



**LACERS**  
LA CITY EMPLOYEES'  
RETIREMENT SYSTEM



**Board of Administration Agenda**

**REGULAR MEETING**  
**TUESDAY, MARCH 26, 2024**  
**TIME: 10:00 A.M.**  
**MEETING LOCATION:**

LACERS Boardroom  
977 N. Broadway  
Los Angeles, California 90012

**Important Message to the Public**

An opportunity for the public to address the Board in person from the Boardroom and provide comment on items of interest that are within the subject matter jurisdiction of the Board or on any agenda item will be provided at the beginning of the meeting and before consideration of items on the agenda.

Members of the public who do not wish to attend the meeting in person may listen to the live meeting via one-way audio on Council Phone by calling (213) 621-CITY (Metro), (818) 904-9450 (Valley), (310) 471-CITY (Westside) or (310) 547-CITY (San Pedro Area).

**Disclaimer to Participants**

Please be advised that all LACERS Board meetings are recorded.

**LACERS Website Address/link:**

[www.LACERS.org](http://www.LACERS.org)

In compliance with Government Code Section 54957.5, non-exempt writings that are distributed to a majority or all of the Board in advance of the meeting may be viewed by clicking on LACERS website at [www.LACERS.org](http://www.LACERS.org), at LACERS' offices, or at the scheduled meeting. In addition, if you would like a copy of a public record related to an item on the agenda, please call (213) 855-9348 or email at [lacers.board@lacers.org](mailto:lacers.board@lacers.org).

President: Annie Chao  
Vice President: Sung Won Sohn  
  
Commissioners: Thuy Huynh  
Elizabeth Lee  
Gaylord "Rusty" Roten  
Janna Sidley  
Michael R. Wilkinson  
  
Manager-Secretary: Neil M. Guglielmo  
  
Executive Assistant: Ani Ghoukassian  
  
Legal Counsel: City Attorney's Office  
Public Pensions General  
Counsel Division

**Notice to Paid Representatives**

If you are compensated to monitor, attend, or speak at this meeting, City law may require you to register as a lobbyist and report your activity. See Los Angeles Municipal Code §§ 48.01 *et seq.* More information is available at [ethics.lacity.org/lobbying](http://ethics.lacity.org/lobbying). For assistance, please contact the Ethics Commission at (213) 978-1960 or [ethics.commission@lacity.org](mailto:ethics.commission@lacity.org).

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[CLICK HERE TO ACCESS BOARD REPORTS](#)

- I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA

- II. GENERAL MANAGER VERBAL REPORT
  - A. REPORT ON DEPARTMENT OPERATIONS
  - B. UPCOMING AGENDA ITEMS
  - C. RECOGNITION OF SERVICE FOR PAUL ANGELO OF SEGAL
- III. RECEIVE AND FILE ITEMS
  - A. [MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR FEBRUARY 2024](#)
- IV. COMMITTEE REPORT(S)
  - A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON MARCH 12, 2024
  - B. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT FOR THE MEETING ON MARCH 26, 2024
- V. CONSENT ITEM(S)
  - A. [APPROVAL OF MINUTES FOR THE MEETING OF FEBRUARY 27, 2024 AND POSSIBLE BOARD ACTION](#)
  - B. [APPROVAL OF DISABILITY RETIREMENT APPLICATION OF JUAN VIDAURI AND POSSIBLE BOARD ACTION](#)
- VI. BOARD/DEPARTMENT ADMINISTRATION
  - A. [ACTUARIAL RISK ASSESSMENT BASED ON THE ACTUARIAL VALUATION AND REVIEW OF THE RETIREMENT AND HEALTH PLANS AS OF JUNE 30, 2023](#)
  - B. [PRELIMINARY PROPOSED BUDGET, PERSONNEL, AND ANNUAL RESOLUTIONS FOR FISCAL YEAR 2024-25 AND POSSIBLE BOARD ACTION](#)
- VII. INVESTMENTS
  - A. CHIEF INVESTMENT OFFICER VERBAL REPORT INCLUDING DISCUSSION ON THE PORTFOLIO EXPOSURE TO GLOBAL EVENTS
  - B. [PRESENTATION BY NEPC, LLC OF THE PORTFOLIO PERFORMANCE REVIEW FOR THE QUARTER ENDING DECEMBER 31, 2023](#)
  - C. [APPROVAL OF 3-YEAR CONTRACT WITH LOOMIS, SAYLES & COMPANY, L.P. REGARDING THE MANAGEMENT OF AN ACTIVE CORE FIXED INCOME PORTFOLIO AND POSSIBLE BOARD ACTION](#)

- D. [APPROVAL OF 3-YEAR CONTRACT WITH DIMENSIONAL FUND ADVISORS LP REGARDING THE MANAGEMENT OF A U.S. TREASURY INFLATION PROTECTED SECURITIES \(TIPS\) PORTFOLIO AND POSSIBLE BOARD ACTION](#)

VIII. OTHER BUSINESS

- IX. NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, April 9, 2024, at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, California 90012-1728.

- X. ADJOURNMENT

Agenda of: MAR. 26, 2024

Item No: III-A

**MONTHLY REPORT ON SEMINARS AND CONFERENCES  
ATTENDED BY BOARD MEMBERS ON BEHALF OF LACERS  
(FOR THE MONTH OF FEBRUARY 2024)**

In accordance with Section V.H.2 of the approved Board Education and Travel Policy, Board Members are required to report to the Board, on a monthly basis at the last Board meeting of each month, seminars and conferences they attended as a LACERS representative or in the capacity of a LACERS Board Member which are either complimentary (no cost involved) or with expenses fully covered by the Board Member. This monthly report shall include all seminars and conferences attended during the 4-week period preceding the Board meeting wherein the report is to be presented.

**BOARD MEMBERS:**

President Annie Chao  
Vice President Sung Won Sohn

Commissioner Thuy Huynh  
Commissioner Elizabeth Lee  
Commissioner Gaylord "Rusty" Roten  
Commissioner Janna Sidley  
Commissioner Michael R. Wilkinson

DATE(S) OF EVENT	SEMINAR / CONFERENCE TITLE	EVENT SPONSOR (ORGANIZATION)	LOCATION (CITY, STATE)
	<b>NOTHING TO REPORT</b>		



MINUTES OF THE REGULAR MEETING  
**BOARD OF ADMINISTRATION**  
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

February 27, 2024

10:01 a.m.

PRESENT:	President:	Annie Chao
	Commissioners:	Elizabeth Lee Janna Sidley Michael R. Wilkinson
	Legal Counselor:	Anya Freedman
	Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Ani Ghoukassian
ABSENT:	Vice President:	Sung Won Sohn
	Commissioners:	Thuy Huynh Gaylord "Rusty" Roten

*The Items in the Minutes are numbered to correspond with the Agenda.*

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – President Chao asked if any persons wanted to make a general public comment to which there were seven public comment cards received. The following members of the public made public comments with respect to LACERS investment in Advent International and in support of restaurant/hotel workers: Natasha Wong, Silvia Godinez, Cecilia Alvarado, Raul Macias, Jeremy Miller, Eddie Diaz, and Nicole Pompilus.

II

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, advised the Board of the following items:
- Calculation Correction Notification Update
  - Dashboard with reports for Commissioners
  - Board Voting Abstention Consideration of the City Council Update
  - LACERS Transit Program Update

- Benefit Operations Update
- Strategic Planning Update

B. UPCOMING AGENDA ITEMS – Neil M. Guglielmo, General Manager, advised the Board of the following items:

- Board meetings on March 12, 2024: Education and Travel Expenditure Report for the Quarter Ending December 31, 2023
- Benefits Administration Committee meeting in March 2024: Health Plan Contract Renewal Timeline and Strategy

### III

#### RECEIVE AND FILE ITEMS

- MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR JANUARY 2024 – This report was received by the Board and filed.
- SEMI-ANNUAL REPORT ON BUSINESS PLAN INITIATIVES FOR THE PERIOD ENDING DECEMBER 31, 2023 – Todd Bouey, Executive Officer, presented and discussed this report with the Board. This report was received by the Board and filed.
- 2023 ANNUAL REPORT ON LACERS ORGANIZATION DIVERSITY SURVEY – Rod June, Chief Investment Officer, and Horacio Arroyo, Senior Management Analyst II, presented and discussed this item with the Board. This report was received by the Board and filed.

### IV

#### COMMITTEE REPORT(S)

- INVESTMENT COMMITTEE VERBAL FOR THE MEETING ON February 13, 2024 – Commissioner Lee stated that the Committee approved the Private Credit Program 2024 Strategic Plan, Semi-Finalists of the Master Trust/Custodial Services and Securities Lending Search, and contracts with Robert W. Baird & Co. and with J.P. Morgan Investment Management Inc.
- BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT FOR THE MEETING ON FEBRUARY 27, 2024 – Commissioner Wilkinson stated that there was no quorum and thus no action taken, however, James Kawashima, Senior Benefits Analyst II, and Kristal Baldwin, Benefits Analyst, presented and discussed this item.

### V

Commissioner Wilkinson moved approval of Consent Agenda Items V-A and V-B, seconded by Commissioner Lee, and adopted by the following vote: Ayes, Commissioners Lee, Sidley, Wilkinson, and President Chao -4; Nays, None.

#### CONSENT ITEM(S)

- A. APPROVAL OF MINUTES FOR THE MEETING OF JANUARY 23, 2024 AND POSSIBLE BOARD ACTION
- B. APPROVAL OF DISABILITY RETIREMENT APPLICATION OF KIM TATARSKY AND POSSIBLE BOARD ACTION

**APPROVAL OF DISABILITY RETIREMENT BENEFIT  
FOR KIM TATARSKY**

**RESOLUTION 240227-A**

WHEREAS, the General Manager presented certain medical reports and other evidence, and reported that the application filed was in regular and proper form;

WHEREAS, Physicians 1, 2, and 3 examined and concluded Kim Tatarsky is unable to perform her usual and customary duties as a Custodian with the City of Los Angeles;

WHEREAS, after some discussion and consideration of the evidence received, it was the finding and determination of this Board that Kim Tatarsky is incapacitated pursuant to the definition in Los Angeles Administrative Code § 4.1008(b) and not capable of performing her duties as a Custodian;

WHEREAS, an investigation of the employment record established the age, final compensation, and period of continuous service in accordance with the Los Angeles Administrative Code, and such disability is not the result of the applicant's intemperance or willful misconduct; and,

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the disability retirement benefit for Kim Tatarsky based on her claimed disabling condition.

VI

**BOARD/DEPARTMENT ADMINISTRATION**

- A. 2024 LACERS WELL UPDATE, WORKPLAN, BUDGET, WELLNESS FUNDS POLICY AND POSSIBLE BOARD ACTION – James Kawashima, Senior Benefits Analyst II, and Kristal Baldwin, Benefits Analyst, presented and discussed this item with the Board for 10 minutes. Commissioner Wilkinson moved approval of the following resolution:

**2024 BUDGET AND POLICIES FOR LACERS WELLNESS PROGRAM AND DELEGATION OF  
AUTHORITY TO THE GENERAL MANAGER**

**RESOLUTION 240227-B**

WHEREAS, the Los Angeles City Employees' Retirement System (LACERS) developed the LACERS *Well* program to support and improve the health of Retired Members;

WHEREAS, the health plan carriers provide annual funding to the LACERS *Well* programs;

WHEREAS, LACERS *Well* has contracted with vendors to provide services and activities to help Retired Members better manage their health while minimizing long-term healthcare costs;

WHEREAS, the Calendar Year 2024 Wellness Program budget provides funds for expenditures related to wellness events;

WHEREAS, the LACERS Wellness Funds Policy provides guidance on the usage of wellness funds to support the overall objective of the program;

WHEREAS, Charter Section 343(b) and Administrative Code Section 5.36, provides authority to the head of the department, the LACERS Board of Administration, to transfer between budgetary items, within limits prescribed by the City Administrative Officer;

WHEREAS, the Board is authorized to delegate to the General Manager to move funds in order to meet priorities in the most efficient and timely manner;

NOW, THEREFORE, BE IT RESOLVED, that the Board:

1. Approve the 2024 LACERS *Well* Budget;
2. Approve the LACERS Wellness Funds Policy;
3. Delegate authority to the General Manager or designee to make adjustments to the 2024 Wellness Budget including transfers between Wellness budget accounts.

Which motion was seconded by Commissioner Sidley, and adopted by the following vote: Ayes, Commissioners Lee, Sidley, Wilkinson, and President Chao -4; Nays, None.

B. COST-OF-LIVING ADJUSTMENT FOR JULY 2024 AND POSSIBLE BOARD ACTION – Andy Yeung, Actuary with Segal, and Todd Bouey, Executive Officer, presented and discussed this item with the Board for 15 minutes. Commissioner Sidley moved approval, seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Lee, Sidley, Wilkinson, and President Chao -4; Nays, None

C. CONTRACT WITH LANGUAGES4YOU TRANSLATION AGENCY FOR TRANSLATION, INTERPRETATION, AND TRANSCRIPTION SERVICES AND POSSIBLE BOARD ACTION – Commissioner Sidley moved approval of the following resolution:

**APPROVAL OF CONTRACT WITH LANGUAGES4YOU FOR TRANSLATION, INTERPRETATION AND TRANSCRIPTION SERVICES**

**RESOLUTION 240227-C**

WHEREAS, the City desires to utilize the services of a qualified firm to provide interpreting and translation services and related matters, which are handled by the Los Angeles City Employees' Retirement System; and

WHEREAS, the City of Los Angeles, Office of the City Clerk issued a Request for Qualifications (RFQ) on January 12, 2023, for Interpretation and Translation Services, which included and exceeded the scope of services the Department requires; and

WHEREAS, it is in the City's best interest to take advantage of the City's recent procurement and award of contract process to the extent that it is relevant to the Department's requirements and hire the City's selected contractor, Lanugages4You, Contract Number 144013, for the services stated therein; and

WHEREAS, the Parties wish to enter into an agreement pursuant to which the Contractor agrees, for consideration and upon the terms and conditions provided within the contract, to perform the services stated therein;

NOW, THEREFORE BE IT RESOLVED, that the General Manager is authorized to negotiate and execute the Contract, subject to City Attorney approval as to form, and consistent with the following service and terms:

Company Name: LANGUAGES4YOU

Service Provided: TRANSLATION, INTERPRETATION AND TRANSCRIPTION SERVICES

Effective Dates: February 27, 2024, through February 26, 2027

Duration: Three Years

Estimated Cost: \$75,000

Which motion was seconded by Commissioner Lee, and adopted by the following vote: Ayes, Commissioners Lee, Sidley, Wilkinson, and President Chao -4; Nays, None

D. APPROVAL OF 5-YEAR CONTRACT RENEWAL WITH LEVI, RAY & SHOUP, INC. FOR CONTINUED MAINTENANCE AND SUPPORT OF LACERS' PENSION ADMINISTRATION SYSTEM AND POSSIBLE BOARD ACTION – Brian Cha, Senior Benefits Analyst, presented and discussed this item with the Board for 10 minutes. Commissioner Sidley moved approval of the following resolution:

**CONTRACT AMENDMENT  
WITH LEVI, RAY & SHOUP, INC.  
PENSIONGOLD PENSION ADMINSTRATION SOFTWARE SERVICES**

**RESOLUTION 0240227-D**

WHEREAS, LACERS implemented its upgraded pension administration software, known as PensionGold Version 3, on March 1, 2018 and acquired other functions and services such as maintenance and support related to PensionGold Version 3 from Levi, Ray & Shoup, Inc. beginning on March 1, 2019; and

WHEREAS, the current five-year term of LACERS' contract with Levi, Ray & Shoup, Inc. for maintenance, support, and business continuance planning services expires on February 29, 2024 and it is desirable to extend the existing contract with Levi, Ray & Shoup, Inc. for five additional years from March 1, 2024 to February 28, 2029 to include the following rates and services:

1. Maintenance and Support Services Fees: Invoiced annually per rates (PensionGold M&S Fee) provided in table below for a total of \$1,596,641.22 over the span of a five-year contract set to terminate on February 28, 2029.
2. Further customizations/Additional Services: LRS will provide a discount on the hourly rate for a volume of Support Services hours purchased that exceeds 250 hours; Billed at \$150 per hour for years 1-2, \$155 per hour for years 3-4, and \$160 per hour for year 5 of the contract.

Begin Date	End Date	PensionGold M&S Fee	Time & Material Hourly Rate	Bulk Services Rate/Hr.
3/1/2024	2/28/2025	\$292,490.10	\$155.00	\$150.00
3/1/2025	2/28/2026	\$307,114.61	\$155.00	\$150.00
3/1/2026	2/28/2027	\$319,399.19	\$160.00	\$155.00
3/1/2027	2/29/2028	\$332,175.16	\$160.00	\$155.00
3/1/2028	2/28/2029	\$345,462.16	\$165.00	\$160.00

3. Business Continuance Planning Services Fee: Invoiced annually per rates (Business Continuance Planning Services Annual Fee) provided in table below for a total cost of \$78,356.86 over the span of a five-year contract set to terminate on February 28, 2029.
4. Third Party Product Fees: Includes fees for the following third-party products that are associated with various system processes related to the PensionGold Version 3 software:
  - a. AgilePoint Workflow Maintenance
  - b. VMWare
  - c. Veeam

Calendar Year When Payment is Due	Business Continuance Planning Services Annual fee (3/1 - 2/28)	AgilePoint Workflow Maintenance Annual fee (9/16 - 9/15)	VMWare* Annual fee (10/18 - 10/17)	Veeam* Annual fee (10/2- 10/1)
Calendar Year 2024	\$14,758.87	\$9,212.70	\$7,472.00	\$4,758.80
Calendar Year 2025	\$15,201.64	\$9,673.34	TBD*	TBD*
Calendar Year 2026	\$15,657.69	\$10,157.00	TBD*	TBD*
Calendar Year 2027	\$16,127.42	\$10,664.85	TBD*	TBD*
Calendar Year 2028	\$16,611.24	\$11,198.09	TBD*	TBD*

\*Pricing for these years has not yet been established by the manufacturer. As a reseller of these products, LRS is therefore unable to quote a set price for these products in these years. LRS expects the price of these products to increase approximately 5% per year, as is industry standard.

Thus, LACERS estimates the total cost of third-party products fees included in this contract (AgilePoint, VMWare, Veeam) to be \$118,488.87.

WHEREAS, Levi, Ray & Shoup Inc. developed and implemented the upgraded PensionGold Version 3 system using its proprietary development platform and switching to a new vendor for maintenance and support services would be difficult and risks significant disruption to LACERS' ability to provide timely delivery of benefits and unforeseeable expenses. Therefore, it is neither desirable nor practical for the LACERS Board to procure these services through a competitive bidding process.

NOW, THEREFORE BE IT RESOLVED, that the General Manager is hereby authorized to approve and execute a contract subject to satisfactory business and legal terms and consistent with the following service and terms:

Company Name: Levi, Ray & Shoup, Inc.  
Service Provided: Maintenance and Support Services for LACERS' Pension Administration System  
Effective Dates: March 1, 2024, through February 28, 2029  
Duration: Five Years  
Estimated Cost: \$2,563,486.95

Which motion was seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Lee, Sidley, Wilkinson, and President Chao -4; Nays, None

## VII

### INVESTMENTS

A. CHIEF INVESTMENT OFFICER VERBAL REPORT INCLUDING DISCUSSION ON THE PORTFOLIO EXPOSURE TO GLOBAL EVENTS – Rod June, Chief Investment Officer, reported on the portfolio value of \$22.82 billion as of February 26, 2024 and VIX at 13.71. Rod June discussed the following items:

- Policy: Staff continues its work on manager selection, monitoring, and contracting
- Exposures to Global Events:
  - a. Russia - \$666,000, 0.3 bps
  - b. Ukraine - \$3.85 million 1.7 bps
  - c. China - \$223 million, 98 bps
  - d. China Tech - \$22.8 million, 10 bps
  - e. Israel - \$143 million, 63 bps
- Future Agenda Items:
  - a. Continued Discussion of Asset Allocation Study
  - b. Contract with NEPC, LLC regarding a Key Person Provision
- Announcements:
  - a. Jessica Chumak, Investment Officer I, accepted as a fellow in the John W. Koza Leadership Program sponsored by PREA.
  - b. Job offers made and accepted by Ms. Wendy Norman and Mr. Daniel Becerra.
    - I. Wendy will work in public markets under supervision of Wilkin Ly, Investment Officer III
    - II. Daniel will work in private markets under supervision of Ellen Chen, Investment Officer II

B. PRESENTATION BY AKSIA LLC OF THE PRIVATE CREDIT PROGRAM 2024 STRATEGIC PLAN AND POSSIBLE BOARD ACTION – Trevor Jackson, Managing Director, and Mike Krems, Partner, with Aksia LLC, and Clark Hoover, Investment Officer I, presented and discussed this item with the Board for 10 minutes. Commissioner Lee moved approval,

seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Lee, Sidley, Wilkinson, and President Chao -4; Nays, None

- C. APPROVAL OF 3-YEAR CONTRACT WITH ROBERT W. BAIRD & CO. REGARDING THE MANAGEMENT OF AN ACTIVE CORE FIXED INCOME PORTFOLIO AND POSSIBLE BOARD ACTION – Jeremiah Paras, Investment Officer I, presented and discussed this item with the Board for 3 minutes. Commissioner Lee moved approval of the following resolution:

**CONTRACT RENEWAL  
ROBERT W. BAIRD & CO., INC.  
ACTIVE CORE FIXED INCOME PORTFOLIO MANAGEMENT**

**RESOLUTION 240227-E**

WHEREAS, LACERS' current three-year contract with Robert W. Baird & Co., Inc. (Baird) for active core fixed income portfolio management expires on May 31, 2024; and,

WHEREAS, Baird is in compliance with the LACERS Manager Monitoring Policy; and,

WHEREAS, a contract renewal with Baird will allow the LACERS total portfolio to maintain a diversified exposure to the active core fixed income market; and,

WHEREAS, on February 27, 2024, the Board approved the Investment Committee's recommendation to approve a three-year contract renewal with Baird.

NOW, THEREFORE, BE IT RESOLVED, that the General Manager is hereby authorized to approve and execute a contract subject to satisfactory business and legal terms and consistent with the following services and terms:

<u>Company Name:</u>	Robert W. Baird & Co., Inc.
<u>Service Provided:</u>	Active Core Fixed Income Portfolio Management
<u>Effective Dates:</u>	June 1, 2024 through May 31, 2027
<u>Duration:</u>	Three years
<u>Benchmark:</u>	Bloomberg U.S. Aggregate Bond Index
<u>Allocation as of January 31, 2024:</u>	\$640 million

Which motion was seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Lee, Sidley, Wilkinson, and President Chao -4; Nays, None.

- D. APPROVAL OF 3-YEAR CONTRACT WITH J.P. MORGAN INVESTMENT MANAGEMENT INC. REGARDING THE MANAGEMENT OF AN ACTIVE CORE FIXED INCOME PORTFOLIO AND POSSIBLE BOARD ACTION – Jeremiah Paras, Investment Officer I, presented and discussed



this item with the Board for 5 minutes. Commissioner Lee moved approval of the following resolution:

**CONTRACT RENEWAL  
J.P. MORGAN INVESTMENT MANAGEMENT INC.  
ACTIVE CORE FIXED INCOME PORTFOLIO MANAGEMENT**

**RESOLUTION 240227-F**

WHEREAS, LACERS' current three-year contract with J.P. Morgan Investment Management Inc. (J.P. Morgan) for active core fixed income portfolio management expires on May 31, 2024; and,

WHEREAS, J.P. Morgan is in compliance with the LACERS Manager Monitoring Policy; and,

WHEREAS, a contract renewal with J.P. Morgan will allow the LACERS total portfolio to maintain a diversified exposure to the active core fixed income market; and,

WHEREAS, on February 27, 2024, the Board approved the Investment Committee's recommendation to approve a three-year contract renewal with J.P. Morgan.

NOW, THEREFORE, BE IT RESOLVED, that the General Manager is hereby authorized to approve and execute a contract subject to satisfactory business and legal terms and consistent with the following services and terms:

Company Name: J.P. Morgan Investment Management Inc.

Service Provided: Active Core Fixed Income Portfolio Management

Effective Dates: June 1, 2024 through May 31, 2027

Duration: Three years

Benchmark: Bloomberg U.S. Aggregate Bond Index

Allocation as of  
January 31, 2024: \$438 million

Which motion was seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Lee, Sidley, Wilkinson, and President Chao -4; Nays, None.

- E. NOTIFICATION OF COMMITMENT OF UP TO \$50 MILLION IN CLEARLAKE CAPITAL PARTNERS VIII, L.P. – This report was received by the Board and filed.
- F. NOTIFICATION OF COMMITMENT OF UP TO \$30 MILLION IN FS EQUITY PARTNERS IX, L.P. – This report was received by the Board and filed.
- G. NOTIFICATION OF COMMITMENT OF UP TO \$15 MILLION IN GENERAL CATALYST GROUP XII - CREATION, L.P. – This report was received by the Board and filed.

- H. NOTIFICATION OF COMMITMENT OF UP TO \$15 MILLION IN GENERAL CATALYST GROUP XII - IGNITION, L.P. – This report was received by the Board and filed.
- I. NOTIFICATION IN OF COMMITMENT OF UP TO \$22.5 MILLION IN GENERAL CATALYST GROUP XII- ENDURANCE, L.P. – This report was received by the Board and filed.
- J. NOTIFICATION OF COMMITMENT OF UP TO \$7.5 MILLION IN GENERAL CATALYST GROUP XII - HEALTH ASSURANCE, L.P. – This report was received by the Board and filed.
- K. NOTIFICATION OF COMMITMENT OF UP TO \$40 MILLION IN MBK PARTNERS FUND VI, L.P. – This report was received by the Board and filed.
- L. NOTIFICATION OF COMMITMENT OF UP TO \$20 MILLION IN 3 BOOMERANG CAPITAL I, L.P. – This report was received by the Board and filed.
- M. NOTIFICATION OF COMMITMENT OF UP TO \$35 MILLION IN PLATINUM EQUITY SMALL CAP FUND II, L.P. – This report was received by the Board and filed.

VIII

President Chao recessed the Regular meeting at 12:16 p.m. to convene in closed session.

LEGAL/LITIGATION

**CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(A) AND (D)(1) TO CONFER WITH AND RECEIVE ADVICE FROM LEGAL COUNSEL REGARDING PENDING LIGATION (ONE CASE), THOMAS CRAWLEY V. LOS ANGELES CITY EMPLOYEE’S RETIREMENT SYSTEM (LACERS); CITY OF LOSE ANGLES (U.S.D.C, C.D. CAL. CASE NO.: 2-24-CV-00638-FLA-RAO), AND POSSIBLE BOARD ACTION.**

President Chao reconvened the Regular meeting at 12:25 p.m.

IX

OTHER BUSINESS – There was no other business.

X

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, March 12, 2024, at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, California 90012-1728.

XI

ADJOURNMENT – There being no further business before the Board, President Chao adjourned the Meeting at 12:26 p.m.

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Annie Chao  
President

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Neil M. Guglielmo  
Manager-Secretary



**REPORT TO BOARD OF ADMINISTRATION**  
**From: Ferralyn Sneed, Chief Benefits Analyst**

**MEETING: MARCH 26, 2024**  
**ITEM: V - B**

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**SUBJECT: APPROVAL OF DISABILITY RETIREMENT APPLICATION OF JUAN VIDAURI AND POSSIBLE BOARD ACTION**

**ACTION:**  **CLOSED:**  **CONSENT:**  **RECEIVE & FILE:**

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### **Recommendation**

That, pursuant to Los Angeles Administrative Code § 4.1008(b), the Board approves the disability retirement application for Juan Vidauri based on his claimed disabling conditions and the supporting medical evidence contained in the administrative record, which includes reports by three licensed, practicing physicians.

### **Background**

Juan Vidauri (Applicant), is a Special Program Assistant II at the Department of Recreation and Parks, with 18.75315 years of City Service. The Applicant applied for disability retirement on November 22, 2022, within one year of his last day on active payroll, in compliance with Los Angeles Administrative Code § 4.1008(a).

The Applicant's last day on active payroll was November 5, 2022. If approved, the Applicant's retirement effective date will be November 6, 2022.

### **Accommodation**

Because all physicians opined no accommodations would allow the Applicant to return to work, no inquiries were made with the employing department.

### **Fiscal Impact**

Upon approval, the Applicant would receive a disability retirement allowance of approximately \$1,009.00 per month, and a retroactive payment covering 17 months of approximately \$17,610.00.

**Prepared By:** Carol Rembert, Benefits Analyst, Retirement Services Division  
Lady Y. Smith, Senior Benefits Analyst I, Retirement Services Division

FS:LYS:cr

Attachment: Proposed Resolution

**APPROVAL OF DISABILITY RETIREMENT BENEFIT FOR JUAN VIDAURI**

**PROPOSED RESOLUTION**

WHEREAS, the General Manager presented certain medical reports and other evidence, and reported that the application filed was in regular and proper form;

WHEREAS, Physicians 1, 2, and 3 examined and concluded Juan Vidauri is unable to perform his usual and customary duties as a Special Program Assistant II with the City of Los Angeles;

WHEREAS, after some discussion and consideration of the evidence received, it was the finding and determination of this Board that Juan Vidauri is incapacitated pursuant to the definition in Los Angeles Administrative Code § 4.1008(b) and not capable of performing his duties as a Special Program Assistant II;

WHEREAS, an investigation of the employment record established the age, final compensation, and period of continuous service in accordance with the Los Angeles Administrative Code, and such disability is not the result of the applicant's intemperance or willful misconduct; and,

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the disability retirement benefit for Juan Vidauri based upon his claimed disabling condition.



**LACERS**  
LA CITY EMPLOYEES'  
RETIREMENT SYSTEM



**REPORT TO BOARD OF ADMINISTRATION**

**From: Neil M. Guglielmo, General Manager**

*Neil M. Guglielmo*

**MEETING: MARCH 26, 2024**

**ITEM: VI-A**

---

**SUBJECT: ACTUARIAL RISK ASSESSMENT BASED ON THE ACTUARIAL VALUATION AND REVIEW OF THE RETIREMENT AND HEALTH PLANS AS OF JUNE 30, 2023**

ACTION:  CLOSED:  CONSENT:  RECEIVE & FILE:

---

**Recommendation**

That the Board receive and file this report.

**Executive Summary**

LACERS' consulting actuary, Segal, prepared and is presenting to the Board of Administration (Board) the LACERS Risk Assessment and Review of Funded Status of the Retirement and Health Plans as of June 30, 2023 (Actuarial Risk Assessment Report). In accordance with Actuarial Standard of Practice (ASOP) No. 51, the purpose of the Actuarial Risk Assessment Report is to assist the Board, the City Employer, Members, and other stakeholders to better understand and assess the risk profile of the Retirement System, as well as the particular risks inherent in using a fixed set of actuarial assumptions in preparing the results of the June 30, 2023 Actuarial Funding Valuations.

**Discussion**

This Actuarial Risk Assessment Report expands upon the Risk Assessment section reported in the June 30, 2023 Actuarial Valuation. Although ASOP 51 does not apply to Other Post-Employment Benefits, the same types of information and analysis are applicable and thus LACERS has requested inclusion of the Health Plan in this report.

This report illustrates how favorable and unfavorable economic and demographic experience have impacted the funded status, Unfunded Actuarial Accrued Liabilities, and the employer contribution rates over the past ten years, as well as provides deterministic projections of these factors calculated on hypothetical investment experience (i.e., 14.00%, 0.00%, and the assumed 7.00% return for the current fiscal year) based on plan assets as of June 30, 2023. Segal also provides a stochastic projection of future market returns to show the range of possible changes in funded status and contribution rates for the next 20 years. Included Plan maturity measures show the Plans have become more mature as evidenced by an increase in the ratio of members in pay status (retirees and beneficiaries) to active members and by an increase in the ratios of plan assets and liabilities to active member payroll.

Paul Angelo and Todd Tauzer of Segal will be presenting the Actuarial Risk Assessment Report to the Board.

**Strategic Plan Impact Statement**

LACERS Actuarial Risk Assessment report and review of the funded status of the Retirement and Health Plans will help the Board, our Members, and other stakeholders gain a better understanding of the risk profile of the System. This report and review conform to LACERS' Strategic Plan Goal 5, Governance, to uphold good governance practices which affirm transparency, accountability, and fiduciary duty.

Prepared By: Edwin Avanesian, Chief Management Analyst

NG/TB/EA

Attachments: LACERS Risk Assessment Based on the Actuarial Valuation and Review of the Retirement and Health Plans as of June 30, 2023

Los Angeles City Employees' Retirement System

# Risk Assessment

**Based on the Actuarial Valuation and Review of the  
Retirement and Health Plans as of June 30, 2023**





180 Howard Street  
Suite 1100  
San Francisco, CA 94105-6147  
415.263.8200  
segalco.com

March 13, 2024

Board of Administration  
Los Angeles City Employees' Retirement System  
977 N. Broadway  
Los Angeles, CA 90012-1728

Dear Board Members:

We are pleased to submit this Risk Assessment based on the Actuarial Valuation and Review of the Retirement and Health Plans for the Los Angeles City Employees' Retirement System ("LACERS" or "the System") as of June 30, 2023.

This risk report has been prepared at the request of the Board of Administration to assist in administering the Plans. It includes discussion of the key risks that may have an ongoing influence on the Plans' financial health, as well as various projections of future results under different investment return scenarios together with the assumptions adopted for the June 30, 2023 valuations.

The actuarial calculations in this report were completed under the supervision of Andy Yeung, ASA, MAAA, FCA, Enrolled Actuary and Mehdi Riazi, FSA, MAAA, FCA, Enrolled Actuary.

The actuarial opinions expressed in this report were prepared by Paul Angelo, FSA, MAAA, FCA, Enrolled Actuary, Andy Yeung, ASA, MAAA, FCA, Enrolled Actuary, and Todd Tauzer, FSA, MAAA, FCA, CERA. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Sincerely,

Handwritten signature of Paul Angelo in black ink.

---

Paul Angelo, FSA, MAAA, FCA, EA  
Senior Vice President and Actuary

Handwritten signature of Andy Yeung in black ink.

---

Andy Yeung, ASA, MAAA, FCA, EA  
Vice President and Actuary

Handwritten signature of Todd Tauzer in black ink.

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Todd Tauzer, FSA, MAAA, FCA, CERA  
Senior Vice President and Actuary

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# Section 1: Introduction and Executive Summary

## Introduction

The purpose of this report is to assist the Board of Administration, participating employers and members and other stakeholders to better understand and assess the risk profile of the System, as well as the particular risks inherent in using a fixed set of actuarial assumptions in preparing the results in our June 30, 2023 funding valuations for LACERS.

The results included in our June 30, 2023 funding valuation reports for the Retirement and Health Plans (“the Plans”) were prepared based on a specific set of economic and non-economic actuarial assumptions under the premise that future experience of LACERS would be consistent with those assumptions. While those assumptions are generally reviewed every three years (with the assumptions from the last triennial experience study adopted by the Board of Administration for use starting with the June 30, 2023 valuations), there is a risk that emerging results may differ significantly as actual experience is fluid and will not completely track current assumptions.

It is important to note that this risk assessment is based on plan assets as of June 30, 2023. The System’s funded status does not reflect short-term fluctuations of the market, but rather is based on the market values on the last day of the Plan Year. Moreover, this risk assessment does not include any possible short-term or long-term impacts on mortality of the covered population that may emerge after June 30, 2023 due to COVID-19. While it is impossible to determine the market conditions and other demographic experience of the plan in future valuations, the single year investment return scenario test included within this report provides an illustration of the impact of short-term market fluctuations on the plan. Besides the stochastic projections included in this report, Segal is available to prepare other projections of selected potential outcome scenarios upon request.

## Actuarial standard of practice on risk assessment

The Actuarial Standards Board approved the Actuarial Standard of Practice No. 51 (ASOP 51) regarding risk assessment when performing a funding valuation and it was effective with LACERS’ June 30, 2019 actuarial valuation for benefits provided by the Retirement Plan.<sup>1</sup> ASOP 51 requires actuaries to identify and assess risks that “may reasonably be anticipated to significantly affect the plan’s future financial condition.” Examples of key risks listed that are particularly relevant to LACERS are asset/liability mismatch risk, investment risk, and longevity and other demographic risks. ASOP 51 also requires an actuary to consider if there is any ongoing contribution risk to the plan; however, it does not require the actuary to evaluate the ability or willingness of contributing

<sup>1</sup> ASOP 51 does not apply to actuaries performing services related to other post-employment benefits; however, as the same kind of information is useful for the administration of the Health Plan, after discussions with LACERS the System has requested Segal to include information on the Health Plan in this risk report.

## Section 1: Introduction and Executive Summary

entities to make contributions when due, nor does it require the actuary to assess the likelihood or consequences of future changes in applicable law.

The actuary's initial assessment can be strictly a qualitative discussion about potential adverse experience and the possible effect on future results, but it may also include quantitative numerical demonstrations where informative. The actuary is also encouraged to consider a recommendation as to whether a more detailed risk assessment would be significantly beneficial for the intended user to examine particular financial risks. When making that recommendation, the actuary will consider such factors as the plan's design, risk profile, maturity, size, funded status, asset allocation, cash flow, possible insolvency and current market conditions. This report incorporates a more detailed risk assessment as agreed upon with LACERS.

### Plan risk assessment

In *Section 2*, we start by discussing some of the historical factors that have caused changes in LACERS' funded status and employer contribution rates. It is important to understand how the combination of decisions and experience has led to the current financial status of the plan.

We follow this with a discussion of the most significant risk factors going forward. Based on our discussions with LACERS, we have provided a more detailed risk assessment that illustrates the impact on the funded status and employer contribution rates using relevant economic scenario tests. These tests illustrate the effect of future investment returns on the System's portfolio coming in differently from the current 7.00% annual investment return assumption used in the June 30, 2023 valuations. We have also included a projection of future results based on stochastic modeling of future investment returns for 2023/2024 and thereafter. The stochastic modeling is useful for assessing the distribution of future results based on random variations in actual investment returns each year and introduces a relative likelihood to the range of potential outcomes.

ASOP 51 also requires disclosure of plan maturity measures and other historical information that are significant to understanding the risks associated with the Retirement and Health Plans and this information is included at the end of *Section 2*.

## Executive summary

### Historical funded status and employer contribution rates

The following table provides a summary of financial changes to the Retirement and Health Plans combined over the last 10 valuations. In the June 30, 2014 through June 30, 2023 valuations, the unfunded actuarial accrued liability (UAAL) increased primarily as a result of the strengthening of the actuarial assumptions used in preparing the valuations (\$2.4 billion net increase),

## Section 1: Introduction and Executive Summary

partially offset by the favorable non-investment experience (\$0.9 billion net decrease) as well as favorable investment experience (\$0.5 billion net decrease). The contribution rates increased due to similar experience. More details on the impact of actuarial assumption changes on the UAAL and the total aggregate employer contribution rate can be found on pages 14-15 and 22-23, respectively.

Valuation Date	Funded Status Market Value Basis	UAAL Market Value Basis	Funded Status Actuarial Value Basis	UAAL Actuarial Value Basis	Total Aggregate Employer Contribution Rate (% of Payroll) <sup>1</sup>
June 30, 2014	73.4%	\$5.0 billion	68.1%	\$6.0 billion	28.60%
June 30, 2023	74.9%	\$7.2 billion	77.1%	\$6.6 billion	33.29%

### Future funded status and employer contribution rates

In this report, we highlight key factors besides assumption changes that may affect the financial profile of the Plans going forward. As investment experience in the past 10 years has had a significant impact on the funded status and employer contribution rates, we have also provided deterministic projections (using select scenarios for illustration) under hypothetical favorable and unfavorable future market experience so that the impact of market performance can be better understood. We have also included stochastic projections to assess the projected distribution of future results along with introducing a relative likelihood to the range of those potential outcomes.

### Deterministic projections

The total aggregate employer contribution rate for the Retirement and Health Plans is 33.29% of payroll in the June 30, 2023 valuations. Using a deterministic projection, this report shows the effect of unfavorable (0.00%), baseline (7.00%) or favorable (14.00%) hypothetical market returns for 2023/2024 on key valuation results. In particular, the projected changes in the total aggregate employer contribution rate (relative to the total aggregate employer contribution rate of 33.29% in the June 30, 2023 valuations) in the June 30, 2024 valuations and in the June 30, 2030 valuations (when all the investment gains or losses are fully recognized at the end of the seven-year asset smoothing period) are shown in the following table. These projections assume no further assumption changes or method changes, and no non-investment experience that differs significantly from the assumptions.

<sup>1</sup> Assumes employer contributions received on July 15.

# Section 1: Introduction and Executive Summary

## Total Aggregate Employer Contribution Rate Change

Valuation Date	0.00% Return for 2023/2024	7.00% Return for 2023/2024	14.00% Return for 2023/2024
June 30, 2024	-1.0% of payroll	-1.6% of payroll	-2.3% of payroll
June 30, 2030 <sup>1</sup>	+7.2% of payroll	+1.3% of payroll	-4.5% of payroll

Under the unfavorable (0.00%), baseline (7.00%), and favorable (14.00%) hypothetical market return scenarios for 2023/2024, the Plans would be expected to reach full funding in 2042, 2042, and 2041, respectively.<sup>1</sup> The total aggregate employer contribution rate would be expected to range from 7.9% to 8.3% of payroll at the end of the 23-year projection period under the three scenarios modeled. That employer contribution rate reflects the employer normal cost, offset by the amortization of any surplus pursuant to the Board’s Actuarial Funding Policy when the Plans become fully funded. This shows that the Board’s funding policy is very effective in achieving the general policy goal of achieving the long-term full funding of the costs of the benefits paid by LACERS.

### Stochastic projections

The stochastic projection models market returns over the next 20 years by using expected return, standard deviation and other information specific to LACERS’ asset portfolio. For the stochastic modeling, we have used the breakdown of LACERS’ asset portfolio into the different asset classes that we used in developing the 7.00% expected investment return assumption we recommended to the Board for the June 30, 2023 valuations. However, instead of using the expected return from the 2022 capital market assumptions compiled by Horizon Actuarial Services based on their then most recent survey published in August 2022, we have used the 2023 capital market assumptions they published in August 2023. As we pointed out in our triennial experience study recommending the 7.00% investment return assumption, we anticipated increase in the likelihood of achieving the 7.00% investment return assumption when we switch to the 2023 capital market assumptions. (We also noted that the increase in the real rates of return provided by the investment consulting firms for 2023 versus 2022 might be “due to the very low returns earned in the 2021-2022 plan year, as well as the increase in the federal funds rate during 2022, and so should be used with caution in selecting a long-term investment return assumption.”) The stochastic projections in this report show there is a 50% chance that the employer contribution rates would be between 1% and 47% of payroll at the end of 10 years (with a median rate of 27% of payroll) and between 0% and 23% of payroll at the end of 20 years (with a median rate of 0% of payroll). Furthermore, there is a 42% chance LACERS would be fully funded at the end of 10 years and a 67% chance LACERS would be fully funded at the end of 20 years.

<sup>1</sup> The Plans are projected to reach full funding by 2042 when measured using the combined assets and liabilities of the Retirement and Health Plans. When measured separately, the Retirement Plan is projected to reach full funding in the June 30, 2042 valuation under all three scenarios, while the Health Plan has already reached full funding as of June 30 2023.

## Section 1: Introduction and Executive Summary

### Plan maturity measures

During the past 10 valuations, the Plans have become more mature as evidenced by an increase in the ratio of members in pay status (retirees and beneficiaries) to active members (as shown in *Section 2, Chart 12a* and *Chart 12b* on pages 39 and 40) and by an increase in the ratios of plan assets and liabilities to active member payroll (as shown in *Section 2, Chart 13a* and *Chart 13b* on pages 41 and 42). While there were some reversals observed in the June 30, 2023 valuations due to an increase in the number of actives (about a 4% increase between the 2022 and 2023 valuations) and payroll (about an 11% increase between the 2022 and 2023 valuations), we expect these trends to continue going forward. This is significant for understanding the volatility of both historical and future employer contribution rates because any increase in UAAL due to unfavorable investment and non-investment experience for the relatively larger group of non-active members would have to be amortized and funded over the payroll of the relatively smaller group of active members. Put another way, as a plan grows more mature, its contribution rate becomes more sensitive to investment volatility and liability changes. As the Plans continue to mature with time, their risk profile will continue to evolve in this way and contributions will grow more sensitive to plan experience.

# Section 2: Key Plan Risks

## Evaluation of historical trends

### Funded status and change in unfunded actuarial accrued liabilities

One common measure of LACERS' financial status is the funded ratio. This ratio compares the valuation and market value of assets to the actuarial accrued liabilities (AAL) of LACERS. After accounting for contributions made at the Actuarially Determined Contribution (ADC) amount, the overall level of funding of LACERS on a valuation basis has increased for both the Retirement Plan and the Health Plan as a result of favorable investment and non-investment experience, offset to some degree by the strengthening of the actuarial assumptions. The UAAL and funded ratios are provided separately for the Retirement and Health Plans for the past 10 valuations from June 30, 2014 to June 30, 2023 measured using both valuation and market value of assets in *Chart 1a* and *Chart 1b*, respectively.

The factors that caused the changes in the UAAL in the past 10 valuations from June 30, 2014 to June 30, 2023 are specified separately for the Retirement and Health Plans, in *Chart 2a* and *Chart 2b*, respectively. The results in *Chart 2a* and *Chart 2b* show that the reductions in the investment return assumption in the June 30, 2014, 2017<sup>1</sup> and 2020 valuations, together with the changes in the mortality tables and other assumptions from the three triennial experience studies recommending assumptions used in the June 30, 2014, 2018<sup>1</sup> and 2020 valuations, have had the most impact on the UAAL for LACERS. In particular, the assumption changes included in the last ten valuations have had the following impact on the combined UAAL for the Retirement and Health Plans:

<sup>1</sup> The Board has a practice of reviewing the investment return and other actuarial assumptions at the same time in the triennial experience study. However, the full (economic and demographic) 2017 experience study was delayed one year to 2018 to allow more time for Segal to study and the Board to discuss and approve the assumptions, and a 2017 study of only the economic assumptions was completed as part of the June 30, 2017 valuations.



## Section 2: Key Plan Risks

### UAAL Impact from Assumption Changes *Retirement and Health Plans Combined*

Valuation Date	Total UAAL Change
June 30, 2014	\$920.7 million
June 30, 2017	\$461.9 million
June 30, 2018	\$593.6 million
June 30, 2020	\$626.6 million
June 30, 2023	\$(170.3) million
<b>Net Change</b>	<b>\$2,432.5 million</b>

For the Retirement Plan, *Chart 2a* shows unfavorable non-investment experience, which included higher than expected COLAs granted to retirees and beneficiaries, and higher than expected salary increases for continuing actives. For the Health Plan, *Chart 2b* shows favorable non-investment experience, which included premiums and medical subsidies lower than projected. The non-investment experience for both plans also included the scheduled 12-month delay in implementing the contribution rates determined in the annual valuation.

Finally, *Charts 2a* and *2b* shows some “negative amortization” due to the initial 30-year amortization of the combined base established June 30, 2012. Current assumptions and amortization policy generally will not entail negative amortization in the future. For the Health Plan, there was some additional “negative amortization” in past years through the operation of the amortization policy. Reductions in UAAL from favorable premium renewal and other experience gains were amortized over 15 years while increases in UAAL from assumption changes were amortized over 20 years. However, as part of the June 30, 2022 valuation, LACERS aligned the amortization periods for the recent experience gains and had them amortized over the same 20-year period used to amortize the total pre-June 30, 2021 bases.

*Chart 2c* and *Chart 2d* display the aggregate change in unfunded liability by source over the last ten years. In particular, they show the continued effort made by LACERS in strengthening the actuarial assumptions. *Chart 2c* also shows the strength of the System’s adopted funding policy working to reduce the unfunded liability consistently each year.

It is important to note that LACERS has taken strides in risk management and resulting long-term plan sustainability. This includes strengthening of assumptions (particularly lowering the expected investment rate of return from 7.75% to 7.00% over the last ten years and adopting amount-weighted generational mortality for the Retirement Plan) and adopting a funding policy that eliminates negative amortization and promotes intergenerational equity. Assumptions will continue to be reviewed in future experience studies

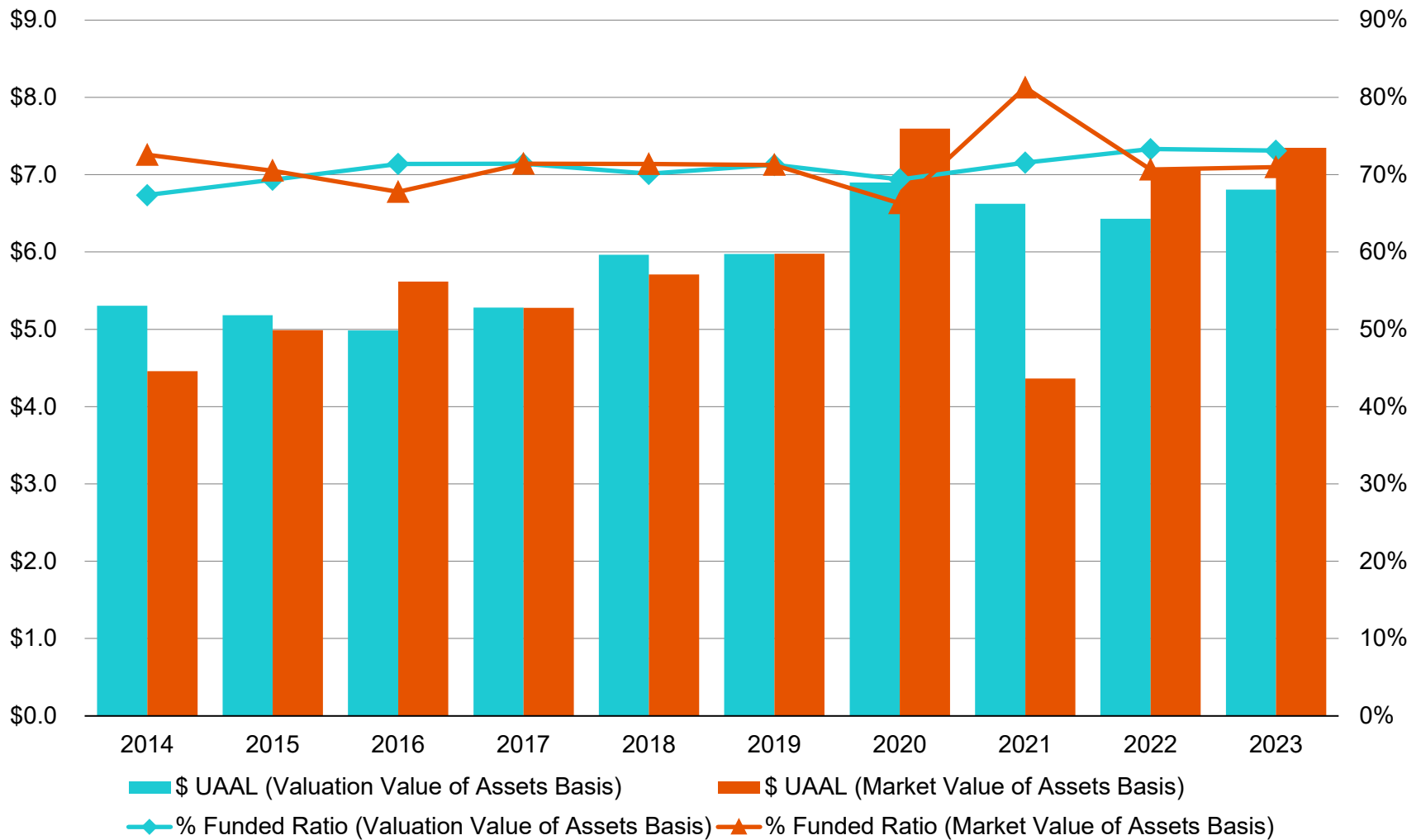
## Section 2: Key Plan Risks

to reflect the Plans' experience as well as future expectations. Those changes may result in higher contributions in the short term, but in the medium to longer term **avoid** both deferring contributions and allowing unmanaged growth in the UAAL. We believe these actions are essential for LACERS' fiscal health going forward.

## Section 2: Key Plan Risks

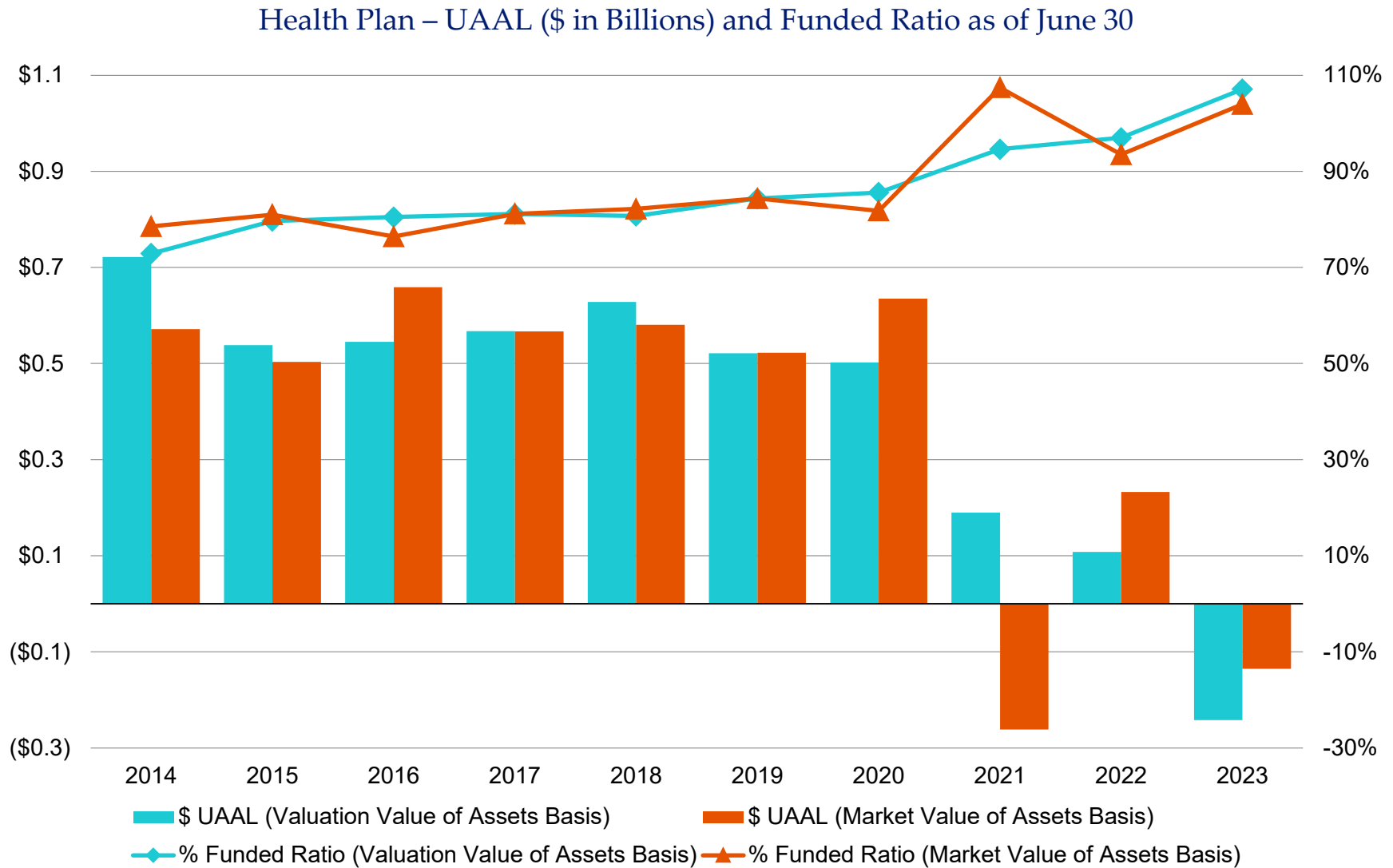
Chart 1a

Retirement Plan – UAAL (\$ in Billions) and Funded Ratio as of June 30



## Section 2: Key Plan Risks

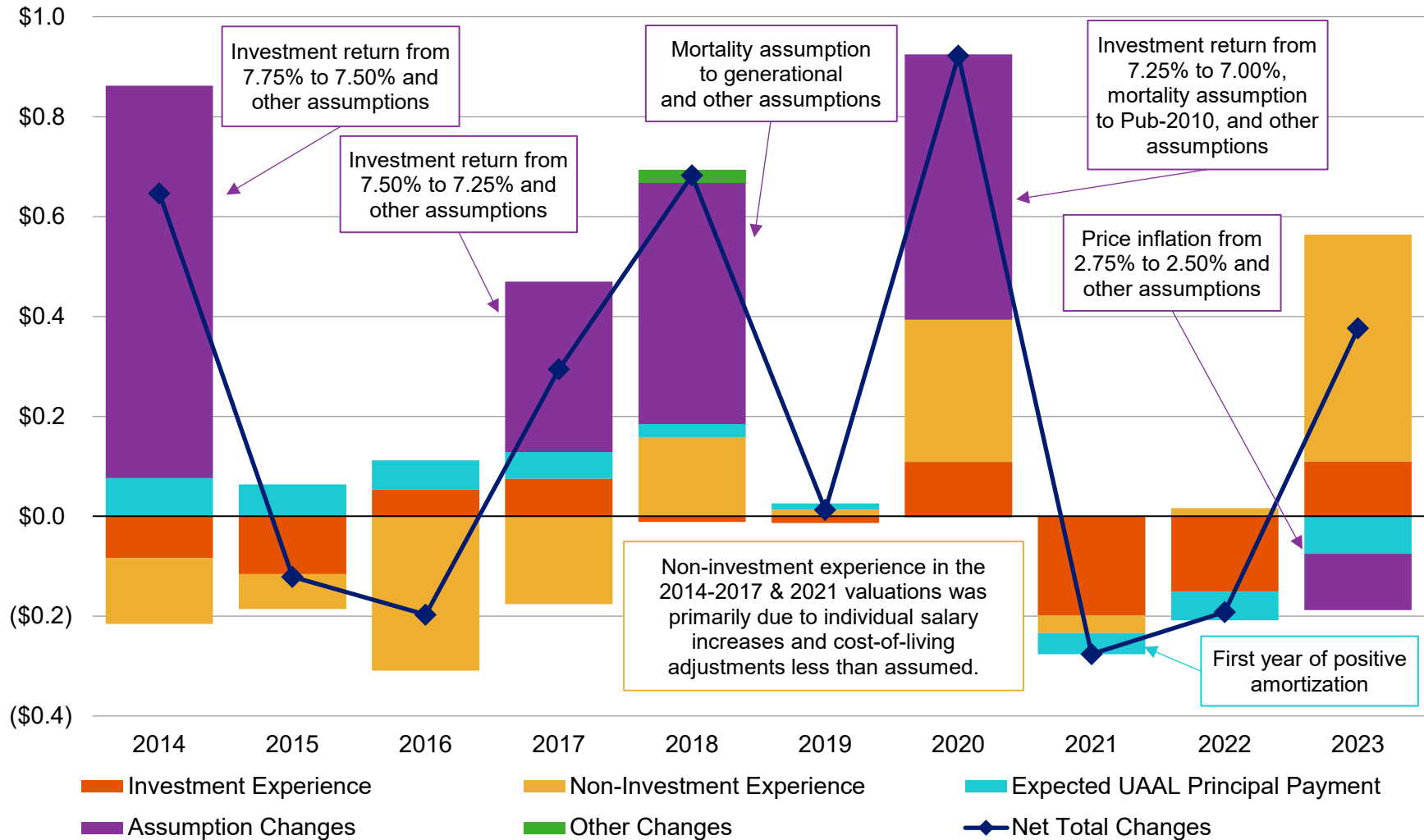
Chart 1b



## Section 2: Key Plan Risks

Chart 2a

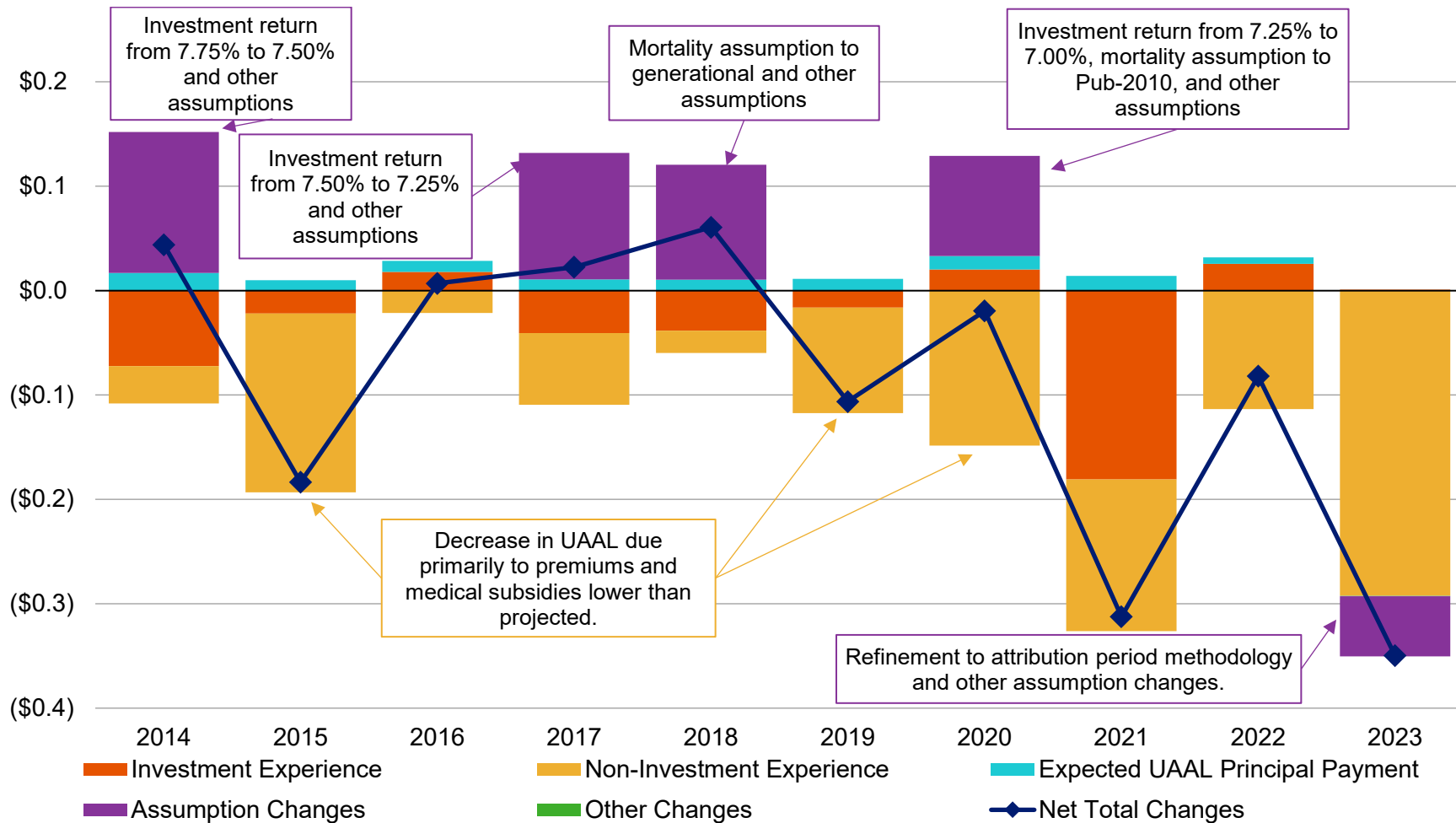
Retirement Plan – Factors that Changed UAAL for Year Ended June 30  
(\$ in Billions)



## Section 2: Key Plan Risks

Chart 2b

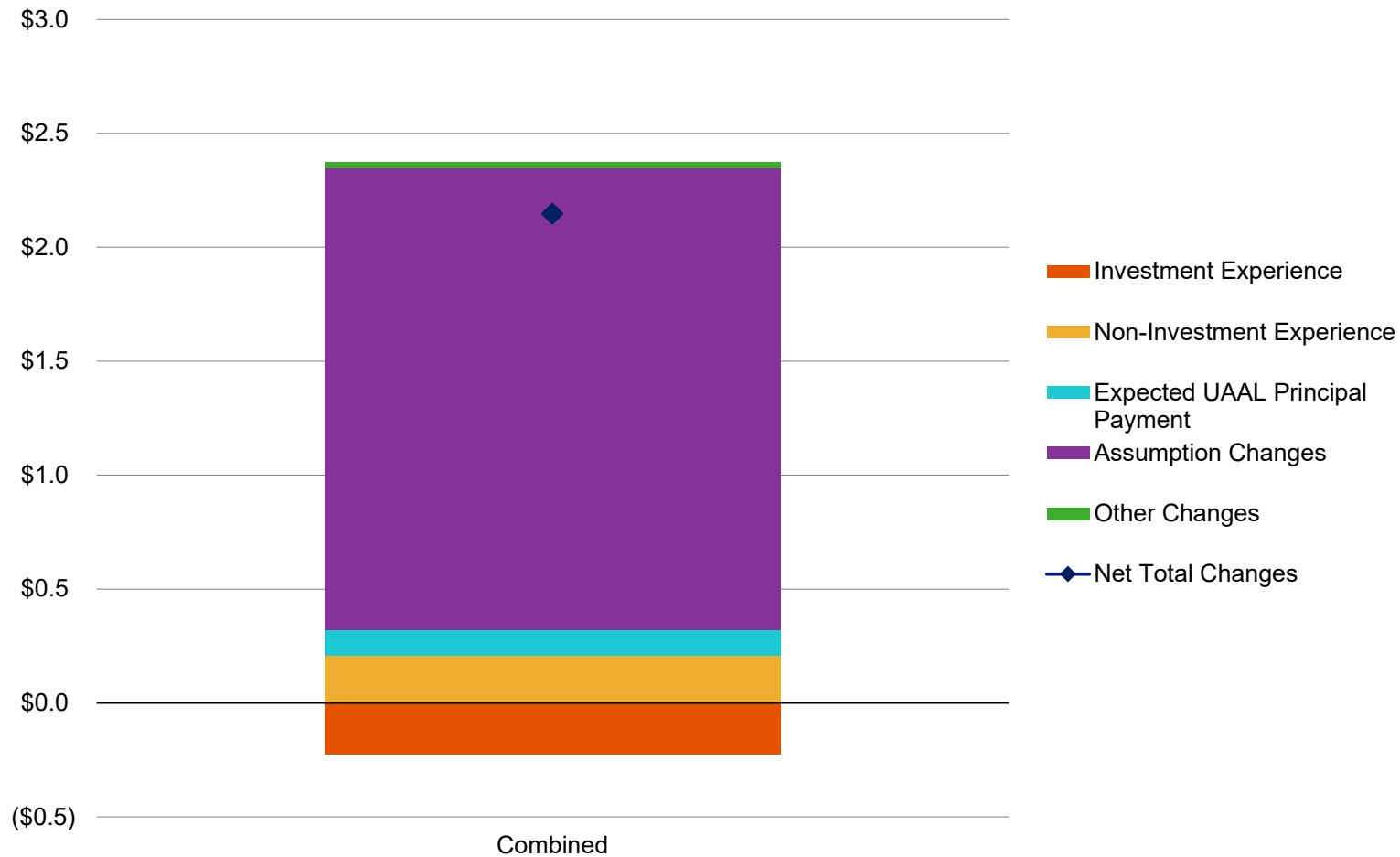
Health Plan – Factors that Changed UAAL for Year Ended June 30  
(\$ in Billions)



## Section 2: Key Plan Risks

Chart 2c

Retirement Plan – Combined Factors that Changed UAAL in the June 30, 2014 to 2023 Valuations  
(\$ in Billions)

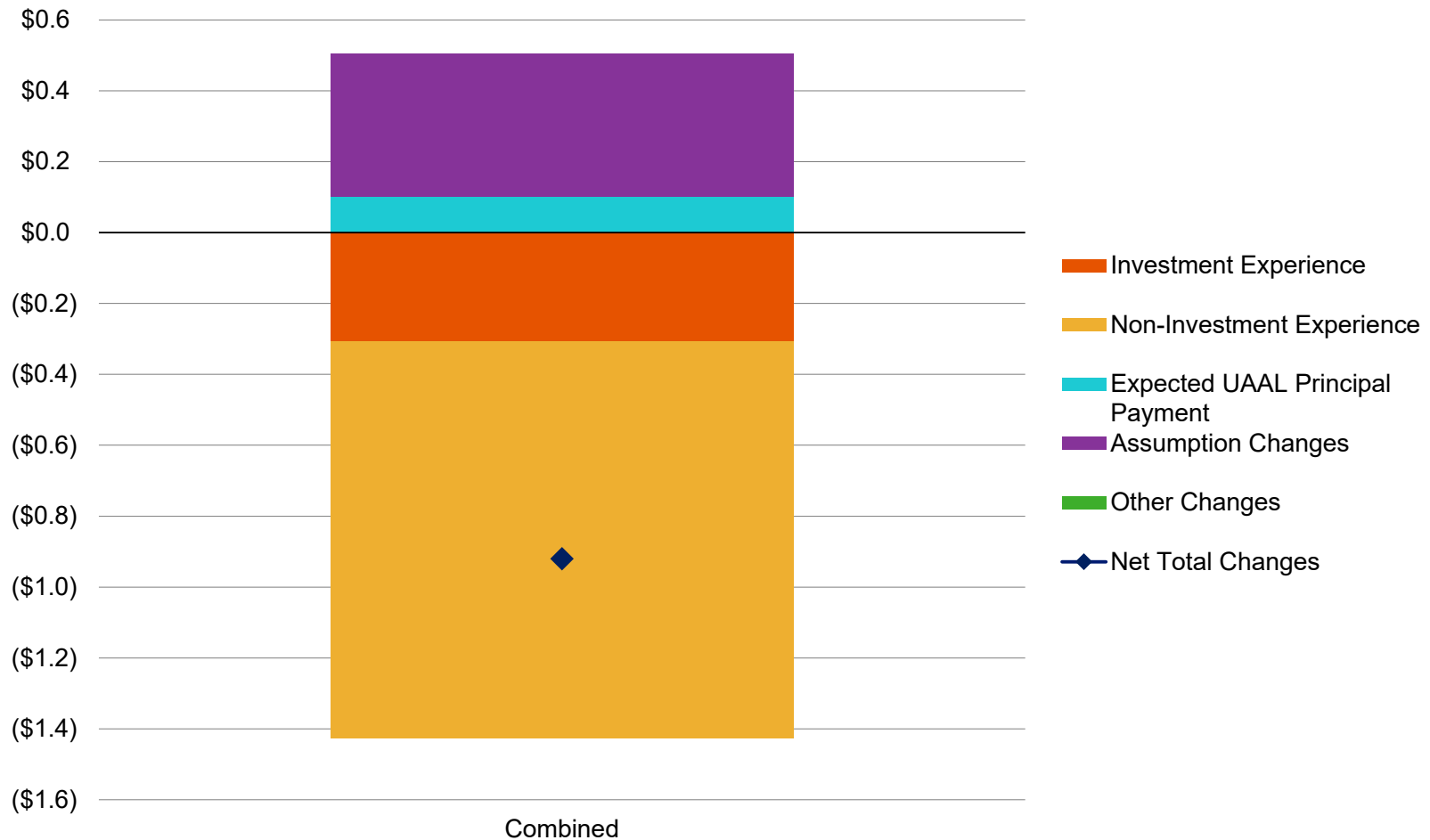


**Note:** This summation of UAAL changes by source does not account for the timing of when they occurred nor any resulting compounding effects. Also, the investment experience shown is investment returns after asset smoothing compared to the expected returns.

## Section 2: Key Plan Risks

Chart 2d

Health Plan – Combined Factors that Changed UAAL in the June 30, 2014 to 2023 Valuations  
(\$ in Billions)



**Note:** This summation of UAAL changes by source does not account for the timing of when they occurred nor any resulting compounding effects. Also, the investment experience shown is investment returns after asset smoothing compared to the expected returns.



## Section 2: Key Plan Risks

### Employer contribution rates

The total (normal cost plus UAAL payment) employer contribution rates<sup>1</sup> determined in the June 30, 2014 to June 30, 2023 valuations for the Retirement and Health Plans are provided in *Chart 3a* and *Chart 3b*, respectively. These charts show that the employer normal cost rates for the Retirement and Health Plans have stayed relatively flat since the June 30, 2014 valuation. For the Retirement Plan, the UAAL rate generally increased between the June 30, 2014 and the June 30, 2023 valuations primarily due to changes in actuarial assumptions. While there have also been increases in the normal cost rates due to the changes in actuarial assumptions, those increases were offset to some degree by the plan changes – with the introduction of Tier 3 – as new members have been enrolled in the lower cost benefit tier since February 21, 2016. Furthermore, beginning with the June 30, 2012 valuation, an additional employee contribution (either 2% or 4%, becoming 4% for all affected employees effective January 1, 2013) was implemented by the City for certain bargaining groups and for all non-represented employees.<sup>2</sup> For the Health Plan, the UAAL rate generally decreased between the June 30, 2014 and the June 30, 2023 valuations. The primary sources of the decrease include health related assumption changes and other actuarial experience (primarily medical premiums and subsidies lower than projected).

The factors that caused the changes in the total employer contribution rates for the Retirement and Health Plans are provided in *Chart 4a* and *Chart 4b*, respectively.

For the Retirement Plan, *Chart 4a* shows that the changes in the expected investment return, mortality tables and other assumptions have had the most impact on increasing the UAAL contribution rates for the City. Favorable investment experience has partially offset the contribution rate increases during 2014 to 2023.

For the Health Plan, *Chart 4b* shows that the non-investment experience (primarily medical premiums and subsidies lower than projected, but which also includes the impact of the annual review and adjustment of the medical trend assumptions) has had the most impact on decreasing the employer contribution rates for the Plan, offset somewhat by changes in the expected investment return, mortality tables and other actuarial assumptions. There is also a rate reduction in the June 30, 2023 valuation due to the amortization of the surplus over 30 years.

<sup>1</sup> There are separate contribution rates determined in the valuation for each tier. The aggregate contribution rates shown herein have been calculated based on an average of those rates weighted by the payrolls of the active members reported in those valuations.

<sup>2</sup> As of the June 30, 2012 valuation, roughly 95% of active members were required to pay an additional member contribution rate. By the June 30, 2020 valuation, all active members were paying an additional member contribution rate (which was increased to 4.5% for less than 1% of active members).

## Section 2: Key Plan Risks

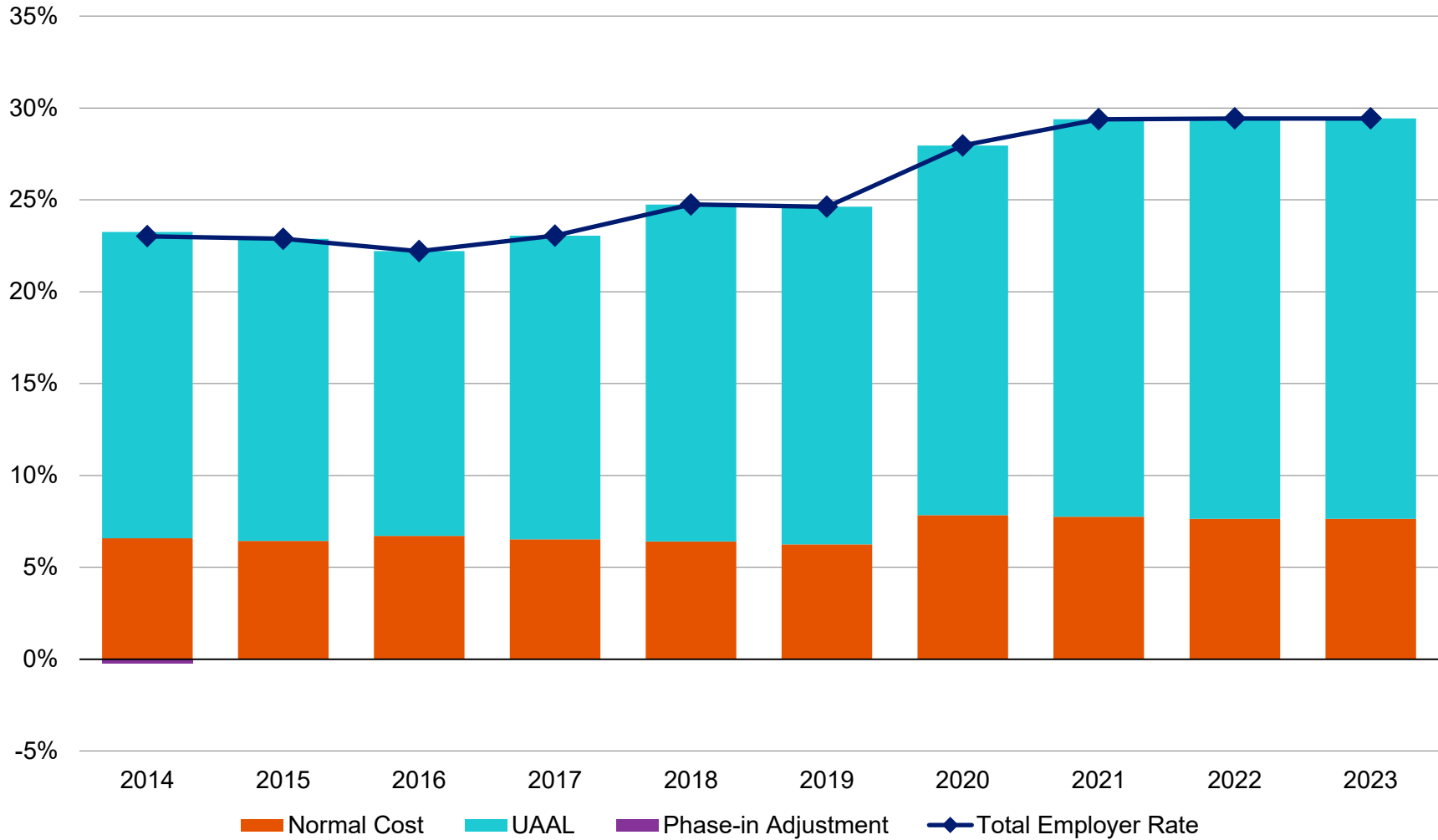
### Employer Contribution Rate Impact from Assumption Changes *Retirement and Health Plans Combined*

<b>Valuation Date</b>	<b>Total Aggregate Employer Contribution Rate Change</b>
June 30, 2014	3.2% of payroll
June 30, 2017	2.0% of payroll
June 30, 2019	2.1% of payroll
June 30, 2020	3.9% of payroll
June 30, 2023	0.7% of payroll
<b>Net Change</b>	<b>11.9% of payroll</b>

## Section 2: Key Plan Risks

Chart 3a

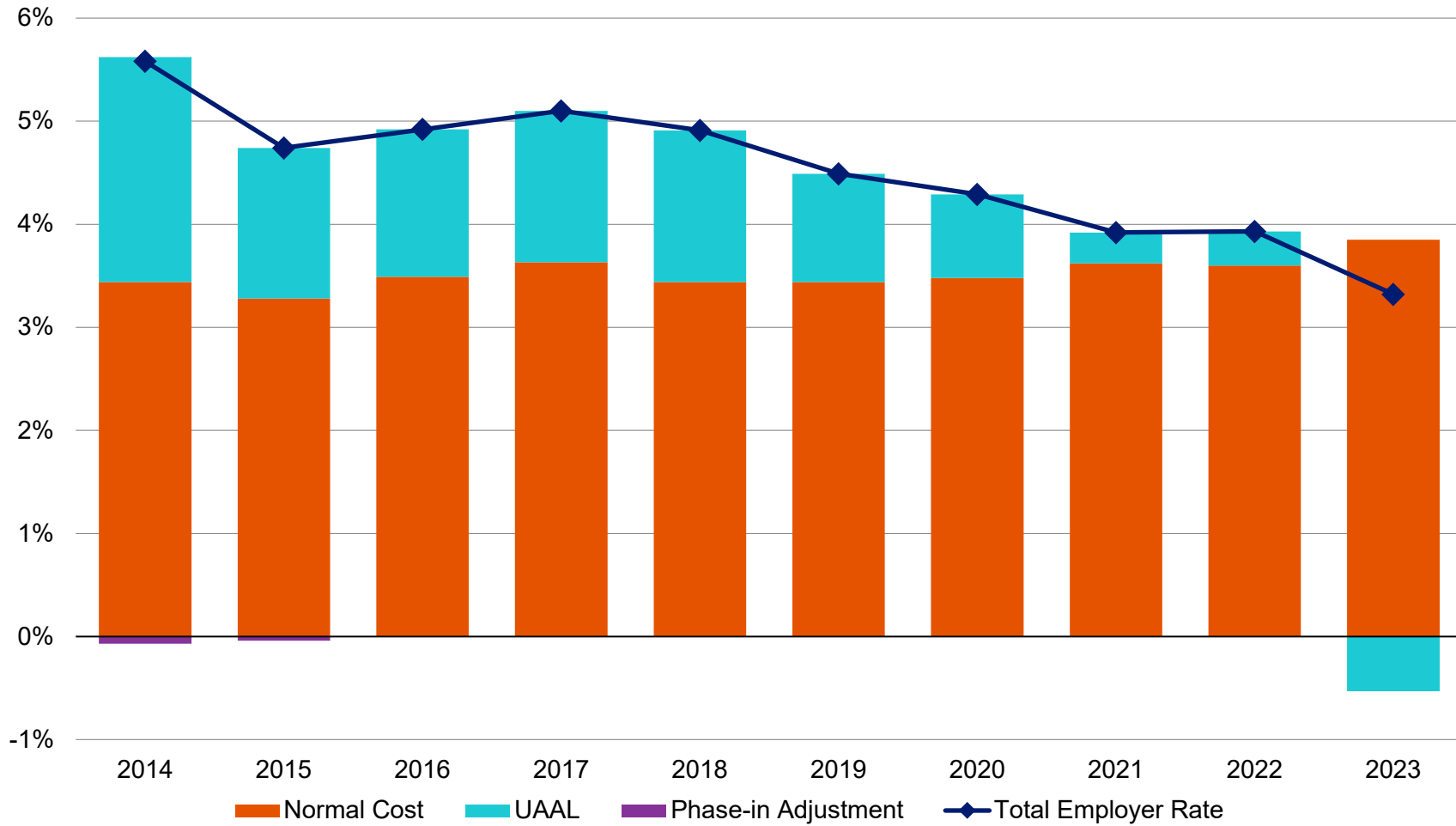
Retirement Plan – Employer Contribution Rates Calculated as of June 30  
 (% of Payroll – Contributions Received on July 15)



## Section 2: Key Plan Risks

Chart 3b

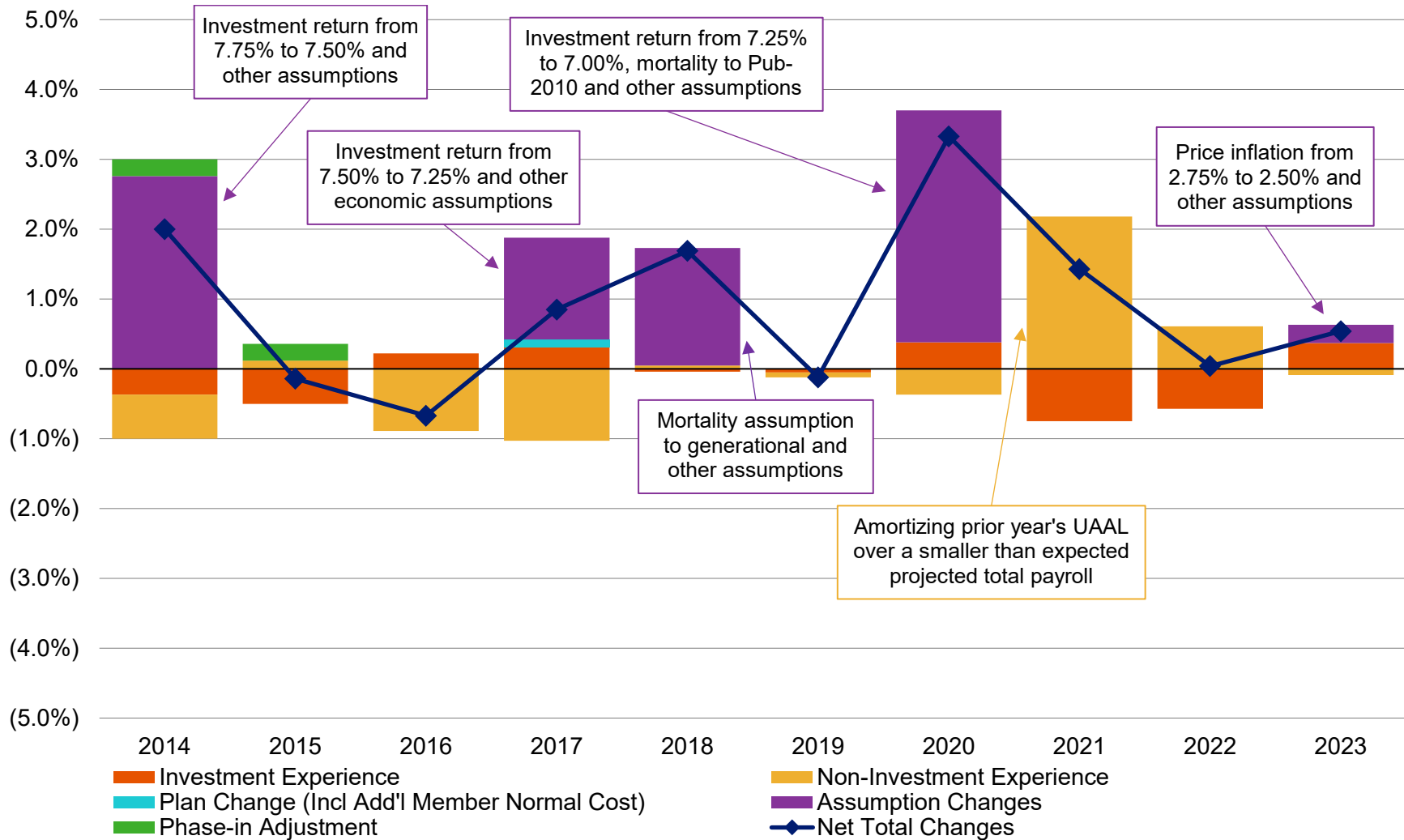
Health Plan – Employer Contribution Rates Calculated as of June 30  
 (% of Payroll – Contributions Received on July 15)



## Section 2: Key Plan Risks

Chart 4a

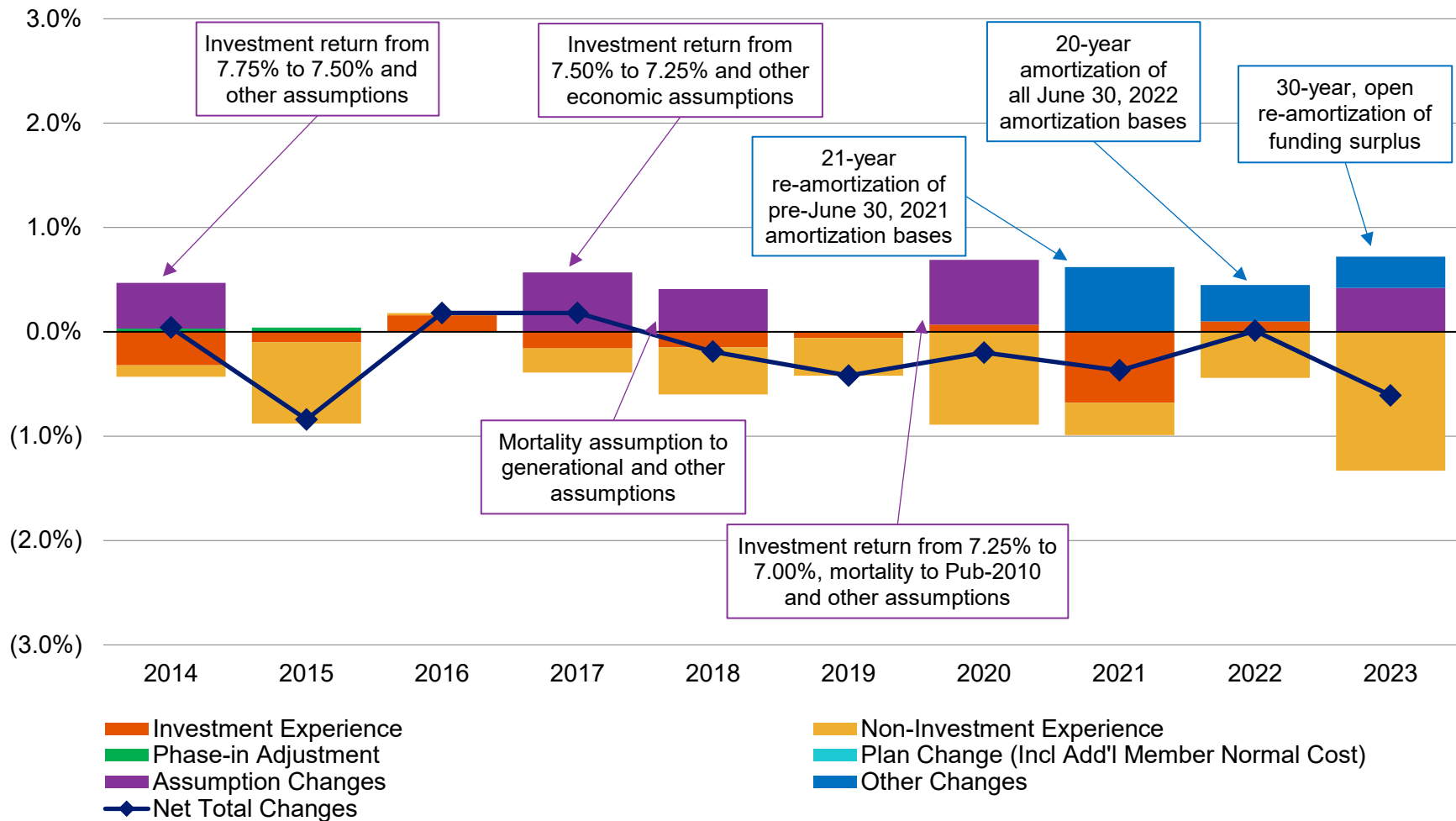
Retirement Plan – Factors that Affected Employer Contribution Rates Calculated as of June 30  
 (% of Payroll – Contributions Received on July 15)



## Section 2: Key Plan Risks

Chart 4b

Health Plan – Factors that Affected Employer Contribution Rates Calculated as of June 30  
 (% of Payroll – Contributions Received on July 15)



## Section 2: Key Plan Risks

### Assessment of primary risk factors going forward

As discussed under the evaluation of historical trends section, the funded ratios and employer contribution rates have changed mainly due to changes in actuarial assumptions, investment experience, and non-investment experience in the last ten valuations.

In general, we anticipate the following risk factors to have an ongoing influence on those metrics in our future valuations:

- **Asset/liability mismatch risk** – the potential that future plan experience does not affect asset and liability values in the same way, causing them to diverge.

The most significant asset/liability mismatch risk to LACERS is investment risk, as defined below. In fact, investment risk has the potential to impact asset/liability mismatch in two ways. The first mismatch is evident in annual valuations; when asset values deviate from assumptions, those changes are typically independent from liability changes. The second mismatch can be caused when systemic asset deviations from assumptions may signal the need for an assumption change, which causes liability values and contribution rates to move in the opposite direction from any change in the expected experience of asset growth rates.

Asset/liability mismatch can also be caused by longevity and other demographic assumption risks, which affect liabilities but have no impact on asset levels. These risks are also discussed below.

It may be informative to use the asset volatility and liability volatility ratios and associated contribution rate impacts provided in the following plan maturity measures section when discussing with the City the effect of unfavorable or favorable actuarial experience on the assets and the liabilities of LACERS.

- **Investment risk** – the potential that future market returns will be different from the current expected 7.00% annual return assumption.

The investment return assumption is a long-term, deterministic assumption for valuation purposes even though in reality market experience can be quite volatile in any given year. We have included deterministic scenario tests later in this section so that LACERS can better understand the risk associated with earning either more or less than the assumed rate.

The Board has a policy of reviewing the investment return and the other actuarial assumptions generally every three years, with the next triennial experience study (recommending assumptions for the June 30, 2026 actuarial valuations) scheduled to be performed in 2026.

- **Longevity and other demographic risks** – the potential that mortality or other demographic experience will be different than expected.

For the Retirement Plan, the move to using generational amount-weighted mortality tables that reflect data from public sector retirement plans was made in the 2019 mortality experience study for use in the June 30, 2019 valuations. (For the Health Plan, we are using generational, headcount-weighted mortality tables.) As can be observed from *Chart 2a*, *Chart 2b*, *Chart 4a*, and *Chart*

## Section 2: Key Plan Risks

4b, for the Retirement and Health Plans combined there has been favorable impact on the UAAL and employer contribution rates due to non-investment related experience relative to the assumptions used in the last 10 valuations. Future mortality risks should be further mitigated by the updated tables.

- **Contribution risk** – the potential that actual future contributions will be different from expected future contributions.

ASOP 51 does not require the actuary to evaluate the ability or willingness of the plan sponsor or other contributing entity to make contributions to the plan when due. However, it does require the actuary to consider the potential for actual contributions deviating from expected in the future. The City has a well-established practice of making the ADC determined in the annual actuarial valuations, based on the Board of Administration's Actuarial Funding Policy. As a result, in practice LACERS has essentially no contribution risk.

Furthermore, when ADCs determined in accordance with the LACERS Actuarial Funding Policy are made in the future by the City (and contributions required by the Administrative Code are made by the employees), it is anticipated that the System would have enough assets to provide all future benefits promised to the current members enrolled in the System, if all of the actuarial assumptions used in the valuation are met.

ASOP 51 also lists interest rate risk as an example of a potential risk to consider. However, the valuations of the Plans' liabilities are not linked directly to market interest rates, so the resulting interest rate risk exposure is minimal.

### Scenario tests

Since the funded ratio, UAAL and the employer contribution rates have fluctuated as a result of deviations in investment experience in the last 10 valuations, in this section we have examined this risk for LACERS using projections under a deterministic and stochastic approach.

### Deterministic projections

To measure such risk, we have included scenario tests to study the change in the UAAL and employer contribution rates if LACERS were to earn a market return higher or lower than the assumed rate of 7.00% in the fiscal year following the June 30, 2023 valuations. In *Chart 5*, *Chart 6* and *Chart 7*, we show the total aggregate employer contribution rates, funded ratios, and UAAL, respectively, for the Plans (i.e., Retirement and Health Plans combined), assuming the System's portfolio market return in 2023/2024 will be as follows:



## Section 2: Key Plan Risks

- Scenario 1: 0.00% market return for 2023/2024
- Scenario 2: 7.00% market return for 2023/2024 (baseline)
- Scenario 3: 14.00% market return for 2023/2024

All other assumptions used in the projections can be found in *Appendix A*, including the assumption that the System will earn the assumed 7.00% market return per year beginning July 1, 2024 under all three scenarios.

Detailed employer contribution rates, funded ratios and UAAL have been developed for the City for each of the Retirement and Health Plans and in total under each of the three Scenarios. Those results are shown over a twenty-three-year period<sup>1</sup> and can be found in *Appendix B* of this report. This information is similar to what we understand has been provided to the City in the past to assist the City in their budgeting process.

The following table summarizes the projected total aggregate employer contribution rate changes for the Plans, relative to the total aggregate employer contribution rate of 33.29% in the June 30, 2023 valuations, in the next valuations (i.e., June 30, 2024) as well as in the June 30, 2030 valuations when all of the investment gains and losses are fully recognized in the (smoothed) actuarial value of assets. These results assume no further assumption changes, method changes or experience that differs significantly from the assumptions.

### Total Aggregate Employer Contribution Rate Change

Valuation Date	0.00% Return for 2023/2024	7.00% Return for 2023/2024	14.00% Return for 2023/2024
June 30, 2024	-1.0% of payroll	-1.6% of payroll	-2.3% of payroll
June 30, 2030 <sup>1</sup>	+7.2% of payroll	+1.3% of payroll	-4.5% of payroll

Under the unfavorable (0.00%), baseline (7.00%), and favorable (14.00%) hypothetical market return scenarios for 2023/2024, the Plans would be expected to reach full funding in in 2042, 2042, and 2041, respectively.<sup>2</sup> The total aggregate employer contribution rate would be expected to range from 7.9% to 8.3% of payroll at the end of the 23-year projection period under the three scenarios

<sup>1</sup> Generally speaking, under LACERS' seven-year asset smoothing period and 15-year amortization policy for gains/losses, it would take 23 years before any investment gains/losses are fully amortized in the valuations.

<sup>2</sup> The Plans are projected to reach full funding by 2042 when measured using the combined assets and liabilities of the Retirement and Health Plans. When measured separately, the Retirement Plan is projected to reach full funding in the June 30, 2042 valuation under all three scenarios, while the Health Plan has already reached full funding as of June 30, 2023.

## Section 2: Key Plan Risks

modeled. That employer contribution rate reflects the employer normal cost, offset by the amortization of any surplus pursuant to the Board's Actuarial Funding Policy when the Plans become fully funded. This shows that the Board's funding policy is very effective in achieving the general policy goal of achieving the long-term full funding of the costs of the benefits paid by LACERS.

