five Completed Years	Ahead (+) / Behind (-)
December	247	243	+
January	341	274	+
February	260	238	+
March	719	907	-
Total	1,567	1,664	-

Putting this into perspective, during last year's March Madness 1,743 members retired, which was higher than the rolling five-year average of 1,664 (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 and are just 188 retirements away from matching last year’s March retirement numbers.

We are now more than halfway through this March Madness season and staff continues to support a busy retirement season. We are continuing our commitment to keep our Call Centers open for half a day on three Saturdays per month. The chart below provides an overview of our experience so far:



The increase in calls on January 30th appears to coincide with an email blast reminding members that LACERA was open for a limited time on Saturdays. We will be sending another email reminder about our temporary expansion of service hours and will continue to evaluate this program and will provide an update next month.

The Benefits team is on pace to process all retirement elections in line with our commitment to transition members into retirement in a timely manner. We continue to monitor the incoming work, reassigning staff between work units and offering overtime to process these cases as efficiently as possible.

Retiree Healthcare COVID-19 Update

We continue to work with our health plan partners to stay up-to-date on their COVID-19 vaccination plans. The California health organizations are now working together to stage mass vaccination hubs both in Southern and Northern California. Cal Poly Pomona is the current location here in Southern California. On Thursday, Feb. 4, the My Turn vaccine scheduling website (myturn.ca.gov), was made available for the public to schedule appointments at the consortium’s vaccination hubs.

In addition to the mass vaccination hubs like the one mentioned above, and those provided by counties and cities like the Dodger Stadium site, as of February 12, 2021, CVS Health began offering COVID-19 vaccinations as part of the Federal Retail Pharmacy Program to eligible populations at a limited number of CVS Pharmacy locations across 11 states. State-specific details such as eligibility is confirmed and communicated by the varying states. The initial supply is reported to be approximately 250,000 doses. However, as more supply becomes available, the number of stores and states offering vaccinations will increase.

Members may also check their eligibility and register to get vaccinated if eligible on the Los Angeles County Department of Public Health website (www.publichealth.lacounty.gov). At this time the County is offering vaccinations for Tier 1: Phase 1A which covers healthcare workers and long-term care workers and Tier 1 Phase 1B persons age 65 and over.

We continue to encourage members to contact their health care provider for more information as well. Finally, all of this information will be added to our Retiree Healthcare section on lacera.com.

COVID-19 Response Update

The situation in Los Angeles County appears to be improving. The County reported 1,260 new cases on February 16, 2021 (the most recent data available at the time this report was written) and, according to data available on the County's Department of Public Health COVID-19 page, the seven day trend shows a decrease in the number of reported 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

Exposed	Confirmed Positive	In Office Before Positive Test
4	2	0

In December 2020, 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. Updated protocols by the Department of Public Health were issued in mid-February and continued the indefinite extension of the December 2020 protocols with slight clarifications on the previous version.

We are continuing to follow the Public Health guidelines, including limiting the number of staff members physically in our offices on a daily basis. Based on the most recent numbers, we are

averaging approximately 11% of our staff in the office on any given day. Efforts continue to be made to prepare the office for a safe return to work should conditions change.

We continue to monitor the directives issued by the County Department of Human Resources regarding the availability of vaccinations for our staff members. We have shared information provided by the County and their “Know Your Tier” vaccine public awareness program. The latest news indicates that the County will be expanding the vaccination eligibility list to allow persons under 65 who are at risk due to medical conditions to be vaccinated. As we receive information we are sharing it with our staff and will be working with them to provide them time to get vaccinated during work hours. We remain committed to help our staff members get vaccinated as soon as possible.

Planning Discussion for 2021 Active General Trustee Elections

On February 12, 2021, representatives from the Executive Office, Legal Office, and Systems met with representatives from the Executive Office of the Board of Supervisors to discuss advanced planning for the 2021 election for the Third Member on the Board of Retirement and the Third Member on the Board of Investments. The meeting provided an opportunity to continue the close collaboration we established for the 2020 elections.

Among the topics discussed were an agreement to share notifications to active general members prior to the County sending out the notifications. This will provide us an opportunity to prepare our Call Center staff for any questions members may have. We will also be coordinating with their office on any outreach efforts to let members know about the election and ensure that only those eligible to vote in the election are contacted. The latter will help us reduce any confusion between general and safety members. In addition, we brainstormed ideas for creating resources for any third parties so that they can communicate consistent and accurate information about the process and timing of the election.

We also had a chance to discuss the nomination process and the challenges faced by candidates in collecting physical signatures on nominating petitions. The County has already developed some procedures to collect electronic nominations and will be sharing those with us shortly.

The meeting also provided us with an opportunity to discuss longer term planning for future elections. Among the topics discussed were previous requests to ensure future elections for retired members include a paper ballot option in order to support those retirees who cannot or choose not to vote electronically, as well as our request to send ballot information to all retirees. We also discussed our planned outreach efforts to promote our paperless initiative, which we hope will encourage more retirees to register for MyLACERA. Increasing the number of members using MyLACERA will increase our list of verified email addresses that we use to communicate with members.

We look forward to our continuing partnership and helping the County ensure that every member's vote counts.

Recruitment Updates

We recognize our greatest strengths are the talented and skilled staff members. We want to begin sharing updates on our efforts to fill outstanding vacancies throughout the organization. Finding the right candidates who will add value to the organization and help move us forward in meeting our goals is a top priority of our Human Resources Division. Here is an update on our current recruitment exams:

- *Administrative Services Officer:* This is for two ASO positions in our Administrative Services Division. This recruitment is on-going until we have filled the two positions. Staff is currently interviewing qualified candidates.
- *Deputy Chief Executive Officer:* Alliance Resources Consulting continues the search for the Deputy Chief Executive Officer, LACERA. Resumes were accepted from January 11, 2021 through February 16, 2021. Alliance received 33 resumes, of which approximately 15 are well qualified candidates. Next steps include reviewing the competitive candidates' application materials with the Chief Executive Officer, followed by an initial round of interviews.
- *Senior Retirement Benefits Specialist:* This is for two supervisory positions in Benefits and Member Services. Applications are being accepted for Senior Retirement Benefits Specialist from February 8, 2021 through February 23, 2021.
- *Senior Quality Auditor:* This is a supervisory position for the Quality Assurance Division. Applications are being accepted from February 10, 2021 to February 25, 2021.

Both the Sr. Retirement Benefits Specialist and the Sr. Quality Auditor recruitments are promotional opportunities for current LACERA staff members.

Striving for Excellence in Service

Service Metrics Reported on a Fiscal Year Basis (July 1) Through: **January 2021**



Outreach Attendance
1,238

10,905 Year-to-Date



Outreach Events
19

99 Year-to-Date



Outreach Satisfaction
N/A

Change Since Last Mo



Member Service Center
N/A

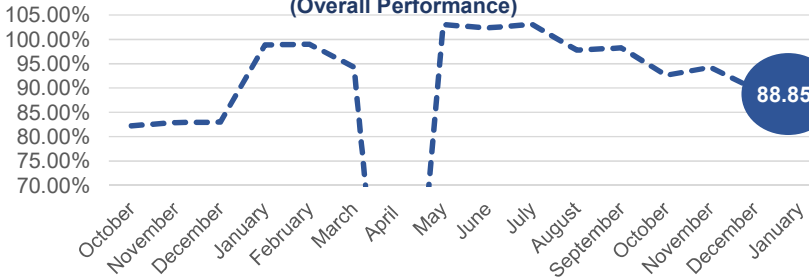
- Change Since Last Mo



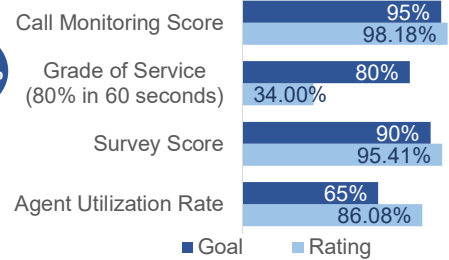
Member Services Calls
17,356

14,098 3 Mo. Avg.

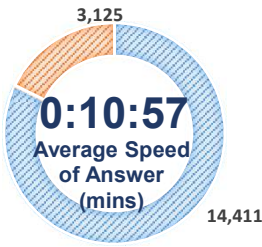
Key Performance Indicator (Overall Performance)



Key Performance Indicator (Components)



Member Services



Top Calls

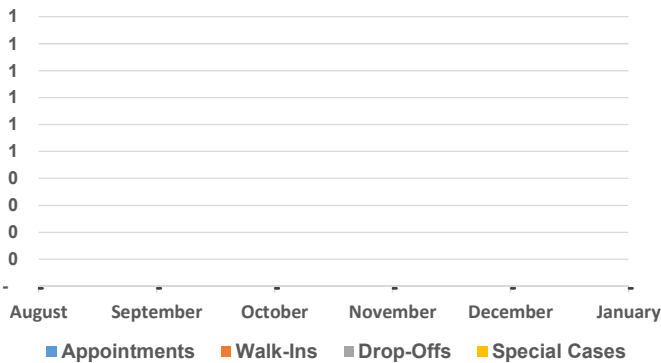
1. Retirement Counseling: Process Overview
2. Retirement Counseling: Estimate
3. MyLACERA Portal Login Issues



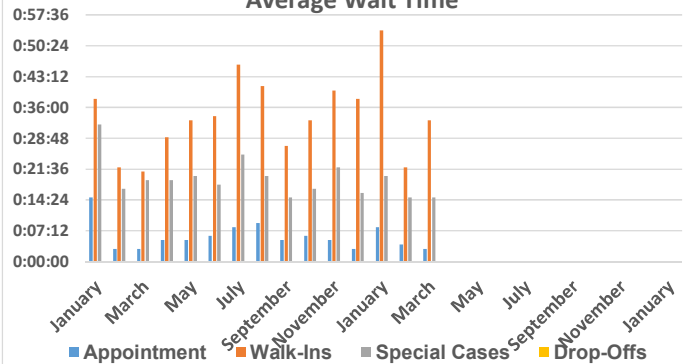
Emails 1,116
24:00 hours
Avg. Response Time (ART)

Secure Messages 1,150

Member Service Center Visits



Member Service Center Average Wait Time

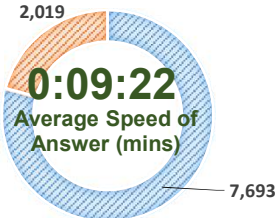


*Drop Off Wait Time: No Waiting



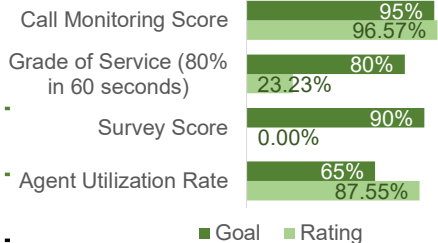
Retiree Healthcare

Total RHC Calls: **9,712**



Top Calls

1. Medicare Mass Mailing
2. Medical Benefits
3. Medicare Part B Reimbursements



■ Goal ■ Rating



Emails 662
10 Day
Avg. Response Time (ART)

Secure Messages 629

Striving for Excellence in Service (Continued)

Disability

Applications

691

In Process
As Of:
1/31/2021

687 Pending on: 12/31/2020
54 Received
367 Year-to-Date
0 Re-Opened
0 Year-to-Date
41 To Board - Initial
289 Year-to-Date
9 Closed
30 Year-to-Date

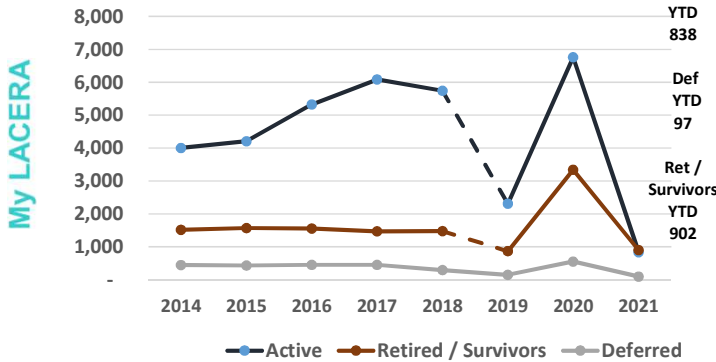
Appeals

93

In Process
As Of:
1/31/2021

91 Pending on: 12/31/2020
2 Received
7 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

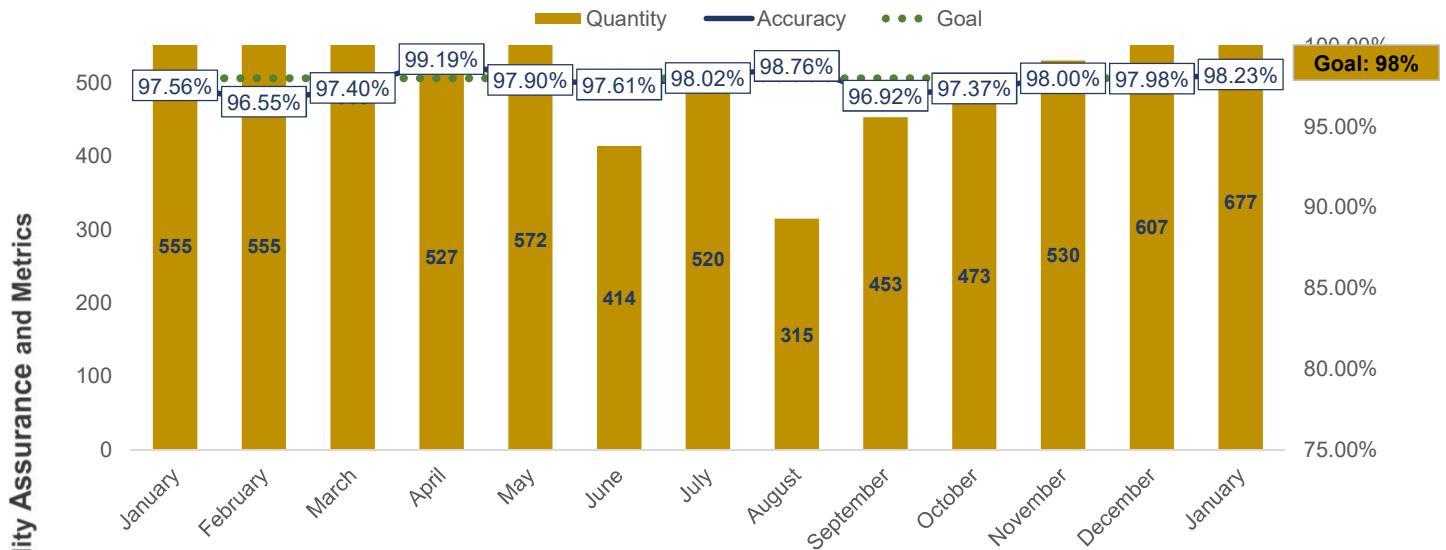


COVID-19 NOTE

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 %

January
2021
98.23%



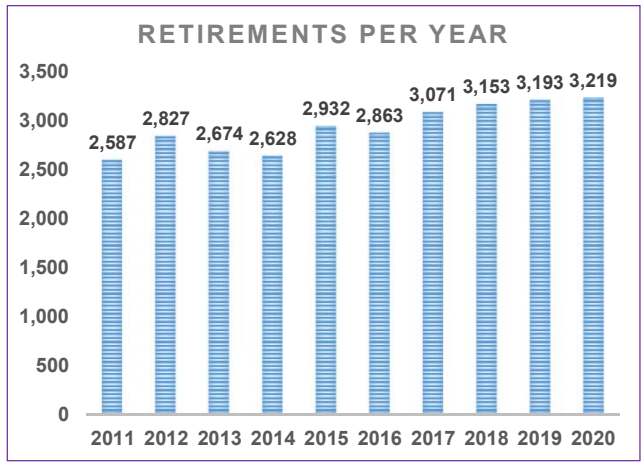
Retirement Elections
343 Samples
97.32% Accuracy

Payment Contracts
244 Samples
97.70% Accuracy

Data Entry
90 Samples
99.66% Accuracy

Member Snapshot

		Members as of 02/12/2021				
		Plan	Active	Retired	Survivors	Total
General	Plan A		82	15,281	4,306	19,669
	Plan B		20	667	69	756
	Plan C		25	427	65	517
	Plan D		39,098	17,552	1,634	58,284
	Plan E		15,749	13,920	1,346	31,015
	Plan G		31,634	84	8	31,726
	Total General		86,608	47,931	7,428	141,967
Safety	Plan A		2	4,911	1,624	6,537
	Plan B		8,987	6,628	332	15,947
	Plan C		4,436	12	0	4,448
	Total Safety		13,425	11,551	1,956	26,932
TOTAL MEMBERS			100,033	59,482	9,384	168,899
% by Category			59%	35%	6%	100%



Average Monthly Benefit Allowance Distribution January 2021

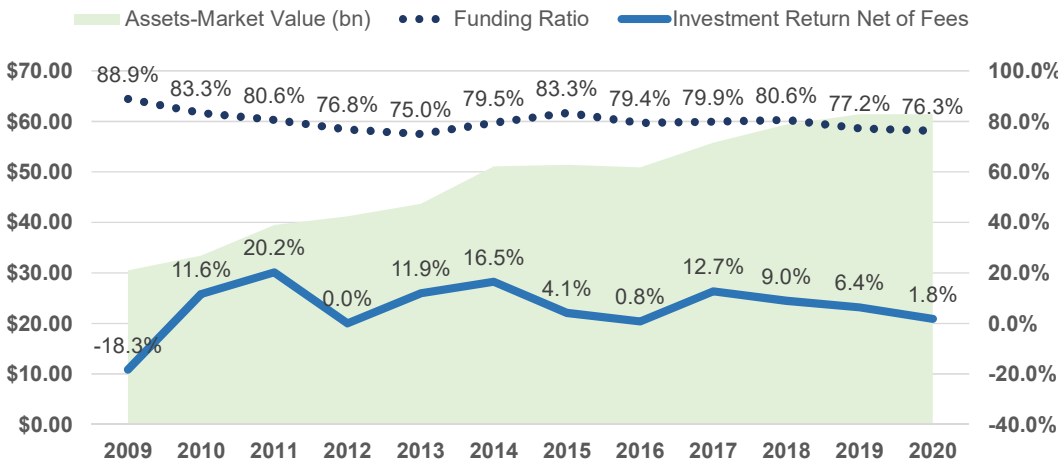
	General	Safety	Total	%
\$0 to \$3,999	29,862	1,829	31,691	53.72%
\$4,000 to \$7,999	12,959	3,489	16,448	27.88%
\$8,000 to \$11,999	3,387	4,156	7,543	12.79%
\$12,000 to \$15,999	938	1,545	2,483	4.21%
\$16,000 to \$19,999	297	284	581	0.98%
\$20,000 to \$23,999	82	107	189	0.32%
\$24,000 to \$27,999	27	19	46	0.08%
> \$28,000	12	3	15	0.03%
Totals	47,564	11,432	58,996	100%

Average Monthly Benefit Allowance: \$ **4,451.00**

Healthcare Program			Healthcare Enrollments	
(YTD as of 01/31/2021)			(Mo. Ending: 01/31/2021)	
	Employer	Member	Medical	Dental
Medical	331.8	25.9	52,390	53,831
Dental	26.5	2.6	Part B	35,862
Part B	43.5	0	LTC	593
Total	401.8	28.5	Total	142,676

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)

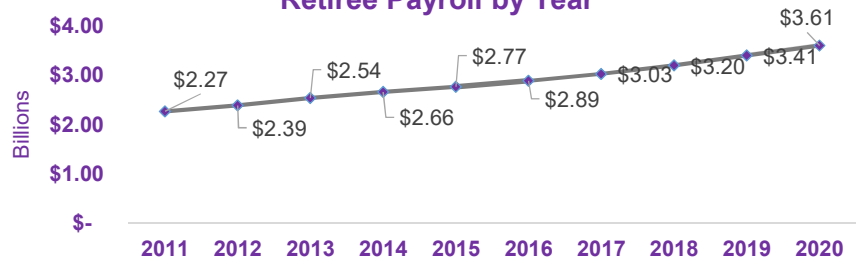
5 YR: 6.1% 10 YR: 8.2%

Retired Members Payroll

(As of 01/31/2021)

Monthly Payroll	\$315.84m
Payroll YTD	\$2.2b
New Retired Payees Added	363
Seamless %	97.80%
New Seamless Payees Added	2,248
Seamless YTD	96.49%
By Check %	3.00%
By Direct Deposit %	97.00%

Retiree Payroll by Year



Date	Conference
March, 2021	
8-9	CALAPRS (California Association of Public Retirement Systems) General Assembly Meeting Virtual
8-10	Council of Institutional Investors (CII) Spring Conference Virtual
9-11	AHIP (America's Health Insurance Plans) National Health Policy Conference Virtual
25-26	PREA (Pension Real Estate Association) Spring Conference Virtual
April, 2021	
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
May, 2021	
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 IN-PERSON EVENT CANCELLED
28	CALAPRS (California Association of Public Retirement Systems) Round Table – Trustees Virtual
June, 2021	
14-18	Investment Strategies & Portfolio Management (<i>prev. Pension Fund & Investment Mgmt.</i>) Wharton School, University of Pennsylvania LIVE Virtual
22-24	AHIP (America's Health Insurance Plans) Institute Virtual
25	CALAPRS (California Association of Public Retirement Systems) Round Table – Benefits Virtual

Chief Investment Officer Monthly Report

Board of Investments

March 10, 2021



Jonathan Grabel 
Chief Investment Officer

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Table of Contents

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



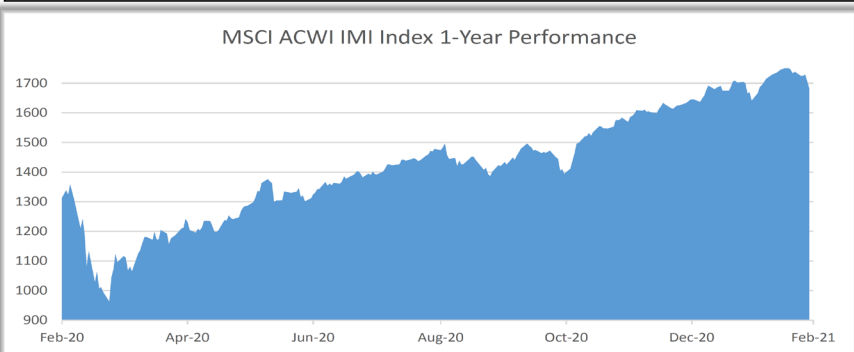
Market Environment



Global Market Performance as of February 28, 2021

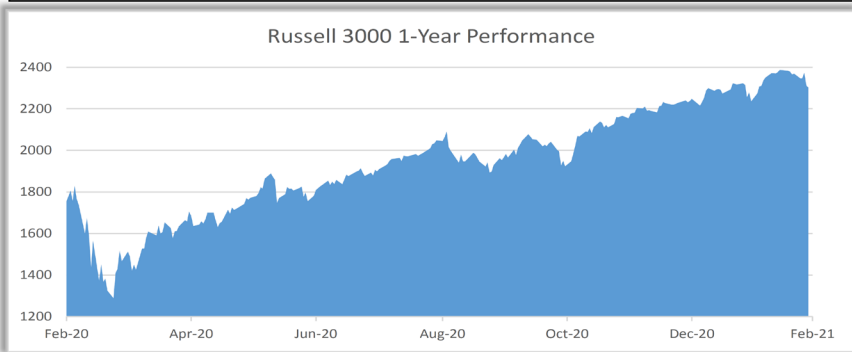
MSCI ACWI Index (Global Equity Market)*

Trailing Returns (%)			Annualized Returns (%)			
1-month	3-month	YTD	1Y	3Y	5Y	10Y
2.7	7.6	2.5	31.5	10.3	14.3	8.9



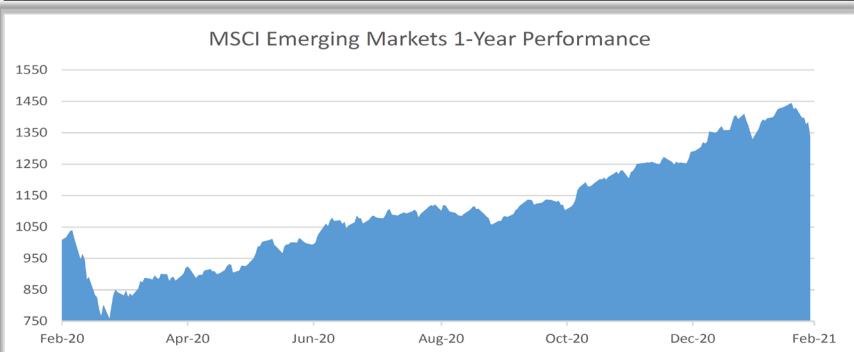
Russell 3000 Index (U.S. Equity Market)

Trailing Returns (%)			Annualized Returns (%)			
1-month	3-month	YTD	1Y	3Y	5Y	10Y
3.1	7.3	2.7	35.3	15.0	17.4	13.4



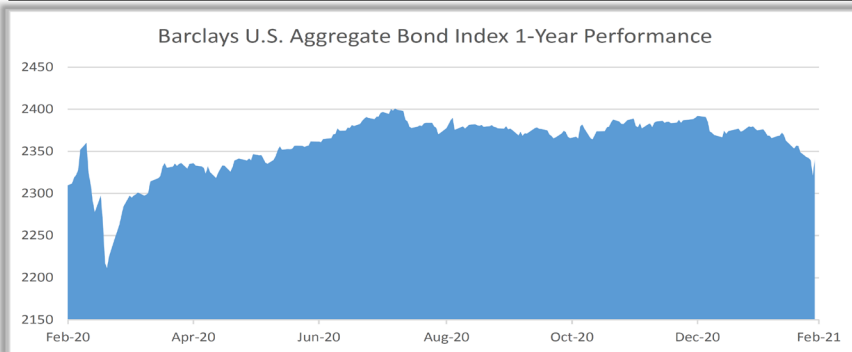
MSCI Emerging Market Index

Trailing Returns (%)			Annualized Returns (%)			
1-month	3-month	YTD	1Y	3Y	5Y	10Y
0.8	11.5	3.9	36.0	6.4	15.2	4.4



Barclays U.S. Aggregate Bond Index**

Trailing Returns (%)			Annualized Returns (%)			
1-month	3-month	YTD	1Y	3Y	5Y	10Y
-1.4	-2.0	-2.2	1.4	5.3	3.6	3.6



*Global Equity Policy Benchmark - MSCI ACWI IMI Index

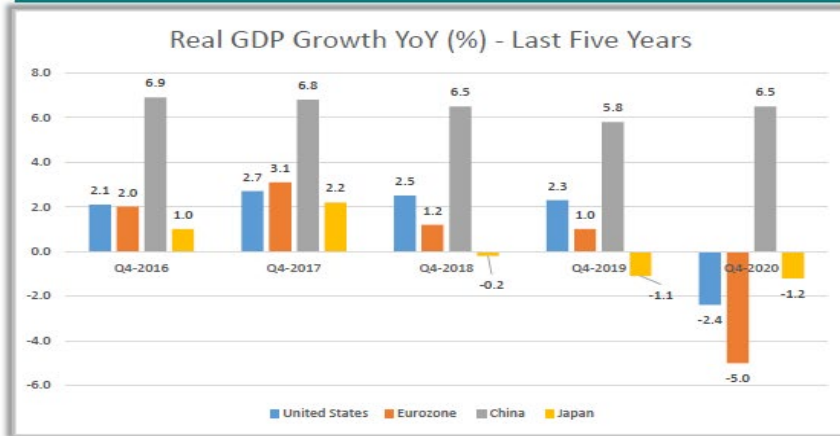
**Investment Grade Bonds Policy Benchmark - Barclays U.S. Aggregate Bond Index

Source: Bloomberg

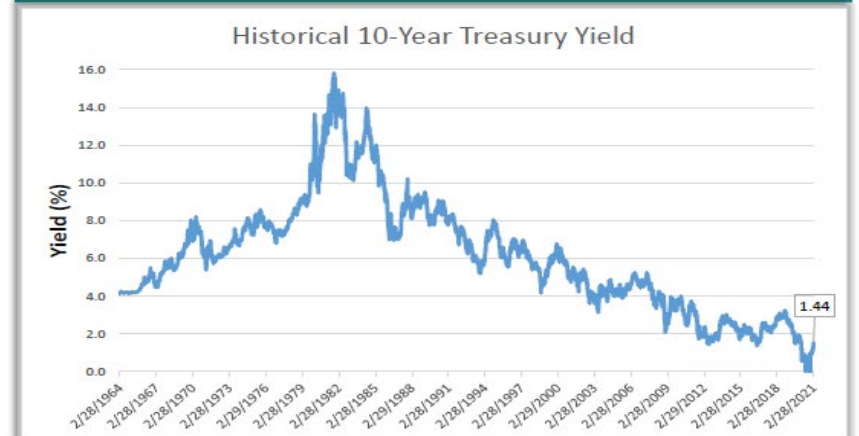


Key Macro Indicators*

GDP Growth of Major Economies¹



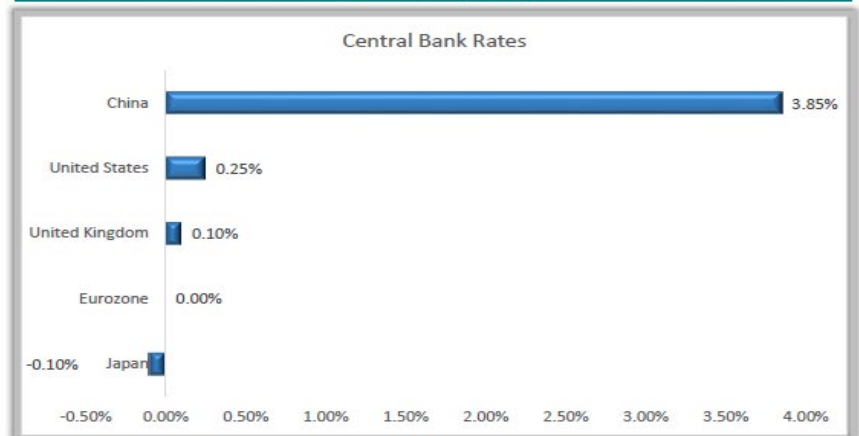
Historical Low for 10-Year Treasury Yield²



World Equity Valuation³



Central Bank Rates⁴ (as of 2/28/2021)



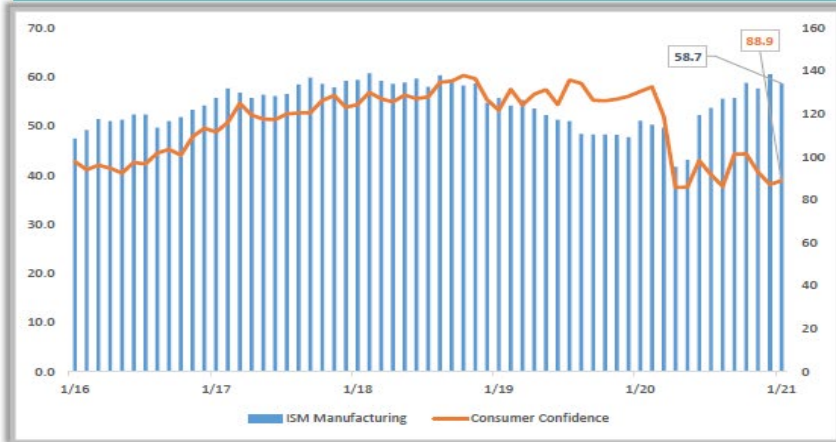
Sources: 1. Bloomberg 3. FactSet
2. St. Louis Federal Reserve 4. FactSet

*The information on the "Key Macro Indicators" charts is the best available data as of 2/28/21 and may not reflect the current market and economic environment.

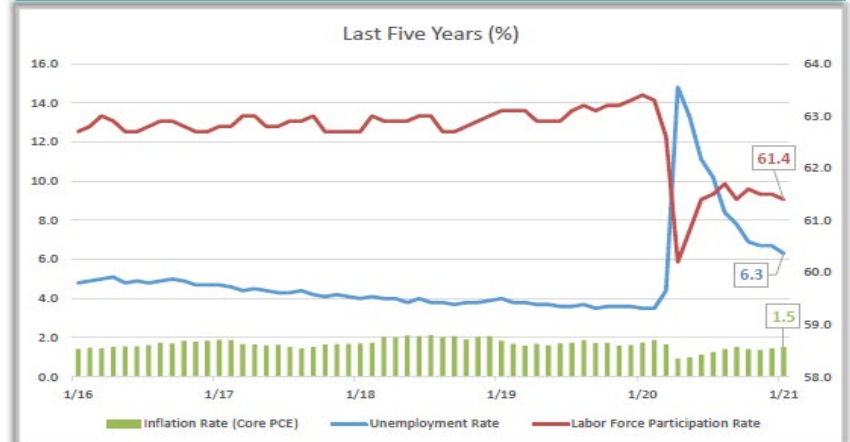


Key Macro Indicators*

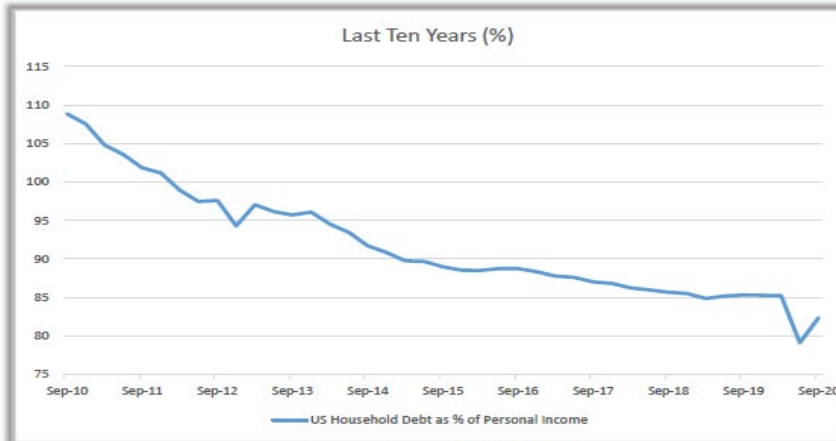
Consumer Confidence & ISM Manufacturing¹



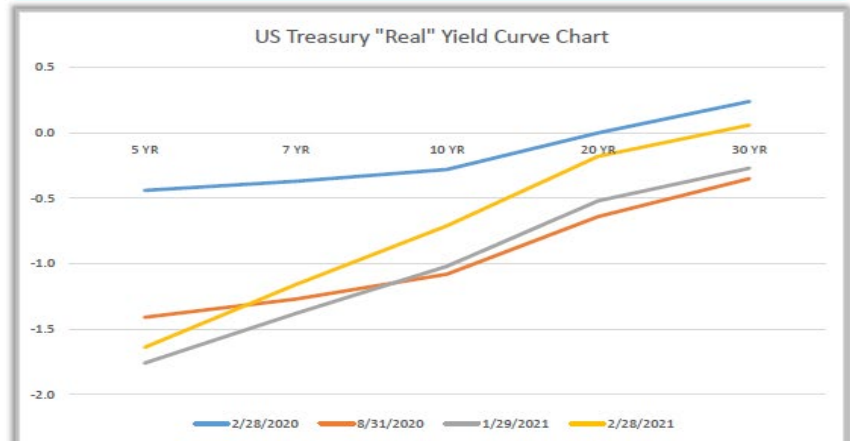
U.S. Inflation, Unemployment, & Labor Force Participation²



U.S. Household Debt as % of Personal Income³



U.S. Treasury "Real" Yield Curve⁴



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 2/28/21 and may not reflect the current market and economic environment.



Market Themes and Notable Items to Watch

Recent Themes

- COVID-19
 - More than 113 million cases and 2.5 million deaths worldwide
 - Over 28 million cases in the U.S.
 - Evolution of new coronavirus variants
 - 25 million people have been fully vaccinated in the U.S. and 50 million more have received their first vaccination
- The U.S. 10-year treasury yield ended February at 1.44%, up from 0.93% at the end of 2020
- Rising and higher rates adjusts investors cost of capital considerations and impacts markets across many dimensions:
 - Cost and availability of borrowing
 - Inflation pressures
 - Present value of future cash flows after discounting
 - Appreciation of currencies with relatively more attractive risk-adjusted yields
- Risk assets rallied in early February and retreated in late February as rates increased

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
- A \$1.9 trillion pandemic aid package is moving to the Senate after being approved by the U.S. House of Representatives
- Potential continued rising interest rates



Portfolio Performance Updates

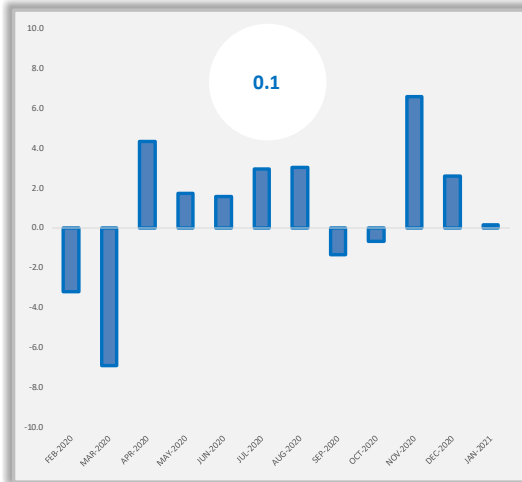


Total Fund Summary

as of January 2021

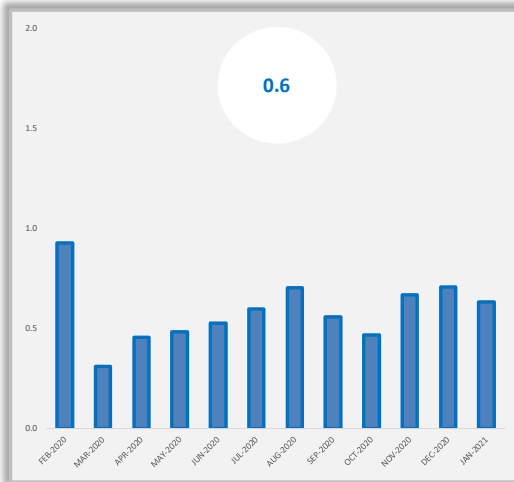
Monthly Return

(% net)



Sharpe Ratio

(3-Year Annualized)

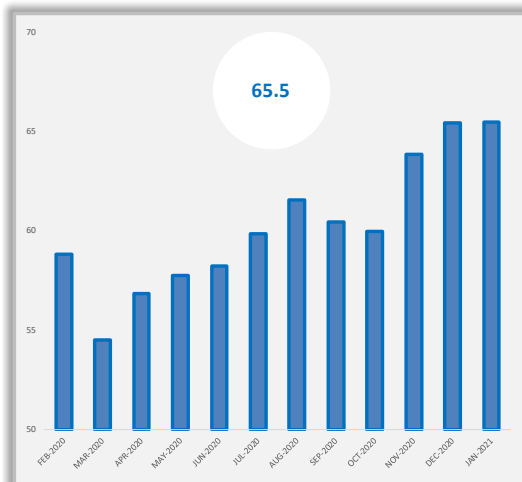


Asset Allocation

	Market Value ¹ (\$ millions)	% of Total	Final Target ²
TOTAL FUND	65,454	100.0%	
Growth	33,410	51.0%	47.0%
Global Equity	24,850	38.0%	35.0%
Private Equity ³	7,986	12.2%	10.0%
Opportunistic Real Estate ⁴	574	0.9%	2.0%
Credit	7,245	11.1%	12.0%
High Yield	2,153	3.3%	3.0%
Bank Loans	2,567	3.9%	4.0%
Emerging Market Debt	883	1.3%	2.0%
Illiquid Credit ^{3,4,5}	1,640	2.5%	3.0%
Real Assets & Inflation Hedges	10,291	15.7%	17.0%
Core & Value Added Real Estate ⁴	4,554	7.0%	7.0%
Natural Resources & Commodities	2,599	4.0%	4.0%
Infrastructure	1,793	2.7%	3.0%
Treasury Inflation-Protected Securities	1,345	2.1%	3.0%
Risk Reduction & Mitigation	13,899	21.2%	24.0%
Investment Grade Bonds	10,708	16.4%	19.0%
Diversified Hedge Fund Portfolio ⁵	1,704	2.6%	4.0%
Cash	1,488	2.3%	1.0%
Overlay Composite ⁶	610	0.9%	—

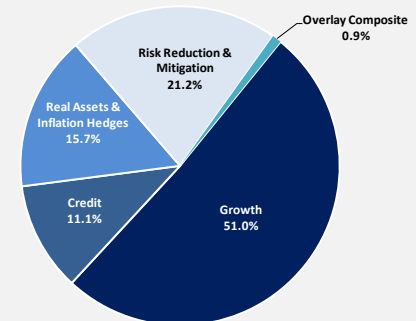
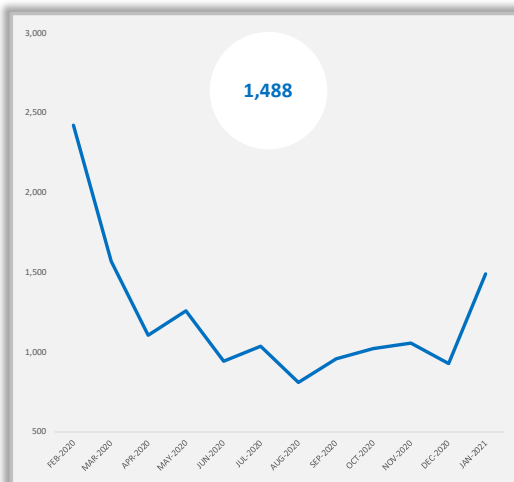
Total Market Value

(\$ 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

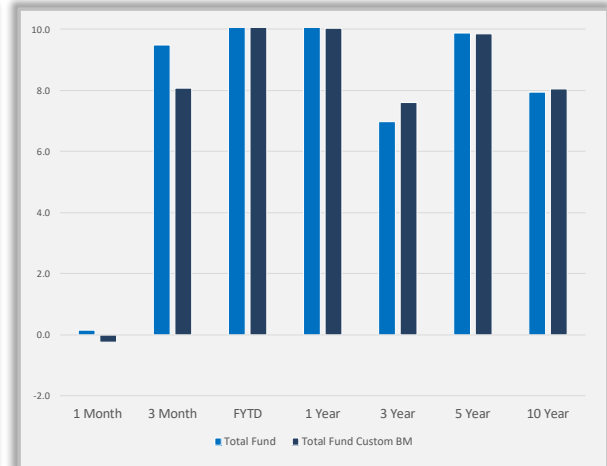
Historical Net Performance

as of January 2021

LACERA Pension Fund (% net)

	Market Value (\$ millions)	% of Total Fund	Final Target ¹	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
TOTAL FUND	65,454	100.0%	100.0%	0.1	9.5	13.8	10.6	7.0	9.9	7.9
<i>Total Fund Custom BM</i>				-0.2	8.1	13.6	10.0	7.6	9.8	8.0
<i>7% Annual Hurdle Rate</i>				0.57	1.71	4.03	7.00	7.00	7.00	7.00
Functional Composites²				1 Month	3 Month	FYTD	1 Year			
GROWTH	33,410	51.0%	47.0%	0.1	15.4	22.4	16.6			
<i>Growth Custom BM</i>				-0.5	13.6	24.7	15.9			
CREDIT	7,245	11.1%	12.0%	1.1	6.3	12.2	5.3			
<i>Credit Custom BM</i>				0.4	4.4	8.1	6.4			
REAL ASSETS & INFLATION HEDGES	10,291	15.7%	17.0%	0.1	5.9	6.6	1.7			
<i>Real Assets & Inflation Hedges Custom BM</i>				0.5	6.5	7.0	3.4			
RISK REDUCTION & MITIGATION	13,899	21.2%	24.0%	-0.3	1.1	2.5	5.7			
<i>Risk Reduction & Mitigation Custom BM</i>				-0.5	0.4	0.7	4.3			
OVERLAY COMPOSITE	610	0.9%	—							

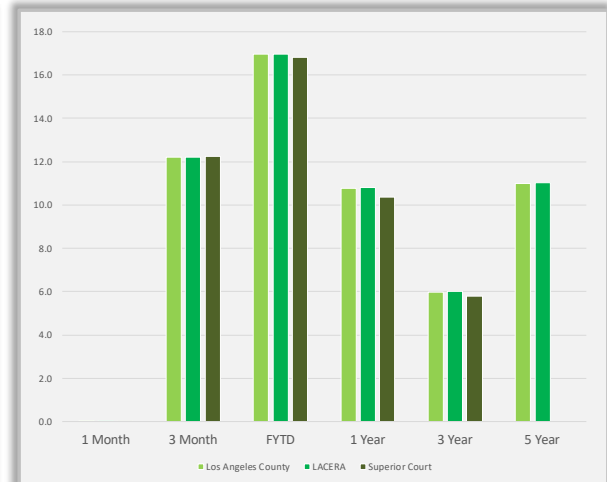
Historical Returns (% net)



OPEB Master Trust Fund (% net)

Sub-Trusts	Market Value (\$ millions) ³	Trust Ownership %	Final Target	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year
TOTAL OPEB MASTER TRUST	1,909								
Los Angeles County	1,849	96.9%	—	0.0	12.2	16.9	10.8	6.0	11.0
LACERA	7	0.4%	—	0.0	12.2	16.9	10.8	6.0	11.0
Superior Court	53	2.8%	—	0.0	12.3	16.8	10.4	5.8	—
Functional Composites				1 Month	3 Month	FYTD	1 Year	3 Year	
OPEB Growth	960	50.3%	50.0%	-0.2	18.1	25.0	17.9	8.1	
<i>Custom OPEB MT Growth Pool</i>				-0.2	18.1	24.9	17.6	7.8	
OPEB Credit	380	19.9%	20.0%	0.3	5.5	9.2	3.8	—	
<i>Custom OPEB MT Credit Pool</i>				0.5	5.9	10.1	4.7	—	
OPEB Real Assets & Inflation Hedges	382	20.0%	20.0%	0.5	10.8	13.0	-0.9	—	
<i>Custom OPEB MT RA & IH Pool</i>				0.5	10.9	13.0	-1.3	—	
OPEB Risk Reduction & Mitigation	188	9.8%	10.0%	-0.6	0.3	0.5	4.1	5.3	
<i>Custom OPEB MT RR & M Pool</i>				-0.6	0.3	0.5	3.9	5.0	
Operating Cash	0.3	0.0%	—						

Historical Returns (% net)

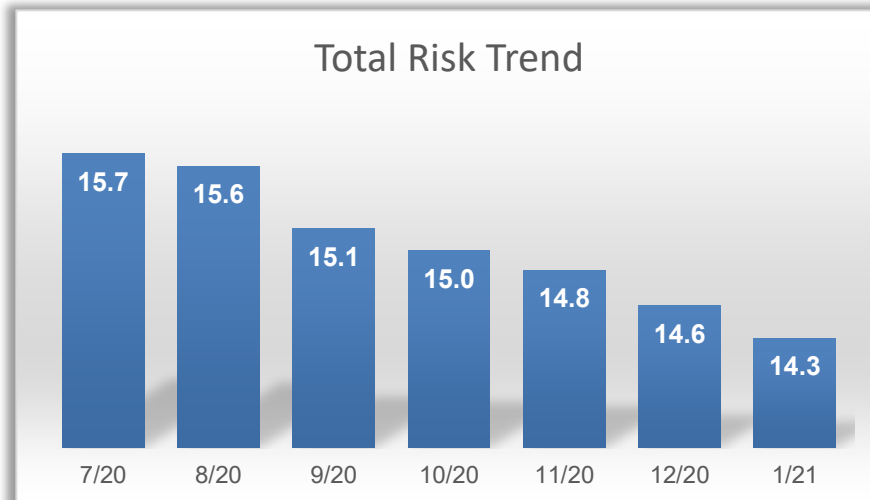
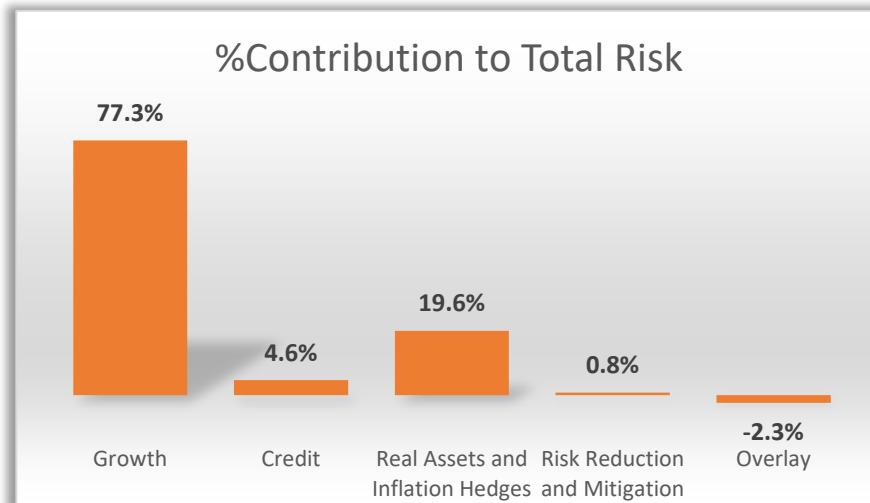


1. Final target weights effective as of 10/1/19
2. Functional composites were adopted on 4/1/19

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

Total Fund Forecast Risk*

as of January 2021



	%Weight	% Cont. to Total Risk	Standalone Total Risk (bps)	Standalone BMK Risk**
Total Fund			14.3	13.4
Growth	51.1%	77.3%	22.0	22.1
Global Equity	38.2%	56.0%	21.6	21.8
Private Equity	12.0%	20.5%	28.9	29.5
Opportunistic Real Estate	0.9%	0.8%	21.7	21.7
Credit	11.1%	4.6%	6.9	5.4
High Yield Bonds	3.3%	1.4%	7.7	6.5
Bank Loans	3.9%	1.2%	6.4	7.0
Illiquid Credit	2.5%	1.3%	9.9	3.6
Emerging Market Debt	1.4%	0.7%	10.8	9.8
Real Assets & Inflation Hedges	15.5%	19.6%	20.4	16.3
Core & VA Real Estate	7.0%	10.5%	31.0	21.7
Natural Resources & Commodities	3.7%	4.5%	20.1	22.5
Infrastructure	2.7%	4.3%	24.1	24.4
TIPS	2.1%	0.3%	5.2	5.0
Risk Reduction and Mitigation	21.3%	0.8%	3.6	2.9
Investment Grade Bonds	16.4%	0.7%	4.3	3.6
Diversified Hedge Funds	2.6%	0.2%	2.3	0.2
Cash	2.3%	-0.1%	2.4	0.2
Overlay	0.9%	-2.3%	-	-

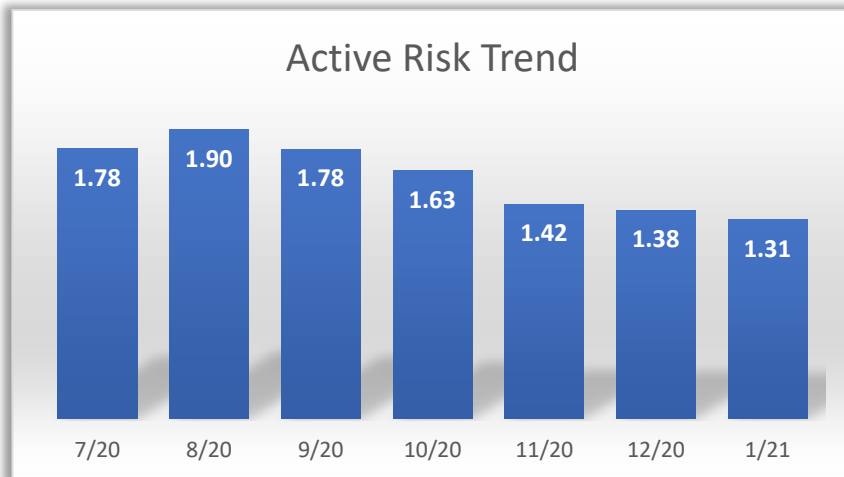
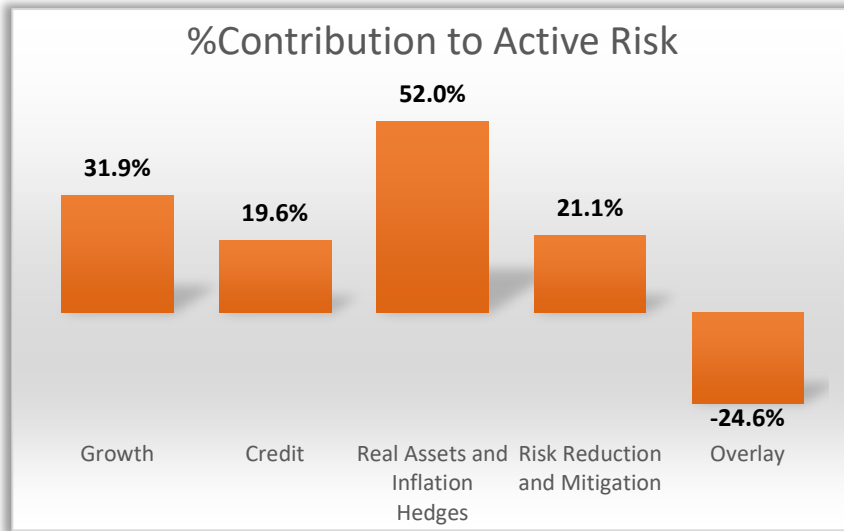
*Implementation of the MSCI Risk Platform is ongoing; reconciliation and refinement of the data is progressing and subject to change.



**BMK Risk stands for Benchmark Risk

Total Fund Forecast Active Risk*

as of January 2021



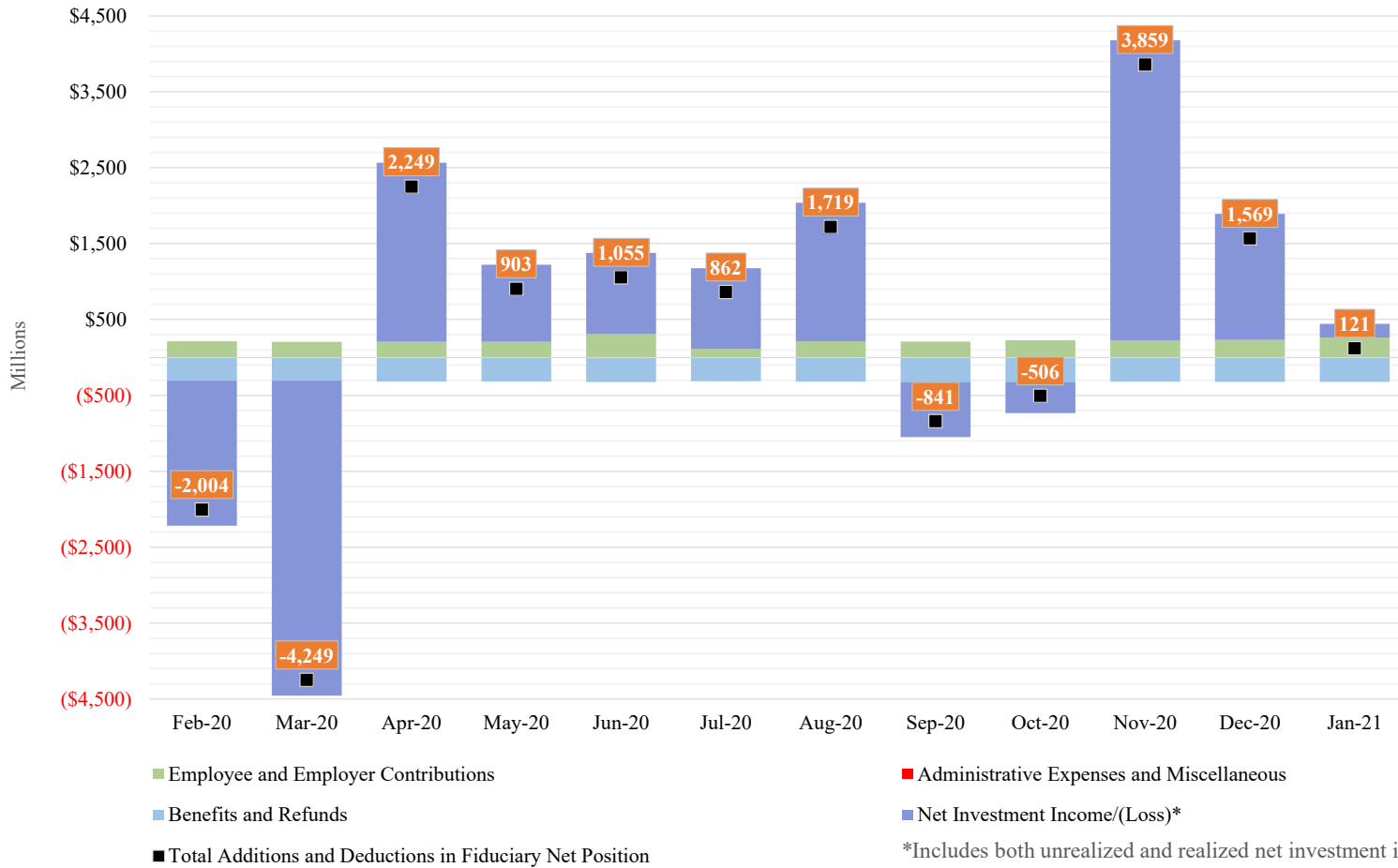
	%Weight	Active Weight%	Active Risk (bps)	Active Risk Allocation	Active Risk Selection
Total Fund			1.31	0.46	0.85
Growth	51.1%	4.12%	0.42	0.25	0.17
Global Equity	38.2%				
Private Equity	12.0%				
Opportunistic Real Estate	0.9%				
Credit	11.1%	-0.90%	0.26	0.06	0.19
High Yield Bonds	3.3%				
Bank Loans	3.9%				
Illiquid Credit	2.5%				
Emerging Market Debt	1.4%				
Real Assets & Inflation Hedges	15.5%	-1.49%	0.68	-0.02	0.70
Core & VA Real Estate	7.0%				
Natural Resources & Commodities	3.7%				
Infrastructure	2.7%				
TIPS	2.1%				
Risk Reduction and Mitigation	21.3%	-2.68%	0.28	0.25	0.03
Investment Grade Bonds	16.4%				
Diversified Hedge Funds	2.6%				
Cash	2.3%				
Overlay	0.9%	0.95%	-0.32	-0.09	-0.23

*Implementation of the MSCI Risk Platform is ongoing; reconciliation and refinement of the data is progressing and subject to change.



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	5	\$6.8 billion



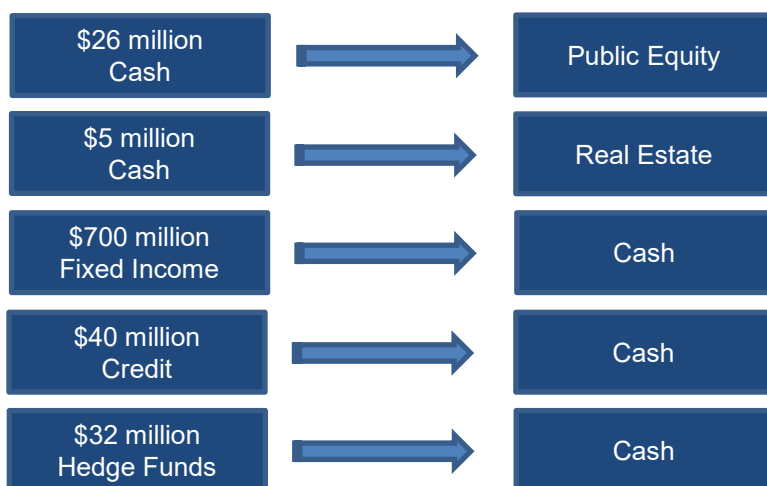
Portfolio Structural Updates



Portfolio Structural Updates

Portfolio Movements

Rebalancing Activity



Hedges and Overlays

Program	January Return	January Gain/Loss	Inception* Gain/Loss
Currency Hedge**	0.4%	-\$31.6 Million	\$857.9 Million
Cash/Rebalance Overlay***	0.4%	\$17.9 Million	\$35.5 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	●	●	March 2021 BOI
Proxy Research and Proxy Voting Platform Services	●	●	Anticipated Early 2021
Private Equity Advisor Services	●		Anticipated Summer 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 LACERA TIDE initiative
- Strategic Asset Allocation Study is ongoing and expected to be completed by June 2021

Completed Actions

- Legal work and initial funding of Caxton Global Investments, a Hedge Fund manager, has been completed

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

Manager/Consultant Updates

- Wells Fargo Asset Management, the parent company of Wells Capital, one of LACERA’s core bond managers, is being acquired by the private equity firms, GTCR LLC and Reverence Capital Partners.



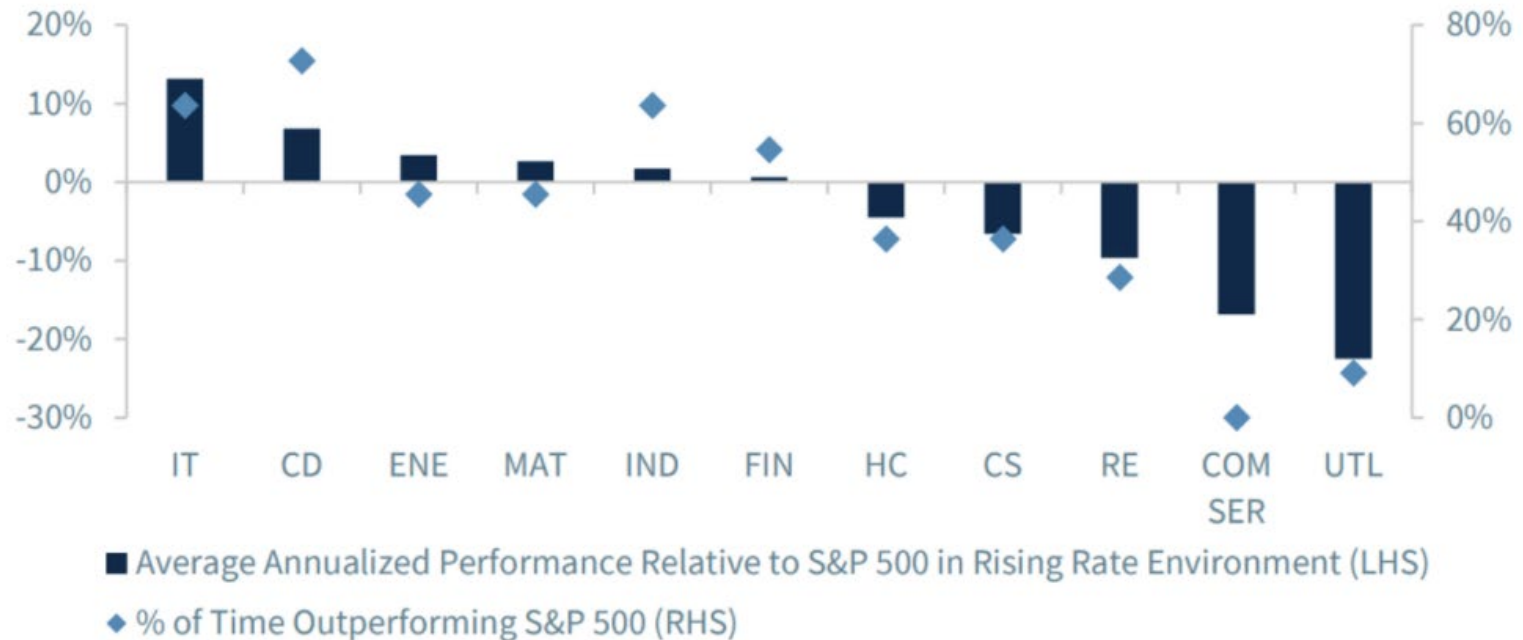
Commentary



Staff Chart of the Month*

Rising inflation and bond yields in a bull market

Average annualized performance of S&P 500's 11 sectors and the % of time each sector outperforms the S&P 500 in a rising rate environment



RAYMOND JAMES

IT = Information Technology
CD = Consumer Discretionary
ENE = Energy
MAT = Materials
IND = Industrials

FIN = Financials
HC = Healthcare
CS = Consumer Staples
RE = Real Estate
COM SER = Communication Services
UTL = Utilities



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

Private Equity Advisor Services

- ✓ Albourne America LLC
- ✓ StepStone Global LLC
- ✓ 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

February 11, 2021

TO: Trustees - Board of Investments
FROM: Corporate Governance Committee

Scott Zdrazil 
Senior Investment Officer

Dale Johnson 
Investment Officer

FOR: March 10, 2021 Board of Investments Meeting
SUBJECT: ***Corporate Governance and Stewardship Principles Review***

RECOMMENDATION

Approve a revised *Corporate Governance and Stewardship Principles* policy.

BACKGROUND

On February 10, 2021, the Corporate Governance Committee (“Committee”) unanimously approved advancing for Board of Investments (“Board”) consideration a revised *Corporate Governance and Stewardship Principles* (“*Principles*”) policy (**Attachment 1**). The revisions are intended to further strengthen LACERA’s *Principles* that encourage corporate boards of portfolio companies to cast a wide net when identifying and nominating suitable director candidates, inclusive of diverse professional backgrounds, geographic familiarity, skills and tenure, as well as attributes such as gender, race/ethnicity, the LGBTQ community, and disability status. The revisions call on portfolio companies to disclose a credible track record of inclusivity that is reflective of LACERA’s broad definition of board diversity, as articulated in the *Principles*.

As further detailed in **Attachment 2**, the revised *Principles*—if approved—are intended to position LACERA to take into account available information on multiple dimensions of diversity when evaluating whether a board exhibits a credible track record of inclusivity. Disclosures related to demographic attributes other than age and gender remain sparse in market disclosures. However, disclosures in some markets (such as the U.S.) are expanding and LACERA’s active corporate engagement on board diversity is clarifying targeted companies’ board composition and board recruitment track records. The revised *Principles* would enable LACERA to incorporate expanding disclosures and insights from corporate engagements in determining whether voting against certain directors responsible for board nominating practices is warranted. In the near term, the impact of the revised language on LACERA’s proxy voting record is expected to be marginal.

Attached to this memo are a redlined version of the *Principles* policy (**Attachment 1**), as well as the materials presented to the Committee explaining the proposed revisions (**Attachment 2**).

OPTIONS AVAILABLE TO THE BOARD

The Board may wish to approve, modify, or reject the recommendation.

DELIBERATIONS AND OPINIONS EXPRESSED BY THE COMMITTEE

The Committee expressed general comfort with staff's recommendation, including a revision discussed in the presentation of the item to include "disability status" among the *Principles*' consideration of diverse attributes for prospective board director candidates. The Committee unanimously approved the motion to advance the attached revised *Principles* for Board consideration.

While approving the attached *Principles*, the Committee inquired how the *Principles* address additional attributes of diversity—such as military or veteran status—and other non-bias protections in general and whether the *Principles* should incorporate explicit reference to additional dimensions of diversity in corporate boardroom diversity, in particular. Staff is therefore providing additional information below.

Broad Support of Equal Opportunity and Non-Discrimination

The *Principles* take a wide view of equal opportunity and non-discrimination, stating in part, "Central to effective human capital management is the assurance of equal employment opportunity, including non-bias in compensation and employment terms, and a workplace free of harassment in all forms" (Section V.A(1)).

In the United States, the range of attributes and characteristics addressed in federal, state, and local laws—as well as some corporate employment protections and policies—cover a range of characteristics and attributes, such as (but not limited to) race, ethnicity, religion, creed, citizenship or immigration status, age, sex, sexual orientation, gender expression and identity, national origin or ancestry, marital status, medical condition, pregnancy, genetic information, military service, veteran status, pregnancy, childbirth and related medical conditions, physical or mental disability status, and labor union affiliation.

Several federal laws in the U.S. aim to protect active military service members, veterans, and veterans with disabilities against employment discrimination or retaliation. The Vietnam Era Veterans' Readjustment Assistance Act, originally passed in 1974, aimed to protect returning Vietnam veterans from job discrimination.¹ The Uniformed Services Employment and Reemployment Rights Act of 1994 protects service members from discrimination or retaliation based on their military service or affiliation and requires employers to place returning service members back into their civilian jobs after military service.² Title I of the Americans with

¹ <https://www.dol.gov/agencies/ofccp/vevraa>

² <https://www.justice.gov/crt-military/userra-statute>

Disabilities Act has provisions that may extend to veterans with actual or perceived physical or mental impairments, regardless of whether related to military service.³

The *Principles* are designed to be universally applicable in order to guide LACERA's proxy votes and expectations of portfolio companies throughout global markets. LACERA's portfolio has exposures in over 65 different countries. The specifics of protected categories may vary by market. For example, the Age Discrimination in Employment Act of 1967 in the U.S. specifically protects individuals who are 40 years of age or older from employment discrimination based on age.⁴ A review of labor protections across a number of markets by law firm DLA Piper identifies veteran status as a protected group in two countries other than the United States (Angola and Israel).⁵

***Principles* Definition of Corporate Board Diversity**

The *Principles* encourage boards to cast a wide net for qualified director nominees with the mix of skills, experience, and backgrounds to best exercise oversight on behalf of investors, inclusive of nominees reflective of multiple dimensions of diversity which may be universally applicable across markets. The *Principles* articulate that a company's board should be comprised of qualified individuals that position them to oversee the company's corporate strategy and risks, including its line of business, customers, suppliers, and geographic footprint in the view of executing on the company's strategic goals and mission in prudently creating and growing long-term value. Boards should ensure that a diverse set of relevant skills, competencies, and attributes are represented by its directors as relevant to the market (or markets) where the company operates. Furthermore, the board should disclose policies and processes for ensuring that it identifies and reflects a relevant and diverse mix of skills, attributes, and backgrounds linked to the firm's corporate strategy.

The *Principles*—as presented for Board consideration—list several dimensions of diversity for corporate board nominees, citing expertise, professional backgrounds, geographic familiarity, and tenure, as well as “including, but not limited to” gender, race, ethnicity, gender identities, sexual orientations, and disability status.

Staff reviewed large asset owner and asset manager corporate governance and proxy voting policies and found similar attributes referenced in corporate board diversity language (primarily gender, race, ethnicity, sexual orientation, gender identity, disability status, and a more general reference to “underrepresented groups”).

The Securities and Exchange Commission (“SEC”) guidance for corporate disclosures of board nominees reflects similar categories. The SEC staff issued interpretive guidance to corporate disclosures of director qualifications and diversity in connection with two identical Compliance and Disclosure Interpretations under Regulation S-K-116.11 and 133.13 to address the type of disclosure required Items 401 (director qualifications)⁶ and 407 (director nominee qualifications)⁷ when board members or nominees have “consented” to the company's disclosure of certain “self-

³ <https://www.eeoc.gov/laws/guidance/veterans-and-americans-disabilities-act-guide-employers>

⁴ <https://www.eeoc.gov/fact-sheet/facts-about-age-discrimination>

⁵ <https://www.dlapiperintelligence.com/goingglobal/employment/index.html?t=09-discrimination>

⁶ <https://www.sec.gov/divisions/corpfin/guidance/regs-kinterp.htm#116-11>

⁷ <https://www.sec.gov/divisions/corpfin/guidance/regs-kinterp.htm#133-13>

identified” diversity characteristics, such as their race, gender, ethnicity, nationality, disability, sexual orientation, or cultural background.

Staff observes that the current *Principles* language encourages boards to nominate directors with suitable professional backgrounds and skills, as well as maintain a supermajority of independent directors. Accordingly, various companies in the U.S. market include director nominees with military experience as a skillset relevant to the company’s business strategy, such as defense contractors and companies seeking geopolitical insights that may be accrued from military service.

As a counter point, outside of the U.S., financial markets may perceive some military appointments to positions in corporate leadership (boards and executive positions) as a prospective risk of government influence and detrimental to board independence. By way of recent example, shares in Brazilian oil company, Petrobras, turned volatile this month after Brazil’s president named an army general as a new CEO.⁸ This market risk may be more acute in markets with authoritarian or non-democratic regimes, or recent geopolitical instability.

Prospective Options

Staff considers that the *Principles* have clear, high-level language endorsing equal opportunity and non-discrimination which is applicable to a wide range of diversity attributes in a manner that is applicable across markets. The *Principles*, as presented, appear robust in outlining expectations for corporate board composition and diversity.

In light of the information above, the Board’s options include, but are not limited to, the following:

- 1) Accept and approve the Committee’s recommended revision, as unanimously approved and advanced for the Board’s consideration.
- 2) Provide feedback for incorporation of “military status” as an additional unique attribute of corporate board diversity into the *Principles*’ regarding board composition in Section I(B)1, as redlined below:

Composition: The board should be composed of highly talented individuals who are best positioned to oversee the company’s strategy for creating and sustaining value. Boards should give consideration to ensuring that directors collectively possess a diverse set of relevant skills, competencies, and attributes to exercise oversight on investors’ behalf, including expertise, geographic familiarity, and professional backgrounds relevant to the company’s strategic objectives. The board should strive for a suitable mix of tenures to ensure both institutional familiarity and fresh perspectives on the board, as a firm’s market environment and business strategies evolve.

The board should establish and disclose policies and processes for ensuring that it identifies and nominates suitable directors from a wide pool of candidates relevant to its business strategy, inclusive of, but not limited to, diverse gender, racial and ethnic backgrounds, gender identities, sexual orientations, military and disability status. A diverse

⁸ Samantha Pearson and Luciana Magalhaes. “Petrobras Shares Drop in Wake of Bolsonaro’s Plan to Name New CEO.” Wall Street Journal. February 22, 2021. <https://www.wsj.com/articles/petrobras-shares-drop-in-wake-of-bolsonaro-plan-to-name-new-ceo-11614025479>. “Brazilian president’s move sparks a crisis of confidence in his administration’s commitment to free-market policies—and investors are fleeing.”

and inclusive board is better positioned to effectively deliberate and oversee business strategy in investors' interests.

Firms should disclose how the board defines and reflects a relevant and diverse mix of skills and backgrounds in its composition. In assessing board composition, LACERA generally expects to see a compelling link between requisite skill sets and a firm's corporate strategy and a credible track record of inclusivity, consistent with the diverse attributes and backgrounds defined above.

- 3) Provide feedback for the *Principles*' language addressing equal opportunity and non-discrimination and incorporate a detailed list of diversity attributes and protected categories into the *Principles*' language on human capital and equal employment opportunity in Section V(A)1, as redlined below:

Human Capital Management: Effective management of human capital — including the development, incentives, and retention of the firm's workforce — is key to accomplishing a firm's strategic objectives. Companies should identify, ensure board oversight, and disclose information about significant human capital value drivers that are related to the firm's ability to create and protect firm value. Central to effective human capital management is the assurance of equal employment opportunity, including non-bias in compensation and employment terms, and a workplace free of harassment in all forms. Firms should define clear policies, promote equal opportunity, and protect against discrimination and harassment across all levels of the firm based on attributes such as, but not limited to, race, ethnicity, religion, creed, citizenship or immigration status, age, sex, sexual orientation, gender expression and identity, national origin or ancestry, marital status, medical condition, pregnancy, genetic information, military service, veteran status, pregnancy, childbirth and related medical conditions, physical or mental disability status, and labor union affiliation.

As noted in the cover memo of **Attachment 2**, LACERA reviews its *Principles* on an annual basis. The Committee and Board will have the opportunity to further refine policy language on a regular basis to keep current with market issues and leading practice.

RISKS OF ACTION AND INACTION

Staff believes that the proposed revised policy would enhance LACERA's approach to promoting equitable inclusion of talent and strengthen LACERA's position to hold boards accountable when there is clear evidence that the board lacks a credible track record of nominating slates of directors that are inclusive of diversity across multiple dimensions defined in the *Principles*.

The risk of inaction is namely that, absent the clarifications, the *Principles* would continue to highlight gender diversity, as one of the dimensions of diversity where LACERA would be particularly focused on portfolio companies' board's history of inclusivity when voting corporate proxies. Nevertheless, the *Principles* remain effective in communicating and executing on LACERA's rights as an investor to encourage strong corporate governance practices and prudent financial market policies that promote sustainable, long-term value and strengthen LACERA's ability to fulfill its mission.

CONCLUSION

The Committee unanimously approved this recommendation that LACERA accept the revisions to the *Principles*, as outlined in **Attachment 1**.

Attachments

Noted and reviewed:



Jonathan Grabel
Chief Investment Officer



[Redlined version for Board of Investments review]

LOS ANGELES COUNTY
EMPLOYEES RETIREMENT
ASSOCIATION
LACERA

Corporate Governance and
Stewardship Principles

[Date TBD]

Corporate Governance and Stewardship Principles

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About LACERA

The Los Angeles County Employees Retirement Association (“LACERA”) administers defined benefit retirement plans and other post-employment benefits for employees of Los Angeles County and certain other districts.

The Los Angeles County Board of Supervisors established LACERA in 1937 under the terms of California’s County Employees Retirement Law. LACERA is governed by the California Constitution (Article XVI, Section 17), the California County Employees Retirement Act of 1937, and the California Public Employees’ Pension Reform Act of 2013. Today, LACERA serves over 160,000 active and retired members.

LACERA’s mission is to “produce, protect, and provide the promised benefits.” LACERA aims to fulfill its mission through prudent investment and conservation of plan assets, in accordance with its the *Investment Beliefs* that frame its *Investment Policy Statement* and in consideration of actuarial analysis.

LACERA’s Board of Investments is responsible for establishing LACERA’s investment policy and objectives, as well as exercising oversight of the investment management of the fund.

LACERA Mission Statement:

***We Produce, Protect,
and Provide
the Promised Benefits***

Statement of Purpose

LACERA seeks to responsibly steward its investments in a manner that promotes and safeguards the economic interests of LACERA and its members, consistent with LACERA's mission to "produce, protect, and provide the promised benefits." LACERA believes that robust investor rights, strong corporate governance practices and policies at the firms in which it invests, and sound public policies governing financial markets help generate long-term economic performance. LACERA prudently exercises its rights as an investor to support corporate governance practices and financial market policies that promote sustainable, long-term value and enhance LACERA's ability to fulfill its mission.

The fundamental objective of LACERA's *Corporate Governance and Stewardship Principles* (the "Principles") is to safeguard and promote the economic interests of the trust. The *Principles* identify LACERA's core principles of corporate governance and the key stewardship strategies LACERA pursues to advance them. They are intended to further the *Investment Beliefs* that frame LACERA's *Investment Policy Statement* by articulating LACERA's view on sound governance and broader environmental, social, and governance (also known as "ESG") issues.

LACERA seeks to exercise the legal rights it has as an investor and to steward its assets by applying these *Principles*. The *Principles* guide LACERA's proxy votes, engagements with policymakers and portfolio companies, and collaboration with other institutional investors when it shares common objectives (such as actively participating in investor associations). The *Principles* help inform LACERA's investment process, including the evaluation and monitoring of portfolio investments, consistent with the rights and legal obligations of each asset. And *the Principles* outline the legal authority, roles, and responsibilities guiding LACERA's application of the *Principles* and initiatives.

In advocating practices in line with these *Corporate Governance and Stewardship Principles*, LACERA aims to maximize the long-term value of plan holdings.

Legal Authority

The LACERA Board of Investments has “the sole and exclusive fiduciary responsibility over the assets of” the system, as provided by the California Constitution (Article XVI, Section 17(a)). LACERA exercises its legal rights on corporate governance matters in furtherance of its fiduciary duty under Article XVI, Section 17 of the California Constitution, the County Employees Retirement Law of 1937 (CERL), and other governing laws, regulations, and case authority. The Board's fiduciary duty has two components:

- A. **Duty of Loyalty.** Under the duty of loyalty, Board members have the sole and exclusive responsibility to administer the system in a manner that will assure prompt delivery of benefits and related services to the participants and their beneficiaries. (Article XVI, Section 17(a).) Board members shall 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. (CERL Section 31595(a).) The Board's duty to participants and their beneficiaries shall take precedence over any other duty. (Article XVI, Section 17(b).)
- B. **Duty of Prudence.** Under the duty of prudence, 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. (Article XVI, Section 17(c); CERL Section 31595(b).) “[T]he 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.” (CERL Section 31595.) Further, the Board “[s]hall diversify the investments of the system so as to minimize risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so.” (CERL Section 31595(c).)

The fiduciary obligations of prudence and loyalty to plan participants and beneficiaries compel and guide LACERA's corporate governance activities and consideration of financially material environmental, social, and governance factors in its investment process. LACERA's fiduciary duties extend to, but are not limited to, prudently managing its proxy votes, vigilantly monitoring and diligently mitigating risks to the value of its investments, and judiciously determining action in order to assist in the effective administration of the fund and promote the interest of members and their beneficiaries.

Stewardship Strategies

LACERA's corporate governance and stewardship efforts may include the following strategies:

A. Proxy Voting

Proxy votes are plan assets, have value, and should be managed in a manner consistent with fiduciary duty and LACERA's interest in long-term value. LACERA exercises its voting rights for the exclusive benefit of LACERA's members and votes proxies in accordance with its *Corporate Governance and Stewardship Principles*.

LACERA seeks to vote all proxies for which it has proxy voting authority. LACERA coordinates with its custodian bank and investment service vendors to maximize its opportunities to responsibly cast proxy votes in line with its fiduciary duty, while recognizing that administrative requirements and practices in certain local markets may affect LACERA's ability to cast proxy votes, such as delayed notification of proxies subsequent to vote deadlines and required powers of attorney in subcustodial chains. At meetings that require share blocking, LACERA evaluates the economic value of casting a proxy vote compared to the risk of limiting trading in the designated security and may opt to refrain from voting in order to preserve LACERA's ability to act in its best economic interests.

LACERA participates in securities lending to earn incremental income, per LACERA's *Securities Lending Program Policy*. In securities lending, the legal rights accorded those shares, including proxy voting, are transferred to the borrower of the securities during the period that the securities are on loan. As a result, LACERA forfeits its right to vote proxies on loaned securities unless those shares have been recalled from the borrower no later than the share's record date.

B. Corporate Engagement

LACERA advocates its *Investment Beliefs, Corporate Governance and Stewardship Principles*, and mission through dialogue and engagement strategies with portfolio companies and external asset managers, which may include exercising legal rights associated with LACERA's investments, such as sponsoring shareowner resolutions.

C. Public Policy

LACERA represents its interests to policymakers, such as legislators, regulatory agencies, and standards-setting agencies, in line with its *Corporate Governance and Stewardship Principles*.

D. Investor Collaboration

LACERA collaborates with other public pension funds, asset owners and asset managers, both informally and formally through investor associations such as the Council of Institutional Investors, in order to enhance LACERA's ability to achieve its objectives and advance its *Corporate Governance and Stewardship Principles*.

Principles

The *Corporate Governance and Stewardship Principles* are organized into five sections. Each section addresses common corporate governance, proxy voting, and broader environmental, social, and governance (“ESG”) issues relevant to LACERA’s investment portfolio and investment partners. The five sections address issues pertaining to boards of directors, investor rights and capital structure, executive compensation and incentives, performance reporting, and environmental and social factors.

The *Corporate Governance and Stewardship Principles* are guided by five core concepts that collectively provide a framework by which LACERA aims to promote sustainable investment returns and responsible stewardship of fund assets:

Accountability: Governance structures and practices should be designed to promote accountability to the investors who provide the firm with capital. This extends to both board directors overseeing portfolio companies on investors’ behalf, and external managers entrusted with LACERA’s capital. Accountability helps to ensure that investments are managed in the best interests of investors.

Integrity: Integrity and trust are the cornerstone of financial markets and essential for economic stability. Core investor rights and protections are crucial to promoting integrity in financial markets.

Aligned Interests: Compensation and incentives should align the interests of the managers of capital and the investors who provide capital. This extends to senior executives at portfolio companies and external asset managers managing capital on LACERA’s behalf.

Transparency: Firms should provide investors with clear, comprehensive, and timely disclosures about fundamental elements of the firm’s business, financial activities, and performance.

Prudence: Firms should prudently identify, assess, and manage environmental and social factors that may impact the firm’s ability to generate sustainable economic value.

Fiduciary duty guides LACERA’s *Corporate Governance and Stewardship Principles*. LACERA recognizes that sound governance balances the rights of investors providing a firm with capital with the role and responsibility of portfolio company boards to direct and manage the firm.

LACERA recognizes that the application of the *Principles* may vary depending on the specific terms, constraints, and nature of LACERA’s investments in different asset classes. In public markets where LACERA retains voting authority to vote in line with these *Principles*, LACERA evaluates the financial impact of each issue presented on corporate proxies and votes proxies for the exclusive benefit of plan participants and beneficiaries in all instances. LACERA may oppose overly prescriptive or unduly burdensome measures proposed on corporate proxies, or resolutions that may otherwise restrict a firm’s board of directors from acting in the best economic interests of investors.

LACERA also recognizes that the laws, regulations, and customs guiding corporate governance practices vary by market. LACERA seeks to apply its *Corporate Governance and Stewardship Principles* in a universal and consistent manner, while observing and taking into consideration — as applicable and appropriate — local laws, regulations, and customs.

I. Directors

The board of directors drives the strategic direction and oversight of the firm and its management. LACERA relies upon the directors of portfolio companies to exercise effective oversight and ensure that the firm is managed in the best interests of investors. Directors should understand the firm's long-term business strategy as well as risks that may impact the firm's value, and demonstrate a record of sound stewardship and performance. LACERA advocates policies and practices that encourage directors to be accountable to investors. Accountability ensures that a firm's operations and reporting are managed in the best interests of investors.

A. Independent Oversight

1. **Board Independence:** At least two-thirds of the board should be composed of independent directors in order to oversee management on behalf of investors, promote accountability to investors, and avoid potential conflicts of interest.

An independent director is defined as someone who has no material affiliation to the company, its chief executive officer, chairperson, or other executive officers, other than the board seat.

Materiality is defined as any financial, personal, or other relationship that a reasonable person might conclude could potentially influence one's objectivity in a manner that would have a meaningful impact on the individual's ability to satisfy requisite fiduciary standards on behalf of investors. Directors may not be considered independent if they, or a family member, are or have been an employee of the company (or a subsidiary or affiliate thereof) in the last five years; have a 20 percent or greater economic interest in the company; are or have been part of an interlocking director relationship with the CEO; receive direct payments for professional services unrelated to their service as a director in excess of \$10,000 per year; or engage in any related party transaction in excess of \$10,000 per year.

2. **Board Leadership:** The board should be chaired by an independent director.
3. **Board Committees:** Each board should establish an audit committee, a nominating and governance committee, and a compensation committee, each composed exclusively of independent directors.

Deference generally should be afforded to boards in determining appropriate oversight structures, such as the establishment and role of additional board committees. LACERA may support proposals to appoint an additional board committee in limited circumstances where a firm's performance, oversight structures, and peer comparisons demonstrate that inadequate board consideration and focus has been accorded to a compelling issue related to firm value.

LACERA may oppose or withhold support from non-independent board nominees or key board leadership positions where the board or key committees lack adequate independence.

B. Board Quality and Composition

1. **Composition:** The board should be composed of highly talented individuals who are best positioned to oversee the company's strategy for creating and sustaining value. Boards should give consideration to ensuring that directors collectively possess a diverse set of relevant skills, competencies, and attributes to exercise oversight on investors' behalf, including expertise, geographic familiarity, and professional backgrounds relevant to the company's strategic objectives. The board should strive for a suitable mix of tenures to ensure both institutional familiarity and fresh perspectives on the board, as a firm's market environment and business strategies evolve.

The board should establish and disclose policies and processes for ensuring that it identifies and nominates suitable directors from a wide pool of candidates relevant to its business strategy, inclusive of, but not limited to, diverse gender, racial, and ethnic backgrounds, gender identities, ~~and~~ sexual orientations, and disability status. A diverse and inclusive board is better positioned to effectively deliberate and oversee business strategy in investors' interests.

Firms should disclose how the board defines and reflects a relevant and diverse mix of skills and backgrounds in its composition. In assessing board composition, LACERA generally expects to see a compelling link between requisite skill sets and a firm's corporate strategy and a credible track record of inclusivity, consistent with the diverse attributes and backgrounds defined above including, but not limited to, gender diversity.

2. **Board Size:** The board should define and disclose in governance documents an appropriate size or range of directors that ensures the board is composed of adequately diverse viewpoints and experience to effectively oversee the firm's business strategy, while not being so large as to diminish the board's operational effectiveness. Modifications to governing documents defining board size and structure should be submitted for investor approval and not be proposed for the purpose of impeding a change in firm control.
3. **Excessive Commitments:** Directors should have adequate time to dedicate to their board service, fulfill their responsibilities, and represent investors' interests. Accordingly, directors should not serve on more than four public company boards. Currently serving chief executive officers should not serve on more than three public boards (including their own).
4. **Tenure and Age Restrictions:** LACERA does not support arbitrary restrictions on director qualifications, such as tenure limits or mandatory retirement ages. Such limitations may impede a firm from benefiting from the expertise of an otherwise highly qualified director.

C. Director Selection and Elections

1. **Annual Elections:** Each director should be elected annually. Directors should not be elected by classes, or to "staggered" terms.
2. **Vote Standard for Director Elections:** Director nominees in uncontested elections should be elected by a majority of votes cast. In contested director elections, a plurality of votes should determine the election.

3. **Universal Proxy Card:** In the event of a contested director election, investors should have the right to select and vote for individual director nominees on a consolidated, or “universal,” proxy ballot, regardless of whether the director nominee is put forward by management or a dissident investor.
4. **Cumulative Voting:** LACERA supports cumulative voting in director elections, in compliance with California Government Code Section 6900.¹
5. **Proxy Access:** Long-term investors who have held a significant ownership interest for a reasonable amount of time should have the right to nominate alternative directors for consideration on a firm’s proxy, otherwise known as “proxy access.” Proxy access procedures should have sound safeguards in place to ensure an orderly nominating process and prevent proxy access from being used to effectuate a change in control.
6. **Ability to Remove Directors:** Investors should have the right to remove directors with or without cause, in order to allow investors to take action when a director is not serving investors’ best interests.

D. Board Roles and Responsibilities

1. **Governance Guidance:** The board should develop, adopt, disclose, and periodically review clearly defined governance guidelines that govern the board’s operations.
2. **Resources:** The board should have adequate resources and access to information to enable it to execute its responsibilities and duties. Directors should be provided information in advance of meetings. Directors should have full access to senior management and information concerning the firm’s operations. Directors should be familiar with a firm’s operations independent of the chief executive officer and senior management. Directors should have the authority and adequate budget to hire outside experts, if necessary.
3. **Independent Proceedings:** Directors should work with the chief executive officer to establish board agendas. Independent directors should meet at least annually without management or non-independent directors’ participation.
4. **Board Communication and Engagement:** Firms should establish reasonable policies that permit effective communication between investors and directors regarding business strategy and corporate governance matters.
5. **Management Succession Planning:** The board should conduct a regular evaluation of the chief executive officer and plan for business continuity, including establishing and disclosing a succession plan for the chief executive officer and key senior executives.
6. **Board Self-Evaluation and Refreshment:** Boards should adopt and disclose a process for regular, rigorous, and earnest self-assessment and evaluation. The evaluation process should be conducted under the direction of independent directors and ensure candor, confidentiality, trust, and effective interaction

¹ Section 6900. Cumulative Voting. “Government Body.” Whenever any government body is a shareholder of any corporation, and a resolution is before the shareholders which will permit or authorize cumulative voting for directors, such government body shall vote its shares to permit or authorize cumulative voting. As used in this section, the term “government body” means the state, and any office, department, division, bureau, board, commission or agency thereof, and all counties, cities, districts, public authorities, public agencies and other political subdivisions or public corporations in the state.

among directors. Board self-evaluation should be tailored to meet the firm's and board's strategic objectives and requirements. In order to promote long-term planning aligned with business needs, the board's self-evaluation process should assess the board's size and operational effectiveness, identify emerging business risks and relevant skills gaps among its composition, and prudently anticipate and proactively plan for board vacancies and refreshment. It should appraise the alignment and adequacy of director education and development, as well as the delineation of management and board powers, while positioning the board to efficaciously exercise oversight in investors' interests.

7. **Charitable and Political Contributions:** Corporate charitable contributions may accrue direct and indirect benefits to a firm and its investors, including goodwill in communities in which it operates and favorable tax treatment. Charitable contributions should not be directed, eliminated, or otherwise restricted by investors.

The board should monitor, assess, and approve all charitable and political contributions (including trade association contributions) made by the firm. Political and charitable contributions should be consistent with the interests of the firm and its investors. The board should clearly define and approve the terms and conditions by which corporate assets may be provided to charitable and political activities, including developing and publicly disclosing guidelines for the approval of such contributions. The board should disclose on an annual basis the amounts and recipients of all monetary and non-monetary contributions made by the firm during the previous fiscal year, including any expenditures earmarked for political or charitable activities that were provided to or through a third party.

8. **Director Indemnification:** Directors may be provided reasonable and limited protections, including indemnification and limited personal liability for damages resulting from violating duty of care, where the director is found to have acted in good faith and in a manner the director believed to be in the best interests of the firm. Reasonable limitations may ensure the board is positioned to recruit qualified directors.

E. Board Performance and Effectiveness

1. **Performance Evaluation:** The board's performance, and that of individual directors, should be assessed within the context of the board's suitability for and track record of serving and protecting investors' interests. LACERA may withhold support or oppose individual directors, members of a board committee, or the entire board where the track record demonstrates directors' failure to serve investors' best interests. Director and board performance is evaluated in consideration of the following factors:

- 1.1. **Stewardship and Risk Oversight:** Directors should demonstrate a sound track record of stewardship and risk oversight, including avoiding any material failures of governance, risk oversight, or fiduciary responsibilities at the company. Risk is broadly understood to encompass financial, reputational, and operational risks relevant to a firm's ability to generate sustainable financial returns. Material risks may include, but are not limited to, internal controls related to legal compliance, cyber security, and data privacy, as well as broader risks addressed throughout these *Corporate Governance Principles*, such as risks associated with accounting practices, climate change, and human capital management.

1.2. Effective Oversight of Management: Directors should conduct effective oversight of management, including avoiding any failure to replace management as appropriate.

1.3. Attendance: Each director should attend at least 75 percent of scheduled board meetings each year, including attendance at assigned committees, absent a compelling, clearly disclosed justification.

1.4. Board Service: Directors' track records and performance on other boards may be considered in evaluating director nominees. In particular, a director's failure to effectively exercise oversight on other boards or any egregious actions that raise substantial doubt about the director's ability to fulfill a director's obligations and serve the best interests of investors may prompt opposition to the director's nomination.

1.5. Ethics: Directors should demonstrate the utmost integrity and be free of any criminal wrongdoing, breaches of fiduciary responsibilities, or questionable transactions with conflicts of interest.

1.6. Transparency in Reporting: Financial reports and material disclosures should be published in a satisfactorily diligent and timely manner.

1.7. Investor Responsiveness: Directors should demonstrate accountability and responsiveness to investors. Directors should not unilaterally amend a firm's governing documents in a manner that materially diminishes investor rights or otherwise adversely impacts investors without seeking investor approval. Directors should not adopt a poison pill or make a material change to an existing poison pill without submitting the plan for investor approval within the following 12 months. Directors should take reasonable steps to implement resolutions approved within the previous 12 months by a majority of investors, within the confines of legal and regulatory constraints. Directors should respond to tender offers where a majority of shares have been tendered. There should be no record of abuse against minority investor interests.

2. Committee Performance: Each committee should demonstrably fulfill its core duties and the specific responsibilities outlined in its committee charter. LACERA may oppose the committee chair or incumbent directors who have served on committees that have failed to perform their duties in investors' best interests. In cases where governance provisions, such as staggered board elections, impede LACERA from holding designated directors accountable, LACERA may oppose board leadership or other incumbent directors.

Audit Committee members should ensure that non-audit fees are not excessive, no adverse opinion has been rendered on the company's audited financial statements, and the firm has not entered into an inappropriate indemnification agreement that limits legal recourse against the external auditor.

Nominating and Governance Committee members should establish sound governance practices, reasonable and timely responsiveness to investors on governance concerns, and effective board nomination, evaluation, and refreshment practices.

Compensation Committee members should demonstrate a clear and proven track record of aligning executive pay with the firm's strategic objectives and

performance, refrain from permitting problematic pay practices, ensure clear disclosures of all key components of pay plan design and practices, and exhibit reasonable and timely responsiveness to investors.

- 3. Contested Director Elections:** In assessing director nominees in contested elections, LACERA may consider all relevant factors to identify and support the nominees best suited to enhance sustainable firm value and serve investors' economic interests. Consideration may be given to the long-term financial performance of the firm, its governance profile, and management's track record; nominees' proposed strategies for value creation; the qualifications and suitability of director nominees, including their alignment with LACERA's governance principles; and the dissidents' ownership stake and history of generating sustainable returns at other firms.

LACERA may support requests to reimburse dissident nominees for reasonable, incurred expenses when dissident nominees have presented a compelling case and support for their nomination is warranted.

II. Investor Rights and Capital Structure

Integrity and trust are the cornerstones of capital markets and essential for economic stability. Core investor rights ensure fair and equitable treatment of investors and help instill investor confidence, thereby facilitating capital formation and economic stability.

LACERA supports core rights and protections at portfolio companies and within financial market policies in order to safeguard its investments and foster a stable investment climate within the broader financial markets in which it invests. Financial rules and regulations should promote fair, orderly, and competitive markets and provide for investor protections. Investor rights extend to key decisions that may fundamentally impact or modify a firm's capital structure, such as share issuances, restructuring, and mergers and acquisitions.

A. Investor Rights

1. **Rights Proportionate to Economic Interest:** Investors should have voting rights proportionate to their economic interests. Multiclass ownership structures may entrench certain investors and management, insulating them from acting in the interests of all investors. LACERA therefore supports the principle of “one share, one vote.”
2. **Voting Requirements and Procedures:** Investors should have the right to act on fundamental corporate matters by a simple majority of votes cast. Fundamental matters may include, but are not limited to, amending a firm's governing documents (such as its charter or bylaws) and effecting corporate transactions, such as a merger or acquisition.
 - 2.1 **Simple Majority Voting:** Companies should not adopt supermajority voting requirements except when such provisions may protect outside or minority investors from unilateral action being taken by an entity (or entities) with controlling interest or significant insider ownership.
 - 2.2 **Voting Procedures:** Voting and tabulation of matters put before investors by proxy or otherwise should be guided by transparent procedures, consistent application of rules, and fairness for all eligible voters. Votes should be counted by an independent tabulator and kept confidential. Voting results should be promptly disclosed once tabulation has been finalized.
 - 2.3 **Bundled Voting:** Investors should be able to review and cast votes on unrelated matters as separate and distinct ballot items. Disparate matters should not be presented for investor consideration as a “bundled” voting item. LACERA may oppose bundled proposals that combine supportable voting items with matters that LACERA opposes.
 - 2.4 **Broker Non-Votes:** Uninstructed broker votes and abstentions should be counted for quorum purposes only.
3. **Annual Meetings**
 - 3.1 **Quorum Requirements:** Quorum requirements should promote that a broad range of investors are represented at meetings. Quorum requirements should not be unduly low, in either absolute terms or relative to the economic interest of a controlling investor or significant investor, in order to protect investors from unrepresentative action being conducted.

- 3.2 Technology:** Investors should have the right to attend an annual meeting of a firm in person. Any use of technology, such as audiocasts or webcasts, should expand and enhance, and not restrict or otherwise impede, investors' ability to participate in an annual meeting, and should afford opportunities for meeting participation equal to those afforded investors attending the meeting in person.
- 3.3 Resolutions:** Investors with a reasonable ownership interest in a firm should have the right to put forward a resolution for investors' consideration and vote at the firm's annual meeting.
- 3.4 Advance Notice Requirements:** Investors should be able to submit items for formal consideration at an annual meeting, such as proposals or director nominees, as close to the meeting date as reasonably possible and within the broadest timeframe possible, recognizing the need to allow sufficient notice for company, regulatory, and investor review.
- 3.5 Transaction of Other Business:** LACERA generally opposes requests for advance approval by proxy of undisclosed business items that may come before an investor meeting for consideration.
- 4. Special Meetings:** Investors should be able to call a special meeting to take action on certain matters that may occur between regularly scheduled annual meetings. The right to call a special meeting should require aggregating a minimum of 10 percent ownership interest and be subject to reasonable terms and conditions.
- 5. Action by Written Consent:** Investors should have the right to act by written consent on key governance matters under reasonable terms and conditions.
- 6. Access to Research:** Investors should have access to competitive, timely, and independent market, investment, and proxy research services of their choosing. Market regulation should support and not impede a competitive market of service providers.
- 7. Ownership Disclosure:** Significant ownership interests above 5 percent should be disclosed.
- 8. Incorporation:** A firm's country or state of incorporation may significantly impact the firm's financial health, competitive position, governance profile, and the legal rights afforded to investors, as defined by the jurisdiction of incorporation. When selecting a jurisdiction for incorporation (such as in relation to a merger or acquisition or a proposed reincorporation), firms should give due consideration to competitively positioning the firm for financial success while also ensuring sound governance practices and strong legal rights and protections for investors. LACERA may oppose proposals for reincorporation where the business and financial rationale for reincorporation do not outweigh the detrimental impact of a reincorporation on investor rights and governance provisions.
- 9. Litigation Rights:** Robust and viable litigation rights enable investors to protect firm value, deter misconduct, and seek recourse in the event of egregious corporate malfeasance or fraud. Corporations should not curtail or otherwise diminish investors' prospective legal recourse through governance provisions, such as exclusive forum designations for legal disputes, mandatory arbitration

clauses, or “fee-shifting” provisions by which an investor who unsuccessfully brings legal action must bear the entirety of the corporation’s legal costs.

B. Capital Structure

Finding the optimal mix of equity, long-term debt, and short-term financing is critical to driving economic returns. A firm’s capital structure should support the generation of long-term, sustainable returns. The board should determine and drive a firm’s capital structure, in coordination with senior management. Capital structure should coordinate and balance multiple factors, including the firm’s business profile, strategy, and opportunities for growth; access to and cost of capital; and capital distributions such as the firm’s dividend policy.

Investors should be able to vote on matters that may fundamentally modify or impact a firm’s capital structure, such as common share issuances, and mergers and acquisitions.

1. Share Issuances and Authorizations: Share issuances enable firms to raise funds for financing purposes.

1.1 Authorization of Common Shares Issuance: Requests to authorize capital or approve share issuances should specify the quantity of shares for which approval is sought. Requests should be evaluated upon careful consideration of the individual details and merits of each request and according to LACERA’s economic interests. Firms should present a compelling purpose for the share issuance, demonstrate a track record of responsibly using authorized shares in investors’ interests, and provide for rights and restrictions attached to proposed equity that are aligned with investors’ interests. In evaluating requests, the availability of preemptive rights and any risks of authorizing the share issuance, including the dilutive impact of the request, may also be considered. Capital authorization terms should not facilitate an anti-takeover device or otherwise adversely impact investors’ interests.

1.2 Preemptive Rights: Preemptive rights provide current investors the right to maintain a proportionate interest in a firm by exercising a right to purchase shares proportionate to what they already own in any new issuances of equity. Requests to create or abolish preemptive rights should consider the size of the firm, the characteristics of its investor base, and the liquidity of its equity to ensure that preemptive rights may be pragmatically exercised and do not impose an onerous restriction on capital raising.

1.3 Preferred Shares Authorization: Preferred shares, which provide distinct features such as fixed dividend payments or seniority of claims relative to common shares, may be supportable when the purpose of such issuance is in connection with a proposed transaction appearing on the same ballot that merits support. Otherwise, requests for authorization are evaluated in consideration of the request’s stated purpose, the firm’s past use of authorized preferred shares, and an assessment of the risk of authorizing the share issuance, including the dilutive impact of the request, and should not create or increase shares that carry superior voting rights to common shares. Any conversion rights should define reasonable conversion ratios and not result in excessive dilution of common shares.

1.4 Blank Check Preferred Shares: Firms generally should not create classes of shares providing the board with broad discretion to define

voting, conversion, dividend distribution, and other rights, absent a compelling rationale and clearly stated restrictions in line with investors' interests. The voting rights of unissued shares should be presented for investor approval and not be subject to board discretion.

1.5 Blank Check Preferred Share Placements: Investor approval should be required for the placement of preferred shares with any person or group for other than general corporate purposes to enable investor review of the business purpose, prospective impact on dilution and voting positions, and any adverse impact on existing investors.

1.6 Reverse Stock Split: Reverse stock splits, by which multiple shares are exchanged for a lesser amount to increase share price, generally should be accompanied by a proportionate reduction in authorized shares.

- 2. Debt Issuance and Borrowing Powers:** Debt issuances and restructuring, amendments to a firm's aggregate limit on the board's ability to borrow money, and other debt-related items should serve a compelling and clearly articulated business purpose, be in line with and supportive of generating sustainable and viable financial returns, and take into reasonable consideration any detrimental impact on existing investors. LACERA evaluates debt-related proposals upon careful consideration of the individual terms and merits of the request.
- 3. Capital Allocation and Income Distributions:** A firm should allocate capital, including distribution of income through dividends or share repurchases, in a disciplined and balanced manner that supports the generation of long-term value.

3.1 Allocation of Income: Firms should provide adequate justification when seeking investor approval for the allocation of income when the payout ratio appears unbalanced or unsustainable (either inordinately low, such as below 30 percent, or excessive, given the firm's financial position).

3.2 Stock (Scrip) Dividend Policy: Firms may provide investors the option to receive dividend payments in the form of common equity in lieu of cash. Such provisions enable a firm to retain cash and may strengthen the position and commitment of long-term investors. In all circumstances, firms should provide a cash option, absent a compelling justification that such an option may be harmful to investors.

3.3 Share Repurchase Programs: Open market share repurchase plans should enable investors to participate on equal terms and support balanced and disciplined capital allocation. Requests to authorize share repurchases should have a defined and limited duration, incorporate clear and reasonable terms and conditions, and generally not exceed 10 percent for market repurchases within any single authority, absent a compelling rationale in line with investors' interests and market practice.

- 4. Mergers, Acquisitions, and Other Corporate Restructuring:** Mergers and corporate restructuring (including spin-offs, leveraged buyouts, and reorganizations) have major financial implications for investors.

4.1 Evaluation: LACERA carefully examines all relevant facts and circumstances of each proposal to determine whether the proposal, in its entirety, is in LACERA's best interests. Assessment of each proposed transaction takes into account multiple factors. The valuation should be reasonable. Market reaction may be considered. The strategic rationale

and expected benefits should be sensible, with any projected synergies or financial impact reasonably achievable. Management should have a favorable track record of successful integration of acquisitions or business combinations. The negotiation and deal process should be fair and equitable. There should be no conflicts of interest, such as factors enabling insiders to disproportionately benefit from the proposed transaction. The resulting entity should observe sound corporate governance practices. The risks of not completing the transaction or corporate restructuring may be considered. Sufficient information should be provided to enable investors to make an informed decision.

4.2 Appraisal Rights: Investors should be afforded appraisal rights by which they may seek a judicial review of the terms of certain corporate transactions in order to determine fair market value.

5. Anti-Takeover Measures: Investors should be afforded the reasonable opportunity to deliberate and decide on the merits of takeover bids and acquisitions. Practices and provisions, including corporate bylaws, charters, laws, and statutes, that may impede or deter a corporate transaction that is otherwise in investors' interests, may take a variety of forms and generally should be submitted for investor review and approval.

5.1 Poison Pills: The board should not enact or amend a poison pill without investor approval. LACERA generally supports the redemption of existing poison pills, except in unique circumstances where a carefully designed, short-term plan may enable a firm to negotiate more favorable terms with a potential bidder. Such plans should require a minimum 20 percent ownership threshold to trigger, provide for limited and reasonable duration, exclude provisions by which only continuing directors may remove the pill, and otherwise provide adequate investor protections so that the plan will not unduly impede a bid that is otherwise in investors' interests.

5.2 Net Operating Loss (NOL) Protective Amendments: Protective amendments with the stated purpose of preserving a company's net operating losses for a tax benefit, such as under the terms of Section 382 of the Internal Revenue Code, should balance the anticipated benefit to investors of preserving the tax value and the risk of potential abuse of such provisions as an anti-takeover measure. Because NOL protective amendments may serve as a poison pill, the board should submit related items for investor review and approval. Such provisions should only be used under limited, clearly justified circumstances and include adequate protections, such as an appropriate ownership threshold and clearly defined and reasonable duration limits.

5.3 Greenmail: Greenmail, by which a firm repurchases shares of a potential acquirer at an above-market price to deter a takeover, should be prohibited.

5.4 Other Anti-Takeover Measures: LACERA generally opposes provisions that impose onerous restrictions or impediments on prospectively beneficial takeover bids, taking into account the specific terms and circumstances of such provisions to determine the provision's alignment with LACERA's economic interests. LACERA supports firms opting out of related anti-takeover laws and statutes, where legally permitted.

Fair price provisions that require an investor seeking to purchase control of a firm to pay a defined fair price should not impose onerous requirements that may deter a competitive bid from being considered by investors.

Firms should opt out of control share acquisition statutes that void the voting rights of an investor surpassing certain ownership thresholds; control share cash-out provisions requiring an investor above a specified ownership threshold to purchase shares from remaining investors at the highest acquiring price if remaining investors exercise their right to sell their shares; and freeze-out provisions requiring an investor who meets a defined ownership threshold to wait a specified period of time before gaining control of the firm.

Disgorgement provisions, by which an investor who acquires ownership interest above a specified threshold must pay the firm any profits realized from the sale of the firm's equity purchased within a defined time period prior to exceeding the defined ownership threshold, should be avoided.

Firms should not provide designated investors (such as the government of a related, formerly state-owned enterprise) "golden shares" that provide for exceptional veto power or voting rights regarding specific corporate proposals.

- 6. Related-Party Transactions:** Investors should have the right to approve significant related-party transactions. Investor approval helps to protect investors against self-dealing. Firms should provide clear information regarding such transactions — including all fees, a compelling rationale for the service or services provided, and the assessment of independent directors and an independent financial advisor of the transactions — in order to permit an informed assessment of prospective conflicts of interest.

III. Compensation and Incentives

Compensation and incentives should align the interests of senior executives and investors. Executive compensation and incentives serve a critical role in recruiting, motivating, and retaining talent. Pay plan design, structure, and goals should be fundamentally derived from and relevant to a firm's core business objectives and collectively promote sustainable value creation. Accordingly, pay and incentives should incentivize and reward executives for the achievement of outstanding performance, while encompassing prudent risk mitigation and taking care to avoid excessive risks that may be detrimental to the firm's long-term financial returns.

Boards should determine core components of executive pay design, including target pay levels and incentives. Boards oversee compensation paid to senior executives, award bonuses, and establish incentive plans that may include equity and performance-based grants and awards. The board may also review and approve supplemental compensation plans for firm employees, including employee equity and retirement plans.

Firms should provide investors with transparent, clear, and comprehensive disclosure of senior executives' total compensation package. This includes disclosure of salary, short and long-term incentive compensation, and all benefits and perquisites. Selected performance metrics and targets upon which compensation is contingent should be provided in a plain and clear format.

A. Advisory Vote on Executive Compensation

Executive compensation design and practices should be submitted for investor review and non-binding approval on an annual basis (also known as "say on pay"). Advisory votes should consider the firm's pay design and practices as a whole, taking into account the alignment of executive pay with long-term firm performance, the absence of significant problematic pay practices and excessive risk in targets and reward incentives, and the clarity of the firm's pay disclosures.

B. Compensation Plan Design

Executive compensation and practices should link pay to firm performance. Compensation should be commensurate with the firm's long-term performance, appropriately aligned with firms with which the firm competes for executive talent (such as industry peers and firms of comparable size and profile), and properly consider the firm's long-term outlook for generating sustainable returns.

- 1. Performance Criteria:** Incentive compensation should incorporate clearly defined, rigorous, and disclosed performance criteria upon which incentive pay is contingent. Performance metrics, targets, and hurdles should be consistent with and promote the firm's strategy for generating sustainable value, including key financial and operating objectives, and effective management of relevant business risks.
- 2. Peer Benchmarking:** Peer groups used to benchmark compensation should be clearly disclosed and relevant to the firm's business profile and size.
- 3. Compensation Consultants:** Compensation consultants providing strategy, design, and implementation services related to executive compensation to the board's compensation committees should be at the exclusive hire and service of the committee, unquestionably independent, and clearly disclosed.

- 4. Equity Ownership, Retention, and Holding Requirements:** Equity ownership among senior executives may strengthen the alignment of interests between executives and investors and promote prudent risk mitigation, and should be encouraged. Equity ownership guidelines providing that executives should maintain reasonable equity in the firm, requirements for executives to retain a meaningful portion of equity acquired through compensation plans, and equity grant holding requirements should strike an appropriate balance to promote equity ownership while avoiding overly restrictive or onerous provisions that may undermine talent motivation and retention to the detriment of investors' interests.
- 5. Prearranged Trading Plans:** Prearranged trading plans, as provided under Securities and Exchange Commission Rule 10b5-1, define parameters for executives' predetermined securities transactions in advance of an executive becoming aware of material non-public information regarding the firm's securities and are intended to mitigate the risks of insider trading. The adoption, amendment, or termination of prearranged trading plans for senior executives should be governed by the board, promptly disclosed, and provide for timely disclosure of transactions made pursuant to the plan's provisions.
- 6. Hedging and Speculative Transactions:** Senior executives should be prohibited from engaging in derivative or speculative transactions involving equity of the firm, including hedging, holding equity in a margin account, or pledging equity as collateral for a loan.
- 7. Internal Pay Disparity:** Executive compensation should be considered in the context of how a firm compensates its employees, including in relation to industry peers. Firms should disclose the ratio of the chief executive officer's total pay to that of the average firm employee.
- 8. Restrictions:** Executive pay should not be subject to arbitrary restrictions or limitations on the magnitude or form of compensation, such as linking executive pay to average employee compensation. Arbitrary limits and restrictions may undermine a firm's ability to attract and retain competent talent and create a competitive disadvantage for the firm.
- 9. Recoupment Policies:** Firms should adopt and disclose rigorous policies defining the terms and conditions by which incentive compensation may be recouped, in order to align pay with performance, promote accurate financial reporting, and deter misconduct. Robust clawback policies should enable the board to review and recoup senior executive incentive compensation in the event that compensation was calculated using inaccurate financial reports, or in the event of fraud or misconduct. Application of the recoupment policy should be reasonably disclosed.
- 10. Perquisites:** Firms should refrain from providing executives with extraordinary or excessive perquisites that are not linked to firm performance, incongruent with prevailing best practices, and unjustified to adequately attract and retain executive talent. Corporate assets should not be unduly expended on personal expenses that are unrelated to an executive's employment and that extend beyond those widely offered to a firm's employees. Firms should avoid, or otherwise adequately and cogently justify, paying an executive's personal income tax obligations (including excise tax gross-up's), personal use of corporate aircraft, and extensive personal and home security payments.

C. Equity Plans

Equity plans should motivate plan participants to focus on long-term firm value and returns, encourage equity ownership, and advance the principle of aligning employee interests with those of investors.

Firms should submit equity plans for investor approval. Equity plans should be reviewed taking into account plan features, impact on equity dilution, and prospects to align pay with performance.

1. **Performance-Based:** Equity plans should define robust and appropriate performance requirements by which equity may be granted that are aligned with and justifiable by the firm's business strategy and strategic objectives. Such provisions may include terms and performance criteria permitting a plan to qualify for favorable tax treatment.
2. **Track Record:** The firm should demonstrate a history of responsibly linking equity awards to performance and avoiding grants of excessive awards.
3. **Impact:** The total cost and potential dilution of the plan should be reasonable.
4. **Repricing:** Equity granted under the terms of the plan, such as share options and stock appreciation rights, should not be repriced without investor approval, as repricing may sever the link between pay and performance. Requests to reprice underwater options should clearly define and compellingly justify the rationale and intent, timing, defined participants, and terms, such as a value-for-value exchange, exercise price, and vesting requirements.

D. Employee Equity Programs

1. **Employee Stock Purchase Plans:** Employee stock purchase plans encourage firm employees to acquire an ownership stake in the firms for which they work by providing employees the right to purchase the firm's equity at a set price within a certain period of time. Employee stock purchase plans should define reasonable terms, such as designating exercise prices at no lower than 85 percent of fair market value, fixing a justifiable offering period, and limiting voting power dilution to less than 10 percent.
2. **Employee Stock Ownership Plans:** Employee stock ownership plans (ESOPs) enable employees to accumulate firm equity. ESOPs should balance encouraging employee equity ownership while avoiding harm to existing investors. Shares allocated to ESOPs should not be excessive (generally no more than 5 percent of outstanding shares).

E. Severance and Retirement Arrangements

Severance payments to executives in the event of an employment termination, separation, or change in firm control should be justifiable by the executive's performance, serve the long-term interests of the firm and its investors, and not be excessive.

1. **Golden Parachutes:** Firms should submit for investor approval arrangements to provide executives with extraordinary severance payments in certain circumstances, such as a change in firm control. Extraordinary payments may be assessed in relation to market and peer practice and should not exceed payments greater than three times base salary and bonus. Severance payments should not be so attractive as to influence merger agreements that may not be in

the best interests of investors and should have triggering mechanisms beyond the control of senior executives. Any payments in the event of a change in control should be “double triggered,” i.e., contingent upon both an actual change in control and an employment separation related to the change-in-control event. Unvested equity should not accelerate upon the change in control. Payments should not trigger, and firms should not commit to paying, executives’ excise taxes (“gross ups”). A change in control should not be contingent upon investor approval of executives’ severance payments.

2. **Supplemental Executive Retirement Plans:** Retirement plans that provide extraordinary retirement benefits exclusive to executives should be presented for investor approval and avoid excessive payouts, such as excluding all incentive or bonus pay from covered compensation calculations.
3. **Golden Coffins:** Firms should refrain from providing extraordinary compensation upon an executive’s death. Firms should submit for investor approval agreements and policies that oblige the firm to make payments or awards following the death of a senior executive, including unearned salary or bonuses, accelerated vesting or continuation in force of unvested equity grants, and other extraordinary payments or awards.

F. Director Compensation

Firms should disclose the philosophy and process used for determining compensation paid to directors serving on the board and the value of all elements of director compensation.

1. **Structure and Design of Director Compensation:** Directors may be compensated in both cash and equity. Fees and compensation paid to directors should be appropriate relevant to market norms, the firm’s industry, and its financial performance. Equity should not constitute the entirety of director compensation, as this may undermine directors’ incentive to monitor and exercise oversight of long-term risks to firm value.
2. **Equity Ownership:** Equity ownership by directors promotes the alignment of directors’ interests with those of investors. Firms should adopt and disclose equity ownership guidelines to encourage directors to acquire and hold a meaningful amount of equity in the firm. Equity ownership should not, however, be a qualification for board service, as such restrictions may impede otherwise highly qualified individuals from serving as directors.
3. **Retirement Benefits:** Retirement benefits for director service are improper, as such benefits may impede objectivity and sever the alignment of interest between directors and investors.

IV. Performance Reporting

Financial markets work most efficiently when investors have timely, reliable, and comparable information about material aspects of a firm's performance. Transparency of a firm's key financial and operating performance is critical for investors to assess the firm's financial viability and prospects. Independent verification of a firm's financial disclosures promotes investor confidence.

LACERA supports clear and comprehensive disclosure of relevant financial and operating performance indicators (including environmental, social, and governance matters) that may provide valuable information for investors to assess a firm's prospects for delivering sustainable value.

A. Financial Reports

Financial statements and auditor reports are essential in evaluating a firm's performance. Financial reports should present clear, reliable, and comprehensive data and information. A firm's overall performance reporting framework should conform with, and place primary prominence on, established accounting standards. Additional reporting measures that do not adhere to generally accepted accounting principles (either GAAP or International Financial Reporting Standards/IFRS, depending on the reporting market) should be clearly explained and justified, and should supplement, as opposed to replace or otherwise obfuscate, performance reporting that is consistent with established accounting standards.

When presenting financial reports for investor review, there should be no unresolved concerns about the accounts presented or audit procedures, inadequate disclosures, or unresponsiveness regarding investor or regulatory questions on specific items.

B. Fiscal Term

Firms should define an appropriate fiscal term. The fiscal term should not be altered for the purpose of postponing an annual meeting.

C. Auditors

Firms should ensure independent, high-quality, and timely provision of audited financial statements by a clearly disclosed external auditing firm.

1. **Ratification:** Auditors should be clearly disclosed and presented to investors for ratification. LACERA takes into consideration the following factors when evaluating auditor ratification:
 - 1.1. **Independence:** The external auditor should be objective and free of conflicts of interest in providing auditing services. Accordingly, non-audit fees paid to an external auditor should not be excessive. Specifically, non-audit fees should not exceed the total of audit and audit-related (such as permissible tax) fees, and the auditing firm should have no financial interest or association with the company.
 - 1.2. **Quality:** There should be no question as to the accuracy of the external auditor's opinion, the financial report's indication of the company's financial position, and the accurate application of established accounting standards. There should be no aggressive accounting practices or significant audit-related issues at the company, such as a history of restated financial results or material weaknesses in internal controls.
 - 1.3. **Timeliness:** There should be no unjustified delays in the publication of audited financial statements.
2. **Rotation:** Requests to rotate auditors should be evaluated in consideration of the audit firm's tenure, any proposed length of rotation, the presence of significant audit-related issues at the company, the extent to which the company periodically assesses audit

pricing and quality, and the robustness of the audit committee's functions, such as the presence of financial experts and how often the committee meets.

- 3. Indemnification:** To avoid any impairment of the external auditor's objectivity and independence, companies should not enter into engagement letters that indemnify or otherwise limit the external auditor's liability.

V. Environmental and Social Factors

Environmental and social factors — such as management of human capital, access to natural resources, and environmental risks — may shape and impact a firm's ability to generate and sustain value. Firms should identify and prudently manage social and environmental factors relevant to the firm's business strategy, industry, and geographic markets. Social and environmental factors may present opportunities to drive value or risks to a firm's strategic objectives.

Firms should ensure diligent board oversight and provide reasonable disclosures of relevant environmental and social factors and how they are managed. Reporting enables investors to make informed investment decisions when evaluating companies and the long-term viability and sustainability of their business practices.

In addition to identifying, evaluating, and mitigating the risks presented by social and environmental factors, firms should carefully consider the impact of their business activities. Promotion, adoption, and effective implementation of guidelines for the responsible conduct of business and business relationships are consistent with the fiduciary responsibility of protecting long-term investment interests.

A. Social Factors

- 1. Human Capital Management:** Effective management of human capital — including the development, incentives, and retention of the firm's workforce — is key to accomplishing a firm's strategic objectives. Companies should identify, ensure board oversight, and disclose information about significant human capital value drivers that are related to the firm's ability to create and protect firm value. Central to effective human capital management is the assurance of equal employment opportunity, including non-bias in compensation and employment terms, and a workplace free of harassment in all forms.
- 2. Human Rights Risk:** Firms should mitigate the risks of human rights abuses in global operations and supply chains by adopting robust human rights policies and ensuring effective internal controls to monitor compliance with stated human rights standards.

B. Environmental Factors

- 1. Natural Resource Stewardship:** Firms should give consideration to efficient, sustainable use and stewardship of natural resources, such as energy and water, to enhance operational efficiency and safeguard firm value from the risks of resource scarcity.
- 2. Environmental Risk:** Firms should ensure reasonable oversight mechanisms and mitigation of environmental risks, such as hazardous waste disposal and pollution, to mitigate prospective legal, regulatory, and operational risks to firm value.
- 3. Climate Risk:** Climate change may present financial, operational, and regulatory risks to a firm's ability to generate sustainable value, as well as to the broader economy. Firms should assess and disclose material climate-related risks and sufficient, non-proprietary information to enable investors to prudently and adequately evaluate the prospective impact of climate risk on firm value.

Responsibilities and Delegations

A. The Board of Investments:

- (i.) Approves and promulgates policies addressing environmental, social, and governance issues, such as corporate governance and proxy voting matters and including but not limited to the *Corporate Governance and Stewardship Principles*, as recommended by the Corporate Governance Committee of the Board.
- (ii.) Receives periodic reports concerning the program's progress and priorities from the Corporate Governance Committee.
- (iii.) Approves LACERA representatives for nomination to governing bodies of the corporate governance associations to which LACERA is affiliated, as recommended by the Corporate Governance Committee.
- (iv.) Approves procedures to comply with legislated or other mandated divestment or investment exclusions, such as LACERA's *Procedures for Evaluating ESG-Related Divestments* (Appendix A), as developed and recommended by the Corporate Governance Committee.

B. The Corporate Governance Committee of the Board of Investments:

- (i.) Recommends the *Corporate Governance and Stewardship Principles* and other items concerning environmental, social, and governance matters to the Board of Investments for consideration and approval.
- (ii.) Exercises oversight and monitoring of the corporate governance program, including reviewing program priorities and progress.
- (iii.) Reviews reports regarding proxy voting results and trends and develops recommendations for Board approval for any policy recommendations, as appropriate.
- (iv.) Reviews and ensures alignment of strategic initiatives with the *Corporate Governance and Stewardship Principles*.
- (v.) Provides periodic reports on the program to the Board of Investments.
- (vi.) Delegates authority to the Committee Chair to determine LACERA's action on time-sensitive, investment- or financial market-related legislative or regulatory matters that are not adequately addressed in the *Corporate Governance Principles* or joint investor engagements affiliated with investor associations to which LACERA has formally affiliated.
- (vii.) Recommends for Board of Investment approval, LACERA representatives for nomination to governing bodies of the corporate governance associations to which LACERA is affiliated. In event the Committee is not scheduled to meet or lacks adequate time to recommend a nomination to the Board prior to a formal deadline, the Committee delegates authority to the Committee Chair to recommend consideration of the nomination by the Board.
- (viii.) Recommends for Board of Investment approval, time-permitting, LACERA's votes in support or opposition of candidates listed on a formal member ballot and nominated to a governing board of an investor association to which LACERA has formally affiliated. In event the Committee is not scheduled to meet or lacks adequate time to agendize under the Brown Act an informed recommendation to the Board for vote determinations prior to

a formal deadline, the Committee delegates authority to the Committee Chair to recommend consideration by the Board, time-permitting, of the votes in support or opposition of board candidates. In time-sensitive circumstances where vote deadlines do not permit such vote considerations by the Committee or the Board, the Committee delegates authority to the Committee Chair to consult with staff per Section V(C)(vi.) below on votes.

C. Staff

- (i.) Develops and recommends *Corporate Governance and Stewardship Principles* and related policies for review and consideration by the Corporate Governance Committee.
- (ii.) Executes proxy votes in adherence to the *Corporate Governance and Stewardship Principles*. Staff consults with and seeks the input of the Chief Investment Officer and Chief Counsel, when applicable, to apply the *Corporate Governance and Stewardship Principles*, and the spirit thereof, to unique or new proxy voting items in their best judgment and interpretation of the *Corporate Governance and Stewardship Principles*. Staff recalls shares of loaned securities when doing so is in LACERA's economic interests, such as at portfolio companies where LACERA has sponsored a shareowner proposal.
- (iii.) Communicates and represents the *Corporate Governance and Stewardship Principles* in dialogues and communication with portfolio companies, external asset managers and investment partners, other investors and stakeholders, related conferences, and other interested parties.
- (iv.) Presents any strategic plans for engagement to the Corporate Governance Committee, per the Committee's review and oversight, to promote alignment with Board-approved *Corporate Governance and Stewardship Principles*. In the event of time-sensitive strategic initiatives, staff consults with the Chair of the Committee, who determines action or recommends consideration of the matter by the Committee or Board, time-permitting.
- (v.) Represents the *Corporate Governance and Stewardship Principles* in written communication to legislators and regulatory agencies, in consultation with the Chief Executive Officer, Chief Investment Officer, and Chief Counsel. Staff may participate in joint investor written communications that are organized as part of formal investor associations to which LACERA has formally affiliated. In event that a time-sensitive, investment- or financial market policy-related legislative or regulatory matter arises that is not adequately considered by the *Corporate Governance and Stewardship Principles* or being addressed by an investor association to which LACERA is affiliated, staff consults with the Chair of the Committee, who determines whether to approve action or recommend consideration of the matter by the Board, time-permitting.
- (vi.) Represents LACERA and its *Corporate Governance and Stewardship Principles* at investor associations, including managing membership surveys, business meeting votes (other than selecting which candidates to a governing board to support or oppose), and other operational interactions, in adherence to the *Corporate Governance and Stewardship Principles* and the spirit thereof, in its best judgment and interpretation. In event that a time-sensitive vote arises on a unique item or an issue that is not adequately considered by the *Corporate Governance and Stewardship Principles*, as well as for governance-related investor associations' formal business meeting ballot items pertaining to support or opposition of candidates to a governing board, and time constraints prohibit such items from being presented to the Committee or Board for consideration, staff may determine a vote in consultation with the Chair of the Committee.

Policy Review and Reaffirmation

LACERA reviews and reaffirms this Policy at least every three years in order to ensure its alignment with LACERA's mission and objectives and in light of evolving market practices on corporate governance; environmental, social, and governance ("ESG"); and responsible investment matters.

APPENDIX A: Guidelines Procedures for Evaluating Prospective ESG-Related Divestments

As stated in LACERA's *Investment Beliefs*, "LACERA operates in a global financial marketplace, and as such, LACERA believes that in order to diversify its risk broadly, it is vital that LACERA possess a global perspective. Diversification across different risk factors is necessary for risk reduction."

As a diversified, global investor, LACERA may periodically review its public markets investment exposures to certain issues arising from environmental, social, or governance concerns. It is generally the preference of LACERA, in order to promote diversification and minimize risk, to engage rather than divest investment holdings concerning risks to long-term value. However, in order to address prospective divestment issues and identify LACERA's exposure to exogenous risks related to environmental, social, or governance issues and not addressed elsewhere in the *Investment Policy Statement*, the following formal process has been adopted:

1. The issue will be directed to Committee for further direction to Staff.
2. If the Committee decides to review the issue, Staff will assess the potential economic and reputational impact of the issue on LACERA.
 - a. Does the issue violate LACERA's *Corporate Governance and Stewardship Principles*?
 - b. Determine criteria for identification of investment(s).
 - c. Preliminary identification of the investment.
 - d. Preliminary estimate on size of the investment.
 - e. Seriousness of the issue/violation and whether it impacts the economics of the investment(s).
 - f. Consultation with LACERA's Chief Executive Officer, Chief Investment Officer, and legal counsel.
3. Staff will report its findings on the potential economic and reputational impact of the issue on LACERA to the Committee.
4. The Committee may forward the issue and potential economic and reputational impact on LACERA to the Board of Investments (Board) for further direction.
5. If the Board directs staff to continue the analysis, staff will calculate the anticipated resources involved in analyzing the issue including, but not limited to:
 - a. Estimate of staff hours required for research and analysis.
 - b. Estimate of the resource impact on current staff initiatives and projects (for example the delay in an RFP search).
 - c. Estimate of cost to obtain information (e.g.: company list) from external service provider.
6. Staff will report back to the Committee with its resource requirements analysis.
7. Committee may make recommendation to the Board to pursue additional analysis.
8. Upon receiving direction from the Board, Staff will contract with external data provider to identify investment(s) impacted by the issue.
9. Staff will identify investment exposures within the separate accounts of the public markets asset classes (equities, fixed income and commodities).
10. Staff will contact external investment managers to solicit feedback from portfolio managers on reasoning for the investment and potential return and risk trade-off of economic substitution.
11. Staff will present findings to the Board and any recommendation(s) as necessary. If further action is warranted, such as engagement with companies, staff's report to the Board will include the following:

- a. An estimate of additional staff hours needed to execute engagement.
 - b. An estimate of the impact of diverting resources from current staff initiatives and projects (for example the delay in an RFP search).
 - c. Cost of retaining external resources (3rd party consultant) to assist in the engagement process.
 - d. Feedback from portfolio managers on their investment in the company.
 - e. Discussion of criteria and terms for company engagement.
12. If further action, such as engagement, is recommended and approved by the Board, staff will seek to engage with companies on the issue. Letters will be written to the company's executive management and their boards requesting responses within 60 days.
13. If company response is determined to be insufficient, staff will assess the need to place the company on an economic substitution list² and present recommendation(s) to the Board for approval. Included in the recommendation(s) will be the following:
- a. Updated company exposure within separate accounts of public markets asset classes.
 - b. Annual cost to procure company list.
 - c. Criteria by which company will be removed from the economic substitution list.
14. Staff will continuously monitor company status relative to criteria for removal from the economic substitution list. Once criteria have been met, staff will recommend removal of the company to the Board.
15. Staff will provide an economic substitution list update to the Board annually which will include the following:
- a. All companies currently on the list.
 - b. Issue for which the company was placed on the list.
 - c. Investment exposure within separate accounts of public markets asset classes.
 - d. Current status of mitigating factors.

² Companies on the list will be covered by the following investment guideline policy language: "Investment managers should refrain from purchasing securities on the economic substitution list when the same investment goals concerning risk, return, and diversification can be achieved through the purchase of another security."

Document History

Consolidated and restated October 14, 2020
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Revised May 26, 2004
Revised August 13, 2003
Revised June 11, 2003
Original adopted March 12, 2003

January 20, 2021

TO: Trustees – Corporate Governance Committee

FROM: Scott Zdrazil 
Senior Investment Officer

Dale Johnson 
Investment Officer

FOR: February 10, 2021 Corporate Governance Committee Meeting

SUBJECT: ***Corporate Governance and Stewardship Principles Review***

RECOMMENDATION

Advance for Board of Investments approval a revised *Corporate Governance and Stewardship Principles* policy.

BACKGROUND

LACERA's [Corporate Governance and Stewardship Principles](#) (“Principles”) articulate fundamental principles related to common corporate governance topics to guide LACERA’s proxy voting, corporate engagement, and broader investment stewardship practices. The Corporate Governance Committee generally reviews the Principles in advance of the proxy voting season each year when most shareholder meetings occur, typically from March to June.

Staff considers that the Principles remain robust and are positioned to serve LACERA’s purposes to vote the upcoming proxy season. Staff is recommending a modification in the Principles’ board diversity language to strengthen LACERA’s position to hold boards accountable when there is clear evidence that the board lacks a credible track record of nominating slates of directors that are inclusive of diversity across the multiple dimensions defined in the Principles.

Supported by empirical evidence,¹ LACERA’s current Principles take a broad view of board diversity. The Principles call on boards to nominate directors with the requisite skills, attributes, and qualifications that best contribute to setting and overseeing business strategy, inclusive of nominees with diverse genders, racial/ethnic backgrounds, and the LGBTQ community.

¹ Research includes but is not limited to: McKinsey & Co. May 2020. “Diversity Wins: How Inclusion Matters.” <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters>; Karsten Strauss. January 25, 2018. “More Evidence That Company Diversity Leads to Better Profits.” Forbes. <https://www.forbes.com/sites/karstenstrauss/2018/01/25/more-evidence-that-company-diversity-leads-to-better-profits/?sh=69c2609c1bc7>; McKinsey & Co. April 2017. “Is there a payoff from top-team diversity.” <https://www.mckinsey.com/business-functions/organization/our-insights/is-there-a-payoff-from-top-team-diversity>

The Principles state that LACERA expects to see a “credible track record, *including, but not limited to, gender diversity*” (emphasis added). Staff’s recommended language would refine the language to the redline noted below (also available in redlined version in the **Attachment**):

Board Quality and Composition

- 1. Composition:** The board should be composed of highly talented individuals who are best positioned to oversee the company’s strategy for creating and sustaining value. Boards should ~~give consideration to~~ ensuring that directors collectively possess a diverse set of relevant skills, competencies, and attributes to exercise oversight on investors’ behalf, including expertise, geographic familiarity, and professional backgrounds relevant to the company’s strategic objectives. The board should strive for a suitable mix of tenures to ensure both institutional familiarity and fresh perspectives on the board, as a firm’s market environment and business strategies evolve.

The board should establish and disclose policies and processes for ensuring that it identifies and nominates suitable directors from a wide pool of candidates relevant to its business strategy, inclusive of, but not limited to, diverse gender, racial, and ethnic backgrounds, gender identities and sexual orientations. A diverse and inclusive board is better positioned to effectively deliberate and oversee business strategy in investors’ interests.

Firms should disclose how the board defines and reflects a relevant and diverse mix of skills and backgrounds in its composition. In assessing board composition, LACERA generally expects to see a compelling link between requisite skill sets and a firm’s corporate strategy and a credible track record of inclusivity, ~~consistent with the diverse attributes and backgrounds defined above including, but not limited to, gender diversity.~~

While the current language (“including, but not limited to, gender diversity”) does not exclude dimensions of diversity other than gender, the refined language is intended to more affirmatively state that LACERA looks to see a credible track record across the multiple dimensions stated in the preceding paragraphs of the Principles (as excerpted above), without being redundant and repeating them.

Rationale for Proposed Language Modification

Investors use corporate disclosures to inform proxy voting. Corporate board diversity disclosures are often limited to gender diversity. However, board diversity disclosures are expanding. The refined wording is intended to strengthen language by which LACERA may vote proxies against director nominees who fail to exhibit a credible track record of inclusivity, reflective of the multiple dimensions of diversity that are already articulated in LACERA’s Principles.

Based on the existing Principles and available disclosures—and as presented to the Committee for annual review of proxy voting results—LACERA voted during the past two years against certain corporate board nominees (such as Chairs of Nominating Committees) where boards fail to demonstrate a credible track record of gender inclusivity. For example, in FY2020, LACERA voted against certain directors at 921 companies globally, where companies lacked gender diversity. LACERA’s votes against directors based on lack of gender diversity represented 6% of total director votes (LACERA supported 65% of directors). To our knowledge, LACERA is the

only U.S. public plan with a practice of universally applying its Principles on board gender diversity to all global markets.

If approved by the Board of Investments, the language modification would have two effects. Application of the refined Principles language would be guided by where staff has access to credible and reliable information that indicates a board lacks such a track record:

(1.) Escalation of engagement initiative at companies where there is inadequate progress:

LACERA would vote against certain directors, such as the chair of the Nominating Committee, if LACERA has contacted the board to discuss board diversity as part of its collaborative initiative with other California funds and the company has not responded to requests for dialogue or discussions indicate insufficient progress is being made to improve recruitment policies and practices.

(2.) Consider Expanding Board Diversity Disclosures: Market practice is rapidly evolving—albeit from a very low base—to provide greater clarity and disclosures on dimensions of diversity beyond gender, particularly in the U.S market. Staff anticipates that the upcoming proxy season and coming year will see expanded disclosures and reporting on board diversity. As market disclosures improve, the new language would position LACERA to exercise votes, if and where there is adequate and reliable information, that a board does not have a credible track record of inclusion. The state of market disclosures is further described below.

The above approach would likely lead to only a modest impact on LACERA’s director support levels in the near-term, given sparse disclosures beyond gender explained below.

Evolving Market Board Diversity Practices and Disclosures

Recent years have seen a heightened focus on “board quality,” including encouraging boards to describe how the skills, qualifications, and attributes of directors are positioned to oversee strategy and risks, in investors’ interests. Companies have increasingly disclosed a summary “skills matrix,” which highlights key skills that each director brings to the board. The percentage of large U.S. companies (S&P 500 Index companies) disclosing skills matrices expanded from 16% to over 40% from 2017 to 2020.² A broader universe of companies, including some medium-sized firms, indicates a wider range of companies have also started disclosing director skills matrices, with about 30% of the Russell 1000 Index companies and about 17% of the Russell 3000 index, which includes small capitalization firms, disclosing skills matrices.³

Increased investor focus on director qualifications has also prompted increased disclosures of other director attributes, such as diversity. These disclosures vary in form, however. For example, some companies provide aggregated statistics, such as stating that a certain percentage of all directors are women, of diverse racial backgrounds, LGBTQ, and non-U.S. nationalities, without

² Glass, Lewis research analysis of S&P500 Index companies.

³ Glass Lewis research and analysis.

disaggregating what portion of directors represent which attributes. Very few companies clearly disclose individual attributes. Staff is monitoring emerging disclosure trends, such as:

- *Heightened focus on gender diversity has increased gender representation.* As of 2019, 46% of open U.S. director seats were filled by women, driving an increased rate of representation on corporate boards: 27% in the S&P 500 Index and 19% in the Russell 3000 Index.⁴ Gender remains commonly disclosed.

Table 1: Percentage of U.S. Board Seats Held By Women

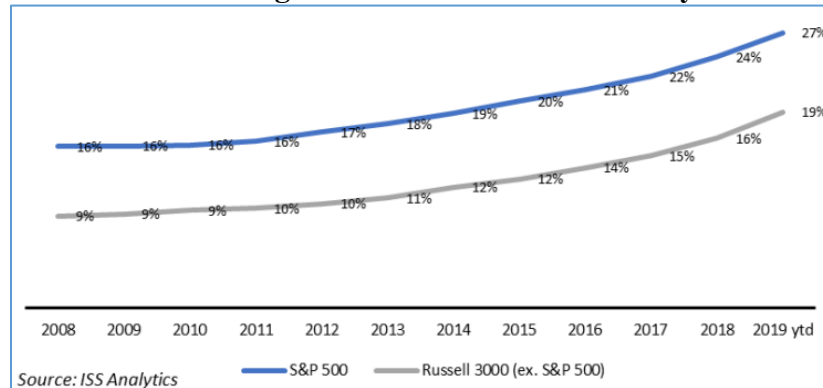
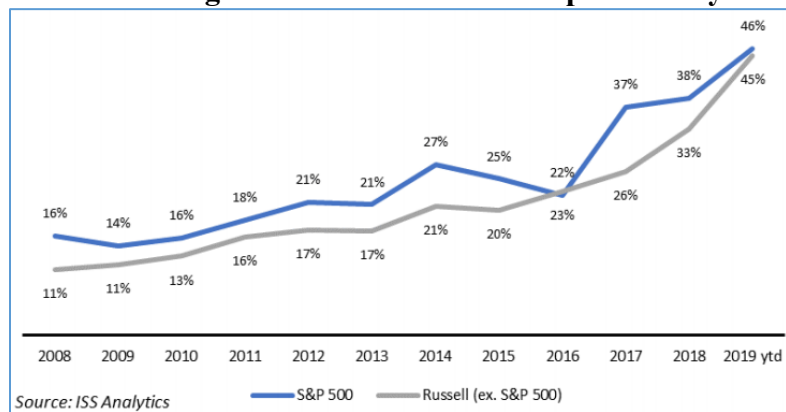


Table 2: Percentage of New U.S. Directorships Filled by Women



- *Race/ethnicity disclosure are expanding but vary in format and clarity.* Only 12% of S&P 500 Index companies disclosed individual directors’ race or ethnicity, as of 2019.⁵ Disclosures are expanding, with about 50% of large U.S. companies disclosing some level of information related to the gender and/or racial/ethnic backgrounds of directors in 2020.⁶ Disclosures are often aggregated with other attributes, however, that make it difficult to discern the extent of racial/ethnic diversity, separate from gender diversity, on the board.

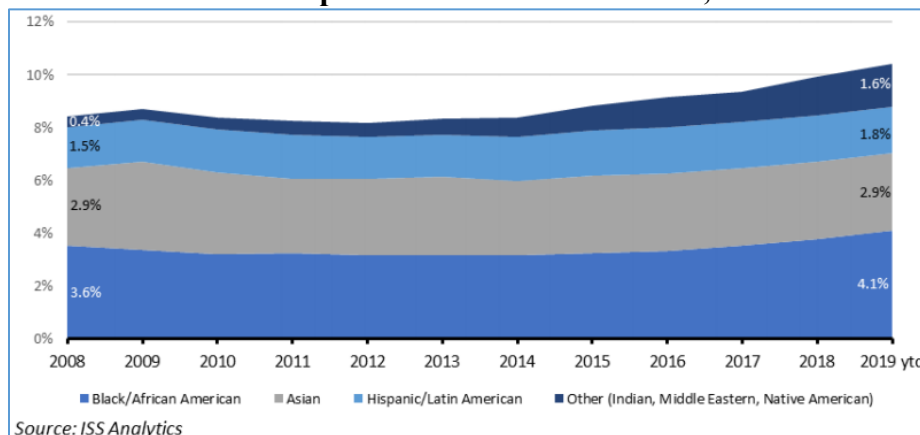
⁴ ISS. May 2019. “U.S. Board Diversity Trends in 2019.” https://www.issgovernance.com/file/publications/ISS_US-Board-Diversity_trends-2019.pdf.

⁵ The Conference Board. 2020. “Corporate Board Practices: In the Russell 3000 and S&P 500 / 2020 Edition.” Page 4. <https://www.conference-board.org/topics/board-practices-compensation/corporate-board-practices-2020-edition>

⁶ Glass Lewis research and analysis of S&P 500 Index companies.

Based on companies where race/ethnicity can be identified, ISS provides the following snapshot of U.S. corporate boards:

Table 3: Racial/Ethnic Representation on U.S. Boards, Where Identifiable



- *Few disclosures of LGBTQ representation on boards.* Only 24 out of 5000 directors of Fortune 500 companies (0.48%) are reportedly openly LGBTQ.⁷
- *Limited Disclosures Outside U.S.* Disclosures are typically even more limited outside of the U.S. market. Disclosures only provide race/ethnicity information for 7.5% of UK directors, for example.⁸ Some international markets, such as France, have civil rights provisions that limit data on ethnicity and race. Staff is monitoring developments in best practices, market disclosures, and data availability in non-U.S. markets. While gender can generally be discerned through disclosures and will continue to inform LACERA’s vote in all global markets, LACERA’s approach to voting on other dimensions would take into account local market practice and regulations, consistent with language in the Principles.⁹

Likely Expanding Board Diversity Disclosures

Investor focus on board diversity, coupled with legislative and regulatory measures, may enhance disclosures around board diversity going forward.

- **Investor engagement initiatives**, such as LACERA’s collaborative effort with other California public plans, encourages companies to provide clear disclosures of the diversity attributes of board nominees.

