

IN PERSON & VIRTUAL BOARD MEETING

*The Committee meeting will be held prior to the Board of Investments meeting.



TO VIEW VIA WEB



TO PROVIDE PUBLIC COMMENT

Members of the public may address the Committee orally and in writing. To provide Public Comment, you should visit the above link and complete the request form by selecting whether you will provide oral or written comment from the options located under Options next to the Committee meeting.

Attention: If you have any questions, you may email PublicComment@lacera.com. If you would like to make a public comment during the committee meeting, review the [Public Comment instructions](#).

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

AGENDA

A REGULAR 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, NOVEMBER 13, 2024

This meeting will be conducted by the Equity: Public/Private Committee and Board of Investments both in person and by teleconference under California Government Code Sections 54953 (f).

Any person may view the meeting in person at LACERA's offices or online at <https://LACERA.com/leadership/board-meetings>

*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. PROCEDURE FOR TELECONFERENCE MEETING ATTENDANCE UNDER AB 2449, California Government Code Section 54953(f)
 - A. Just Cause
 - B. Action on Emergency Circumstance Requests
 - C. Statement of Persons Present at AB 2449 Teleconference Locations
- III. APPROVAL OF MINUTES
 - A. Approval of the Minutes of the Equity: Public/Private Committee Meeting of February 14, 2024.

IV. PUBLIC COMMENT

Members of the public may address the Committee orally and in writing. To provide Public Comment, you should visit <https://LACERA.com/leadership/board-meetings> and complete the request form by selecting whether you will provide oral or written comment from the options located under Options next to the Committee meeting.

If you select oral comment, we will contact you via email with information and instruction as to how to access the meeting as a speaker. You will have up to 3 minutes to address the Committee. Oral comment request will be accepted up to the close of the Public Comment item on the agenda.

If you select written comment, please input your written public comment or documentation on the above link as soon as possible and up to the close of the meeting. Written comment will be made part of the official record of the meeting. If you would like to remain anonymous at the meeting without stating your name, please leave the name field blank in the request form. If you have any questions, you may email PublicComment@lacera.com.)

V. REPORT

- A. Global Equity Education – BlackRock Presentation
Dale Johnson, Senior Investment Officer
Elaine Moore, Senior Product Strategist, Active Equities Group,
BlackRock
(Memo dated November 1, 2024)

VI. ITEMS FOR STAFF REVIEW

(This item summarizes requests and suggestions by individual trustees during the meeting for consideration by staff. These requests and suggestions do not constitute approval or formal action by the Board, which can only be made separately by motion on an agenda item at a future meeting.)

VII. ITEMS FOR FUTURE AGENDAS

(This item provides an opportunity for trustees to identify items to be included on a future agenda as permitted under the Board's Regulations.)

VIII. GOOD OF THE ORDER

(For information purposes only)

IX. 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.

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

8:00 A.M., WEDNESDAY, FEBRUARY 14, 2024

This meeting was conducted by the Equity: Public/Private Committee and Board of Investments both in person and by teleconference under California Government Code Sections 54953 (b), (f).

Teleconference Location for Trustees and the Public under California Government Code Section 54953(b)
1118 Ala Moana Blvd., 2nd Floor in Honolulu, HI 96814

PRESENT:

Herman Santos, Chair

David Ryu, Vice Chair (Teleconference)

Mike Gatto, Trustee

Nicole Mi, Trustee

Patrick Jones, Alternate Trustee

MEMBERS AT LARGE:

Keith Knox

Debbie Martin (Joined the meeting at 8:20 a.m.)

STAFF, ADVISORS, PARTICIPANTS:

Jonathan Gabel, Chief Investment Officer

Christopher Wagner, Principal Investment Officer

STAFF, ADVISORS, PARTICIPANTS (Continued):

Esmeralda del Bosque, Principal Investment Officer

Didier Acevedo, Investment Officer

Ronald Senkandwa, Investment Officer

StepStone Group LP

Jose Fernandez, Partner

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. PROCEDURE FOR TELECONFERENCE MEETING ATTENDANCE UNDER AB 2449, California Government Code Section 54953(f)

A. Just Cause

B. Action on Emergency Circumstance Requests

C. Statement of Persons Present at AB 2449 Teleconference Locations

There was nothing to report. No trustees participated under Section 54953(f).

