

LIVE VIRTUAL COMMITTEE MEETING



TO VIEW VIA WEB



TO PROVIDE PUBLIC COMMENT

You may submit a request to speak during Public Comment or provide a written comment by emailing PublicComment@lacera.com. If you 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 SPECIAL MEETING OF THE EQUITY: PUBLIC/PRIVATE COMMITTEE
OF THE BOARD OF INVESTMENTS AND BOARD OF INVESTMENTS*
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, SUITE 810, PASADENA, CA 91101

8:00 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 Committee may take action on any item on the agenda,
and agenda items may be taken out of order.*

I. CALL TO ORDER

II. APPROVAL OF MINUTES

- A. Approval of the Minutes of the Equity: Public/Private Committee Meeting of December 9, 2020.

III. 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.)

March 10, 2021

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IV. REPORTS

A. Private Equity Education

An educational presentation titled “Private Equity-Technology Investing.” Guest Speaker: Ian Aaker, Partner, StepStone
(Memo dated February 22, 2021)

B. Global Equity Education

An educational presentation titled “Global Equity Trade Execution Process.” Guest Speaker: Nathaniel Evarts, SSGA
(Memo dated February 25, 2021)

V. ITEMS FOR STAFF REVIEW

VI. GOOD OF THE ORDER

(For information purposes only)

VII. ADJOURNMENT

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

Documents subject to public disclosure that relate to an agenda item for an open session of the Board of 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.

Persons requiring an alternative format of this agenda pursuant to Section 202 of the Americans with Disabilities Act of 1990 may request one by calling the Board Offices at (626) 564-6000, Ext. 4401/4402, from 8:30 a.m. to 5:00 p.m. Monday through Friday, but no later than 48 hours prior to the time the meeting is to commence. Assistive Listening Devices are available upon request. American Sign Language (ASL) Interpreters are available with at least three (3) business days’ notice before the meeting date.

MINUTES OF THE SPECIAL MEETING OF THE EQUITY:
PUBLIC/PRIVATE COMMITTEE AND THE BOARD OF
INVESTMENTS LOS ANGELES COUNTY EMPLOYEES
RETIREMENT ASSOCIATION 300 N. LAKE AVENUE, SUITE 810,
PASADENA, CALIFORNIA 91101

8:00 A.M., WEDNESDAY, DECEMBER 9, 2020

This meeting was conducted by teleconference pursuant to the Governor's Executive Order N-29-20. The public may attend the meeting at LACERA's offices.

PRESENT: Herman Santos, Chair
Elizabeth Greenwood, Vice Chair
Wayne Moore
Gina Sanchez
David Green, Alternate

MEMBERS AT LARGE:

Keith Knox

Alan Bernstein

STAFF, ADVISORS, PARTICIPANTS:

Ted Wright, Principal Investment Officer

Ron Senkandwa, Investment Officer

Jeff Jia, Investment Analyst

I. CALL TO ORDER

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

II. APPROVAL OF MINUTES

A. Approval of the Minutes of the Meeting of November 5, 2020.

Mr. Green made a motion, Ms. Sanchez seconded, to approve the minutes of the special meeting of November 5, 2020. The motion passed unanimously (roll call) with Messrs. Santos, Moore, Ms. Sanchez and Ms. Greenwood voting yes.

III. PUBLIC COMMENT

There were no requests from the public to speak.

IV. NON-CONSENT

- A. Recommendation as submitted by Ted Wright, Principal Investment Office, Ron Senkandwa, Investment Officer, and Jeff Jia, Investment Analyst: That the Committee recommend that the Board of Investments approve the Global Equity-Review of Implementation of U.S. Active Management and Manager Search Process.
(Memo dated November 25, 2020)

Ms. Greenwood made a motion, Mr. Moore seconded, to advance to the Board of Investments the proposed Global Equity-Review of Implementation of U.S. Active Management and Manager Search Process.

The motion passed unanimously. (roll call) with Messer. Santos, Moore, Ms. Sanchez and Ms. Greenwood voting yes.

V. ITEMS FOR STAFF REVIEW

There were no items to report.

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

was nothing to report.

VII. ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at approximately at 8:31 a.m.

February 22, 2021

TO: Trustees – Equity: Public/Private Committee

FROM: Christopher J. Wagner *CJW*
Principal Investment Officer

FOR: March 10, 2021 Equity: Public/Private Committee Meeting

SUBJECT: **PRIVATE EQUITY EDUCATION**

At the March 10, 2021 Board of Investments Equity Committee Meeting, LACERA's private equity advisor StepStone Group LP ("StepStone") will make an educational presentation titled "Private Equity – Technology Investing." StepStone will provide an update on the current market opportunity, the size of the investible universe, and the nuances of benchmarking and performance measuring as it pertains to private equity technology investments.

The presentation (**Attachment**) will be led by StepStone partner Ian Aaker.

Attachment

Noted and Reviewed:



Jonathan Grabel
Chief Investment Officer

CW:mm:cll



LACERA BOARD EDUCATION
Private Equity – Technology Investing

MARCH 2021



This document is meant only to provide a broad overview for discussion purposes. All information provided here is subject to change. This document is for informational purposes only and does not constitute an offer to sell, a solicitation to buy, or a recommendation for any security, or as an offer to provide advisory or other services by StepStone Group LP, StepStone Group Real Assets LP, StepStone Group Real Estate LP, StepStone Conversus LLC, Swiss Capital Alternative Investments AG and StepStone Group Europe Alternative Investments Limited or their subsidiaries or affiliates (collectively, “StepStone”) in any jurisdiction in which such offer, solicitation, purchase or sale would be unlawful under the securities laws of such jurisdiction. The information contained in this document should not be construed as financial or investment advice on any subject matter. StepStone expressly disclaims all liability in respect to actions taken based on any or all of the information in this document. By accepting delivery of this presentation, each recipient undertakes not to reproduce or distribute this presentation in whole or in part, nor to disclose any of its contents (except to its professional advisors), without the prior written consent of StepStone. While some information used in the presentation has been obtained from various published and unpublished sources considered to be reliable, StepStone does not guarantee its accuracy or completeness and accepts no liability for any direct or consequential losses arising from its use. Thus, all such information is subject to independent verification by prospective investors.

The presentation is being made based on the understanding that each recipient has sufficient knowledge and experience to evaluate the merits and risks of investing in private market products. All expressions of opinion are intended solely as general market commentary and do not constitute investment advice or a guarantee of returns. All expressions of opinion are as of the date of this document, are subject to change without notice and may differ from views held by other businesses of StepStone.

All valuations are based on current values calculated in accordance with StepStone’s Valuation Policies and may include both realized and unrealized investments. Due to the inherent uncertainty of valuation, the stated value may differ significantly from the value that would have been used had a ready market existed for all of the portfolio investments, and the difference could be material. The long-term value of these investments may be lesser or greater than the valuations provided.

StepStone Group LP, its affiliates and employees are not in the business of providing tax, legal or accounting advice. Any tax-related statements contained in these materials are provided for illustration purposes only and cannot be relied upon for the purpose of avoiding tax penalties. Any taxpayer should seek advice based on the taxpayer’s particular circumstances from an independent tax advisor.

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

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

Each of StepStone Group LP, StepStone Group Real Assets LP, StepStone Group Real Estate LP and StepStone Conversus LLC is an investment adviser registered with the Securities and Exchange Commission (“SEC”). StepStone Group Europe LLP is authorized and regulated by the Financial Conduct Authority, firm reference number 551580. StepStone Group Europe Alternative Investments Limited (“SGEAIL”) is an SEC Registered Investment Advisor and an Alternative Investment Fund Manager authorized by the Central Bank of Ireland and Swiss Capital Alternative Investments AG (“SCAI”) is an SEC Exempt Reporting Adviser and is licensed in Switzerland as an Asset Manager for Collective Investment Schemes by the Swiss Financial Markets Authority FINMA. Such registrations do not imply a certain level of skill or training and no inference to the contrary should be made.