⁷ EgonZehnder. 2020. “2020 Global Board Diversity Tracker.” Page 19. <https://www.egonzehnder.com/global-board-diversity-tracker>

⁸ The Parker Review Committee. February 5, 2020. “Ethnic Diversity Enriching Business Leadership: An update report from The Parker Review.” Page 17. https://assets.ey.com/content/dam/ey-sites/ey-com/en_uk/news/2020/02/ey-parker-review-2020-report-final.pdf

⁹ See Principles, page 5: “LACERA also recognizes that the laws, regulations, and customs guiding corporate governance practices vary by market. LACERA seeks to apply its Corporate Governance and Stewardship Principles in a universal and consistent manner, while observing and taking into consideration — as applicable and appropriate — local laws, regulations, and customs.”

- **State-level legislative efforts** are likely to prompt further disclosure. California Assembly Bill AB979 requires California-based companies to disclose participation on their boards of underrepresented communities, defined as “an individual who self-identifies as Black, African American, Hispanic, Latino, Asian, Pacific Islander, Native American, Native Hawaiian, or Alaska Native, or who self-identifies as gay, lesbian, bisexual, or transgender.”¹⁰ Illinois, Maryland, Hawaii, New Jersey, New York, Michigan, and Washington State also have or are considering legislative efforts related to board diversity.¹¹
- **Possible federal regulation or legislation**, such as “The Improving Corporate Governance Through Diversity Act of 2019” passed by the U.S. House of Representatives in 2019, if enacted, would prompt more corporate disclosures in the U.S. market.¹²

LACERA Corporate Engagement on Board Diversity

LACERA has worked for several years to engage portfolio companies where there is a clear indication of a lack of board diversity. To date, over 100 directors of diverse backgrounds have been appointed to boards where LACERA—along with partner California funds—have engaged corporate directors. Moreover, many have revised board governance documents and recruitment strategies to consider diversity of gender, race/ethnicity, and the LGBTQ community.

In the current round of engagements, LACERA and partner funds have requested dialogues with 74 of the largest U.S. companies identified for lack of apparent racial or ethnic diversity and urged broad consideration of multiple dimensions of diversity (gender, race/ethnicity, LGBTQ). While engagement dialogues remain ongoing, to date, 18 companies have added 21 directors of diverse backgrounds, including 14 women of which 5 are Black/African American, 1 is Asian, and 1 is Latina. Seven men of color have been added, of which 4 are Black/African American, 1 is Latino, 1 is Asian, and 1 is non-white, based on available disclosures. No directors identified as LGBTQ have been appointed.

Based on recent dialogues, LACERA anticipates that more appointments will be announced as companies publish their director slates in upcoming 2021 proxy statements. However, some companies have not yet responded to the coalition’s request for a dialogue, and in other cases, dialogues indicate that targeted companies may not exhibit progress in the near-term.

¹⁰ Fenwick and West LLP. October 2020. “New Law Requires Diversity on Boards of California Companies.” Harvard Law School Forum on Corporate Governance. [New Law Requires Diversity on Boards of California-Based Companies \(harvard.edu\)](https://www.harvardlawforum.org/article/new-law-requires-diversity-on-boards-of-california-based-companies/2020-10-20).

¹¹ Jackson Lewis, PC. May 2020. “States Are Leading The Charge to Corporate Boards: Diversify.” Harvard Law School Forum on Corporate Governance. [States are Leading the Charge to Corporate Boards: Diversify! \(harvard.edu\)](https://www.harvardlawforum.org/article/states-are-leading-the-charge-to-corporate-boards-diversify/2020-05-20).

¹² Lori Tripoli. November 20, 2019. “House Passes Bill Requiring Disclosure of Diversity on Corporate Boards.” Compliance Week. [House passes bill requiring disclosure of diversity on corporate boards | Article | Compliance Week](https://www.complianceweek.com/news/house-passes-bill-requiring-disclosure-of-diversity-on-corporate-boards/)

Implications and Impact of the Proposed Language Refinement on Proxy Votes

Staff considers it important to maintain a credible voting record that relies upon good information and clear disclosures. If approved by the Committee and Board of Investments, staff would interpret and apply the Principles by accessing available and reliable information, as disclosures permit. Accordingly, LACERA would continue its record of voting against certain directors responsible for a lack of gender inclusivity in all global markets. LACERA would use its vote as a tool to encourage action at companies targeted in current engagements that have not been responsive to addressing a confirmed lack of inclusivity by race/ethnicity or the LGBTQ community. And going forward, the proposed language refinements would permit LACERA to use emerging disclosures on board diversity—where available and reliable—in voting decisions, consistent with the Principles view to assess whether boards exhibit a credible track record of inclusion in board nominations. In implementing the Principles, staff will continue to seek reliable sources of information.

Based on the approach outlined above—and given limitations of disclosures—staff anticipates the refined language, if approved, would impact less than 1% of director votes for the upcoming proxy season.

If approved, proxy voting results and trends will be presented to the Committee as part of its regular cycle of proxy voting review, which typically occurs in the fall of each year. The fall timeframe allows staff to execute votes during the proxy season, tally voting results and trends upon completion of the fiscal year and provide the Committee with data and insights on voting results.

Staff recommends approval of the refined language to further apply the spirit of LACERA's Principles to encourage boards to cast a wide net for qualified talent, inclusive of diverse backgrounds.

Attachment

Noted and Reviewed:



Jonathan Grabel
Chief Investment Officer

L//CERA



[DRAFT REDLINED VERSION FOR REVIEW]

**LOS ANGELES COUNTY
EMPLOYEES RETIREMENT
ASSOCIATION
LACERA**

**Corporate Governance and
Stewardship Principles**

[Date TBD]

Corporate Governance and Stewardship Principles

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About LACERA

The Los Angeles County Employees Retirement Association (“LACERA”) administers defined benefit retirement plans and other post-employment benefits for employees of Los Angeles County and certain other districts.

The Los Angeles County Board of Supervisors established LACERA in 1937 under the terms of California’s County Employees Retirement Law. LACERA is governed by the California Constitution (Article XVI, Section 17), the California County Employees Retirement Act of 1937, and the California Public Employees’ Pension Reform Act of 2013. Today, LACERA serves over 160,000 active and retired members.

LACERA’s mission is to “produce, protect, and provide the promised benefits.” LACERA aims to fulfill its mission through prudent investment and conservation of plan assets, in accordance with its the *Investment Beliefs* that frame its *Investment Policy Statement* and in consideration of actuarial analysis.

LACERA’s Board of Investments is responsible for establishing LACERA’s investment policy and objectives, as well as exercising oversight of the investment management of the fund.

LACERA Mission Statement:

***We Produce, Protect,
and Provide
the Promised Benefits***

Statement of Purpose

LACERA seeks to responsibly steward its investments in a manner that promotes and safeguards the economic interests of LACERA and its members, consistent with LACERA's mission to "produce, protect, and provide the promised benefits." LACERA believes that robust investor rights, strong corporate governance practices and policies at the firms in which it invests, and sound public policies governing financial markets help generate long-term economic performance. LACERA prudently exercises its rights as an investor to support corporate governance practices and financial market policies that promote sustainable, long-term value and enhance LACERA's ability to fulfill its mission.

The fundamental objective of LACERA's *Corporate Governance and Stewardship Principles* (the "Principles") is to safeguard and promote the economic interests of the trust. The *Principles* identify LACERA's core principles of corporate governance and the key stewardship strategies LACERA pursues to advance them. They are intended to further the *Investment Beliefs* that frame LACERA's *Investment Policy Statement* by articulating LACERA's view on sound governance and broader environmental, social, and governance (also known as "ESG") issues.

LACERA seeks to exercise the legal rights it has as an investor and to steward its assets by applying these *Principles*. The *Principles* guide LACERA's proxy votes, engagements with policymakers and portfolio companies, and collaboration with other institutional investors when it shares common objectives (such as actively participating in investor associations). The *Principles* help inform LACERA's investment process, including the evaluation and monitoring of portfolio investments, consistent with the rights and legal obligations of each asset. And *the Principles* outline the legal authority, roles, and responsibilities guiding LACERA's application of the *Principles* and initiatives.

In advocating practices in line with these *Corporate Governance and Stewardship Principles*, LACERA aims to maximize the long-term value of plan holdings.

Legal Authority

The LACERA Board of Investments has “the sole and exclusive fiduciary responsibility over the assets of” the system, as provided by the California Constitution (Article XVI, Section 17(a)). LACERA exercises its legal rights on corporate governance matters in furtherance of its fiduciary duty under Article XVI, Section 17 of the California Constitution, the County Employees Retirement Law of 1937 (CERL), and other governing laws, regulations, and case authority. The Board's fiduciary duty has two components:

- A. **Duty of Loyalty.** Under the duty of loyalty, Board members have the sole and exclusive responsibility to administer the system in a manner that will assure prompt delivery of benefits and related services to the participants and their beneficiaries. (Article XVI, Section 17(a).) Board members shall 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. (CERL Section 31595(a).) The Board's duty to participants and their beneficiaries shall take precedence over any other duty. (Article XVI, Section 17(b).)
- B. **Duty of Prudence.** Under the duty of prudence, 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. (Article XVI, Section 17(c); CERL Section 31595(b).) “[T]he 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.” (CERL Section 31595.) Further, the Board “[s]hall diversify the investments of the system so as to minimize risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so.” (CERL Section 31595(c).)

The fiduciary obligations of prudence and loyalty to plan participants and beneficiaries compel and guide LACERA's corporate governance activities and consideration of financially material environmental, social, and governance factors in its investment process. LACERA's fiduciary duties extend to, but are not limited to, prudently managing its proxy votes, vigilantly monitoring and diligently mitigating risks to the value of its investments, and judiciously determining action in order to assist in the effective administration of the fund and promote the interest of members and their beneficiaries.

Stewardship Strategies

LACERA's corporate governance and stewardship efforts may include the following strategies:

A. Proxy Voting

Proxy votes are plan assets, have value, and should be managed in a manner consistent with fiduciary duty and LACERA's interest in long-term value. LACERA exercises its voting rights for the exclusive benefit of LACERA's members and votes proxies in accordance with its *Corporate Governance and Stewardship Principles*.

LACERA seeks to vote all proxies for which it has proxy voting authority. LACERA coordinates with its custodian bank and investment service vendors to maximize its opportunities to responsibly cast proxy votes in line with its fiduciary duty, while recognizing that administrative requirements and practices in certain local markets may affect LACERA's ability to cast proxy votes, such as delayed notification of proxies subsequent to vote deadlines and required powers of attorney in subcustodial chains. At meetings that require share blocking, LACERA evaluates the economic value of casting a proxy vote compared to the risk of limiting trading in the designated security and may opt to refrain from voting in order to preserve LACERA's ability to act in its best economic interests.

LACERA participates in securities lending to earn incremental income, per LACERA's *Securities Lending Program Policy*. In securities lending, the legal rights accorded those shares, including proxy voting, are transferred to the borrower of the securities during the period that the securities are on loan. As a result, LACERA forfeits its right to vote proxies on loaned securities unless those shares have been recalled from the borrower no later than the share's record date.

B. Corporate Engagement

LACERA advocates its *Investment Beliefs, Corporate Governance and Stewardship Principles*, and mission through dialogue and engagement strategies with portfolio companies and external asset managers, which may include exercising legal rights associated with LACERA's investments, such as sponsoring shareowner resolutions.

C. Public Policy

LACERA represents its interests to policymakers, such as legislators, regulatory agencies, and standards-setting agencies, in line with its *Corporate Governance and Stewardship Principles*.

D. Investor Collaboration

LACERA collaborates with other public pension funds, asset owners and asset managers, both informally and formally through investor associations such as the Council of Institutional Investors, in order to enhance LACERA's ability to achieve its objectives and advance its *Corporate Governance and Stewardship Principles*.

Principles

The *Corporate Governance and Stewardship Principles* are organized into five sections. Each section addresses common corporate governance, proxy voting, and broader environmental, social, and governance (“ESG”) issues relevant to LACERA’s investment portfolio and investment partners. The five sections address issues pertaining to boards of directors, investor rights and capital structure, executive compensation and incentives, performance reporting, and environmental and social factors.

The *Corporate Governance and Stewardship Principles* are guided by five core concepts that collectively provide a framework by which LACERA aims to promote sustainable investment returns and responsible stewardship of fund assets:

Accountability: Governance structures and practices should be designed to promote accountability to the investors who provide the firm with capital. This extends to both board directors overseeing portfolio companies on investors’ behalf, and external managers entrusted with LACERA’s capital. Accountability helps to ensure that investments are managed in the best interests of investors.

Integrity: Integrity and trust are the cornerstone of financial markets and essential for economic stability. Core investor rights and protections are crucial to promoting integrity in financial markets.

Aligned Interests: Compensation and incentives should align the interests of the managers of capital and the investors who provide capital. This extends to senior executives at portfolio companies and external asset managers managing capital on LACERA’s behalf.

Transparency: Firms should provide investors with clear, comprehensive, and timely disclosures about fundamental elements of the firm’s business, financial activities, and performance.

Prudence: Firms should prudently identify, assess, and manage environmental and social factors that may impact the firm’s ability to generate sustainable economic value.

Fiduciary duty guides LACERA’s *Corporate Governance and Stewardship Principles*. LACERA recognizes that sound governance balances the rights of investors providing a firm with capital with the role and responsibility of portfolio company boards to direct and manage the firm.

LACERA recognizes that the application of the *Principles* may vary depending on the specific terms, constraints, and nature of LACERA’s investments in different asset classes. In public markets where LACERA retains voting authority to vote in line with these *Principles*, LACERA evaluates the financial impact of each issue presented on corporate proxies and votes proxies for the exclusive benefit of plan participants and beneficiaries in all instances. LACERA may oppose overly prescriptive or unduly burdensome measures proposed on corporate proxies, or resolutions that may otherwise restrict a firm’s board of directors from acting in the best economic interests of investors.

LACERA also recognizes that the laws, regulations, and customs guiding corporate governance practices vary by market. LACERA seeks to apply its *Corporate Governance and Stewardship Principles* in a universal and consistent manner, while observing and taking into consideration — as applicable and appropriate — local laws, regulations, and customs.

I. Directors

The board of directors drives the strategic direction and oversight of the firm and its management. LACERA relies upon the directors of portfolio companies to exercise effective oversight and ensure that the firm is managed in the best interests of investors. Directors should understand the firm's long-term business strategy as well as risks that may impact the firm's value, and demonstrate a record of sound stewardship and performance. LACERA advocates policies and practices that encourage directors to be accountable to investors. Accountability ensures that a firm's operations and reporting are managed in the best interests of investors.

A. Independent Oversight

1. **Board Independence:** At least two-thirds of the board should be composed of independent directors in order to oversee management on behalf of investors, promote accountability to investors, and avoid potential conflicts of interest.

An independent director is defined as someone who has no material affiliation to the company, its chief executive officer, chairperson, or other executive officers, other than the board seat.

Materiality is defined as any financial, personal, or other relationship that a reasonable person might conclude could potentially influence one's objectivity in a manner that would have a meaningful impact on the individual's ability to satisfy requisite fiduciary standards on behalf of investors. Directors may not be considered independent if they, or a family member, are or have been an employee of the company (or a subsidiary or affiliate thereof) in the last five years; have a 20 percent or greater economic interest in the company; are or have been part of an interlocking director relationship with the CEO; receive direct payments for professional services unrelated to their service as a director in excess of \$10,000 per year; or engage in any related party transaction in excess of \$10,000 per year.

2. **Board Leadership:** The board should be chaired by an independent director.
3. **Board Committees:** Each board should establish an audit committee, a nominating and governance committee, and a compensation committee, each composed exclusively of independent directors.

Deference generally should be afforded to boards in determining appropriate oversight structures, such as the establishment and role of additional board committees. LACERA may support proposals to appoint an additional board committee in limited circumstances where a firm's performance, oversight structures, and peer comparisons demonstrate that inadequate board consideration and focus has been accorded to a compelling issue related to firm value.

LACERA may oppose or withhold support from non-independent board nominees or key board leadership positions where the board or key committees lack adequate independence.

B. Board Quality and Composition

1. **Composition:** The board should be composed of highly talented individuals who are best positioned to oversee the company's strategy for creating and sustaining value. Boards should give consideration to ensuring that directors collectively possess a diverse set of relevant skills, competencies, and attributes to exercise oversight on investors' behalf, including expertise, geographic familiarity, and professional backgrounds relevant to the company's strategic objectives. The board should strive for a suitable mix of tenures to ensure both institutional familiarity and fresh perspectives on the board, as a firm's market environment and business strategies evolve.

The board should establish and disclose policies and processes for ensuring that it identifies and nominates suitable directors from a wide pool of candidates relevant to its business strategy, inclusive of, but not limited to, diverse gender, racial, and ethnic backgrounds, gender identities and sexual orientations. A diverse and inclusive board is better positioned to effectively deliberate and oversee business strategy in investors' interests.

Firms should disclose how the board defines and reflects a relevant and diverse mix of skills and backgrounds in its composition. In assessing board composition, LACERA generally expects to see a compelling link between requisite skill sets and a firm's corporate strategy and a credible track record of inclusivity, consistent with the diverse attributes and backgrounds defined above .

2. **Board Size:** The board should define and disclose in governance documents an appropriate size or range of directors that ensures the board is composed of adequately diverse viewpoints and experience to effectively oversee the firm's business strategy, while not being so large as to diminish the board's operational effectiveness. Modifications to governing documents defining board size and structure should be submitted for investor approval and not be proposed for the purpose of impeding a change in firm control.
3. **Excessive Commitments:** Directors should have adequate time to dedicate to their board service, fulfill their responsibilities, and represent investors' interests. Accordingly, directors should not serve on more than four public company boards. Currently serving chief executive officers should not serve on more than three public boards (including their own).
4. **Tenure and Age Restrictions:** LACERA does not support arbitrary restrictions on director qualifications, such as tenure limits or mandatory retirement ages. Such limitations may impede a firm from benefiting from the expertise of an otherwise highly qualified director.

C. Director Selection and Elections

1. **Annual Elections:** Each director should be elected annually. Directors should not be elected by classes, or to "staggered" terms.
2. **Vote Standard for Director Elections:** Director nominees in uncontested elections should be elected by a majority of votes cast. In contested director elections, a plurality of votes should determine the election.
3. **Universal Proxy Card:** In the event of a contested director election, investors should have the right to select and vote for individual director nominees on a

consolidated, or “universal,” proxy ballot, regardless of whether the director nominee is put forward by management or a dissident investor.

4. **Cumulative Voting:** LACERA supports cumulative voting in director elections, in compliance with California Government Code Section 6900.¹
5. **Proxy Access:** Long-term investors who have held a significant ownership interest for a reasonable amount of time should have the right to nominate alternative directors for consideration on a firm’s proxy, otherwise known as “proxy access.” Proxy access procedures should have sound safeguards in place to ensure an orderly nominating process and prevent proxy access from being used to effectuate a change in control.
6. **Ability to Remove Directors:** Investors should have the right to remove directors with or without cause, in order to allow investors to take action when a director is not serving investors’ best interests.

D. Board Roles and Responsibilities

1. **Governance Guidance:** The board should develop, adopt, disclose, and periodically review clearly defined governance guidelines that govern the board’s operations.
2. **Resources:** The board should have adequate resources and access to information to enable it to execute its responsibilities and duties. Directors should be provided information in advance of meetings. Directors should have full access to senior management and information concerning the firm’s operations. Directors should be familiar with a firm’s operations independent of the chief executive officer and senior management. Directors should have the authority and adequate budget to hire outside experts, if necessary.
3. **Independent Proceedings:** Directors should work with the chief executive officer to establish board agendas. Independent directors should meet at least annually without management or non-independent directors’ participation.
4. **Board Communication and Engagement:** Firms should establish reasonable policies that permit effective communication between investors and directors regarding business strategy and corporate governance matters.
5. **Management Succession Planning:** The board should conduct a regular evaluation of the chief executive officer and plan for business continuity, including establishing and disclosing a succession plan for the chief executive officer and key senior executives.
6. **Board Self-Evaluation and Refreshment:** Boards should adopt and disclose a process for regular, rigorous, and earnest self-assessment and evaluation. The evaluation process should be conducted under the direction of independent directors and ensure candor, confidentiality, trust, and effective interaction among directors. Board self-evaluation should be tailored to meet the firm’s and board’s strategic objectives and requirements. In order to promote long-term

¹ Section 6900. Cumulative Voting. “Government Body.” Whenever any government body is a shareholder of any corporation, and a resolution is before the shareholders which will permit or authorize cumulative voting for directors, such government body shall vote its shares to permit or authorize cumulative voting. As used in this section, the term “government body” means the state, and any office, department, division, bureau, board, commission or agency thereof, and all counties, cities, districts, public authorities, public agencies and other political subdivisions or public corporations in the state.

planning aligned with business needs, the board's self-evaluation process should assess the board's size and operational effectiveness, identify emerging business risks and relevant skills gaps among its composition, and prudently anticipate and proactively plan for board vacancies and refreshment. It should appraise the alignment and adequacy of director education and development, as well as the delineation of management and board powers, while positioning the board to efficaciously exercise oversight in investors' interests.

7. **Charitable and Political Contributions:** Corporate charitable contributions may accrue direct and indirect benefits to a firm and its investors, including goodwill in communities in which it operates and favorable tax treatment. Charitable contributions should not be directed, eliminated, or otherwise restricted by investors.

The board should monitor, assess, and approve all charitable and political contributions (including trade association contributions) made by the firm. Political and charitable contributions should be consistent with the interests of the firm and its investors. The board should clearly define and approve the terms and conditions by which corporate assets may be provided to charitable and political activities, including developing and publicly disclosing guidelines for the approval of such contributions. The board should disclose on an annual basis the amounts and recipients of all monetary and non-monetary contributions made by the firm during the previous fiscal year, including any expenditures earmarked for political or charitable activities that were provided to or through a third party.

8. **Director Indemnification:** Directors may be provided reasonable and limited protections, including indemnification and limited personal liability for damages resulting from violating duty of care, where the director is found to have acted in good faith and in a manner the director believed to be in the best interests of the firm. Reasonable limitations may ensure the board is positioned to recruit qualified directors.

E. Board Performance and Effectiveness

1. **Performance Evaluation:** The board's performance, and that of individual directors, should be assessed within the context of the board's suitability for and track record of serving and protecting investors' interests. LACERA may withhold support or oppose individual directors, members of a board committee, or the entire board where the track record demonstrates directors' failure to serve investors' best interests. Director and board performance is evaluated in consideration of the following factors:

- 1.1. **Stewardship and Risk Oversight:** Directors should demonstrate a sound track record of stewardship and risk oversight, including avoiding any material failures of governance, risk oversight, or fiduciary responsibilities at the company. Risk is broadly understood to encompass financial, reputational, and operational risks relevant to a firm's ability to generate sustainable financial returns. Material risks may include, but are not limited to, internal controls related to legal compliance, cyber security, and data privacy, as well as broader risks addressed throughout these *Corporate Governance Principles*, such as risks associated with accounting practices, climate change, and human capital management.

1.2. Effective Oversight of Management: Directors should conduct effective oversight of management, including avoiding any failure to replace management as appropriate.

1.3. Attendance: Each director should attend at least 75 percent of scheduled board meetings each year, including attendance at assigned committees, absent a compelling, clearly disclosed justification.

1.4. Board Service: Directors' track records and performance on other boards may be considered in evaluating director nominees. In particular, a director's failure to effectively exercise oversight on other boards or any egregious actions that raise substantial doubt about the director's ability to fulfill a director's obligations and serve the best interests of investors may prompt opposition to the director's nomination.

1.5. Ethics: Directors should demonstrate the utmost integrity and be free of any criminal wrongdoing, breaches of fiduciary responsibilities, or questionable transactions with conflicts of interest.

1.6. Transparency in Reporting: Financial reports and material disclosures should be published in a satisfactorily diligent and timely manner.

1.7. Investor Responsiveness: Directors should demonstrate accountability and responsiveness to investors. Directors should not unilaterally amend a firm's governing documents in a manner that materially diminishes investor rights or otherwise adversely impacts investors without seeking investor approval. Directors should not adopt a poison pill or make a material change to an existing poison pill without submitting the plan for investor approval within the following 12 months. Directors should take reasonable steps to implement resolutions approved within the previous 12 months by a majority of investors, within the confines of legal and regulatory constraints. Directors should respond to tender offers where a majority of shares have been tendered. There should be no record of abuse against minority investor interests.

2. Committee Performance: Each committee should demonstrably fulfill its core duties and the specific responsibilities outlined in its committee charter. LACERA may oppose the committee chair or incumbent directors who have served on committees that have failed to perform their duties in investors' best interests. In cases where governance provisions, such as staggered board elections, impede LACERA from holding designated directors accountable, LACERA may oppose board leadership or other incumbent directors.

Audit Committee members should ensure that non-audit fees are not excessive, no adverse opinion has been rendered on the company's audited financial statements, and the firm has not entered into an inappropriate indemnification agreement that limits legal recourse against the external auditor.

Nominating and Governance Committee members should establish sound governance practices, reasonable and timely responsiveness to investors on governance concerns, and effective board nomination, evaluation, and refreshment practices.

Compensation Committee members should demonstrate a clear and proven track record of aligning executive pay with the firm's strategic objectives and

performance, refrain from permitting problematic pay practices, ensure clear disclosures of all key components of pay plan design and practices, and exhibit reasonable and timely responsiveness to investors.

- 3. Contested Director Elections:** In assessing director nominees in contested elections, LACERA may consider all relevant factors to identify and support the nominees best suited to enhance sustainable firm value and serve investors' economic interests. Consideration may be given to the long-term financial performance of the firm, its governance profile, and management's track record; nominees' proposed strategies for value creation; the qualifications and suitability of director nominees, including their alignment with LACERA's governance principles; and the dissidents' ownership stake and history of generating sustainable returns at other firms.

LACERA may support requests to reimburse dissident nominees for reasonable, incurred expenses when dissident nominees have presented a compelling case and support for their nomination is warranted.

II. Investor Rights and Capital Structure

Integrity and trust are the cornerstones of capital markets and essential for economic stability. Core investor rights ensure fair and equitable treatment of investors and help instill investor confidence, thereby facilitating capital formation and economic stability.

LACERA supports core rights and protections at portfolio companies and within financial market policies in order to safeguard its investments and foster a stable investment climate within the broader financial markets in which it invests. Financial rules and regulations should promote fair, orderly, and competitive markets and provide for investor protections. Investor rights extend to key decisions that may fundamentally impact or modify a firm's capital structure, such as share issuances, restructuring, and mergers and acquisitions.

A. Investor Rights

1. **Rights Proportionate to Economic Interest:** Investors should have voting rights proportionate to their economic interests. Multiclass ownership structures may entrench certain investors and management, insulating them from acting in the interests of all investors. LACERA therefore supports the principle of “one share, one vote.”
2. **Voting Requirements and Procedures:** Investors should have the right to act on fundamental corporate matters by a simple majority of votes cast. Fundamental matters may include, but are not limited to, amending a firm's governing documents (such as its charter or bylaws) and effecting corporate transactions, such as a merger or acquisition.
 - 2.1 **Simple Majority Voting:** Companies should not adopt supermajority voting requirements except when such provisions may protect outside or minority investors from unilateral action being taken by an entity (or entities) with controlling interest or significant insider ownership.
 - 2.2 **Voting Procedures:** Voting and tabulation of matters put before investors by proxy or otherwise should be guided by transparent procedures, consistent application of rules, and fairness for all eligible voters. Votes should be counted by an independent tabulator and kept confidential. Voting results should be promptly disclosed once tabulation has been finalized.
 - 2.3 **Bundled Voting:** Investors should be able to review and cast votes on unrelated matters as separate and distinct ballot items. Disparate matters should not be presented for investor consideration as a “bundled” voting item. LACERA may oppose bundled proposals that combine supportable voting items with matters that LACERA opposes.
 - 2.4 **Broker Non-Votes:** Uninstructed broker votes and abstentions should be counted for quorum purposes only.
3. **Annual Meetings**
 - 3.1 **Quorum Requirements:** Quorum requirements should promote that a broad range of investors are represented at meetings. Quorum requirements should not be unduly low, in either absolute terms or relative to the economic interest of a controlling investor or significant investor, in order to protect investors from unrepresentative action being conducted.

- 3.2 Technology:** Investors should have the right to attend an annual meeting of a firm in person. Any use of technology, such as audiocasts or webcasts, should expand and enhance, and not restrict or otherwise impede, investors' ability to participate in an annual meeting, and should afford opportunities for meeting participation equal to those afforded investors attending the meeting in person.
- 3.3 Resolutions:** Investors with a reasonable ownership interest in a firm should have the right to put forward a resolution for investors' consideration and vote at the firm's annual meeting.
- 3.4 Advance Notice Requirements:** Investors should be able to submit items for formal consideration at an annual meeting, such as proposals or director nominees, as close to the meeting date as reasonably possible and within the broadest timeframe possible, recognizing the need to allow sufficient notice for company, regulatory, and investor review.
- 3.5 Transaction of Other Business:** LACERA generally opposes requests for advance approval by proxy of undisclosed business items that may come before an investor meeting for consideration.
- 4. Special Meetings:** Investors should be able to call a special meeting to take action on certain matters that may occur between regularly scheduled annual meetings. The right to call a special meeting should require aggregating a minimum of 10 percent ownership interest and be subject to reasonable terms and conditions.
- 5. Action by Written Consent:** Investors should have the right to act by written consent on key governance matters under reasonable terms and conditions.
- 6. Access to Research:** Investors should have access to competitive, timely, and independent market, investment, and proxy research services of their choosing. Market regulation should support and not impede a competitive market of service providers.
- 7. Ownership Disclosure:** Significant ownership interests above 5 percent should be disclosed.
- 8. Incorporation:** A firm's country or state of incorporation may significantly impact the firm's financial health, competitive position, governance profile, and the legal rights afforded to investors, as defined by the jurisdiction of incorporation. When selecting a jurisdiction for incorporation (such as in relation to a merger or acquisition or a proposed reincorporation), firms should give due consideration to competitively positioning the firm for financial success while also ensuring sound governance practices and strong legal rights and protections for investors. LACERA may oppose proposals for reincorporation where the business and financial rationale for reincorporation do not outweigh the detrimental impact of a reincorporation on investor rights and governance provisions.
- 9. Litigation Rights:** Robust and viable litigation rights enable investors to protect firm value, deter misconduct, and seek recourse in the event of egregious corporate malfeasance or fraud. Corporations should not curtail or otherwise diminish investors' prospective legal recourse through governance provisions, such as exclusive forum designations for legal disputes, mandatory arbitration

clauses, or “fee-shifting” provisions by which an investor who unsuccessfully brings legal action must bear the entirety of the corporation’s legal costs.

B. Capital Structure

Finding the optimal mix of equity, long-term debt, and short-term financing is critical to driving economic returns. A firm’s capital structure should support the generation of long-term, sustainable returns. The board should determine and drive a firm’s capital structure, in coordination with senior management. Capital structure should coordinate and balance multiple factors, including the firm’s business profile, strategy, and opportunities for growth; access to and cost of capital; and capital distributions such as the firm’s dividend policy.

Investors should be able to vote on matters that may fundamentally modify or impact a firm’s capital structure, such as common share issuances, and mergers and acquisitions.

1. Share Issuances and Authorizations: Share issuances enable firms to raise funds for financing purposes.

1.1 Authorization of Common Shares Issuance: Requests to authorize capital or approve share issuances should specify the quantity of shares for which approval is sought. Requests should be evaluated upon careful consideration of the individual details and merits of each request and according to LACERA’s economic interests. Firms should present a compelling purpose for the share issuance, demonstrate a track record of responsibly using authorized shares in investors’ interests, and provide for rights and restrictions attached to proposed equity that are aligned with investors’ interests. In evaluating requests, the availability of preemptive rights and any risks of authorizing the share issuance, including the dilutive impact of the request, may also be considered. Capital authorization terms should not facilitate an anti-takeover device or otherwise adversely impact investors’ interests.

1.2 Preemptive Rights: Preemptive rights provide current investors the right to maintain a proportionate interest in a firm by exercising a right to purchase shares proportionate to what they already own in any new issuances of equity. Requests to create or abolish preemptive rights should consider the size of the firm, the characteristics of its investor base, and the liquidity of its equity to ensure that preemptive rights may be pragmatically exercised and do not impose an onerous restriction on capital raising.

1.3 Preferred Shares Authorization: Preferred shares, which provide distinct features such as fixed dividend payments or seniority of claims relative to common shares, may be supportable when the purpose of such issuance is in connection with a proposed transaction appearing on the same ballot that merits support. Otherwise, requests for authorization are evaluated in consideration of the request’s stated purpose, the firm’s past use of authorized preferred shares, and an assessment of the risk of authorizing the share issuance, including the dilutive impact of the request, and should not create or increase shares that carry superior voting rights to common shares. Any conversion rights should define reasonable conversion ratios and not result in excessive dilution of common shares.

1.4 Blank Check Preferred Shares: Firms generally should not create classes of shares providing the board with broad discretion to define

voting, conversion, dividend distribution, and other rights, absent a compelling rationale and clearly stated restrictions in line with investors' interests. The voting rights of unissued shares should be presented for investor approval and not be subject to board discretion.

1.5 Blank Check Preferred Share Placements: Investor approval should be required for the placement of preferred shares with any person or group for other than general corporate purposes to enable investor review of the business purpose, prospective impact on dilution and voting positions, and any adverse impact on existing investors.

1.6 Reverse Stock Split: Reverse stock splits, by which multiple shares are exchanged for a lesser amount to increase share price, generally should be accompanied by a proportionate reduction in authorized shares.

- 2. Debt Issuance and Borrowing Powers:** Debt issuances and restructuring, amendments to a firm's aggregate limit on the board's ability to borrow money, and other debt-related items should serve a compelling and clearly articulated business purpose, be in line with and supportive of generating sustainable and viable financial returns, and take into reasonable consideration any detrimental impact on existing investors. LACERA evaluates debt-related proposals upon careful consideration of the individual terms and merits of the request.
- 3. Capital Allocation and Income Distributions:** A firm should allocate capital, including distribution of income through dividends or share repurchases, in a disciplined and balanced manner that supports the generation of long-term value.

3.1 Allocation of Income: Firms should provide adequate justification when seeking investor approval for the allocation of income when the payout ratio appears unbalanced or unsustainable (either inordinately low, such as below 30 percent, or excessive, given the firm's financial position).

3.2 Stock (Scrip) Dividend Policy: Firms may provide investors the option to receive dividend payments in the form of common equity in lieu of cash. Such provisions enable a firm to retain cash and may strengthen the position and commitment of long-term investors. In all circumstances, firms should provide a cash option, absent a compelling justification that such an option may be harmful to investors.

3.3 Share Repurchase Programs: Open market share repurchase plans should enable investors to participate on equal terms and support balanced and disciplined capital allocation. Requests to authorize share repurchases should have a defined and limited duration, incorporate clear and reasonable terms and conditions, and generally not exceed 10 percent for market repurchases within any single authority, absent a compelling rationale in line with investors' interests and market practice.

- 4. Mergers, Acquisitions, and Other Corporate Restructuring:** Mergers and corporate restructuring (including spin-offs, leveraged buyouts, and reorganizations) have major financial implications for investors.

4.1 Evaluation: LACERA carefully examines all relevant facts and circumstances of each proposal to determine whether the proposal, in its entirety, is in LACERA's best interests. Assessment of each proposed transaction takes into account multiple factors. The valuation should be reasonable. Market reaction may be considered. The strategic rationale

and expected benefits should be sensible, with any projected synergies or financial impact reasonably achievable. Management should have a favorable track record of successful integration of acquisitions or business combinations. The negotiation and deal process should be fair and equitable. There should be no conflicts of interest, such as factors enabling insiders to disproportionately benefit from the proposed transaction. The resulting entity should observe sound corporate governance practices. The risks of not completing the transaction or corporate restructuring may be considered. Sufficient information should be provided to enable investors to make an informed decision.

4.2 Appraisal Rights: Investors should be afforded appraisal rights by which they may seek a judicial review of the terms of certain corporate transactions in order to determine fair market value.

5. Anti-Takeover Measures: Investors should be afforded the reasonable opportunity to deliberate and decide on the merits of takeover bids and acquisitions. Practices and provisions, including corporate bylaws, charters, laws, and statutes, that may impede or deter a corporate transaction that is otherwise in investors' interests, may take a variety of forms and generally should be submitted for investor review and approval.

5.1 Poison Pills: The board should not enact or amend a poison pill without investor approval. LACERA generally supports the redemption of existing poison pills, except in unique circumstances where a carefully designed, short-term plan may enable a firm to negotiate more favorable terms with a potential bidder. Such plans should require a minimum 20 percent ownership threshold to trigger, provide for limited and reasonable duration, exclude provisions by which only continuing directors may remove the pill, and otherwise provide adequate investor protections so that the plan will not unduly impede a bid that is otherwise in investors' interests.

5.2 Net Operating Loss (NOL) Protective Amendments: Protective amendments with the stated purpose of preserving a company's net operating losses for a tax benefit, such as under the terms of Section 382 of the Internal Revenue Code, should balance the anticipated benefit to investors of preserving the tax value and the risk of potential abuse of such provisions as an anti-takeover measure. Because NOL protective amendments may serve as a poison pill, the board should submit related items for investor review and approval. Such provisions should only be used under limited, clearly justified circumstances and include adequate protections, such as an appropriate ownership threshold and clearly defined and reasonable duration limits.

5.3 Greenmail: Greenmail, by which a firm repurchases shares of a potential acquirer at an above-market price to deter a takeover, should be prohibited.

5.4 Other Anti-Takeover Measures: LACERA generally opposes provisions that impose onerous restrictions or impediments on prospectively beneficial takeover bids, taking into account the specific terms and circumstances of such provisions to determine the provision's alignment with LACERA's economic interests. LACERA supports firms opting out of related anti-takeover laws and statutes, where legally permitted.

Fair price provisions that require an investor seeking to purchase control of a firm to pay a defined fair price should not impose onerous requirements that may deter a competitive bid from being considered by investors.

Firms should opt out of control share acquisition statutes that void the voting rights of an investor surpassing certain ownership thresholds; control share cash-out provisions requiring an investor above a specified ownership threshold to purchase shares from remaining investors at the highest acquiring price if remaining investors exercise their right to sell their shares; and freeze-out provisions requiring an investor who meets a defined ownership threshold to wait a specified period of time before gaining control of the firm.

Disgorgement provisions, by which an investor who acquires ownership interest above a specified threshold must pay the firm any profits realized from the sale of the firm's equity purchased within a defined time period prior to exceeding the defined ownership threshold, should be avoided.

Firms should not provide designated investors (such as the government of a related, formerly state-owned enterprise) "golden shares" that provide for exceptional veto power or voting rights regarding specific corporate proposals.

- 6. Related-Party Transactions:** Investors should have the right to approve significant related-party transactions. Investor approval helps to protect investors against self-dealing. Firms should provide clear information regarding such transactions — including all fees, a compelling rationale for the service or services provided, and the assessment of independent directors and an independent financial advisor of the transactions — in order to permit an informed assessment of prospective conflicts of interest.

III. Compensation and Incentives

Compensation and incentives should align the interests of senior executives and investors. Executive compensation and incentives serve a critical role in recruiting, motivating, and retaining talent. Pay plan design, structure, and goals should be fundamentally derived from and relevant to a firm's core business objectives and collectively promote sustainable value creation. Accordingly, pay and incentives should incentivize and reward executives for the achievement of outstanding performance, while encompassing prudent risk mitigation and taking care to avoid excessive risks that may be detrimental to the firm's long-term financial returns.

Boards should determine core components of executive pay design, including target pay levels and incentives. Boards oversee compensation paid to senior executives, award bonuses, and establish incentive plans that may include equity and performance-based grants and awards. The board may also review and approve supplemental compensation plans for firm employees, including employee equity and retirement plans.

Firms should provide investors with transparent, clear, and comprehensive disclosure of senior executives' total compensation package. This includes disclosure of salary, short and long-term incentive compensation, and all benefits and perquisites. Selected performance metrics and targets upon which compensation is contingent should be provided in a plain and clear format.

A. Advisory Vote on Executive Compensation

Executive compensation design and practices should be submitted for investor review and non-binding approval on an annual basis (also known as "say on pay"). Advisory votes should consider the firm's pay design and practices as a whole, taking into account the alignment of executive pay with long-term firm performance, the absence of significant problematic pay practices and excessive risk in targets and reward incentives, and the clarity of the firm's pay disclosures.

B. Compensation Plan Design

Executive compensation and practices should link pay to firm performance. Compensation should be commensurate with the firm's long-term performance, appropriately aligned with firms with which the firm competes for executive talent (such as industry peers and firms of comparable size and profile), and properly consider the firm's long-term outlook for generating sustainable returns.

- 1. Performance Criteria:** Incentive compensation should incorporate clearly defined, rigorous, and disclosed performance criteria upon which incentive pay is contingent. Performance metrics, targets, and hurdles should be consistent with and promote the firm's strategy for generating sustainable value, including key financial and operating objectives, and effective management of relevant business risks.
- 2. Peer Benchmarking:** Peer groups used to benchmark compensation should be clearly disclosed and relevant to the firm's business profile and size.
- 3. Compensation Consultants:** Compensation consultants providing strategy, design, and implementation services related to executive compensation to the board's compensation committees should be at the exclusive hire and service of the committee, unquestionably independent, and clearly disclosed.

- 4. Equity Ownership, Retention, and Holding Requirements:** Equity ownership among senior executives may strengthen the alignment of interests between executives and investors and promote prudent risk mitigation, and should be encouraged. Equity ownership guidelines providing that executives should maintain reasonable equity in the firm, requirements for executives to retain a meaningful portion of equity acquired through compensation plans, and equity grant holding requirements should strike an appropriate balance to promote equity ownership while avoiding overly restrictive or onerous provisions that may undermine talent motivation and retention to the detriment of investors' interests.
- 5. Prearranged Trading Plans:** Prearranged trading plans, as provided under Securities and Exchange Commission Rule 10b5-1, define parameters for executives' predetermined securities transactions in advance of an executive becoming aware of material non-public information regarding the firm's securities and are intended to mitigate the risks of insider trading. The adoption, amendment, or termination of prearranged trading plans for senior executives should be governed by the board, promptly disclosed, and provide for timely disclosure of transactions made pursuant to the plan's provisions.
- 6. Hedging and Speculative Transactions:** Senior executives should be prohibited from engaging in derivative or speculative transactions involving equity of the firm, including hedging, holding equity in a margin account, or pledging equity as collateral for a loan.
- 7. Internal Pay Disparity:** Executive compensation should be considered in the context of how a firm compensates its employees, including in relation to industry peers. Firms should disclose the ratio of the chief executive officer's total pay to that of the average firm employee.
- 8. Restrictions:** Executive pay should not be subject to arbitrary restrictions or limitations on the magnitude or form of compensation, such as linking executive pay to average employee compensation. Arbitrary limits and restrictions may undermine a firm's ability to attract and retain competent talent and create a competitive disadvantage for the firm.
- 9. Recoupment Policies:** Firms should adopt and disclose rigorous policies defining the terms and conditions by which incentive compensation may be recouped, in order to align pay with performance, promote accurate financial reporting, and deter misconduct. Robust clawback policies should enable the board to review and recoup senior executive incentive compensation in the event that compensation was calculated using inaccurate financial reports, or in the event of fraud or misconduct. Application of the recoupment policy should be reasonably disclosed.
- 10. Perquisites:** Firms should refrain from providing executives with extraordinary or excessive perquisites that are not linked to firm performance, incongruent with prevailing best practices, and unjustified to adequately attract and retain executive talent. Corporate assets should not be unduly expended on personal expenses that are unrelated to an executive's employment and that extend beyond those widely offered to a firm's employees. Firms should avoid, or otherwise adequately and cogently justify, paying an executive's personal income tax obligations (including excise tax gross-up's), personal use of corporate aircraft, and extensive personal and home security payments.

C. Equity Plans

Equity plans should motivate plan participants to focus on long-term firm value and returns, encourage equity ownership, and advance the principle of aligning employee interests with those of investors.

Firms should submit equity plans for investor approval. Equity plans should be reviewed taking into account plan features, impact on equity dilution, and prospects to align pay with performance.

1. **Performance-Based:** Equity plans should define robust and appropriate performance requirements by which equity may be granted that are aligned with and justifiable by the firm's business strategy and strategic objectives. Such provisions may include terms and performance criteria permitting a plan to qualify for favorable tax treatment.
2. **Track Record:** The firm should demonstrate a history of responsibly linking equity awards to performance and avoiding grants of excessive awards.
3. **Impact:** The total cost and potential dilution of the plan should be reasonable.
4. **Repricing:** Equity granted under the terms of the plan, such as share options and stock appreciation rights, should not be repriced without investor approval, as repricing may sever the link between pay and performance. Requests to reprice underwater options should clearly define and compellingly justify the rationale and intent, timing, defined participants, and terms, such as a value-for-value exchange, exercise price, and vesting requirements.

D. Employee Equity Programs

1. **Employee Stock Purchase Plans:** Employee stock purchase plans encourage firm employees to acquire an ownership stake in the firms for which they work by providing employees the right to purchase the firm's equity at a set price within a certain period of time. Employee stock purchase plans should define reasonable terms, such as designating exercise prices at no lower than 85 percent of fair market value, fixing a justifiable offering period, and limiting voting power dilution to less than 10 percent.
2. **Employee Stock Ownership Plans:** Employee stock ownership plans (ESOPs) enable employees to accumulate firm equity. ESOPs should balance encouraging employee equity ownership while avoiding harm to existing investors. Shares allocated to ESOPs should not be excessive (generally no more than 5 percent of outstanding shares).

E. Severance and Retirement Arrangements

Severance payments to executives in the event of an employment termination, separation, or change in firm control should be justifiable by the executive's performance, serve the long-term interests of the firm and its investors, and not be excessive.

1. **Golden Parachutes:** Firms should submit for investor approval arrangements to provide executives with extraordinary severance payments in certain circumstances, such as a change in firm control. Extraordinary payments may be assessed in relation to market and peer practice and should not exceed payments greater than three times base salary and bonus. Severance payments should not be so attractive as to influence merger agreements that may not be in

the best interests of investors and should have triggering mechanisms beyond the control of senior executives. Any payments in the event of a change in control should be “double triggered,” i.e., contingent upon both an actual change in control and an employment separation related to the change-in-control event. Unvested equity should not accelerate upon the change in control. Payments should not trigger, and firms should not commit to paying, executives’ excise taxes (“gross ups”). A change in control should not be contingent upon investor approval of executives’ severance payments.

- 2. Supplemental Executive Retirement Plans:** Retirement plans that provide extraordinary retirement benefits exclusive to executives should be presented for investor approval and avoid excessive payouts, such as excluding all incentive or bonus pay from covered compensation calculations.
- 3. Golden Coffins:** Firms should refrain from providing extraordinary compensation upon an executive’s death. Firms should submit for investor approval agreements and policies that oblige the firm to make payments or awards following the death of a senior executive, including unearned salary or bonuses, accelerated vesting or continuation in force of unvested equity grants, and other extraordinary payments or awards.

F. Director Compensation

Firms should disclose the philosophy and process used for determining compensation paid to directors serving on the board and the value of all elements of director compensation.

- 1. Structure and Design of Director Compensation:** Directors may be compensated in both cash and equity. Fees and compensation paid to directors should be appropriate relevant to market norms, the firm’s industry, and its financial performance. Equity should not constitute the entirety of director compensation, as this may undermine directors’ incentive to monitor and exercise oversight of long-term risks to firm value.
- 2. Equity Ownership:** Equity ownership by directors promotes the alignment of directors’ interests with those of investors. Firms should adopt and disclose equity ownership guidelines to encourage directors to acquire and hold a meaningful amount of equity in the firm. Equity ownership should not, however, be a qualification for board service, as such restrictions may impede otherwise highly qualified individuals from serving as directors.
- 3. Retirement Benefits:** Retirement benefits for director service are improper, as such benefits may impede objectivity and sever the alignment of interest between directors and investors.

IV. Performance Reporting

Financial markets work most efficiently when investors have timely, reliable, and comparable information about material aspects of a firm's performance. Transparency of a firm's key financial and operating performance is critical for investors to assess the firm's financial viability and prospects. Independent verification of a firm's financial disclosures promotes investor confidence.

LACERA supports clear and comprehensive disclosure of relevant financial and operating performance indicators (including environmental, social, and governance matters) that may provide valuable information for investors to assess a firm's prospects for delivering sustainable value.

A. Financial Reports

Financial statements and auditor reports are essential in evaluating a firm's performance. Financial reports should present clear, reliable, and comprehensive data and information. A firm's overall performance reporting framework should conform with, and place primary prominence on, established accounting standards. Additional reporting measures that do not adhere to generally accepted accounting principles (either GAAP or International Financial Reporting Standards/IFRS, depending on the reporting market) should be clearly explained and justified, and should supplement, as opposed to replace or otherwise obfuscate, performance reporting that is consistent with established accounting standards.

When presenting financial reports for investor review, there should be no unresolved concerns about the accounts presented or audit procedures, inadequate disclosures, or unresponsiveness regarding investor or regulatory questions on specific items.

B. Fiscal Term

Firms should define an appropriate fiscal term. The fiscal term should not be altered for the purpose of postponing an annual meeting.

C. Auditors

Firms should ensure independent, high-quality, and timely provision of audited financial statements by a clearly disclosed external auditing firm.

1. **Ratification:** Auditors should be clearly disclosed and presented to investors for ratification. LACERA takes into consideration the following factors when evaluating auditor ratification:
 - 1.1. **Independence:** The external auditor should be objective and free of conflicts of interest in providing auditing services. Accordingly, non-audit fees paid to an external auditor should not be excessive. Specifically, non-audit fees should not exceed the total of audit and audit-related (such as permissible tax) fees, and the auditing firm should have no financial interest or association with the company.
 - 1.2. **Quality:** There should be no question as to the accuracy of the external auditor's opinion, the financial report's indication of the company's financial position, and the accurate application of established accounting standards. There should be no aggressive accounting practices or significant audit-related issues at the company, such as a history of restated financial results or material weaknesses in internal controls.
 - 1.3. **Timeliness:** There should be no unjustified delays in the publication of audited financial statements.
2. **Rotation:** Requests to rotate auditors should be evaluated in consideration of the audit firm's tenure, any proposed length of rotation, the presence of significant audit-related issues at the company, the extent to which the company periodically assesses audit

pricing and quality, and the robustness of the audit committee's functions, such as the presence of financial experts and how often the committee meets.

- 3. Indemnification:** To avoid any impairment of the external auditor's objectivity and independence, companies should not enter into engagement letters that indemnify or otherwise limit the external auditor's liability.

V. Environmental and Social Factors

Environmental and social factors — such as management of human capital, access to natural resources, and environmental risks — may shape and impact a firm's ability to generate and sustain value. Firms should identify and prudently manage social and environmental factors relevant to the firm's business strategy, industry, and geographic markets. Social and environmental factors may present opportunities to drive value or risks to a firm's strategic objectives.

Firms should ensure diligent board oversight and provide reasonable disclosures of relevant environmental and social factors and how they are managed. Reporting enables investors to make informed investment decisions when evaluating companies and the long-term viability and sustainability of their business practices.

In addition to identifying, evaluating, and mitigating the risks presented by social and environmental factors, firms should carefully consider the impact of their business activities. Promotion, adoption, and effective implementation of guidelines for the responsible conduct of business and business relationships are consistent with the fiduciary responsibility of protecting long-term investment interests.

A. Social Factors

- 1. Human Capital Management:** Effective management of human capital — including the development, incentives, and retention of the firm's workforce — is key to accomplishing a firm's strategic objectives. Companies should identify, ensure board oversight, and disclose information about significant human capital value drivers that are related to the firm's ability to create and protect firm value. Central to effective human capital management is the assurance of equal employment opportunity, including non-bias in compensation and employment terms, and a workplace free of harassment in all forms.
- 2. Human Rights Risk:** Firms should mitigate the risks of human rights abuses in global operations and supply chains by adopting robust human rights policies and ensuring effective internal controls to monitor compliance with stated human rights standards.

B. Environmental Factors

- 1. Natural Resource Stewardship:** Firms should give consideration to efficient, sustainable use and stewardship of natural resources, such as energy and water, to enhance operational efficiency and safeguard firm value from the risks of resource scarcity.
- 2. Environmental Risk:** Firms should ensure reasonable oversight mechanisms and mitigation of environmental risks, such as hazardous waste disposal and pollution, to mitigate prospective legal, regulatory, and operational risks to firm value.
- 3. Climate Risk:** Climate change may present financial, operational, and regulatory risks to a firm's ability to generate sustainable value, as well as to the broader economy. Firms should assess and disclose material climate-related risks and sufficient, non-proprietary information to enable investors to prudently and adequately evaluate the prospective impact of climate risk on firm value.

Responsibilities and Delegations

A. The Board of Investments:

- (i.) Approves and promulgates policies addressing environmental, social, and governance issues, such as corporate governance and proxy voting matters and including but not limited to the *Corporate Governance and Stewardship Principles*, as recommended by the Corporate Governance Committee of the Board.
- (ii.) Receives periodic reports concerning the program's progress and priorities from the Corporate Governance Committee.
- (iii.) Approves LACERA representatives for nomination to governing bodies of the corporate governance associations to which LACERA is affiliated, as recommended by the Corporate Governance Committee.
- (iv.) Approves procedures to comply with legislated or other mandated divestment or investment exclusions, such as LACERA's *Procedures for Evaluating ESG-Related Divestments* (Appendix A), as developed and recommended by the Corporate Governance Committee.

B. The Corporate Governance Committee of the Board of Investments:

- (i.) Recommends the *Corporate Governance and Stewardship Principles* and other items concerning environmental, social, and governance matters to the Board of Investments for consideration and approval.
- (ii.) Exercises oversight and monitoring of the corporate governance program, including reviewing program priorities and progress.
- (iii.) Reviews reports regarding proxy voting results and trends and develops recommendations for Board approval for any policy recommendations, as appropriate.
- (iv.) Reviews and ensures alignment of strategic initiatives with the *Corporate Governance and Stewardship Principles*.
- (v.) Provides periodic reports on the program to the Board of Investments.
- (vi.) Delegates authority to the Committee Chair to determine LACERA's action on time-sensitive, investment- or financial market-related legislative or regulatory matters that are not adequately addressed in the *Corporate Governance Principles* or joint investor engagements affiliated with investor associations to which LACERA has formally affiliated.
- (vii.) Recommends for Board of Investment approval, LACERA representatives for nomination to governing bodies of the corporate governance associations to which LACERA is affiliated. In event the Committee is not scheduled to meet or lacks adequate time to recommend a nomination to the Board prior to a formal deadline, the Committee delegates authority to the Committee Chair to recommend consideration of the nomination by the Board.
- (viii.) Recommends for Board of Investment approval, time-permitting, LACERA's votes in support or opposition of candidates listed on a formal member ballot and nominated to a governing board of an investor association to which LACERA has formally affiliated. In event the Committee is not scheduled to meet or lacks adequate time to agendize under the Brown Act an informed recommendation to the Board for vote determinations prior to

a formal deadline, the Committee delegates authority to the Committee Chair to recommend consideration by the Board, time-permitting, of the votes in support or opposition of board candidates. In time-sensitive circumstances where vote deadlines do not permit such vote considerations by the Committee or the Board, the Committee delegates authority to the Committee Chair to consult with staff per Section V(C)(vi.) below on votes.

C. Staff

- (i.) Develops and recommends *Corporate Governance and Stewardship Principles* and related policies for review and consideration by the Corporate Governance Committee.
- (ii.) Executes proxy votes in adherence to the *Corporate Governance and Stewardship Principles*. Staff consults with and seeks the input of the Chief Investment Officer and Chief Counsel, when applicable, to apply the *Corporate Governance and Stewardship Principles*, and the spirit thereof, to unique or new proxy voting items in their best judgment and interpretation of the *Corporate Governance and Stewardship Principles*. Staff recalls shares of loaned securities when doing so is in LACERA's economic interests, such as at portfolio companies where LACERA has sponsored a shareowner proposal.
- (iii.) Communicates and represents the *Corporate Governance and Stewardship Principles* in dialogues and communication with portfolio companies, external asset managers and investment partners, other investors and stakeholders, related conferences, and other interested parties.
- (iv.) Presents any strategic plans for engagement to the Corporate Governance Committee, per the Committee's review and oversight, to promote alignment with Board-approved *Corporate Governance and Stewardship Principles*. In the event of time-sensitive strategic initiatives, staff consults with the Chair of the Committee, who determines action or recommends consideration of the matter by the Committee or Board, time-permitting.
- (v.) Represents the *Corporate Governance and Stewardship Principles* in written communication to legislators and regulatory agencies, in consultation with the Chief Executive Officer, Chief Investment Officer, and Chief Counsel. Staff may participate in joint investor written communications that are organized as part of formal investor associations to which LACERA has formally affiliated. In event that a time-sensitive, investment- or financial market policy-related legislative or regulatory matter arises that is not adequately considered by the *Corporate Governance and Stewardship Principles* or being addressed by an investor association to which LACERA is affiliated, staff consults with the Chair of the Committee, who determines whether to approve action or recommend consideration of the matter by the Board, time-permitting.
- (vi.) Represents LACERA and its *Corporate Governance and Stewardship Principles* at investor associations, including managing membership surveys, business meeting votes (other than selecting which candidates to a governing board to support or oppose), and other operational interactions, in adherence to the *Corporate Governance and Stewardship Principles* and the spirit thereof, in its best judgment and interpretation. In event that a time-sensitive vote arises on a unique item or an issue that is not adequately considered by the *Corporate Governance and Stewardship Principles*, as well as for governance-related investor associations' formal business meeting ballot items pertaining to support or opposition of candidates to a governing board, and time constraints prohibit such items from being presented to the Committee or Board for consideration, staff may determine a vote in consultation with the Chair of the Committee.

Policy Review and Reaffirmation

LACERA reviews and reaffirms this Policy at least every three years in order to ensure its alignment with LACERA's mission and objectives and in light of evolving market practices on corporate governance; environmental, social, and governance ("ESG"); and responsible investment matters.

APPENDIX A: Guidelines Procedures for Evaluating Prospective ESG-Related Divestments

As stated in LACERA's *Investment Beliefs*, "LACERA operates in a global financial marketplace, and as such, LACERA believes that in order to diversify its risk broadly, it is vital that LACERA possess a global perspective. Diversification across different risk factors is necessary for risk reduction."

As a diversified, global investor, LACERA may periodically review its public markets investment exposures to certain issues arising from environmental, social, or governance concerns. It is generally the preference of LACERA, in order to promote diversification and minimize risk, to engage rather than divest investment holdings concerning risks to long-term value. However, in order to address prospective divestment issues and identify LACERA's exposure to exogenous risks related to environmental, social, or governance issues and not addressed elsewhere in the *Investment Policy Statement*, the following formal process has been adopted:

1. The issue will be directed to Committee for further direction to Staff.
2. If the Committee decides to review the issue, Staff will assess the potential economic and reputational impact of the issue on LACERA.
 - a. Does the issue violate LACERA's *Corporate Governance and Stewardship Principles*?
 - b. Determine criteria for identification of investment(s).
 - c. Preliminary identification of the investment.
 - d. Preliminary estimate on size of the investment.
 - e. Seriousness of the issue/violation and whether it impacts the economics of the investment(s).
 - f. Consultation with LACERA's Chief Executive Officer, Chief Investment Officer, and legal counsel.
3. Staff will report its findings on the potential economic and reputational impact of the issue on LACERA to the Committee.
4. The Committee may forward the issue and potential economic and reputational impact on LACERA to the Board of Investments (Board) for further direction.
5. If the Board directs staff to continue the analysis, staff will calculate the anticipated resources involved in analyzing the issue including, but not limited to:
 - a. Estimate of staff hours required for research and analysis.
 - b. Estimate of the resource impact on current staff initiatives and projects (for example the delay in an RFP search).
 - c. Estimate of cost to obtain information (e.g.: company list) from external service provider.
6. Staff will report back to the Committee with its resource requirements analysis.
7. Committee may make recommendation to the Board to pursue additional analysis.
8. Upon receiving direction from the Board, Staff will contract with external data provider to identify investment(s) impacted by the issue.
9. Staff will identify investment exposures within the separate accounts of the public markets asset classes (equities, fixed income and commodities).
10. Staff will contact external investment managers to solicit feedback from portfolio managers on reasoning for the investment and potential return and risk trade-off of economic substitution.
11. Staff will present findings to the Board and any recommendation(s) as necessary. If further action is warranted, such as engagement with companies, staff's report to the Board will include the following:

- a. An estimate of additional staff hours needed to execute engagement.
 - b. An estimate of the impact of diverting resources from current staff initiatives and projects (for example the delay in an RFP search).
 - c. Cost of retaining external resources (3rd party consultant) to assist in the engagement process.
 - d. Feedback from portfolio managers on their investment in the company.
 - e. Discussion of criteria and terms for company engagement.
12. If further action, such as engagement, is recommended and approved by the Board, staff will seek to engage with companies on the issue. Letters will be written to the company's executive management and their boards requesting responses within 60 days.
13. If company response is determined to be insufficient, staff will assess the need to place the company on an economic substitution list² and present recommendation(s) to the Board for approval. Included in the recommendation(s) will be the following:
- a. Updated company exposure within separate accounts of public markets asset classes.
 - b. Annual cost to procure company list.
 - c. Criteria by which company will be removed from the economic substitution list.
14. Staff will continuously monitor company status relative to criteria for removal from the economic substitution list. Once criteria have been met, staff will recommend removal of the company to the Board.
15. Staff will provide an economic substitution list update to the Board annually which will include the following:
- a. All companies currently on the list.
 - b. Issue for which the company was placed on the list.
 - c. Investment exposure within separate accounts of public markets asset classes.
 - d. Current status of mitigating factors.

² Companies on the list will be covered by the following investment guideline policy language: "Investment managers should refrain from purchasing securities on the economic substitution list when the same investment goals concerning risk, return, and diversification can be achieved through the purchase of another security."

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Revised August 13, 2003
Revised June 11, 2003
Original adopted March 12, 2003

February 25, 2021

TO: Trustees – Board of Investments

FROM: Jonathan Grabel 
Chief Investment Officer

Jude Pérez 
Principal Investment Officer

FOR: March 10, 2021 Board of Investments Meeting

SUBJECT: **STRATEGIC ASSET ALLOCATION CAPITAL MARKETS EXPECTATIONS**

RECOMMENDATION

Approve Meketa Investment Group's proposed 10-year capital market expectations for use in determining LACERA's policy portfolio in upcoming Strategic Asset Allocation Studies ("SAA") for the Total Fund and the OPEB Master Trust ("OPEB"). Approve Meketa's 20-year expectations for use in testing the reasonableness of LACERA's actuarial long-term return assumptions.

BACKGROUND

One of the Board of Investments' ("BOI") core responsibilities is setting LACERA's SAA, as part of regular, periodic review and consistent with LACERA policies. The SAA is the key driver of long-term risk and returns for the Total Fund and OPEB, 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**

Per the Investment Policy Statement, comprehensive asset allocation studies are conducted every three to five years, or at the request of the BOI. The objective of the SAA study is to evaluate the structure of the Total Fund and the OPEB and to determine the optimal asset allocations that optimize the risk and return quotients consistent with LACERA's investment goals and reflect the long-term perspective of the current capital markets.

With input from staff, Meketa, and the asset category consultants, the SAA will enable the BOI to consider alternatives to the current policy asset allocation based on LACERA's investment goals and the prevailing market conditions.

COMMENTS

One of the most important steps of the SAA study is determining the capital market expectations (“CMEs”) that will be used in the asset allocation model. Updating CMEs for the SAA also achieves two important objectives. The first is to improve alignment between LACERA’s investment strategy and the current market conditions. Second, updating CMEs may facilitate an improved analysis of risk and return tradeoffs associated with different allocations among asset categories.

Meketa, in collaboration with the asset class consultants and staff, has prepared a series of CMEs to be recommended to the BOI for use in the SAA study for the Total Fund and the OPEB (see **Attachment 1**). Meketa has modeled assumptions for the 10-year and 20-year estimated expected returns, risks (as measured by annual standard deviation), and correlations for major asset classes and sub-asset categories. It should be noted that Meketa’s CMEs were compared to a survey of capital markets assumptions from a third-party actuary firm¹ as well as from leading investment advisory firms. In aggregate, staff supports Meketa’s CMEs and finds them reasonably consistent with industry averages across a balanced portfolio.

Therefore, staff recommends that the BOI adopt Meketa’s 10-year capital market expectations for determining LACERA’s SAA policy portfolio and adopt Meketa’s 20-year capital market expectations for assessing the reasonableness of LACERA’s long-term investment return expectations. These expectations are shown on pages 25 to 27 of Meketa’s presentation for the March 11, 2021 BOI meeting titled “2021 Capital Markets Expectations.”

As part of the SAA for the Total Fund, Meketa and staff will examine an additional functional asset category for the BOI to consider as well as assess the movement and consolidation of some of the underlying sub-asset categories in Growth and Credit. First, the additional functional category could be used to accommodate LACERA’s overlay and hedging programs. This would allow for discrete assessment of their value-add in meeting Plan objectives and improve performance attribution within other asset categories. Second, the sub-asset categories in Credit could be consolidated to reduce granularity and give the asset category broader flexibility regarding implementation. Also, this framework would be consistent with the other functional asset categories. Lastly, Value-Add Real Estate may be better positioned under the functional category Growth. While Real Estate, in general, is comprised of multiple strategies with widely varying risk and return profiles, given forward-looking expectations, Value-Add Real Estate may be better positioned in the Growth category given its risk and return expectations.

Meketa and staff will also examine the possibility of incorporating illiquid assets, such as Private Equity, into the OPEB’s SAA for the BOI’s consideration. To this point, the OPEB has been mostly invested in passive strategies. However, the OPEB has reached a size where the implementation of illiquid assets into the SAA could help enhance the risk and return profile of the OPEB.

A timeline for the CMEs and SAA process is included in Table 1.

¹ *Survey of Capital Market Assumptions 2020 Edition* by Horizon Actuarial Services, LLC. Research is based on the capital market assumptions from 39 investment advisors.

Table 1 – Anticipated Timeline for Capital Market Expectations and Strategic Asset Allocation for the Total Fund and OPEB Master Trust

Phase	Item	Target Date for Completion
I.	Review Meketa’s 2020 Mid-Year Capital Markets Expectations	Completed
II.	Share Meketa’s 2020 Mid-Year Capital Markets Expectations with asset category consultants for reasonableness	Completed
III.	Review Meketa’s 2021 Capital Markets Expectations	Completed
IV.	Work with asset category consultants on the reasonableness of Capital Markets Expectations	Completed
V.	Recommend Capital Market Expectations to the BOI	March 2021
VI.	Recommend Strategic Asset Allocation and policy benchmarks	April-June 2021
VII.	Recommend update to the Investment Policy Statement to reflect SAA and Benchmarks	June 2021

Presentation to the
Los Angeles County Employees
Retirement Association

2021
Capital Markets Expectations



Los Angeles County Employees Retirement Association

2021 Capital Markets Expectations

Background

- LACERA's Investment Beliefs state that "Long-term strategic asset allocation will be the primary determinant of LACERA'S risk/return outcomes."
- At the September 2020 and October 2020 BOI meetings, 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.
- At the previous BOI meeting, Meketa discussed the process utilized to review both the interim and finalized capital market expectations with both LACERA staff and the Board's asset class consultants.
- This presentation reviews the major factors impacting capital market expectations, details Meketa's 2021 CMEs by functional category and provides an overview of the process for developing CMEs.
- As discussed in previous meetings, our expected returns have declined for almost every asset class driven by declining yields, credit spread tightening, and strong price appreciation for most risk assets.
- In past studies, approval for use of CMEs in the strategic asset allocation modelling rested with the BOI.



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2021 Capital Markets Expectations

Potential Structural/Process Changes for 2021:

- Consolidation of Credit categories
 - Liquid Credit (high yield, bank loans, emerging markets debt, etc.)
 - Illiquid Credit (private debt, long/short fixed income, fixed income relative value, etc.)
- Potential new functional category to contain overlays and hedges
 - Use of this category would not impact the overall strategic asset allocation, but may enhance existing efforts of continuous improvement to reporting and risk management
- Potential new categories
 - Crisis Risk Offset strategies (included in modelling the Custom Hedge Fund Composite)
 - Opportunistic Green strategies (within natural resources)
- Potential strategy realignment
 - Value-Add Real Estate to Growth
 - TIPS to Risk Reducing and Mitigating (under consideration)
- Climate awareness.
 - We believe that over the past several years, market participants have been integrating climate risk assessment into their valuation practice. This means that current market prices and our CMEs already reflect some integration of climate risk.
 - To provide an additional lens for the Board to review asset allocation, we will also conduct Climate Risk Scenario Analysis as discussed at the September 2020 BOI meeting.

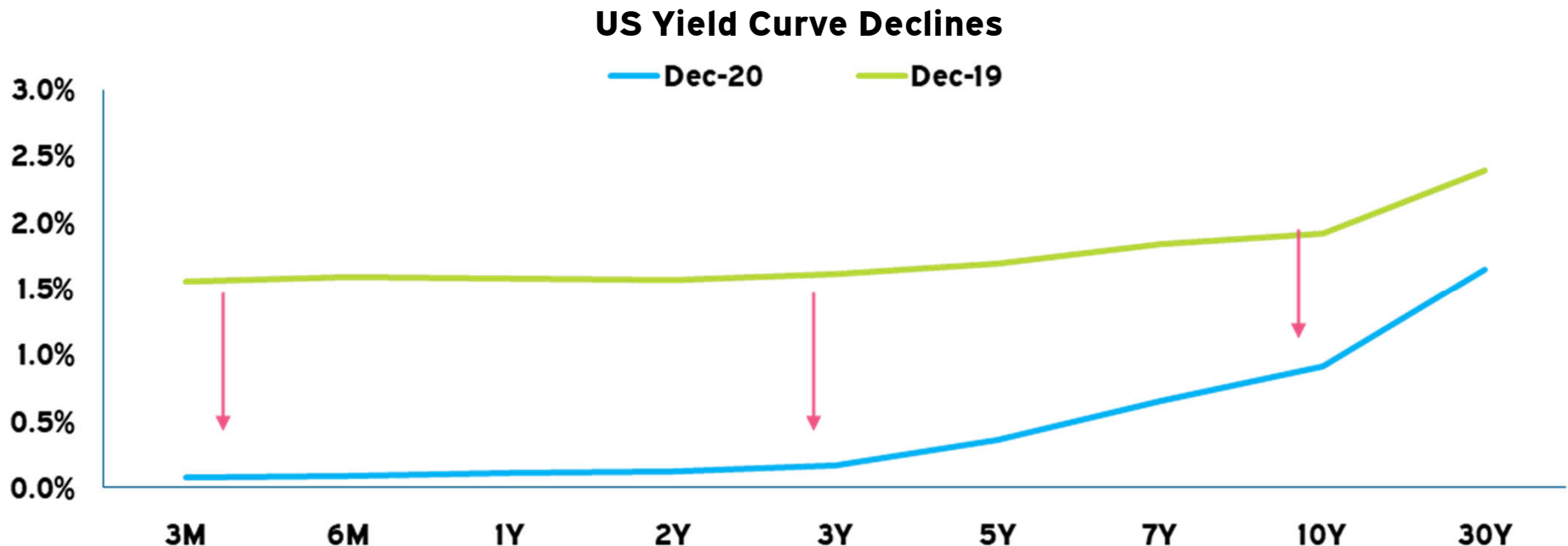


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2021 Capital Markets Expectations

Declining Interest Rates

- The US Treasury yield curve declined materially during 2020, driven by demand for safe-haven assets (e.g., Treasuries), Federal Reserve policies (e.g., policy rate cuts and the quantitative easing program), and weak US economic fundamentals.
- The change was most dramatic at the shorter end of the curve, but even longer-dated maturities saw significant declines.



Source: Bloomberg. Data is as of December 31, 2020.

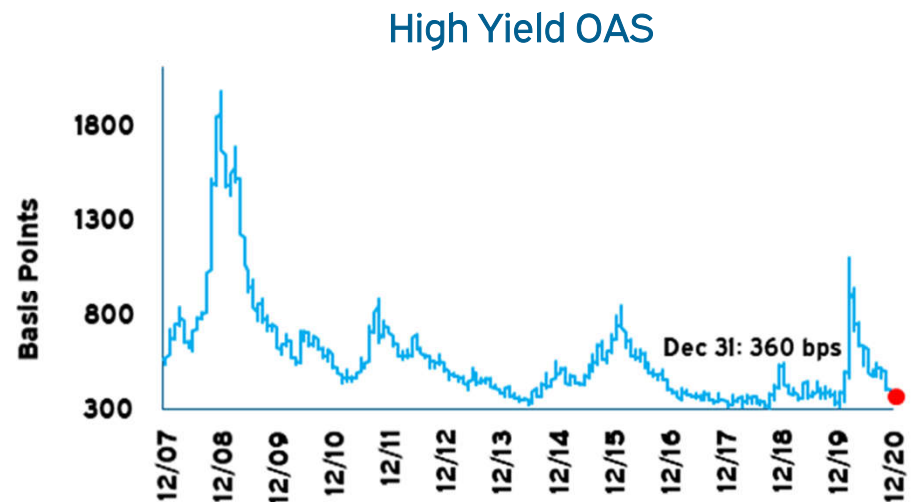
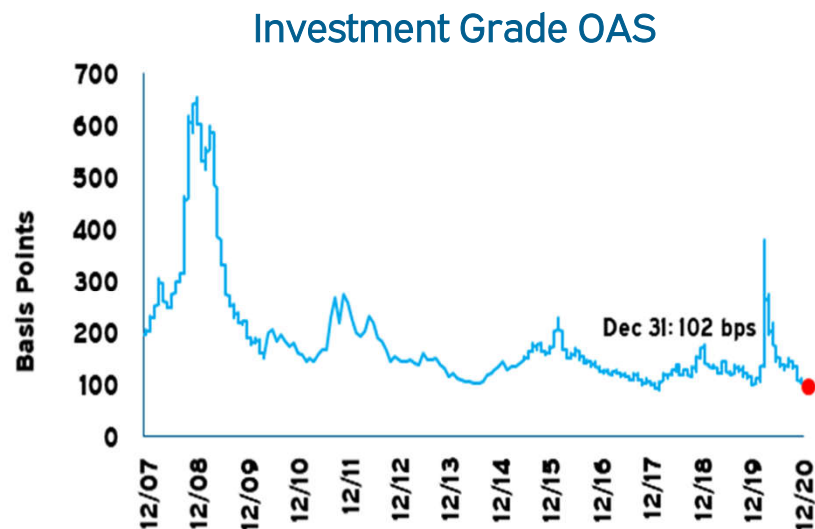


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2021 Capital Markets Expectations

Tighter Credit Spreads

- Credit spreads (the spread above a comparable Treasury) for investment grade and high yield corporate debt tightened in 2020.
- Despite a widening of spreads at the outset of the pandemic, a combination of policy support (by the Fed) and the search for yield led to a decline in spreads to below long-term averages.
- A tighter spread on top of an already low yield for Treasuries equals lower yields for corporate bonds and other riskier bonds.



Source: Bloomberg. Data is as of December 31, 2020.



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2021 Capital Markets Expectations

Declining Rates + Tighter Spreads = Lower Yields

- The combination of declining rates and tight spreads resulted in lower yields across every major sector of the global bond market.

Index	Yield to Worst 12/31/20 (%)	Yield to Worst 12/31/19 (%)
Fed Funds Rate	0.1	1.6
10-year Treasury	0.93	1.92
Barclays Aggregate	1.12	2.31
Barclays Corporate	1.74	2.84
Barclays Securitized	1.24	2.53
Barclays Global Aggregate	0.83	1.45
Barclays EM Local Currency Government	3.20	3.72
Barclays EM Hard Currency Aggregate	3.20	4.45
Barclays US Corporate High Yield	4.18	5.19

Source: Bloomberg. Data is as of December 31, 2020 and 2019.



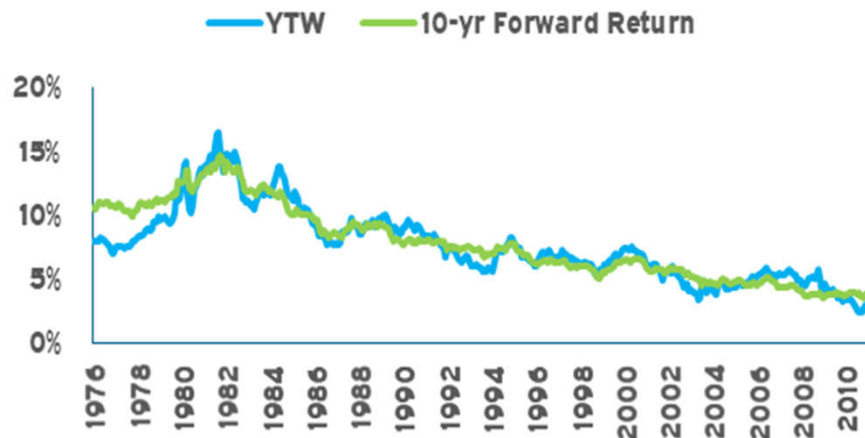
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2021 Capital Markets Expectations

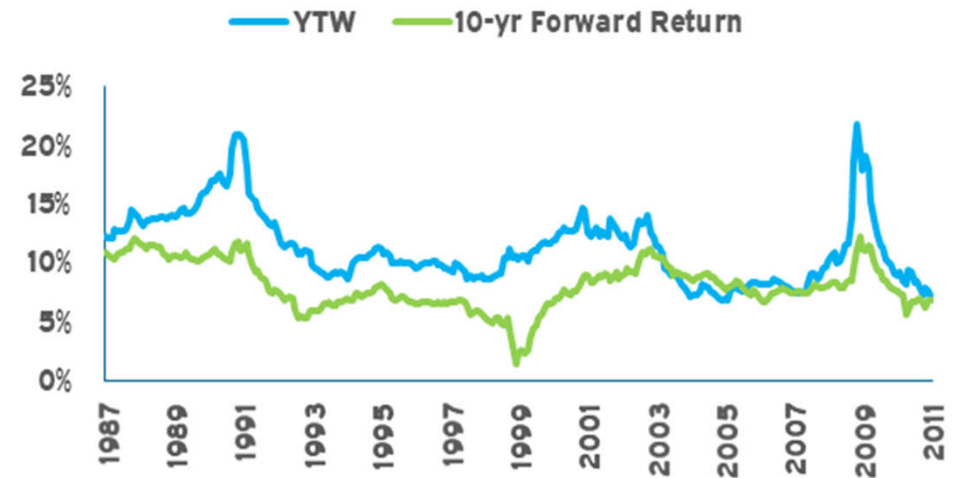
Lower Yields Means Lower Future Returns

- This decline in interest rates matters because yields are a very good predictor of future returns for bonds¹, at least over a 10-year horizon.

YTW and Returns for Investment Grade Bonds



YTW and Returns for High Yield Bonds



¹ When predicting returns for bonds, default risk should also be taken into account. For example, defaults are why the return for high yield bonds have generally been below the starting yield.

Source: Bloomberg. Data is as of December 31, 2020.

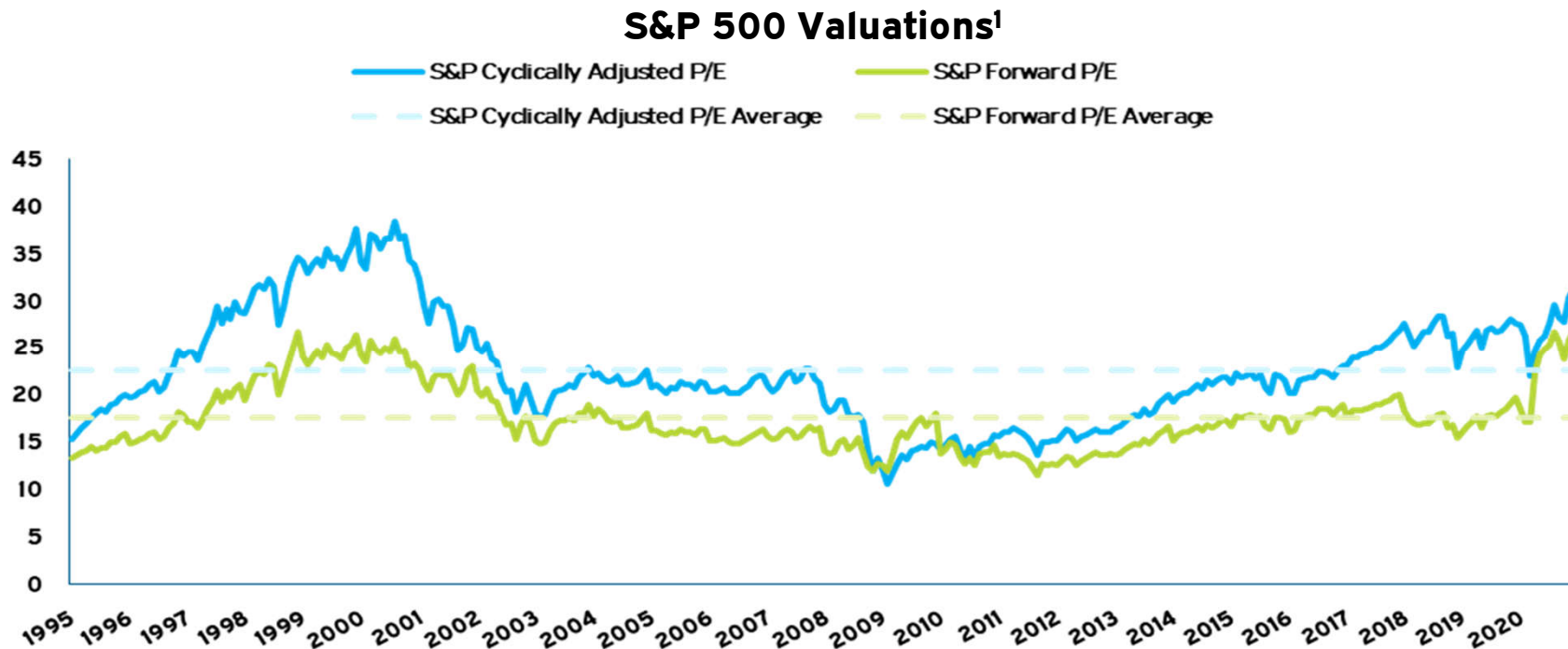


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2021 Capital Markets Expectations

Higher Prices for Equities

- After the initial downturn during the outset of the pandemic, stocks rebounded strongly and finished the year well above where they started.
- Valuations based on both forward- and backward-looking earnings rose to levels not seen since 2001.



¹ Source: Bloomberg. Data is as of December 31, 2020.



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2021 Capital Markets Expectations

Higher Prices in Non-US Equities, too

- It is not just US equities that saw a jump in PE ratios.
- EM equities had a strong 2020, led by Chinese stocks.
- EAFE equities lagged behind, but because they experienced a much larger hit to earnings¹, their PE ratios likewise moved up.

Developed International Equity Cyclically Adjusted P/E



Emerging Market Equity Cyclically Adjusted P/E



¹ Trailing 12-month EPS for MSCI EAFE dropped from 115.4 to 49.1 from December 2019 to December 2020.

² Source: MSCI and Bloomberg. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years. Data as of December 31, 2020.



Impact of Low Rates on Equity Prices

- Looking at Price-Earnings (or PE10, or PB) ratios alone results in most equity markets looking historically expensive.
- It is unclear how much of an impact low interest rates are having in supporting these elevated valuations and whether they will continue to provide that support if rates remain low.
- Low rates drive up valuations when discounting future cash flows (or earnings).
 - This is based on the time value of money concept.
- One way analysts quantify this is by using what's known as the dividend discount model (DDM).
 - The bond market's current (lower) interest rates can be used to calculate a present value for the stock market using the DDM.
- Using this approach, equities do not look quite as expensive as they do upon initial inspection.

Correction in Prices Needed to Return to Historical Average

	US Equities (%)	EAFE Equities (%)	EM Equities (%)
Using PE10	-23.4	-15.9	-9.9
Adjusting for Rates	-9.8	-2.7	-8.3

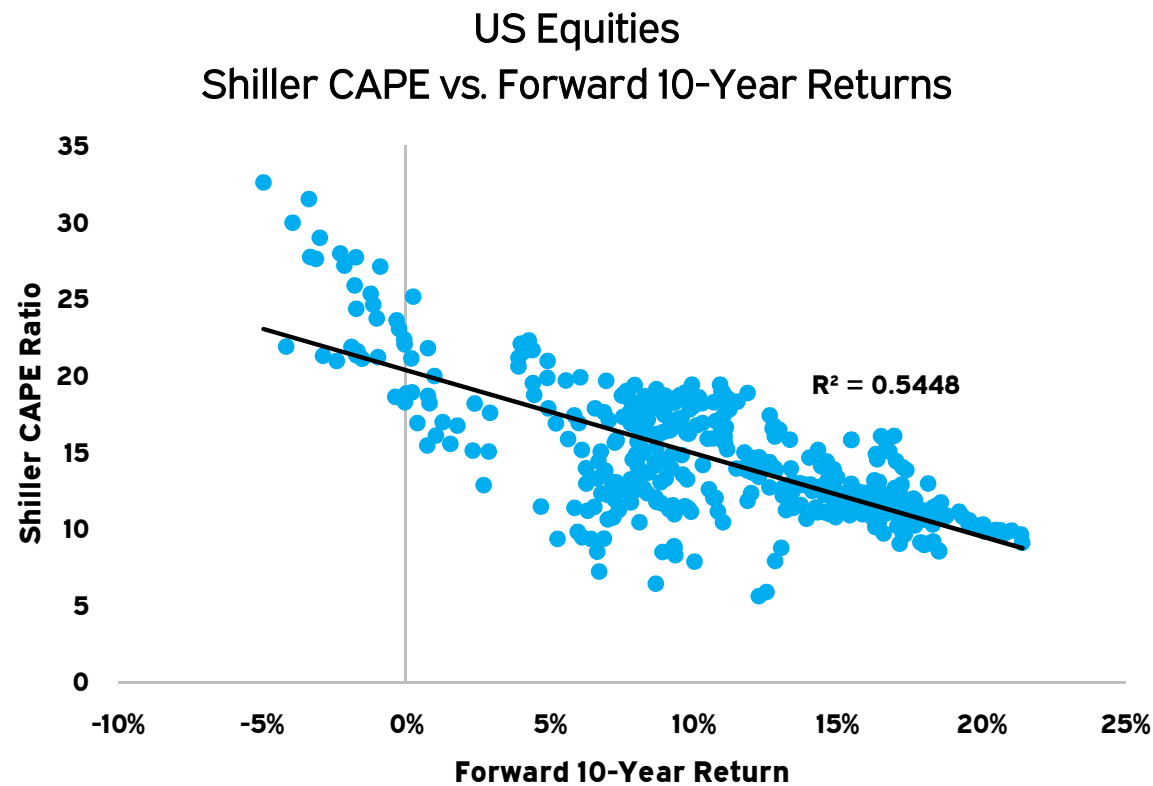


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2021 Capital Markets Expectations

Higher Prices Imply Lower Returns for Equities

- Relative prices have been indicative of future equity returns.
- Higher prices have led to lower future returns, and vice versa.





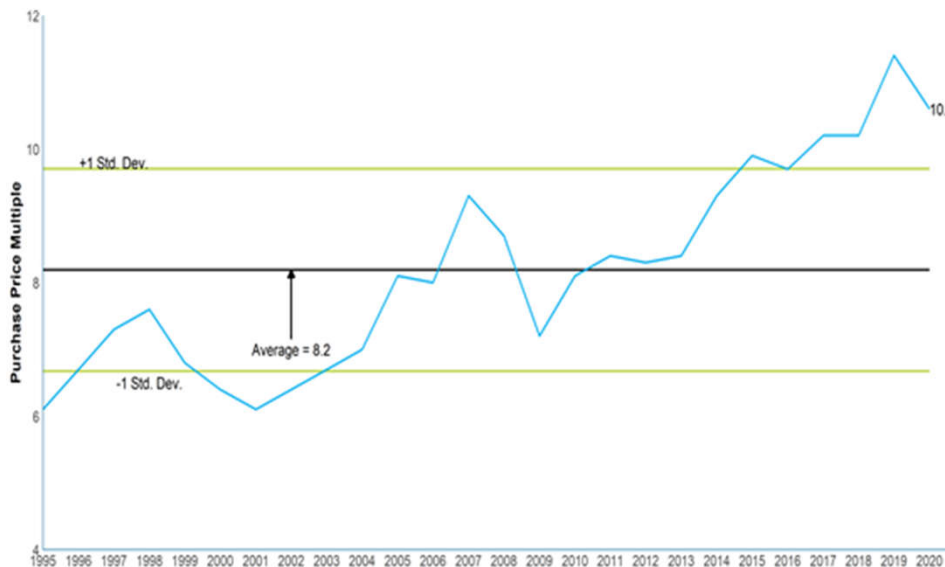
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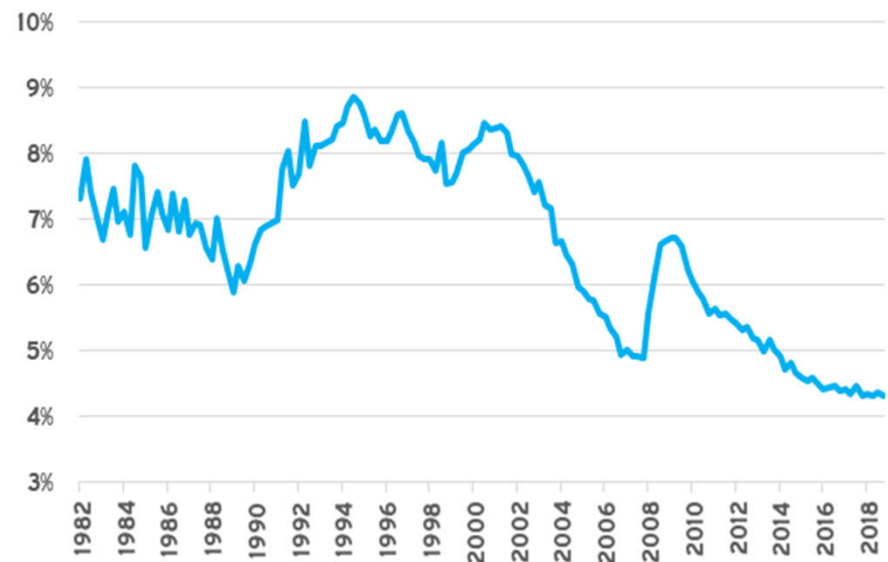
Higher Prices in Private Markets, too

- EBITDA multiples are the closest proxy to a PE ratio for private equity.
 - Like public markets, private markets have seen prices climb gradually higher.
- Real estate cap rates are similar to an earnings yield (the inverse of the PE ratio) for equities.
 - Cap rates are indicative of future returns and have been gradually moving down.

Private Equity Multiples¹



Core Real Estate Cap Rates²



¹ Source: S&P LCD Average EBITDA Multiples Paid in All LBOs. Annual figures, except for 2020 (YTD), as of September 30, 2020.

² Source: NCREIF NPI value-weighted cap rates. As of September 30, 2020.

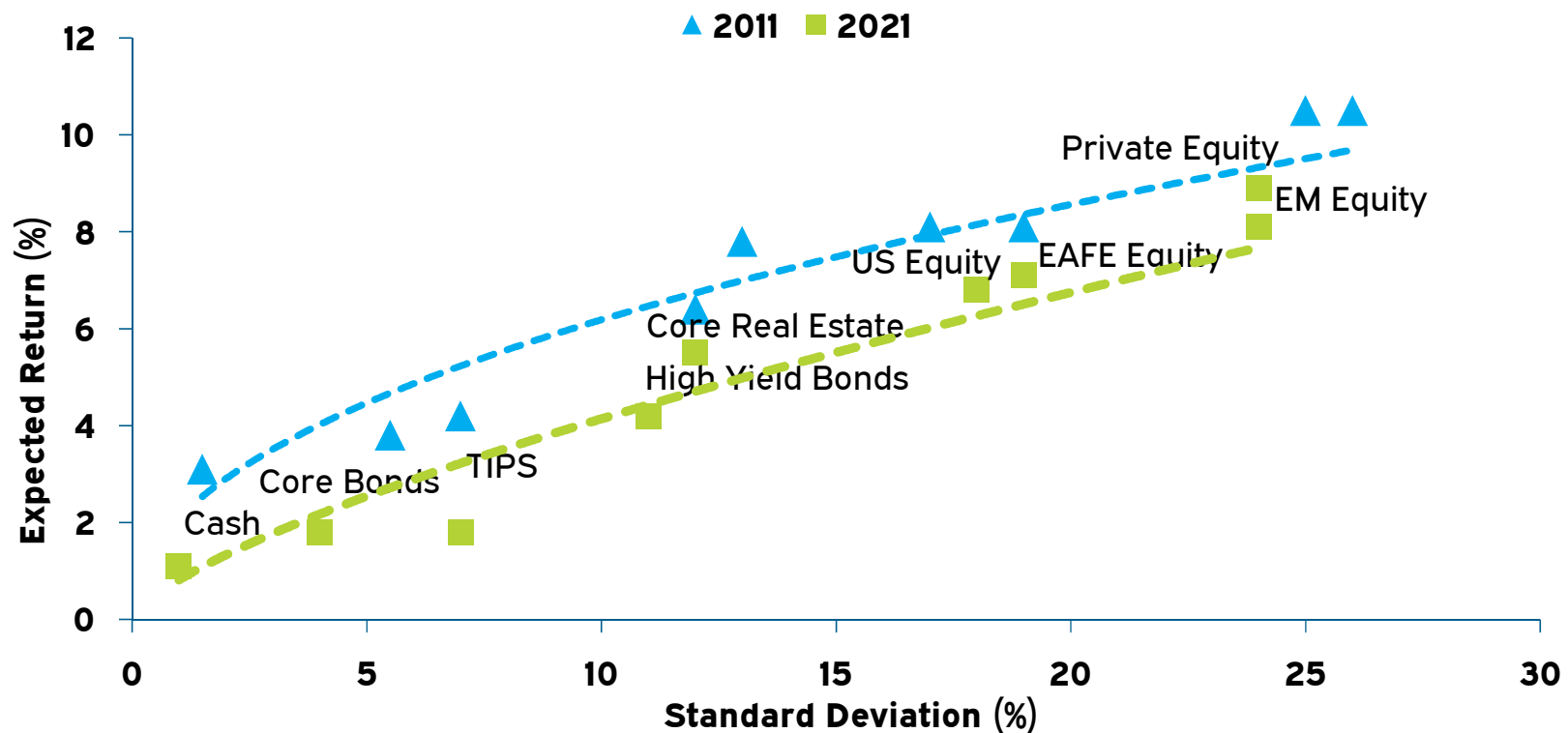


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Comparison to Peer

The Big Picture: Less Return for the Same Risk¹

- The relationship between long-term return expectations and the level of risk accepted is not static.
- We anticipate investors will have to take on greater levels of risk than they have historically if they want to achieve the returns they have in the past.



¹ Expected return and standard deviation are based upon Meketa Investment Group's 2011 and 2021 Capital Markets Expectations.



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Comparing the Results from 2021 to 2020

10-year Geometric Expected Returns Growth

	2021 E(R) (%)	2020 E(R) (%)	Δ From 2020 (%)	Notes
US Equity	5.2	5.5	-0.3	Higher price-to-earnings, lower dividend
Developed Non-US Equity	6.7	7.7	-1.0	Higher price-to-earnings, lower dividend
Developed Non-US Equity (hedged)	6.1	7.1	-1.0	Higher price-to-earnings, lower dividend
Emerging Market Equity	7.5	8.8	-1.3	Higher price-to-earnings, lower dividend
Global Equity	6.1	6.8	-0.7	Higher price-to-earnings, lower dividend
Private Equity ¹	8.0	8.4	-0.4	Higher prices, offset by lower borrowing costs
Value-Added Real Estate ²	7.5	9.3	-1.8	Lower cap rate, offset by lower cost of borrowing
Opportunistic Real Estate	8.5	11.5	-3.0	Lower cap rate, offset by lower cost of borrowing

¹Private Equity is modelled as 80% Buyouts and 20% Venture.

²Moved from Real Assets.



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Comparing the Results from 2021 to 2020

10-year Geometric Expected Returns Credit

	2021 E(R) (%)	2020 E(R) (%)	Δ From 2020 (%)	Notes
High Yield Bonds	3.3	4.1	-0.8	Lower yields and tighter spreads
Bank Loans	3.5	4.9	-1.4	Lower yields
Emerging Market Bonds (major)	3.5	3.8	-0.3	Lower yields
Emerging Market Bonds (local)	4.3	4.8	-0.5	Lower yields
High Yield Real Estate Debt	6.0	6.1	-0.1	Lower yields
Private Debt	6.6	6.7	-0.1	Lower yields
Fixed Income/L-S Credit	3.2	3.2	0.0	



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Comparing the Results from 2021 to 2020

10-year Geometric Expected Returns Real Assets and Inflation Hedges

	2021 E(R) (%)	2020 E(R) (%)	Δ From 2020 (%)	Notes
Core Private Real Estate	5.0	5.9	-0.9	Lower cap rate, offset by lower cost of borrowing
Natural Resources (Private)	7.9	9.0	-1.1	Higher Prices
Opportunistic Green Strategies	8.0	NA	NA	<i>New Asset Class</i>
Commodities	3.4	4.9	-1.5	Lower collateral returns
Infrastructure (Core Private)	7.1	7.1	0.0	
Infrastructure (Non-Core Private)	8.5	8.9	-0.4	Higher prices offset by lower cost of borrowing
Short-term TIPS	1.0	2.3	-1.3	Lower yields
TIPS	1.2	2.3	-1.1	Lower yields



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Comparing the Results from 2021 to 2020

10-year Geometric Expected Returns Risk Reduction and Mitigation

	2021 E(R) (%)	2020 E(R) (%)	Δ From 2020 (%)	Notes
Cash Equivalents	0.7	1.9	-1.2	Lower rates
Investment Grade Bonds	1.2	2.3	-1.1	Lower yields
Long-term Government Bonds	1.6	2.4	-0.8	Lower yields
LACERA Hedge Fund Composite ¹	4.6	NA	NA	
Global Macro	3.6	4.1	-0.5	Higher prices, lower yields
CTA – Trend Following	4.5	4.3	0.2	Higher leverage offset by low cash return
Relative Value/Arbitrage	4.5	4.4	0.1	
Crisis Risk Offset	4.3	NA	NA	<i>New Asset Class</i>

¹LACERA Hedge Fund Composite is composed of 50% Relative Value/Arbitrage, 20% Global Macro, 15% CTA and 15% Alternative Risk Premia..



Our Process



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Our Process

Setting Capital Market Expectations

- Capital Markets Expectations are the inputs needed to conduct MVO.
 - MVO is the traditional starting point for determining asset allocation.
- Consultants (including Meketa) generally set them once a year.
 - Our results are published in January and based on December 31 data.
- This involves setting long-term expectations for a variety of asset classes for:
 - Returns
 - Standard Deviation
 - Correlations (i.e., covariance)
- Our process relies on both quantitative and qualitative methodologies.



Asset Class Definitions

- We identify asset classes and strategies that are both investable and appropriate for the long-term allocation of funds.
- Several considerations influence this process:
 - Unique return behavior,
 - Observable historical track record,
 - A robust market,
 - And client requests.
- We then make forecasts for each asset class.
 - We created inputs for 86 “asset classes” in 2021.



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Our Process

Building 10-year Forecasts

- Our first step is to develop 10-year forecasts based on fundamental models.
 - Each model is based on the most important factors that drive returns for that asset class:

Asset Class Category	Major Factors
Equities	Dividend Yield, GDP Growth, Valuation
Bonds	Yield to Worst, Default Rate, Recovery Rate
Commodities	Collateral Yield, Roll Yield, Inflation
Infrastructure	Public IS Valuation, Income, Growth
Natural Resources	Price per Acre, Income, Public Market Valuation
Real Estate	Cap Rate, Yield, Growth
Private Equity	EBITDA Multiple, Debt Multiple, Public VC Valuation
Hedge Funds and Other	Leverage, Alternative Betas

- The common components are income, growth, and valuation.

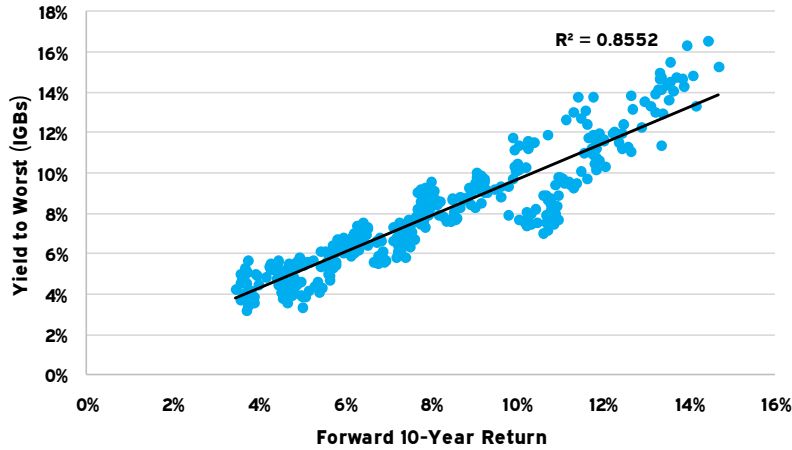


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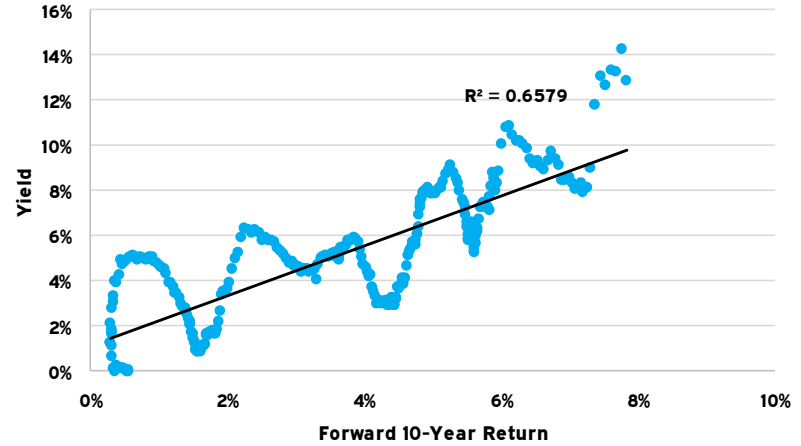
Our Process

Some factors are naturally more predictive than others

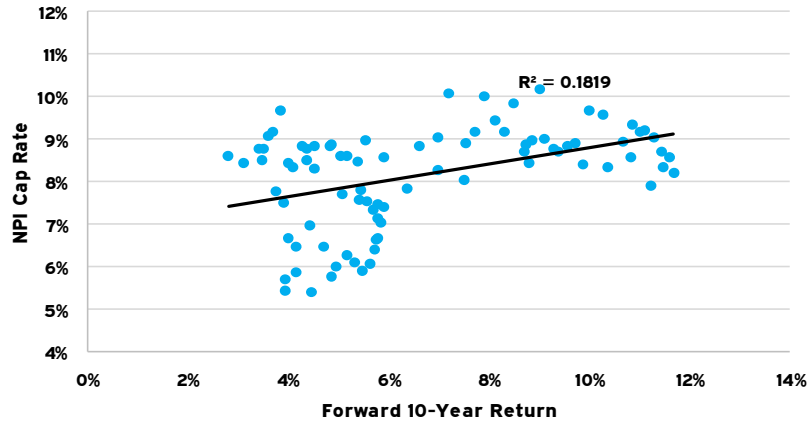
Investment Grade Bonds
Yield to Worst vs. Forward 10-Year Returns



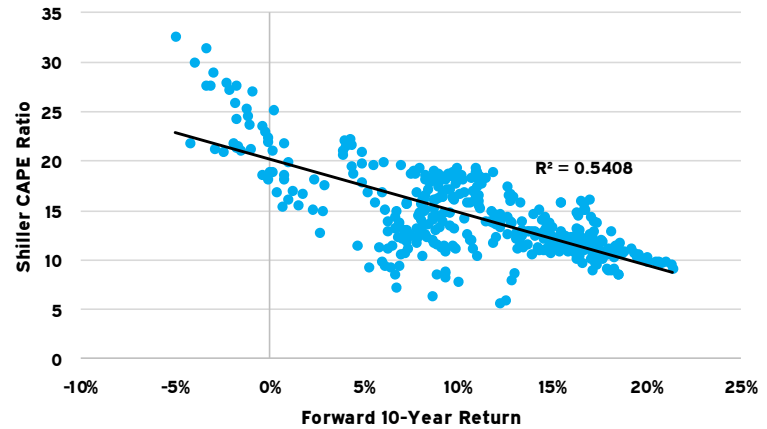
Cash (90-day T-Bill)
Yield vs. Forward 10-Year Returns



Core Real Estate
Cap Rates vs. Forward 10-Year Returns



US Equities
Shiller CAPE vs. Forward 10-Year Returns





The Other Inputs: Standard Deviation and Correlation

- Standard deviation:
 - We review the trailing fifteen-year standard deviation, as well as skewness.
 - Historical standard deviation serves as the base for our assumptions.
 - If there is a negative skew, we increased the volatility assumption based on the size of the historical skewness.

Asset Class	Standard Deviation (%)	Skewness	Assumption (%)
Bank Loans	6.6	-2.3	9.0

- We also adjust for private market asset classes with “smoothed” return streams.
- Correlation:
 - We use trailing fifteen-year correlations as our guide.
 - Again, we make adjustments for “smoothed” return streams.
- Most of our adjustments are conservative in nature (i.e., they increase the standard deviation and correlation).



Summary Data



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2021 Capital Markets Expectations

Return and Risk Data

Asset Class	10-year Expected Return (%)	20-year Expected Return (%)	Standard Deviation (%)
US Equity	5.2	6.8	18.0
Developed Non-US Equity	6.7	7.1	19.0
Developed Non-US Equity (hedged)	6.1	6.8	16.0
Emerging Market Equity	7.5	8.1	24.0
Global Equity	6.1	7.1	18.0
Private Equity ¹	8.0	9.1	28.0
Value-Added Real Estate ²	7.5	7.7	20.0
Opportunistic Real Estate	8.5	9.2	26.0
High Yield Bonds	3.3	4.2	11.0
Bank Loans	3.5	4.0	9.0
Emerging Market Bonds (major)	3.5	3.7	11.0
Emerging Market Bonds (local)	4.3	3.9	14.0
High Yield Real Estate Debt	6.0	6.0	18.0
Private Debt	6.6	6.8	16.0
Fixed Income/L-S Credit	3.2	3.4	9.0



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2021 Capital Markets Expectations

Return and Risk Data

Asset Class	10-year Expected Return (%)	20-year Expected Return (%)	Standard Deviation (%)
Core Private Real Estate	5.0	5.5	12.0
Natural Resources (Private)	7.9	8.3	23.0
Opportunistic Green Strategies	8.0	8.8	26.0
Commodities	3.4	3.7	17.0
Infrastructure (Core Private)	7.1	7.0	14.0
Infrastructure (Non-Core Private)	8.5	9.0	22.0
Short-term TIPS	1.0	1.4	5.0
TIPS	1.2	1.8	7.0
Cash Equivalents	0.7	1.1	1.0
Investment Grade Bonds	1.2	1.8	4.0
Long-term Government Bonds	1.6	2.5	12.0
LACERA Hedge Fund Composite ¹	4.6	4.8	6.0
Global Macro	3.6	4.3	5.0
CTA – Trend Following	4.5	4.7	15.0
Relative Value/Arbitrage	4.5	4.6	8.0
Crisis Risk Offset	4.3	4.1	6.0
Inflation	2.3	2.1	3.0



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2021 Capital Markets Expectations

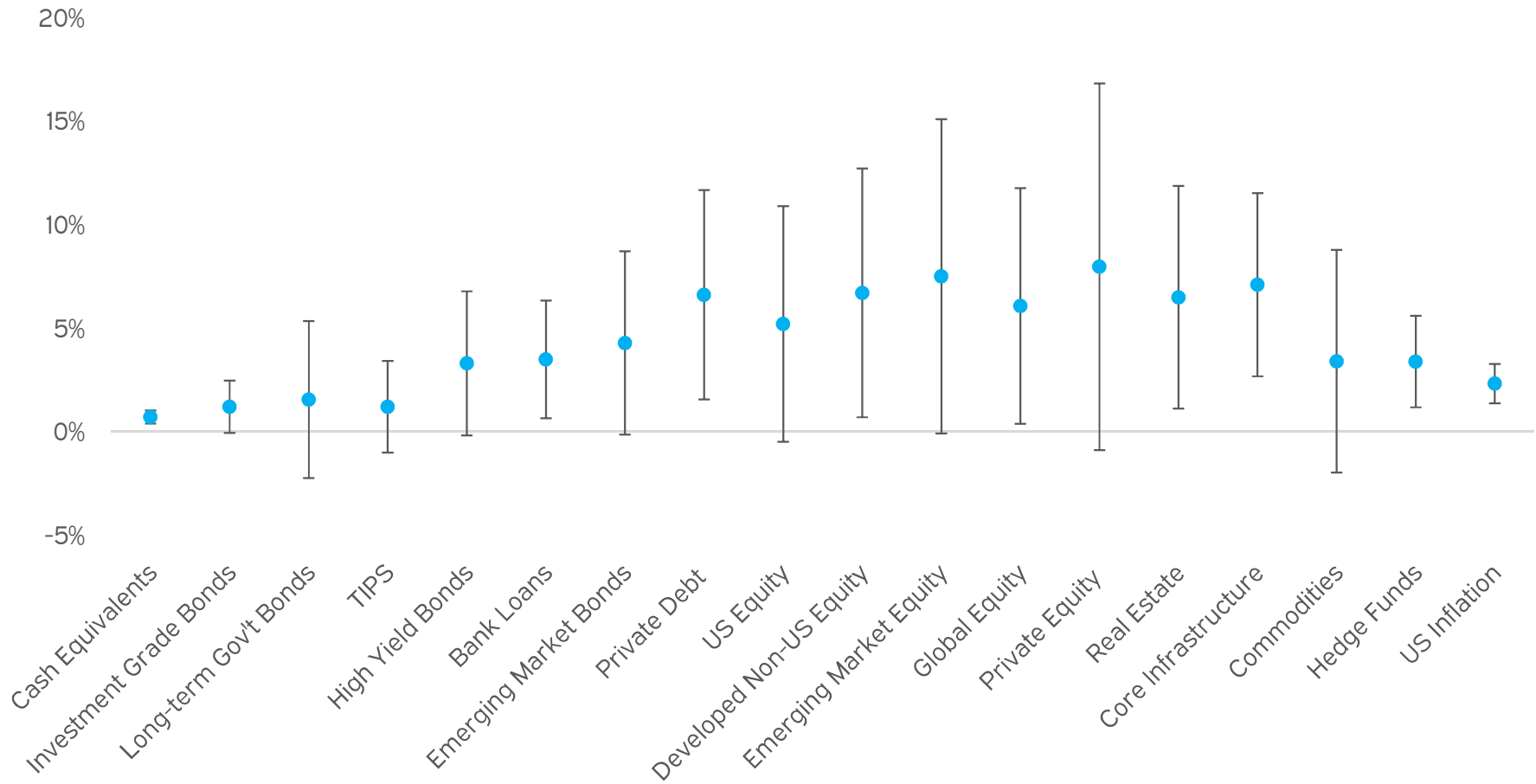
Correlation Data

	Inv. Grade Bonds	Long-term Gov't Bonds	TIPS	High Yield Bonds	US Equity	Dev. Non-US Equity	Em. Market Equity	Private Equity	Real Estate	Commod.	Core Infra. (private)	Custom HF Comp.
Investment Grade Bonds	1.00											
Long-term Government Bonds	0.82	1.00										
TIPS	0.77	0.53	1.00									
High Yield Bonds	0.23	-0.22	0.41	1.00								
US Equity	0.02	-0.32	0.19	0.75	1.00							
Developed Non-US Equity	0.10	-0.28	0.24	0.76	0.89	1.00						
Emerging Market Equity	0.15	-0.23	0.33	0.75	0.78	0.87	1.00					
Private Equity	0.00	-0.10	0.05	0.70	0.85	0.80	0.75	1.00				
Real Estate	0.20	0.05	0.10	0.50	0.50	0.45	0.40	0.45	1.00			
Commodities	0.02	-0.29	0.31	0.54	0.53	0.60	0.65	0.30	0.15	1.00		
Core Infrastructure (private)	0.30	0.15	0.30	0.60	0.55	0.55	0.50	0.45	0.60	0.35	1.00	
LACERA Custom HF Composite	0.27	-0.16	0.43	0.59	0.54	0.57	0.57	0.24	-0.06	0.58	0.08	1.00



10-Year Return Expectations

10-year Forecasts and Likely Range



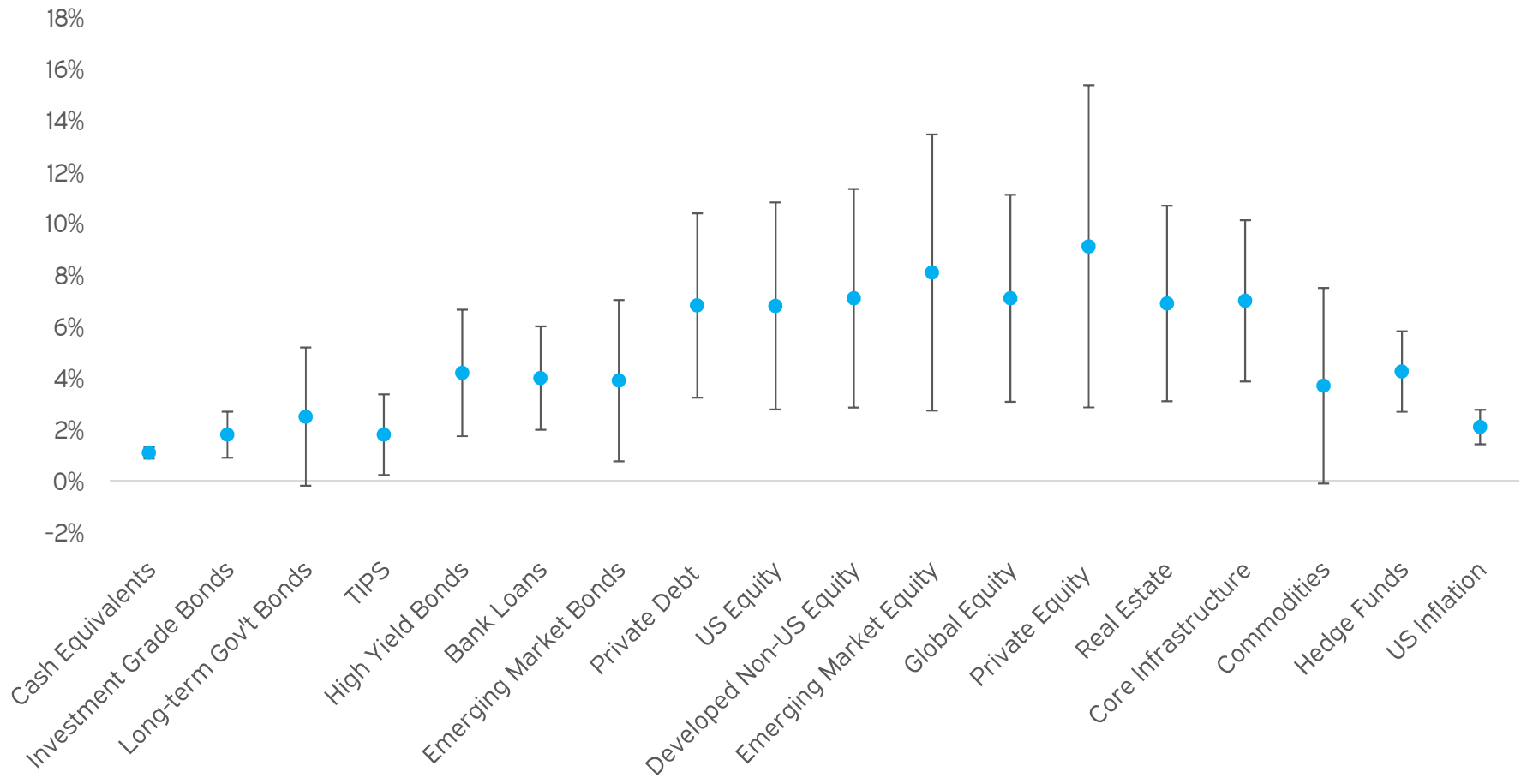


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2021 Capital Markets Expectations

20-Year Return Expectations

20-year Forecasts and Likely Range





Recommendation

- Meketa recommends that the Board approve use of Meketa's 20201 Capital Market Expectations as detailed in the presentation in the Strategic Asset Allocation Review.
- Meketa recommends utilizing the 10-Year Return Expectations for the asset liability model inputs and to evaluate policy options.
- Meketa recommends applying the 20-Year Return Expectations to test consistency with and reasonableness of LACERA's long-term actuarial assumptions.



Los Angeles County Employees Retirement Association

2021 Capital Markets Expectations

Disclaimers

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February 22, 2021

TO: Trustees – Board of Investments

FROM: Jonathan Grabel 
Chief Investment Officer

Jude Perez 
Principal Investment Officer

Scott Zdrazil 
Senior Investment Officer

FOR: March 10, 2021 Board of Investments Meeting

SUBJECT: **LACERA “Towards Inclusion, Diversity, and Equity (TIDE)” Ratification**

RECOMMENDATION

That the Board of Investments ratify that:

- (1) LACERA label its collective efforts to advance inclusion, diversity, and equity throughout its investment program and the financial services industry under a program title, LACERA “Towards Inclusion, Diversity, and Equity,” or the acronym “LACERA TIDE;”
- (2) LACERA continue to pursue a comprehensive, multi-pronged approach organized under LACERA TIDE into five core pillars as discussed in September and December 2020 Board of Investments meetings:
 - a. Internal Investments Division practices;
 - b. Asset manager and investment partner due diligence, evaluation, and advocacy;
 - c. Active ownership and corporate governance initiatives;
 - d. Capital formation facilitation to firms with diverse ownership;
 - e. Industry advocacy efforts; and
- (3) LACERA’s TIDE activities, progress, and trendlines be presented to the Board of Investments for oversight, review, and input on an annual basis, starting in 2021.

BACKGROUND

LACERA DEI Policies and Principles

LACERA’s commitment to diversity, equity, and inclusion (“DEI”) is enshrined throughout LACERA’s core investment policies. The [Investment Policy Statement](#)—as restated and approved by the Board of Investments (“Board”) in November 2018—explicitly incorporates into

LACERA’s investment philosophy and strategy a belief that accessing and retaining talent of diverse backgrounds leads to better investment outcomes.

Diversity and Inclusion

LACERA values diversity and inclusion, and believes that effectively accessing and managing diverse talent— inclusive of varied backgrounds, age, experience, race, sexual orientation, gender, ethnicity, and culture— leads to improved outcomes. LACERA expects external asset managers and other third party providers to respect and reflect LACERA’s value of diversity and inclusion. LACERA’s ongoing monitoring of third party service providers incorporates an assessment of vendors’ commitment to, adherence with, and track record of accessing and retaining diverse and inclusive workforces.

Investment Policy Statement, page 9

LACERA’s [Corporate Governance and Stewardship Principles](#) further detail LACERA’s advocacy of equal opportunity, non-discrimination and non-harassment in employment opportunities at investment partners and portfolio companies, as well as the importance of portfolio company boards casting a wide net, inclusive of diverse backgrounds, in nominating directors for corporate boards (pp. 7, 24). LACERA’s [Emerging Manager Policy](#) echoes the IPS’ language on diversity and defines programmatic parameters for smaller, or “emerging,” firms—inclusive of those with diverse ownership profiles—to manage capital commitments on LACERA’s behalf (see attachment 3 of the linked IPS).

Recent Board Reviews of LACERA DEI Advocacy Initiatives and Practices

In furtherance of the Board-approved principles and policies above, LACERA has pursued multiple actions to incorporate DEI throughout its investment program and advocate equitable opportunities and outcomes in the financial services industry. These efforts include, but are not limited to:

- Incorporating robust due diligence of all investment partners several years ago on external asset managers’ and vendors’ DEI commitments, practices, and objectives;
- Longstanding collaboration with industry affinity groups;
- A focused emerging manager policy and program;
- Active corporate governance initiatives to vote proxies in support of equal opportunity policies and practices at portfolio companies and concerted board diversity engagement initiative;
- Collaboration with industry associations and partners to advance best practices in the sector, such as standardized due diligence in private asset classes; and
- Attentive internal employment practices to foster an inclusive workplace within the Investments Division and its recruitment practices.

The Investment Division 2020 Work Plan and Strategic Initiatives presented for Board review and discussion in January 2020 included a planned Board presentation in Fall 2020 to review and discuss LACERA’s DEI efforts across its investments program. The Board reviewed LACERA’s Investment Division DEI initiatives at its September 2020 meeting. As part of the presentation, staff organized current efforts under five “pillars” of activity. These pillars help clarify a multi-dimensional approach to consider DEI throughout LACERA’s internal practices, evaluation of external investment opportunities, and efforts to influence DEI practices in the broader financial services industry in which LACERA operates. These pillars include:

1. **Internal Practices:** Internal DEI practices within the Investments Division;
2. **Due Diligence:** Evaluation and influence of current and prospective investment partners;
3. **Active Ownership:** Corporate governance initiatives and voting at portfolio companies;
4. **Capital Commitment:** Measures to facilitate capital formation among firms with diverse ownership profiles; and
5. **Industry Advocacy:** Active advocacy and collaboration among industry associations and others to advance DEI best practices in the financial services industry.

As LACERA executes on its DEI initiatives, the five pillars help organize programs and objectives, as well as discipline resources to advance each pillar, review progress, and refine strategies. Of note, LACERA's ability to directly influence each pillar varies, with LACERA most directly in a position of influence regarding its internal practices. Other areas of activity, such as urging corporate boards to revise corporate governance policies and board recruitment practices, require LACERA to operate strategically. For example, LACERA exercises legal rights (such as proxy votes) and dedicates resources to engage corporate directors and executives to encourage best practices that might lead to improved outcomes in board recruitment practices in the near-term.

Furthermore, staff suggested organizing the array of LACERA's DEI initiatives in the Investments Division under the LACERA TIDE umbrella. The Board provided positive feedback on the LACERA TIDE name.

Trustee feedback during the September 2020 presentation also included two approved motions to review LACERA's current emerging manager programs (which was conducted at the January 2021 Board meeting) and to return to the Board to review additional, forward-looking plans and objectives for LACERA's DEI efforts. Accordingly, the Investments Division continued internal planning and discussions among internal working groups for each of the five LACERA TIDE pillars, which culminated in a presentation and discussion with the Board at its December 2020 meeting. That discussion included a summary of forward-looking objectives and goals for each pillar. The Investments Division staff has subsequently continued work to execute on activities and objectives discussed at both the September 2020 and December 2020 Board meetings.

Explanation of Recommended Ratifications

Following recent Trustee input subsequent to the December 2020 Board meeting, the Board is being presented the opportunity at the March 10, 2021 Board meeting with the opportunity to affirm LACERA's TIDE efforts, including ratification of the following:

1. **The LACERA TIDE Name:** The "LACERA TIDE" acronym is intended to unify the full range of the Investments Division's DEI strategies. It aims to facilitate presenting a cohesive message both internally and to all external partners and audiences of LACERA's commitment to advance its Board-approved DEI policies and principles.¹

¹ Staff notes that we have become aware of a recently established enterprise providing consulting and other services also using the "TIDE" moniker within the financial services industry. The other effort operates under the name "The Investor Diversity Exchange," <https://www.tideschange.com>. Outside legal counsel has reviewed this matter and considers the usage of LACERA TIDE for LACERA's own internal organizing as reasonable and appropriate.

2. **A Comprehensive, Synergistic DEI Strategy, inclusive of all Five LACERA TIDE Pillars:** Staff considers that to be effective and make progress on fulfilling LACERA’s IPS commitment to DEI, it is important to use all the tools in LACERA’s proverbial toolbox and not limit LACERA’s approach to a singular strategy or initiative. The five pillars presented to the Board in September and December 2020 are intended to present a comprehensive and synergistic approach that collectively aims to execute on LACERA’s Board-approved DEI-related investment policies and principles.
3. **Periodic Board Oversight and Review:** Staff proposes that the Board exercise oversight of all LACERA TIDE activities on a periodic basis, including a summary of core activities under the five pillars, key accomplishments, forward-looking objectives, trendlines, and challenges. Board oversight allows for input from all Trustees in a cohesive and informed manner, consistent with Trustees’ fiduciary duties.

Similar to other programmatic activities, staff proposes an annual review timeframe. The annual timeframe enables staff to execute on stated objectives and programs, summarize progress in a cohesive manner, and identify trendlines to measure year-over-year progress. The annual review would be a shorter timeframe than some Board oversight activities, such as the asset class structure reviews which typically occur on a biennial basis to highlight investment performance and trendlines to inform the Board’s oversight. However, given LACERA’s dedication to DEI, staff considers the annual review appropriate to enable regular input from Trustees, consistent with programmatic areas such as the Board’s annual review of the Investments Division workplan and the annual proxy voting results and trendlines. Staff cautions on a shorter review timeframe, as the annual process is intended to permit staff to execute on stated objectives and position the Trustees to see progress over time, in order to inform oversight and input.

To inform Trustees’ consideration of this item, attached to this memo is a brief recap of LACERA TIDE’s five pillars, including examples of projects and objectives that the Investments Division is executing on subsequent to the Board’s fall 2020 presentations and review (**Attachment 1**). If approved, staff would anticipate summarizing progress in each of these pillars in a presentation to the Board this fall, tentatively agendized for the Board’s November 2021 meeting, as outlined in the Board’s 2021 work plan reviewed at the January 2021 Board meeting. Staff is aware that November 2021 is only eight months away. However, staff considers that autumn is an appropriate period to set in motion an annual LACERA TIDE presentation and review as part of the Board’s regular calendar and would anticipate organizing and presenting subsequent LACERA TIDE reviews each fall.

Also attached for Trustees’ ready reference are:

- The Board’s September 2020 review of LACERA DEI efforts, including the suggested LACERA TIDE name (**Attachment 2**);
- The Board’s December 2020 review of LACERA TIDE upcoming objectives and programs (**Attachment 3**); and
- The Board’s January 2021 review of its emerging manager programs (**Attachment 4**).

LACERA TIDE
Towards Inclusion, Diversity, & Equity
Review and Ratification

Board of Investments
March 10, 2021

Investments Division



Discussion Outline

1. Recommendation for Board Ratification
2. Summary of Five LACERA TIDE Pillars
3. Recap of Near-Term Objectives in Each Pillar



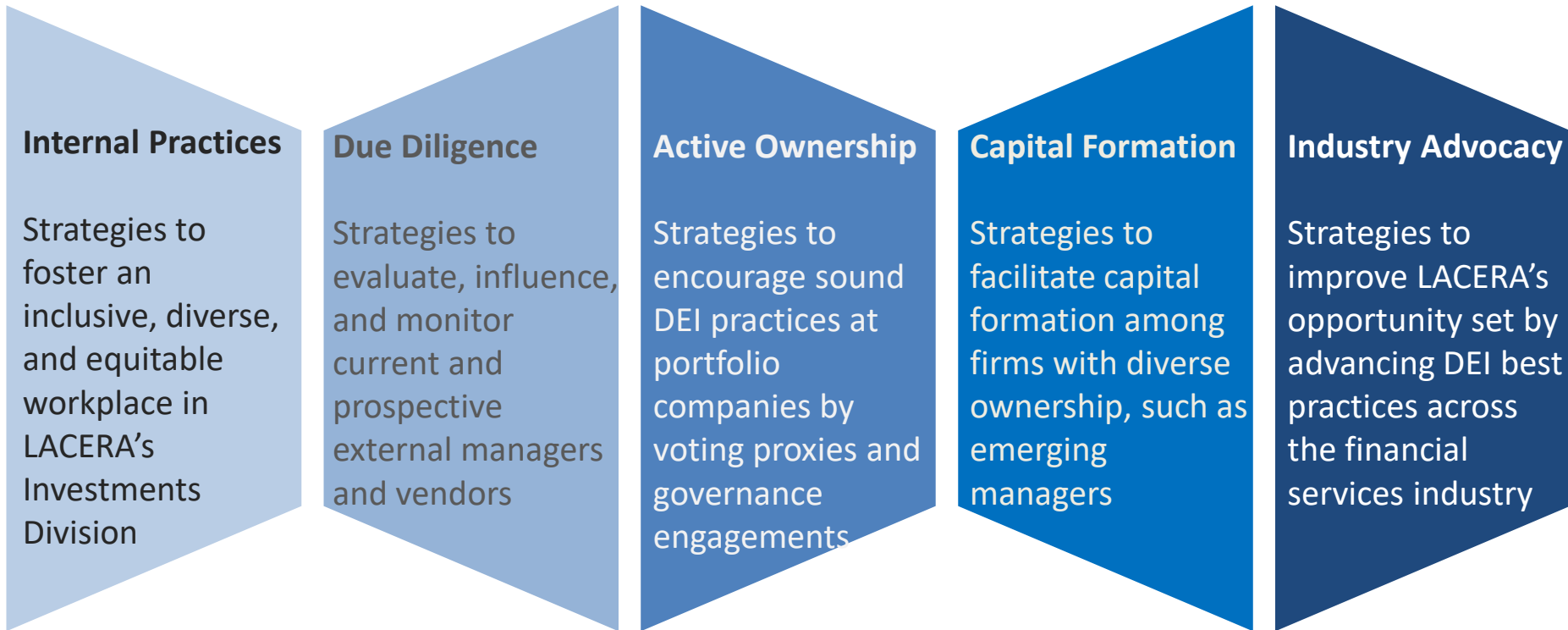
Recommendation

That the Board of Investments ratify that:

1. LACERA label its collective efforts to advance inclusion, diversity, and equity throughout its investment program and the financial services industry under a program title, “LACERA Towards Inclusion, Diversity, and Equity,” or the acronym “LACERA TIDE”;
2. LACERA continue to pursue a comprehensive, multi-pronged approach organized under LACERA TIDE into five core pillars as discussed in September and December 2020 Board of Investments meetings:
 - a. Internal Investments Division practices;
 - b. Asset manager and investment partner due diligence, evaluation, and advocacy;
 - c. Active ownership and corporate governance initiatives;
 - d. Capital formation facilitation to firms with diverse ownership;
 - e. Industry advocacy efforts; and
3. LACERA’s TIDE activities, progress, and trendlines be presented to the Board of Investments for oversight, review, and input on an annual basis, starting in 2021

Recap and Summary of LACERA TIDE's Five Pillars

Comprehensive, synergistic strategies to implement Board-approved policies and principles to advance diversity, equity, and inclusion (DEI) in LACERA's investment program and the financial services industry



Full range of tools-in-the-toolbox initiative to advance mission in adherence to fiduciary duty

Pillars range in LACERA's degree of direct influence, from left to right



Brief Recap of Pillars

Including Current Initiatives and Near-Term Objectives
Discussed at December 2020 Board of Investments Meeting



Pillar 1: Internal Practices

- ✓ Track record of attracting, developing, and retaining diverse talent
- ✓ Longstanding and successful summer intern program; 3 current staff hired from former interns
- ✓ Focused efforts to enhance gender diversity and pipeline for senior staff in succession planning

Internal Practices

Strategies to foster an inclusive, diverse, and equitable workplace in LACERA's Investments Division



Sample Near-term Projects and Objectives in Process for Fall 2021 Review

Recruitment

- ✓ Expand successful Investments Division summer intern program to semesters, where feasible
- ✓ Collaborate with HR to expand recruitment and advertisement channels to wider recruitment prospects for LACERA job openings

Development/Pipeline/Advancement

- ✓ Initiate internal CIO job shadowing opportunities
- ✓ Initiate Investments Division mentoring opportunities among senior/junior staff

Community

- ✓ Increase Investments Division participation in LACERA-wide Employee Council Team to foster cohesive LACERA-wide DEI effort and cross-division familiarization of investment career opportunities

Pillar 2: Due Diligence, Influence, Monitoring

- ✓ Current due diligence across all current and prospective managers and vendors
- ✓ Established fundwide baseline dataset of external managers' DEI practices and profiles
- ✓ Active dialogues to understand and improve managers' DEI practices

Due Diligence

Strategies to evaluate, influence, and monitor current and prospective external managers and vendors



Sample Near-term Projects and Objectives in Process for Fall 2021 Review

DEI Policy Commitments

- ✓ Progress towards 100% of investment partners adopting clear DEI policies

Transparency and DEI Reporting

- ✓ 100% of investment partners report firm demographics, where legal
- ✓ DEI reporting requirements integrated in investment agreements

Advance Best Practices and Increase Percentage of Managers that

- ✓ Have executive-level oversight of DEI strategies
- ✓ Conduct pay disparity analyses
- ✓ Maintain clawback provisions to promote adherence to DEI policies
- ✓ Incorporate DEI in investment strategies at portfolio companies

Annual Updates and Separate DEI Score in LACERA Manager Scorecard

Pillar 3: Active Ownership and Corporate Governance

- ✓ Recently expanded proxy voting rights across full global equities portfolio
- ✓ Robust track record of voting proxies in support of DEI practices (EEO-1 disclosure, equal opportunity and LGBTQ protections, board diversity policies, etc.)
- ✓ Over 100 diverse directors appointed in ongoing, multi-year board diversity initiative
- ✓ Advocated regulatory reforms to enhance corporate disclosures of DEI demographics

Active Ownership

Strategies to encourage sound DEI practices at portfolio companies by voting proxies and governance engagements



Sample Near-term Projects and Objectives in Process for Fall 2021 Review

Corporate Board Diversity Initiative

- ✓ Expand diversity at 74 currently engaged companies (gender/race/LGBTQ)
- ✓ All S&P 500 large cap companies disclose race/ethnic diversity

Proxy Voting

- ✓ Continue robust voting to support sensible DEI policies and practices
- ✓ Enhance *Corporate Governance and Stewardship Principles* language to vote against director nominees lacking credible track record of inclusion

Workplace Equity Initiative

- ✓ Pilot project to encourage select DEI best practices at engaged companies

Pillar 4: Capital Formation

- ✓ LACERA due diligence of executive and investment team demographics at all firms facilitates future talent and pipeline development for new firms, as new firms often started by graduates of large firms
- ✓ LACERA has longstanding emerging manager programs across the Total Fund
- ✓ LACERA established baseline of DEI ownership profiles in 2020 based on known attributes

Capital Formation

Strategies to facilitate capital formation among firms with diverse ownership, such as emerging managers



Sample Near-term Projects and Objectives in Process for Fall 2021 Review

Systematically Track Firm Ownership Attributes Across All Mandates

- ✓ Request self-identified DEI attributes of firms' ownership in due diligence and ongoing to better track firm ownership attributes going forward
- ✓ Include improved firm ownership analysis and trends for Board review

Review All Emerging Manager Programs and Initiatives

- ✓ Board review of emerging manager programs (completed January 2021)

Expand Emerging Managers in Additional Asset Classes

- ✓ Start hedge funds emerging manager program (completed January 2021)

Pillar 5: Industry Advocacy

- ✓ LACERA has supported the establishment of standardized DEI manager due diligence in private asset classes, in conjunction with Institutional Limited Partners Association (ILPA) and Alternative Investment Managers Association (AIMA)
- ✓ LACERA staff regularly participates in speaking events to exchange and advance DEI practices

Industry Advocacy

Strategies to improve LACERA's opportunity set by advancing DEI best practices across the financial services industry



Sample Near-term Projects and Objectives in Process for Fall 2021 Review

Organize a Regional DEI Event to Discuss and Disseminate DEI Best Practices

- ✓ Planning in process

Increase Active Participation in Affiliated Associations' DEI Efforts

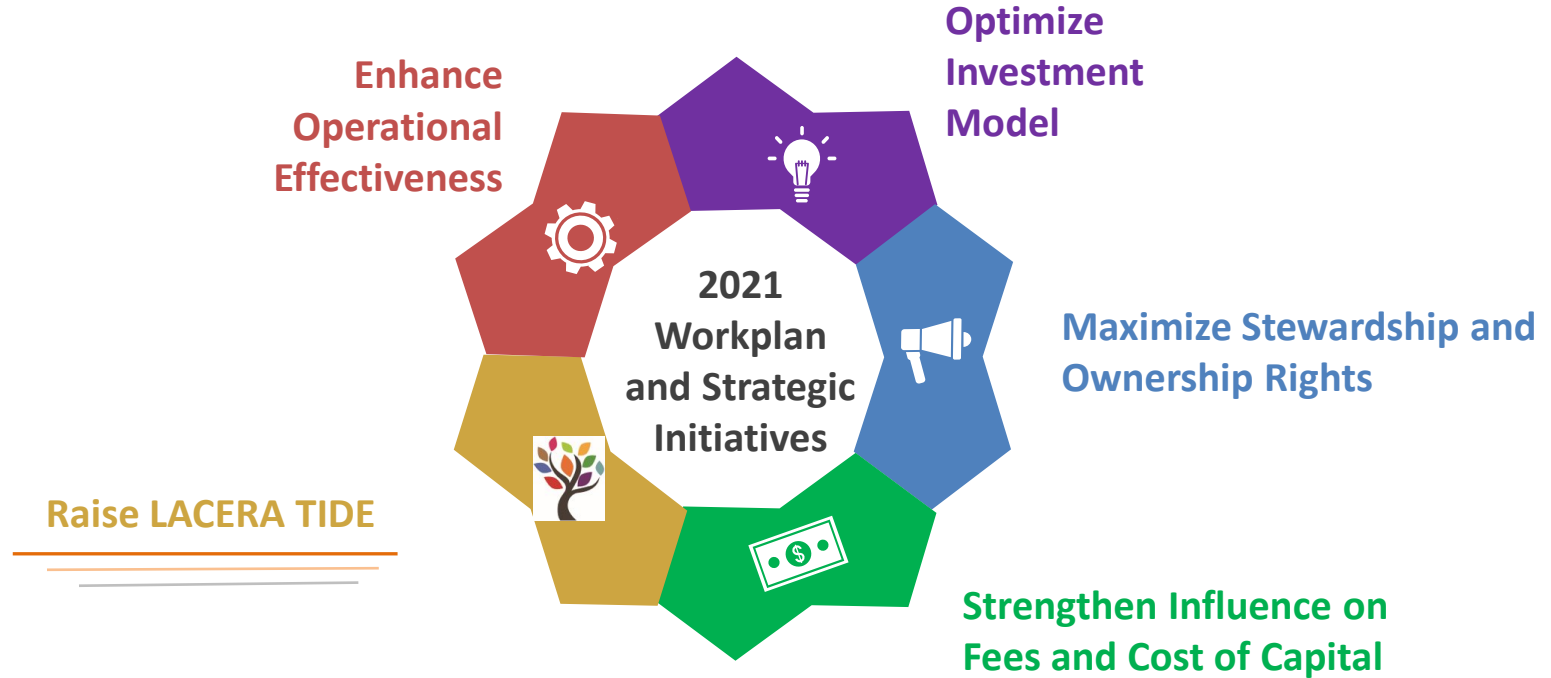
- ✓ LACERA endorsed ILPA's new "Diversity in Action" initiative, modeling leading DEI industry practices

Encourage and Track LACERA Industry Speaking Engagements

- ✓ Staff tracking recent speaking roles at ILPA, National Association of Real Estate Investment Managers (NAREIM), National Association of Securities Professionals (NASP), and others

Integrated Strategic Initiative

LACERA TIDE is an integral and integrated component of the Investments Division “Envision 2021 Work Plan and Strategic Initiatives,” as discussed at the January 2021 Board meeting



August 31, 2020

TO: Trustees
Board of Investments

FROM: Jonathan Grabel
Chief Investment Officer

FOR: September 9, 2020 Board of Investments Meeting

SUBJECT: **DIVERSITY, EQUITY, AND INCLUSION IN LACERA'S INVESTMENT PROGRAM**

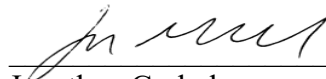
Please find attached a presentation (**Attachment 1**) providing information about LACERA's current policies and strategies to promote diversity, equity, and inclusion in the investment industry and as part of LACERA's investment due diligence. The presentation had been slated for the Board of Investments' November 2020 meeting as part of the Investment Division's 2020 workplan, but is being accelerated to the September meeting in light of recent discussions.

The presentation builds upon LACERA's established policies and efforts on diversity, equity, and inclusion, provides insights into current due diligence efforts with investment partners, and concludes by presenting several prospective next steps to further formalize and expand LACERA's initiatives.

Also attached are LACERA's current template due diligence on diversity employed for all investment partners (**Attachment 2**) and a confidential summary report that is legally exempt from public discussion and disclosure (**Attachment 3**).