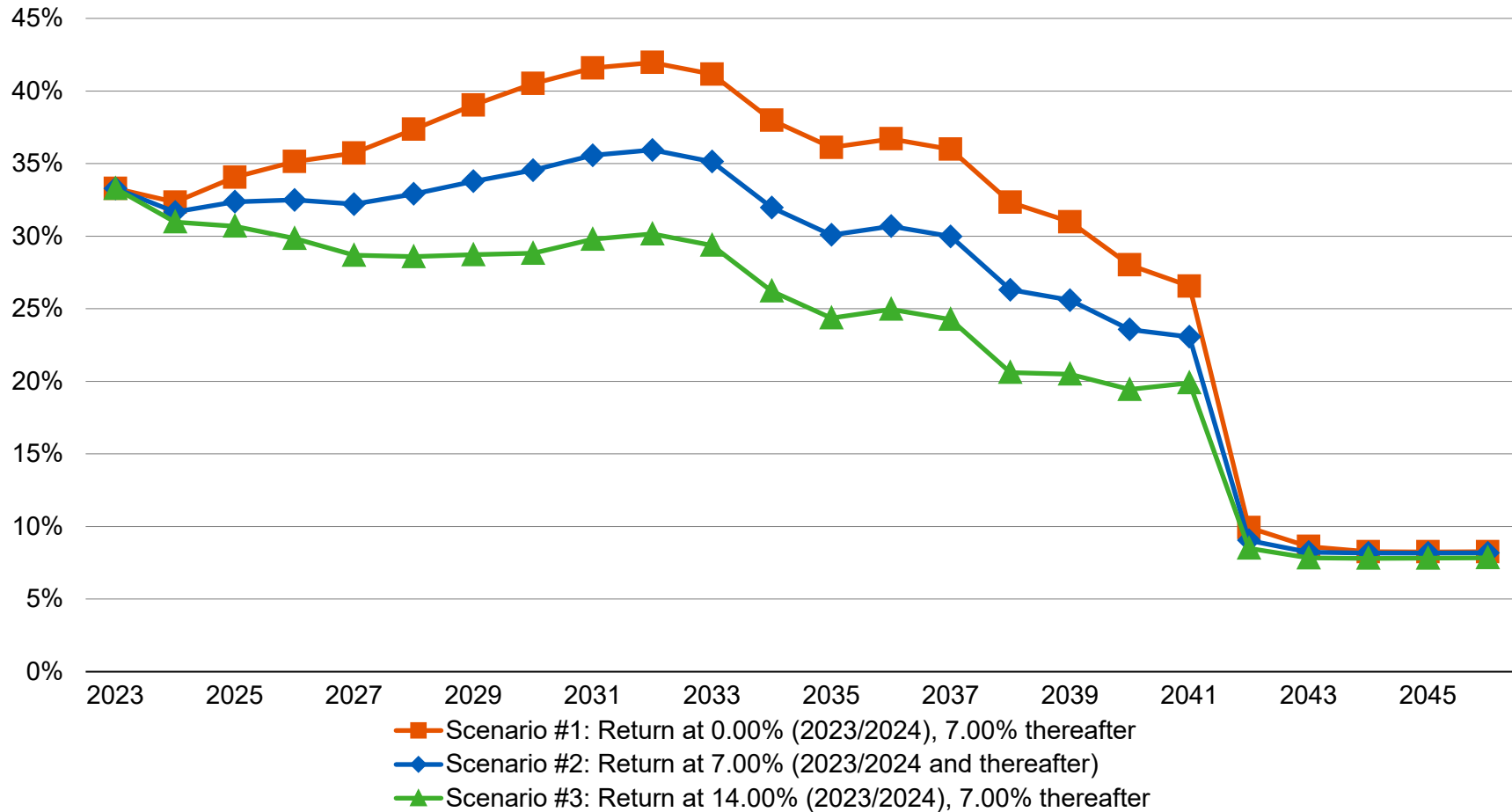
While we have not assigned a probability on the 2023/2024 market return coming in at these rates, the Board and other stakeholders monitoring LACERS can use these results to interpolate in order to estimate the funded status and employer contribution rates for the June 30, 2024 and next several valuations as the actual investment experience for the 2023/2024 year becomes available. Additionally, comparable experience in upcoming future years is likely to have a similar impact on the System absent any significant plan or assumption changes.

## Section 2: Key Plan Risks

Chart 5

### Retirement and Health Plans (Total Plan)

Projected Employer Contribution Rates Under Hypothetical Market Return Scenarios for 2023/2024  
 (% of Payroll – Contributions Received on July 15)

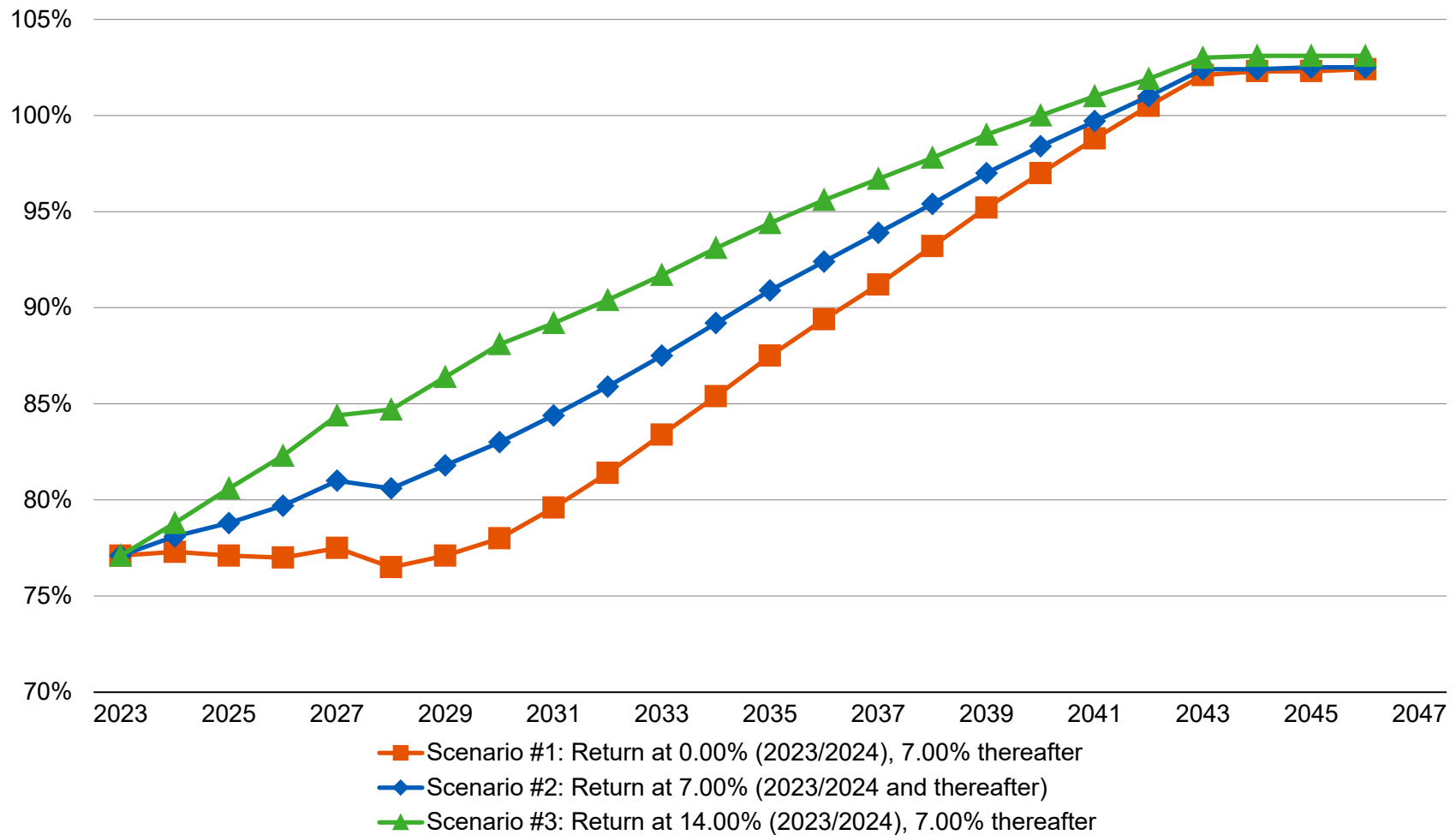


## Section 2: Key Plan Risks

Chart 6

### Retirement and Health Plans (Total Plan)

Projected Funded Ratios Under Hypothetical Market Return Scenarios for 2023/2024  
(Valuation Value of Assets Basis)

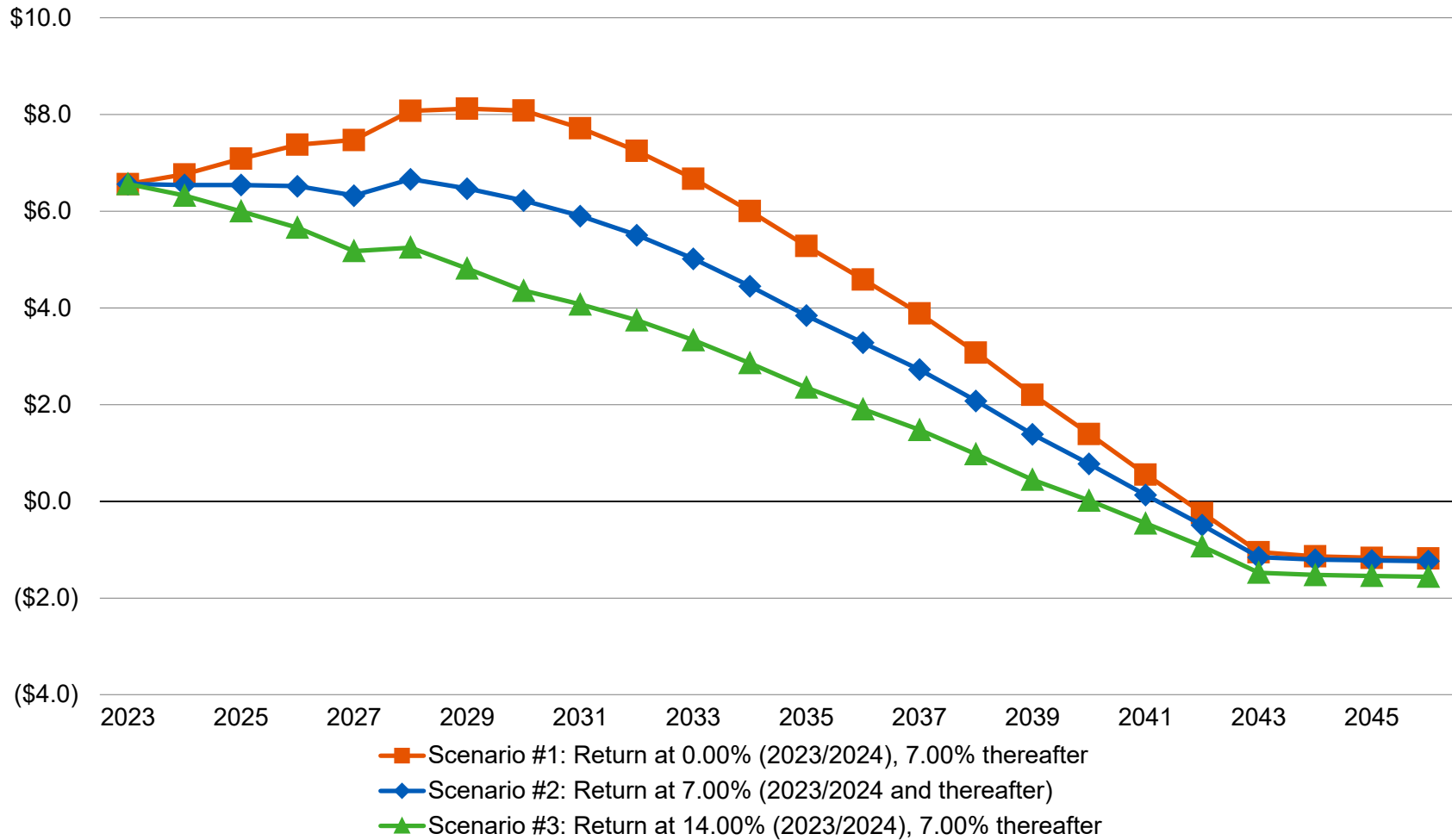


## Section 2: Key Plan Risks

Chart 7

### Retirement and Health Plans (Total Plan)

Projected UAAL Under Hypothetical Market Return Scenarios for 2023/2024  
(Valuation Value of Assets Basis – \$ in Billions)



## Section 2: Key Plan Risks

### Stochastic projection

Based on our discussions with LACERS, we have also been directed to supplement the deterministic scenario tests by another analysis that shows the range of possible changes in funded status and contribution rates under a statistical distribution of potential market returns for 20 years following the June 30, 2023 valuation. We have accomplished the stochastic modeling of future market returns by using the expected return, standard deviation and other information about LACERS' asset portfolio<sup>1</sup> as provided in *Appendix A* of this report, assuming no future assumption or method changes to the plan.

In *Chart 8*, we summarize the cumulative compounded rate of return of LACERS' investment portfolio over the next 20 years based on performing 10,000 trial outcomes of future market returns. The projected funded ratios for those trials are provided in *Chart 9*. The UAAL and the resultant employer contribution rates are provided in *Chart 10 and Chart 11*, respectively. The results in *Charts 9 – 11* are for the Retirement and Health Plans combined.

At the end of 20 years, there is a 50% chance<sup>2</sup> that the annual return of LACERS' investment portfolio would average between 6.0% and 10.1%, the funded ratio would be between 92% and 158% and the corresponding UAAL would be between \$3.9 billion and a surplus (or a negative UAAL) of \$28.6 million.

On an Actuarial (smoothed) Value of Assets basis, the funded ratio for the Retirement and Health Plans combined is about 77.1% as of the June 30, 2023 valuation compared to 76.4% as of the June 30, 2022 valuation. There is a 42% chance LACERS would be fully funded at the end of 10 years and a 67% chance LACERS would be fully funded at the end of 20 years. The probabilities that the funded ratio would fall below 50%, 60% or 70% at any point in the next 20 years as projected in the current analysis as of June 30, 2023 and the prior analysis as of June 30, 2022 are as follows:

### Probability of Various Funded Ratios

	Below 50%	Below 60%	Below 70%
Current (6/30/2023) Analysis Probability	2%	11%	30%
Prior (6/30/2022) Analysis Probability	5%	18%	40%

The total employer contribution rate is about 33% payroll based on both the June 30, 2023 and June 30, 2022 valuations. Stochastic modeling can help assess the range and relative likelihood of potential future contribution rates. At the end of 10 years (i.e., the June 30, 2033 valuation), there is a 50% chance that the employer contribution rates would be between 1% and 47% of payroll (with

<sup>1</sup> For the stochastic modeling, we have used the expected return, standard deviation and other information about LACERS' asset portfolio that we applied in developing the 7.00% expected investment return assumption we recommended to the Board for the June 30, 2023 valuation.

<sup>2</sup> This is based on the 25th to the 75th percentile results.

## Section 2: Key Plan Risks

a median rate of 27% of payroll). At the end of 20 years (i.e., the June 30, 2043 valuation), there is a 50% chance that the employer contribution rates would be between 0% and 23% of payroll (with a median rate of 0% of payroll). It should be noted that the results of this year's stochastic projections are generally more favorable when compared to those provided last year due to the more optimistic capital market return assumptions as compiled by Horizon Actuarial Services in their August 2023 survey. The probabilities that the total employer contribution rate would increase at least by 5%, 10% or 15% of payroll at any point in the next 20 years as projected in the current analysis as of June 30, 2023 and the prior analysis as of June 30, 2022 are as follows:

### Probability of Total Employer Rate Increases

	<b>5% of Payroll (to 38% of Payroll)</b>	<b>10% of Payroll (to 43% of Payroll)</b>	<b>15% of Payroll (to 48% of Payroll)</b>
Current (6/30/2023) Analysis Probability	51%	43%	35%
Prior (6/30/2022) Analysis Probability	58%	50%	43%

Finally, stochastic modeling can help assess the potential impact of investment experience on contribution volatility in any given year. The probabilities that the total employer contribution rate would spike by 2%, 4% or 6% of payroll in any single year during the next 20 years as projected in the current analysis as of June 30, 2023 and the prior analysis as of June 30, 2022 are as follows:

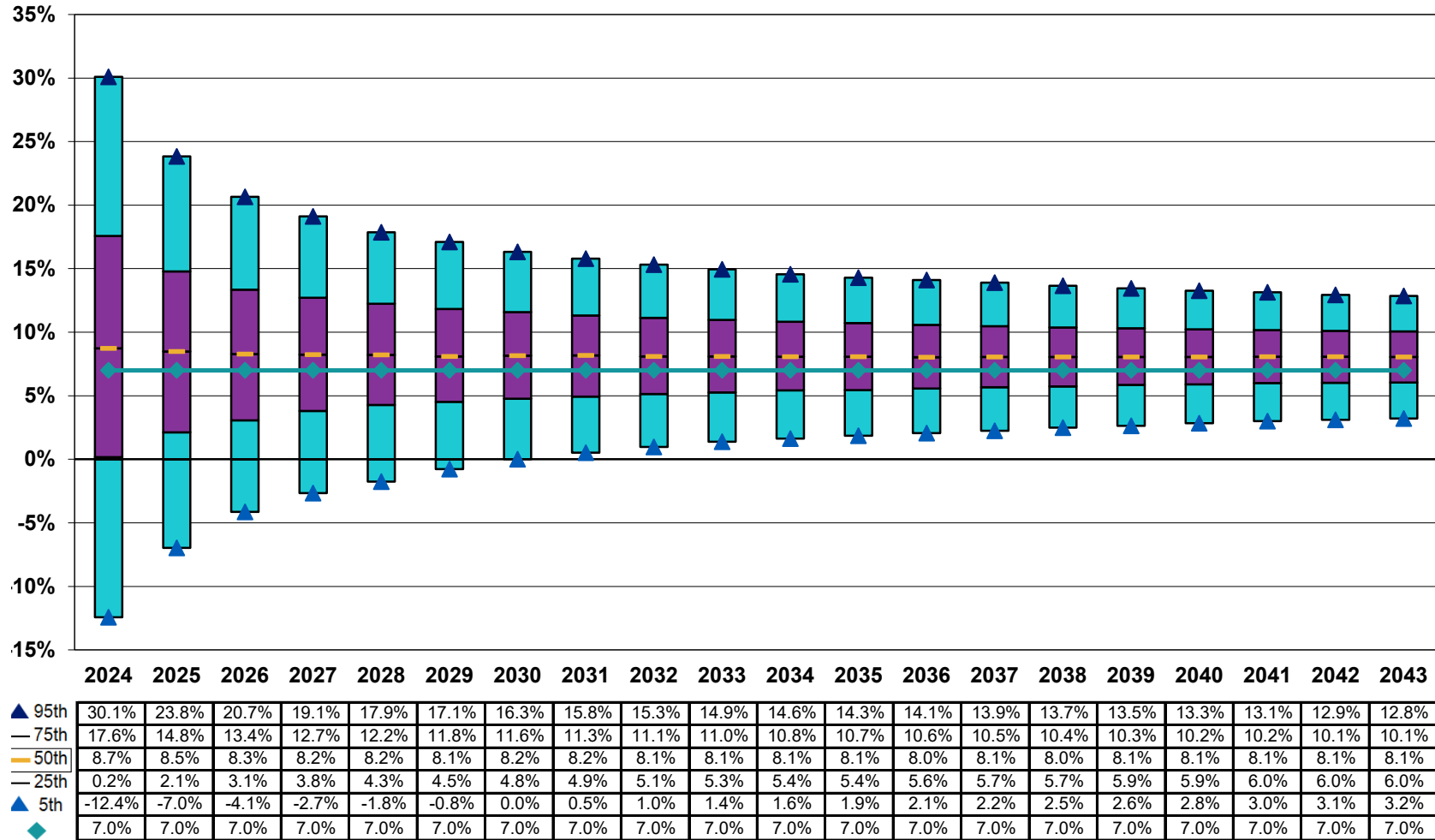
### Probability of Total Employer Rate Spike in a Single Year

	<b>2% of Payroll</b>	<b>4% of Payroll</b>	<b>6% of Payroll</b>
Current (6/30/2023) Analysis Probability	21%	10%	4%
Prior (6/30/2022) Analysis Probability	24%	11%	4%

## Section 2: Key Plan Risks

Chart 8

### Projected Cumulative Investment Return for Plan Years Ending June 30



◆ Current investment return assumption

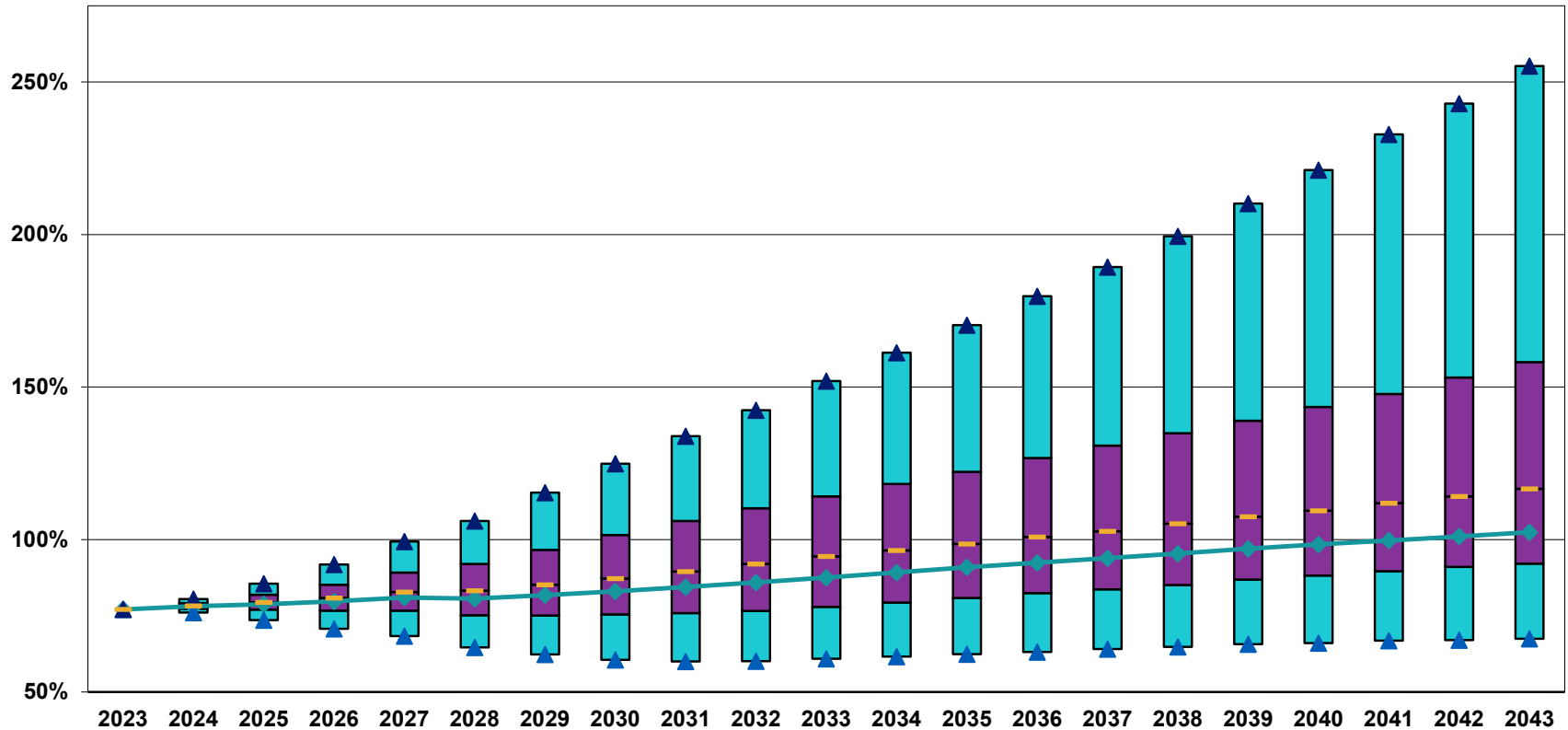
Note: Please see footnote 2 as provided on page 7 that explains why the above returns might be viewed with caution when considering the long-term portfolio return for LACERS.



## Section 2: Key Plan Risks

Chart 9

Projected Funded Ratios  
(Valuation Value of Assets Basis)



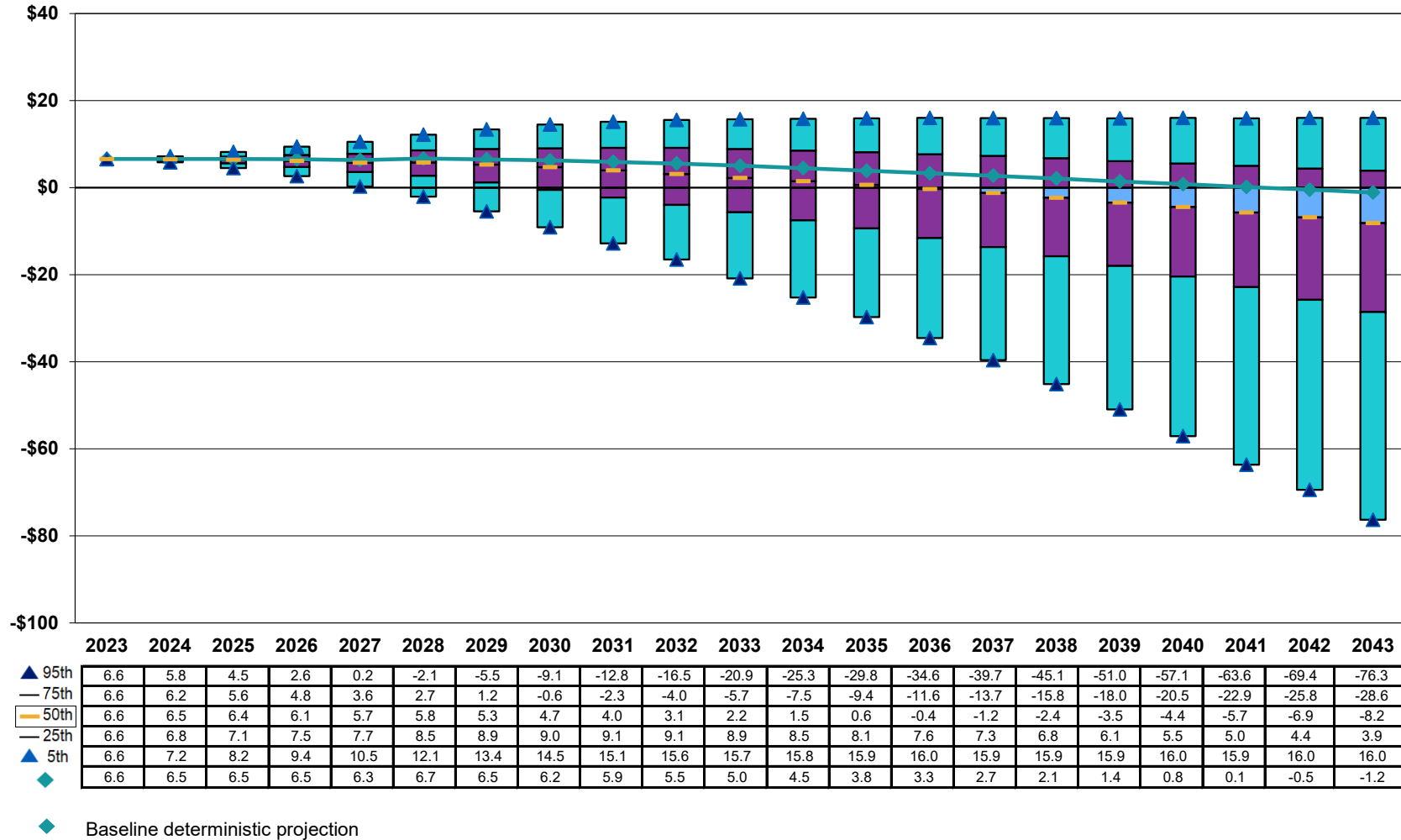
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
▲ 95th	77.1%	80.5%	85.5%	91.8%	99.3%	106.1%	115.4%	124.8%	133.9%	142.4%	152.0%	161.3%	170.3%	179.7%	189.3%	199.4%	210.2%	221.1%	232.9%	242.9%	255.3%
— 75th	77.1%	79.2%	81.9%	85.2%	89.2%	92.0%	96.6%	101.5%	106.1%	110.3%	114.2%	118.2%	122.2%	126.8%	130.8%	134.8%	139.0%	143.4%	147.7%	153.1%	158.1%
■ 50th	77.1%	78.2%	79.4%	80.9%	82.8%	83.2%	85.2%	87.2%	89.5%	92.0%	94.5%	96.4%	98.5%	100.8%	102.7%	105.2%	107.5%	109.4%	112.0%	114.1%	116.6%
— 25th	77.1%	77.3%	77.0%	76.6%	76.7%	75.2%	75.1%	75.4%	75.9%	76.5%	77.9%	79.4%	80.9%	82.4%	83.7%	85.1%	86.9%	88.2%	89.6%	91.0%	92.1%
▲ 5th	77.1%	76.0%	73.6%	70.8%	68.4%	64.7%	62.4%	60.6%	60.0%	60.1%	60.9%	61.7%	62.4%	63.1%	64.1%	64.9%	65.7%	66.0%	66.8%	67.0%	67.5%
◆	77.1%	78.1%	78.8%	79.7%	81.0%	80.6%	81.8%	83.0%	84.4%	85.9%	87.5%	89.2%	90.9%	92.4%	93.9%	95.4%	97.0%	98.4%	99.7%	101.0%	102.4%

◆ Baseline deterministic projection

## Section 2: Key Plan Risks

Chart 10

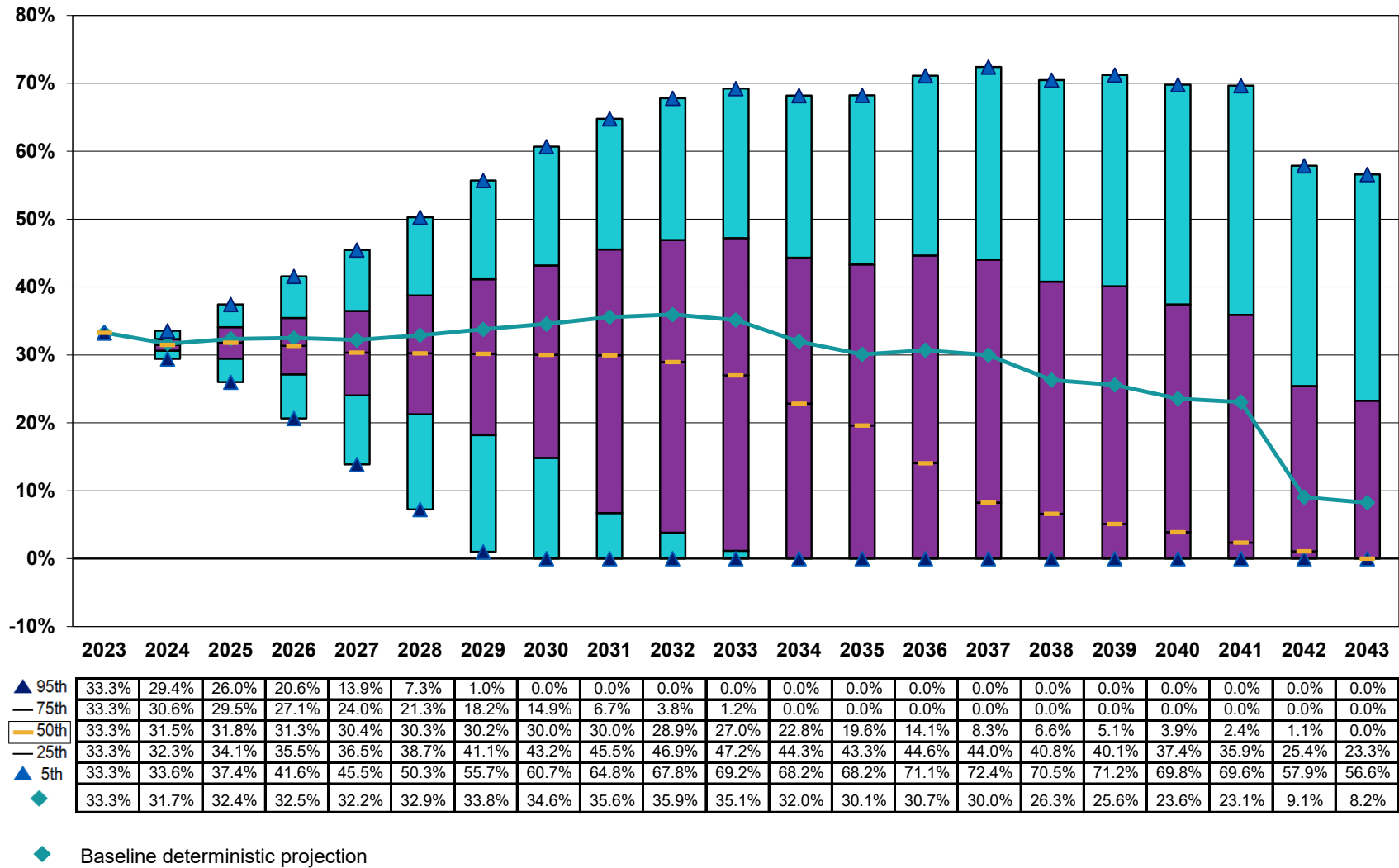
### Projected UAAL (Valuation Value of Assets Basis – \$ in Billions)



## Section 2: Key Plan Risks

Chart 11

### Projected Employer Contribution Rates (% of Payroll)



## Section 2: Key Plan Risks

### Plan maturity measures that affect primary risks

The annual actuarial valuations consider the number and demographic characteristics of covered members, including active members and non-active members (inactive members, retirees and beneficiaries). Over the past 10 valuations from June 30, 2014 to June 30, 2023, LACERS has become more mature as indicated by the continued increase in the ratio of non-active to active members covered by the Retirement and Health Plans as shown in *Chart 12a* and *Chart 12b*, respectively. These charts also show the ratio of members in pay status (retirees and beneficiaries) to active members. This ratio excludes the inactive members who have relatively smaller liabilities. The increase in the ratios is significant because any increase in UAAL due to unfavorable future investment and non-investment experience for a plan with a relatively larger group of non-active members would have to be amortized and funded using the payroll of a relatively smaller group of active members.

Another indicator of a more mature plan is relatively large amounts of assets and/or liabilities compared to active member payroll, which leads to increasing volatility in the level of required contributions. The Asset Volatility Ratio (AVR), which is equal to the market value of assets divided by total payroll, provides an indication of contribution sensitivity to changes in the current level of assets and is detailed for the Retirement and Health Plans in *Chart 13a* and *Chart 13b*, respectively. The Liability Volatility Ratio (LVR), which is equal to the actuarial accrued liability divided by payroll, provides an indication of the contribution sensitivity to changes in the current level of liability and is also detailed for the Retirement and Health Plans in *Chart 13a* and *Chart 13b*, respectively. Over time, the AVR should approach the LVR because when a plan is fully funded the assets will equal the liabilities. As such, the LVR also indicates the long-term contribution sensitivity to the asset volatility, as the plan approaches full funding.

In particular, the Retirement Plan's AVR was 7.1 as of June 30, 2023. This means that a 1% asset gain or loss in 2023/2024 (relative to the assumed investment return) would amount to 7.1% of one year's payroll. Similarly, the Retirement Plan's LVR was 10.1 as of June 30, 2023, so a 1% liability gain or loss in 2023/2024 would amount to 10.1% of one year's payroll. Based on LACERS' policy to amortize actuarial experience over a period of 15 years when the Plan has an unfunded liability, for the Retirement Plan there would be a 0.6% of payroll decrease or increase in the required contribution rate for each 1% asset gain or loss, respectively, and a 0.9% of payroll decrease or increase in the required contribution rate for each 1% liability gain or loss, respectively.

It is also informative to note that the AVR and LVR for the Retirement Plan are significantly higher than for the Health Plan. This means that both investment volatility and assumption changes will have a greater impact on the contribution rates of the Retirement Plan than on the contribution rates of the Health Plan. This is illustrated in the following table:

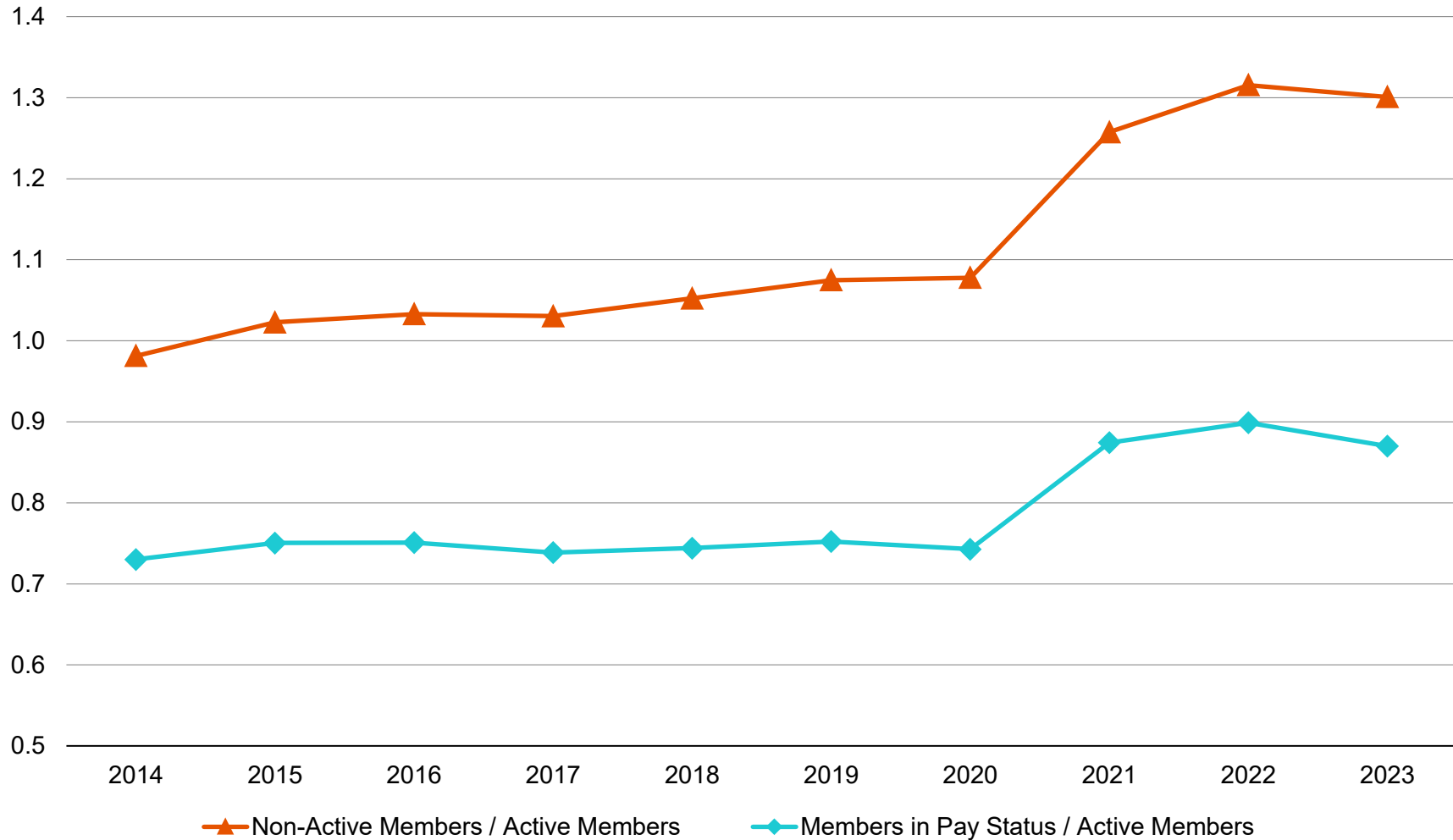
## Section 2: Key Plan Risks

Plan	AVR	10% Investment Loss Compares to	LVR	10% Liability Change Compares to
Retirement Plan	7.1	71% of payroll	10.1	101% of payroll
Health Plan	1.4	14% of payroll	1.4	14% of payroll
<b>Combined</b>	<b>8.5</b>	<b>85% of payroll</b>	<b>11.5</b>	<b>115% of payroll</b>

## Section 2: Key Plan Risks

Chart 12a

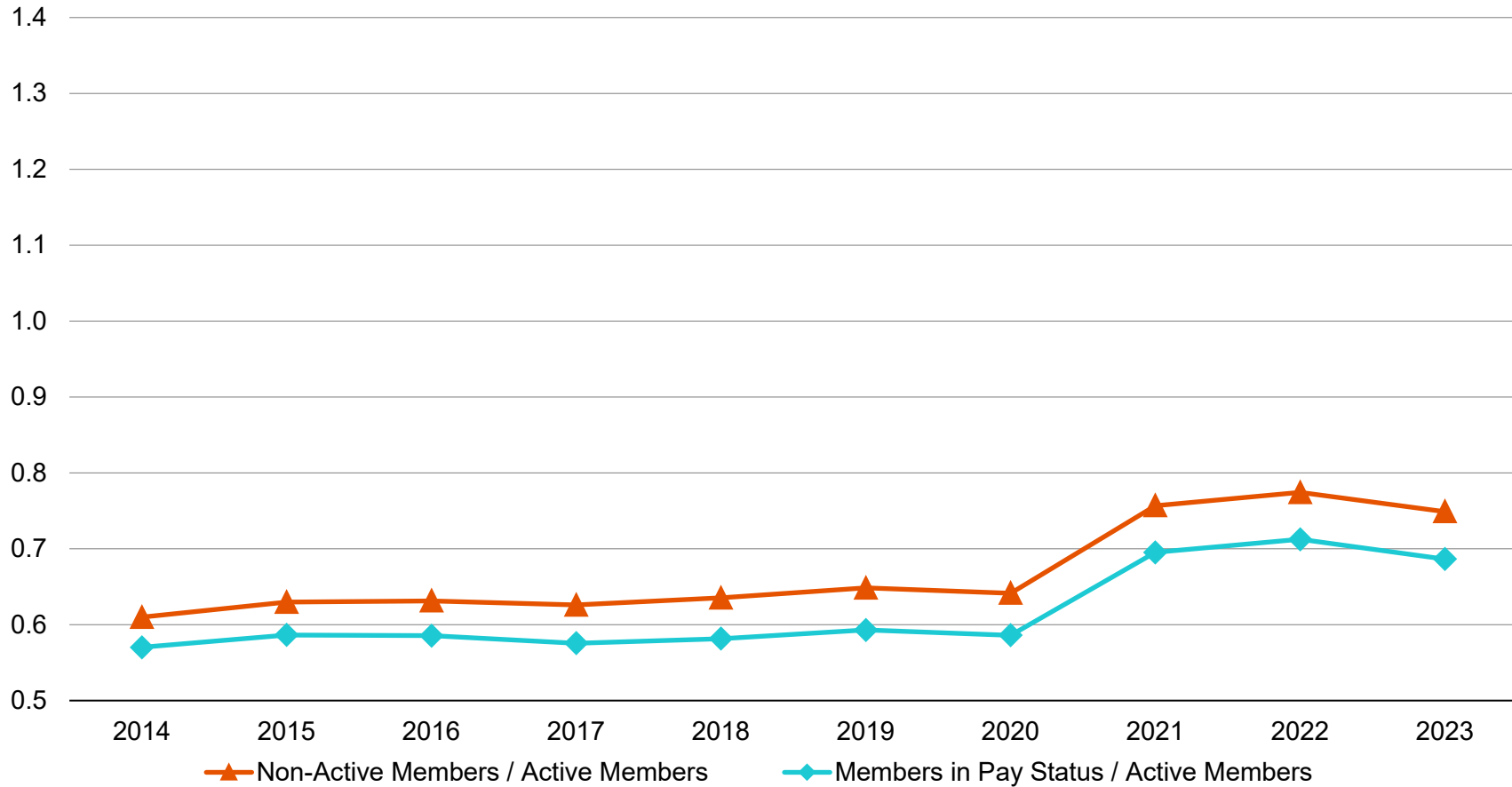
Retirement Plan – Ratio of Retirees and Beneficiaries (Pay Status) to Active Members & Ratio of Inactive, Retirees and Beneficiaries (Non-Active) to Active Members as of June 30



## Section 2: Key Plan Risks

Chart 12b

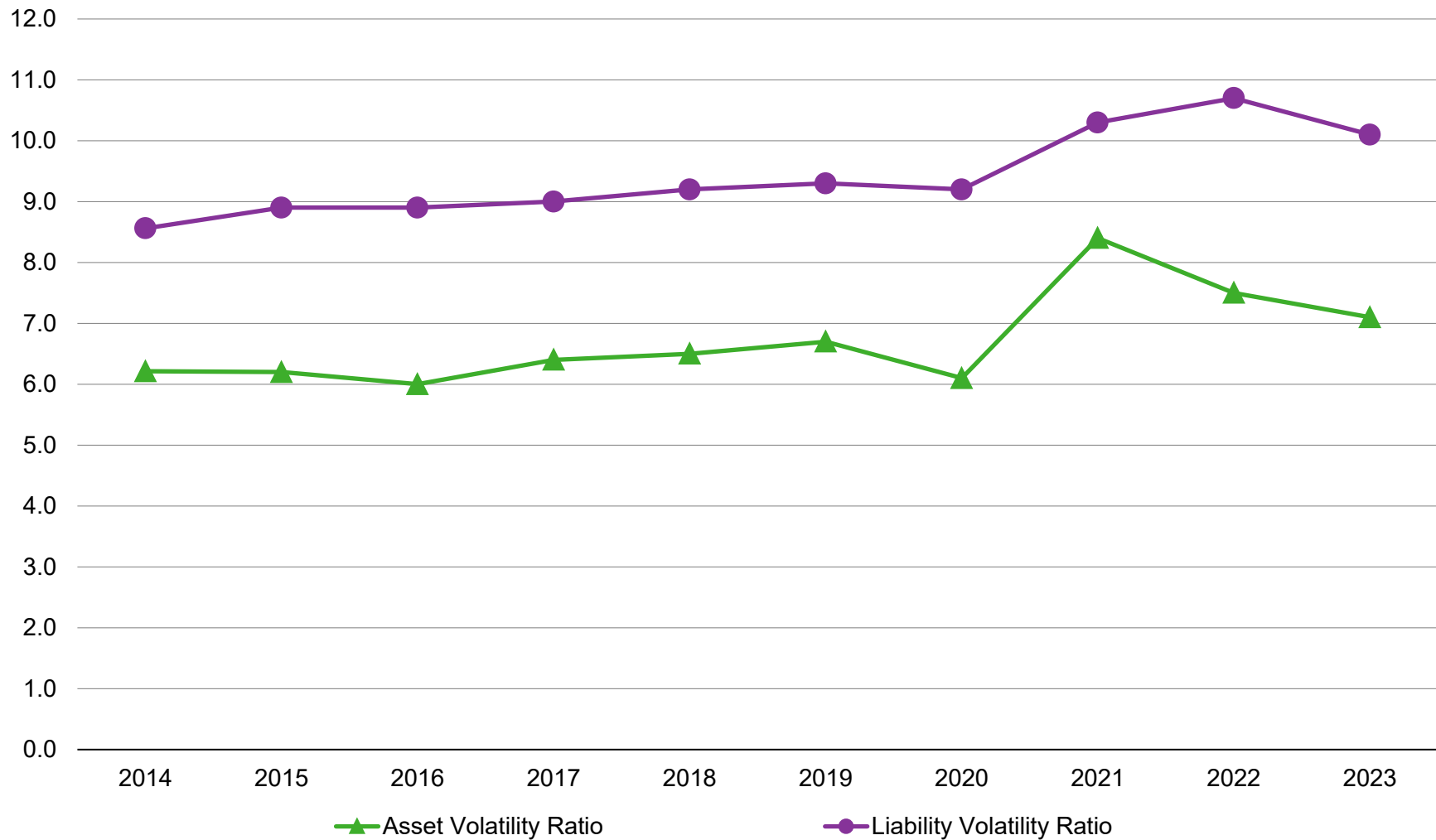
Health Plan – Ratio of Retirees and Beneficiaries (Pay Status) to Active Members & Ratio of Inactive, Retirees and Beneficiaries (Non-Active) to Active Members as of June 30



## Section 2: Key Plan Risks

Chart 13a

### Retirement Plan – Volatility Ratios as of June 30

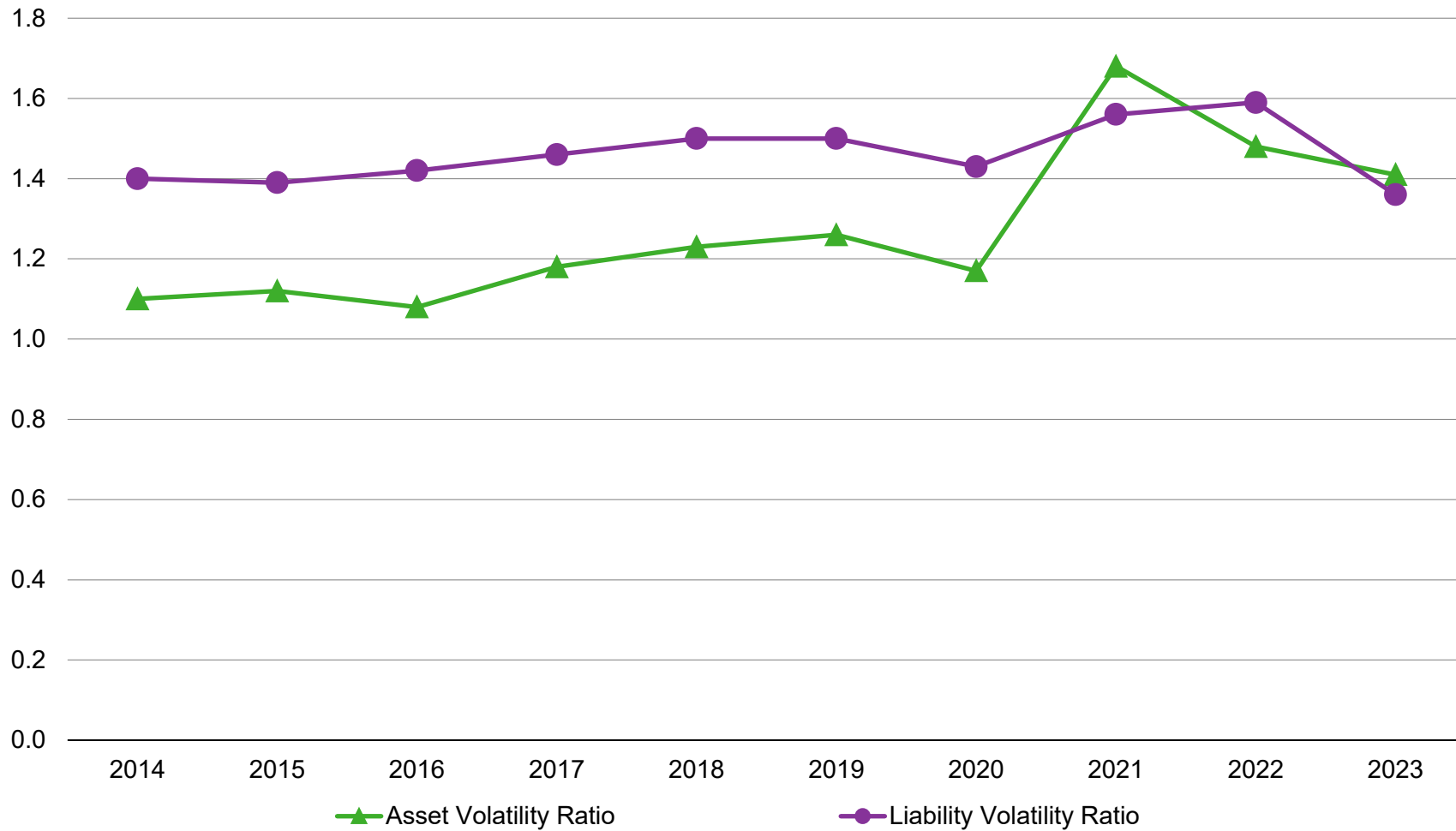




## Section 2: Key Plan Risks

Chart 13b

### Health Plan – Volatility Ratios as of June 30



# Appendix A: Actuarial Assumptions & Methods

Unless otherwise noted, the results included in this report have been prepared based on the assumptions and methods used in preparing the June 30, 2023 actuarial valuations.

## Deterministic projection

In addition, we have prepared the deterministic projection using the following assumptions and methods applied in the June 30, 2023 actuarial valuations:

- Non-economic assumptions will remain unchanged.
- Retirement benefit formulas will remain unchanged.
- Los Angeles Charter and Administrative Code will remain unchanged.
- UAAL amortization method will remain unchanged (i.e., 15-year layers for actuarial gains/losses, 20-year layers for assumption or method changes, 15-year layers for plan amendments, 30-year layers for actuarial surplus, and level percent of pay).
- Economic assumptions will remain unchanged, including the annual 7.00% investment earnings and 3.00% active payroll growth assumptions.
- Deferred investment gains and losses will be recognized over a seven-year period.
- In estimating the benefit payments for the open group, we have assumed that the annual payments will increase by 5% for both the Retirement and Health Plans. The assumption for the Retirement Plan, which was lowered from last year's assumption of 5.5%, was developed by analyzing the increase in the actual benefit payments over the five years ending June 30, 2023, excluding the two-year period from July 1, 2020 to June 30, 2022 to try to remove the effects of the 2020 City Separation Incentive Program, combined with the increase in the projected benefit payments based on the actuarial assumptions described herein for the five years after July 1, 2023. The assumption for the Health Plan was updated from 5.5% to 5.0% based on a review of actual benefit costs for the five years preceding June 30, 2023 and projected benefit costs for the five years after June 30, 2023.
- All other actuarial assumptions used in the June 30, 2023 actuarial valuations will be realized.

## Appendix A: Actuarial Assumptions & Methods

### Stochastic projection

Besides the assumptions and methods discussed above for the deterministic projection, the following additional assumptions or parameters are used in projecting LACERS' investment portfolio over the next 20 years based on performing 10,000 trial outcomes of future market returns.

### Target asset allocation

The target asset allocation is based on that provided by LACERS at the last triennial experience study and used by Segal to set the investment return assumption of 7.00%. That target asset allocation is as follows:

## Appendix A: Actuarial Assumptions & Methods

### Target Asset Allocation

Asset Class	Target Allocation
Large Cap U.S. Equity	15.00%
Small/Mid Cap U.S. Equity	6.00%
Developed International Large Cap Equity	15.00%
Developed International Small Cap Equity	3.00%
Emerging Markets Equity	6.67%
Core Bonds	11.25%
High Yield Bonds	1.50%
Bank Loans	1.50%
TIPS	3.60%
Emerging Market External Debt	2.00%
Emerging Market Local Currency Debt	2.00%
Real Estate – Core	4.20%
Cash & Equivalents	1.00%
Private Equity	16.00%
Private Credit (Private Debt)	5.75%
Emerging Market Small-Cap Equity	1.33%
REIT	1.40%
Real Estate – Non-Core	2.80%
<b>Total</b>	<b>100.00%</b>

### Simulation of future returns

In preparing the 10,000 trial outcomes of future market returns, we performed simulations using assumptions regarding the 20-year arithmetic returns, standard deviations and correlation matrix that were found in the 2023 survey prepared by Horizon Actuarial Services.<sup>1</sup> We used the assumptions that were closest to the asset classes found in LACERS' investment portfolio.

<sup>1</sup> That survey included responses from 42 investment advisors, including LACERS' investment advisor at NEPC.

## Appendix A: Actuarial Assumptions & Methods

A summary of the 20-year arithmetic returns,<sup>1</sup> standard deviations and correlation matrix for each of the different asset classes used in the modeling is as follows:

### 20-Year Arithmetic Return and Standard Deviation

<b>Asset Class</b>	<b>20-Year Arithmetic Return</b>	<b>Standard Deviation</b>
US Equity – Large Cap	8.67%	16.64%
US Equity – Small/Mid Cap	9.72%	20.51%
Non-US Equity – Developed	9.38%	18.26%
Non-US Equity – Emerging	11.39%	23.87%
US Corporate Bonds – Core	4.93%	5.85%
US Corporate Bonds – High Yield	7.03%	10.01%
Non-US Debt – Emerging	7.00%	10.93%
US Treasuries (Cash Equivalents)	3.23%	1.09%
TIPS (Inflation-Protected)	4.29%	6.17%
Real Estate	7.48%	16.72%
Private Equity	12.77%	22.57%
Private Debt	8.89%	11.73%

<sup>1</sup> Note that only 27 investment advisors provided long-term (e.g. 20-year) capital market assumptions in the survey. These returns are gross of inflation and before any adjustment for administrative and investment expenses. The annual inflation assumption based on the Horizon Survey was 2.47%. The annual adjustment for investment expenses was 0.16%.

## Appendix A: Actuarial Assumptions & Methods

### Correlation Matrix

Asset Class	1	2	3	4	5	6	7	8	9	10	11	12
1. US Equity – Large Cap	1.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2. US Equity – Small/Mid Cap	0.89	1.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3. Non-US Equity – Developed	0.81	0.77	1.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4. Non-US Equity – Emerging	0.68	0.66	0.76	1.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5. US Corporate Bonds – Core	0.26	0.22	0.24	0.24	1.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6. US Corporate Bonds – High Yield	0.64	0.65	0.61	0.60	0.47	1.00	N/A	N/A	N/A	N/A	N/A	N/A
7. Non-US Debt – Emerging	0.50	0.47	0.53	0.60	0.55	0.61	1.00	N/A	N/A	N/A	N/A	N/A
8. US Treasuries (Cash Equivalents)	(0.06)	(0.07)	(0.05)	(0.04)	0.16	(0.05)	0.05	1.00	N/A	N/A	N/A	N/A
9. TIPS (Inflation-Protected)	0.14	0.11	0.15	0.18	0.64	0.32	0.40	0.16	1.00	N/A	N/A	N/A
10. Real Estate	0.56	0.55	0.50	0.42	0.25	0.45	0.38	(0.01)	0.19	1.00	N/A	N/A
11. Private Equity	0.73	0.71	0.66	0.60	0.16	0.50	0.39	(0.07)	0.08	0.45	1.00	N/A
12. Private Debt	0.51	0.52	0.49	0.46	0.14	0.61	0.36	(0.07)	0.08	0.35	0.54	1.00

### Other considerations

This risk report has been prepared for the exclusive use and benefit of LACERS, based upon information provided by LACERS and LACERS' other service providers or otherwise made available to Segal at the time this document was created. The results presented in this report are intended to provide insight into key plan risks that can inform financial preparation and future decision making. However, Segal makes no representation or warranty as to the accuracy of any forward-looking statements and does not guarantee any particular outcome or result. The modeling projections are intended to serve as illustrations of future financial outcomes that are based on the information available to us at the time the modeling is undertaken and completed, and the agreed-upon assumptions and methodologies described herein. Emerging results may differ significantly if the actual experience proves to be different from these assumptions or if alternative methodologies are used. Actual experience may differ due to such variables as demographic experience, the economy, stock market performance and the regulatory environment.

Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Deterministic cost projections are based on a proprietary forecasting model. Our Actuarial Technology and Systems unit, comprising

## Appendix A: Actuarial Assumptions & Methods

both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

Except as may be required by law, this document should not be shared, copied or quoted, in whole or in part, without the consent of Segal. This document does not constitute legal, tax or investment advice or create or imply a fiduciary relationship. LACERS is encouraged to discuss any issues raised with LACERS' legal, tax and other advisors before taking, or refraining from taking, any action.

# Appendix B: Detailed Scenario Test

The following pages contain twenty-three-year illustrations of City contributions, funded ratios and unfunded actuarial accrued liabilities for each of the Retirement and Health Plans, as well as for the two plans combined.

In addition to the assumptions outlined in *Appendix A* of this report, we have used the following market return assumptions to model three hypothetical market return scenarios:

- Scenario 1: Assumed market return of 0.00% for fiscal year 2023/2024, 7.00% market return per year thereafter
- Scenario 2: Assumed market return of 7.00% for fiscal year 2023/2024, 7.00% market return per year thereafter
- Scenario 3: Assumed market return of 14.00% for fiscal year 2023/2024, 7.00% market return per year thereafter

While we have not assigned a probability on the 2023/2024 market return coming in at these rates, the City can use these results to interpolate in order to estimate the funded status and employer contribution rates for the June 30, 2024 and next several valuations as the actual investment experience for the 2023/2024 year becomes available. Additionally, comparable experience in upcoming future years is likely to have a similar impact on the System absent any significant plan or assumption changes.



## Appendix B: Detailed Scenario Test

### Scenario 1: Assumed market return of 0.00% for 2023/24, 7.00% thereafter

Twenty-Three-Year Illustration of UAAL, Funded Ratio and City Contributions

*(Contributions Received on July 15 – \$ in Thousands)*

#### Retirement Plan Only

Valuation Year	UAAL	Funded Ratio	Fiscal Year End	Fiscal Year Pay	Normal Cost	UAAL Payment	Total Rate	Contribution Amount	Incremental Increase
2022	\$6,429,484	73.3%	2024	\$2,512,179	7.64%	21.79%	29.43%	\$739,334	N/A
2023	6,805,716	73.1%	2025	2,587,544	7.78%	22.19%	29.97%	775,487	\$36,153
2024	6,970,731	73.4%	2026	2,665,171	7.53%	21.43%	28.96%	771,833	(3,654)
2025	7,223,528	73.4%	2027	2,745,126	7.92%	22.58%	30.50%	837,263	65,430
2026	7,444,685	73.5%	2028	2,827,480	7.72%	23.71%	31.43%	888,677	51,414
2027	7,498,398	74.2%	2029	2,912,304	7.52%	24.40%	31.92%	929,607	40,930
2028	7,968,595	73.5%	2030	2,999,673	7.32%	25.85%	33.17%	994,992	65,385
2029	7,964,766	74.3%	2031	3,089,663	7.14%	27.55%	34.69%	1,071,804	76,812
2030	7,886,033	75.3%	2032	3,182,353	6.97%	29.06%	36.03%	1,146,602	74,798
2031	7,525,286	77.1%	2033	3,277,824	6.80%	30.29%	37.09%	1,215,745	69,143
2032	7,060,485	79.1%	2034	3,376,159	6.64%	30.80%	37.44%	1,264,034	48,289
2033	6,490,964	81.3%	2035	3,477,443	6.48%	30.13%	36.61%	1,273,092	9,058
2034	5,831,240	83.6%	2036	3,581,767	6.35%	27.08%	33.43%	1,197,385	(75,707)
2035	5,117,586	86.0%	2037	3,689,220	6.21%	25.32%	31.53%	1,163,211	(34,174)
2036	4,437,212	88.1%	2038	3,799,896	6.09%	26.01%	32.10%	1,219,767	56,556
2037	3,747,529	90.2%	2039	3,913,893	5.99%	25.38%	31.37%	1,227,788	8,021
2038	2,952,318	92.4%	2040	4,031,310	5.89%	21.80%	27.69%	1,116,270	(111,518)
2039	2,096,518	94.7%	2041	4,152,249	5.81%	20.52%	26.33%	1,093,287	(22,983)
2040	1,302,930	96.7%	2042	4,276,817	5.72%	17.63%	23.35%	998,637	(94,650)
2041	482,451	98.8%	2043	4,405,121	5.65%	16.23%	21.88%	963,841	(34,796)
2042	(290,560)	100.7%	2044	4,537,275	5.59%	-0.35%	5.24%	237,753	(726,088)
2043	(1,075,425)	102.6%	2045	4,673,393	5.54%	-1.30%	4.24%	198,152	(39,601)
2044	(1,135,168)	102.8%	2046	4,813,595	5.50%	-1.33%	4.17%	200,727	2,575
2045	(1,151,123)	102.8%	2047	4,958,003	5.46%	-1.31%	4.15%	205,757	5,030
2046	(1,164,743)	102.8%	2048	5,106,743	5.43%	-1.29%	4.14%	211,419	5,662

## Appendix B: Detailed Scenario Test

### Health Plan Only

Valuation Year	UAAL	Funded Ratio	Fiscal Year End	Fiscal Year Pay	Normal Cost	UAAL Payment	Total Rate	Contribution Amount	Incremental Increase
2022	\$107,741	97.0%	2024	\$2,512,179	3.60%	0.33%	3.93%	\$98,729	N/A
2023	(241,890)	107.1%	2025	2,587,544	3.85%	-0.53%	3.32%	85,906	\$(12,823)
2024	(208,473)	105.8%	2026	2,665,171	3.83%	-0.45%	3.38%	90,083	4,177
2025	(134,160)	103.6%	2027	2,745,126	3.83%	-0.27%	3.56%	97,726	7,643
2026	(66,401)	101.7%	2028	2,827,480	3.84%	-0.13%	3.71%	104,899	7,173
2027	(24,166)	100.6%	2029	2,912,304	3.86%	-0.05%	3.81%	110,959	6,060
2028	109,042	97.5%	2030	2,999,673	3.86%	0.33%	4.19%	125,686	14,727
2029	157,453	96.5%	2031	3,089,663	3.87%	0.47%	4.34%	134,091	8,405
2030	196,403	95.8%	2032	3,182,353	3.89%	0.59%	4.48%	142,569	8,478
2031	195,274	96.0%	2033	3,277,824	3.90%	0.60%	4.50%	147,502	4,933
2032	189,385	96.3%	2034	3,376,159	3.93%	0.59%	4.52%	152,602	5,100
2033	182,421	96.6%	2035	3,477,443	3.94%	0.61%	4.55%	158,224	5,622
2034	174,334	96.9%	2036	3,581,767	3.95%	0.61%	4.56%	163,329	5,105
2035	164,556	97.2%	2037	3,689,220	3.97%	0.61%	4.58%	168,966	5,637
2036	153,631	97.5%	2038	3,799,896	3.99%	0.61%	4.60%	174,795	5,829
2037	141,147	97.8%	2039	3,913,893	4.01%	0.61%	4.62%	180,822	6,027
2038	127,009	98.1%	2040	4,031,310	4.02%	0.62%	4.64%	187,053	6,231
2039	111,019	98.4%	2041	4,152,249	4.04%	0.62%	4.66%	193,495	6,442
2040	93,080	98.7%	2042	4,276,817	4.06%	0.61%	4.67%	199,727	6,232
2041	72,920	99.0%	2043	4,405,121	4.07%	0.61%	4.68%	206,160	6,433
2042	50,438	99.4%	2044	4,537,275	4.08%	0.61%	4.69%	212,798	6,638
2043	25,519	99.7%	2045	4,673,393	4.08%	0.30%	4.38%	204,695	(8,103)
2044	(2,092)	100.0%	2046	4,813,595	4.10%	-0.01%	4.09%	196,876	(7,819)
2045	(16,422)	100.2%	2047	4,958,003	4.12%	-0.02%	4.10%	203,278	6,402
2046	(16,297)	100.2%	2048	5,106,743	4.13%	-0.01%	4.12%	210,398	7,120

## Appendix B: Detailed Scenario Test

### Retirement and Health Plans Combined

Valuation Year	UAAL	Funded Ratio	Fiscal Year End	Fiscal Year Pay	Normal Cost	UAAL Payment	Total Rate	Contribution Amount	Incremental Increase
2022	\$6,537,225	76.4%	2024	\$2,512,179	11.24%	22.12%	33.36%	\$838,063	N/A
2023	6,563,826	77.1%	2025	2,587,544	11.63%	21.66%	33.29%	861,393	\$23,330
2024	6,762,257	77.3%	2026	2,665,171	11.36%	20.98%	32.34%	861,916	523
2025	7,089,367	77.1%	2027	2,745,126	11.75%	22.31%	34.06%	934,989	73,073
2026	7,378,284	77.0%	2028	2,827,480	11.56%	23.58%	35.14%	993,576	58,587
2027	7,474,232	77.5%	2029	2,912,304	11.38%	24.35%	35.73%	1,040,566	46,990
2028	8,077,638	76.5%	2030	2,999,673	11.18%	26.18%	37.36%	1,120,678	80,112
2029	8,122,219	77.1%	2031	3,089,663	11.01%	28.02%	39.03%	1,205,895	85,217
2030	8,082,437	78.0%	2032	3,182,353	10.86%	29.65%	40.51%	1,289,171	83,276
2031	7,720,560	79.6%	2033	3,277,824	10.70%	30.89%	41.59%	1,363,247	74,076
2032	7,249,871	81.4%	2034	3,376,159	10.57%	31.39%	41.96%	1,416,636	53,389
2033	6,673,385	83.4%	2035	3,477,443	10.42%	30.74%	41.16%	1,431,316	14,680
2034	6,005,574	85.4%	2036	3,581,767	10.30%	27.69%	37.99%	1,360,714	(70,602)
2035	5,282,142	87.5%	2037	3,689,220	10.18%	25.93%	36.11%	1,332,177	(28,537)
2036	4,590,842	89.4%	2038	3,799,896	10.08%	26.62%	36.70%	1,394,562	62,385
2037	3,888,675	91.2%	2039	3,913,893	10.00%	25.99%	35.99%	1,408,610	14,048
2038	3,079,326	93.2%	2040	4,031,310	9.91%	22.42%	32.33%	1,303,323	(105,287)
2039	2,207,537	95.2%	2041	4,152,249	9.85%	21.14%	30.99%	1,286,782	(16,541)
2040	1,396,010	97.0%	2042	4,276,817	9.78%	18.24%	28.02%	1,198,364	(88,418)
2041	555,371	98.8%	2043	4,405,121	9.72%	16.84%	26.56%	1,170,001	(28,363)
2042	(240,122)	100.5%	2044	4,537,275	9.67%	0.26%	9.93%	450,551	(719,450)
2043	(1,049,906)	102.1%	2045	4,673,393	9.62%	-1.00%	8.62%	402,847	(47,704)
2044	(1,137,261)	102.3%	2046	4,813,595	9.60%	-1.34%	8.26%	397,603	(5,244)
2045	(1,167,545)	102.3%	2047	4,958,003	9.58%	-1.33%	8.25%	409,035	11,432
2046	(1,181,041)	102.4%	2048	5,106,743	9.56%	-1.30%	8.26%	421,817	12,782

Note: Results may not total exactly due to rounding.

## Appendix B: Detailed Scenario Test

### Scenario 2: Assumed market return of 7.00% for 2023/24, 7.00% thereafter

Twenty-Three-Year Illustration of UAAL, Funded Ratio and City Contributions

*(Contributions Received on July 15 – \$ in Thousands)*

#### Retirement Plan Only

Valuation Year	UAAL	Funded Ratio	Fiscal Year End	Fiscal Year Pay	Normal Cost <sup>1</sup>	UAAL Payment	Total Rate	Contribution Amount	Incremental Increase
2022	\$6,429,484	73.3%	2024	\$2,512,179	7.64%	21.79%	29.43%	\$739,334	N/A
2023	6,805,716	73.1%	2025	2,587,544	7.78%	22.19%	29.97%	775,487	\$36,153
2024	6,787,557	74.1%	2026	2,665,171	7.53%	20.82%	28.35%	755,576	(19,911)
2025	6,767,425	75.1%	2027	2,745,126	7.92%	21.08%	29.00%	796,086	40,510
2026	6,726,767	76.1%	2028	2,827,480	7.72%	21.35%	29.07%	821,948	25,862
2027	6,539,822	77.5%	2029	2,912,304	7.52%	21.25%	28.77%	837,870	15,922
2028	6,792,376	77.4%	2030	2,999,673	7.32%	21.97%	29.29%	878,604	40,734
2029	6,595,241	78.7%	2031	3,089,663	7.14%	23.00%	30.14%	931,225	52,621
2030	6,348,860	80.1%	2032	3,182,353	6.97%	23.92%	30.89%	983,029	51,804
2031	6,030,269	81.7%	2033	3,277,824	6.80%	25.09%	31.89%	1,045,298	62,269
2032	5,635,500	83.3%	2034	3,376,159	6.64%	25.59%	32.23%	1,088,136	42,838
2033	5,147,906	85.2%	2035	3,477,443	6.48%	24.93%	31.41%	1,092,265	4,129
2034	4,581,656	87.1%	2036	3,581,767	6.35%	21.87%	28.22%	1,010,775	(81,490)
2035	3,973,644	89.1%	2037	3,689,220	6.21%	20.11%	26.32%	971,003	(39,772)
2036	3,412,100	90.9%	2038	3,799,896	6.09%	20.80%	26.89%	1,021,792	50,789
2037	2,855,533	92.5%	2039	3,913,893	5.99%	20.17%	26.16%	1,023,874	2,082
2038	2,208,902	94.3%	2040	4,031,310	5.89%	16.58%	22.47%	905,835	(118,039)
2039	1,518,413	96.1%	2041	4,152,249	5.81%	15.92%	21.73%	902,284	(3,551)
2040	908,661	97.7%	2042	4,276,817	5.72%	13.97%	19.69%	842,105	(60,179)
2041	264,067	99.4%	2043	4,405,121	5.65%	13.52%	19.17%	844,462	2,357
2042	(357,657)	100.9%	2044	4,537,275	5.59%	-0.45%	5.14%	233,216	(611,246)
2043	(1,019,955)	102.5%	2045	4,673,393	5.54%	-1.23%	4.31%	201,423	(31,793)
2044	(1,071,446)	102.6%	2046	4,813,595	5.50%	-1.26%	4.24%	204,096	2,673
2045	(1,086,440)	102.6%	2047	4,958,003	5.46%	-1.24%	4.22%	209,228	5,132
2046	(1,099,138)	102.7%	2048	5,106,743	5.43%	-1.22%	4.21%	214,994	5,766

<sup>1</sup> Once the City is expected to be at or above 100% actuarially funded, the employer's normal cost rate has been adjusted to include an additional 1% of Tier 5 projected payroll for the Tier 5 members.

## Appendix B: Detailed Scenario Test

### Health Plan Only

Valuation Year	UAAL	Funded Ratio	Fiscal Year End	Fiscal Year Pay	Normal Cost	UAAL Payment	Total Rate	Contribution Amount	Incremental Increase
2022	\$107,741	97.0%	2024	\$2,512,179	3.60%	0.33%	3.93%	\$98,729	N/A
2023	(241,890)	107.1%	2025	2,587,544	3.85%	-0.53%	3.32%	85,906	\$(12,823)
2024	(244,025)	106.8%	2026	2,665,171	3.83%	-0.52%	3.31%	88,217	2,311
2025	(222,685)	105.9%	2027	2,745,126	3.83%	-0.46%	3.37%	92,511	4,294
2026	(207,121)	105.3%	2028	2,827,480	3.84%	-0.41%	3.43%	96,983	4,472
2027	(214,662)	105.2%	2029	2,912,304	3.86%	-0.42%	3.44%	100,183	3,200
2028	(129,336)	103.0%	2030	2,999,673	3.86%	-0.24%	3.62%	108,588	8,405
2029	(126,611)	102.8%	2031	3,089,663	3.87%	-0.23%	3.64%	112,464	3,876
2030	(127,291)	102.7%	2032	3,182,353	3.89%	-0.23%	3.66%	116,474	4,010
2031	(127,937)	102.6%	2033	3,277,824	3.90%	-0.22%	3.68%	120,624	4,150
2032	(128,529)	102.5%	2034	3,376,159	3.93%	-0.22%	3.71%	125,255	4,631
2033	(128,988)	102.4%	2035	3,477,443	3.94%	-0.21%	3.73%	129,709	4,454
2034	(129,612)	102.3%	2036	3,581,767	3.95%	-0.20%	3.75%	134,316	4,607
2035	(130,155)	102.2%	2037	3,689,220	3.97%	-0.20%	3.77%	139,084	4,768
2036	(130,667)	102.1%	2038	3,799,896	3.99%	-0.19%	3.80%	144,396	5,312
2037	(131,077)	102.1%	2039	3,913,893	4.01%	-0.19%	3.82%	149,511	5,115
2038	(131,744)	102.0%	2040	4,031,310	4.02%	-0.18%	3.84%	154,802	5,291
2039	(132,343)	101.9%	2041	4,152,249	4.04%	-0.18%	3.86%	160,277	5,475
2040	(132,810)	101.9%	2042	4,276,817	4.06%	-0.18%	3.88%	165,940	5,663
2041	(133,239)	101.8%	2043	4,405,121	4.07%	-0.17%	3.90%	171,800	5,860
2042	(134,000)	101.7%	2044	4,537,275	4.08%	-0.17%	3.91%	177,407	5,607
2043	(135,064)	101.7%	2045	4,673,393	4.08%	-0.16%	3.92%	183,197	5,790
2044	(136,049)	101.6%	2046	4,813,595	4.10%	-0.16%	3.94%	189,656	6,459
2045	(136,753)	101.6%	2047	4,958,003	4.12%	-0.16%	3.96%	196,337	6,681
2046	(137,325)	101.5%	2048	5,106,743	4.13%	-0.15%	3.98%	203,248	6,911

## Appendix B: Detailed Scenario Test

### Retirement and Health Plans Combined

Valuation Year	UAAL	Funded Ratio	Fiscal Year End	Fiscal Year Pay	Normal Cost	UAAL Payment	Total Rate	Contribution Amount	Incremental Increase
2022	\$6,537,225	76.4%	2024	\$2,512,179	11.24%	22.12%	33.36%	\$838,063	N/A
2023	6,563,826	77.1%	2025	2,587,544	11.63%	21.66%	33.29%	861,393	\$23,330
2024	6,543,532	78.1%	2026	2,665,171	11.36%	20.30%	31.66%	843,793	(17,600)
2025	6,544,740	78.8%	2027	2,745,126	11.75%	20.62%	32.37%	888,597	44,804
2026	6,519,645	79.7%	2028	2,827,480	11.56%	20.94%	32.50%	918,931	30,334
2027	6,325,160	81.0%	2029	2,912,304	11.38%	20.83%	32.21%	938,053	19,122
2028	6,663,040	80.6%	2030	2,999,673	11.18%	21.73%	32.91%	987,192	49,139
2029	6,468,630	81.8%	2031	3,089,663	11.01%	22.77%	33.78%	1,043,689	56,497
2030	6,221,569	83.0%	2032	3,182,353	10.86%	23.69%	34.55%	1,099,503	55,814
2031	5,902,332	84.4%	2033	3,277,824	10.70%	24.87%	35.57%	1,165,922	66,419
2032	5,506,971	85.9%	2034	3,376,159	10.57%	25.37%	35.94%	1,213,391	47,469
2033	5,018,919	87.5%	2035	3,477,443	10.42%	24.72%	35.14%	1,221,974	8,583
2034	4,452,044	89.2%	2036	3,581,767	10.30%	21.67%	31.97%	1,145,091	(76,883)
2035	3,843,489	90.9%	2037	3,689,220	10.18%	19.91%	30.09%	1,110,087	(35,004)
2036	3,281,433	92.4%	2038	3,799,896	10.08%	20.61%	30.69%	1,166,188	56,101
2037	2,724,456	93.9%	2039	3,913,893	10.00%	19.98%	29.98%	1,173,385	7,197
2038	2,077,158	95.4%	2040	4,031,310	9.91%	16.40%	26.31%	1,060,637	(112,748)
2039	1,386,070	97.0%	2041	4,152,249	9.85%	15.74%	25.59%	1,062,561	1,924
2040	775,851	98.4%	2042	4,276,817	9.78%	13.79%	23.57%	1,008,045	(54,516)
2041	130,829	99.7%	2043	4,405,121	9.72%	13.35%	23.07%	1,016,262	8,217
2042	(491,657)	101.0%	2044	4,537,275	9.67%	-0.62%	9.05%	410,623	(605,639)
2043	(1,155,019)	102.4%	2045	4,673,393	9.62%	-1.39%	8.23%	384,620	(26,003)
2044	(1,207,495)	102.4%	2046	4,813,595	9.60%	-1.42%	8.18%	393,752	9,132
2045	(1,223,193)	102.5%	2047	4,958,003	9.58%	-1.40%	8.18%	405,565	11,813
2046	(1,236,464)	102.5%	2048	5,106,743	9.56%	-1.37%	8.19%	418,242	12,677

Note: Results may not total exactly due to rounding.

## Appendix B: Detailed Scenario Test

### Scenario 3: Assumed market return of 14.00% for 2023/24, 7.00% thereafter

Twenty-Three-Year Illustration of UAAL, Funded Ratio and City Contributions

*(Contributions Received on July 15 – \$ in Thousands)*

#### Retirement Plan Only

Valuation Year	UAAL	Funded Ratio	Fiscal Year End	Fiscal Year Pay	Normal Cost <sup>1</sup>	UAAL Payment	Total Rate	Contribution Amount	Incremental Increase
2022	\$6,429,484	73.3%	2024	\$2,512,179	7.64%	21.79%	29.43%	\$739,334	N/A
2023	6,805,716	73.1%	2025	2,587,544	7.78%	22.19%	29.97%	775,487	\$36,153
2024	6,604,383	74.8%	2026	2,665,171	7.53%	20.22%	27.75%	739,585	(35,902)
2025	6,311,323	76.8%	2027	2,745,126	7.92%	19.58%	27.50%	754,910	15,325
2026	6,008,563	78.7%	2028	2,827,480	7.72%	18.98%	26.70%	754,937	27
2027	5,580,942	80.8%	2029	2,912,304	7.52%	18.10%	25.62%	746,132	(8,805)
2028	5,616,133	81.3%	2030	2,999,673	7.32%	18.10%	25.42%	762,517	16,385
2029	5,225,691	83.2%	2031	3,089,663	7.14%	18.46%	25.60%	790,954	28,437
2030	4,811,337	85.0%	2032	3,182,353	6.97%	18.77%	25.74%	819,138	28,184
2031	4,534,879	86.2%	2033	3,277,824	6.80%	19.88%	26.68%	874,523	55,385
2032	4,210,116	87.6%	2034	3,376,159	6.64%	20.38%	27.02%	912,238	37,715
2033	3,804,772	89.1%	2035	3,477,443	6.48%	19.71%	26.19%	910,742	(1,496)
2034	3,331,991	90.7%	2036	3,581,767	6.35%	16.66%	23.01%	824,164	(86,578)
2035	2,829,987	92.2%	2037	3,689,220	6.21%	14.91%	21.12%	779,163	(45,001)
2036	2,387,294	93.6%	2038	3,799,896	6.09%	15.60%	21.69%	824,197	45,034
2037	1,963,864	94.8%	2039	3,913,893	5.99%	14.97%	20.96%	820,352	(3,845)
2038	1,465,835	96.2%	2040	4,031,310	5.89%	11.38%	17.27%	696,207	(124,145)
2039	940,682	97.6%	2041	4,152,249	5.81%	11.32%	17.13%	711,280	15,073
2040	514,359	98.7%	2042	4,276,817	5.72%	10.32%	16.04%	686,001	(25,279)
2041	46,094	99.9%	2043	4,405,121	5.65%	10.83%	16.48%	725,964	39,963
2042	(424,315)	101.0%	2044	4,537,275	5.59%	-0.53%	5.06%	229,586	(496,378)
2043	(964,486)	102.4%	2045	4,673,393	5.54%	-1.17%	4.37%	204,227	(25,359)
2044	(1,008,211)	102.5%	2046	4,813,595	5.50%	-1.18%	4.32%	207,947	3,720
2045	(1,021,779)	102.5%	2047	4,958,003	5.46%	-1.16%	4.30%	213,194	5,247
2046	(1,034,071)	102.5%	2048	5,106,743	5.43%	-1.14%	4.29%	219,079	5,885

<sup>1</sup> Once the City is expected to be at or above 100% actuarially funded, the employer normal cost rate has been adjusted to include an additional 1% of Tier 5 projected payroll for the Tier 5 members.

## Appendix B: Detailed Scenario Test

### Health Plan Only

Valuation Year	UAAL	Funded Ratio	Fiscal Year End	Fiscal Year Pay	Normal Cost	UAAL Payment	Total Rate	Contribution Amount	Incremental Increase
2022	\$107,741	97.0%	2024	\$2,512,179	3.60%	0.33%	3.93%	\$98,729	N/A
2023	(241,890)	107.1%	2025	2,587,544	3.85%	-0.53%	3.32%	85,906	\$(12,823)
2024	(279,577)	107.8%	2026	2,665,171	3.83%	-0.60%	3.23%	86,085	179
2025	(311,210)	108.3%	2027	2,745,126	3.83%	-0.64%	3.19%	87,570	1,485
2026	(347,557)	108.9%	2028	2,827,480	3.84%	-0.69%	3.15%	89,066	1,496
2027	(405,148)	109.9%	2029	2,912,304	3.86%	-0.79%	3.07%	89,408	342
2028	(367,702)	108.5%	2030	2,999,673	3.86%	-0.69%	3.17%	95,090	5,682
2029	(410,662)	109.1%	2031	3,089,663	3.87%	-0.75%	3.12%	96,397	1,307
2030	(454,823)	109.6%	2032	3,182,353	3.89%	-0.81%	3.08%	98,016	1,619
2031	(461,205)	109.4%	2033	3,277,824	3.90%	-0.79%	3.11%	101,940	3,924
2032	(465,376)	109.0%	2034	3,376,159	3.93%	-0.79%	3.14%	106,011	4,071
2033	(469,423)	108.7%	2035	3,477,443	3.94%	-0.76%	3.18%	110,583	4,572
2034	(473,286)	108.4%	2036	3,581,767	3.95%	-0.74%	3.21%	114,975	4,392
2035	(477,422)	108.1%	2037	3,689,220	3.97%	-0.73%	3.24%	119,531	4,556
2036	(481,547)	107.9%	2038	3,799,896	3.99%	-0.72%	3.27%	124,257	4,726
2037	(485,598)	107.6%	2039	3,913,893	4.01%	-0.70%	3.31%	129,550	5,293
2038	(489,532)	107.4%	2040	4,031,310	4.02%	-0.68%	3.34%	134,646	5,096
2039	(493,818)	107.1%	2041	4,152,249	4.04%	-0.67%	3.37%	139,931	5,285
2040	(498,020)	106.9%	2042	4,276,817	4.06%	-0.66%	3.40%	145,412	5,481
2041	(502,243)	106.7%	2043	4,405,121	4.07%	-0.65%	3.42%	150,655	5,243
2042	(506,870)	106.5%	2044	4,537,275	4.08%	-0.64%	3.44%	156,082	5,427
2043	(511,409)	106.3%	2045	4,673,393	4.08%	-0.61%	3.47%	162,167	6,085
2044	(515,920)	106.2%	2046	4,813,595	4.10%	-0.61%	3.49%	167,994	5,827
2045	(520,713)	106.0%	2047	4,958,003	4.12%	-0.60%	3.52%	174,522	6,528
2046	(524,985)	105.8%	2048	5,106,743	4.13%	-0.57%	3.56%	181,800	7,278



## Appendix B: Detailed Scenario Test

### Retirement and Health Plans Combined

Valuation Year	UAAL	Funded Ratio	Fiscal Year End	Fiscal Year Pay	Normal Cost	UAAL Payment	Total Rate	Contribution Amount	Incremental Increase
2022	\$6,537,225	76.4%	2024	\$2,512,179	11.24%	22.12%	33.36%	\$838,063	N/A
2023	6,563,826	77.1%	2025	2,587,544	11.63%	21.66%	33.29%	861,393	\$23,330
2024	6,324,806	78.8%	2026	2,665,171	11.36%	19.62%	30.98%	825,670	(35,723)
2025	6,000,113	80.6%	2027	2,745,126	11.75%	18.94%	30.69%	842,480	16,810
2026	5,661,006	82.3%	2028	2,827,480	11.56%	18.29%	29.85%	844,003	1,523
2027	5,175,794	84.4%	2029	2,912,304	11.38%	17.31%	28.69%	835,540	(8,463)
2028	5,248,431	84.7%	2030	2,999,673	11.18%	17.41%	28.59%	857,607	22,067
2029	4,815,029	86.4%	2031	3,089,663	11.01%	17.71%	28.72%	887,351	29,744
2030	4,356,515	88.1%	2032	3,182,353	10.86%	17.96%	28.82%	917,154	29,803
2031	4,073,674	89.2%	2033	3,277,824	10.70%	19.09%	29.79%	976,463	59,309
2032	3,744,739	90.4%	2034	3,376,159	10.57%	19.59%	30.16%	1,018,249	41,786
2033	3,335,350	91.7%	2035	3,477,443	10.42%	18.95%	29.37%	1,021,325	3,076
2034	2,858,705	93.1%	2036	3,581,767	10.30%	15.92%	26.22%	939,139	(82,186)
2035	2,352,565	94.4%	2037	3,689,220	10.18%	14.18%	24.36%	898,694	(40,445)
2036	1,905,747	95.6%	2038	3,799,896	10.08%	14.88%	24.96%	948,454	49,760
2037	1,478,266	96.7%	2039	3,913,893	10.00%	14.27%	24.27%	949,902	1,448
2038	976,304	97.8%	2040	4,031,310	9.91%	10.70%	20.61%	830,853	(119,049)
2039	446,864	99.0%	2041	4,152,249	9.85%	10.65%	20.50%	851,211	20,358
2040	16,339	100.0%	2042	4,276,817	9.78%	9.66%	19.44%	831,413	(19,798)
2041	(456,149)	101.0%	2043	4,405,121	9.72%	10.18%	19.90%	876,619	45,206
2042	(931,184)	101.9%	2044	4,537,275	9.67%	-1.17%	8.50%	385,668	(490,951)
2043	(1,475,896)	103.0%	2045	4,673,393	9.62%	-1.78%	7.84%	366,394	(19,274)
2044	(1,524,131)	103.1%	2046	4,813,595	9.60%	-1.79%	7.81%	375,941	9,547
2045	(1,542,492)	103.1%	2047	4,958,003	9.58%	-1.76%	7.82%	387,716	11,775
2046	(1,559,057)	103.1%	2048	5,106,743	9.56%	-1.71%	7.85%	400,879	13,163

Note: Results may not total exactly due to rounding.

# Appendix C: Definition of Pension Terms

The following list defines certain technical terms as they relate to LACERS for the convenience of the reader:

Term	Definition
Actuarial accrued liability for actives	The equivalent of the accumulated normal costs allocated to the years before the valuation date.
Actuarial accrued liability for retirees and beneficiaries	Single-sum present value of the lifetime benefits expected to be paid to the existing retirees and beneficiaries. This sum takes account of life expectancies appropriate to the ages of the annuitants and the interest that the sum is expected to earn before it is entirely paid out in benefits.
Actuarial value of assets	The value of the Plan's assets that is equal to the market value of assets less unrecognized returns. Unrecognized returns are equal to the difference between the actual market return and the expected return on the market value and are recognized over a seven-year period per LACERS' funding policy.
Employer normal cost	The portion of the normal cost to be paid by the employer. This is equal to the normal cost less expected member contributions.
Funded ratio	The ratio of the actuarial value of assets to the actuarial accrued liability. Plans sometimes also calculate a market funded ratio, using the market value of assets, rather than the actuarial value of assets.
Generational mortality	A generational mortality table provides dynamic projections of mortality experience for each cohort of current and future retirees. For example, the mortality rate for someone who is 65 next year will be slightly less than for someone who is 65 this year. In general, using generational mortality anticipates increases in the cost of the Plan over time as participants' life expectancies are projected to increase. This is in contrast to updating a static mortality assumption with each experience study as we had proposed in experience studies prior to 2019.
Normal cost	The amount of contributions required to fund the portion of the level cost of the member's projected retirement benefit that is allocated to the current year of service.
Unfunded actuarial accrued liability	The excess of the actuarial accrued liability over the actuarial value of assets. This value may be negative, in which case it may be expressed as a negative unfunded actuarial accrued liability, also called the funding surplus or an overfunded actuarial accrued liability.
Valuation value of assets	The portion of the total actuarial value of assets allocated to either the Retirement or Health Plans.

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**REPORT TO BOARD OF ADMINISTRATION**

**MEETING: MARCH 26, 2024**

**From: Neil M. Guglielmo, General Manager**

**ITEM: VI – B**

*Neil M. Guglielmo*

**SUBJECT: PRELIMINARY PROPOSED BUDGET, PERSONNEL, AND ANNUAL RESOLUTIONS FOR FISCAL YEAR 2024-25 AND POSSIBLE BOARD ACTION**

**ACTION:**  **CLOSED:**  **CONSENT:**  **RECEIVE & FILE:**

**Recommendation**

That the Board provide input to the Preliminary Proposed Budget for Fiscal Year 2024-25 (FY25); and accordingly, instruct staff to submit the Proposed Budget schedules to the City Administrative Officer and the Mayor’s Office for inclusion in the Mayor’s 2024-25 Proposed Budget.

**Executive Summary**

The Department’s Preliminary Budget is provided each March to the Board for discussion of the annual business plan for the coming fiscal year and the resources requested to maintain operations and carry out these projects. Input from the Board is incorporated into the final Proposed Budget and presented to the Board for adoption in May.

The Proposed Budget includes significant obligatory increases resulting from recent labor negotiations, funding for a transit program to provide employee benefits that are on par with the City’s program, the procurement of a new budgeting software solution to better streamline the overall budget process and modernize the platform, and beginning of a laptop replacement program to replace aging technology and prevent operational downtime. Phase 2 of the City’s Human Resources and Payroll (HRP) project will Go-Live in June 2024. The continuation of staffing resources to assist in a successful transition of the HRP project includes continuing seven substitute authority positions and one new substitute authority position request.

Transmitted herein are the FY25 Performance Budget Report and budget schedules that will be submitted for incorporation in the Mayor’s Proposed Budget. The Budget Schedules include LACERS’ Statement of Receipts and Expenditures and schedules detailing the City Contribution, Investment Management Fee Expense, Administrative Expense, 115 Trust Expense, and Regular Position Authorities for FY25. A summary of changes in these budget areas is reflected in the following table.

	FY25	FY24	\$ change	% change
City Contribution	\$ 814,139,621*	\$ 823,897,034	\$ (9,757,413)	(1.2)
Investment Management Fee & Expense	\$ 141,190,690	\$ 129,674,876	\$ 11,515,814	8.9
Administrative Expense	\$ 46,700,282	\$ 44,436,683	\$ 2,263,599	5.1
Regular Position Authorities	195	195	0	0.0

An Asterisk (\*) denotes estimated amount.

## **Discussion**

Detailed discussion of the proposed budget is provided in the attached report. Below are key highlights of the report.

### **City Contribution**

The Fiscal Year 2024-25 City Contribution is estimated at \$814.1 million or approximately \$9.8 million less than last year's contribution (\$823.9 million) after accounting for the true up. Further discussion of the City contribution is found on pages 24 and 25 of Attachment 1 and is summarized below. Final City Contributions will be calculated once the City has adopted its FY25 budget.

	FY25	FY24	\$ change	% change
Tier 1 (34.34% for FY25)	\$ 615,428,528	\$ 615,300,590	\$ 127,938	0.02
Tier 3, (31.06% for FY25)	280,243,077	288,507,473	(8,264,396)	(2.9)
True-up Adjustment	(82,919,984)	(81,477,029)	(1,442,955)	1.8
Family Death Benefit Plan	35,000	51,000	(16,000)	(31.4)
Excess Benefit Plan	1,272,000	1,332,000	(60,000)	(4.5)
Limited Term Retirement Plan	81,000	183,000	(102,000)	(55.7)
<b>Total City Contributions</b>	<b>\$ 814,139,621*</b>	<b>\$ 823,897,034</b>	<b>(\$ 9,757,413)</b>	<b>(1.2)</b>

An Asterisk (\*) denotes estimated amount.

### **Administrative Expense Budget**

The Administrative Expense Budget of \$46.7 million is \$2.26 million, or 5.1% higher than the Fiscal Year 2023-24 (FY24) Adopted Budget and includes obligatory costs totaling \$2.79 million, which primarily consists of increases to employee salaries and benefits. These obligatory costs are partially offset with deletion of one-time funding and efficiencies to services, including 8% salary savings totaling a \$2.07 million reduction. Further discussion of the Administrative Expense Budget is found on pages 3 through 8 of Attachment 1 and is summarized below.