In relation to Switzerland only, this document may qualify as “advertising” in terms of Art. 68 of the Swiss Financial Services Act (FinSA). To the extent that financial instruments mentioned herein are offered to investors by SCAI, the prospectus/offering document and key information document (if applicable) of such financial instrument(s) can be obtained free of charge from SCAI or from the GP or investment manager of the relevant collective investment scheme(s). Further information about SCAI is available in the SCAI Information Booklet which is available from SCAI free of charge.

All data is as of February 2021 unless otherwise noted.

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

Executive Summary

- The purpose of this presentation is to discuss technology investing within a private equity portfolio
 - The materials contained herein will address the market opportunity, investable universe, performance and benchmarking
 - Following the presentation, the Board should have a better understanding of why technology is an attractive investment sector for private equity and related investment considerations
 - For the purposes of this presentation, StepStone has focused on private technology investing

Market Overview

- Many characteristics of technology companies make it an attractive area of focus for private equity investment
- As a result, capital flows and competition has increased significantly
- Since 2010, the technology sector has broadly outperformed other industry sectors in the private markets
- Benchmarking technology exposure is imperfect for several reasons; however private benchmarks are most applicable

Portfolio Implications

- As of September 30, 2020, LACERA had exposure to private equity investments totaling \$7,672 million, representing 12.7% of the total plan's fair market value ("FMV"). Of these investments, exposure to Information Technology ("IT") was \$2,980 million, representing 38.8% of the private equity portfolio's FMV as of September 30, 2020¹
 - LACERA is overweight relative to public and private benchmarks; However, the plan has benefited from the strong performance of the IT sector
 - IT exposure by Sub-Strategy is heaviest in Buyout, but historically strong performance in VC/Growth (~19% of PE NAV¹) is also a significant contributor to sector outperformance
 - LACERA and Advisor closely monitor the portfolio's sector and industry diversification to avoid over-concentration and to identify opportunities to increase/decrease exposure

1. Source: LACERA. Total Plan NAV of \$60,459 million, as of September 30, 2020.

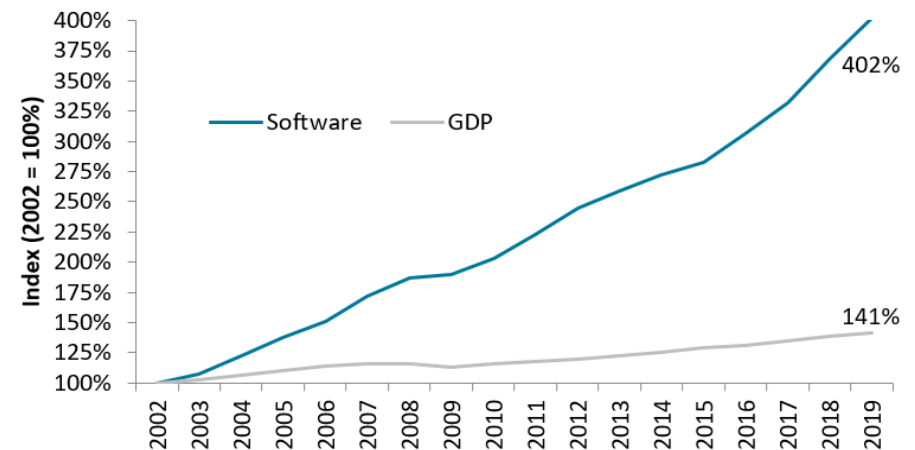
The Rise of Technology in Public & Private Markets

ATTRACTIVE CHARACTERISTICS WITHIN TECHNOLOGY

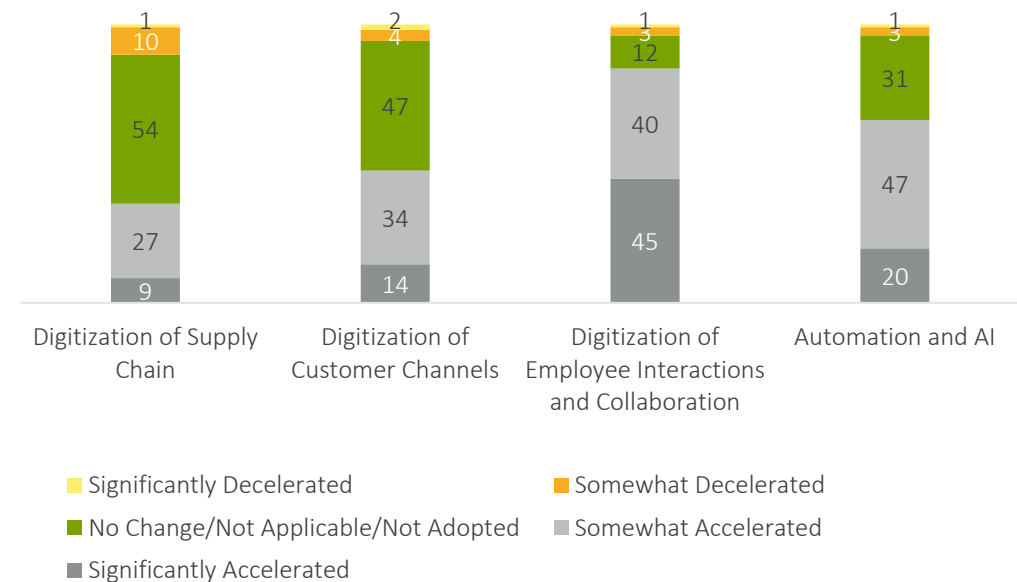
- With the growing focus on sector specialization and underlying business fundamentals, many existing and new managers have found software to be a particularly attractive sector
- Enterprise software is mission-critical to virtually all industries, providing for end-market diversification
- This has led to a massive increase in software spend across the global economy
- Differences in business needs and workflow have prevented a small number of large software companies from dominating the industry
- The enterprise software business model possesses many characteristics that make it an attractive area of focus for investors, including:

Recurring Revenue	Software companies have significant revenue visibility into future years by virtue of recurring revenue, which typically represent a stable, profitable, and growing source of sales
High Switching Costs	Customers are unlikely to change software vendors due to the mission-critical nature of the solutions and high switching costs, resulting in high customer retention
Compelling ROIC³	Software enables companies to achieve cost savings or capture new revenues that can provide significant return on investment, thus creating a compelling rationale for buying new software
Attractive FCF Profiles	Software companies have lower cost of goods sold and capex requirements allowing for higher margins and free cash flow conversion compared to many other industries