Attachments

Noted and Reviewed:



Jonathan Grabel
Chief Investment Officer

Diversity, Equity, and Inclusion in LACERA's Investment Program to Fulfill LACERA's Mission

Board of Investments
September 9, 2020

Investments Division



Discussion Outline

1. Objectives
2. The Case for Diversity, Equity & Inclusion
3. LACERA's Current Principles, Policies, and Strategies
 - Principles and Policies
 - Strategies to Enact Them
 - Baseline Info and Sample Insights from Investment Partners
4. Legal and Regulatory Considerations
5. Prospective Next Steps

Objectives for Today

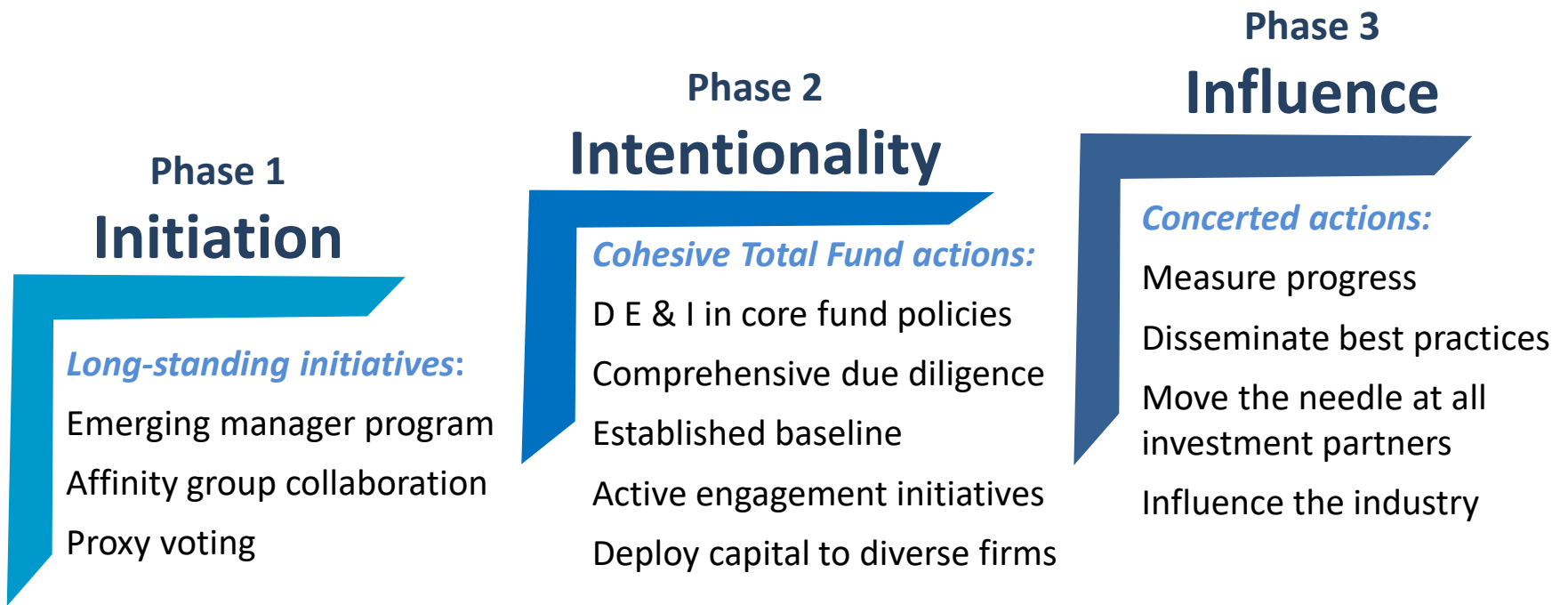


Objectives

1. Review and Level Set the Case for Diversity, Equity and Inclusion from a Fiduciary Lens
2. Review LACERA's Current Policies, Strategies, and Current Understanding of Investment Partner Profiles and Practices
3. Discuss Prospective Actions, Including a Concerted Initiative, "LACERA T.I.D.E.: Towards Inclusion, Diversity, and Equity"

Preview: Presentation Covers Evolution of Approach

LACERA has progressed to a comprehensive, Total Fund approach, establishing a platform to consider a strategic initiative the team is calling “**LACERA T.I.D.E. Initiative: Toward Inclusion, Diversity, and Equity**”



ALL ACTIONS ROOTED IN AND GUIDED BY LACERA'S MISSION AND FIDUCIARY DUTIES



The Case for Incorporating Diversity, Equity, & Inclusion



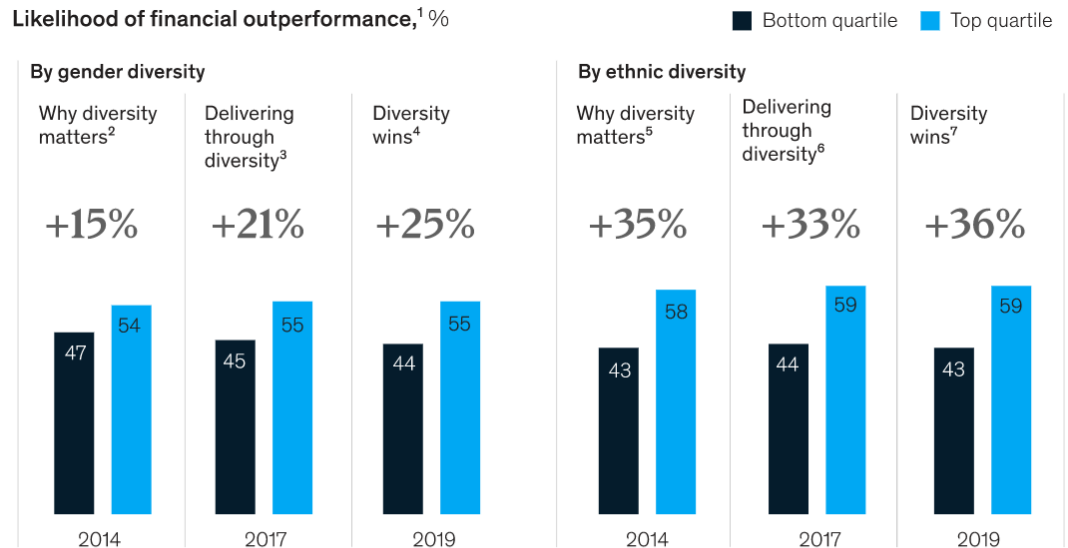
Why Diversity, Equity, and Inclusion Matter

Some reasons to consider D E & I in the investment process
and when evaluating investment partners

Performance	Diverse teams correlate with better financial performance
Innovation	Diversity of thought to inform better decisions
Talent	Broader recruitment, retention, and engagement of employees
Risk Mitigation	Risks of “groupthink”
Compliance	Legal, regulatory risks of discrimination and harassment
Reputation	Inclusion enhances employee, client, stakeholder perceptions
Efficiency	Wasted resources when firms are in “response mode” and reactive rather than being <i>proactive</i> and <i>forward-thinking</i>

Expanding Outperformance on Multiple Variables

McKinsey & Co. finds widening outperformance in firms' profitability between top and bottom quartiles of **executive teams in multiple measures of diversity, including gender and ethnicity** in its May 2020 "Diversity Wins" report, updating its previous 2014 and 2017 studies, entitled "Why Diversity Matters" and "Delivering Through Diversity"



¹Likelihood of financial outperformance vs the national industry median; p-value <0.05, except 2014 data where p-value <0.1. ²n = 383; Latin America, UK, and US; earnings before interest and taxes (EBIT) margin 2010–13. ³n = 991; Australia, Brazil, France, Germany, India, Japan, Mexico, Nigeria, Singapore, South Africa, UK, and US; EBIT margin 2011–15. ⁴n = 1,039; 2017 companies for which gender data available in 2019, plus Denmark, Norway, and Sweden; EBIT margin 2014–18. ⁵n = 364; Latin America, UK, and US; EBIT margin 2010–13. ⁶n = 589; Brazil, Mexico, Singapore, South Africa, UK, and US; EBIT margin 2011–15. ⁷n = 533; Brazil, Mexico, Nigeria, Singapore, South Africa, UK, and US, where ethnicity data available in 2019; EBIT margin 2014–18. Source: Diversity Wins data set

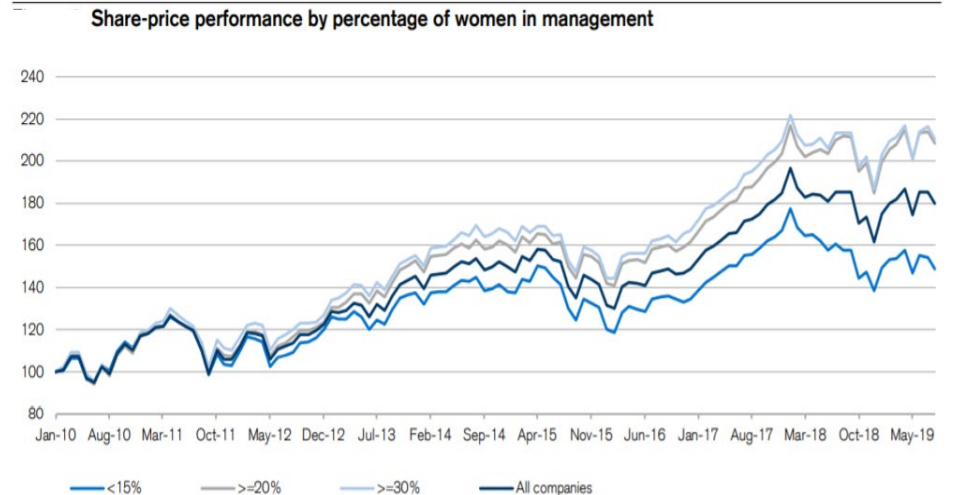
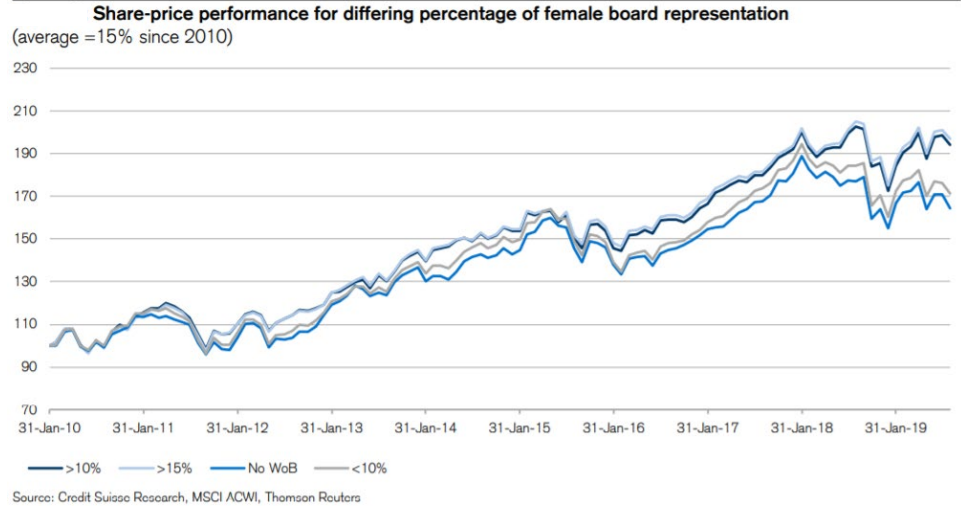
“The business case for inclusion and diversity is stronger than ever.”
McKinsey & Co.

Source: McKinsey & Co. May 2020. "Diversity Wins: How Inclusion Matters." Available at: <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters>.



Demonstrated Value at Multiple Levels of Firms

Outperformance in various financial measures (profitability, share price, and more) also can be seen at different organizational levels, including corporate board diversity and firm management teams



Source: Credit Suisse, CS Gender 3000. October 10, 2019. Available at: <https://www.credit-suisse.com/about-us-news/en/articles/news-and-expertise/cs-gender-3000-report-2019-201910.html>.

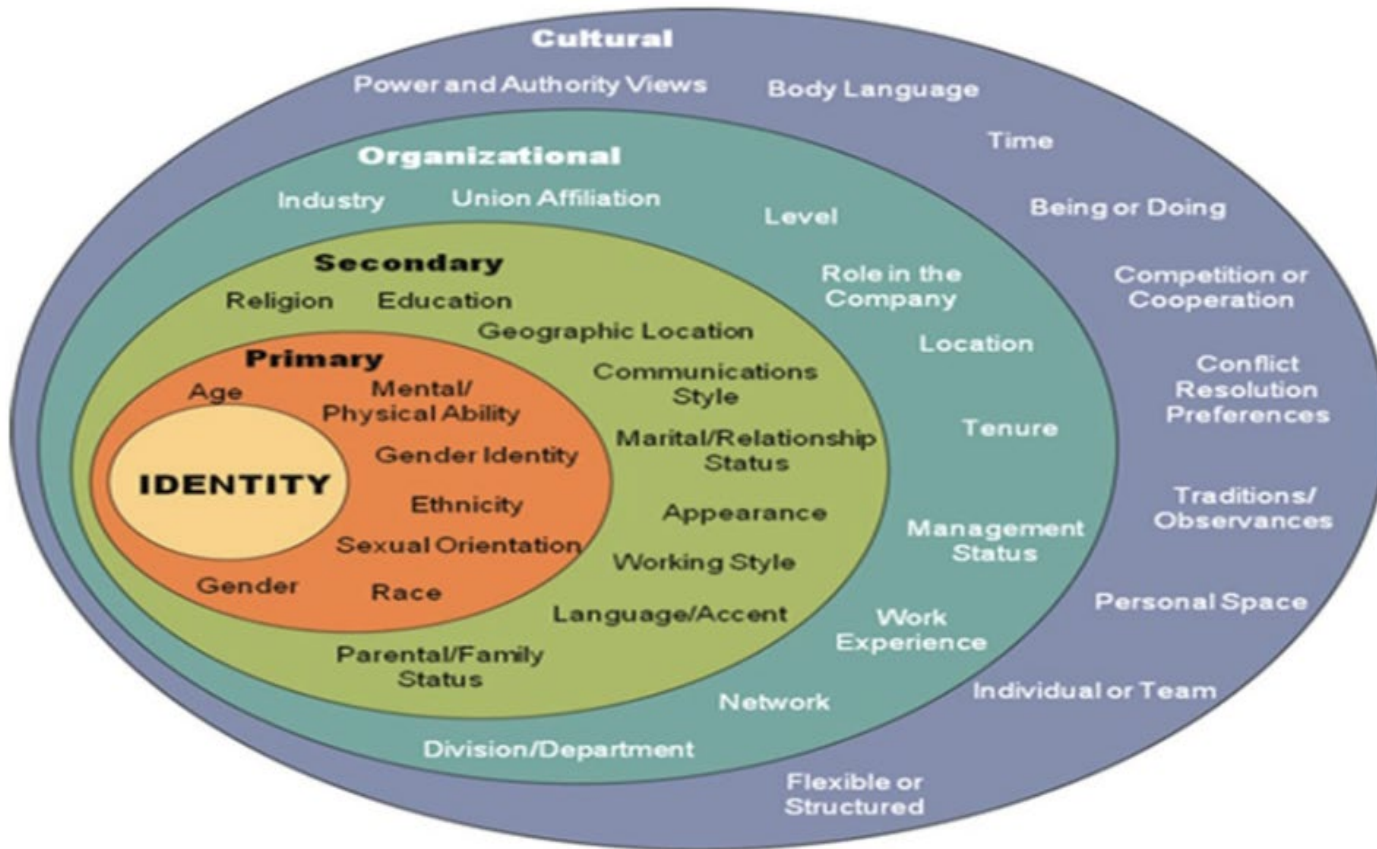


Avoiding Groupthink



Dimensions of Diversity

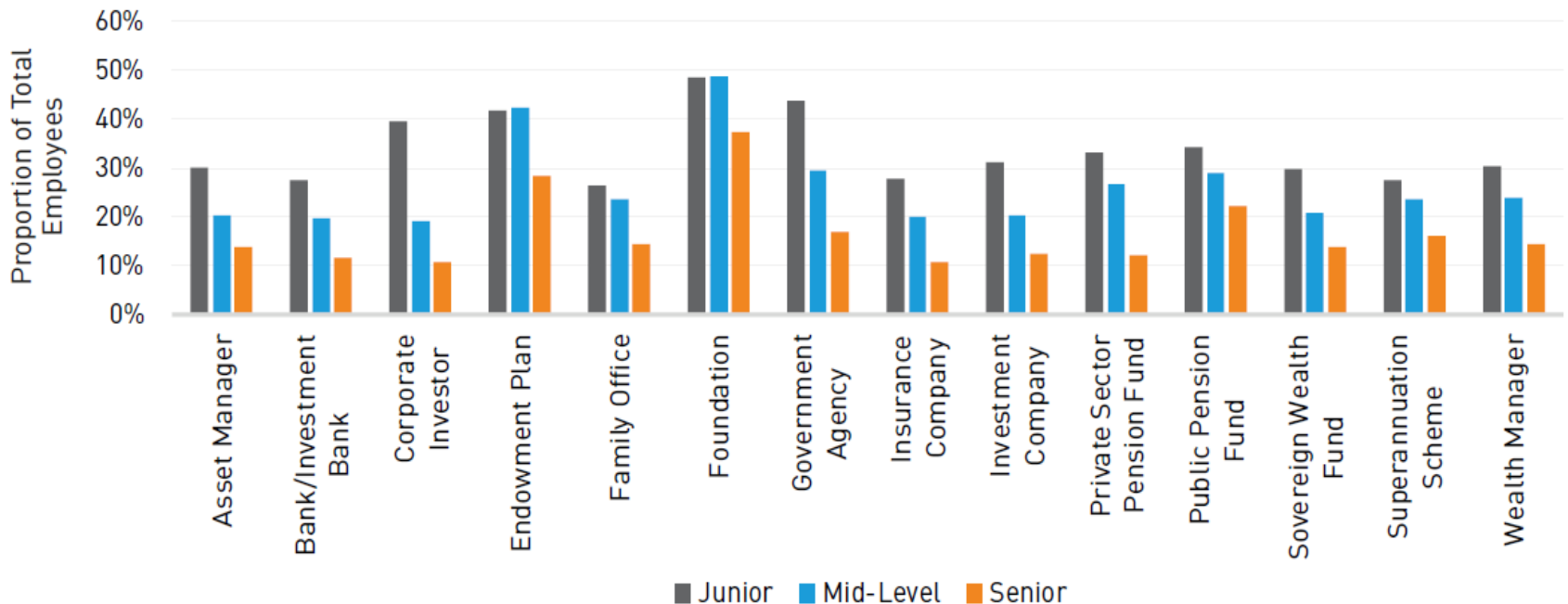
As discussed with The Learner's Group at the August 2020 joint meeting of the Board of Investments and Board of Retirement, diversity may entail a variety of attributes and multiple identities



State of Asset Management Industry

Despite recognized benefits, underrepresentation of various groups persists across the financial services industry, such as gender by way of just one example

Female Employees at Institutional Investors as a Proportion of Total Employees by Seniority and Investor Type



Source: Preqin. Women In Alternative Assets. February 2020. Available at: <https://www.preqin.com>.



Towards Inclusion, Diversity, and Equity / “T.I.D.E”

Inclusion, diversity, and equity are synergistic

LACERA’s efforts take a holistic view “Towards Inclusion, Diversity, and Equity”



LACERA Policy and Principles



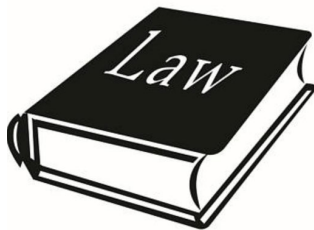
Rooted in Mission and Fiduciary Duty



LACERA's actions are founded in its mission:

To Produce, Protect, and Pay the Promised Benefits

And guided by its fiduciary duties:



**Fiduciary
Duty**

Duty of Loyalty

to act in the exclusive interests of LACERA members and beneficiaries

Duty of Care

to act with care, skill, prudence, and diligence

Diversity Enshrined in Investment Policy & Strategy

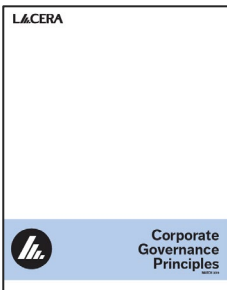
Broad, expansive definition of diversity and inclusion
in LACERA's established investment policies

Each adopted or refreshed in last three years



The **Investment Policy Statement** incorporates as part of **investment philosophy and strategy**

“Diversity and Inclusion: LACERA values diversity and inclusion, and believes that effectively accessing and managing **diverse talent— inclusive of varied backgrounds, age, experience, race, sexual orientation, gender, ethnicity, and culture**— leads to improved outcomes. LACERA expects external asset managers and other third party providers to respect and reflect LACERA's value of diversity and inclusion. LACERA's ongoing monitoring of third party service providers incorporates an assessment of vendors' commitment to, adherence with, and track record of accessing and retaining diverse and inclusive workforces.”



The **Corporate Governance Principles** incorporate broad definition and consideration of diversity in:

- Board quality and composition of portfolio companies
- Human capital management and employment practices of portfolio companies
- Equal employment opportunity and human rights



The **Emerging Manager Policy** echoes LACERA's IPS philosophy and extends to emerging managers:

- Affirms LACERA's ongoing assessment of all external managers on diversity and inclusion
- Affirms program may include firms owned by individuals from underrepresented backgrounds
- Affirms LACERA's regard for firms that are committed to and have established a demonstrated track record of diversity and inclusion throughout the firm's workforce, inclusive of investment professionals



LACERA's Current Strategies Advancing Diversity, Equity, and Inclusion



Apply Policies Across All Partners and Levels

*LACERA's expansive definition of diversity...
enshrined in fund policies...
supported by evidence...
aligned with fiduciary duty...
and driven by mission*

Positions LACERA to take deliberate, cohesive actions to advance consideration of diversity **at every level in the industry**


LACERA's
~\$60 billion portfolio



~US\$30 trillion retirement savings industry

- Ownership of asset managers
- Corporate boards of directors
- Executive management teams
- Investment professionals
- Recruitment channels and talent pipelines

Current Multi-Pronged Strategies to Enact Policies



LACERA's

~\$60 billion portfolio

LACERA takes actions in line with its mission to both enhance its investment decisions and influence the industry in which we operate

Due Diligence of Investment Partners

~\$30 trillion retirement savings industry with 6.4 million employees in U.S. LACERA's due diligence of external managers assesses all managers on diversity, but can also help influence and disseminate leading practices

Active Ownership at Portfolio Companies*

LACERA has exposure to ~11,000 public and private companies

- Engagement (e.g., board diversity)
- Proxy voting
- Assessing how external managers incorporate DE&I at portfolio holdings

Capital Commitment Considering Firm Ownership

Firm ownership may be considered across all mandates including, but not limited to, participants in the fund's emerging manager program

Advocacy Across the Industry

LACERA actively participates in numerous industry associations and efforts addressing diversity, equity, and inclusion

*Status and oversight of proxy voting and engagement strategies is reported to the Board of Investments' Corporate Governance Committee

Sources: Investment Company Institute. Available at: www.ici.org; U.S. Bureau of Labor Statistics. Available at: <https://www.bls.gov/iag/tgs/iag52.htm>



Current 5-Point Due Diligence of Investment Partners

Comprehensive due diligence of all investment partners aims to understand strengths, weaknesses, *and* momentum

1

Policy Commitment

Adoption or commitment to adopt formal policy articulating philosophy, strategy, and oversight

2

Oversight & Engaged Leadership

The role, if any, its board or executives play in defining and overseeing the firm's diversity and inclusion commitment

3

Track Record

Investment team and board demographics; History of legal, regulatory, or other related claims

4

Momentum, Goals, & Compliance Measures

Any objectives or measures to enhance progress and compliance (e.g. metrics, clawback policies, pay disparity analysis)

5

Portfolio Strategies

Any investment strategies or engagement with portfolio companies addressing diversity and inclusion

Current Practices for Board Review and Monitoring

Due diligence informs investment recommendations and is incorporated into several steps



Investment Recommendations to the Board

Each recommendation to hire a manager includes summary of diversity and inclusion due diligence



Manager Scorecards

D&I incorporated as part of overall talent management (including factors such as succession planning, key person risk, turnover, etc) reflected in overall “Organizational Strength” pillar



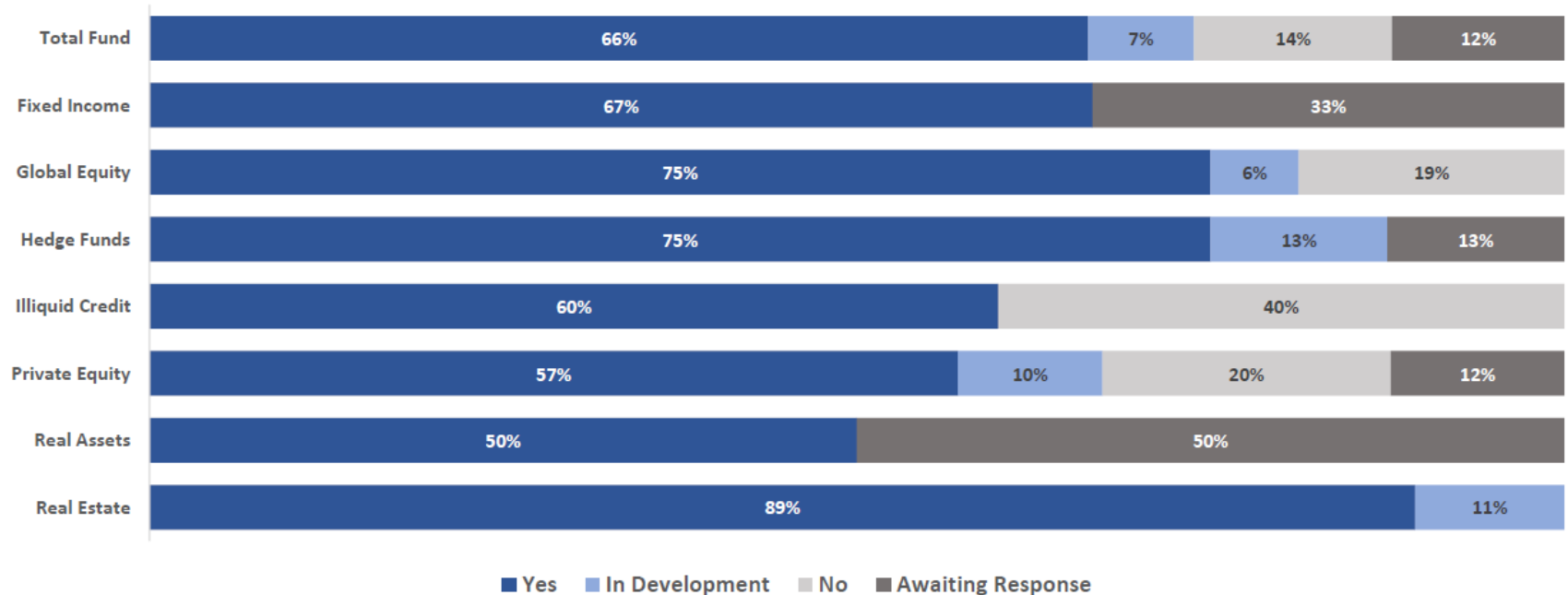
Contract Language, Ongoing Reporting, and Monitoring

Analysts may adjust manager scorecard, as appropriate
Investment agreements incorporating ongoing reporting
Manager compliance monitoring to incorporate updates and tracking

Snapshot of All Current Managers' Diversity Policies

Proportion of Current Managers with Defined Policies on Diversity, Equity, & Inclusion

DDQ Response Rate by Asset Class -
Does the firm have a D&I Policy?



- Research indicates firms with defined diversity policies may better achieve stated objectives
- Most managers have defined policies articulating a firmwide philosophy, approach, and oversight
- Variation across asset classes
- Signs of movement, as more firms develop explicit firmwide policies



Considerations for Disclosing Firm Demographics

LACERA seeks to understand investment partners' track record on diversity and inclusion, including the demographics of their investment and leadership teams, specifically

- Focus on investment team to accrue benefits of diversity and inclusion

LACERA asks for EEO-1 data

- In the U.S., firms subject to Title VII of the Civil Rights Act of 1964, as amended, with over 100 employees and certain federal contractors must file EEO-1 reports with the Equal Employment Opportunity Commission (EEOC)
- The EEO-1 Report is a compliance survey mandated by federal statute and regulations
- EEO-1 requires employment data grouped by race/ethnicity, gender and job category, as defined by the EEOC
- Self-identified reporting by employees to their employers
- EEOC does not disclose, nor are employers required to publicly disclose

EEO-1 data is baseline for standardized, comparable data

- Firms may voluntarily provide reporting on dimensions of diversity not included on EEO-1 form
- Additional voluntary disclosure (such as LGBTQ participation) consistent with self-identification, privacy, and law

Limitations to reporting

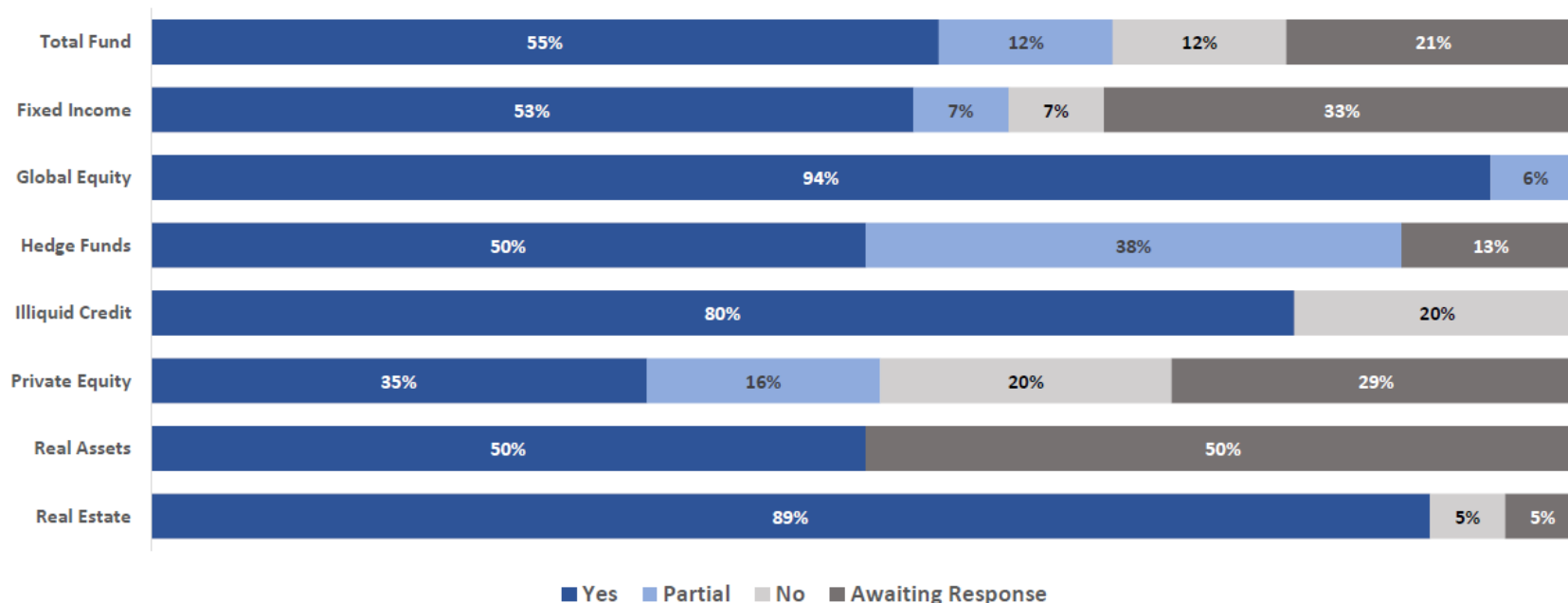
- U.S. firms smaller than 100 employees may not have self-identified info
- Non-U.S. jurisdictions have privacy and civil rights restrictions on reporting
- Privacy
- Unintended consequences; e.g. disclosure may place employees at risk

For more information, see the U.S. Equal Employment Opportunity Commission at: <https://www.eeoc.gov/employers/eeo-1-survey/eeo-1-frequently-asked-questions-and-answers>



Response Rates for Disclosing Demographics

DDQ Response Rate by Asset Class -
Does the firm provide LACERA with demographic profile of its investment team?



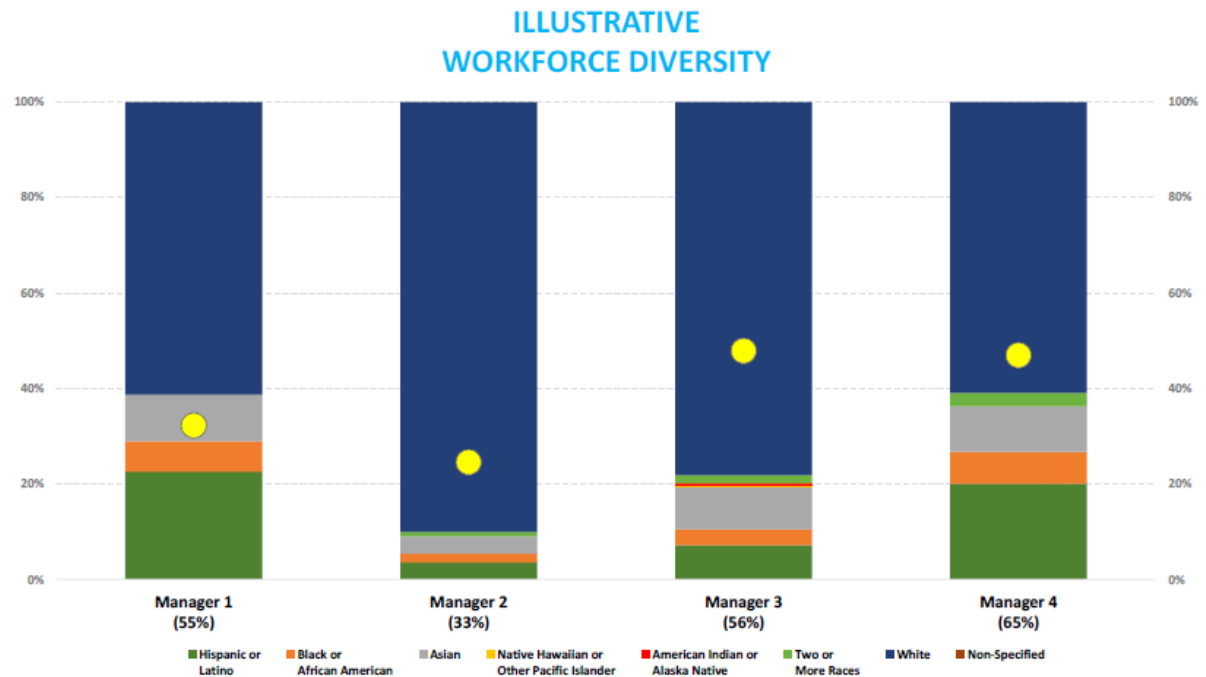
- Response rates for all managers (including non-U.S. firms that may be restricted from disclosing)
- “Yes” indicates reporting baseline information for gender and EEO-1 race & ethnicity
- “Partial” generally indicates the firm only reports gender breakdown
- No indicates firm declined to disclose
- “No response” includes firms for which LACERA may be awaiting disclosures



Peer Comparisons and Analysis

Sample Comparison Among Managers For Illustration Purposes

Peer comparisons assist in identifying outliers, probing firms, and informing assessments of our investment partners

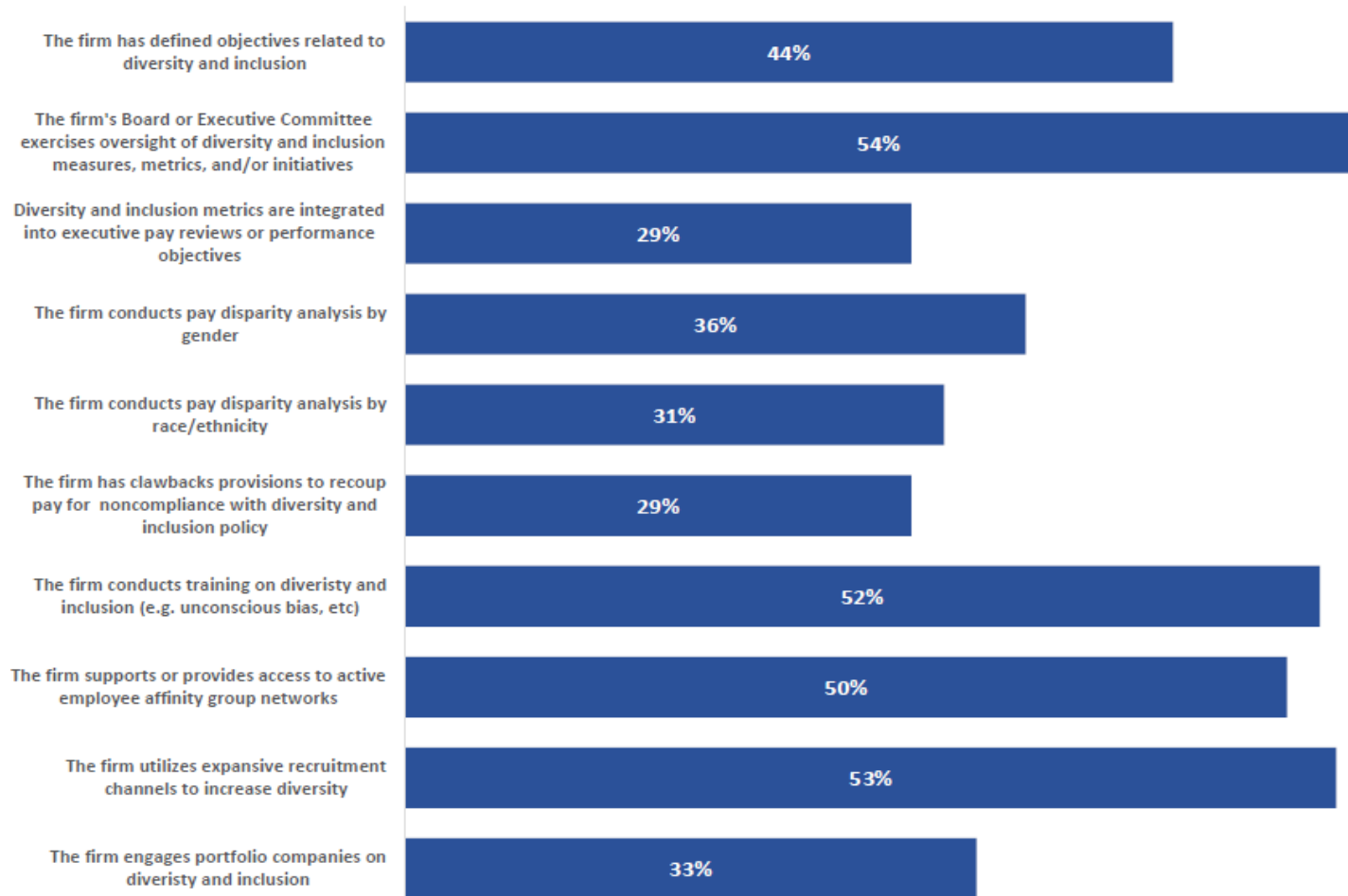


Yellow dots represent percentage of women

Parentheses represent proportion of total investment staff comprised of women and/or people of color

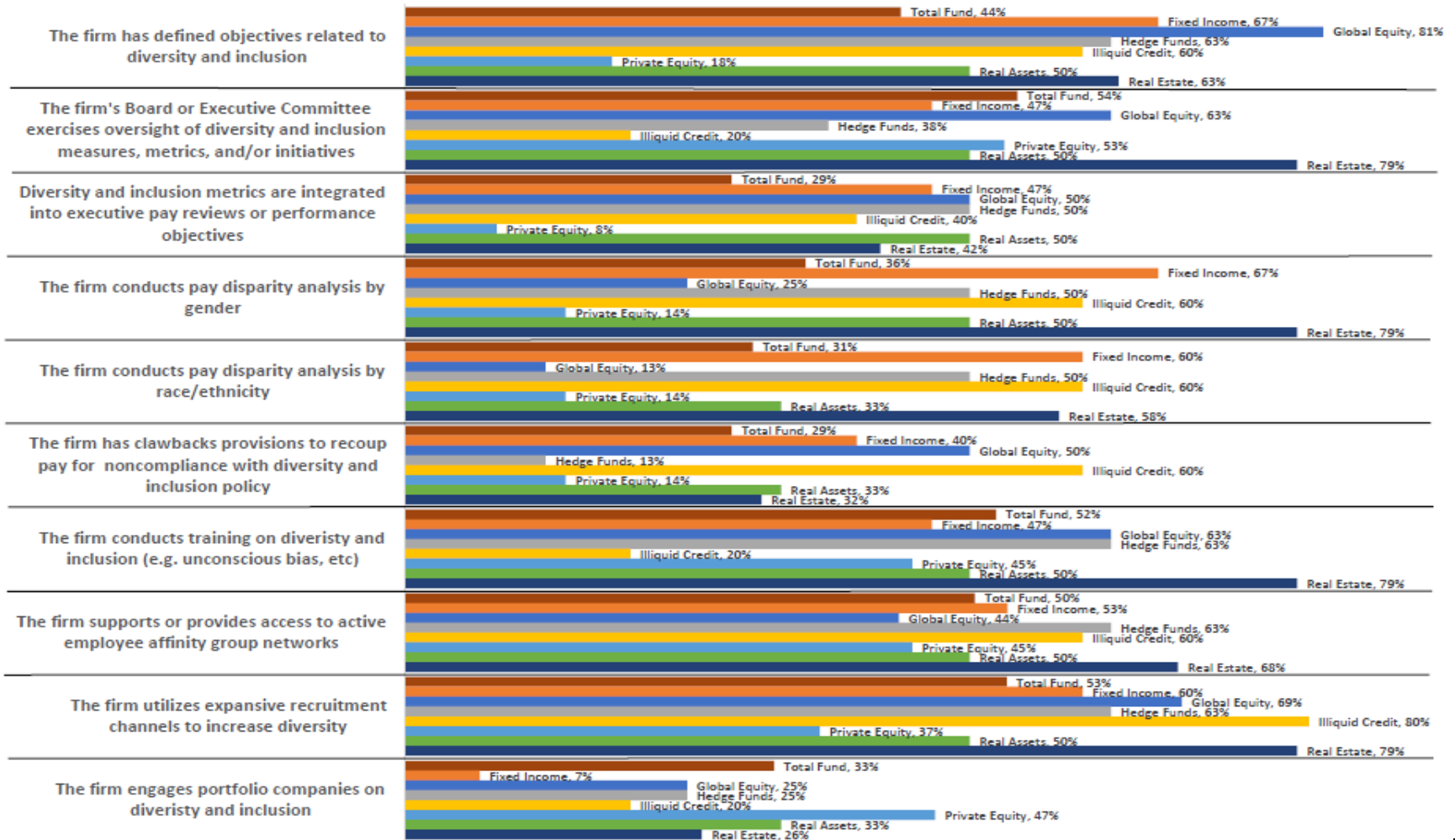
Adoption of 10 Sample Practices by All Managers

LACERA probes managers on select practices that may promote adherence to policies and objectives



Adoption of 10 Select Diversity and Inclusion Practices

Adoption rates vary across asset classes



Examples of Firms' Efforts to "Move the Needle"

Executive Leadership

One firm recently established a firmwide executive level committee to expand attention to diversity and inclusion throughout all divisions

Targets

One firm aims to expand the proportion of women on its investment team by 20% within the next three years

A firm commits to address underrepresentation of African Americans by focused metrics

Ally Networks

A firm established an LGBTQ "ally" network in a non-U.S. market to promote inclusion in market with no legal protection on sexual orientation

Tie to Compensation

A firm has tied its targets for increased representation of women to executive bonuses

Recruitment Channels

A firm has revisited its conventional channels for publicizing job opportunities to expand to underrepresented audiences

Assessing Emerging Practices

A firm indicated LACERA's DDQ might inform additional measures it may develop, such as conducting pay disparity assessments

Active Ownership and Engagement Strategies

LACERA exercises its legal rights as an investor to advance diversity, equity, and inclusion in corporate governance practices of portfolio companies, consistent with its established *Corporate Governance Principles*

Proxy Voting

LACERA generally supports reasonable resolutions requesting

- Disclosure of workforce demographics (such as EEO-1 data)
- Corporate board diversity
- Clawbacks for misconduct and harassment
- Equal protection for LGBTQ employees
- Pay disparity assessments

Board Diversity Engagement Initiative

LACERA engaged 100 companies in the past two years

- Encouraged broad focus on diversity, including gender, race, LGBTQ
- 88 companies appointed 111 women, including 14 of color
- Some adopted Rooney Rule
- Numerous incorporated diversity into governance charters

For example: *“including diversity of race, gender, religion, sexual orientation, ethnicity, education, disability and age”*

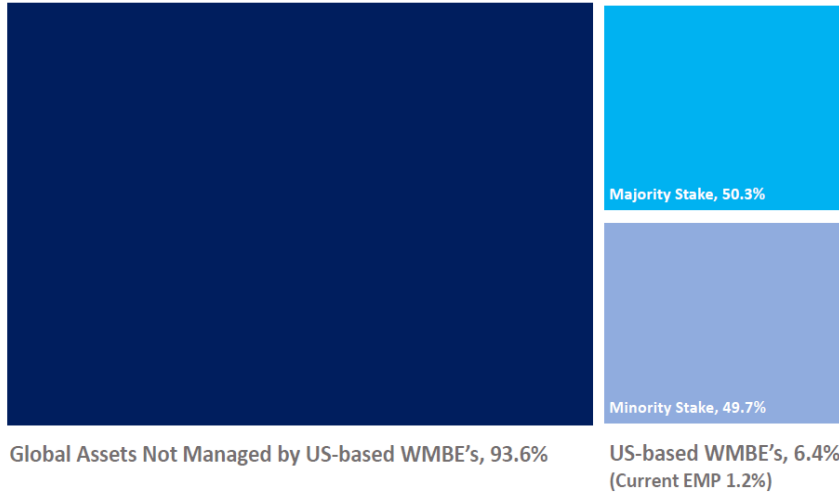
Regulatory Advocacy

LACERA called on the Securities and Exchange Commission to require more human capital disclosure including workforce composition



Capital Commitment Analysis by Firm

Ownership by Total Fund AUM



U.S.-based women and minority-owned business enterprises (WMBE) manage at least 6.4% of global plan assets

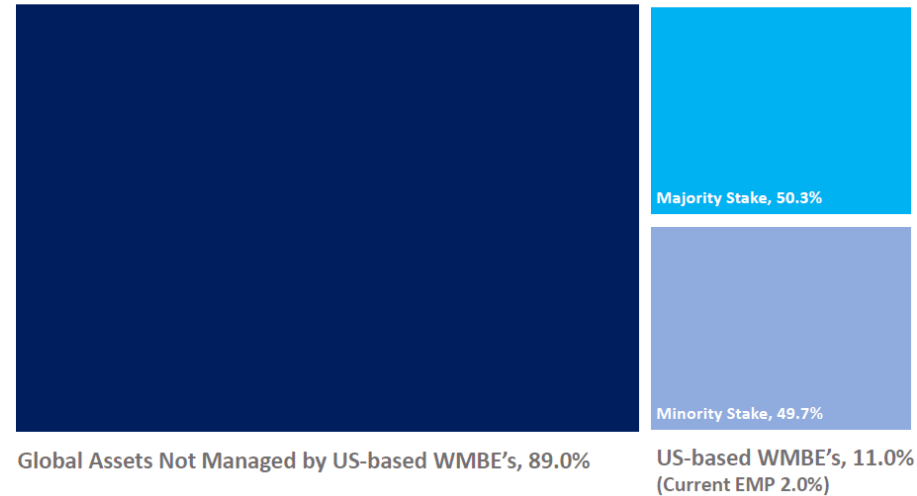
At least 1.2% of all plan assets are managed by “emerging managers” that are WMBE*

Non-WMBE firms include publicly listed companies with dispersed ownership

Ownership by Total Active AUM

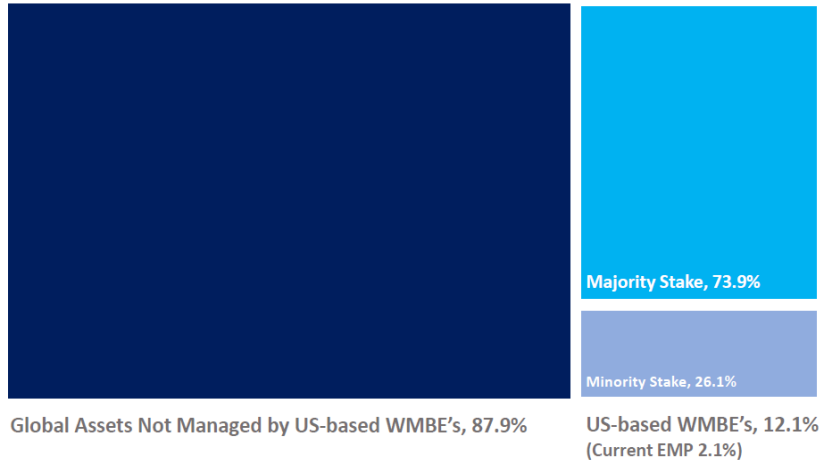
U.S. based WMBE's manage at least 11.0% of active global assets

At least 2% of all actively managed assets are emerging managers that are WMBE*



Fee Analysis by Firm

FY2019 Total Fund Fees



U.S.-based women and minority-owned business enterprises (WMBE) represent at least 12.1% of all manager fees paid by LACERA

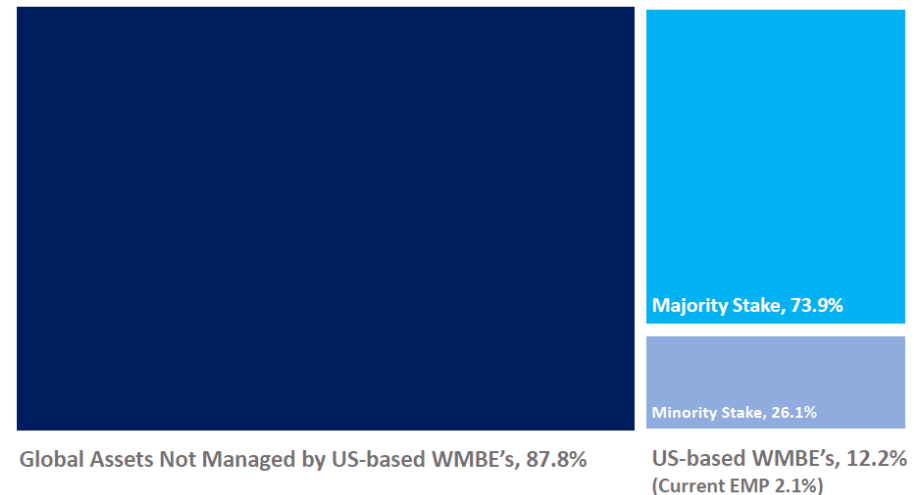
At least 2.1% of all fund fees are paid to “emerging managers” that are WMBE*

Non-WMBE includes publicly listed firms with dispersed ownership

FY2019 Total Active Fees

U.S. based WMBE's represent at least 12.2% of total fees paid to actively managed mandates







WMBE emerging managers represent at least 2.1% of fees for actively managed mandates










*LACERA emerging managers are not exclusive to WMBE



Advocacy through Industry Associations

	Name	Description	Web-Address
	100 Women in Finance	Committed to empowering women working in the finance industry to achieve their professional potential at each career stage.	http://100women.org
	AIF Global Women's Investor Initiatives	Independent economic think tank focusing on institutional investment policy. AIF holds a Women's Investors' Session at each of its forums and a dedicated Women Investors' Forum every fall.	https://aifglobal.org/#
	Association of Asian American Investment Managers	Non-profit organization dedicated to the advancement of Asian Americans & Pacific Islanders (AAPIs) in the field of investment management.	https://www.aaaim.org/
	Institutional Limited Partners Association	Seeks to empower its membership through access to data, research and tools, often developed exclusively for the organization's professionals.	https://ilpa.org/
	Level 20	Non-profit organization dedicated to inspire more women to join and to succeed in the private equity industry.	https://www.level20.org/
	National Association of Securities Professionals	Seeks to assist people of color and women achieve inclusion in the financial services industry.	https://www.nasphq.org/

Advocacy through Industry Associations Continued

Name	Description	Web-Address
 <p>New America Alliance</p>	<p>Committed to building on American Latino success. Members leverage their influence to increase capital access for women and minority-owned firms, and diverse leadership in entrepreneurship, corporate America, and public service.</p>	<p>http://www.naaonline.org/</p>
 <p>PREA Foundation</p>	<p>Seeks to further the interests and values of the institutional real estate investment community by advancing industrywide diversity and inclusion.</p>	<p>https://www.prea.org/foundation</p>
 <p>Private Equity Women Investor Network</p>	<p>Global organization for senior women leaders in private equity whose members represent institutions with over \$3 trillion in AUM</p>	<p>https://pewin.org/</p>
 <p>The Toigo Foundation</p>	<p>Seeks on building stronger, more diverse financial organizations through the inclusion and advancement of under-represented talent.</p>	<p>https://toigofoundation.org</p>
 <p>Women in Finance Association</p>	<p>Committed to bring together professional women within the financial industry for the purpose of networking, education, industry awareness and philanthropy.</p>	<p>https://thewifa.org</p>
 <p>Women in Institutional Investments</p>	<p>Advance and empower women in the Southern California institutional investment community</p>	<p>https://www.wiin.org/</p>
 <p>Women's Association of Venture and Equity</p>	<p>Nonprofit organization committed to the development and advancement of women in private equity and venture capital.</p>	<p>https://women-wave.org/</p>

Advocacy through Industry Associations



LACERA is a member of ILPA's Diversity and Inclusion Working Group, which recently developed and launched a diversity due diligence approach for private equity firms

LACERA works to expand better diversity due diligence and disclosures in private market asset classes



LACERA is encouraging hedge funds to participate in a new due diligence effort launched in summer 2020 to “help investors better probe asset managers on the measures they are taking to improve representation of women, racial and ethnic minorities, LGBTQ+ individuals, veterans and persons with disabilities within their firms, as well as on their efforts around equal recognition, respect and merit-based evaluation in the workplace.” Trade group Alternative Investment Managers Association (AIMA) and Albourne organize the effort.



LACERA... “described the initiative as an ‘important contribution’ in advancing transparency and best practices. ‘Diversity and inclusion is a fundamental part of LACERA’s investment philosophy and strategy. LACERA actively assesses current and prospective investment partners on how they effectively access, develop, and retain diverse talent and cultivate inclusive workplaces to achieve the best outcomes.’”*

LACERA is aware of and is in dialogue about additional initiatives by its investment consultants related to diversity.

* Source: <https://www.hedgeweek.com/2020/08/17/288645/aima-and-albourne-launch-new-initiative-strengthen-diversity-and-inclusion-within>.

LACERA's Investment Division



77% of LACERA's investment professionals are women and/or people of color

37% Asian

29% White

17% Black or African American

14% Hispanic or Latino

23% Women

Informal women's network established 2018

More efforts forthcoming to address and expand attentiveness on diversity, equity, and inclusion

Legal and Regulatory Considerations



Legal Considerations in the Collection and Use of Diversity Information

Compliance with LACERA's constitutional fiduciary duty

U.S. legal/regulatory framework

- Legal limits on collection and use of information (e.g., EEO-1)
- Legal limits on policy and contracting; Federal equal protection law (separate from state law)

Non-U.S. legal/regulatory framework

- Legal unavailability of some information (e.g., GDPR in EU)

Privacy concerns

- Reliance on self-identification (and self-identified categories vary by market, region, and evolve)
- Factors influencing individual's willingness to disclose vary by jurisdiction (e.g., LGBTQ due to differing state laws until recent U.S. Supreme Court decision)

Ramifications of Propositions 16 and 209

- Governing California constitutional law not known until November 3
- If Proposition 16 passes, uncertain framework for some time
 - Prop 16 does not express new rules; simply repeals Prop 209
 - Other state law similar to federal equal protection principles will remain in effect

Contractual solutions to mitigate legal issues in selection and monitoring phases of investment process, where lawful

- Waiver of confidentiality of select DDQ information
- Agreement to public disclosure to LACERA Board
- Agreement to provide annual updates



Next Steps:

LACERA T.I.D.E.

Towards Inclusion, Diversity, and Equity



Progression To Comprehensive, Concerted Action

LACERA has progressed to a comprehensive, Total Fund approach, establishing a platform to consider a “Phase 3” of concerted, strategic next steps organized into a formal T.I.D.E. Initiative



ALL ACTIONS ROOTED IN AND GUIDED BY LACERA'S MISSION AND FIDUCIARY DUTIES



Towards Inclusion, Diversity, and Equity

Prospective actions to build upon LACERA's initiatives to date...

Education

Ensure understanding of legal considerations of diversity data across markets

Clarity in Definitions

Revisit policy language on diversity, equity, and inclusion and consider refining

Continue Expansive Diligence

Continue due diligence in all investments and at multiple levels of firms

Require diversity reporting in investment agreements (consistent with laws)

Measure Progress

Take intentional action to measure progress

Identify laggards and assess firm corrective actions

Disseminate leading practices among investment partners

Consider separating D E & I as unique pillar of Manager Scorecard

Provide routine updates to the Board (in consultation with legal counsel)

Expand Industry Influence

Work with industry associations and partners to expand diligence & disclosures

Expand educational and talent pipeline initiatives with community outreach

Pursue Investment Opportunities

Assess prospective impact of Prop 16

Conduct assessment of opportunity set/gap analysis of diverse firms



LACERA Due Diligence Regarding Diversity, Equity, and Inclusion

LACERA values diversity and inclusion, and believes that effectively accessing and managing diverse talent—inclusive of varied backgrounds, age, experience, race, sexual orientation, gender, ethnicity, and culture—leads to improved outcomes. LACERA expects external asset managers and other third party providers to respect and reflect LACERA’s value of diversity and inclusion. LACERA’s ongoing monitoring of third party service providers incorporates an assessment of vendors’ commitment to, adherence with, and track record of accessing and retaining diverse and inclusive workforces.

Section I

I. Policy

1. Describe your firm’s approach to workplace diversity and inclusion and how it relates to your business model.
2. Does your firm have a written policy addressing workplace diversity and inclusion (“Policy”)? A Policy defines the firm’s commitment, policies, and practices regarding equal employment opportunity, including the recruitment, development, retention and promotion of a diverse and inclusive workforce and non-discrimination based on gender, race, ethnicity, sexual orientation, age, gender identity, veteran’s status, and other legally protected categories. A Policy may be a standalone document or part of a larger firm document.

Please provide a copy of your firm’s Policy.

3. Does your Policy address sexual harassment in the workplace? If not, please explain.
4. If your firm does not have a written policy, do you commit to promptly adopting and providing a copy of such a Policy, if your firm is awarded an agreement to consult for LACERA?

II. Oversight

5. Who is responsible for overseeing the Policy’s implementation? Please provide name and title. What processes are employed to implement and enforce the firm’s Policy?
6. Who is responsible for overseeing compliance with the Policy? Please provide name and title. What processes are employed to promote compliance with the Policy?
7. Please describe the oversight and monitoring, if any, exercised by the firm’s board and/or executive team regarding the firm’s diversity and inclusion policy and efforts.
8. What data, trends, or analysis does the firm’s board or oversight committee receive regarding the firm’s effectiveness in adhering to the Policy and/or allegations of non-compliance?

9. Under what circumstances would an alleged incident of non-compliance with the Policy prompt notification to and/or consideration by the firm's board and/or executive committee?

III. Track Record

10. Please complete the charts in **Section II** regarding your firm's workplace composition by gender and race/ethnicity as defined by the Equal Employment Opportunity Commission categories for employees of your firm's U.S. operations. We also request completion of similar information for non-U.S. employees, absent any applicable legal or regulatory restrictions.
11. Does your firm commit to providing the firm's workforce composition in a format similar to **Section II** on a periodic basis, if the firm is awarded with a contract to consult for LACERA?
12. Has your firm been subject to any judicial, regulatory, or other legal finding, formal action, or claims related to equal employment opportunity, workplace discrimination, or sexual harassment during the past twelve years? Please describe.
13. Please identify the number of confidential settlements and/or non-disclosure agreements related to workplace discrimination and/or sexual harassment entered into by your firm during the past twelve years. Please describe the nature of each settlement within the terms of the confidential settlement.

IV. Incentives and Risk Mitigation Strategies

14. Does your firm integrate diversity and inclusion into executives' performance reviews and/or incentive pay objectives? Please describe.
15. Does your firm conduct a compensation or pay disparity analysis to discern any pay disparities by gender, race, or ethnicity? Please describe or explain why not.
16. Does your firm have a clawback or recoupment policy in place by which workplace misconduct, such as sexual harassment, may trigger recoupment of incentive pay, awards, bonuses, or other compensation?
17. Please explain any other incentives or risk mitigation strategies your firm employs to promote compliance with your workplace diversity and inclusion and sexual harassment policies.
18. Describe any efforts, organizations, or leadership positions related to workplace diversity and inclusion in the financial services industry with which your firm is involved.

V. Portfolio Strategies

19. Please describe the policies and procedures your firm has in place, if any, to monitor and address diversity and inclusion, including mitigating the risk of workplace discrimination and harassment, in fund managers/portfolio companies domiciled in the U.S.
20. In the spirit of questions 1 through 18, please describe your firm's practices to evaluate workplace diversity and inclusion, inclusive of non-harassment, for fund managers/portfolio companies. Please describe how you assess the policies that fund managers have in place, fund managers'/portfolio companies' track records, and incentives and risk mitigation strategies to promote adherence to established policies and standards regarding diversity and inclusion.

Section II

General Instructions

The categories have the same definitions as the diversity categories used by the United States Equal Employment Commission (EEOC) in its Employer Report EEO-1. See www.eeoc.gov/employers/eo1survey/index.cfm for further information.

Please complete all columns in Table 1 and Table 2 (optional) by entering in the number of employees for each category (not percentage of employees). Blank cells will be interpreted as having a value of zero.

Job Categories:

- Board of directors, and CEO, CFO & COO: This row includes all members of the firm's governing board (or executive committee), as well as CEO, CFO, COO or equivalent positions.
- Investment professionals: All professionals who have a role in investment decision making at the firm, such as consultants, portfolio managers, analysts, and traders.
- If an employee is both a member of the board of directors or occupies the position of CEO, CFO or COO, as well as serves as a member of the investment staff, the individual may be counted in both rows.

Total compensation figures should be provided for all investment professionals in each category reported in Row 2 as a percentage of total compensation of all investment professionals (not total personnel of the firm).

Your firm may elect to provide information on additional diversity categories. If you choose to do so, please provide such information on additional sheets.



November 24, 2020

TO: Trustees
Board of Investments

FROM: Jonathan Grabel 
Chief Investment Officer

FOR: December 9, 2020 Board of Investments Meeting

SUBJECT: **LACERA “TOWARDS INCLUSION, DIVERSITY, AND EQUITY” – OR
“T.I.D.E” – INITIATIVE IN THE INVESTMENT PROGRAM**

Please find attached a presentation (**Attachment**) providing an overview of LACERA’s current and upcoming strategies to promote diversity, equity, and inclusion in the investment industry and as part of LACERA’s investment program. The presentation follows the September 2020 Board of Investments meeting presentation of LACERA’s diversity, equity, and inclusion initiatives and the Board’s approval of two related motions, as detailed in the attached deck.

Attachments

LACERA's T.I.D.E. Initiative
“Towards Inclusion, Diversity, and Equity”

Board of Investments
December 9, 2020

Investments Division



Discussion Outline

1. Recap of objective of T.I.D.E. initiative: expanding influence
2. Five pillars T.I.D.E.: Build on current approaches and set near and long-term objectives
 - Due Diligence (including Monitoring and Influencing Investment Partners)
 - Capital Formation
 - Engagement
 - Industry Advocacy
 - Internal with LACERA Investment Team
3. Summary of the Roadmap Forward

Recap Objectives and Formalization of T.I.D.E. Initiative



Recap Why Diversity, Equity, and Inclusion Matter



LACERA's actions are founded in its mission
To Produce, Protect, and Pay the Promised Benefits

Diversity, Equity, and Inclusion (“DEI”) influences investment risks and returns

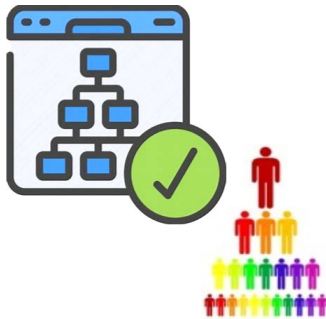
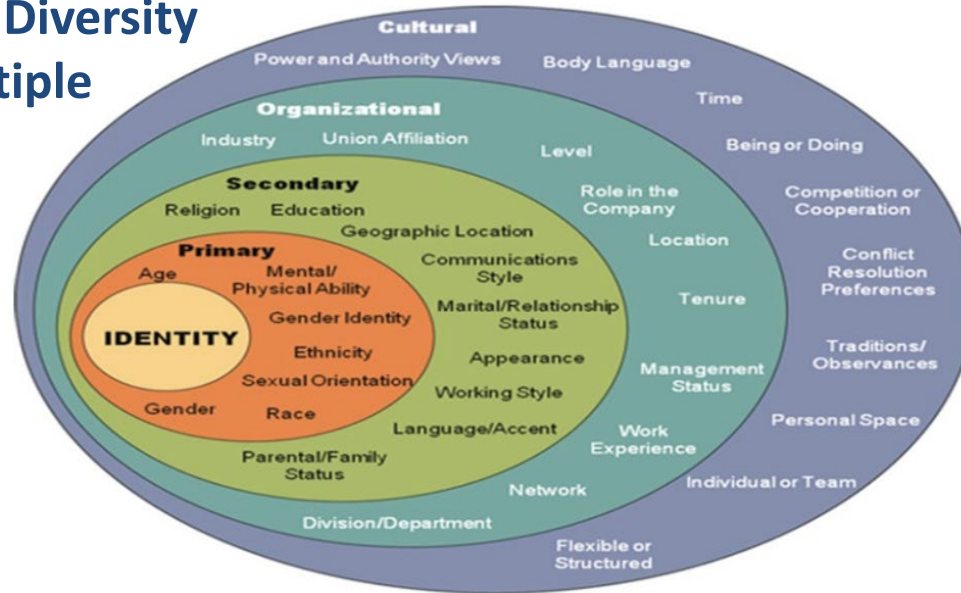
Performance	Diverse teams correlate with better financial performance
Innovation	Diversity of thought to inform better decisions
Talent	Broader recruitment, retention, and engagement of employees
Risk Mitigation	Risks of “groupthink”
Compliance	Legal, regulatory risks of discrimination and harassment
Reputation	Inclusion enhances employee, client, stakeholder perceptions
Efficiency	Wasted resources when firms are in “response mode” and reactive rather than being <i>proactive</i> and <i>forward-thinking</i>

Attention to DEI is consistent with LACERA's fiduciary duties
to act exclusively in beneficiaries' interests with prudence, skill, and care



Multiple Dimensions and Depth of DEI

LACERA Defines Diversity Inclusive of Multiple Dimensions*



DEI Is Pivotal At All Levels of an Organization

DEI can enhance performance and mitigate risks at multiple levels of the firms that provide LACERA with investment services, including:

- Boards and executives
- Investment teams
- Firm ownership

* Graphic previously discussed with The Learners Groups at the September joint Board of Retirement/Board of Investments meeting

TIDE.: Expand Current Initiatives and Influence

The September Board meeting reviewed LACERA’s longstanding DEI efforts, recent evolution, and discussed a proposed T.I.D.E. initiative

Version 1.0 Initiation

Long-standing initiatives:

- Proxy voting
- Emerging manager program
- Affinity group collaboration

Version 2.0 Intentionality

Cohesive Total Fund actions:

- DEI in core fund policies
- Comprehensive due diligence
- Governance engagement initiatives

Version 3.0 T.I.D.E. Influence

Concerted actions:

- Disseminate best practices
- Move the needle at investment partners and industry
- Measure progress

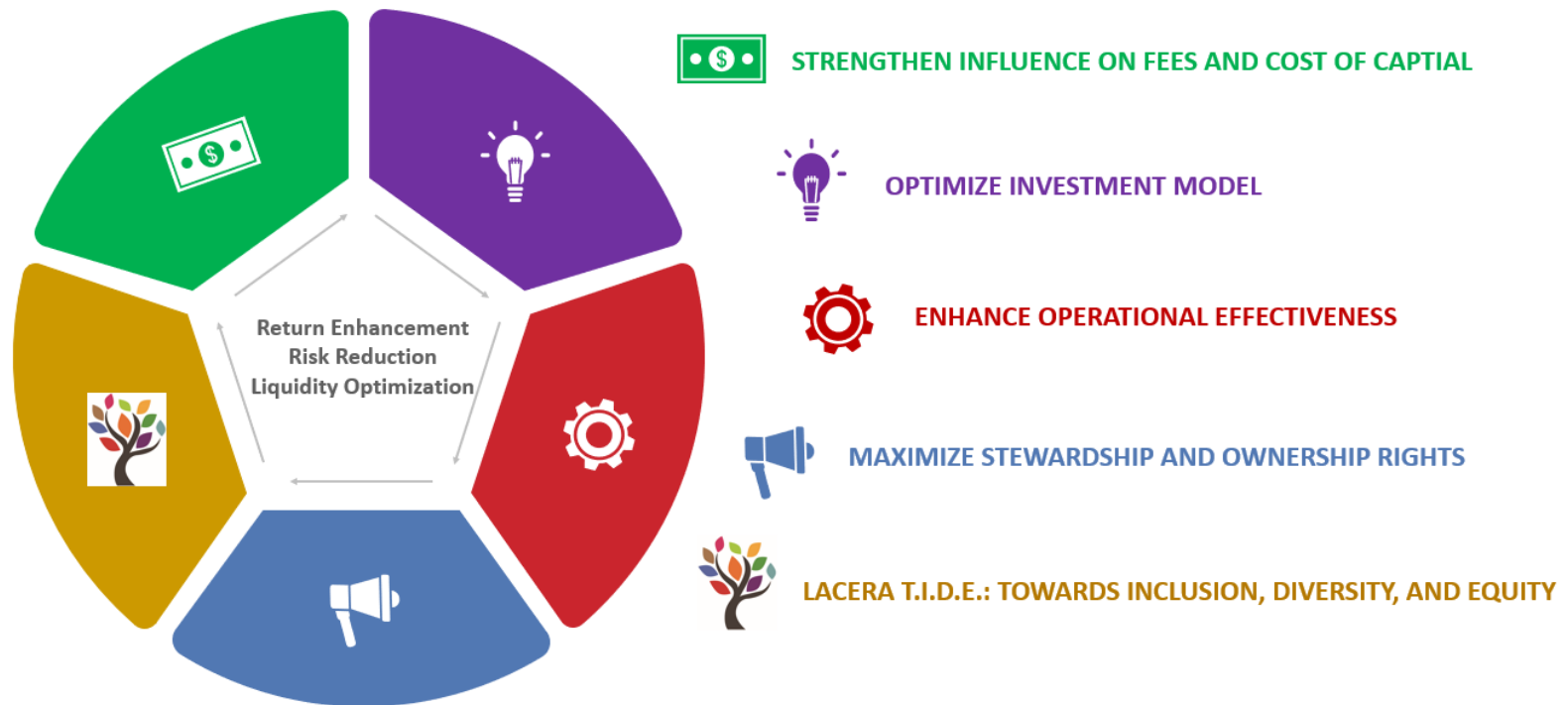
ALL ACTIONS ROOTED IN AND GUIDED BY LACERA’S MISSION AND FIDUCIARY DUTIES



T.I.D.E. Initiatives Integral and Additive to Work Plan

LACERA's current strategic plan incorporates DEI efforts throughout 4 pillars, consistent with LACERA's effort to move "from allocator to investor"

By consolidating DEI efforts under a designated 5th "TIDE" pillar, LACERA intends to galvanize and focus resources to take **concerted, meaningful, measurable** actions on DEI



Board Input and Related Motions

Staff presented an overview of all DEI efforts related to LACERA's investment program and discussed formalizing efforts under the "TIDE" banner at the September Board of Investments. Trustees voiced support and approved two related motions.

1. That LACERA develop in 90 days a roadmap to further equity initiatives:

- Expand outreach to minority and women owned firms in the financial services and investment community
- Provide equitable opportunities to qualified investment firms and investment professionals with varied backgrounds to manage LACERA investment assets and provide advisory or other financial services
- Provide equitable opportunities with respect to the amount of assets managed by these same firms

2. That trustees review LACERA's emerging manager programs within 120 days

Scheduled for in-depth discussion at **January 2021 Board of Investments meeting**

T.I.D.E. - Five Pillars of Comprehensive Action

T.I.D.E. is defined by five pillars with near and long-term objectives

-  **Due Diligence** Influence our investment partners to adopt better DEI practices
-  **Capital Formation** Enable more equitable and inclusive sourcing of investment opportunities
-  **Engagement** Exercise ownership and legal rights to advance sound DEI governance practices and promote financial value at portfolio companies
-  **Industry Advocacy** Influence the investment industry and elevate DEI discussions
-  **Internal** Cultivate and maintain a diverse, equitable, and inclusive investments team at LACERA

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



Enhanced Risk-Adjusted Returns

The Five T.I.D.E Pillars





1. Due Diligence Pillar

This pillar focuses on

assessing and engaging all investment partners on their commitment, track record, and momentum of accessing and retaining diverse, equitable, and inclusive workforces

“Investment partners” are all firms that manage (or seek to manage) LACERA’s capital or provide investment services (such as consultants)



“LACERA expects external asset managers and other third-party providers to respect and reflect LACERA’s value of diversity and inclusion. LACERA’s ongoing monitoring of third-party service providers incorporates an assessment of vendors’ commitment to, adherence with, and track record of accessing and retaining diverse and inclusive workforces.”

LACERA *Investment Policy Statement*
(page 9)



Builds on Current, Comprehensive Due Diligence

LACERA's formal diligence and ongoing monitoring of all investment partners aims to understand strengths, weaknesses, *and* momentum

1	Policy Commitment	What is the firm's formal commitment to DEI, equal opportunity, and anti-harassment?
2	Oversight & Engaged Leadership	What role does the firm's board or executive team play in overseeing its DEI strategy?
3	Track Record	What are the firm's investment team and leadership demographics? Are there any legal violations?
4	Objectives and Momentum	What is the firm doing to promote adherence to its DEI commitment and address any shortcomings?
5	Portfolio Strategies	How does the firm incorporate DEI into its investment analysis and process?

T.I.D.E. aims to engage and influence practices and measure progress





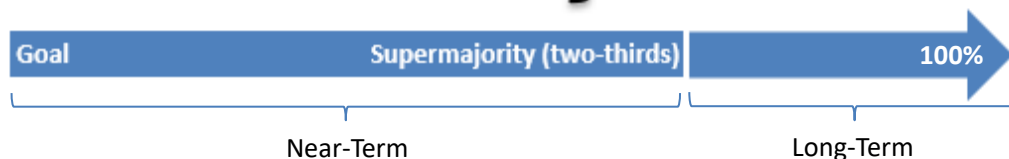
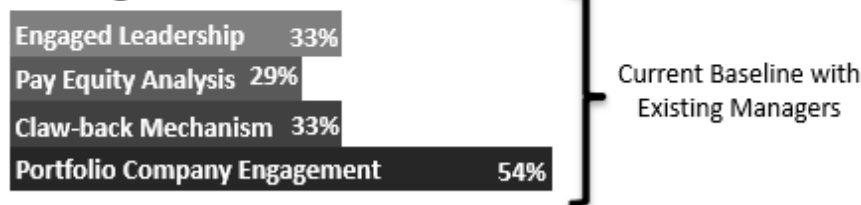
Influence: Encourage DEI Competencies

T.I.D.E will advocate that all LACERA investment partners meet key DEI standards

Core DEI Expectations¹



Leading DEI Practices²



5 Steps Towards Influence

1. Incorporate DEI reporting into agreements
2. Engage managers to encourage key practices
3. Move the needle on core and leading DEI practices
4. Measure and report on progress
5. Disaggregate DEI as a separate pillar in Manager Scorecard

¹ Core DEI Expectations:

- Policy: all LACERA investment partners should have policies addressing equal employment and harassment
- Transparency: all investment partners should report DEI to LACERA

² Leading DEI Practices:

- Engaged Leadership: Board or executive-level oversight of DEI
- Pay Equity Analysis: Equal pay for equal work
- Claw-back Mechanisms: Recoup pay for DEI violations
- Portfolio Company Engagement: DEI part of investment process





2. Capital Formation Pillar

The Capital Formation pillar aims to promote equitable and inclusive sourcing of investment opportunities and to facilitate the growth of our capital managed by diverse firms by influencing the DEI profiles of our current investment partners

- Builds off the **5-step due diligence and monitoring process** previewed in the Due Diligence pillar, which includes manager monitoring and influence
- **Identify and assess capital commitments** to investment partners consistent with our DEI objectives
- DEI considerations need to be incorporated at **every stage of the capital formation** process and **goes beyond the emerging manager program to the Total Fund**





Capital Formation Next Steps

Recap of Current Approach

- Due Diligence Questionnaire currently tracks demographics of investment teams and executive/board leadership
 - LACERA estimates 6.4% of fund assets managed by, and 12.1% of all fees paid to, firms owned in part by women or minorities, as reported in September BOI meeting¹
- Capital formation (that is, the emergence and growth of firms) over the long-term is a function of improved pipeline, advancement, and ownership across the industry

Next Steps

- ✓ **Incorporate direct reporting of ownership profiles** into due diligence and tracking
- ✓ **Refine RFP process** to ensure a more equitable search process
- ✓ **Collaborate with consultants and database providers** to tap into the knowledge and resources of our investment partners
- ✓ **Expand sourcing and intake avenues for LACERA** to widen our opportunity set
- ✓ **Monitor** potential and existing investment partners' progress on the expanded components of DEI

¹ Includes, but is not limited to, participants in emerging manager programs; LACERA's analysis is based on known or attributed ownership of U.S.-based investment partners applying consistent EEO-1 categories of gender and race/ethnicity





3. Company Engagement and Active Ownership

This pillar focuses on

exercising legal and ownership rights we have as investors to advocate sound DEI practices that safeguard and promote financial value in LACERA's investment portfolio companies



“LACERA prudently exercises its rights as an investor to support policies and practices at companies in which LACERA invests... that are consistent with LACERA's economic interests.”

LACERA Investment Policy Statement (pages 8-9)





Advancing Robust Portfolio Company Practices

Many securities provide LACERA legal and ownership rights to exercise in accordance with its DEI principles

Recap Current Practices

- **Vote proxies in equity portfolio**
Workforce demographic disclosure; Pay disparity analysis; Board diversity; Equal employment protections
- **California board diversity engagement initiative**
- **Support DEI regulatory disclosure measures**

Next Steps

- **Amplify board diversity initiative nationally**
 - Broad diversity (race/ethnicity, gender, LGBTQ+)
- **Workforce equity engagement initiative**
- **Continue robust global proxy voting**
- **Investigate opportunities in private market portfolio companies**
 - Consistent with legal rights and limitations
 - Emphasize in manager due diligence
 - Promote DEI transparency at portfolio company





4. Industry Advocacy Pillar

The Industry Advocacy pillar aims to influence and advance diversity, equity and inclusion in all aspects of the investment management industry

Recap Current Approach

- Active participation and membership with over 15 industry associations that promote DEI
- Successful work with ILPA and AIMA to encourage adopting DEI in private equity due diligence and enhanced hedge fund transparency and disclosure reporting

Next Steps

- Become a **recognized leader** in advocating for DEI in the investment management industry
- **Expand industry influence** through active engagement initiatives
- **Sponsor events** on diversity, equity and inclusion with increasing reach
- **Encourage participation** by service providers and peers





5. Internal DEI Practices within Investment Team

The purpose of this pillar is to **cultivate and maintain a diverse, equitable, and inclusive investments team at LACERA**

The goals of this pillar will be accomplished via






- ✓ **Recruitment** - optimize recruitment channels and practices
- ✓ **Development** – invest in our team
- ✓ **Community** – recognize and inspire LACERA’s talent

Next Steps

- **Be a career destination of choice for all**
- **Collaborate with LACERA departments** to enhance workplace policies and procedures (e.g. new hire screening and professional development)
- **Strengthen and expand** internship program



T.I.D.E. Roadmap (not exhaustive list)

	Near-Term	Longer-Term
 <p>Due Diligence</p>	<ul style="list-style-type: none"> Require DEI reporting in investment agreements Engage managers to adopt DEI best practices Measure and report on progress Separate DEI as unique pillar in Manager Scorecard 	<ul style="list-style-type: none"> Assess progress to date and refine goals, as necessary Assess procurement practices to ensure equitable access among prospective investment partners
 <p>Capital Formation</p>	<ul style="list-style-type: none"> Refine RFP procedures to ensure equitable process Widen sourcing avenues to expand opportunity set Collaborate with consultants and database providers Monitor potential and existing investment partners on DEI progress 	<ul style="list-style-type: none"> Incorporate DEI tracking metrics into capital commitment measurements Incentivize current roster to enhance DEI initiatives
 <p>Engagement</p>	<ul style="list-style-type: none"> Amplify corporate board diversity efforts Workforce equity engagement initiative Continue robust, global reach of proxy voting 	<ul style="list-style-type: none"> Expand portfolio company focus to private markets Promote transparency of portfolio company and board DEI profiles Facilitate best practice sharing and adoption in private asset class companies
 <p>Industry Advocacy</p>	<ul style="list-style-type: none"> Sponsor DEI events with increasing geographic reach Expand influence through active leadership Encourage participation by service providers/peers Moderate and participate on panels and forums 	<ul style="list-style-type: none"> Engage industry (consultants, peers, etc.) to influence active DEI participation and discussion Host annual advocacy/affiliation day
 <p>Internal</p>	<ul style="list-style-type: none"> Team with HR to support and enhance diverse recruitment into the Investments Division Strengthen cross-asset team collaboration Foster and promote mentorship and collaboration Share investment postings with partner organizations 	<ul style="list-style-type: none"> Strive to always be an employer of choice for all Utilize social media to promote LACERA Introduce rotational analyst role within investments Affirm all roles in spirit of allocator to investor

Conclusion

T.I.D.E



Enhanced Risk-Adjusted Returns



Consistent with Fiduciary Duty



 **Produce, Protect, and Provide
the Promised Benefits**



December 30, 2020

TO: Trustees – Board of Investments

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

Vache Mahseredjian, CFA, CAIA, FRM, ASA *VM*
Principal Investment Officer

Christopher Wagner *cpw*
Principal Investment Officer

FOR: January 13, 2021 Board of Investments Meeting

SUBJECT: **EMERGING MANAGER PROGRAM UPDATE**

BACKGROUND

At the September 9, 2020 Board of Investments (“Board”) meeting, Trustees requested an overview of LACERA’s Emerging Manager Programs across the Total Fund. LACERA currently has emerging manager programs in Global Equity, Private Equity, and Real Estate. Additionally, the Board approved an emerging manager program for Hedge Funds in December 2020.

Fixed Income had an emerging manager program for many years. With the implementation of the Strategic Asset Allocation into functional categories, the profile of core fixed income has changed to Risk Mitigation, an area with limited emerging manager participation. As a result, LACERA needs to target credit strategies where emerging managers are more accessible. In the current calendar year, new programs will be evaluated for the Credit category in addition to Real Assets.

Attached is a presentation (**Attachment A**) that provides an overview of each emerging manager program and their respective allocation and returns. The presentation also includes upcoming initiatives to improve existing programs and implement new strategies.

LACERA and Meketa conducted a four-part review and update of the Emerging Manager Policy over the course of 2019 and 2020,¹ culminating with the Trustee’s approval of a new policy (**Attachment B**) at the February 12, 2020 BOI meeting. With the policy recently updated, a review of existing programs and plans to establish additional ones is timely.

Attachment

Noted and Reviewed:



Jonathan Grabel
Chief Investment Officer

¹ Presentations were made in April and June of 2019, and January and February of 2020.

Emerging Manager Program Update

Board of Investments
January 13, 2021

Ted Wright – Principal Investment Officer
Vache Mahseredjian– Principal Investment Officer
Christopher Wagner– Principal Investment Officer



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Introduction

In September 2020, Trustees requested a comprehensive review of the Emerging Manager Programs

Past

- LACERA initiated an emerging manager program through investments in U.S. equities
- Expanded into Global Equities, Fixed Income, Private Equity, and Real Estate

Present

- Staff and Meketa provided a four-part review, and updated LACERA's Emerging Manager Policy in February 2020
- J.P. Morgan to present the Private Equity Program

Future

- Further expansion to include Hedge Funds, Illiquid Credit, and Real Assets
- Implement LACERA's TIDE initiative, including emerging manager programs

Emerging Manager Programs



Global Equity Program



Program Inception – Global Equities established first program via a separate account U.S. mandate administered by a third-party advisor



Program Structure Change – In 2017 shifted to an internally managed program and expanded to include non-U.S. mandates



Graduation – Increase focus on graduation through improved partnership, constructive ODD evaluations, and thorough periodic reviews



Looking Forward – Subject to Board approval, future searches will focus on global managers with broad mandates in Q2 2021

Fixed Income Program



Program Inception – Established in 2001 via four direct hire managers covering: Core, Core Plus, and High Yield; three more managers hired in 2005



Program Structure Change – No fixed income managers remain in the program. In 2019, LACERA conducted a search but it was halted due to limited response and strategy fit. Furthermore, no emerging managers responded to the 2020 High Yield RFP despite expanded MQ's



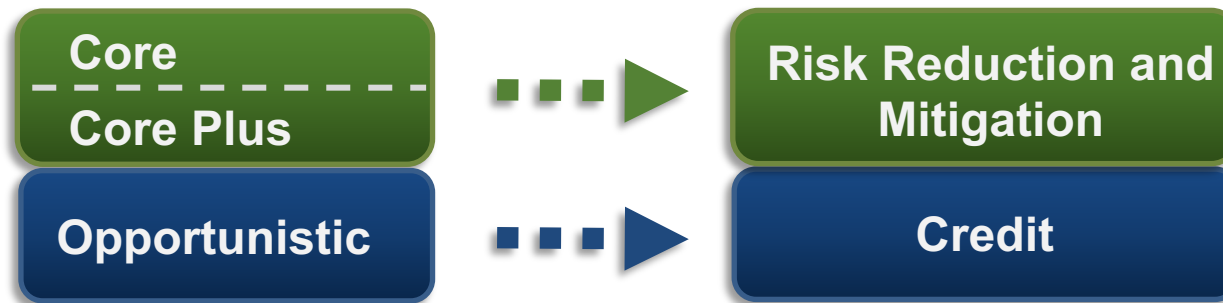
Graduation – Several managers graduated with one remaining in the portfolio



Looking Forward – Subject to Board approval, future searches will balance the greater availability of funds and the risk-seeking profile of strategies in Illiquid Credit

Fixed Income Program Evolution

The 2018 Strategic Asset Allocation separated Fixed Income based on distinct objectives



- Credit functional category is better aligned with the objective of LACERA's Emerging Manager Policy, which is to enhance the Total Fund's risk-adjusted return
- In contrast, the higher risk (investment and operational) associated with emerging managers is less compatible with the downside protection objective of Risk Mitigation which resulted in the elimination of Core Plus
- Illiquid Credit segment is less efficient and provides opportunities for enhanced returns

Real Estate Program



Program Inception – Program established in December 2000 and managed internally; five managers selected



Program Structure Change – Separate account structure implemented in 2002; two additional managers selected



Graduation – Improve promotions through structure enhancements and defined criteria



Looking Forward – Engage with the new real estate consultant on potential program structures and advance a plan as part of the Structure Review in H2 2021

Private Equity Program



Program Inception – Private Equity program established in 2001 and managed internally



Program Structure Change – Shifted to an externally managed separate account with delegated authority to a third-party advisor in 2009



Graduation – Continue to work collaboratively with third-party advisor to develop managers for direct investment



Looking Forward – RFP expected to launch in 2021 with continued use of a separate account structure

Hedge Fund Program



Program Inception – Hedge Fund program approved in December 2020 with a separate account structure



Looking Forward – \$250 million portfolio to be built over the next 12-24 months

Hedge Fund Program: EMP Definition

The Investment Policy Statement allows flexibility in the definition of emerging managers:

“Specific requirements for assets under management (“AUM”) and length of track record are tailored for each asset class and updated for each mandate to take into account the composition of the manager universe prevailing at the time a search is conducted”.

The Board approved the following definition for the Hedge Fund Program:

- Length of time firm managing assets: <3 Years
- Assets under management: <\$500 million
- Employee ownership: >66%

Illiquid Credit Program



Program Structure – Illiquid Credit team will evaluate the optimal implementation strategy in Q2 2021



Looking Forward – Program evaluation at the 2021 Structure Review; estimated program launch date no later than 2022

Real Assets Program



Program Structure – Real Assets is a relatively new and inefficient asset class thus it is an opportune area for investment. Emerging managers will be considered for future private mandates



Looking Forward – Program planning currently underway. A defined construct will be evaluated at the Structure Review in Q4 2021

Allocations and Returns



Allocation Ranges and Market Values

All allocations are within policy range

\$ in millions

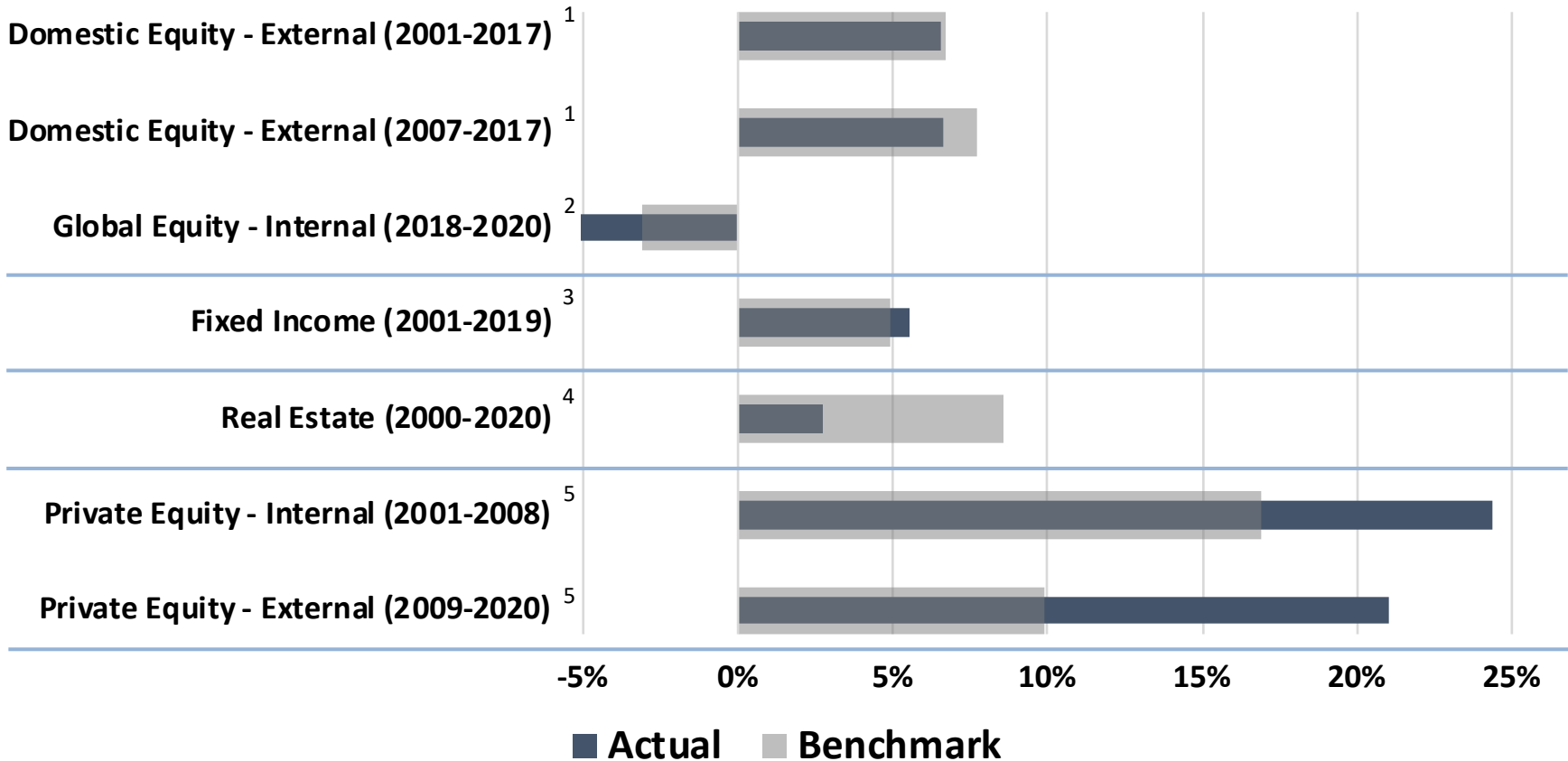
Asset Class	Actual Program \$	9/30/2020 NAV	Policy Range%	Actual Program %
Global Equities	\$ 307.50	\$ 22,022.55	0-5%	1.4%
Fixed Income	\$ -	\$ 14,192.18	0-4%	0.0%
Real Estate	\$ 434.20	\$ 5,108.36	0-20%	8.5%
Private Equity	\$ 354.70	\$ 6,978.05	0-7%	5.1%
Hedge Funds*	\$ -	\$ 1,977.68	0-10%	0.0%
TOTAL FUND	\$ 1,096.40	\$ 60,459.49	0-6%	1.8%

* \$250 million allocated at the December 2020 Board of Investments meeting



Since Inception Annualized Net Performance

As of September 30, 2020



¹Benchmark is the Russell 3000

²Benchmark is the weighted return of individual manager benchmarks by market value

³Performance as of January 31, 2019; benchmark is the weighted return of individual manager benchmarks by market value

⁴Benchmark is the National Council of Real Estate Investment Fiduciaries Fund Index - Open End Diversified Core Equity

⁵Benchmark utilizes the Long-Nickels methodology which determines how much Private Equity cash flows would have earned if invested in an index (Morgan Stanley Capital International All Country World Index Investable Market Index) that grows like the stated index being compared plus the given spread (200 basis points)



Conclusion

- **LACERA was an early adopter of emerging manager mandates**
- **Further expansion of programs to embrace LACERA's TIDE Capital Formation Pillar:**
 - Wider opportunity set
 - Enhance risk-adjusted returns
- **Increase focus on manager graduation**
 - Emphasize better manager analytics through IDD and ODD
 - Mentorship from emerging to institutional quality firm
- **Adapt to nuances of each asset category**
- **Upcoming initiatives**
 - Implementation of new monitoring tools
 - Expansion into Credit and Real Assets
 - Broaden minimum qualifications in all searches





Emerging Manager Policy

FEBRUARY 2020

Contents

- I. Introduction 1
- II. Purpose and Objective 1
- III. Emerging Manager Definition 2
- IV. Structure..... 2
- V. Graduation 3
- VI. Monitoring and Reporting 3

I. Introduction

LACERA's mission is to "Produce, Protect, and Provide the Promised Benefit" for all its members. In order to achieve this mission, LACERA has developed various policies to guide its investments. These policies are governed by the California constitution and by various statutes, and embedded within the regulations are fundamental concepts of loyalty and prudence. The duty of loyalty means that Board members and staff must act in the sole interest of LACERA's members and beneficiaries; the duty of prudence requires that we discharge our responsibilities with skill, care, and diligence—and that we diversify the portfolio in order to minimize the risk of loss and maximize the expected rate of return.

The Emerging Manager Policy ("Policy") furthers the investment beliefs, philosophy, and strategies outlined in LACERA's Investment Policy Statement ("IPS"), adheres in all respects to the Code of Ethical Conduct and the Conflict of Interest Code, and complies with all applicable governing regulations.

LACERA values diversity and inclusion. These values permeate the entire LACERA portfolio and extend beyond the emerging manager program. As stated in the IPS, LACERA believes that effectively accessing and managing diverse talent—inclusive of varied backgrounds, age, experience, race, sexual orientation, gender, ethnicity, and culture—leads to improved outcomes. LACERA expects all its external asset managers and third party providers to respect LACERA's values of diversity and inclusion and to reflect them in their own organizations.

II. Purpose and Objective

The objective of LACERA's Emerging Manager Policy is to enhance the total Fund's risk-adjusted return. The Policy seeks a proper balance between the potential for higher returns available to select emerging managers, and the higher risks—both investment-related and operational—associated with less established firms.

The Policy provides LACERA an opportunity to invest in promising investment management organizations early in their development. Investing with managers that have fewer clients, smaller assets, or a short track record may provide LACERA access to investment strategies that larger, more established managers might overlook. Smaller investment management firms may generate attractive performance, net-of-fees, because of increased market flexibility associated with smaller asset bases. In addition, first- or second-time funds may outperform later funds in private markets. Furthermore, investing early in the lifecycle of select emerging managers may carry benefits that include lower fees (founder's terms), future capacity rights, and preferred economics such as a share of future revenues.

Counterbalancing the attractive returns from investing with emerging managers is a greater return dispersion and the possibility of greater investment and operational risk—particularly in areas such as compliance, portfolio administration, cybersecurity, business continuity, and succession planning.

Emerging managers are highly motivated to perform well for early investors because doing so can be crucial to their firm's growth. As a result, institutional investors such as LACERA may have a greater alignment of interests with emerging managers than with more established ones.

III. Emerging Manager Definition

Emerging investment managers are independent firms that have less substantial assets under management or may lack a long-term investment performance record. LACERA is interested in emerging managers that have strong alignment of interest with their investors and expects principals of the firm to hold a substantial majority of the ownership interest of the company. Specific requirements for assets under management (“AUM”) and length of track record are tailored for each asset class and updated for each mandate to take into account the composition of the manager universe prevailing at the time a search is conducted.

Emerging managers are held to the same high performance standards that apply to all of LACERA’s external managers. In addition, LACERA conducts an ongoing assessment of all external managers’ commitment to, adherence with, and track record of accessing and retaining diverse and inclusive workforces. Emerging managers may include, but are not limited to, investment managers that are owned by individuals of diverse backgrounds that have traditionally been underrepresented in the financial services industry. More broadly, all else equal, LACERA prefers firms that are committed to and have established a demonstrated track record of diversity and inclusion throughout the firm’s workforce, inclusive of investment professionals.

IV. Structure

LACERA may hire emerging managers either directly or by employing a fund-of-funds manager skilled at sourcing emerging managers. Either type of mandate must adhere to LACERA’s defined procurement procedures and requires approval by the Board of Investments. Investment strategies managed by emerging managers must be suitable for LACERA’s portfolio and fit within the approved strategic asset allocation and asset class structure, as well as the portfolio’s risk and liquidity constraints.

For each asset class, LACERA conducts periodic structure reviews that incorporate specific criteria and recommended allocation ranges for emerging managers (see “Attachment” for current BOI-approved ranges). The structure reviews take into consideration the opportunities and risks of the asset class and are conducted in consultation with LACERA’s applicable investment consultants. The implementation of any emerging manager program must advance the principles, objectives, and initiatives established within the asset class structure review.

V. Graduation

Selected emerging managers will be reviewed in accordance with their respective asset class policies to determine if they continue to meet the requirements of the emerging manager program or if they qualify for graduation from emerging status. Graduation recommendations will be included in the biennial asset class structure reviews.

VI. Monitoring and Reporting

LACERA staff will monitor the emerging managers on an ongoing basis and report annually to the Board on potential issues, performance, and significant developments.

Attachment

Emerging Manager Allocation Ranges¹

	Minimum	Maximum
Global Equities	0%	5%
Fixed Income	0%	4%
Real Estate	0%	20%
Private Equity	0%	7%
Hedge Funds ²	0%	10%
Total Fund	0%	6%

Document History


Revised February 12, 2020
 Revised August 8, 2016
 Revised November 19, 2014
 Revised November 20, 2013
 Revised November 13, 2012
 Revised October 31, 2012
 Revised July 8, 2009
 Revised March 11, 2009
 Revised September 13, 2006
 Adopted June 13, 2001

¹The allocation ranges shown are the most recent numbers approved by the BOI.

²The BOI approved a \$200 million allocation in September of 2019, and \$200 million is approximately 10% of the target Hedge Fund allocation.

December 24, 2020

TO: Trustees - Board of Investments

FROM: Calvin Chang 
Senior Investment Analyst

FOR: January 13, 2021 Board of Investments Meeting

SUBJECT: **PRIVATE EQUITY EMERGING MANAGER PROGRAM**

During the Diversity, Equity, and Inclusion (“DEI”) presentation at the September 2020 Board of Investments (“BOI”) meeting, a motion was made by the Trustees to invite J.P. Morgan Private Equity Group (“JPM”), LACERA’s private equity emerging manager program manager, to a future board meeting to share their DEI initiatives.

JPM has managed the Private Equity Emerging Manager Program (“Program”) on a discretionary basis since 2009. JPM currently manages four separately managed accounts with an aggregate commitment of \$650 million. The purpose of the Program is to provide LACERA exposure to smaller, lesser-known firms, and in some cases first time funds, whose general partners acquired their experience working at more established firms.

On January 13, 2021, Ashmi Mehrotra and Laureen Costa of JPM are scheduled to present JPM’s approach and commitment to foster DEI within the Program. Attached is JPM’s presentation booklet for your review.

Disclosure note:

To promote transparency and as disclosed in the private equity separate account emerging manager search documentation at the December 13, 2017 Board of Investments meeting, a member of JPM, Jarrod Fong, Managing Director, was a classmate of Jonathan Grabel, LACERA’s Chief Investment Officer (“CIO”), at the University of Chicago Booth School of Business. The two have been friends since graduate school, many years prior to Mr. Grabel’s employment at LACERA. Furthermore, JPM began managing the Program in advance of Mr. Grabel’s appointment as CIO in 2017. Lastly, Mr. Fong is not an assigned member of JPM’s LACERA team.

Attachment

Noted and Reviewed:



Jonathan Grabel
Chief Investment Officer

LACERA Emerging Manager Program Update and T.I.D.E.: Towards Inclusion, Diversity, and Equity

January 13, 2021



LACERA T.I.D.E.: TOWARDS INCLUSION, DIVERSITY, AND EQUITY

**Private Equity Group (“PEG”)
represented by:**

Ashmi Mehrotra
Portfolio Manager
ashmi.mehrotra@jpmorgan.com

Laureen Costa
Portfolio Manager
laureen.r.costa@jpmorgan.com



Today's Agenda

- **LACERA Emerging Manager Program:**
 - Diversity, Equity, & Inclusion (“DEI”)
 - Investment performance
 - Knowledge transfer

- Update on PEG’s approach and commitment to enhancing our DEI capabilities

- Appendix



Diversity, Equity, & Inclusion (“DEI”) starts with our own team

PEG Global Team DEI Snapshot

- 58% of team are women and/or minorities
- 53% of the senior members (MDs and EDs) are women and/or minorities
- First Toigo Fellow hired in 1996
- PEG members are leaders within Toigo, NAIC, Level 20, CUP, SEO, among others

PEG Global Platform Overview

- 55 member team
- Dedicated to Private Equity investing and client service
- Average tenure of 19 years for senior portfolio managers and 15 years for entire portfolio management team
- Leverage resources of JPM for compliance, tech, HR, etc.
- PEG employee plan co-invests alongside clients

PEG’s LACERA Team



Ashmi Mehrotra
Managing Director
Co-Head of PEG



Lauren Costa
Managing Director
Portfolio Manager



Dana Haimoff
Managing Director
Portfolio Manager



Brian McCann
Managing Director
Portfolio Manager



Joseph Knight
Vice President
Portfolio Manager

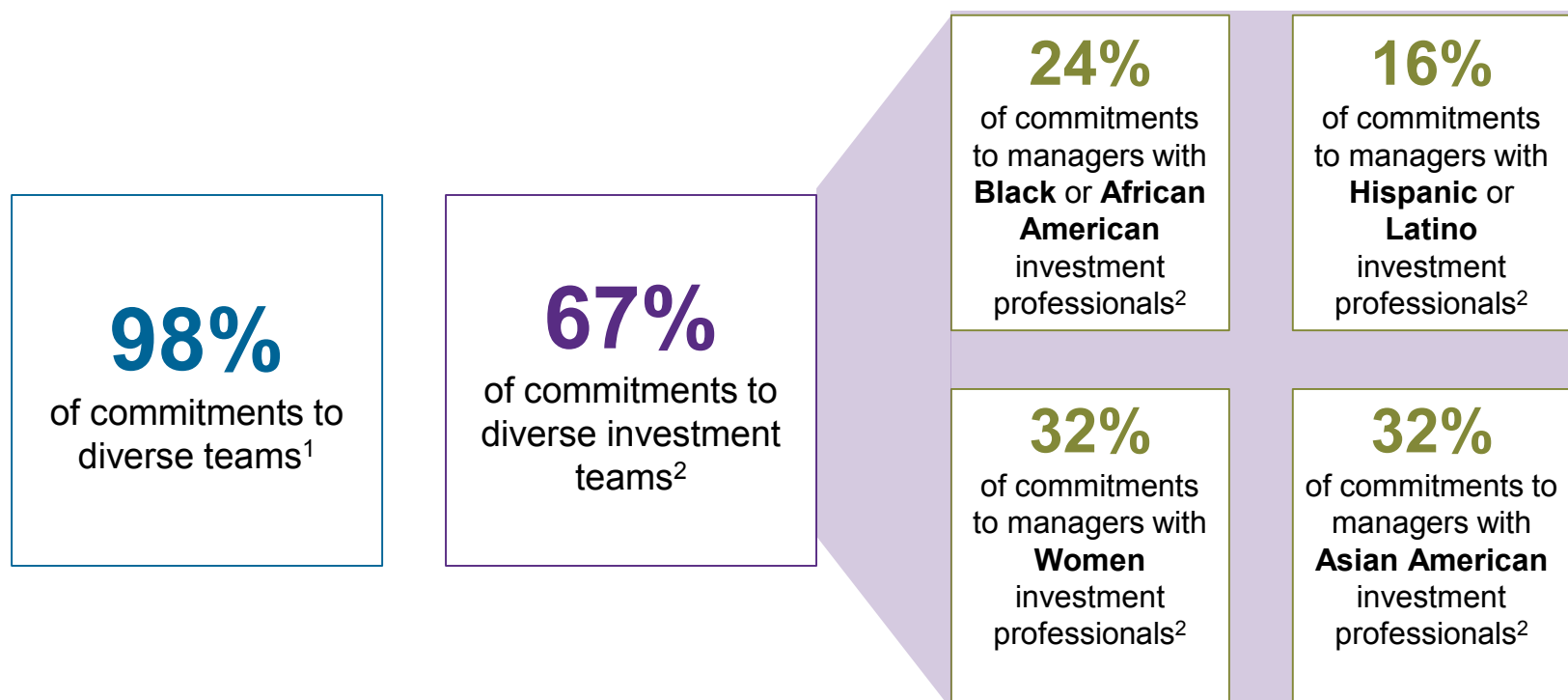
All PEG PMs source and execute on investments for the Emerging Manager Program

There can be no assurance that the professionals currently employed will continue to be employed by JPMAM or that the past success of any such professional serves as an indicator of such professional's future performance.



LACERA Emerging Manager Program: DEI results

We leverage the experience and extended network of the full PEG platform to construct a **high performing, Emerging and Diverse Manager** portfolio comprised of firms with diversity across their senior leadership



¹ Diverse teams defined as U.S. managers having women and/or people of color in roles including: investment, finance/accounting, investor relations, business development; calculated as a % of dollars committed

² Black or African American, Hispanic or Latino, Asian, and Woman managers defined as U.S. managers with professionals in investing roles at the Partner or Principal level; calculated as a % of dollars committed

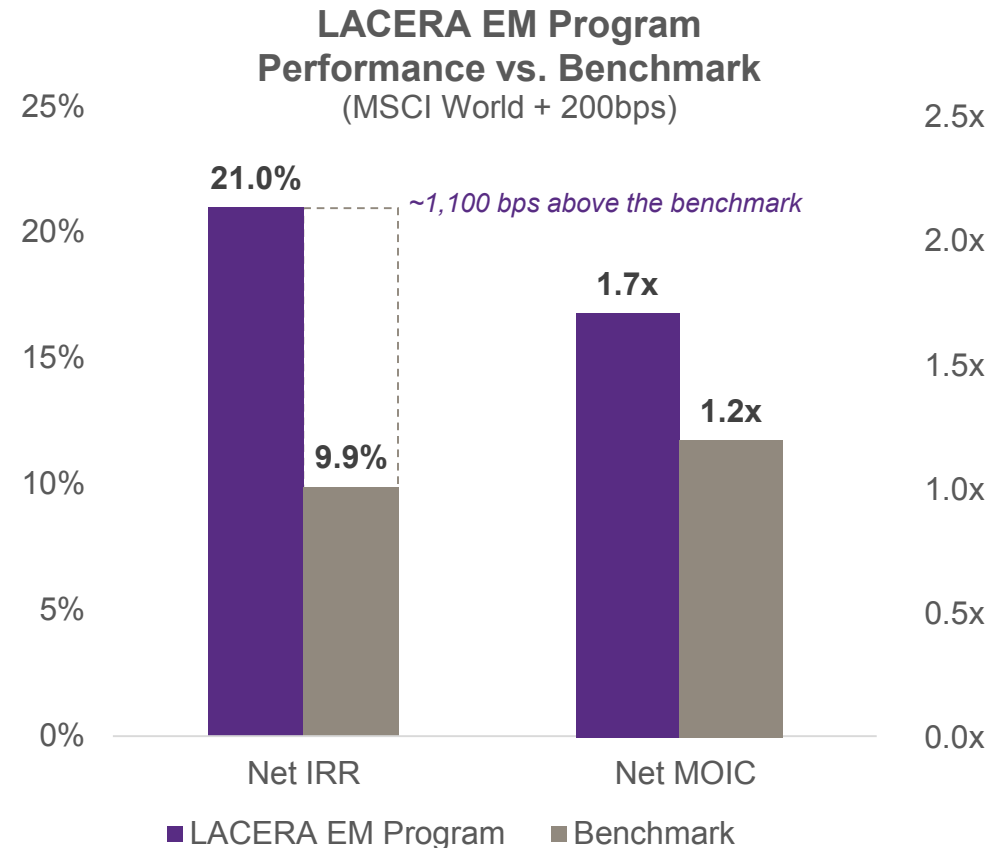


LACERA Emerging Manager Program: Investment performance

As of September 30, 2020

LACERA is a leader in the EM market

- LACERA was early to recognize the opportunity of investing with EMs
 - EM is defined as a first, second, or third institutional fund
 - fund size ≤ \$750 million for buyouts
 - fund size ≤ \$300 million for venture capital
 - select co-investments alongside such funds



Preliminary performance as of 9/30/2020. Net of underlying investment fees and expenses and net of Advisor fees including accrued but unpaid performance fees. Past performance is no guarantee of future results. There can be no guarantee the performance shown will be achieved in respect of investments that are not fully realized.

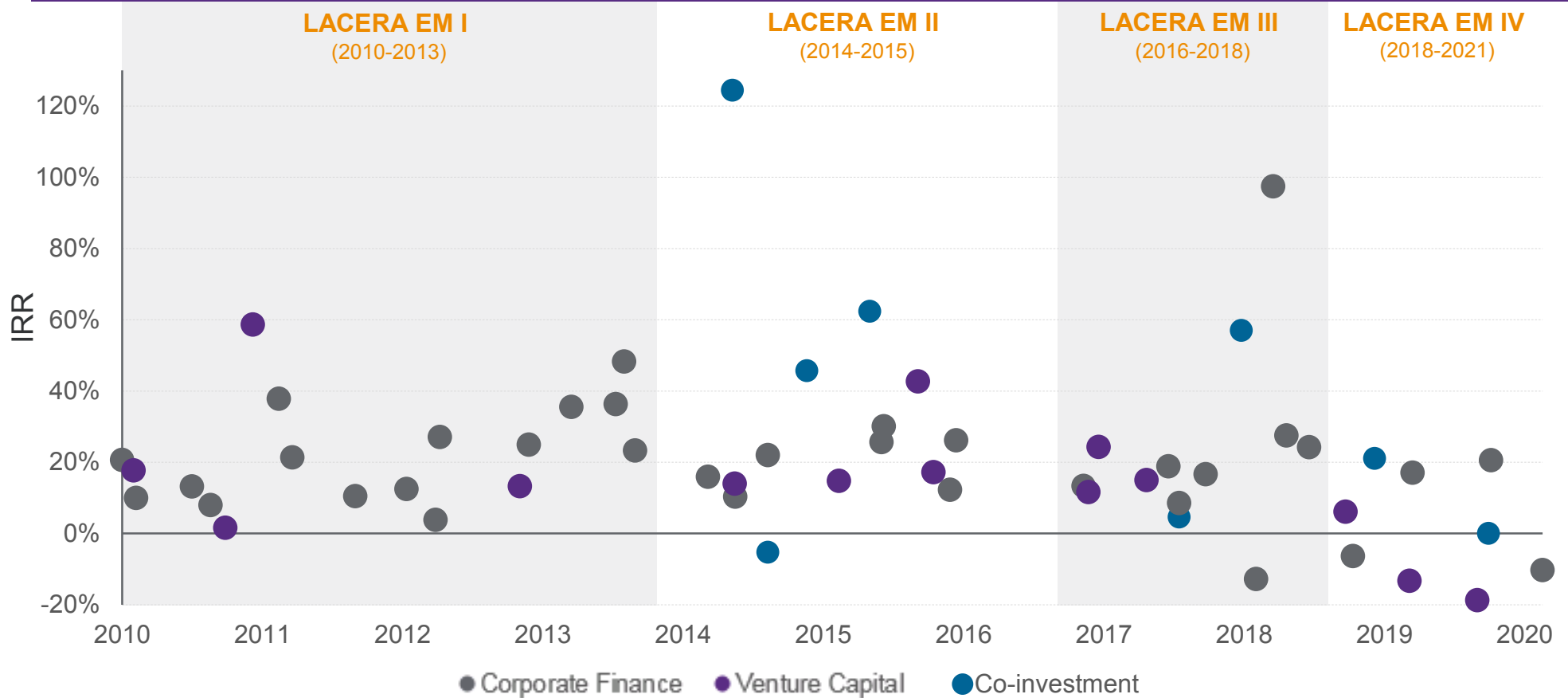
Public benchmark returns calculated with actual timing and dollar amounts of LACERA portfolio cash flows in and out of the index.



Dispersion of returns across LACERA Emerging Manager Program

As of September 30, 2020

Performance dispersion: Investment performance by type and by vintage year¹



Preliminary Performance as of 9/30/2020

¹Unless specifically noted, performance is net of underlying investment fees and expenses; gross of Advisor fees; if Advisor fees were included, returns would be lower. Past performance is no guarantee of future results. The manager seeks to achieve the stated objectives. There can be no guarantee those objectives will be met.



Diversified EM portfolio produced returns in each category

LACERA Emerging Manager portfolio results by investment type, strategy, and geography

As of September 30, 2020

	IRR ¹	MOIC ¹	% Commit.
Type:			
Partnership Investments	18.7%	1.7x	94%
Secondary Investments	60.1%	3.9x	1%
Co-investments	84.8%	4.9x	5%
Strategy:			
Buyout / Corporate Finance	19.9%	1.8x	71%
Venture / Growth	16.6%	1.7x	24%
Co-investments	84.8%	4.9x	5%
Geography:			
U.S.	23.3%	2.0x	87%
Europe	12.2%	1.2x	8%
Asia	25.6%	1.6x	5%
LACERA	21.0%²	1.7x²	

Preliminary Performance as of 9/30/2020

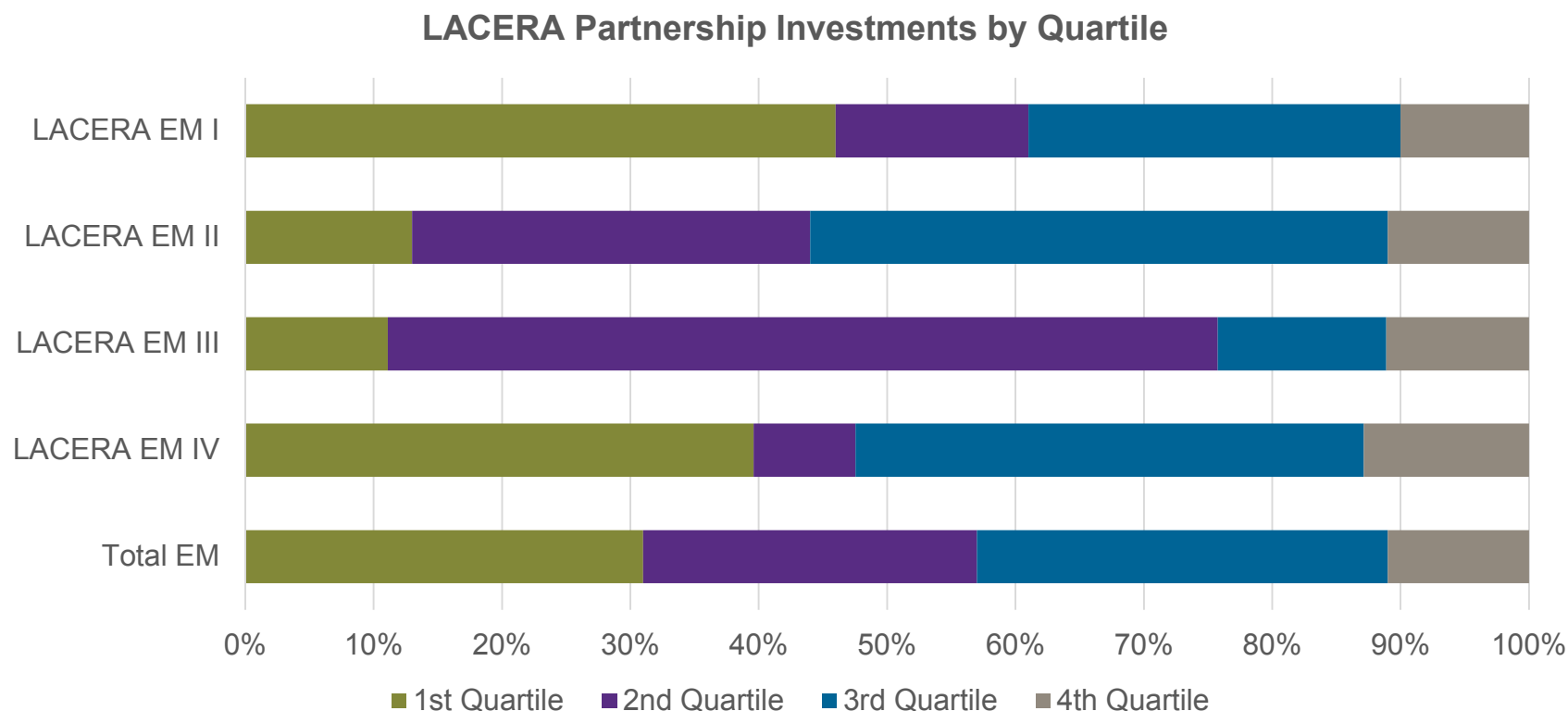
¹Unless specifically noted, performance is net of underlying investment fees and expenses; gross of Advisor fees; if Advisor fees were included, returns would be lower.

²Performance is net of underlying investment fees and expenses and net of Advisor fees including accrued but unpaid performance fees.

Past performance is no guarantee of future results. The manager seeks to achieve the stated objectives. There can be no guarantee those objectives will be met.

LACERA Emerging Manager Program Partnership performance by quartile

57% of LACERA EM Program partnership investments are in the top two quartiles for their respective vintage years



Past performance is no guarantee of future results, and there can be no guarantee the performance shown will be achieved for vintage years that are not fully realized.

Gross performance is net of underlying investment fees and expenses; gross of Advisor fees; if Advisor fees were included, returns would be lower. Gross performance represents underlying investment cash flows and valuations and is inclusive of any fees and expenses at the underlying investment level; gross performance excludes Advisor management and incentive fees which are not applied at the underlying investment level.

PEG Gross IRR relative to Burgiss Private iQ Funds Universe, All Private Equity, All Regions.



Knowledge transfer

Transparent communication

- Monthly pipeline reports & calls
 - 2nd Thursday of every month
 - pipeline review
 - investments in active due diligence
 - discussion of any overlap (*i.e.*, opportunities LACERA is reviewing directly)
 - reporting of new offerings
 - pipeline report sent to LACERA for review and confirmation
 - portfolio updates
- Ad hoc investment calls (*e.g.*, share due diligence on non-emerging manager opportunities)
- Special projects (*e.g.*, secondary investing training)

Facilitating graduation

- Manager annual meeting schedule for LACERA to develop direct relationships
- Fundraising timeline for potential graduates
- LACERA participates in PEG team meetings for EM investment discussions
 - invited to 24 investment discussions¹
- Information sharing with LACERA in-house legal team on graduating investments

¹ Since July 2018

Items listed above include proprietary, confidential information and will only be shared on condition that appropriate confidentiality agreements/non-disclosure agreements are in place.



Today's Agenda

- **LACERA Emerging Manager Program:**
 - Diversity, Equity, & Inclusion (“DEI”)
 - Investment performance
 - Knowledge transfer

- **Update on PEG’s approach and commitment to enhancing our DEI capabilities**

- **Appendix**



PEG's approach to DEI for LACERA's Emerging Manager Program





Enhancements to PEG's sourcing

Sourcing

- Increased focus on Black or African American and Hispanic or Latino managers
 - tracking list doubled from 75 to 150 in the last year
- Support for the Recast Enablement Program, the “Y Combinator” for emerging venture funds
 - marketing/fundraising guidance module
 - pitch day module
- Office Hours: one-on-one meetings with diverse first-time funds focused on coaching, strategy discussions, practice pitches



Visible and active sourcing presence in EM communities

OECD Forum



NAIC Board member

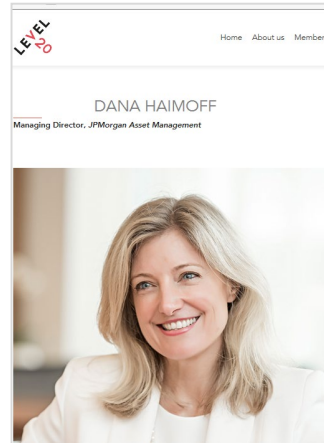


Active with the Toigo Foundation since 1998


Alumni Leading by Example
 HONOREE
Jarrood Fong
 MANAGING DIRECTOR, PORTFOLIO MANAGER
 J.P. MORGAN ASSET MANAGEMENT
 TOIGO ALUMNUS, CHICAGO BOOTH 1996
 CHAIR | TOIGO ALUMNI ENDOWMENT BOARD OF DIRECTORS



New York State Conference



LEVEL 20
 Home About us Membership
 DANA HAIMOFF
 Managing Director, JPMorgan Asset Management



Co-founder of Level 20



13th Annual
**Emerging Markets
 & MWBE Conf**

NASP SoCal



SEO Alternative Investments LP Advisory Council




WOMEN IN ASSET MANAGEMENT SUMMIT & AWARDS SERIES

 Katherine Balle
 Portfolio Manager
 J.P.Morgan Asset Management

Women in Asset Management Summit & Awards Series



Women's Summit



Council of Urban Professionals
 Home | Staff | Jarrood Fong
JARROOD FONG
 Portfolio Manager, JPMorgan Chase & Co.


Board of the Council of Urban Professionals



Enhancements to PEG's procedures

Procedures

- Additional DEI metrics added to our new Offerings Database
- Assessment of GP's commitment to DEI included in due diligence process
- New DEI section included in our standard Operational Due Diligence Questionnaire
- Investment recommendation memos include diversity of the manager
- Request and coordinate the completion of LACERA's DEI Questionnaire by every manager in LACERA EM program
- Industry signatories and recognition:
 - JPM a signatory to UN PRI since 2007
 - PEG received "A" rating by UN PRI
 - PEG is in process of becoming a signatory to ILPA's Diversity in Action initiative



Enhancements to PEG's value add

Value Add

- Introductions
 - Introduced experienced diverse investment professional to a first-time fund in need of additional experience on their team
 - Introduced large LP who ultimately invested in first-time, woman-led fund
 - Introduced qualified female CFO to small, non-diverse buyout fund
- Active in diverse communities
 - Helped non-diverse, mid-market buyout fund find diverse investment professional via Toigo and SEO
 - Advised up-and-coming diverse investment professional as he looked to change firms; served as a reference
 - Serve in leadership roles and sponsor multiple diversity-focused industry associations
- Mentoring
 - Shared modeling on key terms with first-time VC fund
 - Recommended new slide in presentation to better explain evolution of strategy
 - Advised firm raising their second fund on strategy and team for ~6 months prior to fundraising



Where do we go from here? How can we do more/better?

Diversity, Equity, and Inclusion

- Capture more data
 - respectfully ask for transparency
 - be mindful of Title VII of the Civil Rights Act as all of our EM managers have <30 employees
 - follow-up with NAIC/NAA movement to add DEI to SEC questions
- Introduce managers to diverse applicants
- Make GPs aware of the ILPA Diversity in Action initiative and encourage them to become signatories
- Refine method for measuring managers' progress toward becoming more diverse or maintaining diversity
- Raise awareness and engage in implementing improved transparency

Emerging Manager Program

- Continue to facilitate knowledge transfer and partnership with LACERA
- Hone investment strategy
 - fund size requirements
 - geographic expansion
 - co-investments

There can be no assurance that the professionals currently employed will continue to be employed by JPMAM or that the past success of any such professional serves as an indicator of such professional's future performance.



Today's Agenda

- **LACERA Emerging Manager Program:**
 - Diversity, Equity, & Inclusion (“DEI”)
 - Investment performance
 - Knowledge transfer

- **Update on PEG’s approach and commitment to enhancing our DEI capabilities**

- **Appendix**



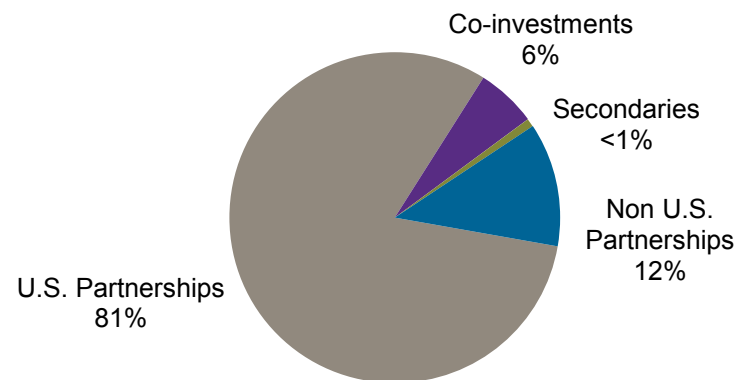
LACERA Emerging Manager Program snapshot

As of December 15, 2020

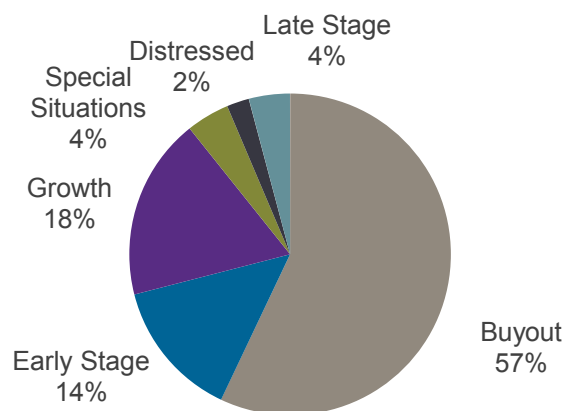
Summary

Inception date	2009
Mandate	\$650mm
Investment period	2009-2021
Capital committed (\$ / % of mandate)	\$489mm/75%
Capital invested (\$ / % of committed)	\$376mm/77%
Distributions received (\$ / % of invested)	\$340mm/90%
IRR as of September 30, 2020*	21.0% IRR
MOIC as of September 30, 2020*	1.7x MOIC

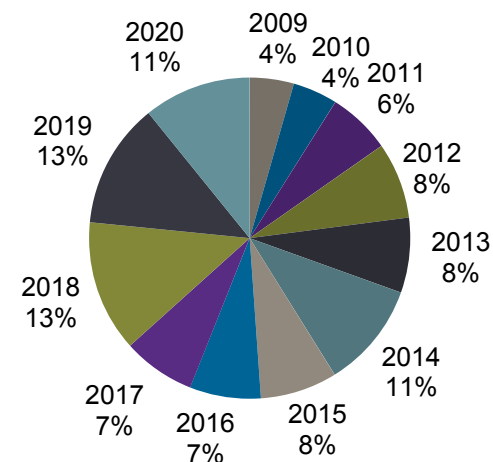
Commitments by investment type



Partnership composition¹ by strategy



Commitments by vintage year



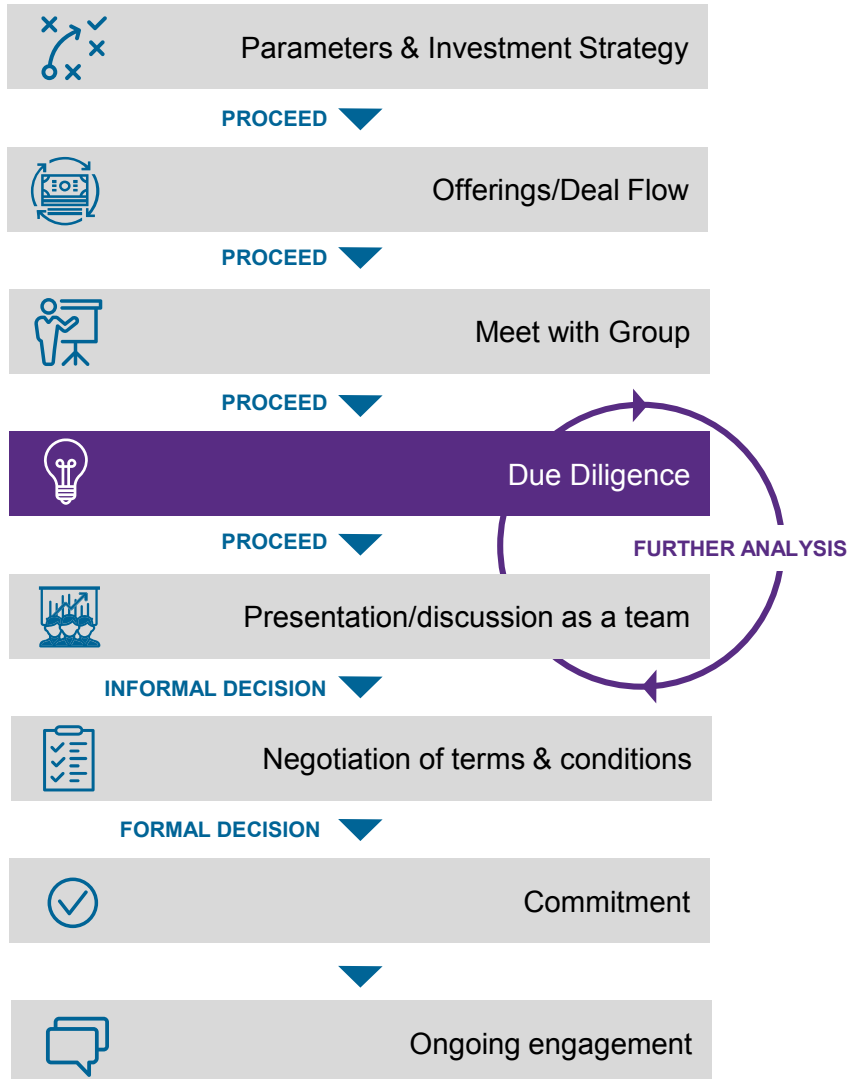
¹Composition by commitment amount to underlying partnership and secondary investments.

*Preliminary performance as of 9/30/2020. Net of underlying investment fees and expenses and net of Advisor fees including accrued but unpaid performance fees. Past performance is no guarantee of future results.

Each investment opportunity is vetted using a thorough and well-documented due diligence process

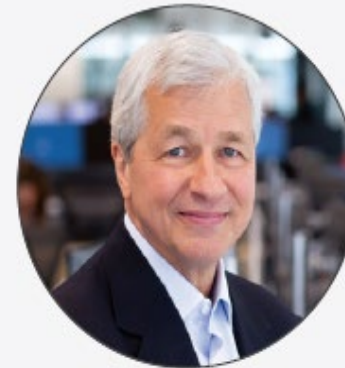


No “formula” for conducting due diligence as each investment is unique





JPMorgan's commitment to diversity comes from the top



“We look for the best people to do the best job for our customers. In order to find the best and be the best, you must be diverse. It’s that simple.”

JAMIE DIMON
CHAIRMAN AND CEO



“We believe in, and are committed to, a culture of respect and inclusion. A company that is, can better serve the world and have generational impact – and that is good for everyone.”

BRIAN LAMB
GLOBAL HEAD OF
DIVERSITY & INCLUSION



JPMorgan’s strategic engagement

At JPMorgan Chase & Co., we believe our success is directly linked to our people and our culture. We aim to attract, train, develop and retain the best diverse talent for today and the future.

We acquire talent globally and focus on being the best company for people from all backgrounds and experiences – and maintain a disciplined focus on our workforce, workplace and marketplace with Management Accountability as the foundation.

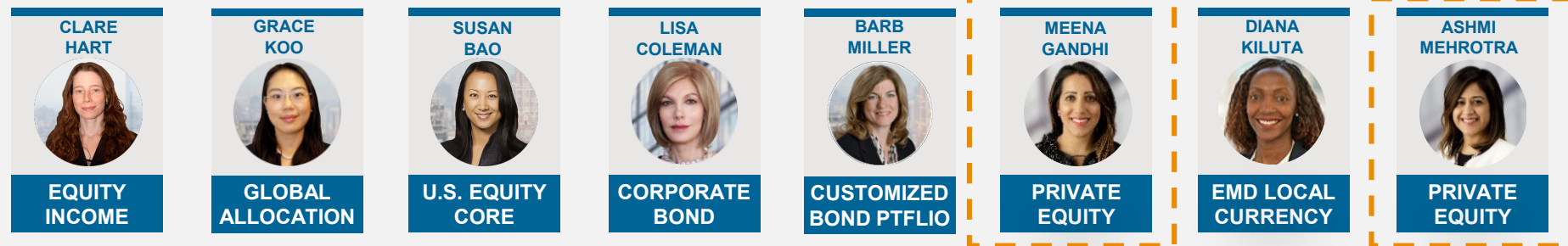


Billion Dollar Roundtable Supplier Diversity program. Our Supplier Diversity program, established more than 20 years ago, cultivates diverse business relationships – and has achieved spending of at least \$1 billion – with firms owned and operated by ethnic/racial minorities, women and other historically underrepresented groups.



Spotlight on JPMorgan's Asset/Wealth Management's diversity initiatives

2x+ the AM industry average for female portfolio managers



Key Programming & Events

- The fourth annual Women's Summit was a showcase of insightful and inspiring women – from across the investing universe to the leading edges of technology and business
 - The 2018 summit attracted **145 female financial professionals** from **72 U.S. firms** representing an astounding **\$11 trillion in AUM**
- In 2019, the Women's Summit was part of the firmwide Women on the Move event at Radio City Music Hall that included 2,000 employees and clients
- **ReEntry Program:**
 - Targets VP+ candidates returning after a career break. Started in Asset & Wealth in 2013, now firmwide. To date: 174 participants, with almost 80% of participants placed in full-time roles
- **Raising LGBT+ Kids Panel:**
 - Firmwide event inspired by leaders in AWM to create a platform to support other parents/families who are raising LGBT+ kids

Sources: J.P. Morgan Asset Management. Industry average source New York Times 5/4/2018

AWM's Affinity Networks

- Asset & Wealth Management has four affinity networks that support our business strategy and goal of recruiting, retaining and developing talented, diverse teams. These networks include:
 - **Women on the Move—Asset & Wealth Management**
 - **AWM Asian Leadership Forum**
 - **AWM Black Leadership Forum**
 - **AWM Hispanic Leadership Forum**

Talent Development & Councils

- **Asset Management Advisory Council:**
 - The Council provides a platform to discuss global strategic and business issues, share best practices and identify any specific areas of interest or concern for the AM Operating Committee
- **Ascend:**
 - An 18-month program designed to enhance the career progression and retention of high-performing, diverse VPs through sponsorship assignments, networking opportunities, and manager engagement



JPMorgan’s employee engagement

Business Resource Groups (“BRGs”)



While each BRG has a core focus, all employees are invited to join any BRG and many choose to join more than one.



Internally: go/diversity
 External: jpmorganchase.com/diversity

- Access Ability**
Disability and Caregiver Resource Group
- Adelante**
Latino/Hispanic Business Resource Group
- AsPIRE**
Asians & Pacific Islanders Reaching for Excellence
- BOLD**
Black Organization for Leadership Development
- NEXTGEN**
Leadership Development for Early Career Professionals
- PRIDE**
Lesbian, Gay, Bisexual, Transgender, + and Ally Resource Group
- Sage**
Administrative Professionals Resource Group
- VETS**
voices for employees that served
- Women on the Move**
Interactive Network
- WFN**
Working Families Network



Selected risks and disclaimers

The following considerations, which summarize some, but not all, of the risks of an investment in the Fund, should be carefully evaluated before making an investment in the Fund. The information set forth under “Risk Factors” and “Potential Conflicts of Interest” in the Private Placement Memorandum of the Fund must be reviewed in its entirety prior to making a decision to invest in the Fund.

General. An investment in a Private Equity Fund involves a high degree of risk as a result of both (i) the types of investments expected to be made by the Fund and by the pooled investment vehicles in which the Fund will invest and (ii) the structure of the Fund and the pooled investment vehicles. There can be no assurance that the investment objectives of the Fund will be achieved or that there will be any return of capital to investors.

Risks of private equity investments. The venture capital companies in which the Fund will seek to invest may be in a conceptual or early stage of development, may not have a proven operating history and may have products that are not yet developed or ready to be marketed or that have no established market. Investments made in connection with acquisition transactions are subject to a variety of special risks, including the risk that the acquiring company has paid too much for the acquired business, the risk of unforeseen liabilities, the risks associated with new or unproven management or new business strategies and the risk that the acquired business will not be successfully integrated with existing businesses or produce the expected synergies.

Illiquidity of private equity investments. The pooled vehicles in which the Fund will invest are highly illiquid, long-term investments. The Fund will be limited in its ability to transfer its interests in, or to withdraw from, such pooled vehicles.

New and emerging managers. The Fund intends to invest its assets with emerging managers. Investments with such sponsors may involve greater risks than are generally associated with investments with more established sponsors. Less established sponsors tend to have fewer resources (including capital and employees) and, therefore, are often more vulnerable to financial failure. Such sponsors may also experience start-up or growth related difficulties that are not faced by established sponsors. Furthermore, assessing the integrity of sponsors with limited experience may necessarily be based on less background information than would be the case with more experienced sponsors. The general risks involved in investing in pooled vehicles may be accentuated in a pooled vehicle with a partnership sponsor that has been established relatively recently.

An Internal Rate of Return – also sometimes called an Asset Weighted Return – measures the performance of a portfolio or investment between two dates, taking into account the amount of capital invested during each time period. An Internal Rate of Return calculation gives greater weight to those time periods where more capital was invested, and takes into account not only the size of cash flows, but also the length of time that each cash flow affected the portfolio. Essentially, an Internal Rate of Return answers the question, “if all the capital had been invested in a money market account instead (but the same contributions and withdrawals were made), what interest rate would have resulted in the same ending value?” These calculations are used where the timing and size of cash flows are important to the validity of the results, for example, when reviewing the returns on individual investment positions. Internal Rates of Return are also used to compute an unleveraged return in order to illustrate the impact of leverage on performance.

Target Returns – The target returns discussed herein have been established as of the date of this presentation. The target returns have been established by each investment adviser based on its assumptions and calculations using data available to it and available investment opportunities and is subject to the risks set forth herein and set forth more fully in the applicable Fund’s Memorandum. A more detailed explanation along with the data supporting the target returns is on file with the applicable investment adviser and is available for inspection upon request. The target returns are for illustration/discussion purposes only and are subject to significant limitations. An investor should not expect to achieve actual returns similar to the target returns shown above. The target returns are the investment advisor’s estimate based on the investment adviser’s assumptions, as well as past and current market conditions, which are subject to change. Each investment adviser has the discretion to change the target returns for the Fund at any time. Because of the inherent limitations of the target returns, potential investors should not rely on them when making a decision on whether or not to invest in any Fund. The target returns cannot account for the impact that economic and market factors have on the implementation of an actual investment program. Unlike actual performance, the target returns do not reflect actual trading, liquidity constraints, fees, expenses, and other factors that could impact the future returns of a Fund. Any investment adviser’s ability to achieve the target returns is subject to risk factors over which such investment adviser may have no or limited control. No representation is made that a Fund will achieve the target return or its investment objective. Actual returns could be higher or lower than the target returns. The data supporting the Target Return is on file with J.P. Morgan and is available for inspection upon request.

Private equity funds invest exclusively or almost entirely in financial instruments issued by companies that are not listed (or that takeover publicly listed companies with a view to delisting them). Investment in private equity funds is typically by way of commitment (i.e. whereby an investor agrees to commit to invest a certain amount in the fund and this amount is drawn down by the fund as and when it is needed to make private equity investments). Interest in an underlying private equity fund will consist primarily of capital commitments to, and investments in private equity strategies and activities which involve a high level of risk and uncertainty. Except for certain secondary funds, private equity funds will have no operating history upon which to evaluate their likely performance. Historical performance of private equity funds is not a guarantee or prediction of their future performance. Investments in private equity are often illiquid and investors seeking to redeem their holdings can experience significant delays and fluctuations in value.



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February 26, 2021

TO: Trustees – Board of Investments

FROM: Vache Mahseredjian, CFA, CAIA, FRM, ASA 
Principal Investment Officer

Chad Timko, CFA, CAIA 
Senior Investment Officer

FOR: March 10, 2021 Board of Investments Meeting

SUBJECT: **ILLIQUID CREDIT REBALANCING**

RECOMMENDATION

Authorize the Chief Investment Officer (“CIO”) to rebalance among Board-approved Illiquid Credit mandates when the conditions identified on slide 5 of the attached presentation are met.

DISCUSSION

LACERA’s Investment Beliefs, which are an integral part of the Investment Policy Statement (IPS), clearly assert that rebalancing is “a key aspect of prudent long-term asset allocation policy.” The IPS also lists the powers delegated by the BOI to the CIO, and among those powers is the authority to rebalance. The language in the Delegated Authority section is unclear on whether rebalancing authority is limited to certain asset classes or if it extends to Illiquid Credit. This recommendation is intended to clear up any potential ambiguity.

The recommendation makes explicit that one of the powers delegated to the CIO is the ability to rebalance among Board-approved Illiquid Credit managers—so long as three conditions are satisfied: 1) the manager is in good standing, so there are no organizational concerns, 2) the rebalancing would be within existing target ranges, and 3) no new contract is required. In keeping with current practice, any rebalancing activity would be noted in the monthly CIO report to the Board.

Illiquid Credit is currently below its target allocation so if the Board approves the recommendation, the initial application of this explicit authority would be to increase the allocation to two separate account managers: Napier Park and Magnetar. Additional details are in the attached presentation.

The IPS will be updated following the completion of the strategic asset allocation project. If this recommendation is approved, the language in the IPS will be modified accordingly.