	FY25	FY24	\$ change	% change
<b>Personnel Services</b>	\$ 35,854,473	\$ 34,014,741	\$ 1,839,732	5.4
<b>Professional Services</b>	6,884,989	6,896,252	(11,263)	(0.2)
<b>Information Technology</b>	2,226,382	1,940,435	285,947	14.7
<b>Education/Training/Travel</b>	357,595	376,005	(18,410)	(4.9)
<b>Office Expenses</b>	1,376,843	1,209,250	167,593	13.9
<b>Total Administrative Expense</b>	<b>\$ 46,700,282</b>	<b>\$ 44,436,683</b>	<b>\$ 2,263,599</b>	<b>5.1</b>

- Proposed salaries of \$25.10 million include \$1.7 million or 7.3% increase from FY24 in part due to labor union negotiations that include cost-of-living (COLA) adjustments, increased leave payouts, and increased bilingual bonuses for most bargaining units. A proposed 8% salary savings provides an offset of -\$2.07 million.
- LACERS Headquarters operating expenses are estimated at \$2.65 million, a 2.4% increase over the current year. This includes a parking budget of \$30,000 to accommodate staff parking related to the rental of 25 parking spots or parking validations in the Chinatown area.
- Additionally, a Departmental Transit and Subsidy Reimbursement Program is in development. The LACERS Board of Administration has approved free parking for LACERS employees. LACERS and the Los Angeles Fire and Police Pensions (LAFPP), in a joint letter, have reached out to the City's Joint-Labor Management Committee on Commute Options & Parking (JMLC-COP) with considerations to the parking terms stated within the Successor Special MOU. According to the terms, LACERS employees are still required to make payroll deductions for parking access. A budget of \$162,000 is requested in the event LACERS employees are required to make payroll deductions and/or allow the department to provide reimbursements for parking and other types of transit reimbursements and programming as necessary.
- Business Continuity Planning will be assessed through a series of tabletop exercises that will simulate potential emergency scenarios to identify weaknesses and improve preparedness amongst staff. A budget of \$50,000 is being requested to hire a tabletop consultant to create and facilitate exercises. At least one tabletop exercise is anticipated to occur in FY25.
- The HRP project will be replacing the City's legacy payroll system, PaySR. However, this project has demonstrated great complexity and change, requiring modifications for the Pension Administration System to develop compatible integration files, and performing multiple testing to ensure data integrity and quality. A budget of \$209,029 is being requested for a new substitute authority position, system compatibility, as well as contributing LACERS' share of costs to the overall HRP project. Moreover, seven substitute authority positions are being continued to address potential issues and errors that are anticipated to occur once the HRP project goes live in June, 2024. The salaries of these positions equate to \$575,652 in addition to other benefits related costs.

- Currently, LACERS utilizes an in-house budget tracking system that is maintained by the Data Office Unit. However, with the influx of new on-going priorities for the Data office Unit, such as the Central Repository and HRP, LACERS would benefit from supported and modernized software that can be maintained by analysts without programming knowledge. A budget of \$115,000 is being requested to procure and implement streamlined budget software capable of providing a clear overview of LACERS' finances.
- Laptop Replacement is a two-phase deployment project intended to replace all laptops used by LACERS employees to enhance productivity and security. The current laptops have surpassed their average lifespan and three-year support services. For FY25, a budget of \$99,000 is requested to replace half of the laptops with newer technology to allow for better performance, compatibility with existing applications and peripherals, and connectivity standards.

The Proposed Budget maintains 195 regular positions. Total positions for FY25 includes 33 substitute authority positions, an increase of 1 substitute authority from FY24. The increase in the substitute authority request is for an Accounting Clerk position within the Systems Operations Support Division. This position is requested to assist with the additional workload resulting from the City's Human Resources Payroll (HRP) Project.

	2023-24 Adopted Budget	Proposed Changes			2024-25 Proposed Budget	2024-25 Proposed Substitute Authorities		
	Regular Authorities	Add/Delete	Regularize Substitute Authorities	New	Regular Authorities	Cont.	New	Total
<b>TOTAL</b>	<b>195</b>	0	0	0	<b>195</b>	32	1	<b>33</b>

\*FY24: Currently 38 vacant positions. (26 regular and 11 substitute authority positions).

- Substitute Authority Position Requests: 32 substitute authorities are being requested to continue for FY25 along with 1 new substitute authority requested.

Supported by the aforementioned funding and positions, the LACERS FY25 Business Plan includes continuing Business Plan Initiatives for Governance with a focus on updating and developing new Board policies, Language Access Plan, Central Data Repository, the City's Human Resource and Payroll (HRP) Implementation, and introducing one new initiative, Business Continuity Plan (BCP) to reinforce LACERS' rapid response to significant disruption of operations.

### Investment Management Fees and Expenses

The FY25 Investment Management Fees and Expenses are estimated at \$141.2 million, \$11.5 million more than the FY24 Adopted Budget and \$12.2 million more than anticipated FY24 expenses. Estimated fees are based on anticipated investment portfolio growth and additional fund commitments expected to be made during FY25 to the Private Credit, Private Equity and Real Estate, Fixed Income and Equity asset classes. Further discussion of the Investment Management Fees and Expenses is found on page 26 and 27 of Attachment 1 and Attachment 2 on page 6, and is summarized as follows:

- The Investment Management Fees are estimated for FY25 by projecting the future market value of portfolio assets and applying the management fee rates reflected in the contracts with individual managers.
- The Investment Management Fee and Expenses schedule reflects adjustments for timing of the investment.

### **Strategic Plan Impact Statement**

This budget includes funding for FY25 initiatives to meet LACERS seven strategic goals.

Prepared By: Todd Bouey, Assistant General Manager, Dale Wong-Nguyen, Assistant General Manager, the Administration Division and Budget Team: Edwin Avanesian, Andy Chiu, Chhintana Kurimoto, Lisa Li, Lin Lin, Dianne Sunico, Marcel Nguyen, and Jo Ann Peralta. In collaboration, and with special thanks to Department senior managers for the thought and leadership that went into this budget.

NMG/TB/EA/LL/CK

- Attachments:
1. LACERS Performance Budget Report for Fiscal Year 2024-25
  2. Proposed Budget, Personnel, and Annual Resolutions for Fiscal Year 2024-25



# LACERS PERFORMANCE BUDGET

Fiscal Year  
2024-25



Board Presentation of March 26, 2024



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LACERS marked its one year anniversary on March 6, 2024 since the official occupation of the new office Headquarters. Over the past year, LACERS has made significant investments in resources and initiatives to better serve the Plan and Member Experience as we welcome back our Members to in-person services. At the same time, LACERS has continued to work diligently with other City departments to ensure the successful implementation of the City’s Human Resources and Payroll (HRP) project, which aims to replace the City’s legacy payroll system, PaySR. However, upon staff’s participation in the project testing for the past year, many concerns have been raised in relation to base functionalities, data conversion, integration files, etc., which all impact LACERS’ ability in processing retirements, receiving Member contributions, and other payroll deductions. The currently anticipated launch date of HRP is June 2024 and with many of the issues remaining unresolved, it is believed that LACERS will need to manage and reconcile a substantial number of errors once the project goes live. In October 2023, the Board supported seeking additional staffing resources. Despite the additional resources, challenges persist due to limited hiring lists and the race against the impending HRP launch date.

As evidenced by the City Administrator’s Mid-Year Financial Status Report dated March 18, 2024, the City is experiencing significant financial challenges. LACERS FY25 Proposed Administrative Budget employs belt-tightening measures that allow LACERS to continue to address the most pressing needs while offsetting these resources with salary savings and other reductions. LACERS FY25 Business Plan primarily supports ongoing initiatives including the Mayor’s Language Access Plan directive, HRP Post Go Live support, and the development of a Central Data Repository to house data and reporting with the addition of one new initiative, LACERS Business Continuity Plan, to ensure that LACERS is properly equipped and trained to continue operations under unforeseeable circumstances.

The budget reflects our mission, vision, and values. We look forward to maintaining our quality service to our Members and continue to promote financially sound investments.

	FY25	FY24	CHANGE	% CHANGE
<b>City Contribution</b>	\$ 814,139,621	\$ 823,897,034	\$ (9,757,413)	(1.2)
<b>Investment Management Fees &amp; Expenses</b>	\$ 141,191,690	\$ 129,674,876	\$ 11,515,814	8.9
<b>Administrative Expenses</b>	\$ 46,700,282	\$ 44,436,683	\$ 2,263,599	5.1
<b>Health Care Fund Administrative Expense</b>	\$ 1,032,000	\$ 1,035,000	\$ (3,000)	(0.3)
<b>Regular Position Authorities</b>	195	195	0	0.0

# Budget Overview



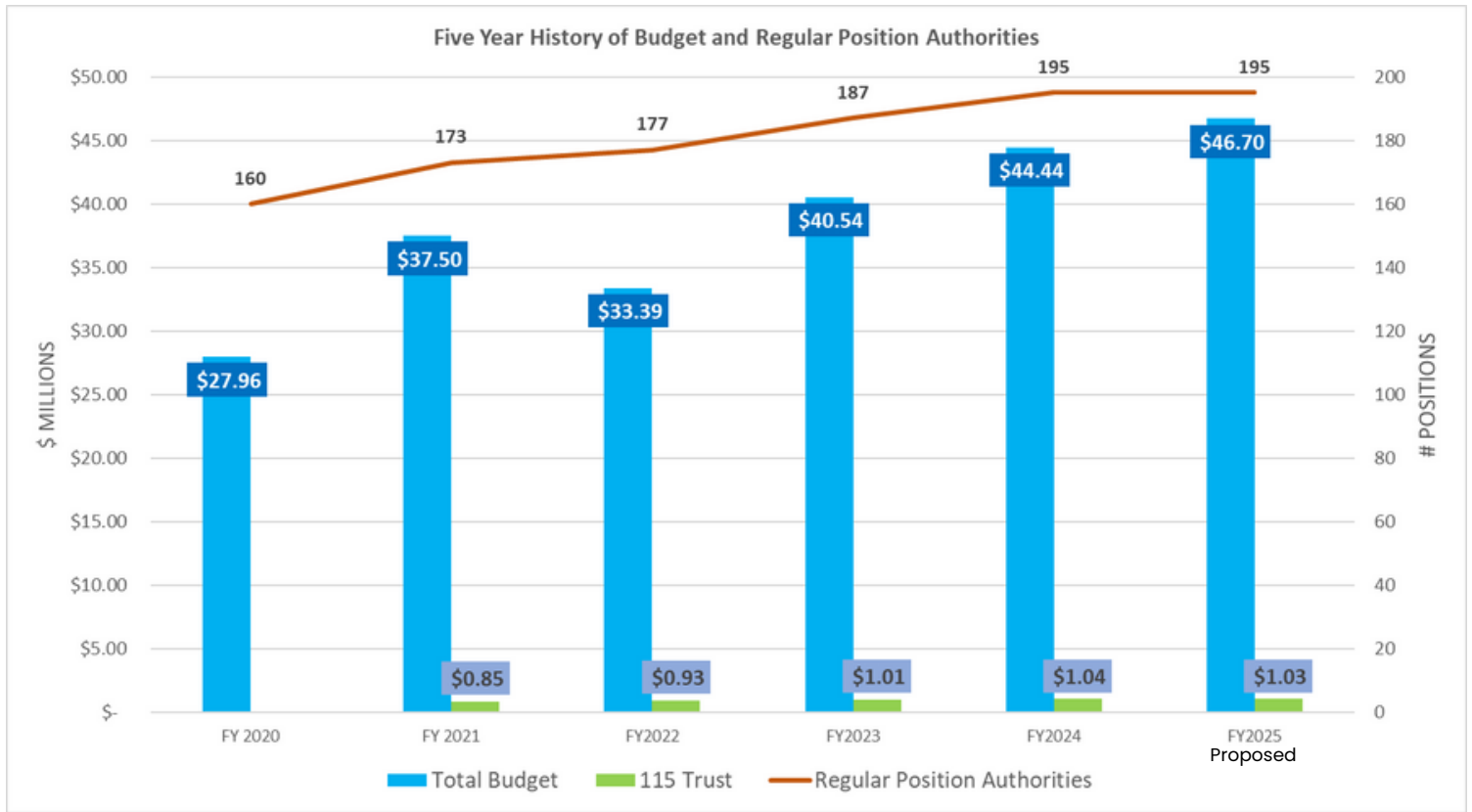
The LACERS Board approves an annual budget which estimates the cost of maintaining the Retirement System. LACERS’ budget is transmitted to the Mayor for inclusion in the City’s proposed budget, which is due to City Council by April 20 and finalized by June for the fiscal year beginning July 1st. The Board’s approval of the Administrative and Investment Expense budget establishes the General Manager’s expenditure authority for the fiscal year.

LACERS’ budget is comprised of the Administrative Expense Budget, the Health Care Fund Budget (“115 Trust”), the Investment Management Fees and Expenses Budget, and the City’s contribution to the LACERS Retirement Trust Fund and 115 Trust Fund. Key decisions made by the Board throughout the year will determine certain aspects of the budget. This includes the adoption of the actuarial valuation in November which sets the annual contribution rate (a percentage of City payroll) that the City will provide to LACERS to fund the retirement benefits for City employees. The Board approves asset allocations and investment contracts which set fee rates used to establish the Investment Management Fee Budget. The Board also considers programs and annual business plan initiatives to fund for the coming fiscal years reflected in the Administrative Expense Budget.

An overview of the major components of the LACERS’ budget, with the Board’s discretionary decisions is reflected as follows:

CITY CONTRIBUTION	=	CONTRIBUTION RATE Adopted in LACERS Valuation	x	CITY’S COVERED PAYROLL As Adopted by City Council
INVESTMENT MANAGEMENT FEES	=	ASSET MANAGEMENT FEES Established in LACERS-Approved Investment Contracts	x	ASSUMED MARKET VALUE OF ASSETS Based on Capital Market Assumptions
ADMINISTRATIVE EXPENSE	=	OBLIGATORY CHANGES Salary Increases, Cost-of-Living Increases, Retirement & Benefit Costs, Legal Fees	+	APPROVED DISCRETIONARY CHANGES New Positions, Programs & Initiatives, Service Enhancements, Salary Savings Rate
HEALTH CARE FUND ADMINISTRATIVE EXPENSE	=	OBLIGATORY CHANGES Approved Third-Party Administrator, Audit Contract Fees	+	APPROVED DISCRETIONARY CHANGES Program Enhancements

# Administrative Expense Budget



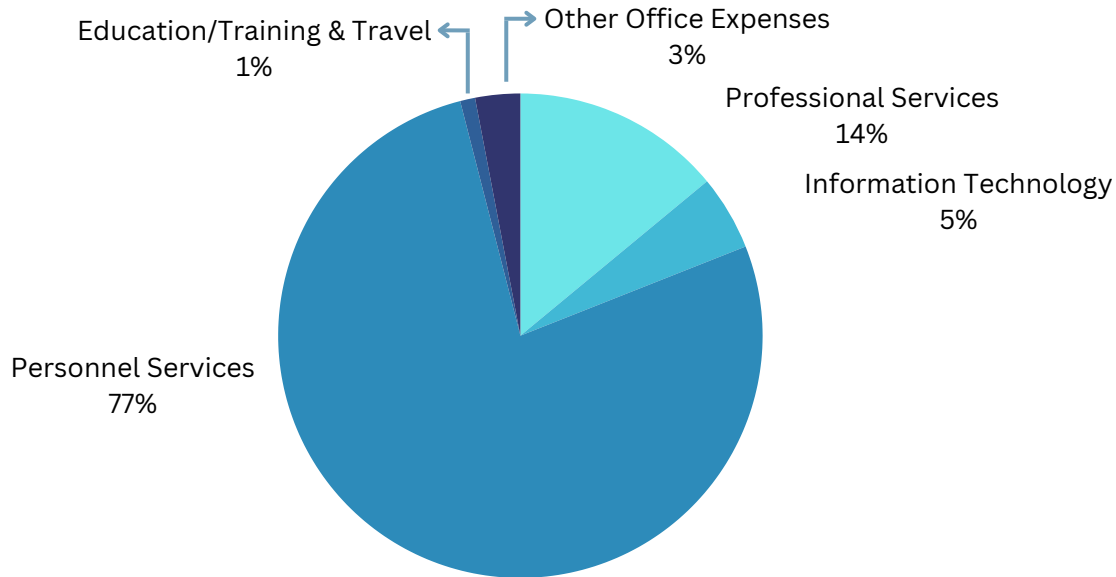
The Administrative Expense Budget of \$46.70 million reflects a net increase of \$2.26 million, or 5.1% over the FY24 base budget. Obligatory changes to the budget account for \$2.79 million in increases over the FY24 adopted budget. This includes \$0.76 million in salary rate increases and excess leave pay due to recent labor union negotiations, \$0.31 million for cost of living adjustments, and \$1.4 million for the restoration of salary savings (See Summary of Changes table, [page 4](#)). Obligatory costs are partially offset by the adoption of an 8% salary savings rate equivalent to \$2.07 million, and \$0.49 million in one-time and various expense reductions. The Budget invests \$1.95 million in core services and \$0.14 million to fund four ongoing Business Plan Initiatives (BPI) and one new initiative: Governance Initiative, Language Access Plan Initiative, Central Data Repository, City Human Resources and Payroll System Implementation, and the Business Continuity Plan (See 2024-25 Annual Business Plan, starting on [page 9](#)).

# Summary of Changes



Category	Item	Dollars	Positions	
			Regular	Substitute
<b>2023-24 Adopted Budget</b>		<b>\$ 44,436,683</b>	<b>195</b>	<b>23</b>
<b>Obligatory Changes</b>		<b>2,793,098</b>	-	-
	Cost-of-Living Adjustment	311,870	-	-
	Restoration of Salary Savings	1,430,428	-	-
	Salary Rate Increases, Turnover, Excess Leave Pay	761,082	-	-
	Part-Time Salaries	72,559	-	-
	LACERS' Employer Share of Retirement Contributions	(196,200)	-	-
	LACERS' Share of Employee Benefits	289,820	-	-
	LACERS' Share of City Attorney and Outside Legal Counsel	123,539	-	-
<b>Deletion of One-Time Funding</b>		<b>(364,535)</b>	-	-
	Deletion of Funding for One-Time Services, Expenses, & Equipment	(364,535)	-	-
<b>Efficiencies to Services</b>		<b>(2,189,277)</b>	-	-
	Salary Savings Rate Adjustment [8%]	(2,065,777)	-	-
	Expense Account Savings	(123,500)	-	-
<b>Continuation of Services</b>		<b>1,884,568</b>	-	-
	Investment Program Expenses	6,980	-	-
	Benefits Administration Expenses	524,325	-	2
	General Administration & Support Expenses	1,353,263	-	7
<b>New/Enhanced Services</b>		<b>139,746</b>	-	-
	City HRP System Implementation	88,946	-	1
	Central Repository	36,000	-	-
	Business Continuity Plan	14,800	-	-
<b>Total Changes</b>		<b>\$ 2,263,599</b>	<b>-</b>	<b>10</b>
<b>2024-25 Proposed Budget</b>		<b>\$ 46,700,282</b>	<b>195</b>	<b>33</b>

# FY25 Allocation of Expenses



This budget year maintains the level of Personnel resources, however obligatory personnel costs have increased mainly due to the recent labor union concessions for increases in salaries and benefits.

In the five major categories of expenses, Personnel Services account for 77% of the FY25 budget (+5.4% total expense year-over-year (YOY)). Professional Services comprise 14% of the budget (-0.2% total expense YOY) followed by Office Expenses at 3% of the budget (+13.9% total expense YOY). Information Technology is 5% of the budget (+14.7% total expense YOY) and finally Education/Training and Travel are 1% of the budget (-4.9% total expense YOY).

The Administrative Budget Detail includes the following notable items:

- Salary increases by \$1.7 million (+7.3% YOY) and Employee Benefits increase by \$93,620 (+0.9% YOY). The increase in Employee Benefits coincide with the increase in requested positions and corresponding salaries. A salary savings rate of \$2.07 million (8%) is applied to account for vacancies and partial funding for new positions.
- Actuarial Services increase by \$50,000 (+13.9% YOY) due to the exploration of alternative models for the Larger Annuity Plan and to conduct an actuarial review of the pension administration system's calculations to ensure accuracy and compliance with regulatory standards.
- Audit Services increase by \$14,000 (+7.5% YOY) for penetration testing to identify vulnerabilities within LACERS' computer systems. This results of the test will aid in the enhancements of the operations' cyber defense.
- Professional Services, such as Disability Services and Benefit Payroll Processing Services, increase \$50,000 (+33.3% YOY) and \$25,000 (+9.1% YOY) respectively to maintain existing services due to increases in material cost and physician rate costs. Retiree Health Admin. Consulting increases by \$50,000 (+7.1% YOY) to review and update the Health Benefits Guide.
- Computer Hardware increases by \$111,000 (+47.8% YOY) as a result of a laptop replacement program to mitigate downtime as equipment meets maximum life span. Computer Software increases by \$104,584 (+16.3% YOY) and Other Computer Consulting increases by \$49,000 (+30.8%) largely due to the procurement and development of a new budget software.

# FY25 Allocation of Expenses

- Transportation Expenses increase by \$149,000 (+647.8% YOY) due to the anticipated implementation of a robust Transit Benefit Program, which includes staff parking, transit subsidy reimbursement, and other commuter benefits. Staff are currently working out the details of this program.
- Office Space increases by \$120,000 (+100% YOY) for the procurement of armed guard services to provide protection and ensure security of personnel and property. On the other hand, Furniture and Other Equipment Services decrease by \$53,500 (-27.4% YOY) as the one-time purchase of a Magnetometer and first floor buildout has been completed.

Additional items to note include:

- The budget for the 115 Trust Administrative Expense is shown in the table following the Administrative Expense Budget. The 115 Trust Fund was established in 2018 to better manage future costs and decrease future tax liability for LACERS health and welfare benefits. The 115 Trust Budget pays for administrative expenses including third party fees charged for the administration of Self-Funded Dental and Vision benefit claims, audit fee, legal counsel cost, and the Fund's share in LACERS' overall administrative expenses. The Proposed 115 Trust Budget for direct administrative expenses of \$1,032,000 represents a decrease of \$3,000 (-0.3% YOY).
- This budget invests in the continuation of 9 substitute authority positions and adding 1 new substitute authority position. The purpose of and justifications for these positions begin on [page 8](#).
- The budget funds programs currently underway including the core programs in Benefit Administration, Investment Administration, and General Administration and Support, as well as continuing four initiatives in the FY25 Business Plan including the Language Access Plan Initiative, Governance Initiative centered on strategic planning, Central Data Repository initiative, and City HRP System Implementation, plus a new Business Continuity Plan initiative.

# Detail of Administrative Expenses



	City Account Number	FY2024-25 Proposed Budget	FY2023-24 Adopted Budget	Budget \$ Change	Budget % Change
<b>FUND 800: ADMINISTRATIVE EXPENSE BUDGET</b>					
<b>Personnel Services</b>					
601	Salaries	101	\$ 25,097,304	\$ 23,387,186	\$ 1,710,118 7.3%
602	Overtime	109	459,669	423,675	35,994 8.5%
605	Employee Benefits	175	10,297,500	10,203,880	93,620 0.9%
<b>Personnel Services Total</b>			\$ 35,854,473	\$ 34,014,741	\$ 1,839,732 5.4%
<b>Professional Services</b>					
611	Actuarial Service	304	\$ 410,000	\$ 360,000	\$ 50,000 13.9%
612	Audit Services	304	200,500	186,500	14,000 7.5%
613	Legal Services	304	1,381,586	1,258,997	122,589 9.7%
614	Disability Services	304	200,000	150,000	50,000 33.3%
615	Other Consulting	304	3,642,903	3,965,755	(322,852) -8.1%
616	Benefit Payroll Processing Servs.	304	300,000	275,000	25,000 9.1%
617	Retiree Health Adm. Consultant	304	750,000	700,000	50,000 7.1%
<b>Professional Services Total</b>			\$ 6,884,989	\$ 6,896,252	\$ (11,263) -0.2%
<b>Information Technology</b>					
622	Pension Adm. System Vendor	304	\$ 542,750	\$ 547,687	\$ (4,937) -0.9%
623	Computer Hardware	730	343,100	232,100	111,000 47.8%
624	Computer Software	601	745,243	640,659	104,584 16.3%
625	Computer Maint. & Support	601	387,289	360,989	26,300 7.3%
626	Other Computer Consulting	304	208,000	159,000	49,000 30.8%
<b>Information Technology Total</b>			\$ 2,226,382	\$ 1,940,435	\$ 285,947 14.7%
<b>Training &amp; Related Travel</b>					
604	Employee Development	601	\$ 135,045	\$ 141,415	\$ (6,370) -4.5%
634	Conferences & Travel	213	222,550	234,590	(12,040) -5.1%
<b>Training &amp; Related Travel Total</b>			\$ 357,595	\$ 376,005	\$ (18,410) -4.9%
<b>Office Expenses</b>					
606	Transportation Expenses	331	\$ 172,000	\$ 23,000	\$ 149,000 647.8%
631	Printing and Binding	212	119,500	144,500	(25,000) -17.3%
632	Postage	601	195,950	193,950	2,000 1.0%
633	Telephone and Utilities	601	60,600	60,600	- 0.0%
635	Office Space	304	120,000	-	120,000 100.0%
636	Office Equipment Services	304	60,000	60,000	- 0.0%
651	Petty Cash	601	6,000	6,000	- 0.0%
652	Board Member Election Expense	601	61,600	65,000	(3,400) -5.2%
653	Furniture and Other Equipment	730	141,500	195,000	(53,500) -27.4%
655	Other Office Expense	601	173,760	161,425	12,335 7.6%
656	Membership Dues & Subscriptions	601	127,933	172,775	(44,842) -26.0%
658	Promotional Supplies	601	8,000	6,000	2,000 33.3%
659	Insurance Expense	304	130,000	121,000	9,000 7.4%
<b>Office Expenses Total</b>			\$ 1,376,843	\$ 1,209,250	\$ 167,593 13.9%
<b>TOTAL ADMINISTRATIVE EXPENSE BUDGET</b>			\$ 46,700,282	\$ 44,436,683	\$ 2,263,599 5.1%
<b>FUND 871: 115 TRUST EXPENSE BUDGET</b>					
612	Audit and Consulting CPA	304	10,000	10,000	- 0.0%
613	Legal	304	10,000	15,000	(5,000) -33.3%
660	Self-Funded Insurance Admin Fee	304	1,012,000	1,010,000	2,000 0.2%
<b>TOTAL 115 TRUST EXPENSE BUDGET</b>			\$ 1,032,000	\$ 1,035,000	\$ (3,000) -0.3%



# Summary of Changes in Personnel



This table provides a look at the distribution and movement of personnel in the department among its business units.

DIVISION/SECTION	2023-24 Adopted Budget  Regular Authorities	Proposed Changes				2024-25 Proposed Budget  Regular Authorities	2024-25 Proposed Substitute Authorities		
		Add/Delete	Transfers	Regularize Substitute Authorities	New		Cont.	New	Total
Executive	6					6			
Investments	14					14			
Human Resources	6					6			
Internal Audit	3					3			
Retirement Services	47		+8			55	2		2
Health, Wellness, and Buyback	39					39	13		13
Communications & Stakeholder Relations	21					21	4		4
Member Stewardship Section	14		-9			5	7		7
Administration	14		+1			15	3		3
Fiscal Management	15					15	2		2
Systems	13					13	1		1
Systems Operations Support	3					3		+1	1
<b>TOTAL</b>	<b>195</b>		<b>0</b>			<b>195</b>	<b>32</b>	<b>1</b>	<b>33</b>

\*FY25 Total positions = (195 regular + 33 substitute authorities)

Note organizational transfers to better align resources:

- The Member Stewardship Section
  - Member Processing Unit transferred to the Retirement Services Division.
  - One Fiscal Systems Specialist transferred to the Administration Division.

# Annual Business Plan for FY 2024-25



## Department Programs

## Annual Work Plan and Business Plan Initiatives for FY25

### INVESTMENT ADMINISTRATION

Positions: 14 Regular

Admin Budget: \$2.5M

- Expanding Environmental, Social, and Governance Investment Policy Implementation
- Broadening Emerging Managers program
- Development of LACERS' internal Risk Management Committee
- Implementation of updated asset allocation

### BENEFITS ADMINISTRATION

Positions: 115 Regular | 19 Substitute Authorities

Admin Budget: \$16M

- Respond to 62,000 Member inquiries to the Member Service Center
- Deliver more than 52 mass communication pieces
- Hold 96 seminars and events for Members
- Develop a Strategic Communications Plan
- Counsel and retire 1,000 Members
- Counsel and process 1,000 death benefits
- Perform reviews of 3,200 legal documents related to Member caseload
- Public Safety Officer - Benefit Design Change Analysis
- Administer retiree health benefits for LACERS Retired Members, Survivors, and their eligible dependents
- Continue to actively respond to health benefits-related claims, issues, and feedback
- Conduct Request for Proposal (RFP) for Dental Plans and Vision Plan to survey the health plan marketplace and negotiate premiums and benefits for the 2025 plan year
- Conduct a RFP for Health & Welfare Consultant in 2025
- Expand LACERS *Well* in-person activity program
- Implement the Language Access Plan - Year 3

### GENERAL ADMINISTRATION AND SUPPORT

Positions: 66 Regular | 14 Substitute Authorities

Admin Budget: \$18.8M

- Governance Initiative
  - Board Policies Review
- Workforce Diversity, Equity, and Inclusion Initiatives
  - Fellowship Program
  - Learning Management System
- Central Data Repository Initiative
- City Human Resources & Payroll System Implementation Initiative
- Business Plan Continuity Initiative
- Strengthening Cybersecurity
- Capital Plan
- Budget Software
- Laptop Replacement Program



## BENEFITS ADMINISTRATION OPERATIONS

The Benefits Administration Operations provides services to over 48,000 Active and Retired Members inclusive of education and outreach relating to their LACERS retirement and retiree health benefits; counseling and calculation of their retiree benefits; and enrollment and administration of their retiree health insurance and subsidies. Administration of the program also involves ensuring statutory, regulatory, and legal compliance with various local, state, and federal statutes; and advising plan sponsors on benefit plan design considerations. Benefits administration is primarily provided by three divisions totaling 134 full-time employees representing 59% of the employees of the department:

- Communications and Stakeholder Relations (CSRSD)
- Health, Wellness, and Buyback (HWABD)
- Retirement Services (RSD)

The proposed budget for benefits administration program seeks to achieve the following:

### ENHANCE MEMBER SERVICES, CUSTOMER SATISFACTION, AND STAKEHOLDER ENGAGEMENT

#### ENGAGEMENT WITH MEMBERS AND STAKEHOLDERS

LACERS officially established CSRSD a year ago to broaden communications and engagement with Members and stakeholders. Over the past fiscal year, CSRSD had taken the role of leading the department’s Language Access Plan (LAP) to provide accessibility of translated materials and services, conducted a Member Communications Survey with aims of utilizing the data gathered to formulate future communications and training, increased Member attendance to presentations by 48%, and increased the number of offsite seminars by 72%. CSRSD has also successfully onboarded all Member facing units onto Amazon Connect to allow for seamless transfer of calls while maintaining the capabilities of recording calls for quality assurance and training purposes. In FY25, with the renewal of current substitute authority positions, CSRSD will continue to deliver quality service to Members and explore innovative solutions to resolve Membership pain points.

### SERVICE LEVEL ENHANCEMENT

FY25 NEW POSITIONS/CONT. SUBAUTHORITIES	PERFORMANCE OBJECTIVES
<ul style="list-style-type: none"> <li>• 1 Benefits Analyst (Continue Substitute Authority), CSRSD</li> <li>• 2 Benefits Specialists (Continue Substitute Authority), CSRSD</li> <li>• 1 Development and Marketing Director (Continue Substitute Authority), CSRSD</li> </ul>	<p>The renewal of these staff will:</p> <ul style="list-style-type: none"> <li>• Increase access to translated materials by 25% towards FYE25</li> <li>• Achieve an annual average of 95% satisfaction from a minimum of 500 Customer Service survey results</li> <li>• Coordinate and conduct customer training with Member facing unit staff</li> </ul>

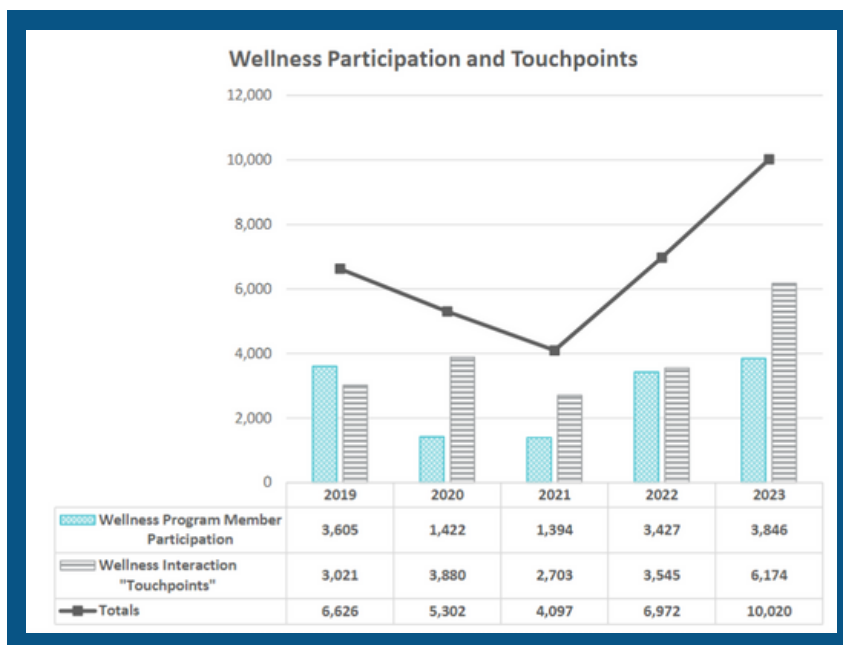
## ENHANCE BENEFIT DELIVERY AND HEALTH & WELLNESS

### IMPROVE THE VALUE AND MINIMIZE COSTS OF MEMBER'S HEALTH AND WELLNESS BENEFITS

Over the past year, HWABD implemented numerous strategies resulting in minimizing costs to Members' health and wellness benefits. The Health section conducted a medical plans Request for Proposal, where negotiations resulted in \$2.8M in savings for plan year 2024. This includes the Anthem Medicare Supplement Plan, back by popular demand by members. Additionally, the Health section conducted Member outreach and transmitted a report on the Medicare Part B Income-Related Monthly Adjustment Amount (IRMAA) for City Council's consideration of increasing reimbursements to Members and the inclusion of Members who have Medicare Part B Only. Renewal of existing substitute authority positions within the Health section will ensure the strategic goal of benefits delivery is consistently satisfied.

### EXPANSION OF RETIREE WELLNESS PROGRAM

The long-term goal of the LACERS *Well* program is to contribute to the reduction in medical plan costs through the promotion of physical and mental activities, resources, and educational initiatives aimed at preventive care. In the entirety of the 2023 calendar year, the Wellness program welcomed the return of in-person activities and events with 3,846 participations and 6,174 Member interactions. In the next year, LACERS aims to expand the in-person event program and continue to seek partnerships with nonprofit organizations to build the LACERS Wellness program into a nationally recognized program. Continuation of the Senior Benefits Analyst substitute authority position will allow for partnership explorations while continuation of the Senior Project Coordinator and the Administrative Clerk substitute authority will continue to grow Wellness activities.



### TIMELY SERVICE PURCHASES FOR ACTIVE MEMBERS

Active Members may purchase other government service or past City service to increase their retirement allowance. The Service Processing Section (SPS) handles these requests and has been able to maintain an average processing time of five months since FY21 due to the added positions since then. Continuation of existing substitute authority positions will allow the average processing wait time to be maintained while eliminating the number of aging cases (i.e., 6 months or longer) to a minimum.

## SERVICE LEVEL ENHANCEMENT

### FY24 NEW POSITIONS/CONT. SUBAUTHORITIES

- 3 Benefits Specialists (Continue Substitute Authority), Health Section
- 4 Benefits Analysts (Continue Substitute Authority), Health Section
- 1 Senior Benefits Analyst (Continue Substitute Authority), Health Section
- 1 Senior Benefits Analyst (Continue Substitute Authority), Wellness Program
- 1 Senior Project Coordinator (Continue Substitute Authority), Wellness Program
- 1 Administrative Clerk (Continue Substitute Authority), Wellness Program
- 1 Senior Benefits Analyst (Continue Substitute Authority), SPS
- 1 Benefits Specialist (Continue Substitute Authority), SPS

### PERFORMANCE OBJECTIVES

The continuation of these staff will:

- Timely enroll Retired Members, Survivors, and their eligible dependents in their chosen health and dental plans
- Provide counseling to new Retirees and Survivors, and Medicare age-ins
- Review and resolve membership and premium discrepancies on carrier reports
- Maintain oversight of the review and processing of reimbursements of the Medical Premium Reimbursement Program (MPRP)
- Achieve higher participation rates at LACERS *Well* events, whether in-person or virtual
- Eliminate aging cases associated with processing service buyback

## OPTIMIZING OPERATIONAL EFFICIENCY

### PROCESS IMPROVEMENTS IN RETIREMENT SERVICES

Retirement Services Division's (RSD) central mission is to deliver retirement benefits accurately, efficiently, and timely. In FY24, RSD made steps to improve their workflows for greater efficiency, which includes leveraging new technological tools for tracking and monitoring, incorporating automations, and scanning physical case files into a digital content repository for ease of access. Additionally, RSD collaborated with City Attorney and other City Pension Peers to remain informed on current regulations and federal laws to deliver Member benefits and provide consistent information. Continuation of two Benefit Specialists will ensure that Members will have the support they need for a smooth retirement process.

## SERVICE LEVEL ENHANCEMENT

FY25 NEW POSITIONS/CONT. SUBAUTHORITIES	PERFORMANCE OBJECTIVES
<ul style="list-style-type: none"><li>2 Benefits Specialists (Continue Substitute Authority), RSD PRU</li></ul>	<p>The continuation of these staff will:</p> <ul style="list-style-type: none"><li>Coordinate processing of outstanding and returned checks</li><li>Perform the Domestic and International Alive and Well Audits</li><li>Assist BDU with the Termination Letter Project</li><li>Develop a Knowledge Transfer System for collaboration, capturing and organization documents, and educating newly onboarded staff</li><li>Assist in resolving Survivor Benefit cases</li></ul>



## INVESTMENT OPERATIONS

The Investment Division is responsible for the management of a \$23 billion investment portfolio. LACERS' primary investment objective is to maximize the return of the portfolio at a prudent level of risk to meet the obligations of the System. The Investment Division's project-based workload is largely driven by the Asset Allocation Policy, subject to Board approval, that provides direction in portfolio diversification to allow for prudent risk-taking.

The proposed budget for the investment program seeks to achieve the following:

### OPTIMIZE LONG-TERM RISK-ADJUSTED RETURNS THROUGH SUPERIOR INVESTMENTS

#### *EMPHASIS ON ONGOING EFFORTS*

In FY24, a triennial asset allocation study was conducted to evaluate the portfolio's asset allocation with results scheduled for release in the fiscal year end. Depending on the results, changes may be implemented to the Asset Allocation Policy in FY25. Investment staff will continue to monitor the performance and the quality of the portfolio to achieve performance on a risk-adjusted basis. As risk management is a cornerstone of the Investment Program, LACERS formalized an internal Risk Management Committee comprised of Investment Officers that meet on a monthly basis to address risk factors that may impact LACERS portfolio. LACERS aims to further develop this committee by joining the Institutional Society of Risk Professionals (ISRM) to collaborate with peers on leading standards in risk management. Additionally, the Investment Division will continue to develop LACERS' Environmental, Social, and Governance (ESG) program in collaborating with like-minded investors to integrate industry best practices and engaging with other investment entities on ESG issues. The Emerging Investment Manager Program (EMP) will also be further developed to hire and retain smaller firms that have the potential to add value to LACERS' portfolio.

The Investment Division is also committed to its Diversity, Equity, and Inclusion (DEI) efforts by encouraging corporate governance practices that promotes diversity within the investment industry. The Investment Division also has a history of offering internship opportunities to junior and senior students from local undeserved colleges under its Investment Management Fellowship Program (IMFP) to support LACERS' DEI efforts.

## SERVICE LEVEL ENHANCEMENT

### PERFORMANCE OBJECTIVES

- In FY25, the Investment Division will continue to expand and develop the following programs
  - Investment Program - Asset Allocation
  - ESG Program
  - DEI Initiatives
  - EMP
  - Risk Management Program



## GENERAL ADMINISTRATION OPERATIONS

The General Administration consists of seven (7) divisions/sections working in concert under Executive management to ensure that LACERS' programs and businesses run efficiently and effectively.

- o Administration
- o Fiscal Management
- o Human Resources
- o Internal Audit
- o Member Stewardship
- o Systems
- o Systems Operations Support

The FY25 proposed staffing for the General Administration maintains the existing administration support for LACERS operations with enhancements to business processes and includes one (1) additional substitute authority position.

The proposed budget for general administration administration program seeks to achieve the following:

### **INCREASE ORGANIZATIONAL EFFECTIVENESS AND EFFICIENCY**

#### *ENHANCING FACILITY SERVICES*

As LACERS celebrates its first anniversary at its new headquarters, staff has gained valuable insight regarding the administrative needs and resources required to support operations. For FY25, LACERS aims to expand mail services to allow for same day mail distribution and collection. Additionally, LACERS seeks to improve the physical safety of employees and Members through the procurement of professional guard services as well as sidewalk repair. LACERS also aims to provide emergency tabletop exercises to educate staff and enhance operational resiliency against disasters. The continuation of a Management Analyst substitute authority will assist the Administration Division by providing sufficient support in maintaining LACERS facility operations, thus supporting the strategic goals of organizational effectiveness and providing outstanding customer service.

#### *TECHNOLOGICAL SOLUTIONS*

The Systems Division maintains the Information Technology (IT) functions of the organization by keeping business systems operational and running efficiently. FY24 initiated the redesign of the Backup & Recovery and Virtual Desktop infrastructures to streamline recoverability and provide more computing resources to virtual desktops. In FY25, Systems will continue these initiatives to minimize downtime due to maintenance services.

Systems had also collaborated with various other divisions, including the Administration Division for the mobile device replacement project and the Data Office for the development of the Central Data Repository. In FY25, these projects will continue to be developed and expanded to equip LACERS with the latest technological design capable of streamlining communications and data reporting. Continuation of a Systems Analyst substitute authority will ensure the successful delivery of the Central Data Repository and provide the necessary support to maintain and develop custom reports that suit the needs of LACERS operations, thus supporting the strategic goal of organizational effectiveness.

The Administration Division will also begin exploring options for a budget software solution capable of streamlining financial planning, tracking, and management processes, thus enhancing efficiency within the overall budget process. Continuation of a Management Analyst substitute authority will assist in the buildout and maintenance of the new budget software.



### *CYBERSECURITY*

As LACERS is now operating under a hybrid virtual workplace, Systems Division is consistently strengthening cyber security measures to ensure that LACERS is operating safely in the virtual work environment. Systems has coordinated with Internal Audit to conduct a Network Penetration Test to identify vulnerabilities, weaknesses, and security risks. Additionally, Systems has cooperated with other City departments to deploy a centralized security program for monitoring and reviewing security alerts to prevent malicious attacks. Continuation of a Cybersecurity Analyst substitute authority will assist in the technical cybersecurity assessments and provide the necessary support for cyber vulnerabilities remediation.

### **DELIVER ACCURATE AND TIMELY MEMBER BENEFITS AND UPHOLD GOVERNANCE PRACTICES**

#### *HUMAN RESOURCES, AND PAYROLL PROJECT*

The HRP project is a multi-year and multi-phase project directed by the City to replace its existing payroll systems. The Systems Operation Support (SOS) Unit and the Member Stewardship Section (MSS) are responsible for all facets of the Pension Administration System (PAS) and heavily involved with the HRP project, along with the Data Office and Systems Division. Currently undergoing Phase 2, LACERS has participated in development in many workstreams, such as end-to-end tests, parallel tests, and integration files to ensure that all parts of the Member payment process are properly implemented. LACERS is also working with other City departments, such as LAFPP, Personnel and the Controller's Office, to address concerns pertaining to the core functionalities of the HRP software to help mitigate errors and issues that arise once it goes live. The continuation of Benefit Specialists, Benefits Analyst, and Accounting clerk substitute authorities serve as the additional support in resolving discrepancies between the PAS and the HRP system while the addition of a new Accounting Clerk substitute authority will assist in the preparation of system reports and coordinating updates to the PAS to be compatible with the various integration files from HRP.

#### *ACCOUNTING OVERSIGHT*

The Fiscal Management Division primarily provides proper accounting and oversight of LACERS' financial operations including investment transactions, benefit payments and maintenance, employee payroll, cash receipts and disbursements, as well as accurate and timely financial reporting. Since FY19, LACERS' financial transactions have received an aggregate increase of 24% accounting journal entries due to additional accounting required for the 115 Trust Fund and implementation of new GASB reporting guidelines and since FY20, a 17% on management fee invoices for investment-related transactions and funds monitoring. Continuation of an Accountant and a Benefits Specialist substitute authority will allow the Fiscal Management Division to continue to deliver the necessary support to benefit payments and investment transactions to ensure accurate and complete financial reporting. This supports the strategic goal of upholding good governance, promotion transparency, and affirming fiduciary duty.

### **EMPOWER AND PROMOTE A HIGH-PERFORMING WORKFORCE**

#### *DIVERSITY, EQUITY, AND INCLUSION*

The Human Resources Unit (HRU) oversees essential functions to support individuals throughout their entire employment journey at LACERS. Although no longer an official business plan initiative, HRU has continued to lead DEI efforts to foster and sustain a high performance culture within the organization by encouraging cross-divisional collaboration and knowledge sharing amongst staff. HRU will continue to explore activities that improves interdepartmental communication and focus on providing skill development and career journey support to all LACERS staff.

## SERVICE LEVEL ENHANCEMENT

### FY25 NEW POSITIONS/CONT.SUBAUTHORITIES

- 2 Management Analysts (Cont. Substitute Authority), Administration
- 1 Systems Analyst (Cont. Substitute Authority), Administration
- 1 Cybersecurity Analyst II (Cont. Substitute Authority), Systems
- 1 Accounting Clerk (New Substitute Authority), SOS
- 1 Accounting Clerk (Continue Substitute Authority), MSS
- 2 Benefits Analyst (Continue Substitute Authority), MSS
- 3 Benefits Specialist (Continue Substitute Authority), MSS
- 1 Accountant (Continue Substitute Authority), Fiscal Management
- 1 Benefits Specialist (Continue Substitute Authority), Fiscal Management

### PERFORMANCE OBJECTIVES

These additional staff will:

- Provide project support and guidance by becoming facilitators, engagement initiators, and trainers
- Provide support to benefits administration utilizing the Pension Administration System (PAS)
- Participate in HRP testing and resolving discrepancies between PAS and HRP
- Preparation of payroll documentation
- Develop and implement Central Data Repository and Reporting
- Implement and maintain cyber security controls

### ADVANCES THE STRATEGIC PLAN GOALS OF BOARD GOVERNANCE AND ORGANIZATION EFFICIENCY AND EFFECTIVENESS

FY25 BUDGET REQUEST		
	Expense	Positions
<b>Total Request</b>	<b>\$0</b>	



#### PURPOSE

The Governance business plan initiative has consisted of two main projects, development of a new Strategic Plan and completion of the triennial board policy review. The new Strategic Plan is slated to reach project actualization by the end of FY24, thus setting the direction of the organization for the next three to five years with new goal areas. FY24 also began the initial discussions of implementing new Board policies in response to the latest City Management Audit. FY25 aims to continue these discussions and implement new policies as determined by the Board.

#### DELIVERABLES

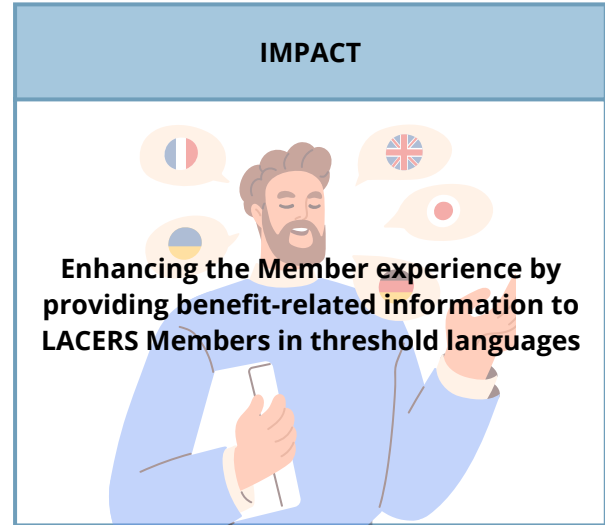
- Consideration and Implementation of New Board Policies as Recommended in the City’s 2022 Management Audit

# FY25 Business Plan Initiatives

## Language Access Plan- Year 3

**ADVANCES THE STRATEGIC PLAN GOALS OF CUSTOMER SERVICE, BENEFITS DELIVERY, GOVERNANCE & ORGANIZATION EFFICIENCY AND EFFECTIVENESS**

FY25 BUDGET REQUEST		
	Expense	Positions
<b>Total Request</b>	<b>\$40,000</b>	
Translation and Interpretation Service	\$40,000	



### PURPOSE

Prompted by Mayor Executive Directive 32 - Strengthening Language Access in the City of Los Angeles, LACERS' "Language Access Plan" (LAP) BPI is a multi-phase initiative that seeks to bridge the language gap between benefit plan materials and English Language Learners. FY24 realized the securement of a translation, interpretation, and transcription vendor. Additionally, LACERS bilingual staff began developing a repository of forms and resources that needed to be translated. Continuing in FY25, LACERS aims to expand translation and interpretation services to in-person seminars, video content, and Board meetings.

### DELIVERABLES

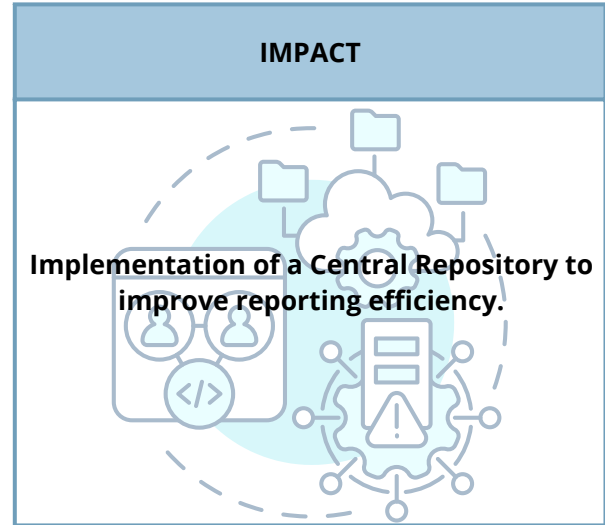
- Provide translation and interpretation services for the following:
  - Board Meetings
  - Summary Plan Descriptions
  - YouTube Video Contents
  - In-Person Seminars
  - Reception Kiosk

# FY25 Business Plan Initiatives

## Central Data Repository -Year 2

### ADVANCES THE STRATEGIC PLAN GOAL OF ORGANIZATION EFFICIENCY AND EFFECTIVENESS

FY25 BUDGET REQUEST		
	Expense	Positions
<b>Total Request</b>	<b>\$36,000</b>	
Azure Open AI	\$2,160	
Microsoft Copilot	\$1,080	
Power App/Power BI Expansion	\$32,760	



### PURPOSE

This initiative seeks to launch a Central Data Repository (CDR) which is a modernized, centralized, and organized platform to house LACERS' data with AI capabilities to enhance reporting efficiencies and accuracy. In FY24, the CDR has been scoped and built-out with an infrastructure that is approaching completion. FY25 will continue the build-out and begin populating data into the CDR through various load processes for data migration from various sources to establish a single source of truth.

### DELIVERABLES

- Development of a CDR infrastructure
- Data Migration
- Data Quality and Security Testing

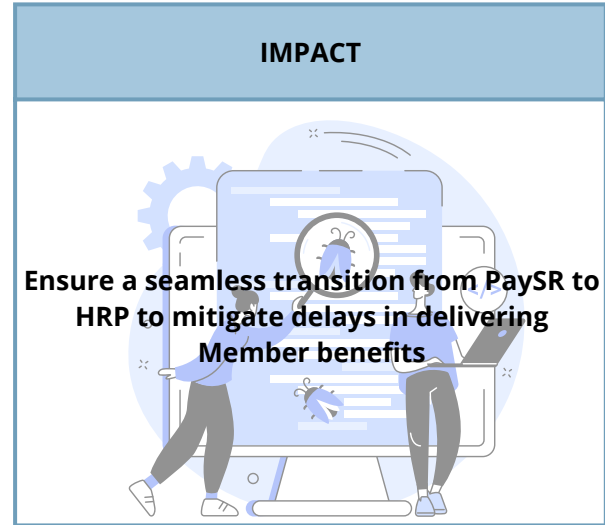
# FY25 Business Plan Initiatives

## City HRP System Implementation -Year 2

### ADVANCES THE STRATEGIC PLAN GOAL OF ORGANIZATION EFFICIENCY AND EFFECTIVENESS AND BENEFITS DELIVERY

FY25 BUDGET REQUEST		
	Expense	Positions
<b>Total Request</b>	<b>\$209,029</b>	<b>1</b>
PAS	\$80,000	
LACERS Share of HRP	\$60,083	
Accounting Clerk Substitute Authority	\$68,946*	

\*Base Salary



### PURPOSE

This initiative seeks to bring awareness and transparency to the HRP project, specifically pertaining to LACERS' efforts in ensuring a seamless transition from the City's legacy payroll system, PaySR, to HRP. This includes making modifications to the PAS to be compatible with HRP while also making sure that the HRP platform is equipped with the necessary business processes to allow LACERS to perform its responsibility of delivering timely and accurate Member benefits. In FY24, LACERS has identified multiple issues within the HRP system and has worked to resolve them. In FY25, LACERS will continue to identify and resolve further issues within the HRP system's core functionalities with considerations of expanding scalability requirements to address the organization's future needs. To assist in a smooth transition, an additional Accounting Clerk substitute authority position is requested.

### DELIVERABLES

- Operational integration files
- Robust and secure data integrity
- Enhanced business workflows that reduces manual processes

# FY25 Business Plan Initiatives

## Business Continuity Plan - Year 1



### ADVANCES THE STRATEGIC PLAN GOAL OF ORGANIZATION EFFICIENCY AND EFFECTIVENESS

FY25 BUDGET REQUEST		
	Expense	Positions
<b>Total Request</b>	<b>\$50,000</b>	
Table Top Exercises	\$50,000	



### PURPOSE

This Business Continuity Plan (BCP) business plan initiative consists of a series of tabletop exercises to evaluate the comprehensiveness of disaster plans while also increasing employee readiness and awareness of their roles and responsibilities under an emergency circumstance, which instills a culture of preparedness within the organization. In FY25, LACERS aims to have a Request for Proposal (RFP) posted to secure a tabletop consultant for the development of tabletop exercises for various scenarios.

### DELIVERABLES

- Procurement of tabletop consultant
- Completion of one tabletop exercise

# Capital Expense Budget



LACERS has established a 10-Year Capital Plan that ensures proactive planning of capital expenditures and establishes spending priorities and overall capital improvement goals.

This year's plan continues with routine improvements of the building's mechanical and structural resilience with additional areas of focus on building security measures and implementation of an asset management system.

For FY25, LACERS proposes the following work be funded as part of the 10-Year Capital Plan:

## FY25 CAPITAL PLAN BUDGET REQUEST - YEAR 3

Category	Property Component	Expense
<b>Parking Garage</b>	<u>Garage Ventilation and New Entry Gate</u> : Procurement and installation of a new entry gate, replace the original parking garage ventilation fans with installation of a carbon-monoxide (CO) system for a safe and reliable operation of the parking garage ventilation system.	\$100,000
<b>HVAC</b>	<u>Heating, Ventilation, and Air Conditioning Systems</u> : Replacement of existing HVAC-Water Source Heat Pumps: 6x units on the 5th Floor and 2x units in restrooms on the 5th and 2nd Floors.	\$190,000
<b>Electrical</b>	<u>Main Switchboard</u> : Replace/Rebuild breaker components of the Motor Control Center (MCC).	\$25,000
<b>Plumbing</b>	<u>Sump Pumps</u> : Replacement of the storm water sump pumps and controller.	\$25,000
<b>Soundproofing</b>	<u>Sound Traveling</u> : Work to damper sound traveling between offices and conference rooms to reduce distraction and bolster privacy. Year two of a three year program was developed for the completion of the work. Procurement and installation of white noise speakers for 3rd, 4th, and 5th Floors.	\$50,000
<b>Security</b>	<u>Security Measures</u> : Procurement and installation of (1) Dual Lane Motorola Concealed Weapons device.	\$132,000
<b>Asset Management</b>	<u>Asset Tracking</u> : Asset tagging of essential Capital and Non-Capital equipment, furniture, and electronics throughout the property.	\$50,000
<b>Administrative</b>	<u>Fee</u> : Contractual fee for capital project oversight 5% of project cost by Property Management.	\$28,600
	<b>TOTAL</b>	<b>\$600,600</b>



# City Contribution

	FY25	FY24	% CHANGE
<b>Total</b>	\$ 814,139,621	\$ 823,897,034	(1.2)
<b>Retirement and Health Benefits</b>	895,671,605	903,808,063	(0.9)
<b>True-up Adjustment</b>	(82,919,984)	(81,477,029)	1.8
<b>Family Death Benefit Plan</b>	35,000	51,000	(31.4)
<b>Excess Benefit Plan</b>	1,272,000	1,332,000	(4.5)
<b>Limited Term Retirement Plan</b>	81,000	183,000	(55.7)

The City contributes funding for four plans administered by LACERS: Retirement and Health Benefits, the Excess Benefit Plan, the Family Death Benefit Plan, and the Limited Term Retirement Plan.

City contribution rates toward retirement and health benefits for LACERS Members are set by the Board upon adoption of the annual actuarial valuations. Stated in the form of a percentage of covered payroll, the amount of the City's contribution is determined on the final covered payroll adopted in the City's budget. The final covered payroll will be determined in June once the City and proprietary departments budget gets adopted. As of now, FY25 City Contribution is based on the FY24 final covered payroll of \$1.8 billion for Tier 1 Members and rate of 34.34%; and a covered payroll of \$902 million and rate of 31.06% for Tier 3 Members. A credit adjustment of \$82,919,984 is applied toward the FY25 contribution to LACERS. This credit amount represents a true-up of the FY24 contribution -- the difference between the contributions paid on July 15, 2023 based on the budgeted covered payroll amount and the actual payroll toward the end of the Fiscal Year. The City is also required by statute to make employer contributions for the Family Death Benefit Plan, the Excess Benefit Plan, and the Limited Term Retirement Plan.

## Family Death Benefit Plan

Approximately 1,854 Active Members are opted into the Family Death Benefit Plan which provides an additional benefit to qualifying surviving minor children, or widow/widower over age 60 if the Member dies while an active City employee. The City's contribution to the Family Death Benefit is equivalent to a match of the Member's contribution of \$1.50 per month for FY25. This monthly amount is established pursuant to a biennial study of the full actuarial costs of the benefit as required by the Los Angeles Administrative Code.



## **Excess Benefit Plan**

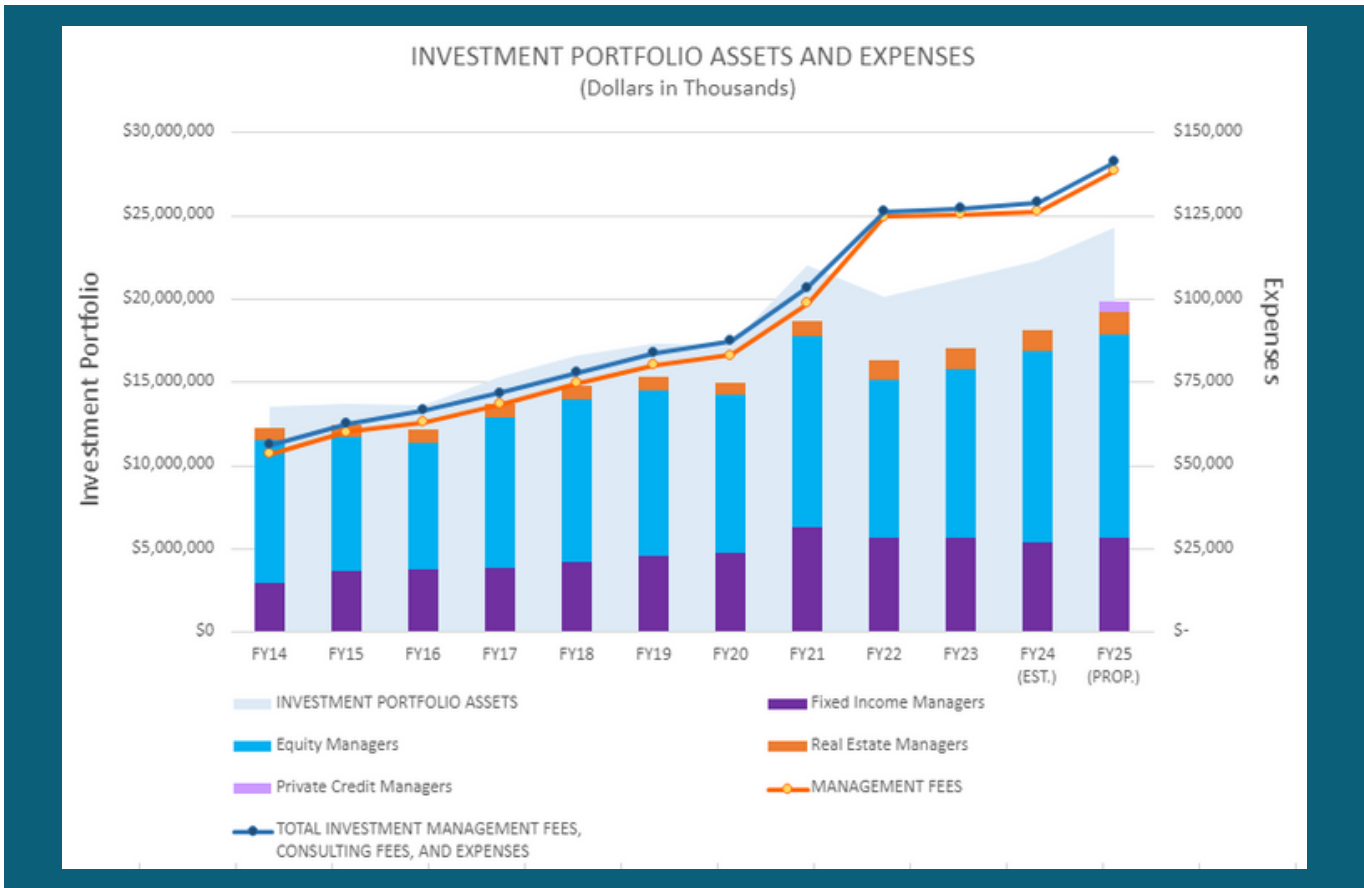
The Excess Benefit Plan was established separate from the LACERS Trust Fund, to pay retirement benefit amounts in excess of the benefit limits established by the Internal Revenue Code (IRC), currently \$275,000<sup>1</sup> for 2024. In 2024, there are 37 LACERS Members who receive their monthly LACERS' retirement benefit up to the limit allowable by the IRC, and the remainder of their benefit is paid separately by City funds. The City's cost of this program is the projected amount of the benefits that will be paid from the City's account for FY25, plus reasonable administrative expenses.

## **Limited Term Retirement Plan (LTRP)**

The LTRP provides elected officials, who serve four-year terms, the option of participating in a defined contribution plan until they have completed the five years of City service needed to vest in the defined benefit plan. The City provides a contribution to LTRP Members at the same rate as the employer contribution to the LACERS defined benefit plan. There are currently two LTRP Members in the plan.

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<sup>1</sup> This represents the unadjusted Excess Benefit limit. The individual limit must be adjusted based on the age of the Member at retirement, years of City service, service purchases, and calculated on a single-life annuity basis.

# Investment Management Fees and Expenses



In the past ten-year period, overall fees have increased along with the increase in portfolio value.

The Investment Management Fees are largely asset-based fees established in the respective contracts with investment managers hired by LACERS. Investment consulting fees are flat fees paid to our General Fund consultant, our Private Equity consultant, and our Real Estate consultant. Other expenses include research and services which support administration of the investment program.

	FY25	FY24	\$ CHANGE	% CHANGE
<b>Total</b>	\$ 141,190,690	\$ 129,674,876	\$ 11,515,814	8.9
<b>Investment Management Fees</b>	138,413,685	126,828,476	11,589,209	9.1
<b>Investment Consulting Fees</b>	2,549,500	2,521,650	27,850	1.1
<b>Other Investment Expenses</b>	227,505	324,750	(96,745)	(29.9)

# Investment Management Fees and Expenses



## INVESTMENT FEE RATE OVERVIEW

The 2024-25 proposed Investment Management Fees & Expenses Budget is \$141.2 million, an increase of \$11.6 million or 8.9% from FY24 budget that includes the following:

- \$6.3M increase from new Private Credit fund commitments estimated to be \$600M
- \$4.3M increase for Private Equity and Real Estate
- \$1.0M increase in Fixed Income and Equity

Generally, Investment management fee increases (decreases) are a function of the following factors:

- Change in the fair value of Investments
- Asset Allocation Policy and the respective weights of asset classes
- Investment management fee structures that vary by asset class

FY25 proposed investment management fees and expenses budget is based on an estimated fair value of investments of \$24.2 billion as of June 30, 2025, an 8.7% increase from FY24 estimated fair value of investments. The said estimate assumes an average 6% increase in assets based on NEPC's 10-year return assumption for each asset class, as of 12/31/2023. Additionally, the new Private Credit Program anticipates fund commitments of \$600M that will be invested pursuant to a pacing plan over the span of the upcoming fiscal year.

# LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

## PROPOSED BUDGET AND PERSONNEL RESOLUTIONS

Fiscal Year 2024 - 25

Presented March 26, 2024

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**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM**

**COMBINED STATEMENT OF RECEIPTS AND EXPENDITURES<sup>3</sup>**

<b>Actual 2022-23</b>	<b>Adopted Budget 2023-24</b>	<b>Estimated 2023-24<sup>1</sup></b>		<b>Budget Appropriation 2024-25<sup>2</sup></b>
<b>RECEIPTS</b>				
\$ 761,406,088	\$ 823,897,034	\$ 814,440,563	City Contributions (see Schedule 1).....	\$ 814,139,621
259,927,200	265,650,000	291,000,000	Member Contributions.....	308,460,000
49,624	51,000	51,000	Family Death Benefit Plan Member Contributions.....	35,000
12,809,566	12,900,000	12,900,000	Self-Funded Insurance Premium.....	13,314,000
1,422,580	1,320,000	1,550,000	Member Insurance Premium Reserve.....	1,596,500
484,084,743	461,028,000	557,000,000	Earnings on Investments.....	573,710,000
329,525,209	-	148,000,000	Gain on Sale of Investments.....	--
<u>\$ 1,849,225,010</u>	<u>\$ 1,564,846,034</u>	<u>\$ 1,824,941,563</u>	Total Receipts.....	<u>\$ 1,711,255,121</u>
<b>EXPENDITURES</b>				
\$ 1,211,015,561	\$ 1,334,000,000	\$ 1,295,000,000	Retirement Allowances.....	\$ 1,412,000,000
878,666	870,000	870,000	Family Death Benefit Plan Allowance.....	880,000
142,759,960	163,664,590	157,000,000	Retired Medical & Dental Subsidy.....	175,840,000
19,804,048	21,890,000	21,500,000	Retired Medicare Part B Reimbursements.....	23,441,000
11,019,197	11,996,000	12,000,000	Self-Funded Insurance Claims.....	13,800,000
12,047,454	13,273,000	14,200,000	Refund of Member Contributions.....	15,620,000
2,349,176	2,186,000	3,400,000	Refund of Deceased Retired Accum. Contributions.....	3,740,000
35,119,854	44,436,683	40,086,629	Administrative Expense .....	46,720,282
914,524	1,010,000	1,000,000	Self-Funded Insurance Administrative Fee.....	1,012,000
127,665,922	129,674,876	129,003,460	Investment Management Fees and Expenses.....	141,190,690
<u>\$ 1,563,574,362</u>	<u>\$ 1,723,001,149</u>	<u>\$ 1,674,060,089</u>	Total Expenditures.....	<u>\$ 1,834,243,972</u>
<u>285,650,648</u>	<u>(158,155,115)</u>	<u>150,881,474</u>	Increase (Decrease) in Fund Balance.....	<u>(122,988,851)</u>
<u>\$ 1,849,225,010</u>	<u>\$ 1,564,846,034</u>	<u>\$ 1,824,941,563</u>	Total Expenditures and Increase (Decrease) in Fund Balance	<u>\$ 1,711,255,121</u>

1. The City Contributions amount for the FY 2023-24 Estimate was based on the City's final covered payroll of \$2,694,425,881 and included the application of a net credit adjustment for FY 2022-23 of \$81,477,029 deducted from FY 2023-24 contribution payment. The credit adjustment represents a true-up of the FY 2022-23 City contribution.

2. The preliminary City Contributions budgeted amount for FY 2024-25 is based on the FY 2023-24 final covered payroll with a total amount of \$2,694,425,881 and includes a credit adjustment of \$82,919,984 for the true-up of FY 2023-24 contributions which will be deducted from the FY 2024-25 contribution payment. The City Contribution budget amount will be finalized upon the receipt of adopted City covered payroll information from the City for FY 2024-25

3. The above Statement contains LACERS combined Receipts and Expenditures including the 115 Trust.

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM**

**DETAIL OF RECEIPTS AND EXPENDITURES  
115 TRUST FUND**

<b>Actual 2022-23</b>	<b>Adopted Budget 2023-24</b>	<b>Estimated 2023-24</b>		<b>Appropriation 2024-25</b>
<b>RECEIPTS</b>				
\$ 90,580,892	\$ 98,236,308	\$ 90,510,522	City Contributions (see Schedule 1).....	\$ 79,832,994
12,809,566	12,900,000	12,900,000	Self-Funded Insurance Premium.....	13,314,000
1,422,580	1,320,000	1,550,000	Member Insurance Premium Reserve.....	1,596,500
9,923,408	14,019,000	16,349,000	Earnings on Investments.....	17,446,000
30,030,025	--	4,344,000	Gain on Sale of Investments.....	--
<u>\$ 144,766,471</u>	<u>\$ 126,475,308</u>	<u>\$ 125,653,522</u>	Total Receipts.....	<u>\$ 112,189,494</u>
<b>EXPENDITURES</b>				
\$ 11,019,197	\$ 11,996,000	\$ 12,000,000	Self-Funded Insurance Claims.....	\$ 13,800,000
917,524	1,010,000	1,000,000	Self-Funded Insurance Administrative Fee.....	1,012,000
-	25,000	-	Administrative Expense .....	
995,489	1,351,275	1,177,000	Contracts.....	20,000
3,229,744	3,943,283	3,787,000	Share of Department Adm. Expenses.....	1,420,109
<u>\$ 16,161,954</u>	<u>\$ 18,325,558</u>	<u>\$ 17,964,000</u>	Investment Management Expense.....	<u>4,293,468</u>
			Total Expenditures.....	<u>\$ 20,545,577</u>
128,604,517	108,149,750	107,689,522	Increase in Fund Balance.....	91,643,917
<u>\$ 144,766,471</u>	<u>\$ 126,475,308</u>	<u>\$ 125,653,522</u>	Total Expenditures and Increase in Fund Balance.....	<u>\$ 112,189,494</u>

Note: All 115 Trust Receipts and Expenditures above are included in the LACERS Combined STATEMENT OF RECEIPTS AND EXPENDITURES on page 2.

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM**

**SCHEDULE 1 -- CITY CONTRIBUTIONS**

**ACTUARIAL REQUIREMENTS**

To fund the liabilities of the System for future service as required in Article XI Section 1158 and 1160 of the City Charter in accordance with the actuarial valuation of those liabilities as of June 30, 2023 as follows:

	Health (115 TR)	Retirement	Total
Tier 1 34.34% of \$1,792,162,282 total actuarial salary of Tier 1 members for fiscal year 2024-25	\$ 58,424,490	\$ 557,004,038	\$ 615,428,528
Tier 3 31.06% of \$902,263,599 total actuarial salary of Tier 3 members for fiscal year 2024-25	31,128,096	249,114,981	280,243,077
Subtotal	<u>\$ 89,552,586</u>	<u>\$ 806,119,019</u>	<u>\$ 895,671,605</u>
Family Death Benefit Plan (FDBP) To match the estimated total amount contributed by Family Death Benefit Plan members in accordance with the provisions of Section 4.1090 of the Administrative Code.		35,000	35,000
Excess Benefit Plan Fund (EBP) To fund retirement benefits in excess of the limits set by Internal Revenue Code Section 415 (b) in accordance with the provisions of Section 4.1800 of the Administrative Code.		1,272,000	1,272,000
Limited Term Retirement Plan Fund (LTRP) To fund the Defined Contribution Plan for elected City officials in accordance with the provisions of Section 4.1850 of the Administrative Code.		<u>81,000</u>	<u>81,000</u>
<b>Total City Contributions</b>	<b>\$ 89,552,586</b>	<b>\$ 807,507,019</b>	<b>\$ 897,059,605</b>
True-up Adjustment: Credit of difference in City contributions for FY 2022-23 based on estimated covered payroll on July 15, 2023 and actual covered payroll up to February 24, 2024.	<u>(9,719,592)</u>	<u>(73,200,392)</u>	<u>(82,919,984)</u>
<b>Total City Contributions After True Up</b>	<b><u>\$ 79,832,994</u></b>	<b><u>\$ 734,306,627</u></b>	<b><u>\$ 814,139,621</u></b>

**City Contributions by Funding Source:**

	Total Covered Payroll	Contributions						Total
		Tier 1 (34.34%)	Tier 3 (31.06%)	Shared Cost for FDBP/EBP/LTP	Tier 1 True-Up	Tier 3 True-Up	FY23 True-Up Adjustments	
General Fund (TRAN)	\$ 2,249,970,355	\$ 499,729,666	\$ 243,728,039	\$ 1,159,044	\$ (50,163,834)	\$ (11,252,617)	\$ (61,416,451)	\$ 683,200,298
Airports	310,643,878	78,966,007	28,371,676	160,024	(7,056,758)	(9,436,986)	(16,493,744)	91,003,963
Harbor	97,145,835	27,551,627	5,111,329	50,044	(5,051,574)	1,654,404	(3,397,170)	29,315,830
LACERS	21,914,613	5,209,909	2,063,619	11,289	(900,615)	(146,617)	(1,047,232)	6,237,585
LAFPP	<u>14,751,200</u>	<u>3,971,319</u>	<u>968,414</u>	<u>7,599</u>	<u>(560,018)</u>	<u>(5,369)</u>	<u>(565,387)</u>	<u>4,381,945</u>
Total	<u>\$ 2,694,425,881</u>	<u>\$ 615,428,528</u>	<u>\$ 280,243,077</u>	<u>\$ 1,388,000</u>	<u>\$ (63,732,799)</u>	<u>\$ (19,187,185)</u>	<u>\$ (82,919,984)</u>	<u>\$ 814,139,621</u>



**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM**

**SCHEDULE 2 -- ADMINISTRATIVE EXPENSE**

Expenditures 2022-23	Adopted Budget 2023-24	Estimated Expenditures 2023-24		Budget Appropriation 2024-25
			<b>SALARIES</b>	
\$ 18,421,228	\$ 22,528,243	\$ 20,856,600	General	\$ 23,903,024
307,158	858,943	540,400	As Needed	1,194,280
329,082	423,675	408,000	Overtime	459,669
<u>\$ 19,057,468</u>	<u>\$ 23,810,861</u>	<u>\$ 21,805,000</u>	Total Salaries	<u>\$ 25,556,973</u>
			<b>EXPENSE</b>	
\$ 79,802	\$ 144,500	\$ 124,000	Printing and Binding	\$ 119,500
94,635	234,590	148,000	Travel	222,550
8,466,022	10,203,880	10,028,000	Employee Benefits	10,297,500
6,310	23,000	16,000	Transportation Expense	172,000
5,995,099	7,783,939	6,105,629	Contracts	8,020,739
1,114,380	1,808,813	1,598,000	Office and Administrative	1,826,420
<u>\$ 15,756,248</u>	<u>\$ 20,198,722</u>	<u>\$ 18,019,629</u>	Total Expense	<u>\$ 20,658,709</u>
			<b>EQUIPMENT</b>	
\$ 306,138	\$ 427,100	\$ 262,000	Furniture, Office and Technical Equipment	\$ 484,600
<u>\$ 306,138</u>	<u>\$ 427,100</u>	<u>\$ 262,000</u>	Total Equipment	<u>\$ 484,600</u>
<u>\$ 35,119,854</u>	<u>\$ 44,436,683</u>	<u>\$ 40,086,629</u>	Total Administrative Expense	<u>\$ 46,700,282</u>

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM  
INVESTMENT MANAGEMENT FEES AND EXPENSES: FY 2024-25**

	<b>ADOPTED BUDGET FY 2023-24</b>	<b>ESTIMATED EXPENSE FY 2023-24</b>	<b>PROPOSED BUDGET FY 2024-25</b>
1 Baird Advisors	\$ 629,944	\$ 654,233	\$ 714,583
2 Loomis Sayles	796,927	814,273	857,845
3 State Street (Fixed Income Index)	165,032	144,597	150,179
4 Garcia Hamilton & Associates	496,693	483,303	490,789
5 Income Research & Management	505,400	532,047	581,090
6 JP Morgan	543,012	567,824	622,302
7 Bain Capital (formerly Sankaty)	874,732	943,081	996,962
8 Prudential (LAC99)	1,540,535	1,579,946	1,666,318
9 DDJ Capital	1,190,287	1,257,437	1,333,597
10 Benefit Street Prts LLC	1,362,848	976,482	997,011
11 Loomis Sayles	850,483	1,052,350	1,299,734
12 Wellington	2,200,194	2,251,145	2,351,020
13 Crescent	457,894	251,864	295,180
14 Monroe	1,173,382	848,250	930,495
15 Granahan	920,496	819,900	843,130
16 EAM Investors	641,858	533,655	454,796
17 Principal Global	1,111,413	1,220,390	1,309,503
18 Rhumblin (S&P 500)	171,982	157,300	168,830
19 Rhumblin (Russell 2000)	16,859	14,386	15,039
20 Rhumblin (Russell 2000 Value)	7,077	5,778	6,105
21 Copeland Cap Mgmt	1,180,358	1,206,872	1,257,585
22 Segall	705,755	695,871	716,904
23 Axiom International	1,790,801	1,619,484	1,622,763
24 Barrow, Hanley, Mewhinney & Strauss	2,755,132	2,825,170	3,006,871
25 Dimensional Fund Advisor (Emerging Mkt)	1,912,523	1,953,302	2,063,288
26 Lazard Asset Management	2,631,871	2,568,292	2,705,419
27 MFS Institutional Advisors	2,229,513	2,350,437	2,459,934
28 Oberweis Asset Management	2,693,993	2,457,166	2,557,330
29 State Street Global (Non-US Index)	389,679	343,687	354,340
30 State Street EMG Mkt C	242,368	215,247	226,798
31 State Street EAFE SC	131,906	122,600	121,023
32 Wasatch	2,129,594	2,270,103	2,414,796
33 Centersquare (REITS)	2,027,332	1,923,424	2,005,876
34 Dimensional Fund Advisor (TIPS)	533,819	438,477	412,302
35 Real Estate Managers	19,164,706	18,156,677	18,823,517
36 Private Equity Managers	70,652,078	72,130,380	75,280,431
37 Private Credit Managers	-	-	6,300,000
<b>Subtotal - Investment Managers Fee</b>	<b>\$ 126,828,476</b>	<b>\$ 126,385,430</b>	<b>\$ 138,413,685</b>
38 General Fund Consulting	\$ 480,000	\$ 480,000	\$ 480,000
39 Private Equity Consulting	787,500	822,449	860,000
40 Private Credit Consulting	325,000	325,000	325,000
41 Real Estate Consulting	217,150	217,150	221,500
42 Real Estate & Private Equity Legal Consulting	689,000	524,790	560,000
43 Northern Trust	23,000	23,000	103,000
<b>Subtotal - Investment Consulting Fee</b>	<b>\$ 2,521,650</b>	<b>\$ 2,392,389</b>	<b>\$ 2,549,500</b>
44 Bloomberg Financial Services	\$ 32,000	\$ 30,275	\$ 30,420
45 Tax Accounting Services	110,000	70,000	70,000
46 Institutional Shareholder Services	130,000	71,910	71,910
47 Pitchbook Subscription	23,500	24,500	25,500
48 Pacific Center for Asset Management	10,000	10,000	10,000
49 Cambridge Associates Private Equity Benchmark License	5,500	5,175	5,175
51 MSCI ESG Research Software	13,750	13,781	14,500
<b>Subtotal - Other Investment Expense</b>	<b>\$ 324,750</b>	<b>\$ 225,641</b>	<b>\$ 227,505</b>
<b>Total Investment Management Fees and Expenses</b>	<b>\$ 129,674,876</b>	<b>\$ 129,003,460</b>	<b>\$ 141,190,690</b>

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

PROPOSED PERSONNEL RESOLUTION  
FISCAL YEAR 2024-25

WHEREAS, the Board of Administration of the Los Angeles City Employees' Retirement System has the responsibility and authority to establish the number and types of positions to be utilized by the Los Angeles City Employees' Retirement System;

NOW, THEREFORE, BE IT RESOLVED, that:

1. Effective July 1, 2024, the positions listed in the attached schedule of Positions and Salaries are hereby authorized within the Los Angeles City Employees' Retirement System. The class code numbers, classifications, and salaries as set forth herein are hereby determined to be appropriate in accordance with existing City laws and ordinances, and applicable Memoranda of Understanding, as appropriate. Further, the employment of the designated number of persons in each code and classification as set forth herein is hereby authorized.
2. Memoranda of Understanding approved by the City Council shall be considered to be incorporated into this Resolution where appropriate. Salaries established under approved Memoranda of Understanding shall apply to all classes of employees therein noted. The provisions of each of the Memoranda of Understanding shall take precedence over any conflicting provision contained in this Resolution, but only for those employees in classes to which the Memoranda of Understanding apply.
3. One Assistant General Manager (Class Code 9269), when designated by the General Manager to assume the additional administrative and supervisory duties of Executive Officer, shall be compensated at the fourth premium level rate above the appropriate step rate or premium level rate of the incumbent. Upon approval of the General Manager, one additional Assistant General Manager (Class Code 9269) may receive salary up to the fourth premium level rate above the appropriate step rate of the prescribed salary range. This compensation is pensionable.
4. Upon approval of the General Manager, substitute authority positions may be filled using any class approved and established by the Board of Civil Service Commissioners. This approval shall specify the period during which the position shall be filled.
5. Upon approval of the General Manager, persons may be employed in any class approved and established by the Board of Civil Service Commissioners in-lieu of a vacant position if the in-lieu employment is consistent with City policies and procedures for such employment.
6. The General Manager shall have the authority to correct any clerical or typographical errors in this document.

March 26, 2024

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM  
POSITIONS AND SALARIES: FY 2024-25**

**(a) Regular Positions**

FY24	FY25	Change	MOU	Class Code	Class Title	Salary Range
3	3	0	1	1513	ACCOUNTANT	\$ 63,308 - \$ 92,581
14	14	0	3	1223	ACCOUNTING CLERK	\$ 55,499 - \$ 81,139
10	10	0	3	1358	ADMINISTRATIVE CLERK	\$ 42,678 - \$ 62,431
2	2	0	0	9414	ASST GM LACERS	\$ 162,717 - \$ 237,885
30	29	(1)	1	9108	BENEFITS ANALYST	\$ 84,083 - \$ 122,983
35	35	0	20	1203	BENEFITS SPECIALIST	\$ 63,704 - \$ 93,145
3	3	0	36	9151	CH BENEFITS ANALYST	\$ 139,499 - \$ 203,955
1	1	0	36	9147	CH INVESTMENT OFCR	\$ 250,225 - \$ 356,045
1	1	0	36	9182	CH MANAGEMENT ANALYST	\$ 139,499 - \$ 203,955
1	1	0	1	9734	COMMISSION EXEC ASST II	\$ 80,701 - \$ 117,992
1	1	0	36	1610	DEPARTMENTAL AUDIT MGR	\$ 139,499 - \$ 203,955
1	1	0	36	1593	DEPT CHIEF ACCT IV	\$ 139,499 - \$ 203,955
2	2	0	37	1117	EXEC ADMIN ASST II	\$ 68,778 - \$ 100,558
1	1	0	37	1117	EXEC ADMIN ASST III	\$ 73,748 - \$ 107,803
1	1	0	20	1555	FISCAL SYSTEMS SPEC II	\$ 118,159 - \$ 172,719
1	1	0	0	9150	GM-LACERS	\$ 193,766 - \$ 343,455
1	1	0	36	1409	INFO SYSTEM MGR II	\$ 139,499 - \$ 203,955
1	1	0	1	1625	INTERNAL AUDITOR III	\$ 95,317 - \$ 139,394
1	1	0	1	1625	INTERNAL AUDITOR IV	\$ 118,159 - \$ 172,719
3	3	0	0	9146	INVESTMENT OFFICER I	\$ 109,828 - \$ 160,546
5	5	0	0	9146	INVESTMENT OFFICER II	\$ 136,826 - \$ 200,009
2	2	0	0	9146	INVESTMENT OFFICER III	\$ 172,009 - \$ 251,457
6	6	0	1	9184	MANAGEMENT ANALYST	\$ 80,701 - \$ 117,992
1	1	0	20	1170	PAYROLL SUPERVISOR	\$ 77,965 - \$ 114,004
1	1	0	20	1129	PERS RECORDS SUPV	\$ 67,901 - \$ 99,242
1	1	0	1	1731	PERSONNEL ANALYST	\$ 80,701 - \$ 117,992
1	0	(1)	63	1714	PERSONNEL DIR I	\$ 127,764 - \$ 186,813
0	1	1	63	1714	PERSONNEL DIR II	\$ 134,822 - \$ 197,107
1	0	(1)	20	1525	PR ACCOUNTANT I	\$ 91,579 - \$ 133,903
1	2	1	20	1525	PR ACCOUNTANT II	\$ 96,632 - \$ 141,274
1	1	0	20	1201	PRINCIPAL CLERK	\$ 63,704 - \$ 93,145
2	2	0	8	1431	PROGRAMMER/ANALYST III	\$ 85,921 - \$ 125,614
1	1	0	8	1431	PROGRAMMER/ANALYST V	\$ 100,203 - \$ 146,494
1	1	0	36	1800	PUB INFO DIRECTOR I	\$ 98,323 - \$ 143,779
12	13	1	20	9109	SENIOR BENEFITS ANALYST I	\$ 103,314 - \$ 151,087
7	7	0	20	9109	SENIOR BENEFITS ANALYST II	\$ 127,890 - \$ 186,959
2	2	0	20	1523	SR ACCOUNTANT I	\$ 73,497 - \$ 107,490
3	3	0	20	1523	SR ACCOUNTANT II	\$ 79,636 - \$ 116,468
20	20	0	3	1368	SR ADMINISTRATIVE CLERK	\$ 52,575 - \$ 76,880
1	1	0	0	1445	SR CYBER SECURITY ANALYST II	\$ 137,265 - \$ 200,698
2	2	0	20	9171	SR MGMT ANALYST I	\$ 103,481 - \$ 151,275
1	1	0	20	9171	SR MGMT ANALYST II	\$ 127,952 - \$ 187,063
1	1	0	64	9167	SR PERSONNEL ANALYST I	\$ 97,864 - \$ 143,090
1	1	0	64	9167	SR PERSONNEL ANALYST II	\$ 121,124 - \$ 177,083
1	1	0	20	1597	SR SYSTEMS ANALYST I	\$ 95,484 - \$ 139,624
1	1	0	20	1597	SR SYSTEMS ANALYST II	\$ 118,159 - \$ 172,719
2	2	0	1	1596	SYSTEMS ANALYST	\$ 80,701 - \$ 117,992
1	1	0	21	1455	SYSTEMS PROGRAMMER I	\$ 124,486 - \$ 146,494
2	2	0	21	1455	SYSTEMS PROGRAMMER II	\$ 107,782 - \$ 157,581
1	1	0	21	1455	SYSTEMS PROGRAMMER III	\$ 116,802 - \$ 170,735
<u>195</u>	<u>195</u>	<u>0</u>				

**(b) To be Employed As Needed in Such Numbers as Required:**

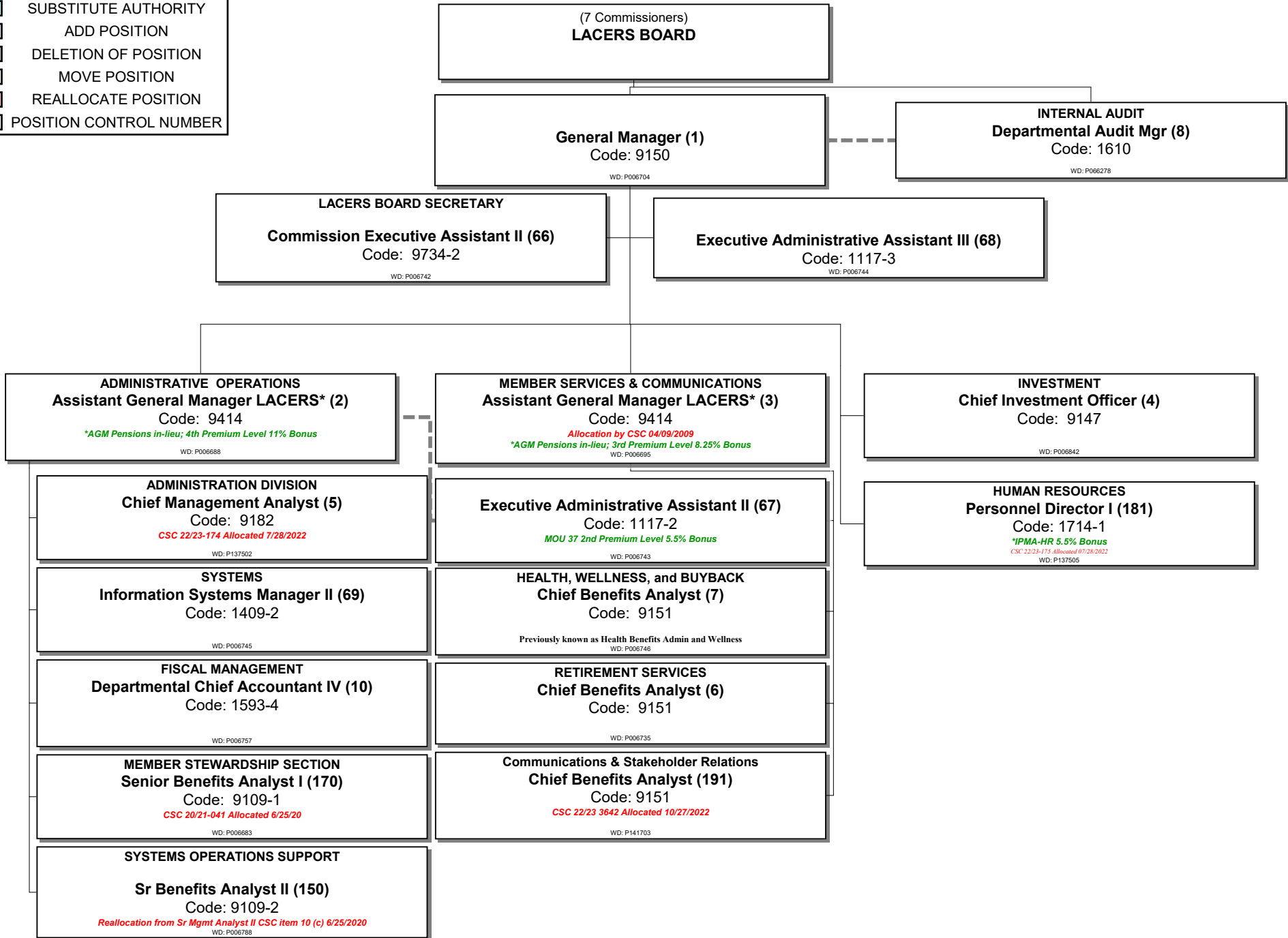
Class Code	Class Title	Class Code	Class Title
1133	RETIREMENT RELIEF WORKER	1119	PAYROLL SUPERVISOR
1358	ADMINISTRATIVE CLERK	1234	ACCOUNTING RECORDS SUPERVISOR
1501	STUDENT WORKER	1502	STUDENT PROFESSIONAL WORKER
1523	SENIOR ACCOUNTANT II	9108	BENEFITS ANALYST
1535	ADMINISTRATIVE INTERN I	9269	ASSISTANT GENERAL MANAGER PENSIONS
1535	ADMINISTRATIVE INTERN II	1596	SYSTEMS ANALYST
1538	SR PROJECT COORDINATOR	9184	MANAGEMENT ANALYST

FY21	FY22	Change	MOU	Class Code	Class Title	Salary Range
<u>7</u>	<u>7</u>	<u>0</u>	N/A	0101-2	COMMISSIONER	\$50 PER MEETING
7	7	0				

# LACERS

## CONCEPTUAL ORGANIZATIONAL CHART FY 2024/2025

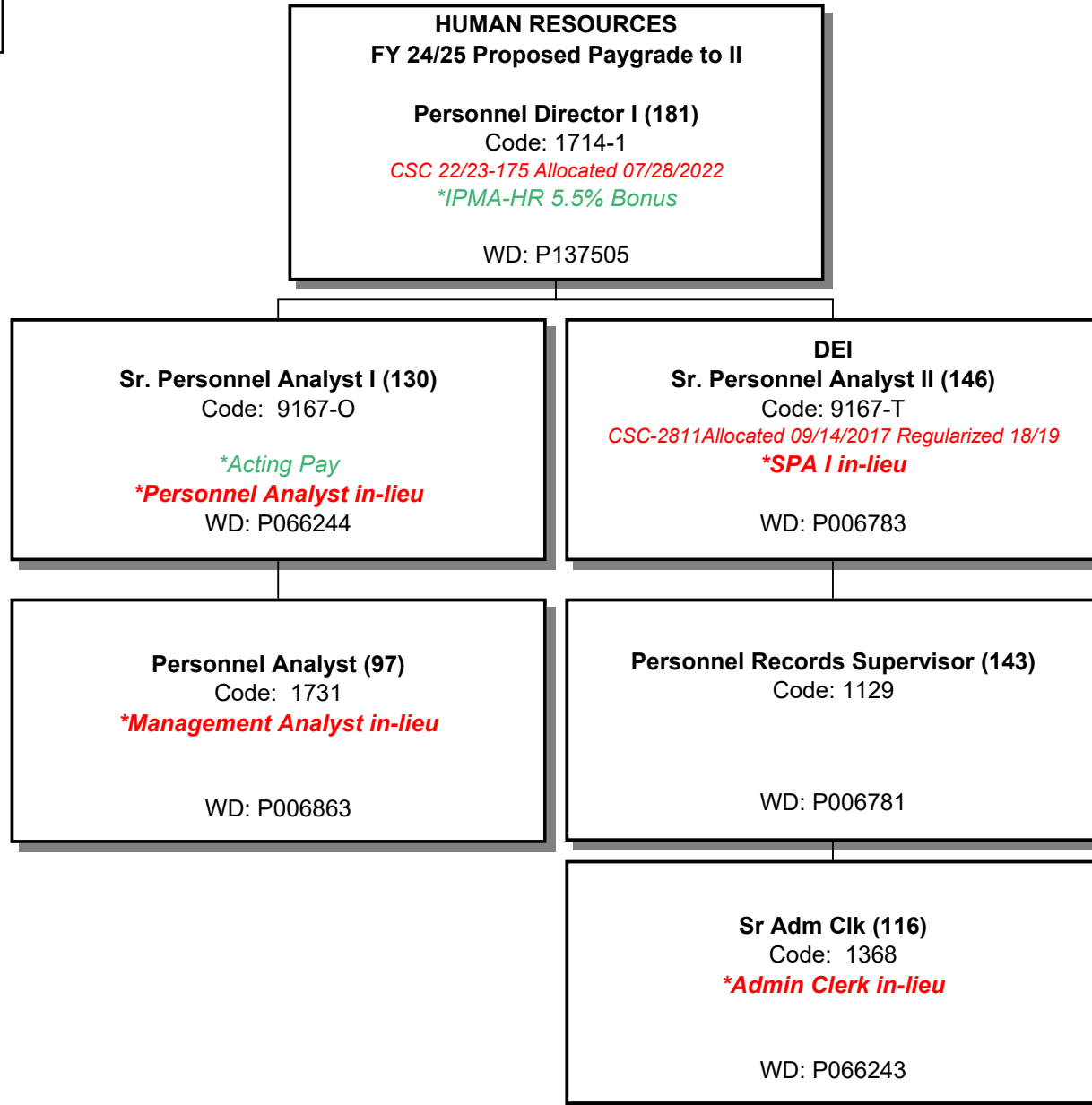
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	MOVE POSITION
	REALLOCATE POSITION
	POSITION CONTROL NUMBER