GROWING SOFTWARE SPEND¹



COVID-19 TECHNOLOGY TRENDS²

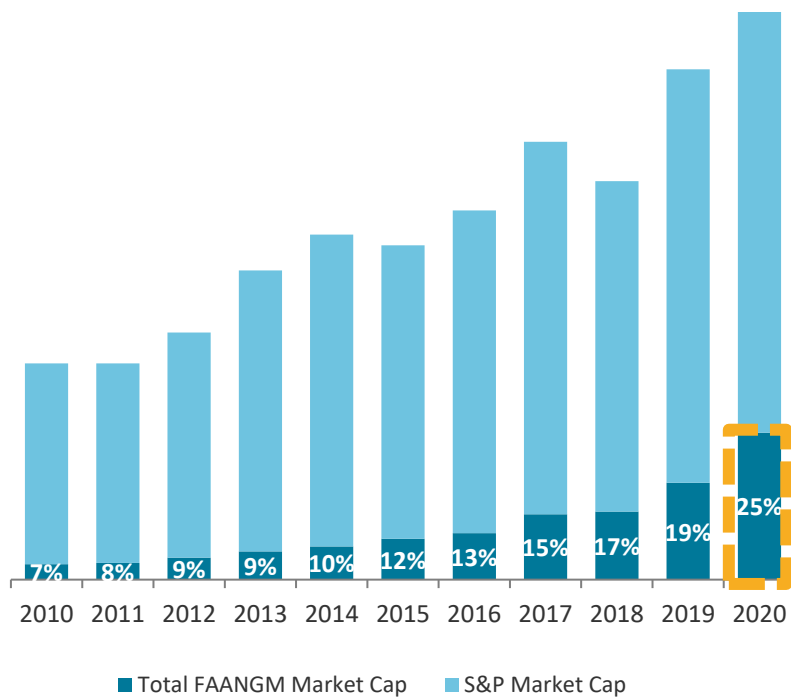


1. Source: U.S. Bureau of Economic Analysis. Data as of July 30, 2020
 2. Source: McKinsey Global Executive Survey with 800 responses, July 2020. Numbers may not sum to 100% due to rounding
 3. ROIC is an acronym for "Return on Invested Capital"

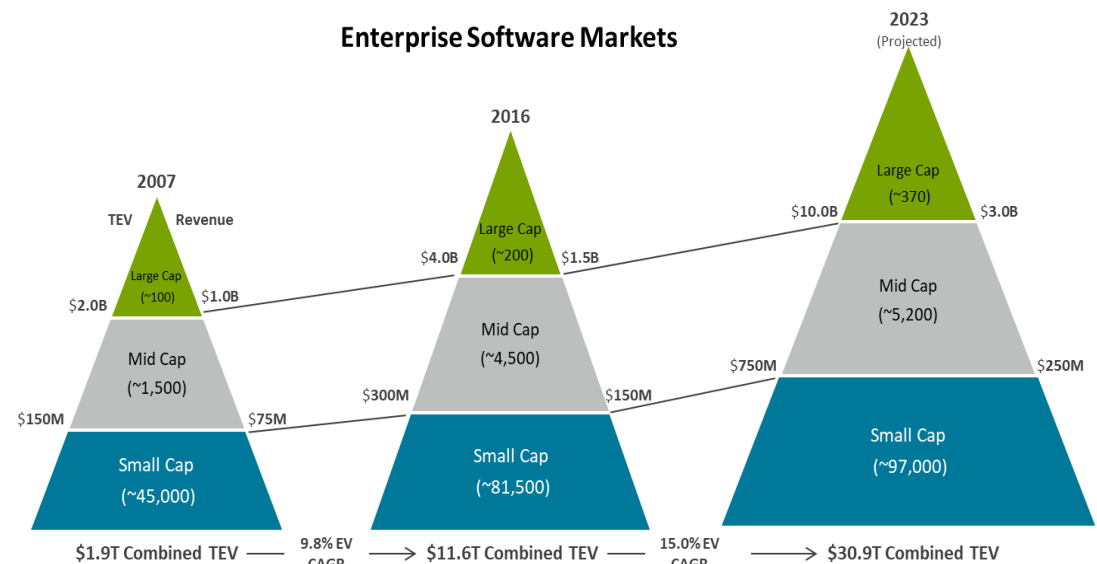
Public vs. Private Markets

- Technology exposure in the public markets is dominated by a handful of tech mega-platforms
- Conversely, the private markets are highly fragmented, driven by VC-funded innovation and the rise of vertically-focused software providers. The long tail of private technology companies provides attractive diversification opportunities across company size, stage, risk/return profile, business model, and end market
- Despite the recent opening of the IPO window and alternative paths to the public markets, value is increasingly accruing to the private markets as companies elect to stay private longer

FAANGM REPRESENTATION IN THE S&P 500¹



FRAGMENTATION OF PRIVATE TECHNOLOGY COMPANIES²



Past performance is not necessarily indicative of future results and there can be no assurance that the investment will achieve comparable results or avoid substantial losses.

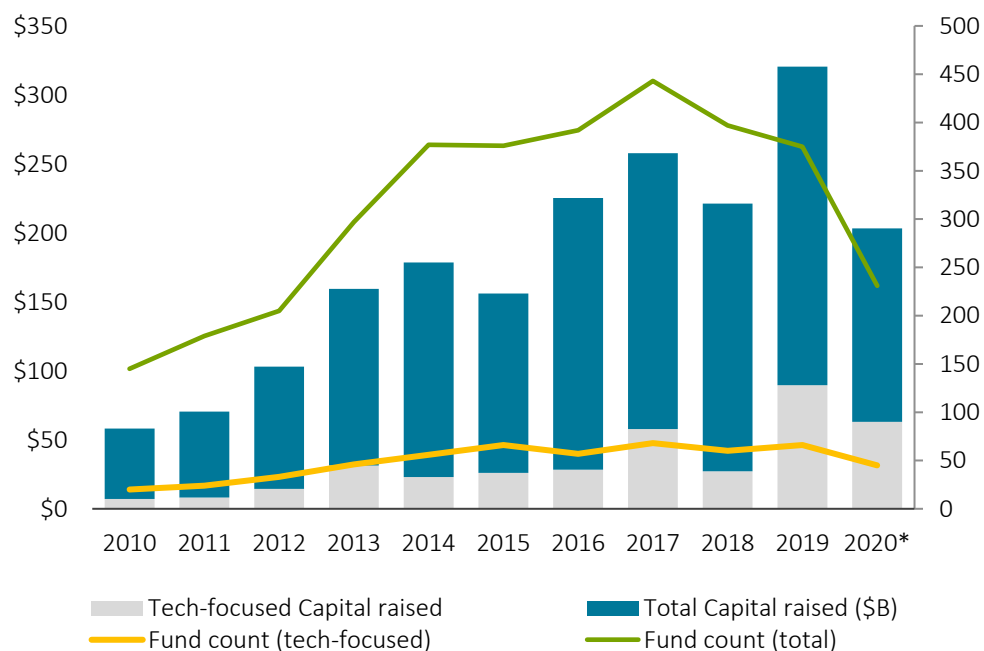
1. Based on S&P 500 Market Capitalization as of December 31, 2020. FAANGM is defined as the following publicly traded companies: Facebook, Apple, Amazon, Netflix, Google, and Microsoft.