Attachment

Noted and Reviewed:



Jonathan Gabel
Chief Investment Officer

ATTACHMENT

Illiquid Credit Rebalancing

Board of Investments Meeting

March 10, 2021

Vache Mahseredjian, CFA, CAIA, FRM, ASA
Principal Investment Officer

Chad Timko, CFA, CAIA
Senior Investment Officer



LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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Recommendation and Overview

Recommendation

- Authorize the Chief Investment Officer (CIO) to rebalance among Board-approved Illiquid Credit mandates as described on slide five

Overview

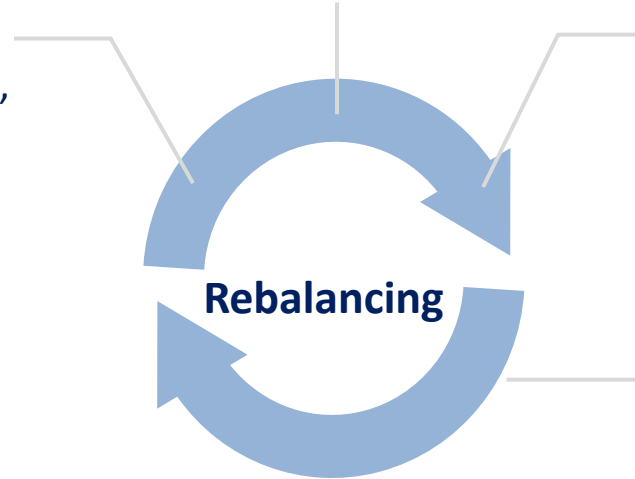
- LACERA's Investment Beliefs, an integral part of the Investment Policy Statement ("IPS"), state that rebalancing is "a key aspect of prudent long-term asset allocation policy"
- Appendix B of the IPS lists the powers delegated to the CIO. Among these is "Authority to rebalance the Fund..." but the language is unclear
- To avoid misinterpretation, we are seeking approval for the CIO to rebalance among Board-approved Illiquid Credit managers
- Illiquid Credit is currently below target. The initial application of this explicit authority would be to increase the allocation to two separate account managers that are performing well

Rebalancing Background

Rebalancing is common in portfolio maintenance to right-size Board-approved allocations, taking into consideration strategic targets, portfolio fit, and conviction

Component of LACERA's
Investment Beliefs

LACERA rebalances continually to ensure adequate cash is available for benefit payments and to bring investment weights closer to targets



An overlay program helps with rebalancing, but is not as effective for Illiquid Credit

- Existing policy document language may be ambiguous regarding Illiquid Credit
- Example - Among the CIO Delegated Authorities in the IPS (Appendix B) are the following:
 - “Authority to rebalance the Fund, approve secondary PE transactions, PE re-ups, Title Holding Companies...”
 - “Authority to add capital to, or reduce amounts invested in the already approved hedge fund managers or terminate a hedge fund manager according to established procedures...”
- An IPS update is a normal part of the asset allocation project and is currently underway
- To avoid misunderstanding, rebalancing parameters are proposed on the next page

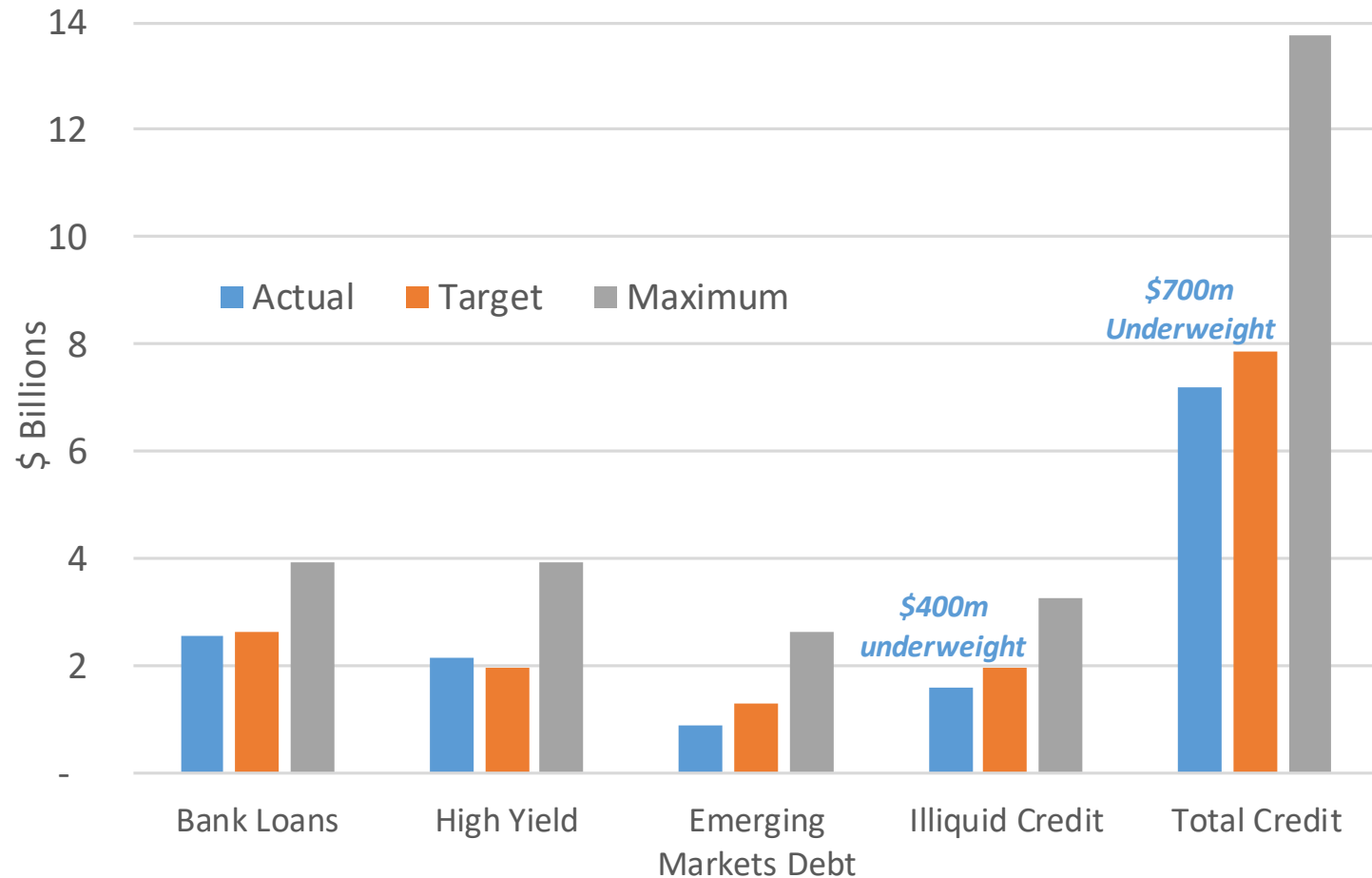
Rebalancing Practice and Parameters – Illiquid Credit

Approval of this recommendation would result in the following for Illiquid Credit:

1. Clarify that “Authority to rebalance the Fund” within the Chief Investment Officer Delegated Authorities section of the IPS includes Board-approved Illiquid Credit mandates
2. Establish the following parameters that each must be met in order for rebalancing via delegated authority within Illiquid Credit:
 - a) There is an absence of material organizational concerns with the subject investment manager
 - b) The rebalancing activity would not result in any asset category deviating from its target range
 - c) No new contract would be required
3. All rebalancing activity will continue to be noted within the monthly CIO Report made available to Trustees of the Board of Investments

Rebalancing Example: Underweight Credit

- LACERA's portfolio is underweight target Credit and Illiquid Credit allocations



- LACERA's underweight to Illiquid Credit is likely to grow, as approximately \$400 million of capital is expected to be returned from limited-life vehicles in the next two years

Rebalancing Example: Illiquid Credit Portfolio Fit

Portfolio Attributes and Objectives:

Single-Investor

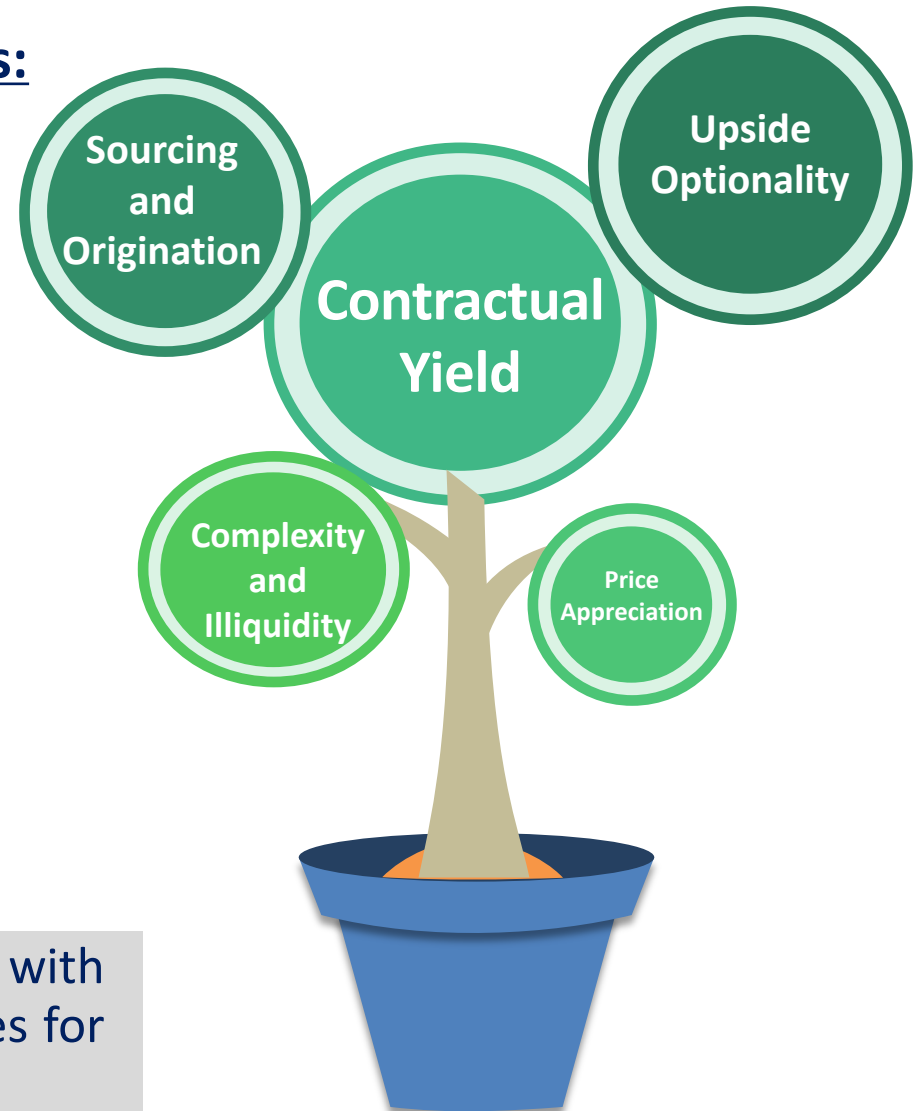
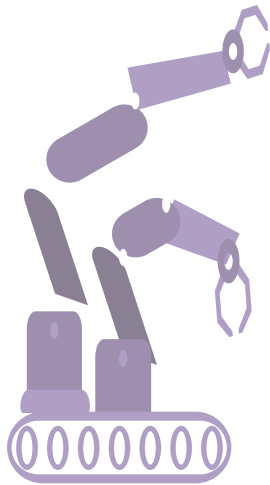
Separate Accounts

Investor-Friendly Fees

- Hard hurdles

Dynamic

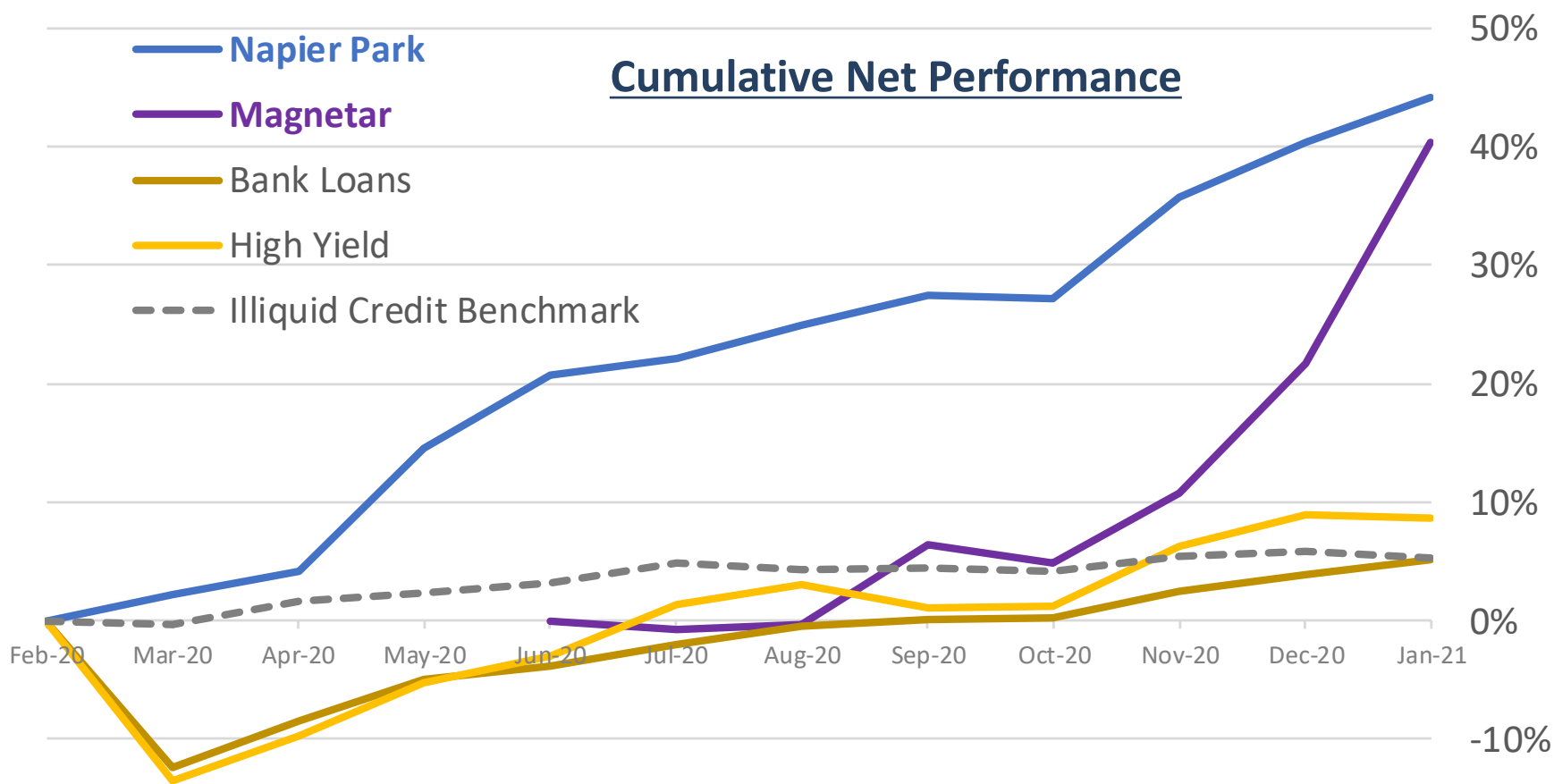
Not Entirely Corporate



Sources of Return

- Magnetar and Napier Park fit well with the above attributes and objectives for the Illiquid Credit portfolio

Rebalancing Example: Illiquid Credit Performance



- Rebalancing to increase the allocation to Magnetar and Napier Park would address an underweight compared to strategic targets and increase allocations to core strategies that are performing well
- Both managers could deploy additional capital over the next 6-18 months

Cumulative performance is shown net of fees. Bank Loans represents the S&P/LSTA US Leveraged Loan Index. High Yield represents the Bloomberg Barclays Global High Yield index. The Illiquid Credit Benchmark represents LACERA's benchmark for this asset category which is the Bloomberg Barclays U.S. Aggregate index plus 2.5% per year.

Recommendation and Summary

Recommendation


- Authorize the Chief Investment Officer (CIO) to rebalance among Board-approved Illiquid Credit mandates as described on slide five

Summary

- LACERA's Investment Beliefs state that rebalancing is “a key aspect of prudent long-term asset allocation policy”
- The current language describing powers delegated to the CIO are imprecise with respect to Illiquid Credit
- To avoid ambiguity and misinterpretation, this recommendation explicitly clarifies that the CIO's rebalancing authority applies to Illiquid Credit mandates
- Illiquid Credit is currently below target; therefore, the initial application of this explicit authority would be to increase the allocation to two illiquid credit managers

February 25, 2021

TO: Trustees – Board of Investments

FROM: Jude Pérez 
Principal Investment Officer

FOR: March 10, 2021 Board of Investments Meeting

SUBJECT: **STRATEGIC ASSET ALLOCATION ASSET LIABILITY OVERVIEW**

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 Total Fund, and therefore, is a vital component as LACERA pursues its mission to produce, protect, and provide the promised benefits.

To date, the BOI has seen presentations covering 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 well as discussing the capital market expectation process. As communicated in previous BOI meetings, the SAA review cycle will continue over the next four months, culminating at the end of the 2021 fiscal year.

This month, Meketa's presentation will cover an overview of the asset-liability study. The presentation will also highlight the various analyses that can be used as part of an SAA review process. These analyses include frameworks such as mean-variance optimization, scenario analysis, stress testing, simulation-based optimization, climate impact, risk budgeting, and value at risk analysis. These frameworks will be used in LACERA's current SAA study, including considerations for liquidity stress testing and impacts related to the sequence of returns. The objective is to measure risk through different lenses and to help set expectations, as no single framework can give a complete picture of the challenges and risks facing investors. The goal is to use a variety of tools to build a more complete picture of risks and help meet LACERA's objectives through the SAA process.

Meketa will review the attached presentation at the March 2021 BOI meeting.

Attachment

Noted and Reviewed:



Jonathan Grabel
Chief Investment Officer
JP

**Presentation to the
Los Angeles County Employees
Retirement Association**

**2021
Capital Markets Expectations**



Los Angeles County Employees Retirement Association

2021 Capital Markets Expectations

Background

- LACERA's Investment Beliefs state that "Long-term strategic asset allocation will be the primary determinant of LACERA'S risk/return outcomes."
- At the September 2020 and October 2020 BOI meetings, 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.
- At the previous BOI meeting, Meketa discussed the process utilized to review both the interim and finalized capital market expectations with both LACERA staff and the Board's asset class consultants.
- This presentation reviews the major factors impacting capital market expectations, details Meketa's 2021 CMEs by functional category and provides an overview of the process for developing CMEs.
- As discussed in previous meetings, our expected returns have declined for almost every asset class driven by declining yields, credit spread tightening, and strong price appreciation for most risk assets.
- In past studies, approval for use of CMEs in the strategic asset allocation modelling rested with the BOI.



Los Angeles County Employees Retirement Association

2021 Capital Markets Expectations

Potential Structural/Process Changes for 2021:

- Consolidation of Credit categories
 - Liquid Credit (high yield, bank loans, emerging markets debt, etc.)
 - Illiquid Credit (private debt, long/short fixed income, fixed income relative value, etc.)
- Potential new functional category to contain overlays and hedges
 - Use of this category would not impact the overall strategic asset allocation, but may enhance existing efforts of continuous improvement to reporting and risk management
- Potential new categories
 - Crisis Risk Offset strategies (included in modelling the Custom Hedge Fund Composite)
 - Opportunistic Green strategies (within natural resources)
- Potential strategy realignment
 - Value-Add Real Estate to Growth
 - TIPS to Risk Reducing and Mitigating (under consideration)
- Climate awareness.
 - We believe that over the past several years, market participants have been integrating climate risk assessment into their valuation practice. This means that current market prices and our CMEs already reflect some integration of climate risk.
 - To provide an additional lens for the Board to review asset allocation, we will also conduct Climate Risk Scenario Analysis as discussed at the September 2020 BOI meeting.

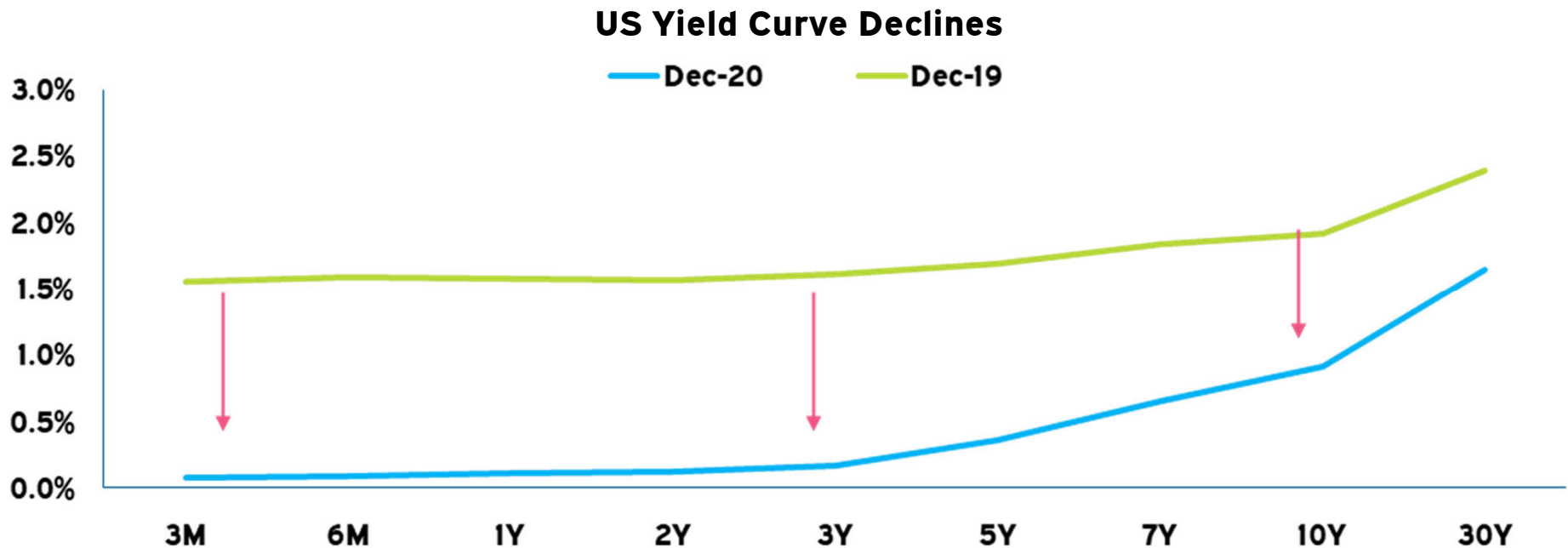


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2021 Capital Markets Expectations

Declining Interest Rates

- The US Treasury yield curve declined materially during 2020, driven by demand for safe-haven assets (e.g., Treasuries), Federal Reserve policies (e.g., policy rate cuts and the quantitative easing program), and weak US economic fundamentals.
- The change was most dramatic at the shorter end of the curve, but even longer-dated maturities saw significant declines.



Source: Bloomberg. Data is as of December 31, 2020.

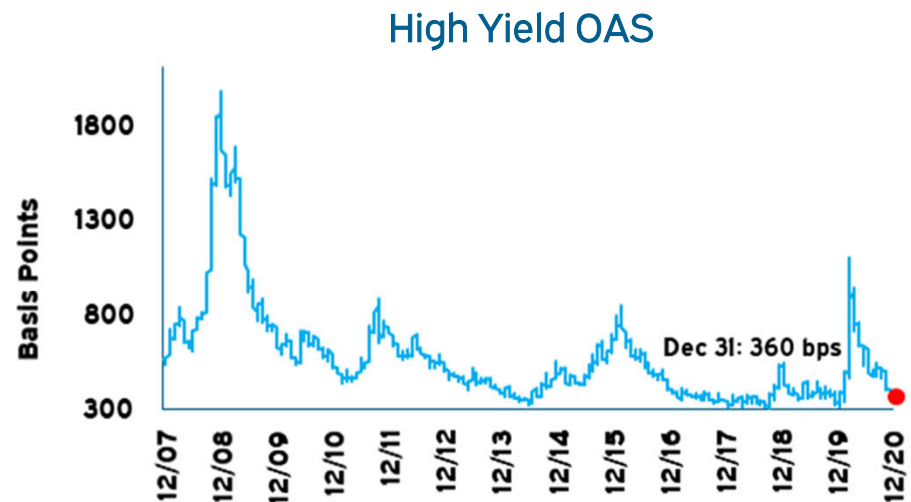
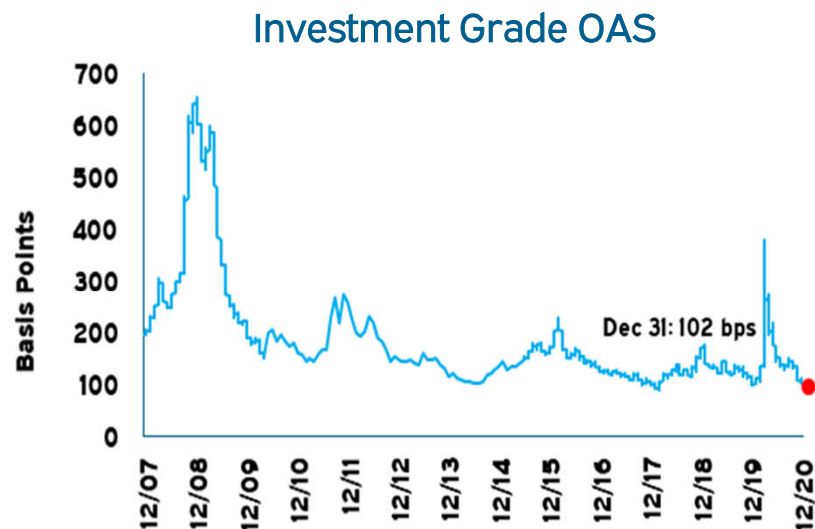


Los Angeles County Employees Retirement Association

2021 Capital Markets Expectations

Tighter Credit Spreads

- Credit spreads (the spread above a comparable Treasury) for investment grade and high yield corporate debt tightened in 2020.
- Despite a widening of spreads at the outset of the pandemic, a combination of policy support (by the Fed) and the search for yield led to a decline in spreads to below long-term averages.
- A tighter spread on top of an already low yield for Treasuries equals lower yields for corporate bonds and other riskier bonds.



Source: Bloomberg. Data is as of December 31, 2020.



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2021 Capital Markets Expectations

Declining Rates + Tighter Spreads = Lower Yields

- The combination of declining rates and tight spreads resulted in lower yields across every major sector of the global bond market.

Index	Yield to Worst 12/31/20 (%)	Yield to Worst 12/31/19 (%)
Fed Funds Rate	0.1	1.6
10-year Treasury	0.93	1.92
Barclays Aggregate	1.12	2.31
Barclays Corporate	1.74	2.84
Barclays Securitized	1.24	2.53
Barclays Global Aggregate	0.83	1.45
Barclays EM Local Currency Government	3.20	3.72
Barclays EM Hard Currency Aggregate	3.20	4.45
Barclays US Corporate High Yield	4.18	5.19

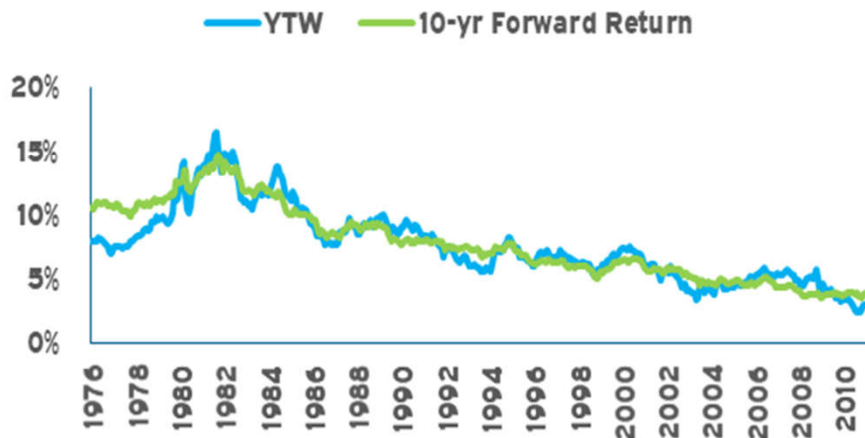
Source: Bloomberg. Data is as of December 31, 2020 and 2019.



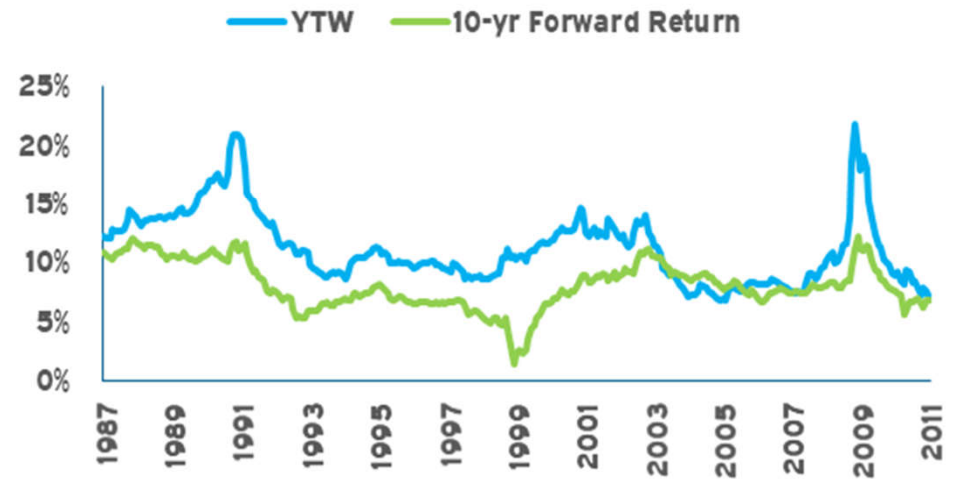
Lower Yields Means Lower Future Returns

- This decline in interest rates matters because yields are a very good predictor of future returns for bonds¹, at least over a 10-year horizon.

YTW and Returns for Investment Grade Bonds



YTW and Returns for High Yield Bonds



¹ When predicting returns for bonds, default risk should also be taken into account. For example, defaults are why the return for high yield bonds have generally been below the starting yield.

Source: Bloomberg. Data is as of December 31, 2020.

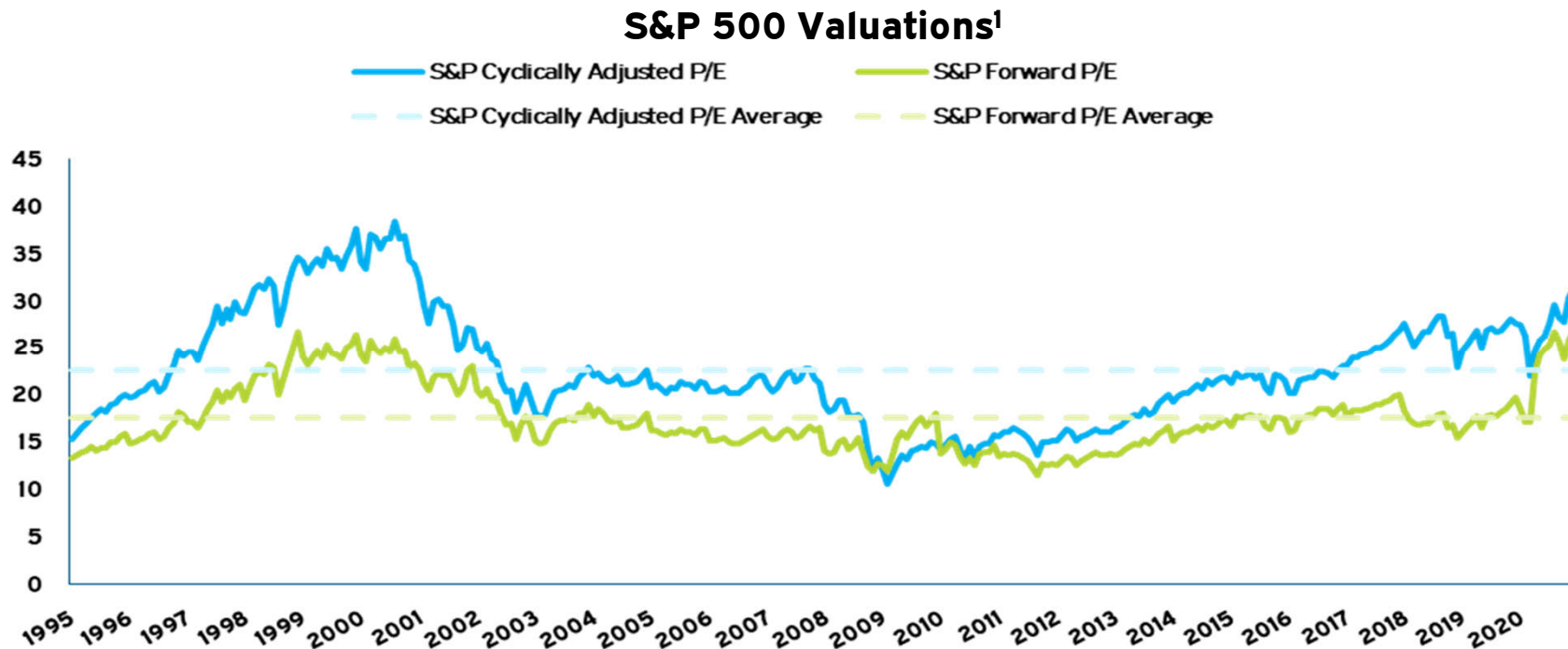


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2021 Capital Markets Expectations

Higher Prices for Equities

- After the initial downturn during the outset of the pandemic, stocks rebounded strongly and finished the year well above where they started.
- Valuations based on both forward- and backward-looking earnings rose to levels not seen since 2001.



¹ Source: Bloomberg. Data is as of December 31, 2020.



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2021 Capital Markets Expectations

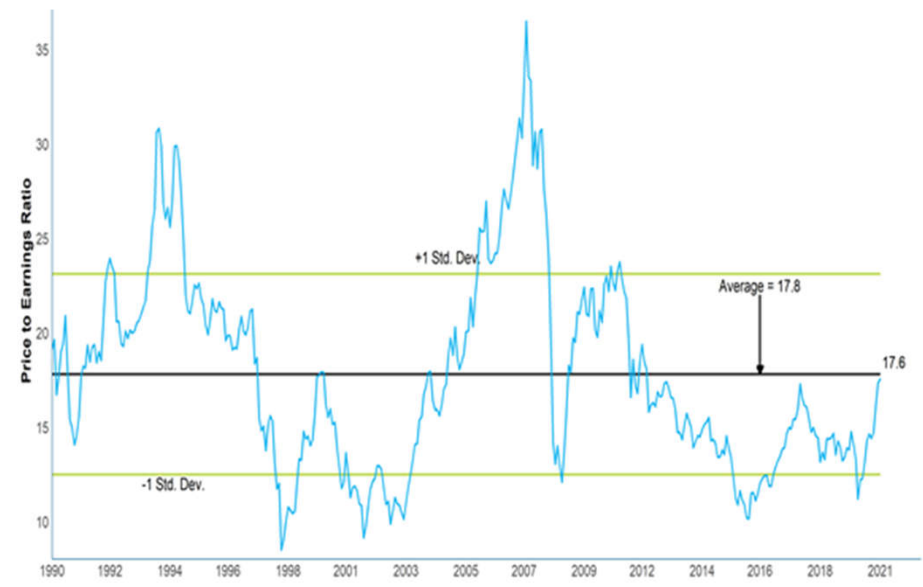
Higher Prices in Non-US Equities, too

- It is not just US equities that saw a jump in PE ratios.
- EM equities had a strong 2020, led by Chinese stocks.
- EAFE equities lagged behind, but because they experienced a much larger hit to earnings¹, their PE ratios likewise moved up.

Developed International Equity Cyclically Adjusted P/E



Emerging Market Equity Cyclically Adjusted P/E



¹ Trailing 12-month EPS for MSCI EAFE dropped from 115.4 to 49.1 from December 2019 to December 2020.

² Source: MSCI and Bloomberg. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years. Data as of December 31, 2020.



Impact of Low Rates on Equity Prices

- Looking at Price-Earnings (or PE10, or PB) ratios alone results in most equity markets looking historically expensive.
- It is unclear how much of an impact low interest rates are having in supporting these elevated valuations and whether they will continue to provide that support if rates remain low.
- Low rates drive up valuations when discounting future cash flows (or earnings).
 - This is based on the time value of money concept.
- One way analysts quantify this is by using what's known as the dividend discount model (DDM).
 - The bond market's current (lower) interest rates can be used to calculate a present value for the stock market using the DDM.
- Using this approach, equities do not look quite as expensive as they do upon initial inspection.

Correction in Prices Needed to Return to Historical Average

	US Equities (%)	EAFE Equities (%)	EM Equities (%)
Using PE10	-23.4	-15.9	-9.9
Adjusting for Rates	-9.8	-2.7	-8.3

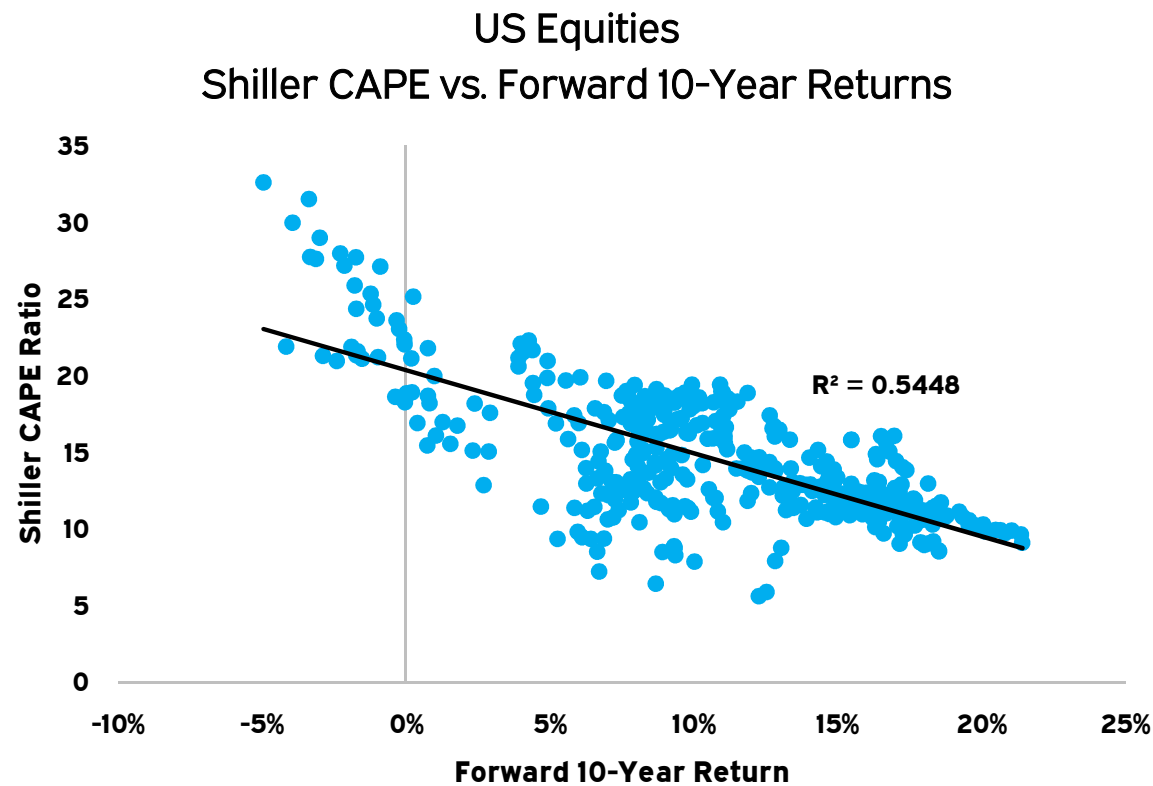


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2021 Capital Markets Expectations

Higher Prices Imply Lower Returns for Equities

- Relative prices have been indicative of future equity returns.
- Higher prices have led to lower future returns, and vice versa.





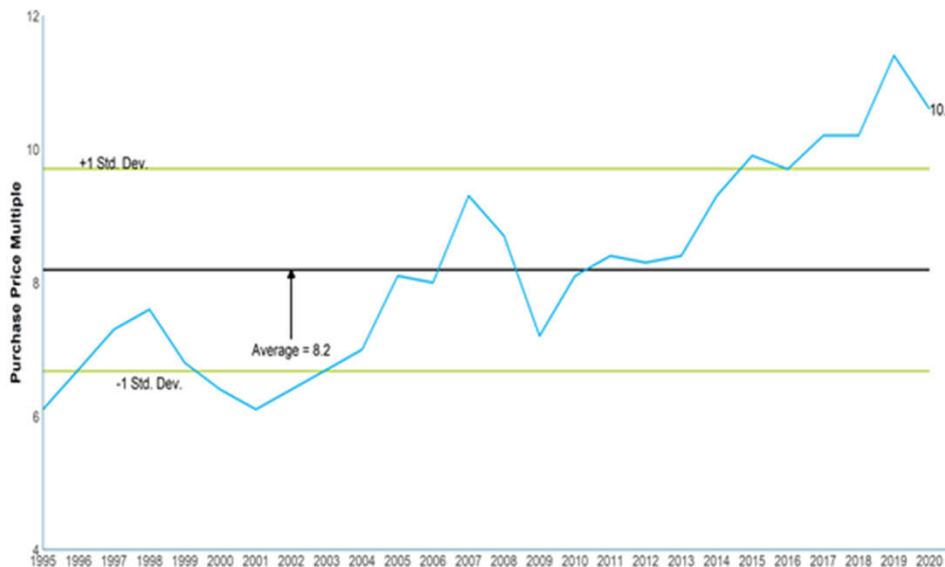
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2021 Capital Markets Expectations

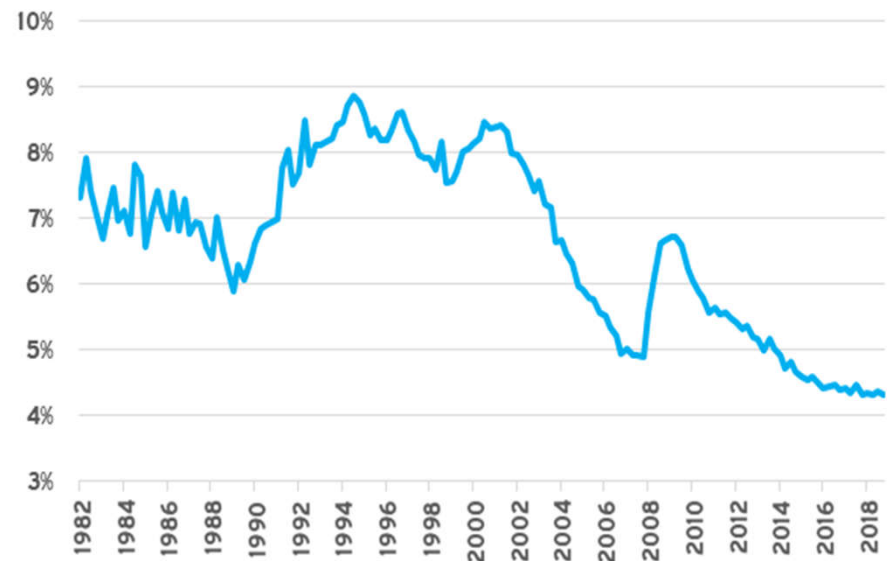
Higher Prices in Private Markets, too

- EBITDA multiples are the closest proxy to a PE ratio for private equity.
 - Like public markets, private markets have seen prices climb gradually higher.
- Real estate cap rates are similar to an earnings yield (the inverse of the PE ratio) for equities.
 - Cap rates are indicative of future returns and have been gradually moving down.

Private Equity Multiples¹



Core Real Estate Cap Rates²



¹ Source: S&P LCD Average EBITDA Multiples Paid in All LBOs. Annual figures, except for 2020 (YTD), as of September 30, 2020.

² Source: NCREIF NPI value-weighted cap rates. As of September 30, 2020.

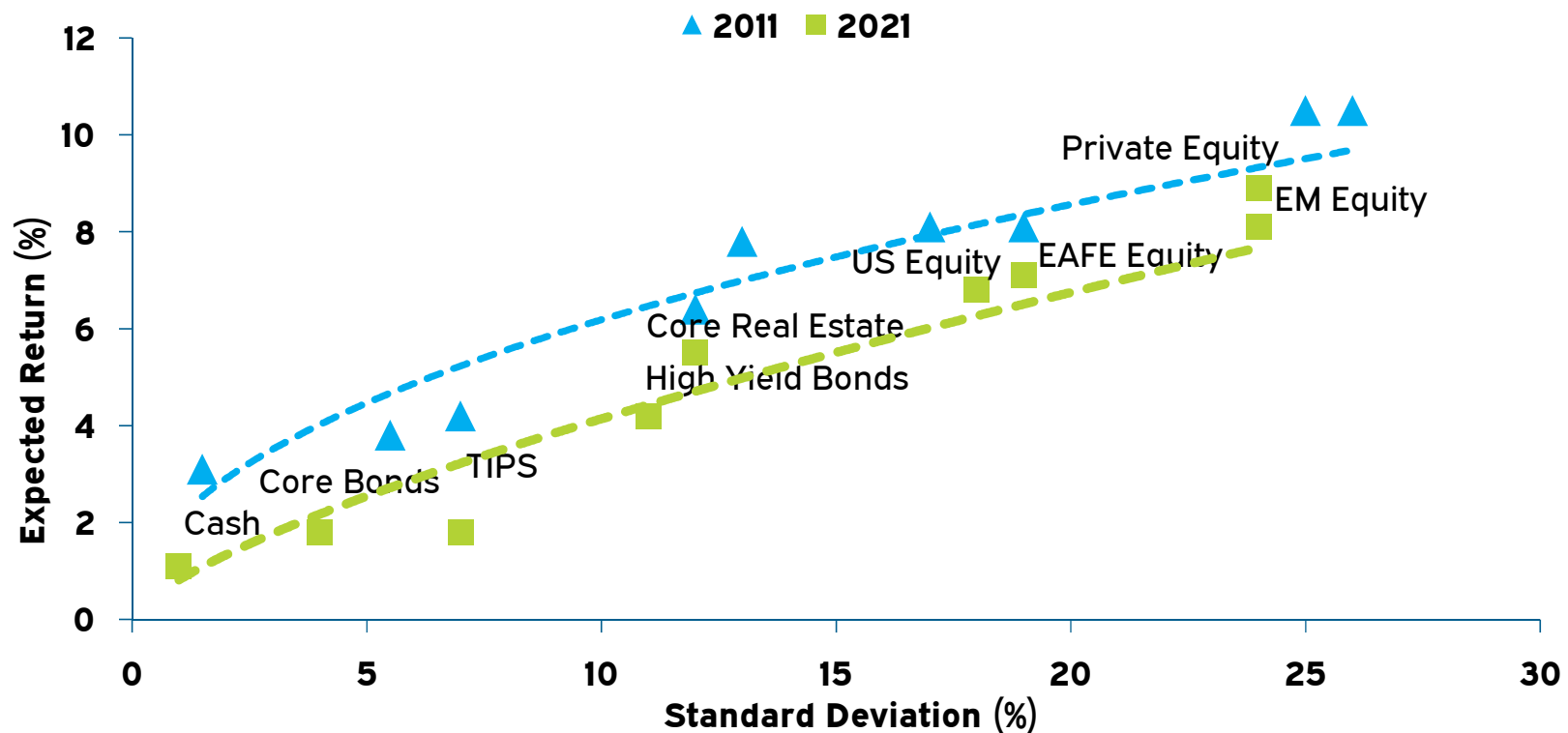


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Comparison to Peer

The Big Picture: Less Return for the Same Risk¹

- The relationship between long-term return expectations and the level of risk accepted is not static.
- We anticipate investors will have to take on greater levels of risk than they have historically if they want to achieve the returns they have in the past.



¹ Expected return and standard deviation are based upon Meketa Investment Group's 2011 and 2021 Capital Markets Expectations.



Los Angeles County Employees Retirement Association

Comparing the Results from 2021 to 2020

10-year Geometric Expected Returns Growth

	2021 E(R) (%)	2020 E(R) (%)	Δ From 2020 (%)	Notes
US Equity	5.2	5.5	-0.3	Higher price-to-earnings, lower dividend
Developed Non-US Equity	6.7	7.7	-1.0	Higher price-to-earnings, lower dividend
Developed Non-US Equity (hedged)	6.1	7.1	-1.0	Higher price-to-earnings, lower dividend
Emerging Market Equity	7.5	8.8	-1.3	Higher price-to-earnings, lower dividend
Global Equity	6.1	6.8	-0.7	Higher price-to-earnings, lower dividend
Private Equity ¹	8.0	8.4	-0.4	Higher prices, offset by lower borrowing costs
Value-Added Real Estate ²	7.5	9.3	-1.8	Lower cap rate, offset by lower cost of borrowing
Opportunistic Real Estate	8.5	11.5	-3.0	Lower cap rate, offset by lower cost of borrowing

¹Private Equity is modelled as 80% Buyouts and 20% Venture.

²Moved from Real Assets.



Los Angeles County Employees Retirement Association

Comparing the Results from 2021 to 2020

10-year Geometric Expected Returns Credit

	2021 E(R) (%)	2020 E(R) (%)	Δ From 2020 (%)	Notes
High Yield Bonds	3.3	4.1	-0.8	Lower yields and tighter spreads
Bank Loans	3.5	4.9	-1.4	Lower yields
Emerging Market Bonds (major)	3.5	3.8	-0.3	Lower yields
Emerging Market Bonds (local)	4.3	4.8	-0.5	Lower yields
High Yield Real Estate Debt	6.0	6.1	-0.1	Lower yields
Private Debt	6.6	6.7	-0.1	Lower yields
Fixed Income/L-S Credit	3.2	3.2	0.0	



Los Angeles County Employees Retirement Association

Comparing the Results from 2021 to 2020

10-year Geometric Expected Returns Real Assets and Inflation Hedges

	2021 E(R) (%)	2020 E(R) (%)	Δ From 2020 (%)	Notes
Core Private Real Estate	5.0	5.9	-0.9	Lower cap rate, offset by lower cost of borrowing
Natural Resources (Private)	7.9	9.0	-1.1	Higher Prices
Opportunistic Green Strategies	8.0	NA	NA	<i>New Asset Class</i>
Commodities	3.4	4.9	-1.5	Lower collateral returns
Infrastructure (Core Private)	7.1	7.1	0.0	
Infrastructure (Non-Core Private)	8.5	8.9	-0.4	Higher prices offset by lower cost of borrowing
Short-term TIPS	1.0	2.3	-1.3	Lower yields
TIPS	1.2	2.3	-1.1	Lower yields



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Comparing the Results from 2021 to 2020

10-year Geometric Expected Returns Risk Reduction and Mitigation

	2021 E(R) (%)	2020 E(R) (%)	Δ From 2020 (%)	Notes
Cash Equivalents	0.7	1.9	-1.2	Lower rates
Investment Grade Bonds	1.2	2.3	-1.1	Lower yields
Long-term Government Bonds	1.6	2.4	-0.8	Lower yields
LACERA Hedge Fund Composite ¹	4.6	NA	NA	
Global Macro	3.6	4.1	-0.5	Higher prices, lower yields
CTA – Trend Following	4.5	4.3	0.2	Higher leverage offset by low cash return
Relative Value/Arbitrage	4.5	4.4	0.1	
Crisis Risk Offset	4.3	NA	NA	<i>New Asset Class</i>

¹LACERA Hedge Fund Composite is composed of 50% Relative Value/Arbitrage, 20% Global Macro, 15% CTA and 15% Alternative Risk Premia..



Our Process



Los Angeles County Employees Retirement Association

Our Process

Setting Capital Market Expectations

- Capital Markets Expectations are the inputs needed to conduct MVO.
 - MVO is the traditional starting point for determining asset allocation.
- Consultants (including Meketa) generally set them once a year.
 - Our results are published in January and based on December 31 data.
- This involves setting long-term expectations for a variety of asset classes for:
 - Returns
 - Standard Deviation
 - Correlations (i.e., covariance)
- Our process relies on both quantitative and qualitative methodologies.



Asset Class Definitions

- We identify asset classes and strategies that are both investable and appropriate for the long-term allocation of funds.
- Several considerations influence this process:
 - Unique return behavior,
 - Observable historical track record,
 - A robust market,
 - And client requests.
- We then make forecasts for each asset class.
 - We created inputs for 86 “asset classes” in 2021.



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Our Process

Building 10-year Forecasts

- Our first step is to develop 10-year forecasts based on fundamental models.
 - Each model is based on the most important factors that drive returns for that asset class:

Asset Class Category	Major Factors
Equities	Dividend Yield, GDP Growth, Valuation
Bonds	Yield to Worst, Default Rate, Recovery Rate
Commodities	Collateral Yield, Roll Yield, Inflation
Infrastructure	Public IS Valuation, Income, Growth
Natural Resources	Price per Acre, Income, Public Market Valuation
Real Estate	Cap Rate, Yield, Growth
Private Equity	EBITDA Multiple, Debt Multiple, Public VC Valuation
Hedge Funds and Other	Leverage, Alternative Betas

- The common components are income, growth, and valuation.

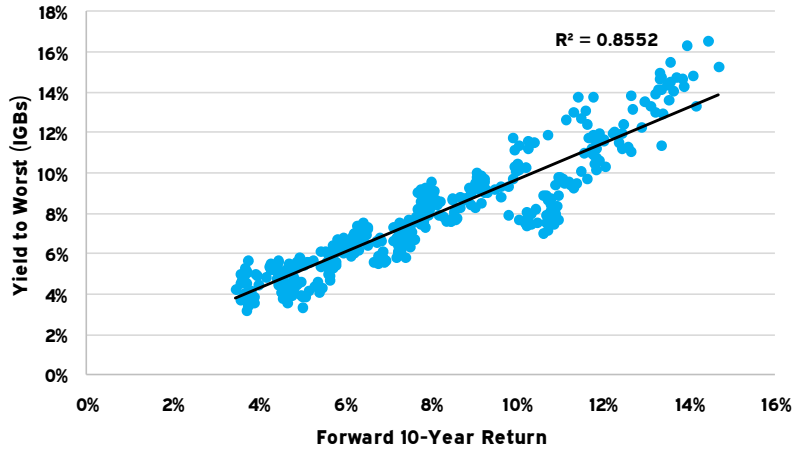


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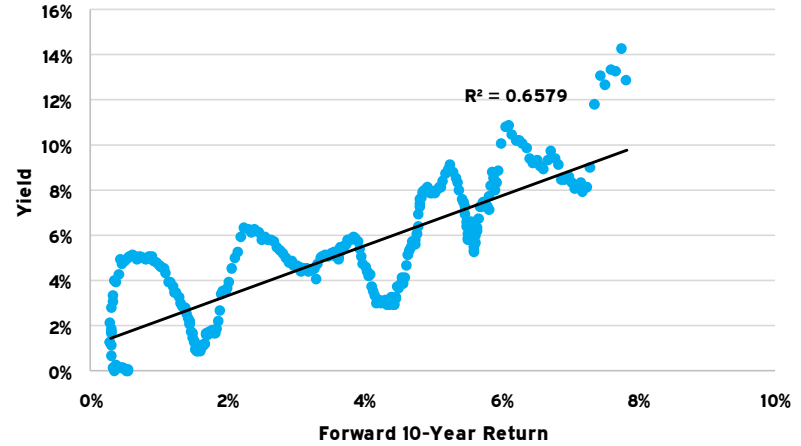
Our Process

Some factors are naturally more predictive than others

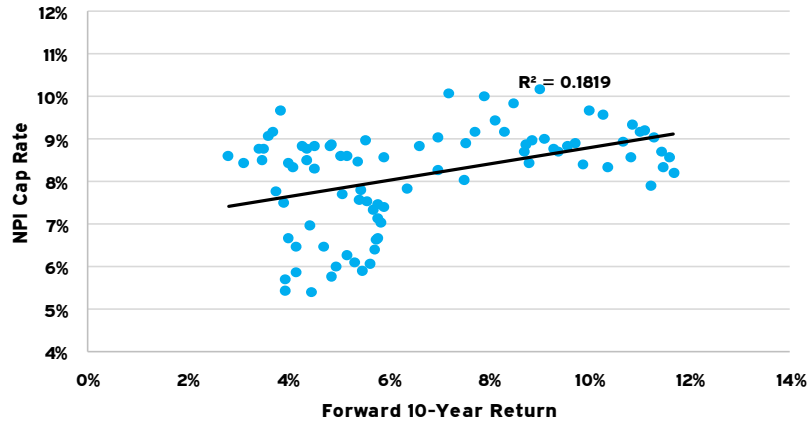
Investment Grade Bonds
Yield to Worst vs. Forward 10-Year Returns



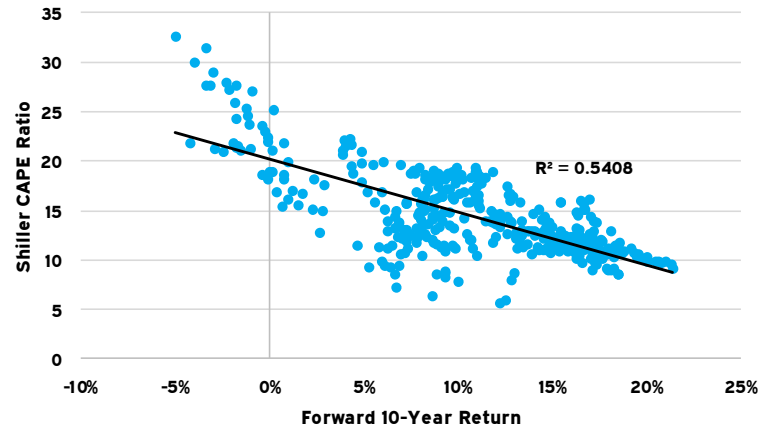
Cash (90-day T-Bill)
Yield vs. Forward 10-Year Returns



Core Real Estate
Cap Rates vs. Forward 10-Year Returns



US Equities
Shiller CAPE vs. Forward 10-Year Returns





The Other Inputs: Standard Deviation and Correlation

- Standard deviation:
 - We review the trailing fifteen-year standard deviation, as well as skewness.
 - Historical standard deviation serves as the base for our assumptions.
 - If there is a negative skew, we increased the volatility assumption based on the size of the historical skewness.

Asset Class	Standard Deviation (%)	Skewness	Assumption (%)
Bank Loans	6.6	-2.3	9.0

- We also adjust for private market asset classes with “smoothed” return streams.
- Correlation:
 - We use trailing fifteen-year correlations as our guide.
 - Again, we make adjustments for “smoothed” return streams.
- Most of our adjustments are conservative in nature (i.e., they increase the standard deviation and correlation).



Summary Data



Los Angeles County Employees Retirement Association

2021 Capital Markets Expectations

Return and Risk Data

Asset Class	10-year Expected Return (%)	20-year Expected Return (%)	Standard Deviation (%)
US Equity	5.2	6.8	18.0
Developed Non-US Equity	6.7	7.1	19.0
Developed Non-US Equity (hedged)	6.1	6.8	16.0
Emerging Market Equity	7.5	8.1	24.0
Global Equity	6.1	7.1	18.0
Private Equity ¹	8.0	9.1	28.0
Value-Added Real Estate ²	7.5	7.7	20.0
Opportunistic Real Estate	8.5	9.2	26.0
High Yield Bonds	3.3	4.2	11.0
Bank Loans	3.5	4.0	9.0
Emerging Market Bonds (major)	3.5	3.7	11.0
Emerging Market Bonds (local)	4.3	3.9	14.0
High Yield Real Estate Debt	6.0	6.0	18.0
Private Debt	6.6	6.8	16.0
Fixed Income/L-S Credit	3.2	3.4	9.0



Los Angeles County Employees Retirement Association

2021 Capital Markets Expectations

Return and Risk Data

Asset Class	10-year Expected Return (%)	20-year Expected Return (%)	Standard Deviation (%)
Core Private Real Estate	5.0	5.5	12.0
Natural Resources (Private)	7.9	8.3	23.0
Opportunistic Green Strategies	8.0	8.8	26.0
Commodities	3.4	3.7	17.0
Infrastructure (Core Private)	7.1	7.0	14.0
Infrastructure (Non-Core Private)	8.5	9.0	22.0
Short-term TIPS	1.0	1.4	5.0
TIPS	1.2	1.8	7.0
Cash Equivalents	0.7	1.1	1.0
Investment Grade Bonds	1.2	1.8	4.0
Long-term Government Bonds	1.6	2.5	12.0
LACERA Hedge Fund Composite ¹	4.6	4.8	6.0
Global Macro	3.6	4.3	5.0
CTA – Trend Following	4.5	4.7	15.0
Relative Value/Arbitrage	4.5	4.6	8.0
Crisis Risk Offset	4.3	4.1	6.0
Inflation	2.3	2.1	3.0



Los Angeles County Employees Retirement Association

2021 Capital Markets Expectations

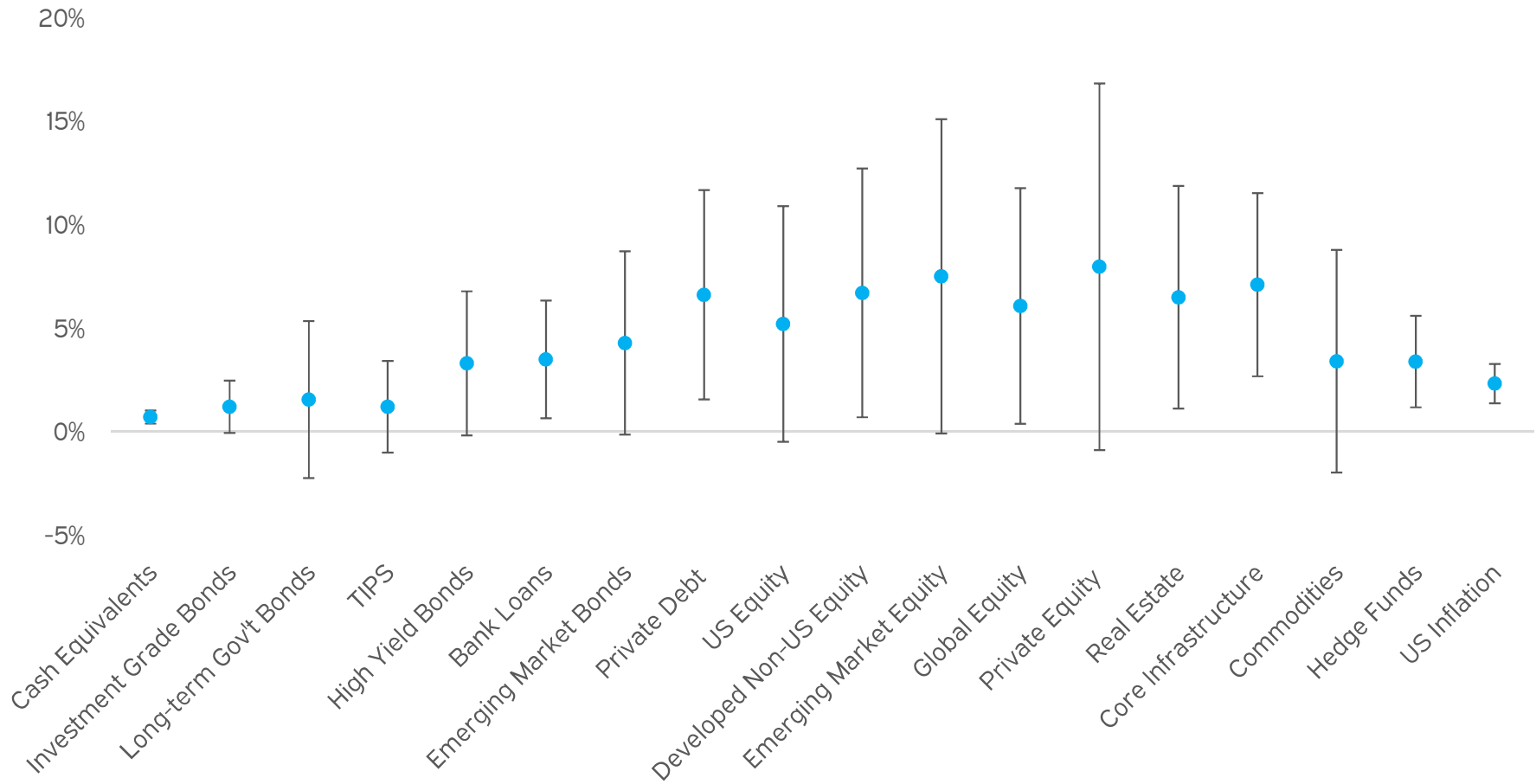
Correlation Data

	Inv. Grade Bonds	Long-term Gov't Bonds	TIPS	High Yield Bonds	US Equity	Dev. Non-US Equity	Em. Market Equity	Private Equity	Real Estate	Commod.	Core Infra. (private)	Custom HF Comp.
Investment Grade Bonds	1.00											
Long-term Government Bonds	0.82	1.00										
TIPS	0.77	0.53	1.00									
High Yield Bonds	0.23	-0.22	0.41	1.00								
US Equity	0.02	-0.32	0.19	0.75	1.00							
Developed Non-US Equity	0.10	-0.28	0.24	0.76	0.89	1.00						
Emerging Market Equity	0.15	-0.23	0.33	0.75	0.78	0.87	1.00					
Private Equity	0.00	-0.10	0.05	0.70	0.85	0.80	0.75	1.00				
Real Estate	0.20	0.05	0.10	0.50	0.50	0.45	0.40	0.45	1.00			
Commodities	0.02	-0.29	0.31	0.54	0.53	0.60	0.65	0.30	0.15	1.00		
Core Infrastructure (private)	0.30	0.15	0.30	0.60	0.55	0.55	0.50	0.45	0.60	0.35	1.00	
LACERA Custom HF Composite	0.27	-0.16	0.43	0.59	0.54	0.57	0.57	0.24	-0.06	0.58	0.08	1.00



10-Year Return Expectations

10-year Forecasts and Likely Range



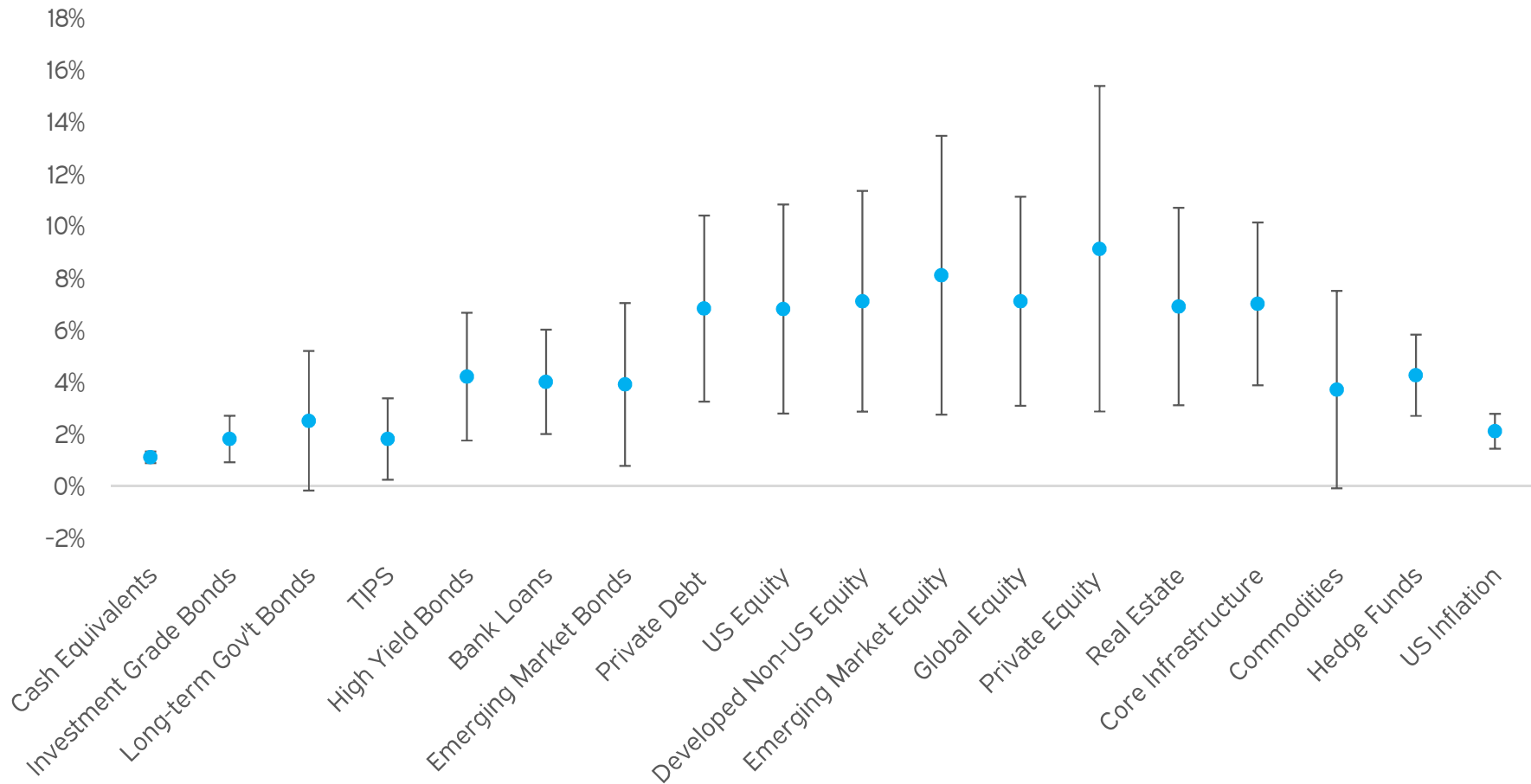


Los Angeles County Employees Retirement Association

2021 Capital Markets Expectations

20-Year Return Expectations

20-year Forecasts and Likely Range





Recommendation

- Meketa recommends that the Board approve use of Meketa's 20201 Capital Market Expectations as detailed in the presentation in the Strategic Asset Allocation Review.
- Meketa recommends utilizing the 10-Year Return Expectations for the asset liability model inputs and to evaluate policy options.
- Meketa recommends applying the 20-Year Return Expectations to test consistency with and reasonableness of LACERA's long-term actuarial assumptions.



Disclaimers

These materials are intended solely for the recipient and may contain information that is not suitable for all investors. This presentation is provided by Meketa Investment Group (“Meketa”) for informational purposes only and no statement is to be construed as a solicitation or offer to buy or sell a security, or the rendering of personalized investment advice. The views expressed within this document are subject to change without notice. These materials include general market views and each client may have unique circumstances and investment goals that require tactical investments that may differ from the views expressed within this document. There is no agreement or understanding that Meketa will provide individual advice to any advisory client in receipt of this document. There can be no assurance the views and opinions expressed herein will come to pass. Any data and/or graphics presented herein is obtained from what are considered reliable sources; however, its delivery does not warrant that the information contained is correct. Any reference to a market index is included for illustrative purposes only, as an index is not a security in which an investment can be made and are provided for informational purposes only. For additional information about Meketa, please consult the Firm’s Form ADV disclosure documents, the most recent versions of which are available on the SEC’s Investment Adviser Public Disclosure website (www.adviserinfo.sec.gov) and may otherwise be made available upon written request.

February 23, 2021

TO: Each Trustee,
Board of Retirement
Board of Investments

FROM: Steven P. Rice *SPR*
Chief Counsel

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

SUBJECT: Form 700 Training

Fiduciary counsel Karen Getman and Kelly Liang, from Olson Remcho, LLP, will present Form 700 training. The presentation slides are attached. Full biographies of the presenters are attached following the presentation. Brief summaries of their backgrounds are as follows:

Karen Getman – Ms. Getman is a founding partner of Olson Remcho and serves as its first Managing Partner. She advises committees, lobbying firms, public officials and agencies on compliance with reporting and disclosure laws, conflicts of interest, and other government ethics laws, open meeting, and public record requirements, and use of public funds. She conducts internal investigations and has served as an expert consultant on conflicts of interest, campaign finance, and lobbying requirements. Significantly for today's Form 700 training, Ms. Getman served as Chairman of the California Fair Political Practices Commission from 1999-2003. She was a lecturer at U.C. Berkeley School of Law from 2004-2011, co-teaching the course on Regulating Public Integrity, and was the first Executive in Residence at the U.C. Berkeley Institute of Governmental Studies, where she also served as a member of the National Advisory Council.

Kelly Liang – Mr. Liang is an associate attorney at Olson Remcho. Mr. Liang advises clients on compliance with both state and federal campaign and election laws. His clients include state and federal political committees, labor unions, nonprofit organizations, private corporations, and major donors. He also advises clients on lobbying compliance and ethics matters, such as gifts and conflicts of interest. He interned at the Fair Political Practices Commission before entering private practice.

Attachments

c: Santos H. Kreimann
Jonathan Grabel
Johanna Fontenot
Jill Rawal



LACERA

Form 700 Training

Prepared and Presented By

Olson | Remcho

Karen Getman

Kelly Liang

March 2021



Overview

- Background
 - Purpose
 - Applicability
 - Disclosure Categories
 - Filing Requirement
- Form 700 Schedules
- Tips and Guidance
- Potential Traps for the Unwary
- Form 700 Resources



Background - Purpose

- General Conflicts of Interest Rule:
 - “No public official at any level of state or local government shall make, participate in making or in any way attempt to use his official position to influence a governmental decision in which he knows or has reason to know he has a financial interest.” CA Gov. Code § 87100.
- Elected officials and public employees who make or influence governmental decisions are required to submit a Statement of Economic Interests (Form 700).
 - Provides information to the public regarding the official or employee’s financial interests to ensure that they do not have conflict.
 - The process of completing the Form 700 serves as a reminder to the official or employee of their financial interests so they are more aware of potential conflicts when making or participating in making governmental decisions.
- **NOTE:** Failure to file, to timely file, or to fully disclose can subject the official to administrative fines from the Fair Political Practices Commission.



Background - Applicability

- Applies to officials specifically designated in Government Code section 87200 (“87200 filers”):
 - Elected state officers
 - Judges and commissioners of the judicial branch
 - Board members of various state agencies
 - Planning commissioners, board of supervisors, district attorneys, county counsels, county treasurers, mayors, city councilmembers, etc.
 - Other public officials who manage public investments
 - Defined by FPPC Regulation 18700.3 to include “members of boards and commissions, including pension and retirement boards or commissions, or of committees thereof, who exercise responsibility for the management of public investments.”
- Also applies to employees and consultants whose responsibilities involve the making or participation in the making of decisions that may foreseeably have a material effect on a financial interest, as designated in the agency’s conflict of interest code (“code filers”).
- 87200 filers are subject to the broadest disclosure categories while code filers are only required to disclose specific types of interests, depending on the type of decisions that might be made by virtue of the employee’s position.



Background - Disclosure Categories

- **Board of Retirement:** Code filers (disclosure categories 1, 2, and 5 per LACERA’s conflict of interest code).
 - Category 1: Real property within LACERA’s jurisdiction that would be suitable for housing LACERA’s operations and all surrounding real property within two miles. Does not include property used exclusively as a personal residence.
 - Category 2: All investments and business positions in business entities that are the type utilized by LACERA. Also income (including gifts, loans, and travel payments) from those business entities.
 - Category 5: All income (including gifts, loans, and travel payments) from, investments in, and business positions with LACERA members (including agents or employee associations representing LACERA members or entities controlled by LACERA members).
- **Board of Investments:** 87200 filers (“public officials who manage public investments”).
 - Unless an exception applies, disclose all investments, business entities, real property, income, gifts, and travel payments.



Background - Filing Requirement

- **When to File:**

- Within 30 days of assuming office
- Annually on April 1, 2021
- Within 30 days of leaving office

- **Where to File:**

- File with your agency:
 - LACERA (Paper): With LACERA's CEO or designee, which gets forwarded to the County Executive
 - LACERA (Electronically): <https://lacform700.lacounty.gov/>

- **Potential Penalties:**

- Late filing penalty of \$10 per day, up to a maximum of \$100.
- Referral to the FPPC's Enforcement Division, with potential fines of \$5,000 per violation.



Form 700 - Cover Page

- Generally, the cover page should be completed last.
- Include agency name, position, jurisdiction.
- Type of Statement (Assume Office, Annual, Leaving Office, etc.).
- Check boxes for the Schedules that are attached, and provide the total number of pages, including the summary page.
- Complete verification with mailing address (street, city, state, zip code), telephone number, and email address.
- Cover page must be signed unless filing electronically.



Form 700 - Schedule A-1:

Investments with Ownership Interest Less than 10%

- Use Schedule A-1 to report stocks, bonds, and other interests where the filer's ownership interest is less than 10%.
- “Investment” is defined as a financial interest in any business entity (including a consulting business or other independent contracting business) that is located in, doing business in, planning to do business in, or that has done business during the previous two years in the jurisdiction (Los Angeles County), and in which the filer, filer's spouse or registered domestic partner, or dependent children had a direct, indirect, or beneficial interest totaling \$2,000 or more at any time during the reporting period.
- Includes such items as stocks, bonds, sole proprietorships, filer's business or his or her spouse or registered domestic partner's business, partnerships, etc.
- Not required to disclose government bonds, diversified mutual funds, certain funds similar to mutual funds (such as exchange traded funds), bank accounts, savings accounts, money market accounts, certificates of deposit, insurance policies, annuities, commodities, retirement accounts invested in non-reportable interests, government defined-pension plans (such as CalPERS and CalSTRS).



Form 700 - Schedule A-2:

Investments with Ownership Interest Greater than 10%

- Use Schedule A-2 to report investments in a business entity or trust in which the official, his or her spouse or registered domestic partner, or dependent children, together or separately, had a 10% or greater interest, totaling \$2,000 or more during the reporting period.
- Also use Schedule A-2 to report investments and real property held by that entity or trust if the official's pro-rata share of the investment or real property interest was \$2,000 or more during the reporting period.
- For Part 3 of Schedule A-2, the official is required to disclose the name of each source of income and outstanding loan to the business entity or trust if the official's pro-rata share of the gross income (including the official's community property interest in a spouse or registered domestic partner's share) to the business entity or trust from that source was \$10,000 or more during the reporting period.



Form 700 - Schedule B:

Interests in Real Property

- Report interests in real property in which the filer, his or her spouse or registered domestic partner, or dependent children, had a direct, indirect or beneficial interest totaling \$2,000 or more any time during the reporting period.
- Interests include: ownership interest; deed of trust, easement, or option to acquire property; a leasehold interest; a mining lease; an interest in real property held in a retirement account.
- Not required to report the filer's residence, such as a home or vacation cabin, used exclusively as a personal residence.
- Required to report the date property was acquired or disposed of only if it was initially acquired or entirely disposed of during the reporting period.



Form 700 - Schedule C: Income, Loans & Business Positions

- Required to report source and amount of gross income of \$500 or more received during the period.
- Salary, reimbursement for expenses or per diem, or social security, disability, or other similar benefit payments from a governmental entity (federal, state or local) are not reportable.
- Income from a retirement account is not reportable.
- Required to report community property interest (50%) in spouse's or registered domestic partner's income.



Form 700 - Schedule D: Gifts

- Gift: Anything of value for which you have not provided equal or greater consideration to the donor.
- Gifts are reportable on Form 700 if the fair market value of the gift is \$50 or more. In addition, multiple gifts totaling \$50 or more received during the reporting period from a single source must be reported.
- Required to report name and address of source; date, value and description of gift.
- Annual Gift Limit: \$520 from a single source (adjusted biennially for cost of living).
- Important to track gifts on an ongoing basis.
- Behested payments are payments made to a third party (e.g., a charitable organization) at the request of an elected officer and are not considered gifts to the officer. Behested payments of \$5,000 or more are instead reported on FPPC Form 803.

Form 700 - Schedule D: Common Gift Exceptions



- Gifts reimbursed, returned, or donated to charity within 30 days of receipt
- Gifts from spouse and certain family members
- Personalized plaques or trophies with an individual value of less than \$250
- Attendance at an invitation-only event, provided that the official signs a statement in writing that he or she consumed minimal appetizers and beverages and did not stay for any entertainment.



Form 700 - Schedule E:

Travel Payments, Advances and Reimbursements

- Travel payments on Schedule E include advances and reimbursements for travel and related expenses, including lodging and meals.
- Not required to disclose:
 - Travel payments received from any state, local or federal govt. agency for which the official provided services equal or greater in value than the payments received.
 - Payment for travel from another local, state or federal govt. agency and related per diem expenses when travel is for education, training or other inter-agency programs or purposes.
 - Travel payments received from the official's employer in the normal course of employment that are included in income reported on Sch. C.
 - Travel payments received from a 501(c)(3) nonprofit for which the official provided equal or greater consideration, such as reimbursement for business travel for a 501(c)(3) nonprofit for which the official is a board member.



Form 700 - Schedule E: Travel Payments, Advances and Reimbursements, Continued

- Some travel payments are reportable on Schedule E but are not subject to the \$520 per calendar year gift limit. These include:
 - Travel in connection with a speech given by the official, limited to lodging and subsistence expenses for the date immediately preceding, the day of, and the day immediately following the speech, so long as the travel is within the United States.
 - Travel provided by a government, governmental agency, foreign government, governmental authority, a bona fide public or private educational institution, or a 501(c)(3) tax exempt organization.
- Recommend including a note on Schedule E confirming why travel payments are not subject to the \$520 limit if the amount exceeds this limit. Makes clear on the public record that there is no gift limit violation.

Tips and Guidance



- Fill out all fields related to a reportable financial interest.
- When disclosing reportable assets held in retirement accounts, such as common stock, only the assets are reportable, not the account itself.
- Salary, reimbursements, per diem, or other benefits from a federal, state, or local government agency, such as LACERA, are not reportable.
- Check for redundant reporting; unless specified, information/interests disclosed on an earlier schedule do not also need to be included on a subsequent one. Examples:
 - Real property held by a business entity or trust that is disclosed on Schedule A-2 (Investments, Incomes, and Assets of Business Entities/Trusts) should not also be disclosed on Schedule B (Real Property).
 - Income from rental property disclosed on Schedules A-2 or B should not also be disclosed on Schedule C (Income).
 - In contrast, Schedule A-1 (Investments of Less than 10%) specifies that income from those investments should be disclosed on Schedule C.



Potential Traps for the Unwary

- Disclosure is not always co-extensive with disqualification. For example:
 - Disclose sources of income and gifts received during the prior calendar year; disqualify based on income and gifts received in the prior 12 calendar months
 - Don't disclose your personal residence; do disqualify if a decision materially affects your personal residence
 - For businesses where you own 10% or more, disclose if your pro rata share of income received from a single source is \$10,000 or more; disqualify if the pro rata share of income is \$500 or more
- Disqualification/disclosure of financial interests of your spouse, domestic partner or dependent child:
 - Income, gifts – yes, report community property interest and disqualify if over the threshold
 - Real property – yes, report full property value, and community property interest in any rental income, and disqualify if over the threshold
 - Business investments – yes, report full investment and community property interest in income from the investment, and disqualify if over the threshold
 - Business positions – no, only report your own
- Blind trusts, separate property agreements, limited liability partnerships, etc. – need specialized advice



Form 700 Resources

- LACERA Counsel
- Political Reform Act & FPPC Regulations
- www.fppc.ca.gov/Form700.html
 - Form 700 and Form Instructions.
 - FPPC Form 700 Reference Pamphlet
 - FPPC Form 700 FAQs
- FPPC Existing Opinions and Advice Letters
- FPPC Advice:
 - 1-866-ASK-FPPC (1-866-275-3772) (M-Th 9:00 am – 11:30 am): **Informal Advice**
 - advice@fppc.ca.gov: **Formal or Informal Advice**

Olson | Remcho

Karen Getman

PARTNER



✉ kgetman@olsonremcho.com 📞 [510.346.6200](tel:510.346.6200)

Karen Getman is a founding partner of Olson Remcho LLP, and serves as its first Managing Partner. She previously was a partner at Remcho, Johansen & Purcell.

Ms. Getman advises government entities and private parties on complex matters of statutory and constitutional interpretation and all aspects of ballot measure drafting, qualification, and challenges. She advises committees, lobbying firms, public officials and agencies on compliance with reporting and disclosure laws, conflicts of interest and other government ethics laws, open meeting and public record requirements, and use of public funds. She conducts internal investigations and has served as an expert consultant on conflicts of interest, campaign finance and lobbying requirements. Ms. Getman also advises the California Teachers Association on Proposition 98 (the constitutional school funding guarantee) and other aspects of education funding and policy. She helped draft and defend Propositions 30 (2012) and 55 (2016), which dedicated sales and income tax increases to public school funding.

Ms. Getman served as Chairman of the California Fair Political Practices Commission from 1999-2003, and as a member of the Alcoholic Beverage Control Appeals Board from 2003-05. She was a lecturer at U.C. Berkeley School of Law from 2004-2011, co-teaching the course on Regulating Public Integrity, and was the first Executive in Residence at the U.C. Berkeley Institute of Governmental Studies, where she also served as a member of the National Advisory Council. Ms. Getman previously served on the boards of Women Executives in State Government, Students Run Oakland and Education First Cambodia, and was a member of the Assembly Speaker's Commission on the California Initiative Process.

Ms. Getman represents clients in public policy and constitutional litigation and all aspects of election disputes. She was lead counsel in *CTA v. Schwarzenegger* (2006), which resulted in restoration of billions in school funding, and associate counsel in *CTA v. Gould* (1996), which also secured billions in K-14 public school funding.

Her recent cases include representing the League of California Cities and the California State Association of Counties as amici in *Vargas v. Salinas*, 46 Cal.4th 1 (2009); representing the Superintendent of Public Instruction in *California School Board Association v. California State Board of Education*, No. C060957, 2010 WL 1692760 (Cal. App. 2010), a successful challenge to state mathematics requirements; representing the California Teachers Association as amicus in *California Redevelopment Assn. v. Matosantos*, 53 Cal.4th 231 (2011); successfully defending the State Board of Education, Superintendent of Public Instruction and State Department of Education against a preliminary injunction motion in

Cruz v. State (Alameda Superior Ct., 2015); and representing the City of Oakland in its successful defense of Measure Z, the Hotel Minimum Wage and Working Conditions ordinance, in *Cal. Hotels & Lodging Ass'n v. City of Oakland*, 393 F. Supp. 3d 817 (N.D. Cal. 2019).

Ms. Getman spoke on “Whistleblowers” at the U.C. Berkeley Goldman School of Public Policy’s Global Leadership Program in 2014 and on “Political Activity and the Board” at the 18th Annual Stanford Directors’ College, and has presented on local campaign finance ordinances and use of public funds at the League of California Cities’ City Attorney conferences. Her publications include co-authoring with Stanford Law Professor Pam Karlan a chapter in *Conflict of Interest and Public Life* (Cambridge Univ. Press 2008). She also authored chapters in *Win the Right Way* (Berkeley Public Policy Press 2005) and *California Votes: The 2002 Governor’s Race and the Recall That Made History* (Berkeley Public Policy Press 2003).

She received her B.A. with distinction from Yale College in 1980, and her J.D. *cum laude* from Harvard Law School in 1985, where she served as Editor-in-Chief of the Harvard Women’s Law Journal. She is admitted to the California Bar and the District of Columbia Bar (not active), and previously was a member of the New York Bar.

Representative Highlights

Results described below were dependent on the facts of that particular case. Prior results do not guarantee or predict similar outcomes.

- *California Redevelopment Association v. Matosantos*, 53 Cal. 4th 231 (2011). Filed amicus curiae brief on behalf of the California Teachers Association in support of the State’s efforts to restructure California’s redevelopment agencies and provide additional funding for California’s public schools.
- *California School Boards Association v. California State Board of Education*, No. C060957, 2010 WL 1692760 (Cal. App. 2010). Represented the California State Superintendent of Public Instruction in a successful challenge to the State Board of Education’s effort to force schools to comply with an unfunded mandate that all eighth graders take Algebra I.
- *Vargas v. City of Salinas*, 46 Cal. 4th 1 (2009). Filed amicus curiae brief on behalf of the League of California Cities and California State Association of Counties in case defending the rights of local governments to expend public funds informing citizens of the effects of upcoming ballot measures.
- *California Teachers Association v. Schwarzenegger*, Sacramento County Superior Court, Case No. 05CS01165 (2006). Represented the California Teachers Association and the Superintendent of Public Instruction in a successful challenge to efforts to reduce education funding far below the amount agreed upon in the 2004-05 budget compromise. Recovered \$3 billion in Proposition 98 funding for schools.

Education

Yale College, B.A., with distinction (1980)

Harvard Law School, J.D., *cum laude*, Editor-in-Chief, Harvard Women’s Law Journal (1985)

Admissions

California

District of Columbia (not active)

New York (not active)

Practice Areas

Education

Enforcement Actions

Government & Public Retirement Law

Initiatives & Referenda

Internal Investigations
Legislative & Regulatory Drafting
Litigation & Appeals
Lobbying Advice & Reporting Services

 **Location**

Oakland

 **Sacramento**

555 Capitol Mall, Suite 400
Sacramento, CA 95814-4503
916-442-2952

 **Oakland**

1901 Harrison Street, Suite 1550
Oakland, CA 94612
510-346-6200

 **Long Beach**

555 E. Ocean Blvd., Suite 420
Long Beach, CA 90802
562-427-2100

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Olson | Remcho

Kelly Liang

ASSOCIATE



✉ kliang@olsonremcho.com 📞 [916.442.2952](tel:916.442.2952)

Kelly Liang is an associate attorney at Olson Remcho. Mr. Liang advises clients on compliance with both state and federal campaign and election laws. His clients include state and federal political committees, labor unions, nonprofit organizations, private corporations, and major donors. He also advises clients on lobbying compliance and ethics matters, such as gifts and conflicts of interest.

Mr. Liang received his law degree from the University of California, Davis School of Law in 2017. While there, he served as Managing Editor of the Business Law Journal and as an Executive Editor of *Environs*, an environmental law and policy journal. He also interned at Bay Area Legal Aid and the Fair Political Practices Commission before joining Olson, Hagel & Fishburn LLP as a law clerk in 2016.

He earned his Bachelor of Arts from the University of California, Berkeley and his Master of Business Administration from the University of California, Davis. Mr. Liang is admitted to practice in California and is a member of the California Political Attorneys Association.

Education

University of California, Berkeley, B.A., 2013

University of California, Davis School of Law, J.D., 2017

University of California, Davis Graduate School of Management, M.B.A., 2017

Admissions

California

Practice Areas

Campaign Finance Law & Reporting Services

Elections & Redistricting

Location

Sacramento



Sacramento

555 Capitol Mall, Suite 400
Sacramento, CA 95814-4503
916-442-2952



Oakland

1901 Harrison Street, Suite 1550
Oakland, CA 94612
510-346-6200



Long Beach

555 E. Ocean Blvd., Suite 420
Long Beach, CA 90802
562-427-2100

February 26, 2021

TO: Each Trustee,
Board of Retirement
Board of Investments

FROM: Steven P. Rice *SPR*
Chief Counsel

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

SUBJECT: Supplement – Form 700 Training

Fiduciary counsel requested that, in addition to the presentation slides previously provided, trustees be provided with a blank Form 700 to facilitate the training. A copy is attached.

Attachment

c: Santos H. Kreimann
Jonathan Grabel
Johanna Fontenot
Jill Rawal

**STATEMENT OF ECONOMIC INTERESTS
COVER PAGE**
A PUBLIC DOCUMENT

Please type or print in ink.

NAME OF FILER (LAST) (FIRST) (MIDDLE)

1. Office, Agency, or Court

Agency Name *(Do not use acronyms)*

Division, Board, Department, District, if applicable Your Position

► If filing for multiple positions, list below or on an attachment. *(Do not use acronyms)*

Agency: _____ Position: _____

2. Jurisdiction of Office *(Check at least one box)*

- State Judge, Retired Judge, Pro Tem Judge, or Court Commissioner
(Statewide Jurisdiction)
- Multi-County _____ County of _____
- City of _____ Other _____

3. Type of Statement *(Check at least one box)*

- Annual:** The period covered is January 1, 2020, through December 31, 2020.
-or- The period covered is ____/____/____, through December 31, 2020.
- Assuming Office:** Date assumed ____/____/____
- Candidate:** Date of Election _____ and office sought, if different than Part 1: _____
- Leaving Office:** Date Left ____/____/____
(Check one circle.)
- The period covered is January 1, 2020, through the date of leaving office.
- or-**
- The period covered is ____/____/____, through the date of leaving office.

4. Schedule Summary (must complete) ► Total number of pages including this cover page: _____

Schedules attached

- Schedule A-1 - Investments** – schedule attached
- Schedule A-2 - Investments** – schedule attached
- Schedule B - Real Property** – schedule attached
- Schedule C - Income, Loans, & Business Positions** – schedule attached
- Schedule D - Income – Gifts** – schedule attached
- Schedule E - Income – Gifts – Travel Payments** – schedule attached

-or- **None - No reportable interests on any schedule**

5. Verification

MAILING ADDRESS STREET CITY STATE ZIP CODE
(Business or Agency Address Recommended - Public Document)

DAYTIME TELEPHONE NUMBER EMAIL ADDRESS
()

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information contained herein and in any attached schedules is true and complete. I acknowledge this is a public document.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date Signed _____
(month, day, year)

Signature _____
(File the originally signed paper statement with your filing official.)

SCHEDULE A-2

Investments, Income, and Assets of Business Entities/Trusts

(Ownership Interest is 10% or Greater)

CALIFORNIA FORM 700
FAIR POLITICAL PRACTICES COMMISSION

Name _____

▶ 1. BUSINESS ENTITY OR TRUST

Name _____

Address (Business Address Acceptable) _____

Check one
 Trust, go to 2 Business Entity, complete the box, then go to 2

GENERAL DESCRIPTION OF THIS BUSINESS

FAIR MARKET VALUE IF APPLICABLE, LIST DATE:

<input type="checkbox"/> \$0 - \$1,999 <input type="checkbox"/> \$2,000 - \$10,000 <input type="checkbox"/> \$10,001 - \$100,000 <input type="checkbox"/> \$100,001 - \$1,000,000 <input type="checkbox"/> Over \$1,000,000	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;"> <input type="checkbox"/> ____/____/20 ACQUIRED </td> <td style="width: 50%; text-align: center;"> <input type="checkbox"/> ____/____/20 DISPOSED </td> </tr> </table>	<input type="checkbox"/> ____/____/20 ACQUIRED	<input type="checkbox"/> ____/____/20 DISPOSED
<input type="checkbox"/> ____/____/20 ACQUIRED	<input type="checkbox"/> ____/____/20 DISPOSED		

NATURE OF INVESTMENT
 Partnership Sole Proprietorship _____ Other

YOUR BUSINESS POSITION _____

▶ 1. BUSINESS ENTITY OR TRUST

Name _____

Address (Business Address Acceptable) _____

Check one
 Trust, go to 2 Business Entity, complete the box, then go to 2

GENERAL DESCRIPTION OF THIS BUSINESS

FAIR MARKET VALUE IF APPLICABLE, LIST DATE:

<input type="checkbox"/> \$0 - \$1,999 <input type="checkbox"/> \$2,000 - \$10,000 <input type="checkbox"/> \$10,001 - \$100,000 <input type="checkbox"/> \$100,001 - \$1,000,000 <input type="checkbox"/> Over \$1,000,000	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;"> <input type="checkbox"/> ____/____/20 ACQUIRED </td> <td style="width: 50%; text-align: center;"> <input type="checkbox"/> ____/____/20 DISPOSED </td> </tr> </table>	<input type="checkbox"/> ____/____/20 ACQUIRED	<input type="checkbox"/> ____/____/20 DISPOSED
<input type="checkbox"/> ____/____/20 ACQUIRED	<input type="checkbox"/> ____/____/20 DISPOSED		

NATURE OF INVESTMENT
 Partnership Sole Proprietorship _____ Other

YOUR BUSINESS POSITION _____

▶ 2. IDENTIFY THE GROSS INCOME RECEIVED (INCLUDE YOUR PRO RATA SHARE OF THE GROSS INCOME TO THE ENTITY/TRUST)

<input type="checkbox"/> \$0 - \$499	<input type="checkbox"/> \$10,001 - \$100,000
<input type="checkbox"/> \$500 - \$1,000	<input type="checkbox"/> OVER \$100,000
<input type="checkbox"/> \$1,001 - \$10,000	

▶ 2. IDENTIFY THE GROSS INCOME RECEIVED (INCLUDE YOUR PRO RATA SHARE OF THE GROSS INCOME TO THE ENTITY/TRUST)

<input type="checkbox"/> \$0 - \$499	<input type="checkbox"/> \$10,001 - \$100,000
<input type="checkbox"/> \$500 - \$1,000	<input type="checkbox"/> OVER \$100,000
<input type="checkbox"/> \$1,001 - \$10,000	

▶ 3. LIST THE NAME OF EACH REPORTABLE SINGLE SOURCE OF INCOME OF \$10,000 OR MORE (Attach a separate sheet if necessary.)

None or Names listed below

▶ 3. LIST THE NAME OF EACH REPORTABLE SINGLE SOURCE OF INCOME OF \$10,000 OR MORE (Attach a separate sheet if necessary.)

None or Names listed below

▶ 4. INVESTMENTS AND INTERESTS IN REAL PROPERTY HELD OR LEASED BY THE BUSINESS ENTITY OR TRUST

Check one box:
 INVESTMENT REAL PROPERTY

Name of Business Entity, if Investment, or Assessor's Parcel Number or Street Address of Real Property _____

Description of Business Activity or City or Other Precise Location of Real Property _____

FAIR MARKET VALUE IF APPLICABLE, LIST DATE:

<input type="checkbox"/> \$2,000 - \$10,000 <input type="checkbox"/> \$10,001 - \$100,000 <input type="checkbox"/> \$100,001 - \$1,000,000 <input type="checkbox"/> Over \$1,000,000	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;"> <input type="checkbox"/> ____/____/20 ACQUIRED </td> <td style="width: 50%; text-align: center;"> <input type="checkbox"/> ____/____/20 DISPOSED </td> </tr> </table>	<input type="checkbox"/> ____/____/20 ACQUIRED	<input type="checkbox"/> ____/____/20 DISPOSED
<input type="checkbox"/> ____/____/20 ACQUIRED	<input type="checkbox"/> ____/____/20 DISPOSED		

NATURE OF INTEREST
 Property Ownership/Deed of Trust Stock Partnership

Leasehold _____ Yrs. remaining Other _____

Check box if additional schedules reporting investments or real property are attached

▶ 4. INVESTMENTS AND INTERESTS IN REAL PROPERTY HELD OR LEASED BY THE BUSINESS ENTITY OR TRUST

Check one box:
 INVESTMENT REAL PROPERTY

Name of Business Entity, if Investment, or Assessor's Parcel Number or Street Address of Real Property _____

Description of Business Activity or City or Other Precise Location of Real Property _____

FAIR MARKET VALUE IF APPLICABLE, LIST DATE:

<input type="checkbox"/> \$2,000 - \$10,000 <input type="checkbox"/> \$10,001 - \$100,000 <input type="checkbox"/> \$100,001 - \$1,000,000 <input type="checkbox"/> Over \$1,000,000	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;"> <input type="checkbox"/> ____/____/20 ACQUIRED </td> <td style="width: 50%; text-align: center;"> <input type="checkbox"/> ____/____/20 DISPOSED </td> </tr> </table>	<input type="checkbox"/> ____/____/20 ACQUIRED	<input type="checkbox"/> ____/____/20 DISPOSED
<input type="checkbox"/> ____/____/20 ACQUIRED	<input type="checkbox"/> ____/____/20 DISPOSED		

NATURE OF INTEREST
 Property Ownership/Deed of Trust Stock Partnership

Leasehold _____ Yrs. remaining Other _____

Check box if additional schedules reporting investments or real property are attached

Comments: _____

SCHEDULE C

Income, Loans, & Business Positions

(Other than Gifts and Travel Payments)

CALIFORNIA FORM 700

FAIR POLITICAL PRACTICES COMMISSION

Name _____

▶ 1. INCOME RECEIVED
▶ 1. INCOME RECEIVED

NAME OF SOURCE OF INCOME _____

ADDRESS *(Business Address Acceptable)* _____

BUSINESS ACTIVITY, IF ANY, OF SOURCE _____

YOUR BUSINESS POSITION _____

GROSS INCOME RECEIVED No Income - Business Position Only

\$500 - \$1,000 \$1,001 - \$10,000

\$10,001 - \$100,000 OVER \$100,000

CONSIDERATION FOR WHICH INCOME WAS RECEIVED

Salary Spouse's or registered domestic partner's income
(For self-employed use Schedule A-2.)

Partnership (Less than 10% ownership. For 10% or greater use
Schedule A-2.)

Sale of _____
(Real property, car, boat, etc.)

Loan repayment

Commission or Rental Income, list each source of \$10,000 or more

_____ *(Describe)*

Other _____
(Describe)

NAME OF SOURCE OF INCOME _____

ADDRESS *(Business Address Acceptable)* _____

BUSINESS ACTIVITY, IF ANY, OF SOURCE _____

YOUR BUSINESS POSITION _____

GROSS INCOME RECEIVED No Income - Business Position Only

\$500 - \$1,000 \$1,001 - \$10,000

\$10,001 - \$100,000 OVER \$100,000

CONSIDERATION FOR WHICH INCOME WAS RECEIVED

Salary Spouse's or registered domestic partner's income
(For self-employed use Schedule A-2.)

Partnership (Less than 10% ownership. For 10% or greater use
Schedule A-2.)

Sale of _____
(Real property, car, boat, etc.)

Loan repayment

Commission or Rental Income, list each source of \$10,000 or more

_____ *(Describe)*

Other _____
(Describe)

▶ 2. LOANS RECEIVED OR OUTSTANDING DURING THE REPORTING PERIOD

* You are not required to report loans from a commercial lending institution, or any indebtedness created as part of a retail installment or credit card transaction, made in the lender's regular course of business on terms available to members of the public without regard to your official status. Personal loans and loans received not in a lender's regular course of business must be disclosed as follows:

NAME OF LENDER* _____

ADDRESS *(Business Address Acceptable)* _____

BUSINESS ACTIVITY, IF ANY, OF LENDER _____

HIGHEST BALANCE DURING REPORTING PERIOD

\$500 - \$1,000

\$1,001 - \$10,000

\$10,001 - \$100,000

OVER \$100,000

INTEREST RATE TERM (Months/Years)

_____ % None _____

SECURITY FOR LOAN

None Personal residence

Real Property _____
Street address

_____ *City*

Guarantor _____

Other _____
(Describe)

Comments: _____

**SCHEDULE D
Income – Gifts**

Name _____

<p>▶ NAME OF SOURCE <i>(Not an Acronym)</i></p> <p>_____</p> <p>ADDRESS <i>(Business Address Acceptable)</i></p> <p>_____</p> <p>BUSINESS ACTIVITY, IF ANY, OF SOURCE</p> <p>_____</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">DATE (mm/dd/yy)</th> <th style="text-align: left; border-bottom: 1px solid black;">VALUE</th> <th style="text-align: left; border-bottom: 1px solid black;">DESCRIPTION OF GIFT(S)</th> </tr> </thead> <tbody> <tr> <td>____/____/____</td> <td>\$ _____</td> <td>_____</td> </tr> <tr> <td>____/____/____</td> <td>\$ _____</td> <td>_____</td> </tr> <tr> <td>____/____/____</td> <td>\$ _____</td> <td>_____</td> </tr> </tbody> </table>	DATE (mm/dd/yy)	VALUE	DESCRIPTION OF GIFT(S)	____/____/____	\$ _____	_____	____/____/____	\$ _____	_____	____/____/____	\$ _____	_____	<p>▶ NAME OF SOURCE <i>(Not an Acronym)</i></p> <p>_____</p> <p>ADDRESS <i>(Business Address Acceptable)</i></p> <p>_____</p> <p>BUSINESS ACTIVITY, IF ANY, OF SOURCE</p> <p>_____</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">DATE (mm/dd/yy)</th> <th style="text-align: left; border-bottom: 1px solid black;">VALUE</th> <th style="text-align: left; border-bottom: 1px solid black;">DESCRIPTION OF GIFT(S)</th> </tr> </thead> <tbody> <tr> <td>____/____/____</td> <td>\$ _____</td> <td>_____</td> </tr> <tr> <td>____/____/____</td> <td>\$ _____</td> <td>_____</td> </tr> <tr> <td>____/____/____</td> <td>\$ _____</td> <td>_____</td> </tr> </tbody> </table>	DATE (mm/dd/yy)	VALUE	DESCRIPTION OF GIFT(S)	____/____/____	\$ _____	_____	____/____/____	\$ _____	_____	____/____/____	\$ _____	_____
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Comments: _____

SCHEDULE E
Income – Gifts
Travel Payments, Advances,
and Reimbursements

Name _____

- Mark either the gift or income box.
- Mark the “501(c)(3)” box for a travel payment received from a nonprofit 501(c)(3) organization or the “Speech” box if you made a speech or participated in a panel. Per Government Code Section 89506, these payments may not be subject to the gift limit. However, they may result in a disqualifying conflict of interest.
- For gifts of travel, provide the travel destination.

▶ NAME OF SOURCE *(Not an Acronym)* _____

ADDRESS *(Business Address Acceptable)* _____

CITY AND STATE _____

501 (c)(3) or DESCRIBE BUSINESS ACTIVITY, IF ANY, OF SOURCE _____

DATE(S): ___/___/___ - ___/___/___ AMT: \$ _____
(If gift)

▶ MUST CHECK ONE: Gift **-or-** Income

Made a Speech/Participated in a Panel

Other - Provide Description _____

▶ If Gift, Provide Travel Destination _____

▶ NAME OF SOURCE *(Not an Acronym)* _____

ADDRESS *(Business Address Acceptable)* _____

CITY AND STATE _____

501 (c)(3) or DESCRIBE BUSINESS ACTIVITY, IF ANY, OF SOURCE _____

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Made a Speech/Participated in a Panel

Other - Provide Description _____

▶ If Gift, Provide Travel Destination _____

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CITY AND STATE _____

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Other - Provide Description _____

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▶ NAME OF SOURCE *(Not an Acronym)* _____

ADDRESS *(Business Address Acceptable)* _____

CITY AND STATE _____

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(If gift)

▶ MUST CHECK ONE: Gift **-or-** Income

Made a Speech/Participated in a Panel

Other - Provide Description _____

▶ If Gift, Provide Travel Destination _____

Comments: _____

FOR INFORMATION ONLY

February 24, 2021

TO: Trustees – Board of Investments

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

Esmeralda Del Bosque *EDB*
Senior Investment Officer

Jeff Jia *JJ*
Senior Investment Analyst

Christine Roseland *CR*
Senior Staff Counsel

FOR: March 10, 2021 Board of Investments Meeting

SUBJECT: **EXECUTIVE ORDER 13959 RELATED TO INVESTMENTS THAT
FINANCE CHINESE MILITARY COMPANIES**

As a follow-up to our November 18, 2020 and January 25, 2021 informational memos and in response to questions raised at the February 10, 2021 Board of Investments meeting, this memo provides a further update and response relating to Executive Order 13959 (“EO”) issued by former President Trump on prohibited transactions in securities of Chinese military companies.

By way of background, EO 13959 prohibits the purchase of publicly traded securities of Chinese Communist military companies (“CCMC”), including those that are derivative of, or otherwise designed to provide “investment exposure” to, CCMC securities. Its purpose is to restrict the ability of CCMCs to tap into U.S. capital markets or otherwise receive U.S. funding for CCMCs, which the EO describes as contributing to China’s “development and modernization of its military.”

At the February 10, 2021 Board of Investments meeting, Trustees asked (1) whether the EO applies to local government entities such as LACERA and (2) whether LACERA incurred any cost associated with divestiture from the prohibited Chinese securities.

With respect to the first question, the EO applies to U.S. Persons who are defined as “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”. Based on this broad definition, we confirm that the EO applies to LACERA and anyone acting on behalf of LACERA in transacting in the prohibited securities.

With respect to the second question, the EO equally applies to U.S.-based investment managers as mentioned above. At their discretion, LACERA’s managers have divested from the specified securities at market prices since the EO announcement date on November 12, 2020 and MSCI’s announcement date to remove the specified securities from their indexes on January 7, 2021. The transaction costs incurred are necessary to comply with the EO and did not disadvantage LACERA as all U.S. Persons are required to divest.

Attachment

Noted and Reviewed:



Jonathan Grabel
Chief Investment Officer

**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:



Jonathan Grabel
Chief Investment Officer



FOR INFORMATION ONLY

November 18, 2020

TO: Trustees – Board of Investments

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

Mel Tsao *MT*
Senior Investment Analyst

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", written in a cursive style.

Jonathan Grabel
Chief Investment Officer

TW:MT:mt

Federal Register

Vol. 85, No. 222

Tuesday, November 17, 2020

Presidential Documents

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)).

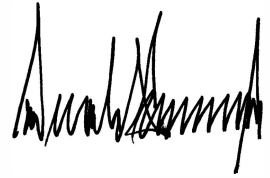
Sec. 6. General Provisions. (a) Nothing in this order shall be construed to impair or otherwise affect:

(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

February 23, 2021

TO: Trustees – Board of Retirement
Trustees – Board of Investments

FROM: Jude Perez *JP*
Principal Investment Officer

Ted Granger *TG*
Interim Chief Financial Officer

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

SUBJECT: **LOS ANGELES COUNTY OTHER POST-EMPLOYMENT BENEFITS PROGRAM FUNDING OVERVIEW**

At the February Board of Investments meeting, a Trustee asked about the financial accounts and cash flows related to the Los Angeles County Other Post-Employment Benefits Program ("OPEB Program"). The OPEB Program, also referred to as the Retiree Healthcare Benefits Plan ("RHCBP"), is administered by LACERA on behalf of the participating plan sponsors: Los Angeles County, Los Angeles County Superior Court, and other Outside districts.

The RHCBP uses four accounts that capture all cashflow and financial activity related to the program. The accounts are held under the OPEB Custodial Fund in LACERA's financial statements. Although LACERA administers these accounts, they are due and payable to the County and other plan sponsors. The balance in the OPEB Custodial Fund was \$148.5 million as of June 30, 2020. In addition to the RHCBP, LACERA established accounts for the OPEB Master Trust, which the Board of Investments serves as the investment manager.

The table below outlines the five account types described in the memo. A graphical representation of the 2020 fiscal year-end cash flows for each account has been added. Please note that the fiscal year-end cash flows are a snapshot in time and may not include every inflow and outflow category provided in the written description.

RHCBP and Master Trust Account Summary

Account Name	Account Type
Retiree Healthcare DDA ("Checking Account")	Commercial Bank Account
Retiree Healthcare DDA ("Federal Funds Savings Account")	“”
Retiree Healthcare Reserves ("Reserve Account")	Custodian Investment Account
Retiree Healthcare Premiums Account ("Premiums Account")	“”
OPEB Master Trust ("OPEB Trust")	“”

RHCBP Checking Account

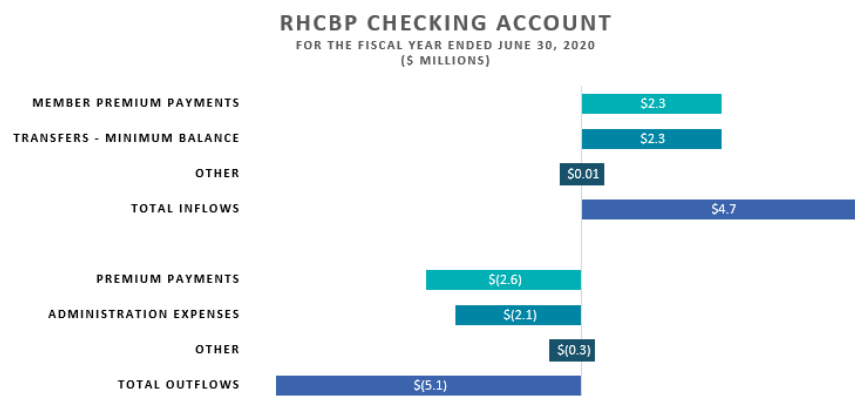
The Retiree Healthcare checking account is used to pay Retiree Healthcare Division operating expenses and receive external sources' funds. During the fiscal year ended June 30, 2020, \$2.1 million was disbursed for administrative costs.

Inflows

- Payments received from members for healthcare plan premiums when pension benefits do not exceed the healthcare premium cost
- Transfer of funds from the RHC Premiums Account when the balance is projected to fall below a predetermined amount to pay RHCBP operating expenses

Outflows

- RHC consultant fees and external audit services
- Member correspondence printing and mailing costs
- Payments to insurance carriers for members' healthcare plan premiums when pension benefits do not exceed the healthcare premium cost
- Other vendor payments such as travel expenses for RHCBP staff



Federal Funds Savings Account

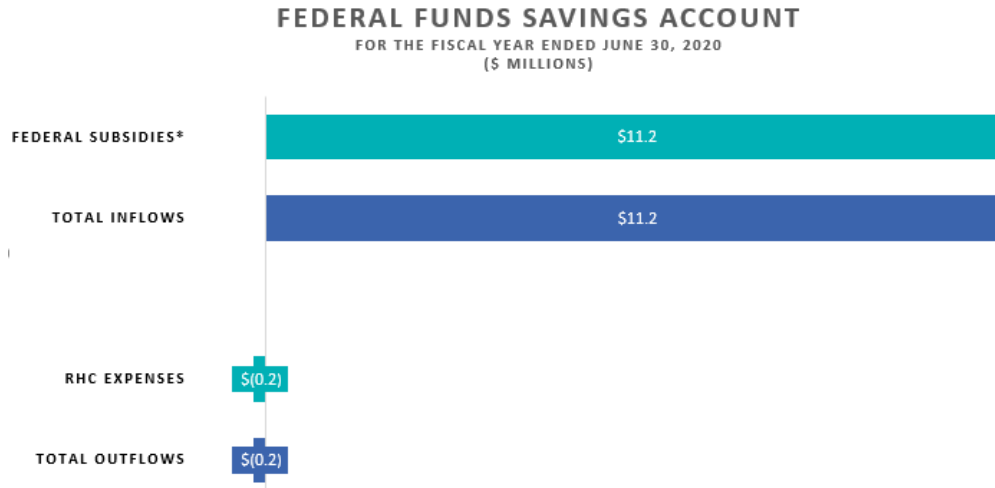
The Federal Funds savings bank account was established to deposit and pay any outstanding amounts to Centers for Medicare and Medicaid Services ("CMS") as a result of participating in the CMS Retiree Drug Subsidy ("RDS") Federal Program. All RDS subsidies received by LACERA have been deposited and held in this account per federal program requirements. This account received \$11.2 million during the last fiscal year ended June 20, 2020.

Inflows

- Federal Subsidies:
 - CMS Retiree Drug Subsidy Program subsidies
 - Low-Income Subsidy ("LIS") premiums overpaid to carriers

Outflows

- Refunds requested by CMS for RDS overpayments
- LIS premium reimbursement to the members and plan sponsor as determined by carriers
- County transfers to OPEB Trust in fiscal years 2016 and 2019



* Includes Low Income Subsidy payments

Retiree Healthcare Reserves Account

Retiree Healthcare Reserves is a short-term fixed income investment account managed by Mellon Investment Corporation. Account activity includes funds received from Anthem Blue Cross Medical ("ABC") and Cigna Dental/Vision PPO indemnity plans ("Cigna"). Historically, the funds have been used to address plan year deficits and provide premium contribution holidays to the County and ABC/Cigna plan members. A plan contribution holiday occurs when the County and LACERA mutually agree to it. The prorated amount is based on County and member contributions according to predetermined member eligibility and cost-sharing splits. For the fiscal year ended June 30, 2020, LACERA received \$7 million in premium surplus funds from the insurance carriers.

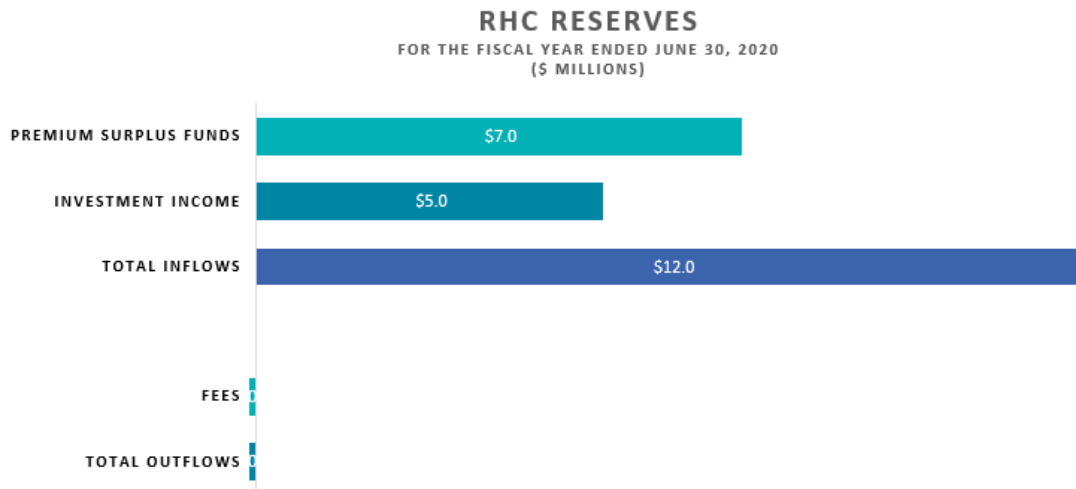
Inflows

- Healthcare plan surplus funds based on year-end accounting for ABC and Cigna
- Performance Guarantee Penalty payments from ABC and Cigna
- Court case settlements (i.e., pharmaceutical manufacturers), when applicable
- Investment income

Outflows

- Healthcare premium deficits based on year-end accounting for ABC and Cigna
- Healthcare premium contribution holidays applicable to the County, plan sponsors, and members
- Balances greater than 20% of the total annual premium amounts, in accordance with the Board's Premium Reserves Account Policy, are available for transfer to the OPEB Master Trust

- Investment management and custodian fees



Retiree Healthcare Premiums Account

Retiree Healthcare Premiums is an investment account invested in short-term cash securities and managed by Western Asset Management Company. All monthly premiums and death benefits are deposited in and paid out to insurance carriers and member beneficiaries from this account. Plan sponsors and members provide monthly funding using a pay-as-you-go ("pay-go") methodology. Each month, LACERA prepares and sends an invoice to participating agencies who review and then remit payment to fund the monthly pay-go costs. These pay-go costs include medical, dental, vision, death/burial benefits to current retirees. LACERA also collects from program members required to pay the difference between the applicable employer-paid subsidy and the actual premium cost.

The plan sponsor employers funded \$659 million, and the members provided \$40 million in contributions during the last fiscal year. In addition, total premium payments from this account were \$619 million. Of the \$619 million in premium payment distributions, \$2.3 million was transferred to the RHCPB Checking Account for ongoing administrative costs.

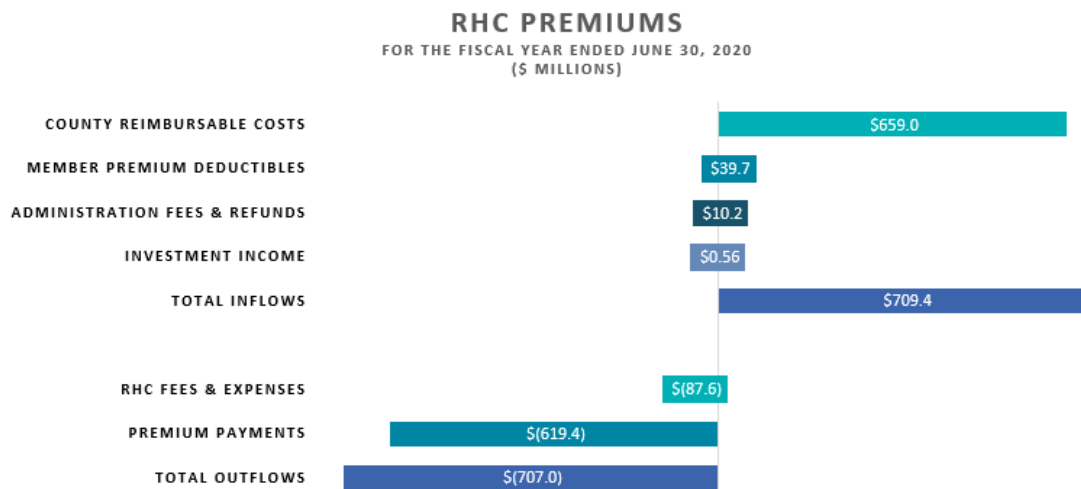
Inflows

- County, Court and Outside districts' portion of the monthly billing (Reimbursable Cost Billing)
- Premiums deducted from members' monthly pension benefits
- LACERA administrative fees, which are included in healthcare premiums received
- Beneficiary death benefit reimbursement from plan sponsors (\$5,000)
- Superior Court transfers from the OPEB Trust in 2018
- Investment income

Outflows

- RHCBP operating expenses
 - RHC Division overhead

- Death benefit payment to beneficiaries (\$5,000)
- Medicare Part B reimbursements to members
- Monthly healthcare premium payments to insurance carriers
- Investment management and custodian fees
- Transfer of funds to the RHCBP Checking Accounting when the balance is projected to fall below a predetermined amount to pay RHCBP operating expenses



OPEB Master Trust

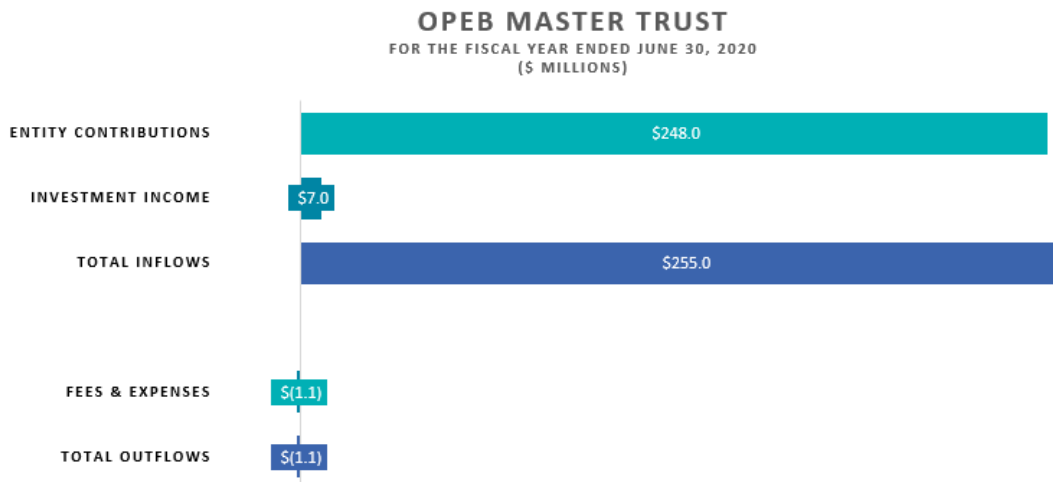
Some plan sponsor employers participate in the OPEB Trust (i.e., Los Angeles County, Los Angeles County Superior Court, and LACERA) to pre-fund future OPEB obligations. The Board of Investments is responsible for managing the OPEB Master Trust investment program. Trust funds are used exclusively for the payment of member benefits (i.e., healthcare costs) and administrative expenses. Each year, the County updates its five-year projected OPEB Trust contribution schedule maintained as part of its annual budget process. The County remits funding throughout the fiscal year every quarter. LACERA, as an employer, participates in this funding cycle based on a proportional rate. The Superior Court provides OPEB Trust funding on an annual basis. As the fiscal year-end approaches, the Court reviews its budget and determines an amount available to fund the OPEB Trust, which is then sent to LACERA. For the fiscal year ended June 30, 2020, the employers' total contributions were \$248 million while total expenses were \$1.1 million.

Inflows

- Plan sponsor contributions:
 - County and LACERA (quarterly)
 - Superior Court (annual)
- Investment income
- County transfers from Federal Funds Savings Account in fiscal years 2016 and 2019

Outflows

- Fees and Expenses:
 - Investment management, investment consultant, and custodian fees
 - LACERA pension staff administrative fees
- Superior Court transferred to Retiree Healthcare Premiums account in 2018



Attachments

Noted and Reviewed:


Jonathan Grabel
Chief Investment Officer

c: Santos H. Kreimann, Chief Executive Officer
Cassandra Smith, Retiree Healthcare Director

FOR INFORMATION ONLY

March 1, 2021

TO: Trustees – Board of Investments

FROM: Jude Pérez 
Principal Investment Officer

FOR: March 10, 2021 Board of Investments Meeting

SUBJECT: **LACERA QUARTERLY PERFORMANCE BOOK**

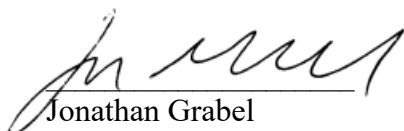
Attached is LACERA's quarterly performance book as of December 30, 2020. Staff continues to on-board LACERA's total Fund performance information onto the Solovis platform. Revised performance reporting using the platform, including enhanced reporting for alternative assets, will be incorporated into the fiscal year-end performance book. Until then, the performance book will cycle through alternative asset class reporting provided by consultants. For this quarter, the hedge fund report and Townsend's real estate review have been added. Please note that there may be slight return differences between the asset class and total Fund reports due to return lags and calculation methodology. Furthermore, any difference in real estate values between LACERA's performance report and LACERA's fiscal year end Comprehensive Annual Financial Report (CAFR) will be alleviated with the on boarding of real estate's fund administrator, State Street.

Revised Real Estate Historical Returns

At the May 2020 Board meeting, Meketa presented their findings from an audit of LACERA's real estate performance processes and controls. The study included reviewing a new procedure developed by the real estate team to reconcile valuations, cash flows, and returns between Townsend, the separate account managers, and audited financials. Meketa approved the reconciliation procedures and provided the Board with additional performance enhancements.

The real estate team completed its historical reconciliation exercise and concluded that there were differences that warranted correction within a seven-year look back. They then worked with the investment managers and Townsend to rectify the two parties' discrepancies; Townsend recalculated the requisite performance history, as necessary. Townsend's updated report was supplied to State Street, who then revised the performance values for impacted composites. The attached quarterly report includes the updates to the real estate historical record.

Noted and Reviewed


Jonathan Grabel
Chief Investment Officer

Attachments
EdB:JP

PERFORMANCE *REVIEW*

AS OF DECEMBER 31, 2020

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EXECUTIVE SUMMARY

for the quarter ended December 31, 2020



TOTAL FUND PERFORMANCE (Net-of-Fees)

Despite an unprecedented year, the market rally that gained traction in the first half of the year continued through the end of the fourth quarter. Most asset classes, led by a strong equity market, posted positive gains in the quarter. With that background, LACERA's total Fund rose an impressive 8.6%, surpassing the policy benchmark by 60 bps. Fiscal year-to-date, the plan returned 13.7%, lagging the policy benchmark by 20 bps. For the twelve months ending December 31, 2020, LACERA outpaced its 7.0% annual hurdle rate by 3.3%. All four functional categories outperformed their respective benchmarks in the quarter.

Growth was the best performing composite on an absolute basis, returning 13.8% and also beating its benchmark by 10 bps in the quarter. Global equity posted a 15.2% gain, however, the category lagged its benchmark by 50 bps. Private equity rose 10.9% and surpassed its index by 2.3%. Rounding out the Growth functional group is opportunistic real estate which returned 1.2% in the quarter, outperforming the benchmark by 20 bps.

Credit was the strongest category from a relative basis, returning 5.8% versus 4.2% for the benchmark. All categories outperformed or matched their policy benchmarks in the quarter; credit's 1.6% relative gain was driven by illiquid credit and emerging market debt. Illiquid credit posted 6.3%, outpacing its index by 5.2% and emerging market debt returned 9.2%, beating its benchmark by 2.8%. Bank loans outpaced its policy index by 20 bps and high-yield was flat versus the index.

Real Assets and Inflation Hedges registered a 5.5% return, outperforming by 10 bps. Relative returns within the group were mixed. Core and value-added real estate and infrastructure beat their benchmarks by 40 and 30 bps, respectively. Natural resources and commodities gained 15.2% but lagged the benchmark by 50 bps. TIPS rose 1.6%, performing in-line with the index.

Risk Reduction and Mitigation returned 1.3% outpacing the index by 70 bps. As was the case last quarter, all components within the group outperformed. Diversified hedge funds returned 3.1%, surpassing the benchmark by 2.5%. Investment-grade bonds and cash outpaced their respective benchmarks by 40 and 10 bps.

Please note that all of LACERA's benchmarks will be re-assessed as part of forthcoming structure reviews and strategic asset allocation study.

Note on 4Q2020 real estate performance:

Market values and returns for the quarter reflect best-available reported numbers from the real estate performance book of record.

NET-OF-FEES

	1 Month	Qtr End	FYTD	1 Year
Growth	3.9	13.8	22.3	15.3
Growth Custom BM	3.1	13.7	25.4	16.1
Credit	2.4	5.8	10.9	4.9
Credit Custom BM	1.6	4.2	7.6	6.3
Real Assets & Inflation Hedges	1.9	5.5	6.6	0.6
Real Assets & Inflation Hedges Custom BM	1.5	5.4	6.5	1.9
Risk Reduction & Mitigation	0.5	1.3	2.8	7.8
Risk Reduction & Mitigation Custom BM	0.1	0.6	1.2	6.5

	Qtr	FYTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
Total Fund*	8.6	13.7	10.3	7.7	9.2	8.0
Total Fund Custom BM	8.0	13.9	10.4	8.4	9.4	8.1
7% Annual Return	1.7	3.4	7.0	7.0	7.0	7.0

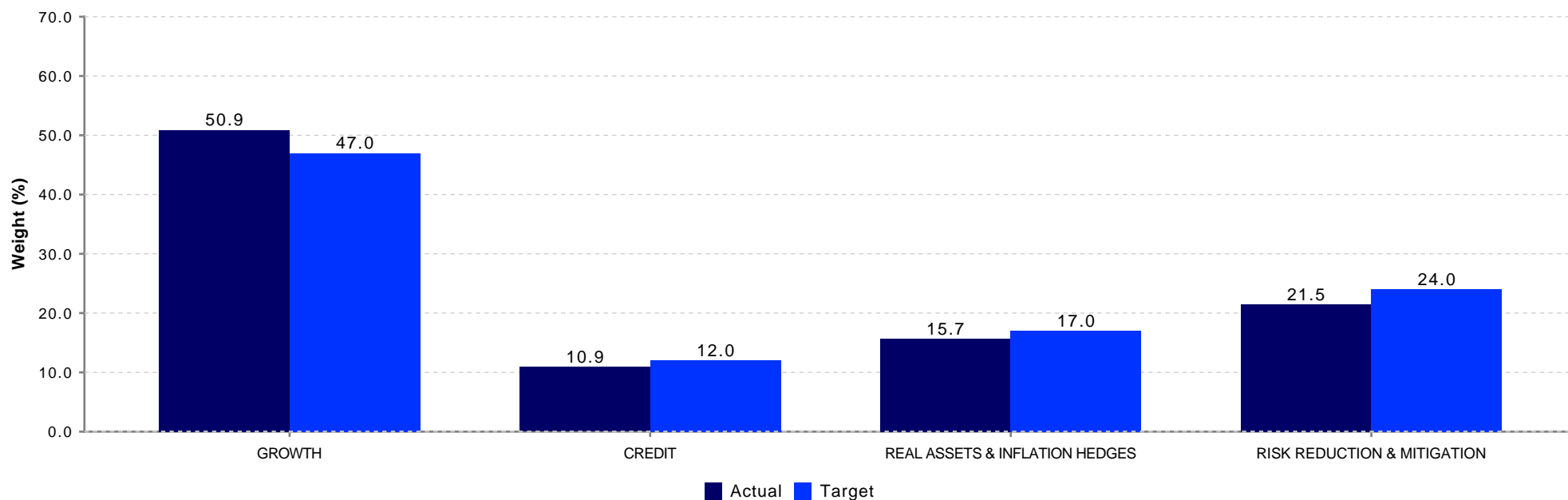
Fiscal Year Returns

	FYTD	Jun 30 2020	Jun 30 2019	Jun 30 2018	Jun 30 2017
Total Fund*	13.7	1.8	6.4	9.0	12.7
Total Fund Custom BM	13.9	2.0	8.6	7.8	11.2
7% Annual Return	3.4	7.0	7.0	7.0	7.0

EXECUTIVE SUMMARY

ASSET ALLOCATION - ACTUAL vs. TARGET

for the quarter ended December 31, 2020



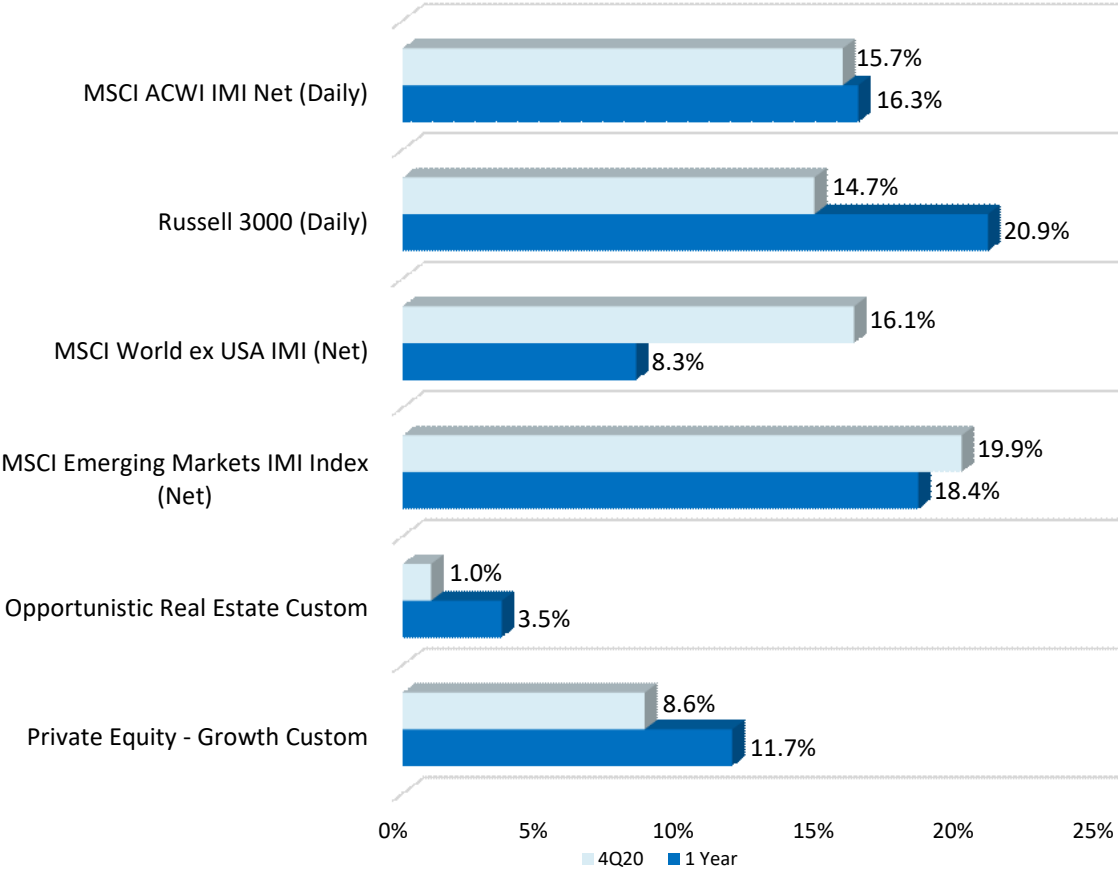
	Ending Market Value	Actual	Target	Relative	Min	Max
GROWTH	33,306,386,680	50.9	47.0	3.9	40.0	54.0
CREDIT	7,148,903,450	10.9	12.0	-1.1	9.0	15.0
REAL ASSETS & INFLATION HEDGES	10,281,635,596	15.7	17.0	-1.3	14.0	20.0
RISK REDUCTION & MITIGATION	14,096,806,895	21.5	24.0	-2.5	18.0	30.0
OVERLAY COMPOSITE	592,281,650	0.9	0.0			
TOTAL FUND	65,426,014,271	100.0	100.0			

MARKET SUMMARY

for the quarter ended December 31, 2020



GROWTH INDEX RETURNS



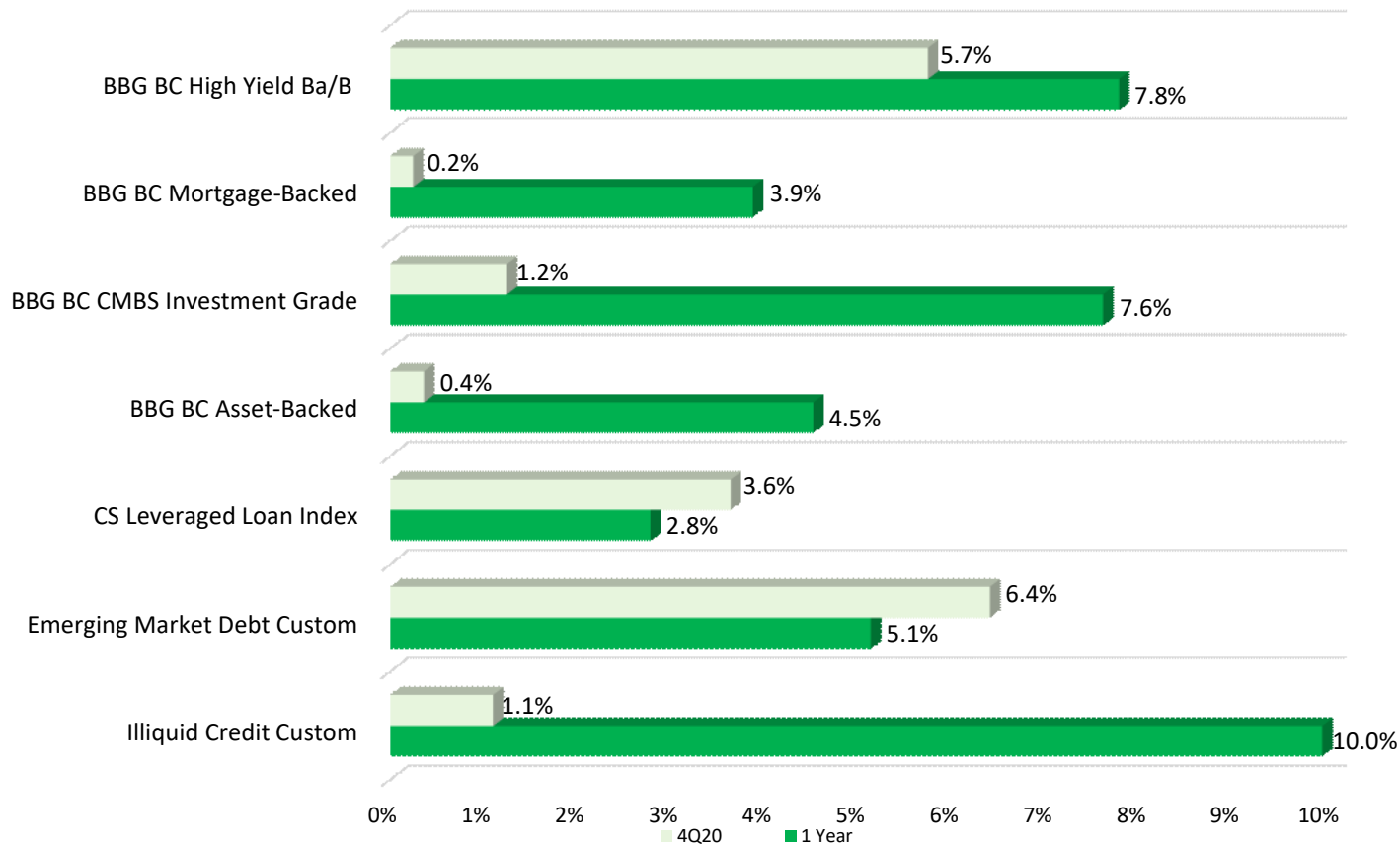
See Glossary for all custom benchmark definitions.

MARKET SUMMARY

for the quarter ended December 31, 2020

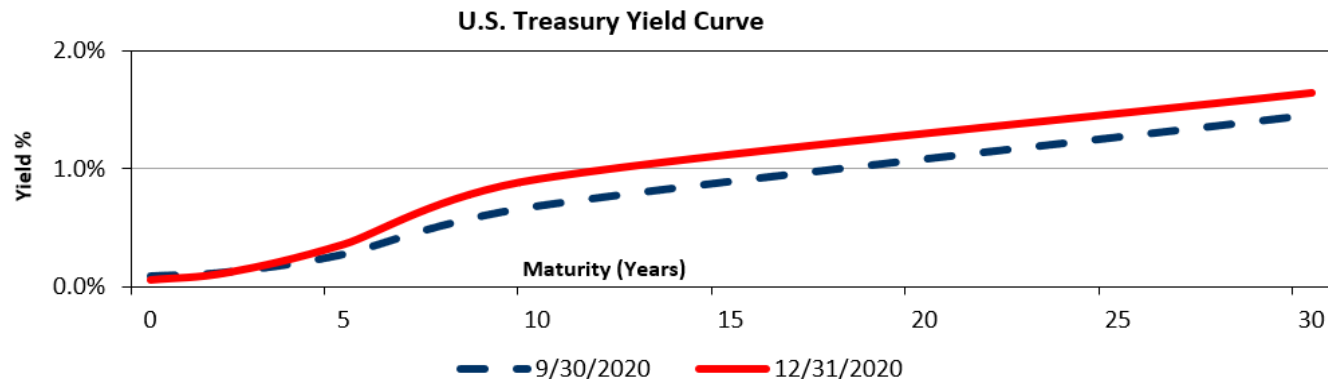


CREDIT INDEX RETURNS

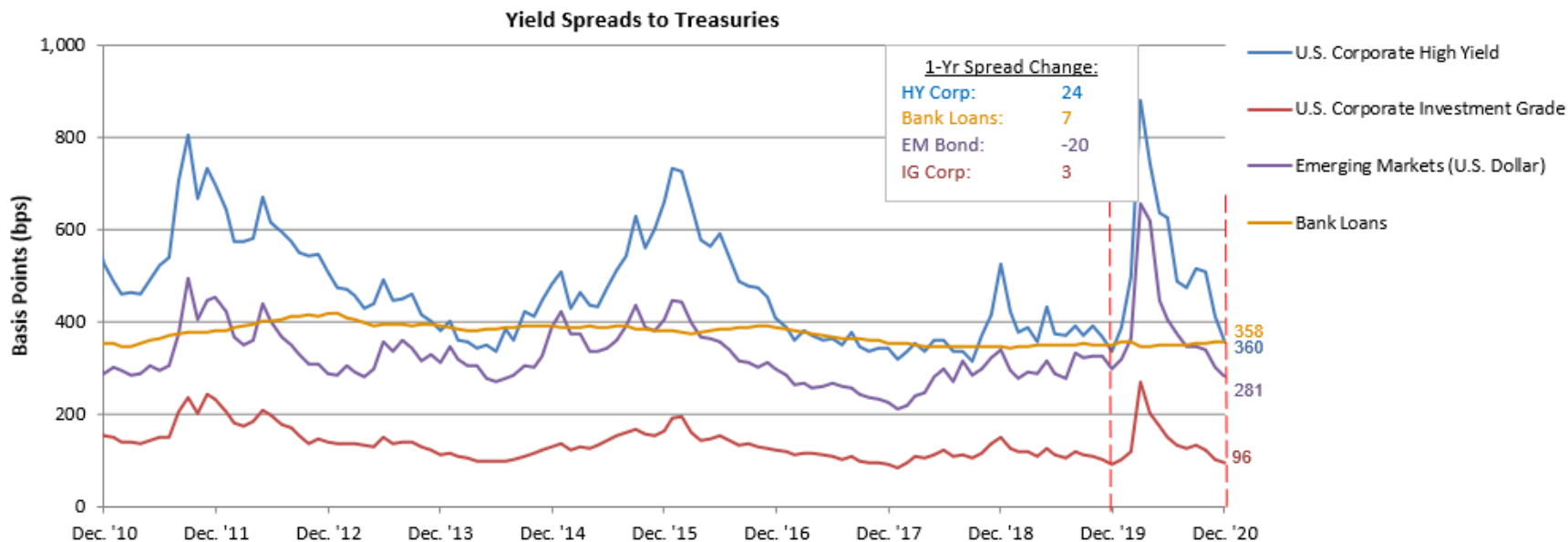


MARKET SUMMARY

for the quarter ended December 31, 2020



	9/30/2020	12/31/2020
3 months	0.09%	0.06%
2 years	0.13%	0.12%
5 years	0.28%	0.36%
10 years	0.68%	0.91%
30 years	1.46%	1.65%



Source: Bloomberg Barclays

See Glossary for all custom benchmark definitions.

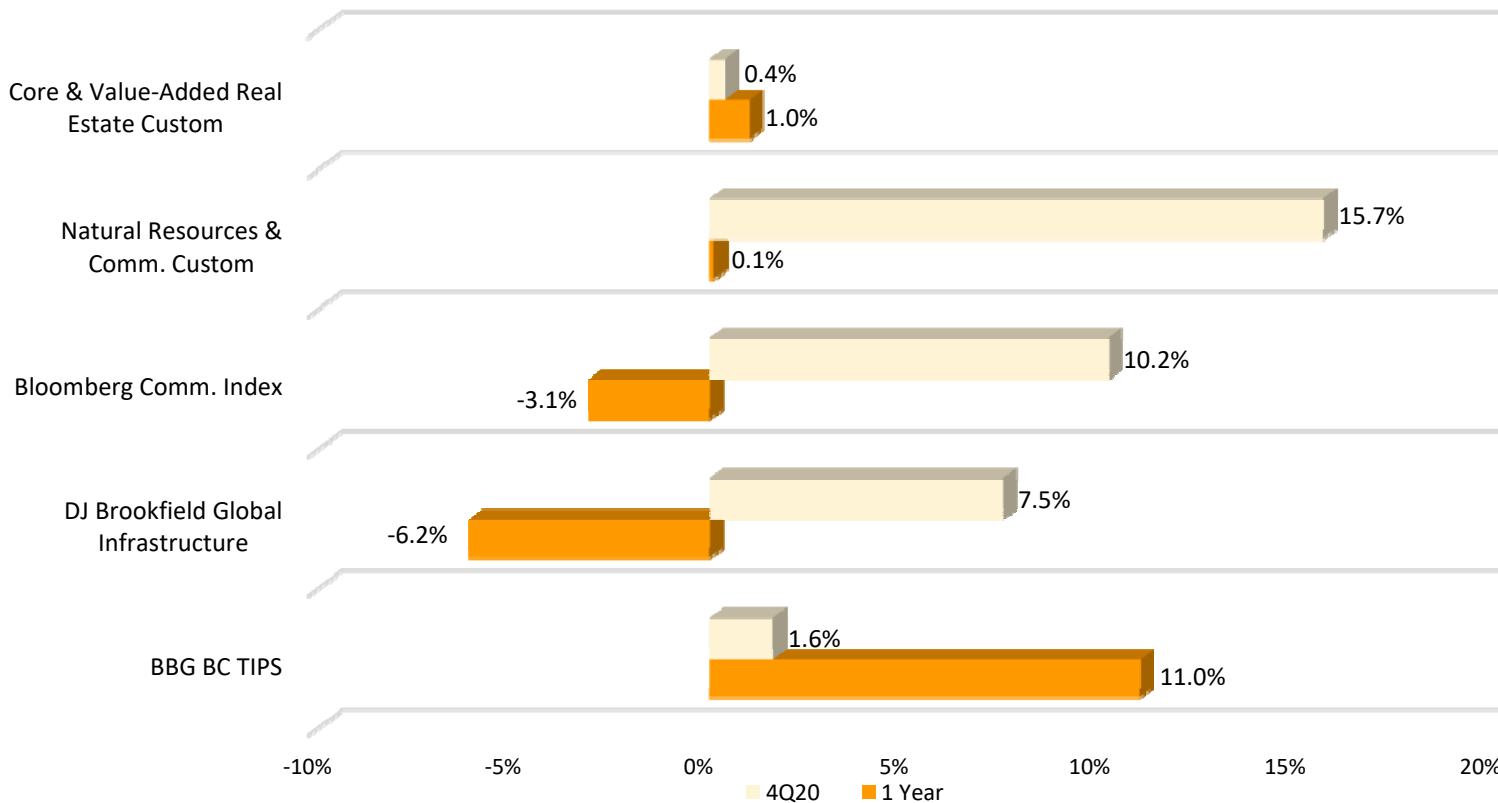
MARKET SUMMARY

for the quarter ended December 31, 2020



REAL ASSETS & INFLATION HEDGES

INDEX RETURNS

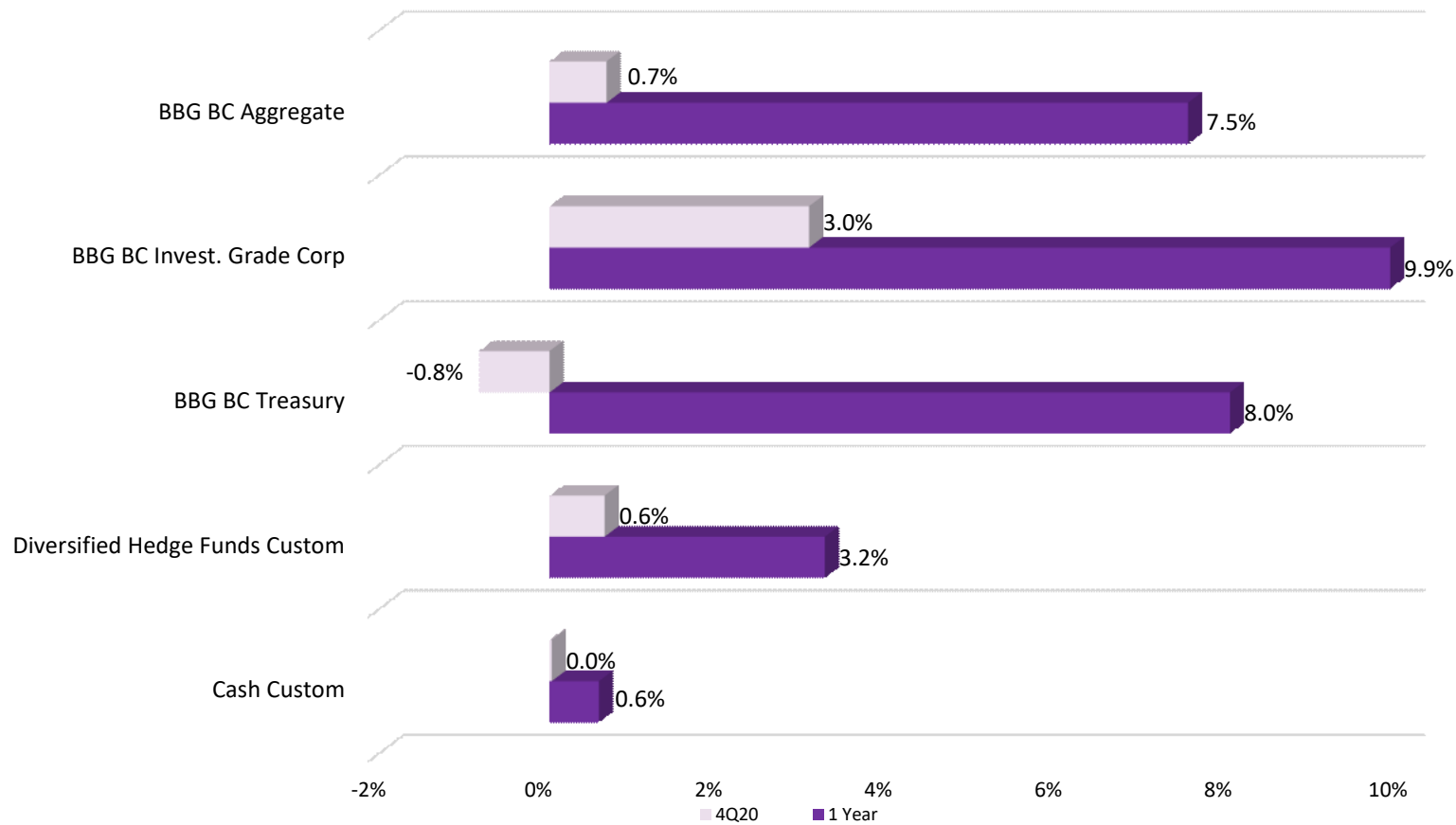


MARKET SUMMARY

for the quarter ended December 31, 2020



RISK REDUCTION & MITIGATION INDEX RETURNS



TOTAL FUND

ANNUALIZED & ANNUAL RETURNS

for the quarter ended December 31, 2020
Net-of-Fees



	FUNCTIONAL (After 4/1/2019)				CLASSICAL (Before 3/31/2019)					
	1 Month	Qtr End	FYTD	1 Year	Qtr End	1 Year	3 Years	5 Years	10 Years	
GROWTH	3.9	13.8	22.3	15.3	GLOBAL EQUITY	15.2	15.0			
Growth Custom BM	3.1	13.7	25.4	16.1	Global Equity Custom BM	15.7	16.3			
					FIXED INCOME	2.8	8.3	5.8	5.8	4.8
CREDIT	2.4	5.8	10.9	4.9	FI CUSTOM INDEX	1.3	7.6	5.5	4.9	4.2
Credit Custom BM	1.6	4.2	7.6	6.3	BBG BC U.S. Universal	1.3	7.6	5.5	4.9	4.2
					COMMODITIES COMPOSITE	10.5	-3.1	-2.3	2.1	-5.2
REAL ASSETS & INFLATION HEDGES	1.9	5.5	6.6	0.6	Bloomberg Comm Index TR	10.2	-3.1	-2.5	1.0	-6.5
Real Assets & Inflation Hedges Custom BM	1.5	5.4	6.5	1.9	TOTAL HEDGE FUNDS**	3.1	5.8	3.6	3.7	
					CUSTOM HEDGE FUND BM	0.6	3.2	5.2	5.3	
RISK REDUCTION & MITIGATION	0.5	1.3	2.8	7.8	TOTAL REAL ESTATE	0.9	0.6	4.4	5.8	7.7
Risk Reduction & Mitigation Custom BM	0.1	0.6	1.2	6.5	TOTAL REAL ESTATE BENCHMARK	0.5	1.5	5.0	6.3	9.5
					PRIVATE EQUITY COMPOSITE	10.7	14.9	14.8	13.9	14.5
					TOTAL PRIVATE EQUITY BENCHMARK	8.4	11.6	16.4	14.9	13.4
					CASH	0.2	1.0	1.9	1.5	1.0
					Cash Custom BM	0.0	0.6	1.6	1.2	0.7

	Qtr End	1 Year	3 Years	5 Years	10 Years
TOTAL FUND*	8.6	10.3	7.7	9.2	8.0
Total Fund Custom BM	8.0	10.4	8.4	9.4	8.1
7% Annual Return	1.7	7.0	7.0	7.0	7.0

See Glossary for all custom benchmark definitions.