# LACERS

## CONCEPTUAL ORGANIZATIONAL CHART FY 2024/2025







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	MOVE POSITION
	REALLOCATE POSITION
	POSITION CONTROL NUMBER

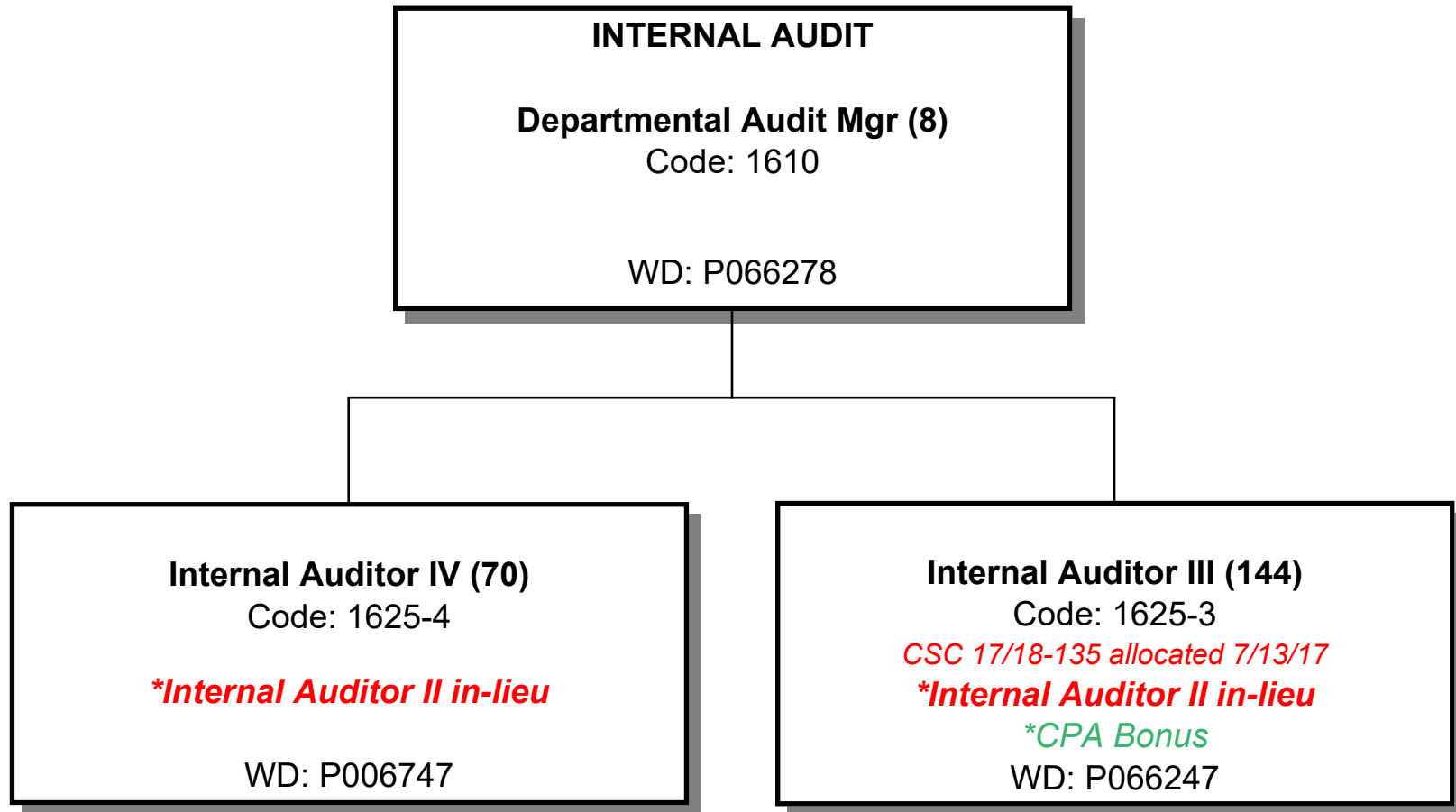


UPDATED 3/26/2024

# LACERS

## CONCEPTUAL ORGANIZATIONAL CHART FY 2024/2025

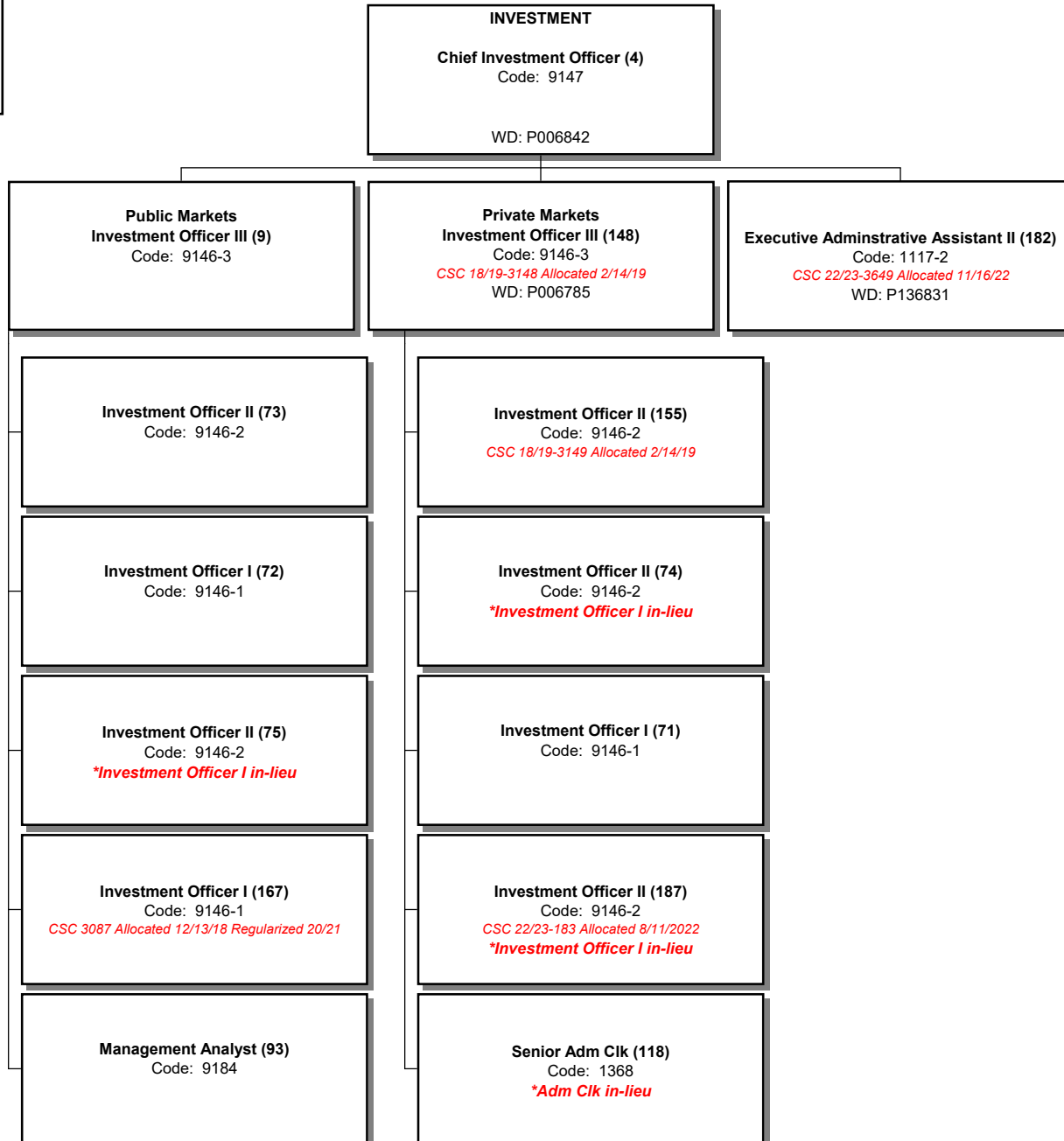
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# LACERS

## CONCEPTUAL ORGANIZATIONAL CHART FY 2024/2025

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	POSITION CONTROL NUMBER



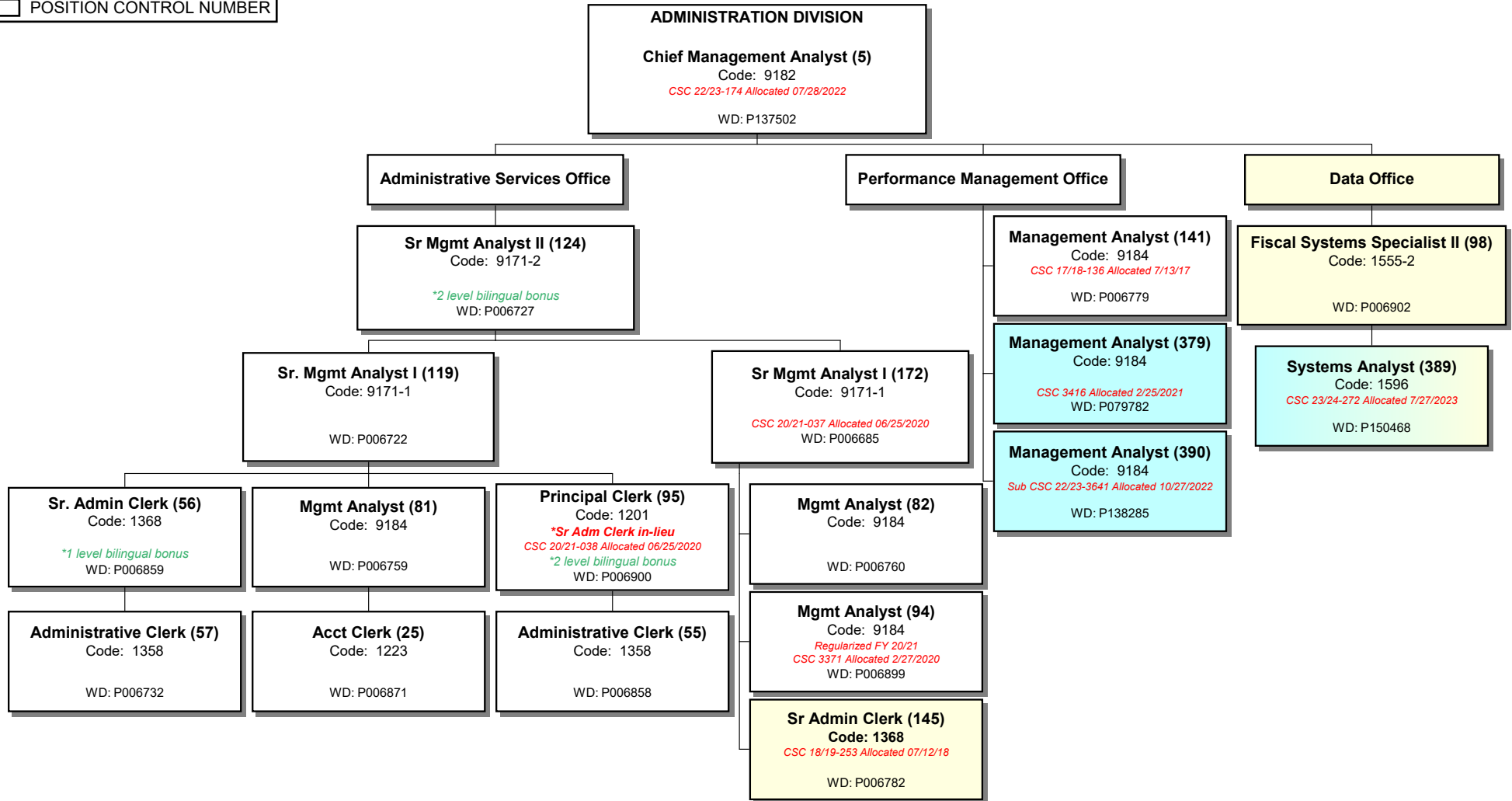
UPDATED 3/26/2024



# LACERS

## CONCEPTUAL ORGANIZATIONAL CHART FY 2024/2025

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# LACERS

## CONCEPTUAL ORGANIZATIONAL CHART FY 2024/2025

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	REALLOCATE POSITION
	POSITION CONTROL NUMBER

**MEMBER STEWARDSHIP SECTION**

**Senior Benefits Analyst I (170)**  
Code: 9109-1  
*CSC 20/21-041 Allocated 6/25/20*

WD: P006683

**Active Member Accounts  
Benefits Analyst (96)**  
Code: 9108  
*CSC 20/21-040 Allocated 06/25/2020*

**\*Acting Pay Assignment**  
WD: P006901

**Active Settlement Unit  
Benefits Analyst (504)**  
Code: 9108  
*CSC 22/23-3732 Allocated 04/05/2023*

WD: P142969

**Account Settlement Unit (ASU)  
Benefits Analyst (514)**  
Code: 9108  
*CSC 23/24-3849 Allocated 01/11/2024*

WD: P150598

**Benefits Specialist (29)**  
Code: 1203

WD: P006694

**Benefits Specialist (517)**  
Code: 1203  
*CSC 23/24-3847 Allocated 01/11/2024*

WD: P150597

**Benefits Specialist (518)**  
Code: 1203  
*CSC 23/24-3848 Allocated 01/11/2024*

WD: P150600

**Benefits Specialist (516)**  
Code: 1203  
*CSC 23/24-3847 Allocated 01/11/2024*

WD: P150596

**Benefits Specialist (16)**  
Code: 1203  
*CSC 19/20-060 Allocated 06/27/19*

WD: P006671

**Accounting Clerk (513)**  
Code: 1223  
*CSC 23/24-3846 Allocated 01/11/2024*

WD: P150633

**Accounting Clerk (512)**  
Code: 1223  
*CSC 23/24-3846 Allocated 01/11/2024*  
**\*Acct Clk Trainee in-lieu**

WD: P150634

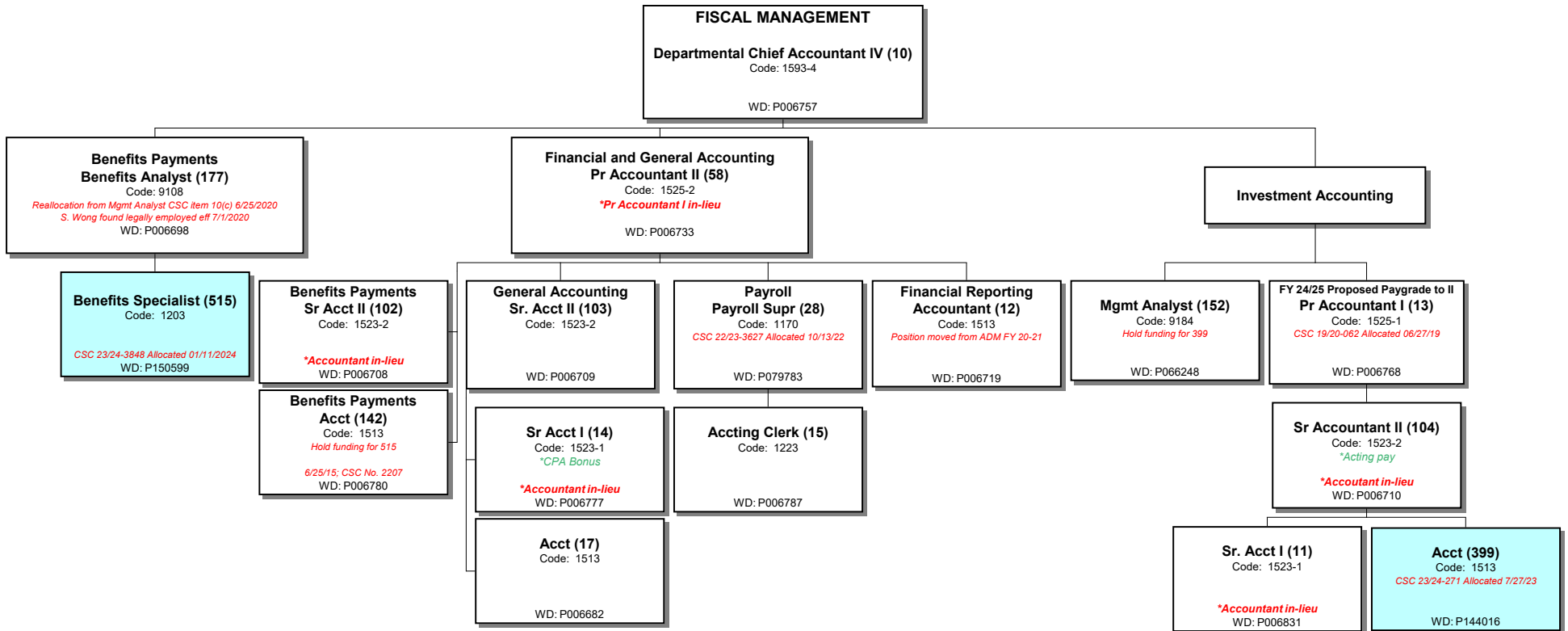
**Benefits Specialist (30)**  
Code: 1203

WD: P006696

# LACERS







## CONCEPTUAL ORGANIZATIONAL CHART FY 2024/2025

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	REALLOCATE POSITION
	POSITION CONTROL NUMBER



# LACERS

## CONCEPTUAL ORGANIZATIONAL CHART FY 2024/2025

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	MOVE POSITION
	REALLOCATE POSITION
	POSITION CONTROL NUMBER

**SYSTEMS OPERATIONS SUPPORT**

**Sr Benefits Analyst II (150)**  
Code: 9109-2  
*Reallocation from Sr Mgmt Analyst II CSC item 10 (c) 6/25/2020  
L. McCall found legally employed eff 7/1/2020*  
WD: P006788

**Sr Benefits Analyst I (166)**  
Code: 9109-1  
*B. Cha transitioned from emergency SBAI to regular eff. 7/3/22  
Reallocation from Mgmt Analyst CSC item 10 (c) 6/25/2020*  
WD: P006678

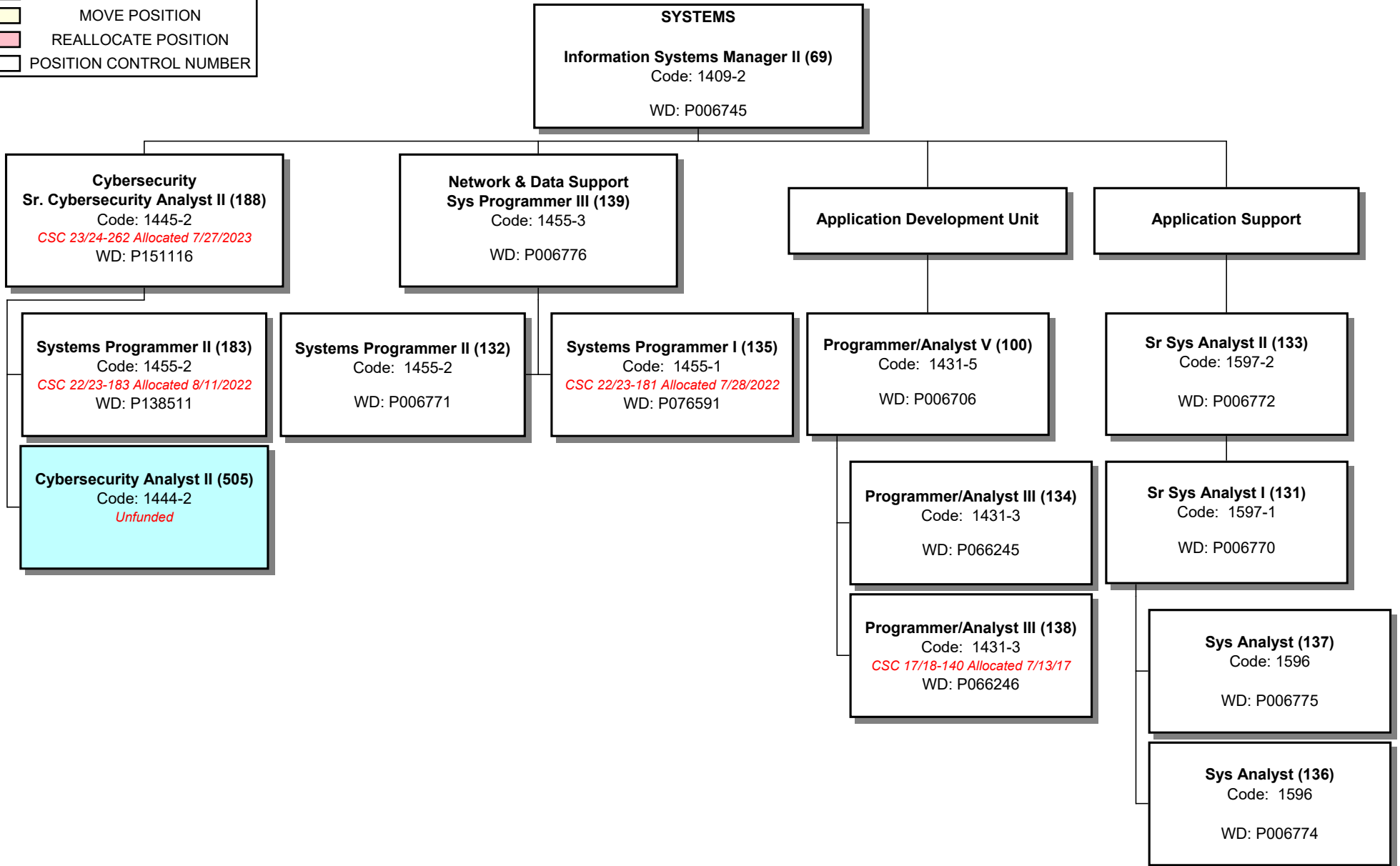
**Benefits Analyst (80)**  
Code: 9108  
  
WD: P006758

**FY 24-25 Propose New Sub  
Accounting Clerk (519)**  
Code: 1223

# LACERS

## CONCEPTUAL ORGANIZATIONAL CHART FY 2024/2025

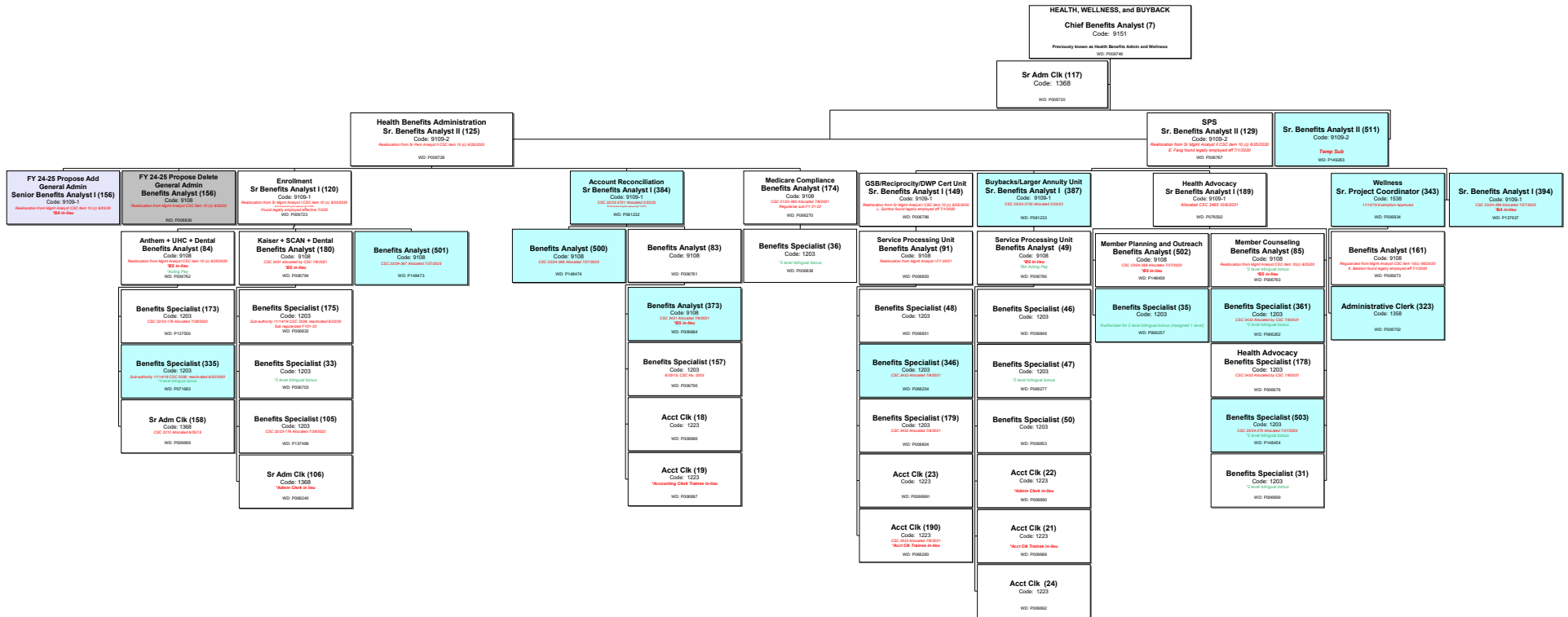
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# LACERS

## CONCEPTUAL ORGANIZATIONAL CHART FY 2024/2025

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# LACERS

## CONCEPTUAL ORGANIZATIONAL CHART FY 2024/2025

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	POSITION CONTROL NUMBER

**Communications & Stakeholder Relations**

**Chief Benefits Analyst (191)**  
Code: 9151  
*CSC 22/23 3642 Allocated 10/27/2022*  
*\*2 level bilingual bonus*  
WD: P141703

**MEMBER SERVICES**  
**Sr Benefits Analyst II (126)**  
Code: 9109-2  
*Reallocation from Sr Mgmt Analyst II CSC item 10 (c) 6/25/2020*  
WD: P006729

**Development & Marketing**  
**Development and Marketing Director (392)**  
Code: 1806  
*CSC 22/23-3635 Allocated 10/13/22*  
WD: P140148

**Member Engagement**  
**Sr Benefits Analyst I (121)**  
Code: 9109-1  
*Reallocation from Sr Mgmt Analyst I CSC item 10 (c) CSC 6/25/20*  
WD: P006724

**Member Service Center**  
**Sr Benefits Analyst I (176)**  
Code: 9109-1  
*New Regular FY21-22*  
*\*Acting Pay*  
WD: P076590

**Public Information Director (101)**  
Code: 1800-1  
*\*Emergency Appointment eff. 4/10/2023*  
*\*2 level bilingual bonus*  
WD: P006707

**Benefits Analyst (99)**  
Code: 9108  
*Reallocation from Mgmt Analyst CSC item 10 (c) CSC 6/25/20*  
WD: P006903

**Benefits Analyst (34)**  
Code: 9108  
*CSC 20/21-43 Allocated 06/25/2020*  
WD: P006833

**FY 24/25 Moved from Mem Engagement**  
**Benefits Analyst (86)**  
Code: 9108  
*CSC 23/24-263 Allocated 7/27/2023*  
*\*Benefits Specialist in-lieu*  
*\*2 level bilingual bonus*  
WD: P006764

**Benefits Analyst (77)**  
Code: 9108  
*Reallocation from MA CSC item 10 (c) CSC 6/25/20*  
*N. Herkelrath found legally employed eff 7/1/2020*  
WD: P006754

**Sr Adm Clk (107)**  
Code: 1368  
*\*Adm Clk in-lieu*  
*2 level MSC bonus*  
WD: P066286

**Sr Adm Clk (108)**  
Code: 1368  
*2 level MSC bonus*  
WD: P006711

**Benefits Specialist (154)**  
Code: 1203  
*Allocated 9/13/18; CSC 3034*  
WD: P066249

**Sr Adm Clerk (153)**  
Code: 1368  
*CSC 19/20-063 Allocated 06/27/19*  
*\*Admin Clerk in-lieu*  
WD: P006791

**Benefits Analyst (353)**  
Code: 9108  
*\*BS in-lieu*  
*Sub CSC 3431 Allocated 7/8/2021*  
*\*2 level bilingual bonus*  
WD: P006792

**Sr Adm Clk (109)**  
Code: 1368  
*\*Adm Clk in-lieu*  
*2 level MSC bonus*  
WD: P066242

**Sr Adm Clk (110)**  
Code: 1368  
*\*Office Trainee in-lieu*  
*\*Authorized for 2 level bilingual bonus (Assigned 1 l...*  
*2 level MSC bonus*  
WD: P006714

**Sr Adm Clk (193)**  
Code: 1368  
*CSC 23/24-265 Allocated 7/27/2023*  
*\*Office Trainee in-lieu*  
WD: P148021

**Benefits Analyst (192)**  
Code: 9108  
*\*2 level bilingual bonus*  
*Reallocation from MA CSC item 10 (c) CSC 6/25/20*  
WD: P148020

**Sr Adm Clk (111)**  
Code: 1368  
*\*2 level bilingual bonus*  
*2 level MSC bonus*  
WD: P006713

**Sr Adm Clk (112)**  
Code: 1368  
*2 level MSC bonus*  
WD: P006715

**Benefits Specialist (507)**  
Code: 1203  
*CSC 23/24-3822 Allocated 9/28/23*  
*\*2 level bilingual bonus*  
WD: P148024

**Adm Clk (59)**  
Code: 1358  
*\*Office Trainee in-lieu*  
*2 level MSC bonus*  
WD: P006734

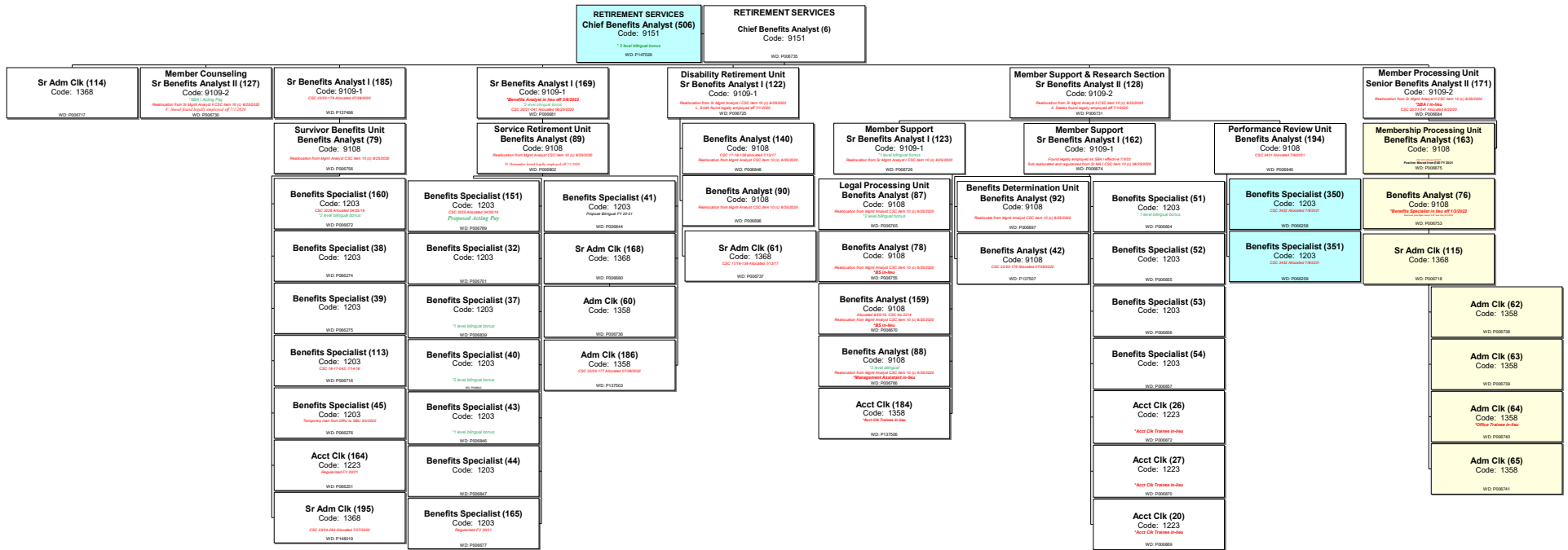
**Adm Clk (147)**  
Code: 1358  
*CSC 18/19-252 Allocated 07/12/18*  
*2 level MSC bonus*  
*\*Office Trainee in-lieu*  
WD: P006784

**Benefits Specialist (508)**  
Code: 1203  
*CSC 23/24-3822 Allocated 9/28/23*  
WD: P148025

# LACERS

## CONCEPTUAL ORGANIZATIONAL CHART FY 2024/2025

	SUBSTITUTE AUTHORITY
	ADD POSITION
	DELETION OF POSITION
	MOVE POSITION
	REALLOCATE POSITION
	POSITION CONTROL NUMBER





LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

PROPOSED RESOLUTION

DELEGATION OF AUTHORITY TO THE GENERAL MANAGER  
TO APPROVE TRANSFERS BETWEEN APPROPRIATION ACCOUNTS  
FOR FISCAL YEAR 2024-25

WHEREAS, the Fiscal Year 2024-25 Budget aims to limit budget overages and appropriations are conservatively budgeted, greater flexibility to move funds between appropriation accounts will help manage expenditures within budgeted funds;

WHEREAS, Charter Section 343(b) and Administrative Code Section 5.36, provides authority to the head of the department, the LACERS Board of Administration, to transfer between budget appropriation accounts, within limits prescribed by the City Administrative Officer, the most current at \$65,624 in Fiscal Year 2023-24;

WHEREAS, on March 26, 2024, the Board has approved the 2023-24 Budget and desires that the General Manager have the flexibility to move funds between appropriation accounts in order to meet priorities in the most efficient and timely manner;

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby delegates authority to the General Manager to transfer between budget appropriation accounts not to exceed the City thresholds.

March 26, 2024

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

PROPOSED RESOLUTION

AUTHORIZATION FOR  
DEPARTMENTAL EXEMPLARY STAFF RECOGNITION PROGRAM  
FISCAL YEAR 2024-25

WHEREAS, on March 11, 2003, the Board established a departmental Exemplary Staff Recognition Program to provide a framework for team building and recognition throughout the Department;

WHEREAS, the Board continues the program in order to recognize employees for their efforts, and to identify role models who communicate the standards established through our guiding principles, inclusive in promoting teambuilding, employee engagement, and motivational activities;

WHEREAS, funds for program-related expenditures during the 2024-25 Fiscal Year have been included in the Fiscal Year 2024-25 Departmental budget in order to continue the program; and

WHEREAS, the Controller's Office requires an annual Board Resolution confirming the establishment of the program in order to process future payments of related expenses;

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby confirms the ongoing establishment of the LACERS Exemplary Staff Recognition Program, and authorizes program-related expenditures for Fiscal Year 2024-25 not to exceed \$5,000.

March 26, 2024

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

PROPOSED RESOLUTION

AUTHORIZATION FOR  
LACERS DEPARTMENTAL PARKING PROGRAM  
FISCAL YEAR 2024-25

WHEREAS, on November 8, 2022, the Board established a Departmental Parking Program for full-time LACERS staff, which provides complimentary parking at LACERS Headquarters Building at 977 N. Broadway, Los Angeles, CA 90012 and adjacent parking;

WHEREAS, in consultation with City Attorney, the LACERS Board has the authority to determine whether or not it is prudent to provide complimentary parking for employees at LACERS Headquarters Building and, if it decides to do so, to set rates for parking at the Headquarters Building;

WHEREAS, the organizational benefits of complimentary parking are applicable to not only LACERS full-time staff, but also part-time staff and Public Pensions General Counsel staff, and thus complimentary parking is proposed to be extended to include all of these aforementioned groups;

WHEREAS, funds for program-related expenditures during the 2024-25 Fiscal Year have been included in the Departmental budget under the Property Management - Operations expense budget in order to continue the program;

WHEREAS, the demand for parking exceeds supply at LACERS Headquarters Building, additional parking can be obtained by entering into a contract with a nearby parking lot in Chinatown at a monthly rate of \$70 per parking spot as well as an allowance for individual daily rate parking validations as needed;

WHEREAS, providing complimentary parking to all LACERS and Public Pensions General Counsel employees at LACERS Headquarters still represents savings in excess of \$100,000 versus the expenses generated from the parking at the LA Times building;

NOW, THEREFORE, BE IT RESOLVED, that the Board:

1. Hereby confirms the establishment of the LACERS Departmental Parking Program, and authorizes program-related expenditures for Fiscal Year 2024-25 not to exceed \$30,000;
2. Authorize the General Manager to work with the property management firm for the LACERS Headquarters Building to rent up to 25 parking spots annually and/or enter into an agreement for validated parking in the Chinatown area; and,
3. Authorize the General Manager to negotiate and execute any contracts required to implement the parking program.

March 26, 2024

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

PROPOSED RESOLUTION

AUTHORIZATION FOR  
DEPARTMENTAL TRANSIT AND SUBSIDY REIMBURSEMENT PROGRAM  
FISCAL YEAR 2024-25

WHEREAS, on May 23, 2023, the Board authorized implementation of a Departmental Transit Subsidy Reimbursement Program for eligible LACERS staff, which provides a subsidy of up to \$50 a month to LACERS staff who commute from home to work via public transit (bus, train, or rail) or by walking or biking;

WHEREAS, LACERS headquarters building at 977 N. Broadway was incorporated under the City's Special Memorandum of Understanding on City Employee Parking and Commute Options (Special Parking MOU) effective March 1, 2024;

WHEREAS, LACERS intends to allow employees to concurrently utilize the complimentary parking benefit and the Transit Subsidy Reimbursement Program;

WHEREAS, LACERS will seek to negotiate with the City to allow continuing participation of LACERS staff in the Special Parking MOU while maintaining complimentary parking benefits, or LACERS will establish a separate departmental administered Transit Program with like benefits;

WHEREAS, funds for program-related expenditures during the 2024-25 Fiscal Year have been included in the 2024-25 Departmental budget in order to establish this program;

WHEREAS, eligible LACERS staff are required to submit documentation and valid proof(s) of purchases or commute method within specified time frames; and,

WHEREAS, LACERS proposes that reimbursement of transit costs would be an incentive that could not only help to retain LACERS staff but could also attract other City employees who work in and around the Civic Center;

NOW, THEREFORE, BE IT RESOLVED, that the Board:

1. Hereby confirms the establishment of the LACERS Transit and Subsidy Reimbursement Program, and authorizes program-related expenditures for Fiscal Year 2024-25 not to exceed \$150,000;
2. Authorize a monthly transit subsidy in the amount of \$100 a month per eligible employee;
3. Authorize the General Manager to negotiate with the City and establish the program requirements, policies and procedures as necessary within the framework of this authorizing
4. Authorize the General Manager to negotiate and execute any contracts or agreements required to implement the Transit and Subsidy Reimbursement Program.

March 26, 2024



# PORTFOLIO PERFORMANCE REVIEW

LOS ANGELES CITY EMPLOYEES'  
RETIREMENT SYSTEM

QUARTER ENDING DECEMBER 31, 2023



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<b>Real Assets Manager Performance</b>	
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<b>Definitions</b>	
<b>Disclosures</b>	

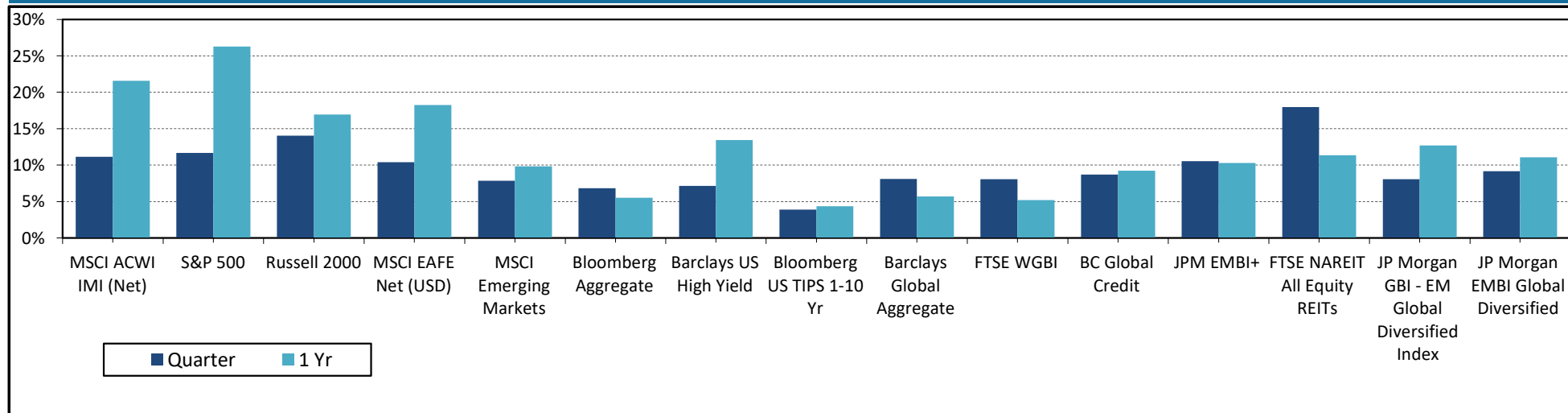


# EXECUTIVE SUMMARY



# PERFORMANCE OVERVIEW

## Market Summary – Risk Assets Surged in Q4



	Market Value (\$)	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	15 Yrs (%)	Inception (%)	Inception Date
<b>LACERS Master Trust</b>	<b>22,765,251,564</b>	<b>7.0 (37)</b>	<b>11.5 (38)</b>	<b>4.7 (48)</b>	<b>8.7 (51)</b>	<b>7.0 (41)</b>	<b>8.9 (25)</b>	<b>8.1</b>	<b>Nov-94</b>
<i>Policy Index</i>		6.7 (46)	11.4 (42)	3.0 (95)	8.5 (57)	6.7 (45)	8.9 (27)	7.9	
<i>InvMetrics Public DB \$5-50B Gross Median</i>		6.5	11.2	4.7	8.7	6.4	8.0		

Note: Performance is gross of fees

### Equities surged in the fourth quarter and posted strong returns for the year.

The U.S. Equity composite underperformed its benchmark in the last quarter and one-year. The Non-U.S. Equity composite outperformed its benchmark in the last quarter and equaled its benchmark in the last one-year.

### While the Fed Funds rate increased throughout 2023, yields declined sharply in Q4 driving gains in interest rate sensitive bonds.

Core Fixed Income and Credit Opportunities outperformed their respective benchmarks over the last quarter and one-year.



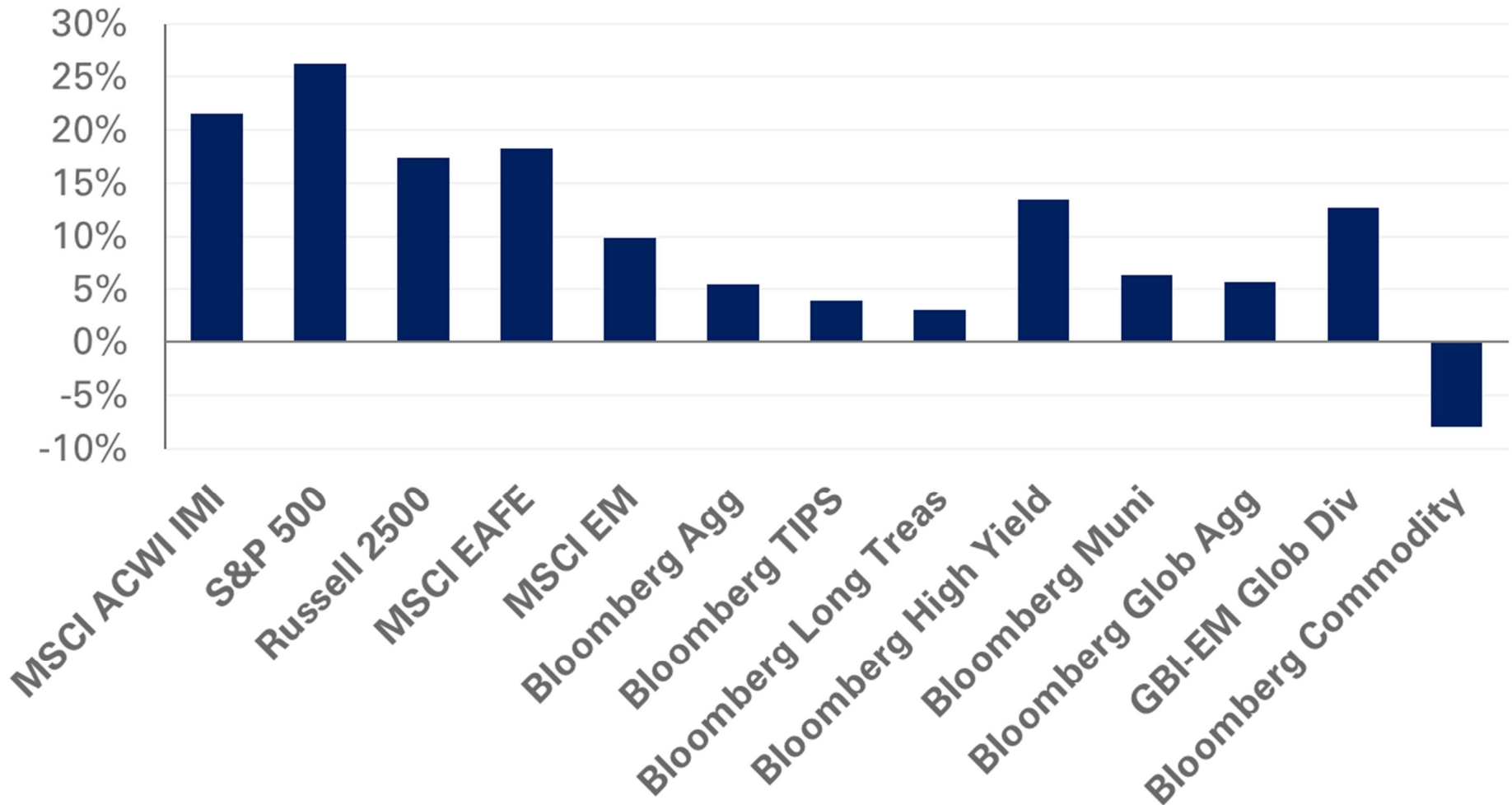


# MARKET ENVIRONMENT



# RISK ASSETS RALLIED DESPITE HIGHER RATES

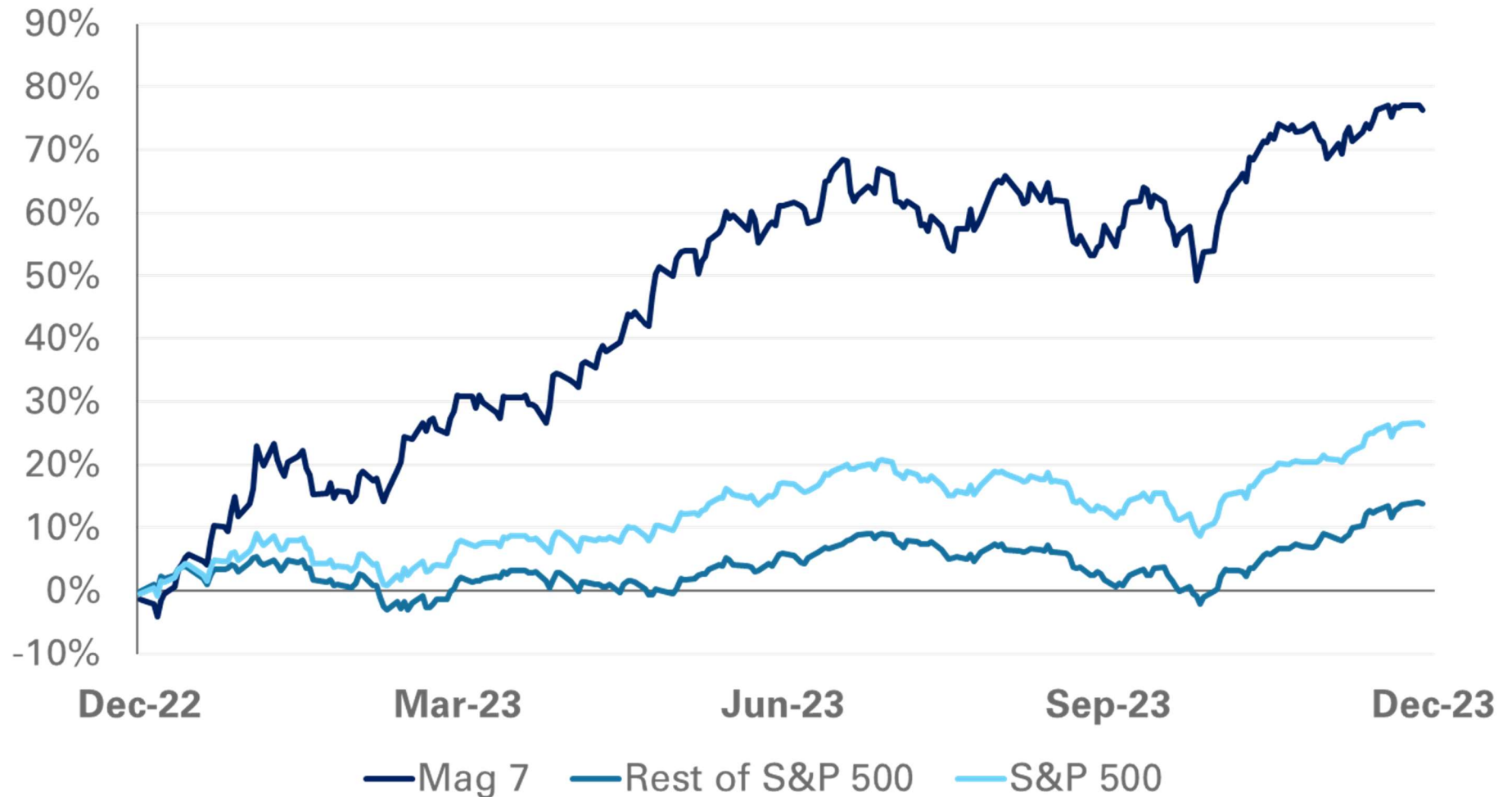
## 2023 ANNUAL ASSET CLASS RETURNS



Sources: MSCI, S&P, Russell, MSCI, Bloomberg, JPM, FactSet

# MAGNIFICENT 7 - WHAT HAVE THEY DONE IN 2023?

## 2023 MARGINAL PERFORMANCE



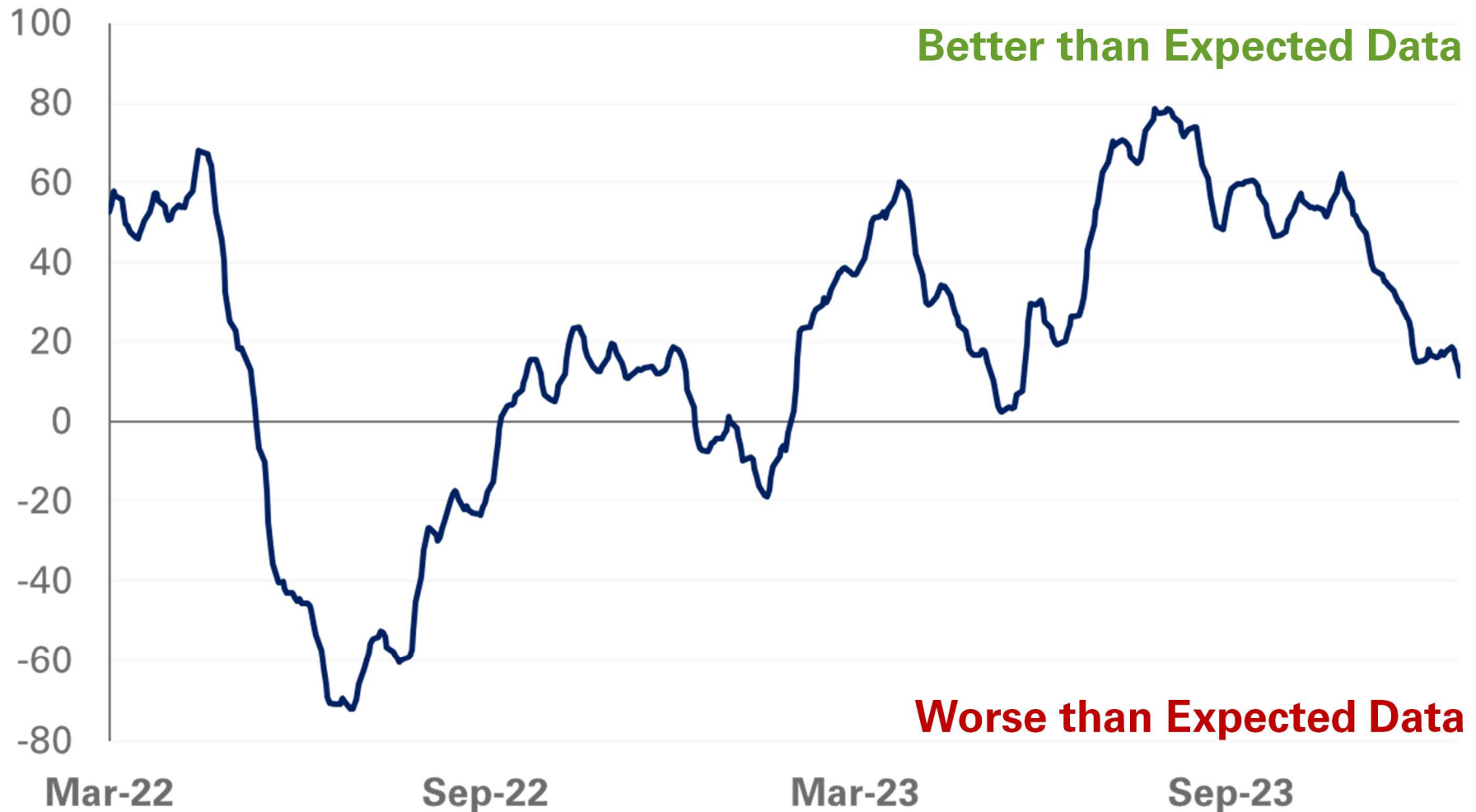
Source: FactSet, NEPC

Performance is based on marginal portfolios of each subset of the index based on daily performance and weights



# RESILIENT DATA OFFSET RECESSION CONCERNS

## CITI ECONOMIC SURPRISE INDEX



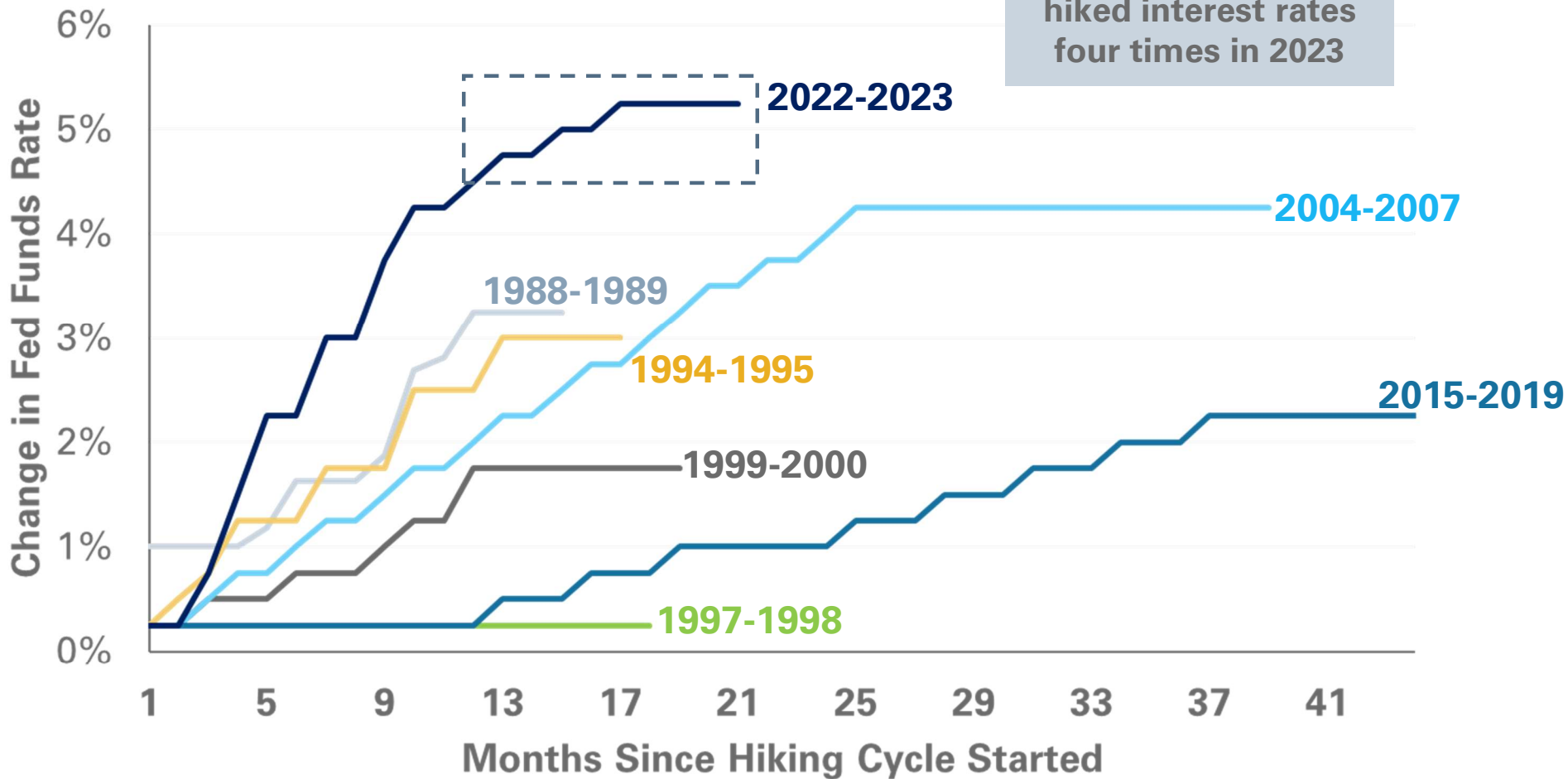
Correlations are calculated based on a rolling 3-year time horizon  
Source: S&P, Bloomberg, FactSet



# THE FED TIGHTENED MORE THAN EXPECTED IN 2023

## HISTORICAL FED HIKING CYCLES

The Federal Reserve hiked interest rates four times in 2023

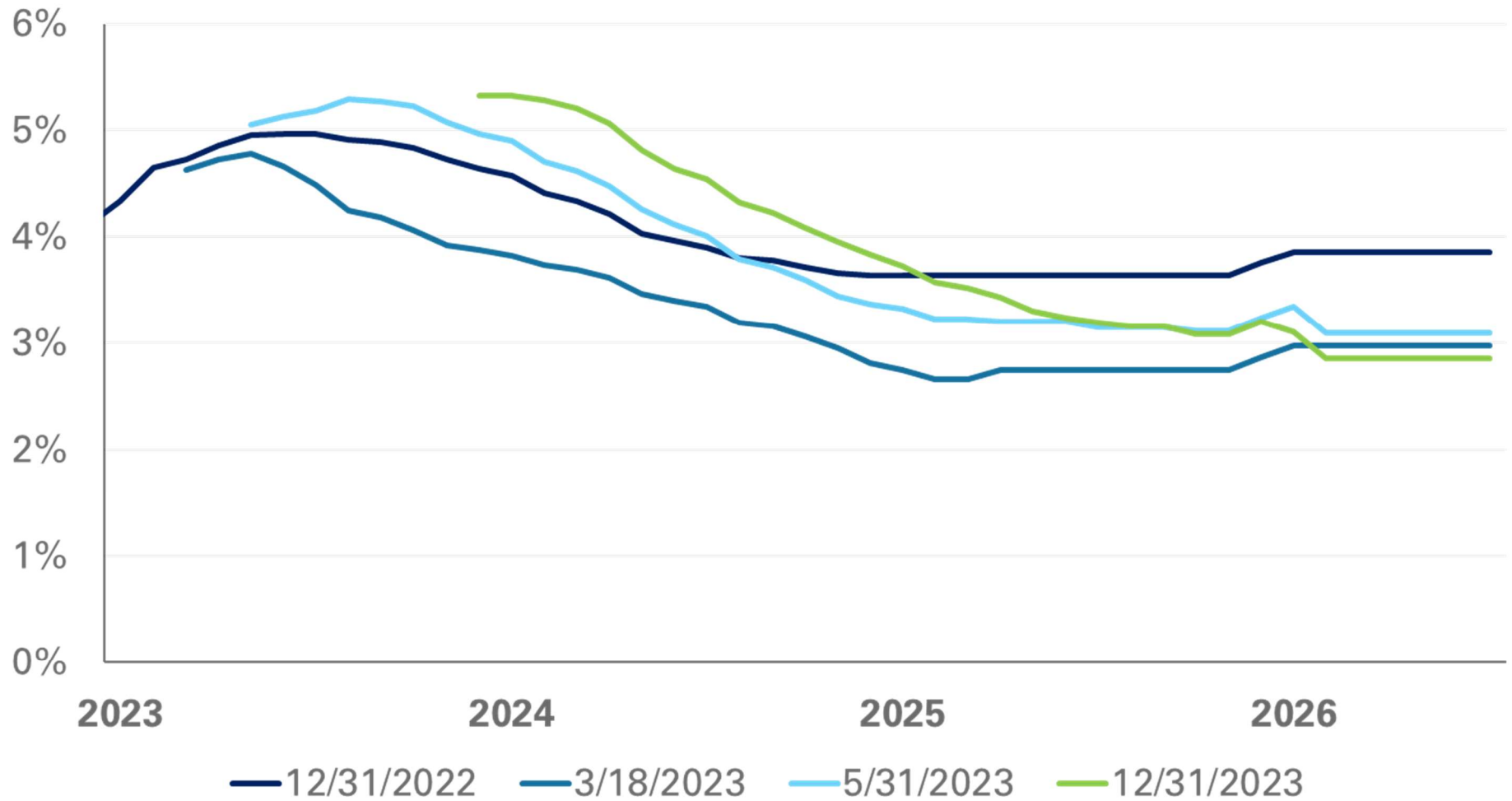


Notes: Reflects Fed rate hiking cycles since 1988  
Sources: Federal Reserve, FactSet



# LONG-TERM RATE EXPECTATIONS FELL

## FED FUNDS FUTURES



Source: FactSet



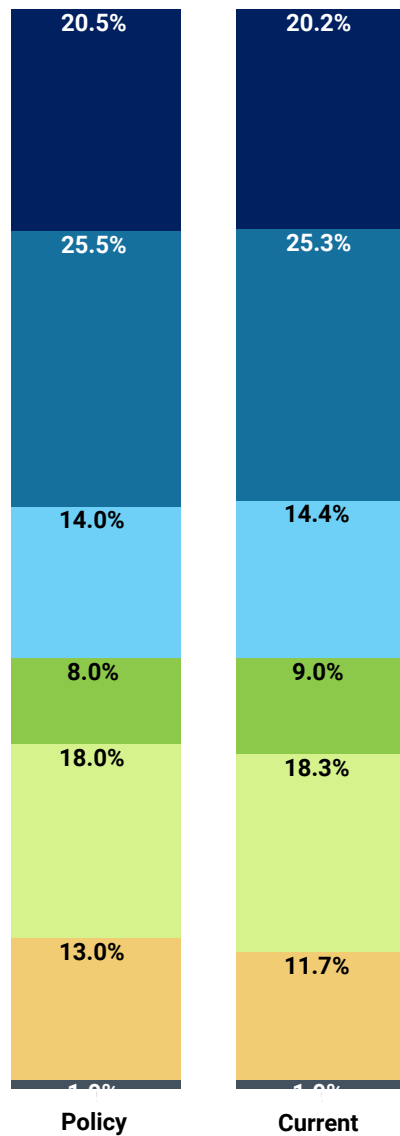
# ASSET CLASS POLICY OVERVIEW



# Los Angeles City Employees' Retirement System-LACERS Master Trust

## ASSET ALLOCATION VS. POLICY

### Asset Allocation vs. Target



	Current (\$)	Policy (%)	Current (%)	Differences* (%)	Policy Range (%)	Within Range
■ U.S. Equity	4,608,796,758	20.5	20.2	-0.3	14.0 - 25.0	Yes
■ Non-US Equity	5,760,583,684	25.5	25.3	-0.2	19.5 - 31.5	Yes
■ Core Fixed Income	3,288,980,724	14.0	14.4	0.4	11.8 - 18.3	Yes
■ Credit Opportunities	2,048,504,171	8.0	9.0	1.0	5.5 - 13.5	Yes
■ Private Equity	4,160,658,142	18.0	18.3	0.3	N/A	Yes
■ Real Assets	2,667,492,601	13.0	11.7	-1.3	5.5 - 15.5	Yes
■ Cash	230,235,483	1.0	1.0	0.0	0.0 - 2.0	Yes
<b>Total</b>	<b>22,765,251,564</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>		

\*Difference between Policy and Current Allocation

Note: Policy target asset allocation reflects interim asset allocation policy targets adopted on July 12, 2022.

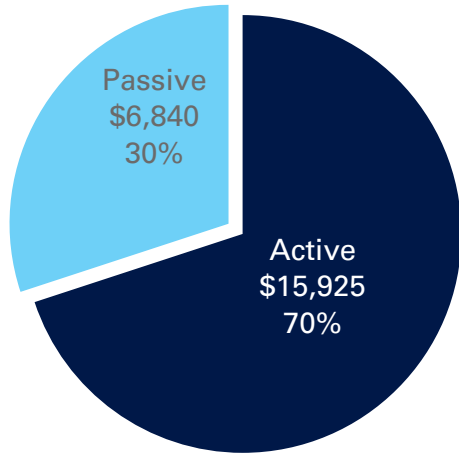




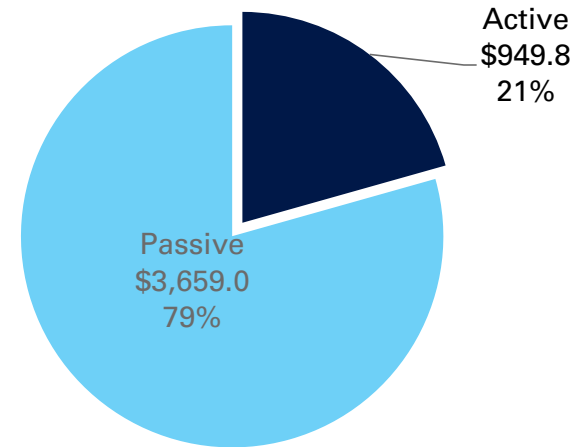
# ACTIVE AND PASSIVE MANAGER BREAKDOWN

Note: Market values shown in millions \$(000).

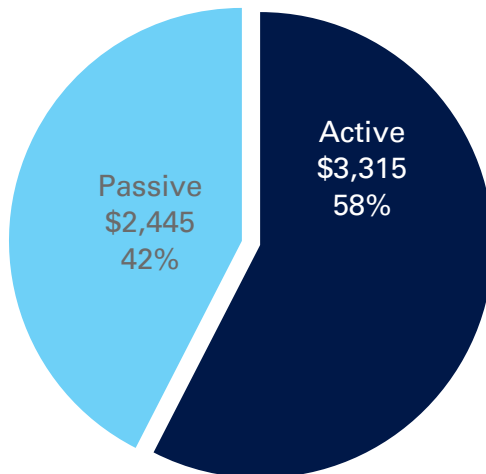
## Total Fund



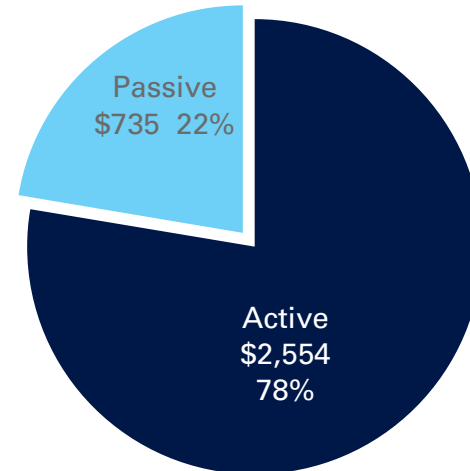
## U.S. Equity



## Non-U.S. Equity



## Core Fixed Income



- LACERS allocated 70% to active managers and 30% to passive managers.
- Credit Opportunities, Private Equity, and Real Assets programs are active and therefore are not shown.

# PERFORMANCE OVERVIEW



# TOTAL FUND PERFORMANCE SUMMARY

## GROSS OF FEES

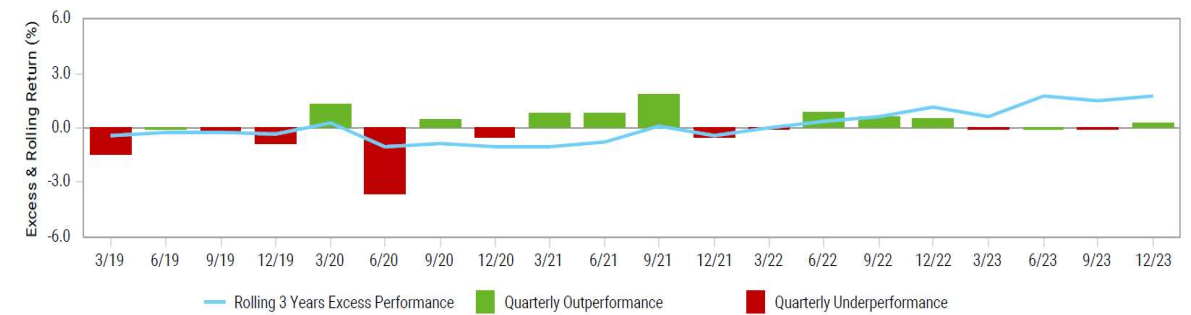
	Market Value (\$)	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	15 Yrs (%)	Inception (%)	Inception Date
<b>LACERS Master Trust</b>	<b>22,765,251,564</b>	<b>7.0 (37)</b>	<b>11.5 (38)</b>	<b>4.7 (48)</b>	<b>8.7 (51)</b>	<b>7.0 (41)</b>	<b>8.9 (25)</b>	<b>8.1</b>	<b>Nov-94</b>
<i>Policy Index</i>		6.7 (46)	11.4 (42)	3.0 (95)	8.5 (57)	6.7 (45)	8.9 (27)	7.9	
<i>InvMetrics Public DB \$5-50B Gross Median</i>		6.5	11.2	4.7	8.7	6.4	8.0		

Over the past five years the Fund return of 8.7% outperformed the policy index by 0.2% and ranked in the 51<sup>st</sup> percentile within the Public Funds \$5 Billion- \$50 Billion universe. The Fund’s volatility of 10.8% ranked in the 66<sup>th</sup> percentile over this period. The Fund’s risk-adjusted performance, as measured by the Sharpe Ratio ranked in the 51<sup>st</sup> percentile and the Sortino Ratio ranked in the 51<sup>st</sup> percentile.

Over the past three years the Fund return of 4.7% outperformed the policy index by 1.7% and ranked in the 48<sup>th</sup> percentile in its peer group. The Fund’s volatility ranked in the 68<sup>th</sup> percentile and the Sharpe Ratio ranked in the 53<sup>rd</sup> percentile. The Sortino Ratio of 0.4 ranked in the 58<sup>th</sup> percentile.

In the one-year ended December 31, 2023, the Fund returned 11.5% and outperformed the policy index by 0.1%. The Fund’s return ranked in the 38<sup>th</sup> percentile in its peer group.

Quarter Excess Return with a Rolling 3 Years Excess Return vs. Policy Index over 5 Years Ending December 31, 2023



5 Years Ending December 31, 2023				
	Return	Standard Deviation	Sharpe Ratio	Sortino Ratio
<b>LACERS Master Trust</b>	<b>8.7 (51)</b>	<b>10.8 (66)</b>	<b>0.7 (51)</b>	<b>1.0 (51)</b>
<i>Policy Index</i>	8.5 (57)	11.9 (91)	0.6 (75)	0.9 (76)
<i>InvMetrics Public DB \$5-50B Gross Median</i>	8.7	10.4	0.7	1.0

3 Years Ending December 31, 2023				
	Return	Standard Deviation	Sharpe Ratio	Sortino Ratio
<b>LACERS Master Trust</b>	<b>4.7 (48)</b>	<b>9.9 (68)</b>	<b>0.3 (53)</b>	<b>0.4 (58)</b>
<i>Policy Index</i>	3.0 (95)	10.4 (81)	0.1 (95)	0.2 (95)
<i>InvMetrics Public DB \$5-50B Gross Median</i>	4.7	9.4	0.3	0.4



# EXECUTIVE SUMMARY

	Market Value (\$)	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	15 Yrs (%)	Inception (%)	Inception Date
<b>LACERS Master Trust</b>	<b>22,765,251,564</b>	<b>7.0 (41)</b>	<b>11.5 (49)</b>	<b>4.7 (41)</b>	<b>8.7 (32)</b>	<b>8.0 (23)</b>	<b>7.0 (23)</b>	<b>8.9 (19)</b>	<b>8.1 (22)</b>	<b>Nov-94</b>
<i>Policy Index</i>		6.7 (49)	11.4 (50)	3.0 (92)	8.5 (43)	7.7 (39)	6.7 (35)	8.9 (19)	7.9 (30)	
<i>InvMetrics Public DB \$1-50B Gross Median</i>		6.6	11.4	4.5	8.2	7.3	6.3	8.4	7.6	

3 Years Ending December 31, 2023				
	Return	Standard Deviation	Sharpe Ratio	Sortino Ratio
<b>LACERS Master Trust</b>	<b>4.7</b>	<b>9.9</b>	<b>0.3</b>	<b>0.4</b>
<i>Policy Index</i>	3.0	10.4	0.1	0.2
<i>InvMetrics Public DB \$1-50B Gross Median</i>	4.5	9.7	0.3	0.4

5 Years Ending December 31, 2023				
	Return	Standard Deviation	Sharpe Ratio	Sortino Ratio
<b>LACERS Master Trust</b>	<b>8.7</b>	<b>10.8</b>	<b>0.7</b>	<b>1.0</b>
<i>Policy Index</i>	8.5	11.9	0.6	0.9
<i>InvMetrics Public DB \$1-50B Gross Median</i>	8.2	11.0	0.6	0.9

Los Angeles City Employees' Retirement System-LACERS Master Trust

# COMPOSITE PERFORMANCE DETAIL GROSS

	Allocation		Performance (%)								Inception Date
	Market Value (\$)	% of Portfolio	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	20 Yrs (%)	Inception (%)		
<b>LACERS Master Trust</b>	<b>22,765,251,564</b>	<b>100.00</b>	<b>6.96</b>	<b>11.49</b>	<b>4.74</b>	<b>8.74</b>	<b>6.97</b>	<b>7.27</b>	<b>8.05</b>	<b>Nov-94</b>	
<i>Policy Index</i>			<u>6.71</u>	<u>11.43</u>	<u>3.00</u>	<u>8.55</u>	<u>6.71</u>	<u>7.04</u>	<u>7.92</u>		
Over/Under			0.25	0.06	1.74	0.19	0.26	0.23	0.13		
<b>U.S. Equity</b>	<b>4,608,796,758</b>	<b>20.24</b>	<b>11.97</b>	<b>23.75</b>	<b>8.54</b>	<b>14.76</b>	<b>11.17</b>	<b>9.55</b>	<b>10.74</b>	<b>Nov-94</b>	
<i>U.S. Equity Blend</i>			<u>12.07</u>	<u>25.96</u>	<u>8.54</u>	<u>15.16</u>	<u>11.48</u>	<u>9.67</u>	<u>9.90</u>		
Over/Under			-0.10	-2.21	0.00	-0.40	-0.31	-0.12	0.84		
<b>Non-U.S. Equity</b>	<b>5,760,583,684</b>	<b>25.30</b>	<b>9.95</b>	<b>15.98</b>	<b>1.87</b>	<b>8.29</b>	<b>4.94</b>	<b>6.59</b>	<b>5.36</b>	<b>Nov-94</b>	
<i>MSCI AC World ex USA (Net)</i>			<u>9.75</u>	<u>15.62</u>	<u>1.55</u>	<u>7.08</u>	<u>3.83</u>	<u>5.68</u>	<u>5.02</u>		
Over/Under			0.20	0.36	0.32	1.21	1.11	0.91	0.34		
<b>Core Fixed Income</b>	<b>3,288,980,724</b>	<b>14.45</b>	<b>6.99</b>	<b>5.96</b>	<b>-2.88</b>	<b>1.74</b>	<b>2.27</b>	<b>-</b>	<b>2.26</b>	<b>Jul-12</b>	
<i>Core Fixed Income Blend</i>			<u>6.82</u>	<u>5.53</u>	<u>-3.31</u>	<u>1.10</u>	<u>1.81</u>	<u>-</u>	<u>1.63</u>		
Over/Under			0.17	0.43	0.43	0.64	0.46	-	0.63		
<b>Credit Opportunities</b>	<b>2,048,504,171</b>	<b>9.00</b>	<b>6.42</b>	<b>13.00</b>	<b>0.69</b>	<b>4.19</b>	<b>3.99</b>	<b>-</b>	<b>4.37</b>	<b>Jul-13</b>	
<i>Credit Opportunities Blend</i>			<u>6.17</u>	<u>12.64</u>	<u>0.33</u>	<u>4.26</u>	<u>4.12</u>	<u>-</u>	<u>4.49</u>		
Over/Under			0.25	0.36	0.36	-0.07	-0.13	-	-0.12		
<b>Real Assets</b>	<b>2,667,492,601</b>	<b>11.72</b>	<b>3.74</b>	<b>-1.00</b>	<b>3.01</b>	<b>4.09</b>	<b>5.40</b>	<b>4.48</b>	<b>5.85</b>	<b>Dec-94</b>	
<i>Real Assets Policy Benchmark</i>			<u>2.47</u>	<u>-1.64</u>	<u>2.16</u>	<u>4.04</u>	<u>5.31</u>	<u>5.63</u>	<u>7.26</u>		
Over/Under			1.27	0.64	0.85	0.05	0.09	-1.15	-1.41		
<b>Public Real Assets</b>	<b>1,336,613,885</b>	<b>5.87</b>	<b>9.19</b>	<b>6.95</b>	<b>1.61</b>	<b>4.61</b>	<b>-</b>	<b>-</b>	<b>2.49</b>	<b>Jul-14</b>	
<i>Public Real Assets Blend</i>			<u>9.45</u>	<u>6.94</u>	<u>2.58</u>	<u>4.50</u>	<u>-</u>	<u>-</u>	<u>1.24</u>		
Over/Under			-0.26	0.01	-0.97	0.11	-	-	1.25		
<b>Private Real Estate</b>	<b>1,311,118,134</b>	<b>5.76</b>	<b>-1.86</b>	<b>-9.15</b>	<b>6.35</b>	<b>4.15</b>	<b>7.20</b>	<b>5.37</b>	<b>6.46</b>	<b>Nov-94</b>	
<i>Real Estate Blend</i>			<u>-4.63</u>	<u>-11.31</u>	<u>5.76</u>	<u>5.08</u>	<u>8.13</u>	<u>8.47</u>	<u>9.11</u>		
Over/Under			2.77	2.16	0.59	-0.93	-0.93	-3.10	-2.65		
<b>Private Equity</b>	<b>4,160,658,142</b>	<b>18.28</b>	<b>0.71</b>	<b>5.95</b>	<b>18.47</b>	<b>14.98</b>	<b>13.55</b>	<b>13.55</b>	<b>11.36</b>	<b>Dec-95</b>	
<i>Private Equity Blend</i>			<u>-0.60</u>	<u>3.66</u>	<u>8.29</u>	<u>16.37</u>	<u>13.73</u>	<u>12.88</u>	<u>13.13</u>		
Over/Under			1.31	2.29	10.18	-1.39	-0.18	0.67	-1.77		
<b>Cash</b>	<b>230,235,483</b>	<b>1.01</b>									

Refer to appendix for blended benchmark definitions.



Los Angeles City Employees' Retirement System-LACERS Master Trust

# COMPOSITE PERFORMANCE DETAIL NET

	Allocation		Performance (%)							
	Market Value (\$)	% of Portfolio	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	20 Yrs (%)	Inception (%)	Inception Date
<b>LACERS Master Trust</b>	<b>22,765,251,564</b>	<b>100.00</b>	<b>6.92</b>	<b>11.32</b>	<b>4.58</b>	<b>8.57</b>	<b>6.79</b>	<b>7.07</b>	<b>6.82</b>	<b>Jul-01</b>
<i>Policy Index</i>			<u>6.71</u>	<u>11.43</u>	<u>3.00</u>	<u>8.55</u>	<u>6.71</u>	<u>7.04</u>	<u>6.74</u>	
Over/Under			0.21	-0.11	1.58	0.02	0.08	0.03	0.08	
<b>U.S. Equity</b>	<b>4,608,796,758</b>	<b>20.24</b>	<b>11.94</b>	<b>23.62</b>	<b>8.43</b>	<b>14.67</b>	<b>11.07</b>	<b>9.39</b>	<b>8.87</b>	<b>Sep-01</b>
<i>U.S. Equity Blend</i>			<u>12.07</u>	<u>25.96</u>	<u>8.54</u>	<u>15.16</u>	<u>11.48</u>	<u>9.67</u>	<u>8.84</u>	
Over/Under			-0.13	-2.34	-0.11	-0.49	-0.41	-0.28	0.03	
<b>Non-U.S. Equity</b>	<b>5,760,583,684</b>	<b>25.30</b>	<b>9.86</b>	<b>15.62</b>	<b>1.54</b>	<b>7.93</b>	<b>4.59</b>	<b>6.23</b>	<b>6.01</b>	<b>Jun-01</b>
<i>MSCI AC World ex USA (Net)</i>			<u>9.75</u>	<u>15.62</u>	<u>1.55</u>	<u>7.08</u>	<u>3.83</u>	<u>5.68</u>	<u>5.32</u>	
Over/Under			0.11	0.00	-0.01	0.85	0.76	0.55	0.69	
<b>Core Fixed Income</b>	<b>3,288,980,724</b>	<b>14.45</b>	<b>6.96</b>	<b>5.85</b>	<b>-2.97</b>	<b>1.65</b>	<b>2.16</b>	<b>-</b>	<b>2.15</b>	<b>Jul-12</b>
<i>Core Fixed Income Blend</i>			<u>6.82</u>	<u>5.53</u>	<u>-3.31</u>	<u>1.10</u>	<u>1.81</u>	<u>-</u>	<u>1.63</u>	
Over/Under			0.14	0.32	0.34	0.55	0.35	-	0.52	
<b>Credit Opportunities</b>	<b>2,048,504,171</b>	<b>9.00</b>	<b>6.34</b>	<b>12.66</b>	<b>0.38</b>	<b>3.87</b>	<b>3.65</b>	<b>-</b>	<b>4.04</b>	<b>Jul-13</b>
<i>Credit Opportunities Blend</i>			<u>6.17</u>	<u>12.64</u>	<u>0.33</u>	<u>4.26</u>	<u>4.12</u>	<u>-</u>	<u>4.49</u>	
Over/Under			0.17	0.02	0.05	-0.39	-0.47	-	-0.45	
<b>Real Assets</b>	<b>2,667,492,601</b>	<b>11.72</b>	<b>3.71</b>	<b>-1.11</b>	<b>2.88</b>	<b>3.95</b>	<b>5.25</b>	<b>4.32</b>	<b>4.69</b>	<b>Jun-01</b>
<i>Real Assets Policy Benchmark</i>			<u>2.47</u>	<u>-1.64</u>	<u>2.16</u>	<u>4.04</u>	<u>5.31</u>	<u>5.63</u>	<u>5.78</u>	
Over/Under			1.24	0.53	0.72	-0.09	-0.06	-1.31	-1.09	
<b>Public Real Assets</b>	<b>1,336,613,885</b>	<b>5.87</b>	<b>9.14</b>	<b>6.78</b>	<b>1.45</b>	<b>4.43</b>	<b>-</b>	<b>-</b>	<b>2.30</b>	<b>Jul-14</b>
<i>Public Real Assets Blend</i>			<u>9.45</u>	<u>6.94</u>	<u>2.58</u>	<u>4.50</u>	<u>-</u>	<u>-</u>	<u>1.24</u>	
Over/Under			-0.31	-0.16	-1.13	-0.07	-	-	1.06	
<b>Private Real Estate</b>	<b>1,311,118,134</b>	<b>5.76</b>	<b>-1.87</b>	<b>-9.21</b>	<b>6.27</b>	<b>4.06</b>	<b>7.11</b>	<b>5.23</b>	<b>5.52</b>	<b>Jul-01</b>
<i>Real Estate Blend</i>			<u>-4.63</u>	<u>-11.31</u>	<u>5.76</u>	<u>5.08</u>	<u>8.13</u>	<u>8.47</u>	<u>8.33</u>	
Over/Under			2.76	2.10	0.51	-1.02	-1.02	-3.24	-2.81	
<b>Private Equity</b>	<b>4,160,658,142</b>	<b>18.28</b>	<b>0.72</b>	<b>5.97</b>	<b>18.49</b>	<b>14.99</b>	<b>13.56</b>	<b>13.49</b>	<b>11.43</b>	<b>Sep-01</b>
<i>Private Equity Blend</i>			<u>-0.60</u>	<u>3.66</u>	<u>8.29</u>	<u>16.37</u>	<u>13.73</u>	<u>12.88</u>	<u>12.15</u>	
Over/Under			1.32	2.31	10.20	-1.38	-0.17	0.61	-0.72	
<b>Cash</b>	<b>230,235,483</b>	<b>1.01</b>								

Refer to appendix for blended benchmark definitions.





Los Angeles City Employees' Retirement System-LACERS Master Trust

# RISK STATISTICS

3 Years Ending December 31, 2023						
	Return	Standard Deviation	Alpha	Information Ratio	Sortino Ratio	Tracking Error
<b>LACERS Master Trust</b>	<b>4.74 (46)</b>	<b>9.95 (54)</b>	<b>1.85 (50)</b>	<b>0.94 (20)</b>	<b>0.43 (51)</b>	<b>1.73 (7)</b>
InvMetrics Public DB \$1-50B Gross Median	4.53	9.63	1.83	0.69	0.43	2.52

5 Years Ending December 31, 2023						
	Return	Standard Deviation	Alpha	Information Ratio	Sortino Ratio	Tracking Error
<b>LACERS Master Trust</b>	<b>8.74 (40)</b>	<b>10.77 (44)</b>	<b>1.01 (36)</b>	<b>0.02 (37)</b>	<b>1.00 (32)</b>	<b>2.06 (16)</b>
InvMetrics Public DB \$1-50B Gross Median	8.39	10.93	0.56	-0.10	0.91	2.66

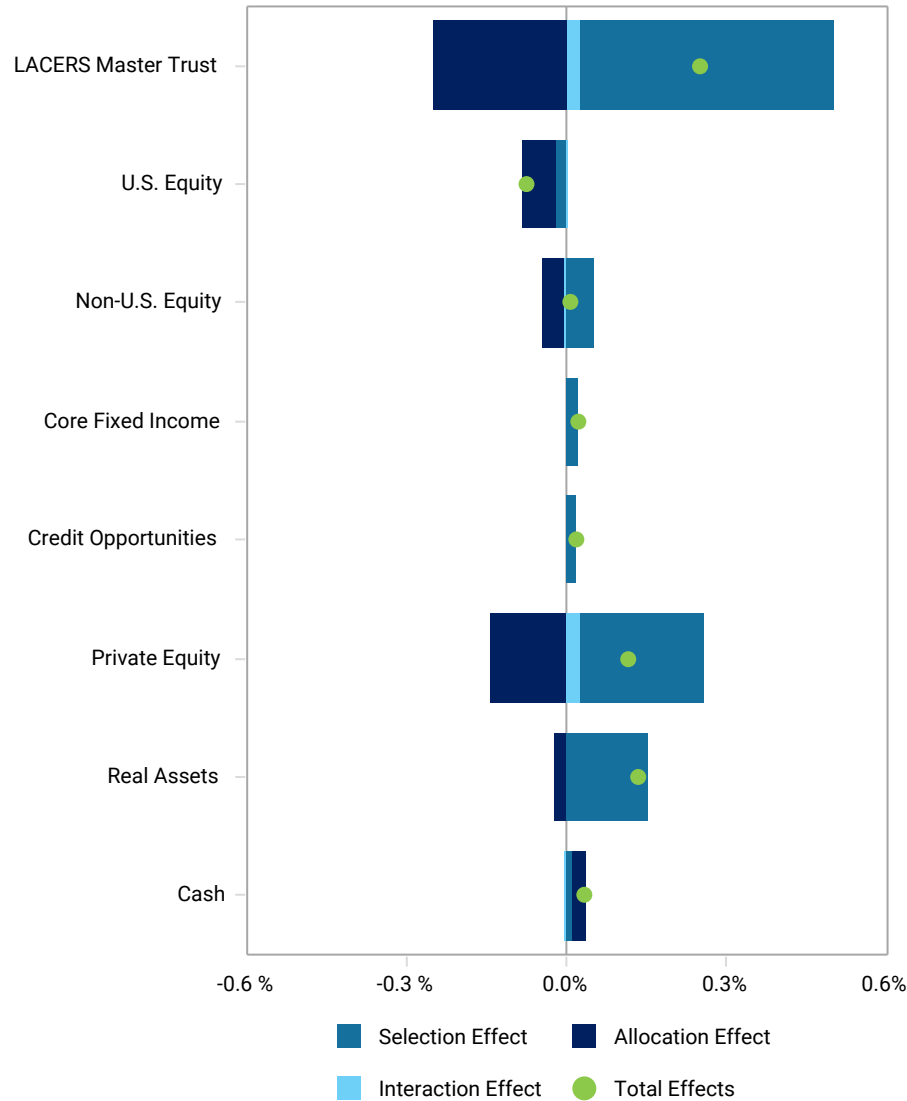
3 Years Ending December 31, 2023						
	Return	Standard Deviation	Alpha	Information Ratio	Sortino Ratio	Tracking Error
<b>LACERS Master Trust</b>	<b>4.74 (48)</b>	<b>9.95 (68)</b>	<b>1.85 (53)</b>	<b>0.94 (27)</b>	<b>0.43 (58)</b>	<b>1.73 (10)</b>
InvMetrics Public DB \$5-50B Gross Median	4.67	9.45	1.89	0.80	0.44	2.57

5 Years Ending December 31, 2023						
	Return	Standard Deviation	Alpha	Information Ratio	Sortino Ratio	Tracking Error
<b>LACERS Master Trust</b>	<b>8.74 (51)</b>	<b>10.77 (66)</b>	<b>1.01 (51)</b>	<b>0.02 (39)</b>	<b>1.00 (51)</b>	<b>2.06 (16)</b>
InvMetrics Public DB \$5-50B Gross Median	8.74	10.36	1.01	-0.01	1.00	2.87

Los Angeles City Employees' Retirement System-LACERS Master Trust

# ATTRIBUTION ANALYSIS

## Attribution Effects 1 Quarter Ending December 31, 2023



## Attribution Summary 1 Quarter Ending December 31, 2023

	Wtd. Actual Return (%)	Wtd. Index Return (%)	Excess Return (%)	Selection Effect (%)	Allocation Effect (%)	Interaction Effects (%)	Total Effects (%)
U.S. Equity	12.0	12.1	-0.1	0.0	-0.1	0.0	-0.1
Non-U.S. Equity	9.9	9.8	0.2	0.1	0.0	0.0	0.0
Core Fixed Income	7.0	6.8	0.2	0.0	0.0	0.0	0.0
Credit Opportunities	6.4	6.2	0.2	0.0	0.0	0.0	0.0
Private Equity	0.7	-0.6	1.3	0.2	-0.1	0.0	0.1
Real Assets	3.7	2.5	1.3	0.2	0.0	0.0	0.1
Cash	2.6	1.4	1.2	0.0	0.0	0.0	0.0
<b>LACERS Master Trust</b>	<b>7.0</b>	<b>6.7</b>	<b>0.3</b>	<b>0.5</b>	<b>-0.3</b>	<b>0.0</b>	<b>0.3</b>

Wtd. = Weighted

- In addition to returns on unallocated cash, the Cash composite returns include the impact of securities lending income, foreign tax reclaims, and other miscellaneous transactions.
- Policy target asset allocation reflects interim asset allocation policy targets adopted on July 12, 2022

\*Total Actual and Index returns are weighted average calculations.

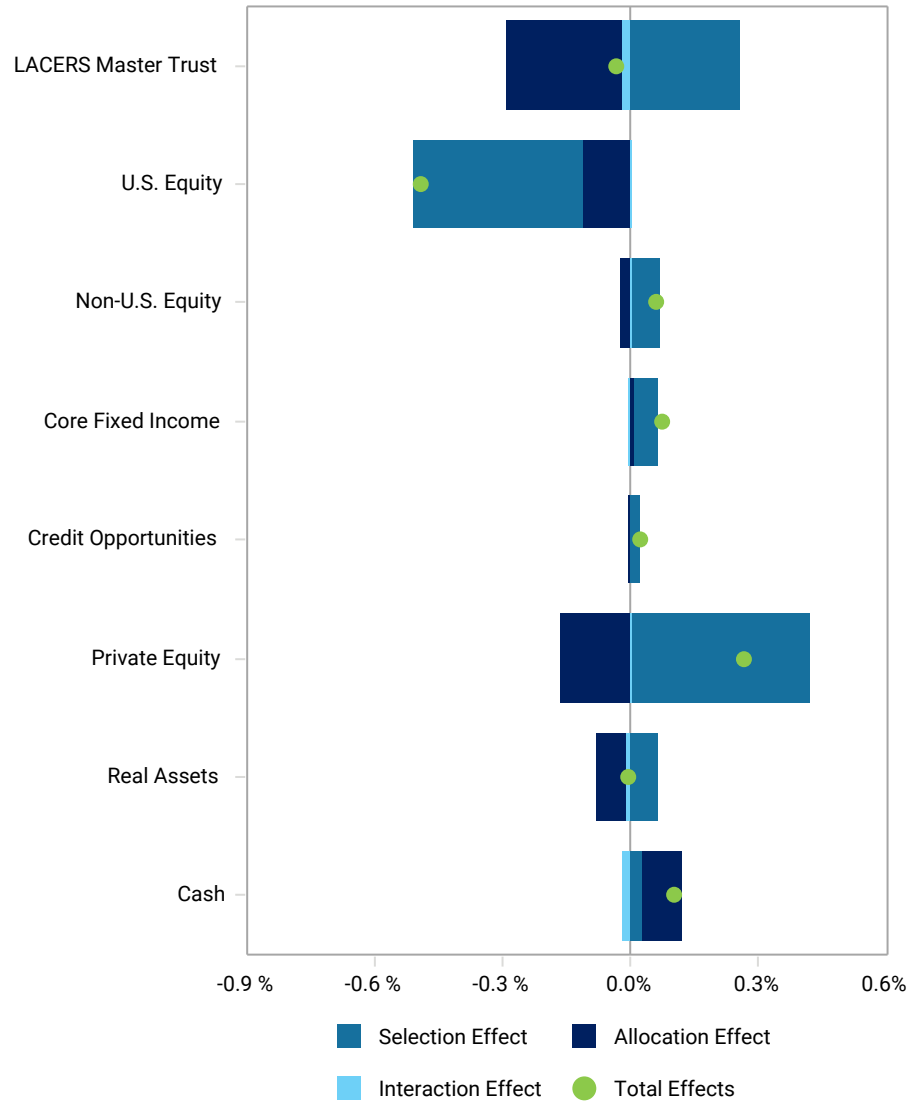




Los Angeles City Employees' Retirement System-LACERS Master Trust

# ATTRIBUTION ANALYSIS

## Attribution Effects 1 Year Ending December 31, 2023



## Attribution Summary 1 Year Ending December 31, 2023

	Wtd. Actual Return (%)	Wtd. Index Return (%)	Excess Return (%)	Selection Effect (%)	Allocation Effect (%)	Interaction Effects (%)	Total Effects (%)
U.S. Equity	23.8	26.0	-2.2	-0.4	-0.1	0.0	-0.5
Non-U.S. Equity	16.0	15.6	0.4	0.1	0.0	0.0	0.1
Core Fixed Income	6.0	5.5	0.4	0.1	0.0	0.0	0.1
Credit Opportunities	13.0	12.6	0.4	0.0	0.0	0.0	0.0
Private Equity	5.9	3.7	2.3	0.4	-0.2	0.0	0.3
Real Assets	-1.0	-1.6	0.6	0.1	-0.1	0.0	0.0
Cash	7.7	5.0	2.7	0.0	0.1	0.0	0.1
<b>LACERS Master Trust</b>	<b>11.5</b>	<b>11.5</b>	<b>0.0</b>	<b>0.3</b>	<b>-0.3</b>	<b>0.0</b>	<b>0.0</b>

Wtd. = Weighted

- In addition to returns on unallocated cash, the Cash composite returns include the impact of securities lending income, foreign tax reclaims, and other miscellaneous transactions.
- Policy target asset allocation reflects interim asset allocation policy targets adopted on July 12, 2022

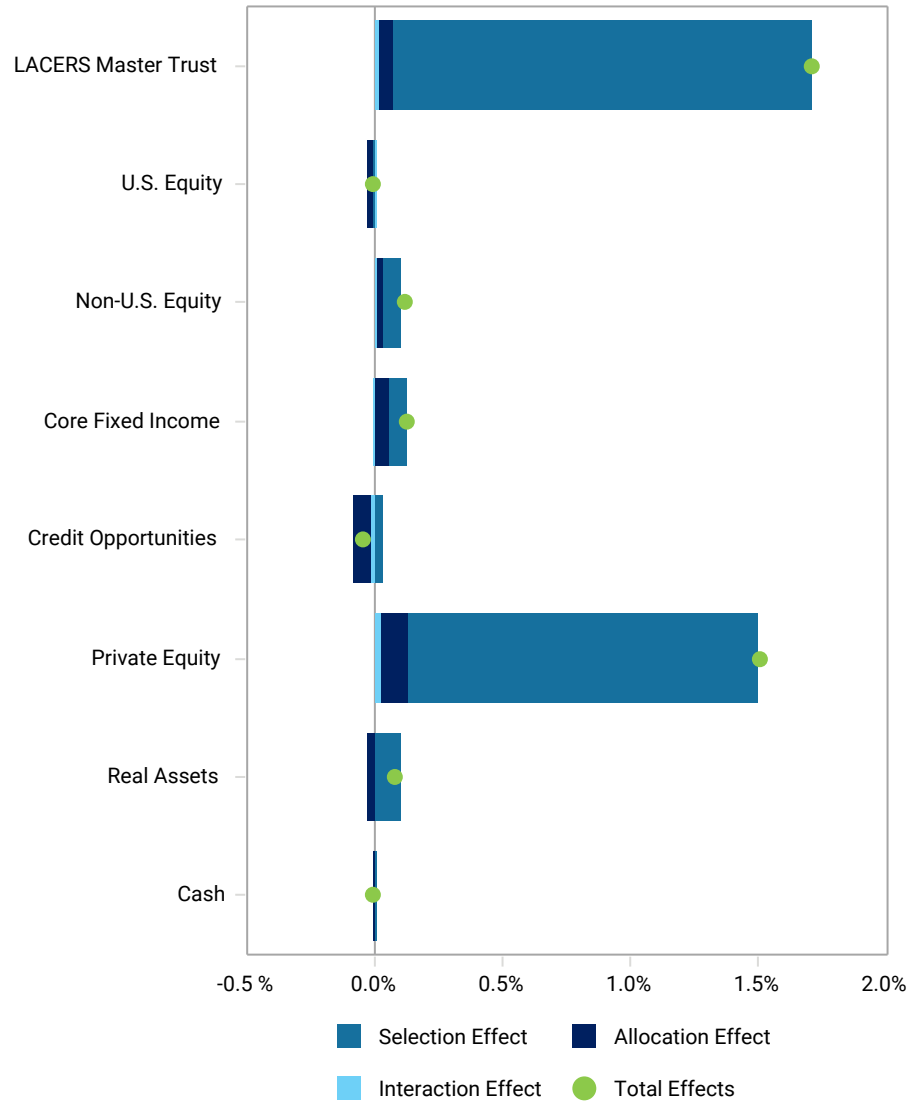
\*Total Actual and Index returns are weighted average calculations.