2. Source: 2018 Capital IQ and Gartner IT Spend Forecast

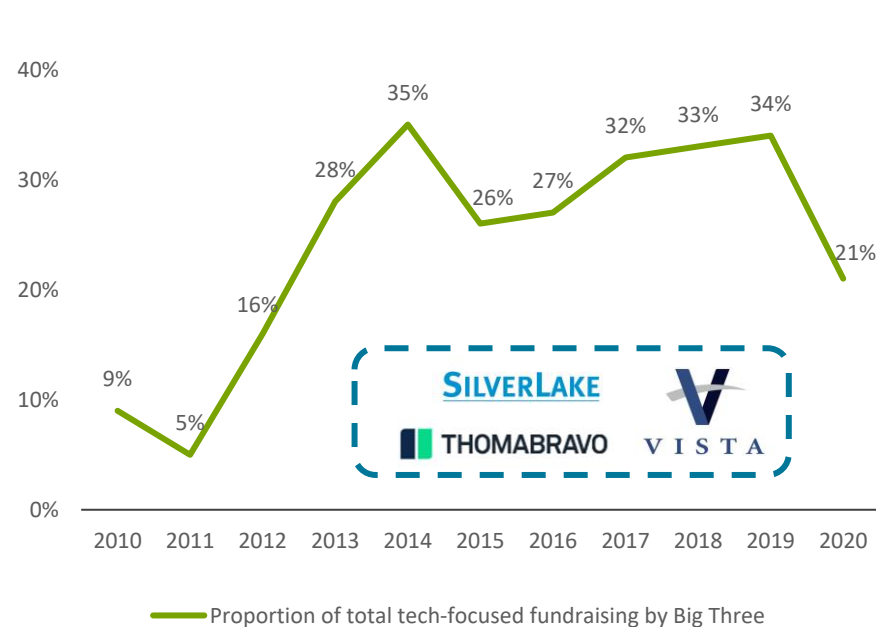
Private Equity Fundraising

- From 2016-2020, tech-focused PE funds raised an aggregate US\$266 billion, or 22% of the total capital raised by U.S. PE funds during the period. 2019 and 2020 were the largest fundraising years for tech funds, representing 28% and 31% of total capital raised by U.S. PE firms, respectively
- While the number of tech-focused managers has steadily increased, a small number of established specialist firms are responsible for an outsized percentage of capital raised. The “Big Three” have rapidly scaled their fund sizes and expanded their product offerings in recent years
 - 2020: Thoma Bravo (US\$23 billion), Silver Lake (US\$20 billion)
 - 2019: Vista Equity Partners (US\$23 billion)

US PE TECH-FOCUSED FUNDRAISING ACTIVITY¹



BIG THREE FUNDRAISING²



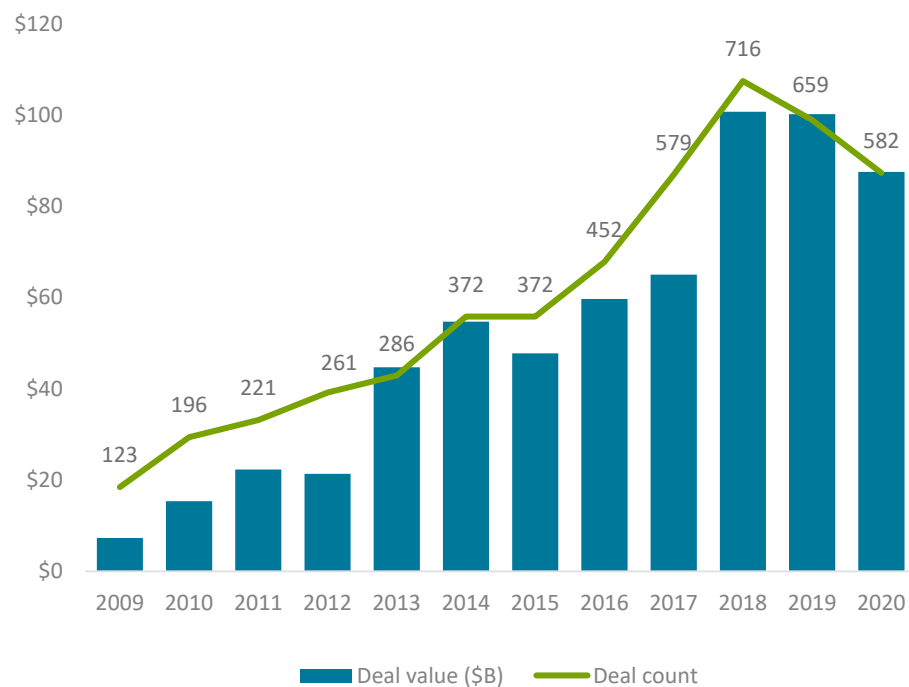
1. Source: Pitchbook 2020 Annual US PE Breakdown; fundraising data as of December 31, 2020.

2. Source: Pitchbook, North America and Europe PE Technology Funds; fundraising data as of September 15, 2020. Big Three refers to Vista Equity, Thoma Bravo, and Silver Lake.

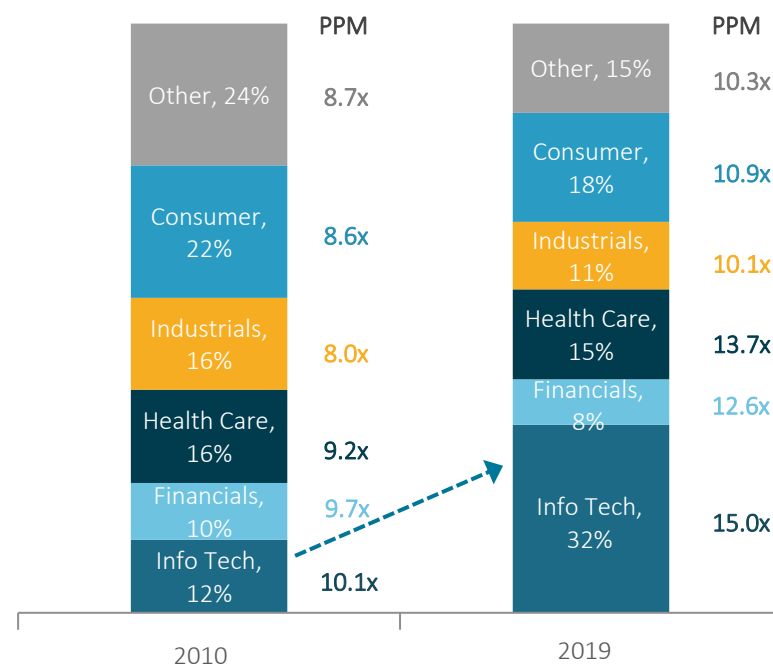
Tech-Focused Investment Activity

- Investment activity in the technology sector has increased based on several factors
 - Mature tech buyout firms raising larger funds, along with new adjacent products
 - Generalist firms have identified the merits of the sector and built internal expertise, deploying a greater percentage of funds to tech
 - Second tier (by fund size) tech specialist firms are scaling fund sizes and following a similar playbook as the Big Three
- Plentiful dry powder and competition for technology assets, especially software, has driven valuations higher