* Some Credit and Hedge Fund managers and their assigned benchmarks are reported with a one-month lag.

Real Estate and their assigned benchmarks are reported with a three-month lag.

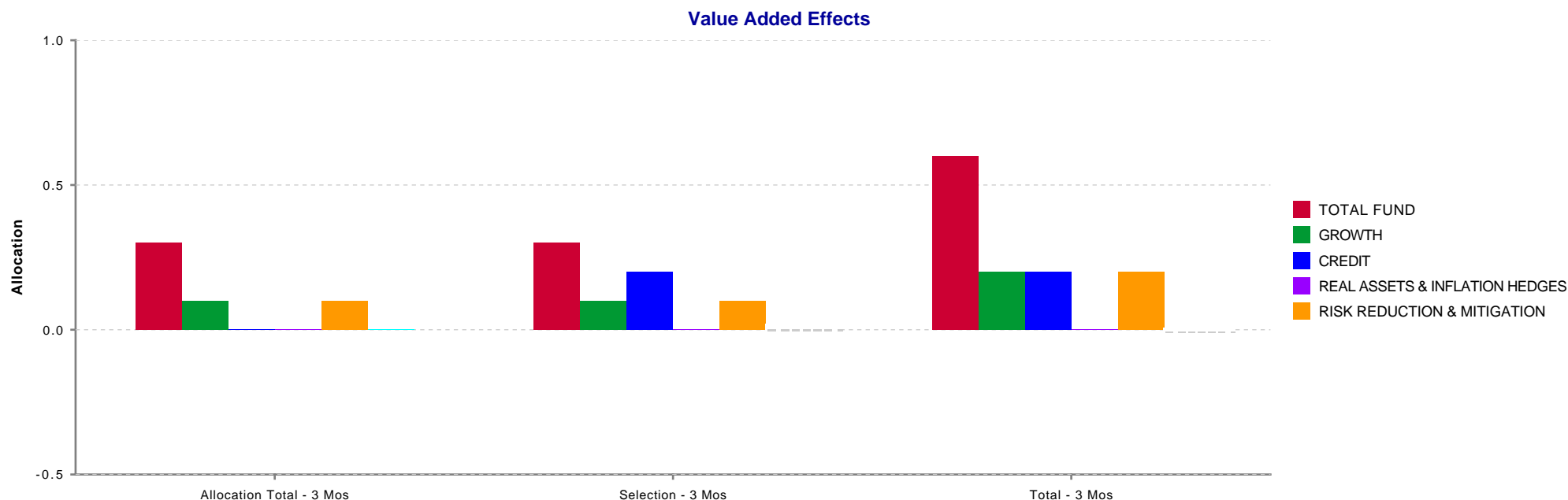
Private Equity and their assigned benchmarks are reported with a three-month lag and are adjusted for cash flows.

** Hedge Fund returns are reported on a net of all fees basis.

TOTAL FUND ATTRIBUTION

TOTAL FUND vs. BENCHMARK

for the quarter ended December 31, 2020
Net-of-Fees



	Fund Weight	Target Weight	Relative	Fund Return	Benchmark Return	Return Difference	Allocation Effect*	Selection Effect**	BM Impact	Residual	Total Value Add
TOTAL FUND	100.00	100.00	0.00	8.61	7.95	0.66	0.25	0.34	0.00	0.02	0.59
GROWTH	50.91	47.00	3.91	13.84	13.67	0.18	0.12	0.09	-	0.00	0.21
CREDIT	10.93	12.00	-1.07	5.79	4.17	1.62	0.02	0.17	-	0.00	0.19
REAL ASSETS & INFLATION HEDGES	15.71	17.00	-1.29	5.53	5.42	0.11	0.03	0.02	-	0.00	0.05
RISK REDUCTION & MITIGATION	21.55	24.00	-2.45	1.30	0.64	0.66	0.08	0.15	-	0.00	0.23
OVERLAY COMPOSITE	0.91	0.00									

* Allocation effect reflects the asset class over or underweight (versus the policy weight) multiplied by the difference between the asset class benchmark and the Fund Policy benchmark return.

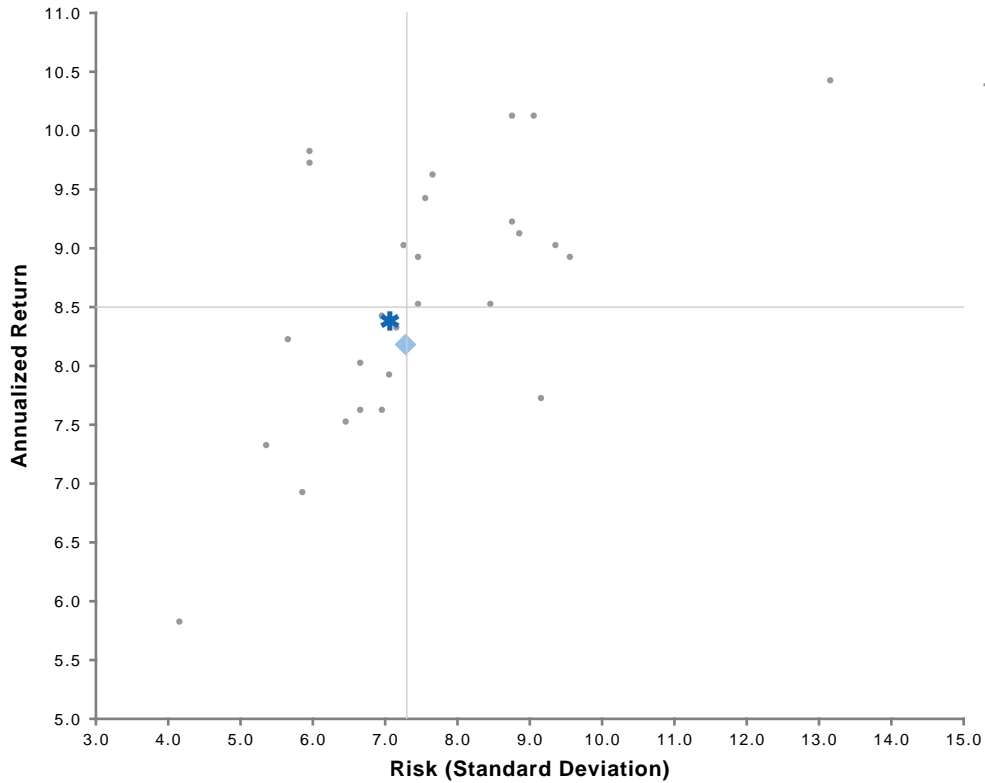
** Selection effect reflects the Fund's asset class return minus the asset class benchmark return, multiplied by the asset class weight.

TOTAL FUND RISK-ADJUSTED RETURN

for the quarter ended December 31, 2020
Gross-of-Fees



10 Year Risk vs Return



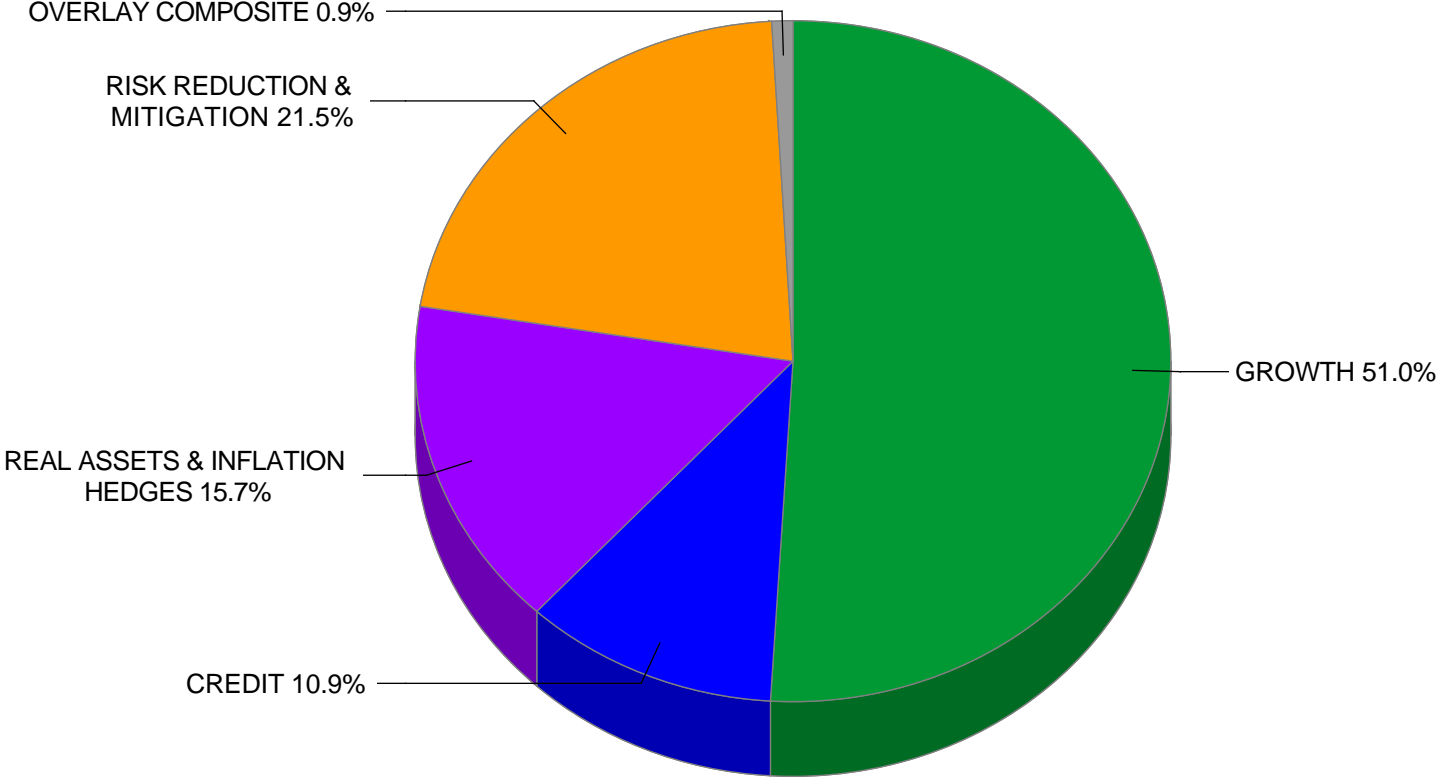
	Rate of Return 10 Years	Standard Deviation 10 Years
* TOTAL FUND	8.3 60	6.9 39
◆ Total Fund Custom BM	8.1 65	7.1 44
5th Percentile	10.3	4.4
25th Percentile	9.4	6.4
50th Percentile	8.5	7.3
75th Percentile	7.7	8.7
95th Percentile	6.1	11.3
Number of Observations	28	27

* TOTAL FUND
 ◆ Total Fund Custom BM

	<u>Rate of Return 10 Years</u>	<u>Standard Deviation 10 Years</u>	<u>Tracking Error 10 Years</u>
Public Funds (DB) > \$1 Billion			
TOTAL FUND	8.3 60	6.9 39	5.0
Total Fund Custom BM	8.1 65	7.1 44	

ASSET ALLOCATION TOTAL FUND

for the quarter ended December 31, 2020



ASSET ALLOCATION GROWTH

for the quarter ended December 31, 2020



December 31, 2020

September 30, 2020

	Assets (\$ millions)	% of Composite		Assets (\$ millions)	% of Composite
GLOBAL EQUITY			GLOBAL EQUITY		
PASSIVE			PASSIVE		
SSGA MSCI ACWI IMI	14,977.6	45.0	SSGA MSCI ACWI IMI	13,230.0	44.5
FACTOR BASED			FACTOR BASED		
JPMAM STRATEGIC BETA NON-U.S.	1,053.8	3.2	JPMAM STRATEGIC BETA NON-U.S.	901.7	3.0
JPMAM STRATEGIC BETA U.S.	4,632.5	13.9	JPMAM STRATEGIC BETA U.S.	4,012.4	13.5
ACTIVE			ACTIVE		
ACADIAN DEVELOPED MARKETS	566.4	1.7	ACADIAN DEVELOPED MARKETS	487.1	1.6
BTC EURO TILTS	623.4	1.9	BTC EURO TILTS	546.7	1.8
CAPITAL GROUP DEVELOPED MARKETS	442.0	1.3	CAPITAL GROUP DEVELOPED MARKETS	386.4	1.3
CEVIAN CAPITAL II - ACTIVIST	331.9	1.0	CEVIAN CAPITAL II - ACTIVIST	288.6	1.0
CORNERCAP US SC - EMP	64.5	0.2	CORNERCAP US SC - EMP	51.0	0.2
FRONTIER US SMID GROWTH	264.1	0.8	FRONTIER US SMID GROWTH	289.5	1.0
GENESIS EMERGING MARKETS	684.7	2.1	GENESIS EMERGING MARKETS	568.9	1.9
GLOBAL ALPHA IE SC - EMP	144.4	0.4	GLOBAL ALPHA IE SC - EMP	177.0	0.6
JANA JSI FUND V - ACTIVIST	109.2	0.3	JANA JSI FUND V - ACTIVIST	83.3	0.3
LAZARD EMERGING MARKETS	474.5	1.4	LAZARD EMERGING MARKETS	379.1	1.3

ASSET ALLOCATION GROWTH

for the quarter ended December 31, 2020



December 31, 2020

September 30, 2020

	Assets (\$ millions)	% of Composite		Assets (\$ millions)	% of Composite
MATARIN US SC - EMP	0.1	0.0	MATARIN US SC - EMP	79.5	0.3
QMA US SMALL CAP CORE	162.7	0.5	QMA US SMALL CAP CORE	187.3	0.6
SYMPHONY FINANCIAL - ACTIVIST	223.2	0.7	SYMPHONY FINANCIAL - ACTIVIST	209.6	0.7
SYSTEMATIC US SMALL CAP VALUE	158.2	0.5	SYSTEMATIC US SMALL CAP VALUE	165.8	0.6
BTC PASSIVE CURRENCY HEDGING	-113.1	-0.3	BTC PASSIVE CURRENCY HEDGING	-21.2	-0.1
TOTAL GLOBAL EQUITY	24,800.2	74.5	TOTAL GLOBAL EQUITY	22,022.6	74.1

ASSET ALLOCATION GROWTH

for the quarter ended December 31, 2020



	<i>December 31, 2020</i>		<i>September 30, 2020</i>	
	Assets (\$ millions)	% of Composite	Assets (\$ millions)	% of Composite
PRIVATE EQUITY GROWTH			PRIVATE EQUITY GROWTH	
PRIVATE EQUITY - GROWTH	7,932.4	23.8	PRIVATE EQUITY - GROWTH	6,978.1
OPPORTUNISTIC REAL ESTATE			OPPORTUNISTIC REAL ESTATE	
OPPORTUNISTIC REAL ESTATE	573.8	1.7	OPPORTUNISTIC REAL ESTATE	715.6
TOTAL GROWTH	33,306.4	100.0	TOTAL GROWTH	29,716.3

ASSET ALLOCATION CREDIT

for the quarter ended December 31, 2020



	<i>December 31, 2020</i>			<i>September 30, 2020</i>	
	Assets (\$ millions)	% of Composite		Assets (\$ millions)	% of Composite
HIGH YIELD			HIGH YIELD		
BEACH POINT	303.4	4.2	BEACH POINT	283.0	4.4
BLACKROCK HY ETF	1,202.6	16.8	BLACKROCK HY ETF	1,132.7	17.6
BRIGADE CAP MGMT	633.2	8.9	BRIGADE CAP MGMT	587.5	9.1
TOTAL HIGH YIELD	2,139.5	29.9	TOTAL HIGH YIELD	2,003.4	31.1
BANK LOANS			BANK LOANS		
BAIN CAPITAL CREDIT	393.0	5.5	BAIN CAPITAL CREDIT	375.0	5.8
CREDIT SUISSE BANK LOANS	1,105.6	15.5	CREDIT SUISSE BANK LOANS	1,071.1	16.7
CRESCENT CAPITAL	485.5	6.8	CRESCENT CAPITAL	462.1	7.2
TENNENBAUM CAPITAL	548.2	7.7	TENNENBAUM CAPITAL	517.8	8.1
TOTAL BANK LOANS	2,532.3	35.4	TOTAL BANK LOANS	2,426.1	37.7

Total High Yield includes residual balances of terminated managers.

ASSET ALLOCATION CREDIT

for the quarter ended December 31, 2020



December 31, 2020

September 30, 2020

	Assets (\$ millions)	% of Composite		Assets (\$ millions)	% of Composite
EMERGING MARKET DEBT			EMERGING MARKET DEBT		
ABERDEEN ASSET MANAGEMENT	459.4	6.4	ABERDEEN ASSET MANAGEMENT	425.3	6.6
ASHMORE INVESTMENT MANAGEMENT	437.5	6.1	ASHMORE INVESTMENT MANAGEMENT	395.9	6.2
TOTAL EMERGING MARKET DEBT	896.8	12.5	TOTAL EMERGING MARKET DEBT	821.2	12.8
ILLIQUID CREDIT			ILLIQUID CREDIT		
BEACH POINT - FUND II	17.3	0.2	BEACH POINT - FUND II	22.0	0.3
BEACH POINT - FUND III	211.1	3.0	BEACH POINT - FUND III	192.5	3.0
GROSVENOR OPCRD 2 HFOF	122.5	1.7	GROSVENOR OPCRD 2 HFOF	165.2	2.6
MAGNETAR CREDIT FUND	169.2	2.4	MAGNETAR CREDIT FUND	59.4	0.9
NAPIER PARK	477.1	6.7	NAPIER PARK	389.8	6.1
PIMCO TAC OPPS FUNDS*	246.1	3.4	PIMCO TAC OPPS FUNDS*	**	**
PRIVATE EQUITY - CREDIT	162.1	2.3	PRIVATE EQUITY - CREDIT	159.0	2.5
REAL ESTATE - CREDIT	172.7	2.4	REAL ESTATE - CREDIT	191.0	3.0
TOTAL ILLIQUID CREDIT	1,578.1	22.1	TOTAL ILLIQUID CREDIT	1,178.9	18.3
TOTAL CREDIT	7,148.9	100.0	TOTAL CREDIT	6,431.8	100.0

Total Credit includes Credit Transition account.

*PIMCO Tac Opps was reclassified to Illiquid Credit effective November 2020.

ASSET ALLOCATION

REAL ASSETS & INFLATION HEDGES

for the quarter ended December 31, 2020



	<i>December 31, 2020</i>			<i>September 30, 2020</i>	
	Assets (\$ millions)	% of Composite		Assets (\$ millions)	% of Composite
CORE & VALUE-ADDED REAL ESTATE			CORE & VALUE-ADDED REAL ESTATE		
CORE & VALUE-ADDED REAL ESTATE	4,553.7	44.3	CORE & VALUE-ADDED REAL ESTATE	4,392.7	46.7
NATURAL RESOURCES & COMMODITIES			NATURAL RESOURCES & COMMODITIES		
CREDIT SUISSE COMMODITY	414.6	4.0	CREDIT SUISSE COMMODITY	377.2	4.0
DWS NATURAL RESOURCES	1,247.8	12.1	DWS NATURAL RESOURCES	1,040.9	11.1
NEUBERGER BERMAN/GRESHAM	398.0	3.9	NEUBERGER BERMAN/GRESHAM	360.6	3.8
PIMCO COMMODITY PLUS	407.2	4.0	PIMCO COMMODITY PLUS	366.5	3.9
PRIVATE EQUITY - REAL ASSETS	71.3	0.7	PRIVATE EQUITY - REAL ASSETS	71.9	0.8
TOTAL NATURAL RESOURCES & COMMODITIES	2,538.8	24.7	TOTAL NATURAL RESOURCES & COMMODITIES	2,217.0	23.6
INFRASTRUCTURE			INFRASTRUCTURE		
DWS INFRASTRUCTURE	1,828.0	17.8	DWS INFRASTRUCTURE	1,683.1	17.9
GRAIN SPECTRUM HOLDINGS III	0.2	0.0	GRAIN SPECTRUM HOLDINGS III	**	**
PAN-EUROPEAN INFRASTRUCTURE FUND III	19.5	0.2	PAN-EUROPEAN INFRA FUND III	**	**
TOTAL INFRASTRUCTURE	1,847.8	18.0	TOTAL INFRASTRUCTURE	1,683.1	17.9
TIPS			TIPS		
BLACKROCK TIPS	1,341.4	13.0	BLACKROCK TIPS	1,121.0	11.9
TOTAL TIPS	1,341.4	13.0	TOTAL TIPS	1,121.0	11.9
TOTAL REAL ASSETS & INFLATION HEDGES	10,281.6	100.0	TOTAL REAL ASSETS & INFLATION HEDGES	9,413.8	100.0

ASSET ALLOCATION RISK REDUCTION & MITIGATION

for the quarter ended December 31, 2020



December 31, 2020

September 30, 2020

	Assets (\$ millions)	% of Composite		Assets (\$ millions)	% of Composite
INVESTMENT GRADE BONDS			INVESTMENT GRADE BONDS		
BTC US DEBT INDEX FUND	6,469.4	45.9	BTC US DEBT INDEX FUND	6,124.1	42.8
MHLP	18.3	0.1	MHLP	19.9	0.1
PUGH CAPITAL MGMT	798.5	5.7	PUGH CAPITAL MGMT	391.3	2.7
WELLS CAPITAL	2,033.7	14.4	WELLS CAPITAL	1,711.3	12.0
TOTAL CORE MANAGERS	9,320.0	66.1	TOTAL CORE MANAGERS	8,246.6	57.7
DODGE & COX	791.0	5.6	DODGE & COX	1,166.4	8.2
PIMCO	650.9	4.6	PIMCO	942.6	6.6
WESTERN ASSET MGMT.	729.6	5.2	WESTERN ASSET MGMT.	1,012.0	7.1
TOTAL CORE PLUS MANAGERS	2,171.5	15.4	TOTAL CORE PLUS MANAGERS	3,121.0	21.8
TOTAL INVESTMENT GRADE BONDS	11,491.6	81.5	TOTAL INVESTMENT GRADE BONDS	11,367.6	79.5

ASSET ALLOCATION

RISK REDUCTION & MITIGATION

for the quarter ended December 31, 2020



December 31, 2020

September 30, 2020

	Assets (\$ millions)	% of Composite		Assets (\$ millions)	% of Composite
DIVERSIFIED HEDGE FUNDS			DIVERSIFIED HEDGE FUNDS		
AQR LEAP	0.0	0.0	AQR LEAP	54.9	0.4
CAPULA GRV	396.8	2.8	CAPULA GRV	395.0	2.8
DK INSTITUTIONAL PARTNERS	222.8	1.6	DK INSTITUTIONAL PARTNERS	214.3	1.5
GROSVENOR HFOF	96.3	0.7	GROSVENOR HFOF	123.8	0.9
GSAM HFOF	12.9	0.1	GSAM HFOF	39.1	0.3
HBK MULTI-STRATEGY	274.5	1.9	HBK MULTI-STRATEGY	265.9	1.9
HUDSON BAY FUND	319.0	2.3	HUDSON BAY FUND	309.4	2.2
PIMCO TAC OPPS FUNDS*	**	**	PIMCO TAC OPPS FUNDS*	236.3	1.7
POLAR	355.8	2.5	POLAR	338.9	2.4
TOTAL DIVERSIFIED HEDGE FUNDS	1,678.1	11.9	TOTAL DIVERSIFIED HEDGE FUNDS	1,977.7	13.8
CASH			CASH		
CASH	927.2	6.6	CASH	955.4	6.7
TOTAL RISK REDUCTION & MITIGATION	14,096.8	100.0	TOTAL RISK REDUCTION & MITIGATION	14,300.6	100.0

*PIMCO Tac Opps was reclassified to Illiquid Credit effective November 2020.

ANNUALIZED TOTAL RETURNS GROWTH

for the quarter ended December 31, 2020

Net-of-Fees



	<u>Mkt Value (\$Mil)</u>	<u>Qtr</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>	<u>10 Yrs</u>
GLOBAL EQUITY						
PASSIVE						
SSGA MSCI ACWI IMI	14,977.6	15.6	16.3			
FACTOR-BASED						
JPMAM STRATEGIC BETA NON-U.S.	1,053.8	16.9				
JPMAM STRATEGIC BETA U.S.	4,632.5	13.5				
ACTIVE						
ACADIAN DEVELOPED MARKETS	566.4	16.3	14.8	5.4	11.2	8.1
BTC EURO TILTS	623.4	14.0	5.3	2.4	6.4	6.3
CAPITAL GROUP DEVELOPED MARKETS	442.0	14.4	22.8	12.6	14.2	8.5
CEVIAN CAPITAL II - ACTIVIST	331.9	15.0	7.9	3.0		
CORNERCAP US SC - EMP	64.5	26.6	3.9			
FRONTIER US SMID GROWTH	264.1	29.2	17.5	9.5	13.4	11.6
GENESIS EMERGING MARKETS	684.7	20.4	17.1	8.4	13.8	5.1
GLOBAL ALPHA IE SC - EMP	144.4	17.3	7.1			
JANA JSI FUND V - ACTIVIST	109.2	17.5	11.8	13.5		
LAZARD EMERGING MARKETS	474.5	25.2	25.3	9.4	14.0	
QMA US SMALL CAP CORE	162.7	26.2	0.3			

Returns for terminated Global Equity managers are not displayed.

ANNUALIZED TOTAL RETURNS GROWTH

for the quarter ended December 31, 2020

Net-of-Fees



	<u>Mkt Value (\$Mil)</u>	<u>Qtr</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>	<u>10 Yrs</u>
SYMPHONY FINANCIAL - ACTIVIST	223.2	6.3	2.6	16.4		
SYSTEMATIC US SMALL CAP VALUE	158.2	27.6	4.1			
BTC PASSIVE CURRENCY HEDGING	-113.1	-2.1	-2.8	0.2	-0.2	0.8
TOTAL GLOBAL EQUITY	24,800.2	15.2	15.0			
Global Equity Custom BM		15.7	16.3			

ANNUALIZED TOTAL RETURNS GROWTH

for the quarter ended December 31, 2020

Net-of-Fees



	<u>Mkt Value (\$Mil)</u>	<u>Qtr</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>	<u>10 Yrs</u>
PRIVATE EQUITY GROWTH						
PRIVATE EQUITY - GROWTH	7,932.4	10.9	16.3			
Private Equity - Growth Custom BM		8.6	11.7			
OPPORTUNISTIC REAL ESTATE						
OPPORTUNISTIC REAL ESTATE	573.8	1.2	7.5	8.4	11.2	7.1
Opportunistic Real Estate Custom BM		1.0	3.5	7.4	8.8	12.5
TOTAL GROWTH	33,306.4	13.8	15.3			
Growth Custom BM		13.7	16.1			

ANNUALIZED TOTAL RETURNS

CREDIT

for the quarter ended December 31, 2020

Net-of-Fees



	<u>Mkt Value (\$Mil)</u>	<u>Qtr</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>	<u>10 Yrs</u>
HIGH YIELD						
BEACH POINT	303.4	5.5	5.9	6.2	8.0	
BLACKROCK HY ETF	1,202.6	6.2				
BRIGADE CAP MGMT	633.2	7.8	4.7	4.2	8.2	6.4
TOTAL HIGH YIELD	2,139.5	6.5	5.5			
BBG BARC US Corp HY Idx		6.5	7.1			
BANK LOANS						
BAIN CAPITAL CREDIT	393.0	4.8	3.9	4.0	6.3	
CREDIT SUISSE BANK LOANS	1,105.6	3.2				
CRESCENT CAPITAL	485.5	5.0	6.3	5.2	6.3	
TENNENBAUM CAPITAL	548.2	3.1	5.7	6.8	7.7	
TOTAL BANK LOANS	2,532.3	3.8	8.9			
CS Leveraged Loan Index		3.6	2.8			

Total High Yield includes residual balances of terminated managers.

ANNUALIZED TOTAL RETURNS

CREDIT

for the quarter ended December 31, 2020

Net-of-Fees



	<u>Mkt Value (\$Mil)</u>	<u>Qtr</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>	<u>10 Yrs</u>
EMERGING MARKET DEBT						
ABERDEEN ASSET MANAGEMENT	459.4	8.0	4.9	3.8		
ASHMORE INVESTMENT MANAGEMENT	437.5	10.5	1.9	2.1		
TOTAL EMERGING MARKET DEBT	896.8	9.2	3.4	3.0		
EMD Custom		6.4	5.1	4.8		
ILLIQUID CREDIT						
BEACH POINT - FUND II	17.3	1.1	10.3	9.5	9.1	
BEACH POINT - FUND III	211.1	9.7	8.9	8.5		
GROSVENOR OPCRD 2 HFOF*	122.5	3.4	-6.5	-1.1		
MAGNETAR CREDIT FUND*	169.2	6.6				
NAPIER PARK*	477.1	8.5				
PIMCO TAC OPPS FUNDS**	246.1	4.1	6.0			
PRIVATE EQUITY - CREDIT	162.1	6.4	-7.2			
REAL ESTATE - CREDIT	172.7	2.0	9.0	9.1	8.8	
TOTAL ILLIQUID CREDIT	1,578.1	6.3	9.2			
Illiquid Credit Custom BM		1.1	10.0			
TOTAL CREDIT	7,148.9	5.8	4.9			
Credit Custom BM		4.2	6.3			

See Glossary for all custom benchmark definitions.

Total Credit includes Credit Transition account.

* Hedge fund returns are reported on a net of all fees basis with a one month lag.

** PIMCO Tac Opps was reclassified to Illiquid credit effective November 2020.

ANNUALIZED TOTAL RETURNS

REAL ASSETS & INFLATION HEDGES

for the quarter ended December 31, 2020

Net-of-Fees



	<u>Mkt Value (\$Mil)</u>	<u>Qtr</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>	<u>10 Yrs</u>
CORE & VALUE-ADDED REAL ESTATE						
CORE & VALUE-ADDED REAL ESTATE	4,553.7	0.8	-0.9	3.6	4.7	7.4
Core & Value-Added Real Estate Custom BM		0.4	1.0	4.8	6.2	9.8
NATURAL RESOURCES & COMMODITIES						
CREDIT SUISSE COMMODITY	414.6	9.9	-1.0	-2.1	1.7	
DWS NATURAL RESOURCES	1,247.8	21.5	0.8			
NEUBERGER BERMAN/GRESHAM	398.0	10.4	-5.5	-2.6	1.9	-5.1
PIMCO COMMODITY PLUS	407.2	11.1	-2.9	-2.1	2.7	-5.1
PRIVATE EQUITY - REAL ASSETS	71.3	-0.8	-31.0			
TOTAL NATURAL RESOURCES & COMMODITIES	2,538.8	15.2	-2.4	-1.8	2.4	-5.1
Natural Resources & Comm Custom BM		15.7	0.1	-1.0	2.0	-6.1

ANNUALIZED TOTAL RETURNS

REAL ASSETS & INFLATION HEDGES

for the quarter ended December 31, 2020

Net-of-Fees



	<u>Mkt Value (\$Mil)</u>	<u>Qtr</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>	<u>10 Yrs</u>
INFRASTRUCTURE						
DWS INFRASTRUCTURE	1,828.0	7.8	-0.1			
GRAIN SPECTRUM HOLDINGS III*	0.2					
PAN-EUROPEAN INFRASTRUCTURE FUND III*	19.5					
TOTAL INFRASTRUCTURE	1,847.8	7.8	-0.1			
DJ BROOKFIELD GLOBAL INFRASTRUCTURE TR		7.5	-6.2			
TIPS						
BLACKROCK TIPS	1,341.4	1.6	10.9			
TOTAL TIPS	1,341.4	1.6	10.9			
BBG BARC US Tsy TIPS Idx		1.6	11.0			
TOTAL REAL ASSETS & INFLATION HEDGES	10,281.6	5.5	0.6			
Real Assets & Inflation Hedges Custom BM		5.4	1.9			

See Glossary for all custom benchmark definitions.
 * Returns are not displayed due to funding in December 2020.

ANNUALIZED TOTAL RETURNS

RISK REDUCTION & MITIGATION

for the quarter ended December 31, 2020

Net-of-Fees



	<u>Mkt Value (\$Mil)</u>	<u>Qtr</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>	<u>10 Yrs</u>
INVESTMENT GRADE BONDS						
BTC US DEBT INDEX FUND	6,469.4	0.7	7.7	5.4	4.5	3.9
MHLP	18.3	1.3	5.3	7.8	7.0	5.4
PUGH CAPITAL MGMT	798.5	1.0	8.4	5.5	4.6	4.1
WELLS CAPITAL	2,033.7	1.1	9.2	5.9	5.0	4.6
TOTAL CORE MANAGERS	9,320.0	0.8	8.0	5.6	4.9	4.4
BBG BC Aggregate Bond Index		0.7	7.5	5.3	4.4	3.8
DODGE & COX	791.0	2.7	9.8	6.5	6.0	5.0
PIMCO	650.9	1.5	9.0	6.1	5.6	4.3
WESTERN ASSET MGMT.	729.6	2.6	8.9	6.2	5.8	5.2
TOTAL CORE PLUS MANAGERS	2,171.5	2.3	9.3	6.1	5.8	4.8
BBG BC Aggregate Bond Index		0.7	7.5	5.3	4.4	3.8
TOTAL INVESTMENT GRADE BONDS	11,491.6	1.1	8.3	5.7	5.2	4.5
BBG BC Aggregate Bond Index		0.7	7.5	5.3	4.4	3.8

ANNUALIZED TOTAL RETURNS

RISK REDUCTION & MITIGATION

for the quarter ended December 31, 2020

Net-of-Fees



	<u>Mkt Value (\$Mil)</u>	<u>Qtr</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>	<u>10 Yrs</u>
DIVERSIFIED HEDGE FUNDS*						
CAPULA GRV	396.8	0.4	6.7			
DK INSTITUTIONAL PARTNERS	222.8	4.0	8.4			
GROSVENOR HFOF	96.3	6.6	8.1	4.2	3.4	
GSAM HFOF	12.9	12.8	19.1	8.2	5.9	
HBK MULTI-STRATEGY	274.5	3.2	7.1			
HUDSON BAY FUND	319.0	3.1				
POLAR	355.8	5.0				
TOTAL DIVERSIFIED HEDGE FUNDS	1,678.1	3.1	7.6			
Diversified Hedge Funds Custom BM		0.6	3.2			
CASH						
CASH	927.2	0.2	1.0	1.9	1.5	1.0
Cash Custom BM		0.0	0.6	1.6	1.2	0.7
TOTAL RISK REDUCTION & MITIGATION	14,096.8	1.3	7.8			
Risk Reduction & Mitigation Custom BM		0.6	6.5			

See Glossary for all custom benchmark definitions.
Returns for terminated Hedge Fund managers are not displayed.
* Hedge fund returns are reported on a net of all fees basis with a one-month lag.

GROWTH - GLOBAL EQUITY

ACADIAN ASSET MANAGEMENT, LLC

for the quarter ended December 31, 2020



Manager vs. Benchmark: Return through December 31, 2020 (not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years
ACADIAN DEVELOPED MARKETS	566.4	16.29	14.77	5.42	11.21
MSCI EAFE + Canada Net Index		15.85	7.59	4.22	7.64
Growth Custom BM		13.67	16.13		

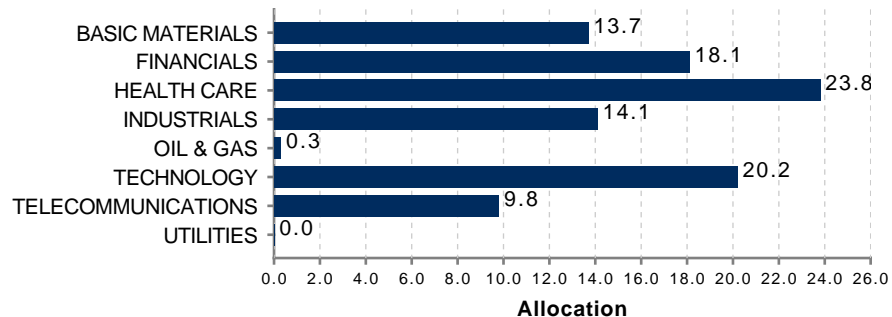
Market Statistics

	ACADIAN DEV MKTS	MSCI EAFE PLUS CANADA
Market Cap Wtd Average	48,531.5	66,222.1
No. of Issues	404.0	-
Dividend Yield	3.1	2.9
Return on Equity	18.7	14.3
Price to Sales	2.9	5.1
Price to Book	4.3	4.5
PE Ratio	15.6	27.2

Universe (Gross-of-Fees)

	1 Qtr	1 Year	3 Years	5 Years
Intl/Global Equity Funds - Core				
ACADIAN DEVELOPED MARKETS	16.39 55	15.20 48	5.80 78	11.62 62
Median	17.39	14.98	10.89	13.01

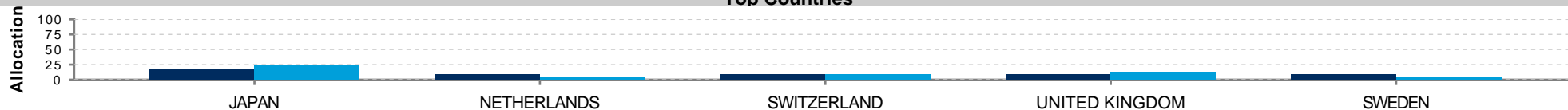
Sectors (%)



Top Holdings

Security Name	Ending Market Value	% of Portfolio
ROCHE HOLDING AG GENUSSSCHEIN	18,548,742	3.27
NOVARTIS AG REG	17,048,299	3.01
NINTENDO CO LTD	12,624,669	2.23
NOVO NORDISK A/S B	11,326,579	2.00
KONINKLIJKE AHOLD DELHAIZE N	11,145,401	1.97
FORTESCUE METALS GROUP LTD	10,301,578	1.82
FUJITSU LTD	10,249,939	1.81
PEUGEOT SA	10,235,151	1.81

Top Countries



Universe data: International Equity Funds Core
Top Holdings exclude cash, cash equivalents, and derivatives

GROWTH - GLOBAL EQUITY

BLACKROCK INSTITUTIONAL TRUST COMPANY, N.A.- EUROPE ALPHA TILTS

for the quarter ended December 31, 2020



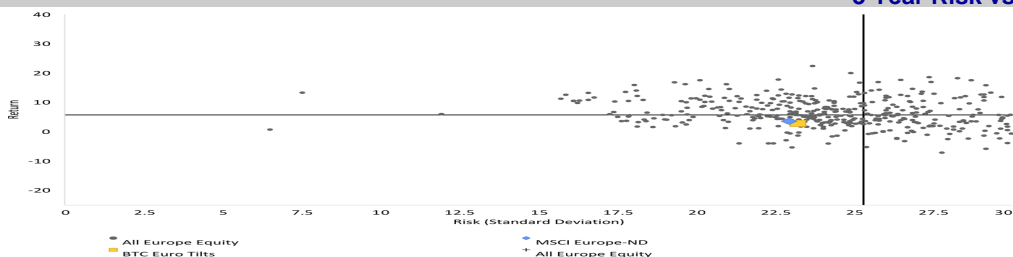
Manager vs. Benchmark: Return through December 31, 2020
(not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years	10 Years
BTC EURO TILTS	623.4	13.97	5.28	2.41	6.43	6.26
MSCI EUROPE (DAILY)		15.61	5.38	3.55	6.78	5.32
Growth Custom BM		13.67	16.13			

Universe (Gross-of-Fees)

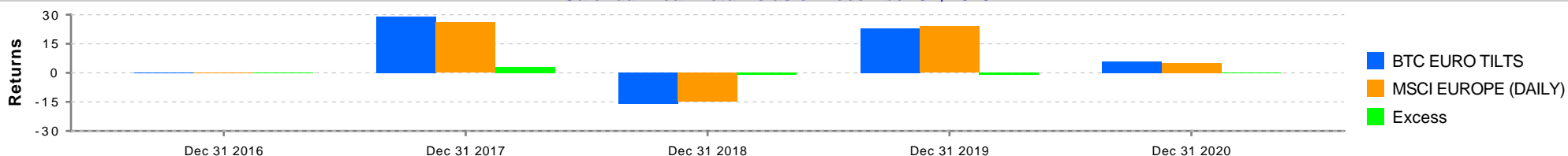
	1 Qtr		1 Year		3 Years		5 Years	
International Equity European Equity								
BTC EURO TILTS	14.08	65	5.70	75	2.83	78	6.87	78
Median	15.66		12.56		5.68		8.93	

3 Year Risk vs. Return



	3 Year Return	3 Year Standard Deviation
BTC EURO TILTS	2.8 78	23.2 28
MSCI EUROPE (DAILY)	3.6 71	22.9 24
5th Percentile	15.0	18.2
25th Percentile	10.1	23.0
50th Percentile	5.7	25.3
75th Percentile	3.1	29.5
95th Percentile	-2.6	34.4

Calendar Year Returns as of December 31, 2020



GROWTH - GLOBAL EQUITY

CAPITAL GUARDIAN TRUST COMPANY

for the quarter ended December 31, 2020



Manager vs. Benchmark: Return through December 31, 2020 (not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years
CAPITAL GUARDIAN Non- U.S.	442.0	14.39	22.76	12.63	14.15
EAFE CUSTOM INDEX		15.85	7.59	4.22	7.64
Growth Custom BM		13.67	16.13		

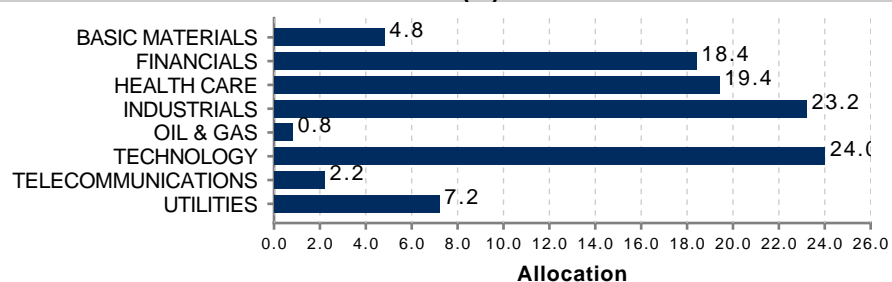
Market Statistics

	CAPITAL GUARDIAN Non- U.S	MSCI EAFE PLUS CANADA
Market Cap Wtd Average	70,251.0	66,222.1
No. of Issues	171.0	-
Dividend Yield	1.8	2.9
Return on Equity	13.9	14.3
Price to Sales	7.8	5.1
Price to Book	8.2	4.5
PE Ratio	39.1	27.2

Universe (Gross-of-Fees)

	1 Qtr	1 Year	3 Years	5 Years
Intl/Global Equity Funds - Core				
CAPITAL GUARDIAN Non- U.S	14.50 70	23.18 15	13.02 19	14.55 42
Median	17.39	14.98	10.89	13.01

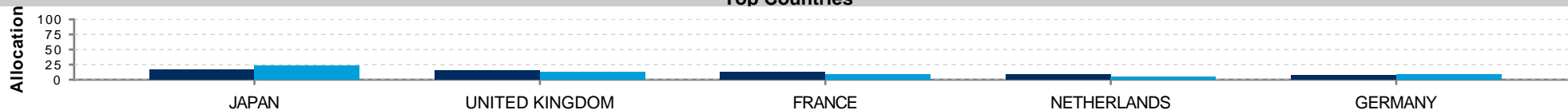
Sectors (%)



Top Holdings

Security Name	Ending Market Value	% of Portfolio
OCADO GROUP PLC	20,924,057	4.73
ASML HOLDING NV	16,152,151	3.65
ENEL SPA	12,204,005	2.76
EVOLUTION GAMING GROUP	11,495,622	2.60
LVMH MOET HENNESSY LOUIS VUI	9,926,148	2.25
SAFRAN SA	8,894,578	2.01

Top Countries



Universe data: International Equity Funds Core
Top Holdings exclude cash, cash equivalents, and derivatives

GROWTH - GLOBAL EQUITY

CEVIAN CAPITAL

for the quarter ended December 31, 2020



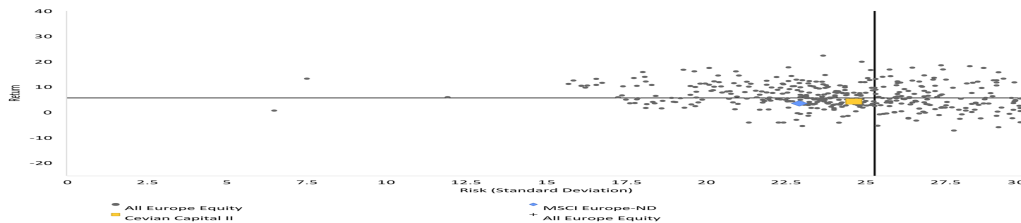
Manager vs. Benchmark: Return through December 31, 2020
(not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years	10 Years
CEVIAN CAPITAL II - ACTIVIST	331.9	14.98	7.87	2.98		
MSCI EUROPE (DAILY)		15.61	5.38	3.55		
Growth Custom BM		13.67	16.13			

Universe (Gross-of-Fees)

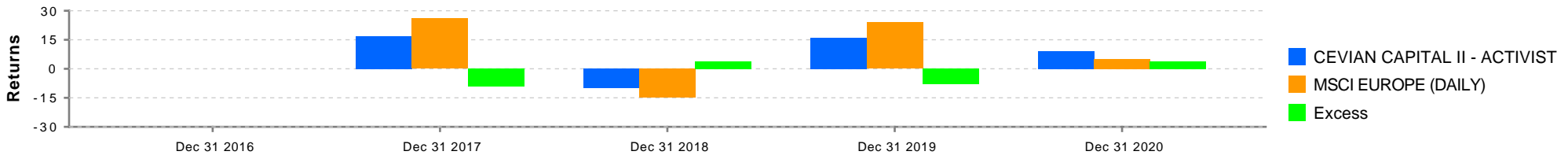
	1 Qtr		1 Year		3 Years		5 Years	
International Equity European Equity								
CEVIAN CAPITAL II - ACTIVIST	15.28	54	8.97	64	4.31	63		
Median	15.66		12.56		5.68			

3 Year Risk vs. Return



	3 Year Return		3 Year Standard Deviation	
CEVIAN CAPITAL	4.3	63	24.6	44
MSCI EUROPE (DAILY)	3.6	71	22.9	24
5th Percentile	15.0		18.2	
25th Percentile	10.1		23.0	
50th Percentile	5.7		25.3	
75th Percentile	3.1		29.5	
95th Percentile	-2.6		34.4	

Calendar Year Returns as of December 31, 2020



GROWTH - GLOBAL EQUITY

CORNERCAP INVESTMENT COUNSEL

for the quarter ended December 31, 2020



Manager vs. Benchmark: Return through December 31, 2020 (not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years	10 Years
CORNERCAP	64.5	26.62	3.91			
RUSSELL 2000 (DAILY)		31.37	19.96			
Growth Custom BM		13.67	16.13			

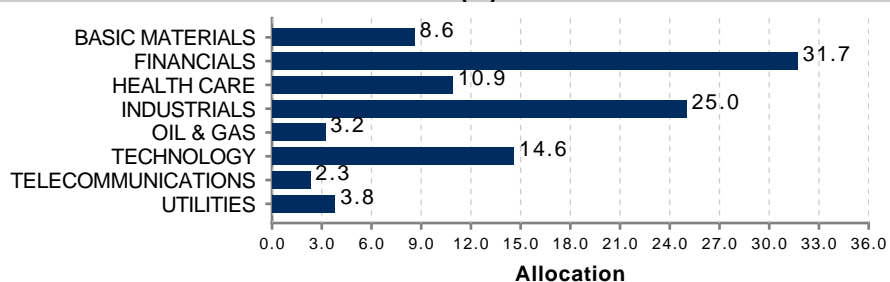
Market Statistics

	CORNERCAP	Russell 2000
Market Cap Wtd Average	2,450.5	3,348.8
No. of Issues	296.0	-
Dividend Yield	2.2	1.2
Return on Equity	9.7	6.7
Price to Sales	2.1	14.3
Price to Book	2.9	5.9
PE Ratio	18.0	135.4

Universe (Gross-of-Fees)

	1 Qtr	1 Year	3 Years	5 Years
US Equity Funds - Small Cap				
CORNERCAP	26.79 79	4.47 72		
Median	30.14	8.69	6.18	11.83

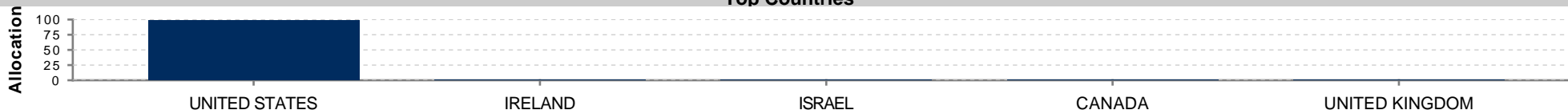
Sectors (%)



Top Holdings

Security Name	Ending Market Value	% of Portfolio
TIMKEN CO	389,894	0.62
FLAGSTAR BANCORP INC	376,826	0.60
AMERIS BANCORP	357,242	0.57
PRIMORIS SERVICES CORP	354,868	0.56
WHITESTONE REIT	349,070	0.55
MIMECAST LTD	337,971	0.54
SCHWEITZER MAUDUIT INTL INC	334,748	0.53

Top Countries



Universe data: U.S. Equities Small Cap
Top Holdings exclude cash, cash equivalents, and derivatives

GROWTH - GLOBAL EQUITY

FRONTIER CAPITAL MANAGEMENT COMPANY, LLC

for the quarter ended December 31, 2020



Manager vs. Benchmark: Return through December 31, 2020 (not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years
FRONTIER US SMID GROWTH	264.1	29.19	17.54	9.48	13.40
RUSSELL 2500 (DAILY)		27.41	19.99	11.33	13.64
Growth Custom BM		13.67	16.13		

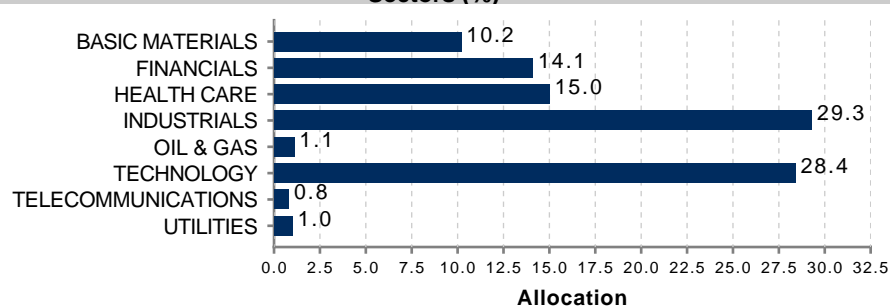
Market Statistics

	FRONTIER US SMID GROWTH	Russell 2500 Index
Market Cap Wtd Average	6,857.8	6,689.4
No. of Issues	148.0	-
Dividend Yield	0.7	1.3
Return on Equity	8.5	9.0
Price to Sales	5.5	11.5
Price to Book	6.1	6.6
PE Ratio	114.5	75.4

Universe (Gross-of-Fees)

	1 Qtr	1 Year	3 Years	5 Years
US Equity Funds - SMID				
FRONTIER US SMID GROWTH	29.43 52	18.39 50	10.30 53	14.25
Median	29.57	18.07	10.44	

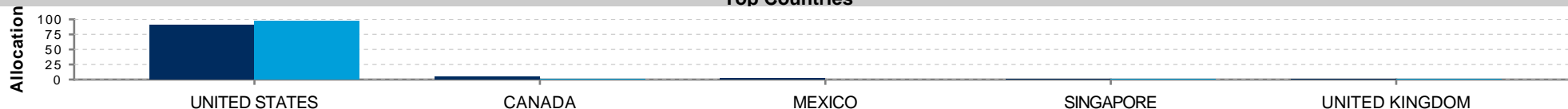
Sectors (%)



Top Holdings

Security Name	Ending Market Value	% of Portfolio
PAN AMERICAN SILVER CORP	5,899,415	2.24
CREE INC	5,748,993	2.18
MACOM TECHNOLOGY SOLUTIONS H	5,026,583	1.91
TUTOR PERINI CORP	4,750,461	1.80
INSULET CORP	4,720,208	1.79
DANA INC	4,719,936	1.79
NUANCE COMMUNICATIONS INC	4,426,107	1.68

Top Countries



Universe data: U.S. Equity Funds-SMID
Top Holdings exclude cash, cash equivalents, and derivatives

GROWTH - GLOBAL EQUITY

GENESIS INVESTMENT MANAGEMENT, LLP

for the quarter ended December 31, 2020



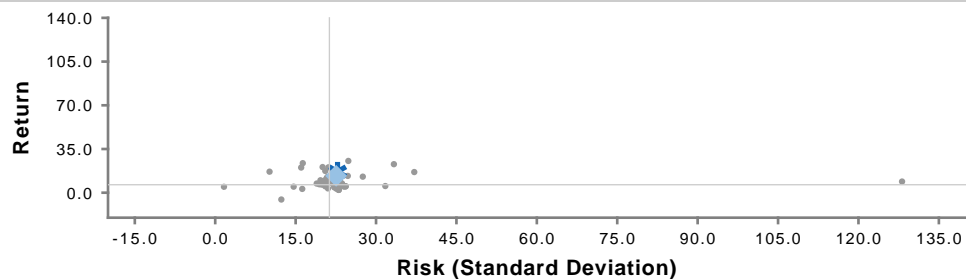
Manager vs. Benchmark: Return through December 31, 2020
(not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years	10 Years
GENESIS EMERGING MARKETS	684.7	20.37	17.14	8.42	13.80	5.14
MSCI EM IMI CUSTOM INDEX		19.95	18.39	5.77	12.22	3.47
Growth Custom BM		13.67	16.13			

Universe (Gross-of-Fees)

	1 Qtr	1 Year	3 Years	5 Years
Intl Equity Emerging Mkt Funds				
GENESIS EMERGING MARKETS	20.58 44	18.12 43	9.23 32	14.64 32
Median	19.89	16.44	6.41	12.83

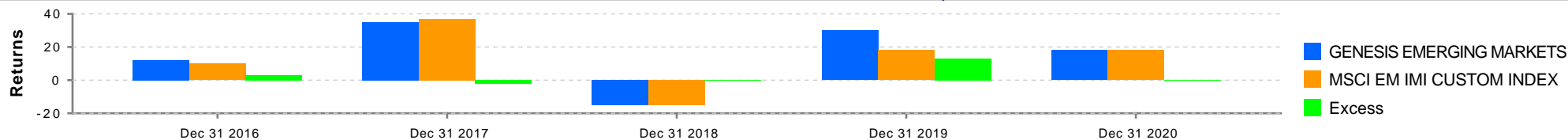
3 Year Risk vs Return



	3 Year Return	3 Year Standard Deviation
GENESIS EMERGING MARKETS	9.2 32	20.6 42
MSCI EM IMI CUSTOM INDEX	5.8 55	20.1 26
5th Percentile	20.3	13.9
25th Percentile	10.3	20.0
50th Percentile	6.4	21.3
75th Percentile	3.9	22.3
95th Percentile	0.5	32.6

* GENESIS EMERGING MARKETS
 ◆ MSCI EM IMI CUSTOM INDEX

Calendar Year Returns as of December 31, 2020



GROWTH - GLOBAL EQUITY

GLOBAL ALPHA CAPITAL MANAGEMENT

for the quarter ended December 31, 2020



Manager vs. Benchmark: Return through December 31, 2020 (not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years
GLOBAL ALPHA	144.4	17.29	7.06		
MSCI EAFE SMALL CAP NET		17.28	12.34		
Growth Custom BM		13.67	16.13		

Universe (Gross-of-Fees)

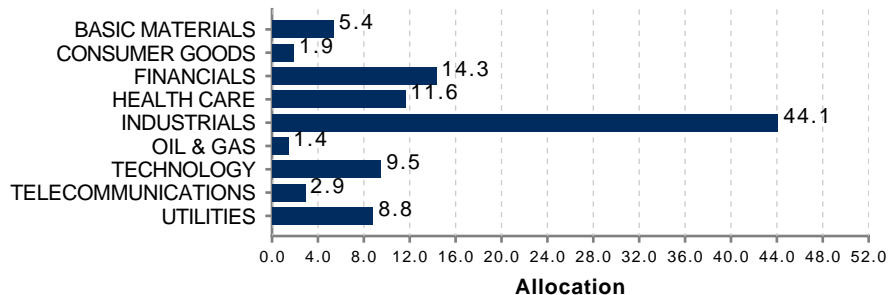
	1 Qtr	1 Year	3 Years	5 Years
GLOBAL ALPHA	17.50	7.84		
Median	17.39	14.98	10.89	13.01

Intl/Global Equity Funds - Core

Market Statistics

	GLOBAL ALPHA	MSCI EAFE SMALL CAP NET
Market Cap Wtd Average	2,433.1	3,096.0
No. of Issues	66.0	-
Dividend Yield	2.5	2.8
Return on Equity	14.5	10.9
Price to Sales	2.6	6.8
Price to Book	3.2	3.9
PE Ratio	82.5	43.7

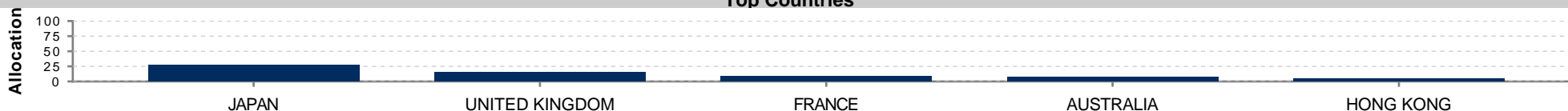
Sectors (%)



Top Holdings

Security Name	Ending Market Value	% of Portfolio
KERRY LOGISTICS NETWORK LTD	5,352,891	3.71
ORMAT TECHNOLOGIES INC	4,618,320	3.20
L OCCITANE INTERNATIONAL SA	4,602,729	3.19
SAVILLS PLC	4,274,619	2.96
ROTHSCHILD + CO	4,057,675	2.81
BIFFA PLC	3,828,018	2.65
RAFFLES MEDICAL GROUP LTD	3,637,605	2.52

Top Countries



Universe data: International Equity Funds Core
Top Holdings exclude cash, cash equivalents, and derivatives

GROWTH - GLOBAL EQUITY

JANA PARTNERS LLC

for the quarter ended December 31, 2020



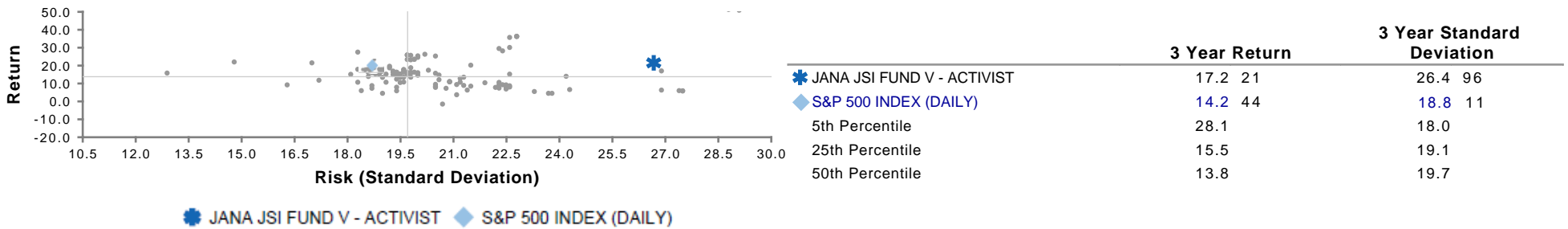
Manager vs. Benchmark: Return through December 31, 2020
(not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years	10 Years
JANA JSI FUND V - ACTIVIST	109.2	17.45	11.84	13.53		
S&P 500 INDEX (DAILY)		12.15	18.40	14.18		
Growth Custom BM		13.67	16.13			

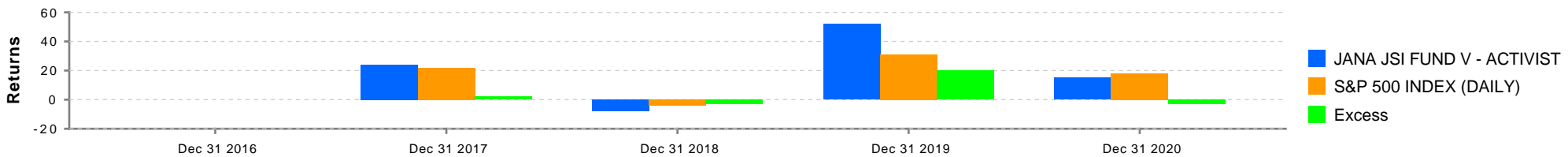
Universe (Gross-of-Fees)

	1 Qtr	1 Year	3 Years	5 Years
US Equity Funds - Large Cap				
JANA JSI FUND V - ACTIVIST	18.48 25	15.07 63	17.20 21	
Median	14.75	18.37	13.82	15.13

3 Year Risk vs Return



Calendar Year Returns as of December 31, 2020



GROWTH - GLOBAL EQUITY

JPM STRATEGIC BETA NON-U.S.

for the quarter ended December 31, 2020



Manager vs. Benchmark: Return through December 31, 2020 (not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years
JPMAM STRATEGIC BETA NON-U.S.	1,053.8	16.87			
MSCI ACWI ex USA IMI Net		17.22			
Growth Custom BM		13.67	16.13		

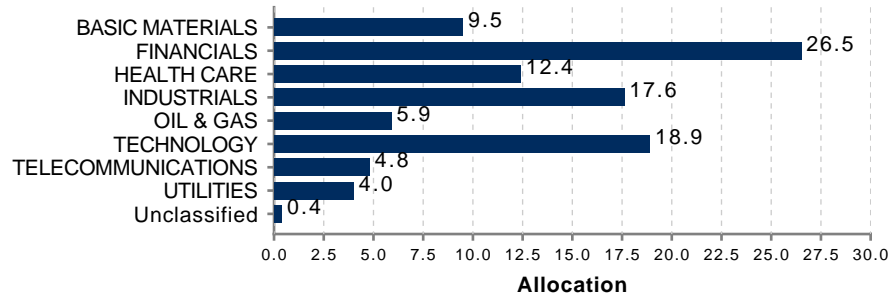
Market Statistics

JPMAM STRATEGIC BETA NON-U.S.	
Market Cap Wtd Average	86,359.4
No. of Issues	1,082.0
Dividend Yield	2.6
Return on Equity	14.5
Price to Sales	5.2
Price to Book	4.6
PE Ratio	23.9

Universe (Gross-of-Fees)

	1 Qtr	1 Year	3 Years	5 Years
Intl Equity Pools				
JPMAM STRATEGIC BETA NON-U.S.	17.04	58		
Median	17.30	12.23	5.61	9.61

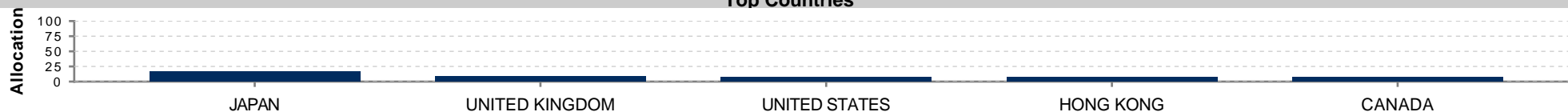
Sectors (%)



Top Holdings

Security Name	Ending Market Value	% of Portfolio
ISHARES MSCI INDIA ETF	24,569,553	2.33
TAIWAN SEMICONDUCTOR MANUFAC	17,399,282	1.65
ALIBABA GROUP HOLDING SP ADR	16,345,326	1.55
TENCENT HOLDINGS LTD	14,962,219	1.42
SAMSUNG ELECTRONICS CO LTD	13,514,242	1.28
NESTLE SA REG	11,593,802	1.10
ISHARES MSCI SAUDI ARABIA ETF	8,928,788	0.85

Top Countries



Universe data: International Equity
Top Holdings exclude cash, cash equivalents, and derivatives

GROWTH - GLOBAL EQUITY

JPM STRATEGIC BETA U.S.

for the quarter ended December 31, 2020



Manager vs. Benchmark: Return through December 31, 2020 (not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years
JPMAM STRATEGIC BETA U.S.	4,632.5	13.47			
MSCI USA IMI Gross		14.70			
Growth Custom BM		13.67	16.13		

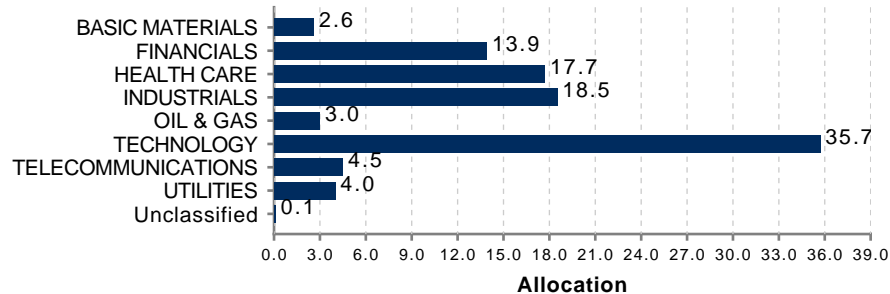
Market Statistics

	JPMAM STRATEGIC BETA U.S.
Market Cap Wtd Average	392,377.3
No. of Issues	854.0
Dividend Yield	1.5
Return on Equity	25.1
Price to Sales	8.6
Price to Book	9.8
PE Ratio	32.9

Universe (Gross-of-Fees)

	1 Qtr	1 Year	3 Years	5 Years
US Equity Funds - Large Cap				
JPMAM STRATEGIC BETA U.S.	13.54	61		
Median	14.75	18.37	13.82	15.13

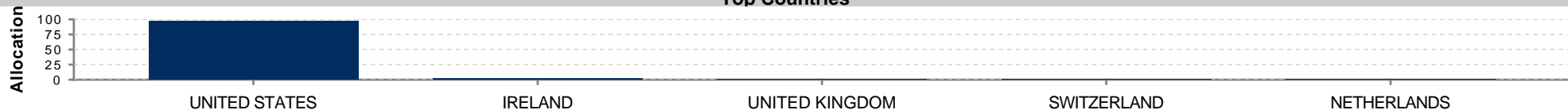
Sectors (%)



Top Holdings

Security Name	Ending Market Value	% of Portfolio
APPLE INC	274,731,062	5.93
MICROSOFT CORP	193,583,247	4.18
AMAZON.COM INC	167,871,943	3.62
FACEBOOK INC CLASS A	79,508,135	1.72
ALPHABET INC CL A	63,754,033	1.38
TESLA INC	63,716,356	1.38
ALPHABET INC CL C	63,682,590	1.37

Top Countries



Universe data: U.S. Equities Total Large Cap
Top Holdings exclude cash, cash equivalents, and derivatives

GROWTH - GLOBAL EQUITY

LAZARD ASSET MANAGEMENT, LLC

for the quarter ended December 31, 2020



Manager vs. Benchmark: Return through December 31, 2020 (not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years
LAZARD EMERGING MARKETS	474.5	25.18	25.28	9.44	14.05
MSCI EMERGING MARKETS		19.70	18.31	6.17	12.81
Growth Custom BM		13.67	16.13		

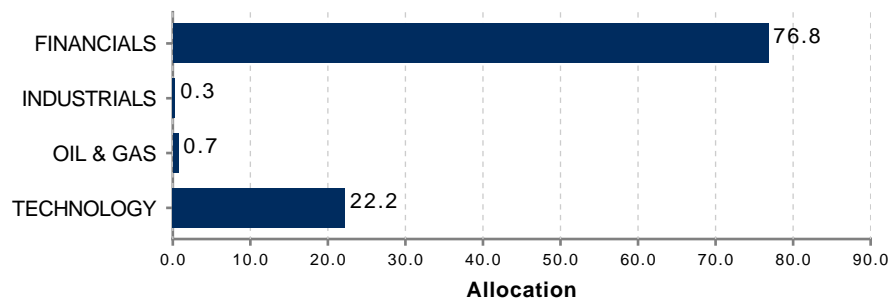
Universe (Gross-of-Fees)

	1 Qtr	1 Year	3 Years	5 Years
Intl Equity Emerging Mkt Funds				
LAZARD EMERGING MARKETS	25.41 14	26.12 21	10.20 26	14.88 32
Median	19.89	16.44	6.41	12.83

Market Statistics

	LAZARD EMERGING MARKETS	MSCI Emerging Markets
Market Cap Wtd Average	20,391.0	164,766.8
No. of Issues	53.0	-
Dividend Yield	2.4	2.1
Return on Equity	2.8	15.3
Price to Sales	7.1	7.4
Price to Book	1.8	5.2
PE Ratio	-31.6	20.2

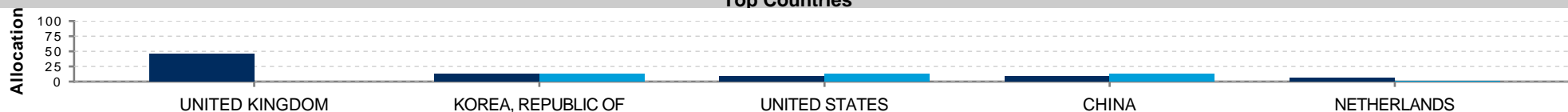
Sectors (%)



Top Holdings

Security Name	Ending Market Value	% of Portfolio
FIDELITY CHINA SPECIAL SITUATI	39,042,689	8.23
SAMSUNG ELECTRONICS PREF	38,156,820	8.04
JP MORGAN EMERGING MARKETS INV	33,460,433	7.05
TEMPLETON EMERGING MARKETS INV	26,969,968	5.68
PROSUS NV	25,886,762	5.46
NASPERS LTD N SHS	24,492,322	5.16
CITIC SECURITIES CO LTD H	15,773,785	3.32

Top Countries



Universe data: International Equity Funds Emerging Markets
Top Holdings exclude cash, cash equivalents, and derivatives

GROWTH - GLOBAL EQUITY

QUANTITATIVE MANAGEMENT ASSOCIATES

for the quarter ended December 31, 2020



Manager vs. Benchmark: Return through December 31, 2020 (not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years	10 Years
QMA	162.7	26.25	0.29			
RUSSELL 2000 (DAILY)		31.37	19.96			
Growth Custom BM		13.67	16.13			

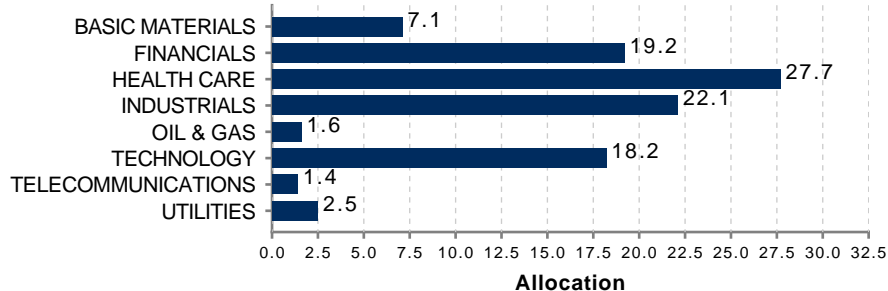
Universe (Gross-of-Fees)

	1 Qtr	1 Year	3 Years	5 Years
US Equity Funds - Small Cap				
QMA	26.41 82	0.83 86		
Median	30.14	8.69	6.18	11.83

Market Statistics

	QMA	Russell 2000
Market Cap Wtd Average	2,886.4	3,348.8
No. of Issues	265.0	-
Dividend Yield	1.4	1.2
Return on Equity	9.7	6.7
Price to Sales	5.8	14.3
Price to Book	4.0	5.9
PE Ratio	19.2	135.4

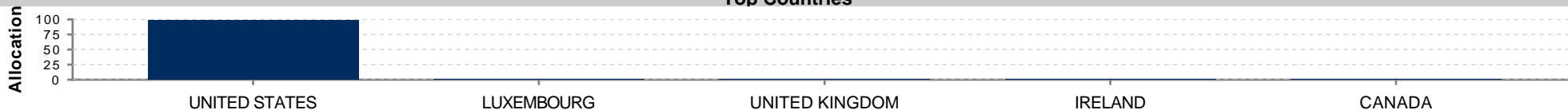
Sectors (%)



Top Holdings

Security Name	Ending Market Value	% of Portfolio
ULTRAGENYX PHARMACEUTICAL IN	1,827,276	1.12
DARLING INGREDIENTS INC	1,799,616	1.11
NATERA INC	1,771,456	1.09
DECKERS OUTDOOR CORP	1,692,002	1.04
VERINT SYSTEMS INC	1,645,910	1.01
SPS COMMERCE INC	1,541,978	0.95
EMCOR GROUP INC	1,536,528	0.94

Top Countries



Universe data: U.S. Equities Small Cap
Top Holdings exclude cash, cash equivalents, and derivatives

GROWTH - GLOBAL EQUITY

SSGA MSCI ACWI IMI

for the quarter ended December 31, 2020



Manager vs. Benchmark: Return through December 31, 2020 (not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years	10 Years
SSGA MSCI ACWI IMI	14,977.6	15.61	16.30			
MSCI ACWI IMI Net (DAILY)		15.70	16.25			
Growth Custom BM		13.67	16.13			

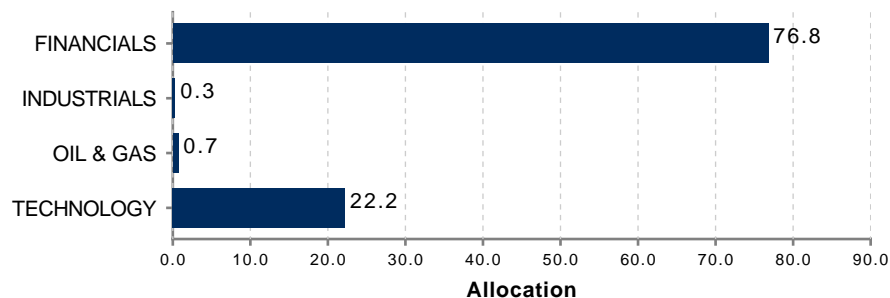
Market Statistics

	SSGA MSCI ACWI IMI	MSCI ACWI IMI Net (DAILY)
Market Cap Wtd Average	265,176.4	261,541.9
No. of Issues	6,637.0	-
Dividend Yield	2.0	2.0
Return on Equity	20.0	19.7
Price to Sales	7.5	7.7
Price to Book	7.6	7.6
PE Ratio	29.8	30.9

Universe (Gross-of-Fees)

	1 Qtr	1 Year	3 Years	5 Years
Global Equity Funds				
SSGA MSCI ACWI IMI	15.61 50	16.31 31		
Median	15.38	10.07	7.59	10.48

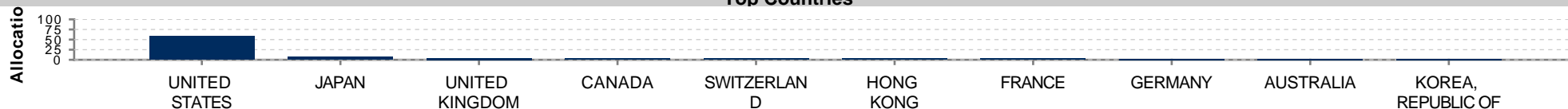
Sectors (%)



Top Holdings

Security Name	Ending Market Value	% of Portfolio
APPLE INC	503,036,813	3.36
MICROSOFT CORP	362,611,993	2.42
AMAZON.COM INC	307,691,948	2.05
ISHARES MSCI TAIWAN ETF	190,324,922	1.27
FACEBOOK INC CLASS A	146,656,599	0.98
ALPHABET INC CL A	118,520,527	0.79
ALPHABET INC CL C	117,076,389	0.78

Top Countries



Universe data: Global Equity Funds
Top Holdings exclude cash, cash equivalents, and derivatives

GROWTH - GLOBAL EQUITY

SYMPHONY FINANCIAL PARTNERS PTE. LTD.

for the quarter ended December 31, 2020



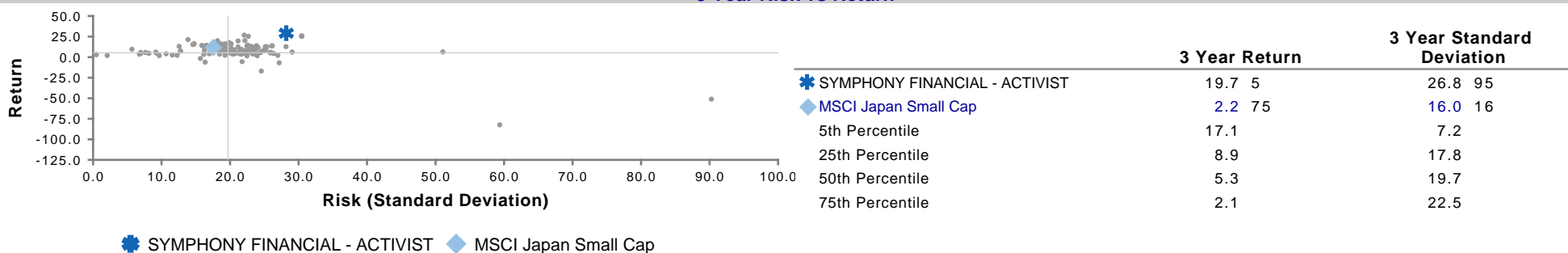
Manager vs. Benchmark: Return through December 31, 2020
(not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years	10 Years
SYMPHONY FINANCIAL - ACTIVIST	223.2	6.30	2.59	16.45		
MSCI Japan Small Cap		8.02	6.45	2.19		
Growth Custom BM		13.67	16.13			

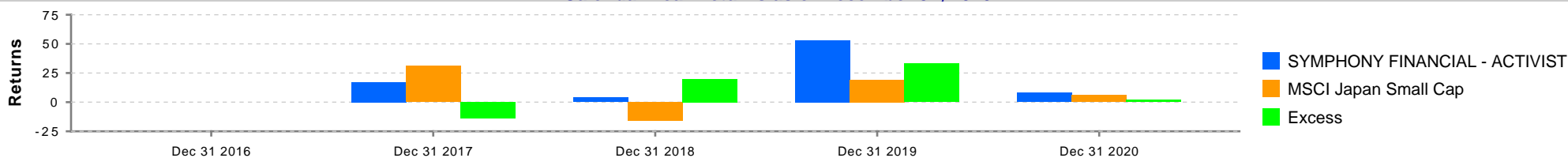
Universe (Gross-of-Fees)

	1 Qtr	1 Year	3 Years	5 Years
Intl Equity Developed Mkt Funds (Active)				
SYMPHONY FINANCIAL - ACTIVIST	6.49 86	8.03 60	19.71 5	
Median	15.76	9.55	5.27	8.72

3 Year Risk vs Return



Calendar Year Returns as of December 31, 2020



GROWTH - GLOBAL EQUITY

SYSTEMATIC FINANCIAL MANAGEMENT

for the quarter ended December 31, 2020



Manager vs. Benchmark: Return through December 31, 2020 (not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years	10 Years
SYSTEMATIC	158.2	27.65	4.09			
RUSSELL 2000 (DAILY)		31.37	19.96			
Growth Custom BM		13.67	16.13			

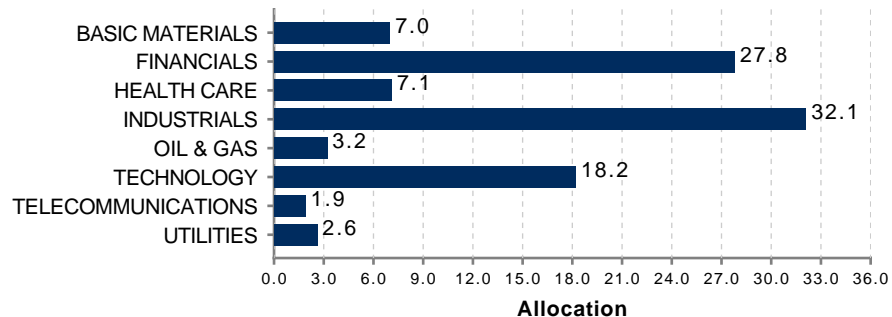
Market Statistics

	SYSTEMATIC	Russell 2000
Market Cap Wtd Average	3,345.0	3,348.8
No. of Issues	154.0	-
Dividend Yield	1.6	1.2
Return on Equity	10.2	6.7
Price to Sales	2.4	14.3
Price to Book	2.4	5.9
PE Ratio	30.8	135.4

Universe (Gross-of-Fees)

	1 Qtr	1 Year	3 Years	5 Years
US Equity Funds - Small Cap				
SYSTEMATIC	27.82 66	4.66 69		
Median	30.14	8.69	6.18	11.83

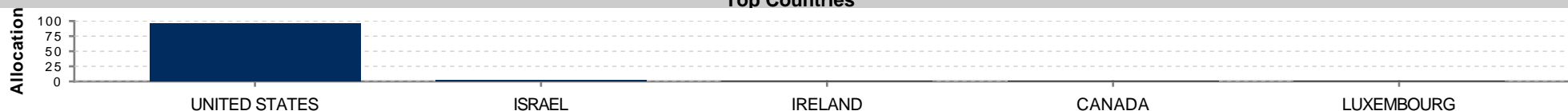
Sectors (%)



Top Holdings

Security Name	Ending Market Value	% of Portfolio
FIRST CITIZENS BCSHS CL A	3,793,284	2.42
NORTHWESTERN CORP	2,419,865	1.55
SILICON MOTION TECHNOL ADR	2,371,388	1.51
COHU INC	2,312,906	1.48
QORVO INC	2,269,586	1.45
SELECTIVE INSURANCE GROUP	2,009,400	1.28
AMERICAN EAGLE OUTFITTERS	1,969,871	1.26
SPECTRUM BRANDS HOLDINGS INC	1,958,704	1.25

Top Countries



Universe data: U.S. Equities Small Cap
Top Holdings exclude cash, cash equivalents, and derivatives

CREDIT - HIGH YIELD

BEACH POINT CAPITAL

for the quarter ended December 31, 2020



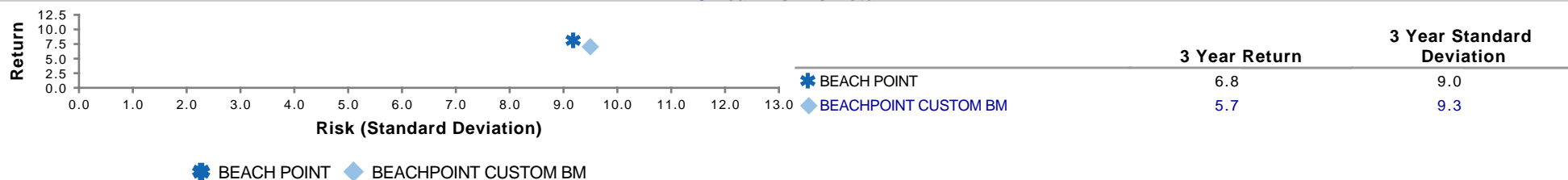
Manager vs. Benchmark: Return through December 31, 2020
(not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years	10 Years
BEACH POINT	303.4	5.48	5.93	6.19	8.02	
BEACHPOINT CUSTOM BM		6.45	6.81	5.74	7.27	
Credit Custom BM		4.17	6.32			

Universe (Gross-of-Fees)

	1 Qtr	1 Year	3 Years	5 Years
US Fixed Income Funds - High Yield				
BEACH POINT	5.60	6.49	6.84	8.70

3 Year Risk vs Return



Calendar Year Returns as of December 31, 2020



CREDIT - HIGH YIELD

BLACKROCK HIGH YIELD ETF

for the quarter ended December 31, 2020



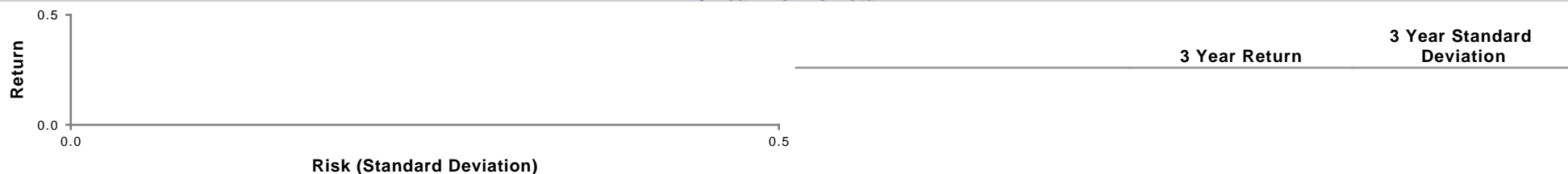
Manager vs. Benchmark: Return through December 31, 2020
(not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years	10 Years
BlackRock HY ETF	1,202.6	6.17				
BBG BARC US Corp HY Idx		6.45				
Credit Custom BM		4.17	6.32			

Universe (Gross-of-Fees)

	1 Qtr	1 Year	3 Years	5 Years
US Fixed Income Funds - High Yield				
BlackRock HY ETF	6.17			

3 Year Risk vs Return



Calendar Year Returns as of December 31, 2020



CREDIT - HIGH YIELD

BRIGADE CAPITAL MANAGEMENT

for the quarter ended December 31, 2020



Manager vs. Benchmark: Return through December 31, 2020 (not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years	10 Years
BRIGADE CAP MGMT	633.2	7.78	4.66	4.19	8.25	6.39
Brigade Custom Index		6.45	7.60	6.17	7.19	5.90
Credit Custom BM		4.17	6.32			

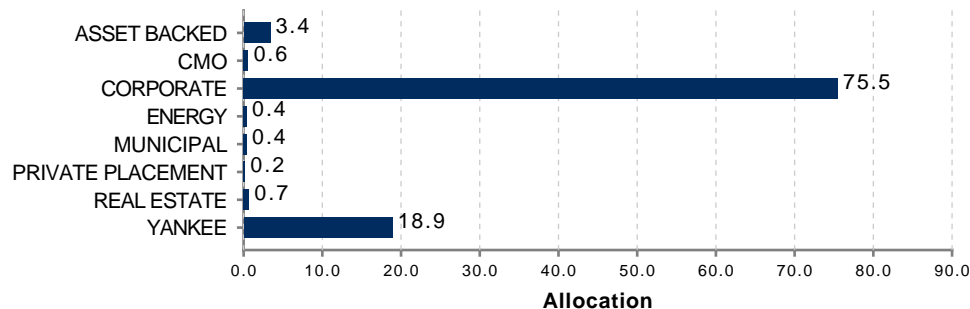
Market Statistics

	BRIGADE CAP MGMT
No. of Issues	333.0
Duration - Modified	2.3
Convexity	-0.4
Coupon Rate	6.6
Yield to Maturity	7.8
Current Yield	6.6
Rating - Moody's	B-2
Rating - S & P	B

Universe (Gross-of-Fees)

	1 Qtr	1 Year	3 Years	5 Years
US Fixed Income Funds - High Yield				
BRIGADE CAP MGMT	8.00	5.47	4.98	9.07

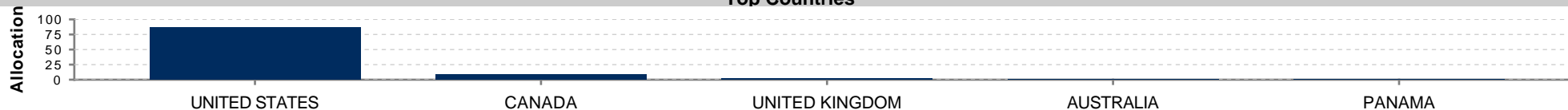
Asset Type (%)



Top Holdings

Security Name	Ending Market Value	% of Portfolio
BAFFINLAND IRON CORP/LP	9,712,628	1.56
LSB INDUSTRIES	9,456,217	1.52
PATTERSON MEDICAL HOLDINGS INC	8,975,669	1.44
SYNIVERSE HLDGS INC	8,938,062	1.44
MASHANTUCKET (WESTERN) PEQU	8,718,507	1.40
FREEDOM MORTGAGE CORP	8,674,632	1.39
RAIN CII CARBON LLC/CII	8,466,459	1.36
LIFESCAN GLOBAL CORP	8,064,632	1.30

Top Countries



Universe data: U.S. Fixed Income Funds High Yield
Top Holdings exclude cash, cash equivalents, and derivatives

CREDIT - BANK LOANS

BAIN CAPITAL CREDIT

for the quarter ended December 31, 2020



Manager vs. Benchmark: Return through December 31, 2020 (not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years	10 Years
BAIN CAPITAL CREDIT	393.0	4.78	3.91	4.04	6.31	
Bank Loans Custom Index		3.64	3.08	4.49	6.51	
Credit Custom BM		4.17	6.32			

Market Statistics

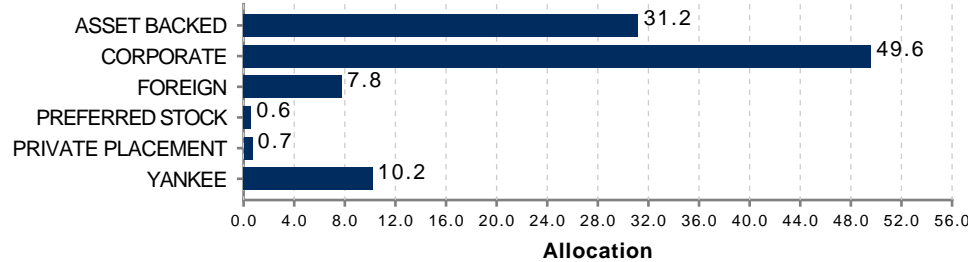
BAIN CAPITAL CREDIT

No. of Issues	488.0
Duration - Modified	0.5
Convexity	-0.2
Coupon Rate	3.6
Yield to Maturity	4.2
Current Yield	3.7
Rating - Moody's	B-2
Rating - S & P	B

Universe (Gross-of-Fees)

	1 Qtr	1 Year	3 Years	5 Years
US Fixed Income Funds - High Yield				
BAIN CAPITAL CREDIT	4.95	4.61	4.73	7.11

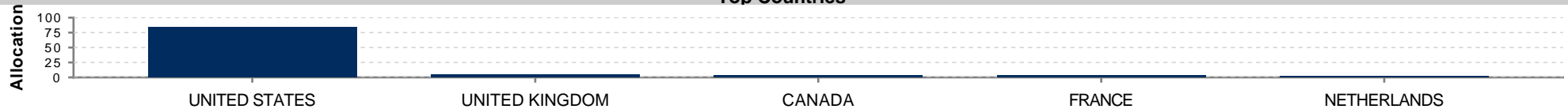
Asset Type (%)



Top Holdings

Security Name	Ending Market Value	% of Portfolio
CSC HOLDINGS, LLC	2,774,536	0.75
FFI HLDGS 1 CORP	2,756,087	0.75
POUND STERLING	2,755,552	0.75
ASCEND PRFRMCE MTLN OPRNLS LLC	2,600,020	0.70
BAUSCH HEALTH COMPANIES INC.	2,410,102	0.65
TEI HOLDINGS INC	2,409,741	0.65
HIGHTOWER HOLDINGS LLC	2,392,072	0.65

Top Countries



Universe data: U.S. Fixed Income Funds High Yield
Top Holdings exclude cash, cash equivalents, and derivatives

CREDIT - BANK LOANS

CREDIT SUISSE BANK LOANS

for the quarter ended December 31, 2020



Manager vs. Benchmark: Return through December 31, 2020 (not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years	10 Years
Credit Suisse Bank Loans	1,105.6	3.22				
CS Leveraged Loan Index		3.64				
Credit Custom BM		4.17	6.32			

Market Statistics

	Credit Suisse Bank Loans
No. of Issues	405.0
Duration - Modified	0.4
Convexity	-0.3
Coupon Rate	3.3
Yield to Maturity	3.7
Current Yield	3.3
Rating - Moody's	B-2
Rating - S & P	B

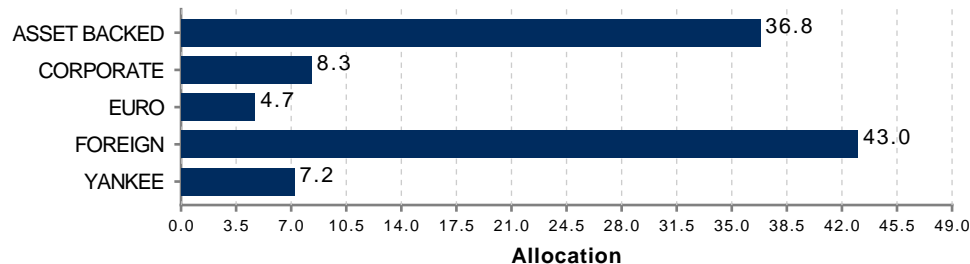
Universe (Gross-of-Fees)

1 Qtr 1 Year 3 Years 5 Years

US Fixed Income Funds - High Yield

Credit Suisse Bank Loans 3.27

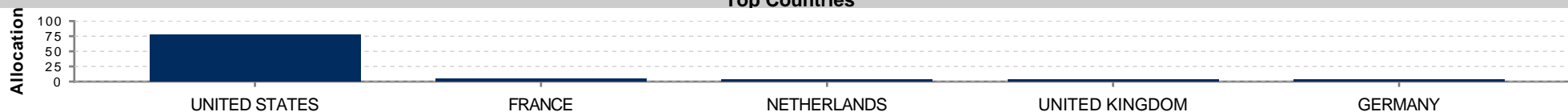
Asset Type (%)



Top Holdings

Security Name	Ending Market Value	% of Portfolio
JAGUAR HLDG CO II	9,034,368	0.89
HUDSON RIVER TRADING LLC	8,896,928	0.88
FINASTRA USA, INC.	8,390,970	0.83
VERISURE MIDHOLDING AB	8,323,142	0.82
VERTIV GROUP CORPORATION	7,891,610	0.78
EPICOR SOFTWARE CORPORATION	7,600,909	0.75
HORNBLLOWER SUB LLC	7,598,902	0.75

Top Countries



Universe data: U.S. Fixed Income Funds High Yield
Top Holdings exclude cash, cash equivalents, and derivatives

CREDIT - BANK LOANS

CRESCENT CAPITAL GROUP LP

for the quarter ended December 31, 2020



Manager vs. Benchmark: Return through December 31, 2020 (not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years	10 Years
CRESCENT CAPITAL	485.5	5.05	6.33	5.18	6.25	
Bank Loans Custom Index		3.64	3.08	4.49	6.51	
Credit Custom BM		4.17	6.32			

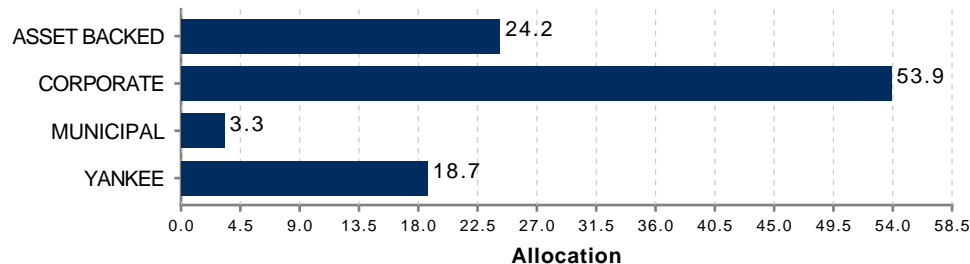
Market Statistics

	CRESCENT CAPITAL
No. of Issues	157.0
Duration - Modified	0.3
Convexity	-0.1
Coupon Rate	4.6
Yield to Maturity	5.7
Current Yield	4.7
Rating - Moody's	B-2
Rating - S & P	B-

Universe (Gross-of-Fees)

	1 Qtr	1 Year	3 Years	5 Years
US Fixed Income Funds - High Yield				
CRESCENT CAPITAL	5.19	6.89	5.74	6.84

Asset Type (%)



Top Holdings

Security Name	Ending Market Value	% of Portfolio
KAMC HOLDINGS INC	9,230,264	1.95
COREL CORPORATION	8,466,482	1.79
API TECHNOLOGIES CORP	8,072,937	1.70
WEDDINGWIRE	7,868,505	1.66
MHI HOLDINGS LLC	7,725,506	1.63
MAGNOLIA ENERGY L.P.	7,472,094	1.58
VUNGLE INC	7,342,562	1.55

Top Countries



Universe data: U.S. Fixed Income Funds High Yield
Top Holdings exclude cash, cash equivalents, and derivatives

CREDIT - BANK LOANS

TENNENBAUM CAPITAL PARTNERS INC.

for the quarter ended December 31, 2020



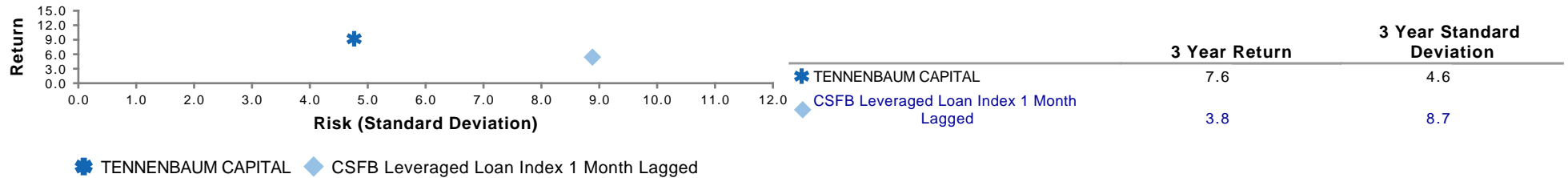
Manager vs. Benchmark: Return through December 31, 2020
(not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years	10 Years
TENNENBAUM CAPITAL	548.2	3.14	5.71	6.82	7.71	
CSFB Leveraged Loan Index 1 Month Lagged		3.01	3.10	3.77	4.78	
Credit Custom BM		4.17	6.32			

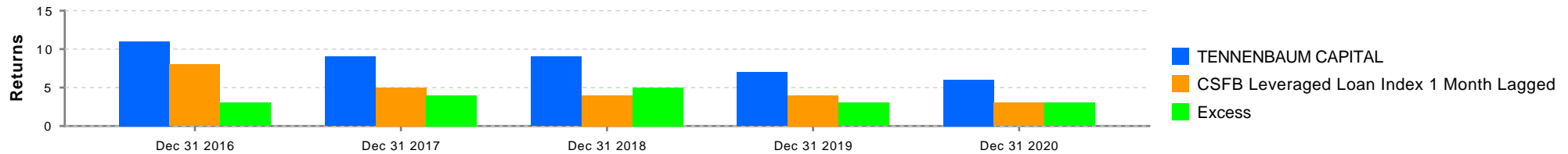
Universe (Gross-of-Fees)

	1 Qtr	1 Year	3 Years	5 Years
US Fixed Income Funds - High Yield				
TENNENBAUM CAPITAL	3.32	6.45	7.62	8.60

3 Year Risk vs Return



Calendar Year Returns as of December 31, 2020



CREDIT - EMERGING MARKET DEBT

ABERDEEN ASSET MANAGEMENT INC.

for the quarter ended December 31, 2020



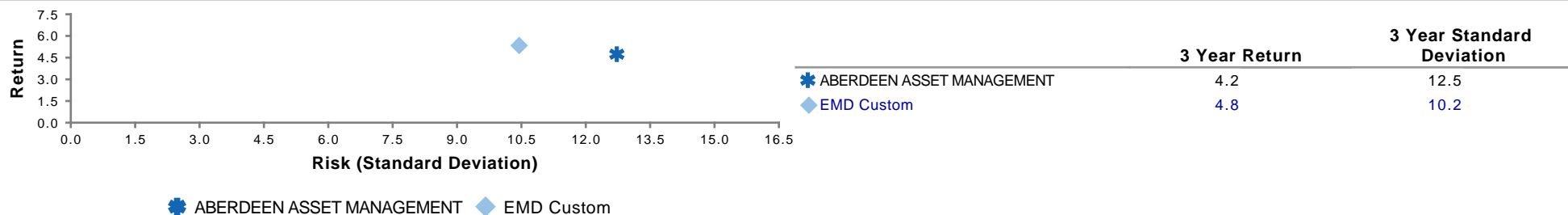
Manager vs. Benchmark: Return through December 31, 2020
(not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years	10 Years
ABERDEEN ASSET MANAGEMENT	459.4	8.01	4.86	3.83		
EMD Custom		6.40	5.13	4.84		
Credit Custom BM		4.17	6.32			

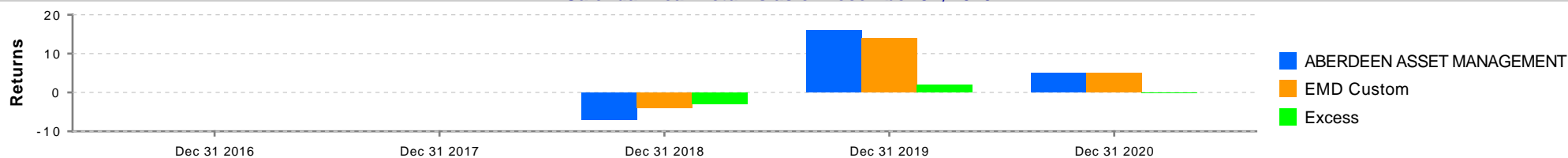
Universe (Gross-of-Fees)

	1 Qtr	1 Year	3 Years	5 Years
US Fixed Income Funds - High Yield				
ABERDEEN ASSET MANAGEMENT	8.12	5.28	4.23	

3 Year Risk vs Return



Calendar Year Returns as of December 31, 2020



CREDIT - EMERGING MARKET DEBT

ASHMORE INVESTMENT MANAGEMENT LIMITED

for the quarter ended December 31, 2020



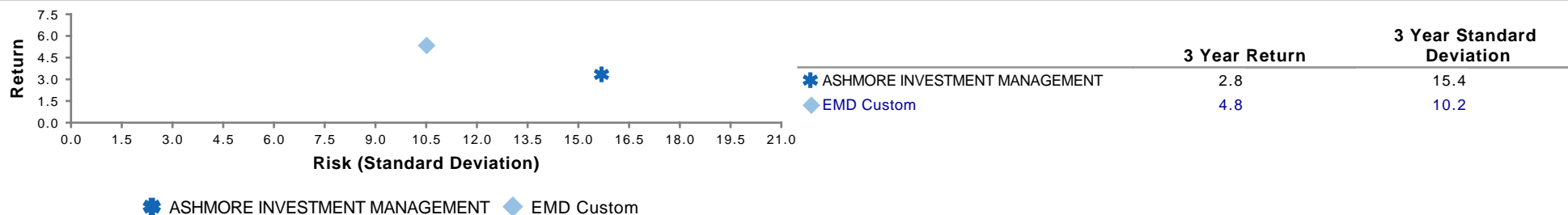
Manager vs. Benchmark: Return through December 31, 2020
(not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years	10 Years
ASHMORE INVESTMENT MANAGEMENT	437.5	10.50	1.93	2.13		
EMD Custom		6.40	5.13	4.84		
Credit Custom BM		4.17	6.32			

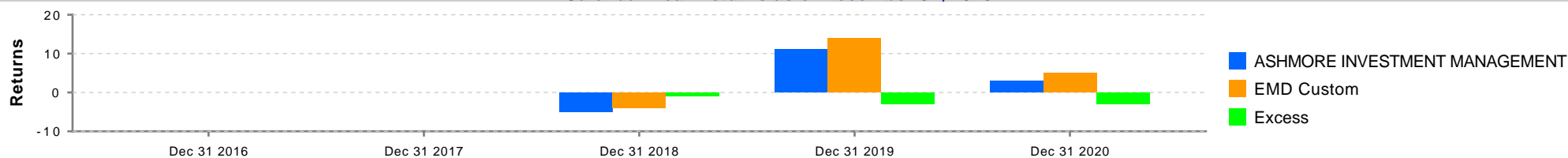
Universe (Gross-of-Fees)

	1 Qtr	1 Year	3 Years	5 Years
US Fixed Income Funds - High Yield				
ASHMORE INVESTMENT MANAGEMENT	10.68	2.61	2.78	

3 Year Risk vs Return



Calendar Year Returns as of December 31, 2020



REAL ASSETS & INFLATION HEDGES- NAT. RESOURCES & COM.

CREDIT SUISSE ASSET MANAGEMENT

for the quarter ended December 31, 2020



Manager vs. Benchmark: Return through December 31, 2020 (not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years
CREDIT SUISSE COMMODITY	414.6	9.90	-0.99	-2.15	1.71
Bloomberg Comm Index TR		10.19	-3.12	-2.53	1.03
Real Assets & Inflation Hedges Custom BM		5.42	1.94		

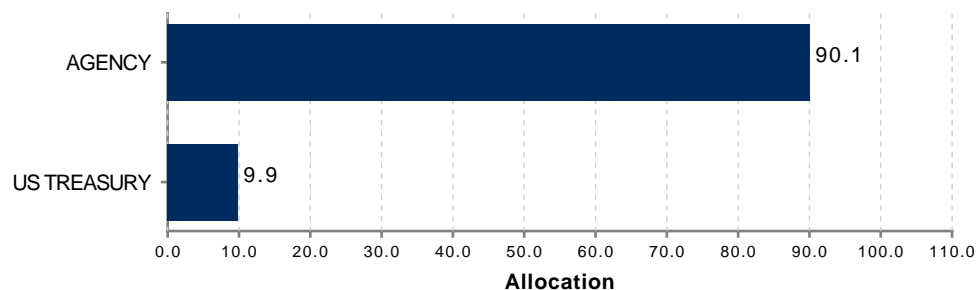
Market Statistics

	CREDIT SUISSE	BLOOMBERG COMMODITY INDEX
No. of Issues	31.0	-
Agriculture % of Total	32%	34%
Energy % of Total	24%	23%
Livestock % of Total	5%	5%
Metals % of Total	39%	38%

Universe (Gross-of-Fees)

	1 Qtr	1 Year	3 Years	5 Years
Commodity Funds				
CREDIT SUISSE COMMODITY	9.97 25	-0.74 73	-1.89 82	1.98
Median	2.35	3.12	6.96	

Asset Type (%)



Top Holdings

Security Name	Ending Market Value	% of Portfolio
GOLD 100 OZ FUTR APR21	61,737,000	14.89
US TREASURY FRN	50,910,563	12.28
FEDERAL FARM CREDIT BANK	40,900,775	9.87
COPPER FUTURE MAR21	32,990,625	7.96
MARGIN VARIATIONS	27,560,978	6.65
US TREASURY FRN	26,029,621	6.28
FANNIE MAE	25,953,561	6.26

Top Countries



Universe data: Commodities Funds
Asset Type, Top Holdings, and Top Countries sections predominately represent the collateral

REAL ASSETS & INFLATION HEDGES - NAT. RESOURCES & COM. DWS



for the quarter ended December 31, 2020

Manager vs. Benchmark: Return through December 31, 2020
(not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years
DWS Natural Resources	1,247.8	21.53	0.83	
S&P Glb LargeMidCap Commod & Resources		20.96	2.20	
Real Assets & Inflation Hedges Custom BM		5.42	1.94	

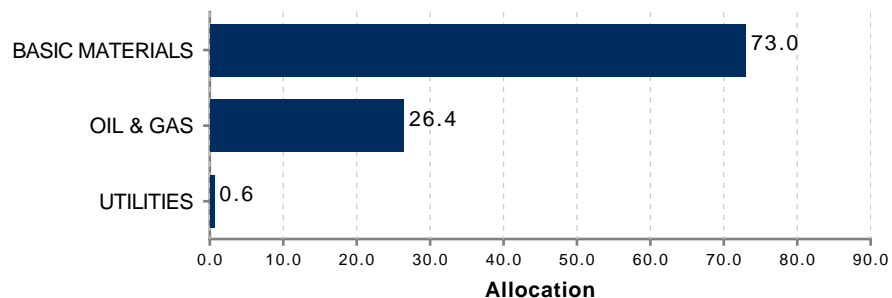
Market Statistics

	DWS NATURAL RESOURCES	S&P GLOBAL LARGEMIDCAP COMMODITY & RESOURCES INDEX
Market Cap Wtd Average	45,296.5	66,142.5
No. of Issues	67.0	-
Beta	1.0	1.0
Dividend Yield	3.0	3.6
Return on Equity	9.5	6.7
Price to Sales	2.7	4.5
Price to Book	2.7	2.3
PE Ratio	52.9	51.5

Universe (Gross-of-Fees)

	1 Qtr	1 Year	3 Years	5 Years
Commodity Funds				
DWS Natural Resources	21.59	1.04	60	
Median	2.35	3.12	6.96	

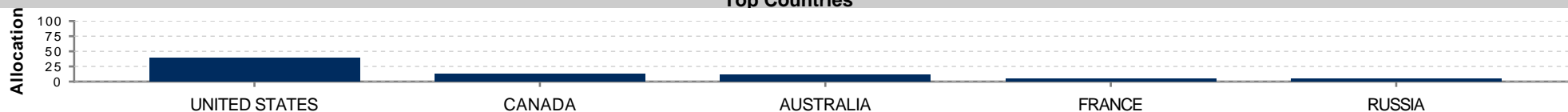
Sectors (%)



Top Holdings

Security Name	Ending Market Value	% of Portfolio
ARCHER DANIELS MIDLAND CO	97,741,915	7.83
NUTRIEN LTD	91,023,529	7.29
CORTEVA INC	90,349,248	7.24
BHP GROUP LTD	71,019,085	5.69
TOTAL SE	66,071,650	5.29
FREEMPORT MCMORAN INC	62,265,860	4.99
FMC CORP	58,921,421	4.72

Top Countries



Universe data: Commodities Funds
Top Holdings exclude cash, cash equivalents, and derivatives

REAL ASSETS & INFLATION HEDGES- NAT. RESOURCES & COM.

NEUBERGER BERMAN ALTERNATIVE FUND MANAGEMENT LLC/GRESHAM

for the quarter ended December 31, 2020



Manager vs. Benchmark: Return through December 31, 2020 (not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years
NEUBERGER BERMAN/GRESHAM	398.0	10.37	-5.47	-2.57	1.88
Bloomberg Comm Index TR		10.19	-3.12	-2.53	1.03
Real Assets & Inflation Hedges Custom BM		5.42	1.94		

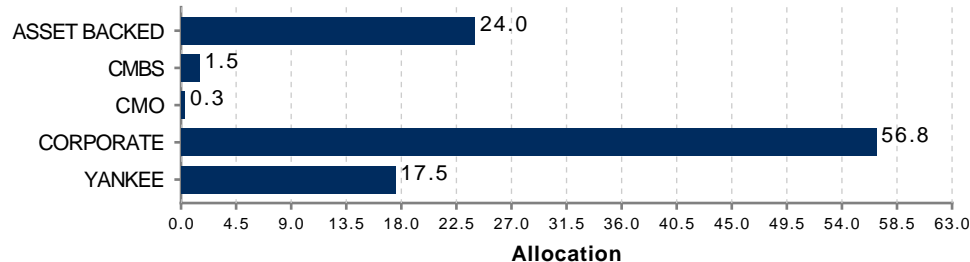
Market Statistics

	NEUBERGER/GRESHAM	BLOOMBERG COMMODITY INDEX
No. of Issues	70.0	-
Agriculture % of Total	31%	34%
Energy % of Total	25%	23%
Livestock % of Total	7%	5%
Metals % of Total	37%	38%

Universe (Gross-of-Fees)

	1 Qtr	1 Year	3 Years	5 Years
Commodity Funds				
NEUBERGER BERMAN/GRESHAM	10.46 24	-5.13 79	-2.21 82	2.26
Median	2.35	3.12	6.96	

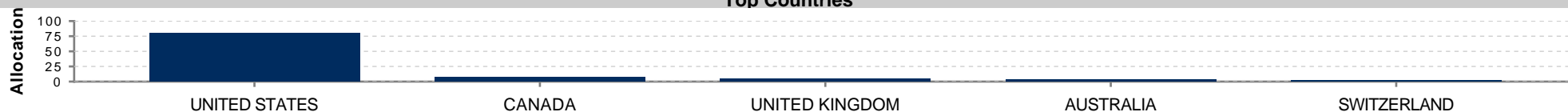
Asset Type (%)



Top Holdings

Security Name	Ending Market Value	% of Portfolio
GOLD 100 OZ FUTR FEB21	40,934,160	18.82
US DOLLAR	39,577,028	18.19
SOYBEAN FUTURE MAR21	25,892,250	11.90
NATURAL GAS FUTR MAR21	24,729,540	11.37
LIVE CATTLE FUTR FEB21	18,311,980	8.42
WTI CRUDE FUTURE MAR21	17,944,470	8.25
SSC GOVERNMENT MM GVMXX	15,674,911	7.21

Top Countries



Universe data: Commodities Funds
Asset Type, Top Holdings, and Top Countries sections predominately represent the collateral

REAL ASSETS & INFLATION HEDGES- NAT. RESOURCES & COM. PACIFIC INVESTMENT MANAGEMENT COMPANY



for the quarter ended December 31, 2020

Manager vs. Benchmark: Return through December 31, 2020 (not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years
PIMCO COMMODITY PLUS	407.2	11.11	-2.88	-2.11	2.69
Bloomberg Comm Index TR		10.19	-3.12	-2.53	1.03
Real Assets & Inflation Hedges Custom BM		5.42	1.94		

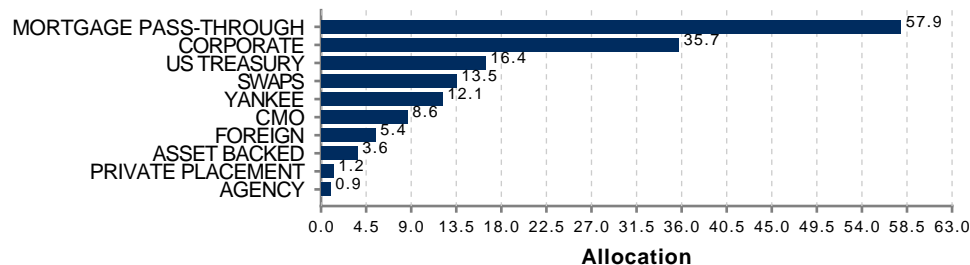
Market Statistics

	PIMCO	BLOOMBERG COMMODITY INDEX
No. of Issues	650.0	-
Agriculture % of Total	34%	34%
Energy % of Total	22%	23%
Livestock % of Total	4%	5%
Metals % of Total	40%	38%

Universe (Gross-of-Fees)

	1 Qtr	1 Year	3 Years	5 Years
Commodity Funds				
PIMCO COMMODITY PLUS	11.23 21	-2.53 76	-1.76 82	3.08
Median	2.35	3.12	6.96	

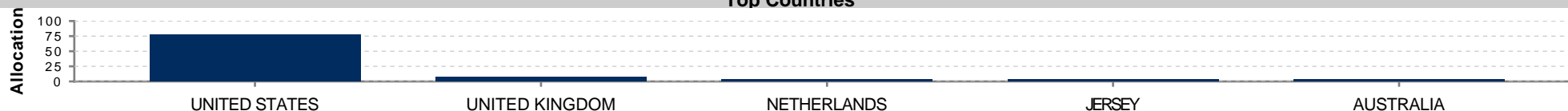
Asset Type (%)



Top Holdings

Security Name	Ending Market Value	% of Portfolio
SWU0NH096 TRS USD R E	39,953,803	9.81
SWU0NH203 TRS USD R E	39,508,353	9.70
SWU0NH260 TRS USD R E	39,458,934	9.69
SWU0NH245 TRS USD R E	33,749,016	8.29
CITIGROUPREPO	30,200,101	7.42
US 10YR NOTE (CBT)MAR21	27,891,781	6.85
SWU0NH435 TRS USD R E	27,322,152	6.71

Top Countries



Universe data: Commodities Funds
Asset Type, Top Holdings, and Top Countries sections predominately represent the collateral

REAL ASSETS & INFLATION HEDGES - INFRASTRUCTURE

DWS

for the quarter ended December 31, 2020



Manager vs. Benchmark: Return through December 31, 2020 (not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year
DWS INFRASTRUCTURE	1,828.0	7.78	-0.07
DJ BROOKFIELD GLOBAL INFRASTRUCTURE TR		7.50	-6.17
Real Assets & Inflation Hedges Custom BM		5.42	1.94

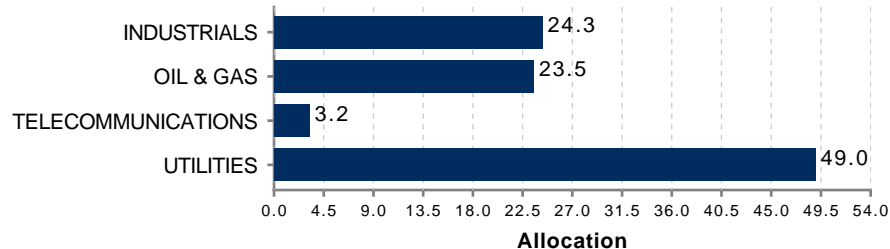
Market Statistics

	DWS INFRASTRUCTURE	DJ BROOKFIELD GLOBAL INFRASTRUCTURE
Market Cap Wtd Average	38,345.9	34,824.6
No. of Issues	54.0	-
Beta	1.0	1.0
Dividend Yield	3.0	3.7
Return on Equity	13.8	9.2
Price to Sales	6.0	5.8
Price to Book	5.5	5.2
PE Ratio	54.0	50.5

Universe (Gross-of-Fees)

	1 Qtr	1 Year	3 Years	5 Years
Infrastructure				
DWS INFRASTRUCTURE	7.84	0.13		

Sectors (%)



Top Holdings

Security Name	Ending Market Value	% of Portfolio
AMERICAN TOWER CORP	132,562,763	7.25
CROWN CASTLE INTL CORP	89,907,487	4.92
SEMPRA ENERGY	85,141,693	4.66
CHENIERE ENERGY INC	83,553,596	4.57
WILLIAMS COS INC	81,111,633	4.44
TC ENERGY CORP	65,812,711	3.60

Top Countries



REAL ASSETS & INFLATION HEDGES - TIPS BLACKROCK

for the quarter ended December 31, 2020



Manager vs. Benchmark: Return through December 31, 2020 (not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years
BLACKROCK TIPS	1,341.4	1.56	10.93	
BBG BARC US Tsy TIPS Idx		1.62	10.99	
Real Assets & Inflation Hedges Custom BM		5.42	1.94	

Market Statistics

	BLACKROCK TIPS	BBG BC TIPS
No. of Issues	44.0	-
Duration - Modified	7.6	7.6
Convexity	1.1	1.1
Coupon Rate	0.6	0.7
Yield to Maturity	0.6	0.6
WAL (yrs)	8.0	8.1
Rating - Moody's	Aaa	Aaa
Rating - S & P	AA+	AA+

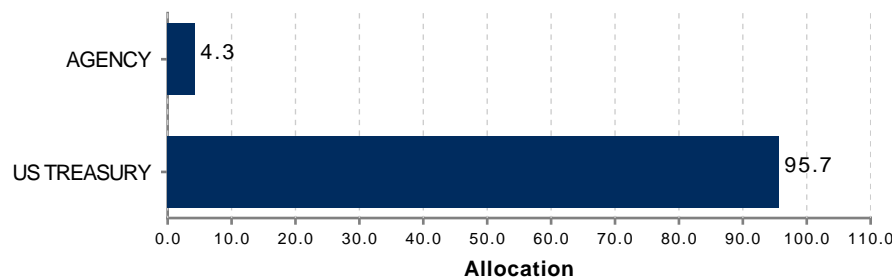
Universe (Gross-of-Fees)

1 Qtr 1 Year 3 Years 5 Years

Inflation Linked Bond Funds

BLACKROCK TIPS	1.56	10.94
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Sectors (%)



Top Holdings

Security Name	Ending Market Value	% of Portfolio
TSY INFL IX N/B	67,859,842	5.06
TSY INFL IX N/B	60,974,884	4.55
TSY INFL IX N/B	60,404,142	4.50
TSY INFL IX N/B	58,573,961	4.37
TSY INFL IX N/B	58,336,770	4.35
TSY INFL IX N/B	56,750,124	4.23
TSY INFL IX N/B	50,646,653	3.78

Top Countries



Universe data: Inflation Linked Funds
Top Holdings exclude cash, cash equivalents, and derivatives

RISK REDUCTION & MITIGATION - INVESTMENT GRADE BONDS

DODGE & COX

for the quarter ended December 31, 2020



Manager vs. Benchmark: Return through December 31, 2020 (not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years
DODGE & COX	791.0	2.68	9.81	6.52	5.97
BBG BC Aggregate Bond Index		0.67	7.51	5.34	4.44
Risk Reduction & Mitigation Custom BM		0.64	6.50		

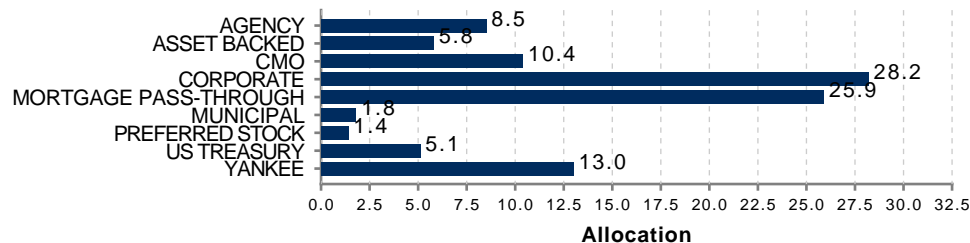
Market Statistics

	DODGE & COX	BBG BC Aggregate Bond Index
No. of Issues	230.0	-
Duration - Modified	5.4	6.5
Convexity	-0.0	0.9
Coupon Rate	3.6	2.9
Yield to Maturity	2.5	1.4
Current Yield	3.1	2.6
Rating - Moody's	AA-3	AA-2
Rating - S & P	A+	AA-

Universe (Gross-of-Fees)

	1 Qtr	1 Year	3 Years	5 Years
US Fixed Income Funds - Core Plus				
DODGE & COX	2.71 15	9.92 18	6.63 11	6.07 25
Median	0.63	8.24	5.58	4.51

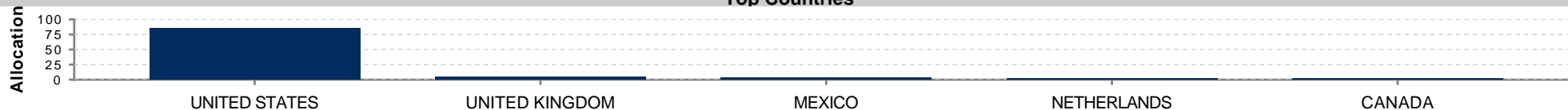
Asset Type (%)



Top Holdings

Security Name	Ending Market Value	% of Portfolio
US TREASURY N/B	65,938,112	8.34
NAVIENT STUDENT LOAN TRUST	34,784,019	4.40
FED HM LN PC POOL RA3019	31,169,451	3.94
US TREASURY N/B	30,369,711	3.84
GOVERNMENT NATIONAL MORTGAGE A	27,638,799	3.49
GOVERNMENT NATIONAL MORTGAGE A	16,832,397	2.13

Top Countries



Universe data: U.S. Fixed Income Funds Core Plus
Top Holdings exclude cash, cash equivalents, and derivatives

RISK REDUCTION & MITIGATION - INVESTMENT GRADE BONDS

PACIFIC INVESTMENT MANAGEMENT COMPANY

for the quarter ended December 31, 2020



Manager vs. Benchmark: Return through December 31, 2020 (not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years
PIMCO	650.9	1.49	9.04	6.07	5.62
BBG BC Aggregate Bond Index		0.67	7.51	5.34	4.44
Risk Reduction & Mitigation Custom BM		0.64	6.50		

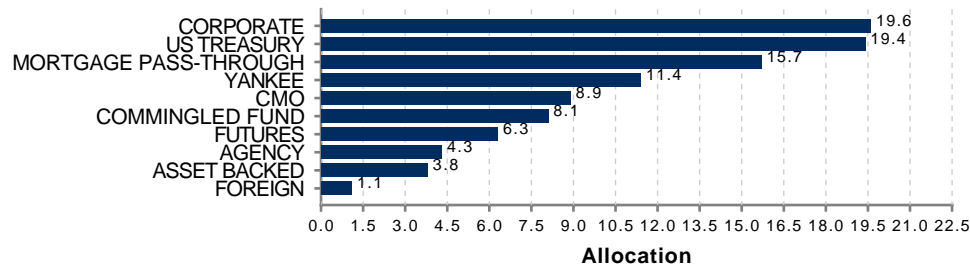
Market Statistics

	PIMCO	BBG BC Aggregate Bond Index
No. of Issues	632.0	-
Duration - Modified	6.3	6.5
Convexity	0.5	0.9
Coupon Rate	2.7	2.9
Yield to Maturity	1.8	1.4
Current Yield	2.5	2.6
Rating - Moody's	A-1	AA-2
Rating - S & P	A+	AA-

Universe (Gross-of-Fees)

	1 Qtr	1 Year	3 Years	5 Years
US Fixed Income Funds - Core Plus				
PIMCO	1.55 24	9.28 26	6.30 23	5.84 27
Median	0.63	8.24	5.58	4.51

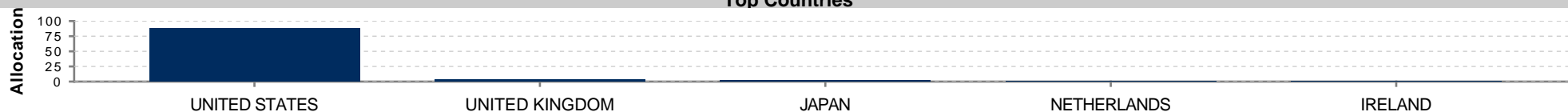
Asset Type (%)



Top Holdings

Security Name	Ending Market Value	% of Portfolio
PIMCO FDS PAC INVT MGMT SER	43,047,773	6.61
US TREASURY N/B	27,324,287	4.20
US TREASURY N/B	24,192,403	3.72
PIMCO FDS PAC INVT MGMT SER	20,576,912	3.16
US TREASURY N/B	19,127,235	2.94
US TREASURY N/B	14,025,612	2.15
FREDDIE MAC	9,513,469	1.46

Top Countries



Universe data: U.S. Fixed Income Funds Core Plus
Top Holdings exclude cash, cash equivalents, and derivatives

RISK REDUCTION & MITIGATION - INVESTMENT GRADE BONDS

PUGH MANAGEMENT

for the quarter ended December 31, 2020



Manager vs. Benchmark: Return through December 31, 2020 (not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years
PUGH CAPITAL MGMT	798.5	0.97	8.35	5.55	4.60
BBG BC Aggregate Bond Index		0.67	7.51	5.34	4.44
Risk Reduction & Mitigation Custom BM		0.64	6.50		

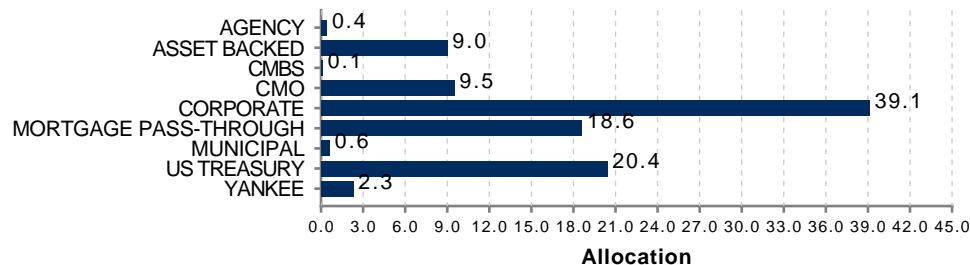
Market Statistics

	PUGH CAPITAL MGMT	BBG BC Aggregate Bond Index
No. of Issues	252.0	-
Duration - Modified	6.2	6.5
Convexity	0.4	0.9
Coupon Rate	2.9	2.9
Yield to Maturity	1.5	1.4
Current Yield	2.6	2.6
Rating - Moody's	AA-3	AA-2
Rating - S & P	A+	AA-

Universe (Gross-of-Fees)

	1 Qtr	1 Year	3 Years	5 Years
US Fixed Income Funds - Core				
PUGH CAPITAL MGMT	1.00 61	8.52 63	5.72 69	4.79 72
Median	1.14	8.70	6.00	5.14

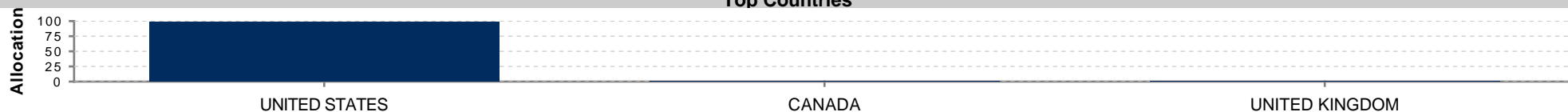
Asset Type (%)



Top Holdings

Security Name	Ending Market Value	% of Portfolio
US TREASURY N/B	31,838,098	4.01
US TREASURY N/B	30,496,539	3.84
US TREASURY N/B	18,411,982	2.32
US TREASURY N/B	17,567,306	2.21
FED HM LN PC POOL SD8084	15,992,747	2.02
US TREASURY N/B	15,025,296	1.89
US TREASURY N/B	14,606,003	1.84

Top Countries



Universe data: U.S. Fixed Income Funds Core
Top Holdings exclude cash, cash equivalents, and derivatives

RISK REDUCTION & MITIGATION - INVESTMENT GRADE BONDS

WELLS CAPITAL MANAGEMENT

for the quarter ended December 31, 2020



Manager vs. Benchmark: Return through December 31, 2020 (not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years
WELLS CAPITAL	2,033.7	1.08	9.20	5.94	4.96
BBG BC Aggregate Bond Index		0.67	7.51	5.34	4.44
Risk Reduction & Mitigation Custom BM		0.64	6.50		

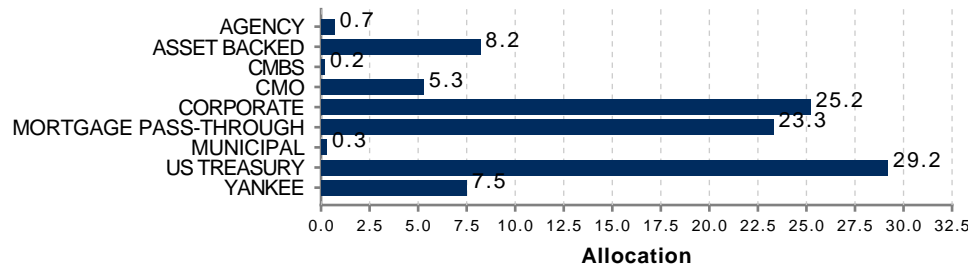
Market Statistics

	WELLS CAPITAL	BBG BC Aggregate Bond Index
No. of Issues	921.0	-
Duration - Modified	5.9	6.5
Convexity	0.4	0.9
Coupon Rate	2.3	2.9
Yield to Maturity	1.5	1.4
Current Yield	2.1	2.6
Rating - Moody's	AA-2	AA-2
Rating - S & P	AA-	AA-

Universe (Gross-of-Fees)

	1 Qtr	1 Year	3 Years	5 Years
US Fixed Income Funds - Core				
WELLS CAPITAL	1.10 55	9.30 32	6.05 48	5.07 58
Median	1.14	8.70	6.00	5.14

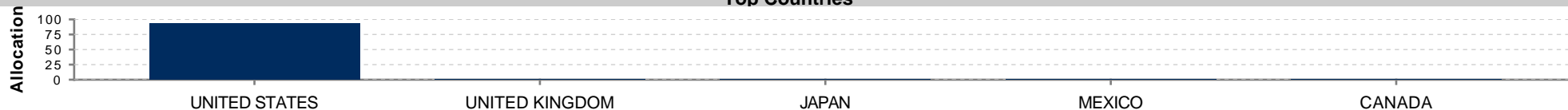
Asset Type (%)



Top Holdings

Security Name	Ending Market Value	% of Portfolio
FNMA TBA 30 YR 2	96,184,700	5.76
US TREASURY N/B	58,651,075	3.51
US TREASURY N/B	46,258,891	2.77
US TREASURY N/B	45,218,767	2.71
WI TREASURY SEC.	40,483,101	2.42
GNMA II TBA 30 YR 2	38,351,755	2.30
US TREASURY N/B	36,446,481	2.18

Top Countries



RISK REDUCTION & MITIGATION - INVESTMENT GRADE BONDS

WESTERN ASSET MANAGEMENT

for the quarter ended December 31, 2020



Manager vs. Benchmark: Return through December 31, 2020 (not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years
WESTERN ASSET MGMT.	729.6	2.60	8.86	6.17	5.84
BBG BC Aggregate Bond Index		0.67	7.51	5.34	4.44
Risk Reduction & Mitigation Custom BM		0.64	6.50		

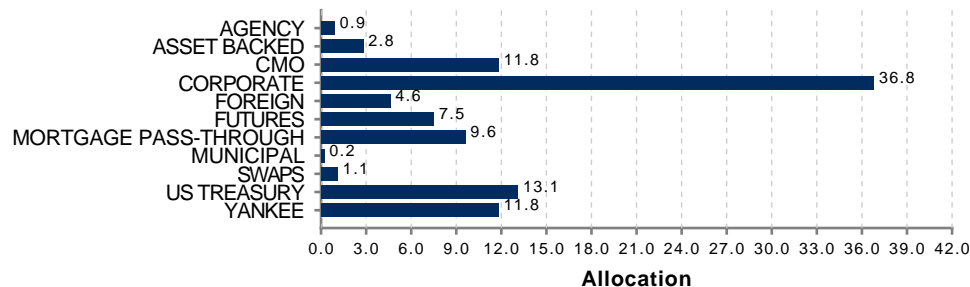
Market Statistics

	WESTERN ASSET MGMT.	BBG BC Aggregate Bond Index
No. of Issues	874.0	-
Duration - Modified	8.0	6.5
Convexity	1.2	0.9
Coupon Rate	3.5	2.9
Yield to Maturity	2.7	1.4
Current Yield	3.2	2.6
Rating - Moody's	A-2	AA-2
Rating - S & P	A	AA-

Universe (Gross-of-Fees)

	1 Qtr	1 Year	3 Years	5 Years
US Fixed Income Funds - Core Plus				
WESTERN ASSET MGMT.	2.64 15	9.01 29	6.32 23	5.98 26
Median	0.63	8.24	5.58	4.51

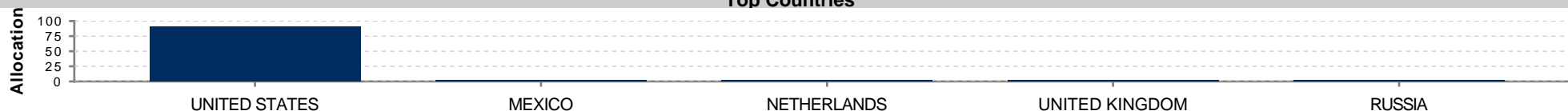
Asset Type (%)



Top Holdings

Security Name	Ending Market Value	% of Portfolio
W25000000	74,883,436	10.26
W90000014 WA OPP LOC MKT DEBT	23,835,383	3.27
US TREASURY	23,829,009	3.27
TREASURY BILL	16,186,080	2.22
TREASURY BILL	15,346,556	2.10
TREASURY BILL	14,584,739	2.00
CASH MGMT BILL	13,785,644	1.89

Top Countries



Universe data: U.S. Fixed Income Funds Core Plus
Top Holdings exclude cash, cash equivalents, and derivatives

RISK REDUCTION & MITIGATION - DIVERSIFIED HEDGE FUNDS

CAPULA GRV



for the quarter ended December 31, 2020

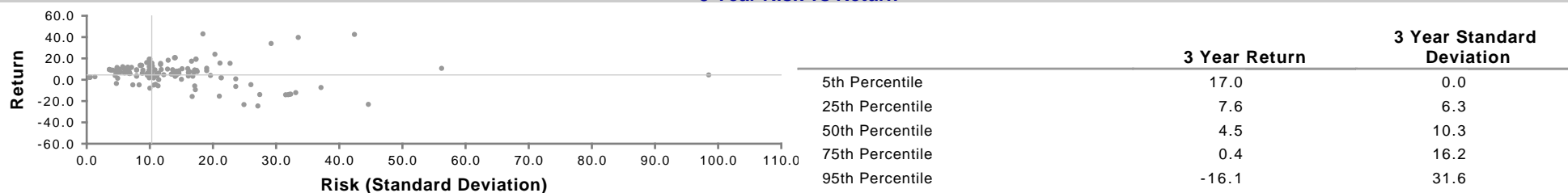
Manager vs. Benchmark: Return through December 31, 2020
(not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years	10 Years
CAPULA GRV	396.8	0.43	6.66			
CUSTOM HEDGE FUND BM		0.65	3.23			
Risk Reduction & Mitigation Custom BM		0.64	6.50			

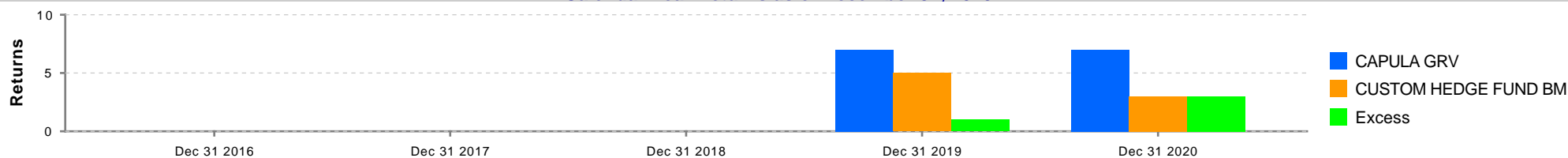
Universe (Gross-of-Fees)

	1 Qtr	1 Year	3 Years	5 Years
Hedge Funds				
CAPULA GRV	0.43 73	6.66 41		
Median	4.33	4.36	4.55	5.62

3 Year Risk vs Return



Calendar Year Returns as of December 31, 2020



Universe data: Hedge Funds
Hedge fund returns are reported on a net of all fees basis with a one-month lag

RISK REDUCTION & MITIGATION - DIVERSIFIED HEDGE FUNDS

DK INSTITUTIONAL PARTNERS

for the quarter ended December 31, 2020



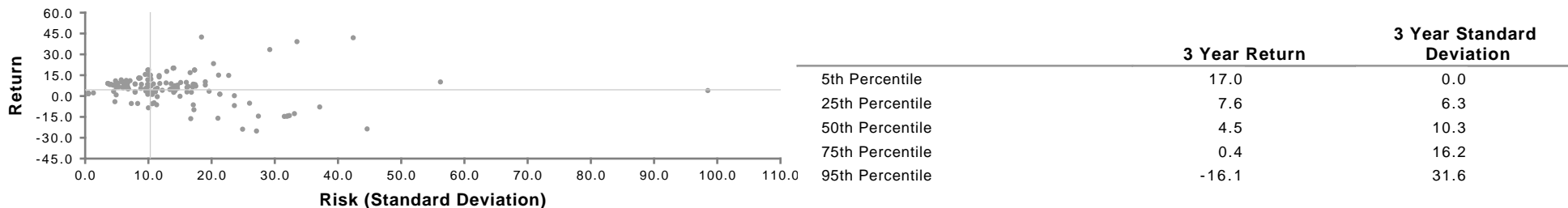
Manager vs. Benchmark: Return through December 31, 2020
(not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years	10 Years
DK INSTITUTIONAL PARTNERS	222.8	3.99	8.44			
CUSTOM HEDGE FUND BM		0.65	3.23			
Risk Reduction & Mitigation Custom BM		0.64	6.50			

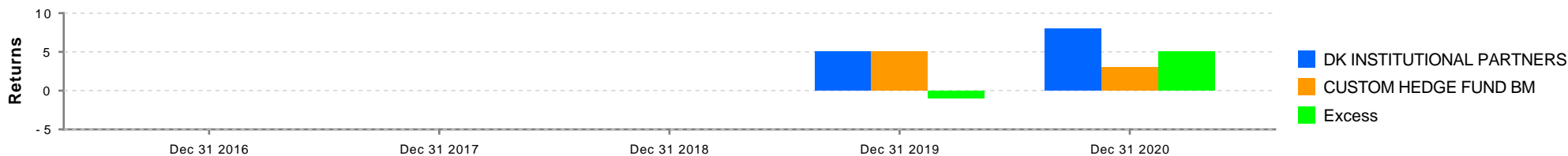
Universe (Gross-of-Fees)

	1 Qtr	1 Year	3 Years	5 Years
Hedge Funds				
DK INSTITUTIONAL PARTNERS	3.99 54	8.44 36		
Median	4.33	4.36	4.55	5.62

3 Year Risk vs Return



Calendar Year Returns as of December 31, 2020



Universe data: Hedge Funds
Hedge fund returns are reported on a net of all fees basis with a one-month lag

RISK REDUCTION & MITIGATION - DIVERSIFIED HEDGE FUNDS

GROSVENOR HFOF

for the quarter ended December 31, 2020



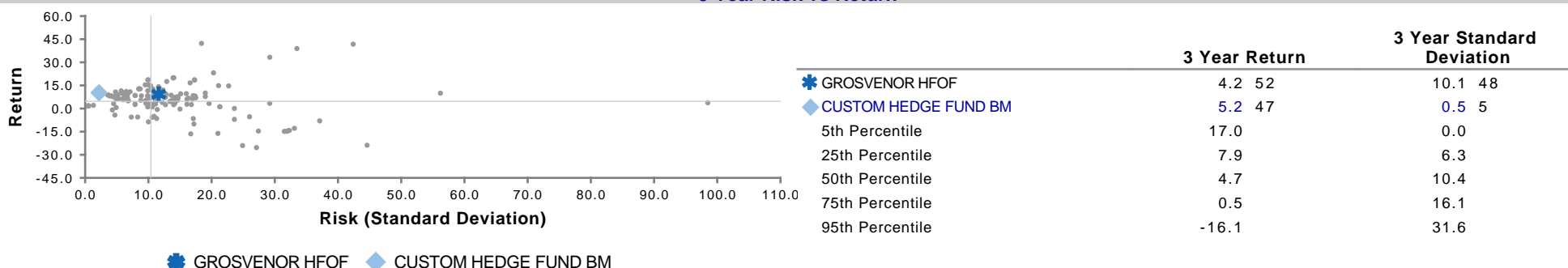
Manager vs. Benchmark: Return through December 31, 2020
(not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years	10 Years
GROSVENOR HFOF	96.3	6.59	8.11	4.16	3.41	
CUSTOM HEDGE FUND BM		0.65	3.23	5.18	5.32	
Risk Reduction & Mitigation Custom BM		0.64	6.50			

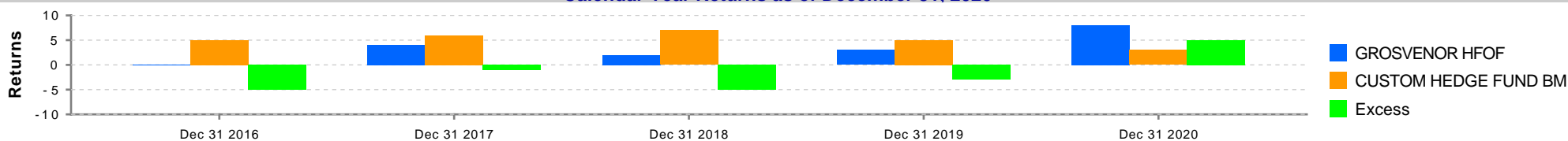
Universe (Gross-of-Fees)

	1 Qtr	1 Year	3 Years	5 Years
Hedge Funds				
GROSVENOR HFOF	6.59 39	8.11 37	4.16 52	3.41 68
Median	4.53	4.36	4.72	5.67

3 Year Risk vs Return



Calendar Year Returns as of December 31, 2020



Universe data: Hedge Funds
Hedge fund returns are reported on a net of all fees basis with a one-month lag

RISK REDUCTION & MITIGATION - DIVERSIFIED HEDGE FUNDS

GSAM HFOF

for the quarter ended December 31, 2020



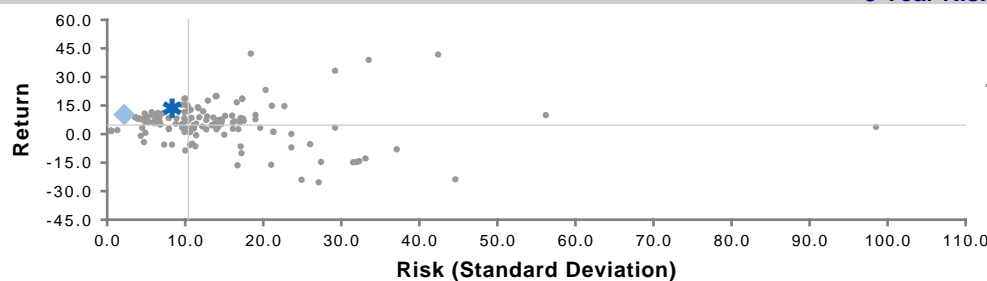
Manager vs. Benchmark: Return through December 31, 2020
(not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years	10 Years
GSAM HFOF	12.9	12.83	19.13	8.25	5.93	
CUSTOM HEDGE FUND BM		0.65	3.23	5.18	5.32	
Risk Reduction & Mitigation Custom BM		0.64	6.50			

Universe (Gross-of-Fees)

	1 Qtr	1 Year	3 Years	5 Years
Hedge Funds				
GSAM HFOF	12.83 12	19.01 16	8.49 22	6.23 44
Median	4.53	4.36	4.72	5.67

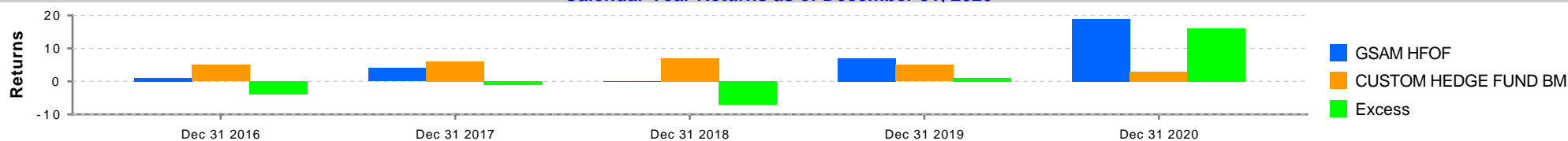
3 Year Risk vs Return



	3 Year Return	3 Year Standard Deviation
GSAM HFOF	8.5 22	6.8 27
CUSTOM HEDGE FUND BM	5.2 47	0.5 5
5th Percentile	17.0	0.0
25th Percentile	7.9	6.3
50th Percentile	4.7	10.4
75th Percentile	0.5	16.1
95th Percentile	-16.1	31.6

GSAM HFOF CUSTOM HEDGE FUND BM

Calendar Year Returns as of December 31, 2020



Universe data: Hedge Funds
Hedge fund returns are reported on a net of all fees basis with a one-month lag

RISK REDUCTION & MITIGATION - DIVERSIFIED HEDGE FUNDS

HBK MULTI-STRATEGY

for the quarter ended December 31, 2020



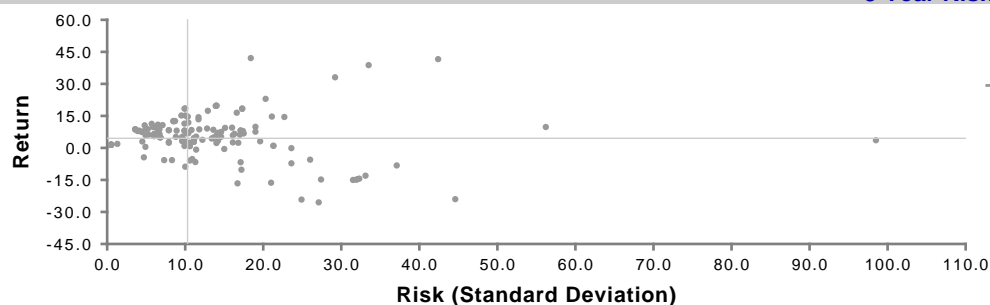
Manager vs. Benchmark: Return through December 31, 2020
(not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years	10 Years
HBK MULTI-STRATEGY	274.5	3.23	7.11			
CUSTOM HEDGE FUND BM		0.65	3.23			
Risk Reduction & Mitigation Custom BM		0.64	6.50			

Universe (Gross-of-Fees)

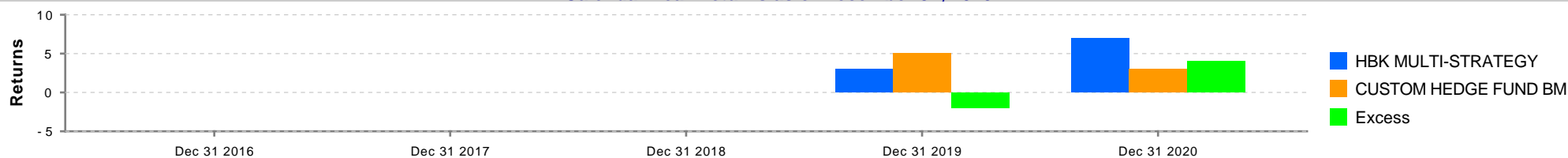
Hedge Funds	1 Qtr	1 Year	3 Years	5 Years
HBK MULTI-STRATEGY	3.23 60	7.11 39		
Median	4.33	4.36	4.55	5.62

3 Year Risk vs Return



	3 Year Return	3 Year Standard Deviation
5th Percentile	17.0	0.0
25th Percentile	7.6	6.3
50th Percentile	4.5	10.3
75th Percentile	0.4	16.2
95th Percentile	-16.1	31.6

Calendar Year Returns as of December 31, 2020



Universe data: Hedge Funds
Hedge fund returns are reported on a net of all fees basis with a one-month lag

RISK REDUCTION & MITIGATION - DIVERSIFIED HEDGE FUNDS HUDSON BAY



for the quarter ended December 31, 2020

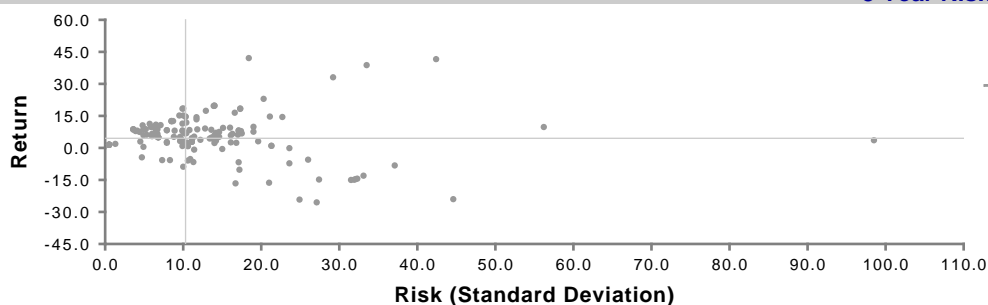
Manager vs. Benchmark: Return through December 31, 2020
(not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years	10 Years
HUDSON BAY FUND	319.0	3.12				
CUSTOM HEDGE FUND BM		0.65				
Risk Reduction & Mitigation Custom BM		0.64	6.50			

Universe (Gross-of-Fees)

Hedge Funds	1 Qtr	1 Year	3 Years	5 Years
HUDSON BAY FUND	3.12	6.2		
Median	4.33	4.36	4.55	5.62

3 Year Risk vs Return



	3 Year Return	3 Year Standard Deviation
5th Percentile	17.0	0.0
25th Percentile	7.6	6.3
50th Percentile	4.5	10.3
75th Percentile	0.4	16.2
95th Percentile	-16.1	31.6

Calendar Year Returns as of December 31, 2020



Universe data: Hedge Funds
Hedge fund returns are reported on a net of all fees basis with a one-month lag

RISK REDUCTION & MITIGATION - DIVERSIFIED HEDGE FUNDS

POLAR



for the quarter ended December 31, 2020

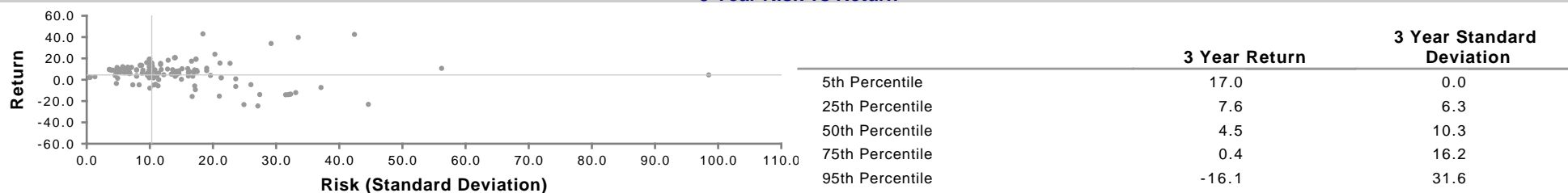
Manager vs. Benchmark: Return through December 31, 2020
(not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years	10 Years
POLAR	355.8	4.99				
CUSTOM HEDGE FUND BM		0.65				
Risk Reduction & Mitigation Custom BM		0.64	6.50			

Universe (Gross-of-Fees)

Hedge Funds	1 Qtr	1 Year	3 Years	5 Years
POLAR	4.99	4.36	4.55	5.62
Median	4.33			

3 Year Risk vs Return



Calendar Year Returns as of December 31, 2020



Universe data: Hedge Funds
Hedge fund returns are reported on a net of all fees basis with a one-month lag

RISK REDUCTION & MITIGATION - CASH

SSGA CASH

for the quarter ended December 31, 2020



Manager vs. Benchmark: Return through December 31, 2020
(not annualized if less than 1 year)

	Ending Mkt Val (\$mil)	1 Quarter	1 Year	3 Years	5 Years
SSGA CASH	413.5	0.01			
Cash Custom BM		0.02			
Risk Reduction & Mitigation Custom BM		0.64	6.50		

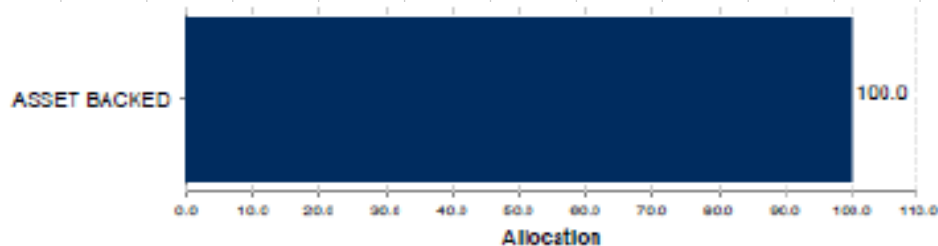
Market Statistics

	SSGA CASH
No. of Issues	43.0
Yield %	0.03
Weighted Average Maturity (days)	59.0
Weighted Average Life (days)	59.0

Universe (Gross-of-Fees)

	1 Qtr	1 Year	3 Years	5 Years
Cash Funds				
SSGA CASH	0.02	42		
Median	0.02	0.53	1.72	1.42

Asset Type (%)



Top Holdings

Security Name	Ending Market Value	% of Portfolio
TREASURY BILL	31,997,639	7.74
BONY MELLON CAP MKT LLC D	25,000,049	6.05
TREASURY BILL	24,996,507	6.05
TREASURY BILL	23,998,433	5.80
TREASURY BILL	20,999,104	5.08
TREASURY BILL	19,998,058	4.84
TREASURY BILL	19,599,155	4.74

Top Countries



EMERGING MANAGER PROGRAM

ANNUALIZED TOTAL RETURNS

for the quarter ended December 31, 2020



	<i>Net-of-fees</i>				
	Market Value (\$Mil)	<u>Qtr</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>
GROWTH					
GLOBAL EQUITY*					
CORNERCAP	64.5	26.6	3.9		
GLOBAL ALPHA	144.4	17.3	7.1		
Global Equity Custom BM		15.7	16.3		
PRIVATE EQUITY**					
<i>Private Equity performance is calculated using IRR</i>					
J.P. MORGAN EMERGING MANAGERS PROGRAM	123.3	15.0	30.8	20.5	19.9
J.P. MORGAN EMERGING MANAGERS PROGRAM II	126.4	15.0	20.1	20.1	39.4
J.P.MORGAN EMERGING MANAGERS PROGRAM III	91.6	3.0	25.8	21.2	
J.P. MORGAN EMERGING MANAGERS PROGRAM IV	45.5	7.1	-1.1		
Total Private Equity Benchmark		8.4	11.6	16.4	14.9
OPPORTUNISTIC REAL ESTATE**					
CITYVIEW BAY AREA FUND II	88.7	2.6	-0.5	4.8	7.6
CITYVIEW SOUTHERN CALIFORNIA FUND II	2.9	5.3	-5.9	7.4	13.6
CITYVIEW WESTERN FUND I, L.P.	129.1	2.4	4.8	10.3	
CVBAF II UNION CITY CO-INVEST	25.4	11.6	3.4	-0.1	
Opportunistic Real Estate Custom BM		1.0	3.5	7.4	8.8
REAL ASSETS & INFLATION HEDGES					
CORE & VALUE-ADDED REAL ESTATE**					
CITYVIEW CORE I.M.A.	172.7	-1.5	-11.1	3.1	2.9
Core & Value-Added Real Estate Custom BM		0.4	1.0	4.8	6.2

* Global Equity managers have their own specific style benchmarks

** Private Equity and Real Estate values are as of 9/30/2020

ESTIMATED PUBLIC MARKETS MANAGER FEES¹

for the quarter ended December 31, 2020



GROWTH

Global Equity	Average Market Value (Millions)	Fees	Annualized Effective Rate (bps)
Active			
Acadian Asset Mgmt.	\$522.3	\$494,545	37.9
BTC Europe Alpha Tilts	\$580.5	\$510,676	35.2
Capital Guardian	\$379.1	\$337,651	35.6
Cevian Capital	\$311.5	\$806,847	103.6
CornerCap	\$59.3	\$79,699	53.8
Frontier Capital Mgmt.	\$267.2	\$500,947	75.0
Genesis Investment Mgmt.	\$614.9	\$1,100,820	71.6
Global Alpha	\$150.3	\$271,785	72.3
JANA Partners ²	\$120.0	\$300,000	100.0
Lazard Asset Mgmt.	\$435.3	\$690,515	63.4
QMA	\$191.4	\$258,669	54.0
Symphony Financial	\$196.1	\$367,701	75.0
Systematic	\$159.2	\$218,872	55.0
Subtotal:	\$4,064.9	\$6,047,959	59.5
Factor-Based			
JPMAM Strategic Beta Non-US	\$978.3	\$82,626	3.4
JPMAM Strategic Beta US	\$4,306.7	\$363,745	3.4
Subtotal:	\$5,285.0	\$446,372	3.4
Passive			
SSGA MSCI ACWI IMI	\$14,038.5	\$210,567	0.6
Subtotal:	\$14,038.5	\$210,567	0.6
Currency Hedge			
50% Developed Mkt. Currency Hedge	\$6,669.6	\$251,477	1.5
Subtotal:	\$6,669.6	\$251,477	1.5

¹ Estimations may not match net-of-fee returns on "Annualized Total Returns" pages; reflects investment management fee only.