III. APPROVAL OF MINUTES

A. Approval of the Minutes of the Equity: Public/Private Committee Meeting of November 8, 2023.

A motion was made by Trustee Santos, seconded by Trustee Gatto, to approve the minutes of the Equity: Public/Private Committee regular meeting of November 8, 2023. The motion passed by the following roll call vote:

III. APPROVAL OF MINUTES (Continued)

Yes: Santos, Ryu, Gatto, Mi

IV. PUBLIC COMMENT

There were no requests from the public to speak.

V. NON-CONSENT ITEM

A. **Growth Functional Category Investment Guidelines Update**

Recommendation as submitted by Christopher J. Wagner, Principal Investment Officer and Esmeralda del Bosque, Principal Investment Officer: That the Committee advance the proposed modifications to the Growth functional category investment guidelines as outlined on slides 8 - 13 of the attached presentation. (Presentation) (Memo dated January 18, 2024)

A motion was made by Trustee Gatto, seconded by Trustee Ryu, to advance the proposed modifications to the Growth functional category investment guidelines as outlined on slides 8 - 13 of the attached presentation to the Board of Investments for approval. The motion passed by the following roll call vote:

Yes: Santos, Ryu, Gatto, Mi

VI. ITEMS FOR STAFF REVIEW

Trustee Santos requested that staff provide a discussion regarding the effectiveness of the Board of Investment Committees.

Trustee Santos requested that investment terms be defined in presentations and meeting materials moving forward.

VII. ITEMS FOR FUTURE AGENDAS

There was nothing to report.

February 14, 2024

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


There was nothing to report.

IX. ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 9:01 a.m.

November 1, 2024

TO: Trustees – Equity: Public/Private Committee

FROM: Dale Johnson 
Senior Investment Officer

FOR: November 13, 2024 Equity: Public/Private Committee Meeting

SUBJECT: **Global Equity Education – BlackRock Presentation**

LACERA is providing this educational session as a complement to the Growth Structure Review to be discussed at today's Board of Investments meeting. Per LACERA's Investment Policy Statement, the Growth functional asset class, which includes Global Equity, is the primary driver of long-term total returns for the Fund.

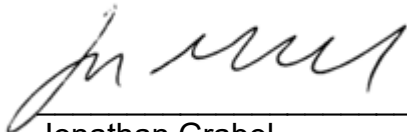
LACERA's Global Equity portfolio is managed by external investment managers that utilize strategies that attempt to provide market returns with market level risk or volatility (beta), perform slightly better than the market with incremental risk relative to the market (factor-based), and deliver higher returns than the market with moderately more risk relative to the market (active).

BlackRock manages several mandates across multiple functional asset classes for LACERA. Specifically, for Global Equity, BlackRock manages approximately \$734 million, 2.7% of Global Equity assets, as of September 30, 2024, in the BTC Europe Alpha Tilts strategy which is focused on building a portfolio of European stocks through a quantitative approach based on factor models but adds a layer of active management to deliver higher risk-adjusted returns. Elaine Moore, Senior Product Strategist, Active Equities Group, BlackRock, will provide a review of equity market structure and factor-based strategies. Her biography is included as slide 16 of the attachment.

The BlackRock presentation is attached to facilitate the discussion.

Attachment

Noted and Reviewed:



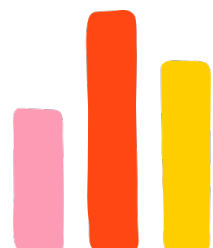
Jonathan Grabel
Chief Investment Officer

BlackRock

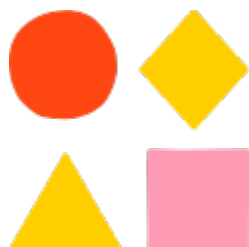
Active Equities & Systematic Investing

Equity Investing

An equity investment is money that is invested in a company by purchasing shares of that company in the stock market. These shares are typically traded on a stock exchange.



The main benefit from an equity investment is the possibility to increase the value of the principal amount invested. This comes in the form of capital gains and dividends.



An equity fund offers investors a diversified investment option typically for a minimum initial investment amount. If an investor wanted to achieve the same level of diversification as an equity fund, it would require much more – and much more manual – capital investment.



Investors may also be able to increase investment through rights shares, should a company wish to raise additional capital in equity markets.

Source: BlackRock, as of September 30, 2024. For illustrative purposes only.

Why invest in an index fund?