Los Angeles City Employees' Retirement System-LACERS Master Trust

# ATTRIBUTION ANALYSIS

## Attribution Effects 3 Years Ending December 31, 2023



## Attribution Summary 3 Years Ending December 31, 2023

	Wtd. Actual Return (%)	Wtd. Index Return (%)	Excess Return (%)	Selection Effect (%)	Allocation Effect (%)	Interaction Effects (%)	Total Effects (%)
U.S. Equity	8.5	8.5	0.0	0.0	0.0	0.0	0.0
Non-U.S. Equity	1.9	1.5	0.3	0.1	0.0	0.0	0.1
Core Fixed Income	-2.9	-3.3	0.4	0.1	0.1	0.0	0.1
Credit Opportunities	0.7	0.3	0.4	0.0	-0.1	0.0	0.0
Private Equity	18.5	8.3	10.2	1.4	0.1	0.0	1.5
Real Assets	3.0	2.2	0.8	0.1	0.0	0.0	0.1
Cash	2.4	2.2	0.2	0.0	0.0	0.0	0.0
<b>LACERS Master Trust</b>	<b>4.7</b>	<b>3.0</b>	<b>1.7</b>	<b>1.6</b>	<b>0.1</b>	<b>0.0</b>	<b>1.7</b>

Wtd. = Weighted

- In addition to returns on unallocated cash, the Cash composite returns include the impact of securities lending income, foreign tax reclaims, and other miscellaneous transactions.
- Policy target asset allocation reflects interim asset allocation policy targets adopted on July 12, 2022

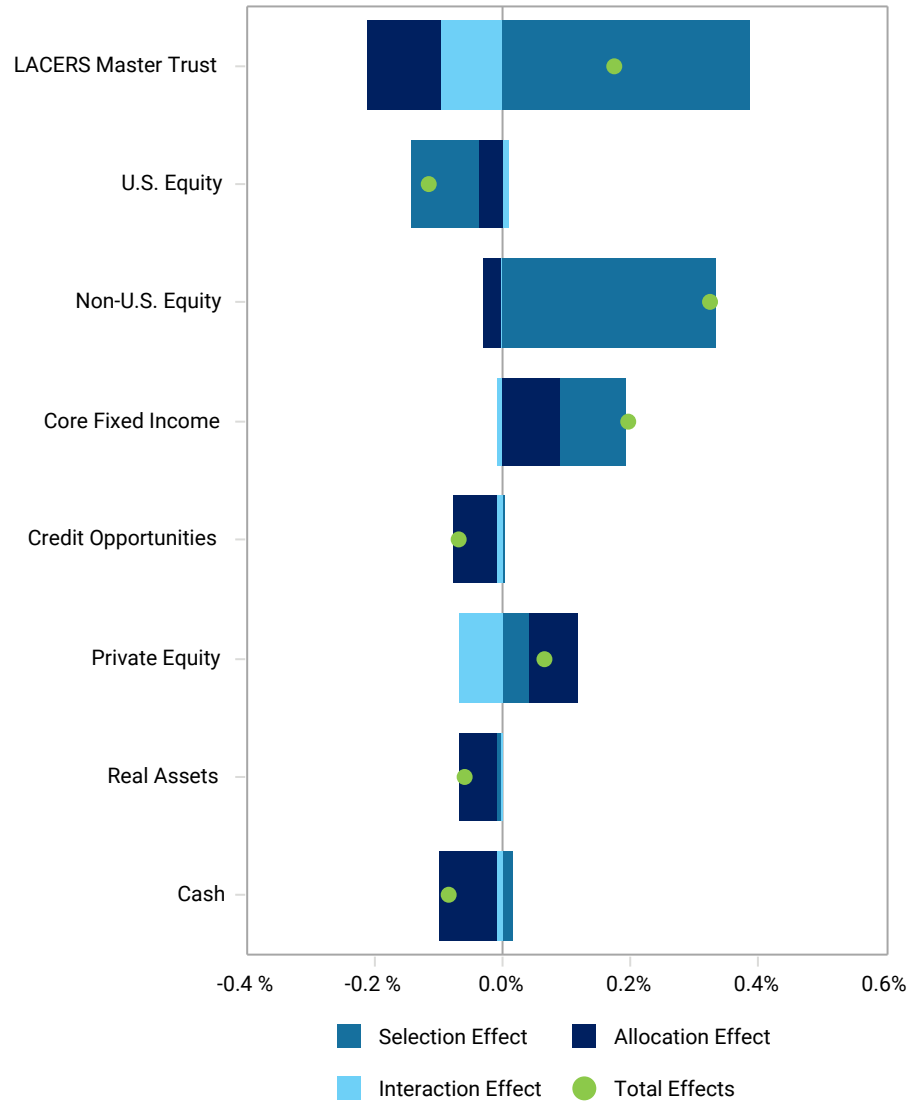
\*Total Actual and Index returns are weighted average calculations.



Los Angeles City Employees' Retirement System-LACERS Master Trust

# ATTRIBUTION ANALYSIS

Attribution Effects  
5 Years Ending December 31, 2023



Attribution Summary  
5 Years Ending December 31, 2023

	Wtd. Actual Return (%)	Wtd. Index Return (%)	Excess Return (%)	Selection Effect (%)	Allocation Effect (%)	Interaction Effects (%)	Total Effects (%)
U.S. Equity	14.8	15.2	-0.4	-0.1	0.0	0.0	-0.1
Non-U.S. Equity	8.3	7.1	1.2	0.3	0.0	0.0	0.3
Core Fixed Income	1.7	1.1	0.6	0.1	0.1	0.0	0.2
Credit Opportunities	4.2	4.3	-0.1	0.0	-0.1	0.0	-0.1
Private Equity	15.0	16.4	-1.4	0.0	0.1	-0.1	0.1
Real Assets	4.1	4.0	0.1	0.0	-0.1	0.0	-0.1
Cash	3.4	1.9	1.6	0.0	-0.1	0.0	-0.1
<b>LACERS Master Trust</b>	<b>8.7</b>	<b>8.6</b>	<b>0.2</b>	<b>0.4</b>	<b>-0.1</b>	<b>-0.1</b>	<b>0.2</b>

Wtd. = Weighted

- In addition to returns on unallocated cash, the Cash composite returns include the impact of securities lending income, foreign tax reclaims, and other miscellaneous transactions.
- Policy target asset allocation reflects interim asset allocation policy targets adopted on July 12, 2022

\*Total Actual and Index returns are weighted average calculations.



# PRIVATE MARKETS PERFORMANCE

AS OF SEPTEMBER 30, 2023

Private Equity	10 Year IRR	Since Inception IRR	Since Inception Multiple
Aggregate Portfolio	13.7%	12.1%	1.64x
Core Portfolio	14.3%	12.6%	1.65x
Specialized Portfolio	0.7%	1.8%	1.12x
PE Blended Benchmark	14.3%	12.9%	N/A

Source: Aksia

Real Estate	10 Year Return (Net)	Since Inception Return (Net)
Total Portfolio (TWR) <sup>1</sup>	7.2%	5.9%
NFI-ODCE + 80 basis points (TWR)	8.0%	6.9%

Source: The Townsend Group, an AON Company

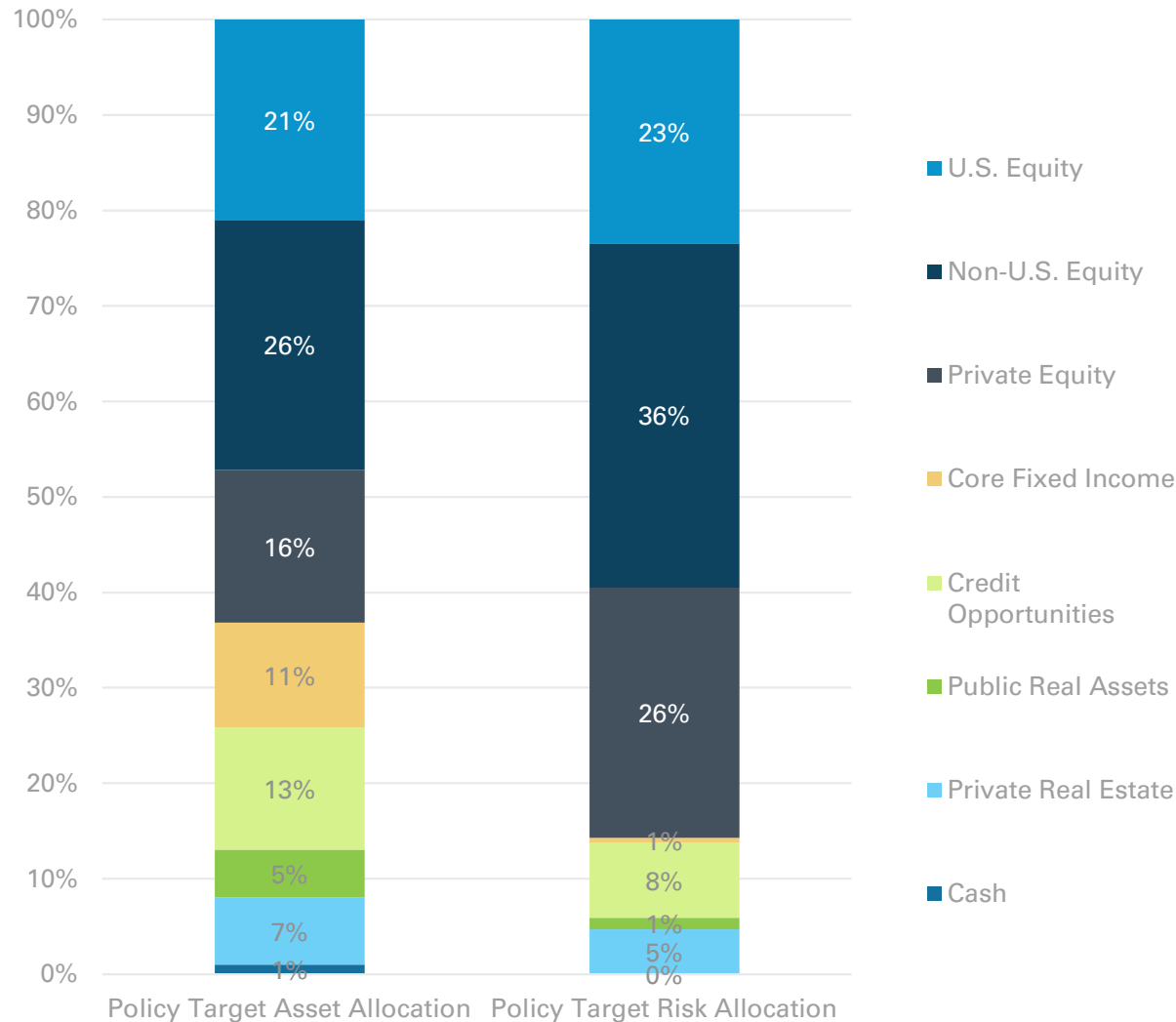
Note: The Total Value to Paid-In Ratio (TVPI) is a multiple that relates the current value of the private equity portfolio plus all distributions received to date with the total amount of capital contributed.

1 - IRR is not available for the Real Estate portfolio and therefore only time weighted returns (TWR) are reported.



# TOTAL FUND RISK ALLOCATION

## ASSET ALLOCATION VS. RISK ALLOCATION



- Public and Private Equity policy target asset allocation is 63%; accounts for 86% of the policy target portfolio risk.
  - Core Fixed Income and Credit Opportunities policy allocation is 24%, accounting for 8% of the policy target portfolio risk.
  - Real Assets (Private Real Estate and Public Real Assets) policy allocation is 12%, accounting for 5% of policy target portfolio risk.
- \* Adopted May 11, 2021

# PUBLIC MARKETS RISK BUDGET COMPARISON

AS OF DECEMBER 31, 2023

Public Markets Asset Class	Target Risk Budget	Actual 3 Yr Tracking Error
U.S. Equity	1.25%	1.09%
Non-U.S. Equity	1.75%	1.71%
Core Fixed Income	1.75%	0.35%
Credit Opportunities	3.50%	1.47%
Public Real Assets*	1.25%	1.77%

- Current public market asset class composite tracking error statistics are compared to asset class target risk budgets to ensure active risks are within expectations.
- Risk budgets are to be evaluated over three-year periods, at minimum, to reflect a full market cycle.
- Public Equity asset classes are within an appropriate range of their respective risk budgets.
- Both Core Fixed Income and Credit Opportunities have exhibited lower than expected active risk.
- The Public Real Assets benchmark includes prior historical composition.
- Note: The target Risk Budget was approved by the Board on June 22, 2021, and is reflected in the table above. Implementation of the new asset allocation is in progress.

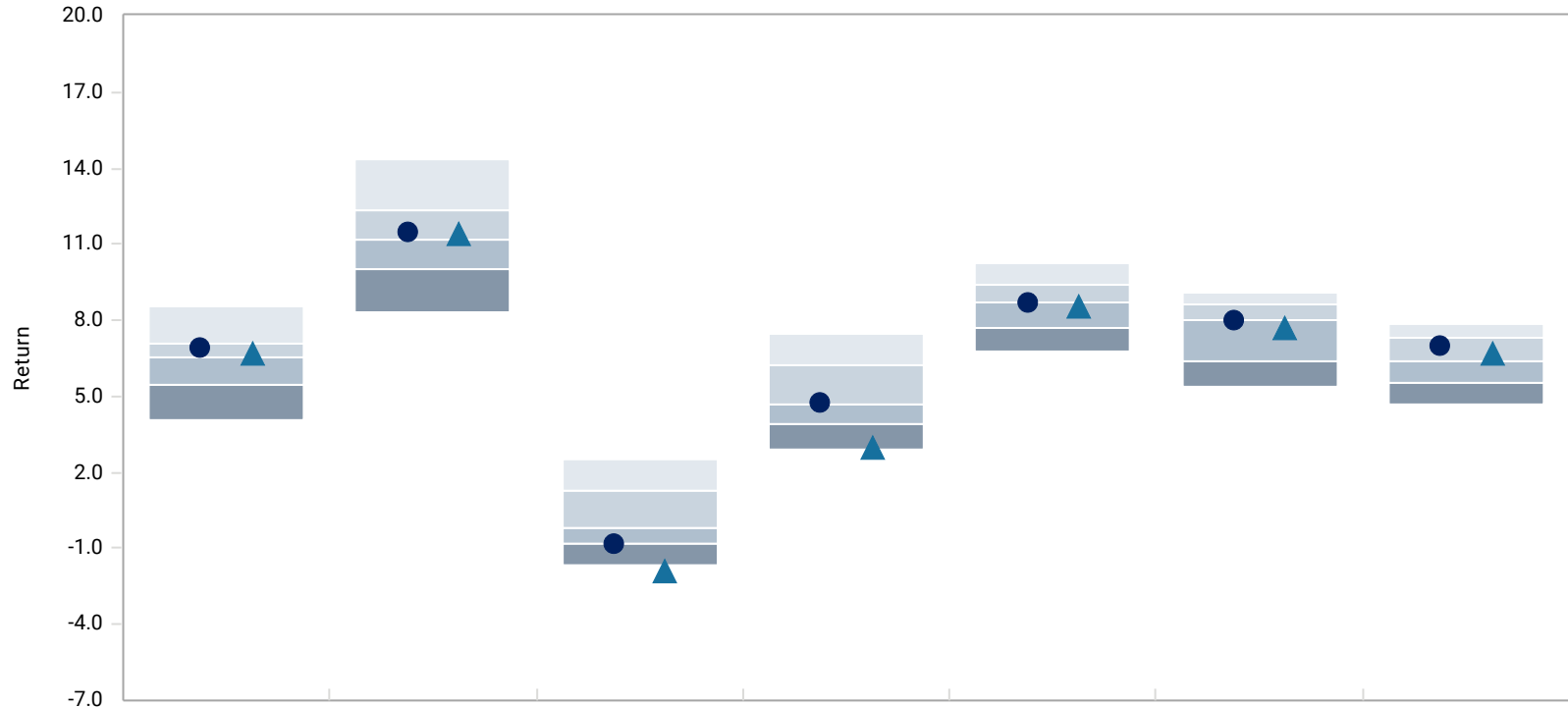
\* The benchmark for the Public Real Assets composite is a custom policy benchmark that is comprised of the target weights of the public real asset components: 62.5% Bloomberg Barclays US TIPS and 37.5% FTSE NAREIT All Equity REIT Index. Historical composition can be found in the investment policy statement.



Los Angeles City Employees' Retirement System-LACERS Master Trust

# RETURN SUMMARY VS. PEER UNIVERSE

LACERS Master Trust vs. InvMetrics Public DB \$5-50B Gross

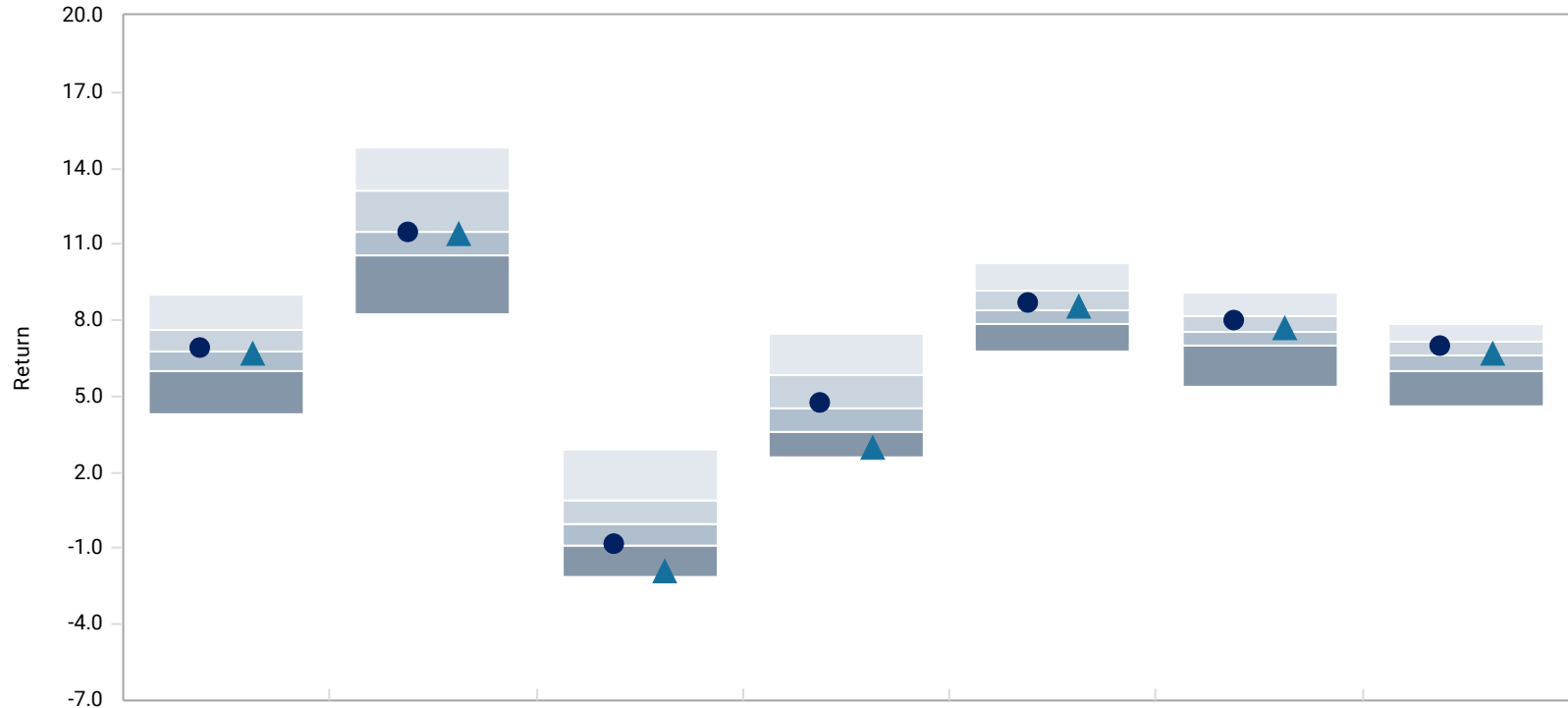


	3 Mo (%)	1 Year (%)	2 Years (%)	3 Years (%)	5 Years (%)	7 Years (%)	10 Years (%)
● LACERS Master Trust	7.0 (37)	11.5 (38)	-0.8 (76)	4.7 (48)	8.7 (51)	8.0 (45)	7.0 (41)
▲ Policy Index	6.7 (46)	11.4 (42)	-1.9 (96)	3.0 (95)	8.5 (57)	7.7 (58)	6.7 (45)
5th Percentile	8.5	14.4	2.5	7.5	10.2	9.1	7.8
1st Quartile	7.1	12.4	1.2	6.3	9.4	8.7	7.3
Median	6.5	11.2	-0.2	4.7	8.7	8.0	6.4
3rd Quartile	5.4	10.0	-0.8	3.9	7.7	6.4	5.5
95th Percentile	4.0	8.3	-1.7	2.9	6.8	5.4	4.6
Population	31	28	21	20	19	19	16

Los Angeles City Employees' Retirement System-LACERS Master Trust

# RETURN SUMMARY VS. PEER UNIVERSE

LACERS Master Trust vs. InvMetrics Public DB \$1-50B Gross



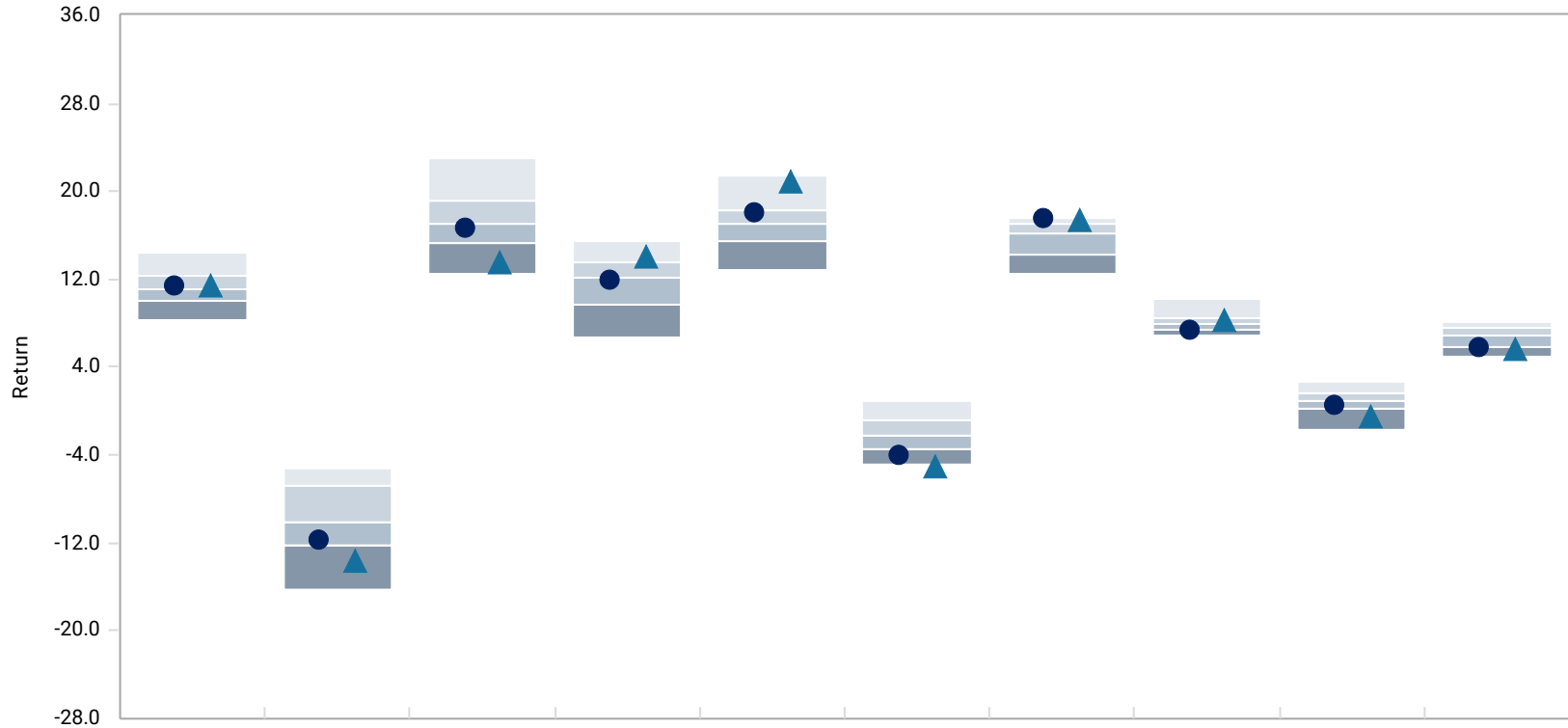
	3 Mo (%)	1 Yr (%)	2 Yrs (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)
● LACERS Master Trust	7.0 (49)	11.5 (51)	-0.8 (74)	4.7 (46)	8.7 (40)	8.0 (29)	7.0 (34)
▲ Policy Index	6.7 (53)	11.4 (53)	-1.9 (93)	3.0 (90)	8.5 (44)	7.7 (48)	6.7 (46)
5th Percentile	9.0	14.8	2.9	7.5	10.2	9.1	7.8
1st Quartile	7.6	13.1	0.9	5.8	9.1	8.2	7.2
Median	6.8	11.5	0.0	4.5	8.4	7.6	6.6
3rd Quartile	6.0	10.5	-0.9	3.6	7.8	7.0	6.0
95th Percentile	4.3	8.2	-2.1	2.6	6.8	5.4	4.6
Population	96	88	79	78	75	75	70



Los Angeles City Employees' Retirement System-LACERS Master Trust

# RETURN SUMMARY VS. PEER UNIVERSE

LACERS Master Trust vs. InvMetrics Public DB \$5-50B Gross



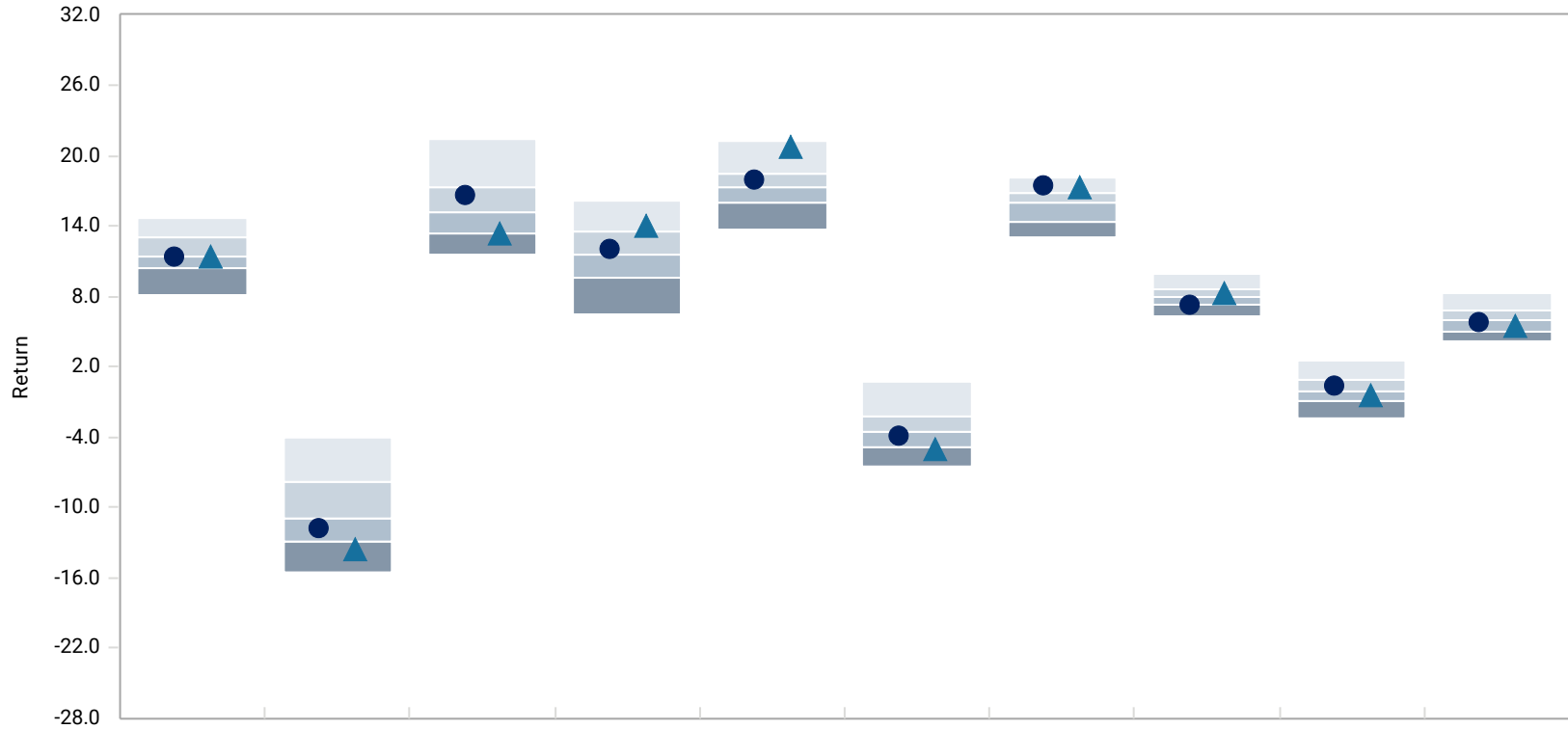
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
● LACERS Master Trust	11.5 (38)	-11.8 (72)	16.8 (57)	12.1 (51)	18.1 (26)	-3.9 (82)	17.6 (6)	7.4 (80)	0.5 (65)	5.9 (73)
▲ Policy Index	11.4 (42)	-13.6 (88)	13.5 (86)	14.1 (19)	20.9 (6)	-5.0 (98)	17.4 (8)	8.3 (31)	-0.4 (84)	5.6 (81)
5th Percentile	14.4	-5.3	23.0	15.5	21.4	0.9	17.6	10.3	2.7	8.2
1st Quartile	12.4	-6.8	19.1	13.6	18.2	-0.8	17.0	8.5	1.7	7.5
Median	11.2	-10.0	17.1	12.1	17.1	-2.2	16.2	8.0	0.8	6.8
3rd Quartile	10.0	-12.3	15.3	9.6	15.6	-3.4	14.3	7.5	0.3	5.9
95th Percentile	8.3	-16.2	12.4	6.8	12.9	-4.9	12.5	6.9	-1.6	5.0
Population	28	43	49	54	40	34	40	40	40	38



Los Angeles City Employees' Retirement System-LACERS Master Trust

# RETURN SUMMARY VS. PEER UNIVERSE

LACERS Master Trust vs. InvMetrics Public DB \$1-50B Gross

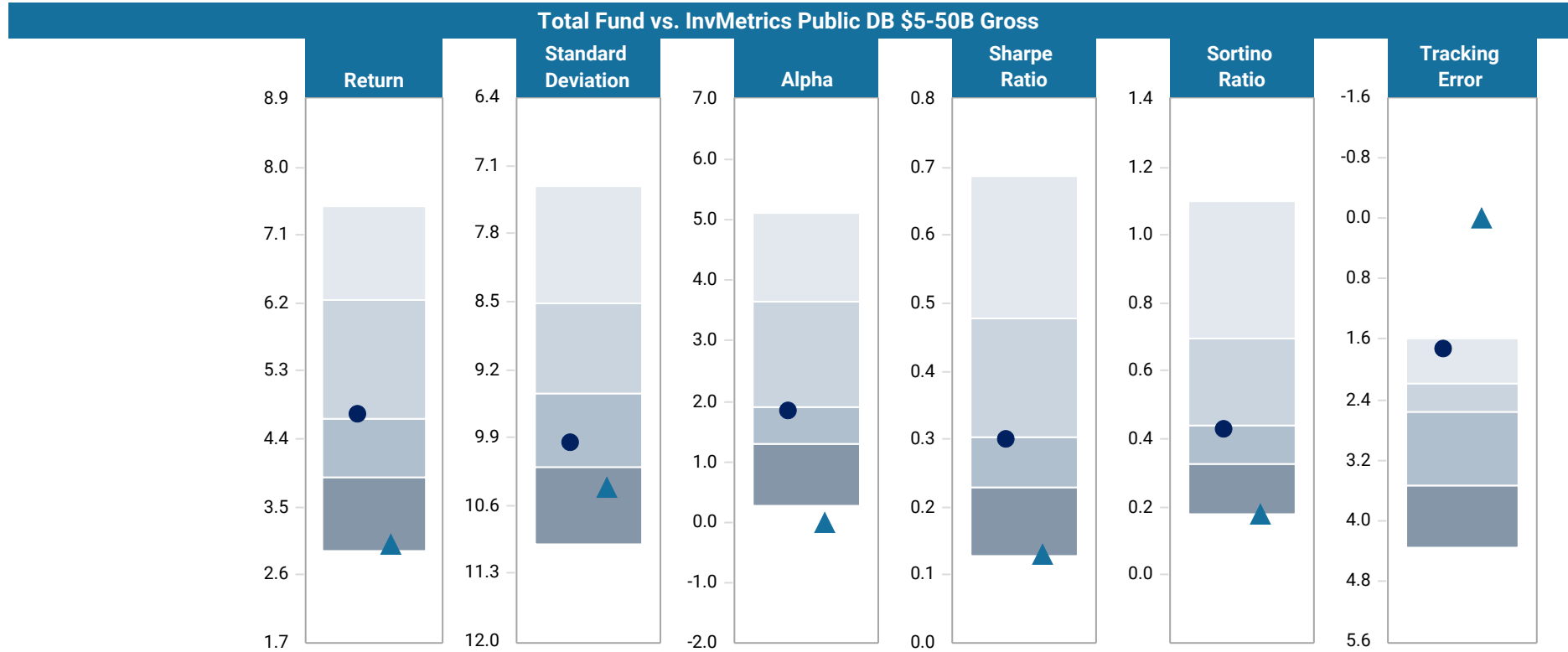


	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
● LACERS Master Trust	11.5 (51)	-11.8 (64)	16.8 (37)	12.1 (47)	18.1 (31)	-3.9 (59)	17.6 (12)	7.4 (75)	0.5 (36)	5.9 (52)
▲ Policy Index	11.4 (53)	-13.6 (83)	13.5 (74)	14.1 (20)	20.9 (8)	-5.0 (77)	17.4 (13)	8.3 (34)	-0.4 (60)	5.6 (58)
5th Percentile	14.8	-3.9	21.4	16.2	21.4	0.8	18.1	10.0	2.5	8.3
1st Quartile	13.1	-7.8	17.3	13.7	18.5	-2.2	16.8	8.6	1.0	6.9
Median	11.5	-10.9	15.3	11.6	17.3	-3.5	16.0	8.1	0.0	6.0
3rd Quartile	10.5	-12.8	13.4	9.7	16.0	-4.8	14.4	7.4	-0.9	5.1
95th Percentile	8.2	-15.6	11.5	6.5	13.8	-6.5	13.0	6.3	-2.4	4.1
Population	88	110	141	155	121	105	112	120	117	113



Los Angeles City Employees' Retirement System-LACERS Master Trust

# RISK STATISTICS VS. PEER UNIVERSE



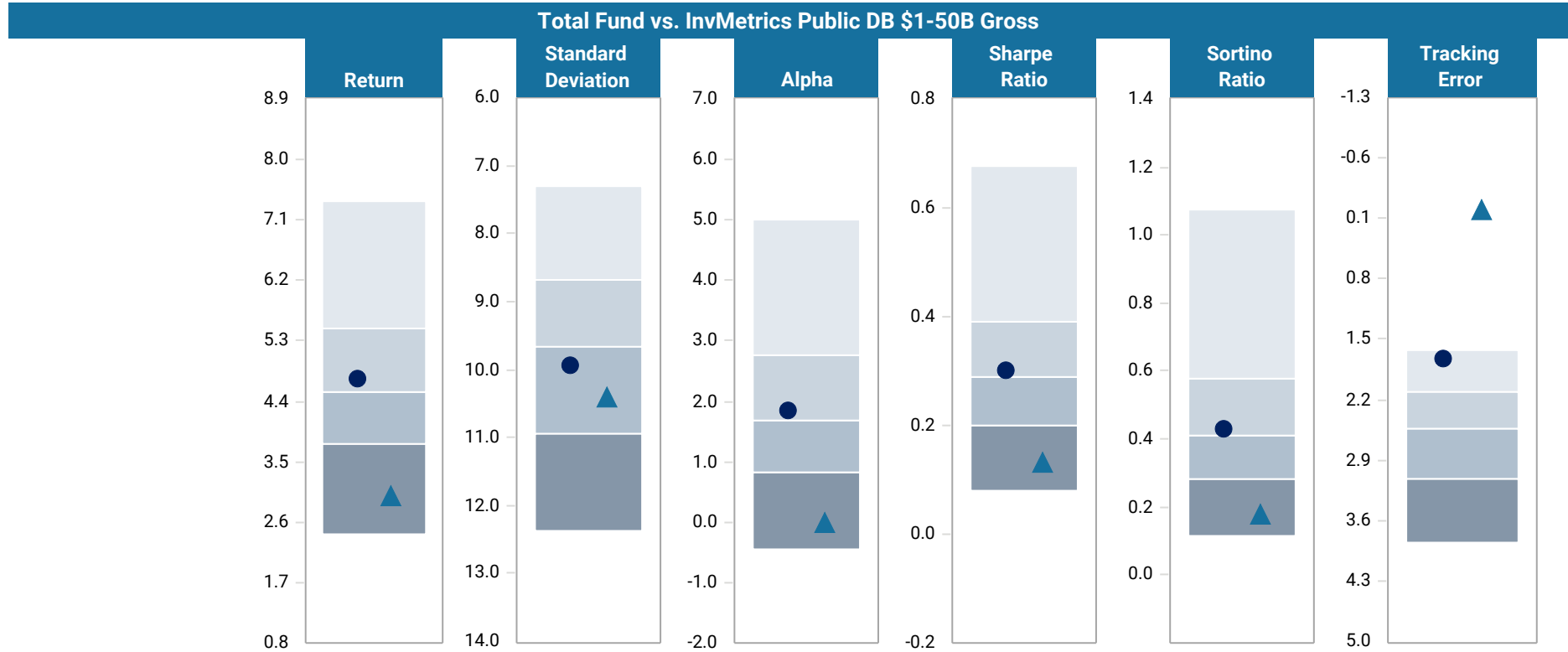
	3 Yrs (%)	3 Yrs (%)	3 Yrs (%)	3 Yrs (%)	3 Yrs (%)	3 Yrs (%)
● LACERS Master Trust	4.7 (48)	9.9 (68)	1.8 (53)	0.3 (53)	0.4 (58)	1.7 (10)
▲ Policy Index	3.0 (95)	10.4 (81)	0.0 (97)	0.1 (95)	0.2 (95)	0.0 (1)
5th Percentile	7.5	7.3	5.1	0.7	1.1	1.6
1st Quartile	6.3	8.5	3.7	0.5	0.7	2.2
Median	4.7	9.4	1.9	0.3	0.4	2.6
3rd Quartile	3.9	10.2	1.3	0.2	0.3	3.5
95th Percentile	2.9	11.0	0.3	0.1	0.2	4.4

Population                      20                      20                      20                      20                      20                      20



Los Angeles City Employees' Retirement System-LACERS Master Trust

# RISK STATISTICS VS. PEER UNIVERSE



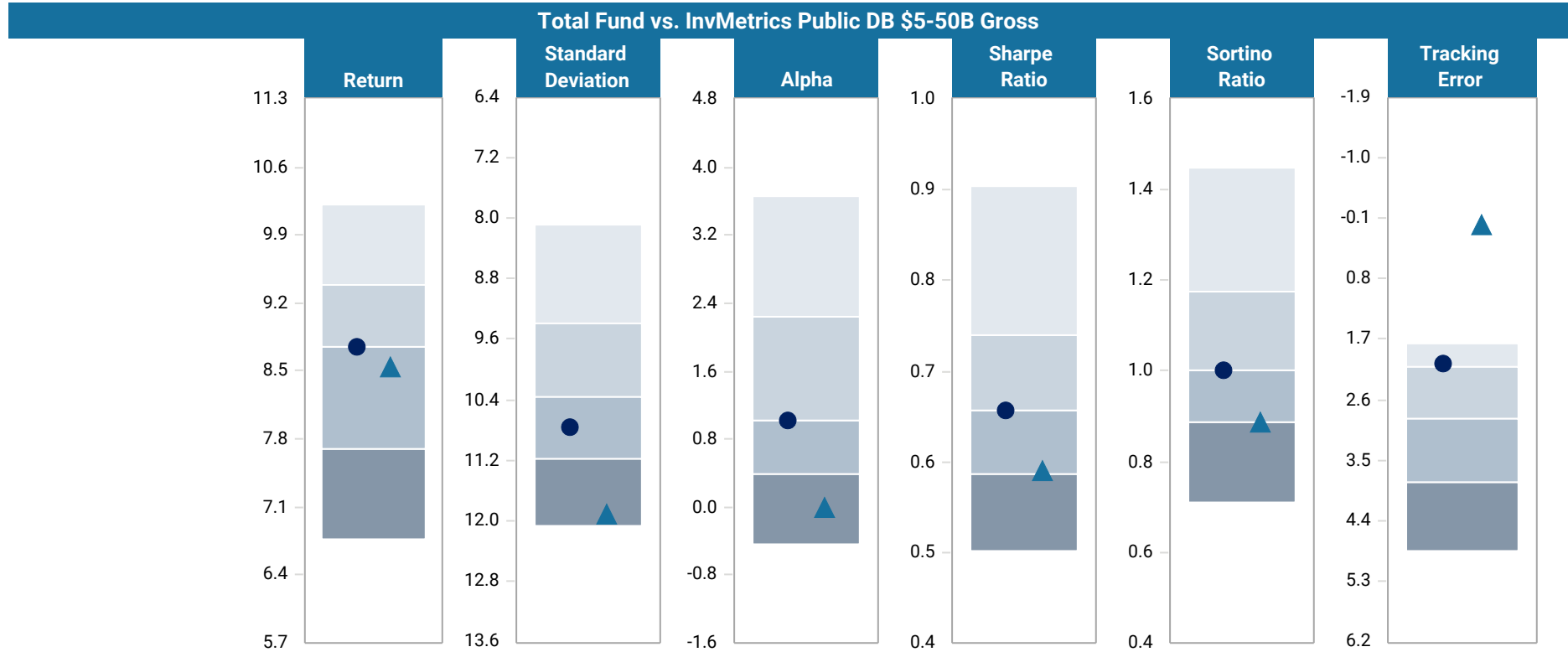
	3 Yrs (%)	3 Yrs (%)	3 Yrs (%)	3 Yrs (%)	3 Yrs (%)	3 Yrs (%)
● LACERS Master Trust	4.7 (41)	9.9 (54)	1.8 (45)	0.3 (44)	0.4 (44)	1.7 (9)
▲ Policy Index	3.0 (92)	10.4 (59)	0.0 (90)	0.1 (92)	0.2 (92)	0.0 (1)
5th Percentile	7.4	7.3	5.0	0.7	1.1	1.6
1st Quartile	5.5	8.7	2.8	0.4	0.6	2.1
Median	4.5	9.7	1.7	0.3	0.4	2.5
3rd Quartile	3.8	11.0	0.8	0.2	0.3	3.1
95th Percentile	2.4	12.4	-0.4	0.1	0.1	3.9

Population	71	71	71	71	71	71
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Los Angeles City Employees' Retirement System-LACERS Master Trust

# RISK STATISTICS VS. PEER UNIVERSE



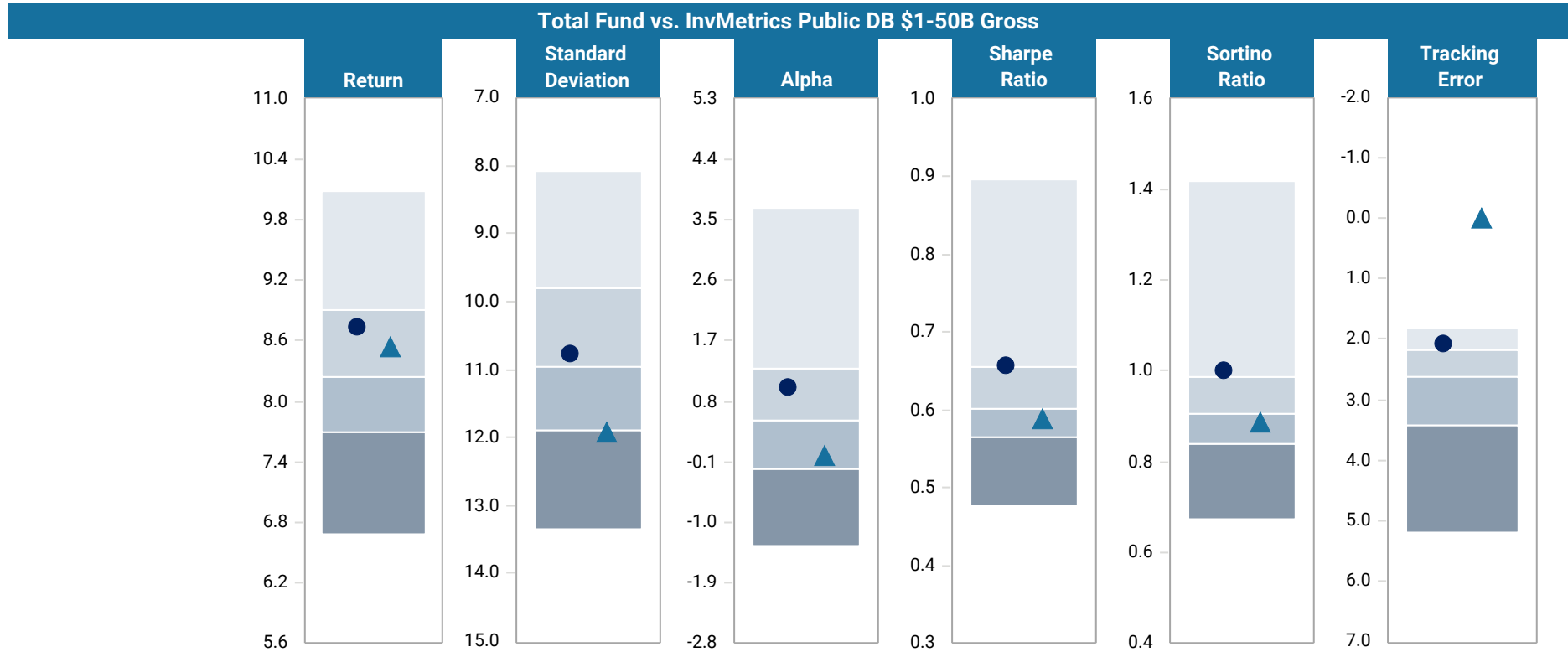
	5 Yrs (%)	5 Yrs (%)	5 Yrs (%)	5 Yrs (%)	5 Yrs (%)	5 Yrs (%)
● LACERS Master Trust	8.7 (51)	10.8 (66)	1.0 (51)	0.7 (51)	1.0 (51)	2.1 (16)
▲ Policy Index	8.5 (57)	11.9 (91)	0.0 (91)	0.6 (75)	0.9 (76)	0.0 (1)
5th Percentile	10.2	8.1	3.7	0.9	1.4	1.8
1st Quartile	9.4	9.4	2.2	0.7	1.2	2.1
Median	8.7	10.4	1.0	0.7	1.0	2.9
3rd Quartile	7.7	11.2	0.4	0.6	0.9	3.8
95th Percentile	6.8	12.1	-0.4	0.5	0.7	4.8

Population                      19                      19                      19                      19                      19                      19



Los Angeles City Employees' Retirement System-LACERS Master Trust

# RISK STATISTICS VS. PEER UNIVERSE

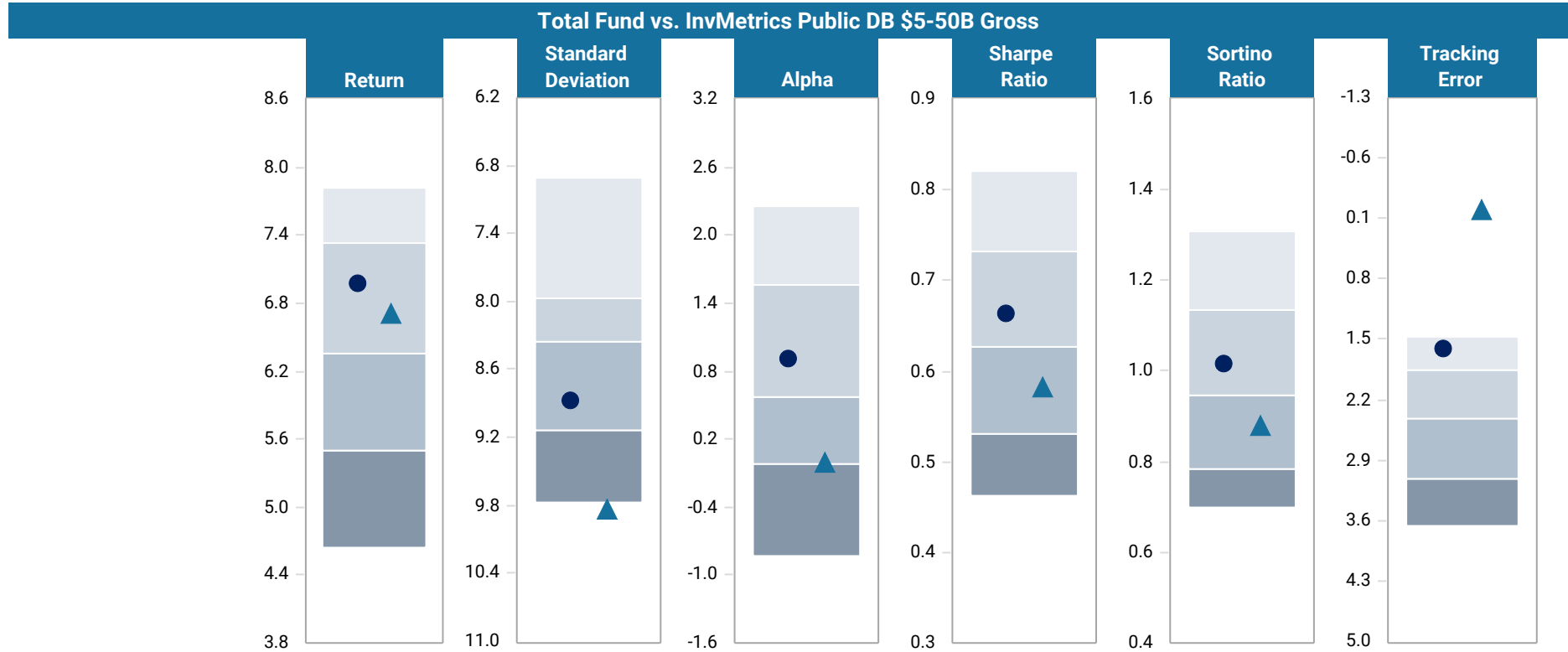


	5 Yrs (%)	5 Yrs (%)	5 Yrs (%)	5 Yrs (%)	5 Yrs (%)	5 Yrs (%)
● LACERS Master Trust	8.7 (32)	10.8 (41)	1.0 (31)	0.7 (24)	1.0 (23)	2.1 (18)
▲ Policy Index	8.5 (43)	11.9 (75)	0.0 (69)	0.6 (58)	0.9 (54)	0.0 (1)
5th Percentile	10.1	8.1	3.7	0.9	1.4	1.8
1st Quartile	8.9	9.8	1.3	0.7	1.0	2.2
Median	8.2	11.0	0.5	0.6	0.9	2.6
3rd Quartile	7.7	11.9	-0.2	0.6	0.8	3.4
95th Percentile	6.7	13.3	-1.4	0.5	0.7	5.2
Population	68	68	68	68	68	68



Los Angeles City Employees' Retirement System-LACERS Master Trust

# RISK STATISTICS VS. PEER UNIVERSE



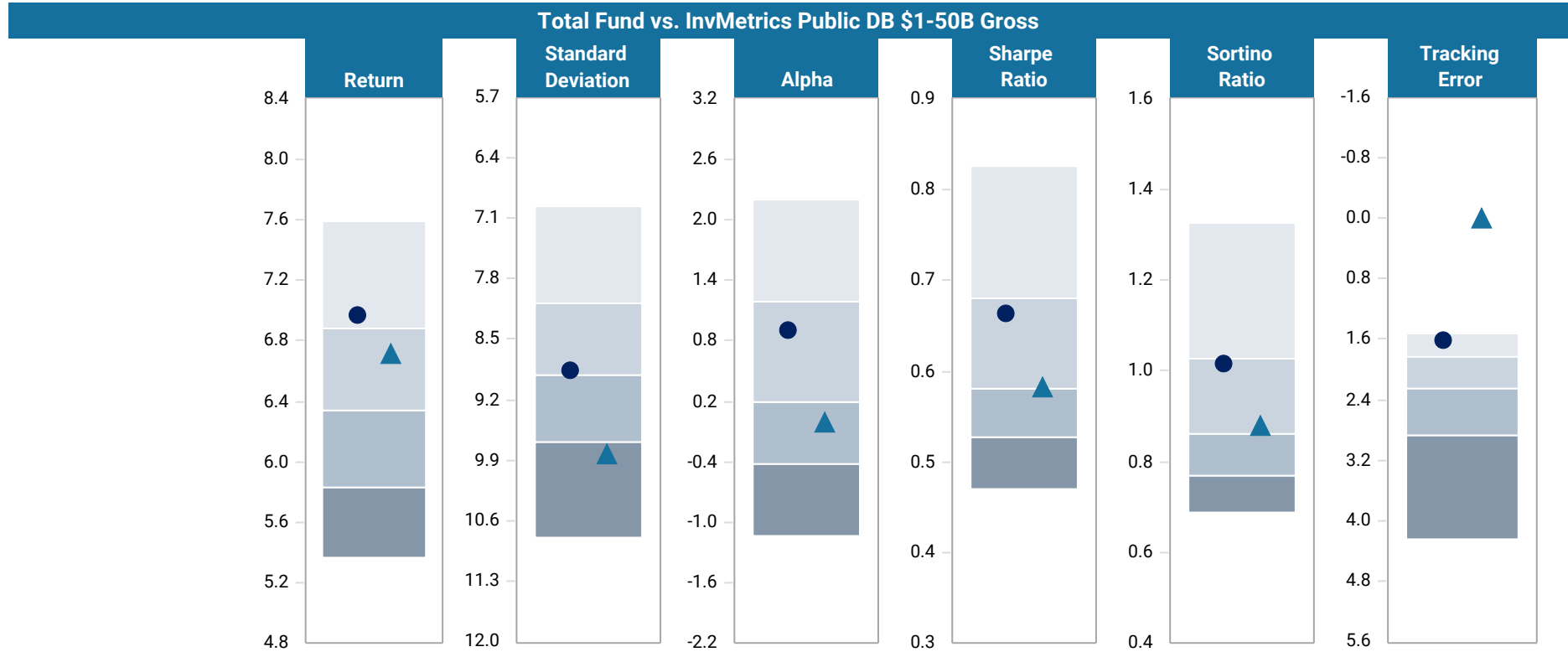
	10 Yrs (%)	10 Yrs (%)	10 Yrs (%)	10 Yrs (%)	10 Yrs (%)	10 Yrs (%)
● LACERS Master Trust	7.0 (41)	8.9 (66)	0.9 (47)	0.7 (47)	1.0 (47)	1.6 (13)
▲ Policy Index	6.7 (45)	9.8 (95)	0.0 (69)	0.6 (56)	0.9 (54)	0.0 (1)
5th Percentile	7.8	6.9	2.3	0.8	1.3	1.5
1st Quartile	7.3	8.0	1.6	0.7	1.1	1.9
Median	6.4	8.4	0.6	0.6	0.9	2.4
3rd Quartile	5.5	9.1	0.0	0.5	0.8	3.1
95th Percentile	4.6	9.8	-0.8	0.5	0.7	3.7

Population                      16                      16                      16                      16                      16                      16



Los Angeles City Employees' Retirement System-LACERS Master Trust

# RISK STATISTICS VS. PEER UNIVERSE



	10 Yrs (%)	10 Yrs (%)	10 Yrs (%)	10 Yrs (%)	10 Yrs (%)	10 Yrs (%)
● LACERS Master Trust	7.0 (23)	8.9 (45)	0.9 (30)	0.7 (29)	1.0 (28)	1.6 (13)
▲ Policy Index	6.7 (35)	9.8 (80)	0.0 (60)	0.6 (50)	0.9 (45)	0.0 (1)
5th Percentile	7.6	7.0	2.2	0.8	1.3	1.5
1st Quartile	6.9	8.1	1.2	0.7	1.0	1.8
Median	6.3	8.9	0.2	0.6	0.9	2.3
3rd Quartile	5.8	9.7	-0.4	0.5	0.8	2.9
95th Percentile	5.4	10.8	-1.1	0.5	0.7	4.3

Population                      62                      62                      62                      62                      62                      62

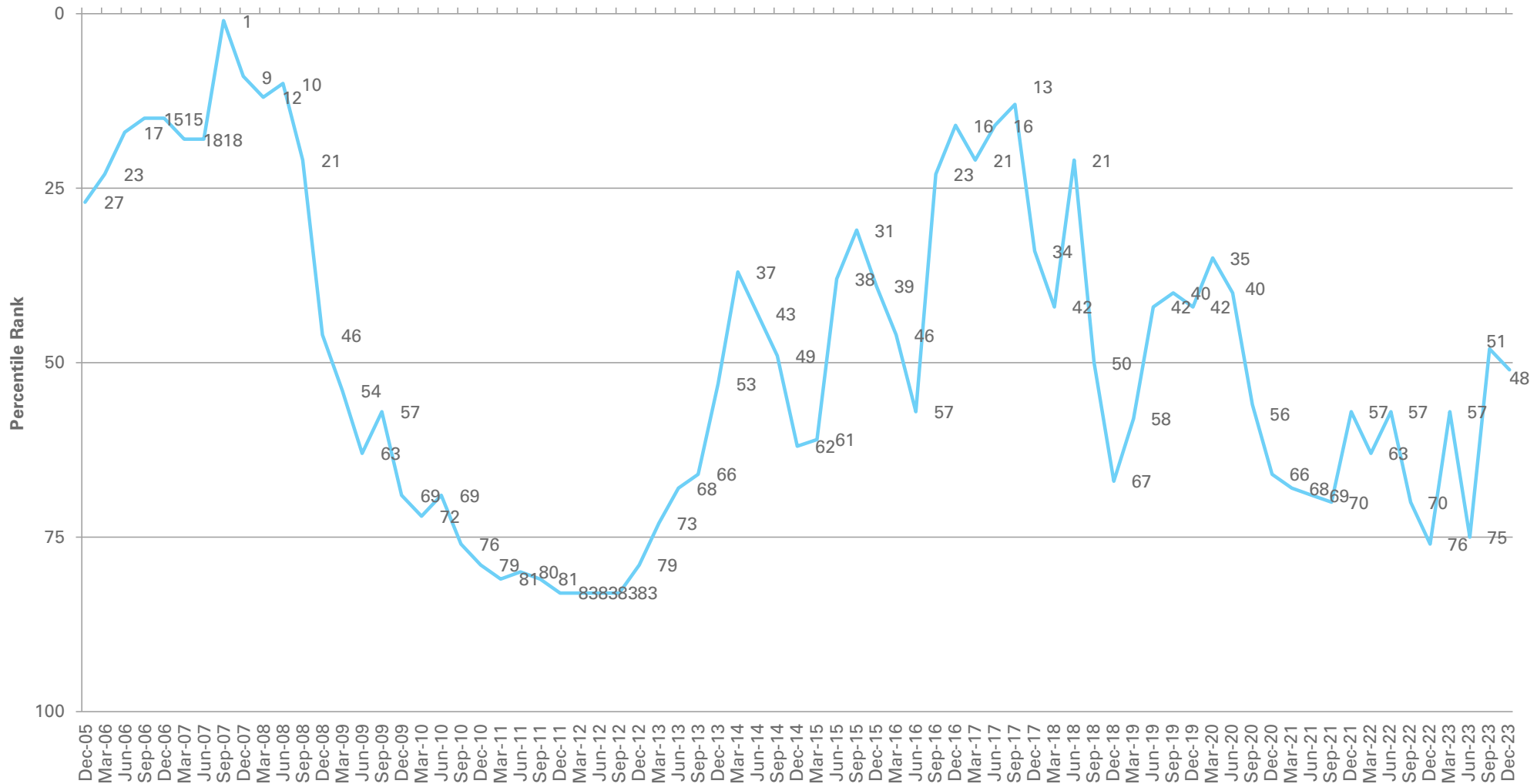




# HISTORICAL RISK ADJUSTED RETURN

## UNIVERSE COMPARISON (\$5-\$50 B GROSS OF FEES)

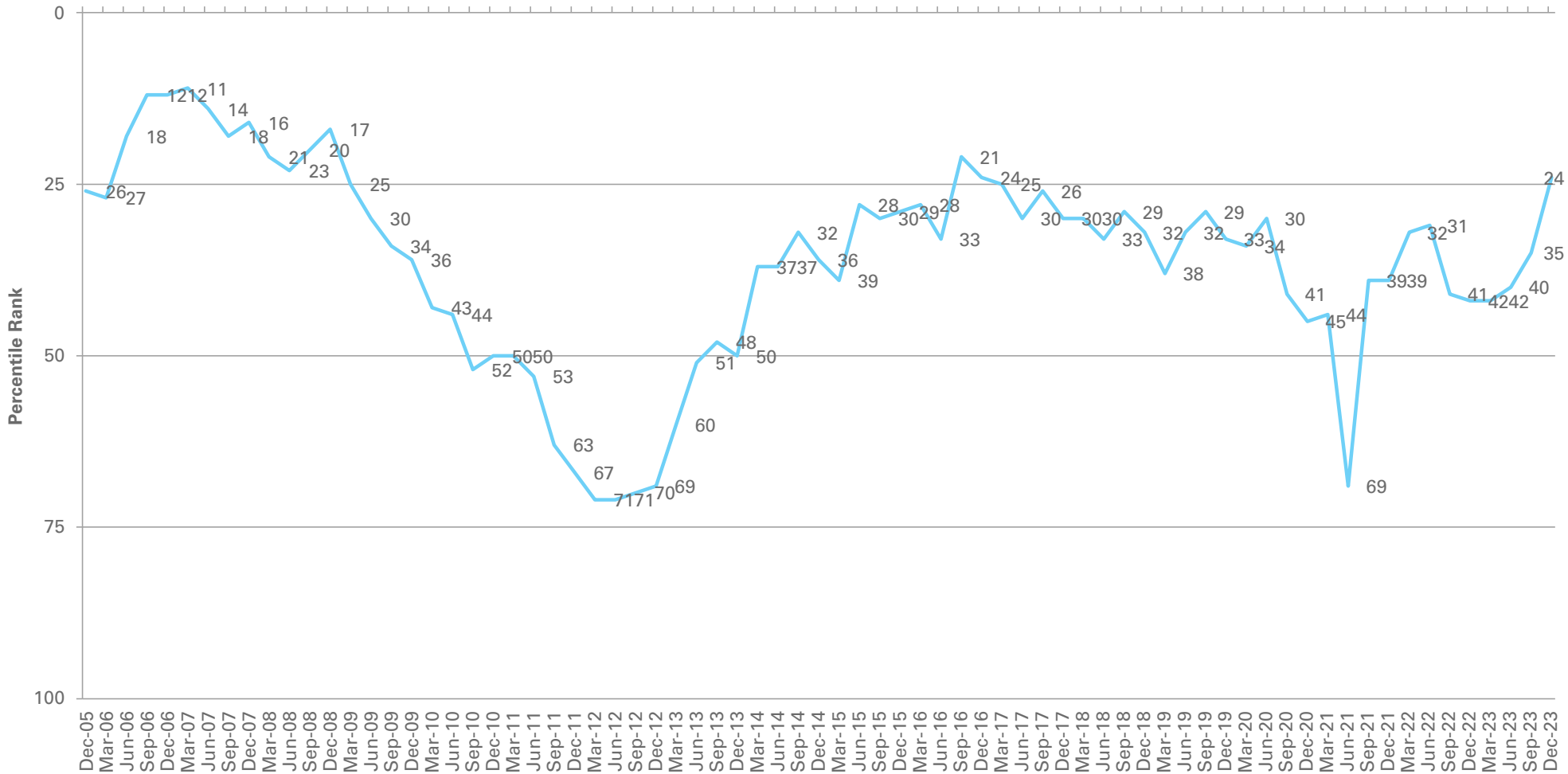
5 Yr Sharpe Ratio Percentile Rank  
LACERS Master Trust vs InvMetrics Public Funds \$5B-\$50B Gross of Fees



# HISTORICAL RISK ADJUSTED RETURN

## UNIVERSE COMPARISON (\$1-\$50 B GROSS OF FEES)

5 Yr Sharpe Ratio Percentile Rank  
LACERS Master Trust vs InvMetrics Public Funds \$1B-\$50B Gross of Fees



# U.S. EQUITY MANAGER PERFORMANCE

Los Angeles City Employees' Retirement System-LACERS Master Trust  
**U.S EQUITY (GROSS)**

	Allocation		Performance (%)						
	Market Value (\$)	% of Portfolio	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>U.S. Equity</b>	<b>4,608,796,758</b>	<b>100.00</b>	<b>11.97</b>	<b>23.75</b>	<b>8.54</b>	<b>14.76</b>	<b>11.17</b>	<b>9.05</b>	<b>Sep-01</b>
U.S. Equity Blend			12.07	25.96	8.54	15.16	11.48	8.84	
Over/Under			-0.10	-2.21	0.00	-0.40	-0.31	0.21	
RhumbLine Advisers Russell 2000	304,163,054	6.60	14.00	16.90	2.28	10.02		7.09	Apr-15
Russell 2000 Index			14.03	16.93	2.22	9.97		7.11	
Over/Under			-0.03	-0.03	0.06	0.05		-0.02	
Rhumblin Advisers Russell 2000 Value	124,387,596	2.70	15.23	14.59	8.02			8.02	Jan-21
Russell 2000 Value Index			15.26	14.65	7.94			7.94	
Over/Under			-0.03	-0.06	0.08			0.08	
EAM Investors	88,562,043	1.92	7.26	7.96	-7.84	8.64		8.72	Oct-15
Russell 2000 Growth Index			12.75	18.66	-3.50	9.22		8.76	
Over/Under			-5.49	-10.70	-4.34	-0.58		-0.04	
Principal Global Investors	346,647,677	7.52	14.51	26.59	7.84	16.62		13.18	Aug-14
Russell Midcap Index			12.82	17.23	5.92	12.68		9.41	
Over/Under			1.69	9.36	1.92	3.94		3.77	
RhumbLine Advisers S&P 500	3,230,338,818	70.09	11.68	26.20	10.06	15.63	11.99	7.14	Sep-00
S&P 500 Index			11.69	26.29	10.00	15.69	12.03	7.06	
Over/Under			-0.01	-0.09	0.06	-0.06	-0.04	0.08	
Copeland Capital Management	269,947,809	5.86	10.91	20.23	10.00			15.83	Oct-20
Russell 2000 Index			14.03	16.93	2.22			10.99	
Over/Under			-3.12	3.30	7.78			4.84	
Granahan Investment Management	125,116,715	2.71	12.48	11.48	-8.22			1.86	Oct-20
Russell 2000 Growth Index			12.75	18.66	-3.50			4.80	
Over/Under			-0.27	-7.18	-4.72			-2.94	
Segall, Bryant & Hamill	119,572,306	2.59	9.97	12.87	4.49			12.41	Oct-20
Russell 2000 Value Index			15.26	14.65	7.94			17.25	
Over/Under			-5.29	-1.78	-3.45			-4.84	

Note: All portfolios in U.S. Equity have mid-month inception dates. Since inception return is calculated from the first full month of performance. eA = eVestment

Refer to appendix for blended benchmark definitions.



Los Angeles City Employees' Retirement System-LACERS Master Trust  
**U.S. EQUITY (NET)**

	Allocation		Performance (%)							Inception Date
	Market Value (\$)	% of Portfolio	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)		
<b>U.S. Equity</b>	<b>4,608,796,758</b>	<b>100.00</b>	<b>11.94</b>	<b>23.62</b>	<b>8.43</b>	<b>14.67</b>	<b>11.07</b>	<b>8.87</b>	<b>Sep-01</b>	
U.S. Equity Blend			12.07	25.96	8.54	15.16	11.48	8.84		
Over/Under			-0.13	-2.34	-0.11	-0.49	-0.41	0.03		
All Public Plans > \$1B-US Equity Segment Median										
RhumbLine Advisers Russell 2000	304,163,054	6.60	14.00 (20)	16.89 (47)	2.27 (71)	10.01 (77)		7.09 (72)	Apr-15	
Russell 2000 Index			14.03 (20)	16.93 (46)	2.22 (71)	9.97 (77)		7.11 (72)		
Over/Under			-0.03	-0.04	0.05	0.04		-0.02		
eV US Small Cap Equity Median			12.04	16.50	6.70	11.59		8.03		
Rhumbline Advisers Russell 2000 Value	124,387,596	2.70	15.23 (7)	14.58 (58)	8.02 (70)			8.02 (69)	Jan-21	
Russell 2000 Value Index			15.26 (7)	14.65 (58)	7.94 (72)			7.94 (70)		
Over/Under			-0.03	-0.07	0.08			0.08		
eV US Small-Mid Cap Value Equity Median			11.54	15.51	9.31			9.29		
EAM Investors	88,562,043	1.92	7.05 (96)	7.17 (94)	-8.50 (86)	7.89 (92)		7.95 (93)	Oct-15	
Russell 2000 Growth Index			12.75 (21)	18.66 (34)	-3.50 (58)	9.22 (82)		8.76 (84)		
Over/Under			-5.70	-11.49	-5.00	-1.33		-0.81		
eV US Small Cap Growth Equity Median			10.97	16.45	-2.47	11.27		10.81		
Principal Global Investors	346,647,677	7.52	14.41 (13)	26.14 (13)	7.46 (47)	16.22 (6)		12.77 (4)	Aug-14	
Russell Midcap Index			12.82 (35)	17.23 (58)	5.92 (58)	12.68 (55)		9.41 (48)		
Over/Under			1.59	8.91	1.54	3.54		3.36		
eV US Mid Cap Equity Median			11.82	18.46	7.08	12.91		9.27		
RhumbLine Advisers S&P 500	3,230,338,818	70.09	11.67 (45)	26.19 (34)	10.05 (32)	15.62 (30)	11.98 (25)			
S&P 500 Index			11.69 (45)	26.29 (34)	10.00 (33)	15.69 (29)	12.03 (24)			
Over/Under			-0.02	-0.10	0.05	-0.07	-0.05			
eV US Large Cap Equity Median			11.37	20.12	8.84	13.95	10.52			

Note: All portfolios in U.S. Equity have mid-month inception dates. Since inception return is calculated from the first full month of performance. eA = eVestment

Refer to appendix for blended benchmark definitions.



Los Angeles City Employees' Retirement System-LACERS Master Trust

# U.S. EQUITY (NET)

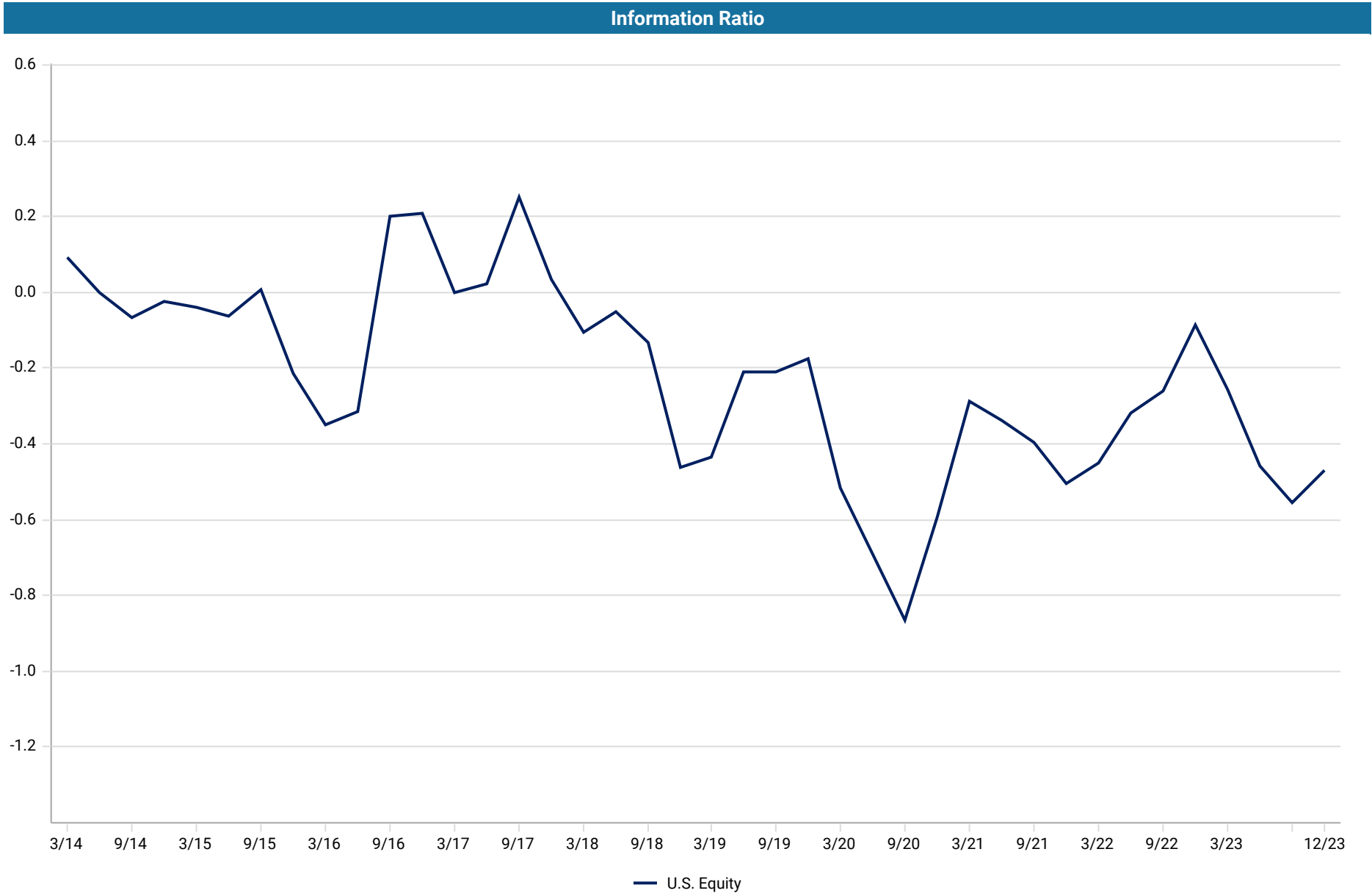
	Allocation		Performance (%)						
	Market Value (\$)	% of Portfolio	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Copeland Capital Management	269,947,809	5.86	10.78 (71)	19.69 (28)	9.54 (29)			15.38 (44)	Oct-20
<i>Russell 2000 Index</i>			14.03 (20)	16.93 (46)	2.22 (71)			10.99 (67)	
Over/Under			-3.25	2.76	7.32			4.39	
<i>eV US Small Cap Equity Median</i>			12.04	16.50	6.70			14.21	
Granahan Investment Management	125,116,715	2.71	12.28 (30)	10.68 (81)	-8.89 (87)			1.18 (77)	Oct-20
<i>Russell 2000 Growth Index</i>			12.75 (21)	18.66 (34)	-3.50 (58)			4.80 (54)	
Over/Under			-0.47	-7.98	-5.39			-3.62	
<i>eV US Small Cap Growth Equity Median</i>			10.97	16.45	-2.47			5.41	
Segall, Bryant & Hamill	119,572,306	2.59	9.80 (86)	12.18 (80)	3.85 (97)			11.77 (96)	Oct-20
<i>Russell 2000 Value Index</i>			15.26 (14)	14.65 (63)	7.94 (72)			17.25 (59)	
Over/Under			-5.46	-2.47	-4.09			-5.48	
<i>eV US Small Cap Value Equity Median</i>			12.62	16.25	9.71			18.11	

Note: All portfolios in U.S. Equity have mid-month inception dates. Since inception return is calculated from the first full month of performance. eA = eVestment

Refer to appendix for blended benchmark definitions.



# U.S. EQUITY ROLLING 5 YEAR INFORMATION RATIO



# INVESTMENT MANAGER REPORT CARD

## U.S. EQUITY

U.S. Equity Managers	Inception Date	Mandate	Current Quarter (Net)		One Year (Net)		Three Years (Net)		Five Years (Net)		Since Inception (Net)	Annual Mgt Fee Paid \$ (000)	Comments
			Index	Universe	Index	Universe	Index	Universe	Index	Universe	Index		
Principal Global Investors	Jul-14	Mid Cap	✓	✓	✓	✓	✓	✓	✓	✓	✓	1,046.3	Performance compliant with LACERS' Manager Monitoring Policy
EAM Investors	Sep-15	Small Cap Growth	✗	✗	✗	✗	✗	✗	✗	✗	✗	614.2	Performance compliant with LACERS' Manager Monitoring Policy
Copeland	Oct-20	Small Cap Core	✗	✗	✓	✓	✓	✓	N/A	N/A	✓	1,083.3	Newly hired manager pursuant to Section VIII.D of the Manager Monitoring Policy
Granahan	Oct-20	Small Cap Growth	✗	✓	✗	✗	✗	✗	N/A	N/A	✗	829.8	Performance compliant with LACERS' Manager Monitoring Policy
Segall Bryant & Hamill	Oct-20	Small Cap Value	✗	✗	✗	✗	✗	✗	N/A	N/A	✗	648	Performance compliant with LACERS' Manager Monitoring Policy
RhumbLine (Passive)	Dec-20	R2000 Value	✗	✓	✗	✗	✓	✗	N/A	N/A	✓	6.5	Performance compliant with LACERS' Manager Monitoring Policy
RhumbLine (Passive)	Feb-93	S&P 500	✗	✓	✗	✓	✓	✓	✗	✓	✓✓	156.1	Performance compliant with LACERS' Manager Monitoring Policy
RhumbLine (Passive)	Jun-15	R2000	✗	✓	✗	✓	✓	✗	✓	✗	✗	14.8	Performance compliant with LACERS' Manager Monitoring Policy

Note: Managers are placed on Watch List for concerns with organization, process and performance. Managers are normally on the Watch List for 12 months though may be longer if manager issues remain but not severe enough to warrant termination recommendation.

- Annual Management Fee Paid as of fiscal year ending June 30, 2023.
- \* Where net of fees performance is not available gross of fee returns are evaluated.

Legend	
✓	Outperformed
✗	Underperformed
=	Equal to
✓✓	Gross Return





# NON-U.S. EQUITY MANAGER PERFORMANCE

Los Angeles City Employees' Retirement System-LACERS Master Trust  
**NON-U.S. EQUITY (GROSS)**

	Allocation		Performance (%)						
	Market Value (\$)	% of Portfolio	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Non-U.S. Equity</b>	<b>5,760,583,684</b>	<b>100.00</b>	<b>9.95</b>	<b>15.98</b>	<b>1.87</b>	<b>8.29</b>	<b>4.94</b>	<b>5.36</b>	<b>Nov-94</b>
<i>MSCI AC World ex USA (Net)</i>			<u>9.75</u>	<u>15.62</u>	<u>1.55</u>	<u>7.08</u>	<u>3.83</u>	<u>5.02</u>	
Over/Under			0.20	0.36	0.32	1.21	1.11	0.34	
<b>Developed ex-U.S.</b>	<b>4,053,769,996</b>	<b>70.37</b>	<b>10.43</b>	<b>16.74</b>	<b>3.26</b>	<b>9.09</b>	<b>5.19</b>	<b>7.68</b>	<b>Jul-12</b>
<i>MSCI EAFE (Net)</i>			<u>10.42</u>	<u>18.24</u>	<u>4.02</u>	<u>8.16</u>	<u>4.28</u>	<u>6.78</u>	
Over/Under			0.01	-1.50	-0.76	0.93	0.91	0.90	
Barrow Hanley	606,070,242	10.52	8.52	19.48	11.07	12.60	5.86	6.05	Dec-13
<i>MSCI EAFE Value Index (Net)</i>			<u>8.22</u>	<u>18.95</u>	<u>7.59</u>	<u>7.08</u>	<u>3.16</u>	<u>3.27</u>	
Over/Under			0.30	0.53	3.48	5.52	2.70	2.78	
Lazard Asset Management	602,407,750	10.46	11.58	17.26	1.99	7.57	4.81	5.02	Dec-13
<i>MSCI EAFE (Net)</i>			<u>10.42</u>	<u>18.24</u>	<u>4.02</u>	<u>8.16</u>	<u>4.28</u>	<u>4.40</u>	
Over/Under			1.16	-0.98	-2.03	-0.59	0.53	0.62	
MFS Institutional Advisors	624,598,516	10.84	11.75	17.10	3.74	10.40	7.21	7.29	Nov-13
<i>MSCI World ex USA Growth NR USD</i>			<u>12.52</u>	<u>17.45</u>	<u>0.44</u>	<u>8.94</u>	<u>5.08</u>	<u>5.24</u>	
Over/Under			-0.77	-0.35	3.30	1.46	2.13	2.05	
Oberweis Asset Mgmt	324,623,267	5.64	8.32	7.03	-10.83	8.28	-	6.10	Feb-14
<i>MSCI EAFE Small Cap (Net)</i>			<u>11.14</u>	<u>13.16</u>	<u>-0.69</u>	<u>6.58</u>	-	<u>5.01</u>	
Over/Under			-2.82	-6.13	-10.14	1.70	-	1.09	
SSgA World ex US IMI	1,552,894,952	26.96	10.54	17.56	4.18	8.84	4.85	4.91	Jul-98
<i>MSCI World ex U.S. IMI Index (Net)</i>			<u>10.52</u>	<u>17.18</u>	<u>3.73</u>	<u>8.24</u>	<u>4.35</u>	<u>4.93</u>	
Over/Under			0.02	0.38	0.45	0.60	0.50	-0.02	
State Street EAFE SC	343,175,270	5.96	11.07	13.48	-0.39	-	-	-0.39	Jan-21
<i>MSCI EAFE Small Cap (Net)</i>			<u>11.14</u>	<u>13.16</u>	<u>-0.69</u>	-	-	<u>-0.69</u>	
Over/Under			-0.07	0.32	0.30	-	-	0.30	

Note: The Barrow Hanley, Lazard, MFS, Oberweis, MSCI EAFE SC, Axiom Emerging Markets, DFA Emerging Markets, State Street Emerging Markets, Wasatch, portfolios have mid-month inception dates. Since inception return is calculated from the first full month of performance.

eA = eVestment

Refer to appendix for blended benchmark definitions.

Axiom Custom Blended BM consists of MSCI Emerging Markets Growth(Net) through August 2020. MSCI Emerging Markets(Net) from September 2020 to present.



Los Angeles City Employees' Retirement System-LACERS Master Trust  
**NON-U.S. EQUITY (GROSS)**

	Allocation		Performance (%)						
	Market Value (\$)	% of Portfolio	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Emerging Markets</b>	<b>1,706,813,688</b>	<b>29.63</b>	<b>8.81</b>	<b>14.13</b>	<b>-1.83</b>	<b>5.92</b>	<b>3.70</b>	<b>4.15</b>	<b>Jul-12</b>
<i>MSCI Emerging Markets (Net)</i>			<u>7.86</u>	<u>9.83</u>	<u>-5.08</u>	<u>3.68</u>	<u>2.66</u>	<u>3.23</u>	
Over/Under			0.95	4.30	3.25	2.24	1.04	0.92	
Axiom Emerging Markets	286,830,006	4.98	7.08	6.51	-10.67	3.58	-	3.09	May-14
<i>MSCI Emerging Markets (Net)</i>			<u>7.86</u>	<u>9.83</u>	<u>-5.08</u>	<u>3.68</u>	-	<u>2.77</u>	
Over/Under			-0.78	-3.32	-5.59	-0.10	-	0.32	
<i>MSCI Emerging Markets Growth (Net)</i>			<u>7.72</u>	<u>5.83</u>	<u>-9.67</u>	<u>3.90</u>	-	<u>3.40</u>	
Over/Under			-0.64	0.68	-1.00	-0.32	-	-0.31	
<i>Axiom Custom Blended BM</i>			<u>7.86</u>	<u>9.83</u>	<u>-5.08</u>	<u>7.15</u>	-	<u>5.06</u>	
Over/Under			-0.78	-3.32	-5.59	-3.57	-	-1.97	
DFA Emerging Markets	543,983,636	9.44	7.82	17.22	5.73	6.55	-	3.24	Aug-14
<i>MSCI Emerging Markets Value (Net)</i>			<u>8.05</u>	<u>14.21</u>	<u>-0.01</u>	<u>3.38</u>	-	<u>1.11</u>	
Over/Under			-0.23	3.01	5.74	3.17	-	2.13	
State Street Emerging Markets	549,413,688	9.54	7.80	9.38	-5.22	-	-	-5.22	Jan-21
<i>MSCI Emerging Markets (Net)</i>			<u>7.86</u>	<u>9.83</u>	<u>-5.08</u>	-	-	<u>-5.08</u>	
Over/Under			-0.06	-0.45	-0.14	-	-	-0.14	
Wasatch Global Investors	326,428,778	5.67	13.97	25.84	1.83	-	-	1.83	Jan-21
<i>MSCI Emerging Markets Small Cap (Net)</i>			<u>8.95</u>	<u>23.92</u>	<u>6.45</u>	-	-	<u>6.45</u>	
Over/Under			5.02	1.92	-4.62	-	-	-4.62	
Sanctioned Asset	157,580	0.00	0.00	0.00	-	-	-	0.00	Jun-22

Note: The Barrow Hanley, Lazard, MFS, Oberweis, MSCI EAFE SC, Axiom Emerging Markets, DFA Emerging Markets, State Street Emerging Markets, Wasatch, portfolios have mid-month inception dates. Since inception return is calculated from the first full month of performance.

eA = eVestment

Refer to appendix for blended benchmark definitions.

Axiom Custom Blended BM consists of MSCI Emerging Markets Growth(Net) through August 2020. MSCI Emerging Markets(Net) from September 2020 to present.



Los Angeles City Employees' Retirement System-LACERS Master Trust

# NON-U.S. EQUITY (NET)

	Allocation		Performance (%)						
	Market Value (\$)	% of Portfolio	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Non-U.S. Equity</b>	<b>5,760,583,684</b>	<b>100.00</b>	<b>9.86 (60)</b>	<b>15.62 (60)</b>	<b>1.54 (50)</b>	<b>7.93 (53)</b>	<b>4.59 (48)</b>	<b>6.01 (55)</b>	<b>Jun-01</b>
<i>MSCI AC World ex USA (Net)</i>			<u>9.75</u> (62)	<u>15.62</u> (60)	<u>1.55</u> (50)	<u>7.08</u> (73)	<u>3.83</u> (79)	<u>5.32</u> (81)	
Over/Under			0.11	0.00	-0.01	0.85	0.76	0.69	
<i>eV All ACWI ex-US Equity Median</i>			10.34	16.42	1.45	8.06	4.54	6.15	
<b>Developed ex-U.S.</b>	<b>4,053,769,996</b>	<b>70.37</b>	<b>10.36</b>	<b>16.43</b>	<b>3.00</b>	<b>8.79</b>	<b>4.89</b>	<b>7.39</b>	<b>Jul-12</b>
<i>MSCI EAFE (Net)</i>			<u>10.42</u>	<u>18.24</u>	<u>4.02</u>	<u>8.16</u>	<u>4.28</u>	<u>6.78</u>	
Over/Under			-0.06	-1.81	-1.02	0.63	0.61	0.61	
Barrow Hanley	606,070,242	10.52	8.40 (54)	18.96 (44)	10.58 (8)	12.09 (4)	5.36 (12)	5.54 (11)	Dec-13
<i>MSCI EAFE Value Index (Net)</i>			<u>8.22</u> (62)	<u>18.95</u> (44)	<u>7.59</u> (30)	<u>7.08</u> (59)	<u>3.16</u> (73)	<u>3.27</u> (73)	
Over/Under			0.18	0.01	2.99	5.01	2.20	2.27	
<i>eV EAFE Value Equity Median</i>			8.50	18.48	6.20	7.67	3.82	4.01	
Lazard Asset Management	602,407,750	10.46	11.45 (22)	16.72 (55)	1.51 (68)	7.05 (69)	4.28 (61)	4.49 (58)	Dec-13
<i>MSCI EAFE (Net)</i>			<u>10.42</u> (44)	<u>18.24</u> (36)	<u>4.02</u> (40)	<u>8.16</u> (49)	<u>4.28</u> (61)	<u>4.40</u> (61)	
Over/Under			1.03	-1.52	-2.51	-1.11	0.00	0.09	
<i>eV All EAFE Equity Median</i>			10.17	17.13	3.16	8.09	4.52	4.67	
MFS Institutional Advisors	624,598,516	10.84	11.65 (63)	16.67 (50)	3.33 (1)	9.96 (16)	6.73 (1)	6.82 (1)	Nov-13
<i>MSCI World ex USA Growth NR USD</i>			<u>12.52</u> (45)	<u>17.45</u> (48)	<u>0.44</u> (26)	<u>8.94</u> (39)	<u>5.08</u> (41)	<u>5.24</u> (46)	
Over/Under			-0.87	-0.78	2.89	1.02	1.65	1.58	
<i>eV EAFE All Cap Growth Median</i>			12.38	16.57	-0.34	7.93	4.58	4.92	
Oberweis Asset Mgmt	324,623,267	5.64	8.11 (91)	6.18 (86)	-11.55 (96)	7.42 (46)	-	5.23 (47)	Feb-14
<i>MSCI EAFE Small Cap (Net)</i>			<u>11.14</u> (31)	<u>13.16</u> (58)	<u>-0.69</u> (59)	<u>6.58</u> (60)	-	<u>5.01</u> (51)	
Over/Under			-3.03	-6.98	-10.86	0.84	-	0.22	
<i>eV EAFE Small Cap Equity Median</i>			10.50	13.78	0.30	7.02	-	5.05	

Note: The Barrow Hanley, Lazard, MFS, Oberweis, MSCI EAFE SC, Axiom Emerging Markets, DFA Emerging Markets, State Street Emerging Markets, Wasatch, portfolios have mid-month inception dates. Since inception return is calculated from the first full month of performance.

eA = eVestment

Refer to appendix for blended benchmark definitions.

Axiom Custom Blended BM consists of MSCI Emerging Markets Growth(Net) through August 2020. MSCI Emerging Markets(Net) from September 2020 to present.



Los Angeles City Employees' Retirement System-LACERS Master Trust

# NON-U.S. EQUITY (NET)

	Allocation		Performance (%)							Inception Date
	Market Value (\$)	% of Portfolio	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)		
SSgA World ex US IMI	1,552,894,952	26.96	10.54 (42)	17.53 (44)	4.16 (31)	8.81 (35)	4.83 (38)		Jul-98	
<i>MSCI World ex U.S. IMI Index (Net)</i>			<u>10.52</u> (42)	<u>17.18</u> (49)	<u>3.73</u> (39)	<u>8.24</u> (48)	<u>4.35</u> (62)			
Over/Under			0.02	0.35	0.43	0.57	0.48			
<i>eV EAFE Core Equity Median</i>			10.24	17.13	2.99	8.13	4.56			
State Street EAFE SC	343,175,270	5.96	11.06 (33)	13.44 (53)	-0.43 (59)	-	-	-0.43 (59)	Jan-21	
<i>MSCI EAFE Small Cap (Net)</i>			<u>11.14</u> (31)	<u>13.16</u> (58)	<u>-0.69</u> (59)	-	-	<u>-0.69</u> (59)		
Over/Under			-0.08	0.28	0.26	-	-	0.26		
<i>eV EAFE Small Cap Equity Median</i>			10.50	13.78	0.30	-	-	0.30		
<b>Emerging Markets</b>	<b>1,706,813,688</b>	<b>29.63</b>	<b>8.70</b>	<b>13.64</b>	<b>-2.32</b>	<b>5.40</b>	<b>3.14</b>	<b>3.57</b>	<b>Jul-12</b>	
<i>MSCI Emerging Markets (Net)</i>			<u>7.86</u>	<u>9.83</u>	<u>-5.08</u>	<u>3.68</u>	<u>2.66</u>	<u>3.23</u>		
Over/Under			0.84	3.81	2.76	1.72	0.48	0.34		
Axiom Emerging Markets	286,830,006	4.98	6.89 (74)	5.67 (91)	-11.37 (97)	2.83 (87)	-	2.38 (82)	May-14	
<i>MSCI Emerging Markets (Net)</i>			<u>7.86</u> (51)	<u>9.83</u> (63)	<u>-5.08</u> (61)	<u>3.68</u> (76)	-	<u>2.77</u> (72)		
Over/Under			-0.97	-4.16	-6.29	-0.85	-	-0.39		
<i>eV Emg Mkts Equity Median</i>			7.90	12.04	-3.26	5.07	-	3.51		
<i>MSCI Emerging Markets Growth (Net)</i>			<u>7.72</u> (55)	<u>5.83</u> (90)	<u>-9.67</u> (93)	<u>3.90</u> (72)	-	<u>3.40</u> (54)		
Over/Under			-0.83	-0.16	-1.70	-1.07	-	-1.02		
<i>Axiom Custom Blended BM</i>			<u>7.86</u> (51)	<u>9.83</u> (63)	<u>-5.08</u> (61)	<u>7.15</u> (28)	-	<u>5.06</u> (18)		
Over/Under			-0.97	-4.16	-6.29	-4.32	-	-2.68		
DFA Emerging Markets	543,983,636	9.44	7.71 (55)	16.75 (28)	5.27 (15)	6.07 (36)	-	2.76 (51)	Aug-14	
<i>MSCI Emerging Markets Value (Net)</i>			<u>8.05</u> (48)	<u>14.21</u> (39)	<u>-0.01</u> (33)	<u>3.38</u> (81)	-	<u>1.11</u> (92)		
Over/Under			-0.34	2.54	5.28	2.69	-	1.65		
<i>eV Emg Mkts Equity Median</i>			7.90	12.04	-3.26	5.07	-	2.77		
State Street Emerging Markets	549,413,688	9.54	7.79 (53)	9.34 (66)	-5.26 (62)	-	-	-5.26 (62)	Jan-21	
<i>MSCI Emerging Markets (Net)</i>			<u>7.86</u> (51)	<u>9.83</u> (63)	<u>-5.08</u> (61)	-	-	<u>-5.08</u> (60)		
Over/Under			-0.07	-0.49	-0.18	-	-	-0.18		
<i>eV Emg Mkts Equity Median</i>			7.90	12.04	-3.26	-	-	-3.39		

Note: The Barrow Hanley, Lazard, MFS, Oberweis, MSCI EAFE SC, Axiom Emerging Markets, DFA Emerging Markets, State Street Emerging Markets, Wasatch, portfolios have mid-month inception dates. Since inception return is calculated from the first full month of performance.

eA = eVestment

Refer to appendix for blended benchmark definitions.