² Based on committed capital of \$120 million.

ESTIMATED PUBLIC MARKETS MANAGER FEES¹

for the quarter ended December 31, 2020



CREDIT

Credit	Average Market Value (Millions)	Fees	Annualized Effective Rate (bps)
High Yield²			
Beach Point Capital	\$296.5	\$333,522	45.0
Brigade Capital Mgmt.	\$615.0	\$631,863	41.1
Subtotal:	\$911.5	\$965,385	42.4
Bank Loans			
Bain Capital	\$393.0	\$638,582	65.0
Crescent Capital Group	\$475.9	\$557,164	46.8
Tennenbaum Capital Partners	\$538.1	\$1,191,586	88.6
Credit Suisse Bank Loan	\$1,089.9	\$540,457	19.8
Subtotal:	\$2,496.9	\$2,927,790	46.9
Emerging Market Debt			
Aberdeen Standard Investments	\$432.8	\$418,662	38.7
Ashmore Investment Mgmt.	\$417.9	\$457,334	43.8
Subtotal:	\$850.7	\$875,996	41.2
Illiquid Credit			
Beach Point Capital - Fund II	\$17.5	\$117,810	269.6
Beach Point Capital - Fund III	\$205.7	\$541,119	105.2
Subtotal:³	\$825.2	\$658,930	31.9

¹ Estimations may not match net-of-fee returns on "Annualized Total Returns" pages; reflects investment management fee only.

² BlackRock High Yield ETF fees are deducted directly from the fund by the manager.

³ Magnetar and Napier Park market values are included in the subtotal, but the fees are deducted directly from the fund by the manager.

ESTIMATED PUBLIC MARKETS MANAGER FEES¹

for the quarter ended December 31, 2020



REAL ASSETS & INFLATION HEDGES

Real Assets & Inflation Hedges	Average Market Value (Millions)	Fees	Annualized Effective Rate (bps)
Natural Resources & Commodities			
Credit Suisse	\$397.4	\$260,919	26.3
DWS Natural Resources	\$1,138.2	\$531,671	18.7
Neuberger Berman/Gresham	\$375.1	\$352,848	37.6
PIMCO	\$387.9	\$351,659	36.3
Subtotal:	\$2,298.6	\$1,497,097	26.1
Infrastructure			
DWS Infrastructure	\$1,785.1	\$833,804	18.7
Subtotal:	\$1,785.1	\$833,804	18.7
Treasury Inflation-Protected Securities			
BlackRock TIPS	\$1,227.1	\$30,845	1.0
Subtotal:	\$1,227.1	\$30,845	1.0

¹ Estimations may not match net-of-fee returns on "Annualized Total Returns" pages; reflects investment management fee only.

ESTIMATED PUBLIC MARKETS MANAGER FEES¹

for the quarter ended December 31, 2020



RISK REDUCTION & MITIGATION

Risk Reduction & Mitigation	Average Market Value (Millions)	Fees	Annualized Effective Rate (bps)
Investment Grade Bonds			
Dodge & Cox	\$1,092.4	\$277,846	10.2
PIMCO	\$645.8	\$353,452	21.9
Pugh Capital Mgmt.	\$661.8	\$209,199	12.6
Wells Capital Mgmt.	\$2,022.9	\$430,361	8.5
Western Asset Mgmt.	\$720.7	\$280,172	15.6
Subtotal:²	\$11,536.5	\$1,687,623	5.9
Cash			
SSGA Cash	\$713.8	\$71,380	4.0
Parametric Cash Overlay ³	\$2,997.6	\$211,132	2.8
Subtotal:	\$3,711.4	\$282,512	3.0

¹ Estimations may not match net-of-fee returns on "Annualized Total Returns" pages; reflects investment management fee only.

² Includes BTC US Debt Index.

³ Cash overlay program is not part of the Risk Reduction & Mitigation functional category, but included in the Cash sub-category for fee reporting purposes only.

ALLOCATION RANGES

for the quarter ended December 31, 2020



STRATEGIC vs. ACTUAL

	Strategic Allocation Range	Actual Allocation ¹
GROWTH:	40-54%	50.9%
Global Equity	28-42%	37.9%
Private Equity - Growth	7-13%	12.1%
Opportunistic Real Estate	0-3%	0.9%
CREDIT:	9-15%	10.9%
High Yield	0-6%	3.3%
Bank Loans	0-6%	3.9%
Emerging Market Debt	0-4%	1.4%
Illiquid Credit	0-5%	2.4%
REAL ASSETS & INFLATION HEDGES:	14-20%	15.7%
Core & Value Added Real Estate	4-10%	7.0%
Natural Resources & Commodities	2-6%	3.9%
Infrastructure	0-4%	2.8%
Treasury Inflation-Protected Securities	0-5%	2.1%
RISK REDUCTION & MITIGATION	18-30%	21.5%
Investment Grade Bonds	13-25%	17.6%
Diversified Hedge Funds	0-6%	2.6%
Cash	0-3%	1.4%

¹ Totals may not add up due to rounding.

Glossary

A

ANNUAL RETURN: The total return of a security over a specified period, expressed as an annual rate of interest.

ANNUALIZED: A figure (as in a percentage) calculated by a formula to find the "average" performance per year for a period greater than one year.

B

BASIS POINTS (BPS): One one-hundredth of one percent. One hundred basis points equal one percent.

BETA: A measure of the volatility of a stock relative to the overall market. A beta of less than one indicates lower risk than the market; a beta of more than one indicates higher risk than the market.

BLOOMBERG COMMODITY INDEX TOTAL RETURN: The Bloomberg Commodity Index Total Return is composed of futures contracts on physical commodities.

BRIGADE CUSTOM INDEX: Inception – 3/31/20 50% Bloomberg Barclays Ba to B U.S. High Yield; 50% Credit Suisse Leveraged Loan Index; 4/1/20 – Present Bloomberg Barclays U.S. Corporate High Yield.

C

CASH CUSTOM BM: Inception – 3/31/19 Citigroup/FTSE 6-Month U.S. T-Bill Index; 4/1/19 – Present FTSE 3-Month U.S. T-Bill Index.

CORE & VALUE-ADDED REAL ESTATE CUSTOM BM: NFI ODCE + 50 bps (3-month lag).

CREDIT CUSTOM BM: 25% Bloomberg Barclays Ba to B U.S. High Yield; 33% Credit Suisse Leveraged Loan Index; 17% Emerging Markets Debt Custom BM; 25% Illiquid Credit Custom BM.

CUSTOM HEDGE FUND BM: Inception – 3/31/19 Citigroup/FTSE 3-Month U.S. T-Bill Index + 500 bps (1-month lag); 4/1/19 – Present FTSE 3-Month U.S. T-Bill Index plus 250 bps (1-month lag)

D

DIVERSIFIED HEDGE FUNDS CUSTOM INDEX: FTSE 3-Month U.S. T-Bill Index plus 250 bps (1-month lag).

DURATION: A measure of the price sensitivity of a bond portfolio to changes in interest rates. It is calculated as the weighted average time to receive a bond's coupon and principal payments. The closer the coupon and principal payments, the shorter the duration. The more distant the coupon and principal payments, the longer the duration. Portfolios with longer maturity

bonds will normally have longer duration and will, therefore, have greater price sensitivities to changes in interest rates.

E

EAFE CUSTOM INDEX: Inception - 6/30/06 MSCI EAFE (Net); 6/30/06 - Present MSCI EAFE + Canada (Net).

EMERGING MARKET DEBT (EMD) CUSTOM INDEX: 50% JP Morgan EMBI Global Diversified; 25% JP Morgan GBI-EM GD; 25% JP Morgan CEMBI BD.

F

FIXED INCOME (FI) CUSTOM INDEX:

Inception - 3/31/09: A combination of the Barclays US Aggregate Bond Index and the Barclays US High Yield Ba/B Index. The weights have varied over time, but as of 9/30/06, the mix was 93% Aggregate and 7% high yield. 3/31/09 - Present : 100% Barclays U.S. Universal.

FUTURES CONTRACT: Agreement to buy or sell a specific amount of a commodity or financial instrument at a particular price and a stipulated future date.

G

GLOBAL EQUITY CUSTOM BM: 4/1/2019 – 6/31/2019 80% MSCI ACWI IMI Net; 20% MSCI WORLD IMI ex U.S. (100% Currency Hedged); 7/1/2019 – Present MSCI ACWI IMI Net.

GROWTH CUSTOM BM: Based on sub-asset market value: 74% Global Equity Custom BM; 21% Private Equity - Growth Custom BM; 4% Opportunistic Real Estate Custom BM.

H

HEDGING: The temporary purchase or sale of a contract calling for future delivery of a specific security at an agreed upon price to offset a present or anticipated position in the cash market.

HIGH YIELD BOND: A bond with a low investment quality and credit worthiness, usually with a rating of BB or less.

I

ILLIQUID CREDIT CUSTOM BM: Bloomberg Barclays U.S. Aggregate Index + 250 bps (1-month lag).

INDEX: A statistical yardstick composed of a basket of securities with a set of characteristics. An example of this would

include the "S&P 500" which is an index of 500 stocks.

INFORMATION RATIO: The information ratio is the excess return (alpha) per unit of active risk (tracking error). It is measured by dividing alpha by the tracking error.

INTERNAL RATE OF RETURN: The Internal rate of return is a total rate of return that gives full weight to the size and time of cash flows over the period measured and fully reflects unrealized gains and losses in addition to realized gains and losses, interest and dividend income.

M

MARKET CAPITALIZATION: The market value of all outstanding shares of common stock of a company. Derived by multiplying the number of shares outstanding at month-end by the month-end closing price of the security.

MSCI EM IMI CUSTOM INDEX:
Inception – 12/31/00 MSCI EM (Gross);
12/31/00 – 8/31/08 MSCI EM (Net);
8/31/08 – Present MSCI EM IMI (Net).

N

NATURAL RESOURCES & COMMODITIES CUSTOM BM: 50% Bloomberg Commodity Index; 50% S&P Global Large MidCap Commodity and Resources Index.

O

OPPORTUNISTIC REAL ESTATE CUSTOM BM: NFI ODCE + 300 bps (3-month lag).

P

PRIVATE EQUITY – CREDIT CUSTOM BM: Bloomberg Barclays U.S. Aggregate + 250 bps (3-month lag).

PRIVATE EQUITY – GROWTH CUSTOM BM: MSCI ACWI IMI Net Index + 200 bps (3-month lag).

PRIVATE EQUITY – REAL ASSETS CUSTOM BM: S&P Global Large MidCap Commodity and Resources Index (3-month lag).

R

REAL ASSETS & INFLATION HEDGES CUSTOM BM: Based on sub-asset market value: 41% Core & Value-Added Real Estate Custom BM; 24% Natural Resources & Commodities Custom BM; 18% DJ Brookfield Global Infrastructure; 18% Bloomberg Barclays U.S. TSY TIPS.

RETURN CORRELATION: The relationship between the returns on investments. A negative return correlation between two investments means that most of the time when investment A has a positive return, investment B will have a negative return.

RISK REDUCTION & MITIGATION CUSTOM BM:

Based on sub-asset market value: 79% Bloomberg Barclays Aggregate; 17% Diversified Hedge Funds Custom BM; 4% FTSE 3-month Treasury Bill.

RUSSELL 3000 INDEX: The Russell 3000 Index measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market.

S

STANDARD DEVIATION: Statistical measure of the degree to which an individual value in a probability distribution tends to vary from the mean of the distribution. The greater the degree of dispersion, the greater the risk.

T**TIME-WEIGHTED RATE OF RETURN:**

The “time-weighted” rate of return is the investment performance (return), measured from beginning market value, of a unit of assets held continuously for the entire time period measured. This rate provides a standard for comparing the performance of different funds in which the size and timing of contributions and payouts could vary considerably. Consequently, the time-weighted rate of return is a mathematical measure that eliminates the effects of fund cash flows.

TIPS: Inflation-indexed securities issued by the U.S. Treasury Department (commonly known as Treasury Inflation-Protection Securities). TIPS have been issued in the U.S. since January 1997. These securities adjust both their principal and coupon payments upward with any rise in inflation. Like all Treasuries, they enjoy the full guarantee of the U.S. government.

TOTAL FUND CUSTOM BENCHMARK: Uses the Board approved Total Fund Target Policy asset allocation.

TOTAL PRIVATE EQUITY BENCHMARK: Inception – 3/31/19 Private Equity Target (Russell 3000 rolling 10 year + 500 bps); 3/31/19 – Present Composite weighted blend of Private Equity-Growth Custom BM, Private Equity-Credit Custom BM, and Private Equity-Real Assets Custom BM.

TOTAL REAL ESTATE BENCHMARK:

Inception – 3/31/19 Real Estate Target (NCREIF ODCE Net + 40 bps); 3/31/19 – Present Composite weighted blend of Opportunistic Real Estate Custom BM, NPI Income Lagged, and Core & Value-Added Real Estate Custom BM.

TOTAL RETURN: The aggregate increase or decrease in the value of the portfolio resulting from the net appreciation or depreciation of the principal of the fund, plus or minus the net income or loss experienced by the fund during the period.

TRACKING ERROR: Tracking error is the volatility of a manager’s excess return. It is measured by subtracting the benchmark return from the manager’s return and calculating the standard deviation.

U

UNIVERSE DATA SOURCE: State Street utilizing Wilshire Associates’ TUCS Universe Data.

Y

YIELD: The rate of annual income return on an investment expressed as a percentage. Income yield is obtained by dividing the current dollar income by the current market price of the security.

YIELD TO MATURITY: The return a bond earns on the price at which it was purchased if it were held to maturity. It assumes that coupon payments can be reinvested at the yield to maturity.

SOURCE: www.nasdaq.com & www.investopedia.com

Last updated: 12/31/20

Disclosure

Source of Bloomberg data: Bloomberg Index Services Limited. BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). BARCLAYS® is a trademark and service mark of Barclays Bank Plc (collectively with its affiliates, "Barclays"), used under license. Bloomberg or Bloomberg's licensors, including Barclays, own all proprietary rights in the Bloomberg Barclays Indices. Neither Bloomberg nor Barclays approves or endorses this material, or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith.

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PUBLIC MARKETS MANAGER SCORECARD

4th Quarter 2020

			Performance 1 to 5 (with 5 the best)	Organization & Operations S+, S, or S- (with S+ the best)	ESG 1 to 5 (with 5 the best)	Partnership A, B, or C (with A the best)	Fees & Terms 1 to 5 (with 5 the best)			
			SCORE	SCORE	SCORE	SCORE	SCORE			
Manager	Market Value (in \$ millions)	% of Total Fund	Risk-Adjusted Return	ER						
GROWTH	GLOBAL EQUITY									
	ACADIAN DEVELOPED MARKETS	566.4	0.9%	5	●	S	4	B	3	
	BTC EURO TILTS	623.4	1.0%	4	●	S+	4	A	3	
	CAPITAL GROUP DEVELOPED MARKETS	442.0	0.7%	5	●	S	2	B	3	
	CEVIAN CAPITAL II - ACTIVIST	331.9	0.5%	2	●	S+	4	A	1	
	CORNERCAP US SC - EMP	64.5	0.1%	*	3	●	S	1	A	3
	FRONTIER US SMID GROWTH	264.1	0.4%	3	●	S	2	B	1	
	GENESIS EMERGING MARKETS	684.7	1.0%	3	●	S+	4	A	1	
	GLOBAL ALPHA IE SC - EMP	144.4	0.2%	*	3	●	S	4	A	1
	JANA JSI FUND V - ACTIVIST	109.2	0.2%	3	●	S-	2	A	1	
	JPMAM STRATEGIC BETA NON-U.S.	1,053.8	1.6%	*	3	●	S	+	B	3
	JPMAM STRATEGIC BETA U.S.	4,632.5	7.1%	*	3	●	S	+	B	3
	LAZARD EMERGING MARKETS	474.5	0.7%	3	●	S	4	B	3	
	QMA US SMALL CAP CORE	162.7	0.2%	*	3	●	S-	3	A	3
SSGA MSCI ACWI IMI	14,977.6	22.9%	*	3	●	S+	—	A	5	
SYMPHONY FINANCIAL - ACTIVIST	223.2	0.3%	5	●	S	2	A	3		
SYSTEMATIC US SMALL CAP VALUE	158.2	0.2%	*	3	●	S-	2	A	3	
CREDIT	HIGH YIELD									
	BEACH POINT	303.4	0.5%	5	●	S+	1	A	1	
	BLACKROCK HY ETF	1,202.6	1.8%	*	3	●	S+	—	C	5
	BRIGADE CAP MGMT	633.2	1.0%	4	●	S	1	B	3	
	BANK LOANS									
	BAIN CAPITAL CREDIT	393.0	0.6%	2	●	S	2	A	1	
	CREDIT SUISSE BANK LOANS	1,105.6	1.7%	*	3	●	S	+	B	5
	CRESCENT CAPITAL	485.5	0.7%	3	●	S	2	B	1	
	TENNENBAUM CAPITAL	548.2	0.8%	5	●	S+	2	C	1	
	EMERGING MARKET DEBT									
ABERDEEN ASSET MANAGEMENT	459.4	0.7%	1	●	S	4	B	3		
ASHMORE INVESTMENT MANAGEMENT	437.5	0.7%	1	●	S	4	B	3		
REAL ASSETS & INFLATION HEDGES	NATURAL RESOURCES & COMMODITIES									
	CREDIT SUISSE COMMODITY	414.6	0.6%	4	●	S	+	B	3	
	DWS NATURAL RESOURCES	1,247.8	1.9%	*	3	●	S	+	A	5
	NEUBERGER BERMAN/GRESHAM	398.0	0.6%	3	●	S	+	B	1	
	PIMCO COMMODITY PLUS	407.2	0.6%	3	●	S-	+	B	1	
	INFRASTRUCTURE									
	DWS INFRASTRUCTURE	1,828.0	2.8%	*	3	●	S	+	A	5
	TIPS									
	BLACKROCK TIPS	1,341.4	2.1%	*	3	●	S+	+	C	5



PUBLIC MARKETS MANAGER SCORECARD

4th Quarter 2020

			Performance <i>1 to 5 (with 5 the best)</i>	Organization & Operations <i>S+, S, or S- (with S+ the best)</i>	ESG <i>1 to 5 (with 5 the best)</i>	Partnership <i>A, B, or C (with A the best)</i>	Fees & Terms <i>1 to 5 (with 5 the best)</i>	
			SCORE	SCORE	SCORE	SCORE	SCORE	
Manager	Market Value (in \$ millions)	% of Total Fund	Risk-Adjusted Return	ER				
INVESTMENT GRADE BONDS								
BTC US DEBT INDEX FUND	6,469.4	9.9%	4	●	S+	—	B	5
DODGE & COX	791.0	1.2%	4	●	S	3	B	5
PIMCO	650.9	1.0%	1	●	S-	4	B	3
PUGH CAPITAL MGMT	798.5	1.2%	1	●	S	1	B	3
WELLS CAPITAL	2,033.7	3.1%	5	●	S+	4	B	5
WESTERN ASSET MGMT	729.6	1.1%	2	●	S	3	B	3
CASH								
SSGA CASH	413.5	0.6%	* 3	●	S	—	A	5

●	Exceeds 3-Year Net Excess Return
●	Meets 3-Year Net Excess Return
●	Below 3-Year Net Excess Return

Footnotes

- Pillar methodologies in refinement and may evolve over time

Category Descriptions

Performance

- Quarterly score based on Sharpe and Information Ratios, which provide insight into a manager's risk-adjusted performance and performance relative to its benchmark, respectively
- '*' denotes a manager with an inception date of less than 3 years, resulting in a neutral score of 3
- Circle icons reflect trailing 3-year net excess returns against the manager's benchmark above or below a specified range

Organization & Operations

- Includes factors such as organization, professional staff, diversity & inclusion, investment philosophy & process, risk management, legal & compliance framework
- 'S' stands for Satisfactory

ESG

- Evaluates the extent to which material ESG factors are identified, assessed, and incorporated into risk/return analysis and portfolio construction
- '—' denotes passive index funds and cash where ESG scores are not relevant and/or reflect strategies that do not incorporate active decisions, including ESG considerations, in portfolio construction
- '+-' denotes mandates where ESG scores are currently under review

Partnership

- Blended score based on:
 - Value added services – e.g., providing education, distributing research, and performing analytics on portfolio
 - Client service – e.g., responsiveness, timeliness, competency, and approach
 - Size of LACERA's investment relative to the firm's assets under management

Fees & Terms

- Compared to a benchmark of median fees by asset category and/or investment structure



PRIVATE MARKETS MANAGER SCORECARD

4th Quarter 2020

			Performance	Organization & Operations	ESG	Partnership	Fees & Terms
			1 to 5 (with 5 the best)	S+, S, or S- (with S+ the best)	1 to 5 (with 5 the best)	A, B, or C (with A the best)	1 to 5 (with 5 the best)
			SCORE	SCORE	SCORE	SCORE	SCORE
Manager	Market Value (in \$ millions)	% of Total Fund					
GLOBAL/LARGE BUYOUT							
Advent International Group	42.7	0.1%	*	S+	3	C	4
Blackstone Management	247.8	0.4%	1	S-	+	C	5
CVC Capital Partners	254.2	0.4%	3	S+	4	A	4
Green Equity Investors	180.4	0.3%	1	S+	3	B	4
Hellman & Friedman	228.7	0.3%	2	S+	+	B	4
MBK	258.2	0.4%	4	S	4	A	2
Silver Lake Partners	403.4	0.6%	5	S+	3	B	5
Thoma Bravo LLC	0.0	0.0%	*	S+	3	B	3
Vista Equity Partners	674.0	1.0%	5	S-	3	A	2
MID-MARKET BUYOUT							
Accel-KKR Capital Partners	28.3	0.0%	*	S	3	A	2
BlackFin Capital Partners	1.3	0.0%	*	S	3	B	2
Carlyle Group	344.3	0.5%	1	S+	4	A	4
Clearlake Capital	268.5	0.4%	5	S+	4	A	4
Gilde Partners	71.7	0.1%	3	S-	2	C	4
Harvest Partners	93.9	0.1%	2	S	1	C	2
Marlin Equity	39.6	0.1%	1	S-	2	C	3
Onex Partners	185.2	0.3%	4	S	4	A	4
PAI	42.4	0.1%	*	S-	2	B	4
Riverside Capital	80.6	0.1%	2	S+	4	A	3
Siris Capital Group	108.7	0.2%	5	S+	2	A	4
Sterling Partners	95.2	0.1%	5	S	3	A	4
Triton	46.3	0.1%	*	S-	3	B	4
Vinci Partners	17.4	0.0%	*	S	4	A	5
Wynnchurch Capital	0.9	0.0%	*	S+	3	B	3
SMALL BUYOUT							
AE Industrial Partners	44.9	0.1%	*	S+	3	A	3
Atlantic Street Capital	10.0	0.0%	*	S	3	A	3
Clarion	8.5	0.0%	*	S	2	B	4
Excellere Partners	79.7	0.1%	5	S-	+	A	3
Incline Equity Partners	30.0	0.0%	3	S	2	C	4
Insignia Capital Partners	137.8	0.2%	4	S	+	B	5
Juggernaut Capital Partners	265.3	0.4%	3	S	3	A	4
Lightyear Capital	188.9	0.3%	5	S	2	A	5
Livingbridge	44.4	0.1%	1	S+	4	A	3
Montefiore Investment	2.8	0.0%	*	S	4	B	4
One Rock Capital Partners	77.4	0.1%	2	S	3	A	4
Palladium Equity Partners	72.9	0.1%	1	S-	4	C	2

PRIVATE EQUITY



PRIVATE MARKETS MANAGER SCORECARD

4th Quarter 2020

			Performance	Organization & Operations	ESG	Partnership	Fees & Terms
			1 to 5 (with 5 the best)	S+, S, or S- (with S+ the best)	1 to 5 (with 5 the best)	A, B, or C (with A the best)	1 to 5 (with 5 the best)
			SCORE	SCORE	SCORE	SCORE	SCORE
Manager	Market Value (in \$ millions)	% of Total Fund					
GROWTH							
Australis Partners	98.8	0.2%	1	S	4	A	5
JMI Equity	20.1	0.0%	3	S	3	C	2
RedBird Capital Partners	96.1	0.1%	*	S	4	A	4
Summit Partners	64.9	0.1%	2	S+	3	A	4
TA Associates	31.5	0.0%	5	S+	4	B	4
Technology Crossover Ventures	33.2	0.1%	4	S	2	B	3
VENTURE CAPITAL							
BlueRun Ventures	36.5	0.1%	1	S	2	A	2
Canaan Partners	41.0	0.1%	5	S+	3	A	4
GGV Capital	450.0	0.7%	3	S	3	A	3
Institutional Venture Partners	192.0	0.3%	1	S	1	C	5
Joy Capital	41.4	0.1%	*	S	2	A	4
Lilly Asia Ventures	106.1	0.2%	5	S	1	B	2
Sinovation Ventures	44.7	0.1%	*	S	2	B	2
Storm Ventures LLC	77.6	0.1%	2	S	3	A	4
Union Square	96.3	0.1%	4	S+	3	B	5
SPECIAL SITUATIONS							
Alchemy Partners	3.8	0.0%	*	S	3	B	4
Black Diamond	107.1	0.2%	1	S	3	C	4
Centerbridge	83.5	0.1%	5	S	4	A	2
FUND OF FUNDS							
Gateway	548.9	0.8%	1	S	3	B	4
MS GTB Capital Partners	253.4	0.4%	1	S	4	A	2
J.P. Morgan	386.9	0.6%	5	S+	+	B	4

PRIVATE EQUITY
(continued)



PRIVATE MARKETS MANAGER SCORECARD

4th Quarter 2020

			Performance	Organization & Operations	ESG	Partnership	Fees & Terms
			1 to 5 (with 5 the best)	S+, S, or S- (with S+ the best)	1 to 5 (with 5 the best)	A, B, or C (with A the best)	1 to 5 (with 5 the best)
			SCORE	SCORE	SCORE	SCORE	SCORE
Manager	Market Value (in \$ millions)	% of Total Fund					
COMMINGLED FUNDS							
AERMONT Real Estate Fund IV	2.5	0.0%	*	S	4	B	3
AEW Value Investors Asia III	44.7	0.1%	*	S+	4	A	4
AG Asia Realty Fund IV	36.6	0.1%	*	S	3	A	3
AG Europe Realty Fund II	45.9	0.1%	*	S	3	B	3
Bain Capital Real Estate Fund I	32.7	0.0%	*	S	2	A	3
CapMan Nordic Real Estate Fund II	38.9	0.1%	4	S	3	A	3
Capri Urban Investors	34.6	0.1%	2	S-	1	B	3
CityView Bay Area Fund II	86.5	0.1%	1	S	2	A	3
CityView Southern California Fund II	23.9	0.0%	3	S	2	A	3
CityView Western Fund I, L.P.	125.8	0.2%	4	S	2	A	3
Core Property Index Fund	100.5	0.2%	*	S	2	B	5
Europa Fund IV	25.5	0.0%	2	S	3	A	2
Heitman Asia-Pacific Property Investors	24.1	0.0%	*	S	4	B	4
Invesco Real Estate Asia Fund	143.9	0.2%	3	S	4	B	5
Prologis European Logistics Fund (PELF)	165.5	0.3%	5	S	4	A	1
RREEF Core Plus Industrial Fund L.P.	176.7	0.3%	5	S	4	A	5
Starwood Capital Hospitality Fund	17.6	0.0%	1	S	2	A	3
TPG Real Estate Partners III	7.9	0.0%	*	S	3	B	3
SEPARATE ACCOUNTS							
Cityview Core I.M.A.	175.3	0.3%	1	S	2	B	1
Clarion I.M.A.	247.1	0.4%	5	S	4	A	4
Clarion Takeover Value IMA	59.3	0.1%	*	S	4	A	3
Heitman I.M.A.	510.1	0.8%	5	S	4	A	4
Invesco I.M.A.	508.8	0.8%	2	S	4	B	4
RREEF Core/High Return I.M.A. III	825.0	1.3%	1	S	4	A	5
RREEF Takeover I.M.A.	802.6	1.2%	*	S	4	A	4
Stockbridge I.M.A.	576.3	0.9%	5	S	3	A	4
TA Associates I.M.A.	120.2	0.2%	3	S	3	B	4

REAL ESTATE



PRIVATE MARKETS MANAGER SCORECARD

4th Quarter 2020

			Performance 1 to 5 (with 5 the best)	Organization & Operations S+, S, or S- (with S+ the best)	ESG 1 to 5 (with 5 the best)	Partnership A, B, or C (with A the best)	Fees & Terms 1 to 5 (with 5 the best)
			SCORE	SCORE	SCORE	SCORE	SCORE
Manager	Market Value (in \$ millions)	% of Total Fund					
HEDGE FUNDS							
Capula GRV	396.8	0.6%	5	S	1	B	4
DK Institutional Partners	222.8	0.3%	3	S-	1	B	3
HBK Multistrategy	274.5	0.4%	3	S	1	B	4
Hudson Bay	319.0	0.5%	5	S	1	B	3
Polar	355.8	0.5%	5	S+	2	A	5
ILLIQUID CREDIT							
Barings	89.5	0.1%	5	S	3	A	5
Beach Point	211.1	0.3%	4	S+	1	A	3
Glendon	88.1	0.1%	1	S	1	B	2
Magnetar	169.2	0.3%	*	S	2	A	4
Napier Park	477.1	0.7%	*	S	2	A	4
Oaktree	74.0	0.1%	2	S	2	B	2
PIMCO Tac Opps	246.1	0.4%	*	S-	3	B	4
Quadrant	83.2	0.1%	3	S	1	A	5

Footnotes

- Pillar methodologies in refinement and may evolve over time

Category Descriptions

Performance

- Quarterly score based on risk-adjusted performance metrics over time
- '*' denotes a manager with an inception date of less than 3 years

Organization & Operations

- Includes factors such as organization, professional staff, investment philosophy & process, risk management, legal & compliance framework, diversity & inclusion
- 'S' stands for Satisfactory

ESG

- Evaluates the extent to which material ESG factors are identified, assessed, and incorporated into risk/return analysis and portfolio construction
- '+' denotes mandates where ESG scores are currently under review

Partnership

- Assesses the quality of investment manager relationships both quantitatively and qualitatively

Fees & Terms

- Compares various fees and terms within each asset category, strategy and/or investment structure

Total Plan Analytics Board Report

Prepared for LACERA

31 December 2020

Total Plan Asset Allocation & Analytics

31-Dec-2020

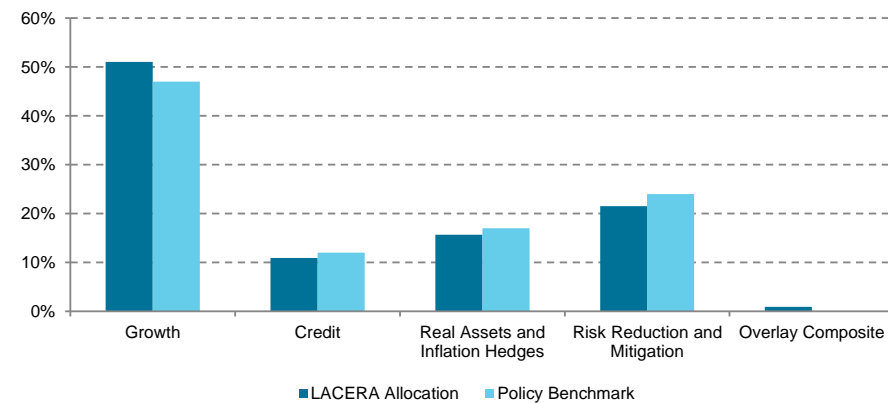
LACERA

Reporting Currency: USD

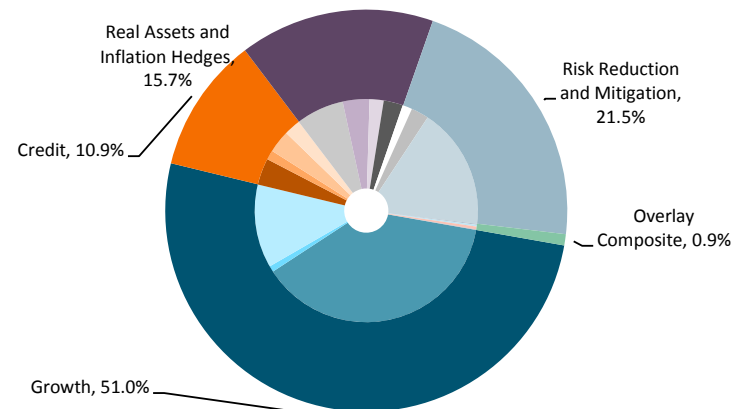
Total Plan Allocation vs Policy Benchmark

	Market Value (Millions) ¹	Allocation (%)	Policy Benchmark (%)	Benchmark	Relative (%)
Growth	33,435	51.0%	47.0%	Growth Composite	4.0%
Credit	7,146	10.9%	12.0%	Credit Composite	-1.1%
Real Assets and Inflation Hedges	10,281	15.7%	17.0%	RA & Infl. Hedges Composite	-1.3%
Risk Reduction and Mitigation	14,094	21.5%	24.0%	Risk Red. & Mit. Composite	-2.5%
TOTAL	64,956	99.1%	100.0%		-0.9%
Overlay Composite	592	0.9%	0.0%		0.9%
TOTAL plus Overlay Composite	65,548	100.0%	100.0%		0.0%

Total Plan Allocation vs Policy Benchmark



Asset Class Detail



¹: Currency Hedge is excluded from Growth Market Value
Information Classification: Limited Access

Total Plan Analytics, Volatility & Tracking Error

31-Dec-2020

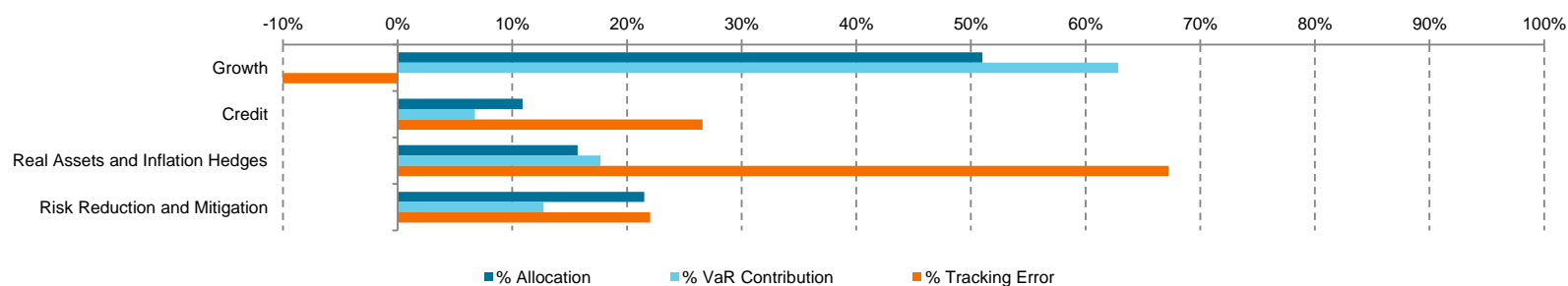
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Reporting Currency: USD

Total Plan Risk Measures

	Benchmark	Market Value (Millions) ¹	Allocation (%)	Volatility (% per annum) ²	Standalone VaR (% of MV) ³	Total VaR Contribution (% of Total MV) ⁴	Tracking Error Contribution (% of Total MV) ⁵
Growth	Growth Composite	33,435	51.0%	15.49%	16.59%	7.16%	-0.24%
Credit	Credit Composite	7,146	10.9%	10.27%	9.55%	0.77%	0.40%
Real Assets and Inflation Hedges	RA & Infl. Hedges Composite	10,281	15.7%	13.64%	12.98%	2.01%	1.01%
Risk Reduction and Mitigation	Risk Red. & Mit. Composite	14,094	21.5%	3.86%	5.31%	1.45%	0.33%
TOTAL		64,956	99.1%	11.55%	11.39%	11.39%	1.50%
Benchmark	<i>Weighted Average Benchmark⁶</i> Policy Benchmark			<i>10.43%</i> 9.87%	<i>9.22%</i> 8.78%	<i>9.22%</i> 8.78%	1.95%
					<i>Aggregate Benchmark Structural Risk⁷</i>		0.46%
Overlay Composite		592	0.9%	28.59%	37.22%	-0.67%	0.00%
TOTAL plus Overlay Composite		65,548	100.0%	11.24%	10.72%	10.72%	1.50%

Dollar vs Risk Allocation



1: Currency Hedge is excluded from Growth Market Value

2: Volatility at the asset class level is calculated using parametric VaR at 84th percentile, annualized and expressed as a percentage of the market value of each asset class.

3: Standalone VaR is the annualized Value-at-Risk at the 95th percentile expressed as a percentage of the market value of each asset class.

4: Total VaR Contribution is calculated using historic VaR at 95th percentile, 1 month horizon, annualized excluding the mean, and expressed as a percentage of the total plan assets.

5: Tracking Error is calculated using relative parametric VaR at 84th percentile (assets less benchmark), annualized and expressed as a percentage of the total plan assets.

6: Weighted average benchmark is the market value weighted average of the asset class benchmarks.

7: Aggregate Benchmark Structural Risk = [Tracking Error of the Total Plan to the policy benchmark] - [Tracking Error of the Total Plan to the weighted average of asset class benchmarks]

Total Plan Analytics, Volatility & Tracking Error

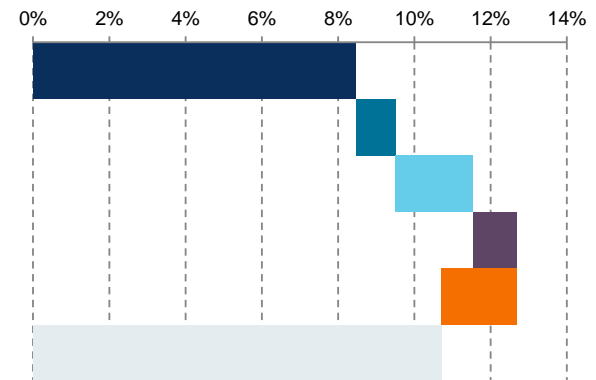
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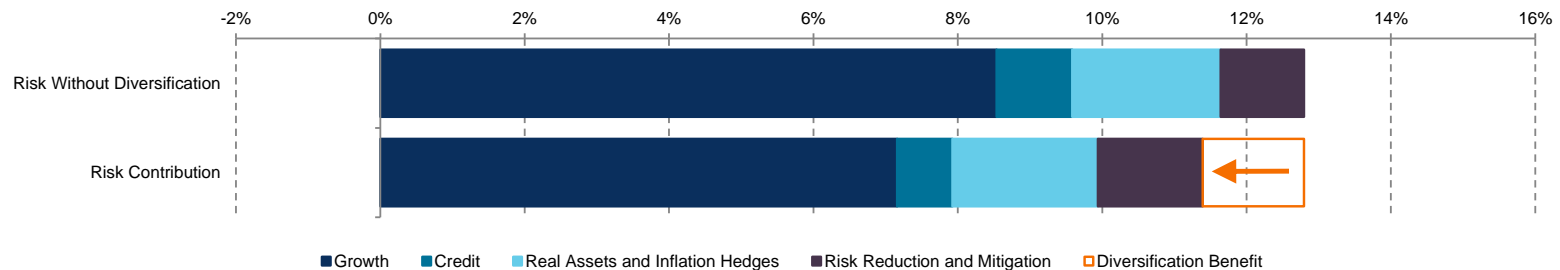
Reporting Currency: USD

Total Plan Risk & Diversification

	Allocation (%)	Weighted Standalone VaR (% of Total MV) ¹	
		Monthly	Annual
Growth	51.0%	2.5%	8.5%
Credit	10.9%	0.3%	1.1%
Real Assets and Inflation Hedges	15.7%	0.6%	2.1%
Risk Reduction and Mitigation	21.5%	0.3%	1.2%
Diversification Benefit ²	-	-0.4%	-1.4%
TOTAL	99.1%	3.3%	11.4%
Overlay Composite	0.9%	0.1%	0.3%



Risk Contribution and Diversification



1: Standalone risk (historical VaR 95) of each asset class is weighted and expressed as a percent of total plan assets, i.e. contribution to risk without diversification benefit.
 2: Diversification benefit is calculated as the sum of the standalone VaR at 95th percentile for each asset class less the total plan VaR.
 3: 'Risk Without Diversification' is the sum of the standalone VaRs of each asset class. The 'Risk Contribution' displays the VaR 95 at the Total plan level and the contribution of each asset class. Due to the correlation affect between asset classes, the contribution of the asset classes to the VaR 95 at the Total plan level will not necessary be equal to their respective standalone VaR 95.

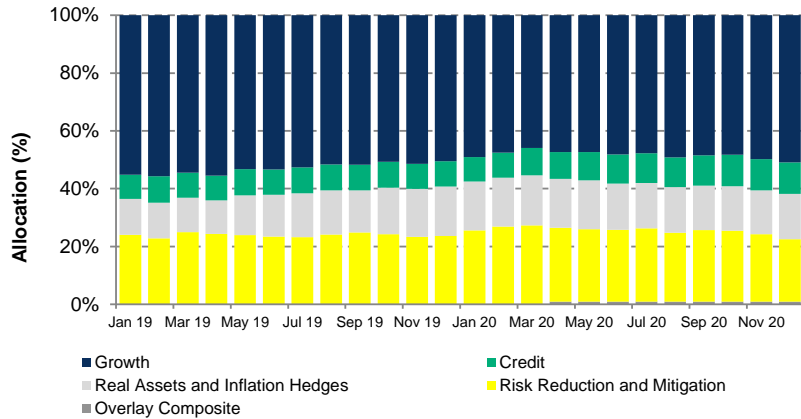
Total Plan Analytics, Volatility & Tracking Error

31-Dec-2020

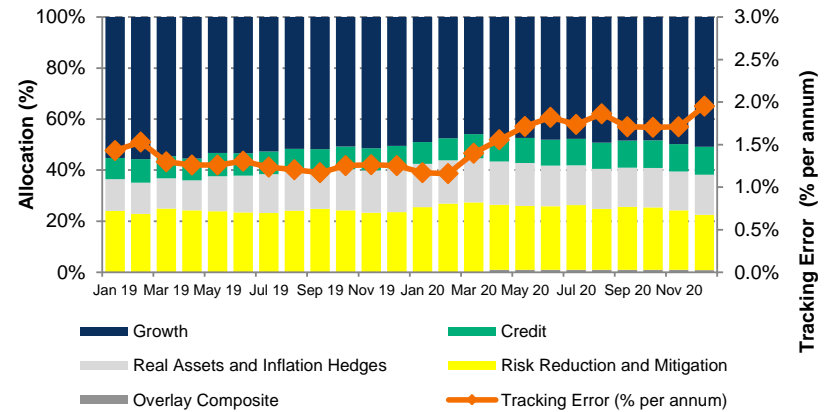
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Reporting Currency: USD

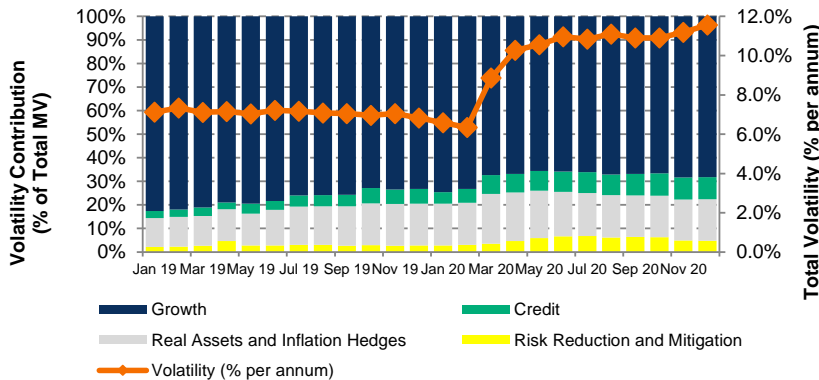
Total Plan Allocation Trend



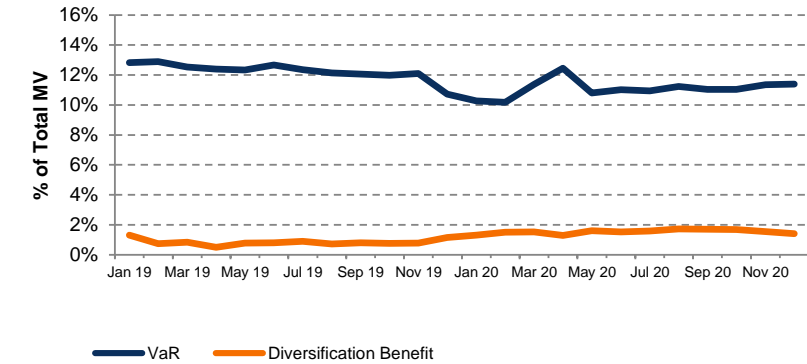
Total Plan Allocation & Tracking Error Trend¹



Total Plan Volatility & Contribution to Volatility Trend²



Total Plan Risk & Diversification Trend³



1: Tracking Error is calculated using relative parametric VaR at 84th percentile (assets less benchmark), annualized and expressed as a percentage of the total plan assets.

2: Volatility at the asset class level is calculated using parametric VaR at 84th percentile, annualized and expressed as a percentage of the market value of each asset class.

3: Diversification benefit is calculated as the sum of the standalone VaR at 95th percentile for each asset class less the total plan VaR.

Total Plan Stress Testing

31-Dec-2020

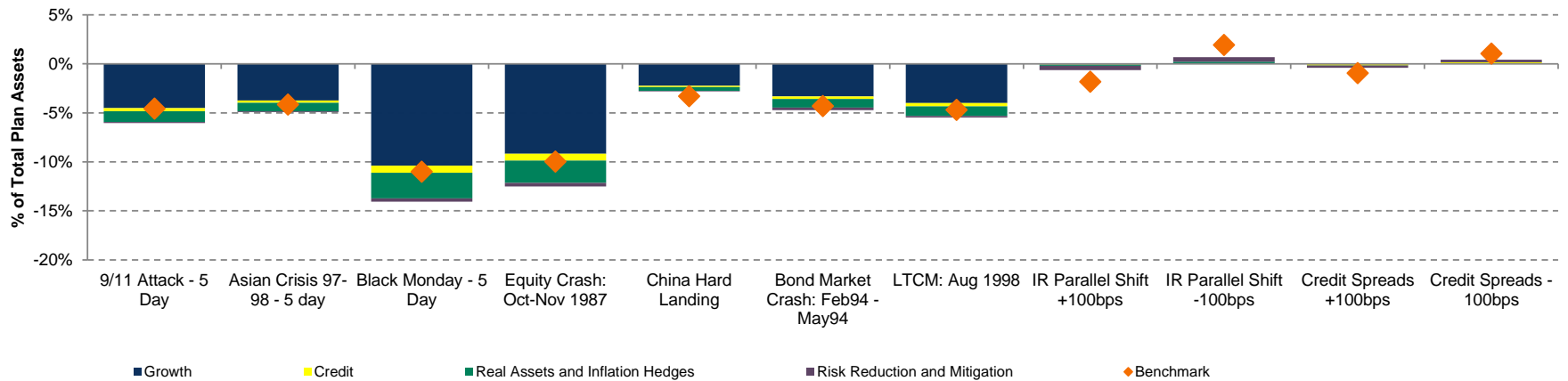
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Reporting Currency: USD

Stress Test - % of Total Plan Assets

	Allocation (%)	9/11 Attack - 5 Day	Asian Crisis 97- 98 - 5 day	Black Monday - 5 Day	Equity Crash: Oct-Nov 1987	China Hard Landing	Bond Market Crash: Feb94 - May94	LTCM: Aug 1998	IR Parallel Shift +100bps	IR Parallel Shift -100bps	Credit Spreads +100bps	Credit Spreads - 100bps
Growth	51.0%	-4.5%	-3.7%	-10.4%	-9.2%	-2.2%	-3.3%	-4.0%	0.0%	-0.0%	0.0%	0.0%
Credit	10.9%	-0.3%	-0.2%	-0.7%	-0.7%	-0.1%	-0.3%	-0.3%	-0.1%	0.0%	-0.2%	0.2%
Real Assets and Inflation Hedges	15.7%	-1.1%	-0.9%	-2.6%	-2.3%	-0.4%	-0.9%	-1.0%	-0.1%	0.2%	-0.0%	0.0%
Risk Reduction and Mitigation	21.5%	-0.1%	-0.1%	-0.4%	-0.4%	-0.1%	-0.3%	-0.2%	-0.4%	0.5%	-0.2%	0.3%
Overlay Composite	0.9%	0.2%	0.1%	0.4%	0.3%	0.1%	0.1%	0.1%	-0.1%	0.1%	0.0%	0.0%
TOTAL		-5.9%	-4.8%	-13.7%	-12.2%	-2.8%	-4.6%	-5.3%	-0.8%	0.8%	-0.4%	0.4%
Benchmark		-4.6%	-4.1%	-11.0%	-10.0%	-3.3%	-4.3%	-4.7%	-1.8%	1.9%	-0.9%	1.1%

Stress Test Chart



Glossary

Appendix - Glossary

LACERA

31-Dec-2020

Reporting Currency: USD

Terms and Definitions

Analytics

Value-at-Risk 95% (VaR)	Value-at-risk or VaR quantifies the potential loss in a portfolio at a certain level of confidence. VaR 95th percentile means there is a 5% chance of losing more than X%. Alternatively, it can be expressed as there is a 1 in 20 chance of losing more than X% in the next month (or year if it is an annual measure).
Volatility	Volatility is another measure quantifying the potential variability in a portfolio's asset value. Volatility means there is a 1 in 3 chance the portfolio will change in value by +/- X% in 1 year. Alternatively, it can be expressed that 1 year in 3 years, the portfolio will change in value by +/- X% per annum.
Tracking Error	An ex-ante (forward looking, or before the event) measure of how closely a portfolio follows the index to which it is compared. It measures the standard deviation of the difference between the portfolio and benchmark scenario returns.
Aggregate Benchmark Structural Risk	Aggregate Benchmark Structural Risk = [Tracking Error of the Total Plan to the policy benchmark] - [Tracking Error of the Total Plan to the weighted average of asset class benchmarks]. This can equally be applied to strategy level benchmarks, compared to the aggregate of the underlying managers' benchmarks.
Diversification Benefit	Diversification benefit is calculated as the sum of the standalone VaR at 95th percentile for each asset class/strategy less the total plan VaR, 1 month horizon, annualized. This measures the reduction of risk due to the benefits of diversification.
Duration	The sensitivity of a bond's price to changes in the interest rate usually measured in years. The higher the duration, the more sensitive the portfolio is to changes in interest rates.
Expected Yield	This measures the projected annual yield on the portfolio adjusting for option-adjusted probabilities.
Beta	Beta estimates the risk of the portfolio to a single market risk factor, i.e. systematic risk.

Stress Tests

9/11 Attack - 5 Day	Historic stress scenario observed from 9/17/2001 to 9/21/2001 where the US faced an act of terrorism. Trading was suspended on the NYSE and only resumed on 9/17/2001. The US stock market (S&P 500) declined 12%.
Asian Crisis 97-98 - 5 day	Historic stress scenario observed from 10/21/1997 to 10/27/1997 where the Bank of Thailand abandons the Baht's peg to the Dollar and the currency fell 18%. US equity markets fell 7% on the realization that the crisis was no longer localized. Asian currencies were the hardest struck, such as the South Korean Won fell 47.5% and Indonesian Rupiah fell 56%.
Black Monday - 5 Day	Historic stress scenario observed from 10/13/1987 to 10/19/1987 where the US stock market (DJIA) declined 31% with the world market following the decline.
Equity Crash: Oct-Nov 1987	Historic stress scenario observed from 10/5/1987 to 11/02/1987 where the world equity markets feared another Great Depression.
China Hard Landing	This is a macro-economic stress test, developed by State Street Global Exchange's SM research team. The stress test aims to estimate the potential impact, if China's economy and economic growth were to experience a "hard landing".
Bond Market Crash: Feb94 - May94	Historic stress scenario observed from 2/1/1994 to 9/15/1994 where the FED raised rates by approx. 250 basis points (against market expectations). 1994 became the year of the worst bond market loss in history. The Fed hiked interest rates in 1994 also precipitated a year-long correction in the stock market.
LTCM: Aug 1998	Historic stress scenario observed from 08/03/1998 to 08/31/1998 where LTCM's failure triggered a wide spread concern of potential catastrophic losses throughout the financial system.
IR Parallel Shift +100bps	All interest rate curves are shifted up 100bps, and the portfolio is revalued to assess the impact in dollar terms.
IR Parallel Shift -100bps	All interest rate curves are shifted down 100bps, and the portfolio is revalued to assess the impact in dollar terms.
Credit Spreads +100bps	All credit spread curves are shifted up 100bps, and the portfolio is revalued to assess the impact in dollar terms.
Credit Spreads -100bps	All credit spread curves are shifted down 100bps, and the portfolio is revalued to assess the impact in dollar terms.
FX +5%	All exchange rate curves are shifted up 5%, and the portfolio is revalued to assess the impact in dollar terms.
FX -5%	All exchange rate curves are shifted down 5%, and the portfolio is revalued to assess the impact in dollar terms.

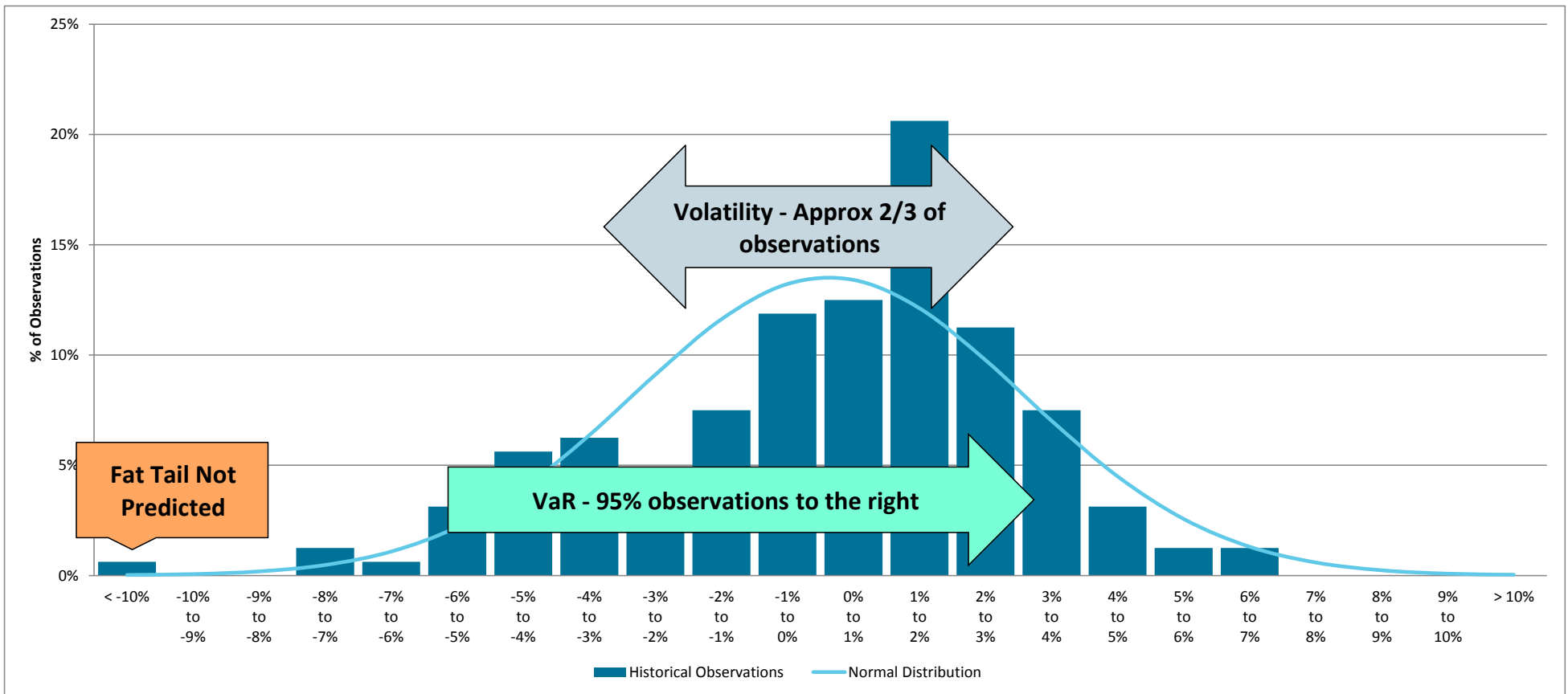
VaR and Volatility

Example Illustration of VaR and Volatility

VaR = 5.6%

Volatility = 2.9%

Mean = 0.1%



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LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

LACERA HEDGE FUND PERFORMANCE REVIEW

2020 Fourth Quarter

Mar 10 , 2021

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Plan Allocation Status

As of December 31, 2020

LACERA Assets	\$65,426.0 mm
Diversified Hedge Funds Program Target Allocation at 4% of Total Fund	\$2,617.0 mm
Grosvenor Diversified (San Gabriel) Portfolio Market Value ^{1,2}	\$94.6 mm
Total GCM Grosvenor Hedge Fund Program Market Value	\$94.6 mm
Goldman Diversified Hedge Fund Portfolio Market Value ^{1,3}	\$5.1 mm
Total GSAM Goldman Sachs Hedge Fund Program Market Value	\$5.1 mm
Direct Hedge Fund Portfolio Market Value ¹	\$1,604.0 mm
Total Direct Hedge Fund Portfolio Market Value	\$1,604.0 mm
Total Hedge Fund Program Market Value¹	\$1,703.7 mm

1 - Reflects State Street Bank's reported market values which incorporate cashflows through 1/31/21 resulting from subscriptions and redemptions.

2 - The Grosvenor Diversified (San Gabriel) portfolio represents a portfolio that is in the process of being liquidated.

3 - The Goldman Sachs Asset Management portfolio is no longer being managed by Goldman and represents a portfolio that is in the process of being liquidated. Given that the account is nearing full liquidation, historical performance for this account was removed from the Portfolio Returns summary on page 4

Portfolio Returns

As of December 31, 2020

Diversified Hedge Funds Composite

	Q4 2020	YTD	1 Year	3 Year	5 Year	ITD ³
Diversified Hedge Funds Aggregate Portfolio ^{1,2}	4.37%	8.47%	8.47%	N/A	N/A	7.23%
Diversified Hedge Funds Benchmark ⁴	0.64%	3.09%	3.09%	N/A	N/A	3.86%

Grosvenor Diversified Portfolio

	Q4 2020	YTD	1 Year	3 Year	5 Year	ITD ⁵
San Gabriel Fund, L.P. ¹ (Diversified)	7.30%	8.17%	8.17%	4.96%	4.14%	4.08%
Diversified Hedge Funds Benchmark ⁴	0.64%	3.09%	3.09%	5.08%	5.28%	5.17%

Direct Hedge Fund Portfolio

	Q4 2020	YTD	1 Year	3 Year	5 Year	ITD ⁶
Direct Hedge Fund Portfolio ¹	4.15%	8.78%	8.78%	N/A	N/A	4.22%
Diversified Hedge Funds Benchmark ⁴	0.64%	3.09%	3.09%	N/A	N/A	4.95%

¹ Portfolio returns are net of all fees and expenses.

² Returns prior to 5/1/2015 are that of San Gabriel Fund, L.P. (Grosvenor Diversified Portfolio) only. Returns include a Goldman Sachs Hedge Fund of Fund account that has been unwinding and has a residual balance of \$5.1 million as of 12/31/20. Performance of the Goldman Sachs Hedge Fund of Fund account has been removed from this page.

³ ITD returns for the Diversified Hedge Funds Composite and benchmarks commence on 3/1/2019 (the inception date of the Composite).

⁴ Reflects hedge funds benchmark which is 90-Day U.S. T-Bills plus 250 basis points annually beginning 3/1/2019 and 90-Day U.S. T-Bills plus 500 basis points annually for periods prior to 3/1/2019.

⁵ ITD returns for San Gabriel Fund, L.P. and benchmarks commence on 10/1/2011 (the inception date of the Fund).

⁶ ITD returns for Direct Hedge Fund Portfolio. and benchmarks commence on 4/1/2018 (the inception date of the Portfolio).

Past performance is not necessarily indicative of future results, and the performance of the portfolio could be volatile.

Portfolio Upside and Downside Capture

Program Inception Through December 31, 2020

LACERA Hedge Fund Portfolio Upside and Downside Capture Since October 2011 Inception

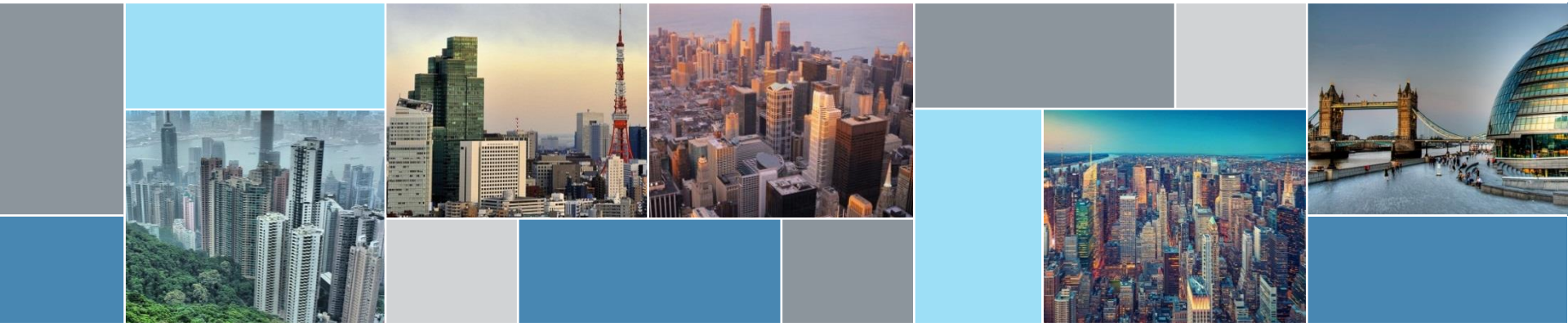
Relative to *MSCI ACWI IMI TR Net* :

	Upside Capture	Downside Capture	Up / Down Spread
Total Diversified Hedge Fund Program¹	20.5%	13.8%	6.7%

Grosvenor Capital Management

Portfolio Fund Summary

Los Angeles County Employees Retirement Association



The Notes and Disclosures following this presentation are an integral part of this presentation and must be read in connection with your review of this presentation.

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Hedge Fund Program Summary

Los Angeles County Employees Retirement Association – San Gabriel Fund, L.P. (December 31, 2020)

Fund Name	Fund Category	QTD ending balance	% of NAV (as of 12/31/20)	Start date of investment	End date of investment	Cumulative returns			Annualized returns		
						4Q20	YTD	1 Year	3 Year	5 Year	ITD ¹
Fund 1	Credit	\$15,490,939	15.67%	2/1/2014	Present	3.94%	-1.54%	-1.54%	2.76%	5.90%	5.15%
Fund 2	Credit	\$5,507,889	5.57%	5/1/2015	Present	3.94%	2.20%	2.20%	3.02%	5.53%	3.49%
Fund 3	Credit	\$15,780,255	15.96%	10/1/2011	Present	13.17%	16.57%	16.57%	8.56%	8.34%	8.77%
Fund 4	Credit	\$6,203,297	6.27%	7/1/2014	Present	8.93%	20.90%	20.90%	4.71%	7.02%	0.30%
Fund 5	Credit	\$23,052,298	23.31%	12/1/2018	Present	3.04%	-2.57%	-2.57%	-	-	3.78%
Fund 6	Multi-Strategy	\$18,175,818	18.38%	4/1/2017	Present	12.89%	40.17%	40.17%	9.55%	-	9.78%
APPA	APPA ²	(\$58,289)	-0.06%	-	-	-	-	-	-	-	-
Other	Other ³	\$1,171,883	1.19%	-	-	1.18%	-15.24%	-15.24%	-	-	-
Total Uninvested	Uninvested ⁴	\$13,554,620	13.71%	-	-	-	-	-	-	-	-
Net asset value	Totals	\$98,878,709	100.00%			6.86%	7.75%	7.75%	4.45%	3.84%	3.92%

1 ITD return for the portfolio commenced 10/1/2011.

Individual fund returns are over the period indicated by the Start date of investment and End date of investment columns in the table. Returns for funds for a period of 12 months or less are not annualized.

2 Aggregated Prior Period Adjustment.

3 "Other" may include: residual positions with underlying funds from which the Fund has redeemed and general trades.

4 "Uninvested" may include: cash, expenses, management fees, and net receivables/payables.

Past performance is not necessarily indicative of future results.

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**Asset
Management**

Goldman Sachs Asset Management

Portfolio Fund Summary

Hedge Fund Category	Inception Date	End Date	QTD Opening Balance (as of 09/30/2020)	QTD Subscriptions/ (Redemptions)	QTD Gain/(Loss)	QTD Ending Balance (as of 12/31/2020)	%NAV (as of 12/31/2020) ²	Cumulative Returns			Annualized Returns	
								4Q2020 ¹	YTD	1 Year	3 Year	1TD
Deep Basin Long-Short Fund LP	11/1/2017	4/30/2020	-	-	-	-	-	-	15.56%	13.72%	6.12%	4.39%
Kintbury Equity Fund LP Class F (NIE)	5/1/2015	9/30/2019	-	-	-	-	-	-	4.28%	2.04%	2.71%	2.71%
Lakewood Capital Partners LP (NIE)	5/1/2015	1/31/2020	-	-	-	-	-	-	25.83%	5.32%	6.17%	6.17%
Palestra Capital Part LP (Ser 3 Int 1.5/20)(NIE)	6/1/2015	1/31/2020	-	-	-	-	-	-	23.92%	11.97%	11.23%	11.23%
PFM Therapeutics Fund, L.P. Class B (NIE)	7/1/2018	1/31/2020	-	-	-	-	-	-	2.19%	-	-18.78%	-18.78%
Rubric Capital Partners LP Series F1 Interests NIE	3/1/2017	9/30/2019	-	-	-	-	-	-	2.57%	0.85%	6.02%	6.02%
The BosValen US Feeder Fund Class F (NIE)	8/1/2018	1/31/2020	-	-	-	-	-	-	2.68%	3.02%	2.14%	2.14%
Equity Long/Short			-	-	-	-	-	-	15.56%	23.65%	10.41%	7.60%
Empyrean Capital Fund LP (Class 2 Ser N - NIE)	7/1/2015	10/30/2020	6,826,804.00	(6,826,804.00)	-	-	-	-	0.97%	0.17%	1.91%	3.69%
HG Vora Special Opportunities Fd LP Series 1 (NIE)	10/1/2017	10/30/2020	7,494,470.00	(7,494,470.00)	-	-	-	-	2.92%	4.89%	5.16%	5.75%
Manikay Onshore Fund LP Class A3 NIE	6/1/2018	9/30/2019	-	-	-	-	-	-	9.49%	-	9.03%	9.03%
Palmetto Catastrophe Fund LP. Class H - NV	6/1/2018	1/31/2020	-	-	-	-	-	-	3.23%	-	-1.24%	-1.24%
Palmetto Catastrophe Fd LP Q4 2018 Dev CI H-SP	1/1/2019		1,115,080.00	-	265,916.00	1,380,996.00	9.95%	23.85%	41.32%	41.32%	-	17.48%
Palmetto Catastrophe Fund LP (Dev. Class H Q4 2019)	1/1/2019		226,780.00	-	96,961.00	323,741.00	2.33%	42.76%	66.48%	66.48%	-	66.48%
Taconic Opportunity Fund LP (CL AA, Non Lockup)	3/1/2018	5/31/2020	-	-	-	-	-	-	0.35%	1.18%	-	3.08%
Warlander Partners, LP Class W (NIE)	2/1/2016	3/31/2019	-	-	-	-	-	-	9.00%	-1.88%	-1.77%	-1.77%
Event Driven			15,663,134.00	(14,321,274.00)	362,877.00	1,704,737.00	12.28%	27.04%	30.25%	30.25%	12.22%	7.68%
Arrowstreet Cap Brattle US Fdr II LP CIA Interests	9/1/2019	10/31/2019	-	-	-	-	-	-	-	0.00%	-	-0.62%
D.E. Shaw Valence Fund, LLC (NIE)	2/1/2016	1/31/2020	-	-	-	-	-	-	5.44%	9.53%	10.18%	10.18%
ExodusPoint Partners Fund LP Class C (NIE)	8/1/2018	10/30/2020	5,344,467.00	(5,344,467.00)	-	-	-	-	10.08%	11.65%	-	6.65%
Holocene Advisors Fund LP Class AI-A LP Int (NIE)	5/1/2017	-	18,702,931.94	(9,351,465.97)	607,476.02	9,958,941.99	71.76%	6.50%	20.80%	20.80%	13.43%	13.55%
Relative Value			24,047,398.94	(14,695,932.97)	607,476.02	9,958,941.99	71.76%	6.50%	19.99%	19.99%	10.37%	7.16%
Altreaus Fund, LP Class F	6/1/2017	2/28/2019	-	-	-	-	-	-	-	-2.06%	-	-2.03%
Bridgewater Pure Alpha Major Markets II, LLC	5/1/2015	1/31/2020	-	-	-	-	-	-	-	-8.86%	-1.92%	0.02%
Crabel Fund, L.P. (Class A, Fee Option 1 GS, 2/20)	7/1/2015	10/31/2019	-	-	-	-	-	-	-	7.12%	5.65%	5.26%
Dymon Asia Macro (US) Fund Class P (NIE)	6/1/2015	3/31/2019	-	-	-	-	-	-	-	-4.10%	0.60%	-1.26%
Edgestream Sumatra Fund LP	7/1/2015	11/30/2019	-	-	-	-	-	-	-	0.00%	1.62%	3.82%
EMSO Saguaro Ltd Class A-NV	2/1/2018	11/30/2019	-	-	-	-	-	-	-	5.61%	-	0.04%
Glen Point Macro Fund LP CI A NV USD Shares (NIE)	10/1/2017	11/30/2019	-	-	-	-	-	-	-	-3.87%	-	-5.59%
Stone Milliner Macro Fd Delaware LP CI N (NIE)	1/1/2018	11/30/2019	-	-	-	-	-	-	-	0.65%	-	1.54%
The Winton Fund (US) LP	9/1/2016	10/31/2019	-	-	-	-	-	-	-	3.00%	4.10%	2.70%
Tactical Trading			-	-	-	-	-	-	-	2.33%	-0.36%	0.49%
Total Assets and Liabilities not Allocated to Underlying Managers of Los Angeles County Employees Retirement Association*						2,214,763.93	15.96%					
Net Asset Value			39,710,532.94	(29,017,206.97)	970,353.02	13,878,442.92	100.00%					

1. The LACERA Portfolio inception on May 1, 2015. Returns less than 12 months are cumulative, not annualized. Past performance does not guarantee future results, which may vary.
2. Based on the end equity value of the Fund. Managers terminated prior to the current year are excluded. For ease of presentation, active and terminated managers are shown for the current year only.

*Total Holdbacks.



LACERA Direct Portfolio

Portfolio Fund Summary

LACERA Direct Portfolio Summary (December 31, 2020)

Investment Manager and Fund	Inception Date	QTD	QTD	QTD	QTD	% of Direct HF Program 12/31/ 2020	Direct Portfolio Returns ^{1,2}					
		Opening Balance	Subscriptions / (Redemptions)	Gain / (Loss)	Ending Balance		4Q 2020	YTD	1 Year	3 Year	ITD	
Multi-Strategy												
AQR Liquid Enhanced Alternative Premia Fund, L.P.	4/1/2018	54,484,215	(52,291,715)	(2,192,500)	0	0.0%	-4.03%	-18.10%	-18.10%	N/A	-13.03%	
Davidson Kempner Institutional Partners, L.P.	4/1/2018	216,459,912	0	10,765,437	227,225,349	14.2%	4.97%	7.39%	7.39%	N/A	5.47%	
HBK Multi-Strategy Fund L.P.	5/1/2018	268,584,615	0	9,925,714	278,510,329	17.4%	3.70%	7.20%	7.20%	N/A	5.11%	
Polar Multi-Strategy Fund	5/1/2020	345,910,761	0	24,790,068	370,700,829	23.1%	7.17%	23.58%	N/A	N/A	23.58%	
Multi-Strategy Total		885,439,503	(52,291,715)	43,288,719	876,436,507	54.6%	5.20%	8.84%	8.84%	N/A	3.49%	
Relative Value												
PIMCO Tactical Opportunities Fund L.P.	11/1/2018	239,456,924	(239,456,924)	0	0	0.0%	0.00%	-0.82%	-0.82%	N/A	3.06%	
Capula Global Relative Value Fund L.P.	12/1/2018	395,190,616	0	2,922,886	398,113,502	24.8%	0.74%	6.57%	6.57%	N/A	7.24%	
Hudson Bay Fund LP	6/1/2020	311,764,722	0	17,668,202	329,432,924	20.5%	5.67%	9.81%	N/A	N/A	9.81%	
Relative Value Total		946,412,261	(239,456,924)	20,591,088	727,546,426	45.4%	2.91%	4.39%	4.39%	N/A	5.61%	
Total Direct Portfolio		1,831,851,764	(291,748,638)	63,879,807	1,603,982,933	100.0%	4.15%	6.47%	6.47%	N/A	3.37%	

¹ Does not include the impact of cash movements (subscriptions and redemptions) on portfolio returns. State Street Bank, LACERA's official book of record, calculated a one-year return of the direct portfolio of 8.78%. State Street Bank includes the impact of cash movements in their performance calculation each month, in which the fund returns are lagged by one month, which accounts for the difference in performance.

² Returns beyond 12 months are annualized

LACERA - DIRECT PORTFOLIO

Investment Guidelines Summary (as of December 31, 2020)

Performance Objectives	Investment Guidelines	LACERA Direct Portfolio	Measurement Period	In Compliance?
•Target annualized return				
–Absolute: 3-month T-Bills + 250 bps ¹	5.0%	4.2%	ITD	n/a
–Relative: HFRX Global Hedge Fund Index	3.3%	3.4%	ITD	n/a
•Target range of annualized volatility	3.0% – 7.0%	n/a	3 year rolling	n/a
•Beta to equity markets referencing MSCI ACWI	< 0.2	n/a	3 year rolling	n/a
Capital Allocation Constraints				
•Number of investment managers	~10	5	Quarterly	No
•Maximum percentage ownership of a single fund	35%	9%	Quarterly	Yes
Side Pockets				
•Allowed with reasonable expectation that no side pocket would last beyond 5 years	< 5 years	in compliance	n/a	Yes
Liquidity				
•Capital redeemable with 5 years	1	100.0%	Quarterly	Yes
•Capital redeemable with 3 years	> 50%	100.0%	Quarterly	Yes
Leverage				
•Hedge fund program leverage	not permitted	0.0	Quarterly	Yes
•Portfolio level leverage	Direct Portfolio Leverage < 10x	5.4	Quarterly	Yes

¹ Reflects hedge funds benchmark which is 90-Day U.S. T-Bills plus 250 basis points annually beginning March 1, 2019 and 90-Day U.S. T-Bills plus 500 basis points annually for periods prior to March 1, 2019.



Los Angeles County Employees Retirement Association
Real Estate Performance Measurement Report
Third Quarter 2020



Funding Status

LACERA Portfolio Snapshot As of September 30, 2020	Market Value (in millions of dollars)	% of LACERA Plan
LACERA Total Plan Assets	60,459	
Private Portfolio Target	6,046	10.0%
Private Portfolio Permissible Range		8.0 - 16.0%
Private Real Estate		
Inflation Hedging and Real Assets	4,554	7.5%
Growth	574	0.9%
Credit	173	0.3%
Total LACERA Private Real Estate Market Value	5,300	8.8%
Total LACERA Private Real Estate Unfunded Commitments	955	1.6%

- LACERA's benchmark is the NCREIF Open-end Diversified Core Equity Fund Index (NFI-ODCE) + 100 bps as of December 31, 2018. A history of the composition of the benchmark is provided in the appendix.
- The benchmark premium over NFI-ODCE was changed from 40 bps to 100 bps after the Fourth Quarter of 2018.
- Townsend believes the new benchmark premium recommended by the General Consultant will be difficult to achieve.

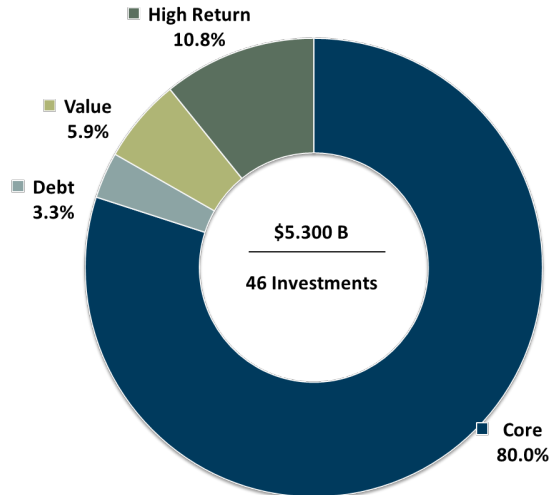
¹ As of September 30, 2020, Real Estate Market Value totaled \$5,300,161,645 (8.8% of Total Plan Assets)

² As of September 30, 2020, Unfunded Commitments totaled \$955,150,445 (1.6% of Total Plan Assets)

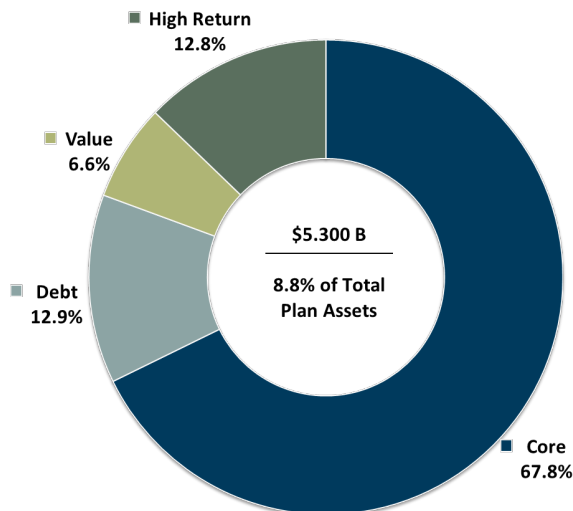
*Unfunded commitments is the balance of Client Commitments to Investments which remain to be called for the Investments.

Portfolio Composition

PORTFOLIO COMPOSITION (MARKET VALUE)



PORTFOLIO COMPOSITION (MARKET VALUE & UNFUNDED COMMITMENTS)



Portfolio Composition	Strategic Limit	Current Status
Core (including Debt):	≥ 60%	83.2%
Non-Core:	≤ 40%	16.8%
Value:	≤ 40%	5.9%
High Return:	≤ 20%	10.8%
Public REITs:	≤ 15%	N/A
Total Portfolio:	N/A	N/A

Strategic Plan Leverage Limits	Strategic Limit*	Current Status
Core:	50%	37.8%
Non-Core:		
Value:	65%	43.4%
High Return:	80%	42.5%
Public REITs:	N/A	N/A
Total Portfolio:	50%	39.1%

The following managers are more than 500 bps of LTV limit:

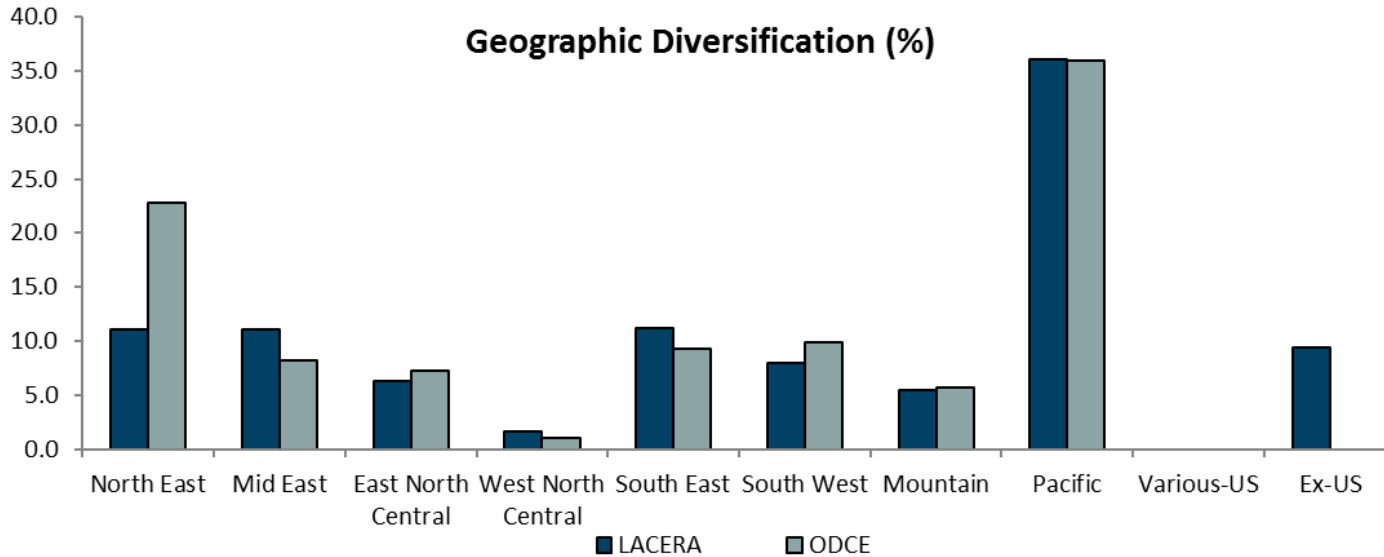
Value-Added:

Hunt UK Realty
Partners LP

*The Strategic Plan limits leverage on any single investment or manager portfolio, measured on a loan to value (LTV) basis, for the strategies listed. Portfolio Compositions include the Gateway IMA administrative asset in the percentages.

Portfolio Diversification

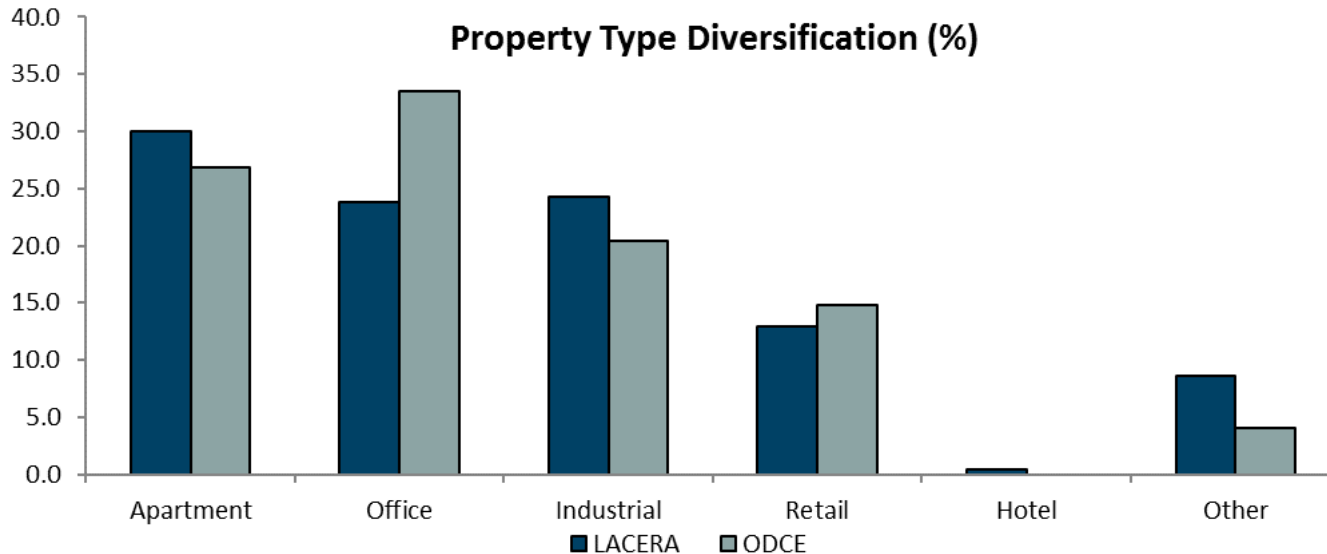
Geographic Diversification (%)



International Exposure

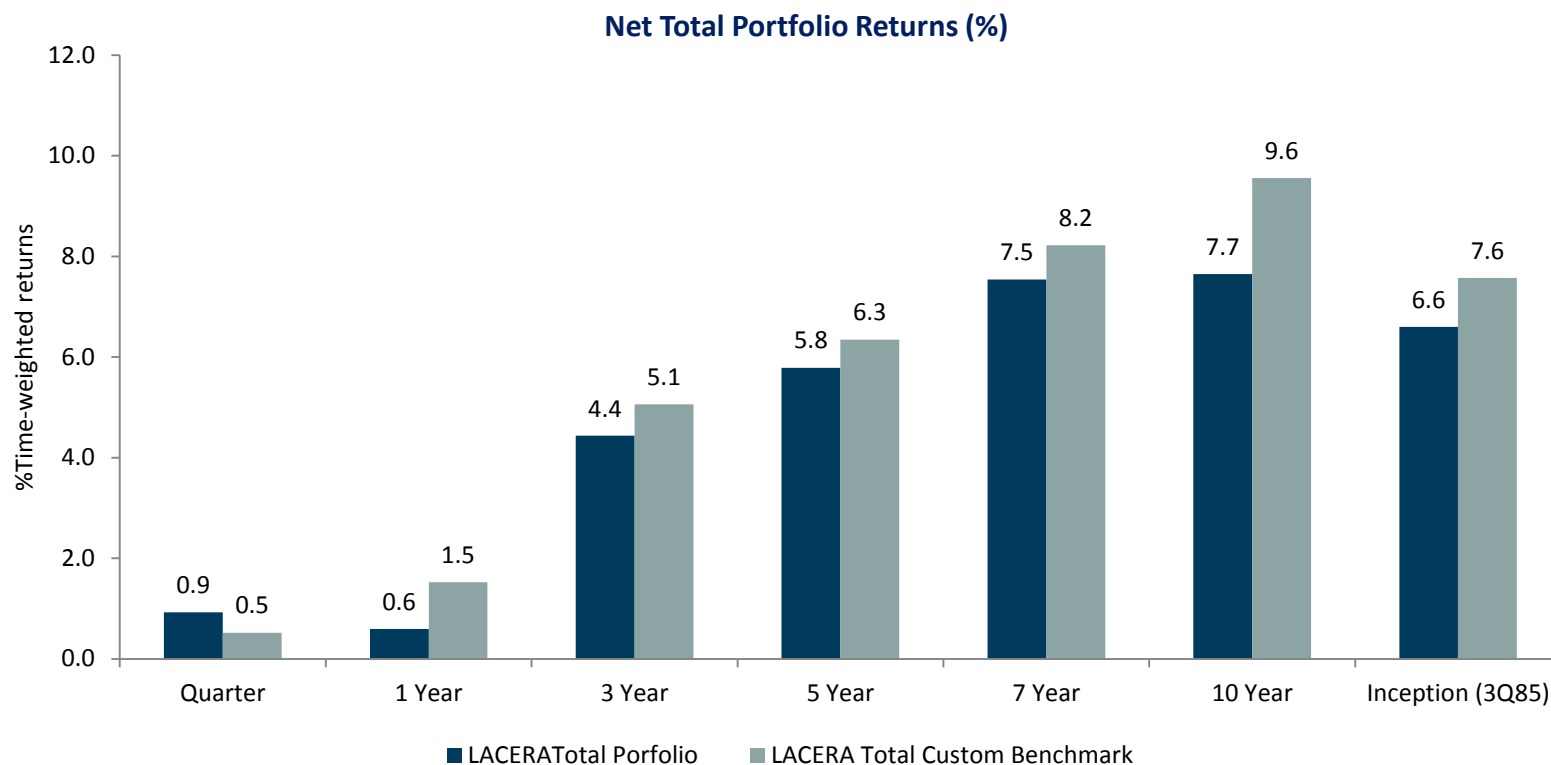
Ex-US	9.40%
Australia	1.02%
United Kingdom	1.06%
Japan	1.01%
Germany	0.73%
France	0.66%
Netherlands	0.64%
China	0.92%
South Korea	0.69%
Singapore	0.45%
Sweden	0.44%
Denmark	0.44%
Spain	0.31%
Czech Republic	0.26%
Other	0.77%

Property Type Diversification (%)



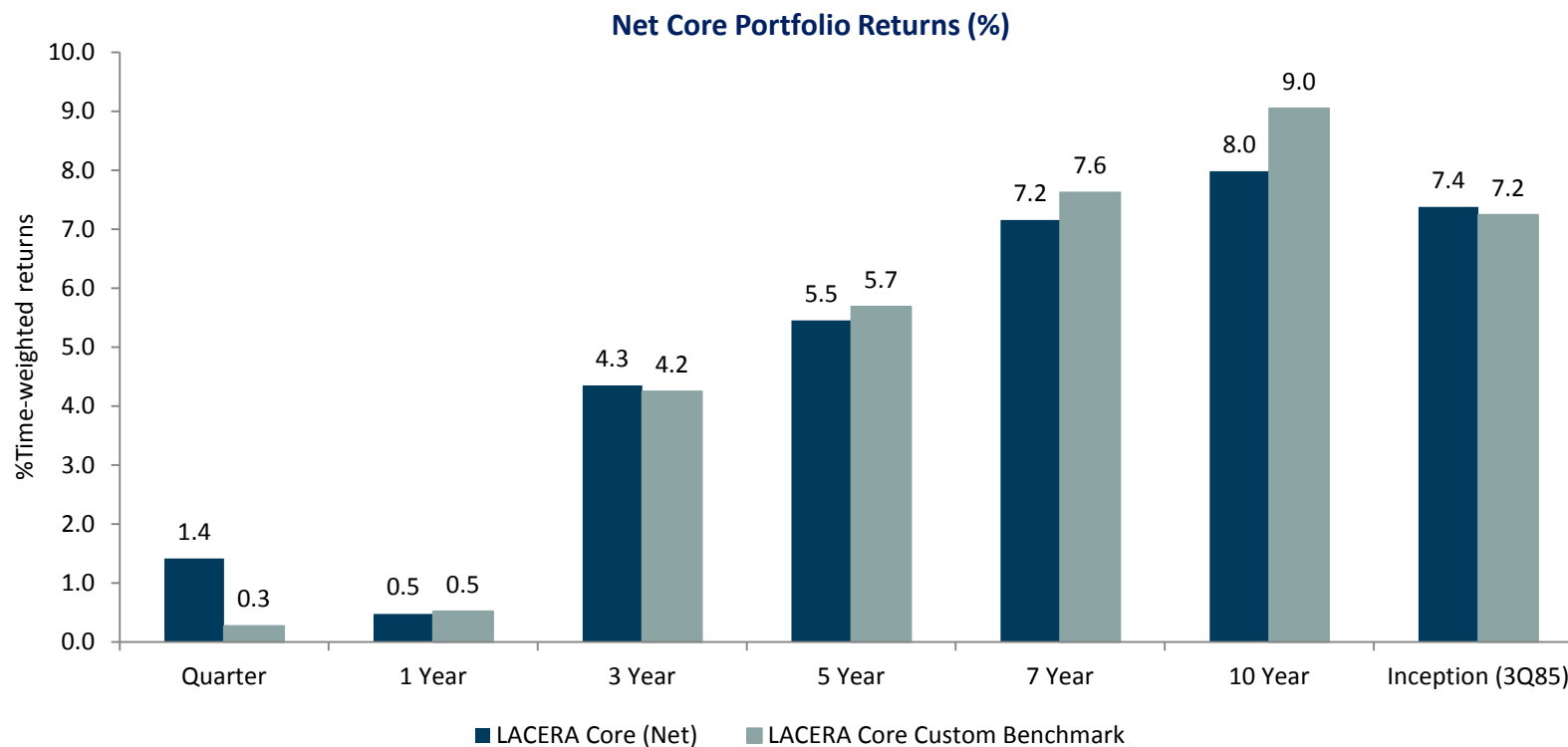
The Property Type 'Other' includes investments in Student Housing, senior living, self-storage and medical offices.

LACERA Total Portfolio vs. Benchmark



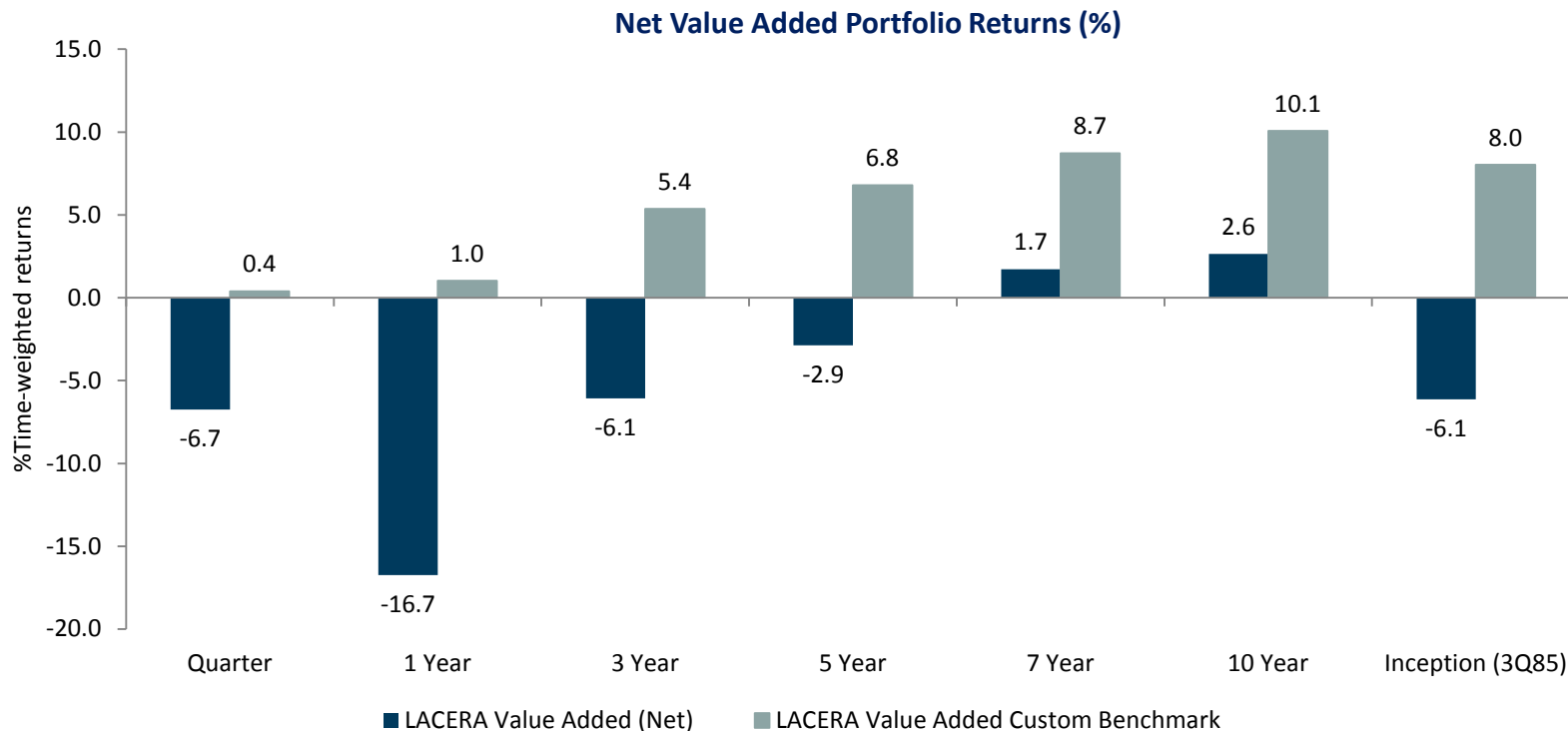
- As of 4Q18, LACERA's Custom Benchmark is the NFI-ODCE plus 100 bps.
- During the trailing quarter, the total portfolio outperformed the benchmark by 41 basis points driven by the positive performance of the core portfolio.
- Over longer periods, performance has been hurt by underperformance in the value added portfolio, as well as several separate accounts that have delivered below-benchmark returns.

LACERA Core Portfolio vs. Benchmark



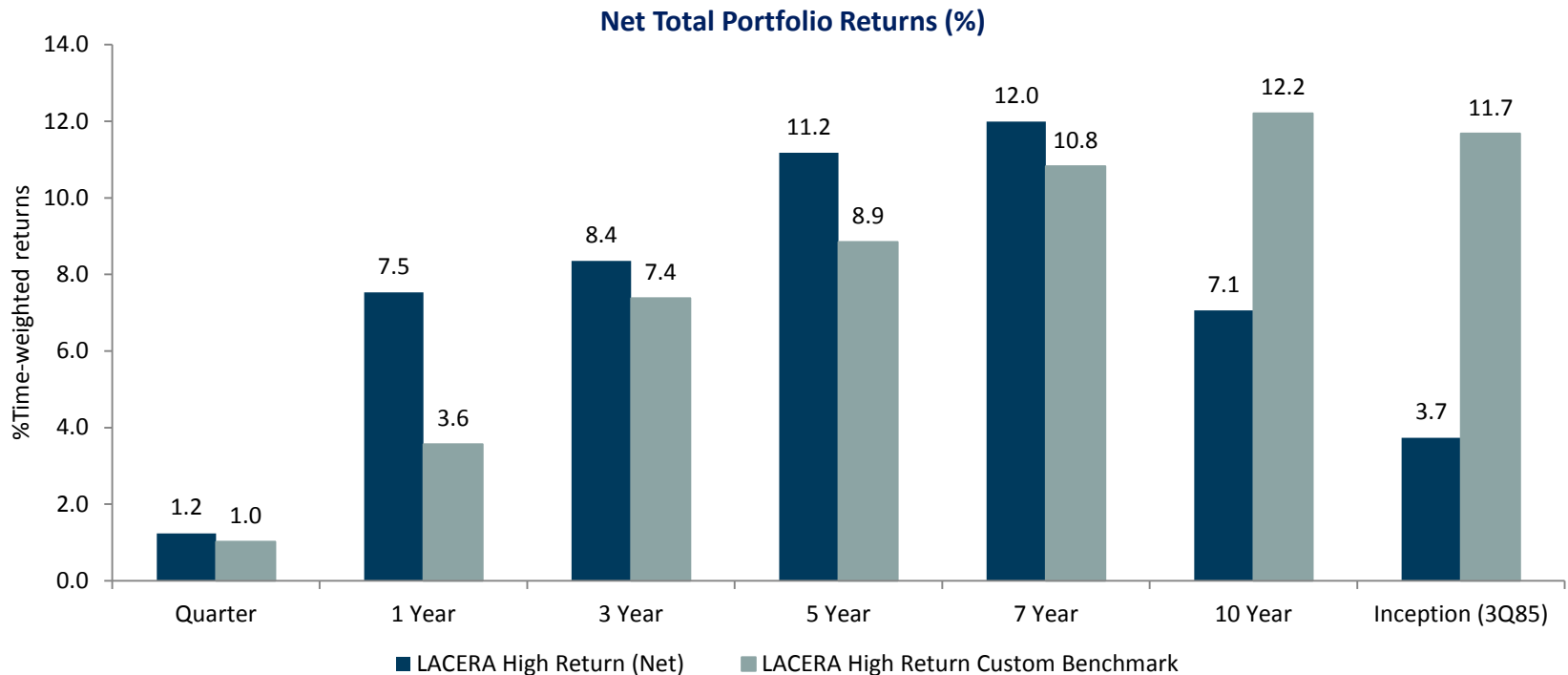
- Over the most recent quarter, the core portfolio significantly outperformed the benchmark by 114 basis points led by the positive performance of the core commingled funds.
 - Prologis European Logistics Fund (PELF) was the strongest performer on an absolute basis, generating 6.7% in net returns.
 - Furthermore, RREEF Takeover IMA was the largest contributor to the core portfolio due to significant write-ups in the separate account's assets, specifically Bayside Arbors Apartment.

LACERA Value Added Portfolio vs. Benchmark



- The LACERA value added portfolio underperformed the benchmark over all time periods. Underperformance of the valued added portfolio comes as the result of the poor performance of the Invesco Value IMA Vintage 2012 due to the negative performance of the Knickerbocker Retail asset.
- During the quarter, Heitman Value I.M.A. Vintage 2013 was the absolute strongest performer in the value added portfolio while CapMan Nordic Real Estate Fund II was the largest contributor generating 5.6% and 5.4% in net returns, respectively.

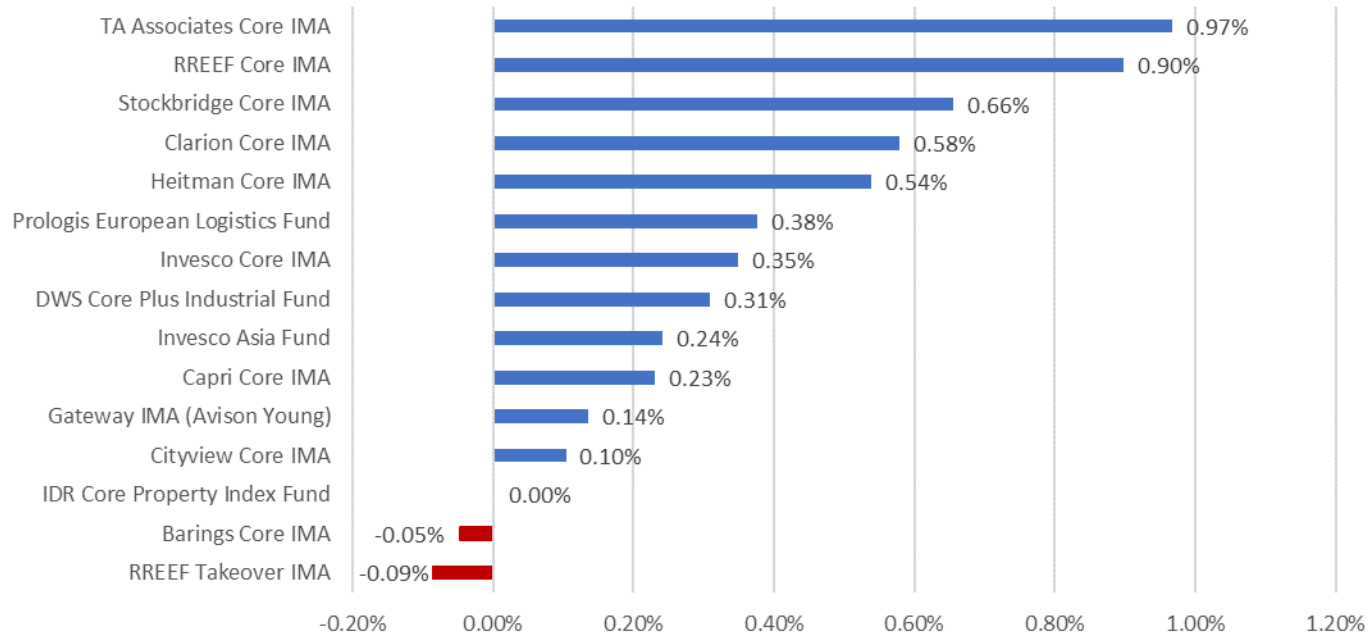
LACERA High Return Portfolio vs. Benchmark



- The high return portfolio outperformed the benchmark over all time periods, except for the 10-year and since inception time periods. Underperformance over the longer time periods is the result of the poor performance of Capri Urban Investors.
- Over the most recent quarter, the high return portfolio outperformed the benchmark by 22 basis points.
 - CVBAF II Union City Co-Invest was the strongest performer on an absolute basis, generating 11.6% in net returns.
 - Furthermore, CityView Western Fund I was the largest contributor to the high return portfolio due to significant write-ups in the fund's assets.

Core Attribution

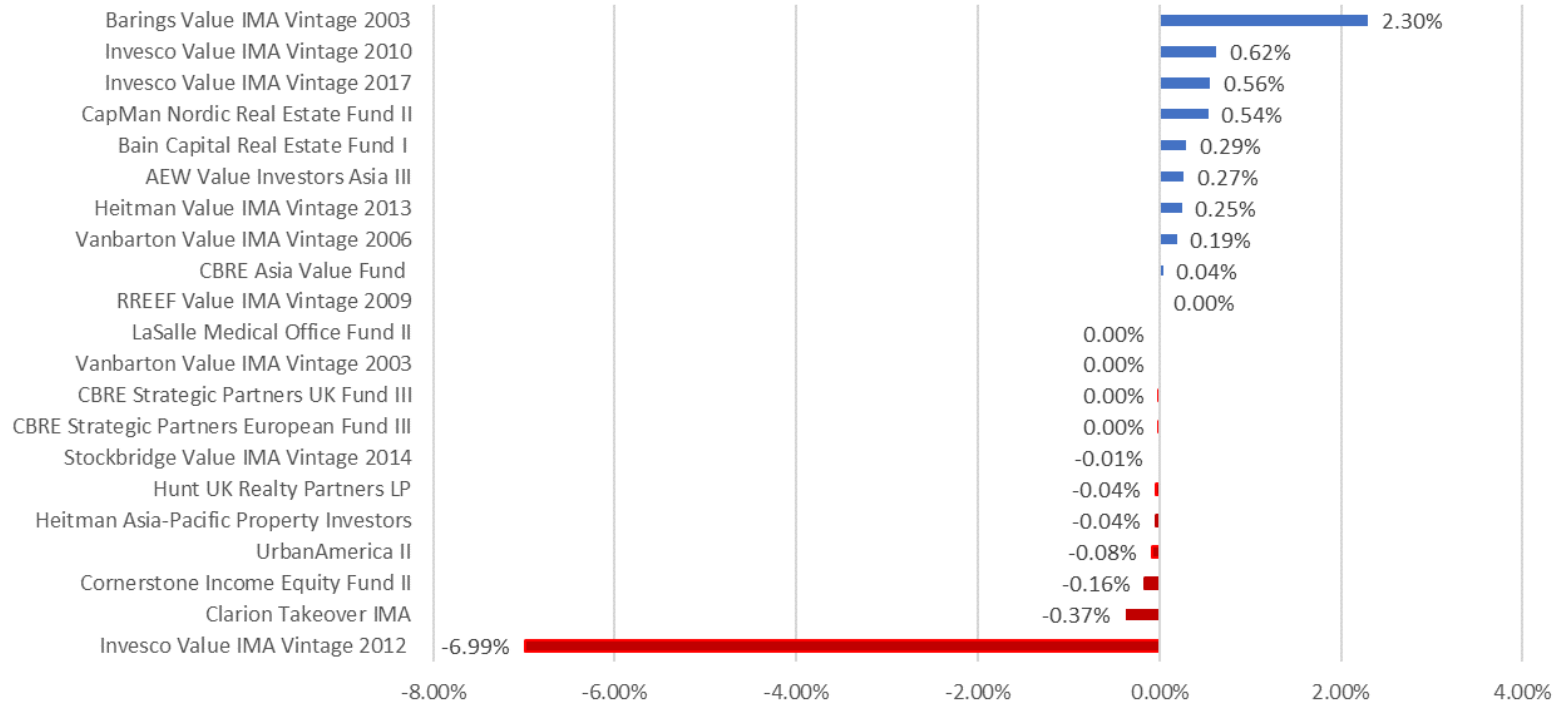
5 Year Core Attribution



- Although core commingled funds have outperformed the NFI-ODCE over the last 5 years (10.8% net vs. 5.7% net), their contribution to overall core performance was minimal due to the relatively smaller investment size of LACERA's core commingled funds compared to the Association's separate accounts.
- In addition, several core commingled funds have been active in LACERA's portfolio for less than 5 years, decreasing their impact on 5 year total portfolio returns. Nonetheless, both RREEF CPIF and Prologis European Logistics Fund have contributed positively to the core portfolio's performance.
- Both TA Associates core separate account and RREEF core separate account have been the top contributors to the core portfolio over the past five years.

Value Added Attribution

5 Year Value Added Attribution



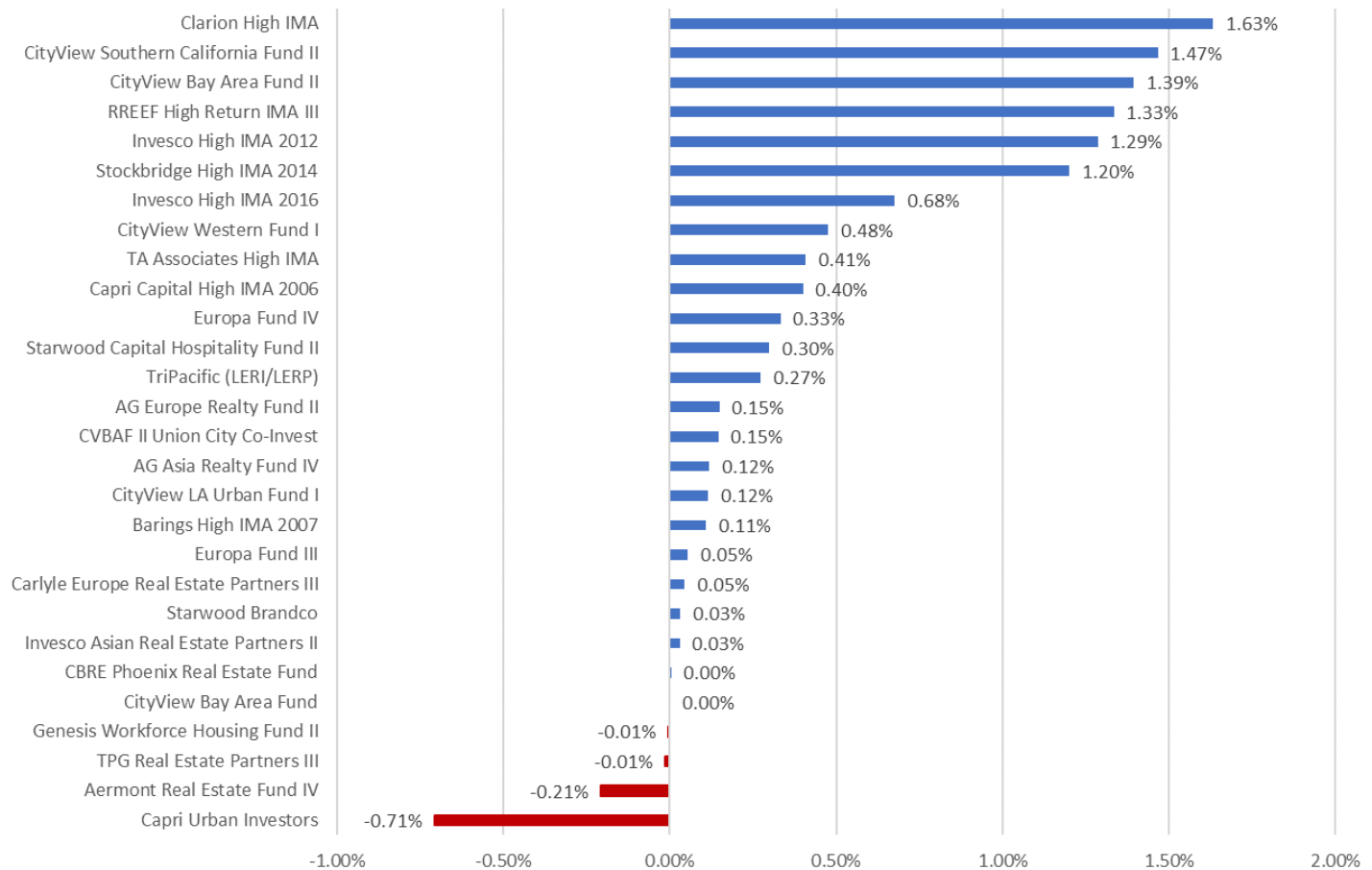
- As with the core portfolio, when evaluating investments' contribution to the overall performance of the value added portfolio, it is important to note that some investments (mainly commingled funds) have been active for less than five years, reducing their impact on the Portfolio's performance.
- Over the past five years, Barings Value IMA Vintage 2003 has been the largest contributing performer to the value added portfolio, contributing 2.30% to the portfolio's net returns.
- On the other hand, the negative performance of Invesco Value IMA Vintage 2012 resulted in the overall poor performance of the value added portfolio. Negative performance is driven by the significant write-downs in the Knickerbocker retail asset.

High Return Attribution



company

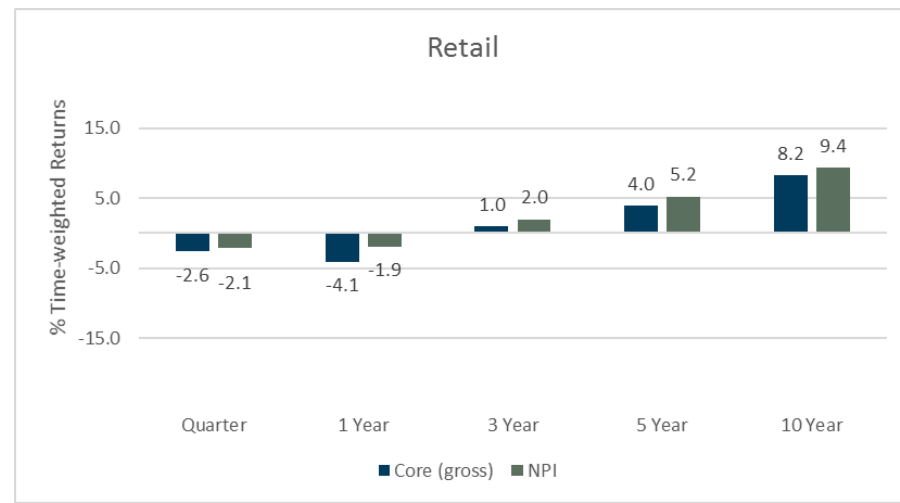
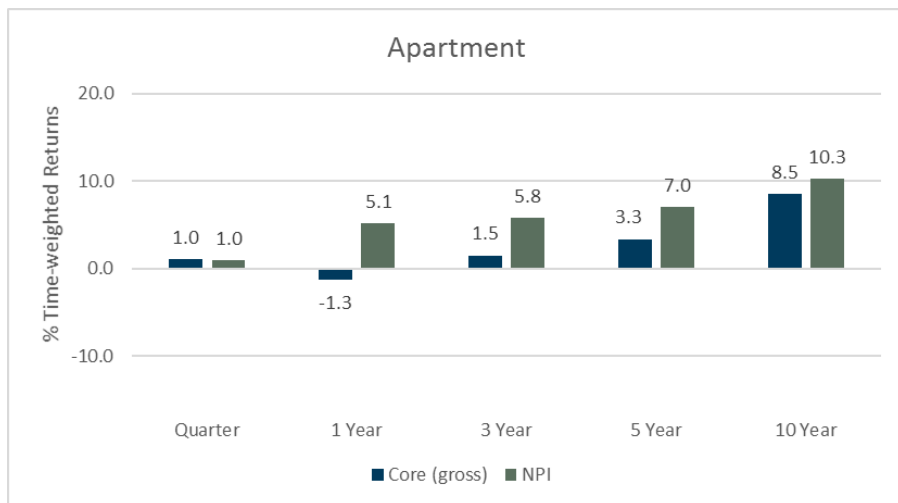
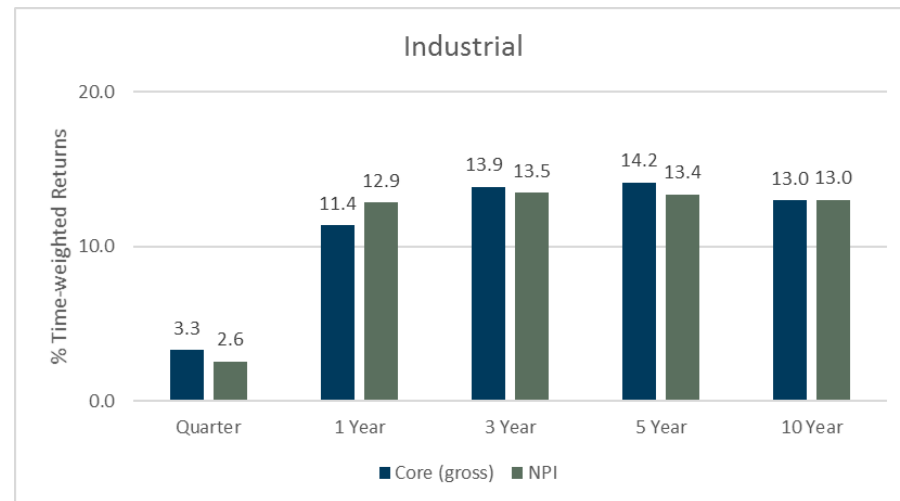
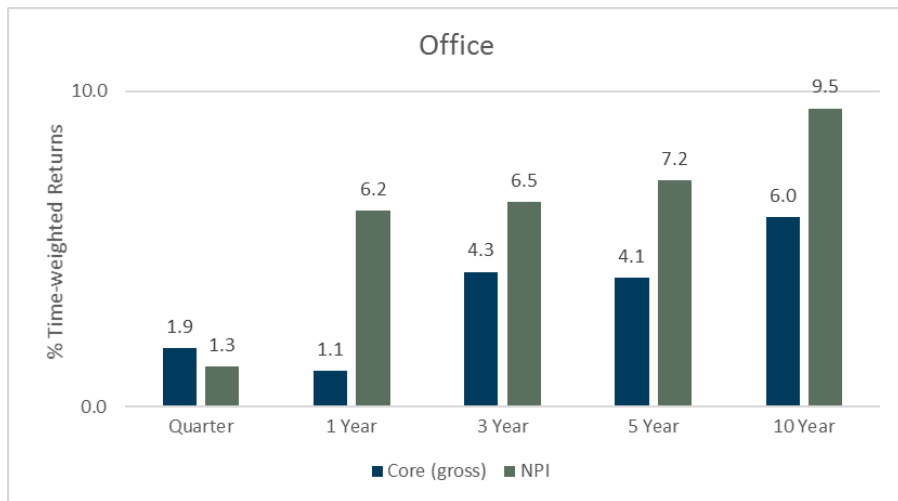
5 Year Growth Attribution



- Over the past five years, performance of the high return portfolio was largely driven by the performance of Clarion High IMA and CityView Southern California Fund II. Overall, Clarion High IMA has contributed the greatest portion of overall returns, contributing 1.63% to the portfolio's net returns.
- The poor performance of Capri Urban Investors is the result of recent write-downs in the fund's assets. Aermont Real Estate Fund IV and TPG Real Estate Partners III had a small negative impact on returns due to the smaller invested capital amounts, in addition to the short period these funds have been in the portfolio and the J-curve effect.

Performance by Property Type (based on Separate Account Assets)

AS OF SEPTEMBER 30, 2020:



*Gross returns shown are levered.

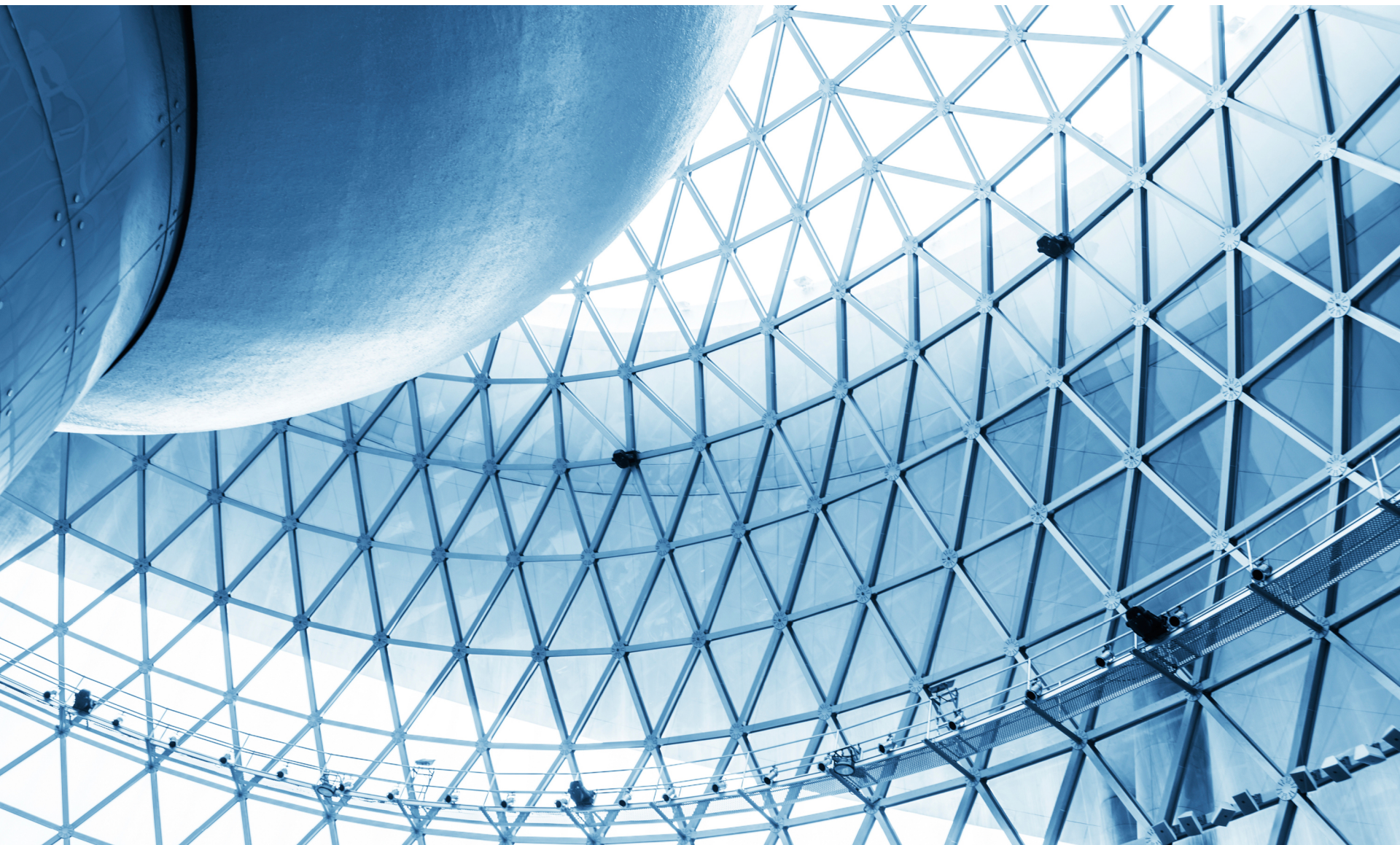
**NPI returns are reported gross of fees and on a de-levered basis.

Strategic Plan Compliance

AS OF SEPTEMBER 30, 2020:

POLICY		CURRENT QUARTER COMPLIANCE	DISCUSSION
Property Type Diversification	No property exposure exceeds the 40% maximum	YES	None
Property Location Diversification	No geographic region exceeds 40% maximum exposure	YES	None
Manager Diversification	No manager exceeds 35% of real estate allocation	YES	None
Public REITs	No more than 15% of real estate allocation	YES	None
Investment Style Allocation	Core – 60% minimum Non-Core – 40% maximum Value Added – 40% maximum High Return – 20% maximum	YES	None
Emerging Managers	Target of 10% of the targeted real estate allocation with a range of 0-20%	YES	None
Leverage	No more than 50% LTV on the total real estate portfolio	YES	None
International	No more than 20% of the total real estate portfolio	YES	None

Performance Flash Report



Portfolio Composition (\$)									
Total Plan Assets		Allocation		Market Value		Unfunded Commitments		Remaining Allocation	
60,459,492,387		6,045,949,239	10.0%	5,300,161,645	8.8%	955,150,445	1.6%	-209,362,851	-0.3%

Performance Summary	Quarter (%)		1 Year (%)		5 Year (%)		10 Year (%)	
	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
LACERA Total Portfolio	1.1	0.9	1.2	0.6	6.6	5.8	8.5	7.7
NFI-ODCE + 100 BPS		0.5		1.5		6.7		10.3

Funding Status (\$)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
Inflation Hedging and Real Assets:								
Core Portfolio								
Capri Capital Core I.M.A.	2011	0	317,282,057	0	486,989,590	7,086	0.0	0.0
Cityview Core I.M.A.	2014	0	306,836,889	0	173,217,814	172,677,756	3.3	2.8
Clarion Core I.M.A.	2014	0	384,925,463	0	289,182,325	253,251,236	4.8	4.0
Core Property Index Fund	2019	100,000,000	100,000,000	0	0	100,723,384	1.9	1.6
Gateway I.M.A. (Avison Young)	2016	0	103,773,621	0	17,237,406	124,935,153	2.4	2.0
Heitman Core I.M.A.	2014	0	487,637,330	0	129,085,400	496,448,661	9.4	7.9
Invesco Core I.M.A.	1994	0	1,736,593,482	0	2,213,748,513	442,306,027	8.3	7.1
Invesco Real Estate Asia Fund	2014	100,000,000	132,098,683	0	33,171,630	151,575,941	2.9	2.4
Prologis European Logistics Fund (PELF)	2017	118,147,448	140,449,602	0	20,002,898	174,886,726	3.3	2.8
RREEF Core I.M.A.*	1991	0	2,010,541,651	0	3,127,642,362	736,940,613	13.9	11.8
RREEF Core Plus Industrial Fund L.P.	2017	125,000,000	125,000,000	0	16,485,439	178,337,382	3.4	2.9
RREEF Takeover I.M.A.	2019	0	1,002,564,314	0	158,959,692	814,283,036	15.4	13.0
Stockbridge Core I.M.A.	2013	0	720,402,534	0	426,784,207	470,029,764	8.9	7.5
TA Associates Core I.M.A.*	1992	0	1,894,171,048	0	3,227,607,701	122,219,703	2.3	2.0
Core Portfolio	1985	443,147,448	9,462,276,674	0	10,320,114,977	4,238,622,468	80.0	67.8
Core Separate Accounts	1990	0	8,964,728,389	0	10,250,455,010	3,633,099,035	68.5	58.1
Core Commingled Funds	2014	443,147,448	497,548,285	0	69,659,967	605,523,433	11.4	9.7
Value Added								
AEW Value Investors Asia III	2018	50,000,000	42,812,479	7,187,522	0	46,813,626	0.9	0.9
Bain Capital Real Estate Fund I	2019	100,000,000	42,861,736	62,836,105	5,697,841	42,201,613	0.8	1.7
CapMan Nordic Real Estate Fund II	2017	59,206,631	45,109,676	15,088,049	10,089,205	44,522,157	0.8	1.0
CBRE Strategic Partners European Fund III	2007	21,488,047	21,523,777	253,165	5,923,985	121,730	0.0	0.0
Clarion Takeover Value IMA	2020	0	76,976,313	0	11,157,945	59,029,012	1.1	0.9
Heitman Asia-Pacific Property Investors	2018	50,000,000	39,508,902	11,248,445	1,234,420	36,363,575	0.7	0.8
Heitman Value I.M.A. Vintage 2013	2013	0	11,933,577	0	3,315,600	16,658,380	0.3	0.3
Hunt UK Realty Partners LP	2007	29,833,366	30,266,701	9,222	1,226,453	1,367,729	0.0	0.0
Invesco Value I.M.A. Vintage 2012	2012	0	110,584,993	0	2,350,980	40,438,192	0.8	0.6
Stockbridge Value I.M.A. Vintage 2014	2014	0	57,259,224	0	32,894,323	27,585,013	0.5	0.4
Value Added	1986	310,528,044	478,837,378	96,622,508	73,890,752	315,101,027	5.9	6.6
Value Added Separate Accounts	1994	0	256,754,107	0	49,718,848	143,710,597	2.7	2.3
Value Added Commingled Funds	1986	310,528,044	222,083,271	96,622,508	24,171,904	171,390,430	3.2	4.3
Inflation Hedge & Real Assets Separate Accounts	1990	0	9,221,482,496	0	10,300,173,858	3,776,809,632	71.3	60.4
Inflation Hedge & Real Assets Commingled Funds	1985	753,675,492	719,631,556	96,622,508	93,831,871	776,913,863	14.7	14.0
Total Inflation Hedging and Real Assets Portfolio	1985	753,675,492	9,941,114,052	96,622,508	10,394,005,729	4,553,723,495	85.9	74.3

Funding Status (\$)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
Growth:								
High Return								
AERMONT Real Estate Fund IV	2019	57,890,471	9,468,309	48,658,589	0	840,282	0.0	0.8
AG Asia Realty Fund IV	2019	100,000,000	35,250,000	64,750,000	618,065	38,337,310	0.7	1.6
AG Europe Realty Fund II	2018	50,000,000	40,000,000	10,000,000	250,000	46,434,572	0.9	0.9
Capri Capital High I.M.A. Vintage 2006	2006	0	202,389,707	0	253,212,474	437,157	0.0	0.0
Capri Urban Investors	2008	150,000,000	149,951,767	0	68,858,024	28,385,259	0.5	0.5
Carlyle Europe Real Estate Partners III	2007	24,951,333	26,651,260	718,290	22,454,151	802,212	0.0	0.0
CityView Bay Area Fund II	2012	134,000,000	143,290,517	0	127,465,855	88,749,174	1.7	1.4
CityView Southern California Fund II	2013	100,000,000	99,104,064	895,936	156,904,855	2,940,602	0.1	0.1
CityView Western Fund I, L.P.	2016	150,000,000	107,854,084	42,145,916	0	129,056,052	2.4	2.7
CVBAF II Union City Co-Invest	2015	0	20,350,000	0	0	25,405,402	0.5	0.4
Europa Fund III	2009	14,760,360	22,015,787	187,923	27,850,412	617,227	0.0	0.0
Europa Fund IV	2014	64,292,144	57,757,614	7,007,955	43,662,648	24,961,598	0.5	0.5
Invesco High I.M.A. Vintage 2012	2012	0	108,013,633	0	165,731,575	-271,373	0.0	0.0
Invesco High I.M.A. Vintage 2016	2016	0	39,413,986	0	70,643,588	679,023	0.0	0.0
RREEF High Return I.M.A. III	2015	0	264,579,264	0	262,916,599	63,067,986	1.2	1.0
Starwood Capital Hospitality Fund II	2010	100,000,000	96,593,690	3,406,310	131,737,567	18,168,659	0.3	0.3
Stockbridge High I.M.A. Vintage 2014	2014	0	160,854,417	0	114,615,922	96,896,599	1.8	1.5
TA Associates High I.M.A.	2015	0	65,306,510	0	81,510,404	0	0.0	0.0
TPG Real Estate Partners III	2019	75,000,000	9,618,304	49,131,696	0	8,245,816	0.2	0.9
High Return	1995	1,020,894,308	1,658,462,913	226,902,615	1,528,432,139	573,753,557	10.8	12.8
High Return Separate Accounts	2001	0	860,907,517	0	948,630,562	186,214,794	3.5	3.0
High Return Commingled Funds	2007	1,020,894,308	797,555,396	226,902,615	579,801,577	387,538,763	7.3	9.8
Total Growth Portfolio	1995	1,020,894,308	1,658,462,913	226,902,615	1,528,432,139	573,753,557	10.8	12.8
Credit:								
Core Debt IMAs								
Barings Debt I.M.A.	2019	500,000,000	151,699,841	414,375,322	72,893,587	89,514,608	1.9	7.0
Quadrant I.M.A.	2011	300,000,000	114,118,494	217,250,000	55,563,277	83,169,985	1.4	4.3
Core Debt IMAs	2011	800,000,000	265,818,335	631,625,322	128,456,864	172,684,593	3.3	12.9
Total Credit Portfolio	2011	800,000,000	265,818,335	631,625,322	128,456,864	172,684,593	3.3	12.9
Total Current Portfolio								
Los Angeles County Employees Retirement Association	1985	2,574,569,800	11,865,395,300	955,150,445	12,050,894,732	5,300,161,645	100.0	100.0

* Hardcoded Data

**Funded amount may be greater than the Commitment Amount due to recallable capital. Some distributions made during the Investment Period may be reinvested by the manager, which increases the Funded Amount to a sum greater than Committed Capital.