Index investing will continue to grow and play a key role in financial markets over the next 10 years and beyond

Its success can be attributed to the following reasons:

Key benefits

Diversification

Indices are made up of a broad set of individual securities and it **reduces the idiosyncratic risk** of just investing in one individual security

Cost control

Portfolio turnover and associated transaction **costs can be more easily predicted** with existence of a pre-defined set of rules

Risk management

Index investing is based on a pre-defined set of rules and the risk and returns drivers are, in relative terms, **easy to model and control**

Breadth of applications

Gauge of market sentiment

Indices allow for a measure of a specific market or segment behavior

Performance measurement

Investors can measure the average risk/return achieved by the market and assess if their strategy is outperforming

Asset allocation

By representing key drivers of investment returns, indices can help investors build focused asset allocation

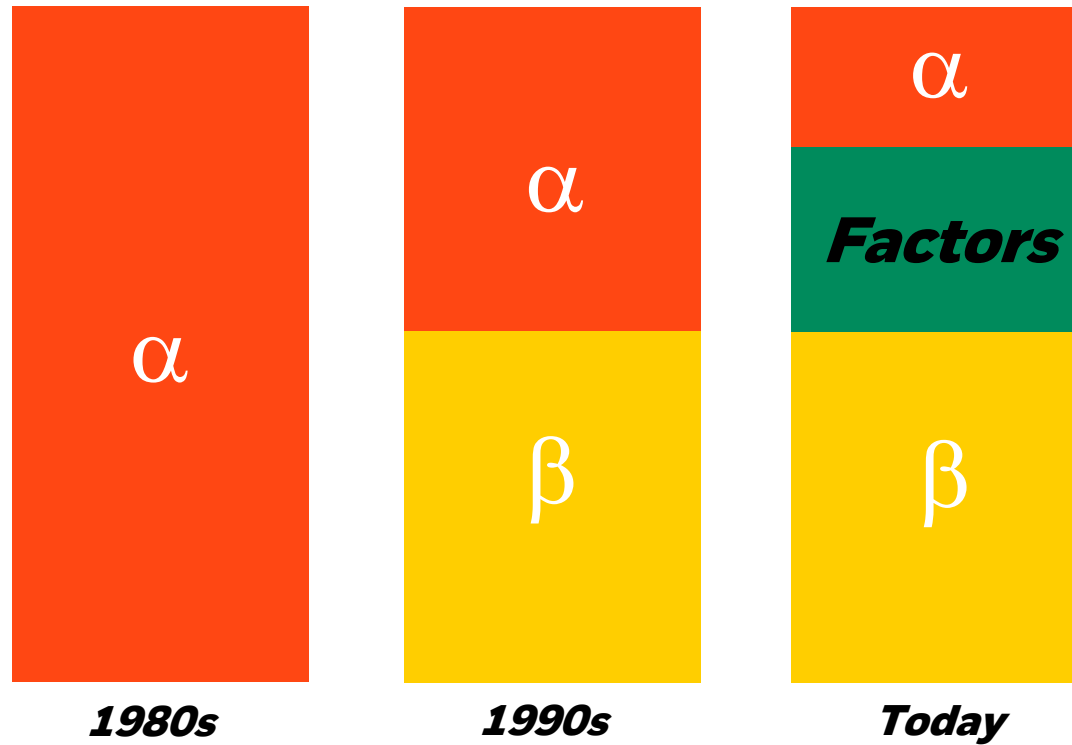
Underlying investment strategy

Indices represent the benchmark of investing for indexed portfolios and investor portfolios across the globe

Index strategies evolve and adapt to market conditions and investor needs

Source: BlackRock, as of September 30, 2024. For illustrative purposes only and should not be interpreted as investment advice or recommendation. There is no guarantee that a positive investment outcome will be achieved.

Evolution in Markets



Source: BlackRock, as of September 30, 2024. For illustrative purposes only. There can be no assurance that performance will be enhanced or risk will be reduced for funds that seek to provide exposure to certain quantitative investment characteristics ("factors"). Exposure to such investment factors may detract from performance in some market environments, perhaps for extended periods. In such circumstances, a fund may seek to maintain exposure to the targeted investment factors and not adjust to target different factors, which could result in losses. Ang, A., 2023, *Trends and Cycles of Style Factors in the 20th and 21st Centuries*, Journal of Portfolio Management, Vol. 49, No. 2, 33-56. 1 Please see the appendix slide titled "A rich academic literature underpins style factors" for relevant resources.