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Los Angeles City Employees' Retirement System-LACERS Master Trust

# NON-U.S. EQUITY (NET)

	Allocation		Performance (%)						
	Market Value (\$)	% of Portfolio	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Wasatch Global Investors	326,428,778	5.67	13.76 (4)	24.75 (45)	0.86 (84)	-	-	0.86 (84)	Jan-21
<i>MSCI Emerging Markets Small Cap (Net)</i>			<u>8.95</u> (55)	<u>23.92</u> (53)	<u>6.45</u> (52)	-	-	<u>6.45</u> (52)	
Over/Under			4.81	0.83	-5.59	-	-	-5.59	
<i>eV Emg Mkts Small Cap Equity Median</i>			9.50	24.40	6.48	-	-	6.48	
Sanctioned Asset	157,580	0.00	0.00	0.00	-	-	-	0.00	Jun-22

Note: The Barrow Hanley, Lazard, MFS, Oberweis, MSCI EAFE SC, Axiom Emerging Markets, DFA Emerging Markets, State Street Emerging Markets, Wasatch, portfolios have mid-month inception dates. Since inception return is calculated from the first full month of performance.

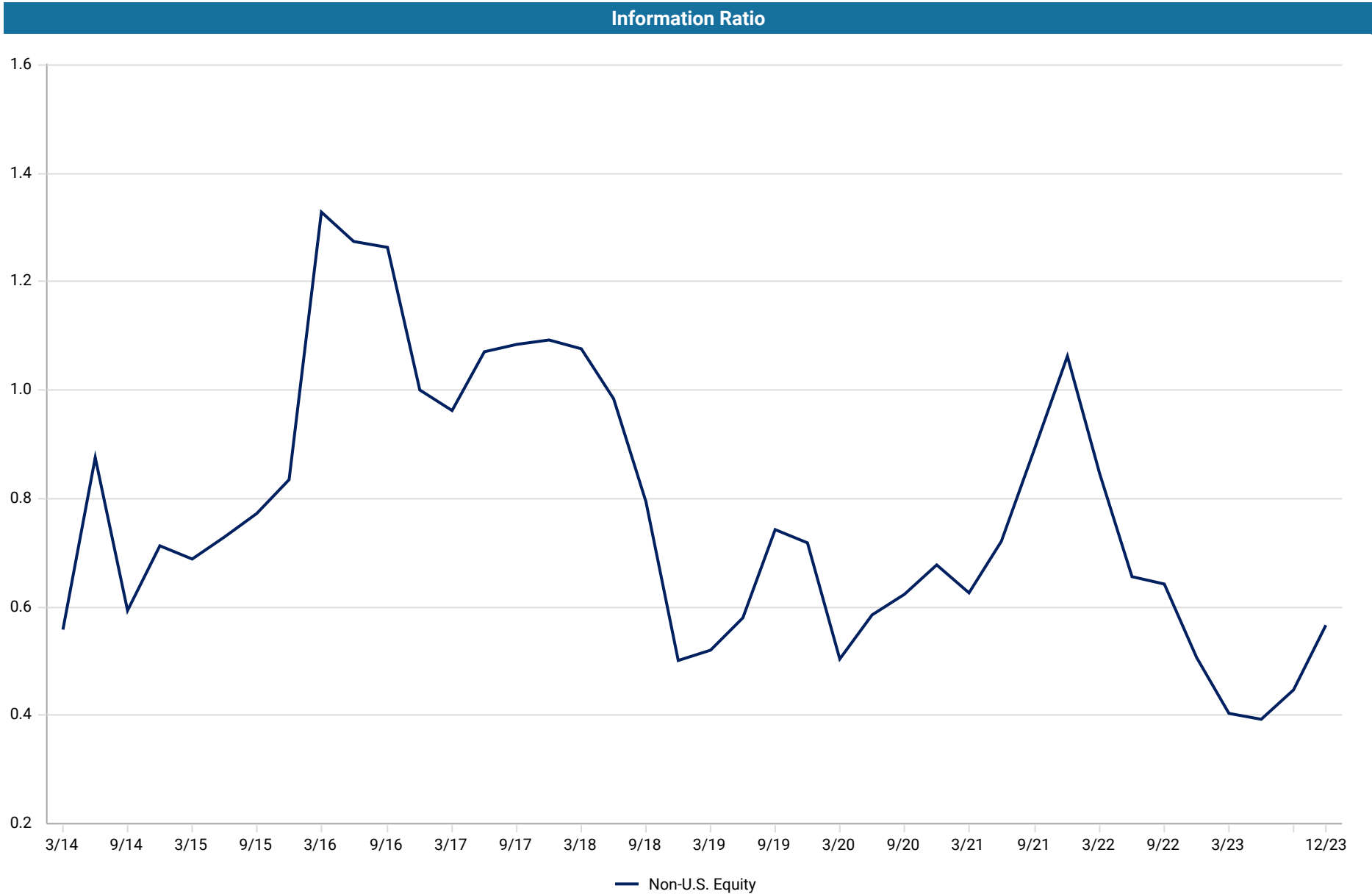
eA = eVestment

Refer to appendix for blended benchmark definitions.

Axiom Custom Blended BM consists of MSCI Emerging Markets Growth(Net) through August 2020. MSCI Emerging Markets(Net) from September 2020 to present.



# NON-U.S. EQUITY ROLLING 5 YEAR INFORMATION RATIO





# INVESTMENT MANAGER REPORT CARD

## NON-U.S. EQUITY

Non-U.S. Equity Managers	Inception Date	Mandate	Current Quarter (Net)		One Year (Net)		Three Years (Net)		Five Years (Net)		Since Inception (Net)	Annual Mgt Fee Paid \$ (000)	Comments
			Index	Universe	Index	Universe	Index	Universe	Index	Universe			
SSgA (Passive)	Dec-20	Emerging Markets	*	*	*	*	*	*	N/A	N/A	*	215.3	Performance compliant with LACERS' Manager Monitoring Policy
Axiom International	Mar-14	Emerging Markets	*	*	*	*	*	*	*	*	*	1,631.8	Placed on Watch as of 4/4/23 due to performance.
DFA Emerging Markets	Jul-14	Emerging Markets	*	*	✓	✓	✓	✓	✓	✓	✓	1,758.5	Performance compliant with LACERS' Manager Monitoring Policy
Wasatch	Dec-20	Emerging Markets Small Cap	✓	✓	✓	✓	*	*	N/A	N/A	*	2,034.5	Performance compliant with LACERS' Manager Monitoring Policy
Oberweis Asset Mgt.	Jan-14	Non-U.S. Developed	*	*	*	*	*	*	*	✓	✓	2,437.1	Performance compliant with LACERS' Manager Monitoring Policy
Barrow, Hanley, Mewhinney & Strauss	Nov-13	Non-U.S. Developed	✓	✓	✓	✓	✓	✓	✓	✓	✓	2,348.3	Watch extended to 5/15/24 due to PM departure.
Lazard Asset Mgt.	Nov-13	Non-U.S. Developed	✓	✓	*	*	*	*	*	*	✓	2,479.9	Performance compliant with LACERS' Manager Monitoring Policy
MFS Institutional Advisors	Oct-13	Non-U.S. Developed	*	*	*	=	✓	✓	✓	✓	✓	2,091.3	Performance compliant with LACERS' Manager Monitoring Policy
SsgA (Passive)	Dec-20	Non-U.S. Developed Small Cap	*	✓	✓	*	✓	*	N/A	N/A	✓	121.8	Performance compliant with LACERS' Manager Monitoring Policy
SsgA (Passive)	Aug-93	Non-U.S. Developed	✓	✓	✓	✓	✓	✓	✓	✓	*	271.4	Performance compliant with LACERS' Manager Monitoring Policy

Note: Managers are placed on Watch List for concerns with organization, process and performance. Managers are normally on the Watch List for 12 months though may be longer if manager issues remain but not severe enough to warrant termination recommendation.

- Annual Management Fee Paid as of fiscal year ending June 30, 2023.
- \* Where net of fees performance is not available gross of fee returns are evaluated.

Legend	
✓	Outperformed
*	Underperformed
=	Equal to
✓✓	Gross Return





# CORE FIXED INCOME MANAGER PERFORMANCE

Los Angeles City Employees' Retirement System-LACERS Master Trust  
**CORE FIXED INCOME (GROSS)**

	Allocation		Performance (%)						
	Market Value (\$)	% of Portfolio	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Core Fixed Income</b>	<b>3,288,980,724</b>	<b>100.00</b>	<b>6.99</b>	<b>5.96</b>	<b>-2.88</b>	<b>1.74</b>	<b>2.27</b>	<b>2.26</b>	<b>Jul-12</b>
Core Fixed Income Blend			6.82	5.53	-3.31	1.10	1.81	1.63	
Over/Under			0.17	0.43	0.43	0.64	0.46	0.63	
Loomis Sayles & Co. Core Fixed Income	644,882,409	19.61	6.79	5.89	-2.87	2.12	2.75	8.13	Jul-80
Loomis Custom Benchmark			6.82	5.53	-3.31	1.10	1.81	6.73	
Over/Under			-0.03	0.36	0.44	1.02	0.94	1.40	
SSgA U.S. Aggregate Bond	735,330,614	22.36	6.73	5.67	-3.32	1.11	-	1.55	Aug-14
Blmbg. U.S. Aggregate Index			6.82	5.53	-3.31	1.10	-	1.53	
Over/Under			-0.09	0.14	-0.01	0.01	-	0.02	
Baird Advisors Core Fixed Income	642,063,400	19.52	7.13	6.63	-	-	-	-2.95	Jul-21
Blmbg. U.S. Aggregate Index			6.82	5.53	-	-	-	-3.34	
Over/Under			0.31	1.10	-	-	-	0.39	
Garcia Hamilton & Associates	375,684,692	11.42	8.02	5.35	-	-	-	-2.62	Jul-21
Blmbg. U.S. Aggregate Index			6.82	5.53	-	-	-	-3.34	
Over/Under			1.20	-0.18	-	-	-	0.72	
JP Morgan Investment Management	438,882,202	13.34	6.66	5.97	-	-	-	-2.74	Jul-21
Blmbg. U.S. Aggregate Index			6.82	5.53	-	-	-	-3.34	
Over/Under			-0.16	0.44	-	-	-	0.60	
Income Research & Management	452,121,536	13.75	6.96	6.29	-	-	-	-2.99	Jul-21
Blmbg. U.S. Aggregate Index			6.82	5.53	-	-	-	-3.34	
Over/Under			0.14	0.76	-	-	-	0.35	

Note: All portfolios in Core Fixed Income have mid-month inception dates. Since inception return is calculated from the first full month of performance.  
- Core Fixed Income Blend = 100% Bloomberg U.S. Aggregate Index

Refer to appendix for blended benchmark definitions.



Los Angeles City Employees' Retirement System-LACERS Master Trust

# CORE FIXED INCOME (NET)

	Allocation		Performance (%)						
	Market Value (\$)	% of Portfolio	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Core Fixed Income</b>	<b>3,288,980,724</b>	<b>100.00</b>	<b>6.96</b>	<b>5.85</b>	<b>-2.97</b>	<b>1.65</b>	<b>2.16</b>	<b>2.15</b>	<b>Jul-12</b>
Core Fixed Income Blend			6.82	5.53	-3.31	1.10	1.81	1.63	
Over/Under			0.14	0.32	0.34	0.55	0.35	0.52	
Loomis Sayles & Co. Core Fixed Income	644,882,409	19.61	6.75 (58)	5.75 (62)	-3.00 (36)	1.99 (8)	2.62 (5)	8.06 (-)	Jul-80
Loomis Custom Benchmark			6.82 (52)	5.53 (72)	-3.31 (69)	1.10 (84)	1.81 (76)	6.73 (-)	
Over/Under			-0.07	0.22	0.31	0.89	0.81	1.33	
eV US Core Fixed Inc Median			6.83	5.89	-3.13	1.43	2.01	-	
SSgA U.S. Aggregate Bond	735,330,614	22.36	6.73 (61)	5.65 (66)	-3.35 (71)	1.08 (84)	-	1.52 (78)	Aug-14
Blmbg. U.S. Aggregate Index			6.82 (52)	5.53 (72)	-3.31 (69)	1.10 (84)	-	1.53 (77)	
Over/Under			-0.09	0.12	-0.04	-0.02	-	-0.01	
eV US Core Fixed Inc Median			6.83	5.89	-3.13	1.43	-	1.72	
Baird Advisors Core Fixed Income	642,063,400	19.52	7.10 (21)	6.52 (16)	-	-	-	-3.05 (28)	Jul-21
Blmbg. U.S. Aggregate Index			6.82 (52)	5.53 (72)	-	-	-	-3.34 (59)	
Over/Under			0.28	0.99	-	-	-	0.29	
eV US Core Fixed Inc Median			6.83	5.89	-	-	-	-3.25	
Garcia Hamilton & Associates	375,684,692	11.42	7.98 (3)	5.21 (85)	-	-	-	-2.74 (15)	Jul-21
Blmbg. U.S. Aggregate Index			6.82 (52)	5.53 (72)	-	-	-	-3.34 (59)	
Over/Under			1.16	-0.32	-	-	-	0.60	
eV US Core Fixed Inc Median			6.83	5.89	-	-	-	-3.25	
JP Morgan Investment Management	438,882,202	13.34	6.63 (70)	5.81 (57)	-	-	-	-2.85 (17)	Jul-21
Blmbg. U.S. Aggregate Index			6.82 (52)	5.53 (72)	-	-	-	-3.34 (59)	
Over/Under			-0.19	0.28	-	-	-	0.49	
eV US Core Fixed Inc Median			6.83	5.89	-	-	-	-3.25	
Income Research & Management	452,121,536	13.75	6.93 (38)	6.16 (29)	-	-	-	-3.10 (33)	Jul-21
Blmbg. U.S. Aggregate Index			6.82 (52)	5.53 (72)	-	-	-	-3.34 (59)	
Over/Under			0.11	0.63	-	-	-	0.24	
eV US Core Fixed Inc Median			6.83	5.89	-	-	-	-3.25	

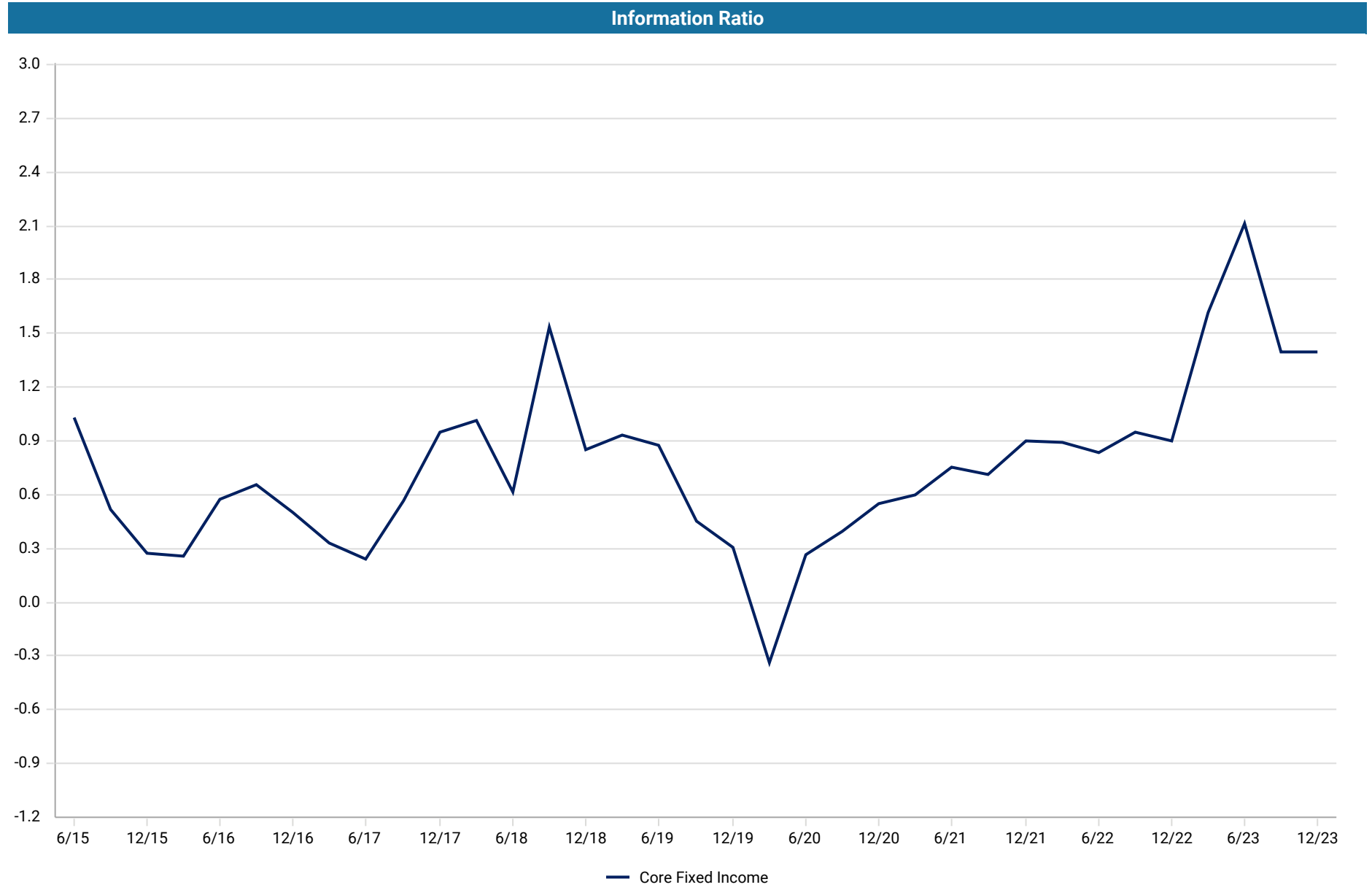
Note: All portfolios in Core Fixed Income have mid-month inception dates. Since inception return is calculated from the first full month of performance.

- Core Fixed Income Blend = 100% Bloomberg U.S. Aggregate Index

Refer to appendix for blended benchmark definitions.



# CORE FIXED INCOME 3 YEAR INFORMATION RATIO



# INVESTMENT MANAGER REPORT CARD

## CORE FIXED INCOME

Core Fixed Income Managers	Inception Date	Mandate	Current Quarter (Net)		One Year (Net)		Three Years (Net)		Five Years (Net)		Since Inception (Net)	Annual Mgt Fee Paid \$ (000)	Comments
			Index	Universe	Index	Universe	Index	Universe	Index	Universe	Index		
			Loomis Sayles	Jul-80	Core	*	*	✓	*	✓	✓		
Baird Advisors	Jul-21	Core	✓	✓	✓	✓	N/A	N/A	N/A	N/A	✓	602.6	Newly hired manager pursuant to Section VIII.D of the Manager Monitoring Policy
Garcia Hamilton	Jul-21	Core	✓	✓	*	*	N/A	N/A	N/A	N/A	✓	480.4	Removed from Watch status.
IR&M	Jul-21	Core	✓	✓	✓	✓	N/A	N/A	N/A	N/A	✓	485.3	Newly hired manager pursuant to Section VIII.D of the Manager Monitoring Policy
J.P. Morgan	Jul-21	Core	*	*	✓	*	N/A	N/A	N/A	N/A	✓	470.3	Newly hired manager pursuant to Section VIII.D of the Manager Monitoring Policy
SSgA (Passive)	Aug-14	Core	*	*	✓	*	*	*	*	*	*	193.3	Performance compliant with LACERS' Manager Monitoring Policy

Note: Managers are placed on Watch List for concerns with organization, process and performance. Managers are normally on the Watch List for 12 months though may be longer if manager issues remain but not severe enough to warrant termination recommendation.

- Annual Management Fee Paid as of fiscal year ending June 30, 2023.
- \* Where net of fees performance is not available gross of fee returns are evaluated.

Legend	
✓	Outperformed
*	Underperformed
=	Equal to
✓✓	Gross Return





# CREDIT OPPORTUNITIES MANAGER PERFORMANCE

# Los Angeles City Employees' Retirement System-LACERS Master Trust

## CREDIT OPPORTUNITIES (GROSS)

	Allocation		Performance (%)						
	Market Value (\$)	% of Portfolio	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Credit Opportunities</b>	<b>2,048,504,171</b>	<b>100.0</b>	<b>6.42</b>	<b>13.00</b>	<b>0.69</b>	<b>4.19</b>	<b>3.99</b>	<b>4.37</b>	<b>Jul-13</b>
<i>Credit Opportunities Blend</i>			6.17	12.64	0.33	4.26	4.12	4.49	
Over/Under			0.25	0.36	0.36	-0.07	-0.13	-0.12	
PGIM Blended	485,004,300	23.7	8.51	12.92				-1.70	Feb-21
<i>50% JPM EMBI Global Diversified/ 50% JPM GBI-EM Global Diversified</i>			8.62	11.92				-3.06	
Over/Under			-0.11	1.00				1.36	
Wellington	478,379,273	23.4	9.57	13.56				-1.71	Feb-21
<i>50% JPM EMBI Global Diversified/ 50% JPM GBI-EM Global Diversified</i>			8.62	11.92				-3.06	
Over/Under			0.95	1.64				1.35	
Bain Capital Senior Loan Fund, LP	269,292,719	13.1	2.72	14.07	5.62	5.91		4.71	Jul-15
<i>Credit Suisse Leveraged Loan Index</i>			2.85	13.04	5.64	5.56		4.64	
Over/Under			-0.13	1.03	-0.02	0.35		0.07	
Polen Capital	252,720,542	12.3	4.16	15.55	3.31			4.46	Nov-20
<i>50% BBgBarc US High Yield 2% Issuer Cap / 50% Credit Suisse Leveraged Loan Index</i>			5.00	13.28	3.85			5.15	
Over/Under			-0.84	2.27	-0.54			-0.69	
Loomis Sayles & Co. High Yield	347,634,334	17.0	6.40	11.35	1.23			3.29	Nov-20
<i>Blmbg. U.S. High Yield - 2% Issuer Cap</i>			7.15	13.44	1.98			3.74	
Over/Under			-0.75	-2.09	-0.75			-0.45	
<b>Private Credit</b>	<b>215,168,031</b>	<b>10.5</b>	<b>2.67</b>	<b>9.02</b>	<b>5.22</b>			<b>5.08</b>	<b>Dec-20</b>
<i>Credit Suisse Leveraged Loan Qtr Lag</i>			3.37	12.47	5.91			5.98	
Over/Under			-0.70	-3.45	-0.69			-0.90	

Note: All portfolios within Credit Opportunities have mid-month inception dates. Since inception return is calculated from the first full month of performance.  
eA = eVestment

Refer to appendix for blended benchmark definitions.



# Los Angeles City Employees' Retirement System-LACERS Master Trust

## CREDIT OPPORTUNITIES (NET)

	Allocation		Performance (%)						
	Market Value (\$)	% of Portfolio	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Credit Opportunities</b>	<b>2,048,504,171</b>	<b>100.0</b>	<b>6.34</b>	<b>12.66</b>	<b>0.38</b>	<b>3.87</b>	<b>3.65</b>	<b>4.04</b>	<b>Jul-13</b>
<i>Credit Opportunities Blend</i>			6.17	12.64	0.33	4.26	4.12	4.49	
Over/Under			0.17	0.02	0.05	-0.39	-0.47	-0.45	
<b>PGIM Blended</b>	<b>485,004,300</b>	<b>23.7</b>	<b>8.43 (52)</b>	<b>12.55 (37)</b>				<b>-2.00 (51)</b>	<b>Feb-21</b>
<i>50% JPM EMBI Global Diversified/ 50% JPM GBI-EM Global Diversified</i>			8.62 (49)	11.92 (45)				-3.06 (76)	
Over/Under			-0.19	0.63				1.06	
<i>eV All Emg Mkts Fixed Inc Median</i>			8.52	11.46				-1.97	
<b>Wellington</b>	<b>478,379,273</b>	<b>23.4</b>	<b>9.44 (30)</b>	<b>13.01 (32)</b>				<b>-2.14 (52)</b>	<b>Feb-21</b>
<i>50% JPM EMBI Global Diversified/ 50% JPM GBI-EM Global Diversified</i>			8.62 (49)	11.92 (45)				-3.06 (76)	
Over/Under			0.82	1.09				0.92	
<i>eV All Emg Mkts Fixed Inc Median</i>			8.52	11.46				-1.97	
<b>Bain Capital Senior Loan Fund, LP</b>	<b>269,292,719</b>	<b>13.1</b>	<b>2.72 (62)</b>	<b>14.07 (12)</b>	<b>5.62 (16)</b>	<b>5.91 (8)</b>		<b>4.71 (12)</b>	<b>Jul-15</b>
<i>Credit Suisse Leveraged Loan Index</i>			2.85 (50)	13.04 (32)	5.64 (15)	5.56 (19)		4.64 (14)	
Over/Under			-0.13	1.03	-0.02	0.35		0.07	
<i>eV US Float-Rate Bank Loan Fixed Inc Median</i>			2.85	12.21	4.99	5.03		4.10	
<b>Polen Capital</b>	<b>252,720,542</b>	<b>12.3</b>	<b>4.03 (93)</b>	<b>14.98 (5)</b>	<b>2.80 (31)</b>			<b>3.98 (38)</b>	<b>Nov-20</b>
<i>50% BBgBarc US High Yield 2% Issuer Cap / 50% Credit Suisse Leveraged Loan Index</i>			5.00 (83)	13.28 (21)	3.85 (10)			5.15 (17)	
Over/Under			-0.97	1.70	-1.05			-1.17	
<i>eV US High Yield Fixed Inc Median</i>			6.48	12.22	2.08			3.69	
<b>Loomis Sayles &amp; Co. High Yield</b>	<b>347,634,334</b>	<b>17.0</b>	<b>6.31 (60)</b>	<b>10.98 (80)</b>	<b>0.89 (92)</b>			<b>2.96 (80)</b>	<b>Nov-20</b>
<i>Blmbg. U.S. High Yield - 2% Issuer Cap</i>			7.15 (15)	13.44 (19)	1.98 (56)			3.74 (47)	
Over/Under			-0.84	-2.46	-1.09			-0.78	
<i>eV US High Yield Fixed Inc Median</i>			6.48	12.22	2.08			3.69	
<b>Private Credit</b>	<b>215,168,031</b>	<b>10.5</b>	<b>2.67</b>	<b>9.02</b>	<b>5.22</b>			<b>5.08</b>	<b>Dec-20</b>
<i>Credit Suisse Leveraged Loan Qtr Lag</i>			3.37	12.47	5.91			5.98	
Over/Under			-0.70	-3.45	-0.69			-0.90	

Note: All portfolios within Credit Opportunities have mid-month inception dates. Since inception return is calculated from the first full month of performance.  
eA = eVestment

Refer to appendix for blended benchmark definitions.

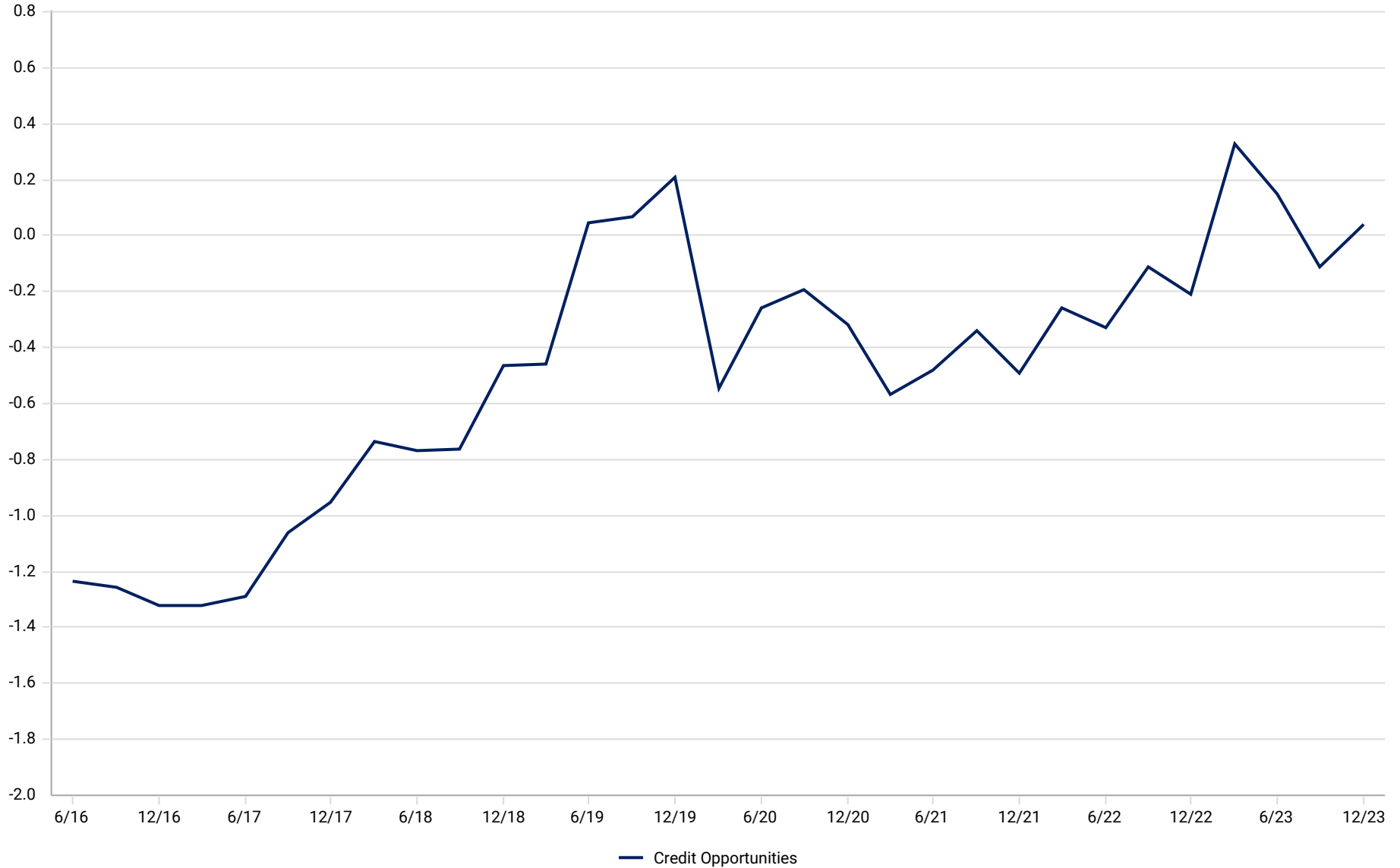




Los Angeles City Employees' Retirement System-LACERS Master Trust

# CREDIT OPPORTUNITIES ROLLING 3 YEAR

## Information Ratio



# INVESTMENT MANAGER REPORT CARD

## CREDIT OPPORTUNITIES

Credit Opportunities Managers	Inception Date	Mandate	Current Quarter (Net)		One Year (Net)		Three Years (Net)		Five Years (Net)		Since Inception (Net)	Annual Mgt Fee Paid \$ (000)	Comments
			Index	Universe	Index	Universe	Index	Universe	Index	Universe	Index		
PGIM	Feb-21	Emerging Market Debt Blended	*	*	✓	✓	N/A	N/A	N/A	N/A	✓	1,451.0	Newly hired manager pursuant to Section VIII.D of the Manager Monitoring Policy
Wellington	Feb-21	Emerging Market Debt Blended	✓	✓	✓	✓	N/A	N/A	N/A	N/A	✓	2,075.0	Newly hired manager pursuant to Section VIII.D of the Manager Monitoring Policy
Bain	Jun-15	Bank Loans	*	*	✓	✓	*	✓	✓	✓	✓	N/A	Performance compliant with LACERS' Manager Monitoring Policy
Loomis Sayles	Nov-20	High Yield	*	*	*	*	*	*	N/A	N/A	*	800.1	Newly hired manager pursuant to Section VIII.D of the Manager Monitoring Policy
Polen Capital	Nov-20	High Yield/Bank Loan	*	*	✓	✓	*	✓	N/A	N/A	*	1,150.2	Watch status lifted on 2/15/23.

Note: Managers are placed on Watch List for concerns with organization, process and performance. Managers are normally on the Watch List for 12 months though may be longer if manager issues remain but not severe enough to warrant termination recommendation.

- Annual Management Fee Paid as of fiscal year ending June 30, 2023.
- \* Where net of fees performance is not available gross of fee returns are evaluated.

Legend	
✓	Outperformed
*	Underperformed
=	Equal to
✓✓	Gross Return



# REAL ASSETS MANAGER PERFORMANCE

Los Angeles City Employees' Retirement System-LACERS Master Trust

# REAL ASSETS (GROSS)

	Allocation		Performance (%)						
	Market Value (\$)	% of Portfolio	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Real Assets</b>	<b>2,667,492,601</b>	<b>100.00</b>	<b>3.74</b>	<b>-1.00</b>	<b>3.01</b>	<b>4.09</b>	<b>5.40</b>	<b>5.85</b>	<b>Dec-94</b>
<i>Real Assets Policy Benchmark</i>			<u>2.47</u>	<u>-1.64</u>	<u>2.16</u>	<u>4.04</u>	<u>5.31</u>	<u>7.26</u>	
Over/Under			1.27	0.64	0.85	0.05	0.09	-1.41	
<b>Public Real Assets</b>	<b>1,336,613,885</b>	<b>50.11</b>	<b>9.19</b>	<b>6.95</b>	<b>1.61</b>	<b>4.61</b>	<b>-</b>	<b>2.49</b>	<b>Jul-14</b>
<i>Public Real Assets Blend</i>			<u>9.45</u>	<u>6.94</u>	<u>2.58</u>	<u>4.50</u>	<u>-</u>	<u>1.24</u>	
Over/Under			-0.26	0.01	-0.97	0.11	-	1.25	
<b>TIPS</b>	<b>803,641,127</b>	<b>30.13</b>	<b>4.40</b>	<b>3.60</b>	<b>-1.25</b>	<b>3.22</b>	<b>-</b>	<b>1.97</b>	<b>Aug-14</b>
<i>Blmbg. U.S. TIPS</i>			<u>4.71</u>	<u>3.90</u>	<u>-1.00</u>	<u>3.15</u>	<u>-</u>	<u>1.95</u>	
Over/Under			-0.31	-0.30	-0.25	0.07	-	0.02	
DFA US TIPS	803,641,127	30.13	4.40	3.60	-1.25	3.22	-	2.05	Aug-14
<i>Blmbg. U.S. TIPS</i>			<u>4.71</u>	<u>3.90</u>	<u>-1.00</u>	<u>3.15</u>	<u>-</u>	<u>1.95</u>	
Over/Under			-0.31	-0.30	-0.25	0.07	-	0.10	
<b>REITS</b>	<b>532,972,758</b>	<b>19.98</b>	<b>18.47</b>	<b>12.95</b>	<b>7.35</b>	<b>9.97</b>	<b>-</b>	<b>7.55</b>	<b>Apr-15</b>
<i>FTSE NAREIT All Equity REITs</i>			<u>17.98</u>	<u>11.36</u>	<u>5.70</u>	<u>7.59</u>	<u>-</u>	<u>5.63</u>	
Over/Under			0.49	1.59	1.65	2.38	-	1.92	
CenterSquare US Real Estate	532,972,758	19.98	18.47	12.95	7.35	9.97	-	8.01	May-15
<i>FTSE NAREIT All Equity REITs</i>			<u>17.98</u>	<u>11.36</u>	<u>5.70</u>	<u>7.59</u>	<u>-</u>	<u>6.31</u>	
Over/Under			0.49	1.59	1.65	2.38	-	1.70	
<b>Private Real Estate</b>	<b>1,311,118,134</b>	<b>49.15</b>	<b>-1.86</b>	<b>-9.15</b>	<b>6.35</b>	<b>4.15</b>	<b>7.20</b>	<b>6.46</b>	<b>Nov-94</b>
<i>Real Estate Blend</i>			<u>-4.63</u>	<u>-11.31</u>	<u>5.76</u>	<u>5.08</u>	<u>8.13</u>	<u>9.11</u>	
Over/Under			2.77	2.16	0.59	-0.93	-0.93	-2.65	
<b>Timber</b>	<b>19,760,582</b>	<b>0.74</b>	<b>-0.08</b>	<b>6.30</b>	<b>6.14</b>	<b>4.73</b>	<b>5.55</b>	<b>8.49</b>	<b>Oct-99</b>

Note: The DFA U.S. TIPS and CenterSquare US Real Estate portfolios have mid-month inception dates. Since inception return is calculated from the first full month of performance.

Refer to appendix for blended benchmark definitions.



Los Angeles City Employees' Retirement System-LACERS Master Trust

# REAL ASSETS (NET)

	Allocation		Performance (%)							Inception Date
	Market Value (\$)	% of Portfolio	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)		
<b>Real Assets</b>	<b>2,667,492,601</b>	<b>100.00</b>	<b>3.71</b>	<b>-1.11</b>	<b>2.88</b>	<b>3.95</b>	<b>5.25</b>	<b>4.69</b>	<b>Jun-01</b>	
Real Assets Policy Benchmark			<u>2.47</u>	<u>-1.64</u>	<u>2.16</u>	<u>4.04</u>	<u>5.31</u>	<u>5.78</u>		
Over/Under			1.24	0.53	0.72	-0.09	-0.06	-1.09		
<b>Public Real Assets</b>	<b>1,336,613,885</b>	<b>50.11</b>	<b>9.14</b>	<b>6.78</b>	<b>1.45</b>	<b>4.43</b>	<b>-</b>	<b>2.30</b>	<b>Jul-14</b>	
Public Real Assets Blend			<u>9.45</u>	<u>6.94</u>	<u>2.58</u>	<u>4.50</u>	<u>-</u>	<u>1.24</u>		
Over/Under			-0.31	-0.16	-1.13	-0.07	-	1.06		
<b>TIPS</b>	<b>803,641,127</b>	<b>30.13</b>	<b>4.39</b>	<b>3.55</b>	<b>-1.30</b>	<b>3.17</b>	<b>-</b>	<b>1.92</b>	<b>Aug-14</b>	
Blmbg. U.S. TIPS			<u>4.71</u>	<u>3.90</u>	<u>-1.00</u>	<u>3.15</u>	<u>-</u>	<u>1.95</u>		
Over/Under			-0.32	-0.35	-0.30	0.02	-	-0.03		
DFA US TIPS	803,641,127	30.13	4.39 (61)	3.55 (70)	-1.30 (80)	3.17 (49)	-	2.00 (23)	Aug-14	
Blmbg. U.S. TIPS			<u>4.71</u> (27)	<u>3.90</u> (49)	<u>-1.00</u> (49)	<u>3.15</u> (51)	<u>-</u>	<u>1.95</u> (32)		
Over/Under			-0.32	-0.35	-0.30	0.02	-	0.05		
eV US TIPS / Inflation Fixed Inc Median			4.49	3.89	-1.00	3.16	-	1.88		
<b>REITS</b>	<b>532,972,758</b>	<b>19.98</b>	<b>18.36</b>	<b>12.53</b>	<b>6.95</b>	<b>9.55</b>	<b>-</b>	<b>7.12</b>	<b>Apr-15</b>	
FTSE NAREIT All Equity REITs			<u>17.98</u>	<u>11.36</u>	<u>5.70</u>	<u>7.59</u>	<u>-</u>	<u>5.63</u>		
Over/Under			0.38	1.17	1.25	1.96	-	1.49		
CenterSquare US Real Estate	532,972,758	19.98	18.36 (10)	12.53 (52)	6.95 (21)	9.55 (12)	-	7.57 (8)	May-15	
FTSE NAREIT All Equity REITs			<u>17.98</u> (14)	<u>11.36</u> (77)	<u>5.70</u> (65)	<u>7.59</u> (58)	<u>-</u>	<u>6.31</u> (34)		
Over/Under			0.38	1.17	1.25	1.96	-	1.26		
eV US REIT Median			16.44	12.68	5.98	8.00	-	5.80		
<b>Private Real Estate</b>	<b>1,311,118,134</b>	<b>49.15</b>	<b>-1.87</b>	<b>-9.21</b>	<b>6.27</b>	<b>4.06</b>	<b>7.11</b>	<b>5.52</b>	<b>Jul-01</b>	
Real Estate Blend			<u>-4.63</u>	<u>-11.31</u>	<u>5.76</u>	<u>5.08</u>	<u>8.13</u>	<u>8.33</u>		
Over/Under			2.76	2.10	0.51	-1.02	-1.02	-2.81		
<b>Timber</b>	<b>19,760,582</b>	<b>0.74</b>	<b>-0.08</b>	<b>6.30</b>	<b>6.14</b>	<b>4.73</b>	<b>4.47</b>	<b>7.57</b>	<b>Sep-01</b>	

Note: The DFA U.S. TIPS and CenterSquare US Real Estate portfolios have mid-month inception dates. Since inception return is calculated from the first full month of performance.

Refer to appendix for blended benchmark definitions.



# INVESTMENT MANAGER REPORT CARD

## REAL ASSETS

Real Assets Managers	Inception Date	Mandate	Current Quarter (Net)		One Year (Net)		Three Years (Net)		Five Years (Net)		Since Inception (Net)	Annual Mgt Fee Paid \$ (000)	Comments
			Index	Universe	Index	Universe	Index	Universe	Index	Universe	Index		
DFA	Jul-14	U.S. TIPS	x	x	x	x	x	x	✓	✓	✓	492.4	Performance compliant with LACERS' Manager Monitoring Policy
CenterSquare	Apr-15	REITS	✓	✓	✓	x	✓	✓	✓	✓	✓	1,820.7	Performance compliant with LACERS' Manager Monitoring Policy

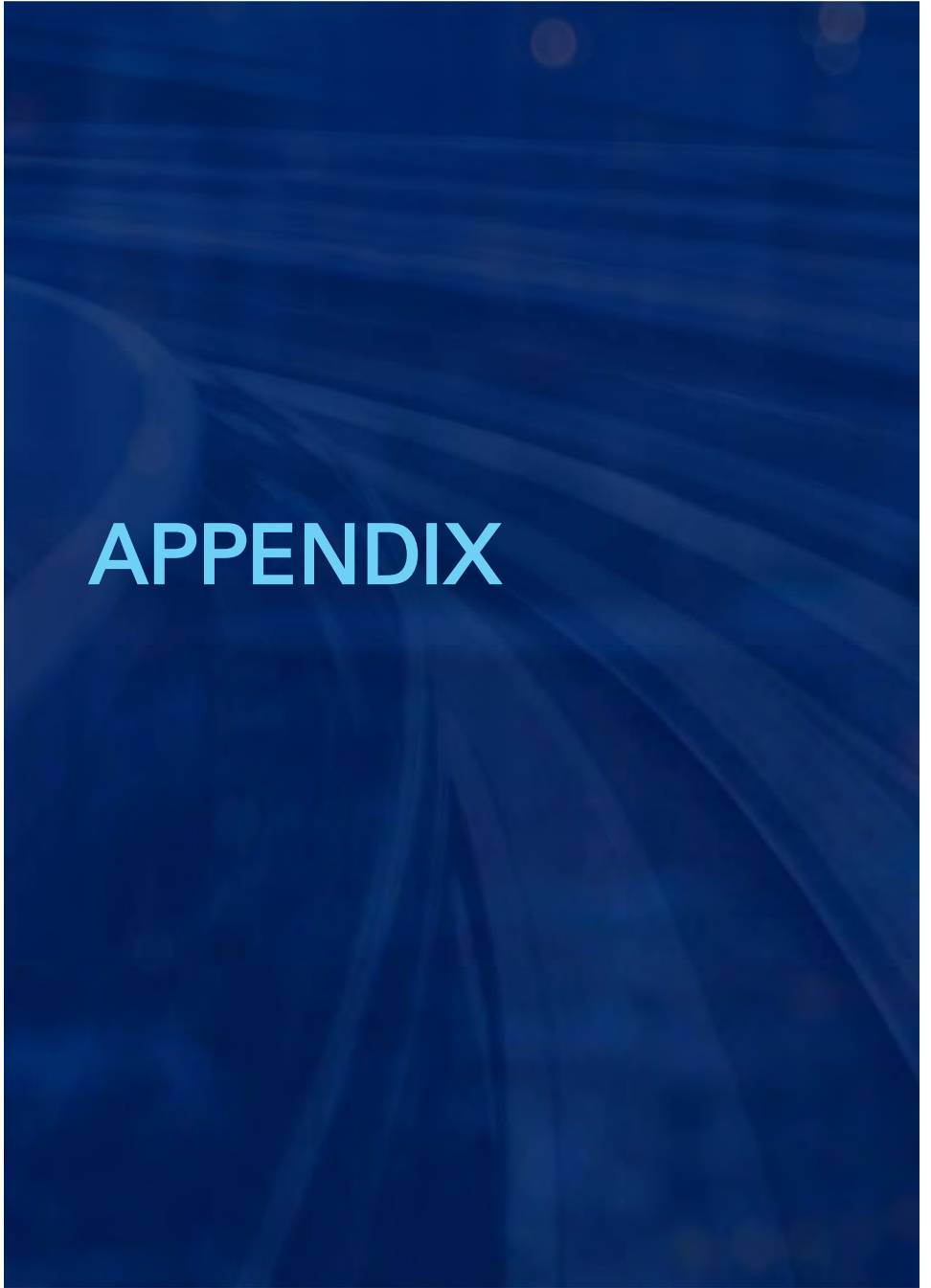
Note: Managers are placed on Watch List for concerns with organization, process and performance. Managers are normally on the Watch List for 12 months though may be longer if manager issues remain but not severe enough to warrant termination recommendation.

- Annual Management Fee Paid as of fiscal year ending June 30, 2023.
- \* Where net of fees performance is not available gross of fee returns are evaluated.

Legend	
✓	Outperformed
x	Underperformed
=	Equal to
✓✓	Gross Return







# APPENDIX



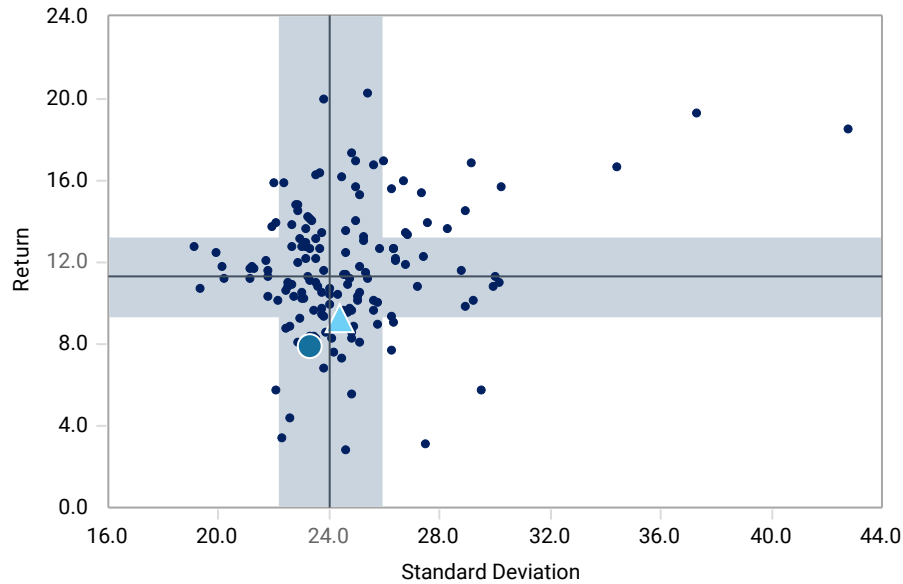
# U.S. EQUITY MANAGER PERFORMANCE



# Los Angeles City Employees' Retirement System-LACERS Master Trust

## EAM INVESTORS

5 Years Return vs. Standard Deviation



Rolling 3 Years Style Map

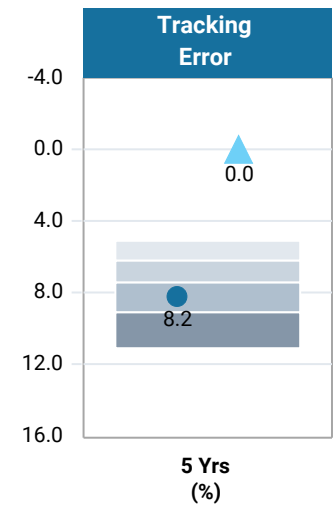
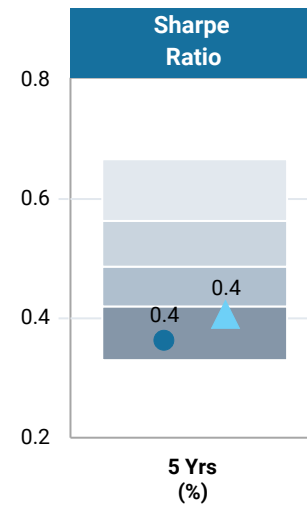
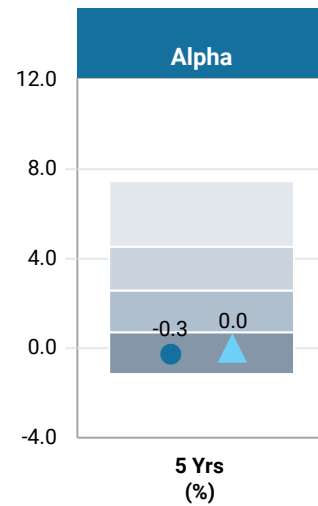
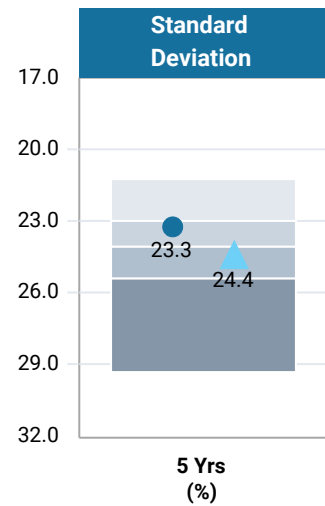
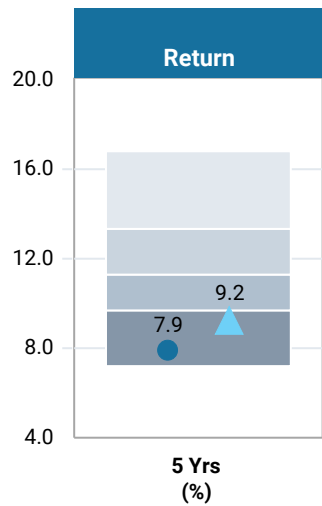


● EAM Investors

▲ Russell 2000 Growth Index

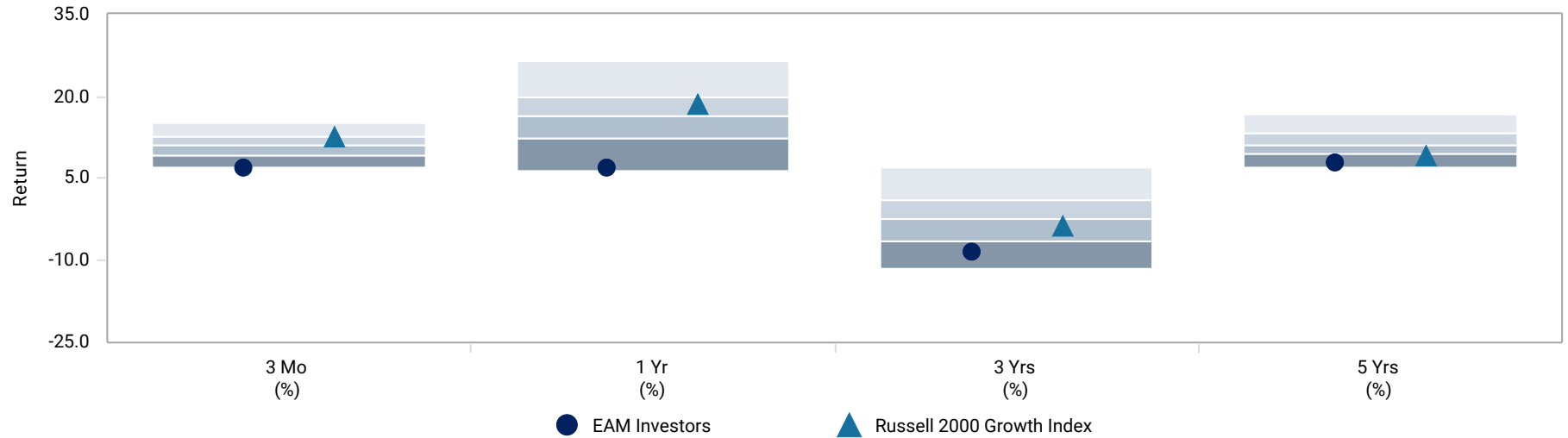
● EAM Investors

▲ Russell 2000 Growth Index

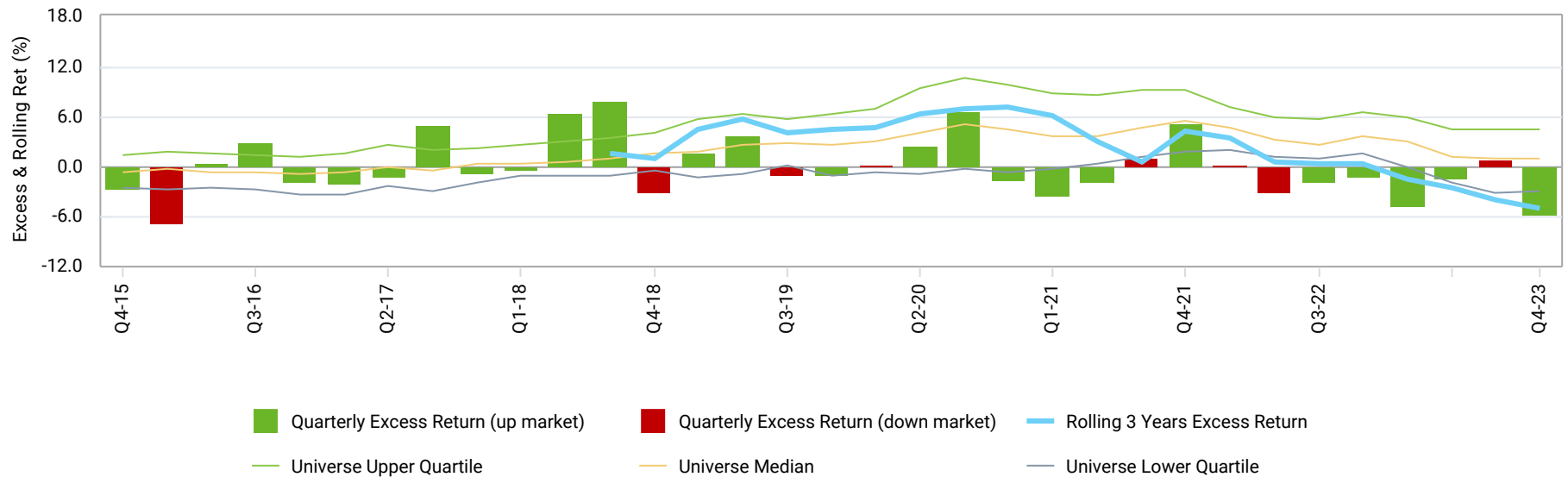


# EAM INVESTORS

## eV US Small Cap Growth Equity (net of fees)



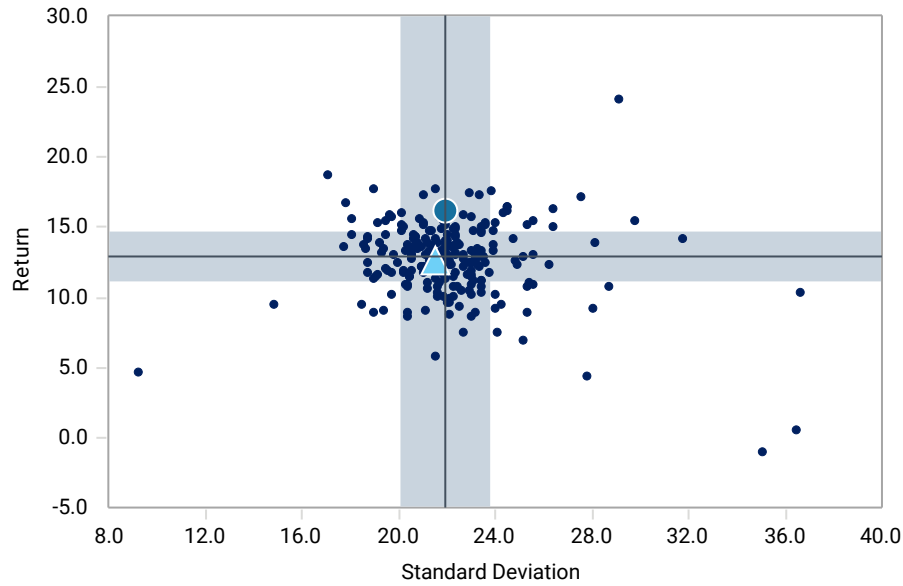
## Quarter Excess Return with a Rolling 3 Years Excess Return over Since Inception Ending December 31, 2023



# Los Angeles City Employees' Retirement System-LACERS Master Trust

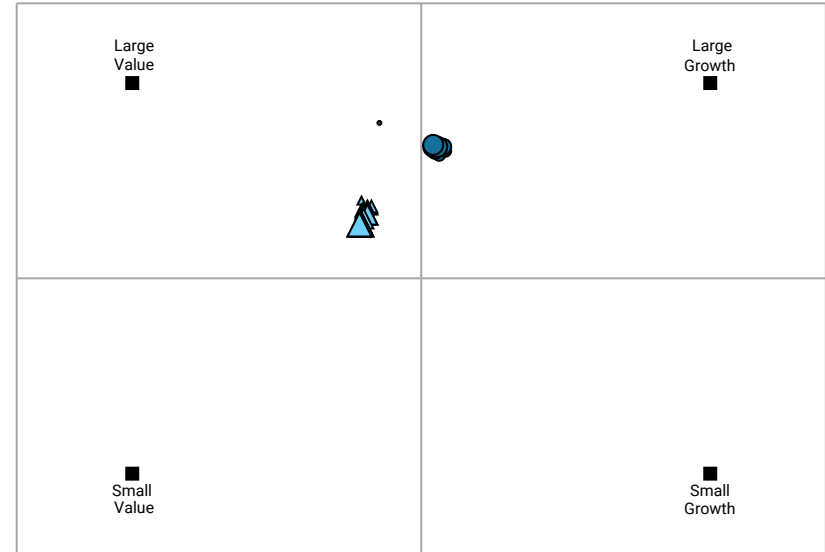
## PRINCIPAL GLOBAL INVESTORS

5 Years Return vs. Standard Deviation

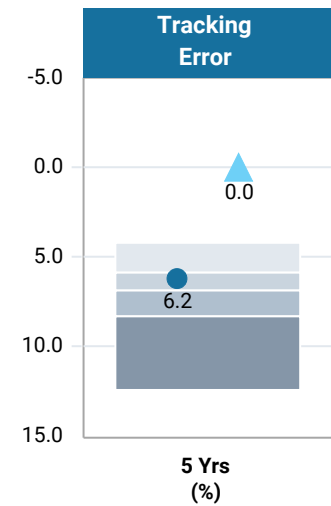
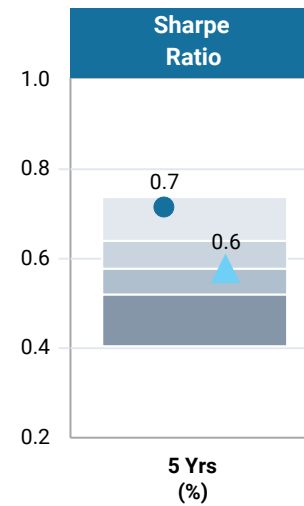
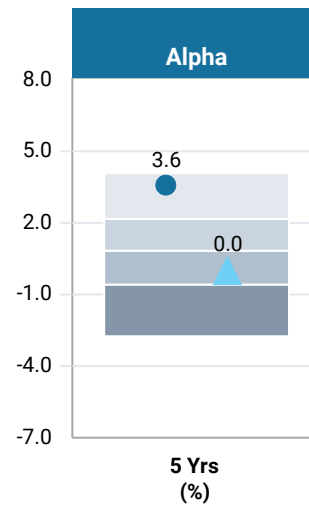
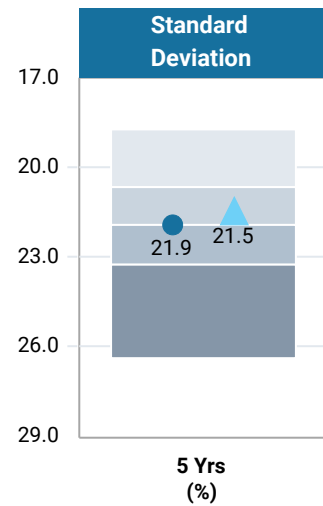
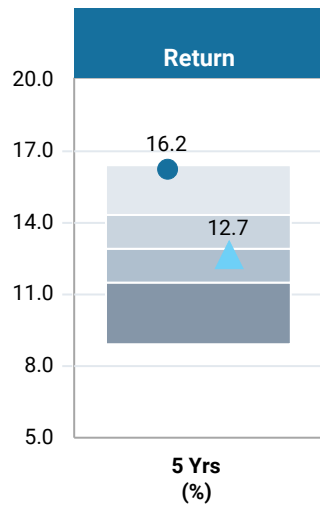


● Principal Global Investors ▲ Russell Midcap Index

Rolling 5 Years Style Map



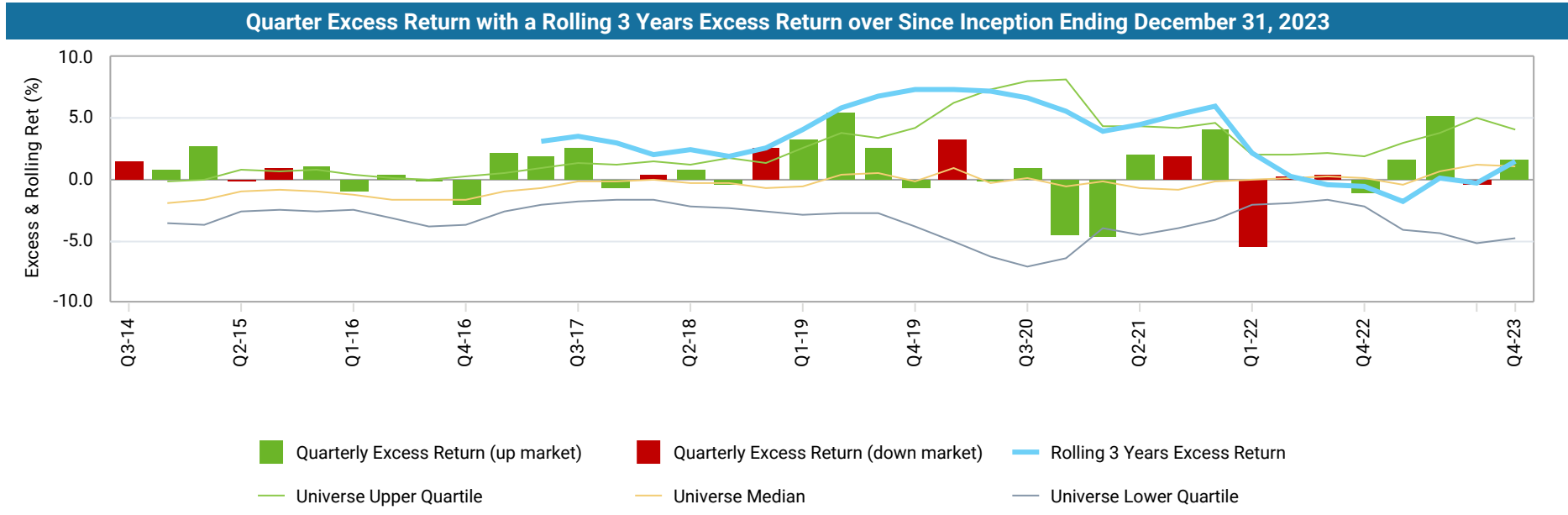
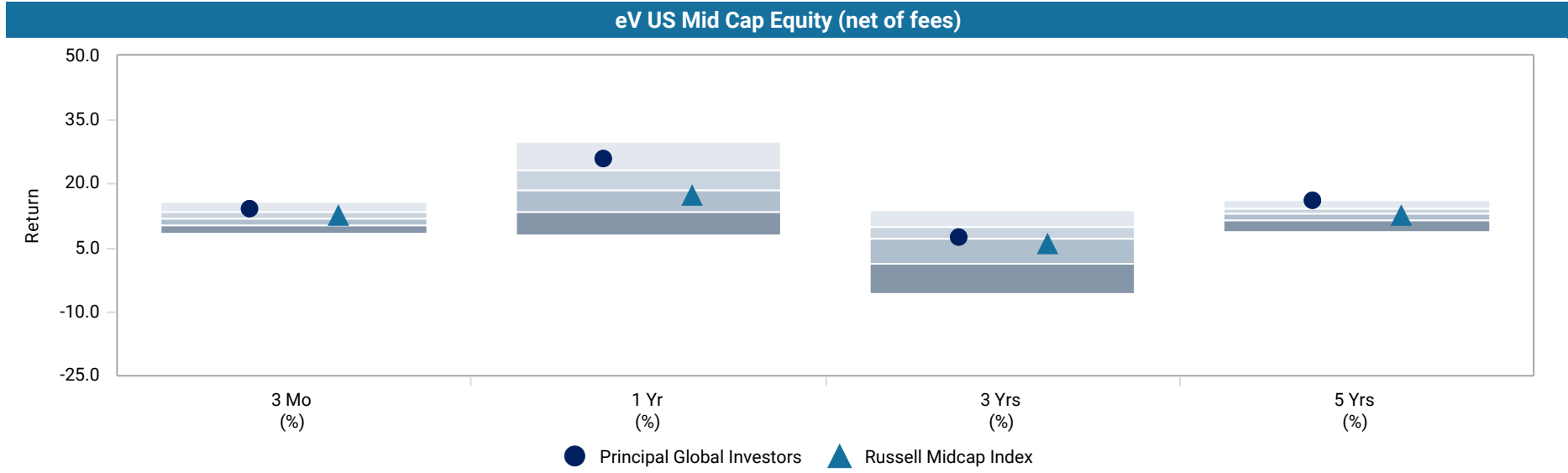
● Principal Global Investors ▲ Russell Midcap Index



# Los Angeles City Employees' Retirement System-LACERS Master Trust

## PRINCIPAL GLOBAL INVESTORS

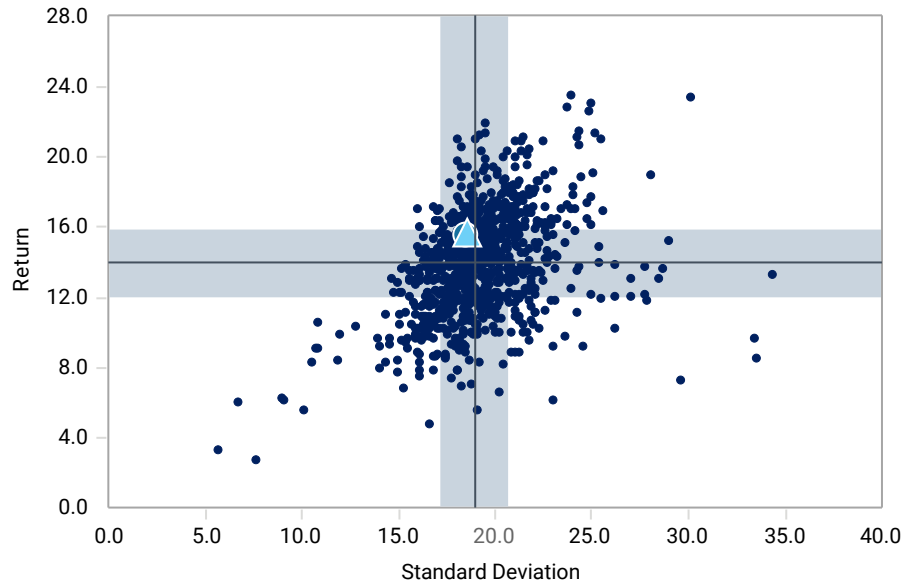
December 31, 2023



# Los Angeles City Employees' Retirement System-LACERS Master Trust

## RHUMBLINE ADVISORS S&P 500

5 Years Return vs. Standard Deviation

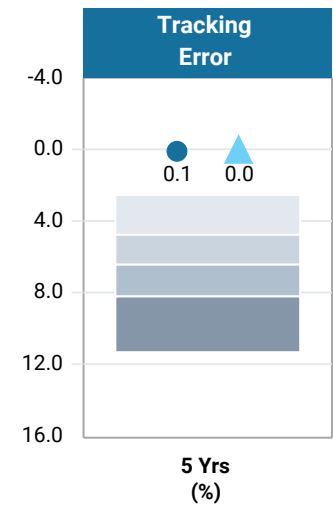
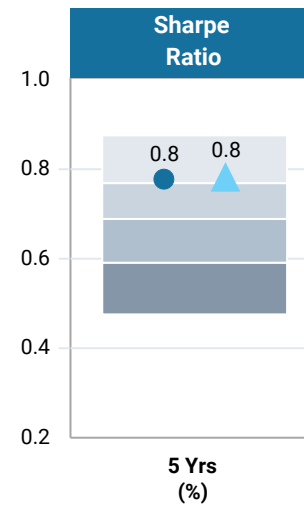
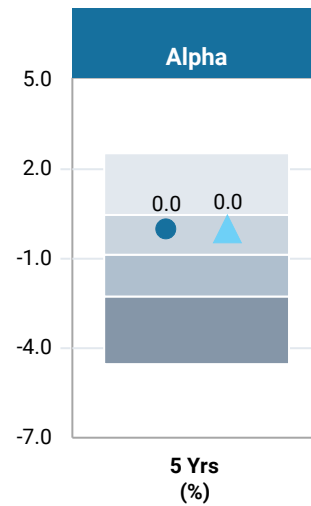
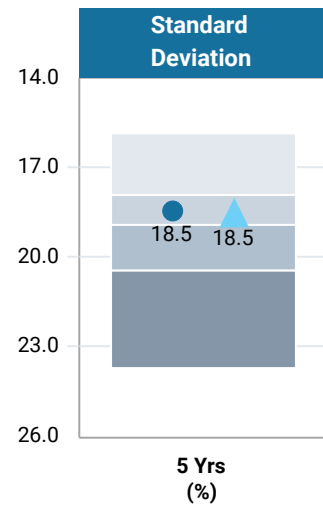
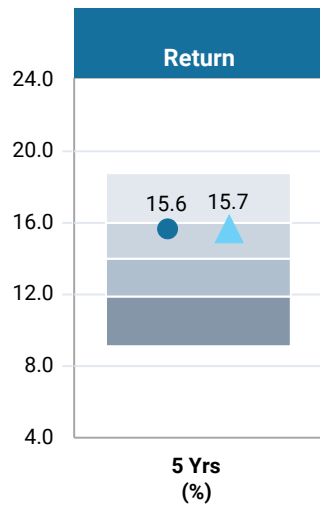


● RhumbLine Advisers S&P 500 ▲ S&P 500 Index

Rolling 5 Years Style Map



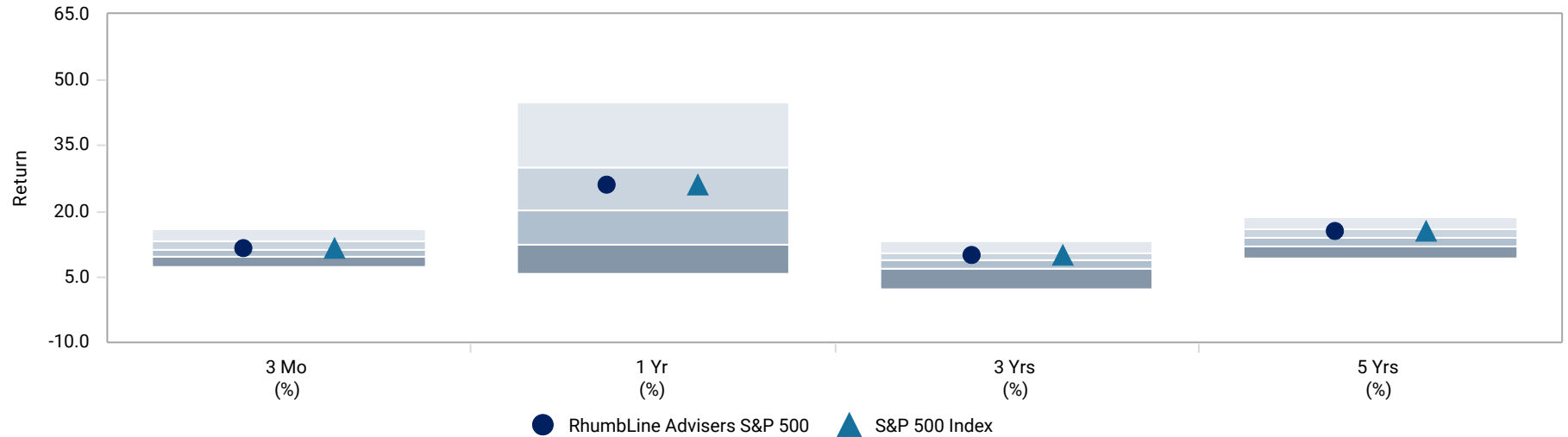
● RhumbLine Advisers S&P 500 ▲ S&P 500 Index



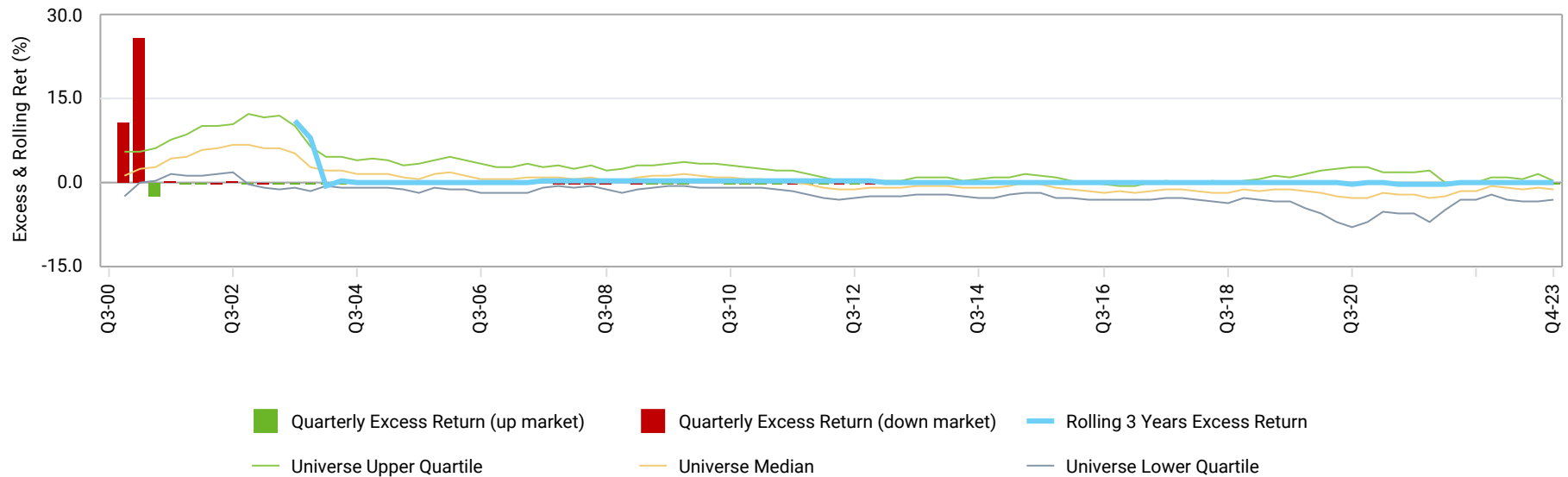
# Los Angeles City Employees' Retirement System-LACERS Master Trust

## RHUMBLINE ADVISORS S&P 500

eV US Large Cap Equity (net of fees)



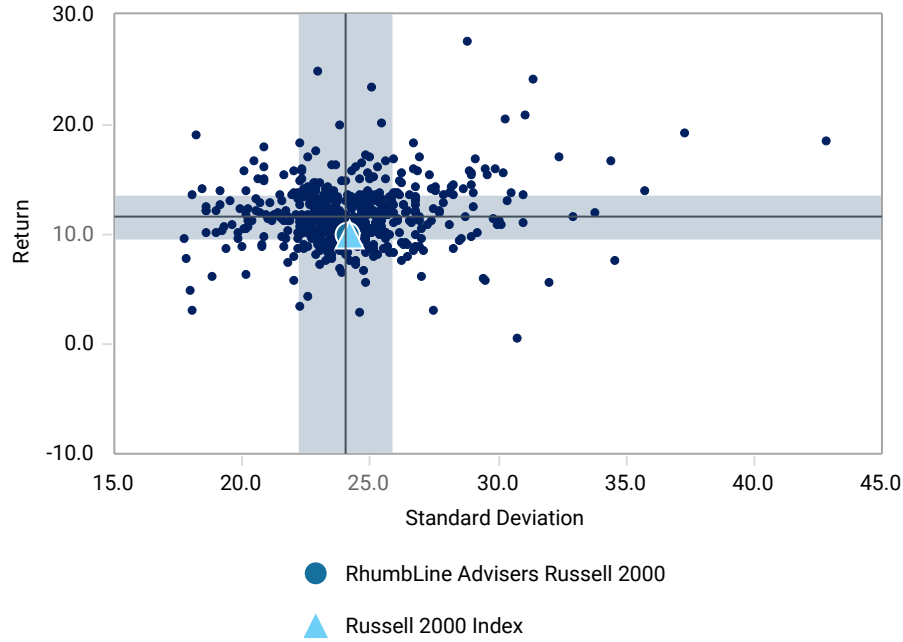
Quarter Excess Return with a Rolling 3 Years Excess Return over Since Inception Ending December 31, 2023



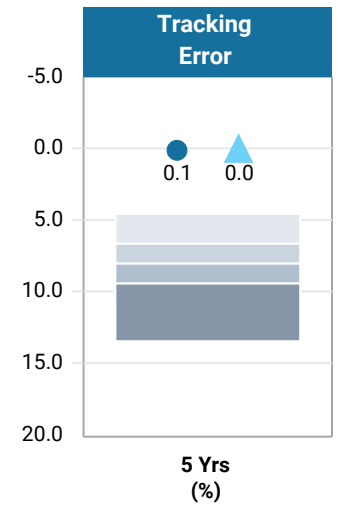
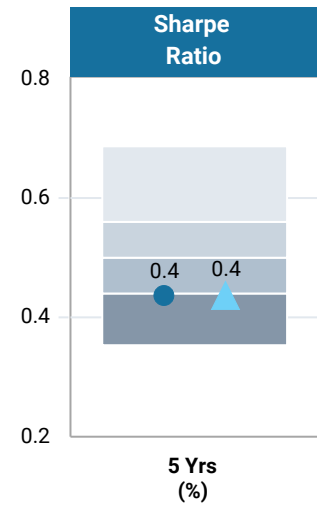
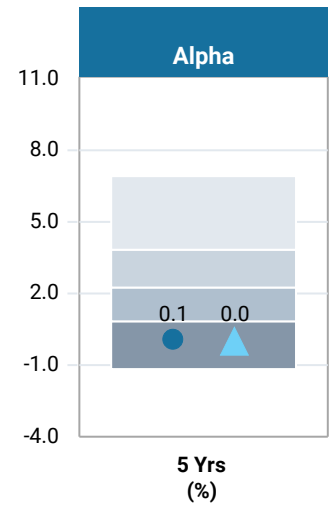
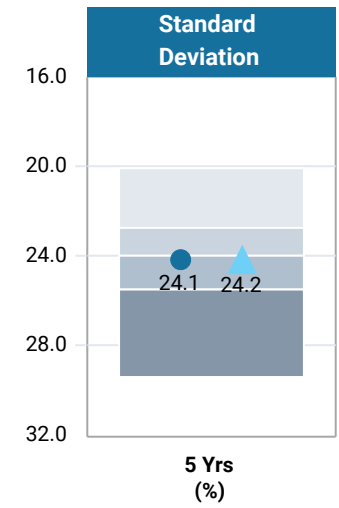
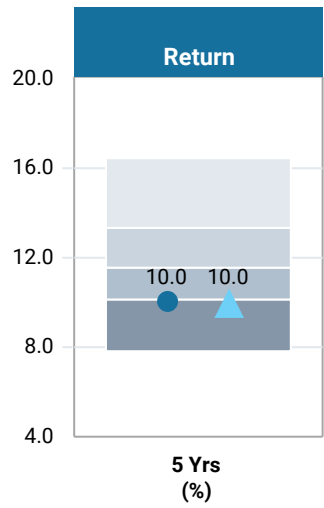
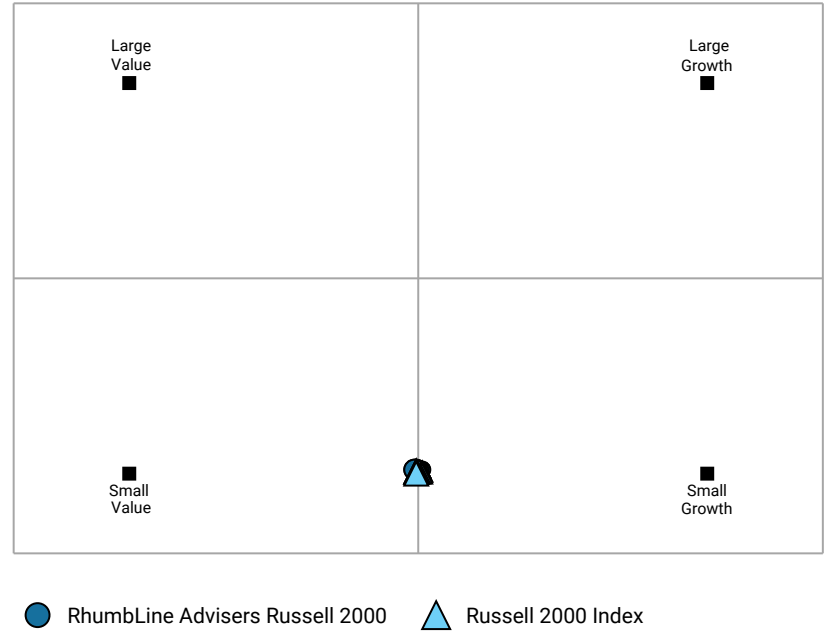
Los Angeles City Employees' Retirement System-LACERS Master Trust

# RHUMBLINE ADVISORS RUSSELL 2000

5 Years Return vs. Standard Deviation

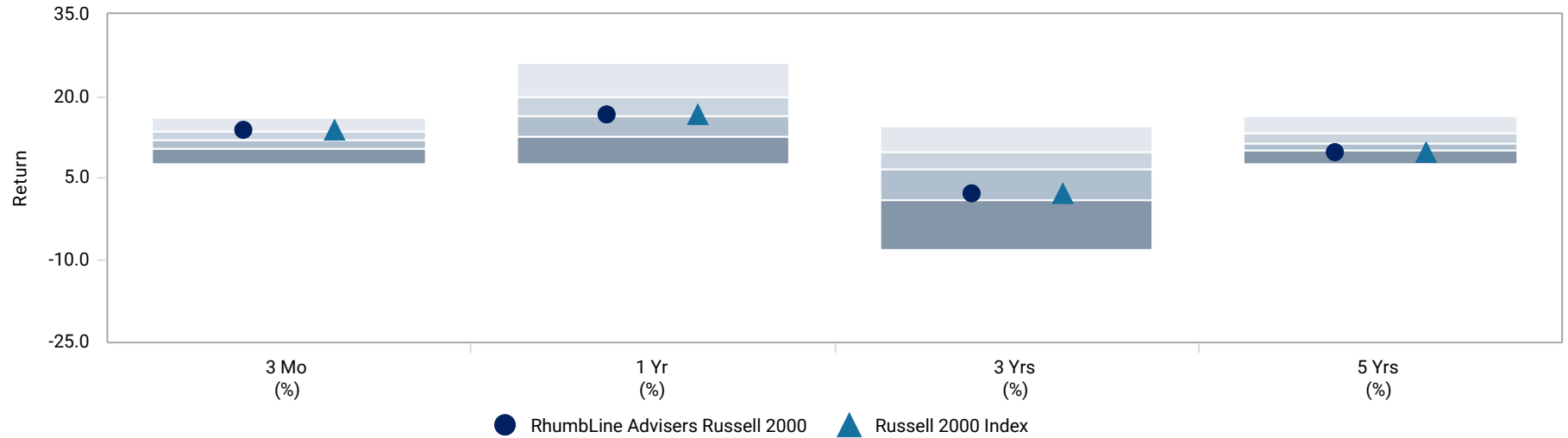


Rolling 3 Years Style Map

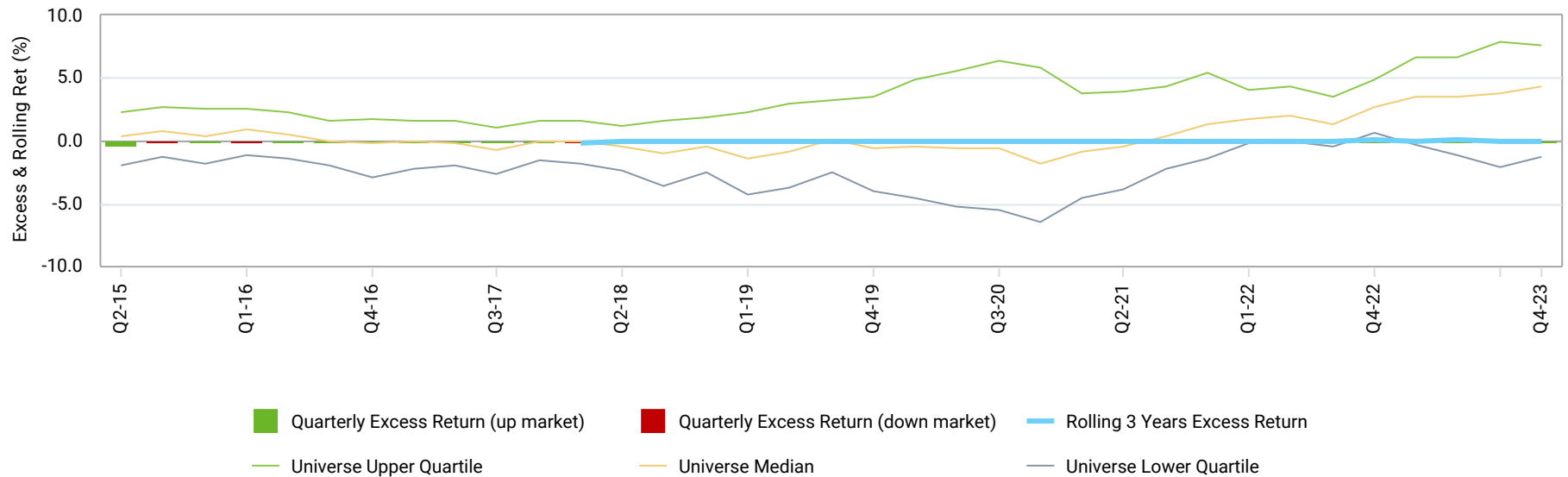


# RHUMBLINE ADVISORS RUSSELL 2000

## eV US Small Cap Equity (net of fees)



## Quarter Excess Return with a Rolling 3 Years Excess Return over Since Inception Ending December 31, 2023

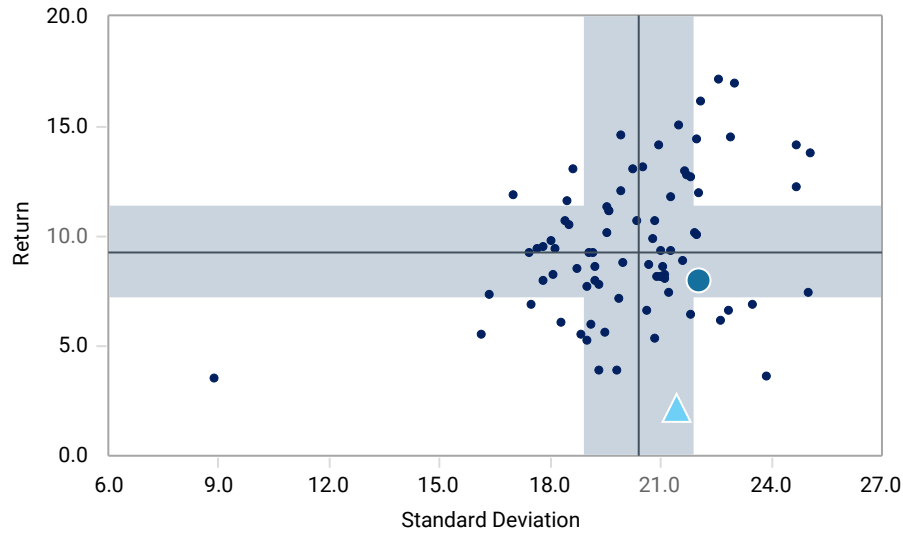




Los Angeles City Employees' Retirement System-LACERS Master Trust

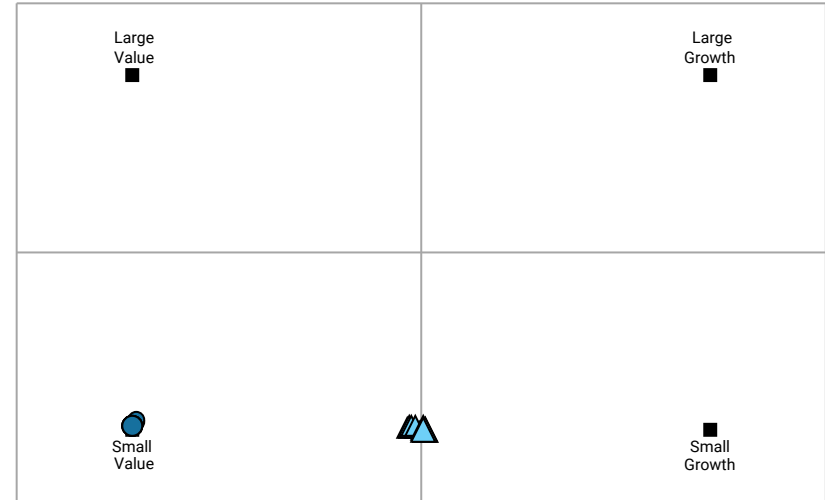
# RHUMBLINE ADVISORS RUSSELL 2000 VALUE

Since Inception Return vs. Standard Deviation

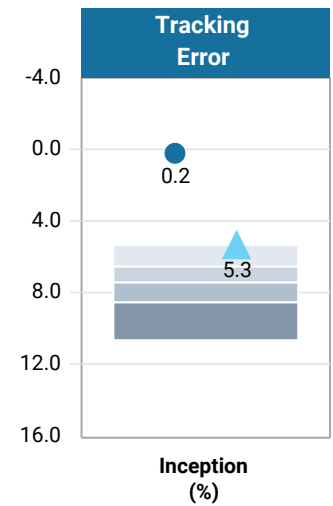
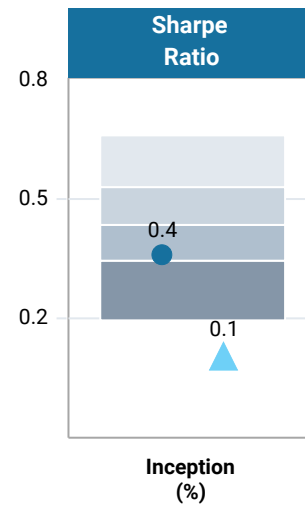
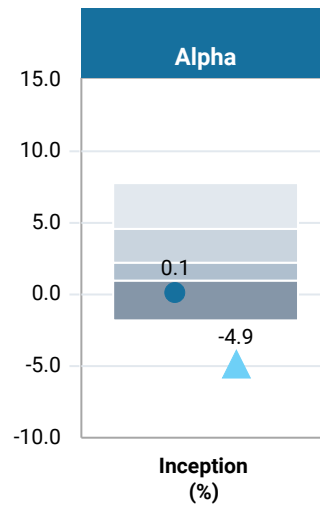
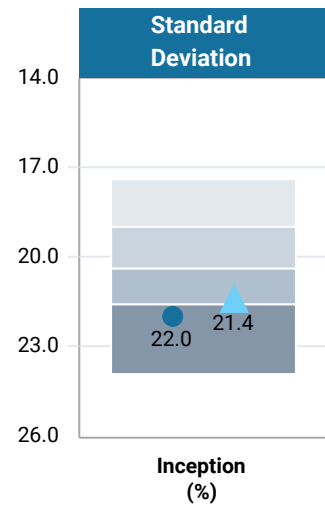
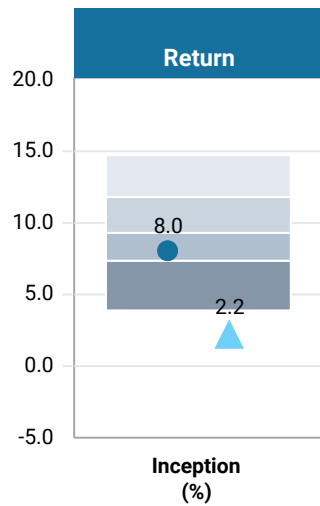


● Rhumbline Advisers Russell 2000 Value  
▲ Russell 2000 Index

Rolling 1 Year Style Map

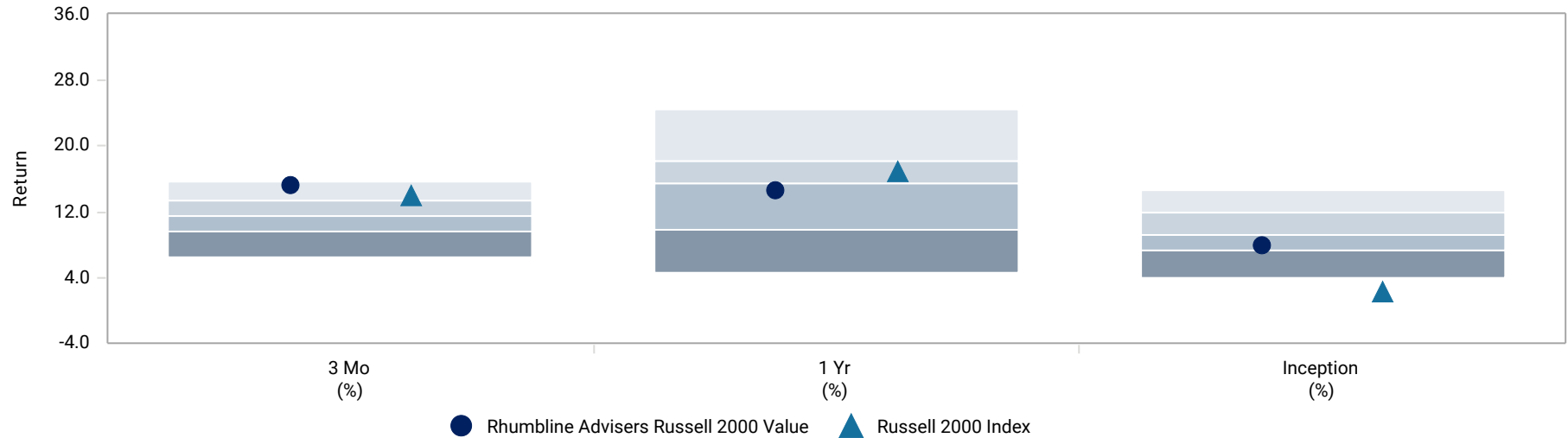


● Rhumbline Advisers Russell 2000 Value  
▲ Russell 2000 Index

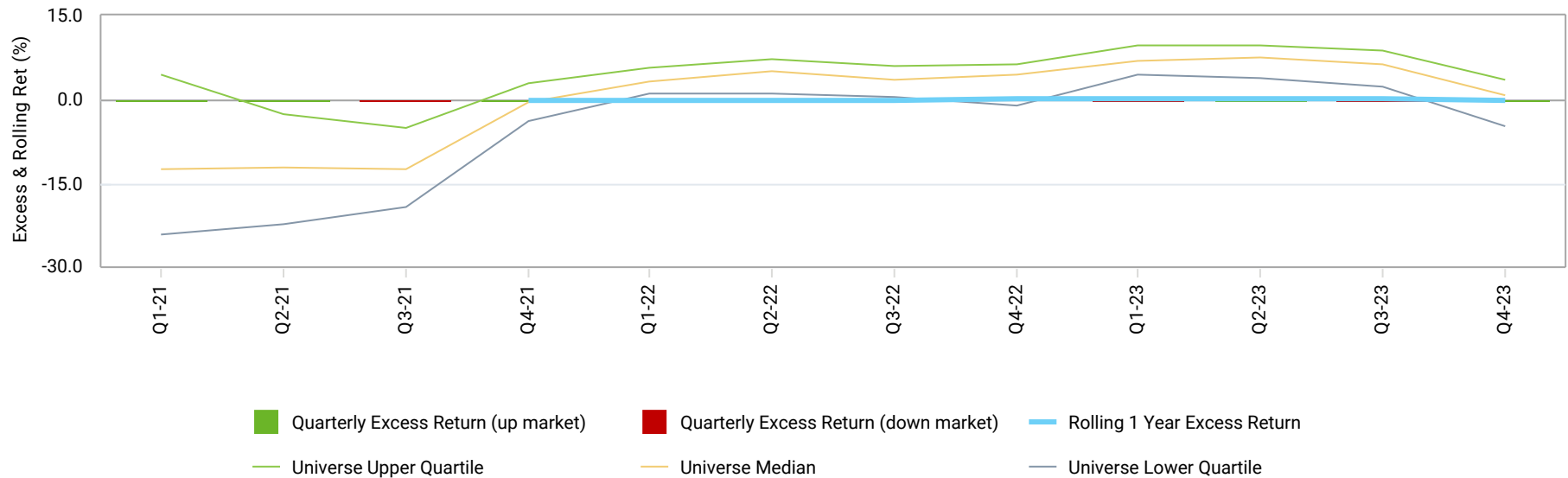


# RHUMBLINE ADVISORS RUSSELL 2000 VALUE

eV US Small-Mid Cap Value Equity (net of fees)