Returns (%)	Market Value (\$)	Quarter				1 Year				3 Year				5 Year			
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET
Inflation Hedging and Real Assets:																	
Core Portfolio																	
Capri Capital Core I.M.A. (9)	7,086	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cityview Core I.M.A.	172,677,756	0.3	-1.7	-1.4	-1.5	3.2	-13.5	-10.6	-11.1	4.2	-0.7	3.5	3.1	3.6	-0.2	3.3	2.9
Clarion Core I.M.A.	253,251,236	1.1	2.9	4.0	3.9	4.9	13.1	18.5	17.9	4.5	9.0	13.7	13.1	4.4	6.1	10.7	10.1
Core Property Index Fund	100,723,384	0.3	0.0	0.2	0.2	1.3	-0.8	0.5	0.5								
Gateway I.M.A. (Avison Young)	124,935,153	1.6	0.0	1.6	1.6	6.1	-3.6	2.4	2.4	6.2	-0.7	5.4	5.4				
Heitman Core I.M.A.	496,448,661	1.3	0.3	1.5	1.4	5.7	0.0	5.7	5.1	5.7	1.5	7.2	6.6	5.5	1.5	7.0	6.4
Invesco Core I.M.A.	442,306,027	1.4	1.4	2.8	2.7	5.5	-8.9	-3.8	-4.3	5.0	-4.0	0.9	0.4	4.8	-2.0	2.8	2.3
Invesco Real Estate Asia Fund	151,575,941	1.0	4.6	5.6	5.4	3.8	5.5	9.4	8.7	3.9	2.2	6.2	5.4	4.4	4.7	9.2	8.4
Prologis European Logistics Fund (PELF)	174,886,726	1.4	6.7	8.0	6.7	5.4	11.8	17.7	16.5	5.8	8.7	14.8	12.2				
RREEF Core I.M.A.*	736,940,613	0.0	-2.6	-2.5	-2.6	3.0	-16.6	-14.0	-14.4	4.4	-3.9	0.3	-0.1	4.9	-0.8	4.0	3.6
RREEF Core Plus Industrial Fund L.P.	178,337,382	0.9	0.9	1.7	1.7	3.9	8.5	12.6	12.3	3.9	11.3	15.5	15.2				
RREEF Takeover I.M.A. (13)	814,283,036	1.1	1.2	2.4	2.3	5.6	1.6	7.3	6.8								
Stockbridge Core I.M.A.	470,029,764	1.5	1.0	2.4	2.3	5.8	-2.5	3.2	2.7	6.3	2.3	8.7	8.1	6.4	2.6	9.1	8.4
TA Associates Core I.M.A.*	122,219,703	1.1	-0.4	0.6	0.8	6.5	-4.5	1.8	1.6	6.6	-2.0	4.5	4.1	6.7	-1.2	5.5	5.0
Core Portfolio	4,238,622,468	1.0	0.6	1.6	1.4	4.8	-3.7	1.0	0.5	5.1	-0.2	4.9	4.3	5.2	0.8	6.0	5.5
Total Core Separate Accounts	3,633,099,035	1.0	0.2	1.1	1.0	5.0	-5.3	-0.5	-1.0	5.2	-1.1	4.1	3.6	5.3	0.1	5.3	4.9
Core Commingled Funds	605,523,433	0.9	3.3	4.2	3.8	3.9	7.2	11.2	10.6	4.4	7.0	11.6	10.4	4.4	7.3	11.9	10.8
<i>Core Custom Benchmark</i>					0.3				0.5				4.2				5.7
<i>NFI-ODCE Value Weight</i>				0.5	0.3			1.4	0.5			5.2	4.2			6.6	5.7
Value Added																	
AEW Value Investors Asia III (10)	46,813,626	0.0	4.3	4.4	4.0	0.1	7.9	8.1	6.5								
Bain Capital Real Estate Fund I	42,201,613	0.1	1.7	1.8	0.6	-2.0	61.7	59.6	39.5								
CapMan Nordic Real Estate Fund II (4)	44,522,157	10.3	-4.6	5.7	5.4	-1.6	27.5	28.1	26.7	-3.0	44.9	41.7	33.9				
CBRE Strategic Partners European Fund III (9)	121,730	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Clarion Takeover Value IMA	59,029,012	1.6	-0.8	0.8	0.7												
Heitman Asia-Pacific Property Investors (10)	36,363,575	0.3	3.2	3.4	3.2	5.7	-3.7	1.7	0.7								
Heitman Value I.M.A. Vintage 2013	16,658,380	-0.2	5.9	5.7	5.6	6.0	6.6	13.0	12.0	5.9	4.6	10.8	9.7	6.4	2.0	8.5	8.6
Hunt UK Realty Partners LP	1,367,729	-0.7	4.2	3.6	3.6	-2.1	3.2	1.1	1.1	-2.0	-8.7	-10.6	-10.6	-2.1	-7.4	-9.4	-9.4
Invesco Value I.M.A. Vintage 2012	40,438,192	-2.5	-38.7	-41.2	-41.2	-5.9	-58.5	-61.9	-61.9	-5.1	-30.8	-35.0	-35.3	-2.9	-23.4	-26.0	-26.4
Stockbridge Value I.M.A. Vintage 2014	27,585,013	1.3	0.3	1.6	1.4	6.3	-4.1	2.0	1.2	6.0	-10.1	-4.6	-5.3	6.0	-5.3	0.5	-0.2
Value Added	315,101,027	1.2	-7.7	-6.5	-6.7	1.4	-16.9	-15.6	-16.7	1.9	-6.5	-4.8	-6.1	3.6	-5.3	-1.9	-2.9
Value Added Separate Accounts	143,710,597	-0.2	-15.3	-15.5	-15.6	1.3	-35.0	-34.1	-34.2	2.2	-15.1	-13.2	-13.8	3.8	-10.3	-6.9	-7.5
Value Added Commingled Funds	171,390,430	2.9	1.1	4.0	3.5	0.4	17.3	18.0	14.6	-1.9	13.8	11.8	6.4	-0.2	-1.5	-1.6	-3.4
<i>Value Custom Benchmark</i>					0.4				1.0				5.4				6.8
<i>NFI-ODCE Value Weight +200 BPS</i>				1.0	0.8			3.4	2.5			7.3	6.3			8.8	7.8
Inflation Hedge & Real Assets Separate Accounts	3,776,809,632	0.9	-0.5	0.4	0.3	4.8	-6.9	-2.4	-2.9	5.0	-1.8	3.1	2.6	5.2	-0.6	4.6	4.1
Inflation Hedge & Real Assets Commingled Funds	776,913,863	1.3	2.8	4.2	3.7	3.3	8.9	12.4	11.2	3.7	7.7	11.7	10.1	3.9	6.8	11.0	9.8
Total Inflation Hedging and Real Assets Portfolio	4,553,723,495	1.0	0.0	1.0	0.8	4.6	-4.7	-0.3	-0.9	4.8	-0.6	4.2	3.6	5.1	0.2	5.3	4.7
<i>NFI-ODCE Value Weight+50 BPS</i>				0.6	0.4			1.9	1.0			5.7	4.8			7.2	6.2

Returns (%)	Market Value (\$)	Quarter				1 Year				3 Year				5 Year			
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET
Growth:																	
High Return																	
AERMONT Real Estate Fund IV	840,282	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A								
AG Asia Realty Fund IV	38,337,310	0.1	7.7	7.8	4.8	-0.6	30.1	29.4	20.9								
AG Europe Realty Fund II (10)	46,434,572	-0.1	1.0	0.9	1.2	0.3	10.1	10.3	8.2								
Capri Capital High I.M.A. Vintage 2006	437,157	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capri Urban Investors	28,385,259	-1.0	-16.9	-17.9	-18.1	-2.2	-29.7	-31.4	-31.8	-0.7	-12.1	-12.8	-13.2	0.6	-13.2	-12.7	-13.7
Carlyle Europe Real Estate Partners III (3)	802,212	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CityView Bay Area Fund II (4)	88,749,174	-0.1	3.1	3.1	2.6	2.8	-1.6	1.2	-0.5	1.0	5.4	6.5	4.8	1.0	8.2	9.3	7.6
CityView Southern California Fund II (4)	2,940,602	-0.3	5.7	5.4	5.3	-0.9	-4.0	-4.9	-5.9	-0.4	8.8	8.4	7.4	-1.0	16.4	15.3	13.6
CityView Western Fund I, L.P. (12)	129,056,052	-0.2	2.8	2.6	2.4	-0.5	6.4	5.9	4.8	-2.7	17.6	14.9	10.3				
CVBAF II Union City Co-Invest	25,405,402	0.0	11.8	11.8	11.6	0.0	4.3	4.3	3.4	0.0	0.7	0.7	-0.1				
Europa Fund III (3) (9)	617,227	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Europa Fund IV (3)	24,961,598	-0.1	3.8	3.7	2.7	-0.7	2.7	2.0	0.1	-0.5	4.8	4.2	2.9	-0.9	10.2	9.3	8.6
Invesco High I.M.A. Vintage 2012	-271,373	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Invesco High I.M.A. Vintage 2016	679,023	4.8	0.0	4.8	4.8	13.8	-21.1	-11.6	-10.1	4.0	18.2	22.4	20.8				
RREEF High Return I.M.A. III (11)	63,067,986	-0.3	0.0	-0.3	-0.4	0.8	27.9	28.7	27.9	-0.3	8.9	8.5	7.5	-0.2	7.0	6.7	5.8
Starwood Capital Hospitality Fund II	18,168,659	-0.6	2.0	1.4	1.7	-2.1	-40.4	-40.1	-12.8	13.6	-20.8	-7.3	2.0	14.7	-18.0	-3.7	3.3
Stockbridge High I.M.A. Vintage 2014	96,896,599	0.2	3.6	3.8	3.2	-0.8	11.4	10.5	7.9	-1.6	23.8	22.0	18.1	-2.3	16.3	13.7	10.8
TA Associates High I.M.A.	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TPG Real Estate Partners III	8,245,816	0.1	6.8	6.9	4.8	-17.4	22.8	3.4	-27.9								
High Return (5)	573,753,557	-0.1	1.9	1.8	1.2	0.2	8.4	8.7	7.5	0.4	9.7	10.2	8.4	1.0	12.0	13.1	11.2
High Return Separate Accounts	186,214,794	0.0	3.3	3.3	2.8	0.4	23.9	24.3	22.2	0.0	13.7	13.7	11.7	0.1	17.6	17.6	15.5
High Return Commingled Funds	387,538,763	-0.2	1.3	1.1	0.6	0.0	-2.4	-2.4	-2.9	0.9	6.9	7.9	6.2	1.9	6.8	8.8	7.1
<i>High Return Custom Benchmark</i>					1.0				3.6				7.4				8.9
<i>NFI-ODCE Value Weight + 300 BPS</i>				1.2	1.0			4.5	3.6			8.3	7.4			9.8	8.9
Total Growth Portfolio	573,753,557	-0.1	1.9	1.8	1.2	0.2	8.4	8.7	7.5	0.4	9.7	10.2	8.4	1.0	12.0	13.1	11.2
Credit:																	
Core Debt IMAs																	
Barings Debt I.M.A.	89,514,608	3.3	-0.9	2.5	2.2	13.1	-1.5	11.5	10.3	12.2	-0.3	11.8	10.5	12.2	-0.3	11.8	10.5
Quadrant I.M.A.	83,169,985	1.9	0.0	1.9	1.8	7.9	0.0	7.8	7.3	7.9	0.2	8.1	7.6	7.8	-0.3	7.5	7.0
Debt	172,684,593	2.7	-0.5	2.2	2.0	10.8	-0.9	9.9	9.0	10.5	-0.3	10.1	9.1	10.1	-0.2	9.8	8.8
Total Credit Portfolio	172,684,593	2.7	-0.5	2.2	2.0	10.8	-0.9	9.9	9.0	10.5	-0.3	10.1	9.1	10.1	-0.2	9.8	8.8
<i>NPI Income Return</i>		0.7				2.0				5.1				6.3			
Total Portfolio																	
LACERA	5,300,161,645	0.9	0.2	1.1	0.9	4.2	-2.9	1.2	0.6	4.4	0.8	5.2	4.4	4.7	1.8	6.6	5.8
Indices																	
<i>Total Custom Benchmark (with ODCE+100bps in 4Q19)</i>					0.5				1.5				5.1				6.3
<i>NFI-ODCE +100bps</i>				0.7	0.5			2.4	1.5			6.2	5.3			7.7	6.7

Returns (%)	Market Value (\$)	7 Year				10 Year				Inception		TWR Calculation	Net IRR	Equity Multiple	
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	TGRS	TNET	Inception			
Inflation Hedging and Real Assets:															
Core Portfolio															
Capri Capital Core I.M.A. (9)	7,086	N/A	N/A	N/A	N/A						N/A	N/A	2Q11	8.7	1.5
Cityview Core I.M.A.	172,677,756										4.3	3.9	3Q14	4.2	1.1
Clarion Core I.M.A.	253,251,236										10.9	10.4	2Q14	10.5	1.4
Core Property Index Fund	100,723,384										1.3	1.3	3Q19	0.7	1.0
Gateway I.M.A. (Avison Young)	124,935,153										7.6	7.6	2Q16	7.8	1.4
Heitman Core I.M.A.	496,448,661										7.7	7.1	3Q14	7.0	1.3
Invesco Core I.M.A.	442,306,027	4.5	0.9	5.5	5.0	5.0	2.0	7.1	6.6		8.0	7.5	4Q94	8.2	1.5
Invesco Real Estate Asia Fund	151,575,941										7.1	6.3	2Q14	7.0	1.4
Prologis European Logistics Fund (PELF)	174,886,726										14.8	12.2	4Q17	12.2	1.4
RREEF Core I.M.A.*	736,940,613	5.3	1.5	6.9	6.4	5.7	2.2	7.9	7.4		10.1	9.2	1Q91	10.2	1.9
RREEF Core Plus Industrial Fund L.P.	178,337,382										15.7	15.3	3Q17	15.0	1.6
RREEF Takeover I.M.A. (13)	814,283,036										-1.3	-1.8	2Q19	-2.0	1.0
Stockbridge Core I.M.A.	470,029,764										10.1	9.4	1Q14	8.9	1.2
TA Associates Core I.M.A.*	122,219,703	6.8	0.2	7.0	6.5	6.8	0.9	7.8	7.3		9.1	8.4	3Q92	8.8	1.8
Core Portfolio	4,238,622,468	5.3	2.3	7.7	7.2	5.6	2.8	8.5	8.0		8.1	7.4	3Q85	8.0	1.5
Total Core Separate Accounts	3,633,099,035	5.4	1.9	7.3	6.8	5.7	2.5	8.3	7.7		8.4	7.7	3Q90	8.6	1.5
Core Commingled Funds	605,523,433										10.2	8.7	2Q14	9.8	1.3
<i>Core Custom Benchmark</i>					7.6				9.0			7.2	3Q85		
<i>NFI-ODCE Value Weight</i>				8.6	7.6			10.3	9.3		7.1	6.1	3Q85		
Value Added															
AEW Value Investors Asia III (10)	46,813,626										5.9	3.3	2Q18	5.0	1.1
Bain Capital Real Estate Fund I	42,201,613										41.6	9.9	2Q19	21.9	1.1
CapMan Nordic Real Estate Fund II (4)	44,522,157										41.7	33.9	4Q17	14.5	1.2
CBRE Strategic Partners European Fund III (9)	121,730	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		N/A	N/A	2Q08	-16.5	0.3
Clarion Takeover Value IMA	59,029,012										-8.4	-8.8	1Q20	-9.4	0.9
Heitman Asia-Pacific Property Investors (10)	36,363,575										-3.8	-4.8	3Q18	-4.0	1.0
Heitman Value I.M.A. Vintage 2013	16,658,380										11.9	10.5	1Q14	9.5	1.7
Hunt UK Realty Partners LP	1,367,729	-0.1	-6.0	-5.4	-6.8	-5.2	-9.9	-12.9	-15.6		-20.0	-22.5	1Q08	-21.1	0.1
Invesco Value I.M.A. Vintage 2012	40,438,192	-1.7	-10.2	-12.1	-12.6						-10.8	-11.4	1Q13	-14.1	0.4
Stockbridge Value I.M.A. Vintage 2014	27,585,013										1.2	0.6	2Q14	1.7	1.1
Value Added	315,101,027	4.8	-2.0	2.7	1.7	5.3	-1.5	3.7	2.6		1.0	-6.1	4Q86	4.5	1.1
Value Added Separate Accounts	143,710,597	4.8	-5.2	-0.7	-1.5	5.4	-3.9	1.2	0.5		4.7	3.5	3Q94	4.4	1.1
Value Added Commingled Funds	171,390,430	2.6	-0.8	1.9	0.1	3.3	-0.9	2.4	0.7		0.7	-7.6	4Q86	4.9	1.1
<i>Value Custom Benchmark</i>					8.7				10.1			8.0	4Q86		
<i>NFI-ODCE Value Weight +200 BPS</i>				10.7	9.7			12.4	11.4		9.3	8.2	4Q86		
Inflation Hedge & Real Assets Separate Accounts	3,776,809,632	5.4	1.5	6.9	6.4	5.7	2.0	7.8	7.2		8.0	7.3	3Q90	8.2	1.4
Inflation Hedge & Real Assets Commingled Funds	776,913,863	5.1	5.0	10.3	8.9	5.0	3.1	8.3	6.8		4.9	3.1	3Q85	5.5	1.3
Total Inflation Hedging and Real Assets Portfolio	4,553,723,495	5.4	1.9	7.4	6.7	5.7	2.3	8.0	7.4		7.6	6.8	3Q85	7.7	1.4
<i>NFI-ODCE Value Weight+50 BPS</i>				9.1	8.1			10.8	9.8		7.7	6.6			

Returns (%)	Market Value (\$)	7 Year				10 Year				Inception		TWR Calculation	Net IRR	Equity Multiple
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	TGRS	TNET	Inception		
Growth:														
High Return														
AERMONT Real Estate Fund IV	840,282									N/A	N/A	2Q19	-90.9	0.1
AG Asia Realty Fund IV	38,337,310									24.8	15.8	3Q19	11.1	1.1
AG Europe Realty Fund II (10)	46,434,572									16.2	11.5	3Q18	9.7	1.2
Capri Capital High I.M.A. Vintage 2006	437,157	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2Q06	8.7	1.3
Capri Urban Investors	28,385,259	1.7	-7.6	-6.1	-7.4	1.9	-5.7	-3.9	-5.5	-11.3	-13.8	3Q08	-5.8	0.6
Carlyle Europe Real Estate Partners III (3)	802,212	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2Q08	-2.7	0.9
CityView Bay Area Fund II (4)	88,749,174	N/A	N/A	N/A	N/A					N/A	N/A	1Q13	12.0	1.5
CityView Southern California Fund II (4)	2,940,602									73.3	101.3	1Q14	14.3	1.6
CityView Western Fund I, L.P. (12)	129,056,052									N/A	N/A	1Q17	9.2	1.2
CVBAF II Union City Co-Invest	25,405,402									6.0	5.2	2Q16	4.9	1.2
Europa Fund III (3) (9)	617,227	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4Q09	8.3	1.3
Europa Fund IV (3)	24,961,598									8.6	10.1	4Q14	6.6	1.2
Invesco High I.M.A. Vintage 2012	-271,373	N/A	N/A	N/A	N/A					N/A	N/A	1Q13	15.9	1.5
Invesco High I.M.A. Vintage 2016	679,023									14.4	12.3	2Q16	22.3	1.8
RREEF High Return I.M.A. III (11)	63,067,986									6.4	5.5	3Q15	8.3	1.2
Starwood Capital Hospitality Fund II	18,168,659	14.0	-13.2	0.9	5.1	9.5	-4.2	6.5	8.2	6.4	7.9	3Q10	9.3	1.6
Stockbridge High I.M.A. Vintage 2014	96,896,599									14.9	12.2	2Q14	18.7	1.3
TA Associates High I.M.A.	0									N/A	N/A	4Q15	16.6	1.2
TPG Real Estate Partners III	8,245,816									3.4	-27.9	4Q19	-21.2	0.9
High Return (5)	573,753,557	3.1	10.9	14.2	12.0	2.9	6.6	9.7	7.1	10.3	3.7	4Q95	3.7	1.1
High Return Separate Accounts	186,214,794	-0.2	18.3	18.0	15.7	-0.4	12.9	12.4	10.6	-0.2	-1.2	1Q01	6.5	1.2
High Return Commingled Funds	387,538,763	5.2	6.2	11.7	9.5	4.1	5.5	9.8	7.4	-12.5	-46.7	2Q07	5.6	1.2
<i>High Return Custom Benchmark</i>					10.8				12.2		11.7	4Q95		
<i>NFI-ODCE Value Weight + 300 BPS</i>				11.8	10.8			13.5	12.5	10.3	9.3	4Q95		
Total Growth Portfolio	573,753,557	3.1	10.9	14.2	12.0	2.9	6.6	9.7	7.1	10.3	3.7	4Q95	3.7	1.1
Credit:														
Core Debt IMAs														
Barings Debt I.M.A.	89,514,608	10.5	-0.3	10.2	9.0					10.5	9.3	1Q20	10.3	1.1
Quadrant I.M.A.	83,169,985	7.7	-0.3	7.5	6.9					8.0	7.5	4Q11	7.5	1.2
Debt	172,684,593	9.7	-0.3	9.4	8.3					9.8	8.7	4Q11	8.5	1.1
Total Credit Portfolio	172,684,593	9.7	-0.3	9.4	8.3					9.8	8.7	4Q11	8.5	1.1
<i>NPI Income Return</i>		8.0								7.7				
Total Portfolio														
LACERA	5,300,161,645	5.2	3.1	8.4	7.5	5.5	2.9	8.5	7.7	7.6	6.6	3Q85	7.4	1.3
Indices														
<i>Total Custom Benchmark (with ODCE+100bps in 4Q19)</i>					8.2				9.6		7.6	3Q85		
<i>NFI-ODCE +100bps</i>				9.7	8.7			11.3	10.3	8.2	7.2	4Q86		

Returns (%)	Market Value (\$)	Quarter				1 Year				3 Year				5 Year			
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET
Commingled Fund Portfolio																	
AERMONT Real Estate Fund IV	840,282	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A								
AEW Value Investors Asia III	46,813,626	0.0	4.3	4.4	4.0	0.1	7.9	8.1	6.5								
AG Asia Realty Fund IV	38,337,310	0.1	7.7	7.8	4.8	-0.6	30.1	29.4	20.9								
AG Europe Realty Fund II	46,434,572	-0.1	1.0	0.9	1.2	0.3	10.1	10.3	8.2								
Bain Capital Real Estate Fund I	42,201,613	0.1	1.7	1.8	0.6	-2.0	61.7	59.6	39.5								
CapMan Nordic Real Estate Fund II	44,522,157	10.3	-4.6	5.7	5.4	-1.6	27.5	28.1	26.7	-3.0	44.9	41.7	33.9				
Capri Urban Investors	28,385,259	-1.0	-16.9	-17.9	-18.1	-2.2	-29.7	-31.4	-31.8	-0.7	-12.1	-12.8	-13.2	0.6	-13.2	-12.7	-13.7
Carlyle Europe Real Estate Partners III	802,212	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CBRE Strategic Partners European Fund III	121,730	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CityView Bay Area Fund II	88,749,174	-0.1	3.1	3.1	2.6	2.8	-1.6	1.2	-0.5	1.0	5.4	6.5	4.8	1.0	8.2	9.3	7.6
CityView Southern California Fund II	2,940,602	-0.3	5.7	5.4	5.3	-0.9	-4.0	-4.9	-5.9	-0.4	8.8	8.4	7.4	-1.0	16.4	15.3	13.6
CityView Western Fund I, L.P.	129,056,052	-0.2	2.8	2.6	2.4	-0.5	6.4	5.9	4.8	-2.7	17.6	14.9	10.3				
Core Property Index Fund	100,723,384	0.3	0.0	0.2	0.2	1.3	-0.8	0.5	0.5								
Europa Fund III	617,227	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Europa Fund IV	24,961,598	-0.1	3.8	3.7	2.7	-0.7	2.7	2.0	0.1	-0.5	4.8	4.2	2.9	-0.9	10.2	9.3	8.6
Heitman Asia-Pacific Property Investors	36,363,575	0.3	3.2	3.4	3.2	5.7	-3.7	1.7	0.7								
Hunt UK Realty Partners LP	1,367,729	-0.7	4.2	3.6	3.6	-2.1	3.2	1.1	1.1	-2.0	-8.7	-10.6	-10.6	-2.1	-7.4	-9.4	-9.4
Invesco Real Estate Asia Fund	151,575,941	1.0	4.6	5.6	5.4	3.8	5.5	9.4	8.7	3.9	2.2	6.2	5.4	4.4	4.7	9.2	8.4
Prologis European Logistics Fund (PELF)	174,886,726	1.4	6.7	8.0	6.7	5.4	11.8	17.7	16.5	5.8	8.7	14.8	12.2				
RREEF Core Plus Industrial Fund L.P.	178,337,382	0.9	0.9	1.7	1.7	3.9	8.5	12.6	12.3	3.9	11.3	15.5	15.2				
Starwood Capital Hospitality Fund II	18,168,659	-0.6	2.0	1.4	1.7	-2.1	-40.4	-40.1	-12.8	13.6	-20.8	-7.3	2.0	14.7	-18.0	-3.7	3.3
TPG Real Estate Partners III	8,245,816	0.1	6.8	6.9	4.8	-17.4	22.8	3.4	-27.9								
Commingled Fund Post - 2000	1,164,452,626	0.8	2.3	3.1	2.6	2.0	4.5	6.6	5.7	2.5	7.6	10.3	8.6	3.0	7.1	10.3	8.7
Total Separate Account Portfolio																	
Barings Debt I.M.A.	89,514,608	3.3	-0.9	2.5	2.2	13.1	-1.5	11.5	10.3	12.2	-0.3	11.8	10.5	12.2	-0.3	11.8	10.5
Capri Capital I.M.A.	444,243	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	-11.2	-11.7	-11.8	1.3	-6.0	-5.1	-5.5
Cityview Core I.M.A.	172,677,756	0.3	-1.7	-1.4	-1.5	3.2	-13.5	-10.6	-11.1	4.2	-0.7	3.5	3.1	3.6	-0.2	3.3	2.9
Clarion I.M.A.	253,251,236	1.1	2.9	4.0	3.9	4.9	13.1	18.5	17.9	4.4	8.9	13.6	12.4	3.7	10.1	14.2	13.2
Clarion Takeover Value IMA	59,029,012	1.6	-0.8	0.8	0.7												
CVBAF II Union City Co-Invest	25,405,402	0.0	11.8	11.8	11.6	0.0	4.3	4.3	3.4	0.0	0.7	0.7	-0.1				
Gateway I.M.A. (Avison Young)	124,935,153	1.6	0.0	1.6	1.6	6.1	-3.6	2.4	2.4	6.2	-0.7	5.4	5.4				
Heitman Separate Accounts	513,107,041	1.2	0.4	1.7	1.5	5.7	0.2	5.9	5.3	5.7	1.6	7.3	6.7	5.5	1.5	7.1	6.5
Invesco I.M.A.	483,151,870	0.9	-4.0	-3.1	-3.3	3.8	-17.3	-14.0	-14.6	3.5	-6.3	-3.0	-3.6	3.7	-3.3	0.4	-0.4
Quadrant I.M.A.	83,169,985	1.9	0.0	1.9	1.8	7.9	0.0	7.8	7.3	7.9	0.2	8.1	7.6	7.8	-0.3	7.5	7.0
RREEF Core/High Return I.M.A. III	800,008,599	0.0	-2.4	-2.4	-2.4	2.5	-9.0	-6.7	-7.1	3.4	-1.4	1.9	1.4	4.2	0.8	5.0	4.5
RREEF Takeover I.M.A.	814,283,036	1.1	1.2	2.4	2.3	5.6	1.6	7.3	6.8								
Stockbridge I.M.A.	594,511,376	1.3	1.3	2.6	2.4	5.0	-0.8	4.2	3.4	5.1	4.7	10.0	8.9	5.5	4.2	9.8	8.9
TA Associates I.M.A.	122,219,698	1.1	-0.4	0.6	0.8	5.4	1.6	7.1	6.3	6.1	0.4	6.5	5.9	6.4	0.4	6.8	6.2
Total Separate Account Portfolio (w/o Takover and LERI/TRI)	4,135,709,015	1.0	-0.4	0.6	0.5	4.7	-4.7	-0.1	-0.7	4.8	-0.5	4.2	3.6	5.0	0.8	5.8	5.2
Total Portfolio																	
LACERA	5,300,161,645	0.9	0.2	1.1	0.9	4.2	-2.9	1.2	0.6	4.4	0.8	5.2	4.4	4.7	1.8	6.6	5.8
Indices																	
<i>Total Custom Benchmark (with ODCE+100bps in 1Q19)</i>																	
<i>NFI-ODCE +100bps</i>																	

Returns (%)	Market Value (\$)	7 Year				10 Year				Inception		TWR Calculation Inception	Net IRR	Equity Multiple	
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	TGRS	TNET				
Commingled Fund Portfolio															
AERMONT Real Estate Fund IV	840,282									N/A	N/A	2Q19	-90.9	0.1	
AEW Value Investors Asia III	46,813,626									5.9	3.3	2Q18	5.0	1.1	
AG Asia Realty Fund IV	38,337,310									24.8	15.8	3Q19	11.1	1.1	
AG Europe Realty Fund II	46,434,572									16.2	11.5	3Q18	9.7	1.2	
Bain Capital Real Estate Fund I	42,201,613									41.6	9.9	2Q19	21.9	1.1	
CapMan Nordic Real Estate Fund II	44,522,157									41.7	33.9	4Q17	14.5	1.2	
Capri Urban Investors	28,385,259	1.7	-7.6	-6.1	-7.4	1.9	-5.7	-3.9	-5.5	-11.3	-13.8	3Q08	-5.8	0.6	
Carlyle Europe Real Estate Partners III	802,212	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2Q08	-2.7	0.9	
CBRE Strategic Partners European Fund III	121,730	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2Q08	-16.5	0.3	
CityView Bay Area Fund II	88,749,174	N/A	N/A	N/A	N/A					N/A	N/A	1Q13	12.0	1.5	
CityView Southern California Fund II	2,940,602									73.3	101.3	1Q14	14.3	1.6	
CityView Western Fund I, L.P.	129,056,052									N/A	N/A	1Q17	9.2	1.2	
Core Property Index Fund	100,723,384									1.3	1.3	3Q19	0.7	1.0	
Europa Fund III	617,227	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4Q09	8.3	1.3	
Europa Fund IV	24,961,598									8.6	10.1	4Q14	6.6	1.2	
Heitman Asia-Pacific Property Investors	36,363,575									-3.8	-4.8	3Q18	-4.0	1.0	
Hunt UK Realty Partners LP	1,367,729	-0.1	-6.0	-5.4	-6.8	-5.2	-9.9	-12.9	-15.6	-20.0	-22.5	1Q08	-21.1	0.1	
Invesco Real Estate Asia Fund	151,575,941									7.1	6.3	2Q14	7.0	1.4	
Prologis European Logistics Fund (PELF)	174,886,726									14.8	12.2	4Q17	12.2	1.4	
RREEF Core Plus Industrial Fund L.P.	178,337,382									15.7	15.3	3Q17	15.0	1.6	
Starwood Capital Hospitality Fund II	18,168,659	14.0	-13.2	0.9	5.1	9.5	-4.2	6.5	8.2	6.4	7.9	3Q10	9.3	1.6	
TPG Real Estate Partners III	8,245,816									3.4	-27.9	4Q19	-21.2	0.9	
Commingled Fund Post - 2000	1,164,452,626	5.4	5.9	11.6	9.7	4.7	4.6	9.5	7.5	3.0	-0.8	1Q02	4.9	1.2	
Total Separate Account Portfolio															
Barings Debt I.M.A.	89,514,608	10.5	-0.3	10.2	9.0					10.5	9.3	1Q20	10.3	1.1	
Capri Capital I.M.A.	444,243	1.8	-0.9	0.5	-0.1	2.3	4.8	7.0	6.1	4.3	3.0	1Q03	7.1	1.3	
Cityview Core I.M.A.	172,677,756									4.3	3.9	3Q14	4.2	1.1	
Clarion I.M.A.	253,251,236									13.6	12.7	2Q14	13.0	1.4	
Clarion Takeover Value IMA	59,029,012									-8.4	-8.8	1Q20	-9.4	0.9	
CVBAF II Union City Co-Invest	25,405,402									6.0	5.2	2Q16	4.9	1.2	
Gateway I.M.A. (Avison Young)	124,935,153									7.6	7.6	2Q16	7.8	1.4	
Heitman Separate Accounts	513,107,041									9.1	8.4	1Q14	7.1	1.3	
Invesco I.M.A.	483,151,870	3.7	0.8	4.5	3.7	4.3	1.6	6.0	5.3	7.3	6.7	4Q94	7.7	1.4	
Quadrant I.M.A.	83,169,985	7.7	-0.3	7.5	6.9					8.0	7.5	4Q11	7.5	1.2	
RREEF Core/High Return I.M.A. III	800,008,599	4.8	2.7	7.6	7.0	5.3	3.0	8.4	7.8	10.0	9.2	1Q91	10.0	1.8	
RREEF Takeover I.M.A.	814,283,036									-1.3	-1.8	2Q19	-2.0	1.0	
Stockbridge I.M.A.	594,511,376									10.5	9.6	1Q14	9.3	1.2	
TA Associates I.M.A.	122,219,698	6.5	1.0	7.6	7.0	6.6	1.3	8.0	7.4	9.1	8.3	3Q92	8.5	1.6	
Total Separate Account Portfolio (w/o Takover and LERI/TRI)	4,135,709,015	5.2	2.5	7.8	7.1	5.6	2.7	8.4	7.7	8.1	7.3	3Q90	8.1	1.4	
Total Portfolio															
LACERA	5,300,161,645	5.2	3.1	8.4	7.5	5.5	2.9	8.5	7.7	7.6	6.6	3Q85	7.4	1.3	
Indices															
<i>Total Custom Benchmark (with ODCE+100bps in 1Q19)</i>					8.2					9.6			7.6	3Q85	
<i>NFI-ODCE +100bps</i>					9.7	8.7			11.3	10.3	8.2	7.2	4Q86		

Quarterly Cash Flow Activity (\$)	Beginning Market Value	Contributions	Distributions	Withdrawals	Gross Income	Manager Fees	Appreciation	Ending Market Value	LTV (%)
Inflation Hedging and Real Assets:									
Core Portfolio									
Capri Capital Core I.M.A.	7,086	0	0	0	0	0	0	7,086	0.0
Cityview Core I.M.A.	175,298,498	230,538	168,574	0	453,936	230,538	-2,906,104	172,677,756	47.1
Clarion Core I.M.A.	247,084,022	320,906	3,766,000	0	2,761,609	307,879	7,158,578	253,251,236	38.7
Core Property Index Fund	100,499,485	0	0	0	267,035	3,200	-39,936	100,723,384	22.8
Gateway I.M.A. (Avison Young)	123,823,783	0	825,911	0	1,937,281	0	0	124,935,153	0.0
Heitman Core I.M.A.	494,364,239	706,491	5,476,000	0	6,287,833	680,772	1,246,870	496,448,661	46.1
Invesco Core I.M.A.	437,114,783	659,117	7,205,375	0	6,141,600	650,627	6,246,530	442,306,027	44.8
Invesco Real Estate Asia Fund	143,897,961	1,094,841	1,267,361	0	1,513,279	257,679	6,594,900	151,575,941	33.1
Prologis European Logistics Fund (PELF)	165,459,536	0	1,619,688	0	2,256,296	2,271,217	11,061,799	174,886,726	20.7
RREEF Core I.M.A.*	664,023,666	100,451,510	7,646,528	0	123,161	546,401	-19,464,794	736,940,613	41.8
RREEF Core Plus Industrial Fund L.P.	176,697,070	0	1,283,786	0	1,536,171	133,751	1,521,679	178,337,382	11.6
RREEF Takeover I.M.A.	802,562,668	2,173,300	8,538,250	0	9,042,319	855,731	9,898,730	814,283,036	36.0
Stockbridge Core I.M.A.	463,792,005	625,676	5,229,000	2,000	6,805,932	502,154	4,539,305	470,029,764	40.2
TA Associates Core I.M.A.*	84,909,858	37,221,602	900,000	0	1,321,890	-203,620	-537,267	122,219,703	0.0
Core Portfolio	4,079,534,660	143,483,981	43,926,473	2,000	40,448,342	6,236,329	25,320,290	4,238,622,468	37.8
Core Separate Accounts	3,492,980,608	142,389,140	39,755,638	2,000	34,875,561	3,570,482	6,181,848	3,633,099,035	39.8
Core Commingled Funds	586,554,052	1,094,841	4,170,835	0	5,572,781	2,665,847	19,138,442	605,523,433	22.3
Value Added									
AEW Value Investors Asia III	44,729,651	284,091	0	0	21,855	156,250	1,934,279	46,813,626	51.9
Bain Capital Real Estate Fund I	32,655,265	10,000,000	658,759	0	37,368	401,277	569,016	42,201,613	0.0
CapMan Nordic Real Estate Fund II	38,898,200	5,043,133	1,612,434	0	4,184,613	117,648	-1,873,708	44,522,157	47.8
CBRE Strategic Partners European Fund III	212,805	0	99,494	0	-825	0	9,243	121,730	0.0
Clarion Takeover Value IMA	59,345,005	128,273	854,000	0	956,722	64,981	-482,007	59,029,012	0.0
Heitman Asia-Pacific Property Investors	24,114,210	11,371,464	0	0	70,065	70,639	878,476	36,363,575	53.0
Heitman Value I.M.A. Vintage 2013	15,736,770	41,297	0	0	-32,781	10,012	923,106	16,658,380	48.8
Hunt UK Realty Partners LP	1,320,713	0	0	0	-8,922	0	55,939	1,367,729	77.6
Invesco Value I.M.A. Vintage 2012	68,705,435	0	-45,000	0	-1,694,588	0	-26,617,655	40,438,192	68.8
Stockbridge Value I.M.A. Vintage 2014	27,461,469	53,098	322,000	0	361,533	53,098	84,011	27,585,013	0.0
Value Added	313,179,523	26,921,356	3,501,687	-	3,895,040	873,905	-24,519,300	315,101,027	43.4
Value Added Separate Accounts	171,248,679	222,668	1,131,000	0	-409,114	128,091	-26,092,545	143,710,597	24.2
Value-Added Commingled Funds	141,930,844	26,698,688	2,370,687	-	4,304,154	745,814	1,573,245	171,390,430	53.3
Inflation Hedge & Real Assets Separate Accounts	3,664,229,287	142,611,808	40,886,638	2,000	34,466,447	3,698,573	-19,910,697	3,776,809,632	48.8
Inflation Hedge & Real Assets Commingled Funds	728,484,896	27,793,529	6,541,522	0	9,876,935	3,411,661	20,711,687	776,913,863	32.3
Total Inflation Hedging and Real Assets Portfolio	4,392,714,183	170,405,337	47,428,160	2,000	44,343,382	7,110,234	800,990	4,553,723,495	38.2

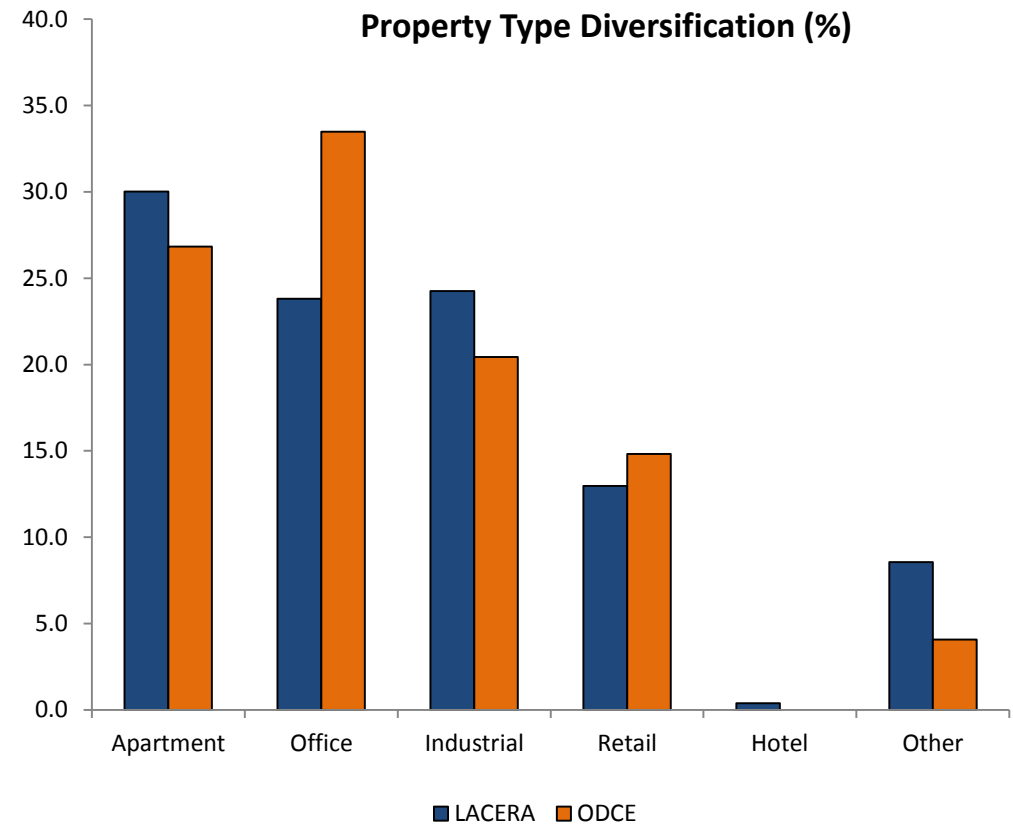
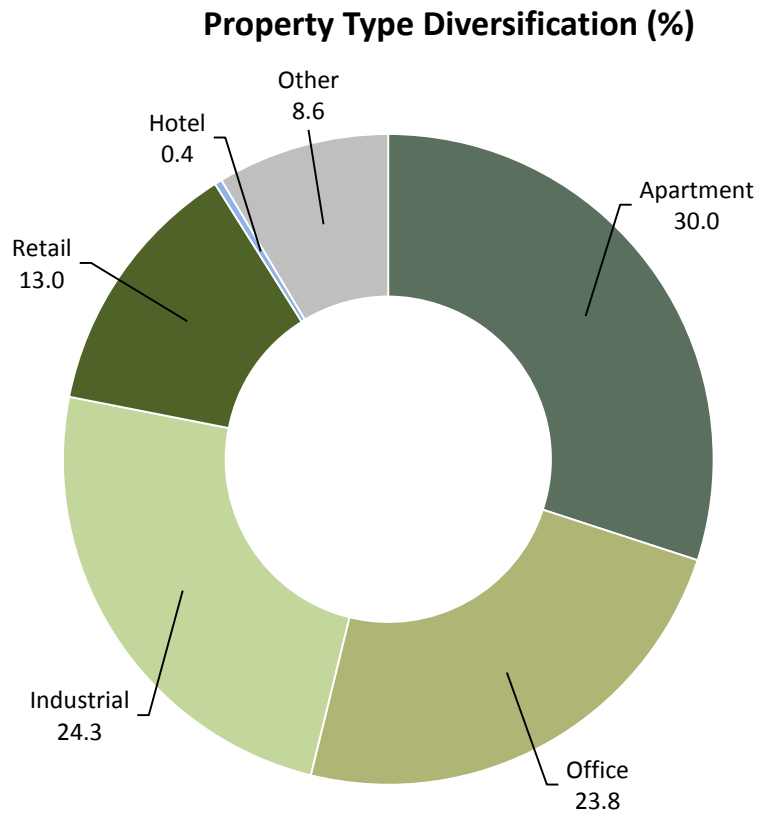
Quarterly Cash Flow Activity (\$)	Beginning Market Value	Contributions	Distributions	Withdrawals	Gross Income	Manager Fees	Appreciation	Ending Market Value	LTV (%)
Growth:									
High Return									
AERMONT Real Estate Fund IV	2,501,312	0	0	0	-42,382	219,761	-1,398,886	840,282	13.7
AG Asia Realty Fund IV	36,594,996	0	0	0	36,460	1,094,497	2,800,351	38,337,310	60.3
AG Europe Realty Fund II	45,863,833	0	0	0	-44,208	-162,475	452,472	46,434,572	55.8
Capri Capital High I.M.A. Vintage 2006	437,157	0	0	0	0	0	0	437,157	0.0
Capri Urban Investors	34,645,842	0	0	0	-354,073	41,820	-5,864,690	28,385,259	17.6
Carlyle Europe Real Estate Partners III	912,712	0	134,809	82	77,687	5,611	-47,685	802,212	0.0
CityView Bay Area Fund II	86,475,392	0	0	0	-44,095	388,388	2,706,265	88,749,174	51.0
CityView Southern California Fund II	23,874,685	78,730	22,269,939	0	-73,741	39,512	1,370,378	2,940,602	0.0
CityView Western Fund I, L.P.	125,751,825	335,473	0	0	-221,228	335,473	3,525,455	129,056,052	47.0
CVBAF II Union City Co-Invest	22,715,120	50,000	0	0	0	50,000	2,690,282	25,405,402	48.4
Europa Fund III	714,598	0	24,120	110,583	-2,926	13,285	53,543	617,227	0.0
Europa Fund IV	25,512,924	0	336,612	877,611	-31,209	254,409	948,516	24,961,598	47.0
Invesco High I.M.A. Vintage 2012	2,288,095	0	0	2,291,782	3,686	271,373	0	-271,373	0.0
Invesco High I.M.A. Vintage 2016	647,681	0	0	0	31,342	0	0	679,023	0.0
RREEF High Return I.M.A. III	160,938,074	-97,597,770	0	0	-166,658	105,660	0	63,067,986	0.0
Starwood Capital Hospitality Fund II	17,614,461	253,690	0	0	-101,750	-48,825	353,433	18,168,659	60.9
Stockbridge High I.M.A. Vintage 2014	85,033,026	9,271,993	253,000	0	202,541	528,551	3,170,590	96,896,599	22.9
TA Associates High I.M.A.	35,258,519	0	0	35,258,778	259	0	0	0	0.0
TPG Real Estate Partners III	7,865,848	0	0	0	6,951	162,549	535,566	8,245,816	79.2
High Return	715,646,100	-87,607,884	23,018,480	38,538,836	-723,344	3,299,589	11,295,590	573,753,557	42.5
High Return Separate Accounts	307,317,672	-88,275,777	253,000	37,550,560	71,170	955,584	5,860,872	186,214,794	1.7
High Return Commingled Funds	408,328,428	667,893	22,765,480	988,276	-794,514	2,344,005	5,434,718	387,538,763	45.6
Total Growth Portfolio	715,646,100	-87,607,884	23,018,480	38,538,836	-723,344	3,299,589	11,295,590	573,753,557	42.5
Credit:									
Core Debt IMAs									
Barings Debt I.M.A.	107,865,546	5,962,220	6,465,000	20,185,000	3,553,780	277,089	-939,849	89,514,608	64.6
Quadrant I.M.A.	83,171,401	103,154	1,570,007	0	1,596,245	104,570	-26,238	83,169,985	0.0
Core Debt IMAs	191,036,947	6,065,374	8,035,007	20,185,000	5,150,025	381,659	-966,087	172,684,593	60.9
Total Credit Portfolio	191,036,947	6,065,374	8,035,007	20,185,000	5,150,025	381,659	-966,087	172,684,593	60.9
Total Portfolio									
LACERA	5,299,397,230	88,862,827	78,481,647	58,725,836	48,770,063	10,791,482	11,130,493	5,300,161,645	39.1

Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
Inflation Hedging and Real Assets:						
Core Portfolio						
Capri Capital Core I.M.A.	-	-	-	-	-	-
Cityview Core I.M.A.	74.4	-	-	-	-	25.6
Clarion Core I.M.A.	-	13.0	87.0	-	-	-
Core Property Index Fund	25.8	33.1	20.2	15.5	0.3	5.1
Gateway I.M.A. (Avison Young)	-	100.0	-	-	-	-
Heitman Core I.M.A.	27.3	-	-	8.5	-	64.1
Invesco Core I.M.A.	14.0	33.1	34.8	18.2	-	-
Invesco Real Estate Asia Fund	-	64.5	22.7	12.8	-	-
Prologis European Logistics Fund (PELF)	-	-	100.0	-	-	-
RREEF Core I.M.A.	45.2	19.9	11.9	23.0	-	-
RREEF Core Plus Industrial Fund L.P.	-	-	100.0	-	-	-
RREEF Takeover I.M.A.	48.5	26.8	15.0	9.6	-	-
Stockbridge Core I.M.A.	25.0	20.1	35.1	19.8	-	-
TA Associates Core I.M.A.	-	100.0	-	-	-	-
Core Portfolio	28.3	24.0	27.3	11.8	-	8.7
Core Separate Accounts	32.2	24.4	20.6	12.8	-	10.0
Core Commingled Funds	4.3	21.7	67.4	5.8	-	0.8
Value Added						
AEW Value Investors Asia III	-	100.0	-	-	-	-
Bain Capital Real Estate Fund I	1.4	8.0	6.2	-	-	84.3
CapMan Nordic Real Estate Fund II	38.3	44.0	9.1	8.7	-	-
CBRE Strategic Partners European Fund III	-	-	-	-	-	-
Clarion Takeover Value IMA	-	-	-	100.0	-	-
Heitman Asia-Pacific Property Investors	-	49.3	18.7	12.5	-	19.5
Heitman Value I.M.A. Vintage 2013	-	-	-	-	-	100.0
Hunt UK Realty Partners LP	-	-	-	100.0	-	-
Invesco Value I.M.A. Vintage 2012	-	-	-	100.0	-	-
Stockbridge Value I.M.A. Vintage 2014	-	-	-	100.0	-	-
Value Added	5.6	27.8	4.3	43.4	-	18.8
Value Added Separate Accounts	-	-	-	80.3	-	19.7
Value Added Commingled Funds	7.6	38.1	5.8	29.9	-	18.5
Inflation Hedge & Real Assets Separate Accounts	31.0	23.5	19.8	14.1	-	10.0
Inflation Hedge & Real Assets Commingled Funds	5.6	28.2	54.2	13.4	-	6.1
Total Inflation Hedging and Real Assets Portfolio	26.7	24.3	25.7	14.0	-	9.4

Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
Growth:						
High Return						
AERMONT Real Estate Fund IV	68.8	-	-	31.2	-	0.0
AG Asia Realty Fund IV	2.7	56.1	31.1	5.7	4.3	-
AG Europe Realty Fund II	11.2	50.1	9.8	15.3	3.0	10.6
Capri Capital High I.M.A. Vintage 2006	-	-	-	-	-	-
Capri Urban Investors	-	3.6	-	96.4	-	-
Carlyle Europe Real Estate Partners III	80.1	-	19.9	0.0	-	-
CityView Bay Area Fund II	100.0	-	-	-	-	-
CityView LA Urban Fund I	-	-	-	-	-	-
CityView Southern California Fund II	-	-	-	-	-	-
CityView Western Fund I, L.P.	100.0	-	-	-	-	-
CVBAF II Union City Co-Invest	100.0	-	-	-	-	-
Europa Fund III	100.0	-	-	-	-	-
Europa Fund IV	63.0	12.2	-	24.8	-	-
Invesco High I.M.A. Vintage 2012	-	-	-	-	-	-
Invesco High I.M.A. Vintage 2016	-	-	-	-	-	-
RREEF High Return I.M.A. III	-	-	100.0	-	-	-
Starwood Capital Hospitality Fund II	-	-	-	-	100.0	-
Stockbridge High I.M.A. Vintage 2014	78.2	-	21.8	-	-	-
TA Associates High I.M.A.	-	-	-	-	-	-
TPG Real Estate Partners III	-	46.3	28.4	-	-	25.3
High Return Separate Accounts	40.7	-	11.3	-	9.8	-
High Return Commingled Funds	31.2	6.3	1.2	9.0	0.4	1.3
Total Growth Portfolio	-	46.3	28.4	-	-	25.3

Credit:						
Core Debt IMAs						
Barings Debt I.M.A.	23.8	22.6	-	-	-	53.7
Quadrant I.M.A.	100.0	-	-	-	-	-
Debt	60.5	11.7	-	-	-	27.8
Total Credit Portfolio	60.5	11.7	-	-	-	27.8

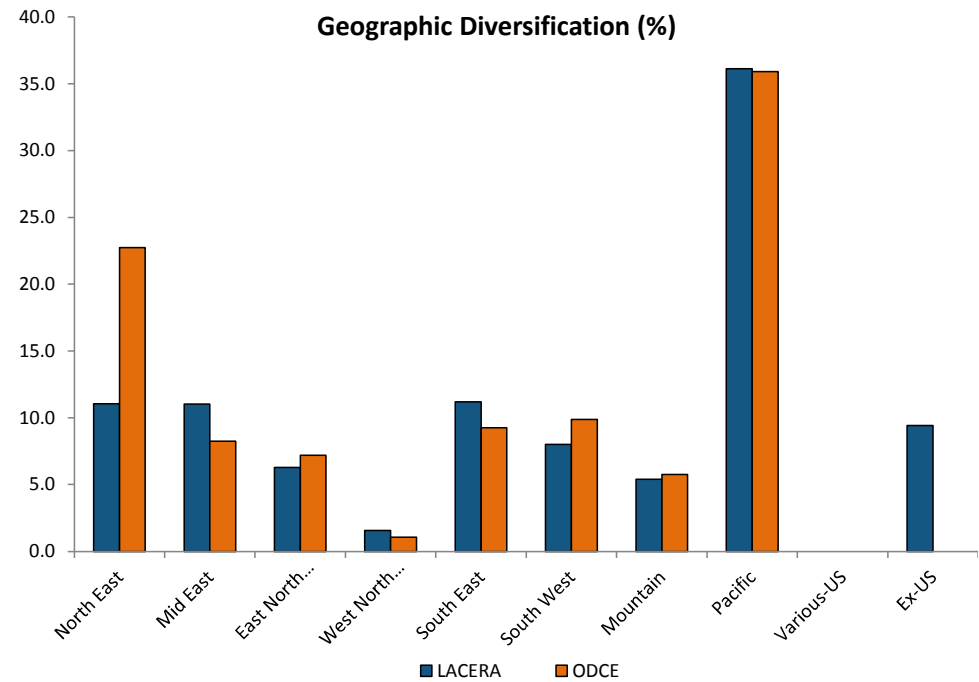
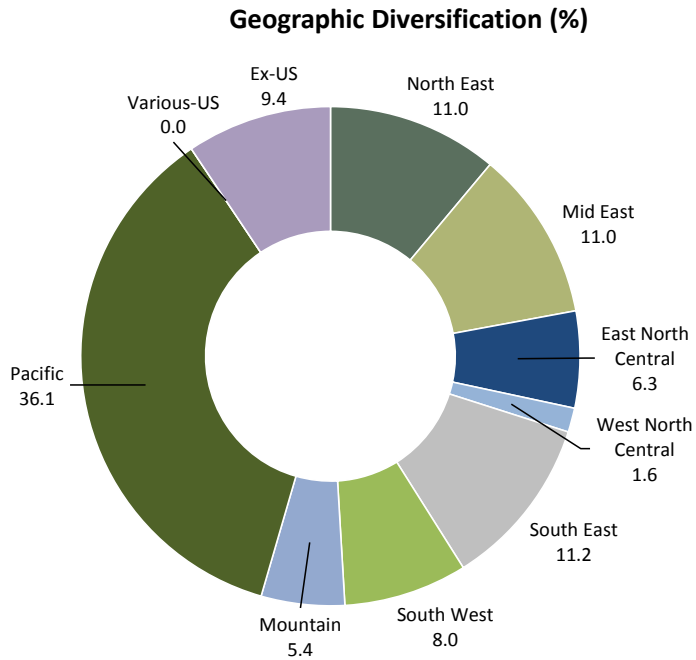
Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
Total Portfolio						
Los Angeles County Employees Retirement Association	30.0	23.8	24.3	13.0	0.4	8.6
Benchmark						
ODCE	26.8	33.5	20.4	14.8	-	4.1



Geographic Diversification (%)	North East	Mid East	East North Central	West North Central	South East	South West	Mountain	Pacific	Various-US	Ex-US
Inflation Hedging and Real Assets:										
Core Portfolio										
Capri Capital Core I.M.A.	-	-	-	-	-	-	-	-	-	-
Cityview Core I.M.A.	-	-	-	-	-	-	-	100.0	-	-
Clarion Core I.M.A.	-	-	-	-	-	13.3	-	86.7	-	-
Core Property Index Fund	24.8	9.5	6.7	1.0	8.5	9.2	5.5	34.9	-	-
Gateway I.M.A. (Avison Young)	-	-	-	-	-	-	-	100.0	-	-
Heitman Core I.M.A.	-	54.6	8.5	9.4	9.9	7.6	-	10.0	-	-
Invesco Core I.M.A.	18.5	-	-	-	-	32.5	14.8	34.2	-	-
Invesco Real Estate Asia Fund	-	-	-	-	-	-	-	-	-	100.0
Prologis European Logistics Fund (PELF)	-	-	-	-	-	-	-	-	-	100.0
RREEF Core I.M.A.	-	28.8	19.4	-	-	-	9.0	42.8	-	-
RREEF Core Plus Industrial Fund L.P.	8.0	-	11.0	-	18.2	-	-	62.8	-	-
RREEF Takeover I.M.A.	14.9	10.9	1.3	-	28.6	15.7	-	28.6	-	-
Stockbridge Core I.M.A.	-	4.6	-	-	29.4	10.8	18.3	36.9	-	-
TA Associates Core I.M.A.	-	-	-	-	100.0	-	-	-	-	-
Core Portfolio	5.7	14.2	5.2	1.1	13.8	9.5	5.3	37.4	-	7.7
Core Separate Accounts	5.6	16.3	5.4	1.3	14.9	10.8	6.0	39.6	-	-
Core Commingled Funds	6.5	1.6	4.4	0.2	6.8	1.5	0.9	24.3	-	53.9
Value Added										
AEW Value Investors Asia III	-	-	-	-	-	-	-	-	-	100.0
Bain Capital Real Estate Fund I	23.6	9.4	2.7	1.2	8.6	3.9	5.0	45.2	-	0.4
Barings Value I.M.A. Vintage 2003	-	-	-	-	-	-	-	-	-	-
CapMan Nordic Real Estate Fund II	-	-	-	-	-	-	-	-	-	100.0
CBRE Strategic Partners European Fund III	-	-	-	-	-	-	-	-	-	-
Clarion Takeover Value IMA	-	-	26.1	73.9	-	-	-	-	-	-
Heitman Asia-Pacific Property Investors	-	-	-	-	-	-	-	-	-	100.0
Heitman Value I.M.A. Vintage 2013	-	-	-	-	100.0	-	-	-	-	-
Hunt UK Realty Partners LP	-	-	-	-	-	-	-	-	-	100.0
Invesco Value I.M.A. Vintage 2012	100.0	-	-	-	-	-	-	-	-	-
Stockbridge Value I.M.A. Vintage 2014	-	-	-	-	100.0	-	-	-	-	-
Value Added	16.0	1.3	5.3	14.0	15.2	0.5	0.7	6.1	-	41.0
Value Added Separate Accounts	47.8	-	-	-	52.2	-	-	-	-	-
Value Added Commingled Funds	4.3	1.7	7.2	19.2	1.6	0.7	0.9	8.3	-	56.1
Inflation Hedge & Real Assets Separate Accounts	6.5	15.7	5.2	1.2	15.5	10.4	5.8	38.1	-	-
Inflation Hedge & Real Assets Commingled Funds	6.3	1.7	5.5	5.8	5.7	1.4	1.0	21.4	-	58.7
Total Inflation Hedging and Real Assets Portfolio	6.4	13.3	5.2	2.0	13.9	8.9	4.9	35.3	-	10.0

Geographic Diversification (%)	North East	Mid East	East North Central	West North Central	South East	South West	Mountain	Pacific	Various-US	Ex-US
Growth:										
High Return										
AERMONT Real Estate Fund IV	2.3	-	-	-	1.0	-	-	3.0	-	93.7
AG Asia Realty Fund IV	-	-	-	-	-	-	-	-	-	100.0
AG Europe Realty Fund II	-	-	-	-	-	-	-	-	-	100.0
Capri Capital High I.M.A. Vintage 2006	-	-	-	-	-	-	-	-	-	-
Capri Urban Investors	-	-	3.0	-	-	-	-	97.0	-	-
Carlyle Europe Real Estate Partners III	-	-	-	-	-	-	-	-	-	100.0
CityView Bay Area Fund II	-	-	-	-	-	-	-	100.0	-	-
CityView Southern California Fund II	-	-	-	-	-	-	-	100.0	-	-
CityView Western Fund I, L.P.	-	-	-	-	-	-	42.2	57.8	-	-
CVBAF II Union City Co-Invest	-	-	-	-	-	-	-	100.0	-	-
Europa Fund III	-	-	-	-	-	-	-	-	-	100.0
Europa Fund IV	-	-	-	-	-	-	-	-	-	100.0
Invesco High I.M.A. Vintage 2012	-	-	-	-	-	-	-	-	-	-
Invesco High I.M.A. Vintage 2016	-	-	-	-	-	-	-	-	-	-
RREEF High Return I.M.A. III	-	-	61.9	-	-	-	-	38.1	-	-
Starwood Capital Hospitality Fund II	0.7	-	-	-	2.4	-	11.1	-	-	85.8
Stockbridge High I.M.A. Vintage 2014	38.8	-	-	-	-	-	18.7	42.6	-	-
TA Associates High I.M.A.	-	-	-	-	100.0	-	-	-	-	-
TPG Real Estate Partners III	8.7	-	6.4	-	25.3	19.1	-	6.9	-	33.6
High Return	1.2	-	6.9	-	16.9	-	10.1	39.3	-	12.8
High Return Separate Accounts	3.8	-	20.9	-	52.0	-	1.8	17.1	-	-
High Return Commingled Funds	-	-	0.2	-	-	-	14.1	50.0	-	19.0
Total Growth Portfolio	1.2	-	6.9	-	16.9	-	10.1	39.3	-	12.8
Credit:										
Core Debt IMAs										
Barings Debt I.M.A.	42.5	-	-	-	-	15.1	-	42.4	-	-
Quadrant I.M.A.	68.3	31.7	-	-	-	-	-	-	-	-
Debt	54.0	13.8	-	-	-	8.6	-	23.6	-	-
Total Credit Portfolio	54.0	13.8	-	-	-	8.6	-	23.6	-	-

Geographic Diversification (%)	North East	Mid East	East North Central	West North Central	South East	South West	Mountain	Pacific	Various-US	Ex-US
Total Portfolio										
Los Angeles County Employees Retirement Association	11.0	11.0	6.3	1.6	11.2	8.0	5.4	36.1	-	9.4
Benchmark										
ODCE	22.8	8.2	7.2	1.1	9.2	9.9	5.7	35.9	-	-



Advisory Disclosures and Definitions

Disclosures:

Trade Secret and Confidential.

Past performance is not indicative of future results.

Investing involves risk, including the possible loss of principal.

Returns are presented on a time weighted basis and shown both gross and net of underlying third party fees and expenses and may include income, appreciation and/or other earnings. In addition, investment level Net IRR's and equity multiples are reported.

The Townsend Group, on behalf of its client base, collects quarterly limited partner/client level performance data based upon inputs from the underlying investment managers. Data collection is for purposes of calculating investment level performance as well as aggregating and reporting client level total portfolio performance. Quarterly limited partner/client level performance data is collected directly¹ from the investment managers via a secure data collection site.

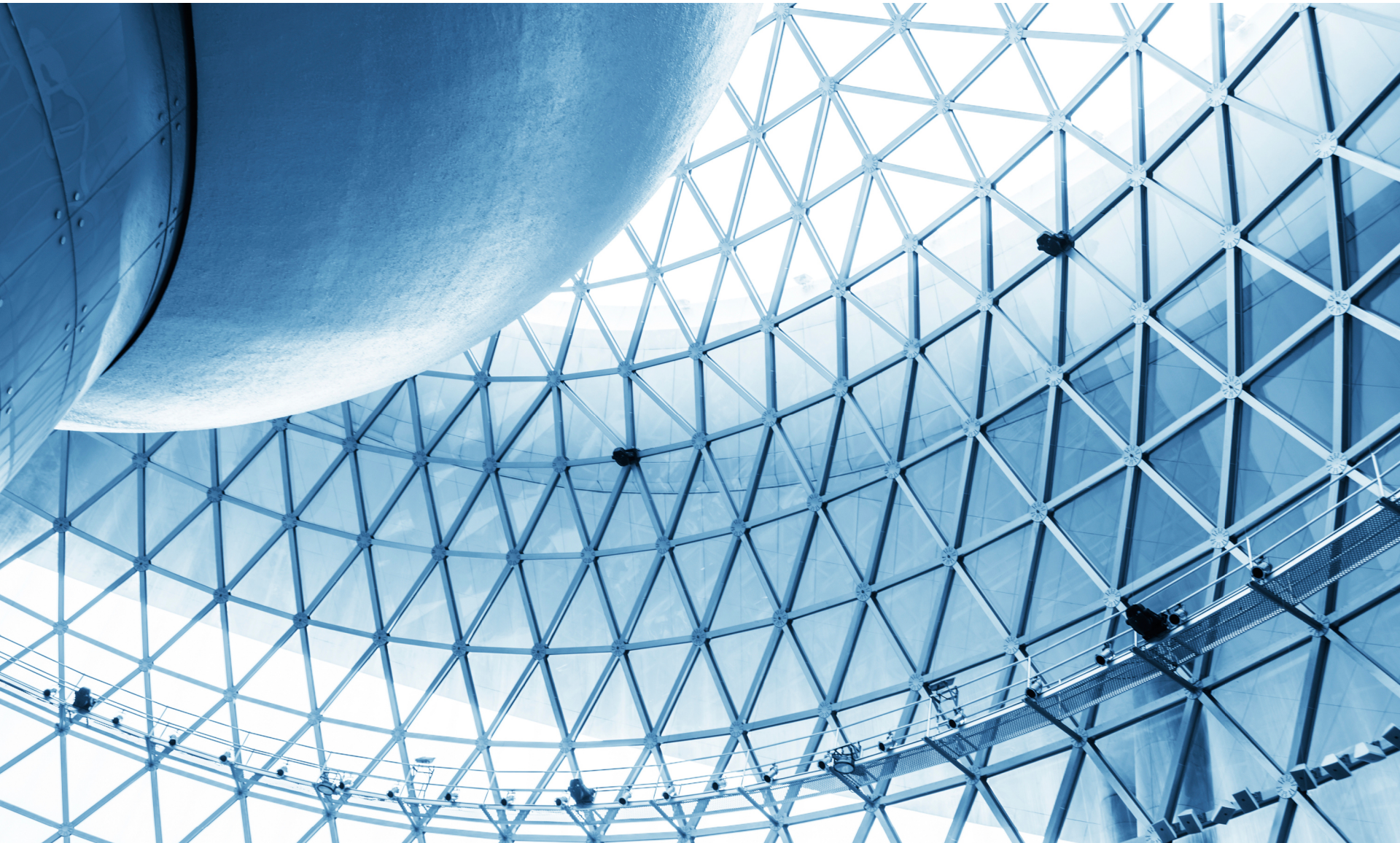
¹In select instances where underlying investment managers have ceased reporting limited partner/client level performance data directly to The Townsend Group via a secure data collection site, The Townsend Group may choose to input performance data on behalf of its client based upon the investment managers quarterly capital account statements which are supplied to The Townsend Group and the client alike.

Benchmarks

The potential universe of available real asset benchmarks are infinite. Any one benchmark, or combination thereof, may be utilized on a gross or net of fees basis with or without basis point premiums attached. These benchmarks may also utilize a blended composition with varying weighting methodologies, including market weighted and static weighted approaches.

Beginning October 2019, all manager restatements in the LACERA Portfolio must be authorized by the LACERA CIO before Townsend accepts any changes after the PMR cut-off date. Previously, historical restatements were permitted in the Townsend system

Market Update



United States Real Estate Market Update (3Q20)

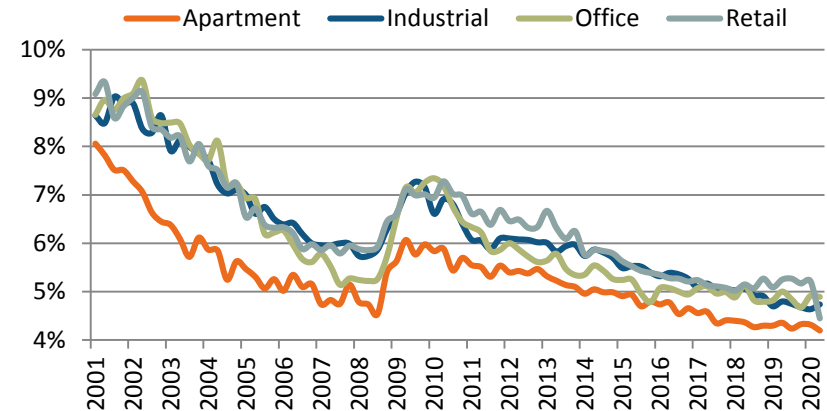
General

- On March 13th, President Trump declared a national emergency. National, state, and local governments across the world implemented stay-at-home orders, which caused a near complete halt of the world economy. governments have dramatically expanded expenditures in order to protect people and businesses from large-scale disruption. In the 3rd quarter, equity markets continued to bounce back from the March rout, and the S&P 500 produced a gross total return of 8.9%. The MSCI US REIT index continued to rebound and produced a return of 1.6% but remains down -17.1% YTD.
- The U.S. entered a recession in February; GDP contracted at an annualized rate of -31.4% in the 2nd quarter but rebounded and grew at annualized rate 33.1% in the 3rd quarter. The unemployment rate peaked in April at 14.7% and has since declined to 8.8% at quarter end. The Federal Reserve has acted aggressively via quantitative easing and rate cuts, thus far financial markets have stabilized. The CARES Act provided \$1.5 trillion of stimulus to the economy. The Bloomberg average forecast has projected that the world economy will shrink by -3.9% in 2020.

Commercial Real Estate

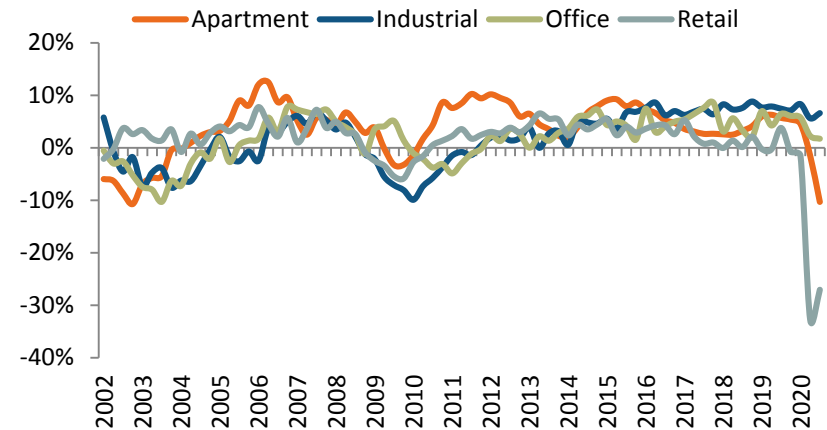
- Shelter in place orders and social distancing have restricted the ability to complete due diligence and acquire assets. Through Q3 2020, transaction volume has declined by 52% YoY. Transactions have primarily occurred in the apartment and industrial sectors.
- Transaction cap rates (4.9%) contracted -76 bps during the quarter. Current valuation cap rates declined for apartments (-42 bps), office (-2 bps), and industrial (-3 bps). A lack of transactions continues to limit evidence to revalue real estate.
- NOI growth has substantially diverged between property sectors due to the impacts of COVID-19. Retail NOI contracted substantially (-27%) as rent collections declined and retailers were shutdown. Apartment NOI contracted (-10%), primarily driven by declines in effective market rents and a nearly 2% increase in vacancy rates YoY. Public market signals have been divergent by property type.
- In the third quarter of 2020, \$26 bn of aggregate capital was raised by real estate funds. There continues to be substantial dry powder, ~\$342 billion, seeking exposure to private real estate.
- 10-year treasury bond yields remained approximately flat 0.7% during the quarter.

Current Value Cap Rates by Property Type



Source: NCREIF

4 Qtr Rolling NOI Growth



Source: NCREIF

United States Property Matrix (3Q20)

INDUSTRIAL

- In 3Q20, industrial properties were the highest returning sector at 3.0% and outperformed the NPI by 230 bps.
- Transaction volumes increased to \$16.5 billion in the third quarter of the year, still resulting in a 61.0% year-over-year decrease. Individual asset sales were down 21.1% year-over-year, while portfolio purchases turned in a year-over-year volume decrease of 85.7%. The portfolio transaction volume fell to slightly below mean quarterly transaction volume; the large year-over-year decrease is due to abnormally large transaction volume in the second half of 2019.
- The industrial sector turned in NOI growth of 6.6% over the past year, an increase from the prior periods TTM growth of 5.6% in 2Q20. Market rent growth is expected to decelerate compared to its recent pace, but still remains very strong.
- Vacancy increased by 10 bps year-over-year to 3.5%, still remaining close to all-time historic lows. E-commerce continues to drive demand.
- Industrial cap rates compressed approximately 4 bps from a year ago, to 4.71%. Industrial fundamentals still top all property sectors.

MULTIFAMILY

- The apartment sector delivered a 0.5% return during the quarter, underperforming the NPI by 20 bps.
- Transaction volume in the third quarter of 2020 rose to \$25.9 billion, still resulting in a decrease of 47.0% year-over-year. This volume continues to make multifamily the most actively traded sector for the thirteenth straight quarter.
- Cap rates decreased to 3.78%, compressing 46 bps year-over-year. Multifamily cap rates continue falling to their lowest in years, driven by continued decrease in NOI.
- The multifamily sector has seen increasing vacancy rates due to the pandemic but continues to hold steady relatively speaking, vacancy has increased 210 bps from a year ago. Various rent concessions have helped managers to maintain tenants through out the pandemic, these concessions will have various impacts on NOI over the next few quarters. The aging millennials have begun shifting their desires to suburban living but continued home price appreciation has deterred the full effect of this migratory trend.

OFFICE

- The office sector returned 0.3% in 3Q20, 40 bps below the NPI return over the period.
- Transaction volumes decreased by 60.0% year-over-year in Q3. Annual sales volumes equaled \$14.3 billion for the quarter. Single asset transactions accounted for 79% of volume.
- Occupancy growth within the office sector has slowed, decreasing by 118 bps year-over-year. Office continues to be the highest vacancy property type at close to 10.8%.
- NOI growth continued to fall for the office sector to 1.7% in the last year, a decrease of 50 bps and 400 bps from 2Q20 and 1Q20, respectively. Due to work from home orders and rent deferrals/relief, NOI growth is expected to continue being compressed.
- Office cap rates expanded from a year ago to approximately 4.87% in the third quarter, an expansion of just 3 bps. Office-using job growth has been stunted significantly in 2020 due to many work from home orders.

RETAIL

- As of 3Q20, the retail sector delivered a quarterly return of -0.5%, performing 120 bps below the NPI.
- Transaction volumes totaled \$7.0 billion in the third quarter, falling 56.0% year-over-year. Single asset transactions accounted for just over 90% of all sales volume.
- Cap rates have compressed approximately 61 bps within the sector over the last year, to 4.66%. The current valuation cap rate did expand quarter-over-quarter by 20 bps due to downward valuation adjustments made across the sector in general.
- NOI growth slightly increased though still significantly negative, -27.0% over the last year. This is a 5.7% increase from last quarter. Retail is expected to continue to suffer from the shift towards e-commerce, hesitance of the consumer, and the re-emerging shelter in place orders.
- Retail vacancy rates increased 130 bps over the past year to 8.3%. Many big box stores have closed as the need for retail space shrinks, translating to a negative outlook for rent growth. Paired with the global economic crisis that has had a significant negative impact on this sector.

Global Real Estate Market Update (3Q20)

- Global investment activity during the third quarter of 2020 was significantly down relative to the same period in 2019, but on par with 2Q20. Although transaction volumes were flat during 3Q20, the sale of development sites increased 42%.
- Rising COVID cases across the world caused lockdowns across major economies resulting in a short but deep recession and affecting all sectors of the real estate industry. Uncertainty about the state of the economy threw some doubts on the future needs for certain property types.

Global Total Commercial Real Estate Volume - 2019 - 2020

\$ US Billions	Q3 2020	Q3 2019	%		%	
			Q2 20 - Q2 19	YTD 2020	Q1-Q3 2019	YTD 2020/Q1-Q3 2019
Americas	59	144	-59%	222	370	-40%
EMEA	51	85	-40%	188	232	-19%
Asia Pacific	188	179	5%	533	642	-17%
Total	298	408	-27%	943	1244	-24%

Source: Real Capital Analytics, Inc., Q3' 20

- Investment activity in the Americas witnessed a sharp decline and fell by 42% year-over-year. COVID cases continued to increase in the US, putting plans of fully reopening the economy on hold. However, transaction volume in the US increased 43% relative to 2Q20.
- In the Asia Pacific region, volumes increased year over year but transaction activity was mixed across the region. China, Japan, Hong Kong and Australia saw large drops in volume, while South Korea was flat at 0% year over year growth, likely due to superior efforts in the country to combat COVID-19.
- Although investment activity dropped in the EMEA region, it dropped substantially less than the Americas, with a 19% year over year decline. Germany, the largest market, witnessed only a 7% decline.
- All sectors were impacted by the spread of the pandemic but the hotel and retail sectors were affected the most, and apartment and industrial the least.
- In the office sector, global leasing activity declined by over 50% year-over-year and vacancy rates began to increase in all regions. The declines represent an uncertainty about future office space needs. The US witnessed a 48% decline in leasing activity. Across the main European markets, demand for office space is down 20-30%. In the APAC region, volume decreased 38%.
- The retail sector continued to suffer globally as the shutdowns and social distancing measures of the COVID-19 outbreak posed challenges for operators. Vacancy rates increased as rents and NOI continued to compress. Retailers that were able to adapt their strategy to the digital world witnessed a recovery in sales.
- Despite the multifamily market recording a significant decrease in investments globally, the sector remains the most liquid in commercial real estate highlighting its attractiveness. In the U.S., rents fell more significantly in urban areas (upwards of 10% in some regions), but much less in suburban areas. However, in Europe effective rent rates were stable. In APAC, a resurgence of demand occurred as lock-downs ebbed.
- While the industrial market was affected by short-term headwinds from the recession as transaction volume decreased, valuations have strengthened, with a 20 bps increase in the U.S., and similar increases in Europe. The sector remains resilient despite the slowdown in the construction of industrial properties at the beginning of the year, new development resumed during the second quarter.

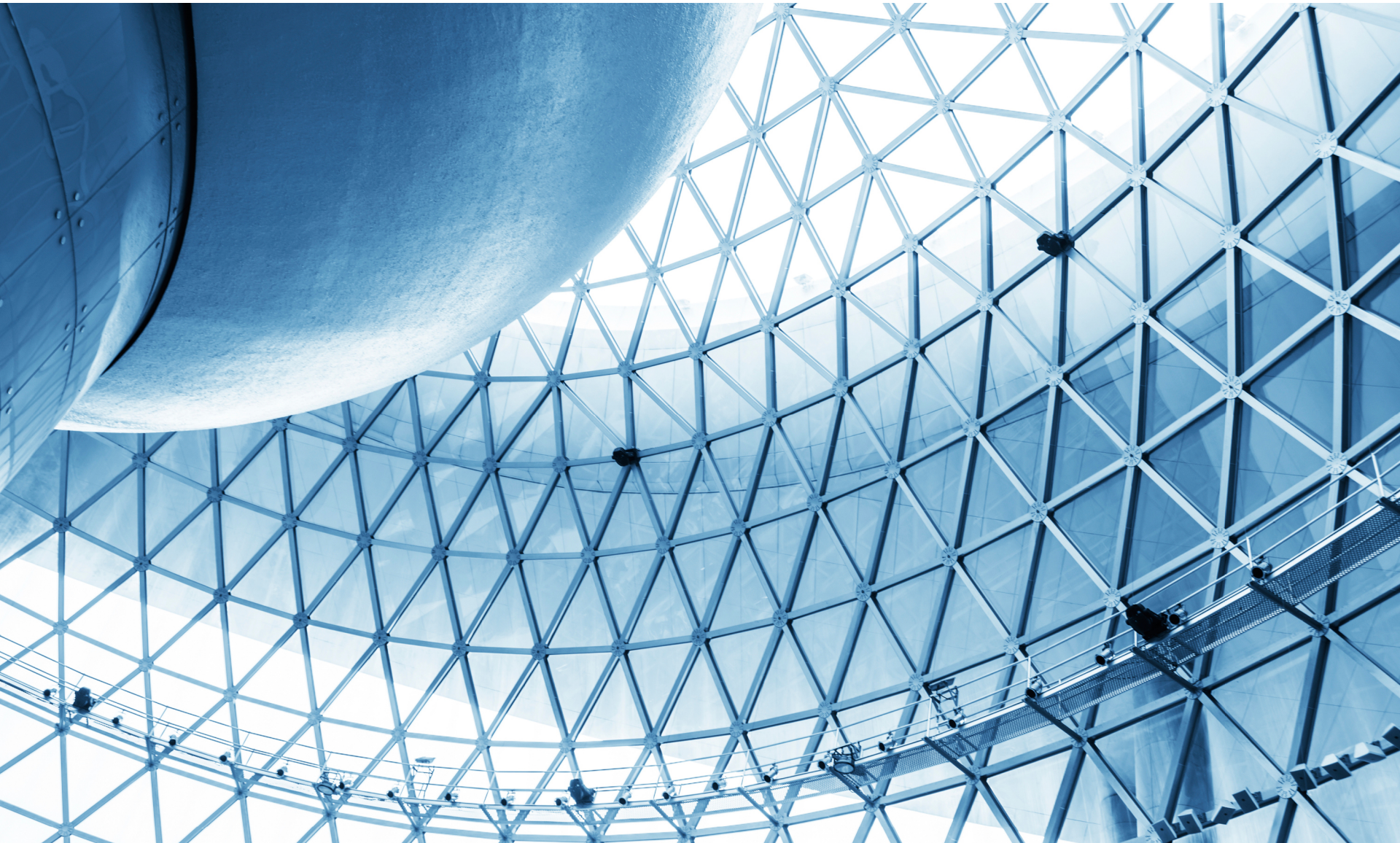
Global Outlook - GDP (Real) Growth % pa, 2020-2022

	2020	2021	2022
Global	-3.9	5.2	3.6
Asia Pacific	-0.6	4.7	4.7
Australia	-3.6	3.0	3.2
China	2.0	8.0	5.4
India	-9.0	8.6	
Japan	-5.4	2.5	1.7
North America	-4.0	3.8	2.9
US	-3.6	3.8	2.9
Middle East	-4.0	3.2	3.5
European Union	-7.7	4.7	3.3
France	-9.4	6.2	3.1
Germany	-5.7	3.9	3.0
UK	-11.0	5.2	4.0

*Middle East

Source: Bloomberg

APPENDIX



LACERA Custom Benchmark Composition

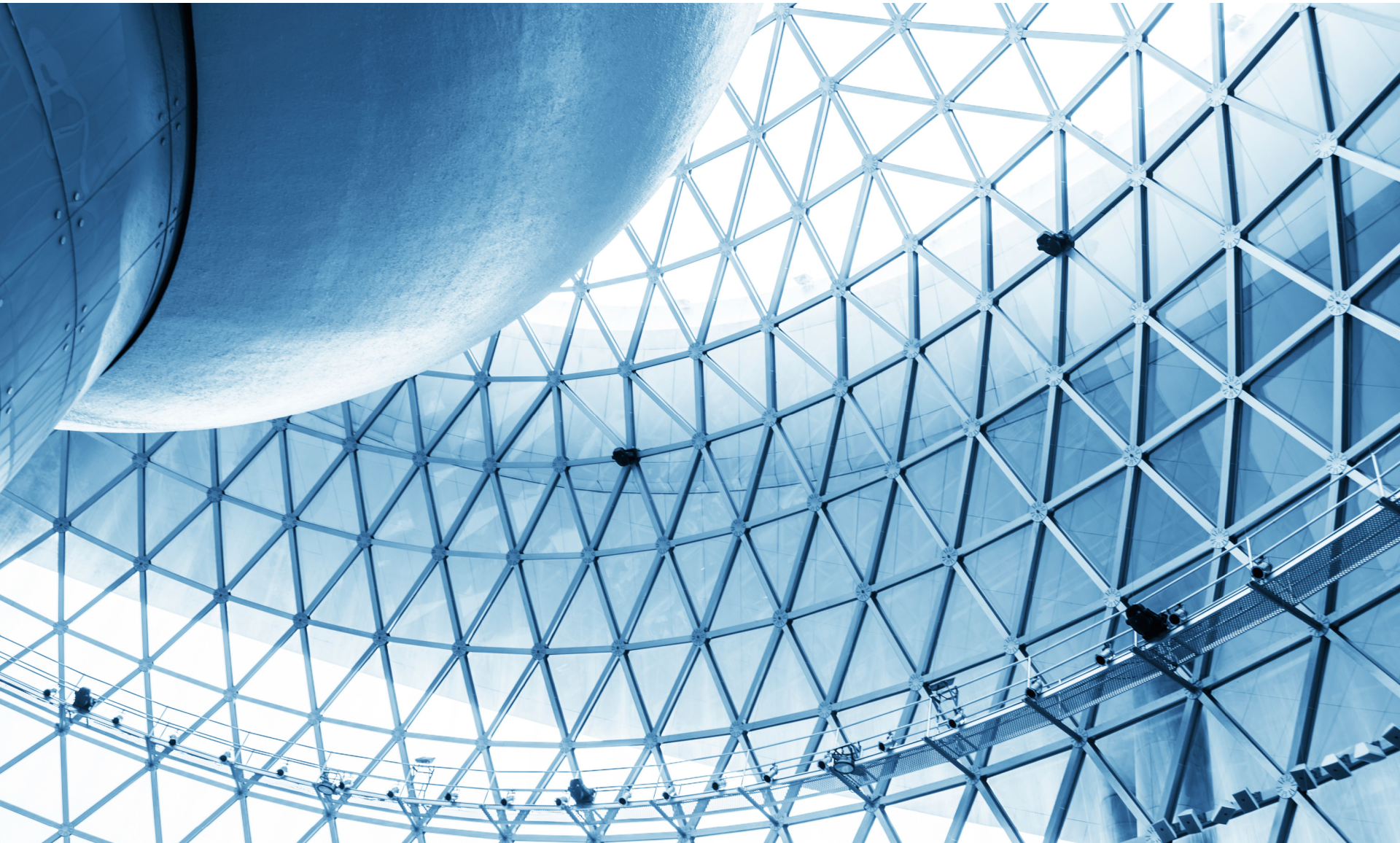
Beginning July 1, 2013 the performance of LACERA's Real Estate Portfolio has been compared to the National Council of Real Estate Investment Fiduciaries ('NCREIF') Fund Index ('NFI') Open-end Diversified Core Equity herein referred to as the **NFI-ODCE**. All comparisons utilize LACERA net of fee performance to the net of fee index returns. The use of NFI-ODCE began with 3Q13; prior benchmarks remain in the historical benchmark returns reflecting the appropriate return objectives since inception. In the last quarter, changes were made to the value added and total portfolio benchmark. The table below shows the composition of each respective investment category custom benchmark:

Investment Category Custom Benchmark	Inception-2Q2013	3Q2013 -4Q2018	4Q2018-Present
LACERA Custom Core Benchmark	NPI -50 basis points	ODCE (Net)	ODCE (Net)
LACERA Custom Value Added Benchmark	NPI +25 basis points	ODCE (Net) +100 basis points	ODCE (Net) +200 basis points
LACERA Custom High Return Benchmark	NPI +225 basis points	ODCE (Net) +300 basis points	ODCE (Net) +300 basis points
LACERA Custom Total Portfolio Benchmark	NPI -25 basis points	ODCE (Net) +40 basis points	ODCE (Net) +100 basis points

Disclosures

- Trade secret and confidential.
- Past performance is not indicative of future results.
- Investing involves risk, including the possible loss of principal.
- Returns are presented on a time weighted basis and shown both gross and net of underlying third party fees and expenses and may include income, appreciation and/or other earnings. In addition, investment level net irr's and equity multiples are reported.
- The Townsend Group, on behalf of its client base, collects quarterly limited partner/client level performance data based upon inputs from the underlying investment managers. Data collection is for purposes of calculating investment level performance as well as aggregating and reporting client level total portfolio performance. Quarterly limited partner/client level performance data is collected directly¹ from the investment managers via a secure data collection site.
- In select instances where underlying investment managers have ceased reporting limited partner/client level performance data directly to The Townsend Group via a secure data collection site, The Townsend Group may choose to input performance data on behalf of its client based upon the investment managers quarterly capital account statements which are supplied to The Townsend Group and the client alike.
- Benchmarks
The potential universe of available real asset benchmarks are infinite. Any one benchmark, or combination thereof, may be utilized on a gross or net of fees basis with or without basis point premiums attached. These benchmarks may also utilize a blended composition with varying weighting methodologies, including market weighted and static weighted approaches.

Glossary of Terms



Cash Flow Statement

Beginning Market Value:	Value of real estate, cash and other holdings from prior period end.
Contributions:	Cash funded to the investment for acquisition and capital items (i.e., initial investment cost or significant capital improvements).
Distributions:	Actual cash returned from the investment, representing distributions of income from operations.
Withdrawals:	Cash returned from the investment, representing returns of capital or net sales proceeds.
Ending Market Value:	The value of an investment as determined by actual sales dollars invested and withdrawn plus the effects of appreciation and reinvestment; market value is equal to the ending cumulative balance of the cash flow statement (NAV).
Unfunded Commitments:	Capital allocated to managers which remains to be called for investment. Amounts are as reported by managers.
Remaining Allocation	The difference between the ending market value + the unfunded commitments and the target allocation. This figure represents dollars available for allocation.

Style Groups

<p>The Style Groups consist of returns from commingled funds with similar risk/return investment strategies. Investor portfolios/investments are compared to comparable style groupings.</p>	
Core:	<p>Direct investments in operating, fully leased, office, retail, industrial, or multifamily properties using little or no leverage (normally less than 30%).</p>
Value-Added:	<p>Core returning investments that take on moderate additional risk from one or more of the following sources: leasing, re-development, exposure to non-traditional property types, the use of leverage.</p>
Opportunistic:	<p>Investments that take on additional risk in order to achieve a higher return. Typical sources of risks are: development, land investing, operating company investing, international exposure, high leverage, distressed properties.</p>

Indices

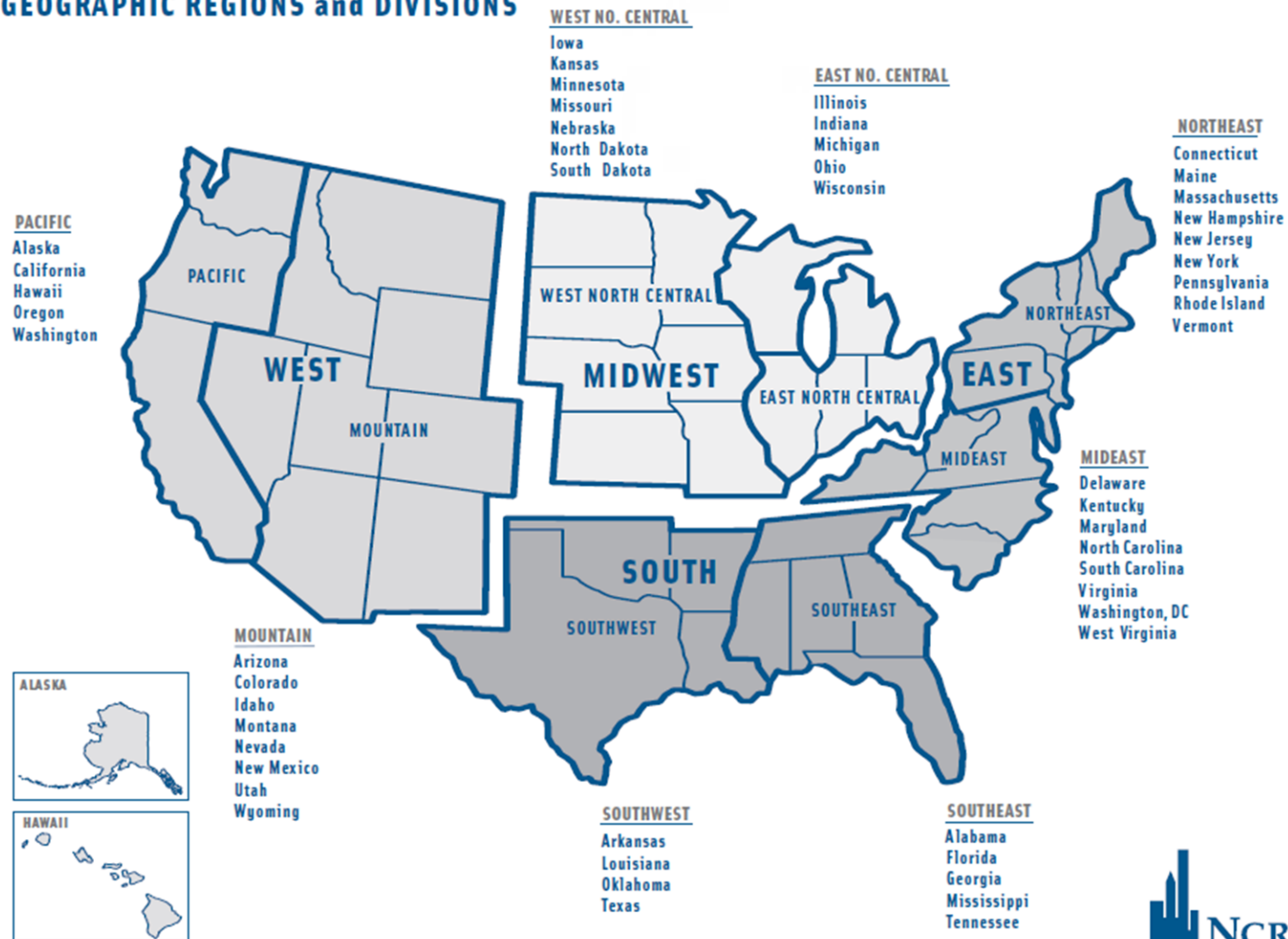
<p>Stylized Index:</p>	<p>Weights the various style group participants so as to be comparable to the investor portfolio holdings for each period.</p>
<p>Open-End Diversified Core Equity Index (“ODCE”):</p>	<p>A core index that includes only open-end diversified core strategy funds with at least 95% of their investments in U.S. markets. The ODCE is the first of the NCREIF Fund Database products, created in May 2005, and is an index of investment returns reporting on both a historical and current basis (16 active vehicles). The ODCE Index is capitalization-weighted and is reported gross and net of fees. Measurement is time-weighted and includes leverage.</p>
<p>Open-End Diversified Value Equity Index (“ODVE”):</p>	<p>A value-added index that includes only open-end diversified value-added strategy funds with at least 95% of their investments in U.S. markets. The Open-End Diversified Value Equity index is not a published index, but rather maintained internally by The Townsend Group and is an index of investment returns reporting on both a historical and current basis (12 active vehicles). The Open-End Diversified Value Equity Index is capitalization-weighted and is reported gross and net of fees. Measurement is time-weighted and includes leverage.</p>
<p>NCREIF Property Index (“NPI”):</p>	<p>National Property Index comprised of core equity real estate assets owned by institutions.</p>
<p>NAREIT Equity Index:</p>	<p>This is an index of Equity Real Estate Investment Trust returns reflecting the stock value changes of REIT issues as determined through public market transactions.</p>

Performance

Income Return (“INC”):	Net operating income net of debt service before deduction of capital items (e.g., roof replacement, renovations, etc.)
Appreciation Return (“APP”):	Increase or decrease in investment's value based on internal or third party appraisal, recognition of capital expenditures which did not add value or uncollectible accrued income, or realized gain or loss from sales.
Total Gross Return (“TGRS”):	The sum of the income return and appreciation return before adjusting for fees paid to and/or accrued by the manager.
Total Net Return (“TNET”):	Total gross return less Advisor fees reported. All fees are requested (asset management, accrued incentives, paid incentives). No fee data is verified. May not include any fees paid directly by the investor as opposed to those paid from cash flows.
Inception Returns¹:	The total net return for an investment or portfolio over the period of time the client has funds invested. Total portfolio Inception Returns may include returns from investments no longer held in the current portfolio.
Net IRR:	IRR after advisory fees, incentive and promote. This includes actual cash flows and a reversion representing the LP Net Assets at market value as of the period end reporting date.
Equity Multiple:	The ratio of Total Value to Paid-in-Capital (TVPIC). It represents the Total Return of the investment to the original investment not taking into consideration the time invested. Total Value is computed by adding the Residual Value and Distributions. It is calculated net of all investment advisory and incentive fees and promote.

¹ Portfolio level returns include historical returns of managers no longer with assets under management. All returns are calculated on a time-weighted basis.

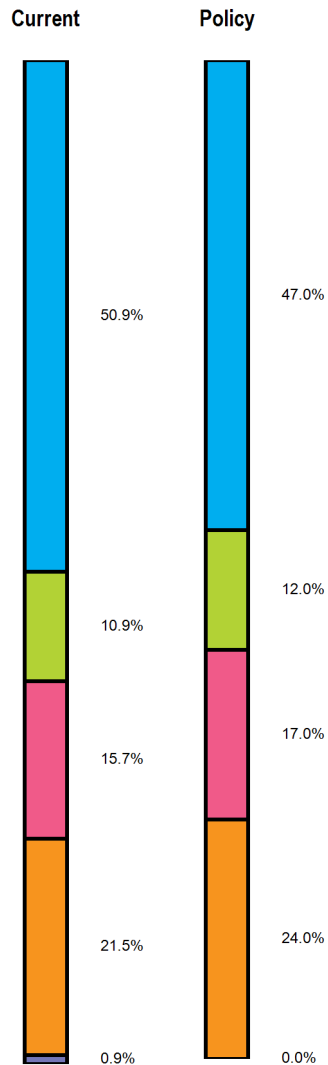
GEOGRAPHIC REGIONS and DIVISIONS



Los Angeles County Employees
Retirement Association

December 31, 2020

Fund Evaluation Report



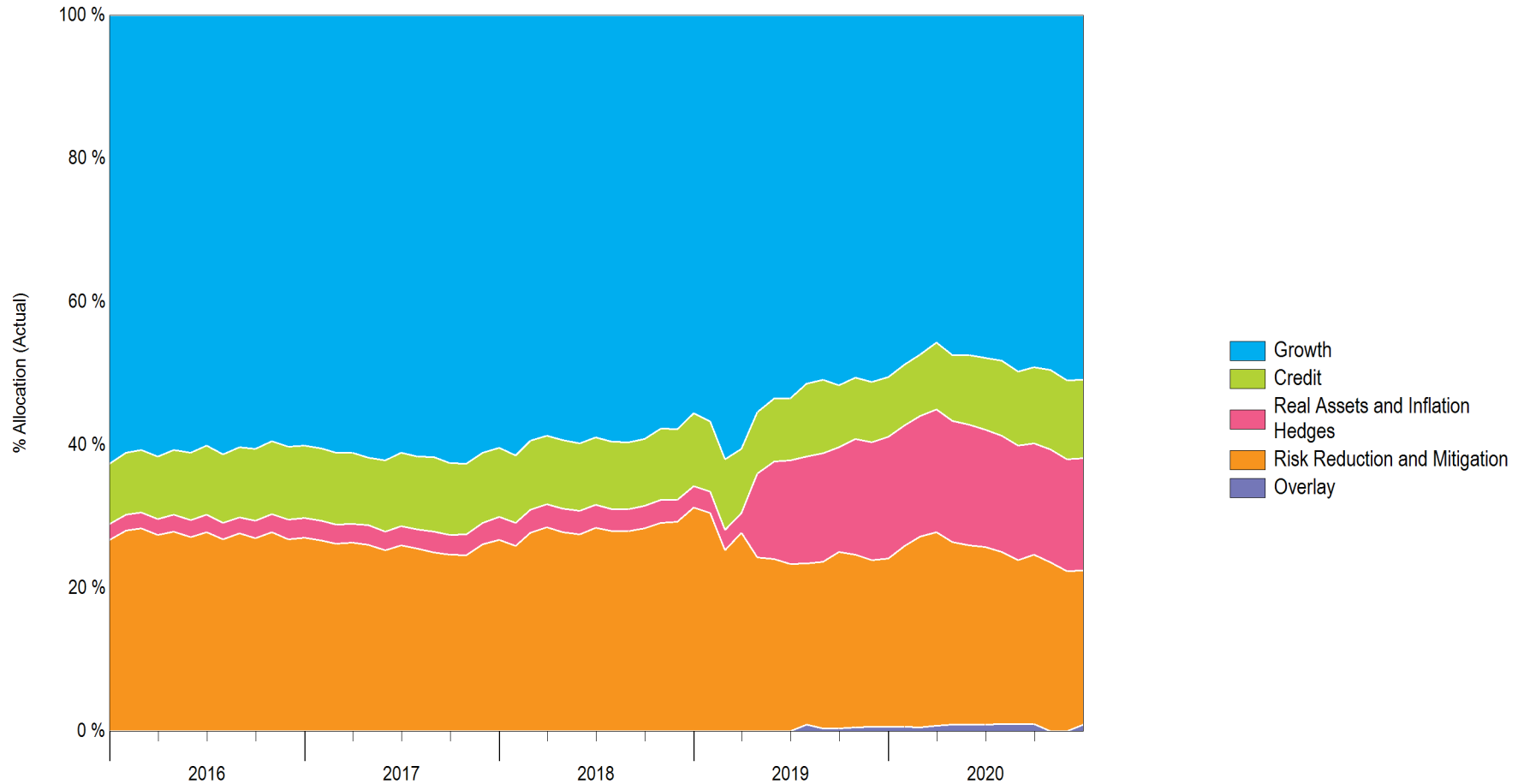
Allocation vs. Targets and Policy						
	Current Balance	Current Allocation	Policy	Difference	Policy Range	Within IPS Range?
Growth	\$33,306,386,680	50.9%	47.0%	3.9%	40.0% - 54.0%	Yes
Global Equity	\$24,800,216,215	37.9%	35.0%	2.9%	28.0% - 42.0%	Yes
Private Equity	\$7,932,416,908	12.1%	10.0%	2.1%	7.0% - 13.0%	Yes
Opportunistic Real Estate	\$573,753,557	0.9%	2.0%	-1.1%	0.0% - 3.0%	Yes
Credit	\$7,148,903,450	10.9%	12.0%	-1.1%	9.0% - 15.0%	Yes
High Yield	\$2,139,465,740	3.3%	3.0%	0.3%	0.0% - 6.0%	Yes
Bank Loans	\$2,532,311,033	3.9%	4.0%	-0.1%	0.0% - 6.0%	Yes
EM Debt	\$896,826,913	1.4%	2.0%	-0.6%	0.0% - 4.0%	Yes
Illiquid Credit ¹	\$1,578,078,793	2.4%	3.0%	-0.6%	0.0% - 5.0%	Yes
Real Assets and Inflation Hedges	\$10,281,635,596	15.7%	17.0%	-1.3%	14.0% - 20.0%	Yes
Core and Value-Added Real Estate	\$4,553,723,495	7.0%	7.0%	0.0%	4.0% - 10.0%	Yes
Natural Resources and Commodities	\$2,538,810,366	3.9%	4.0%	-0.1%	2.0% - 6.0%	Yes
Infrastructure	\$1,847,750,185	2.8%	3.0%	-0.2%	0.0% - 4.0%	Yes
TIPS	\$1,341,351,550	2.1%	3.0%	-0.9%	0.0% - 5.0%	Yes
Risk Reduction and Mitigation	\$14,096,806,895	21.5%	24.0%	-2.5%	18.0% - 30.0%	Yes
Investment Grade Bonds	\$11,491,563,771	17.6%	19.0%	-1.4%	13.0% - 25.0%	Yes
Diversified Hedge Fund Portfolio	\$1,678,076,744	2.6%	4.0%	-1.4%	0.0% - 6.0%	Yes
Cash	\$927,166,379	1.4%	1.0%	0.4%	0.0% - 3.0%	Yes
Overlay	\$592,281,650	0.9%	0.0%	0.9%		
Total²	\$65,426,014,271	100.0%	100.0%			

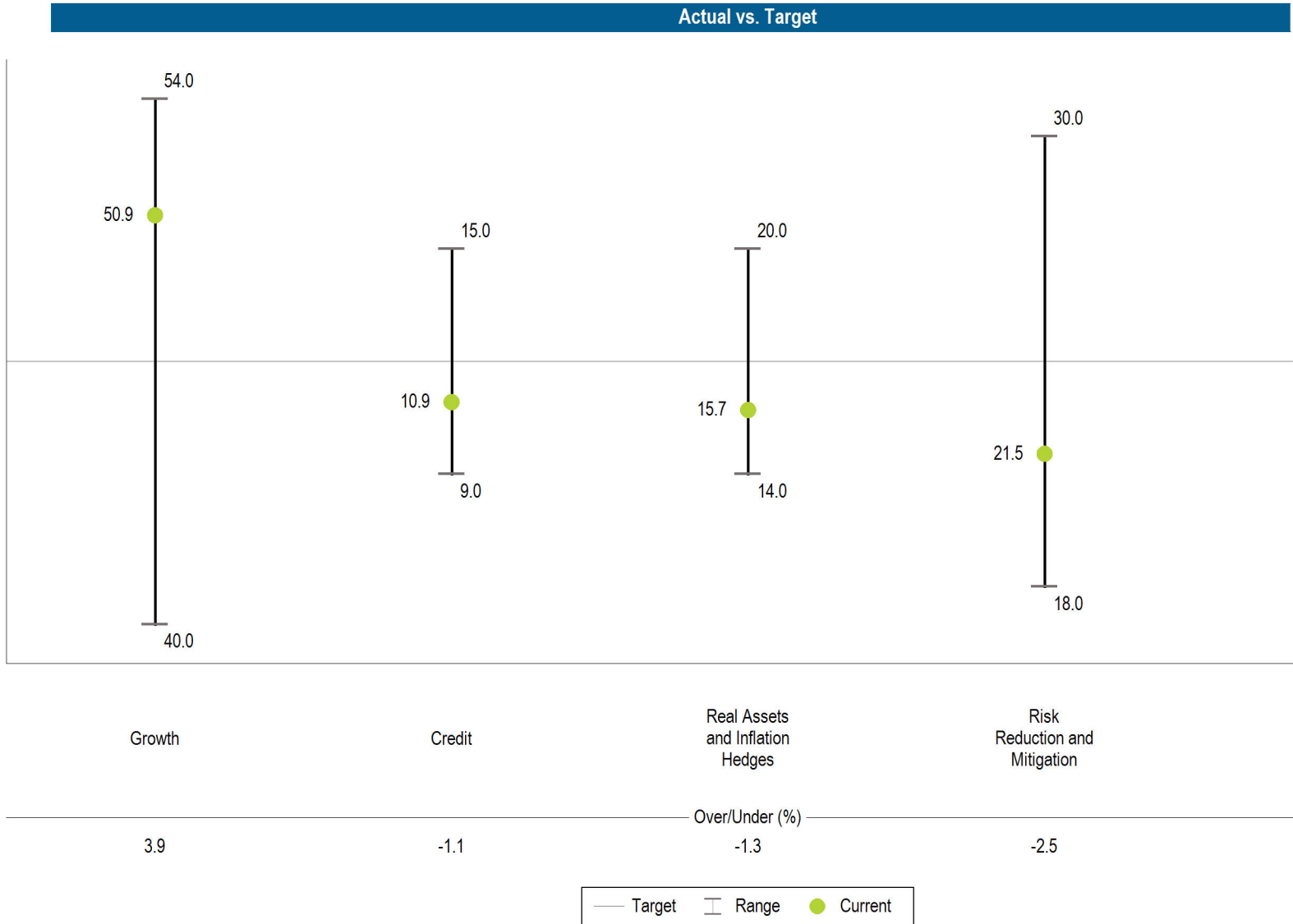
¹ Illiquid Credit contains credit hedge funds, real estate debt, private debt strategies and private equity-related debt.

² Totals may not add up due to rounding.

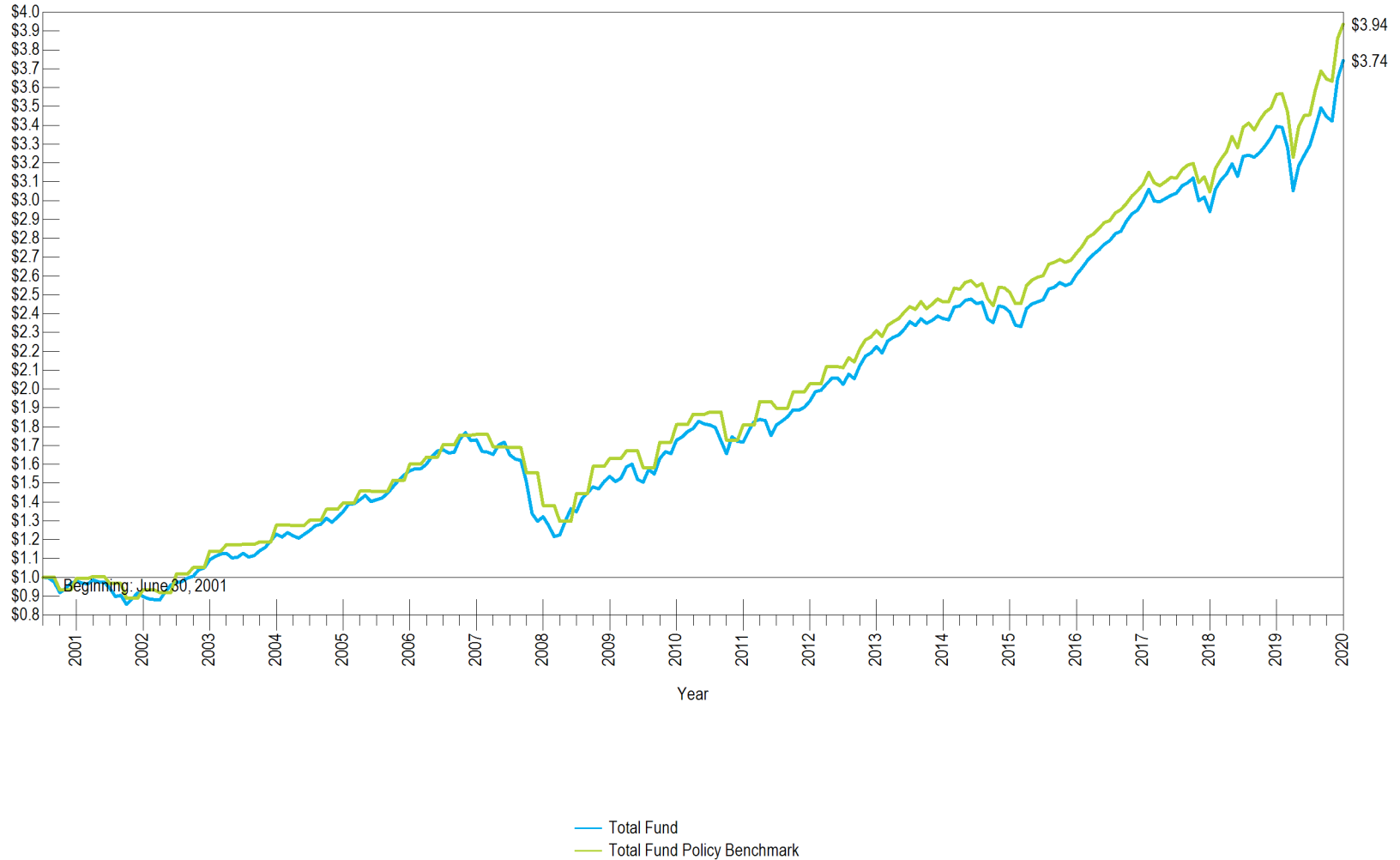
* The Functional Framework became effective April 1, 2019.

Asset Allocation History
5 Years Ending December 31, 2020





Growth of a Dollar



Asset Class Performance Summary (Net)									
	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	Fiscal YTD ¹ (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Total Fund (Net)	65,426,014,271	100.0	2.6	8.6	13.7	10.3	7.7	9.2	8.0
<i>Total Fund Policy Benchmark</i>			<u>1.9</u>	<u>8.0</u>	<u>13.9</u>	<u>10.4</u>	<u>8.4</u>	<u>9.4</u>	<u>8.1</u>
Excess Return			0.7	0.6	-0.2	-0.1	-0.7	-0.2	-0.1
Growth (Net)	33,306,386,680	50.9	3.9	13.8	22.3	15.3	--	--	--
<i>Growth Custom Blended Benchmark</i>			<u>3.1</u>	<u>13.7</u>	<u>25.4</u>	<u>16.1</u>	--	--	--
Excess Return			0.8	0.1	-3.1	-0.8			
Credit (Net)	7,148,903,450	10.9	2.4	5.8	10.9	4.9	--	--	--
<i>Credit Custom Blended Benchmark</i>			<u>1.6</u>	<u>4.2</u>	<u>7.7</u>	<u>6.3</u>	--	--	--
Excess Return			0.8	1.6	3.2	-1.4			
Real Assets and Inflation Hedges (Net)	10,281,635,596	15.7	1.9	5.5	6.6	0.6	--	--	--
<i>Real Assets and Inflation Hedges Custom Blended Benchmark</i>			<u>1.5</u>	<u>5.4</u>	<u>6.5</u>	<u>1.9</u>	--	--	--
Excess Return			0.4	0.1	0.1	-1.3			
Risk Reduction and Mitigation (Net)	14,096,806,895	21.5	0.5	1.3	2.8	7.8	--	--	--
<i>Risk Reduction and Mitigation Custom Blended Benchmark</i>			<u>0.2</u>	<u>0.6</u>	<u>1.2</u>	<u>6.5</u>	--	--	--
Excess Return			0.3	0.7	1.6	1.3			
Overlay (Net)	592,281,650	0.9							

¹ Fiscal Year begins July 1.

* See Glossary for all custom index definitions.

Trailing Performance									
	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Total Fund (Net)	65,426,014,271	100.0	2.6	8.6	13.7	10.3	7.7	9.2	8.0
Total Fund (Gross)			2.6	8.7	13.8	10.5	8.0	9.5	8.3
<i>Total Fund Policy Benchmark</i>			<u>1.9</u>	<u>8.0</u>	<u>13.9</u>	<u>10.4</u>	<u>8.4</u>	<u>9.4</u>	<u>8.1</u>
Excess Return (vs. Net)			0.7	0.6	-0.2	-0.1	-0.7	-0.2	-0.1
Growth (Net)¹	33,306,386,680	50.9	3.9	13.8	22.3	15.3	--	--	--
Growth (Gross)			3.9	13.9	22.5	15.6	--	--	--
<i>Growth Custom Blended Benchmark</i>			<u>3.1</u>	<u>13.7</u>	<u>25.4</u>	<u>16.1</u>	--	--	--
Excess Return (vs. Net)			0.8	0.1	-3.1	-0.8			
Global Equity (Net)	24,800,216,215	37.9	4.7	15.2	23.9	15.0	--	--	--
Global Equity (Gross)			4.8	15.3	24.0	15.3	--	--	--
<i>Global Equity Custom BM</i>			<u>5.0</u>	<u>15.7</u>	<u>25.1</u>	<u>16.3</u>	--	--	--
Excess Return (vs. Net)			-0.3	-0.5	-1.2	-1.3			
SSGA MSCI ACWI IMI (Net)	14,977,589,677	22.9	5.0	15.6	25.0	16.3	--	--	--
SSGA MSCI ACWI IMI (Gross)			5.0	15.6	25.0	16.3	--	--	--
<i>MSCI ACWI IMI Net (DAILY)</i>			<u>5.0</u>	<u>15.7</u>	<u>25.1</u>	<u>16.3</u>	--	--	--
Excess Return (vs. Net)			0.0	-0.1	-0.1	0.0			

¹ Includes accounts that are lagged by 3-months and latest available adjusted for cash flows.

	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
JPMAM Strategic BETA U.S. (Net)	4,632,515,120	7.1	4.2	13.5	24.5	--	--	--	--
JPMAM Strategic BETA U.S. (Gross)			4.2	13.5	24.7	--	--	--	--
<i>MSCI USA IMI Gross</i>			<u>4.5</u>	<u>14.7</u>	<u>25.3</u>	--	--	--	--
Excess Return (vs. Net)			-0.3	-1.2	-0.8				
JPMAM Strategic BETA NON-U.S. (Net)	1,053,837,078	1.6	5.4	16.9	--	--	--	--	--
JPMAM Strategic BETA NON-U.S. (Gross)			5.5	17.0	--	--	--	--	--
<i>MSCI ACWI ex USA IMI</i>			<u>5.6</u>	<u>17.2</u>	--	--	--	--	--
Excess Return (vs. Net)			-0.2	-0.3					
Genesis (Net)	684,736,026	1.0	7.8	20.4	32.2	17.1	8.4	13.8	5.1
Genesis (Gross)			7.9	20.6	32.8	18.1	9.2	14.6	5.9
<i>MSCI EM IMI Custom Index</i>			<u>7.4</u>	<u>20.0</u>	<u>31.7</u>	<u>18.4</u>	<u>5.8</u>	<u>12.2</u>	<u>3.5</u>
Excess Return (vs. Net)			0.4	0.4	0.5	-1.3	2.6	1.6	1.6
BTC Euro Tilts (Net)	623,364,651	1.0	4.5	14.0	19.6	5.3	2.4	6.4	6.3
BTC Euro Tilts (Gross)			4.6	14.1	19.9	5.7	2.8	6.9	6.7
<i>MSCI EUROPE</i>			<u>4.7</u>	<u>15.6</u>	<u>20.8</u>	<u>5.4</u>	<u>3.6</u>	<u>6.8</u>	<u>5.3</u>
Excess Return (vs. Net)			-0.2	-1.6	-1.2	-0.1	-1.2	-0.4	1.0
Acadian Developed Markets (Net)	566,383,593	0.9	6.9	16.3	25.7	14.8	5.4	11.2	8.1
Acadian Developed Markets (Gross)			6.9	16.4	25.9	15.2	5.8	11.6	8.5
<i>EAFE Custom Benchmark</i>			<u>4.6</u>	<u>15.9</u>	<u>21.6</u>	<u>7.6</u>	<u>4.2</u>	<u>7.6</u>	<u>5.2</u>
Excess Return (vs. Net)			2.3	0.4	4.1	7.2	1.2	3.6	2.9

	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Lazard Emerging Markets (Net)	474,535,730	0.7	8.4	25.2	36.0	25.3	9.4	14.1	--
Lazard Emerging Markets (Gross)			8.5	25.4	36.5	26.1	10.2	14.9	--
<i>MSCI Emerging Markets</i>			<u>7.4</u>	<u>19.7</u>	<u>31.1</u>	<u>18.3</u>	<u>6.2</u>	<u>12.8</u>	--
Excess Return (vs. Net)			1.0	5.5	4.9	7.0	3.2	1.3	
Capital Guardian (Net)	441,990,743	0.7	4.9	14.4	24.9	22.8	12.6	14.2	8.5
Capital Guardian (Gross)			5.0	14.5	25.1	23.2	13.0	14.6	8.9
<i>EAFE Custom Benchmark</i>			<u>4.6</u>	<u>15.9</u>	<u>21.6</u>	<u>7.6</u>	<u>4.2</u>	<u>7.6</u>	<u>5.2</u>
Excess Return (vs. Net)			0.3	-1.5	3.3	15.2	8.4	6.6	3.3
Cevian Capital (Net)	331,877,270	0.5	3.4	15.0	21.9	7.9	3.0	--	--
Cevian Capital (Gross)			3.5	15.3	22.5	9.0	4.3	--	--
<i>MSCI EUROPE</i>			<u>4.7</u>	<u>15.6</u>	<u>20.8</u>	<u>5.4</u>	<u>3.6</u>	--	--
Excess Return (vs. Net)			-1.3	-0.6	1.1	2.5	-0.6		
Frontier Capital Management (Net)	264,070,088	0.4	9.3	29.2	38.0	17.5	9.5	13.4	11.6
Frontier Capital Management (Gross)			9.3	29.4	38.5	18.4	10.3	14.3	12.5
<i>Russell 2500</i>			<u>7.6</u>	<u>27.4</u>	<u>34.9</u>	<u>20.0</u>	<u>11.3</u>	<u>13.6</u>	<u>12.0</u>
Excess Return (vs. Net)			1.7	1.8	3.1	-2.5	-1.8	-0.2	-0.4
Symphony Financial Partners (Net)	223,158,427	0.3	1.1	6.3	16.5	2.6	16.5	--	--
Symphony Financial Partners (Gross)			1.1	6.5	16.9	8.0	19.7	--	--
<i>MSCI Japan Small Cap</i>			<u>4.3</u>	<u>8.0</u>	<u>18.3</u>	<u>6.5</u>	<u>2.2</u>	--	--
Excess Return (vs. Net)			-3.2	-1.7	-1.8	-3.9	14.3		

	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Quantitative Management Associates (Net)	162,748,637	0.2	6.0	26.3	28.3	0.3	--	--	--
Quantitative Management Associates (Gross)			6.1	26.4	28.7	0.8	--	--	--
<i>Russell 2000</i>			<u>8.7</u>	<u>31.4</u>	<u>37.9</u>	<u>20.0</u>	--	--	--
Excess Return (vs. Net)			-2.7	-5.1	-9.6	-19.7			
Systematic Financial Management (Net)	158,206,842	0.2	7.5	27.7	30.5	4.1	--	--	--
Systematic Financial Management (Gross)			7.6	27.8	30.8	4.7	--	--	--
<i>Russell 2000</i>			<u>8.7</u>	<u>31.4</u>	<u>37.9</u>	<u>20.0</u>	--	--	--
Excess Return (vs. Net)			-1.2	-3.7	-7.4	-15.9			
Global Alpha IE EMP (Net)	144,414,153	0.2	6.2	17.3	28.3	7.1	--	--	--
Global Alpha IE EMP (Gross)			6.2	17.5	28.8	7.8	--	--	--
<i>MSCI EAFE Small Cap</i>			<u>6.8</u>	<u>17.3</u>	<u>29.3</u>	<u>12.3</u>	--	--	--
Excess Return (vs. Net)			-0.6	0.0	-1.0	-5.2			
Jana Partners (Net)	109,182,500	0.2	2.7	17.5	25.3	11.8	13.5	--	--
Jana Partners (Gross)			2.9	18.5	27.6	15.1	17.2	--	--
<i>S&P 500</i>			<u>3.8</u>	<u>12.2</u>	<u>22.2</u>	<u>18.4</u>	<u>14.2</u>	--	--
Excess Return (vs. Net)			-1.1	5.3	3.1	-6.6	-0.7		
CornerCap (Net)	64,542,378	0.1	6.3	26.6	26.7	3.9	--	--	--
CornerCap (Gross)			6.3	26.8	27.0	4.5	--	--	--
<i>Russell 2000</i>			<u>8.7</u>	<u>31.4</u>	<u>37.9</u>	<u>20.0</u>	--	--	--
Excess Return (vs. Net)			-2.4	-4.8	-11.2	-16.1			

	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Matarin (Net)*	133,227	0.0	--	--	--	--	--	--	--
Matarin (Gross)			--	--	--	--	--	--	--
<i>Russell 2000</i>			--	--	--	--	--	--	--
Excess Return (vs. Net)									
BTC Passive Currency Hedge (Net)	-113,101,639	-0.2	-1.0	-2.1	-3.7	-2.8	0.2	-0.2	0.8
BTC Passive Currency Hedge (Gross)			-1.0	-2.1	-3.7	-2.8	0.2	-0.2	0.8
<i>50% FX Hedge Index</i>			<u>-1.0</u>	<u>-2.0</u>	<u>-3.7</u>	<u>-2.8</u>	<u>0.2</u>	<u>-0.2</u>	<u>0.8</u>
Excess Return (vs. Net)			0.0	-0.1	0.0	0.0	0.0	0.0	0.0
Private Equity - Growth (Net)	7,932,416,908	12.1	1.5	10.9	19.3	16.3	--	--	--
Private Equity - Growth (Gross)			1.6	11.1	19.6	16.7	--	--	--
<i>Private Equity - Growth Custom BM</i>			<u>-2.9</u>	<u>8.6</u>	<u>30.8</u>	<u>11.8</u>	--	--	--
Excess Return (vs. Net)			4.4	2.3	-11.5	4.5			
Opportunistic Real Estate (Net)	573,753,557	0.9	1.2	1.2	3.1	7.5	8.4	11.2	7.1
Opportunistic Real Estate (Gross)			1.8	1.8	3.4	8.7	10.2	13.1	9.7
<i>Opportunistic Real Estate Custom BM</i>			<u>0.3</u>	<u>1.0</u>	<u>0.0</u>	<u>3.5</u>	<u>7.4</u>	<u>8.8</u>	<u>12.5</u>
Excess Return (vs. Net)			0.9	0.2	3.1	4.0	1.0	2.4	-5.4

*Terminated Manager

	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Credit (Net)¹	7,148,903,450	10.9	2.4	5.8	10.9	4.9	--	--	--
Credit (Gross)			2.4	5.9	11.2	5.2	--	--	--
<i>Credit Custom Blended Benchmark</i>			<u>1.6</u>	<u>4.2</u>	<u>7.7</u>	<u>6.3</u>	--	--	--
Excess Return (vs. Net)			0.8	1.6	3.2	-1.4			
High Yield (Net)	2,139,465,740	3.3	1.9	6.6	12.1	5.5	--	--	--
High Yield (Gross)			1.9	6.6	12.3	5.8	--	--	--
<i>BBG BARC US Corp HY Idx</i>			<u>1.9</u>	<u>6.5</u>	<u>11.3</u>	<u>7.1</u>	--	--	--
Excess Return (vs. Net)			0.0	0.1	0.8	-1.6			
BlackRock HY ETF (Net)	1,202,636,329	1.8	2.1	6.2	11.0	--	--	--	--
BlackRock HY ETF (Gross)			2.1	6.2	11.0	--	--	--	--
<i>BBG BARC US Corp HY Idx</i>			<u>1.9</u>	<u>6.5</u>	<u>11.3</u>	--	--	--	--
Excess Return (vs. Net)			0.2	-0.3	-0.3				
Brigade Capital Management (Net)	633,229,823	1.0	1.7	7.8	14.9	4.7	4.2	8.3	6.4
Brigade Capital Management (Gross)			1.8	8.0	15.3	5.5	5.0	9.1	7.2
<i>Brigade Custom Index</i>			<u>1.9</u>	<u>6.5</u>	<u>11.3</u>	<u>7.6</u>	<u>6.2</u>	<u>7.2</u>	<u>5.9</u>
Excess Return (vs. Net)			-0.2	1.3	3.6	-2.9	-2.0	1.1	0.5
Beach Point (Net)	303,444,954	0.5	1.6	5.5	10.8	5.9	6.2	8.0	--
Beach Point (Gross)			1.6	5.6	11.0	6.5	6.8	8.7	--
<i>Beach Point Custom BM</i>			<u>1.9</u>	<u>6.5</u>	<u>11.3</u>	<u>6.8</u>	<u>5.7</u>	<u>7.3</u>	--
Excess Return (vs. Net)			-0.3	-1.0	-0.5	-0.9	0.5	0.7	

¹ Includes accounts that are lagged by 1-month, 3-months, and latest available adjusted for cash flows.

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	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Bank Loans (Net)	2,532,311,033	3.9	1.4	3.8	8.0	8.9	--	--	--
Bank Loans (Gross)			1.5	3.9	8.3	9.4	--	--	--
<i>CS Leveraged Loan Index</i>			<u>1.3</u>	<u>3.6</u>	<u>7.9</u>	<u>2.8</u>	--	--	--
Excess Return (vs. Net)			0.1	0.2	0.1	6.1			
Credit Suisse Bank Loans (Net)	1,105,620,260	1.7	1.1	3.2	6.4	--	--	--	--
Credit Suisse Bank Loans (Gross)			1.2	3.3	6.5	--	--	--	--
<i>CS Leveraged Loan Index</i>			<u>1.3</u>	<u>3.6</u>	<u>7.9</u>	--	--	--	--
Excess Return (vs. Net)			-0.2	-0.4	-1.5				
Tennenbaum Capital (Net)	548,249,241	0.8	1.2	3.1	8.2	5.7	6.8	7.7	--
Tennenbaum Capital (Gross)			1.3	3.3	8.5	6.5	7.6	8.6	--
<i>CSFB Leveraged Loan Index 1 Month Lagged</i>			<u>2.1</u>	<u>3.0</u>	<u>8.0</u>	<u>3.1</u>	<u>3.8</u>	<u>4.8</u>	--
Excess Return (vs. Net)			-0.9	0.1	0.2	2.6	3.0	2.9	
Crescent Capital Group (Net)	485,467,954	0.7	2.0	5.1	10.4	6.3	5.2	6.3	--
Crescent Capital Group (Gross)			2.0	5.2	10.7	6.9	5.7	6.8	--
<i>Bank Loans Custom Index</i>			<u>1.3</u>	<u>3.6</u>	<u>7.9</u>	<u>3.1</u>	<u>4.5</u>	<u>6.5</u>	--
Excess Return (vs. Net)			0.7	1.5	2.5	3.2	0.7	-0.2	
Bain Capital (Net)	392,973,577	0.6	2.0	4.8	9.4	3.9	4.0	6.3	--
Bain Capital (Gross)			2.0	5.0	9.8	4.6	4.7	7.1	--
<i>Bank Loans Custom Index</i>			<u>1.3</u>	<u>3.6</u>	<u>7.9</u>	<u>3.1</u>	<u>4.5</u>	<u>6.5</u>	--
Excess Return (vs. Net)			0.7	1.2	1.5	0.8	-0.5	-0.2	

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	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
EM Debt (Net)	896,826,913	1.4	3.3	9.2	12.2	3.4	3.0	--	--
EM Debt (Gross)			3.4	9.4	12.5	4.0	3.5	--	--
<i>EMD Custom</i>			<u>2.2</u>	<u>6.4</u>	<u>8.5</u>	<u>5.1</u>	<u>4.8</u>	--	--
Excess Return (vs. Net)			1.1	2.8	3.7	-1.7	-1.8		
Aberdeen Asset Management (Net)	459,371,362	0.7	2.6	8.0	10.6	4.9	3.8	--	--
Aberdeen Asset Management (Gross)			2.7	8.1	10.8	5.3	4.2	--	--
<i>EMD Custom</i>			<u>2.2</u>	<u>6.4</u>	<u>8.5</u>	<u>5.1</u>	<u>4.8</u>	--	--
Excess Return (vs. Net)			0.4	1.6	2.1	-0.2	-1.0		
Ashmore Investment Management (Net)	437,455,551	0.7	4.1	10.5	14.0	1.9	2.1	--	--
Ashmore Investment Management (Gross)			4.1	10.7	14.4	2.6	2.8	--	--
<i>EMD Custom</i>			<u>2.2</u>	<u>6.4</u>	<u>8.5</u>	<u>5.1</u>	<u>4.8</u>	--	--
Excess Return (vs. Net)			1.9	4.1	5.5	-3.2	-2.7		
Illiquid Credit (Net)	1,578,078,793	2.4	4.2	6.3	13.9	9.2	--	--	--
Illiquid Credit (Gross)			4.2	6.5	14.3	9.3	--	--	--
<i>Illiquid Credit Custom BM</i>			<u>1.2</u>	<u>1.1</u>	<u>3.1</u>	<u>10.0</u>	--	--	--
Excess Return (vs. Net)			3.0	5.2	10.8	-0.8			
Napier Park (Net)	477,053,852	0.7	6.7	8.5	17.5	--	--	--	--
Napier Park (Gross)			6.7	8.5	17.5	--	--	--	--
<i>Illiquid Credit Custom BM</i>			<u>1.2</u>	<u>1.1</u>	<u>3.1</u>	--	--	--	--
Excess Return (vs. Net)			5.5	7.4	14.4				

	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Pimco TAC OPPS Funds (Net)	246,086,660	0.4	2.3	4.1	11.9	6.0	--	--	--
Pimco TAC OPPS Funds (Gross)			2.3	4.1	11.9	6.0	--	--	--
<i>PIMCO Tac Opps Custom BM</i>			<u>1.2</u>	<u>1.2</u>	<u>1.8</u>	<u>3.8</u>	--	--	--
Excess Return (vs. Net)			1.1	2.9	10.1	2.2			
Beach Point - Fund III (Net)	211,078,546	0.3	6.4	9.7	20.4	8.9	8.5	--	--
Beach Point - Fund III (Gross)			6.4	10.0	21.2	7.6	10.9	--	--
<i>Opportunistic Custom Index 1 Month Lag</i>			<u>3.0</u>	<u>3.2</u>	<u>9.2</u>	<u>5.2</u>	<u>4.7</u>	--	--
Excess Return (vs. Net)			3.4	6.5	11.2	3.7	3.8		
Real Estate - Credit (Net)	172,684,593	0.3	2.0	2.0	4.7	9.0	9.1	8.8	--
Real Estate - Credit (Gross)			2.2	2.2	5.1	9.9	10.1	9.8	--
<i>NPI Income Lagged</i>			<u>0.3</u>	<u>1.0</u>	<u>2.0</u>	<u>4.3</u>	<u>4.5</u>	<u>4.6</u>	--
Excess Return (vs. Net)			1.7	1.0	2.7	4.7	4.6	4.2	
Magnetar Credit Fund (Net)	169,188,297	0.3	4.6	6.6	--	--	--	--	--
Magnetar Credit Fund (Gross)			4.6	6.6	--	--	--	--	--
<i>Illiquid Credit Custom BM</i>			<u>1.2</u>	<u>1.1</u>	--	--	--	--	--
Excess Return (vs. Net)			3.4	5.5					
Private Equity - Credit (Net)	162,114,439	0.2	0.0	6.4	18.4	-7.2	--	--	--
Private Equity - Credit (Gross)			0.0	6.4	18.4	-7.2	--	--	--
<i>PE-Credit Custom Benchmark</i>			<u>0.2</u>	<u>1.2</u>	<u>4.8</u>	<u>9.6</u>	--	--	--
Excess Return (vs. Net)			-0.2	5.2	13.6	-16.8			

	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Grosvenor OPCRD 2 HFOF (Net)	122,536,186	0.2	2.9	3.4	9.8	-6.5	-1.1	--	--
Grosvenor OPCRD 2 HFOF (Gross)			2.9	3.4	9.8	-6.5	-1.1	--	--
<i>Grosvenor Custom Benchmark</i>			<u>1.2</u>	<u>1.1</u>	<u>3.1</u>	<u>10.0</u>	<u>9.5</u>	--	--
Excess Return (vs. Net)			1.7	2.3	6.7	-16.5	-10.6		
Beach Point - Fund II (Net)	17,336,221	0.0	4.3	1.1	7.9	10.3	9.5	9.1	--
Beach Point - Fund II (Gross)			4.3	7.4	20.1	16.1	10.1	11.3	--
<i>Opportunistic Custom Index 1 Month Lag</i>			<u>3.0</u>	<u>3.2</u>	<u>9.2</u>	<u>5.2</u>	<u>4.7</u>	<u>6.2</u>	--
Excess Return (vs. Net)			1.3	-2.1	-1.3	5.1	4.8	2.9	
Real Assets and Inflation Hedges (Net)¹	10,281,635,596	15.7	1.9	5.5	6.6	0.6	--	--	--
Real Assets and Inflation Hedges (Gross)			2.0	5.6	6.7	1.0	--	--	--
<i>Real Assets and Inflation Hedges Custom Blended Benchmark</i>			<u>1.5</u>	<u>5.4</u>	<u>6.5</u>	<u>1.9</u>	--	--	--
Excess Return (vs. Net)			0.4	0.1	0.1	-1.3			
Core and Value-Added Real Estate (Net)	4,553,723,495	7.0	0.8	0.8	-1.6	-0.9	3.6	4.8	7.4
Core and Value-Added Real Estate (Gross)			1.0	1.0	-1.4	-0.3	4.2	5.3	8.0
<i>Core & Value-Added Real Estate Custom BM</i>			<u>0.1</u>	<u>0.4</u>	<u>-1.2</u>	<u>1.0</u>	<u>4.8</u>	<u>6.2</u>	<u>9.8</u>
Excess Return (vs. Net)			0.7	0.4	-0.4	-1.9	-1.2	-1.4	-2.4
Natural Resources and Commodities (Net)	2,538,810,366	3.9	5.5	15.2	23.9	-2.4	-1.8	2.4	-5.1
Natural Resources and Commodities (Gross)			5.5	15.3	24.0	-2.1	-1.5	2.8	-4.8
<i>Natural Resources & Commodities Custom BM</i>			<u>5.5</u>	<u>15.7</u>	<u>22.5</u>	<u>0.1</u>	<u>-1.0</u>	<u>2.0</u>	<u>-6.1</u>
Excess Return (vs. Net)			0.0	-0.5	1.4	-2.5	-0.8	0.4	1.0

¹ Includes accounts that are lagged by 3-months and latest available adjusted for cash flows.

	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
DWS Natural Resources (Net)	1,247,816,987	1.9	6.2	21.5	28.7	0.8	--	--	--
DWS Natural Resources (Gross)			6.2	21.6	28.8	1.0	--	--	--
<i>S&P Global Large/MidCap Commodities & Resources</i>			<u>6.0</u>	<u>21.0</u>	<u>24.2</u>	<u>2.2</u>	--	--	--
Excess Return (vs. Net)			0.2	0.5	4.5	-1.4			
Credit Suisse Commodity (Net)	414,571,405	0.6	4.8	9.9	20.5	-1.0	-2.2	1.7	--
Credit Suisse Commodity (Gross)			4.9	10.0	20.6	-0.7	-1.9	2.0	--
<i>Bloomberg Commodity Index TR USD</i>			<u>5.0</u>	<u>10.2</u>	<u>20.2</u>	<u>-3.1</u>	<u>-2.5</u>	<u>1.0</u>	--
Excess Return (vs. Net)			-0.2	-0.3	0.3	2.1	0.3	0.7	
PIMCO Commodities (Net)	407,163,696	0.6	5.5	11.1	22.2	-2.9	-2.1	2.7	-5.1
PIMCO Commodities (Gross)			5.6	11.2	22.4	-2.5	-1.8	3.1	-4.7
<i>Bloomberg Commodity Index TR USD</i>			<u>5.0</u>	<u>10.2</u>	<u>20.2</u>	<u>-3.1</u>	<u>-2.5</u>	<u>1.0</u>	<u>-6.5</u>
Excess Return (vs. Net)			0.5	0.9	2.0	0.2	0.4	1.7	1.4
Neuberger Berman/ Gresham (Net)	397,955,901	0.6	5.0	10.4	20.9	-5.5	-2.6	1.9	-5.1
Neuberger Berman/ Gresham (Gross)			5.1	10.5	21.2	-5.1	-2.2	2.3	-4.7
<i>Bloomberg Commodity Index TR USD</i>			<u>5.0</u>	<u>10.2</u>	<u>20.2</u>	<u>-3.1</u>	<u>-2.5</u>	<u>1.0</u>	<u>-6.5</u>
Excess Return (vs. Net)			0.0	0.2	0.7	-2.4	-0.1	0.9	1.4
PE - Real Assets & Inflation Hedges (Net)	71,302,377	0.1	0.0	-0.8	-1.2	-31.0	--	--	--
PE - Real Assets & Inflation Hedges (Gross)			0.0	-0.8	-1.2	-31.0	--	--	--
<i>PE - Real Assets Custom BM</i>			<u>-5.7</u>	<u>2.7</u>	<u>30.5</u>	<u>-4.4</u>	--	--	--
Excess Return (vs. Net)			5.7	-3.5	-31.7	-26.6			

	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Infrastructure (Net)	1,847,750,185	2.8	0.4	7.8	9.0	-0.1	--	--	--
Infrastructure (Gross)			0.4	7.8	9.1	0.1	--	--	--
<i>DJ Brookfield Global Infrastructure TR</i>			<i>-0.1</i>	<i>7.5</i>	<i>5.9</i>	<i>-6.2</i>	--	--	--
Excess Return (vs. Net)			0.5	0.3	3.1	6.1			
DWS Infrastructure (Net)	1,828,019,374	2.8	0.4	7.8	9.0	-0.1	--	--	--
DWS Infrastructure (Gross)			0.4	7.8	9.1	0.1	--	--	--
<i>DJ Brookfield Global Infrastructure TR</i>			<i>-0.1</i>	<i>7.5</i>	<i>5.9</i>	<i>-6.2</i>	--	--	--
Excess Return (vs. Net)			0.5	0.3	3.1	6.1			
Pan European Infrastructure Fund III (Net)*	19,544,607	0.0	--	--	--	--	--	--	--
Pan European Infrastructure Fund III (Gross)			--	--	--	--	--	--	--
<i>DJ Brookfield Global Infrastructure TR</i>			--	--	--	--	--	--	--
Excess Return (vs. Net)									
Grain Spectrum Holdings III (Net)*	186,204	0.0	--	--	--	--	--	--	--
Grain Spectrum Holdings III (Gross)			--	--	--	--	--	--	--
<i>DJ Brookfield Global Infrastructure TR</i>			--	--	--	--	--	--	--
Excess Return (vs. Net)									

*New manager - Partial quarter

	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
TIPS (Net)	1,341,351,550	2.1	1.1	1.6	4.7	10.9	--	--	--
TIPS (Gross)			1.1	1.6	4.7	10.9	--	--	--
<i>BBgBarc US TIPS TR</i>			<u>1.2</u>	<u>1.6</u>	<u>4.7</u>	<u>11.0</u>	--	--	--
Excess Return (vs. Net)			-0.1	0.0	0.0	-0.1			
Blackrock TIPS (Net)	1,341,351,550	2.1	1.1	1.6	4.7	10.9	--	--	--
Blackrock TIPS (Gross)			1.1	1.6	4.7	10.9	--	--	--
<i>BBgBarc US TIPS TR</i>			<u>1.2</u>	<u>1.6</u>	<u>4.7</u>	<u>11.0</u>	--	--	--
Excess Return (vs. Net)			-0.1	0.0	0.0	-0.1			
Risk Reduction and Mitigation (Net)¹	14,096,806,895	21.5	0.5	1.3	2.8	7.8	--	--	--
Risk Reduction and Mitigation (Gross)			0.5	1.3	2.9	7.9	--	--	--
<i>Risk Reduction and Mitigation Custom Blended Benchmark</i>			<u>0.2</u>	<u>0.6</u>	<u>1.2</u>	<u>6.5</u>	--	--	--
Excess Return (vs. Net)			0.3	0.7	1.6	1.3			
Investment Grade Bonds (Net)	11,491,563,772	17.6	0.3	1.1	2.1	8.3	5.7	5.2	4.5
Investment Grade Bonds (Gross)			0.3	1.1	2.2	8.3	5.8	5.3	4.6
<i>BBgBarc US Aggregate TR</i>			<u>0.1</u>	<u>0.7</u>	<u>1.3</u>	<u>7.5</u>	<u>5.3</u>	<u>4.4</u>	<u>3.8</u>
Excess Return (vs. Net)			0.2	0.4	0.8	0.8	0.4	0.8	0.7
BTC US Debt Index (Net)	6,469,408,396	9.9	0.1	0.7	1.4	7.7	5.4	4.5	3.9
BTC US Debt Index (Gross)			0.1	0.7	1.4	7.7	5.4	4.5	4.0
<i>BBgBarc US Aggregate TR</i>			<u>0.1</u>	<u>0.7</u>	<u>1.3</u>	<u>7.5</u>	<u>5.3</u>	<u>4.4</u>	<u>3.8</u>
Excess Return (vs. Net)			0.0	0.0	0.1	0.2	0.1	0.1	0.1

¹ Includes accounts that are lagged by 1-month.