Equity Strategy Framework

Index

Benchmark replication, zero active risk and excess return

Index

0% Active Risk
Benchmark exposure

Systematic

Quantitative approach, targets efficient and integrated implementation combining risk and cost estimates.

Factor

2-3% Active Risk
Well known investment ideas, rules-based implementation

Systematic Alpha

1-3% Active Risk
Differentiated 'pure' alpha

Fundamental

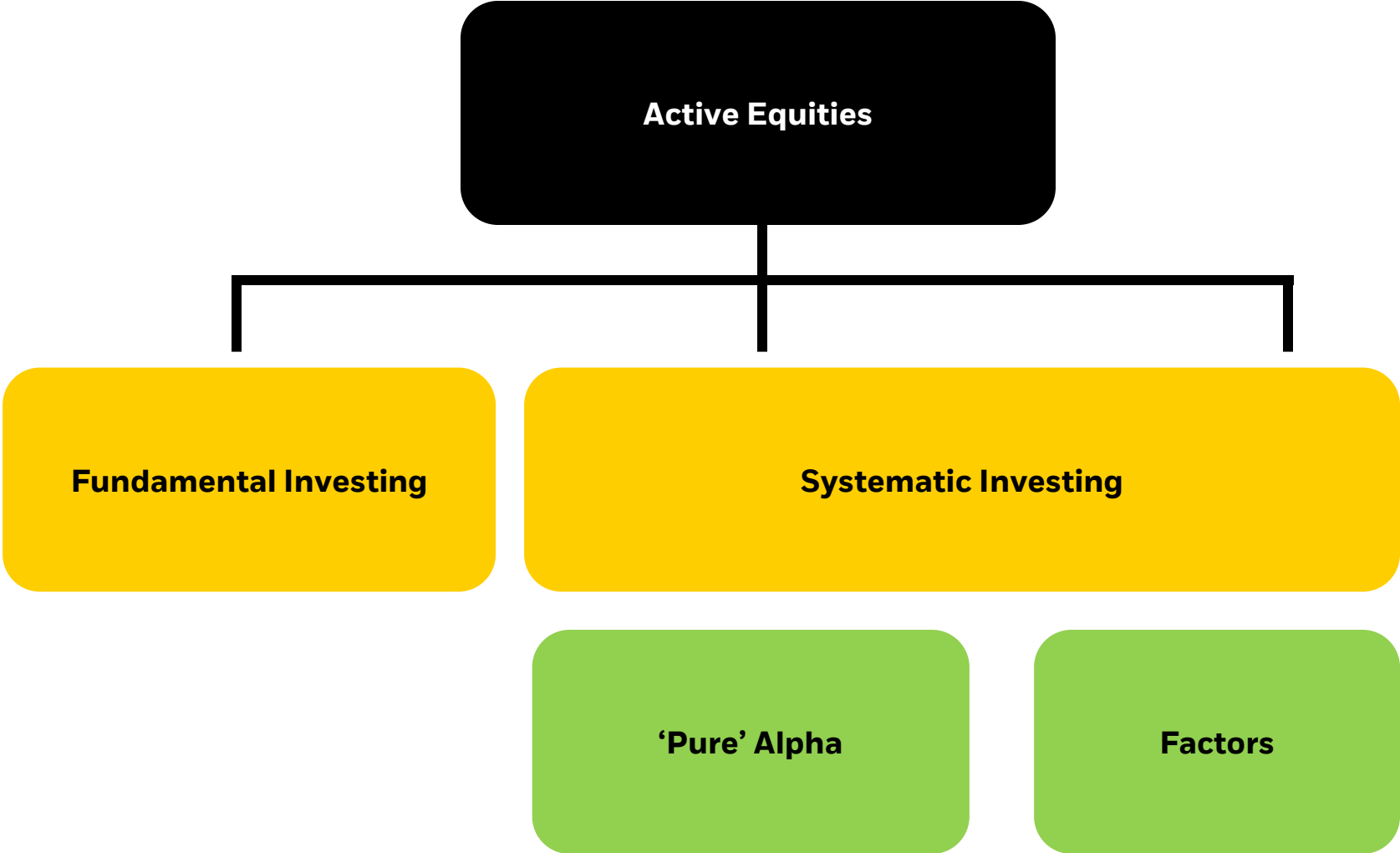
Qualitative approach, focused on deep company research

Fundamental Alpha

5-10%+ Active Risk
Concentrated portfolios, typically more episodic performance delivery

Source: BlackRock, as of September 30, 2024. For illustrative purposes only and should not be interpreted as investment advice or recommendation. There is no guarantee that a positive investment outcome will be achieved.