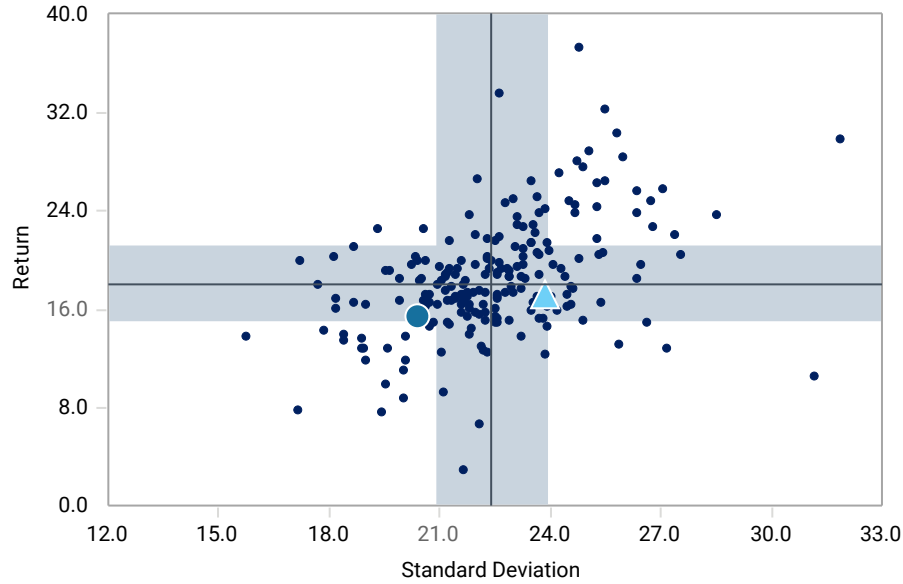
Quarter Excess Return with a Rolling 1 Year Excess Return over Since Inception Ending December 31, 2023



# Los Angeles City Employees' Retirement System-LACERS Master Trust

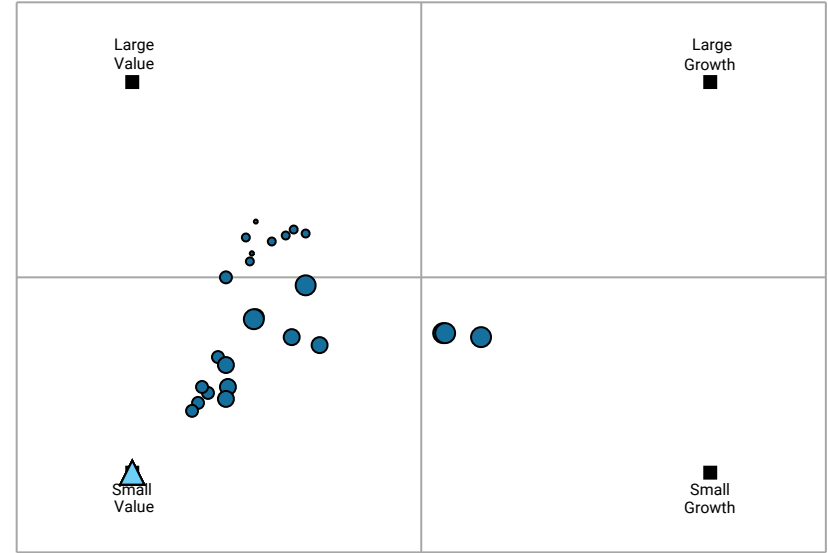
## COPELAND CAPITAL MANAGEMENT

Since Inception Return vs. Standard Deviation

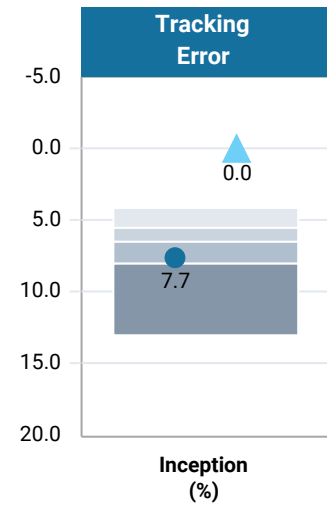
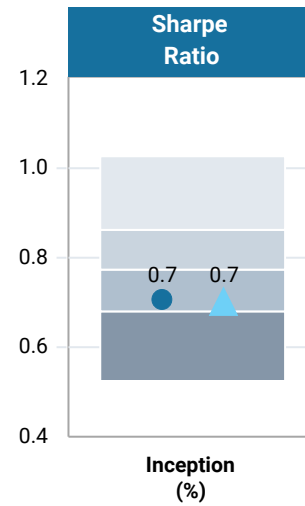
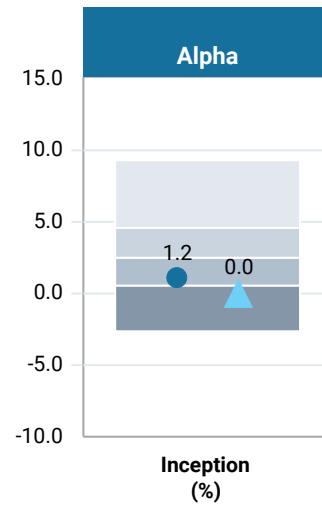
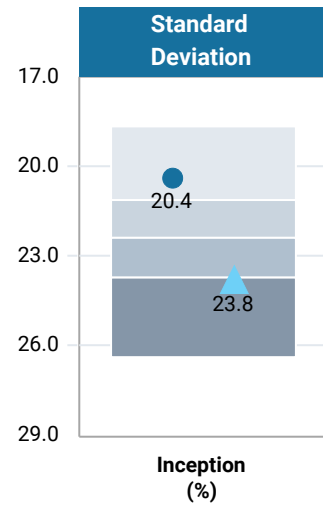
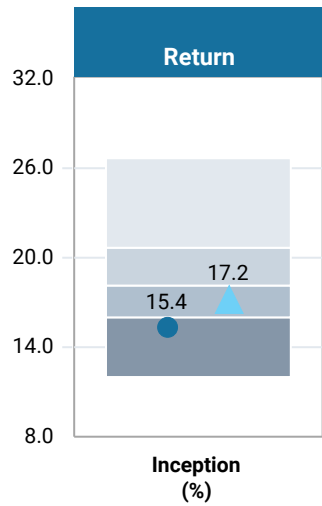


● Copeland Capital Management ▲ Russell 2000 Value Index

Rolling 1 Year Style Map



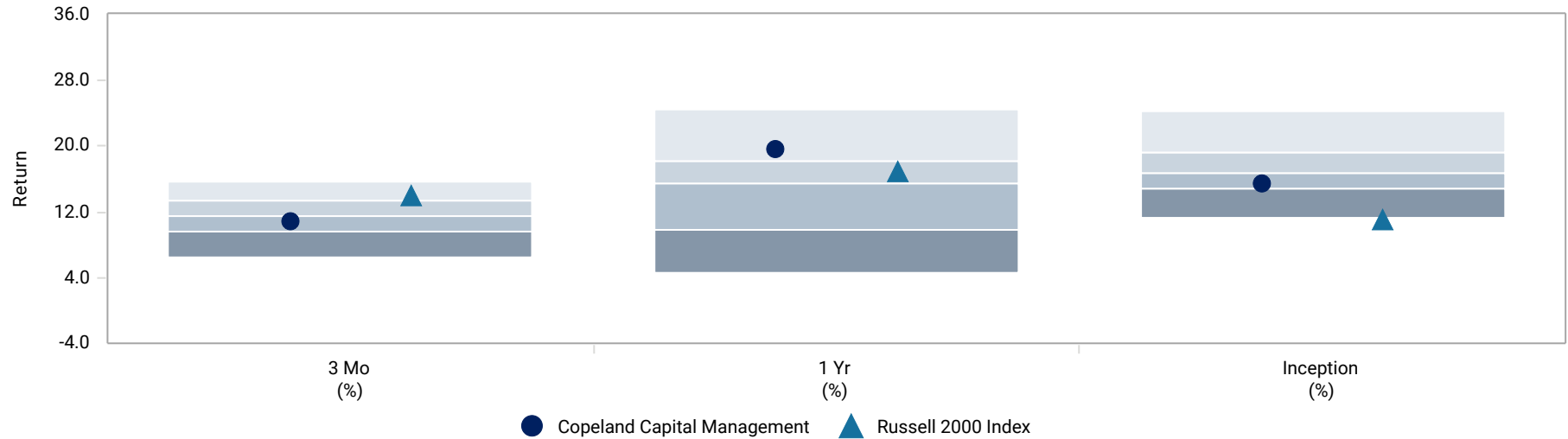
● Copeland Capital Management ▲ Russell 2000 Value Index



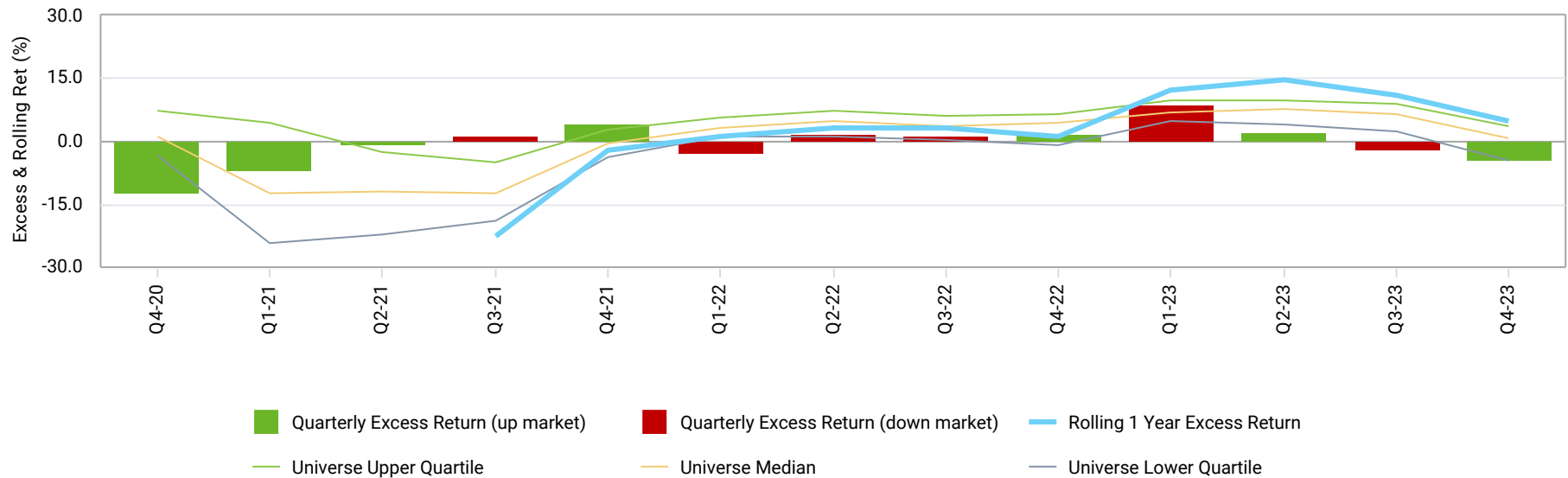
# Los Angeles City Employees' Retirement System-LACERS Master Trust

## COPELAND CAPITAL MANAGEMENT

### eV US Small-Mid Cap Value Equity (net of fees)



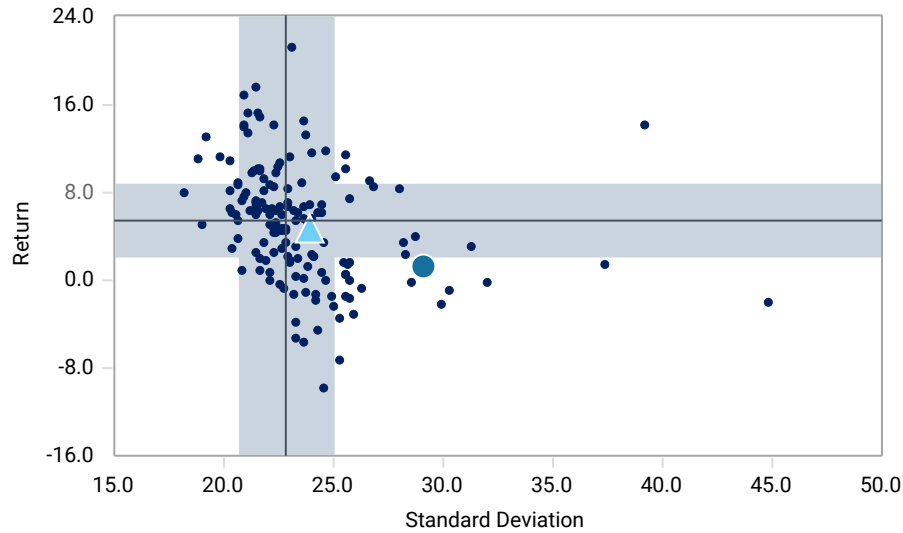
### Quarter Excess Return with a Rolling 1 Year Excess Return over Since Inception Ending December 31, 2023



Los Angeles City Employees' Retirement System-LACERS Master Trust

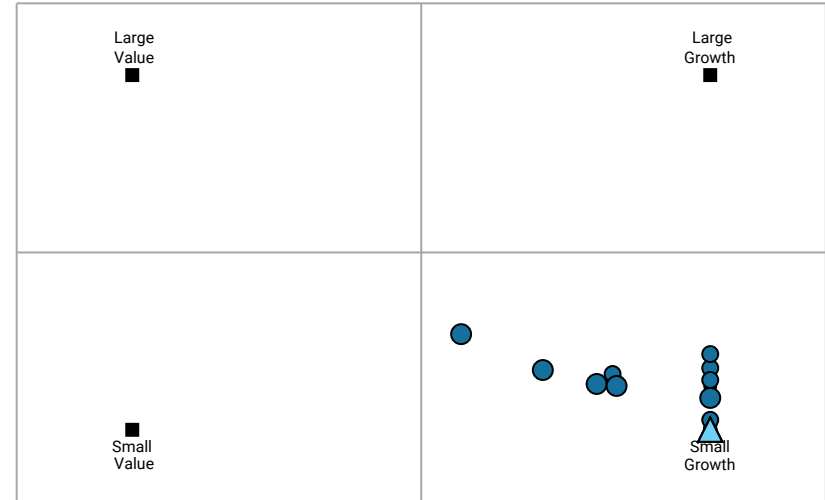
# GRANAHAN INVESTMENT MANAGEMENT

Since Inception Return vs. Standard Deviation

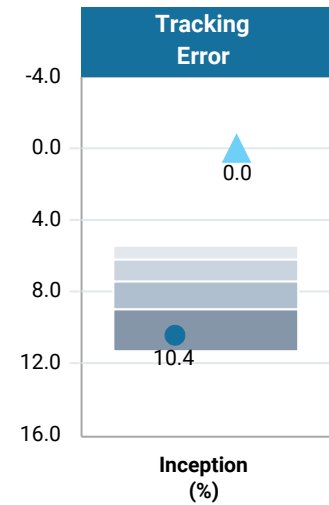
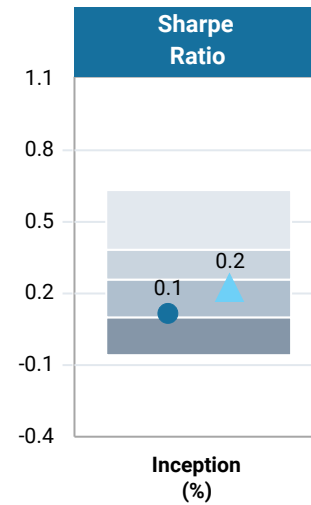
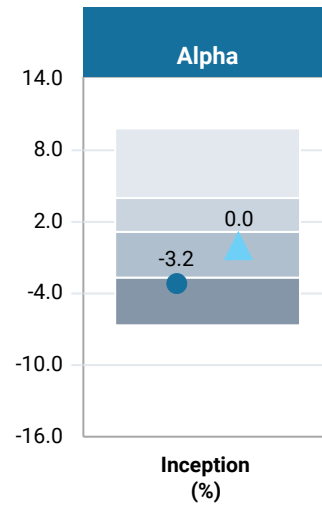
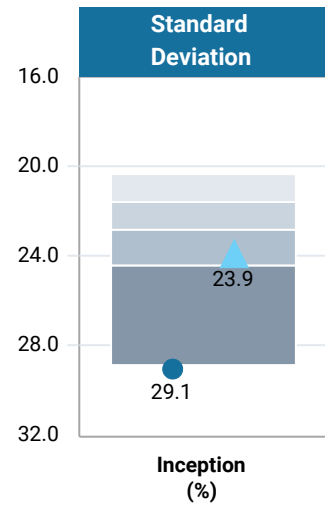
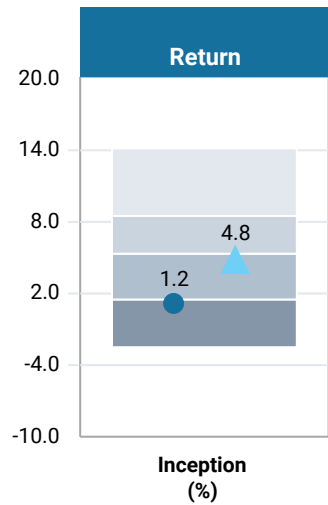


- Granahan Investment Management
- ▲ Russell 2000 Growth Index

Rolling 1 Year Style Map

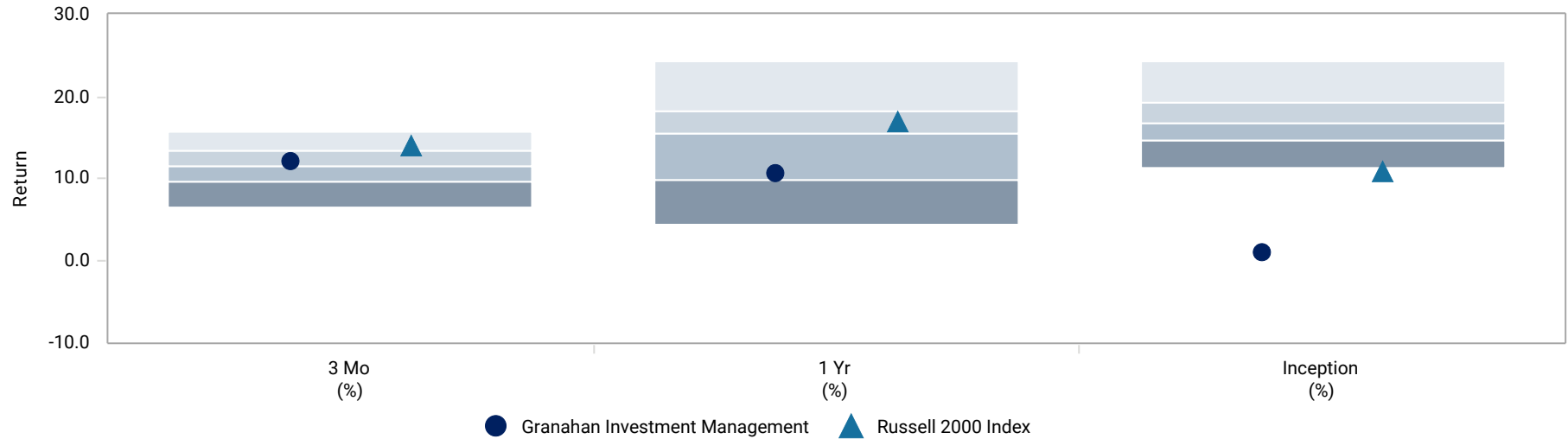


- Granahan Investment Management
- ▲ Russell 2000 Growth Index

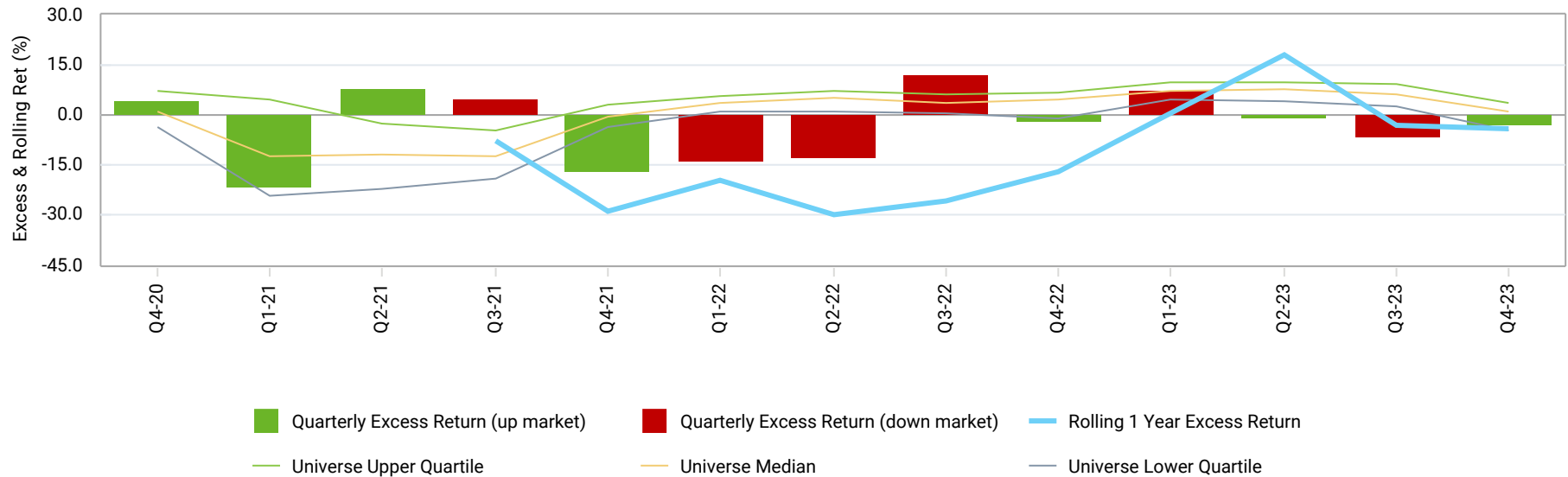


# GRANAHAN INVESTMENT MANAGEMENT

## eV US Small-Mid Cap Value Equity (net of fees)



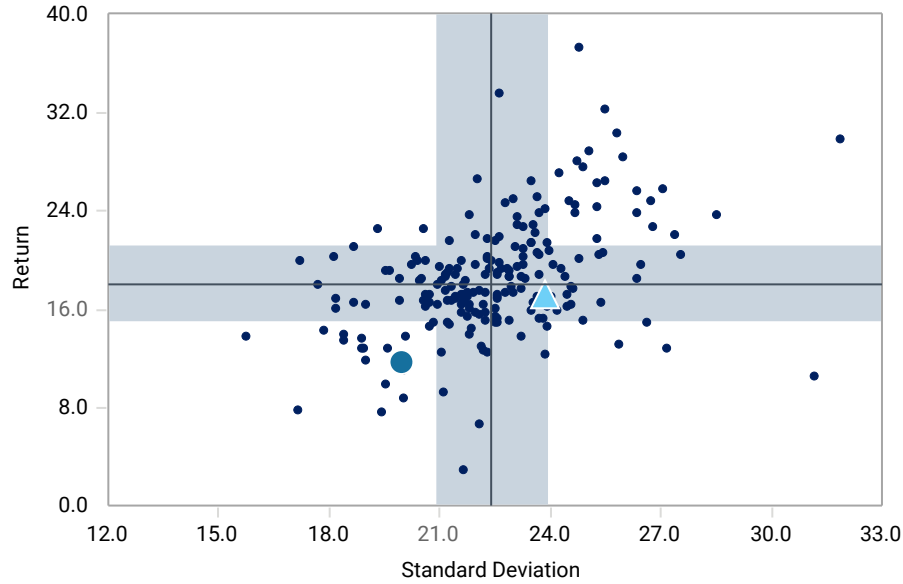
## Quarter Excess Return with a Rolling 1 Year Excess Return over Since Inception Ending December 31, 2023



# Los Angeles City Employees' Retirement System-LACERS Master Trust

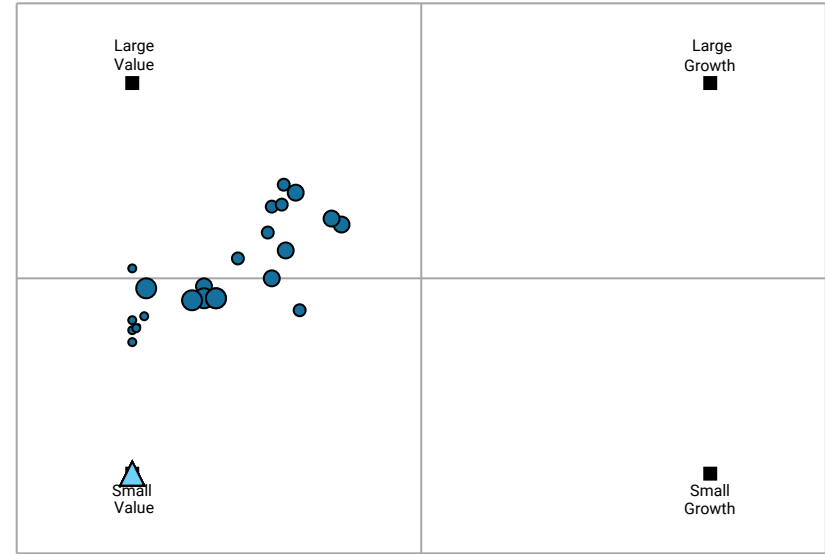
## SEGALL, BRYANT & HAMILL

Since Inception Return vs. Standard Deviation

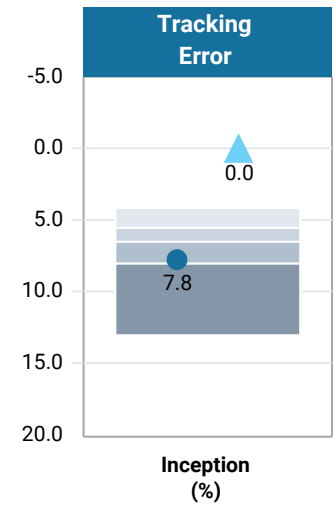
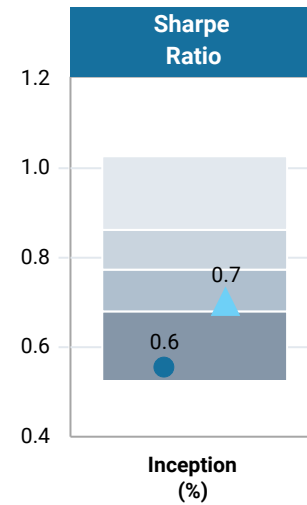
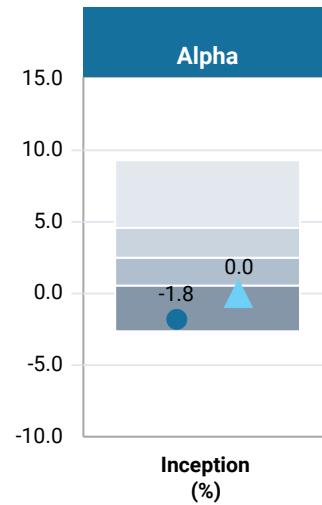
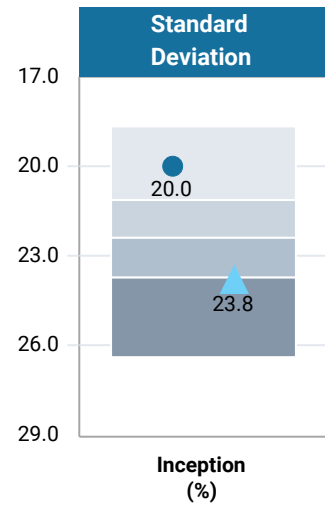
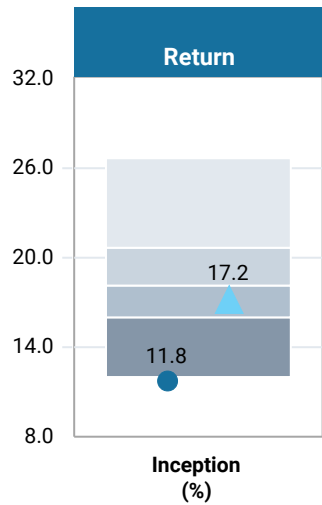


● Segall, Bryant & Hamill ▲ Russell 2000 Value Index

Rolling 1 Year Style Map

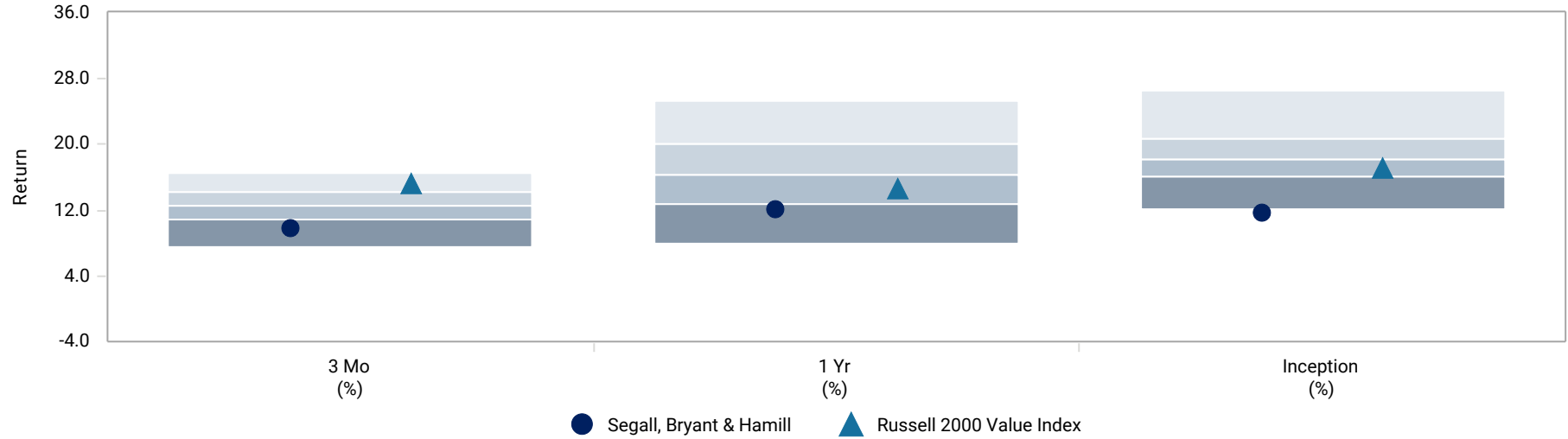


● Segall, Bryant & Hamill ▲ Russell 2000 Value Index

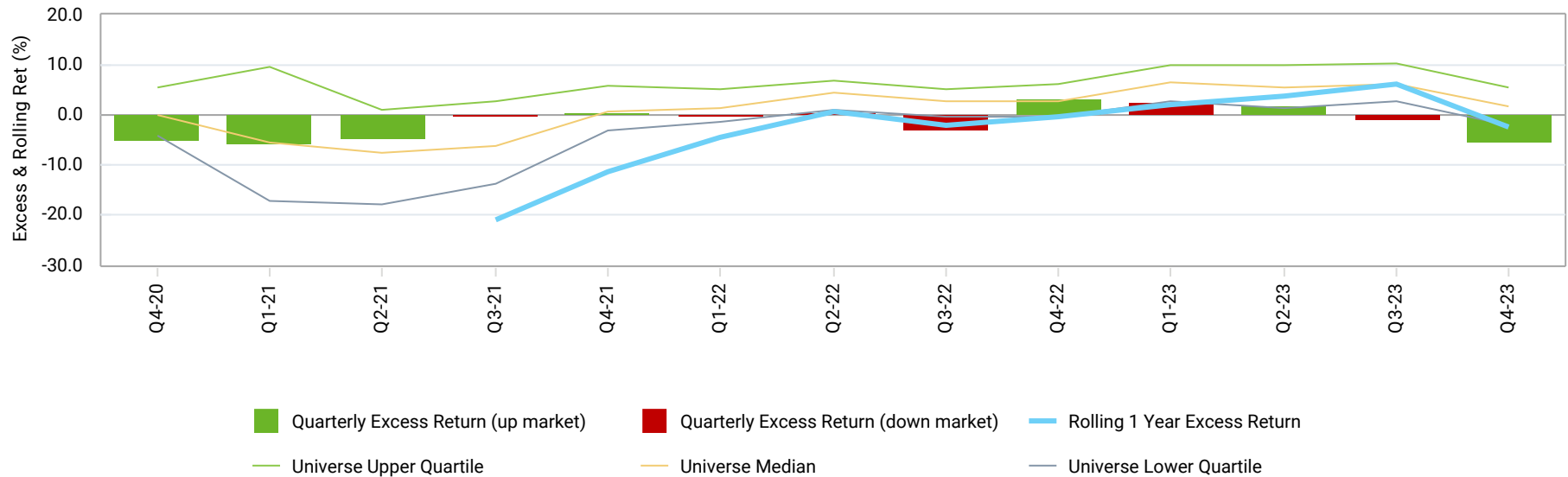


# SEGALL, BRYANT & HAMILL

## eV US Small Cap Value Equity (net of fees)



## Quarter Excess Return with a Rolling 1 Year Excess Return over Since Inception Ending December 31, 2023



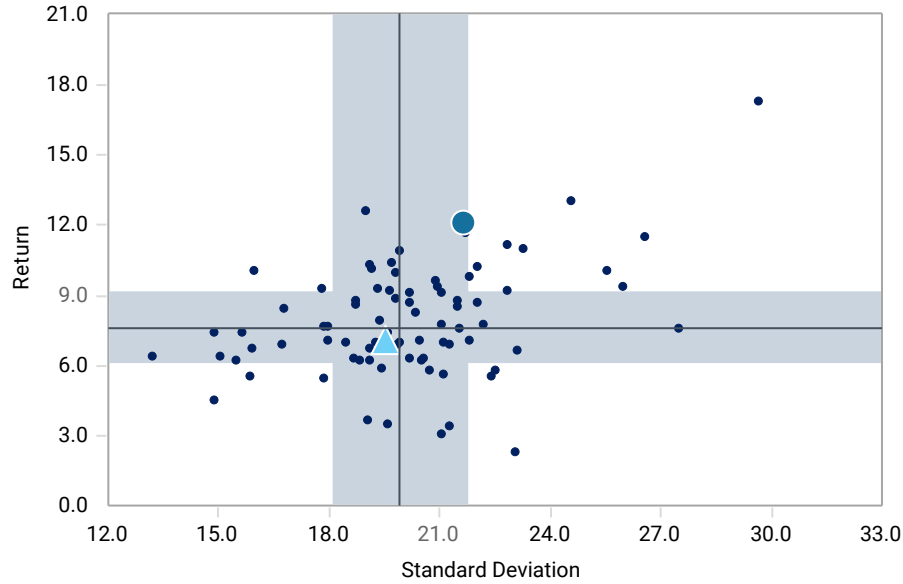


# NON-U.S. EQUITY MANAGER PERFORMANCE

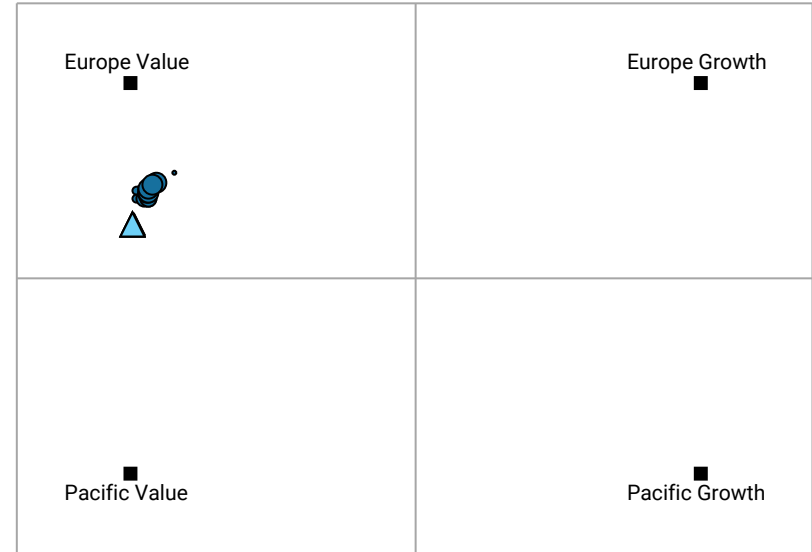
Los Angeles City Employees' Retirement System-LACERS Master Trust

# BARROW HANLEY

5 Years Return vs. Standard Deviation



Rolling 5 Years Style Map

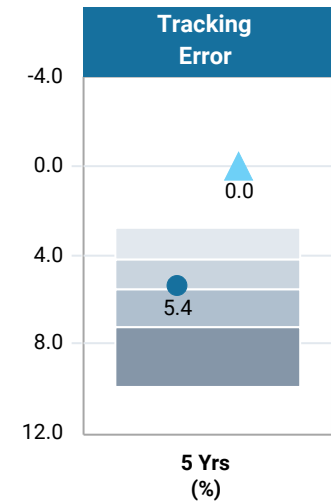
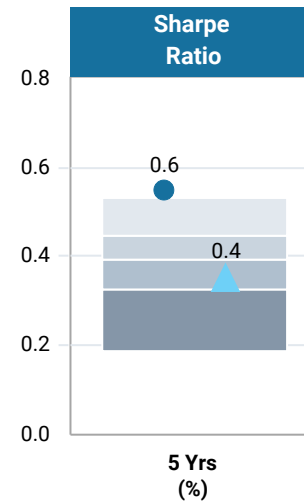
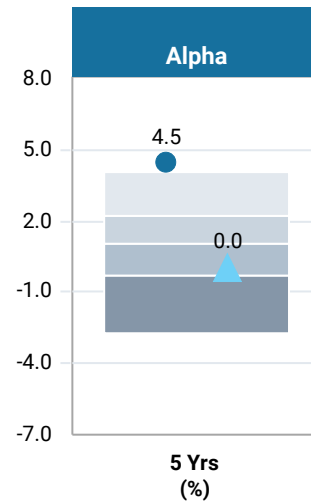
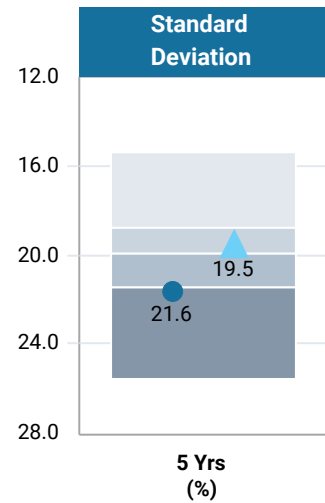
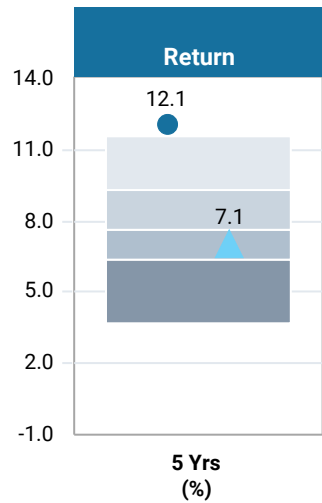


● Barrow Hanley

▲ MSCI EAFE Value Index (Net)

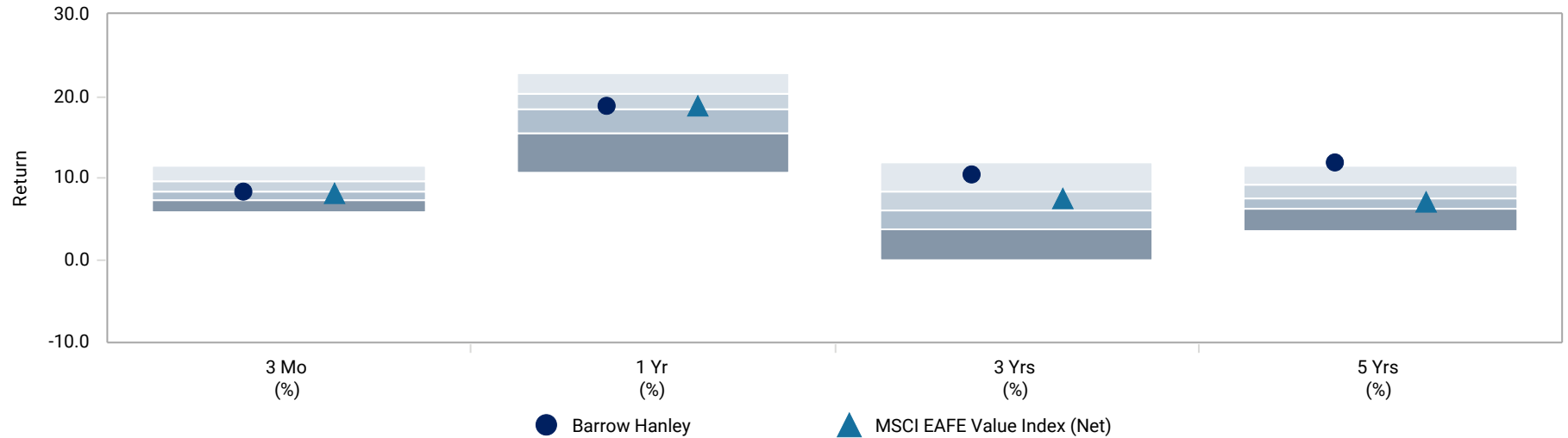
● Barrow Hanley

▲ MSCI EAFE Value Index (Net)

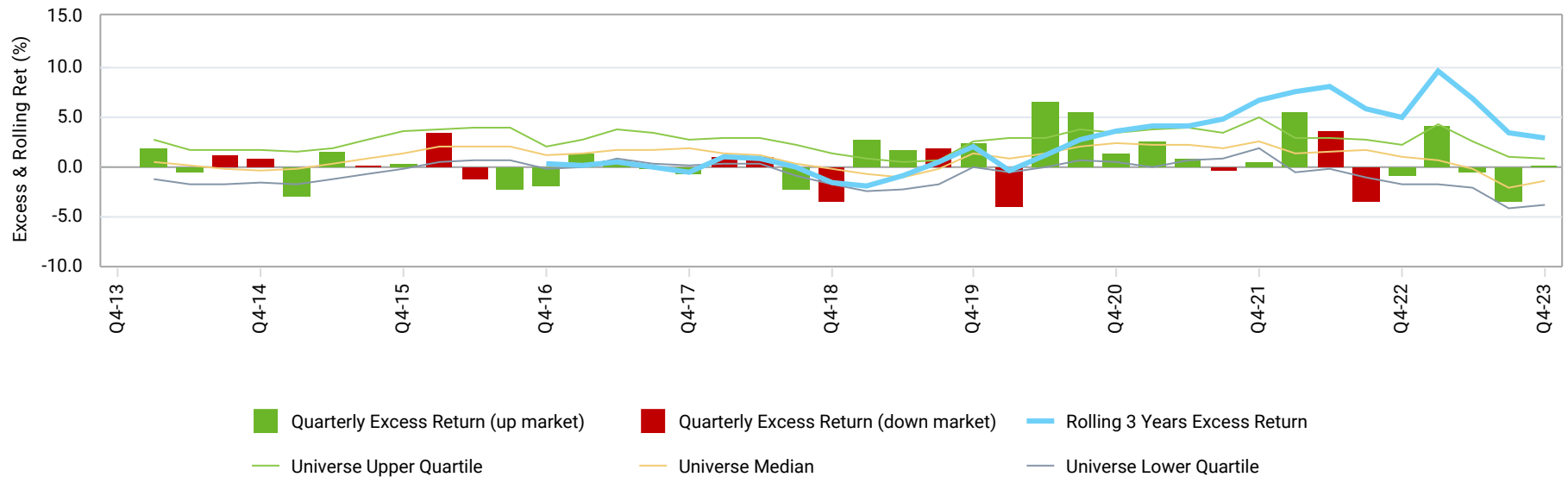


# BARROW HANLEY

## eV EAFE Value Equity (net of fees)



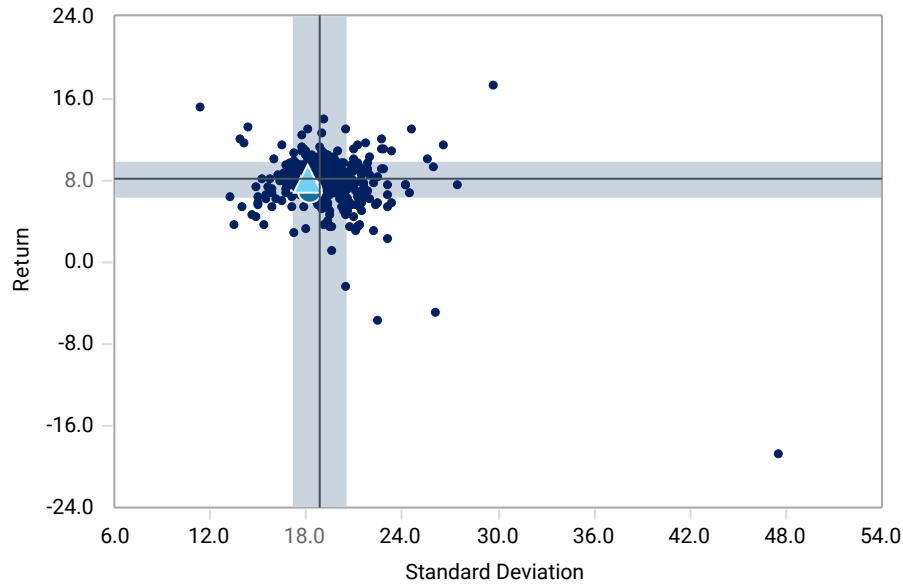
## Quarter Excess Return with a Rolling 3 Years Excess Return over Since Inception Ending December 31, 2023



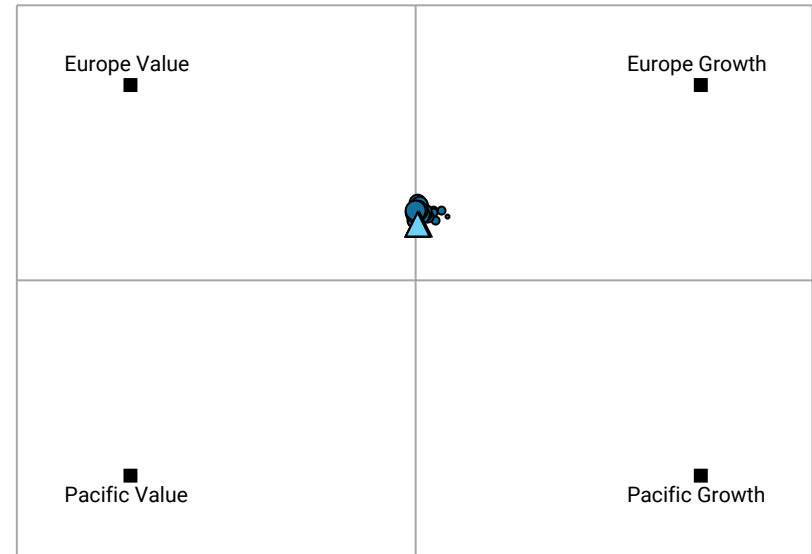
# Los Angeles City Employees' Retirement System-LACERS Master Trust

## LAZARD ASSET MANAGEMENT

5 Years Return vs. Standard Deviation

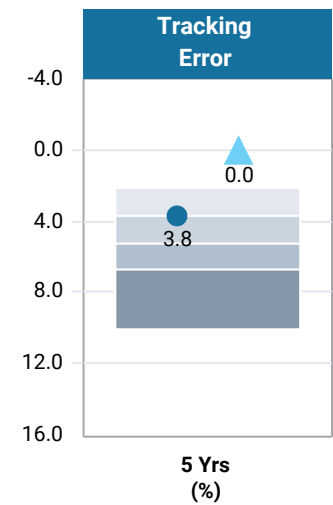
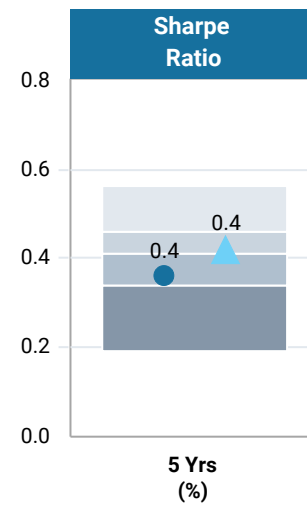
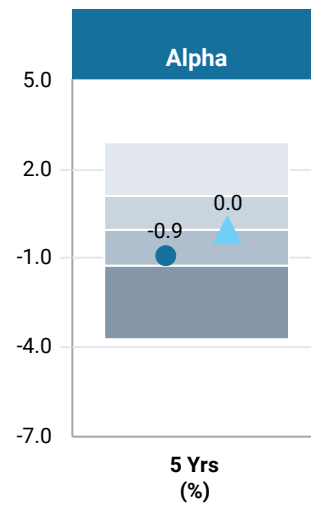
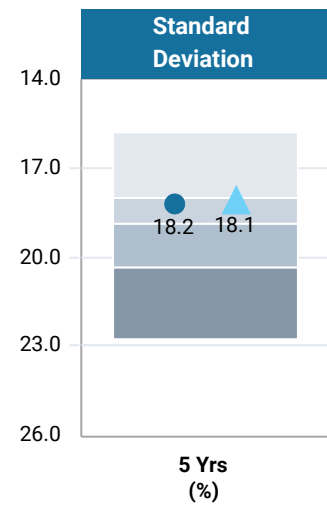
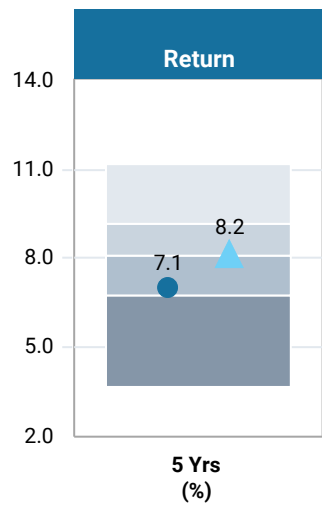


Rolling 5 Years Style Map



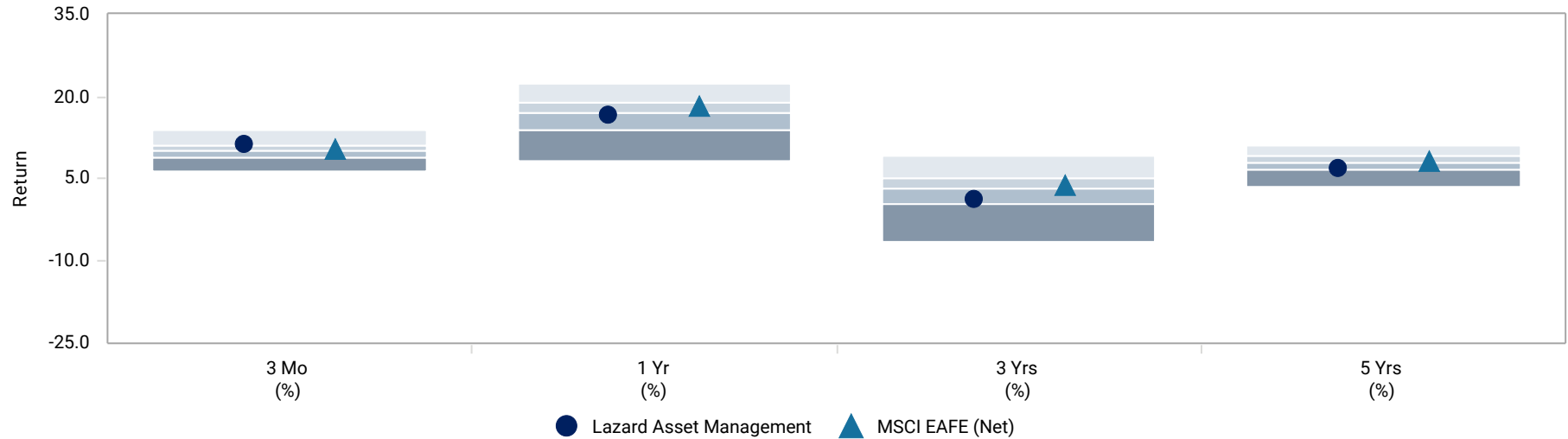
● Lazard Asset Management ▲ MSCI EAFE (Net)

● Lazard Asset Management ▲ MSCI EAFE (Net)

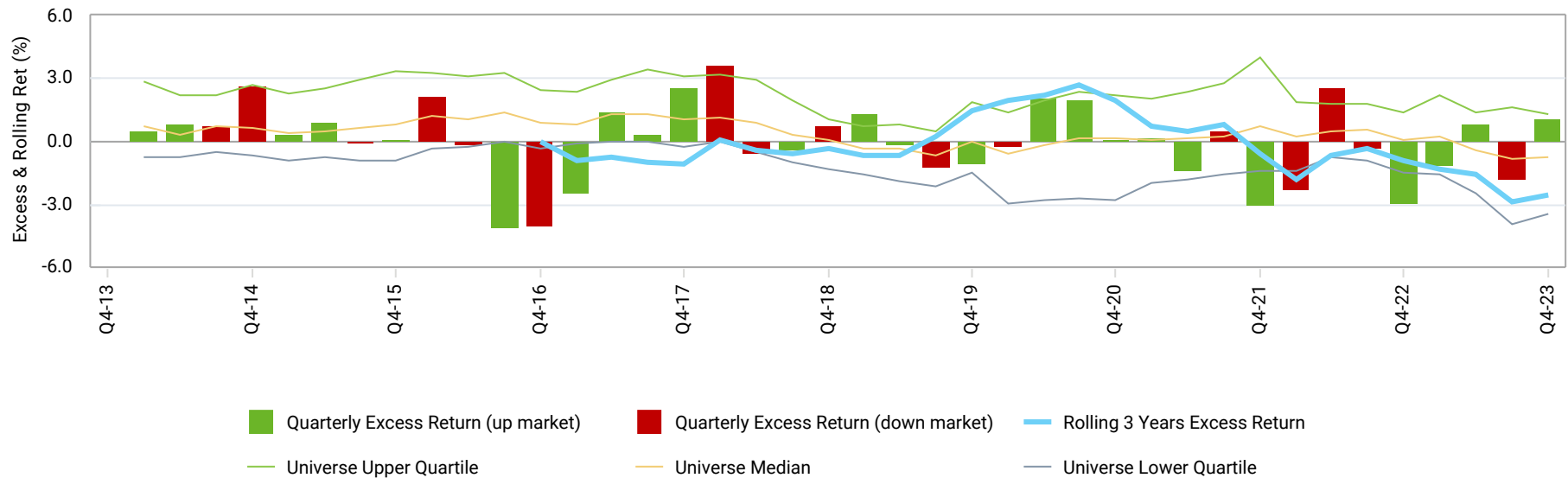


# LAZARD ASSET MANAGEMENT

eV All EAFE Equity (net of fees)



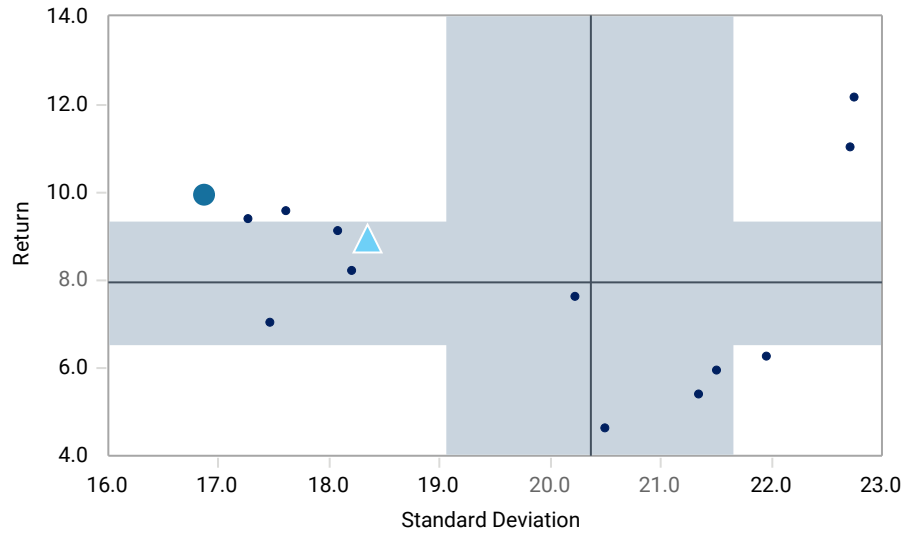
Quarter Excess Return with a Rolling 3 Years Excess Return over Since Inception Ending December 31, 2023



# Los Angeles City Employees' Retirement System-LACERS Master Trust

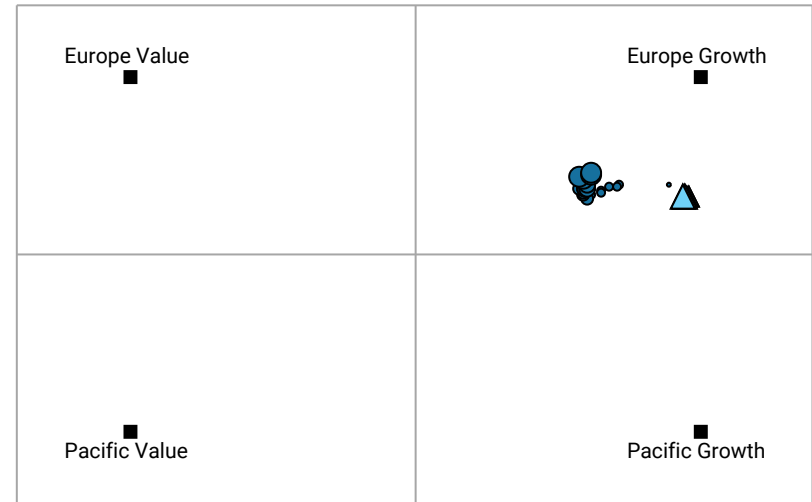
## MFS INSTITUTIONAL ADVISORS

5 Years Return vs. Standard Deviation

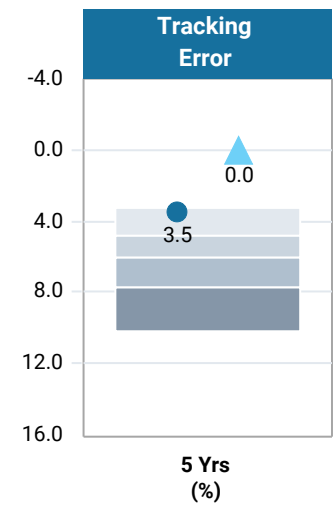
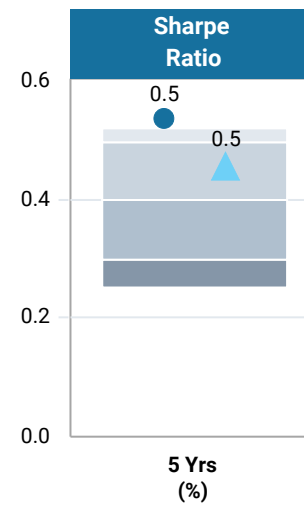
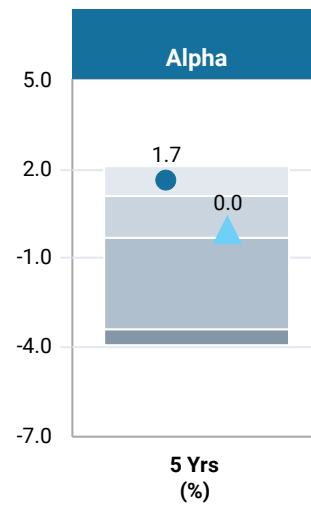
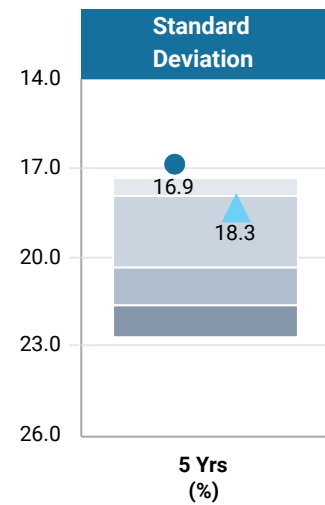
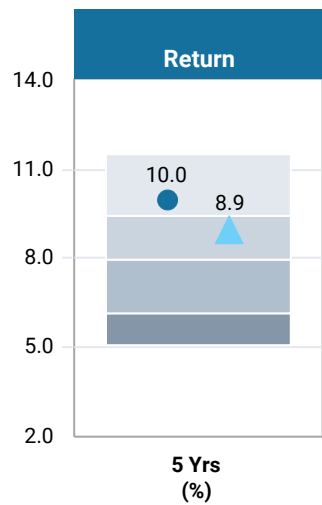


- MFS Institutional Advisors
- ▲ MSCI World ex USA Growth NR USD

Rolling 5 Years Style Map



- MFS Institutional Advisors
- ▲ MSCI World ex USA Growth NR USD

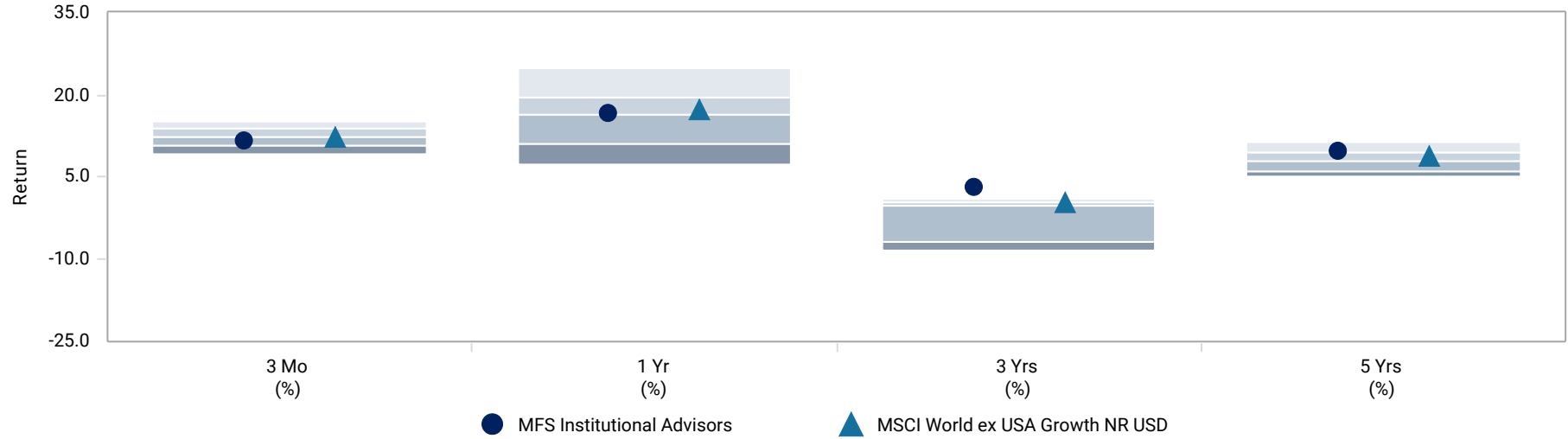


# Los Angeles City Employees' Retirement System-LACERS Master Trust

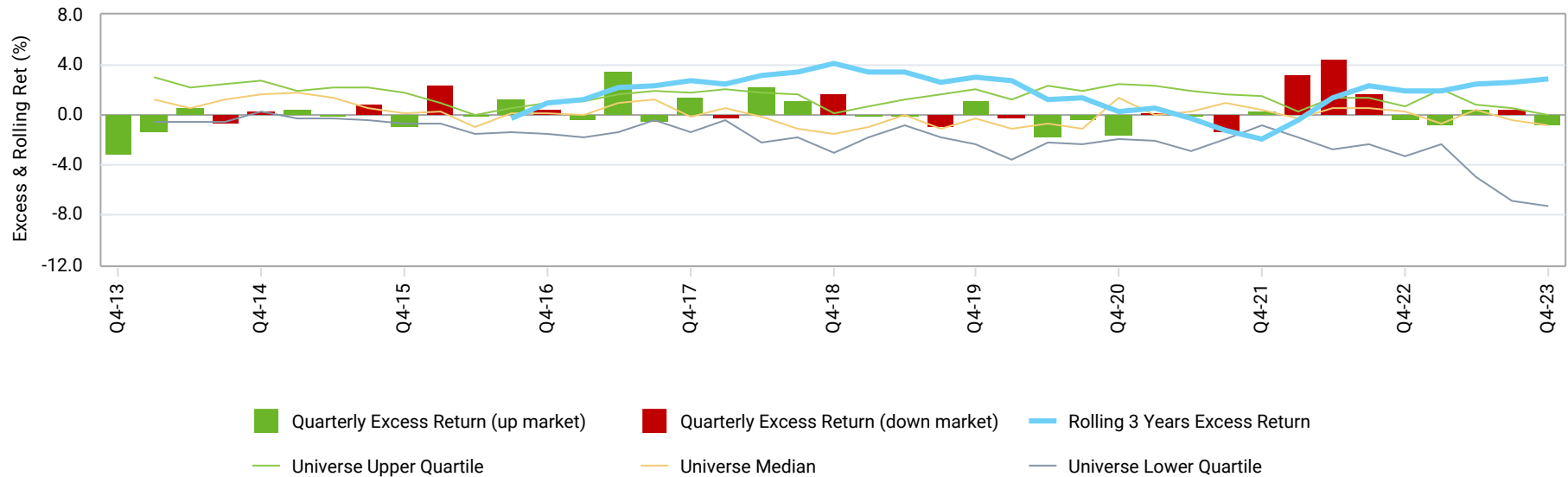
## MFS INSTITUTIONAL ADVISORS

December 31, 2023

eV EAFE All Cap Growth (net of fees)



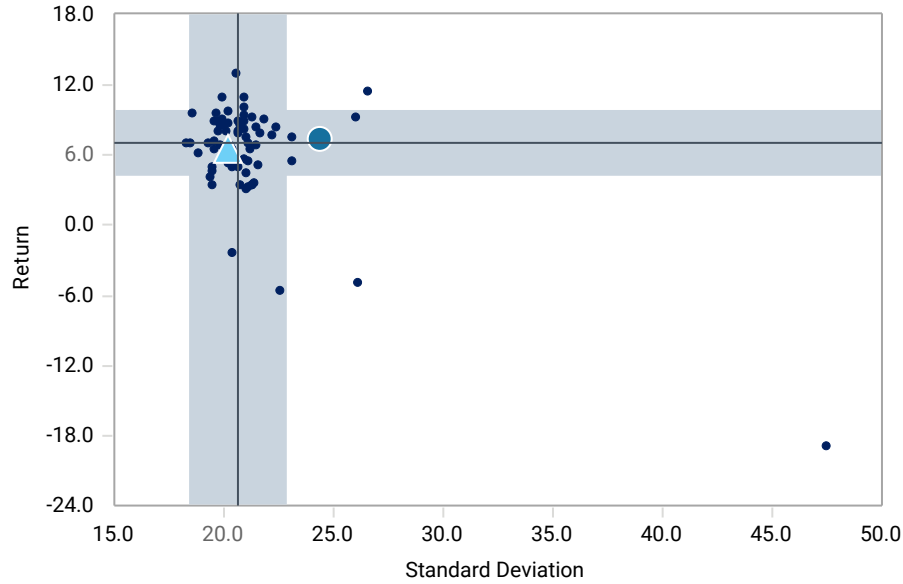
Quarter Excess Return with a Rolling 3 Years Excess Return over Since Inception Ending December 31, 2023



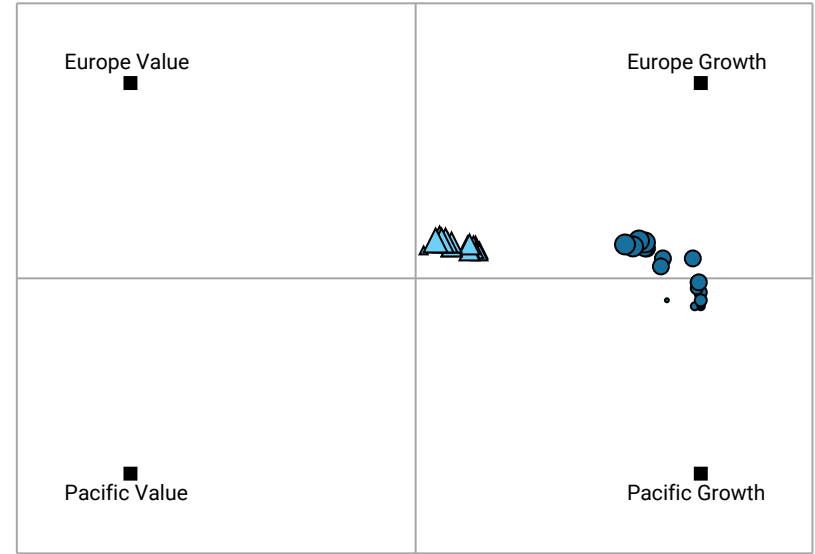
Los Angeles City Employees' Retirement System-LACERS Master Trust

# OBERWEIS ASSET MGMT

5 Years Return vs. Standard Deviation

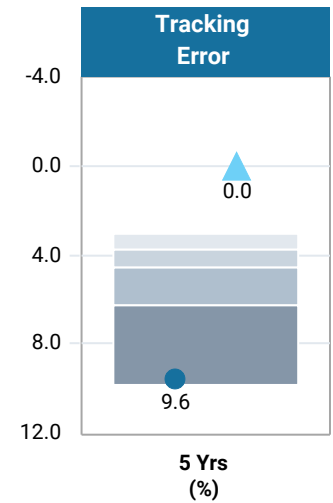
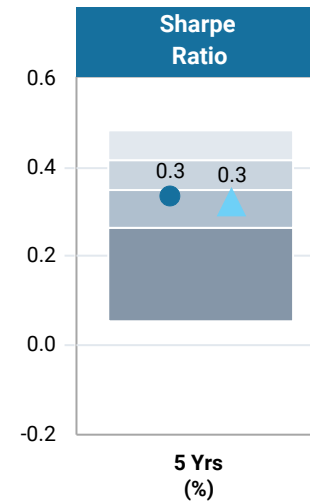
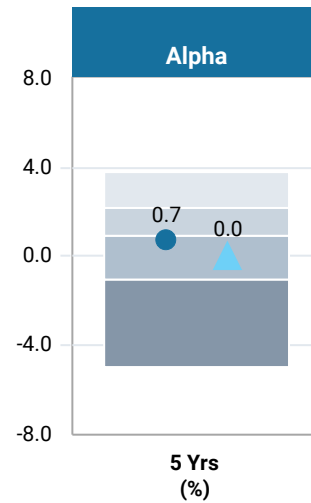
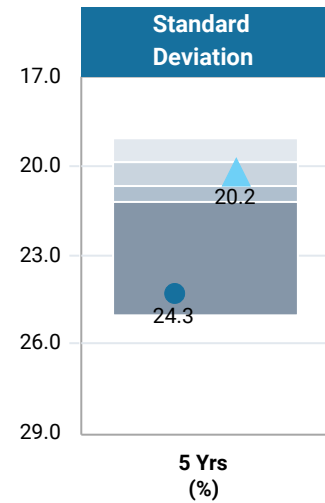
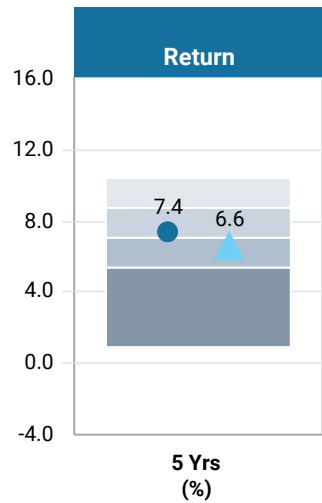


Rolling 5 Years Style Map



● Oberweis Asset Mgmt    ▲ MSCI EAFE Small Cap (Net)

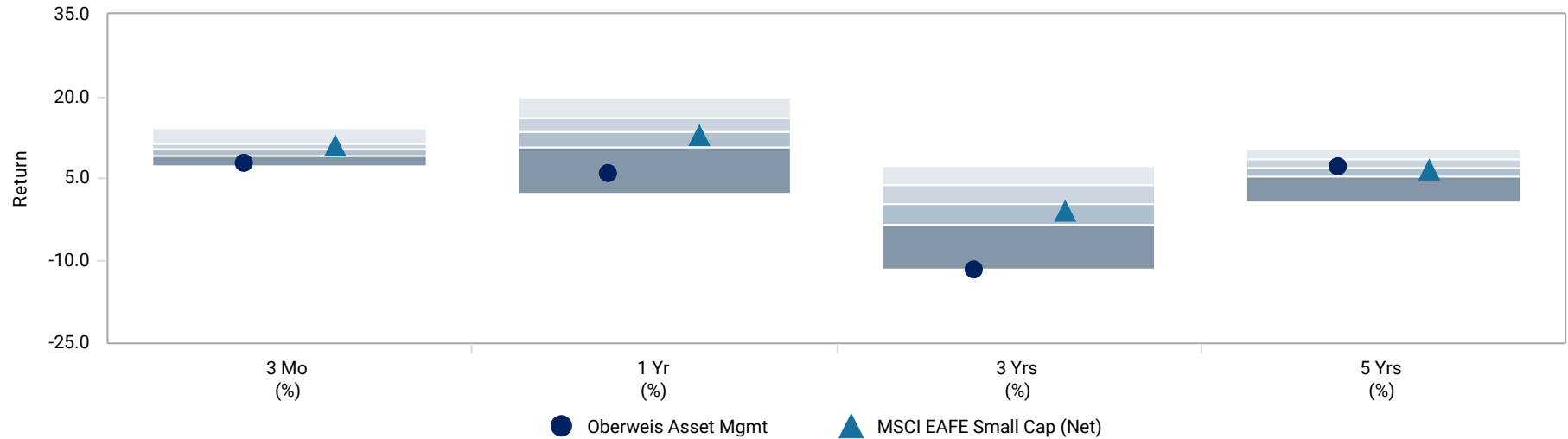
● Oberweis Asset Mgmt    ▲ MSCI EAFE Small Cap (Net)



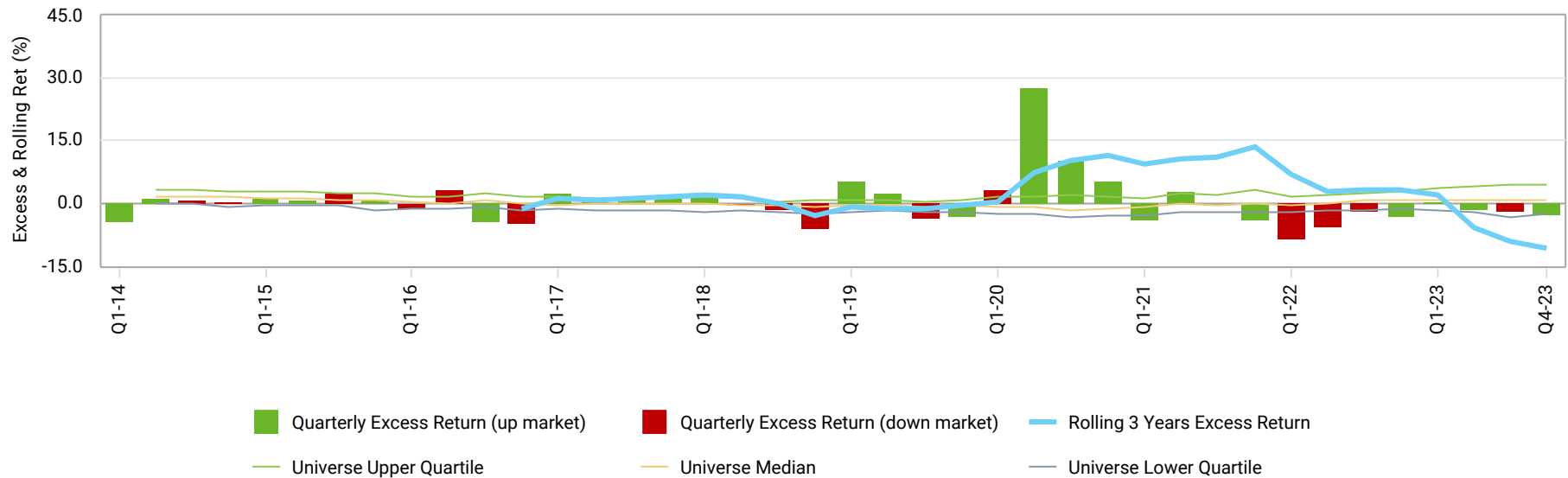


# OBERWEIS ASSET MGMT

## eV EAFE Small Cap Equity (net of fees)



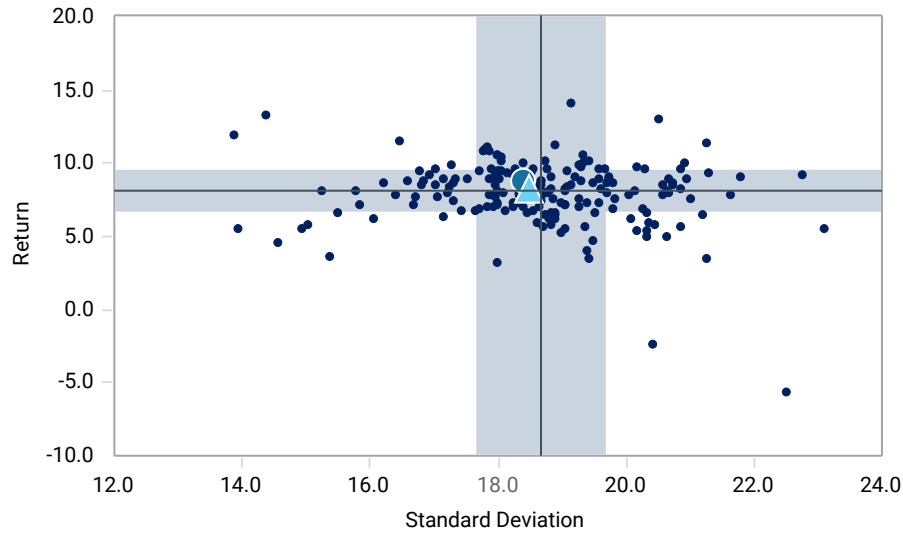
## Quarter Excess Return with a Rolling 3 Years Excess Return over Since Inception Ending December 31, 2023



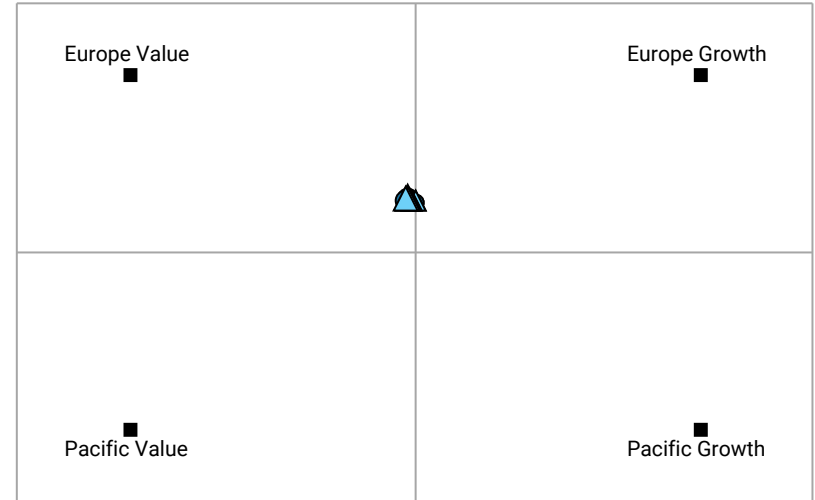
# Los Angeles City Employees' Retirement System-LACERS Master Trust

## SSGA WORLD EX US IMI

5 Years Return vs. Standard Deviation

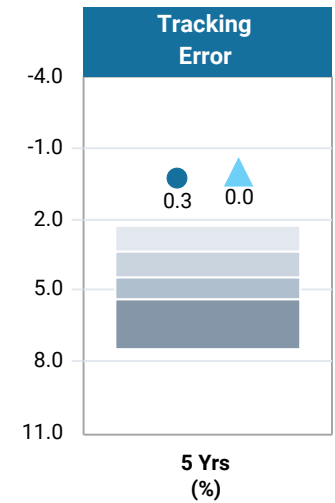
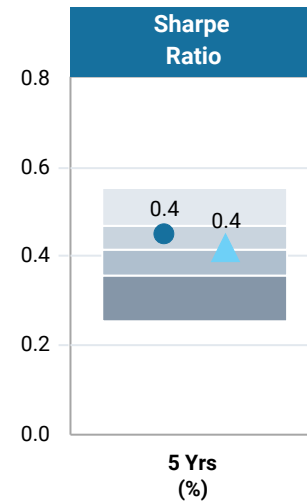
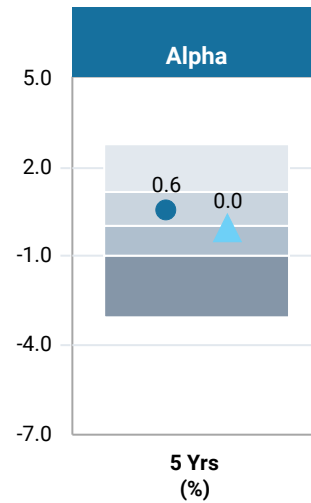
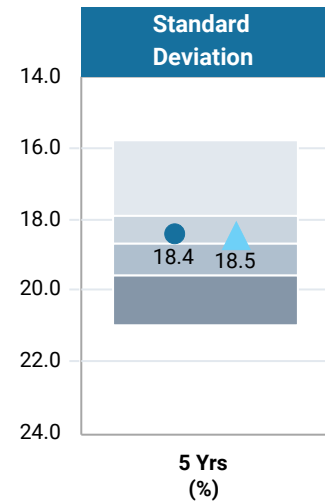
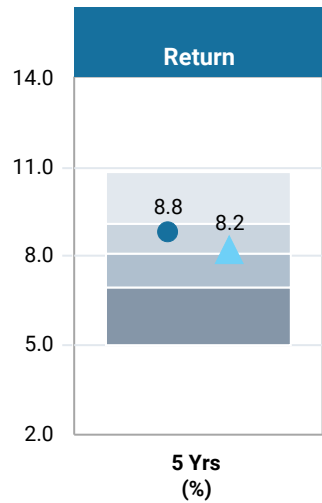


Rolling 5 Years Style Map



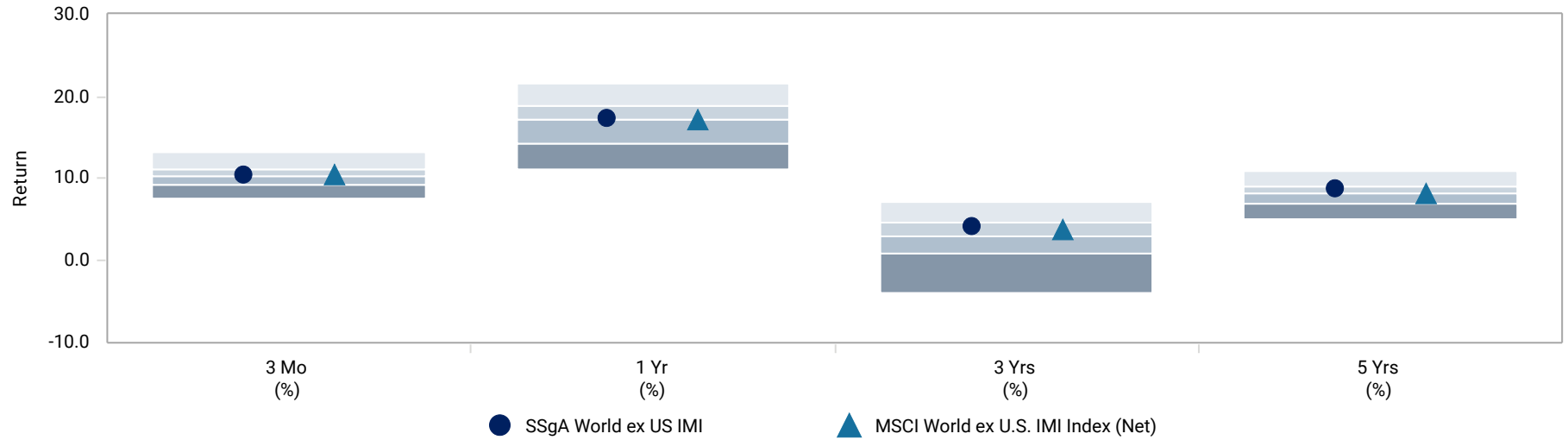
● SSGA World ex US IMI  
▲ MSCI World ex U.S. IMI Index (Net)

● SSGA World ex US IMI  
▲ MSCI World ex U.S. IMI Index (Net)

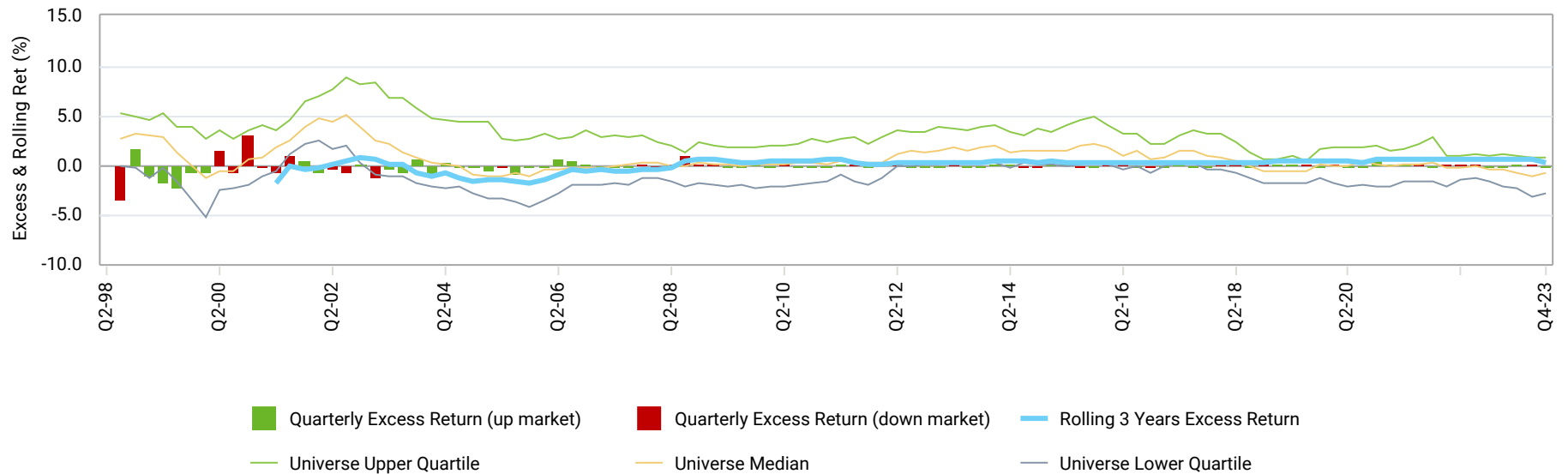


# SSGA WORLD EX US IMI

eV EAFE Core Equity (net of fees)



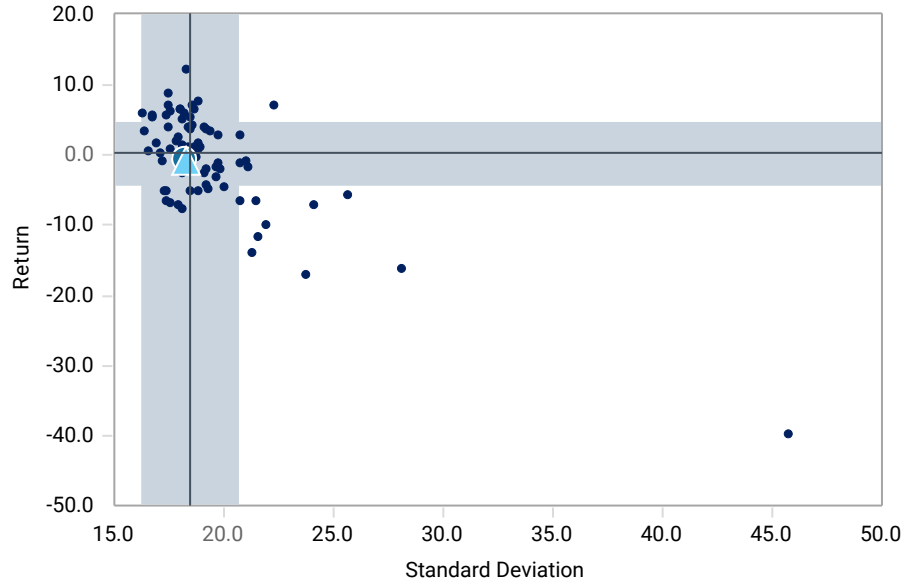
Quarter Excess Return with a Rolling 3 Years Excess Return over Since Inception Ending December 31, 2023



# Los Angeles City Employees' Retirement System-LACERS Master Trust

## SSGA EAFE SC

Since Inception Return vs. Standard Deviation

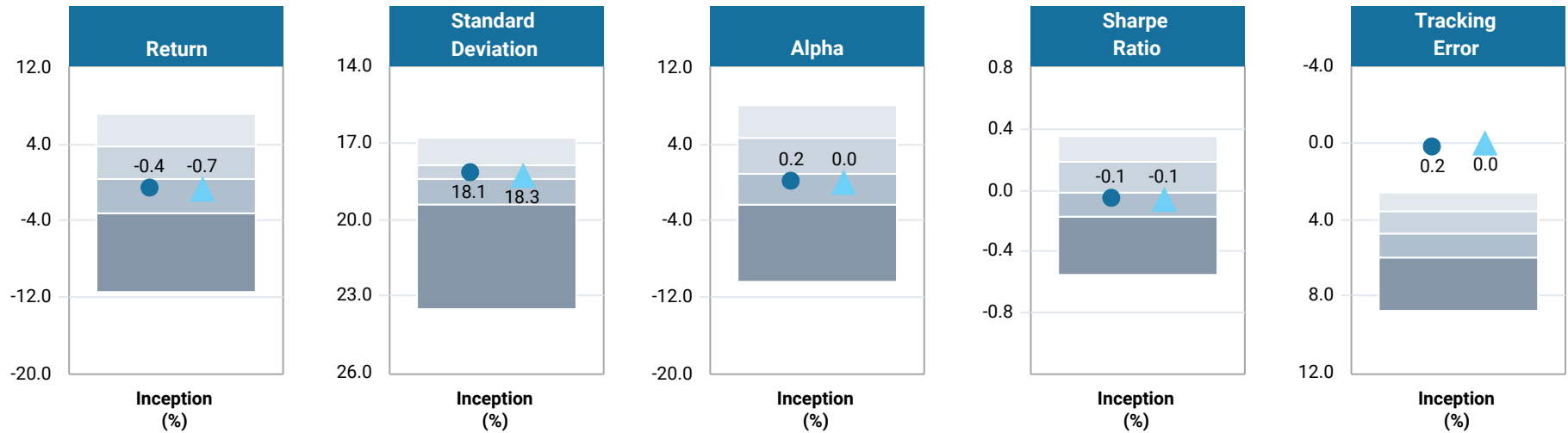


● State Street EAFE SC    ▲ MSCI EAFE Small Cap (Net)

Rolling 1 Year Style Map



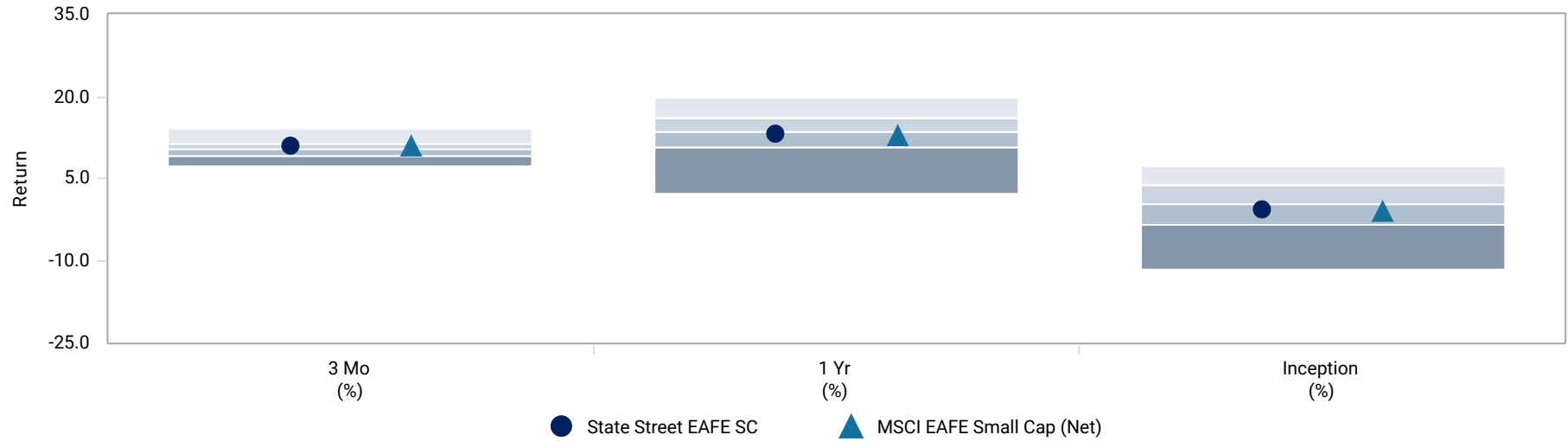
● State Street EAFE SC    ▲ MSCI EAFE Small Cap (Net)



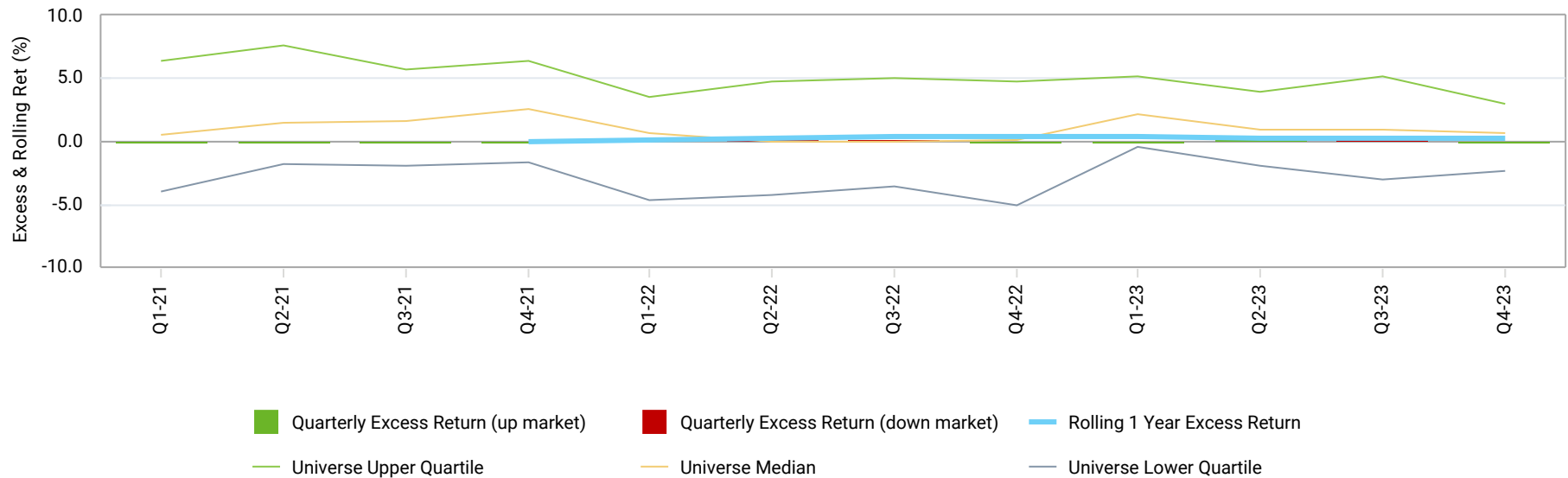
Los Angeles City Employees' Retirement System-LACERS Master Trust  
**SSGA EAFE SC**