US SOFTWARE PE DEAL ACTIVITY¹



% TOTAL (\$ INVESTED) AND PURCHASE PRICE MULTIPLES (“PPM”)²

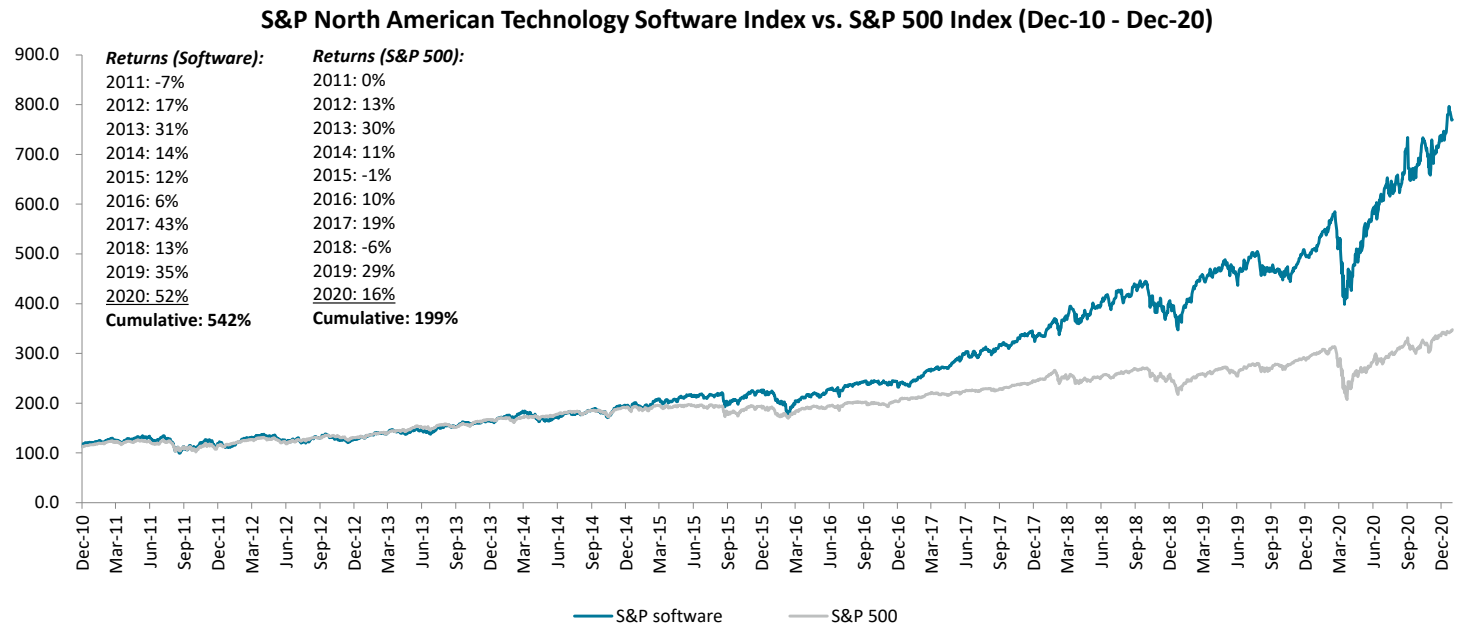


1. Source: Pitchbook 2020 Annual US PE Breakdown Report

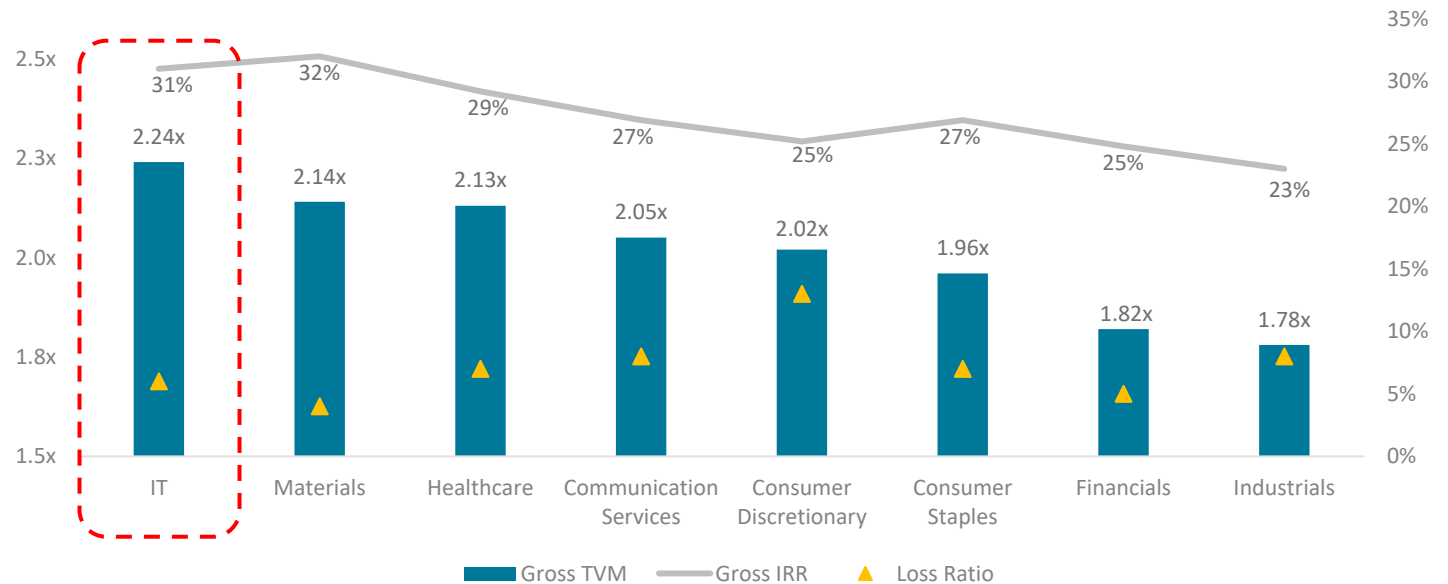
2. Source: StepStone SPAR Universe Asset Benchmark. Data as of December 31, 2020. PPM = TEV/EBITDA