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	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Wells Capital Management (Net)	2,033,747,514	3.1	0.2	1.1	2.3	9.2	5.9	5.0	4.6
Wells Capital Management (Gross)			0.2	1.1	2.3	9.3	6.1	5.1	4.7
<i>BBgBarc US Aggregate TR</i>			<u>0.1</u>	<u>0.7</u>	<u>1.3</u>	<u>7.5</u>	<u>5.3</u>	<u>4.4</u>	<u>3.8</u>
Excess Return (vs. Net)			0.1	0.4	1.0	1.7	0.6	0.6	0.8
Pugh Capital Management (Net)	798,539,434	1.2	0.2	1.0	1.7	8.4	5.6	4.6	4.1
Pugh Capital Management (Gross)			0.2	1.0	1.7	8.5	5.7	4.8	4.3
<i>BBgBarc US Aggregate TR</i>			<u>0.1</u>	<u>0.7</u>	<u>1.3</u>	<u>7.5</u>	<u>5.3</u>	<u>4.4</u>	<u>3.8</u>
Excess Return (vs. Net)			0.1	0.3	0.4	0.9	0.3	0.2	0.3
Dodge & Cox (Net)	791,018,707	1.2	0.7	2.7	4.3	9.8	6.5	6.0	5.0
Dodge & Cox (Gross)			0.8	2.7	4.4	9.9	6.6	6.1	5.1
<i>BBgBarc US Aggregate TR</i>			<u>0.1</u>	<u>0.7</u>	<u>1.3</u>	<u>7.5</u>	<u>5.3</u>	<u>4.4</u>	<u>3.8</u>
Excess Return (vs. Net)			0.6	2.0	3.0	2.3	1.2	1.6	1.2
Western Asset Management (Net)	729,578,690	1.1	0.7	2.6	4.2	8.9	6.2	5.8	5.2
Western Asset Management (Gross)			0.7	2.6	4.3	9.0	6.3	6.0	5.4
<i>BBgBarc US Aggregate TR</i>			<u>0.1</u>	<u>0.7</u>	<u>1.3</u>	<u>7.5</u>	<u>5.3</u>	<u>4.4</u>	<u>3.8</u>
Excess Return (vs. Net)			0.6	1.9	2.9	1.4	0.9	1.4	1.4
PIMCO (Net)	650,947,410	1.0	0.6	1.5	3.3	9.0	6.1	5.6	4.3
PIMCO (Gross)			0.6	1.6	3.4	9.3	6.3	5.8	4.5
<i>BBgBarc US Aggregate TR</i>			<u>0.1</u>	<u>0.7</u>	<u>1.3</u>	<u>7.5</u>	<u>5.3</u>	<u>4.4</u>	<u>3.8</u>
Excess Return (vs. Net)			0.5	0.8	2.0	1.5	0.8	1.2	0.5
Member Home Loan Program (MHLP) (Net)	18,323,620	0.0	0.4	1.3	2.6	5.3	7.8	7.0	5.4
Member Home Loan Program (MHLP) (Gross)			0.4	1.3	2.7	5.6	8.1	7.3	5.6

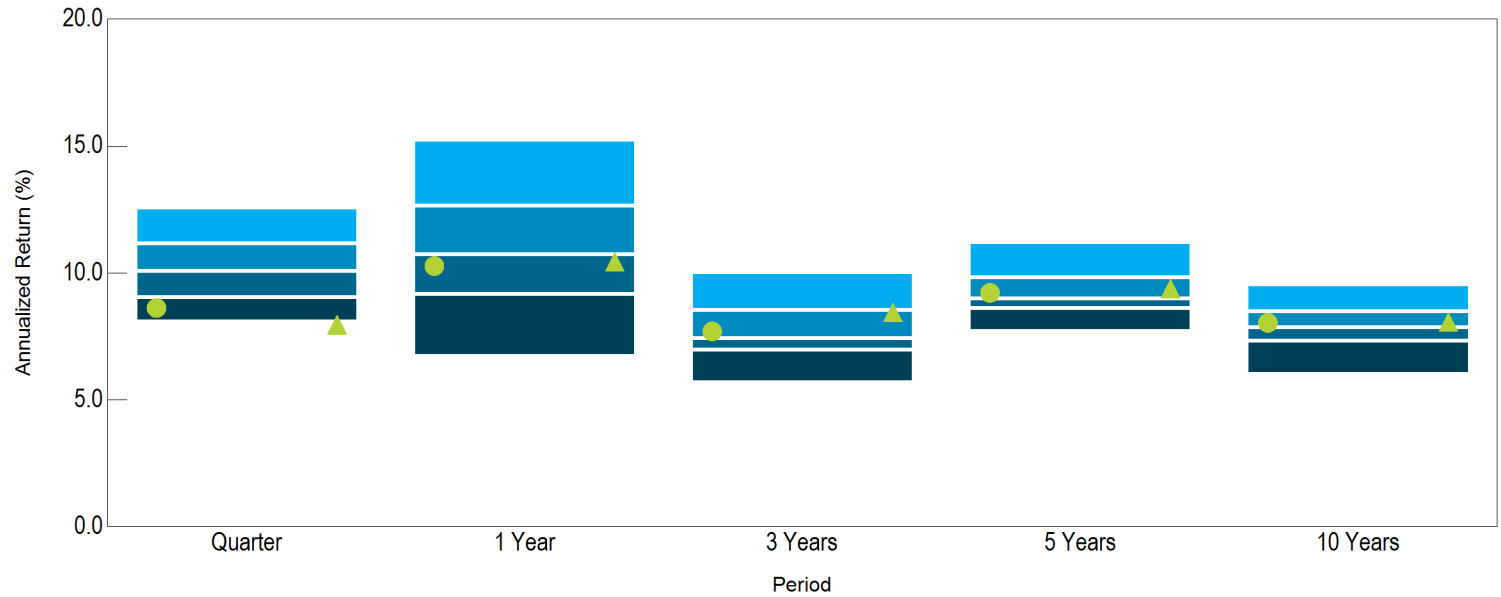
	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Diversified Hedge Fund Portfolio (Net)	1,678,076,744	2.6	2.1	3.1	8.5	7.6	--	--	--
Diversified Hedge Fund Portfolio (Gross)			2.1	3.1	8.5	7.6	--	--	--
<i>Diversified Hedge Funds Custom BM</i>			<u>0.2</u>	<u>0.7</u>	<u>1.3</u>	<u>3.2</u>	--	--	--
Excess Return (vs. Net)			1.9	2.4	7.2	4.4			
Grosvenor OPCRD HFOF Mirror Account (Net)	96,303,854	0.1	3.9	6.6	15.0	8.1	4.2	3.4	--
Grosvenor OPCRD HFOF Mirror Account (Gross)			3.9	6.6	15.0	8.1	4.2	3.4	--
<i>Hedge Fund Custom BM</i>			<u>0.2</u>	<u>0.7</u>	<u>1.3</u>	<u>3.2</u>	<u>5.2</u>	<u>5.3</u>	--
Excess Return (vs. Net)			3.7	5.9	13.7	4.9	-1.0	-1.9	
GSAM HFOF (Net)	12,872,894	0.0	0.8	12.8	19.1	19.1	8.2	5.9	--
GSAM HFOF (Gross)			0.8	12.8	19.1	19.0	8.5	6.2	--
<i>Hedge Fund Custom BM</i>			<u>0.2</u>	<u>0.7</u>	<u>1.3</u>	<u>3.2</u>	<u>5.2</u>	<u>5.3</u>	--
Excess Return (vs. Net)			0.6	12.1	17.8	15.9	3.0	0.6	
Capula GRV (Net)	396,754,763	0.6	0.3	0.4	1.5	6.7	--	--	--
Capula GRV (Gross)			0.3	0.4	1.5	6.7	--	--	--
<i>Hedge Fund Custom BM</i>			<u>0.2</u>	<u>0.7</u>	<u>1.3</u>	<u>3.2</u>	--	--	--
Excess Return (vs. Net)			0.1	-0.3	0.2	3.5			
DK Institutional Partners (Net)	222,820,397	0.3	3.1	4.0	10.7	8.4	--	--	--
DK Institutional Partners (Gross)			3.1	4.0	10.7	8.4	--	--	--
<i>Hedge Fund Custom BM</i>			<u>0.2</u>	<u>0.7</u>	<u>1.3</u>	<u>3.2</u>	--	--	--
Excess Return (vs. Net)			2.9	3.3	9.4	5.2			

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	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
HBK Multistrategy (Net)	274,515,422	0.4	2.3	3.2	7.9	7.1	--	--	--
HBK Multistrategy (Gross)			2.3	3.2	7.9	7.1	--	--	--
<i>Hedge Fund Custom BM</i>			<u>0.2</u>	<u>0.7</u>	<u>1.3</u>	<u>3.2</u>	--	--	--
Excess Return (vs. Net)			2.1	2.5	6.6	3.9			
Hudson Bay Fund (Net)	319,009,370	0.5	2.3	3.1	6.3	--	--	--	--
Hudson Bay Fund (Gross)			2.3	3.1	6.3	--	--	--	--
<i>Hedge Fund Custom BM</i>			<u>0.2</u>	<u>0.7</u>	<u>1.3</u>	--	--	--	--
Excess Return (vs. Net)			2.1	2.4	5.0				
Polar (Net)	355,799,834	0.5	2.7	5.0	16.6	--	--	--	--
Polar (Gross)			2.7	5.0	16.6	--	--	--	--
<i>Hedge Fund Custom BM</i>			<u>0.2</u>	<u>0.7</u>	<u>1.3</u>	--	--	--	--
Excess Return (vs. Net)			2.5	4.3	15.3				
Cash (Net)	927,166,379	1.4	0.0	0.2	0.4	1.0	1.9	1.5	1.0
Cash (Gross)			0.0	0.2	0.4	1.1	2.0	1.6	1.0
<i>Cash Custom BM</i>			<u>0.0</u>	<u>0.0</u>	<u>0.1</u>	<u>0.6</u>	<u>1.6</u>	<u>1.2</u>	<u>0.7</u>
Excess Return (vs. Net)			0.0	0.2	0.3	0.4	0.3	0.3	0.3
SSGA Cash (Net)			0.0	0.0	--	--	--	--	--
SSGA Cash (Gross)			0.0	0.0	--	--	--	--	--
<i>Cash Custom BM</i>			<u>0.0</u>	<u>0.0</u>	--	--	--	--	--
Excess Return (vs. Net)			0.0	0.0					

	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Overlay (Net)	592,281,650	0.9							
Overlay (Gross)									
Parametric Overlay (Net)	592,281,650	0.9							
Parametric Overlay (Gross)									

InvMetrics Public DB > \$1B Net Return Comparison Ending December 31, 2020



	Return (Rank)				
	Quarter	1 Year	3 Years	5 Years	10 Years
5th Percentile	12.6	15.2	10.0	11.2	9.6
25th Percentile	11.2	12.7	8.6	9.9	8.5
Median	10.1	10.8	7.4	9.0	7.9
75th Percentile	9.1	9.2	7.0	8.6	7.3
95th Percentile	8.1	6.8	5.7	7.7	6.0
# of Portfolios	80	80	80	80	73
● Total Fund	8.6 (87)	10.3 (58)	7.7 (46)	9.2 (42)	8.0 (42)
▲ Total Fund Policy Benchmark	8.0 (96)	10.4 (57)	8.4 (28)	9.4 (36)	8.1 (41)

Benchmark History
As of December 31, 2020

Total Fund		
10/1/2019	Present	35% Global Equity Custom BM / 10% PE-Credit Custom Benchmark / 2% Opportunistic Real Estate Custom BM / 3% Bloomberg Barclays U.S. High Yield / 4% Credit Suisse Leveraged Loans / 2% EMD Custom / 3% Illiquid Credit Custom BM / 7% Core & Value-Added Real Estate Custom BM / 4% Natural Resources & Commodities Custom BM / 3% DJ Brookfield Global Infrastructure TR / 3% Bloomberg Barclays U.S. TIPS Index / 19% BBgBarc US Aggregate TR / 4% Diversified Hedge Funds Custom BM / 1% Citigroup 3-Month U.S. Treasury Bill Index
1/1/2019	9/30/2019	41% Global Equity Custom BM / 10% PE-Credit Custom Benchmark / 1% Opportunistic Real Estate Custom BM / 4% Bloomberg Barclays U.S. High Yield / 3% Credit Suisse Leveraged Loans / 1% EMD Custom / 2% Illiquid Credit Custom BM / 8% Core & Value-Added Real Estate Custom BM / 3% Natural Resources & Commodities Custom BM / 2% DJ Brookfield Global Infrastructure TR / 2% Bloomberg Barclays U.S. TIPS Index / 19% BBgBarc US Aggregate TR / 3% Diversified Hedge Funds Custom BM / 1% Citigroup 3-Month U.S. Treasury Bill Index
10/1/2018	12/31/2018	22.7% Russell 3000 / 18.7% Custom MSCI ACWI IMI Net 50% Hedge / 27.8% BBgBarc US Universal TR / 10% Private Equity Target / 11% Real Estate Target / 5.0% Hedge Fund Custom Index / 2.8% Bloomberg Commodity Index TR USD / 2% FTSE T-Bill 6 Months TR
7/1/2018	9/30/2018	23.1% Russell 3000 / 20.3% Custom MSCI ACWI IMI Net 50% Hedge / 26.6% BBgBarc US Universal TR / 10% Private Equity Target / 11% Real Estate Target / 4.2% Hedge Fund Custom Index / 2.8% Bloomberg Commodity Index TR USD / 2% FTSE T-Bill 6 Months TR
1/1/2018	6/30/2018	22.4% Russell 3000 / 21.0% Custom MSCI ACWI IMI Net 50% Hedge / 26.6% BBgBarc US Universal TR / 10% Private Equity Target / 11% Real Estate Target / 4.2% Hedge Fund Custom Index / 2.8% Bloomberg Commodity Index TR USD / 2% FTSE T-Bill 6 Months TR
10/1/2017	12/31/2017	23.5% Russell 3000 / 21.9% Custom MSCI ACWI IMI Net 50% Hedge / 25.4% BBgBarc US Universal TR / 10% Private Equity Target / 11% Real Estate Target / 3.4% Hedge Fund Custom Index / 2.8% Bloomberg Commodity Index TR USD / 2% FTSE T-Bill 6 Months TR
7/1/2017	9/30/2017	23.7% Russell 3000 / 21.7% Custom MSCI ACWI IMI Net 50% Hedge / 25.4% BBgBarc US Universal TR / 10% Private Equity Target / 11% Real Estate Target / 3.4% Hedge Fund Custom Index / 2.8% Bloomberg Commodity Index TR USD / 2% FTSE T-Bill 6 Months TR
4/1/2017	6/30/2017	24.1% Russell 3000 / 21.3% Custom MSCI ACWI IMI Net 50% Hedge / 25.4% BBgBarc US Universal TR / 10% Private Equity Target / 11% Real Estate Target / 3.4% Hedge Fund Custom Index / 2.8% Bloomberg Commodity Index TR USD / 2% FTSE T-Bill 6 Months TR
1/1/2017	3/31/2017	24.4% Russell 3000 / 21.0% Custom MSCI ACWI IMI Net 50% Hedge / 25.4% BBgBarc US Universal TR / 10% Private Equity Target / 11% Real Estate Target / 3.4% Hedge Fund Custom Index / 2.8% Bloomberg Commodity Index TR USD / 2% FTSE T-Bill 6 Months TR
10/1/2016	12/31/2016	23.8% Russell 3000 / 21.6% Custom MSCI ACWI IMI Net 50% Hedge / 25.4% BBgBarc US Universal TR / 10% Private Equity Target / 11% Real Estate Target / 3.4% Hedge Fund Custom Index / 2.8% Bloomberg Commodity Index TR USD / 2% FTSE T-Bill 6 Months TR
7/1/2016	9/30/2016	24.5% Russell 3000 / 21.4% Custom MSCI ACWI IMI Net 50% Hedge / 25.1% BBgBarc US Universal TR / 10% Private Equity Target / 11% Real Estate Target / 3.2% Hedge Fund Custom Index / 2.8% Bloomberg Commodity Index TR USD / 2% FTSE T-Bill 6 Months TR
10/1/2015	6/30/2016	3% Bloomberg Commodity Index TR USD / 25.5% Russell 3000 / 10% Real Estate Target / 2% FTSE T-Bill 6 Months TR / 22.5% BBgBarc US Universal TR / 11% Private Equity Target / 23% Custom MSCI ACWI IMI Net 50% Hedge / 3% 3-month U.S. T-Bill Index + 5% (1M-lag)
4/1/2015	9/30/2015	3% Bloomberg Commodity Index TR USD / 25% Russell 3000 / 10% Real Estate Target / 2% FTSE T-Bill 6 Months TR / 22.5% BBgBarc US Universal TR / 11% Private Equity Target / 23.5% Custom MSCI ACWI IMI Net 50% Hedge / 3% 3-month U.S. T-Bill Index + 5% (1M-lag)

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1/1/2015	3/31/2015	3% Bloomberg Commodity Index TR USD / 25.5% Russell 3000 / 10% Real Estate Target / 2% FTSE T-Bill 6 Months TR / 22.5% BBgBarc US Universal TR / 11% Private Equity Target / 23% Custom MSCI ACWI IMI Net 50% Hedge / 3% 3-month U.S. T-Bill Index + 5% (1M-lag)
10/1/2014	12/31/2014	3% Bloomberg Commodity Index TR USD / 25% Russell 3000 / 10% Real Estate Target / 2% FTSE T-Bill 6 Months TR / 23% BBgBarc US Universal TR / 11% Private Equity Target / 24% Custom MSCI ACWI IMI Net 50% Hedge / 2% 3-month U.S. T-Bill Index + 5% (1M-lag)
1/1/2014	9/30/2014	3% Bloomberg Commodity Index TR USD / 24% Russell 3000 / 10% Real Estate Target / 2% FTSE T-Bill 6 Months TR / 23% BBgBarc US Universal TR / 11% Private Equity Target / 25% Custom MSCI ACWI IMI Net 50% Hedge / 2% 3-month U.S. T-Bill Index + 5% (1M-lag)
10/1/2013	12/31/2013	3% Bloomberg Commodity Index TR USD / 24% Russell 3000 / 10% Real Estate Target / 2% FTSE T-Bill 6 Months TR / 24% BBgBarc US Universal TR / 10% Private Equity Target / 26% Custom MSCI ACWI IMI Net 50% Hedge / 1% 3-month U.S. T-Bill Index + 5% (1M-lag)
4/1/2013	9/30/2013	3% Bloomberg Commodity Index TR USD / 24% Russell 3000 / 10% NCREIF Property Index - 25 bps / 2% FTSE T-Bill 6 Months TR / 24% BBgBarc US Universal TR / 10% Private Equity Target / 26% Custom MSCI ACWI IMI Net 50% Hedge / 1% 3-month U.S. T-Bill Index + 5% (1M-lag)
1/1/2013	3/31/2013	3% Bloomberg Commodity Index TR USD / 23% Russell 3000 / 10% NCREIF Property Index - 25 bps / 2% FTSE T-Bill 6 Months TR / 24% BBgBarc US Universal TR / 10% Private Equity Target / 27% Custom MSCI ACWI IMI Net 50% Hedge / 1% 3-month U.S. T-Bill Index + 5% (1M-lag)
10/1/2012	12/31/2012	3% Bloomberg Commodity Index TR USD / 24% Russell 3000 / 10% NCREIF Property Index - 25 bps / 2% FTSE T-Bill 6 Months TR / 24% BBgBarc US Universal TR / 10% Private Equity Target / 26% Custom MSCI ACWI IMI Net 50% Hedge / 1% 3-month U.S. T-Bill Index + 5% (1M-lag)
1/1/2012	9/30/2012	3% Bloomberg Commodity Index TR USD / 24% Russell 3000 / 10% NCREIF Property Index - 25 bps / 2% FTSE T-Bill 6 Months TR / 26% BBgBarc US Universal TR / 7% Private Equity Target / 27% Custom MSCI ACWI IMI Net 50% Hedge / 1% 3-month U.S. T-Bill Index + 5% (1M-lag)
10/1/2011	12/31/2011	3% Bloomberg Commodity Index TR USD / 23% Russell 3000 / 10% NCREIF Property Index - 25 bps / 2% FTSE T-Bill 6 Months TR / 26% BBgBarc US Universal TR / 7% Private Equity Target / 28% Custom MSCI ACWI IMI Net 50% Hedge / 1% 3-month U.S. T-Bill Index + 5% (1M-lag)
4/1/2011	9/30/2011	3% Bloomberg Commodity Index TR USD / 23% Russell 3000 / 10% NCREIF Property Index - 25 bps / 2% FTSE T-Bill 6 Months TR / 26% BBgBarc US Universal TR / 7% Private Equity Target / 29% Custom MSCI ACWI IMI Net 50% Hedge
1/1/2011	3/31/2011	3% Bloomberg Commodity Index TR USD / 22% Russell 3000 / 10% NCREIF Property Index - 25 bps / 2% FTSE T-Bill 6 Months TR / 26% BBgBarc US Universal TR / 7% Private Equity Target / 30% Custom MSCI ACWI IMI Net 50% Hedge
10/1/2010	12/31/2010	3% Bloomberg Commodity Index TR USD / 23% Russell 3000 / 10% NCREIF Property Index - 25 bps / 2% FTSE T-Bill 6 Months TR / 26% BBgBarc US Universal TR / 7% Private Equity Target / 29% Custom MSCI ACWI IMI Net 50% Hedge
7/1/2010	9/30/2010	3% Bloomberg Commodity Index TR USD / 26% Russell 3000 / 10% NCREIF Property Index - 25 bps / 2% FTSE T-Bill 6 Months TR / 26% BBgBarc US Universal TR / 7% Private Equity Target / 26% Custom MSCI ACWI IMI Net 50% Hedge
4/1/2010	6/30/2010	3% Bloomberg Commodity Index TR USD / 26% Russell 3000 / 10% NCREIF Property Index - 25 bps / 2% FTSE T-Bill 6 Months TR / 26% BBgBarc US Universal TR / 7% Private Equity Target / 26% MSCI ACWI ex USA IMI
1/1/2010	3/31/2010	3% Bloomberg Commodity Index TR USD / 29% Russell 3000 / 10% NCREIF Property Index - 25 bps / 2% FTSE T-Bill 6 Months TR / 26% BBgBarc US Universal TR / 7% Private Equity Target / 23% MSCI ACWI ex USA IMI
4/1/2009	12/31/2009	2% Bloomberg Commodity Index TR USD / 30% Russell 3000 / 10% NCREIF Property Index - 25 bps / 2% FTSE T-Bill 6 Months TR / 28% BBgBarc US Universal TR / 7% Private Equity Target / 21% MSCI ACWI ex USA IMI
10/1/2008	3/31/2009	2% Bloomberg Commodity Index TR USD / 30% Russell 3000 / 10% NCREIF Property Index - 25 bps / 2% FTSE T-Bill 6 Months TR / 1.96% BBgBarc US High Yield BA/B TR / 26.04% BBgBarc US Aggregate TR / 7% Private Equity Target / 21% MSCI ACWI ex USA IMI
3/1/2001	9/30/2008	100% LACERA TF Blended Benchmark

Bank Loans Custom Index: Credit Suisse Leveraged Loan Index.

Beach Point Custom BM: BBg Barc US Corporate High Yield Index

Brigade Custom Index: BBg Barc US Corporate High Yield Index.

Cash Custom BM: FTSE 3-month Treasury Bill.

Core & Value-Added Real Estate Custom BM: NFI ODCE + 50 bps (3-month lag).

Credit Custom Blended BM: ~25% BBg Barc US High Yield Ba/B / 33.3% Credit Suisse Leveraged Loan Index / 25% Illiquid Credit Custom BM / 16.7% EMD Custom BM.

Diversified Hedge Funds Custom BM: FTSE 3-Month U.S. Treasury Bill Index + 250 bps (1-month lag).

EAFE Custom Index: MSCI EAFE + Canada (Net).

EMD Custom: 50% JP Morgan EMBI + 25% JP Morgan GBI-EM GD + 25% JP Morgan CEMBI BD.

Global Equity Custom BM: MSCI ACWI IMI Index

Grosvenor Custom BM: 100% Illiquid Credit Custom BM.

Growth Custom Blended BM: ~74.5% Global Equity Custom BM/ 21.3% Private Equity- Growth Custom BM/ 4.3% Opportunistic Real Estate Custom BM.

Hedge Fund Custom Index: 100% Diversified Hedge Funds Custom BM.

Illiquid Credit Custom BM: BBg Barc US Aggregate Index + 250 bps (1-month lag).

MSCI EM IMI Custom Index: MSCI EM IMI (Net)

Natural Resources & Commodities Custom BM: 50% Bloomberg Commodity Index / 50% S&P Global Large MidCap Commodity and Resources Index.

Opportunistic Real Estate Custom BM: NFI ODCE + 300 bps (3-month lag).

PE – Credit Custom Benchmark: BBgBarc US Agg Index + 250bps with a (3-month lag).

Private Equity - Growth Custom BM: MSCI ACWI IMI Index + 200 bps (3-month lag).

PE – Real Assets Custom BM: S&P Global LargeMidCap Commodity and Resources (3-month lag).

Real Assets and Inflation Hedges Custom Blended BM: ~41.2% Core & Value-Added Real Estate Custom BM/ 23.5% Natural Resources & Commodities Custom BM / 17.6% DJ Brookfield Global Infrastructure / 17.6% BBg Barc US TSY TIPS.

Risk Reduction and Mitigation Custom Blended BM: ~79.2% BBg Barc Agg / 16.7% Diversified Hedge Funds Custom BM / 4.2% FTSE 3-month Treasury Bill.

Securitized Custom Index: Barclays Securitized Bond Index + 400 bps.

Opportunistic Custom Index 1-Month Lag: 50% Barclays U.S. High Yield Index / 50% Credit Suisse Leveraged Loan Index (1-month lag).

50% FX Hedge Index: 50% MSCI World ex US IMI FX Hedged index 50% Zero Return.

Disclaimer

WE HAVE PREPARED THIS REPORT (THIS "REPORT") FOR THE SOLE BENEFIT OF THE INTENDED RECIPIENT (THE "RECIPIENT").

SIGNIFICANT EVENTS MAY OCCUR (OR HAVE OCCURRED) AFTER THE DATE OF THIS REPORT AND THAT IT IS NOT OUR FUNCTION OR RESPONSIBILITY TO UPDATE THIS REPORT. ANY OPINIONS OR RECOMMENDATIONS PRESENTED HEREIN REPRESENT OUR GOOD FAITH VIEWS AS OF THE DATE OF THIS REPORT AND ARE SUBJECT TO CHANGE AT ANY TIME. ALL INVESTMENTS INVOLVE RISK. THERE CAN BE NO GUARANTEE THAT THE STRATEGIES, TACTICS, AND METHODS DISCUSSED HERE WILL BE SUCCESSFUL.

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PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

FOR INFORMATION ONLY

February 26, 2021

TO: Trustees - Board of Investments

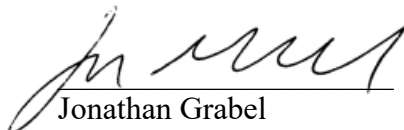
FROM: Jude Pérez 
Principal Investment Officer

FOR: March 10, 2021 Board of Investments Meeting

SUBJECT: **OPEB QUARTERLY PERFORMANCE BOOK**

Attached is the OPEB Master Trust quarterly performance book as of December 31, 2020.

Noted and Reviewed


Jonathan Grabel
Chief Investment Officer

Attachments

EdB:JP

PERFORMANCE *REVIEW*

OPEB Master Trust
AS OF DECEMBER 31, 2020



OPEB MASTER TRUST

for the quarter ended December 31, 2020

COMMENTARY

The OPEB Master Trust (OPEB Trust) is comprised of three separate trusts: 1) Los Angeles County, 2) LACERA, and 3) Superior Court. The fourth quarter net-of-fee performance was 10.7% for the County and LACERA trusts and 10.8% for the Superior Court. As a reminder, longer-term return differences between the trusts may result due to distinct contribution and rebalancing activity within each plan.

The OPEB Trust consists of four functional categories: Growth, Credit, Real Assets and Inflation Hedges, and Risk Reduction and Mitigation. The balance of this report will review the net-of-fee quarter performance of these categories.

The OPEB Growth component is comprised of a global equity MSCI All Country World IMI fund. Growth was the highest performing functional category in the quarter, rising 15.8%.

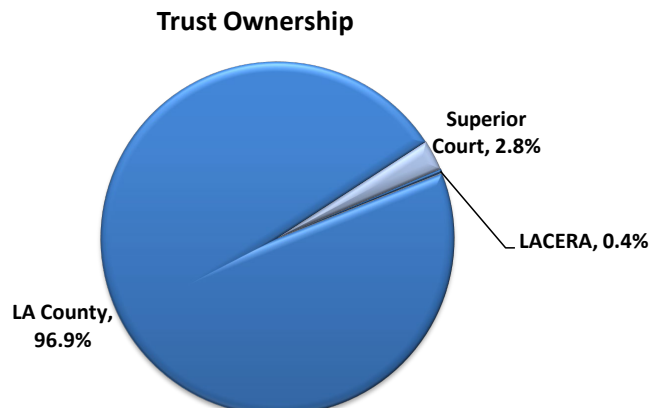
The OPEB Credit allocation consists of three funds: High yield bonds, bank loans, and emerging markets debt (local currency). Credit returned 5.4% as all three underlying components posted positive returns. Emerging market debt returned 9.5%, high yield gained 6.3%, and bank loans rose 3.4%.

The OPEB Real Assets and Inflation Hedges category gained 8.9% in the quarter. As in Credit, all three components posted positive absolute returns: Real estate investment trusts (REITs) rose 12.9%, commodities gained 10.1%, and treasury inflation protected securities (TIPS) returned 1.6%.

The OPEB Risk Reduction and Mitigation composite returned 0.5% for the quarter. The investment grade bond fund rose 0.7%, and the cash account was flat for the quarter.

Fund Name	Inception Date	Market Value (millions)	Trust Ownership	Qtr	FYTD	1 Yr	3 Yrs	5 Yrs
Los Angeles County	Feb-2013	\$1,848.8	96.9%					
Gross				10.7	16.9	10.0	7.6	9.9
Net				10.7	16.9	10.0	7.5	9.9
Net All ¹				10.7	16.9	9.9	7.5	9.8
LACERA	Feb-2013	\$7.3	0.4%					
Gross				10.7	16.9	10.1	7.5	10.0
Net				10.7	16.9	10.0	7.5	9.9
Net All ¹				10.5	16.6	9.6	7.2	9.3
Superior Court	Jul-2016	\$52.8	2.8%					
Gross				10.8	16.8	9.7	7.4	----
Net				10.8	16.8	9.6	7.3	----
Net All ¹				10.7	16.6	9.4	7.1	----
TRUST OWNERSHIP TOTAL:		\$1,908.9	100.0%					

¹ Includes Custody & Administrative Fees.



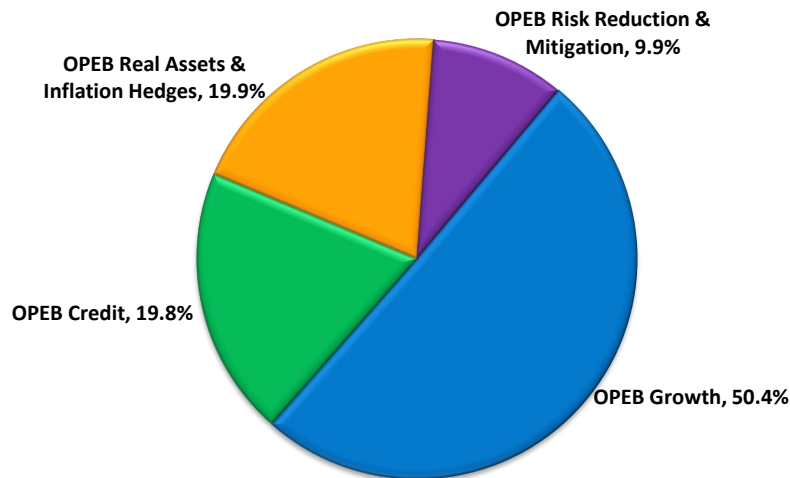


OPEB MASTER TRUST

for the quarter ended December 31, 2020

Fund Name	Inception Date	Market Value (millions)	Trust Ownership	Qtr	FYTD	1 Yr	3 Yrs	5 Yrs
OPEB Growth	Jul-2016	\$961.3	50.4%					
Gross				15.8	25.2	16.6	10.1	---
Net				15.7	25.2	16.5	10.0	---
Net All				15.7	25.2	16.5	10.0	---
OPEB Credit	Jul-2018	\$378.9	19.8%					
Gross				5.4	8.9	3.3	---	---
Net				5.4	8.9	3.3	---	---
Net All				5.4	8.9	3.3	---	---
OPEB Real Assets & Inflation Hedges	Jul-2018	\$379.8	19.9%					
Gross				8.9	12.5	-2.0	---	---
Net				8.9	12.4	-2.1	---	---
Net All				8.9	12.4	-2.1	---	---
OPEB Risk Reduction & Mitigation	Jul-2016	\$188.6	9.9%					
Gross				0.5	1.1	6.3	5.5	---
Net				0.5	1.1	6.3	5.5	---
Net All				0.5	1.1	6.3	5.5	---
Uninvested Cash		\$0.3	0.0%	---	---	---	---	---
TRUST OWNERSHIP TOTAL:		\$1,908.9	100.0%					

Differences in MV between the Sub-Trusts and Functional composites are due to operational cash and accruals





OPEB MASTER TRUST

for the quarter ended December 31, 2020

Allocation	Inception Date	Market Value (millions)	Allocation %	Qtr	FYTD	1 Yr	3 Yrs	5 Yrs
OPEB Growth								
OPEB Global Equity	Mar-2014	\$961.3	50.4%					
Gross				15.8	25.2	16.6	10.1	12.5
Net				15.7	25.2	16.5	10.0	12.5
Benchmark: MSCI ACWI IMI Net (DAILY)				15.7	25.1	16.3	9.7	12.1
Excess Return (Net - Benchmark)				0.0	0.1	0.3	0.3	0.3
OPEB Credit								
OPEB BTC High Yield Bonds	Jul-2018	\$114.1	6.0%					
Gross				6.3	11.3	5.7	---	---
Net				6.3	11.3	5.6	---	---
Benchmark: BBG BARC US Corp HY Idx				6.5	11.3	7.1	---	---
Excess Return (Net - Benchmark)				-0.1	-0.1	-1.5	---	---
OPEB BlackRock Bank Loans	Jul-2018	\$188.8	9.9%					
Gross				3.4	7.2	2.5	---	---
Net				3.4	7.2	2.5	---	---
Benchmark: S&P/LSTA Leverage Loan Index				3.8	8.1	3.1	---	---
Excess Return (Net - Benchmark)				-0.4	-0.9	-0.6	---	---
OPEB BTC EM Debt LC	Jul-2018	\$75.9	4.0%					
Gross				9.5	10.0	2.2	---	---
Net				9.5	10.0	2.1	---	---
Benchmark: JPM GBI-EM Global Diversified Index				9.6	10.3	2.7	---	---
Excess Return (Net - Benchmark)				-0.1	-0.3	-0.6	---	---
OPEB Real Assets & Inflation Hedges								
OPEB BTC REITs	Jul-2018	\$189.0	9.9%					
Gross				12.9	13.8	-11.2	---	---
Net				12.9	13.8	-11.2	---	---
Benchmark: DJ US SELECT REAL ESTATE SECURITIES INDEX				12.9	13.9	-11.2	---	---
Excess Return (Net - Benchmark)				0.0	0.0	0.0	---	---
OPEB BTC Commodities	Jul-2018	\$76.9	4.0%					
Gross				10.2	20.2	-3.0	---	---
Net				10.1	20.2	-3.1	---	---
Benchmark: Bloomberg Comm Index TR				10.2	20.2	-3.1	---	---
Excess Return (Net - Benchmark)				-0.1	0.0	0.0	---	---
OPEB BTC TIPS	Jul-2018	\$113.9	6.0%					
Gross				1.6	4.8	11.2	---	---
Net				1.6	4.8	11.2	---	---
Benchmark: BBG BARC US Tsy TIPS Idx				1.6	4.7	11.0	---	---
Excess Return (Net - Benchmark)				0.0	0.1	0.2	---	---
OPEB Risk Reduction & Mitigation								
OPEB BTC Inv. Grade Bonds	Jul-2018	\$150.7	7.9%					
Gross				0.7	1.3	7.6	---	---
Net				0.7	1.3	7.6	---	---
Benchmark: BBG BC Aggregate Bond Index				0.7	1.3	7.5	---	---
Excess Return (Net - Benchmark)				0.0	0.0	0.1	---	---
OPEB Cash	Feb-2013	\$38.0	2.0%					
Gross				0.0	0.0	1.2	2.2	1.8
Net				0.0	0.0	1.2	2.1	1.7
Benchmark: FTSE 6 M Treasury Bill Index				0.0	0.1	0.8	1.7	1.3
Excess Return (Net - Benchmark)				0.0	-0.1	0.4	0.5	0.4

Master Trust OPEB Analytics Report

Prepared for LACERA

31 December 2020

Master Trust OPEB Asset Allocation & Analytics

LACERA

31-Dec-2020

Reporting Currency: USD

Master Trust OPEB Allocation vs Policy Benchmark

	Market Value (Millions) ¹	Allocation (%)	Policy Benchmark (%)	Benchmark	Relative (%)
Growth	961.27	50.4%	50.0%	OPEB Growth Blend	0.4%
Credit	378.86	19.8%	20.0%	OPEB Credit Blend	-0.2%
Real Assets & Inflation Hedges	379.77	19.9%	20.0%	OPEB Real Assets & Inflation Hedges Blend	-0.1%
Risk Reduction and Mitigation	188.63	9.9%	10.0%	OPEB Risk Reduc Blend	-0.1%
Operational Cash	0.35	0.0%	0.0%		0.0%
TOTAL	1,908.89	100.0%	100.0%		0.0%

1: Total market value does not include all cash at participant level

OPEB Asset Allocation & Analytics

LACERA

31-Dec-2020

Reporting Currency: USD

OPEB Allocation vs Policy Benchmark

	Market Value (Millions)	Allocation (%)	Policy Benchmark (%)	Benchmark	Relative (%)
LA County					
Growth	931.04	50.4%	50.0%	OPEB Growth Blend	0.4%
Credit	366.95	19.8%	20.0%	OPEB Credit Blend	-0.2%
Real Assets & Inflation Hedges	367.83	19.9%	20.0%	OPEB Real Assets & Inflation Hedges Blend	-0.1%
Risk Reduction and Mitigation	182.69	9.9%	10.0%	OPEB Risk Reduc Blend	-0.1%
Operational Cash	0.32	0.0%	0.0%		0.0%
TOTAL	1,848.84	100.0%	100.0%		0.0%
LACERA OPEB					
Growth	3.66	50.3%	50.0%	OPEB Growth Blend	0.3%
Credit	1.44	19.8%	20.0%	OPEB Credit Blend	-0.2%
Real Assets & Inflation Hedges	1.44	19.8%	20.0%	OPEB Real Assets & Inflation Hedges Blend	-0.2%
Risk Reduction and Mitigation	0.72	9.9%	10.0%	OPEB Risk Reduc Blend	-0.1%
Operational Cash	0.01	0.2%	0.0%		0.2%
TOTAL	7.28	100.0%	100.0%		0.0%
Superior Court					
Growth	26.57	50.3%	50.0%	OPEB Growth Blend	0.3%
Credit	10.46	19.8%	20.0%	OPEB Credit Blend	-0.2%
Real Assets & Inflation Hedges	10.50	19.9%	20.0%	OPEB Real Assets & Inflation Hedges Blend	-0.1%
Risk Reduction and Mitigation	5.22	9.9%	10.0%	OPEB Risk Reduc Blend	-0.1%
Operational Cash	0.03	0.1%	0.0%		0.1%
TOTAL	52.78	100.0%	100.0%		0.0%

OPEB Analytics, Volatility & Tracking Error

LACERA

31-Dec-2020

Reporting Currency: USD

OPEB Analytics

	Benchmark	Market Value (Millions)	Allocation (%)	Volatility (% per annum) ¹	Standalone VaR (% of MV) ²	Total VaR Contribution (% of Total MV) ³	Tracking Error Contribution (% of Total MV) ⁴
LA County							
Growth	OPEB Growth Blend	931.04	50.4%	17.49%	18.06%	8.56%	0.01%
Credit	OPEB Credit Blend	366.95	19.9%	8.90%	6.79%	1.39%	0.00%
Real Assets & Inflation Hedges	OPEB Real Assets & Inflation Hedges Blend	367.83	19.9%	12.58%	12.77%	1.34%	0.00%
Risk Reduction and Mitigation	OPEB Risk Reduc Blend	182.69	9.9%	3.13%	4.21%	0.00%	0.00%
Operational Cash		0.32	0.0%	0.00%	0.00%	0.00%	0.00%
TOTAL		1,848.52	100.0%	12.56%	11.29%	11.29%	0.02%
		<i>Weighted Average Benchmark⁵</i>		12.55%	11.27%	11.27%	
Benchmark	Policy Benchmark			12.52%	11.23%	11.23%	0.05%
					<i>Aggregate Benchmark Structural Risk⁶</i>		0.04%
LACERA							
Growth	OPEB Growth Blend	3.66	50.4%	17.49%	18.06%	8.54%	0.01%
Credit	OPEB Credit Blend	1.44	19.8%	8.90%	6.79%	1.38%	0.00%
Real Assets & Inflation Hedges	OPEB Real Assets & Inflation Hedges Blend	1.44	19.9%	12.58%	12.77%	1.34%	0.00%
Risk Reduction and Mitigation	OPEB Risk Reduc Blend	0.72	9.9%	3.13%	4.21%	0.00%	0.00%
Operational Cash		0.01	0.2%	0.00%	0.00%	0.00%	0.00%
TOTAL		7.26	100.0%	12.54%	11.27%	11.27%	0.02%
		<i>Weighted Average Benchmark⁵</i>		12.55%	11.27%	11.27%	
Benchmark	Policy Benchmark			12.52%	11.23%	11.23%	0.04%
					<i>Aggregate Benchmark Structural Risk⁶</i>		0.02%
Superior Court							
Growth	OPEB Growth Blend	26.57	50.4%	17.49%	18.06%	8.55%	0.01%
Credit	OPEB Credit Blend	10.46	19.8%	8.90%	6.79%	1.39%	0.00%
Real Assets & Inflation Hedges	OPEB Real Assets & Inflation Hedges Blend	10.50	19.9%	12.58%	12.77%	1.34%	0.00%
Risk Reduction and Mitigation	OPEB Risk Reduc Blend	5.22	9.9%	3.13%	4.21%	0.00%	0.00%
Operational Cash		0.03	0.1%	0.00%	0.00%	0.00%	0.00%
TOTAL		52.75	100.0%	12.56%	11.29%	11.29%	0.02%
		<i>Weighted Average Benchmark⁵</i>		12.55%	11.27%	11.27%	
Benchmark	Policy Benchmark			12.52%	11.23%	11.23%	0.05%
					<i>Aggregate Benchmark Structural Risk⁶</i>		0.03%
Master Trust OPEB							
TOTAL		1,908.53	100.0%	12.56%	11.29%	11.29%	0.02%
Benchmark	Policy Benchmark			12.52%	11.23%	11.23%	

1: Volatility at the asset class level is calculated using parametric VaR at 84th percentile, annualized and expressed as a percentage of the market value of each asset class.

2: Standalone VaR is the annualized Value-at-Risk at the 95th percentile expressed as a percentage of the market value of each asset class.

3: Total VaR Contribution is calculated using historic VaR at 95th percentile, 1 month horizon, annualized excluding the mean, and expressed as a percentage of the total plan assets.

4: Tracking Error is calculated using relative parametric VaR at 84th percentile (assets less benchmark), annualized and expressed as a percentage of the total plan assets.

5: Weighted average benchmark is the market value weighted average of the asset class benchmarks.

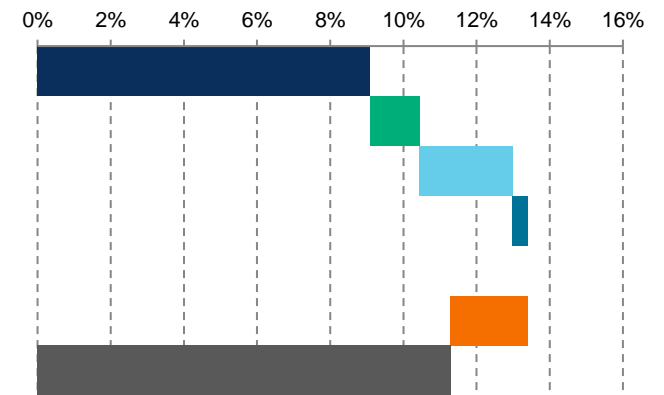
6: Aggregate Benchmark Structural Risk = [Tracking Error of the Total Plan to the policy benchmark] - [Tracking Error of the Total Plan to the weighted average of asset class benchmarks]

Master Trust OPEB Asset Allocation & Analytics
LACERA

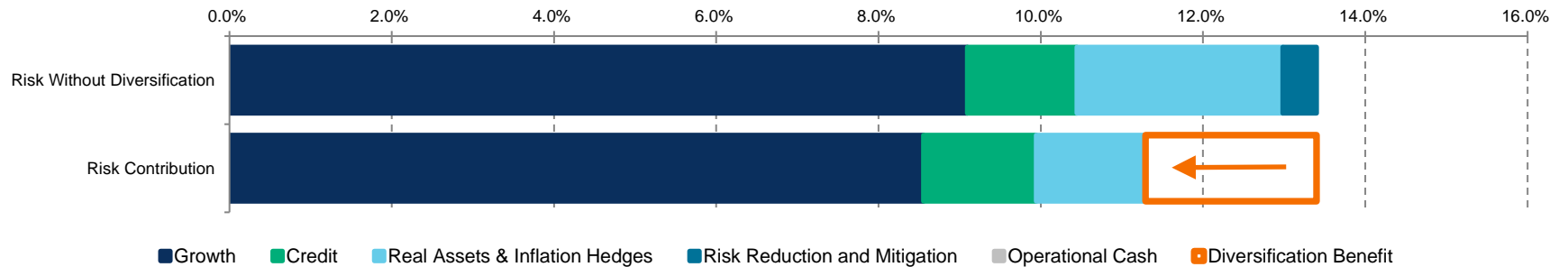
31-Dec-2020
Reporting Currency: USD

Master Trust OPEB Risk & Diversification

	Allocation (%)	Weighted Standalone VaR (% of Total MV) ¹	
		Monthly	Annual
Growth	50.4%	2.6%	9.1%
Credit	19.8%	0.4%	1.3%
Real Assets & Inflation Hedges	19.9%	0.7%	2.5%
Risk Reduction and Mitigation	9.9%	0.1%	0.4%
Operational Cash	0.0%	0.0%	0.0%
Diversification Benefit ²	-	-0.6%	-2.1%
TOTAL	100.0%	3.3%	11.3%



Risk Contribution and Diversification



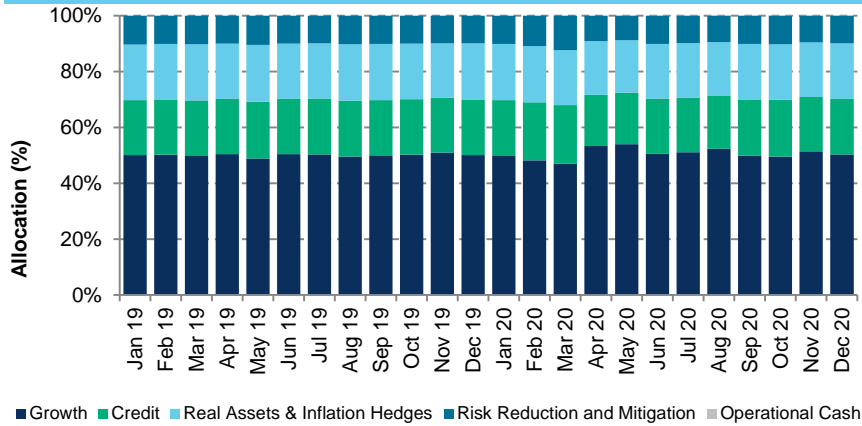
1: Standalone risk (historical VaR 95) of each asset class is weighted and expressed as a percent of total plan assets, i.e. contribution to risk without diversification benefit.
 2: Diversification benefit is calculated as the sum of the standalone VaR at 95th percentile for each asset class less the total plan VaR.
 3: 'Risk Without Diversification' is the sum of the standalone VaRs of each asset class. The 'Risk Contribution' displays the VaR 95 at the Total plan level and the contribution of each asset class. Due to the correlation affect between asset classes, the contribution of the asset classes to the VaR 95 at the Total plan level will not necessary be equal to their respective standalone VaR 95.

Master Trust OPEB Analytics, Volatility & Tracking Error

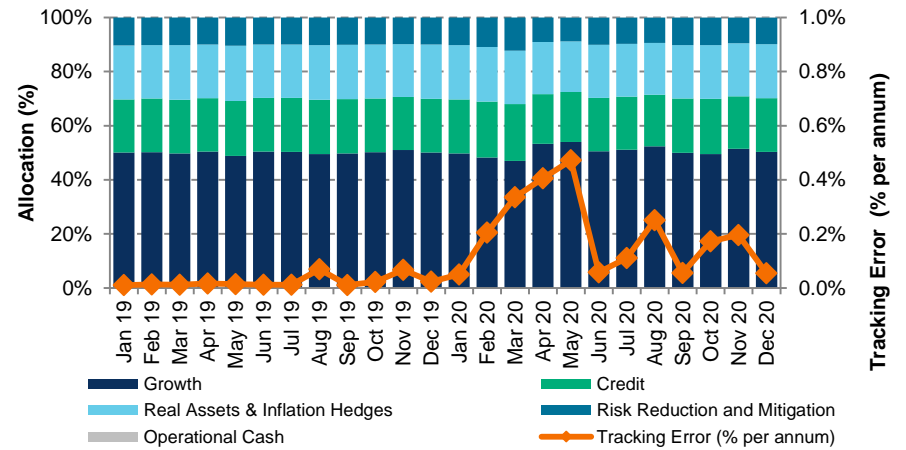
LACERA

31-Dec-2020
Reporting Currency: USD

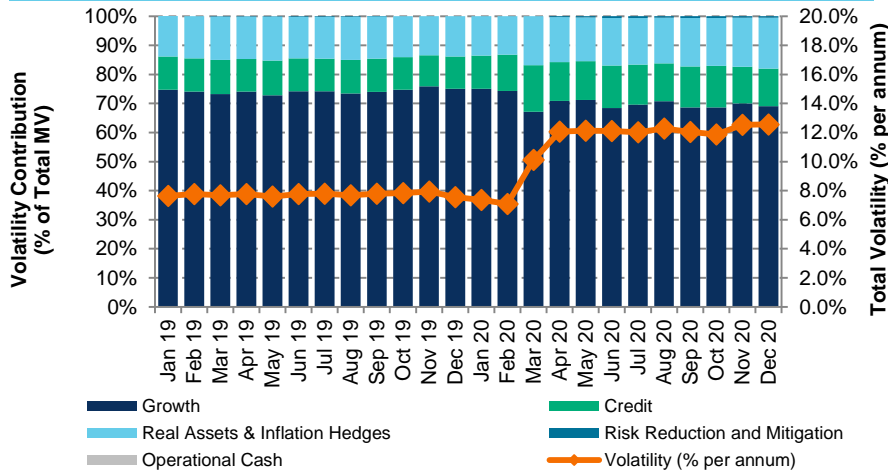
Master Trust OPEB Allocation Trend



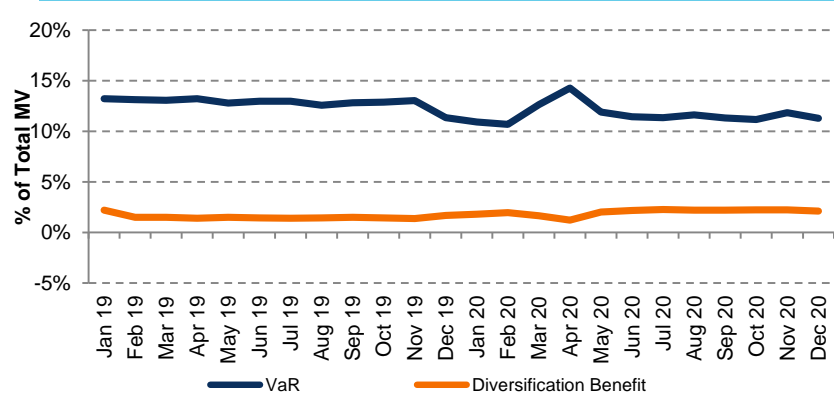
Master Trust OPEB Allocation & Tracking Error Trend¹



Master Trust OPEB Volatility & Contrib. to Volatility Trend²



Master Trust OPEB Total Risk & Diversification Trend³



1: Tracking Error is calculated using relative parametric VaR at 84th percentile (assets less benchmark), annualized and expressed as a percentage of the total plan assets.
 2: Volatility at the asset class level is calculated using parametric VaR at 84th percentile, annualized and expressed as a percentage of the market value of each asset class.
 3: Diversification benefit is calculated as the sum of the standalone VaR at 95th percentile for each asset class less the total plan VaR.

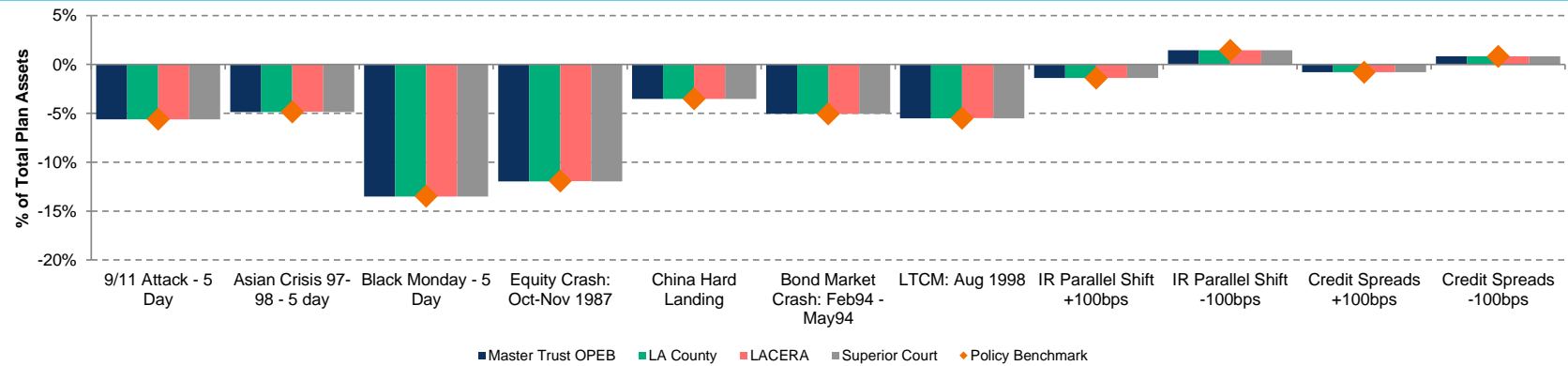
Master Trust OPEB Stress Testing
LACERA

31-Dec-2020
Reporting Currency: USD

Stress Test - % of Market Value

	Allocation (%)	9/11 Attack - 5 Day	Asian Crisis 97-98 - 5 day	Black Monday - 5 Day	Equity Crash: Oct-Nov 1987	China Hard Landing	Bond Market Crash: Feb94 - May94	LTCM: Aug 1998	IR Parallel Shift +100bps	IR Parallel Shift -100bps	Credit Spreads +100bps	Credit Spreads -100bps
Growth	50.4%	-4.8%	-4.2%	-11.0%	-9.6%	-3.2%	-3.6%	-4.4%	0.0%	-0.0%	0.0%	0.0%
Credit	19.8%	0.2%	0.1%	0.1%	-0.2%	-0.1%	-0.5%	-0.2%	-0.5%	0.5%	-0.6%	0.6%
Real Assets & Inflation Hedges	19.9%	-1.1%	-0.8%	-2.6%	-2.1%	-0.2%	-0.9%	-0.9%	-0.4%	0.5%	-0.0%	0.0%
Risk Reduction and Mitigation	9.9%	0.1%	0.0%	0.0%	-0.0%	0.0%	-0.2%	-0.0%	-0.5%	0.5%	-0.2%	0.2%
Operational Cash	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Master Trust OPEB	100.0%	-5.6%	-4.9%	-13.5%	-12.0%	-3.5%	-5.1%	-5.5%	-1.4%	1.5%	-0.8%	0.8%
<i>Benchmark</i>		-5.6%	-4.8%	-13.5%	-11.9%	-3.5%	-5.0%	-5.5%	-1.4%	1.5%	-0.8%	0.8%
LA County		-5.6%	-4.9%	-13.5%	-12.0%	-3.5%	-5.1%	-5.5%	-1.4%	1.5%	-0.8%	0.8%
<i>Benchmark</i>		-5.6%	-4.8%	-13.5%	-11.9%	-3.5%	-5.0%	-5.5%	-1.4%	1.5%	-0.8%	0.8%
LACERA		-5.6%	-4.9%	-13.5%	-11.9%	-3.5%	-5.0%	-5.5%	-1.4%	1.5%	-0.8%	0.8%
<i>Benchmark</i>		-5.6%	-4.8%	-13.5%	-11.9%	-3.5%	-5.0%	-5.5%	-1.4%	1.5%	-0.8%	0.8%
Superior Court		-5.6%	-4.9%	-13.5%	-12.0%	-3.5%	-5.0%	-5.5%	-1.4%	1.5%	-0.8%	0.8%
<i>Benchmark</i>		-5.6%	-4.8%	-13.5%	-11.9%	-3.5%	-5.0%	-5.5%	-1.4%	1.5%	-0.8%	0.8%

Stress Test Chart



Glossary

Appendix - Glossary

LACERA

31-Dec-2020

Reporting Currency: USD

Terms and Definitions

Analytics

Value-at-Risk 95%	Value-at-risk quantifies the potential loss in a portfolio at a certain level of confidence. Value-at-Risk 95th percentile means there is a 5% chance of losing more than X%. Alternatively, it can be expressed as there is a 1 in 20 chance of losing more than X% in the next month (or year if it is an annual measure).
Volatility	Volatility is another measure quantifying the potential variability in a portfolio's asset value. Volatility means there is a 1 in 3 chance the portfolio will change in value by +/- X% in 1 year. Alternatively, it can be expressed that 1 year in 3 years, the portfolio will change in value by +/- X% per annum.
Tracking Error	An ex-ante (forward looking, or before the event) measure of how closely a portfolio follows the index to which it is compared. It measures the standard deviation of the difference between the portfolio and benchmark scenario returns.
Aggregate Benchmark Structural Risk	Aggregate Benchmark Structural Risk = [Tracking Error of the Total Plan to the policy benchmark] - [Tracking Error of the Total Plan to the weighted average of asset class benchmarks]. This can equally be applied to strategy level benchmarks, compared to the aggregate of the underlying managers' benchmarks.
Diversification Benefit	Diversification benefit is calculated as the sum of the standalone Value-at Risk at 95th percentile for each asset class/strategy less the total plan Value-at Risk, 1 month horizon, annualized. This measures the reduction of risk due to the benefits of diversification.
Duration	The sensitivity of a bond's price to changes in the interest rate usually measured in years. The higher the duration, the more sensitive the portfolio is to changes in interest rates.
Expected Yield	This measures the projected annual yield on the portfolio adjusting for option-adjusted probabilities.
Beta	Beta estimates the risk of the portfolio to a single market risk factor, i.e. systematic risk.

Stress Tests

9/11 Attack - 5 Day	Historic stress scenario observed from 9/17/2001 to 9/21/2001 where the US faced an act of terrorism. Trading was suspended on the NYSE and only resumed on 9/17/2001. The US stock market (S&P 500) declined 12%.
Asian Crisis 97-98 - 5 day	Historic stress scenario observed from 10/21/1997 to 10/27/1997 where the Bank of Thailand abandons the Baht's peg to the Dollar and the currency fell 18%. US equity markets fell 7% on the realization that the crisis was no longer localized. Asian currencies were the hardest struck, such as the South Korean Won fell 47.5% and Indonesian Rupiah fell 56%.
Black Monday - 5 Day	Historic stress scenario observed from 10/13/1987 to 10/19/1987 where the US stock market (DJIA) declined 31% with the world market following the decline.
Equity Crash: Oct-Nov 1987	Historic stress scenario observed from 10/5/1987 to 11/02/1987 where the world equity markets feared another Great Depression.
China Hard Landing	This is a macro-economic stress test, developed by State Street Global Exchange's SM research team. The stress test aims to estimate the potential impact, if China's economy and economic growth were to experience a "hard landing".
Bond Market Crash: Feb94 - May94	Historic stress scenario observed from 2/1/1994 to 9/15/1994 where the FED raised rates by approx. 250 basis points (against market expectations). 1994 became the year of the worst bond market loss in history. The Fed hiked interest rates in 1994 also precipitated a year-long correction in the stock market.
LTCM: Aug 1998	Historic stress scenario observed from 08/03/1998 to 08/31/1998 where LTCM's failure triggered a wide spread concern of potential catastrophic losses throughout the financial system.
IR Parallel Shift +100bps	All interest rate curves are shifted up 100bps, and the portfolio is revalued to assess the impact in dollar terms.
IR Parallel Shift -100bps	All interest rate curves are shifted down 100bps, and the portfolio is revalued to assess the impact in dollar terms.
Credit Spreads +100bps	All credit spread curves are shifted up 100bps, and the portfolio is revalued to assess the impact in dollar terms.
Credit Spreads -100bps	All credit spread curves are shifted down 100bps, and the portfolio is revalued to assess the impact in dollar terms.
FX +5%	All exchange rate curves are shifted up 5%, and the portfolio is revalued to assess the impact in dollar terms.
FX -5%	All exchange rate curves are shifted down 5%, and the portfolio is revalued to assess the impact in dollar terms.

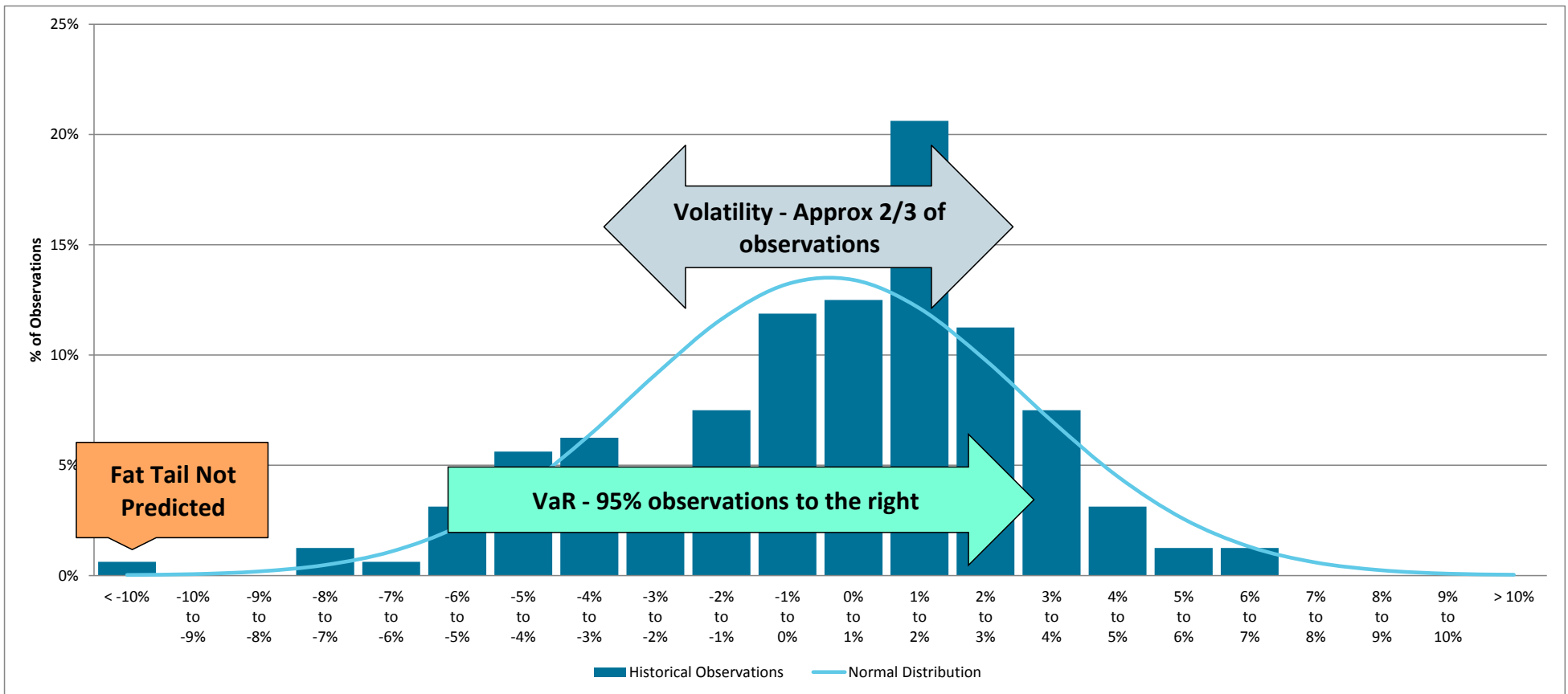
VaR and Volatility

Example Illustration of VaR and Volatility

VaR = 5.6%

Volatility = 2.9%

Mean = 0.1%



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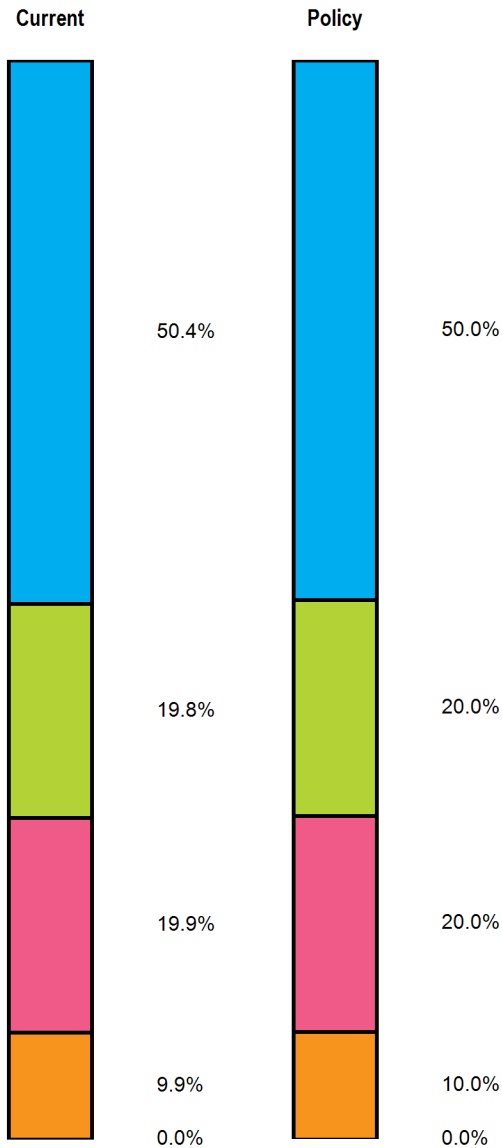
MEKETA

INVESTMENT GROUP

LACERA: OPEB Master Trust

December 31, 2020

Fund Evaluation Report

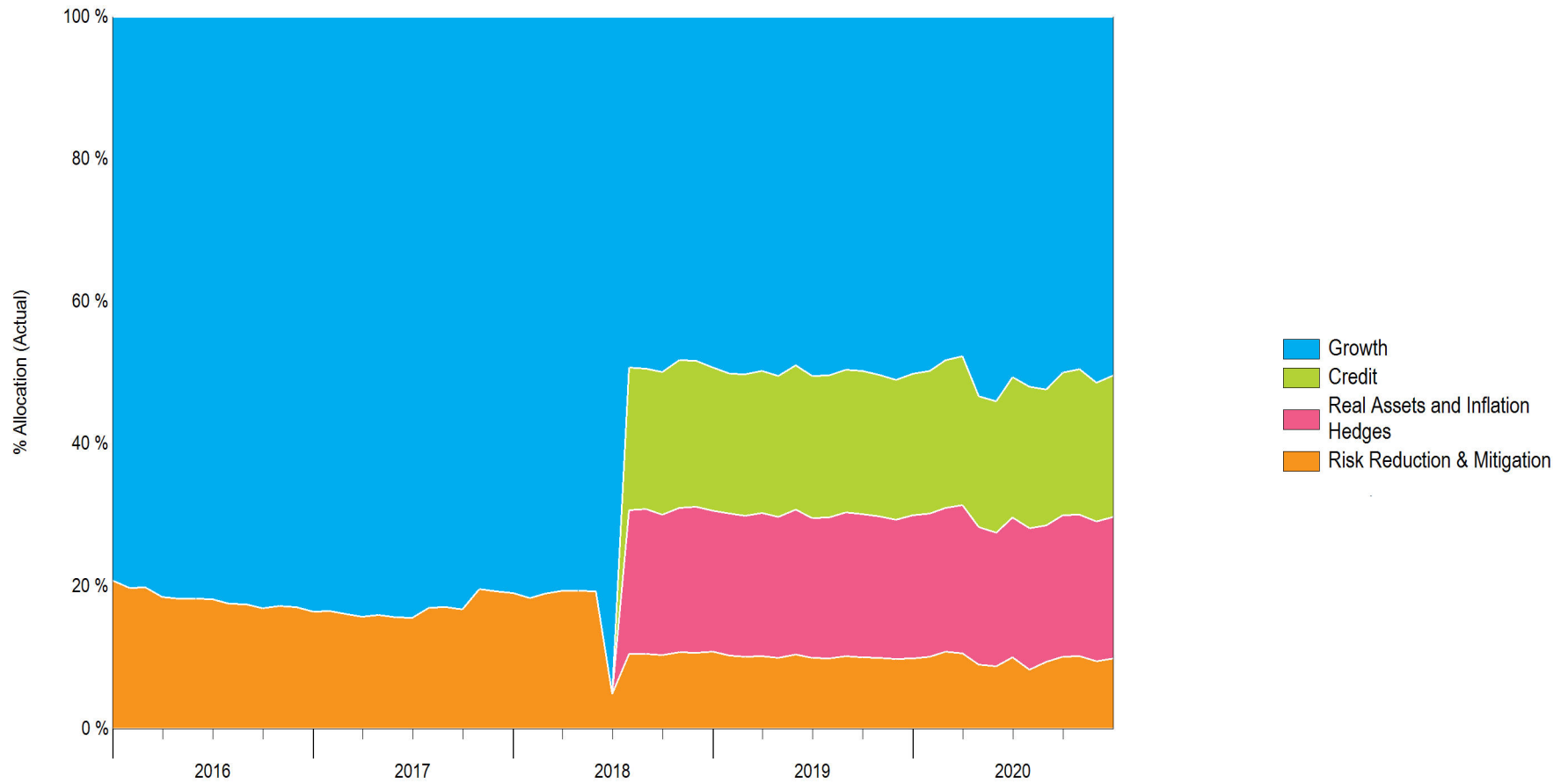


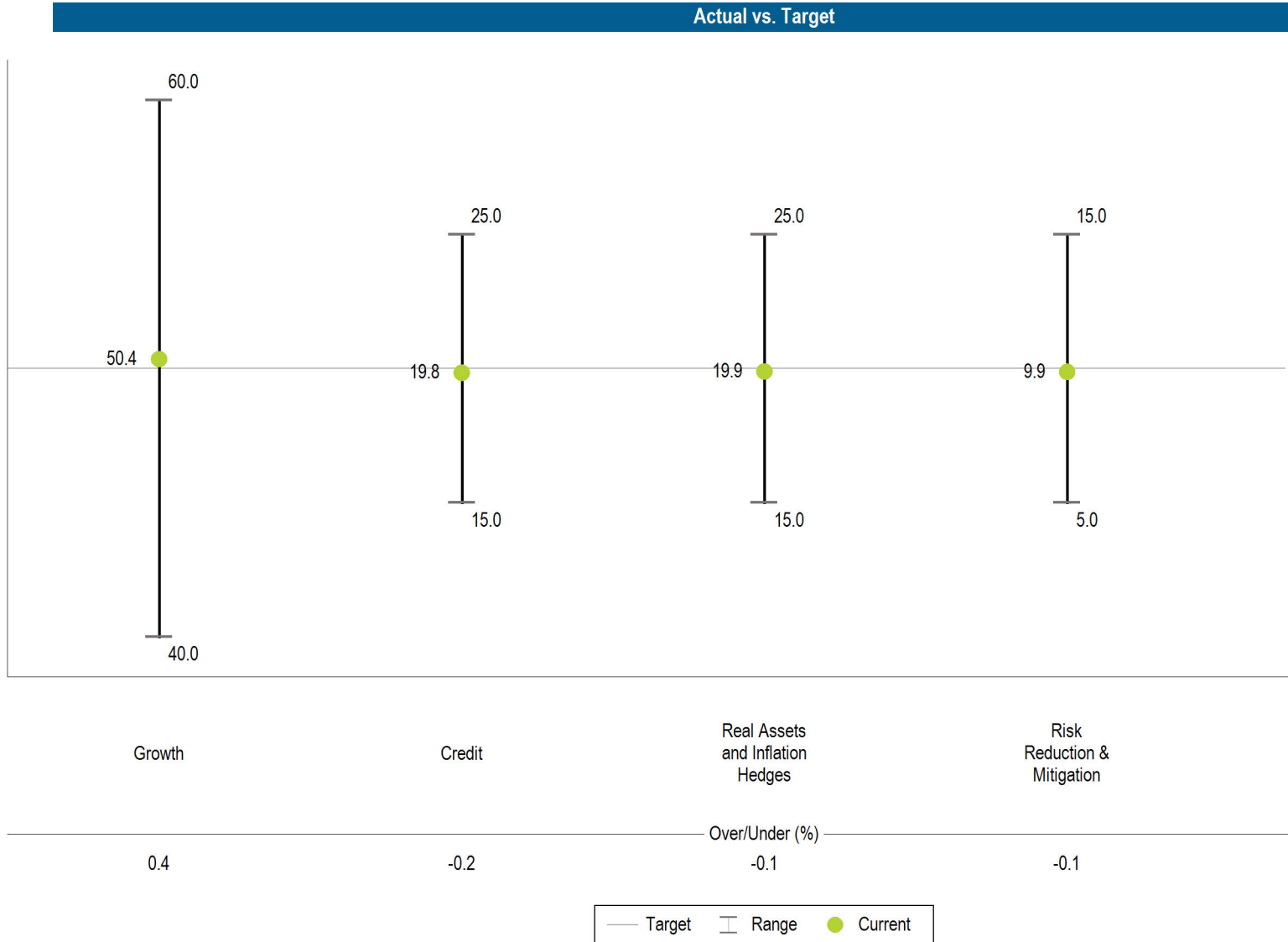
Allocation vs. Target					
	Current Balance	Current Allocation	Policy	Policy Range	Within IPS Range?
Growth	\$961,266,372	50.4%	50.0%	40.0% - 60.0%	Yes
Global Equity	\$961,266,372	50.4%	50.0%	40.0% - 60.0%	Yes
Credit	\$378,858,548	19.8%	20.0%	15.0% - 25.0%	Yes
High Yield Bonds	\$114,111,898	6.0%	6.0%	0.0% - 20.0%	Yes
Bank Loans	\$188,812,201	9.9%	10.0%	5.0% - 15.0%	Yes
Emerging Market Debt	\$75,934,449	4.0%	4.0%	0.0% - 8.0%	Yes
Real Assets and Inflation Hedges	\$379,774,909	19.9%	20.0%	15.0% - 25.0%	Yes
REITs	\$189,019,844	9.9%	10.0%	5.0% - 15.0%	Yes
Commodities	\$76,899,704	4.0%	4.0%	0.0% - 8.0%	Yes
TIPS	\$113,855,361	6.0%	6.0%	3.0% - 9.0%	Yes
Risk Reduction & Mitigation	\$188,631,806	9.9%	10.0%	5.0% - 15.0%	Yes
Investment Grade Bonds	\$150,663,277	7.9%	8.0%	0.0% - 16.0%	Yes
Cash Equivalents	\$37,967,173	2.0%	2.0%	0.0% - 10.0%	Yes
Uninvested Cash²	\$354,077	0.0%	0.0%		
Total¹	\$1,908,871,446	100.0%	100.0%		

¹Total market value includes cash held at the participant level.

² includes unsettled trade activity.

Asset Allocation History
5 Years Ending December 31, 2020





Trailing Net Performance

	Market Value ¹ (\$)	% of Portfolio	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)
Total Fund (Net)	1,908,871,446	100.0	10.7	16.9	10.0	7.5	10.9
Total Fund (Gross)			10.7	16.9	10.0	7.5	10.9
<i>Custom OPEB Master Trust BM</i>			<u>10.9</u>	<u>16.9</u>	<u>9.3</u>	<u>7.0</u>	<u>9.2</u>
Excess Return (vs. Net)			-0.2	0.0	0.7	0.5	1.7
Growth (Net)	961,266,372	50.4	15.8	25.2	16.5	10.0	--
Growth (Gross)			15.8	25.2	16.6	10.1	--
OPEB Global Equity (Net)	961,266,372	50.4	15.8	25.2	16.5	10.0	12.5
OPEB Global Equity (Gross)			15.8	25.2	16.6	10.1	12.5
<i>MSCI ACWI IMI Net (DAILY)</i>			<u>15.7</u>	<u>25.1</u>	<u>16.3</u>	<u>9.7</u>	<u>12.2</u>
Excess Return (vs. Net)			0.1	0.1	0.2	0.3	0.3
Credit (Net)	378,858,548	19.8	5.4	8.9	3.3	--	--
Credit (Gross)			5.4	8.9	3.4	--	--
OPEB BTC High Yield Bonds (Net)	114,111,898	6.0	6.3	11.3	5.6	--	--
OPEB BTC High Yield Bonds (Gross)			6.3	11.3	5.7	--	--
<i>BBgBarc US High Yield TR</i>			<u>6.5</u>	<u>11.3</u>	<u>7.1</u>	--	--
Excess Return (vs. Net)			-0.2	0.0	-1.5		
OPEB BTC Bank Loans (Net)	188,812,201	9.9	3.5	7.2	2.5	--	--
OPEB BTC Bank Loans (Gross)			3.5	7.2	2.5	--	--
<i>S&P/LSTA Leveraged Loan TR</i>			<u>3.8</u>	<u>8.1</u>	<u>3.1</u>	--	--
Excess Return (vs. Net)			-0.3	-0.9	-0.6		

Fiscal Year begins July 1.

¹Total market value includes cash held at the participant level.

The OPEB Master Trust started on 7/1/2018

Los Angeles County OPEB Master Trust

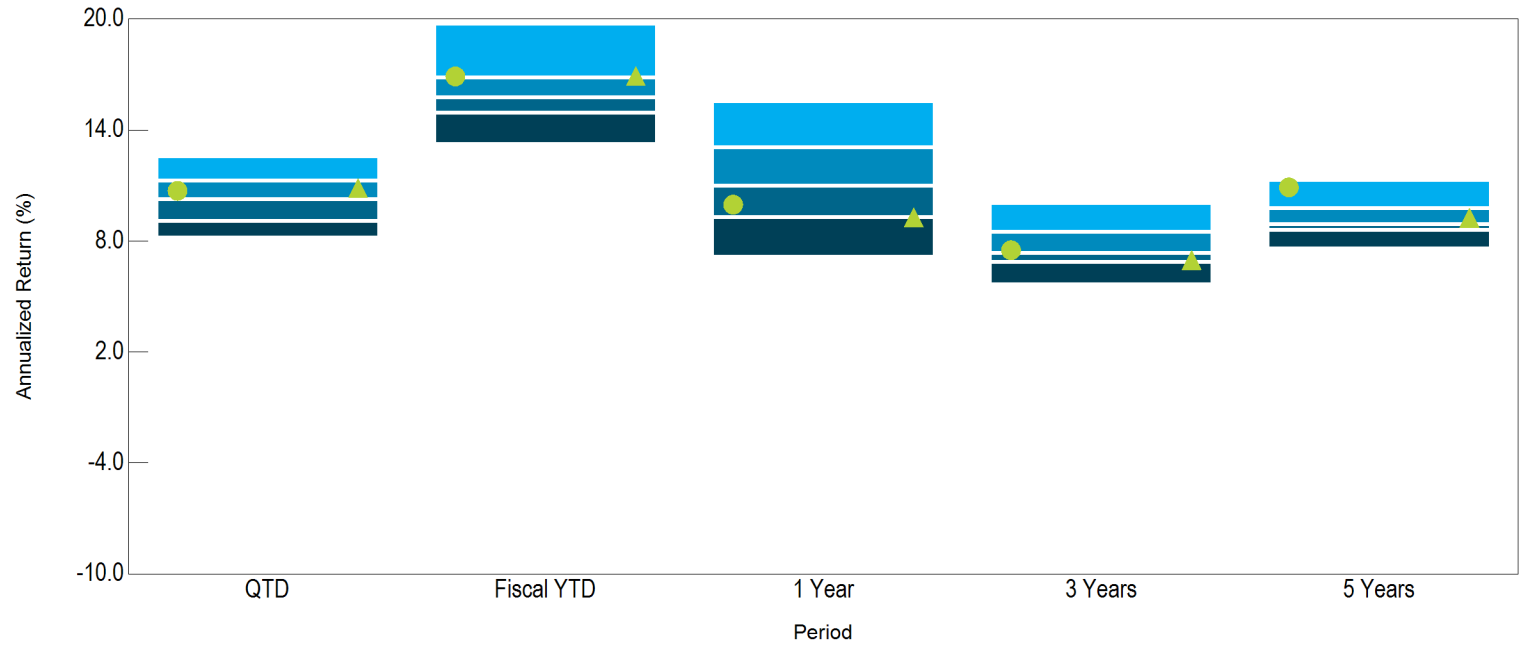


Total Fund | As of December 31, 2020

	Market Value (\$)	% of Portfolio	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)
OPEB BTC EM Debt LC (Net)	75,934,449	4.0	9.5	10.0	2.1	--	--
OPEB BTC EM Debt LC (Gross)			9.5	10.0	2.2	--	--
<i>JPM GBI-EM Global Diversified Index</i>			<u>9.6</u>	<u>10.3</u>	<u>2.7</u>	--	--
Excess Return (vs. Net)			-0.1	-0.3	-0.6		
Real Assets & Inflation Hedges (Net)	379,774,909	19.9	8.9	12.4	-2.1	--	--
Real Assets & Inflation Hedges (Gross)			8.9	12.5	-2.0	--	--
OPEB BTC REITs (Net)	189,019,844	9.9	12.9	13.8	-11.2	--	--
OPEB BTC REITs (Gross)			12.9	13.9	-11.1	--	--
<i>DJ US Select REIT TR USD</i>			<u>12.9</u>	<u>13.9</u>	<u>-11.2</u>	--	--
Excess Return (vs. Net)			0.0	-0.1	0.0		
OPEB BTC Commodities (Net)	76,899,704	4.0	10.1	20.2	-3.1	--	--
OPEB BTC Commodities (Gross)			10.2	20.2	-3.0	--	--
<i>Bloomberg Commodity Index TR USD</i>			<u>10.2</u>	<u>20.2</u>	<u>-3.1</u>	--	--
Excess Return (vs. Net)			-0.1	0.0	0.0		
OPEB BTC TIPS (Net)	113,855,361	6.0	1.6	4.8	11.2	--	--
OPEB BTC TIPS (Gross)			1.7	4.8	11.2	--	--
<i>BBgBarc US TIPS TR</i>			<u>1.6</u>	<u>4.7</u>	<u>11.0</u>	--	--
Excess Return (vs. Net)			0.0	0.1	0.2		
Risk Reduction & Mitigation (Net)	188,631,806	9.9	0.5	1.1	6.3	5.5	--
Risk Reduction & Mitigation (Gross)			0.6	1.1	6.4	5.6	--
OPEB BTC Investment Grade Bonds (Net)	150,663,277	7.9	0.7	1.3	7.6	--	--
OPEB BTC Investment Grade Bonds (Gross)			0.7	1.3	7.6	--	--
<i>BBgBarc US Aggregate TR</i>			<u>0.7</u>	<u>1.3</u>	<u>7.5</u>	--	--
Excess Return (vs. Net)			0.0	0.0	0.1		

	Market Value (\$)	% of Portfolio	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)
OPEB Cash (Net)	37,967,173	2.0	0.0	0.0	1.2	2.2	1.7
OPEB Cash (Gross)			0.0	0.0	1.2	2.2	1.8
<i>FTSE 6 Month T-Bill</i>			<u>0.0</u>	<u>0.1</u>	<u>0.8</u>	<u>1.7</u>	<u>1.3</u>
Excess Return (vs. Net)			0.0	-0.1	0.4	0.5	0.4
Uninvested Cash (Net)	354,077	0.0					
Uninvested Cash (Gross)							

InvMetrics Public DB \$1-5B (net) USD Return Comparison



	Return (Rank)									
5th Percentile	12.6		19.7		15.5		10.1		11.3	
25th Percentile	11.3		16.9		13.1		8.5		9.8	
Median	10.3		15.8		11.0		7.4		8.9	
75th Percentile	9.1		15.0		9.3		6.9		8.6	
95th Percentile	8.2		13.3		7.2		5.7		7.6	
# of Portfolios	54		54		54		54		54	
● Total Fund	10.7	(38)	16.9	(25)	10.0	(70)	7.5	(48)	10.9	(10)
▲ Custom OPEB Master Trust BM	10.9	(35)	16.9	(24)	9.3	(76)	7.0	(73)	9.2	(37)

Benchmark History
As of December 31, 2020

Total Fund

2/28/2013	Present	Custom OPEB Master Trust BM
2/01/2014	6/30/2018	80% MSCI ACWI IMI Net / 20% FTSE 6M T-Bill Index
2/01/2013	1/31/2014	FTSE 6M T-Bill Index

Custom OPEB Total Fund:50% MSCI ACWI IMI Net/ 6% BBgBarc High Yield/ 10% S&P/ LSTA Leveraged Loan/ 4% JPM GBI-Em/ 2% FTSE6-Month Treasury Bill/8% BBgBarc US Agg/ 6% BBgBarc US Tsy TIPS/ 10% DJ US Select Real Estate/ 4% Bloomberg Commodity Total Return

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PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

February 23, 2021

TO: Each Trustee,
Board of Retirement
Board of Investments

FROM: Audit Committee
Joseph Kelly, Chair
Shawn R. Kehoe, Vice Chair
Vivian H. Gray, Secretary
Alan J. Bernstein
Keith Knox
Ronald A. Okum
Gina V. Sanchez

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

SUBJECT: External Quality Assessment (EQA) of Internal Audit's
Recommendation Follow-Up Process performed by KPMG dated
December 31, 2020

At its February 19, 2021 meeting, the Audit Committee received a presentation on the above report and discussed its findings and recommendations.

The Committee voted to (1) accept and file the report, (2) forward the report to each Board, (3) require the Chief Audit Executive to provide the Committee with quarterly status reports on implementation of the report's recommendations until completed, and (4) retain KPMG during the next fiscal year to perform the audit follow-up on the recommendations.

A copy of the report is attached.

Attachment

c: Santos H. Kreimann
Jonathan Grabel
JJ Popowich
Richard Bendall
Leisha Collins
Christina Logan



Los Angeles County Employee Retirement Association (LACERA)

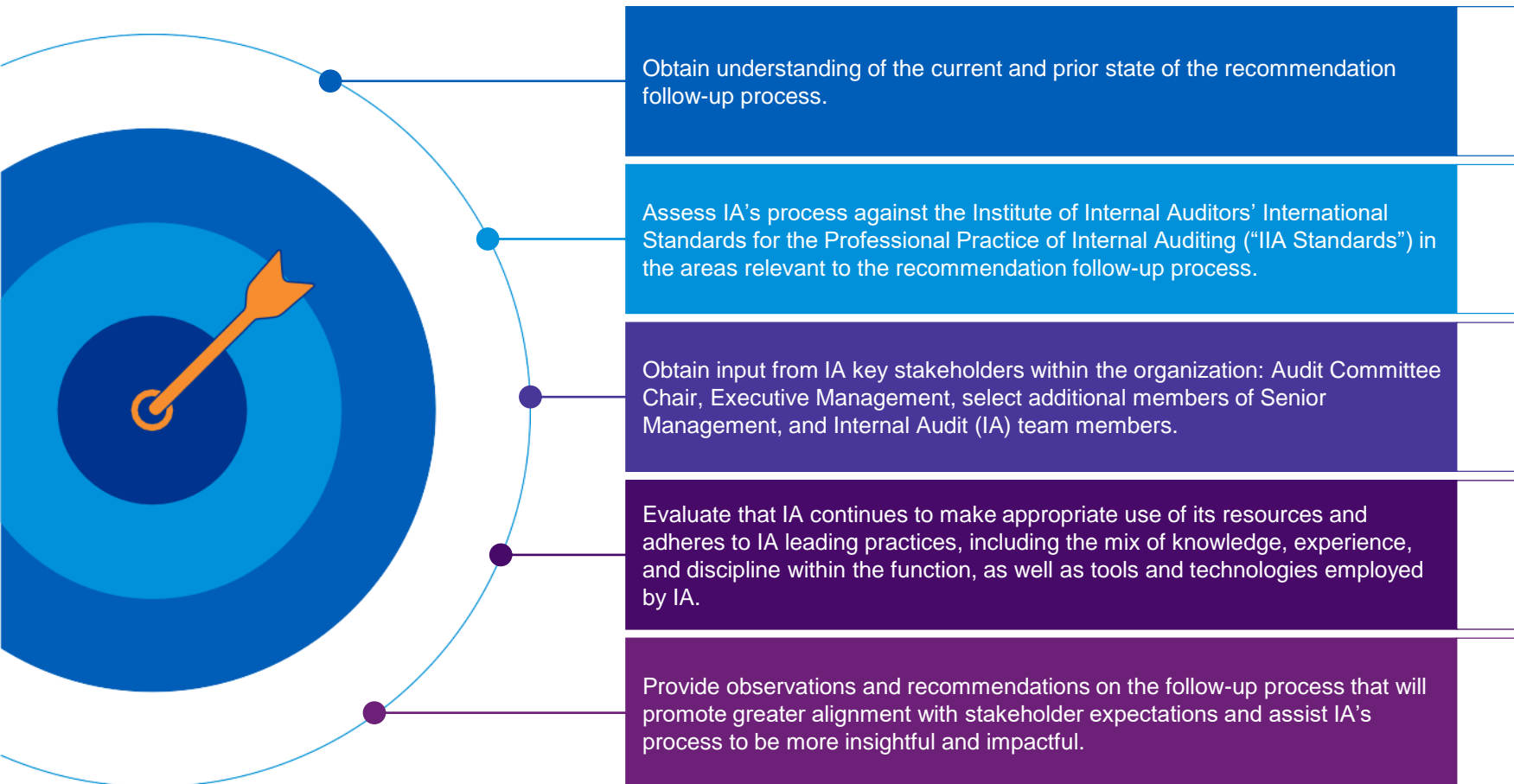
**External Quality Assessment (EQA) of Internal
Audit's Recommendation Follow-up Process**

December 31, 2020



Objectives

KPMG's assessment of LACERA's Internal Audit Recommendation Follow-up process focused on the following:



Background and Scope

Background

LACERA's recommendation follow-up process has gone through two evolutions during the period of 2014 – 2020. Prior to July 2020, LACERA's Internal Audit (IA) program did not have documented or consistently implemented procedures regarding how to appropriately manage and follow-up on recommendations issued to management as a result of findings identified during internal audits.

There were contributing factors to the inconsistency in process and aged audit findings during the period under audit, 2014 – 2020. The Chief Audit Executive (CAE) was on medical leave from December 2017 – October 2018. In addition, throughout the period, key stakeholders interviewed noted that LACERA's organizational culture posed a compliance obstacle to management acting on remediation items, particularly where the remediation required collaboration and support of the IT organization.

In March 2019, the Internal Audit function enhanced Audit Committee reporting regarding outstanding audit findings to include a color coding system to better identify recommendation status, management responses and separate reporting for each recommendation. Per inquiry with the CAE, the enhancements to the reporting were adopted by Internal Audit to highlight the problem surrounding the aged audit findings. The additional detail provided in these reports better equipped the Audit Committee and senior management to hold management accountable for their agreed remediation actions.

In November 2019, we understand that the Internal Audit function initiated a Quality Assurance Improvement Program (QAIP), which identified potential enhancements to the recommendation follow-up process and began to re-design and document the process. This led to a retroactive review of the remediation of audit findings from 2017 – 2019 (which was completed in 2020, during our review), establishment of a formalized recommendation follow-up process in July 2020, and more detailed review by the CAE of remediation on a finding basis, which was previously conducted at a higher level.

During the period of October 2018 – July 2020, while IA was undergoing efforts to enhance the recommendation follow-up process, the process was not formally documented to facilitate compliance and consistency. This led to minimum observable improvement from the pre-2018 process, with the exception of the enhanced Audit Committee reporting and reported reduction in longstanding open remediation items. No standard process or detailed oversight was in place; the recommendation follow-up process was open to auditor discretion.

In July 2020, the enhanced recommendation follow-up process was formalized, providing high level guidance from finding identification through finding remediation, establishing standards such as: the appropriate timeline for management to remediate a finding for each respective risk level, auditor's responsibility to follow-up and manage the recommendation's status throughout remediation, and high-level requirements to close a recommendation. These changes were first reflected in the June 2020 recommendation follow-up report to the Audit Committee. As part of our scope, we have reviewed the new procedures and identified opportunities for further enhancements which are detailed in this report. We were also able to review the remediation validation process by IA under the new process for 3 findings closed since July 2020, and noted no exceptions.

Background and Scope (continued)

○ Scope

The scope was to perform an assessment of the recommendation follow-up process for the period of 2014 – 2020 against the Institute of Internal Auditors' (IIA) Standards and leading practices, including the completeness and accuracy of Internal Audit's tracking and reporting of open audit findings.

The recommendation follow-up process is defined as the procedures performed after the recommendation has been agreed to by management and reported to the Audit Committee. The process includes regular follow-ups with process owners, validation testing of the remediation after completion of management's agreed actions, and status reporting to the Audit Committee.







Approach

KPMG's approach considered the three aspects of IA's Recommendation Follow-up Processes – position, people, and process. KPMG's approach included the following steps:



Executive summary

LACERA's Internal Audit Recommendation Follow-up Process function **partially conforms as of July 2020** with the IIA Standards promulgated by the Institute of Internal Auditors. (see page 7 for definition of ratings)

 Position	 Process	 People
<p>The current Executive Management and the Audit Committee Chair have placed renewed emphasis on the importance of the remediation of IA findings, which has led to increased accountability for management to address issues raised by the IA team on a timely basis. However, Internal Audit (IA) is not well established as a consistently strong agent of change¹. While IA is not solely responsible for ensuring management's actions are appropriately completed, IA could increase its value and impact to the organization by continuing to work with management and ensuring they're held accountable to their agreed management actions. Increasing accountability for management includes, monitoring and reporting on status throughout the remediation life-cycle, and a formalized process to approve requested due-date extensions, including executive sign-off.</p>	<p>Internal Audit's recommendation follow-up process was not effective prior to July 2020, with no formalized process and an inconsistent approach to IA's validation testing and recording of evidence to support validation (see page 3 for a description of IA's improvement activities ongoing from 2017 – 2020). Prior to 2020, there were a significant number of aged audit findings which were past their due date, with a lack of adequately detailed reporting of status to the Audit Committee.</p> <p>IA's new process, established in July 2020, provides a framework for recommendation follow-up which should be consistently followed, with some areas of opportunity for enhancement highlighted in this report.</p>	<p>Internal Audit is generally viewed as competent across the organization but has a perception of lacking independence². The perception challenge was noted through our stakeholder interviews; however, no evidence of a lack of independence was noted through our detailed testing. Management should develop a plan to address independence perceptions via transparent communication and enhanced processes, including documentation retention to allow for increased transparency, and key performance metrics which are tracked and reported to the Audit Committee.</p> <p>Third parties are utilized to support IA when specialized skills are considered necessary. IA should continue to focus on ensuring that the in-house team has the necessary skill set to conduct remediation follow-up or to re-hire the consultant to do so.</p>
<p>Developing Mature Leading</p>  <p>Position</p>	<p>Developing Mature Leading</p>  <p>Process</p>	<p>Developing Mature Leading</p>  <p>People</p>

¹Agents of Change: Internal Auditors who promote and enable change to happen within the Recommendation Follow-up Process. Assumes responsibility for promoting the value of the transformation that is being undertaken by LACERA; guiding and/or supporting others through the transformation to mitigate the identified risk, while maintaining appropriate independence; and ensuring that the new processes, procedures, structures, etc., are implemented in ways that deliver the expected value that the organizational change was to produce.

²The Internal audit team must be independent in fact and appearance, and internal auditors must be objective in performing their work. Work should be performed in an independent and unbiased approach, and evidenced in this manner to support the independence objective.

Conformance with IIA Standards

Rating	Number	Standard
☐	1100	Independence and Objectivity
☐	1110	Organizational Independence
☐	1111	Direct Interaction with the Board
☐	1120	Individual Objectivity
☐	1130	Impairment to Independence or Objectivity
☐	2500	Monitoring Progress
Key	Rating	
☐	Generally conforms	
☐	Partially conforms	
☐	Does not conform	
N/A	Standard was not applicable to Corporate Audit or instance did not arise.	

In the lexicon of the *IIA Standards*, “generally conforms” means that internal audit activity has a charter, policies, and processes that are judged to be in accordance with the *IIA Standards*. “Partially conforms” means deficiencies in practice are noted that are judged to deviate from the *IIA Standards*, but these deficiencies did not preclude the internal audit activity from performing its responsibilities in an acceptable manner. “Does not conform” means deficiencies in practice are judged to be so significant as to seriously impair or preclude the internal audit activity from performing adequately in all or in significant areas of its responsibilities.

Conclusion – LACERA IA’s Recommendation Follow-up process partially conforms (middle possible rating) with the *IIA Standards* promulgated by the Institute of Internal Auditors. The rating takes into consideration and heavily weights the new process that was implemented in July 2020. Due to limited sampling available since the implementation, we are unable to determine if documented updates to the program would result in a generally conforms rating.

IIA Standard definitions

The following definitions are from the IIA's International Standards for the Professional Practice of Internal Auditing (Standards – effective January 2017).

— 1100 – Independence and Objectivity

- The internal audit activity⁽²⁾ must be independent, and internal auditors must be objective in performing their work.
 - *Independence is the freedom from conditions that threaten the ability of the internal audit activity⁽²⁾ to carry out internal audit responsibilities in an unbiased manner. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity⁽²⁾, the chief audit executive has direct and unrestricted access to senior management and the board⁽¹⁾.*
 - *Objectivity is an unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not subordinate their judgment on audit matters to others. Threats to objectivity must be managed at the individual auditor, engagement, functional, and organizational levels.*

— 1110 – Organizational Independence

- The chief audit executive must report to a level within the organization that allows the internal audit activity⁽²⁾ to fulfill its responsibilities. The chief audit executive must confirm to the board⁽¹⁾, at least annually, the organizational independence of the internal audit activity.⁽²⁾
 - *Organizational independence is effectively achieved when the chief audit executive reports functionally to the board⁽¹⁾.*

— 1111 – Direct Interaction with the Board⁽¹⁾

- The chief audit executive must communicate and interact directly with the board⁽¹⁾

— 1120 – Individual Objectivity

- Internal auditors must have an impartial, unbiased attitude and avoid any conflict of interest
 - *Conflict of interest is a situation in which an internal auditor, who is in a position of trust, has a competing professional or personal interest. Such competing interests can make it difficult to fulfill his or her duties impartially. A conflict of interest exists even if no unethical or improper act results. A conflict of interest can create an appearance of impropriety that can undermine confidence in the internal auditor, the internal audit activity⁽²⁾, and the profession. A conflict of interest could impair an individual's ability to perform his or her duties and responsibilities objectively.*

IIA Standard definitions (continued)

— 1130 – Impairment to Independence or Objectivity

- If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to appropriate parties. The nature of the disclosure will depend upon the impairment.
 - *Impairment to organizational independence and individual objectivity may include, but is not limited to, personal conflict of interest, scope limitations, restrictions on access to records, personnel, and properties, and resource limitations, such as funding.*

— 2500 – Monitoring Progress

- The chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management.
- 1) The referenced role of the Board is usually carried out by the Audit Committee, an operating committee of the Board charged with oversight of risk management and the company's system of internal controls and compliance with laws and regulations.
 - 2) The internal audit activity assessed for the purposes of this review is the recommendation follow-up process.

Strengths and opportunities



Key strengths

- **Management Support** – In 2020, Executive Management support for IA's recommendation follow-up process has increased within the organization. Management is visibly supporting IA in holding management accountable for agreed upon remediation actions in Audit Committee meetings which is an appropriate and necessary role which can be maintained while still allowing IA to remain independent. This improvement was noted within Audit Committee meetings and report format and has led to an increased number of recommendations being addressed. We recommend that the level of support and focus from the Executive Management and the Audit Committee for IA's reports and findings continue, as this is key to IA being able to drive change. While management actions which go past their due date are sometimes unavoidable, these should be rare and supported by valid business reasons.

Key opportunities

- **Not a Consistently Strong Agent of Change** – IA is currently not consistently viewed, by interviewed stakeholders, as having the ability to address, execute, and drive change. IA should continue to focus on consistency in recommendation format and details, along with increasing accountability for management. This includes monitoring and reporting on status throughout the remediation life-cycle, and a formalized process to approve requested due-date extensions including executive sign-off.

It is important to note that IA can only function within the overall culture of an organization, and that prior to 2020, management has not prioritized acting on their agreed remediation actions, nor been held accountable. Based on interviews with key stakeholders, management's remediation efforts appear to have been particularly challenging where remediation has depended upon collaboration with the IT function, which is also noted to have significantly improved in 2020. Our review did not include an assessment of overall organizational culture. Nor did it include a review of LACERA's governing body or operational management's role in risk management (the first and second lines within the IIA's Three Lines Model). There is an opportunity for LACERA to further assess each of these areas.

Strengths and opportunities (continued)



People



Key strengths

- **Perception of competence** – Throughout the organization, key stakeholders perceive IA to be generally competent in their responsibilities, with the level of competence perceived to have been on an upward trend in recent years.
- **IA as a consultative partner** – When management is in need of assistance, IA successfully acts as a consultative partner rather than part of management, performing management activities. IA is careful not to overstep when management is formulating responses to findings. Independence appears to be adhered to in this regard.



Key opportunities

- **Perception of lack of independence** – Most stakeholders interviewed have a perception that IA is not consistently independent. However, we did not identify evidence of a lack of independence during the detailed review of follow-up procedures we performed.

The perception of a lack of independence creates a concern of favoritism whilst conducting audits and areas that potentially receive less audits or scrutiny during an audit. The concerns raised do appear to be mostly connected to prior relationships with a past member of the Executive Office and the Head of IT; however, the overall perception remains as of the date of our review.

IA has a well tenured team, which has advantages of extensive business knowledge, but brings the disadvantage of the risk of potential independence conflicts due to past and present relationships, both in fact and appearance. Opportunities to mitigate are strengthening communication, transparency and IA accountability as well as adding new team members when possible and appropriate.

Strengths and opportunities (continued)



Key strengths

- **New process** – Since IA's creation of an official recommendation follow-up process in July 2020, recommendations have been consistently undergoing the established process throughout their life cycle. The recommendations created using the new policy have resulted in greater success regarding the implementation life-cycle. Due to the date of establishment, there is a limited population of recommendations which have followed this process for our review to assess its overall sustainability.
- **Report format** – Since March 2019, IA has been modifying and enhancing the Audit Committee report to the Audit Committee so that recommendations are more descriptive, and include risk level, time outstanding (by year), and current status. The report assists in ensuring that recommendations that have been long outstanding (and are high risk) are visible to the Audit Committee. Key updates occurred in March 2019 and June 2020.
- **Recommendations formed appropriately** – IA successfully formed most recommendations to adhere to the criteria of specific, measurable, achievable, and timely per the recommendation follow-up process during the seven years reviewed.



Key opportunities

- **Improve timeliness of remediation follow-up** – Prior to 2020, recommendations have remained open for extended periods of time beyond the established due date, without appropriate, or in some cases, any follow-up. Recommendation follow-up has appeared to be rushed and only performed at reporting deadlines for the Audit Committee. This process has improved since the implementation of the new recommendation follow-up process in July 2020, we recommend that IA continue to consistently follow this new process.
- **Improve consistency in data** – Of the recommendations tested within this review, a significant number had data inconsistencies between recommendation follow-up logs, the reported status to the Audit Committee, and TeamMate. These included inconsistencies in: remediation date, status, closed/implemented date, etc. IA should ensure that all team members are appropriately trained on TeamMate and the data rules used for recording to promote standardization of data within the follow-up process.
- **Improve evidence retention for closure support** – IA failed to upload, maintain, and collect sufficient evidence to support the closure of recommendations. There were several instances in which evidence provided was inappropriate (email from recommendation owner) or non-existent. Opportunities to enhance the July 2020 process have been highlighted in our observations to drive consistency and rigor in the validation of remediation activities and maintenance of appropriate audit evidence.
- **Enhance use of tool (TeamMate)** – IA's leverage of TeamMate is not to a sufficient level to improve and enhance IA processes. There are also multiple versions of Teammate in use, which do not reconcile. Workflow and reporting functionality are not utilized.
- **Define process for due date extensions** – IA should define process for approved extensions to the recommendation remediation due date. This should include required approvals and circumstances of acceptable use cases.



Observations



Observations, Recommendations, and Management Response

Observation	Recommendation	Management action plan
<p>1. Prior to July 2020, recommendations have been closed by IA without sufficient evidence or without sufficient retention of appropriate evidence, and risk exposure could remain:</p> <p>Until July 2020, IA did not have a formalized process that defined the recommendation follow-up procedures. Each auditor could follow personal approaches to the process, with no standardization or oversight, which has resulted in inadequate validation activities and evidence maintained. Of the 72 closed samples we reviewed from 2014 - 2020, we found that 41 were closed either without sufficient evidence, or without the sufficient retention of appropriate evidence. (33 were pre 2018, 8 in 2018 – June 2020).</p> <p>As we were unable to review the supporting evidence, we cannot conclude if the recommendations were appropriately closed.</p> <p>In July 2020, a procedure was enacted to establish a standardized process. However there is still opportunity for enhancement, specifically around the requirements for validation testing and required evidence to be maintained. We reviewed the evidence and IA validation of the three recommendations closed since the new procedures was put in place in July, with no exceptions being noted.</p>	<p>Risk Rating: High</p> <p>Recommendation:</p> <ul style="list-style-type: none"> a) Enhance new procedure to include: <ul style="list-style-type: none"> i. minimum testing requirements to be performed for IA to validate management's remediation. This should include guidelines for when a follow-up audit may be performed. Testing of operating effectiveness should be performed for all high risk findings at a minimum. ii. detail on the type of evidence to be maintained, and either the length of time that records must be retained or a reference to LACERA's document retention policy. We recommend that sufficient evidence is maintained such that a third party could reperform the validation testwork. b) Evaluate implementing the TeamMate feature to enable management to directly upload evidence. c) Assess high risk findings which have been previously closed, and determine if areas has been re-audited since the date of closure. If not re-audited, evaluate to validate status is appropriate. 	<p>Executive Office Response:</p> <p>The Executive Office will discuss these observations and recommendations with the Chief Audit Executive and the Audit Committee, in its oversight and evaluation role, and implement changes as agreed with the Committee, while maintaining appropriate separation of audit and operational responsibilities.</p> <p>Internal Audit Response:</p> <p>Internal Audit Management agrees with the recommendations and will incorporate changes to our documented recommendation follow-up procedures to make sure these are all addressed along with any further direction by the Audit Committee.</p> <p>Due Date: March 31, 2021</p>

Observations, Recommendations, and Management Response (continued)

Observation	Recommendation	Management action plan
<p>2. A perception that IA lacks independence may lead to the risk of reduced impact and respect for the reports and recommendations released by the Division:</p> <p>IA is required to be independent in both fact and appearance. We did not identify any factual evidence of a lack of independence through our detailed review of follow-up procedures. However, most stakeholders interviewed indicated a concern over IA's independence, raising a question over the perception or appearance of IA's independence within the organization.</p> <p>The concerns raised do appear to be mostly connected to prior relationships with a past member of the Executive Office and the Head of IT; however, the overall perception remains as of the date of our review. Some areas, such as IT, are perceived to have not been audited as heavily or as frequently as others, with more leniency and negotiation around audit findings raised, and lack of follow-up performed.</p> <p>While IA is required to be independent, it must operate within the overall organizational culture, which has not been in-scope for our review. However, some interviewees commented on concerns about the impact of organizational culture and governance on IA's past efficacy. We suggest that consideration be given to an evaluation of LACERA's overall governance structure.</p> <p>The existing IA team members are well-tenured, which can contribute to the challenge of maintaining independence when IA is an in-house department, due to the formation of relationships, and perception thereof.</p>	<p>Risk Rating: High</p> <p>Recommendation: IA should:</p> <ul style="list-style-type: none"> a) Roll-out a communication program that is presented to key stakeholders on an organization-wide basis to explain how IA maintains independence and explain IA's responsibilities and processes and management's role in those processes. b) Standardize and enhance recommendation follow-up procedures (as discussed in finding #1). c) Monitor and report Key Performance Indicators at the Audit Committee which track audits and findings by business unit, and history of aged items by audit area. d) Add new team members to department as the opportunity arises. New team members can also address gaps in team skill set (e.g. current gap in IT) 	<p>Executive Office Response:</p> <p>Response to observation #1 incorporated in reference. In addition, on an organization-wide basis, the Executive Office will take steps with division managers and all staff to promote IA and its critical function and independent role in the organization, encourage cooperation with IA in its audits and prompt response to address IA recommendations, and use of IA as a consulting resource when appropriate. The Executive Office will support additional IA staffing resources as needed.</p> <p>Internal Audit Response:</p> <p>Internal Audit Management agrees with the recommendations and welcomes them to help address any perceptions that Internal Audit lacks independence. We have always maintained a strong mindset of independence and worked hard to avoid even the appearance of a lack of independence but recognize the need to better demonstrate our independence and ensure that we remain independent in fact and avoid or mitigate any perception of insufficient independence.</p> <p>Significant efforts have been made to implement recommendations b, c and d, but we will continue in those efforts.</p> <p>Due Date: April 31, 2021</p>

Observations, Recommendations, and Management Response (continued)

Observation	Recommendation	Management action plan
<p>3. IA does not include progress on completion of remediation status or evaluate potential to exceed due dates and leave risk exposure unremediated:</p> <p>IA does not include current progress of remediation of open findings within its reports to the Audit Committee, or include possible extended risk exposure for delayed recommendations. Escalation of "at risk" recommendations by IA allows Executive Management to take appropriate action to prioritize remediation or to accept the risk of a longer remediation timeline.</p> <p>Management needs to participate and provide appropriate and accurate information to Internal Audit for this process to be successful.</p>	<p>Risk Rating: High</p> <p>Recommendation: IA should:</p> <ul style="list-style-type: none"> a) Enhance the current procedures to be more directive about when status updates are required (e.g. each quarter if remediation is due in excess of six months, and monthly if less than six months); this can be based on risk level or other factors. b) Enhance Audit Committee reporting to include a category of recommendations that are at risk of not being remediated by their due date. c) Evaluate TeamMate's workflow functionality, to allow for notices to be emailed to recommendation owners and IA (not just IA), and allow for updates to be entered into the system by management, and reviewed by IA. 	<p>Executive Office Response:</p> <p>Response to observation #1 incorporated by reference.</p> <p>Internal Audit Response:</p> <p>Internal Audit Management agrees with the recommendations and will incorporate them into our documented process and the role out of our new TeamMate Plus automated audit workpaper software.</p> <p>Due Date: March 31, 2021</p>

Observations, Recommendations, and Management Response (continued)

Observation	Recommendation	Management action plan
<p>4. IA does not have a process for extension of recommendation follow-up due dates:</p> <p>It was noted during review of the 112 recommendations from the selected audits that findings are not consistently remediated in a timely manner. Requests from management to extend remediation due dates have been a frequent occurrence, and there has not been a defined approach to request approval of this extension.</p> <p>Without appropriate transparency and approvals for due date extensions, the risk identified in the original audit remains unmitigated without conscious acceptance of the risk impact of the due date delay.</p>	<p>Risk Rating: High</p> <p>Recommendation: IA should define and implement a process that details the required approvals and circumstances in which extension is permitted. We recommend that due date extensions require the same approvals as the initial report issuance, up to and including the Audit Committee. There should also be limited circumstances in which extensions are permitted to maintain accountability from management to meet their commitments.</p>	<p>Executive Office Response:</p> <p>Response to observation #1 incorporated by reference.</p> <p>Internal Audit Response:</p> <p>Internal Audit Management agrees with the recommendation and has incorporated it into our documented recommendation follow-up procedures.</p> <p>Due Date: Complete per IA Management.</p>

Observations, Recommendations, and Management Response (continued)

Observation	Recommendation	Management action plan
<p>5. A centralized tracking tool is not adequately used to manage IA recommendations and corresponding corrective actions:</p> <p>IA does not adequately utilize TeamMate, which is the Internal Audit team's current Internal Audit management tool. There is inconsistent data entry, and lack of usage of TeamMate's workflow capabilities for tracking the remediation status of open findings. Both of these lead to the inability to use reporting from the tool, resulting in increased efforts to gather reporting, and risk of data inaccuracies. IA has a project in place to implement TeamMate+ to improve tool utilization.</p> <p>In addition, IA has two versions of the Teammate tool that are both used to track and maintain audit and recommendation follow-up documents. The systems are not linked and therefore need to be manually maintained. Currently, the systems are not in sync and do not reconcile to the reported recommendation audit log within the Audit Committee reports.</p>	<p>Risk Rating: Medium</p> <p>Recommendation:</p> <ul style="list-style-type: none"> a) Ensure that personnel utilizing Teammate have been appropriately trained on the approved process for standardized data entry into the system. b) Evaluate the new version of Teammate that will be implemented, to ensure any configuration is designed to meet the new needs of the process, and include data cleansing and migration to allow for one system of record for reporting purposes going forwards. c) Establish clear system of record documentation to comply with LACERA's documentation policy. IA record retention is 10 years. 	<p>Executive Office Response:</p> <p>Response to observation #1 incorporated by reference. The Executive Office will take administrative steps to ensure that IA has necessary technology and training support. The Executive Office will also ensure that there is administrative support for appropriate document retention.</p> <p>Internal Audit Response:</p> <p>IA Management agrees with the recommendations. We have been in the process since July 2020 of evaluating and planning to acquire a significant upgrade to our automated audit software package, from TeamMate AM to TeamMate Plus. We have received Executive Office approval and expect to acquire and implement the new software beginning in January 2021. The implementation will include assistance from the vendor with the migration of data from the prior version as well as training for all Internal Audit staff.</p> <p>Due Date: March 31, 2021</p>



Appendices

Appendix: Parties contributing to the EQA

Thank you for the opportunity to serve LACERA and the Internal Audit team. We appreciate the following individuals' support of the project and willingness to spend time providing feedback, documentation and examples:

Internal Audit personnel

- Richard Bendall (CAE)
- Leisha Collins (Principal Auditor)
- Christina Logan (Senior Internal Auditor)

Audit Committee/Board of Investments

- Gina Sanchez (Audit Committee Chair)

Company Management

- Santos Kreimann (CEO)
- Steven Rice (Chief Counsel)
- Bernardo Buenaflor (Benefits Division Manager)
- Jonathan Grabel (CIO)
- Ted Granger (Interim CFO)
- Dr. Arlene Owens (Interim CQA)
- Kathy Delino (Interim Information Systems Manager)

- Bonnie Nolley (Executive Board Assistant)
- Kimberly Hines (Administrative Services Manager)
- JJ Popowich (Assistant Executive Officer)
- Beulah Auten (retired CFO)

As provided in Section 1300 of the IIA Standards, this deliverable is prepared for the use of the CAE in support of the quality assurance program for IA. The quality assurance program should include periodic internal and external assessments as well as IA's ongoing monitoring to assist the CAE in his/her assessment of IA's conformity with the IIA Standards. This deliverable is intended solely for the information and use of management, LACERA's Audit Committee, and governing Board of Retirement and Board of Investments, and is not intended to be and should not be used by anyone other than these specified parties.

Observation ratings

Observation ratings (like audit ratings) are an important aspect of the independence of internal audit. Issues are generally rated at the end of fieldwork, after the audit team has had an opportunity to review the totality of findings from interim communications and associated management responses.

Our issue rating scale is as follows:

High Risk

The control gap or exceptions noted could have significant financial or operational consequences to the Company.

Medium Risk

The control gap or exceptions noted expose the Company to increased risk, but would not have significant financial or operational consequences to the Company.

Low Risk

Other items that are isolated and/or minor. Observations to improve financial and/or operational efficiency.

Conformance with IIA Standards

Rating	Number	Standard	Rating	Number	Standard
N/A	1000	Purpose, Authority, and Responsibility	N/A	2120	Risk Management
N/A	1010	Recognizing Mandatory Guidance in the Internal Audit Charter	N/A	2130	Control
■	1100	Independence and Objectivity	N/A	2200	Engagement Planning
●	1110	Organizational Independence	N/A	2201	Planning Considerations
●	1111	Direct Interaction with the Board	N/A	2210	Engagement Objectives
N/A	1112	CAE Roles Beyond Internal Auditing	N/A	2220	Engagement Scope
■	1120	Individual Objectivity	N/A	2230	Engagement Resource Allocation
■	1130	Impairment to Independence or Objectivity	N/A	2240	Engagement Work Program
N/A	1200	Proficiency and Due Professional Care	N/A	2300	Performing the Engagement
N/A	1210	Proficiency	N/A	2310	Identifying Information
N/A	1220	Due Professional Care	N/A	2320	Analysis and Evaluation
N/A	1230	Continuing Professional Development	N/A	2330	Documenting Information
N/A	1300	Quality Assurance and Improvement Program	N/A	2340	Engagement Supervision
N/A	1310	Requirements of the Quality Assurance & Improvement Program	N/A	2400	Communicating Results
N/A	1311	Internal Assessments	N/A	2410	Criteria for Communicating
N/A	1312	External Assessments	N/A	2420	Quality of Communications
N/A	1320	Reporting on the Quality Assurance and Improvement Program	N/A	2421	Errors and Omissions
N/A	1321	Use of “Conforms with the [Standards]”	N/A	2430	Use of “Conducted in Conformance with the [Standards]”
N/A	1322	Disclosure of Nonconformance	N/A	2431	Engagement Disclosure of Nonconformance
N/A	2000	Managing the Internal Audit Activity	N/A	2440	Disseminating Results
N/A	2010	Planning	N/A	2450	Overall Opinions
N/A	2020	Communication and Approval	■	2500	Monitoring Progress
N/A	2030	Resource Management	N/A	2600	Communicating the Acceptance of Risks
N/A	2040	Policies and Procedures	Key	Rating	
N/A	2050	Coordination and Reliance	●	Generally conforms	
N/A	2060	Reporting to Senior Management and the Board	■	Partially conforms	
N/A	2070	External Service Provider and Organizational Responsibility for IA	❖	Does not conform	
N/A	2100	Nature of Work	N/A	Standard was not applicable to Corporate Audit or instance did not arise.	
N/A	2110	Governance			

Conclusion – LACERA IA’s Recommendation Follow-up process partially conforms (middle possible rating) with the IIA Standards promulgated by the Institute of Internal Auditors. The rating takes into consideration and heavily weights the new process that was implemented in July 2020. Due to limited sampling available since the implementation, we are unable to determine if documented updates to the program would result in a generally conforms rating.



Lack of consistency in data examples

Date of Audit	Finding	Recommendation	Evidence	Audit Report Close Date	TeamMate Close Date
6/25/15	Information Management	Investments Office Management consider implementing a Customer Relationship Management (CRM) System to manage and maintain information related to LACERA's private equity partnerships. This system can potentially be used to manage information for other asset class managers also.	No evidence of implementation or IA's validation testing included in Teammate	This recommendation disappears from Audit Report. Last reported as "Pending" in 2018-07-18 agenda	4/30/2019
7/10/15	Retiree Health Care Contract with AON (And associated 3rd party vendors) - Contract with RGS	RHC should consider the results of their work in the recommendation above as well as refer to LACERA's Purchasing Policy to determine whether to establish a contract with RGS (including all necessary language for the protection of LACERA members data) or whether to initiate an RFP for healthcare printing and mailing associated with Aon; or alternatively to amend the contract with Aon to require them to contract with one of their preferred and vetted third party vendors for RHC's printing and mailing needs.	No evidence of implementation or IA's validation testing included in Teammate	Disappears from Audit Report. Last reported as "Pending" in 2016-07-20 agenda	7/6/2016
7/10/15	Expired Contract	The Communications Division should obtain a new contract with ZDI. The new contract should be on LACERA's form having had prior review by LACERA's Legal Office	No evidence of implementation or IA's validation testing included in Teammate	Disappears from Audit Report. Last reported as "Pending" in 2015-12-03 agenda	12/17/2015
11/24/15	Need for Documented Procedures	Benefits Management should develop a documented process as well as standardized desk procedures and/or checklists for staff that process Returned Automatic Deposit Receipt (ADR) holds.	No evidence of implementation or IA's validation testing included in Teammate	Disappears from Audit Report. Last reported in 2018-03-21 Report	Not Recorded
10/30/18	Testing Documentation	Systems Division management needs to instruct programming staff to attach all testing related documentation into the lifecycle application utility. This would facilitate post implementation review and provide greater assurance that changes to production have been tested and are functioning as intended.	No evidence of implementation or IA's validation testing included in Teammate	Not found in recommendation follow up log to Audit Committee	9/18/2020



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The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

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FOR INFORMATION ONLY

March 1, 2021

TO: Trustees,
Board of Investments

FROM: Steven P. Rice *SPR*
Chief Counsel

FOR: March 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 March 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 March 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	 75%	Legal negotiations in process.
	Brevan Howard Master Fund	Subscription	\$250,000,000.00	February 10, 2021	In Progress	 50%	Legal negotiations in process.
	Caxton Global Investments	Subscription	\$250,000,000.00	February 10, 2021	In Progress	 90%	Legal negotiations in process.
PRIVATE EQUITY	Novacap TMT VI, L.P.	Subscription	\$100,000,000.00	January 4, 2021	Completed	 100%	Completed.

**FOR INFORMATION ONLY**

February 19, 2021

TO: Each Trustee
Board of Retirement
Board of Investments

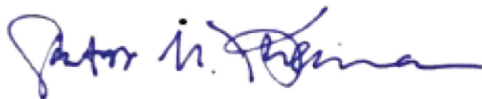
FROM: Ted Granger 
Interim Chief Financial Officer

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

SUBJECT: **MONTHLY EDUCATION & TRAVEL REPORTS – JANUARY 2021**

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

REVIEWED AND APPROVED:



Santos H. Kreimann
Chief Executive Officer

TG/EW/krh

Attachments

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

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

Attendee	Purpose of Travel - Location	Event Dates	Travel Status
Alan Bernstein			
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
	- Edu - Virtual Pension Bridge Alternatives - VIRTUAL	01/26/2021 - 01/28/2021	Attended
Elizabeth Ginsberg			
B	- Edu - CALAPRS Principles for Trustees - VIRTUAL	08/18/2020 - 08/26/2020	Attended
Vivian Gray			
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
David Green			
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
Elizabeth Greenwood			
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
James Harris			
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
Shawn Kehoe			
B	- Edu- PPI 2020 Asia Pacific Roundtable - VIRTUAL	10/20/2020 - 10/22/2020	Attended
Joseph Kelly			
B	- Edu - NACD Financial Services Industry Outlook: Future Trends in Middle Market Credit - VIRTUAL	01/07/2021 - 01/07/2021	Attended
	- Edu - NACD Hospitality and Travel Industry Outlook: Insights, Impacts, and Opportunities - VIRTUAL	01/27/2021 - 01/27/2021	Attended

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

Attendee	Purpose of Travel - Location	Event Dates	Travel Status
Keith Knox			
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
Wayne Moore			
B	- Edu- NASP 31st Annual Virtual Pension & Financial Services Conference - VIRTUAL	12/07/2020 - 12/10/2020	Attended
Ronald Okum			
B	- Edu- 2020 SACRS Fall Virtual Conference - VIRTUAL	11/10/2020 - 11/13/2020	Attended
Les Robbins			
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
Gina Sanchez			
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
Herman Santos			
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
JANUARY 2021**

Attendee		Purpose of Travel - Location	Event Dates	Travel Status
Systems				
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



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**

**FOR INFORMATION ONLY**

February 19, 2021

TO: Trustees
Board of Retirement
Board of Investments

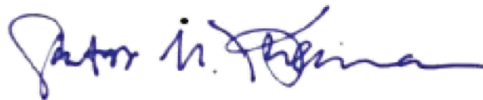
FROM: Ted Granger 
Interim Chief Financial Officer

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

SUBJECT: 2ND QUARTER EDUCATION & TRAVEL EXPENDITURE REPORTS

Attached, for your review, are the Board and Staff Education & Travel Reports and the Board Cancellation & Credit Expenditures Report as of December 2020. These include expenses paid or submitted for reimbursement for travel completed through the second quarter of Fiscal Year 2020-2021. In addition, the Board Cancellation & Credit Expenditures Report for Fiscal Year 2019-2020 is attached for your reference.

REVIEWED AND APPROVED:



Santos H. Kreimann
Chief Executive Officer

TG/EW/krh

Attachments

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



2ND QUARTER BOARD
EDUCATION AND TRAVEL EXPENDITURE REPORT
FOR FISCAL YEAR 2021
FOR TRAVEL DURING JULY 2020 - DECEMBER 2020

Cat	Purpose of Travel - Location - Travel Dates	Travel Status	Total Expense	Registration	Lodging	Airfare	Ground Transp.	Mileage	Porterage	Parking	Meals	Per Diem	Misc.
Alan Bernstein													
B -	Edu- 2020 SACRS Fall Virtual Conference - VIRTUAL - 11/10/2020 - 11/13/2020	Attended	\$120.00	\$120.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Totals for Alan Bernstein:			\$120.00	\$120.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Elizabeth Ginsberg													
B -	Edu - CALAPRS Principles for Trustees - VIRTUAL - 08/18/2020 - 08/26/2020	Attended	\$500.00	\$500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Totals for Elizabeth Ginsberg:			\$500.00	\$500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Vivian Gray													
B -	Edu - SACRS Public Pension Investment Management Program 2020 - VIRTUAL - 07/28/2020 - 08/13/2020	Attended	\$500.00	\$500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
-	Edu - Koried Black Directors' Virtual Workshop - VIRTUAL - 10/15/2020 - 10/15/2020	Attended	\$395.00	\$395.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
-	Edu- 2020 SACRS Fall Virtual Conference - VIRTUAL - 11/10/2020 - 11/13/2020	Attended	\$120.00	\$120.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Totals for Vivian Gray:			\$1,015.00	\$1,015.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00



**2ND QUARTER BOARD
EDUCATION AND TRAVEL EXPENDITURE REPORT
FOR FISCAL YEAR 2021
FOR TRAVEL DURING JULY 2020 - DECEMBER 2020**

Cat	Purpose of Travel - Location - Travel Dates	Travel Status	Total Expense	Registration	Lodging	Airfare	Ground Transp.	Mileage	Porterage	Parking	Meals	Per Diem	Misc.
David Green													
B -	Edu - PPI 2020 Summer Roundtable - Los Angeles CA - 07/14/2020 - 07/16/2020	Attended	\$175.00	\$175.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
-	Edu - Pacific Council - "Beyond the Horizon" Summit - VIRTUAL - 07/20/2020 - 07/24/2020	Attended	\$150.00	\$150.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
-	Edu - The Pacific Council on International Policy's PolicyWest 2020 - VIRTUAL - 12/03/2020 - 12/04/2020	Attended	\$50.00	\$50.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Totals for David Green:			\$375.00	\$375.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Elizabeth Greenwood													
B -	Edu- PPI 2020 Asia Pacific Roundtable - VIRTUAL - 10/20/2020 - 10/22/2020	Attended	\$175.00	\$175.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
-	Edu - Yale School of Management Executive Education -Women's Leadership Program - VIRTUAL - 11/18/2020 - 11/18/2020	Attended	\$2,800.00	\$2,800.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Totals for Elizabeth Greenwood:			\$2,975.00	\$2,975.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
James Harris													
B -	Edu - SACRS Public Pension Investment Management Program 2020 - VIRTUAL - 07/28/2020 - 08/13/2020	Attended	\$500.00	\$500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Totals for James Harris:			\$500.00	\$500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Shawn Kehoe													
B -	Edu- PPI 2020 Asia Pacific Roundtable - VIRTUAL - 10/20/2020 - 10/22/2020	Attended	\$175.00	\$175.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Totals for Shawn Kehoe:			\$175.00	\$175.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00



**2ND QUARTER BOARD
EDUCATION AND TRAVEL EXPENDITURE REPORT
FOR FISCAL YEAR 2021
FOR TRAVEL DURING JULY 2020 - DECEMBER 2020**

Cat	Purpose of Travel - Location - Travel Dates	Travel Status	Total Expense	Registration	Lodging	Airfare	Ground Transp.	Mileage	Porterage	Parking	Meals	Per Diem	Misc.
Keith Knox													
B -	Edu - PPI 2020 Summer Roundtable - Los Angeles CA - 07/14/2020 - 07/16/2020	Attended	\$175.00	\$175.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
-	Edu - SACRS Public Pension Investment Management Program 2020 - VIRTUAL - 07/28/2020 - 08/13/2020	Attended	\$500.00	\$500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
-	Edu - CII & NYU Corporate Governance Bootcamp - VIRTUAL - 09/23/2020 - 09/25/2020	Attended	\$945.00	\$945.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
-	Edu - CALAPRS Virtual Trustees Round Table - VIRTUAL - 10/23/2020 - 10/23/2020	Attended	\$50.00	\$50.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Totals for Keith Knox:			\$1,670.00	\$1,670.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Wayne Moore													
B -	Edu- NASP 31st Annual Virtual Pension & Financial Services Conference - VIRTUAL - 12/07/2020 - 12/10/2020	Attended	\$100.00	\$100.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Totals for Wayne Moore:			\$100.00	\$100.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Ronald Okum													
B -	Edu- 2020 SACRS Fall Virtual Conference - VIRTUAL - 11/10/2020 - 11/13/2020	Attended	\$120.00	\$120.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Totals for Ronald Okum:			\$120.00	\$120.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00



**2ND QUARTER BOARD
EDUCATION AND TRAVEL EXPENDITURE REPORT
FOR FISCAL YEAR 2021
FOR TRAVEL DURING JULY 2020 - DECEMBER 2020**

Cat	Purpose of Travel - Location - Travel Dates	Travel Status	Total Expense	Registration	Lodging	Airfare	Ground Transp.	Mileage	Porterage	Parking	Meals	Per Diem	Misc.
Gina Sanchez													
B -	Edu - CALAPRS Virtual Trustees Round Table - VIRTUAL - 10/23/2020 - 10/23/2020	Attended	\$50.00	\$50.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
-	Edu- 2020 SACRS Fall Virtual Conference - VIRTUAL - 11/10/2020 - 11/13/2020	Attended	\$120.00	\$120.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
-	Edu - Harvard Business School Executive Education - Audit Committees - VIRTUAL - 11/12/2020 - 11/14/2020	Attended	\$5,000.00	\$5,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Totals for Gina Sanchez:			\$5,170.00	\$5,170.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Herman Santos													
B -	Edu- LAVCA's Annual Investor Meeting - VIRTUAL - 09/14/2020 - 09/17/2020	Attended	\$595.00	\$595.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
-	Edu- 2020 SACRS Fall Virtual Conference - VIRTUAL - 11/10/2020 - 11/13/2020	Attended	\$120.00	\$120.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Totals for Herman Santos:			\$715.00	\$715.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Cnt: 0			Grand Totals:		\$13,435.00	\$13,435.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

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 - 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



2ND QUARTER STAFF
EDUCATION AND TRAVEL EXPENDITURE REPORT
FOR FISCAL YEAR 2021
FOR TRAVEL DURING JULY 2020 - DECEMBER 2020

Attendee	Purpose of Travel - Location - Travel Dates	Travel Status	Total Expense	Registration	Lodging	Airfare	Ground Transp.	Mileage	Porterage	Parking	Meals	Per Diem	Misc.
Systems													
Irwin Devries	1 Admin - Conduct Site Visit of Mesa, AZ Facility - Mesa AZ - 12/03/2020 - 12/05/2020	Attended	\$834.48	\$0.00	\$274.73	\$0.00	\$0.00	\$419.75	\$0.00	\$0.00	\$0.00	\$140.00	\$0.00
Totals for Irwin Devries:			\$834.48	\$0.00	\$274.73	\$0.00	\$0.00	\$419.75	\$0.00	\$0.00	\$0.00	\$140.00	\$0.00
Celso Templo	1 Admin - Conduct Site Visit of Mesa, AZ Facility - Mesa AZ - 10/09/2020 - 10/09/2020	Attended	\$440.45	\$0.00	\$0.00	\$0.00	\$0.00	\$440.45	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Totals for Celso Templo:			\$440.45	\$0.00	\$0.00	\$0.00	\$0.00	\$440.45	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Cnt: 2	Totals for Systems:		\$1,274.93	\$0.00	\$274.73	\$0.00	\$0.00	\$860.20	\$0.00	\$0.00	\$0.00	\$140.00	\$0.00
Cnt: 2	Grand Totals:		\$1,274.93	\$0.00	\$274.73	\$0.00	\$0.00	\$860.20	\$0.00	\$0.00	\$0.00	\$140.00	\$0.00



**BOARD CANCELLATION AND CREDIT EXPENDITURES REPORT
FOR FISCAL YEAR 2021
FOR TRAVEL DURING JULY 2020 - DECEMBER 2020**

Purpose of Travel - Location - Date - Travel Status	Category	Total Expense	Registration (Reg.)	Lodging	Airfare	Other Misc. Travel Exp.	Chair Pardon	Reg. Credit	Reg. Credit Expiration Date	Airfare Credit	Airfare Credit Expiration Date	Refund Pending
Alan Bernstein												
Edu - IFEBP 66th Annual Employee Benefits Conference - Honolulu HI - 11/15/2020 - 11/18/2020 - Host Canceled	Z	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		
Attendee Totals:		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		
Shawn Kehoe												
Edu - IFEBP 66th Annual Employee Benefits Conference - Honolulu HI - 11/15/2020 - 11/18/2020 - Host Canceled	Z	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		
Attendee Totals:		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		
Les Robbins												
Edu - IFEBP 66th Annual Employee Benefits Conference - Honolulu HI - 11/15/2020 - 11/18/2020 - Host Canceled	X	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$2,125.00	11/30/2021	\$0.00		
Attendee Totals:		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$2,125.00		\$0.00		
Grand Totals:		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$2,125.00		\$0.00		

Category Legend:

X - Canceled events for which expenses have been incurred.
Z - Trip was Canceled - Balance of \$0.00



**BOARD CANCELLATION AND CREDIT EXPENDITURES REPORT
FOR FISCAL YEAR 2020
FOR TRAVEL THROUGH THE 4TH QUARTER OF FY19-20**

Purpose of Travel - Location - Date - Travel Status	Category	Total Expense	Register	Lodging	Airfare	Other Misc Travel Exp.	Chair Pardon	Register Credit (1802)	Register Credit Expiration Date	Airfare Credit (1803)	Airfare Credit Expiration Date	Refund Pending
Vivian Gray												
Admin - SACRS Program Committee and SACRS Board of Directors Meeting - Sacramento CA - 07/15/2019 - 07/19/2019 - Canceled	Z	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00
Admin - SACRS Legislative Committee - Sacramento CA - 07/19/2019 - Canceled	Z	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00
Admin - SACRS Program Committee and SACRS Board of Directors Meeting - Sacramento CA - 09/16/2019 - 09/17/2019 - Canceled	Z	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00
Admin - SACRS Legislative Committee - Sacramento CA - 09/20/2019 - Canceled	Z	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00
Admin - SACRS Legislative Committee - Sacramento CA - 10/19/2019 - Canceled	Z	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00
Edu - KACALP Annual Conference - Los Angeles CA - 10/29/2019 - 10/30/2019 - Canceled	Z	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00
Edu - NASP 2020 "Day of Education in Private Equity" - Los Angeles CA - 03/26/2020 - 03/26/2020 - Host Canceled	Z	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00
Edu - TBI Med Legal Conference - San Diego CA - 04/02/2020 - 04/04/2020 - Host Canceled	X	\$299.00	\$299.00	\$0.00	\$0.00	\$0.00	Yes	\$0.00		\$0.00		\$0.00
Edu - Trustee Leadership Forum (TLF) Trustee Forum - Boston MA - 06/08/2020 - 06/10/2020 - Host Canceled	X	\$275.00	\$0.00	\$0.00	\$275.00	\$0.00	Yes	\$0.00		\$0.00		\$0.00
Attendee Totals:		\$574.00	\$299.00	\$0.00	\$275.00	\$0.00		\$0.00		\$0.00		\$0.00
David Green												
Edu - 2019 Fortune Brainstorm Tech Conference - Aspen CO - 07/15/2019 - 07/17/2019 - Canceled	Z	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00
Attendee Totals:		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00
James Harris												
Edu - CALAPRS Advanced Principles of Pension Management for Trustees - Los Angeles CA - 03/30/2020 - 04/01/2020 - Host Canceled	Z	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00
Attendee Totals:		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00
Shawn Kehoe												
Edu - National Association of Corporate Directors - Global Board Leaders' Summit - Washington D.C. MD - 09/21/2019 - 09/24/2019 - Canceled	X	\$500.00	\$500.00	\$0.00	\$0.00	\$0.00	Yes	\$4,265.50	10/31/2021	\$0.00		\$0.00
Edu - 2019 Pacific Pension Institute Executive Seminar and Asia Roundtable - Shanghai, China; Hong Kong, China - 11/03/2019 - 11/08/2019 - Canceled	Z	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00
Edu - IAFCI 2020 Cyber Fraud Summit - Austin TX - 04/15/2020 - 04/16/2020 - Host Canceled	Z	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00
Attendee Totals:		\$500.00	\$500.00	\$0.00	\$0.00	\$0.00		\$4,265.50		\$0.00		\$0.00



**BOARD CANCELLATION AND CREDIT EXPENDITURES REPORT
FOR FISCAL YEAR 2020
FOR TRAVEL THROUGH THE 4TH QUARTER OF FY19-20**

Purpose of Travel - Location - Date - Travel Status	Category	Total Expense	Register	Lodging	Airfare	Other Misc Travel Exp.	Chair Pardon	Register Credit (1802)	Register Credit Expiration Date	Airfare Credit (1803)	Airfare Credit Expiration Date	Refund Pending
Joseph Kelly												
Edu - PPI 2019 Summer Roundtable - Chicago IL - 07/10/2019 - 07/12/2019 - Canceled	Z	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00
Attendee Totals:		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00
Keith Knox												
Edu - CII's Trustee Training Course for California Public Fund Trustees - Berkeley CA - 10/4/2019 - 10/4/2019 - Host Canceled	Z	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00
Edu - NASP 2020 "Day of Education in Private Equity" - Los Angeles CA - 03/26/2020 - 03/26/2020 - Host Canceled	Z	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00
Edu - IFEBP Wharton Portfolio Concepts and Management - Philadelphia PA - 04/20/2020 - 04/23/2020 - Host Canceled	Z	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00
Edu - SACRS: Don't Stop Thinking About Tomorrow; China A-Share Market & Opportunities - Webinar - 05/13/2020 - 05/13/2020 - Canceled	Z	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00
Edu - SACRS: Private Markets Today Vs. The Global Financial Crisis - Webinar - 05/14/2020 - 05/14/2020 - Canceled	Z	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00
Edu - SACRS: Cash Flows & Investment Management in the Time of COVID-19 - Webinar - 05/15/2020 - 05/15/2020 - Canceled	Z	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00
Edu - SACRS: Private Market Investing in a Late-Cycle Market or Private Market Investing in the 8th Inning - Webinar - 05/20/2020 - 05/20/2020 - Canceled	Z	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00
Edu - SACRS: Litigation 101 & Current Cases - Webinar - 05/20/2020 - 05/20/2020 - Canceled	Z	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00
Attendee Totals:		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00
Wayne Moore												
Edu - CII's Trustee Training Course for California Public Fund Trustees - Berkeley CA - 10/4/2019 - 10/4/2019 - Host Canceled	Z	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00
Edu - CII Spring 2020 Conference and 35th Anniversary Celebration - Washington D.C. MD - 03/09/2020 - 03/11/2020 - Canceled	X	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$1,776.08	2/28/2021	\$0.00
Edu - NASP 2020 "Day of Education in Private Equity" - Los Angeles CA - 03/26/2020 - 03/26/2020 - Host Canceled	Z	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00
Attendee Totals:		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$1,776.08		\$0.00



**BOARD CANCELLATION AND CREDIT EXPENDITURES REPORT
FOR FISCAL YEAR 2020
FOR TRAVEL THROUGH THE 4TH QUARTER OF FY19-20**

Purpose of Travel - Location - Date - Travel Status	Category	Total Expense	Register	Lodging	Airfare	Other Misc Travel Exp.	Chair Pardon	Register Credit (1802)	Register Credit Expiration Date	Airfare Credit (1803)	Airfare Credit Expiration Date	Refund Pending
David Muir												
Edu- CII Spring 2020 Conference and 35th Anniversary Celebration - Washington D.C. MD - 03/09/2020 - 03/11/2020 - Canceled	Z	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00
Attendee Totals:		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00
William Pryor												
Edu - NCPERS 2019 Public Safety Conference - New Orleans LA - 10/27/2019 - 10/30/2019 - Canceled	X	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$522.30	11/3/2021	\$0.00
Attendee Totals:		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$522.30		\$0.00
Les Robbins												
Edu - CRCEA Fall 2019 Conference - Rohnert Park CA - 10/28/2019 - 10/30/2019 - Host Canceled	X	\$291.95	\$0.00	\$0.00	\$291.95	\$0.00	Yes	\$0.00		\$0.00		\$0.00
Attendee Totals:		\$291.95	\$0.00	\$0.00	\$291.95	\$0.00		\$0.00		\$0.00		\$0.00
Gina Sanchez												
Edu - NACI Engage - Oakland CA - 03/24/2020 - 03/25/2020 - Canceled	Z	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00
Edu - NASP 2020 "Day of Education in Private Equity" - Los Angeles CA - 03/26/2020 - 03/26/2020 - Host Canceled	Z	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00
Edu - Pomerantz Roundtable Event - Beverly Hills CA - 06/16/2020 - 06/16/2020 - Host Canceled	Z	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00
Attendee Totals:		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00
Herman Santos												
Edu - INCA Investments Latin American Investments Conference - Buenos Aires, Argentina - 10/16/2019 - 10/17/2019 - Canceled	X	\$1,858.15	\$0.00	\$1,579.75	\$278.40	\$0.00	Yes	\$0.00		\$0.00		\$0.00
Edu - 2020 ICGN Seoul Conference - Seoul, South Korea - 02/25/2020 - 02/28/2020 - Host Canceled	X	\$45.08	\$23.48	\$0.00	\$21.60	\$0.00	Yes	\$0.00		\$0.00		\$0.00
Edu- CII Spring 2020 Conference and 35th Anniversary Celebration - Washington D.C. MD - 03/09/2020 - 03/11/2020 - Canceled	X	\$362.20	\$0.00	\$0.00	\$362.20	\$0.00	Yes	\$0.00		\$719.60	2/28/2021	\$0.00
Edu - NASP 2020 "Day of Education in Private Equity" - Los Angeles CA - 03/26/2020 - 03/26/2020 - Host Canceled	Z	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00
Edu - TBI Med Legal Conference - San Diego CA - 04/02/2020 - 04/04/2020 - Host Canceled	X	\$299.00	\$299.00	\$0.00	\$0.00	\$0.00	Yes	\$0.00		\$0.00		\$0.00
Attendee Totals:		\$2,564.43	\$322.48	\$1,579.75	\$662.20	\$0.00		\$0.00		\$719.60		\$0.00



**BOARD CANCELLATION AND CREDIT EXPENDITURES REPORT
FOR FISCAL YEAR 2020
FOR TRAVEL THROUGH THE 4TH QUARTER OF FY19-20**

Purpose of Travel - Location - Date - Travel Status	Category	Total Expense	Register	Lodging	Airfare	Other Misc Travel Exp.	Chair Pardon	Register Credit (1802)	Register Credit Expiration Date	Airfare Credit (1803)	Airfare Credit Expiration Date	Refund Pending
Gina Zapanta												
Edu - IFEBP 65th Employee Benefits Conference - San Diego CA - 10/20/2019 - 10/23/2019 - Canceled	Z	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00
Edu - NCPERS 2019 Public Safety Conference - New Orleans LA - 10/27/2019 - 10/30/2019 - Canceled	Z	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00
Edu - TBI Med Legal Conference - San Diego CA - 04/02/2020 - 04/04/2020 - Host Canceled	X	\$299.00	\$299.00	\$0.00	\$0.00	\$0.00	Yes	\$0.00		\$0.00		\$0.00
Attendee Totals:		\$299.00	\$299.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00
Grand Totals:		\$4,229.38	\$1,420.48	\$1,579.75	\$1,229.15	\$0.00		\$4,265.50		\$3,017.98		\$0.00

Category Legend:

- X - Canceled events for which expenses have been incurred
- Z - Canceled events for which no expenses have been incurred



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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