Approaches to Active Equity Investing



For illustrative purposes only.

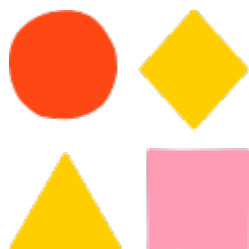
Fundamental Investing

Fundamental Equities teams build portfolios company by company, digging deep to assess the core merits of individual businesses to gain a thorough, first-hand understanding of their long-term potential. The goal: Outperform the market by constructing a diversified portfolio of fundamentally sound businesses that are priced right for their prospects.



Company-level engagement and expertise

Rigorous research and selection process leads to thoroughly vetted, high-conviction investments – and portfolios that can offer returns differentiated from indexes.



Enhanced diversification and return potential

Powerful complement to index strategies, helping to enhance return outcomes, diversify risk and target long-term objectives.



Investment flexibility

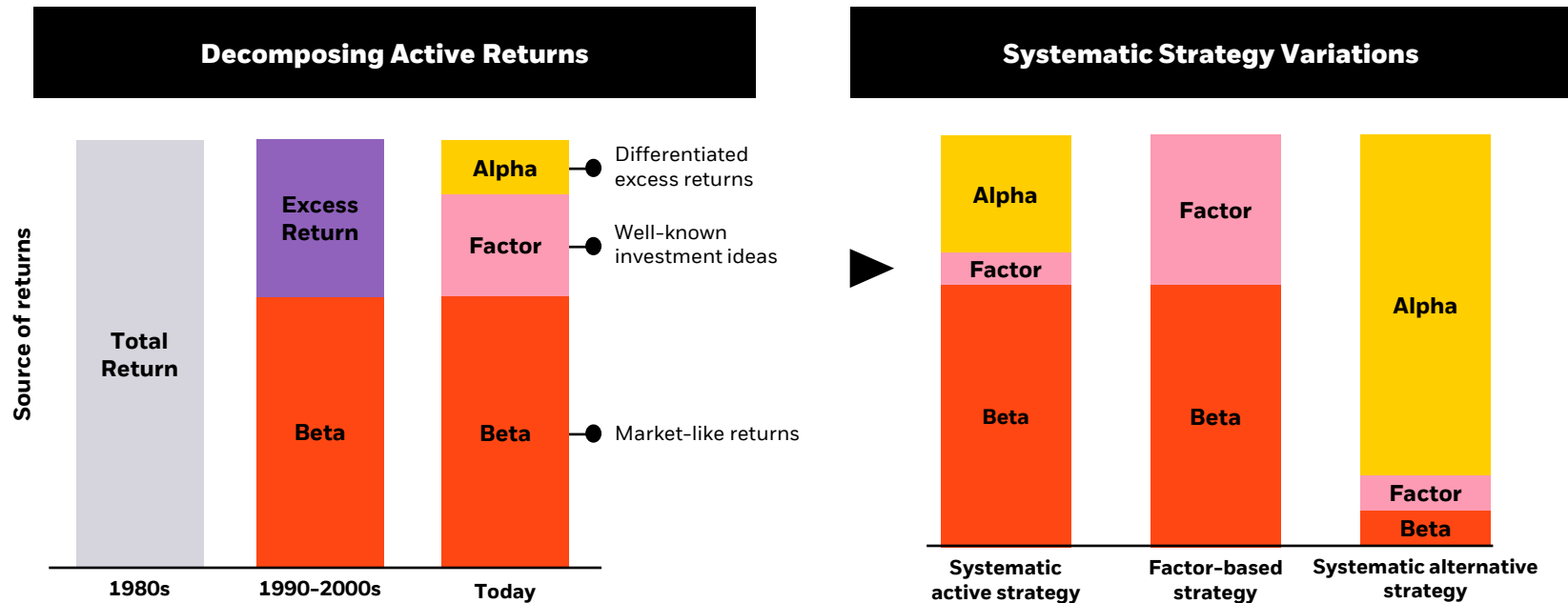
Ability to exercise discretion and react to changing market conditions allows fundamental investors to nimbly capture opportunities and manage risks as they arise.