Technology Outperformance

PUBLIC
MARKETS¹



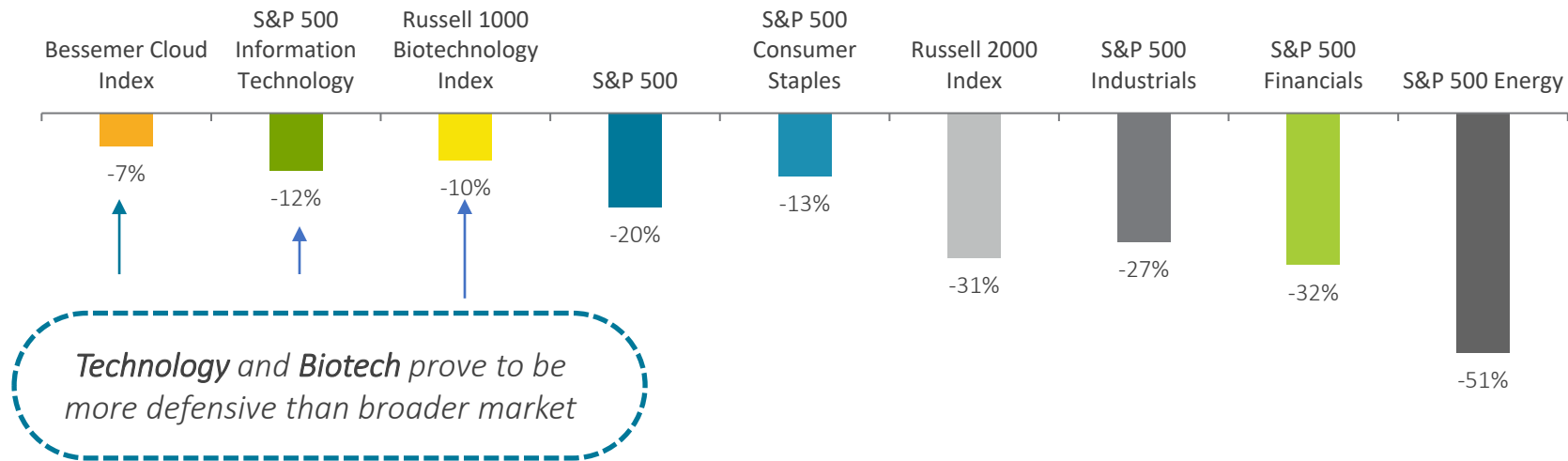
PRIVATE
MARKETS²



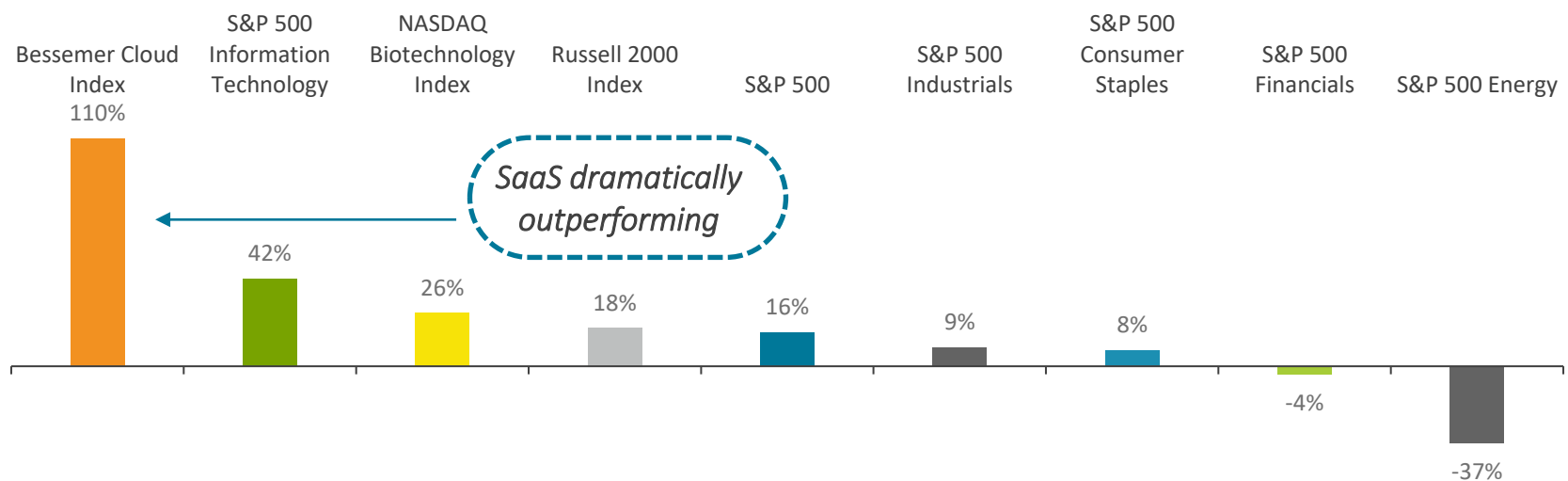
1. Source: S&P North American Technology Software Index vs. S&P 500 Index (Dec. 2010 – Dec. 2020); StepStone analysis
 2. Source: StepStone SPAR Universe Asset Benchmark. Represents approximately 22,000 Private Equity investments in All Geographies completed from 2010-2018. Includes realized and unrealized deals.

COVID-19 Disruption: Resilience of Technology

INDEX PERFORMANCE (DECEMBER 31, 2019 – MARCH 31, 2020)



INDEX PERFORMANCE (DECEMBER 31, 2019 – DECEMBER 31, 2020)



Benchmarking Considerations

- Global Industry Classification Standard (GICS) industry taxonomy changes
 - A 2018 rebalancing of GICS sectors by S&P and MSCI had significant implications for investors
 - Post re-balance, the IT and Consumer Discretionary sector weights were reduced, while the Communication Services sector became the fourth largest
 - LACERA’s PE overweight to the IT sector is partially offset by its meaningful underweight to the Communication Services sector



- Technology companies touch multiple end markets
 - Technology continues to permeate all industries, a multi-decade secular trend that has gained momentum during COVID
 - A primary driver of technology expansion across industries is the growth in software adoption, used by successful businesses across all industries to improve the customer experience and increase the efficiency of internal operations

Communication Services

Financial Services

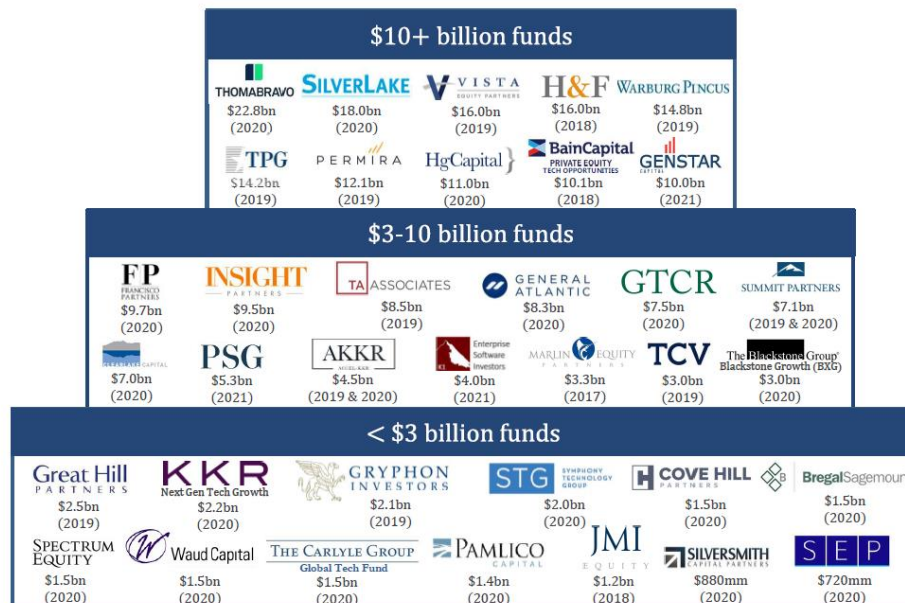
Consumer Discretionary

1. LACERA PE, MSCI ACWI index, and SPAR Universe Asset Benchmark as of September 30, 2020

- Significant amount of capital targeting technology sector and resulting competitive environment
 - Tech specialists’ strong historical track records have enabled meaningful fund size growth. Generalists are following the crowd and becoming increasingly tech-focused as well

- Valuations high / expensive sector
 - Near record public market valuations for IT & software companies naturally filters down into the private markets. Dry powder is concentrated in large/mega buyout and late-stage VC funds, providing an attractive exit path for upstream lower-and-mid-market VC, Growth Equity and Lower/Mid Buyout funds

SUBSTANTIAL TECH DRY POWDER¹



TACTICAL CONSIDERATIONS

- Fund Size Growth / Platform Expansion
- Strategic Relationships
- Manager Differentiation
Sub-sector expertise, value-add, unique sourcing, etc.
- Dry Powder Above/Below

1. Source: Five Elms Investor Presentation, January 2021

Rationale for PE Technology Investment

1.

- Attractive characteristics of technology business models
 - *High gross margins, recurring revenues, high switching costs, compelling ROIC*

2.

- Ability to access segments of technology market largely not available via public markets
 - *Potential portfolio diversifiers include company size, stage, risk/return profile, business model, end markets, etc.*

3.

- Private equity market highly fragmented with ample buying opportunities
 - *Long tail of investment opportunities in Venture Capital, Growth Equity, Lower/Mid Buyout, ex-US*

4.

- Private markets performance data indicates that the IT sector has outperformed other sectors
 - *Outperformance relative to other sectors as well as the benchmark can result in a sector overweight*

5.

- Resiliency of many technology businesses to market shocks including recent pandemic
 - *Software considered mission critical and often the last expense line item cut during market turbulence*

Risks and Other Considerations



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

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

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

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

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

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

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

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

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

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

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


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

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

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

February 25, 2021

TO: Trustees – Equity: Public/Private Committee

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

FOR: March 10, 2021 Equity: Public/Private Committee Meeting

SUBJECT: **Educational Guest Speaker: Nathaniel Evarts, SSGA
Global Equity Trade Execution Process**

At the February 2021 Board of Investments (“BOI”) meeting, Trustees expressed interest in learning about the current public equity trading environment. At today’s meeting, State Street Global Advisors (“SSGA”) will provide education on the global equity trading marketplace, recent trends such as growth of retail investors, and potential impact on institutional investors. SSGA manages LACERA’s largest global equity mandate, the MSCI ACWI IMI¹ passive index strategy. As of January 31, 2021, the market value of that portfolio was approximately \$15.0 billion.