Source: BlackRock, as of September 30, 2024. For illustrative purposes only.

Systematic Investing

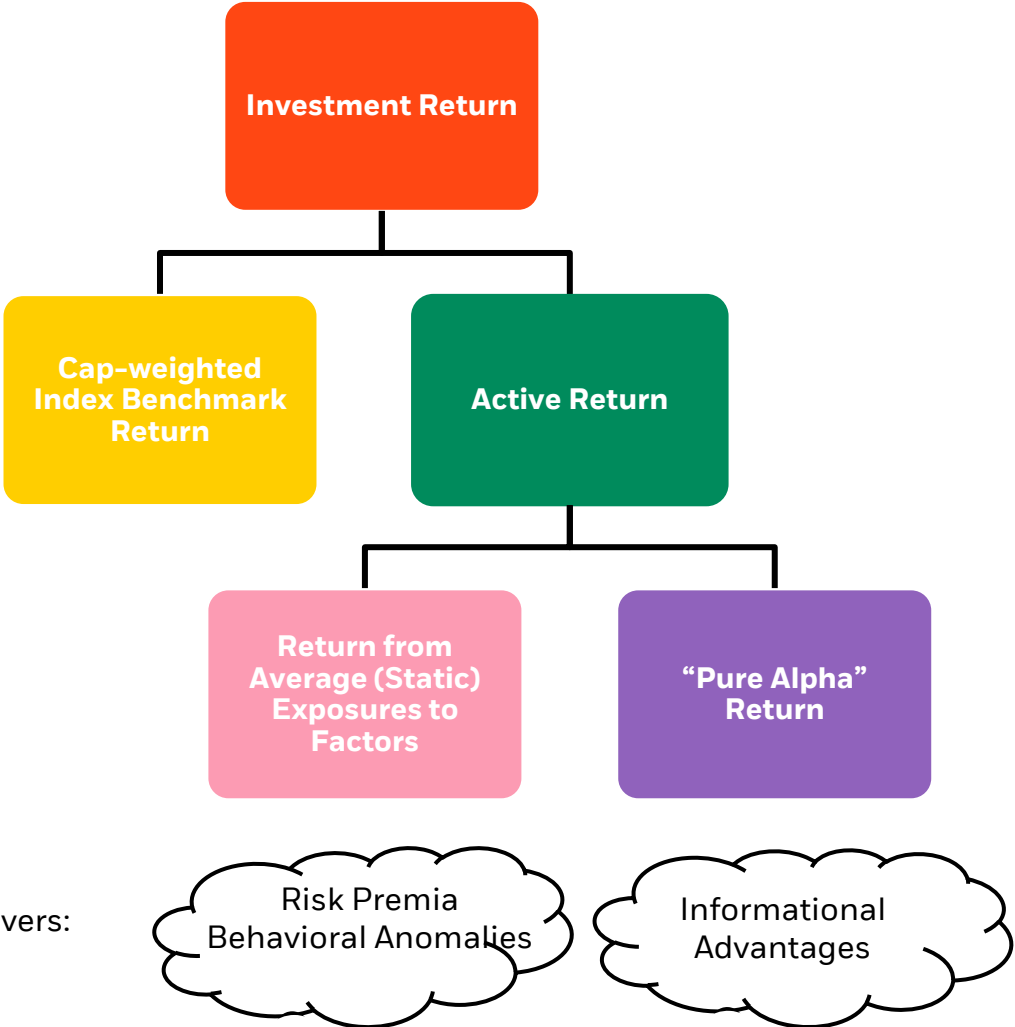
By separating sources of returns into directional (beta & factors) and idiosyncratic (alpha) components, we seek to create strategies to meet specific risk, reward and diversification properties.

- **Systematic active strategies** seek differentiated excess returns over an index → Aiming to deliver **alpha** and **beta**, while explicitly limiting unintended factor tilts.
- **Factor strategies** seek to capture well-known investment ideas in a rules-based approach → Aiming to deliver **beta** and **factor** returns at a low cost.



Source: BlackRock as of September 30, 2024. For illustrative purposes only and subject to change. Not meant to depict actual data. Manager seeks to achieve the stated objectives. There is no guarantee they will be met.

Decomposition of Active Returns



Rough attribution of key drivers:

Source: BlackRock, as of December 31, 2023. For illustrative purposes only.

Systematic Active Investing

A carefully crafted system of investing.

Essential Elements



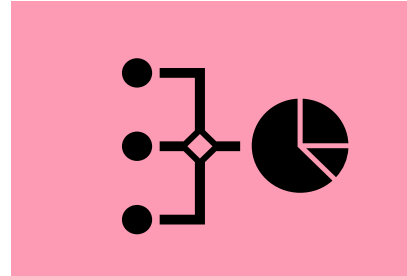
Data-Driven Insights

Insights uncovered through quantitative data-analysis techniques



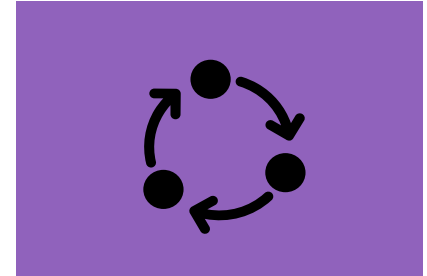
Scientific Testing

Insights tested through a scientific process to validate their return potential



Disciplined Construction

Portfolio positions sized by disciplined risk budgeting and optimization processes



Continuous Refinement

Detailed quantitative attribution helps constantly refine and improve portfolios

Source: BlackRock as of September 30, 2024. For illustrative purposes only and subject to change.

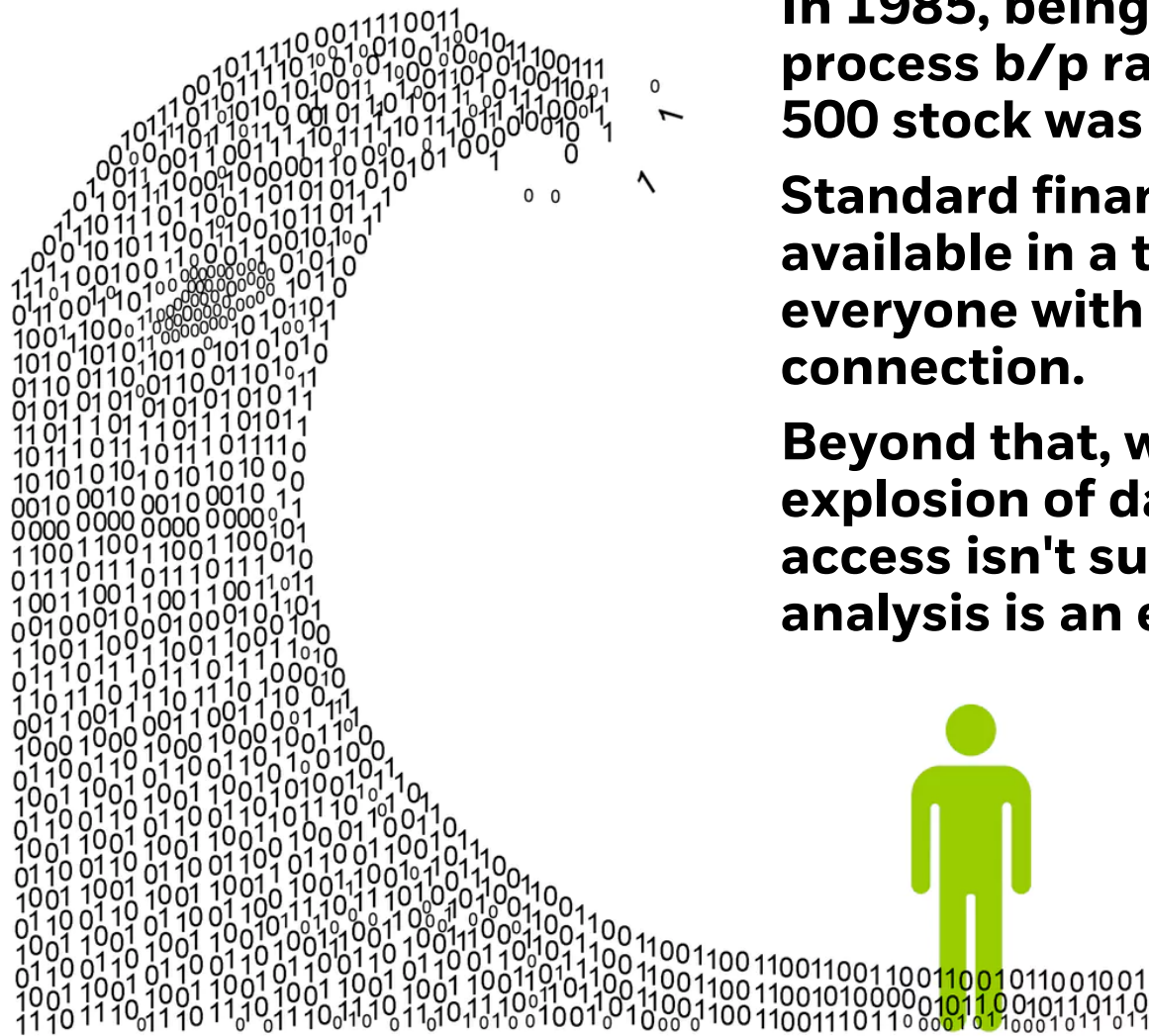
Appendix: Systematic Investment Process

Alternative data and pure alpha

In 1985, being able to access and process b/p ratios for every S&P 500 stock was an edge.

Standard financial data now available in a timely fashion for everyone with an internet connection.

Beyond that, we have seen an explosion of data so vast that access isn't sufficient—effective analysis is an edge.



For illustrative purposes only.

The world is changing with big data

We aim to harness an information advantage in an increasingly digital world

- Advances in machine learning and artificial intelligence now allow realistic simulations in high dimensional spaces
- We now have the ability to measure thousands of relevant attributes in real-time: consumer behaviors, product developments, company trends, regional features, macroeconomic indicators, etc.
- New opportunities for forecasting and constructing portfolios are emerging at a rapid pace



For illustrative purposes only. Not intended to be investment advice or a recommendation to take any particular investment action.

Transforming “big data” into investment insight

Tech-centric investment process transforms vast sets of unstructured “big” data into useful investment information—**dynamically** providing insights **faster**, at **greater scale**, and with **more granularity**.

Company fundamentals

Stocks underpinned by attractive long-term fundamentals

- Improving profits and earnings
- Attractive valuations
- Sustainable and ESG metrics

Market sentiment

Stocks supported by positive sentiment and market activity

- Analyst expectations
- Fund flows
- Relationships between stocks and other assets