SSGA will be represented by:

- Sonya Park, Managing Director of client relationship management and business development in the western United States.
- Nathaniel Evarts, Head of Trading Americas, and a member of the firm’s Senior Leadership Team.

SSGA has provided the attached presentation to facilitate today's discussion.

Attachment

Noted and Reviewed:



Jonathan Grabel
Chief Investment Officer

TW:rs

¹ Morgan Stanley Capital International, All Country World Investable Market Index.

State Street Global Advisors: Global Equity Trade Execution Process

March 10, 2021


For Investment Professionals Only.

Introduction and Background



Purpose

To provide Trustees with insights into the global equity trading marketplace, recent trends such as growth of retail investors, and potential impact on institutional investors such as LACERA



State Street
Global
Advisors

State Street Global Advisors (SSGA) is one of the largest asset managers with approximately \$3.5 trillion in Assets Under Management (AUM)*

- \$3.1 trillion notional¹ traded in 2020 across 97 global markets
- 32 traders globally across offices in Boston, London, and Hong Kong

SSGA manages \$15.0 billion in AUM* for LACERA's Global Equity passive index strategy

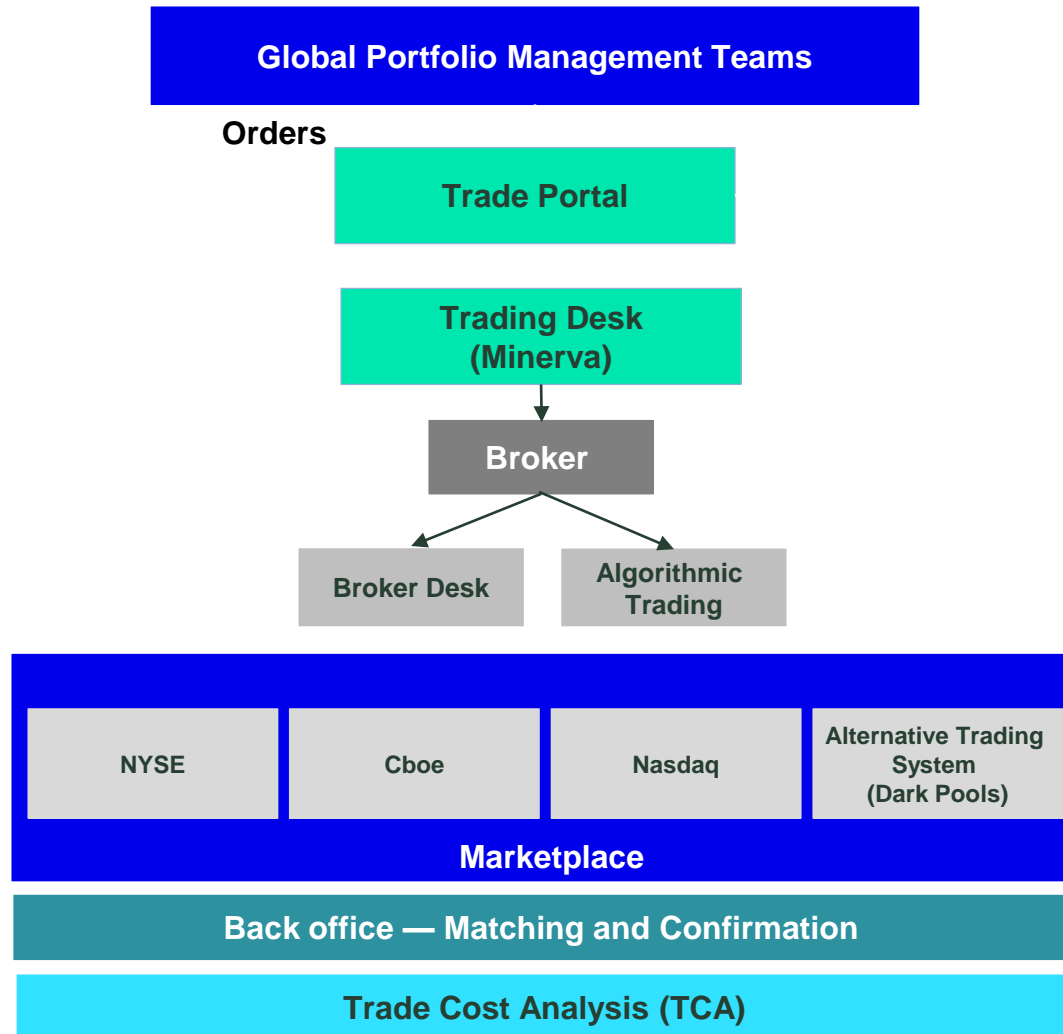
*As of December 31, 2020.

¹ Notional value is the face value on which the calculations of payments on a financial instrument are determined and may differ from market value.

The Market Ecosystem



Global Trading Equity Process Workflow



The information contained above is for illustrative purposes only.

Market Pricing



Source: Nasdaq

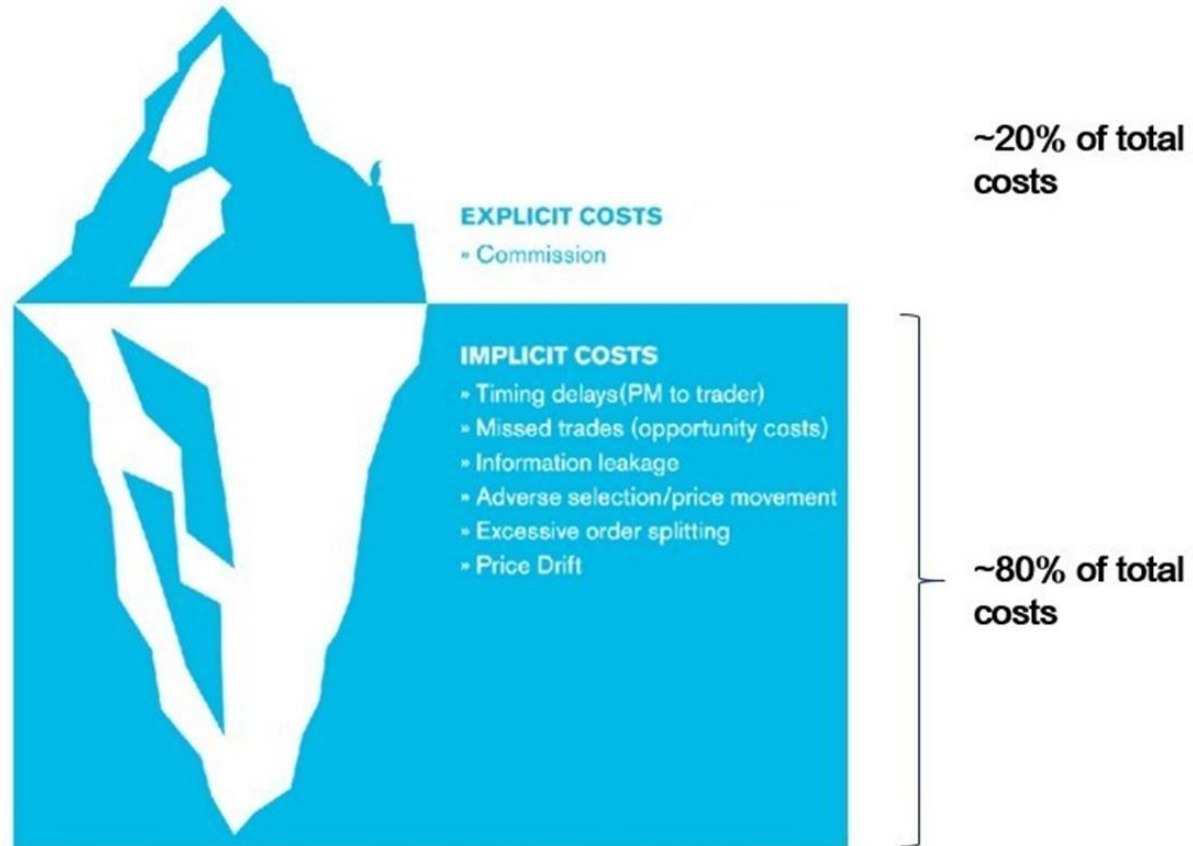
Factors that drive trading costs:

- **Spread**
- **Volume**
- **Volatility**
- **Order Size**
- **Execution Strategy**

TCA aims to identify best execution



Trading strategy that provides minimum execution costs for trading over fixed time period

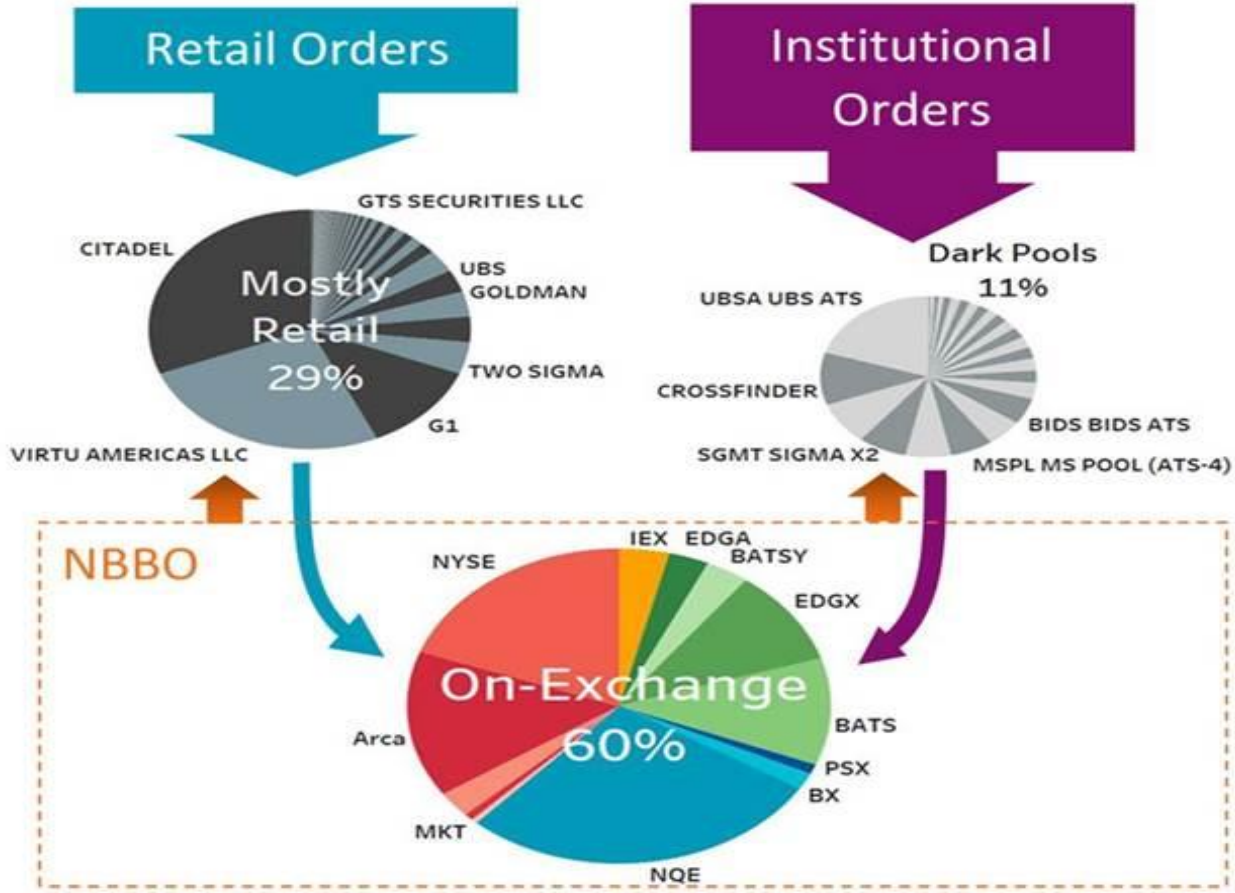


Source: Bloomberg

US Equity Volume Market Share

U.S. Equity Volume Market Share

Note: Based on half-year 2020 (January 6th through June 26th).



Source: FINRA, Nasdaq Economic Research

Source, FINRA, Nasdaq Economic Research

How is LACERA's experience as an institutional investor different than a retail investor? Why would LACERA not experience the issues the retail investors did for the GME trades and using a platform like Robinhood?

- Growth in Retail and Driving Factors like Technology, Free Trading and the Pandemic
- Reddit Community
- Robinhood and the DTCC Clearing House.
- Market Pricing is still based on the National Best Bid & Offer

What are the recent trends going forward for trading? Are there new restrictions that are or have been put in place?

- Ongoing SEC & FINRA investigations in the January saga
- Retail vs Payment for Order Flow
- Possible adoption of Short Interest Limits
- Possible changes in Securities Lending transparency
- Protected Quotes: Odd lots vs Round Lots

Appendix A: Important Disclosures

Important Disclosures

Investing involves risk including the risk of loss of principal.

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Equity securities may fluctuate in value in response to the activities of individual companies and general market and economic conditions.

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Appendix B: Biographies

Biographies



Nathaniel Evarts

Nat is a Managing Director of State Street Global Advisors and has been with the firm since 1998. He has wide experience in a variety of trading settings on both the buy and sell side as well as across regions. Nat is a member of the firm's Senior Leadership Team (SLT) and manages the Americas trading desk which executes equities, futures, SWAPs, options and foreign exchange. Nat provides internal market commentary on multiple asset classes, partakes in sales & due diligence meetings, industry presentations and market structure related initiatives throughout the year.

Nat is a graduate of Paul Smith's College, a former Governor of the Boston Securities Traders Association, and a current member of the NYSE Institutional Trader Advisory Committee (ITAC), ICI Equity Market Structure Committee, the National Organization of Investment Professionals (NOIP) and a board member of the Luminex ATS.



Sonya Park

Sonya is a Managing Director of State Street Global Advisors in the San Francisco Office. She is responsible for managing existing SSGA client relationships and driving new business development in the Western U.S.

Prior to joining State Street Global Advisors in 2011, Sonya was a Vice President at Dimensional Fund Advisors in the Institutional Sales & Services Group. Prior to Dimensional Fund Advisors, Sonya was an Associate Director at Watson Pharmaceuticals. Sonya has also worked at Lehman Brothers as an Equity Research Analyst and began her career at SEI Corporation.

Sonya earned a BA from the University of Pennsylvania and an MBA from the NYU Stern School of Business and has been working in the financial services industry since 1993. Sonya holds the FINRA 7 and 63 registrations. Sonya also holds the NFA Series 3 and 30 and is an Associated Person of SSGA Funds Management, Inc. ('SSGA FM') SSGA FM is a Commodity Trading Advisor registered with the Commodity Futures Trading Commission.