Macro themes

Stocks supported by broader macro themes

- Evaluate trends across industries, countries and styles
- Short-term thematic drivers (vaccines, mobility)



Final portfolio positions based on an aggregate alpha view of each stock across three insight groups

Source: BlackRock as of 31 December 2023. For illustrative purposes only and subject to change

New tools available to help ...



Natural Language Processing (NLP) is allowing us to analyse information at scale

Text – earnings calls, news, broker reports, social media, macro, ...

Language – English, Chinese, Japanese, Korean, ...

Synthesis – find ideas in a sea of noise.

Context – counting words to providing context – just like a stock analyst.

Advanced Machine Learning tools are allowing us to construct portfolios at scale

Computing Power – enabling faster, more bespoke and improved modelling.

Signal Combination – how to combine 700+ investment ideas (signals).

Trained on different regimes – what type of securities perform in up/down markets?

PM as a model architect – how is the model performing, what is it missing?



What will be the human edge?

CREATIVITY

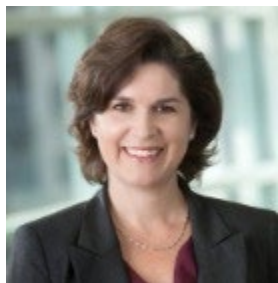
JUDGEMENT

PASSION

In the age of AI, Systematic investing is becoming mainstream – this is “Next Gen Active”

Source: BlackRock as of April 2024. For illustrative purposes only.

Presenter Biography



Elaine Moore

Director, Senior Product Strategist, Active Equities Group

Elaine Moore, CFA, Director, is a Senior Product Strategist within the Active Equities Group at BlackRock representing Systematic Active Equity strategies.

Ms. Moore's service with the firm dates back to 1998, including her years with Barclay's Global Investors (BGI), which merged with BlackRock in 2009. At BGI, she was a senior investment strategist in the Institutional Active Equities Group with a focus on international strategies. Prior to that, she was a portfolio manager for both active international equity funds as well as emerging markets index funds. Prior to joining BGI, Ms. Moore was an analyst in the investment office of William H. Gates, III.

Ms. Moore earned a BA degree in economics from Whitman College, and a MA degree in economics from the University of Washington.

Disclosures

General disclosures

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