December 31, 2023

**eV EAFE Small Cap Equity (net of fees)**



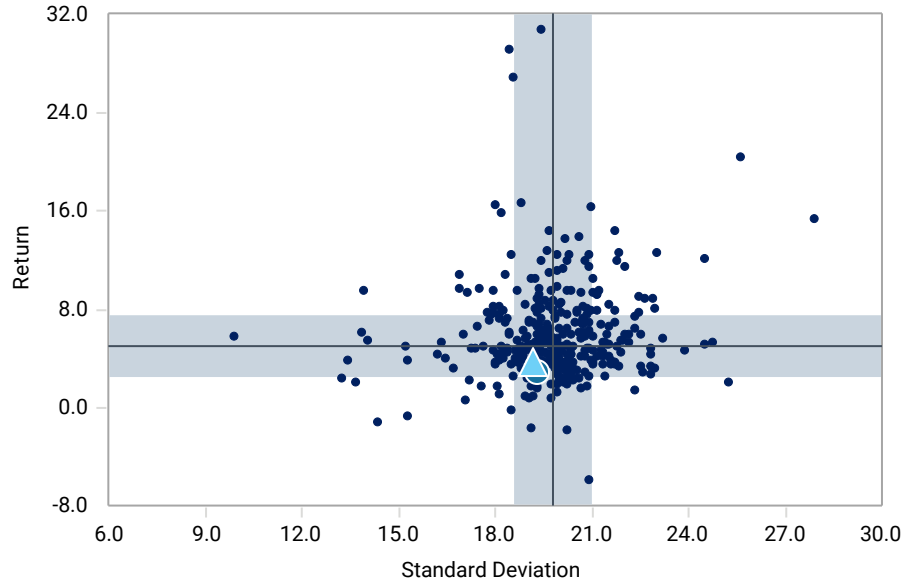
**Quarter Excess Return with a Rolling 1 Year Excess Return over Since Inception Ending December 31, 2023**



# Los Angeles City Employees' Retirement System-LACERS Master Trust

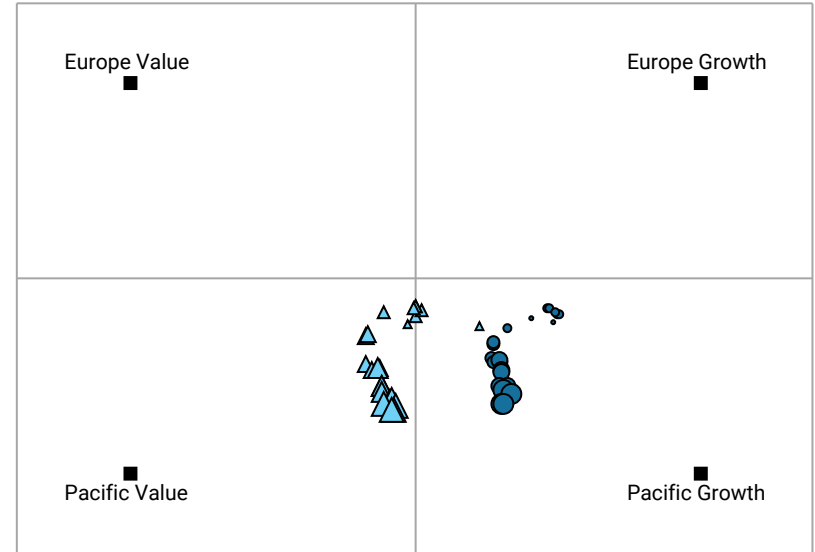
## AXIOM EMERGING MARKETS

5 Years Return vs. Standard Deviation

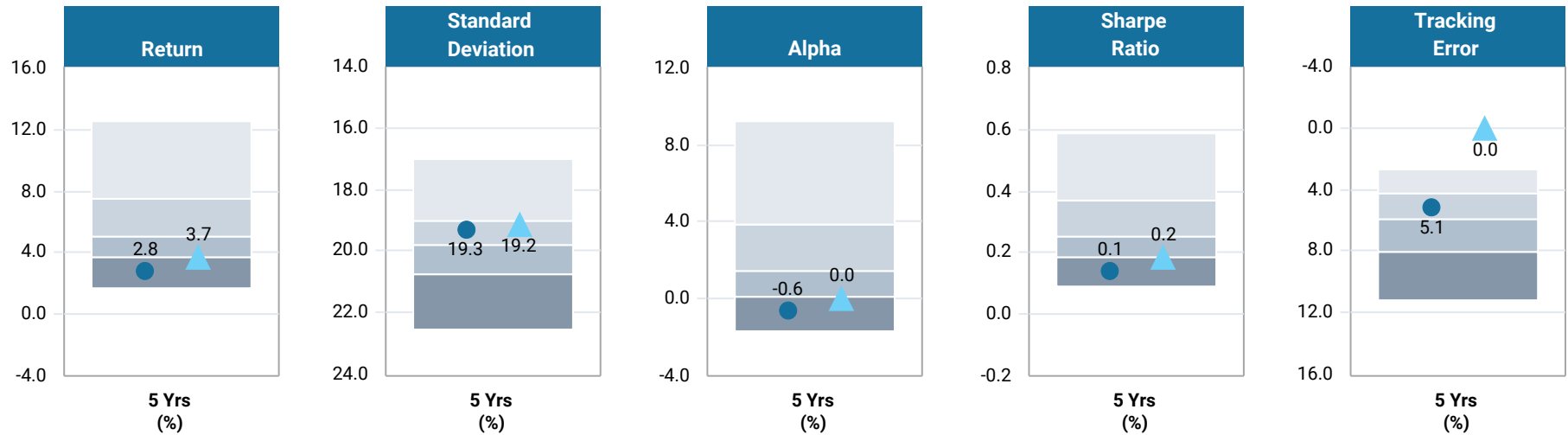


● Axiom Emerging Markets    ▲ MSCI Emerging Markets (Net)

Rolling 5 Years Style Map

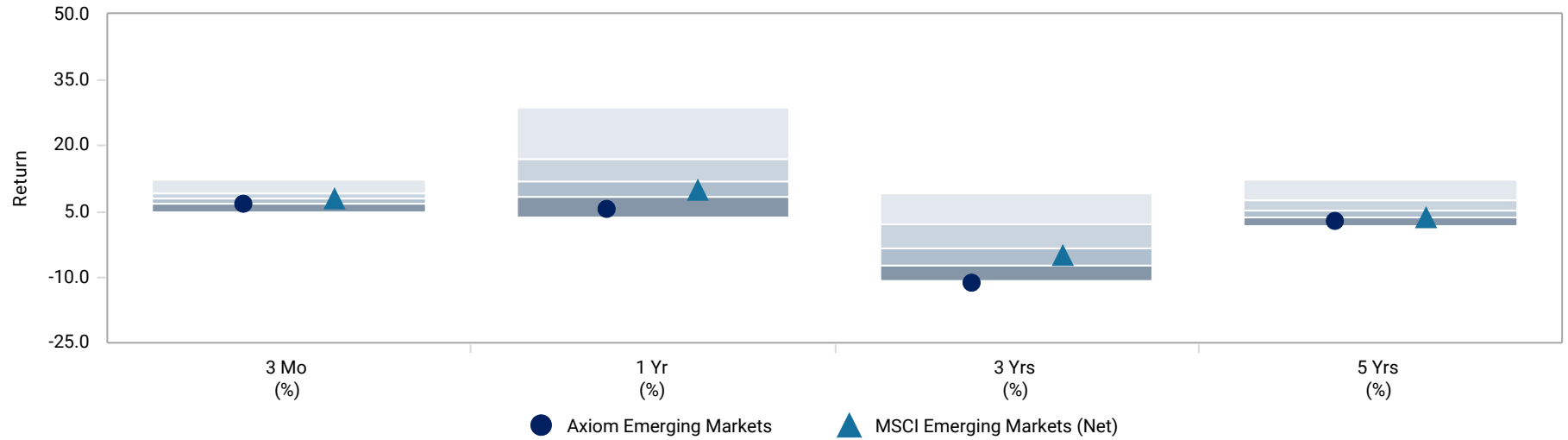


● Axiom Emerging Markets    ▲ MSCI Emerging Markets (Net)

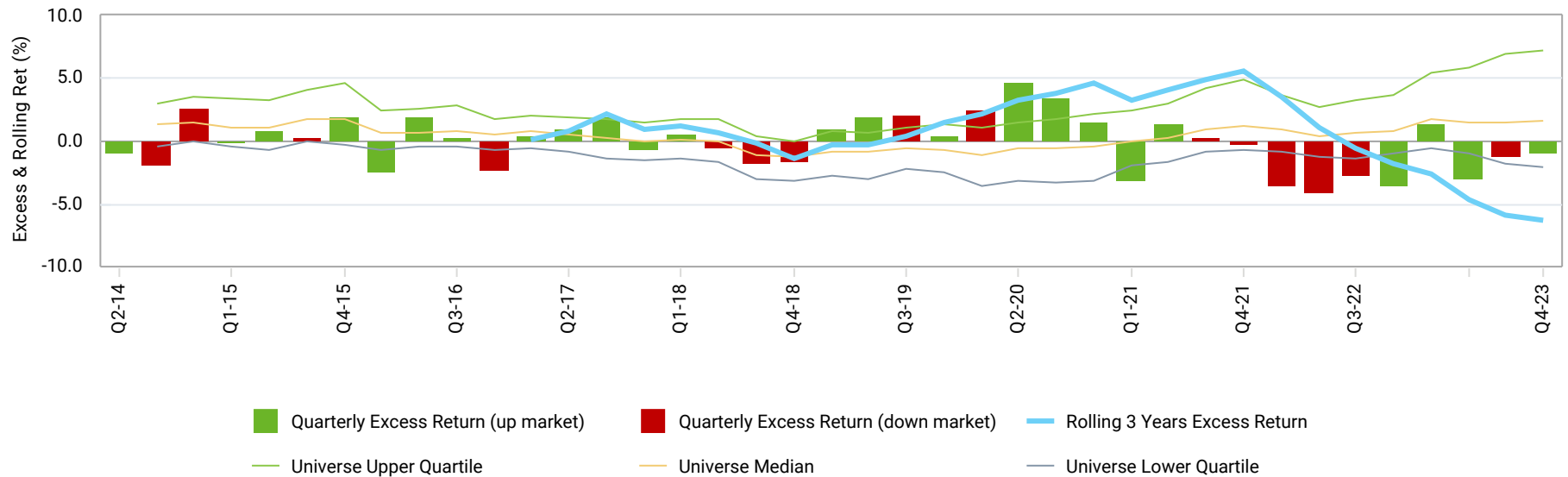


# AXIOM EMERGING MARKETS

## eV Emg Mkts Equity (net of fees)

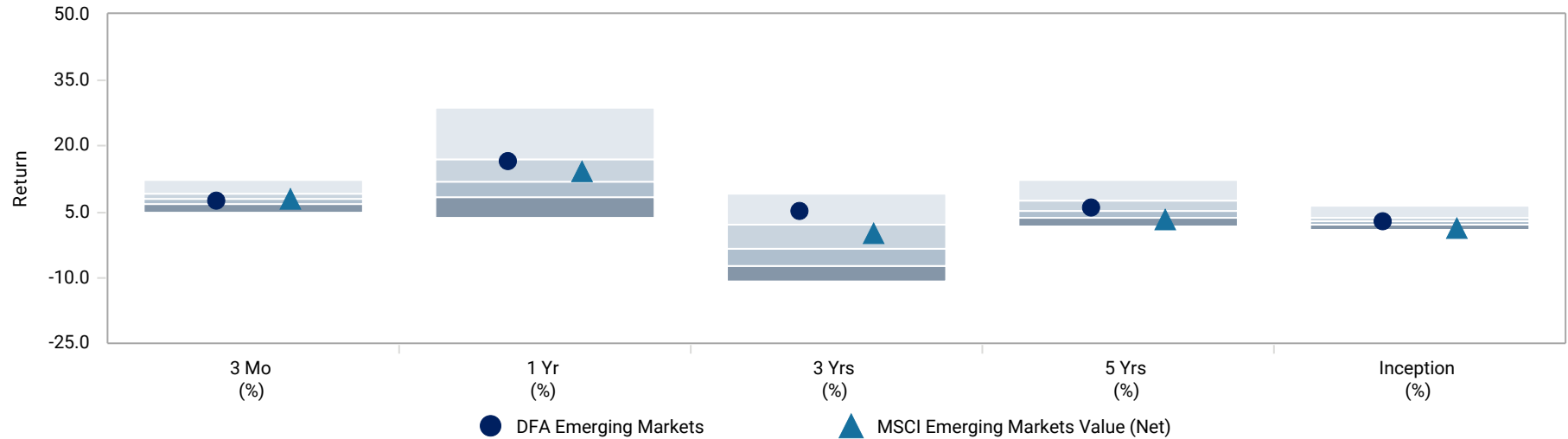


## Quarter Excess Return with a Rolling 3 Years Excess Return over Since Inception Ending December 31, 2023

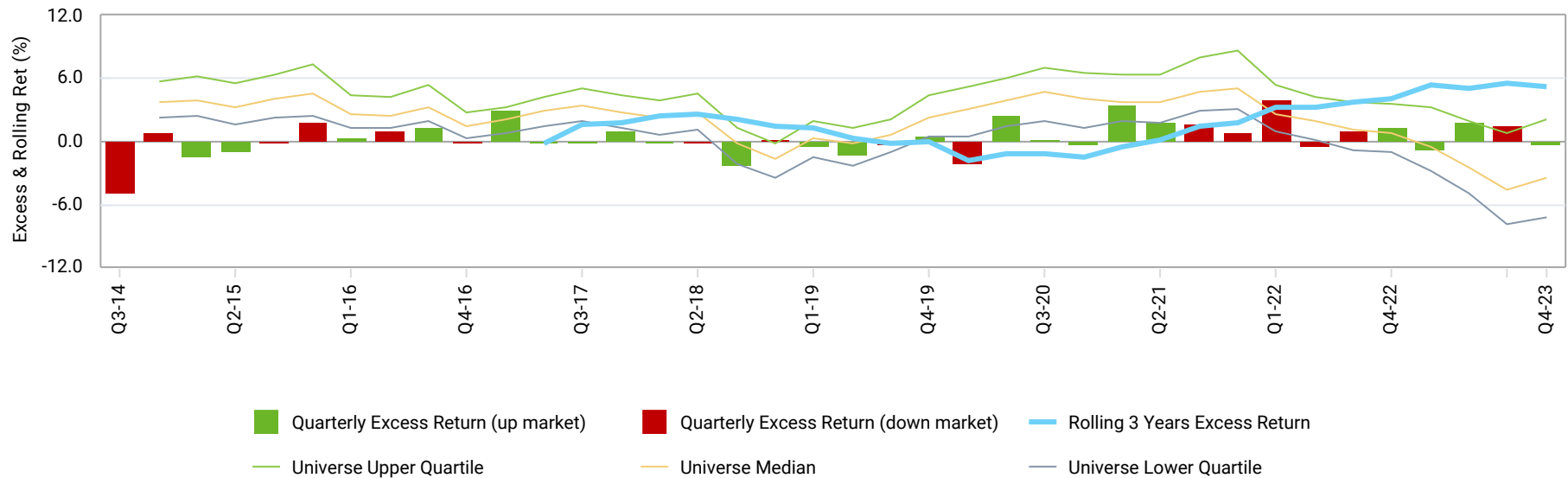


# DFA EMERGING MARKETS

eV Emg Mkts Equity (net of fees)



Quarter Excess Return with a Rolling 3 Years Excess Return over Since Inception Ending December 31, 2023

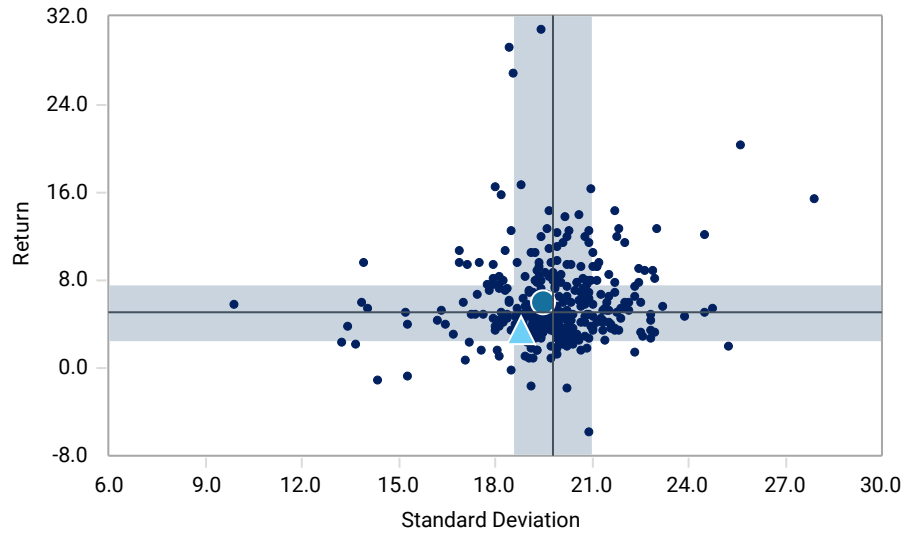




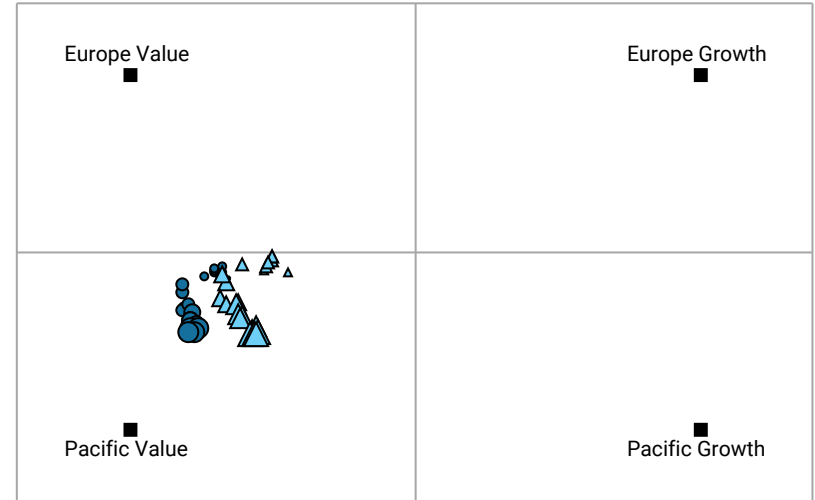
# Los Angeles City Employees' Retirement System-LACERS Master Trust

## DFA EMERGING MARKETS

5 Years Return vs. Standard Deviation

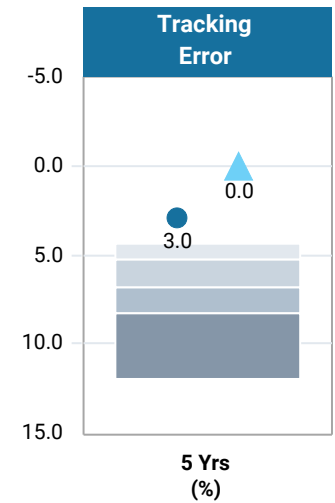
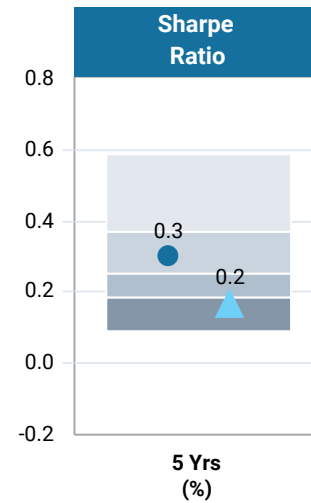
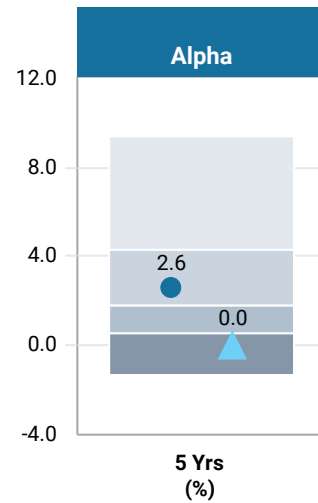
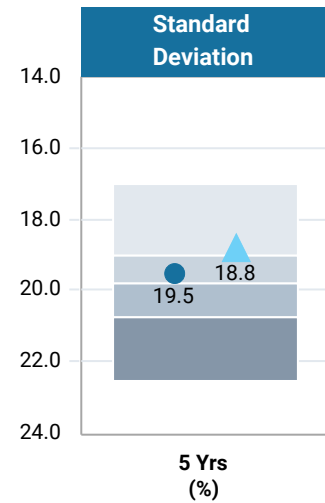
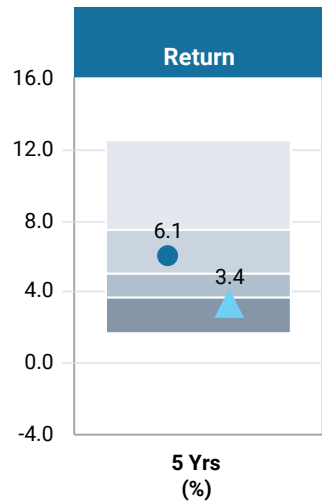


Rolling 5 Years Style Map



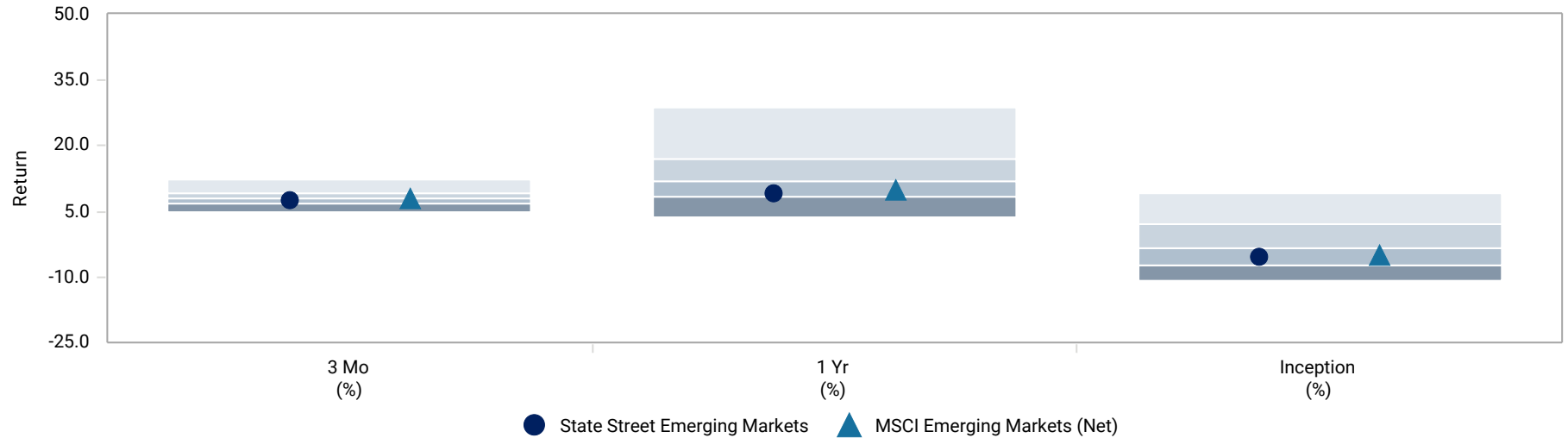
● DFA Emerging Markets  
▲ MSCI Emerging Markets Value (Net)

● DFA Emerging Markets  
▲ MSCI Emerging Markets Value (Net)

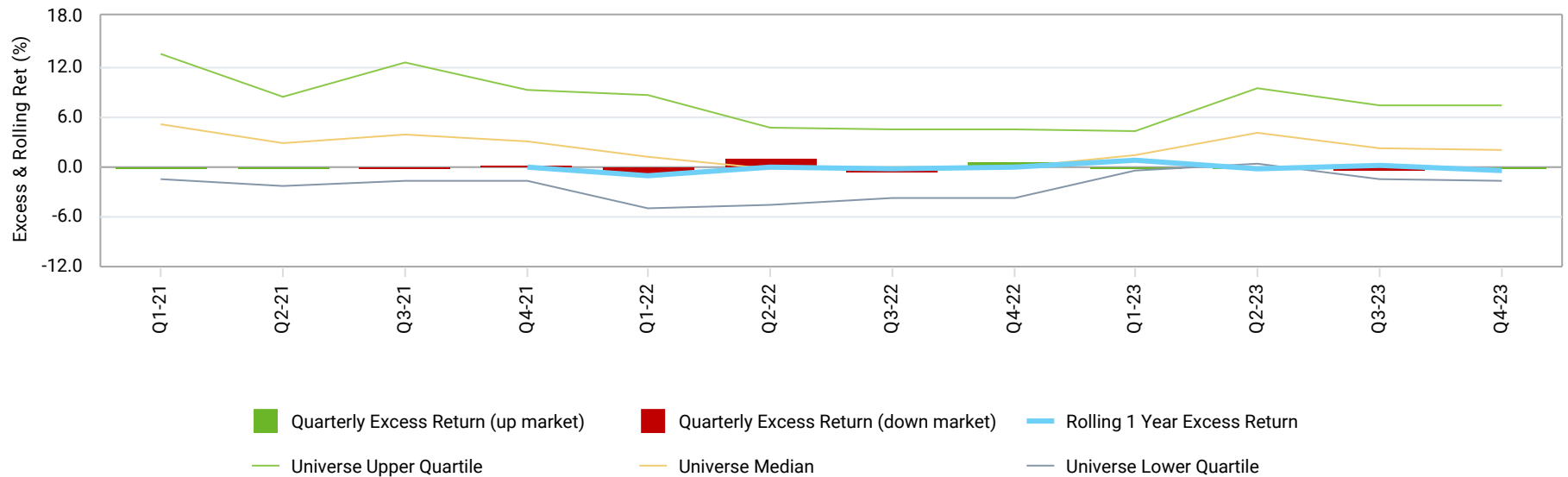


# SSGA EMERGING MARKETS

eV Emg Mkts Equity (net of fees)



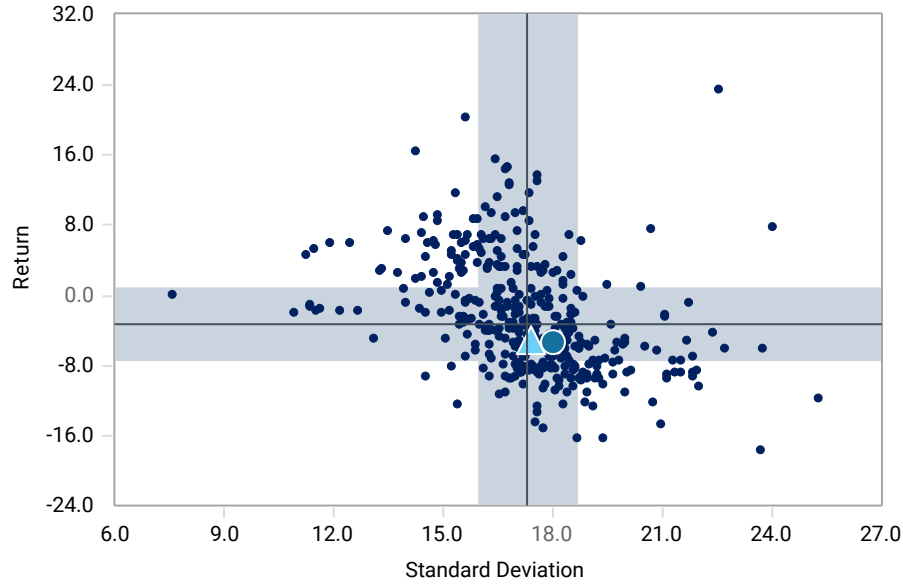
Quarter Excess Return with a Rolling 1 Year Excess Return over Since Inception Ending December 31, 2023



# Los Angeles City Employees' Retirement System-LACERS Master Trust

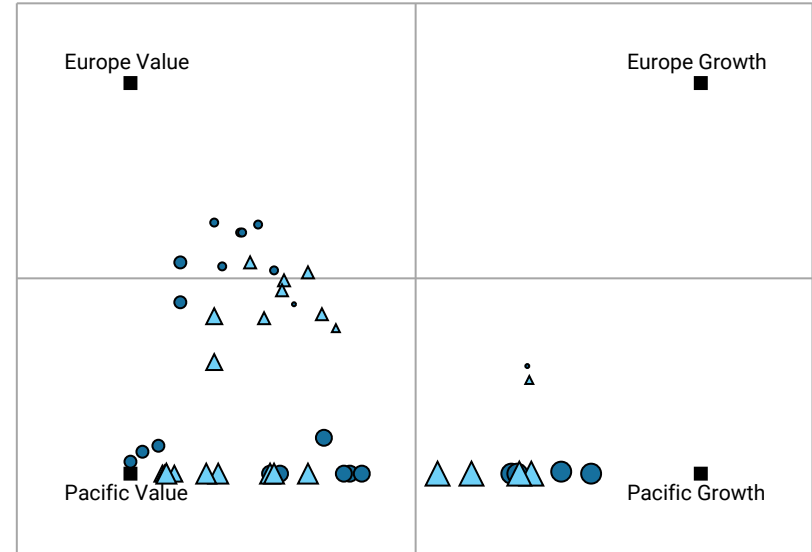
## SSGA EMERGING MARKETS

Since Inception Return vs. Standard Deviation

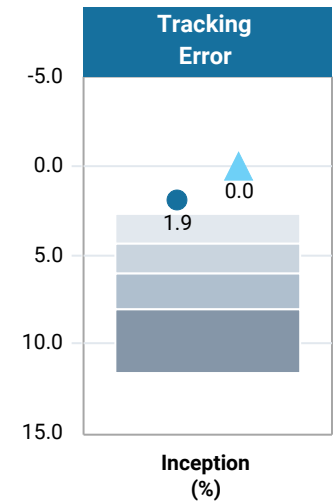
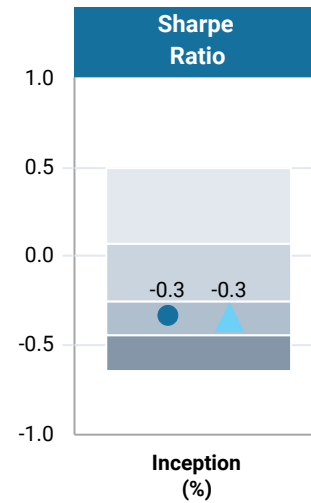
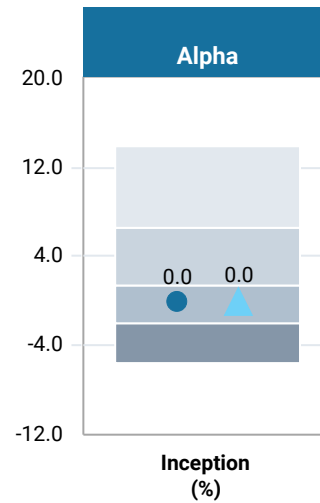
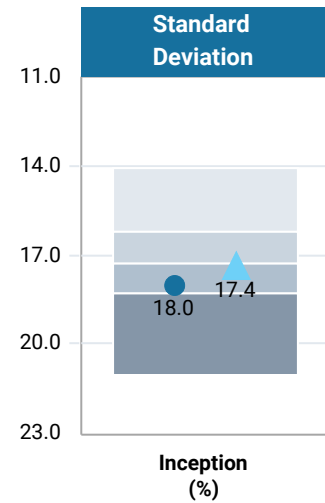
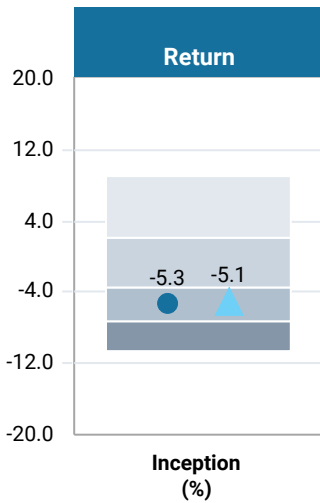


● State Street Emerging Markets ▲ MSCI Emerging Markets (Net)

Rolling 1 Year Style Map

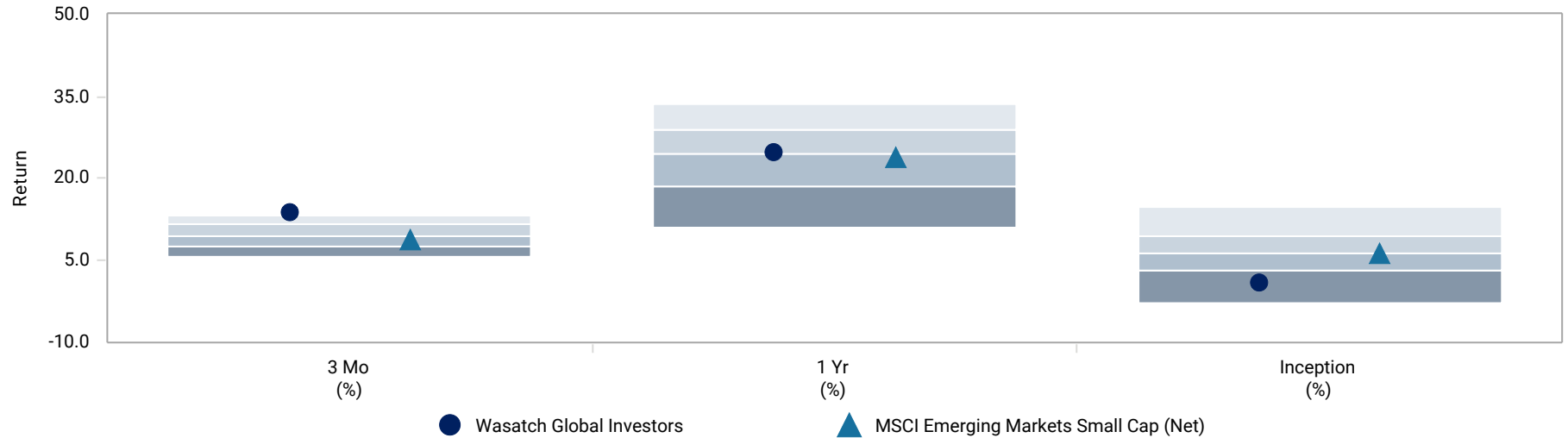


● State Street Emerging Markets ▲ MSCI Emerging Markets (Net)

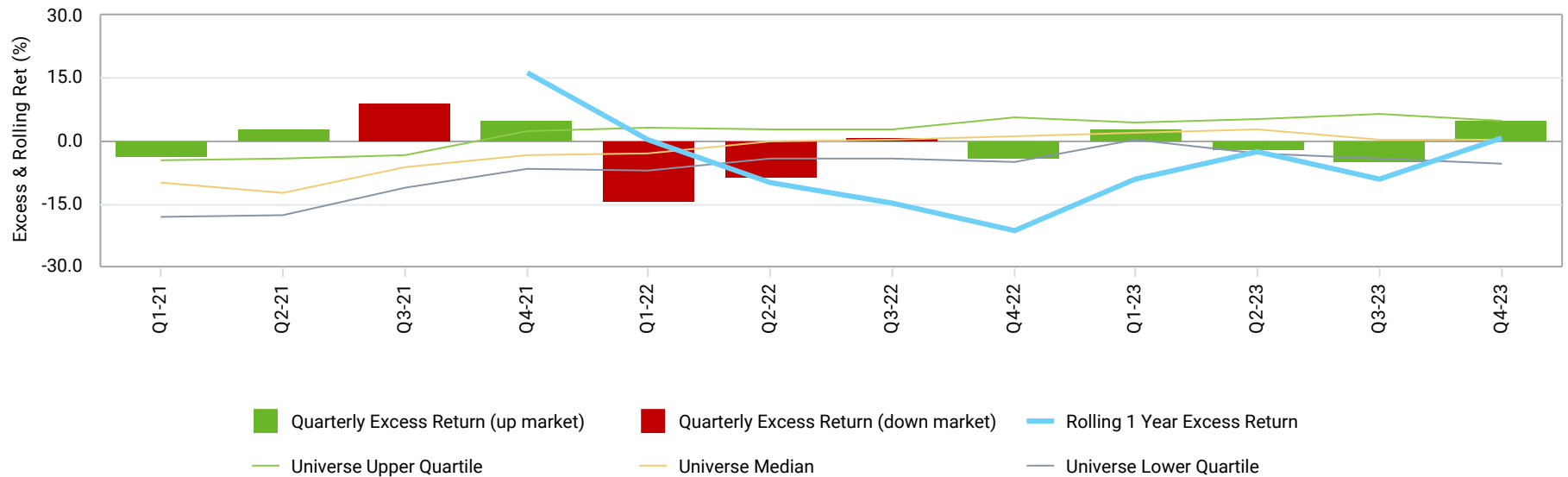


# WASATCH GLOBAL INVESTORS

## eV Emg Mkts Small Cap Equity (net of fees)



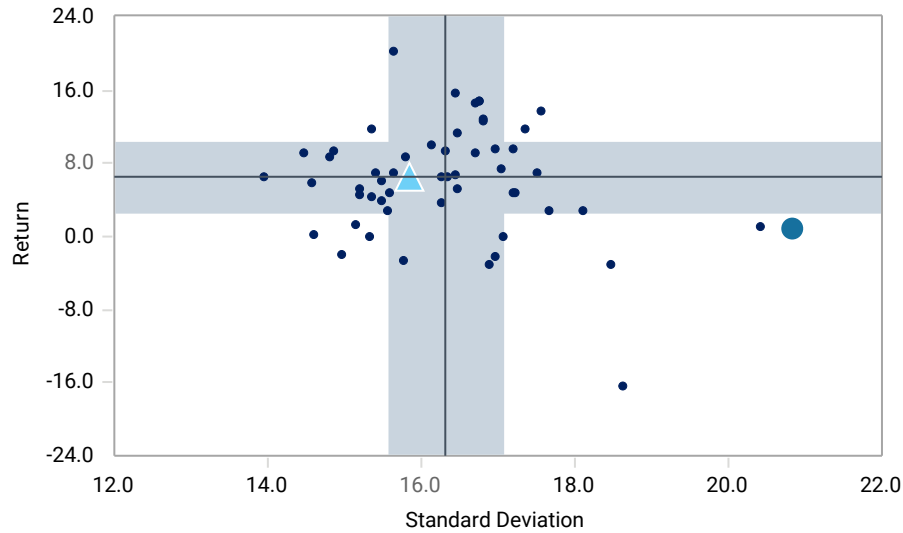
## Quarter Excess Return with a Rolling 1 Year Excess Return over Since Inception Ending December 31, 2023



# Los Angeles City Employees' Retirement System-LACERS Master Trust

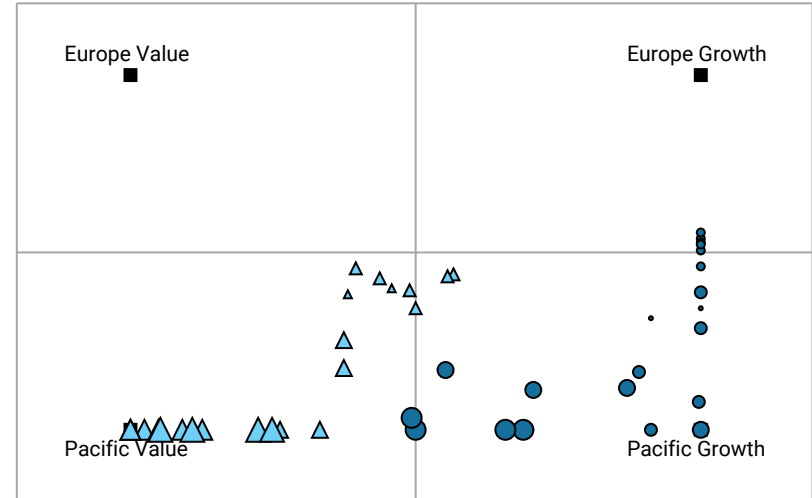
## WASATCH GLOBAL INVESTORS

Since Inception Return vs. Standard Deviation

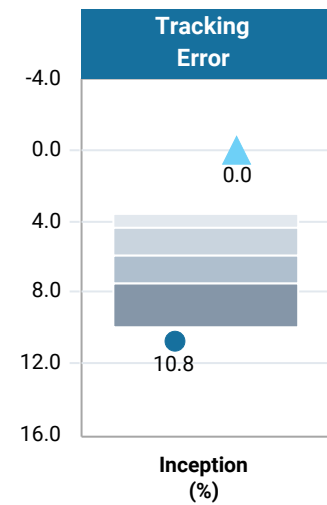
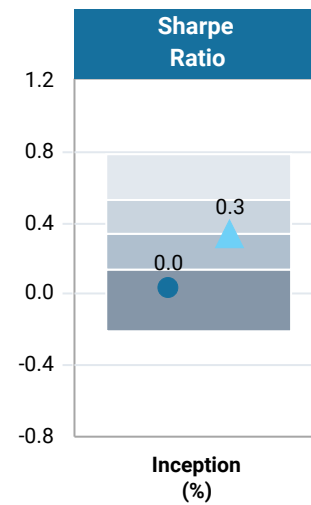
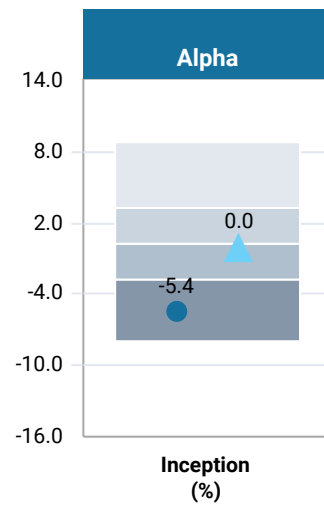
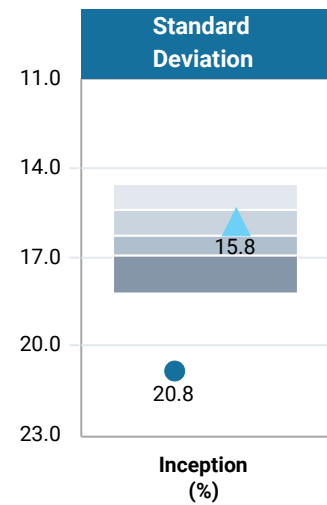
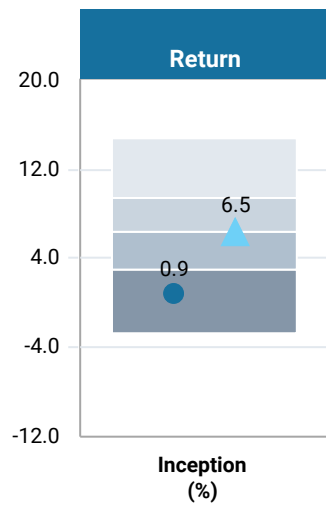


- Wasatch Global Investors
- ▲ MSCI Emerging Markets Small Cap (Net)

Rolling 1 Year Style Map



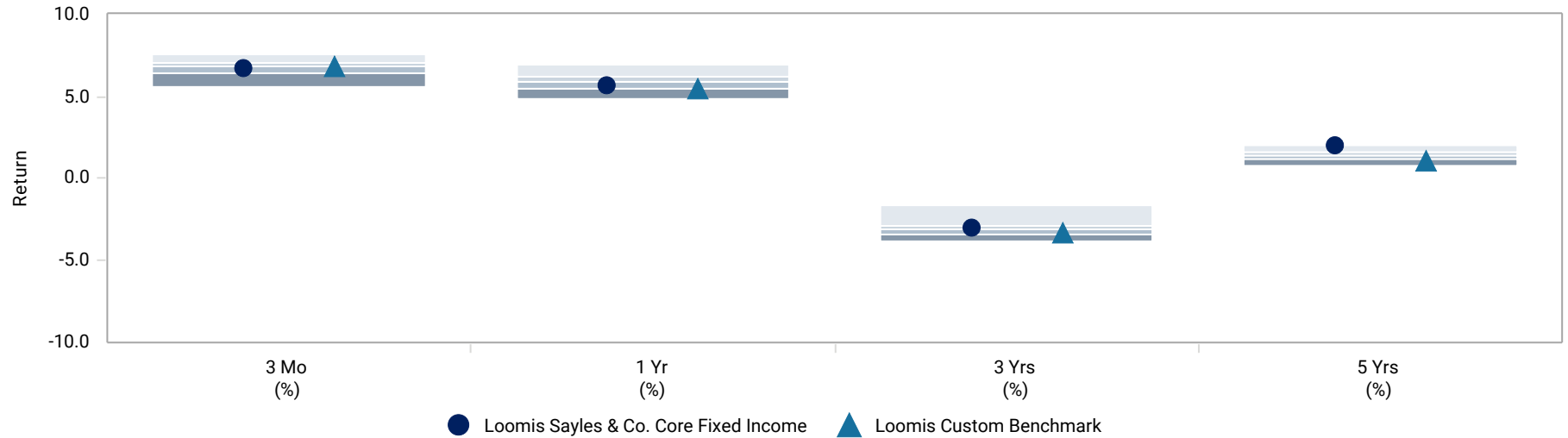
- Wasatch Global Investors
- ▲ MSCI Emerging Markets Small Cap (Net)



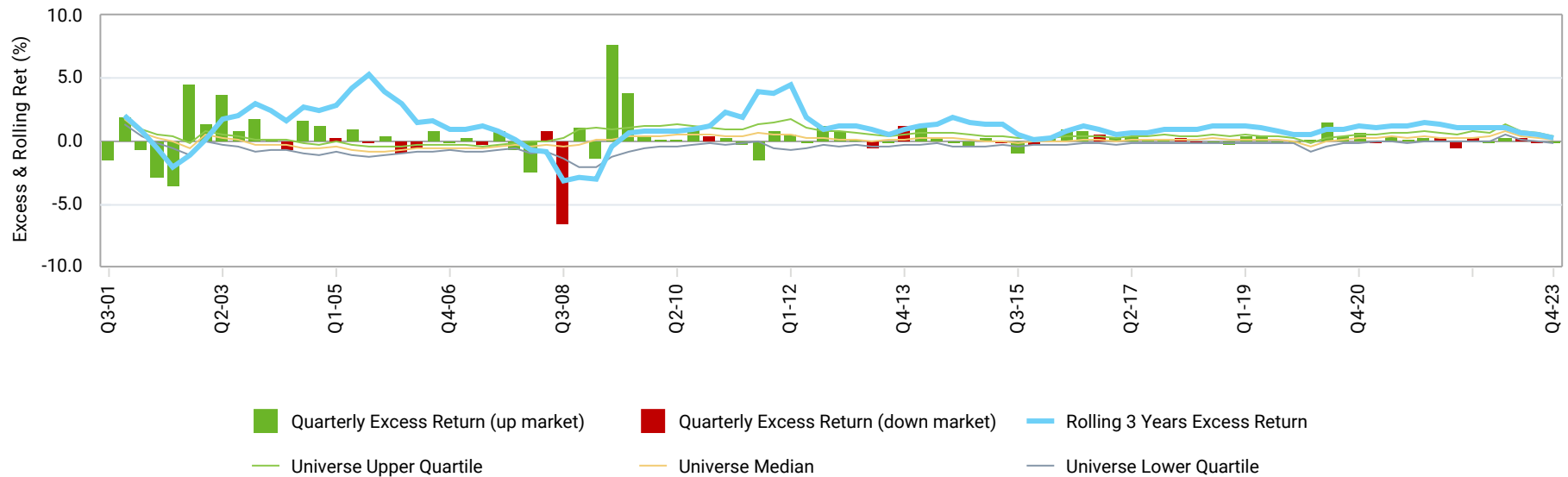
# CORE FIXED INCOME MANAGER PERFORMANCE

# LOOMIS SAYLES & CO. CORE FIXED INCOME

## eV US Core Fixed Inc (net of fees)



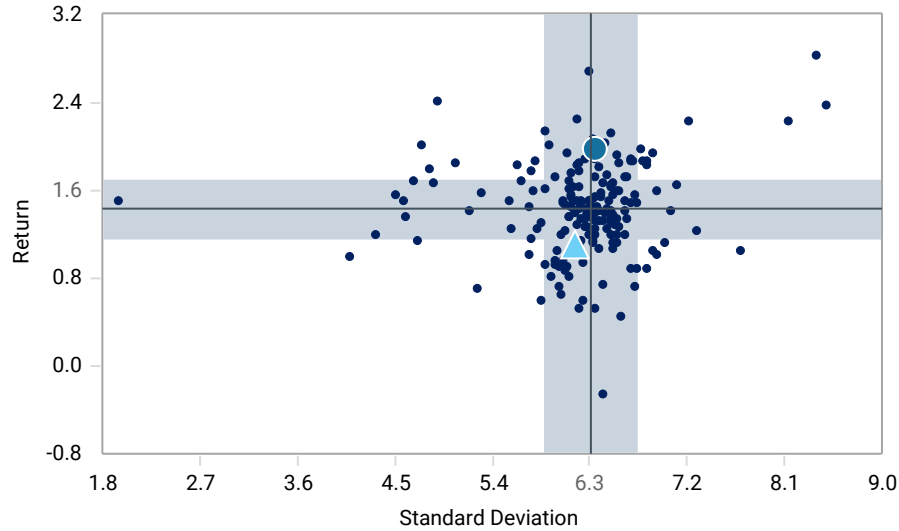
## Quarter Excess Return with a Rolling 3 Years Excess Return over Since Inception Ending December 31, 2023



Los Angeles City Employees' Retirement System-LACERS Master Trust

# LOOMIS SAYLES & CO. CORE FIXED INCOME

5 Years Return vs. Standard Deviation

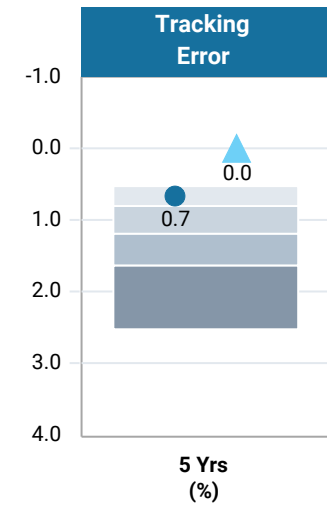
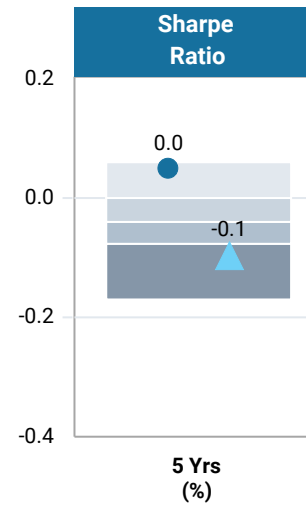
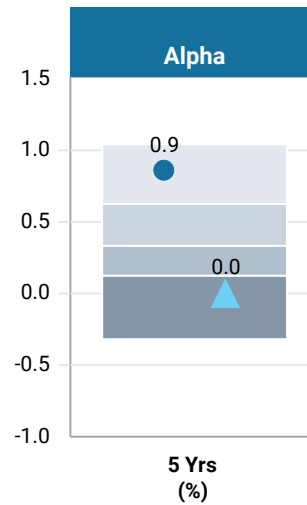
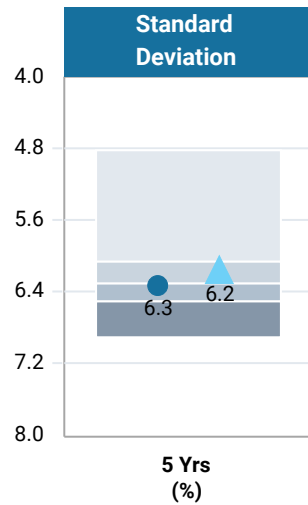
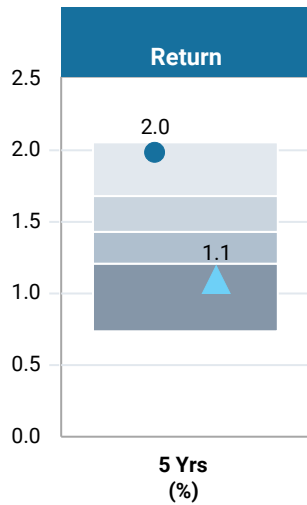


Style Map: (5 Years)



● Loomis Sayles & Co. Core Fixed Income  
▲ Loomis Custom Benchmark

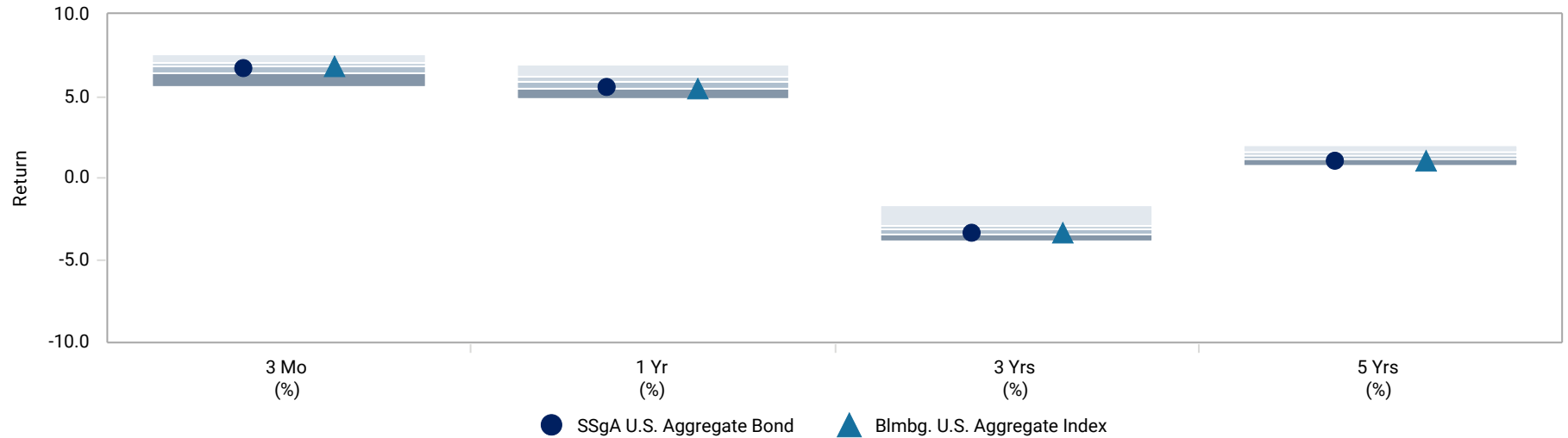
● Loomis Sayles & Co. Core Fixed Income  
▲ Loomis Custom Benchmark





# SSGA U.S. AGGREGATE BOND

## eV US Core Fixed Inc (net of fees)



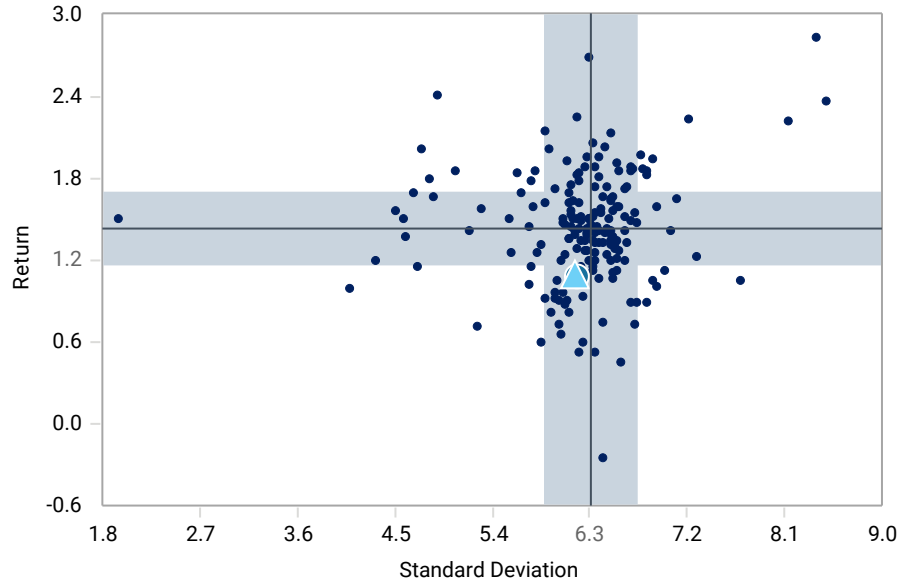
## Quarter Excess Return with a Rolling 3 Years Excess Return over Since Inception Ending December 31, 2023



# Los Angeles City Employees' Retirement System-LACERS Master Trust

## SSGA U.S. AGGREGATE BOND

5 Years Return vs. Standard Deviation

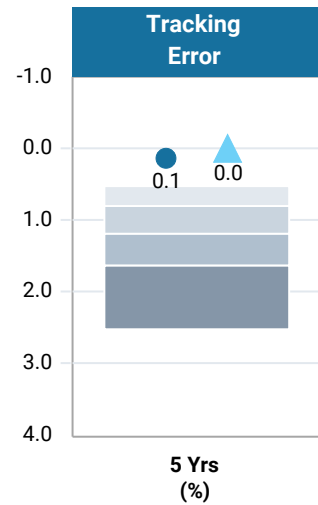
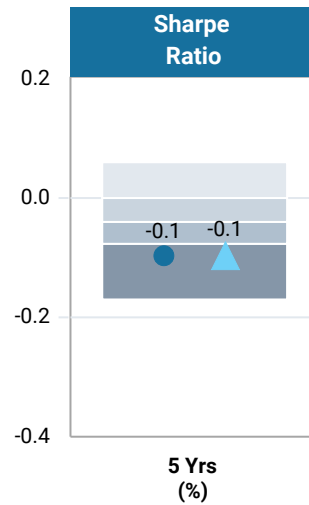
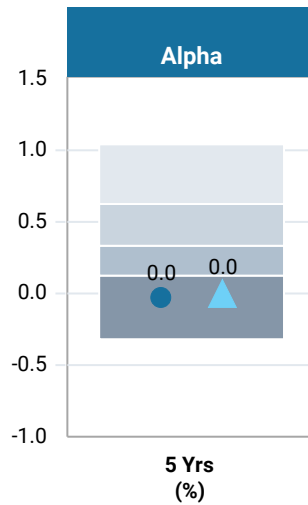
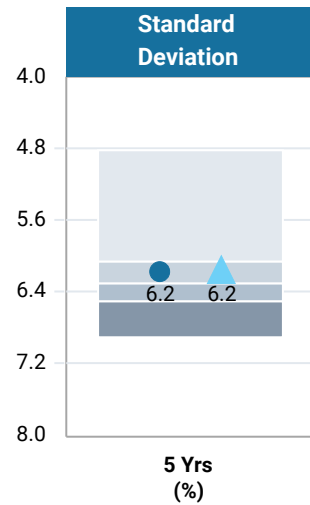
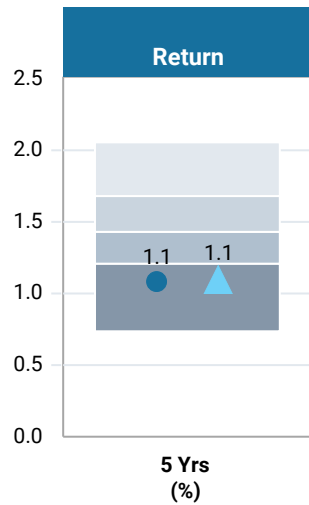


Style Map: (5 Years)



● SSGA U.S. Aggregate Bond ▲ Blmbg. U.S. Aggregate Index

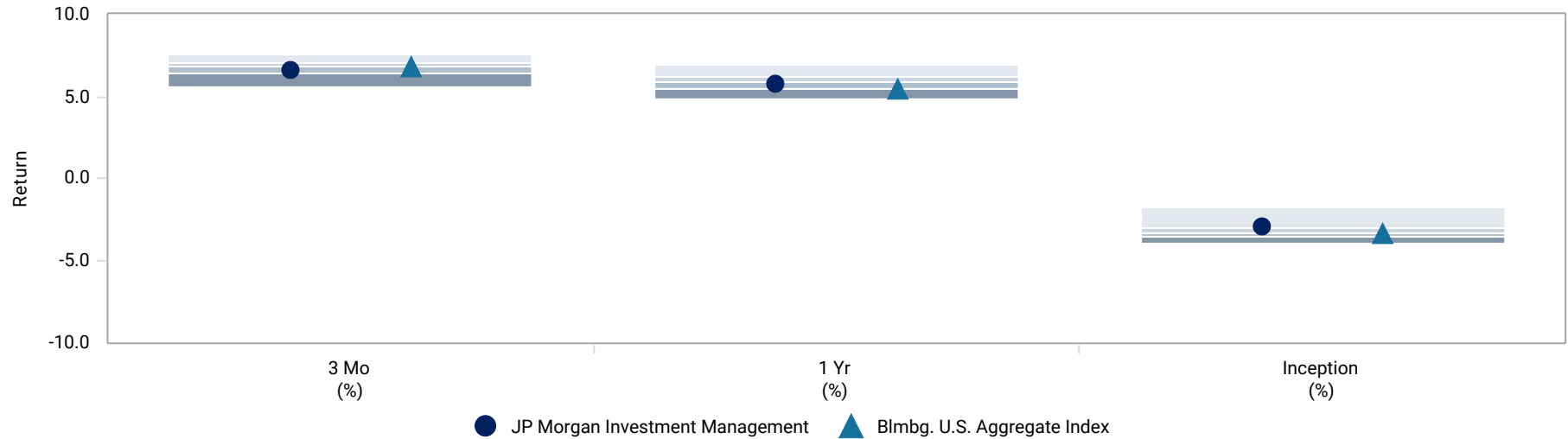
● SSGA U.S. Aggregate Bond ▲ Blmbg. U.S. Aggregate Index



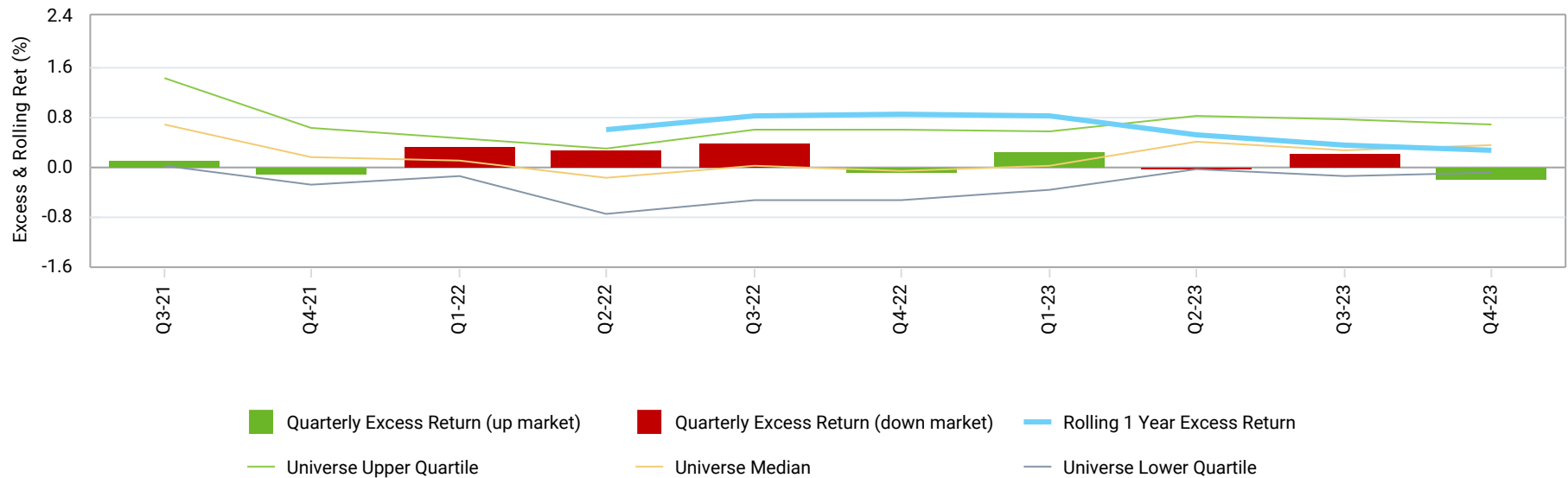
# Los Angeles City Employees' Retirement System-LACERS Master Trust

## JP MORGAN INVESTMENT MGMT

### eV US Core Fixed Inc (net of fees)



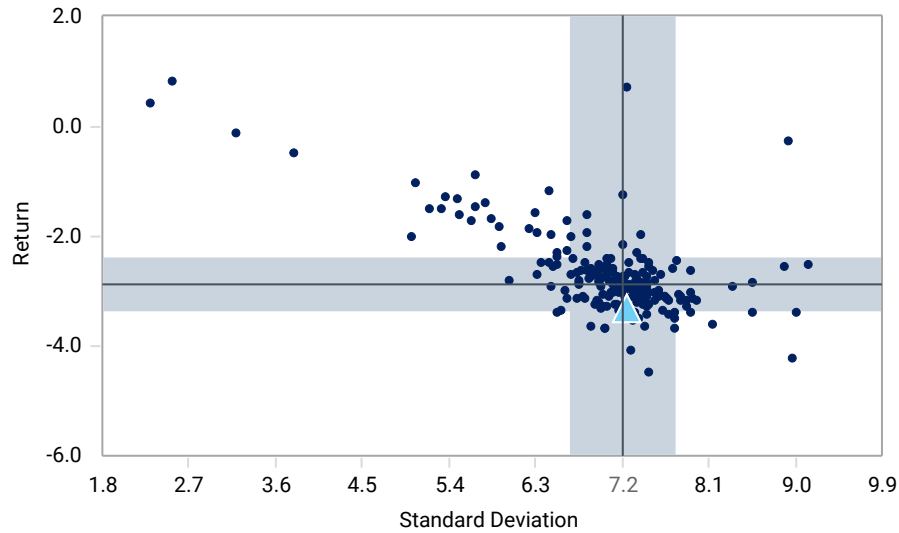
### Quarter Excess Return with a Rolling 1 Year Excess Return over Since Inception Ending December 31, 2023



Los Angeles City Employees' Retirement System-LACERS Master Trust

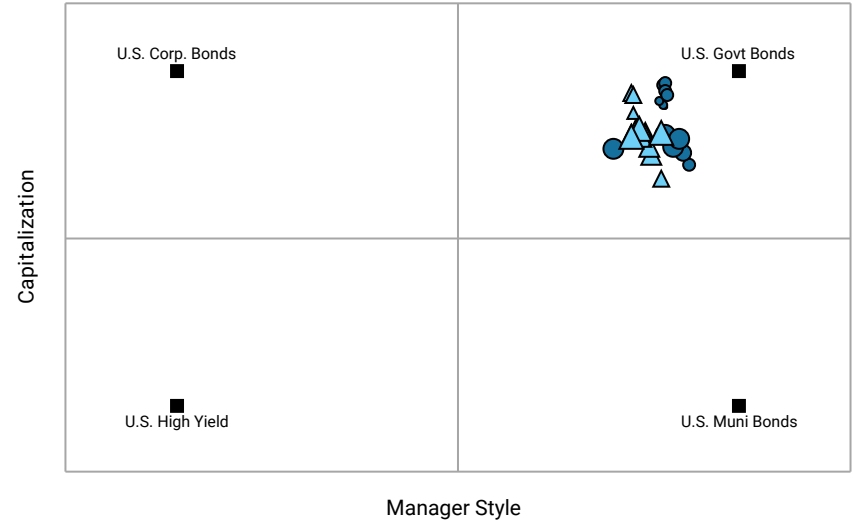
# JP MORGAN INVESTMENT MANAGEMENT

3 Years Return vs. Standard Deviation

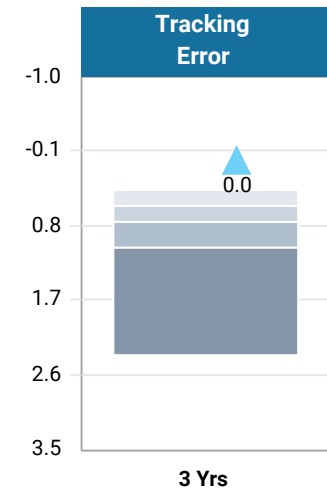
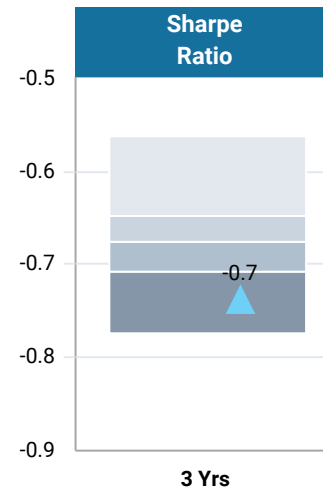
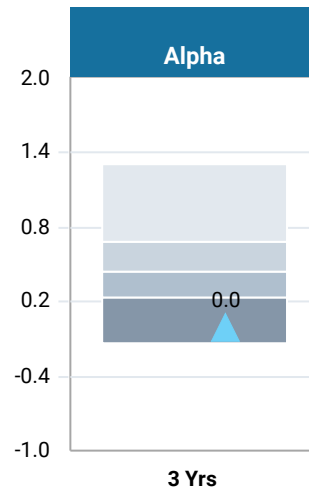
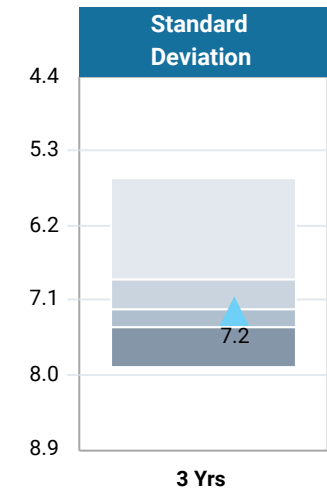
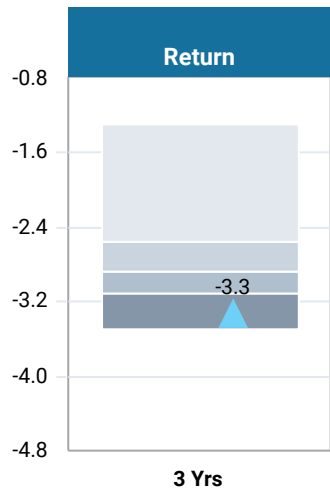


- JP Morgan Investment Management
- ▲ Blmbg. U.S. Aggregate Index

Style Map: (1 Year)



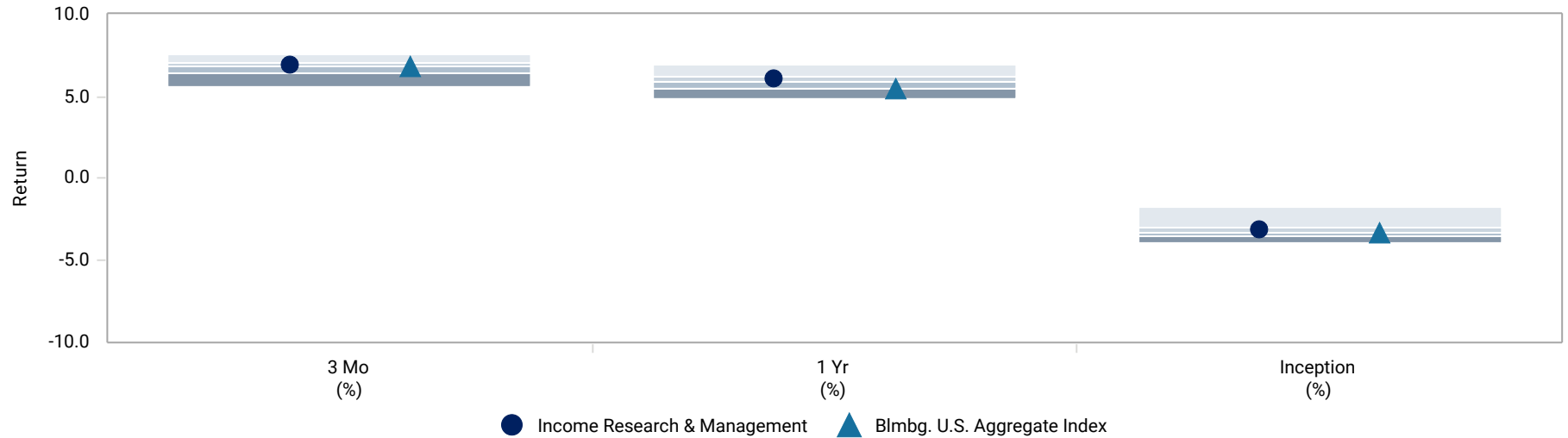
- JP Morgan Investment Management
- ▲ Blmbg. U.S. Aggregate Index



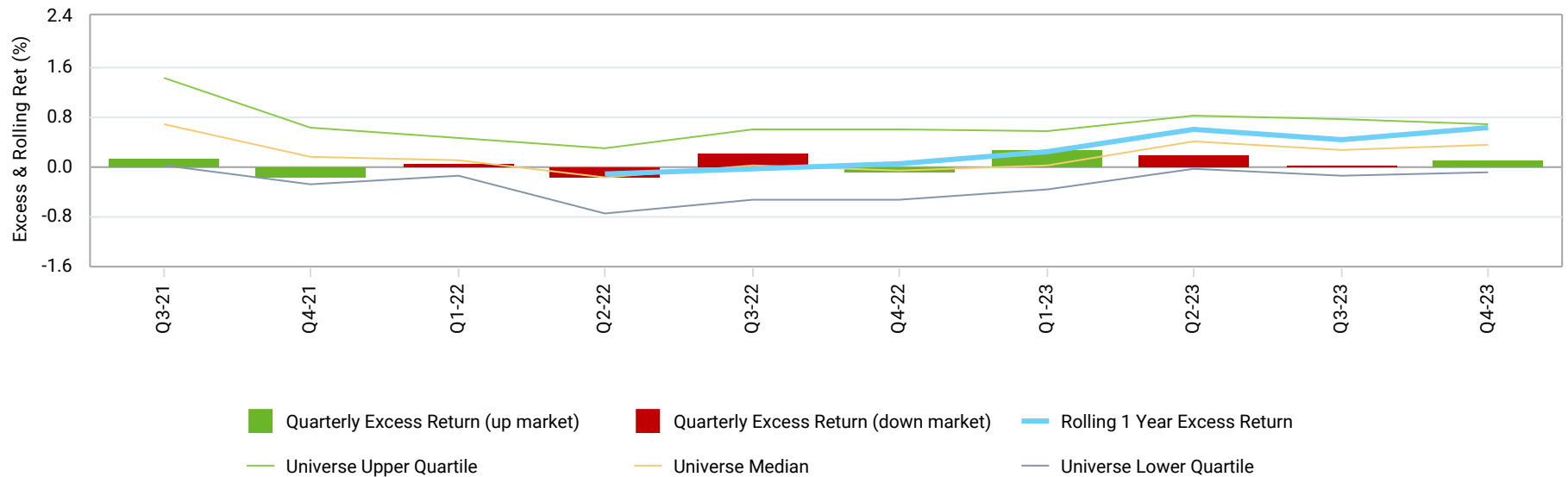
Los Angeles City Employees' Retirement System-LACERS Master Trust  
**INCOME RESEARCH AND MGMT**

December 31, 2023

**eV US Core Fixed Inc (net of fees)**



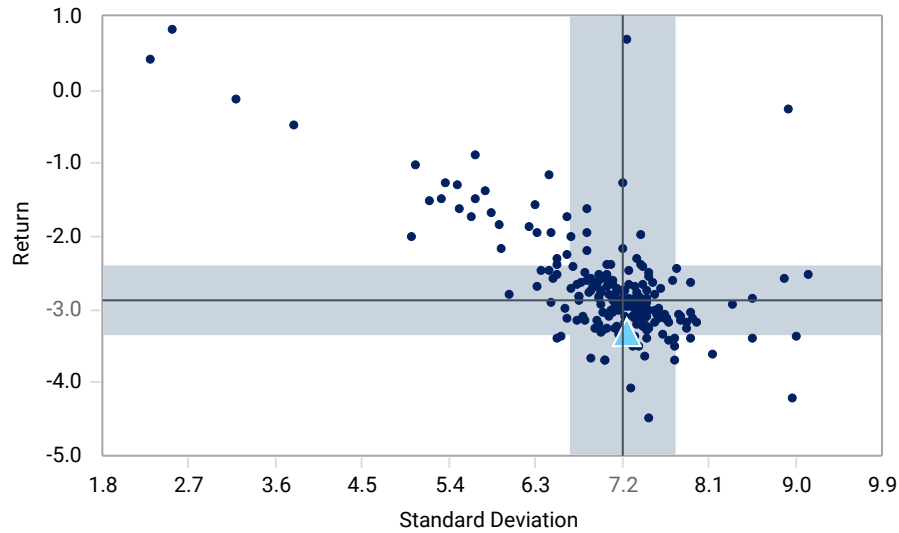
**Quarter Excess Return with a Rolling 1 Year Excess Return over Since Inception Ending December 31, 2023**



# Los Angeles City Employees' Retirement System-LACERS Master Trust

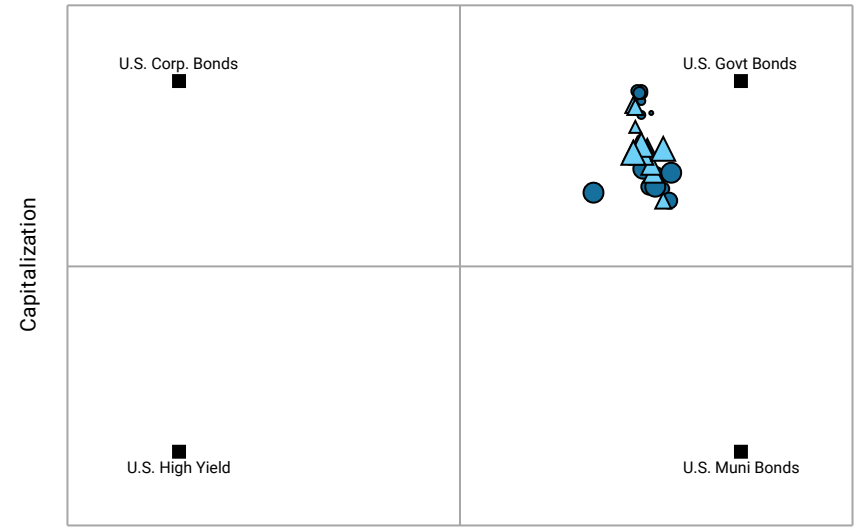
## INCOME RESEARCH & MANAGEMENT

3 Years Return vs. Standard Deviation

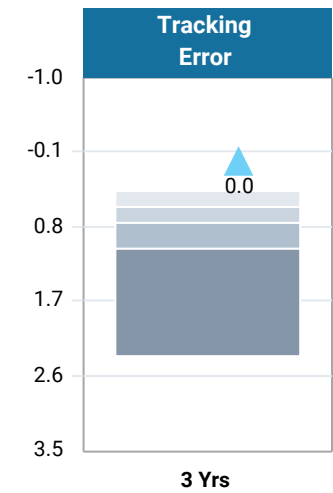
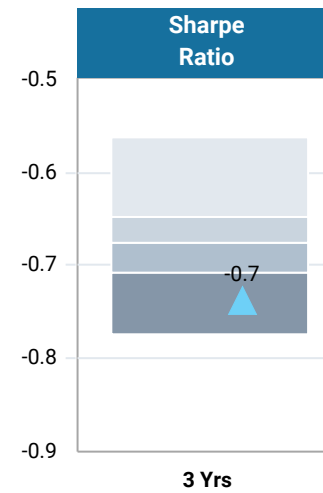
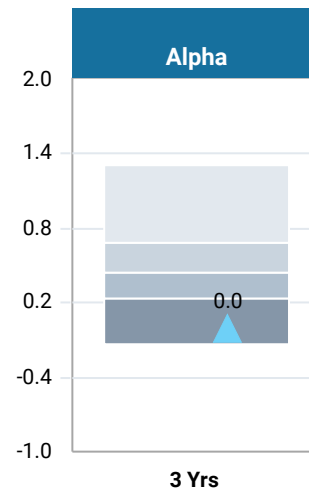
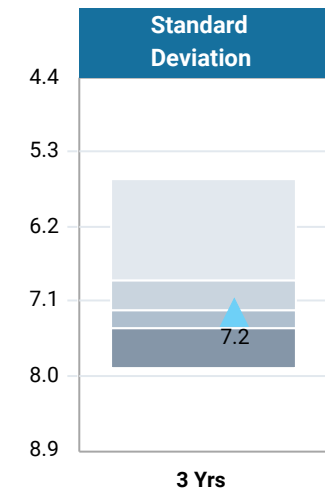
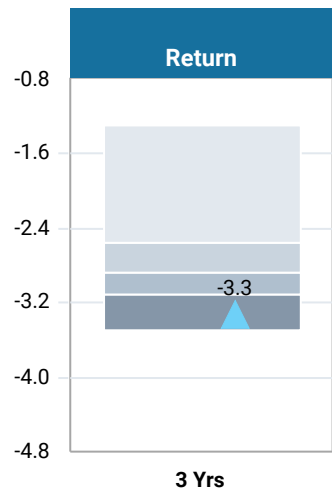


- Income Research & Management
- ▲ Blmbg. U.S. Aggregate Index

Style Map: (1 Year)



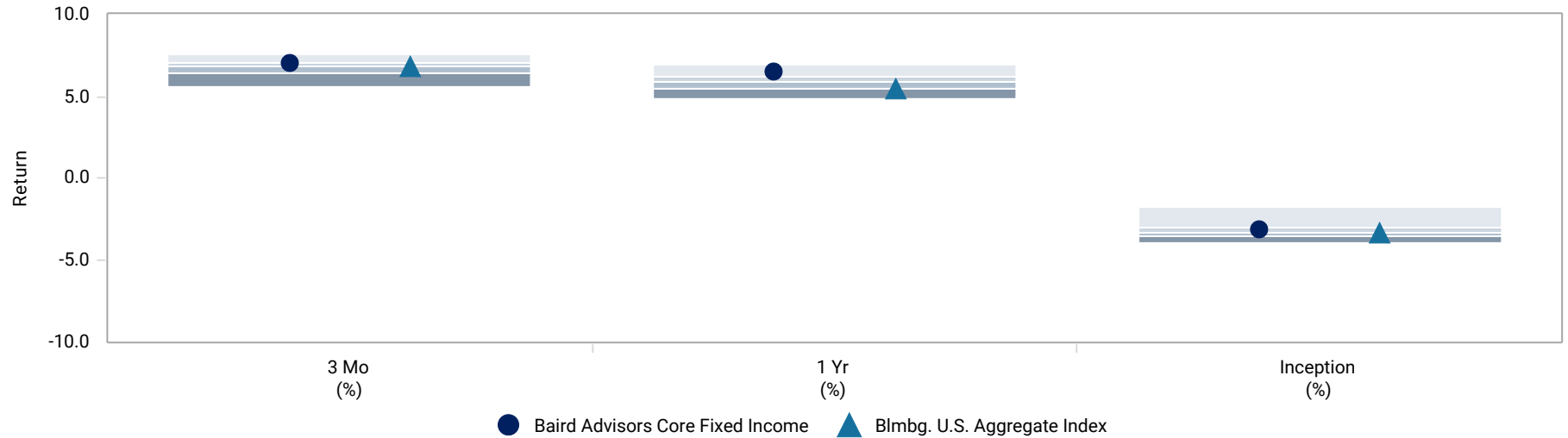
- Income Research & Management
- ▲ Blmbg. U.S. Aggregate Index



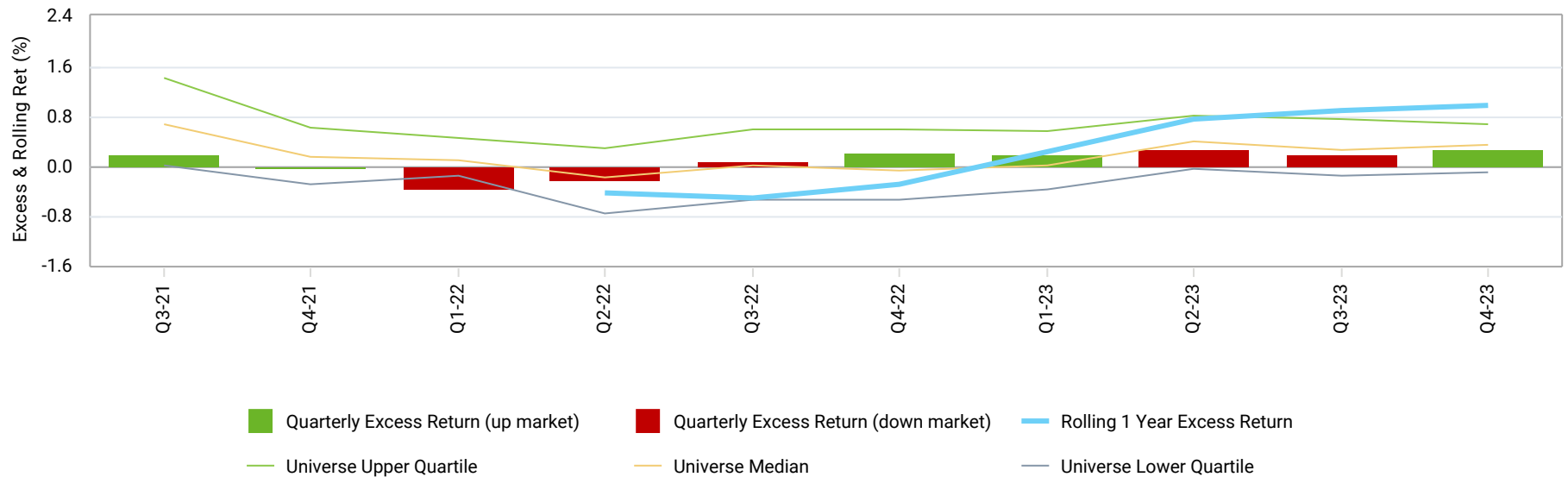
Los Angeles City Employees' Retirement System-LACERS Master Trust

# BAIRD ADVISORS CORE FIXED INCOME

## eV US Core Fixed Inc (net of fees)



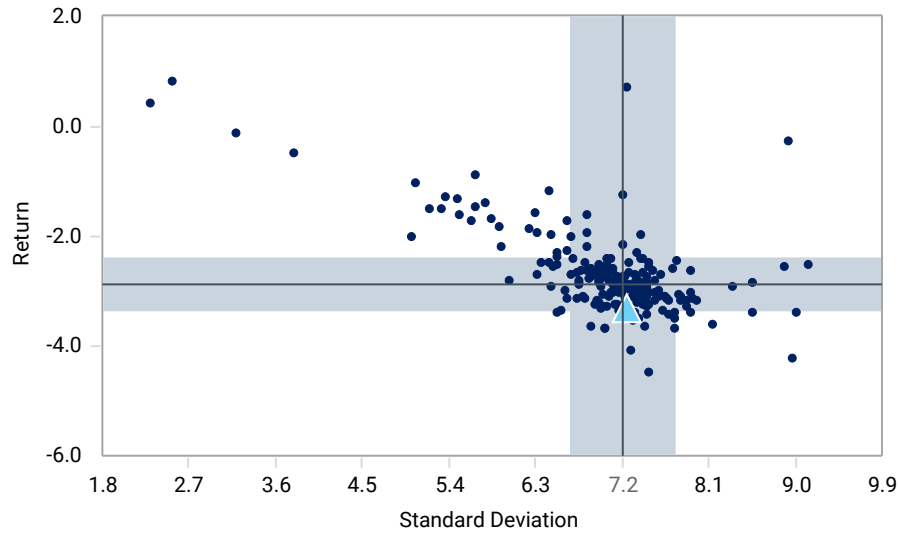
## Quarter Excess Return with a Rolling 1 Year Excess Return over Since Inception Ending December 31, 2023



Los Angeles City Employees' Retirement System-LACERS Master Trust

# BAIRD ADVISORS CORE FIXED INCOME

3 Years Return vs. Standard Deviation

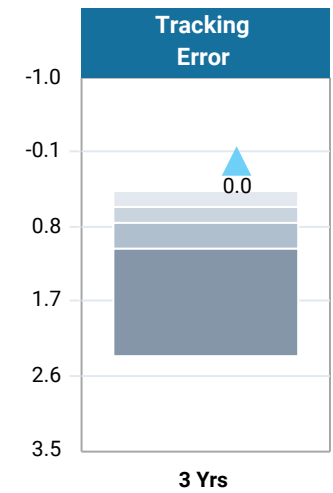
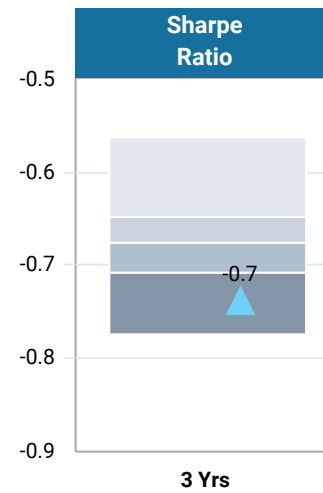
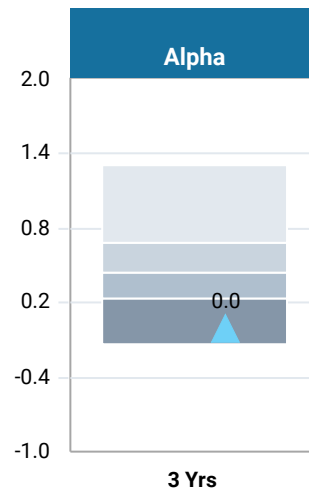
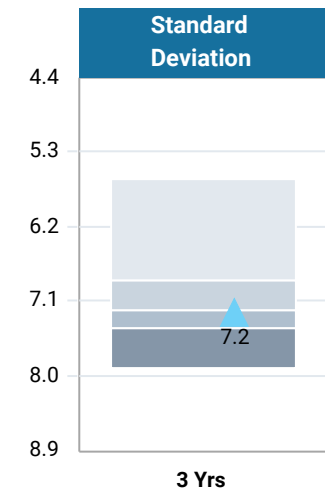
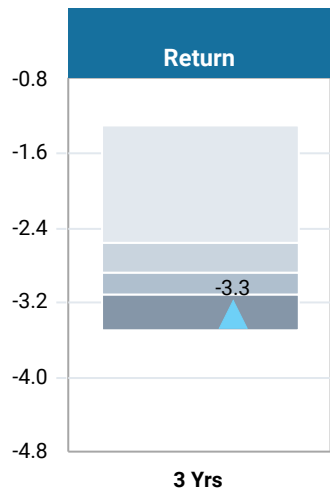


● Baird Advisors Core Fixed Income  
▲ Blmbg. U.S. Aggregate Index

Style Map: (1 Year)



● Baird Advisors Core Fixed Income  
▲ Blmbg. U.S. Aggregate Index

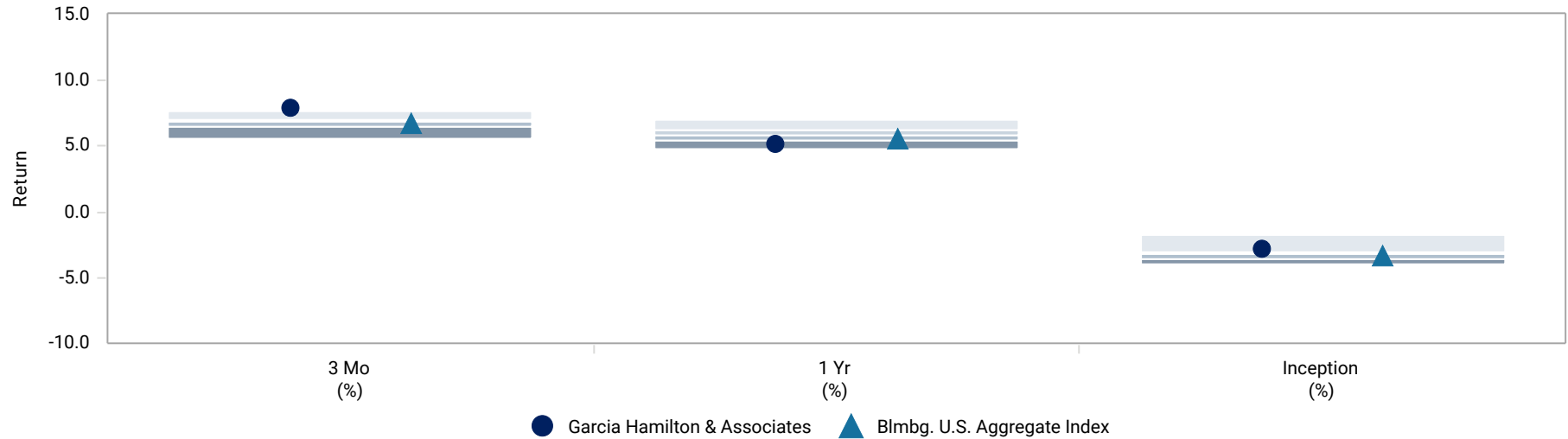




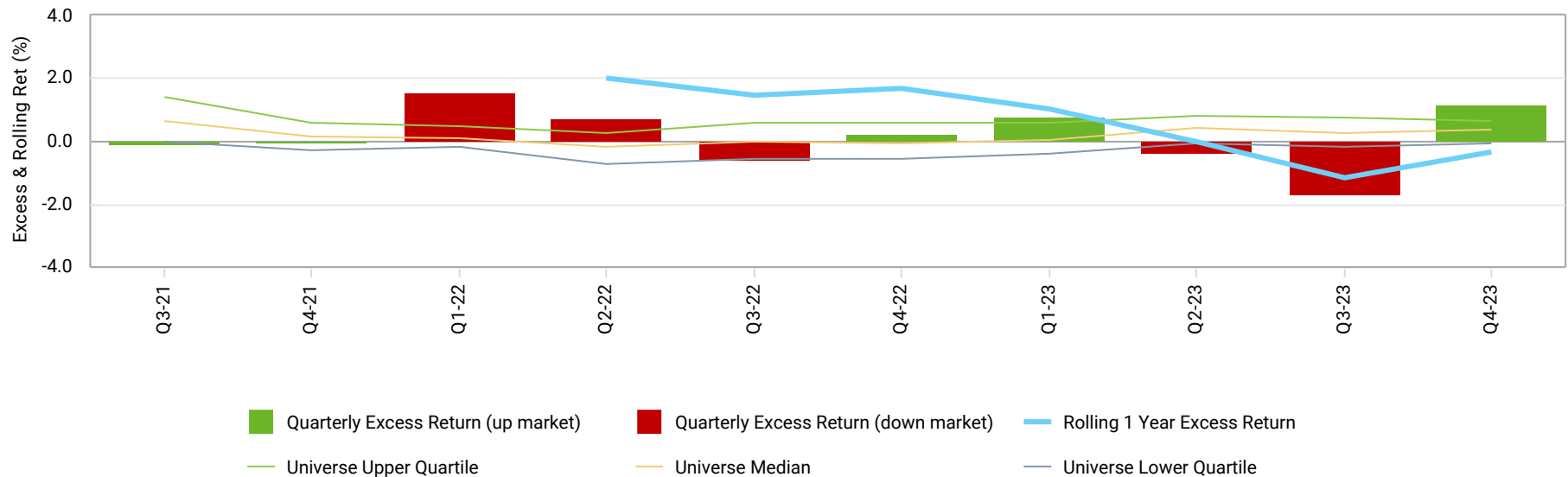
# Los Angeles City Employees' Retirement System-LACERS Master Trust

## GARCIA HAMILTON & ASSOCIATES

### eV US Core Fixed Inc (net of fees)



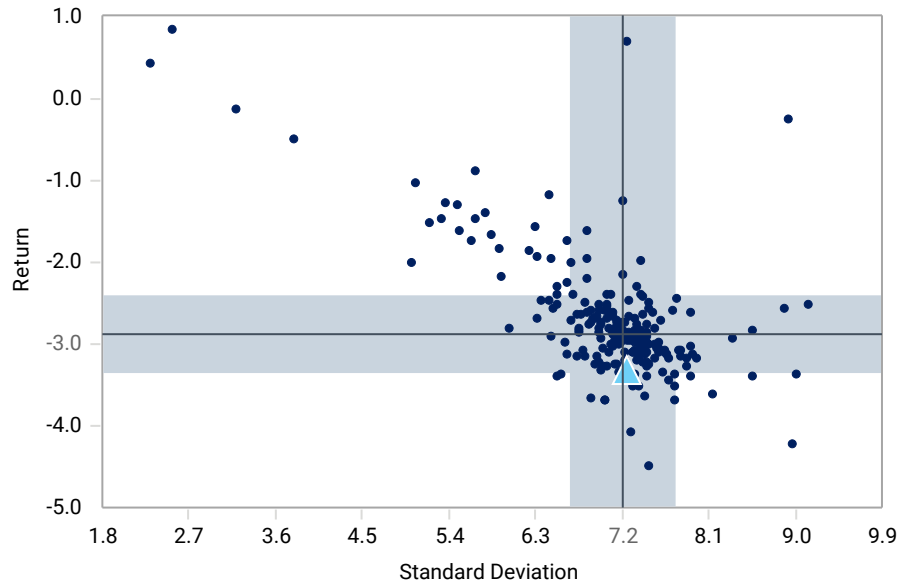
### Quarter Excess Return with a Rolling 1 Year Excess Return over Since Inception Ending December 31, 2023



# Los Angeles City Employees' Retirement System-LACERS Master Trust

## GARCIA HAMILTON & ASSOCIATES

3 Years Return vs. Standard Deviation

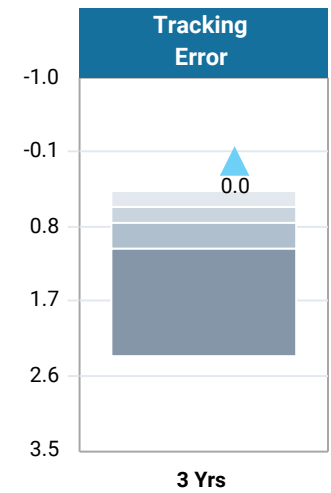
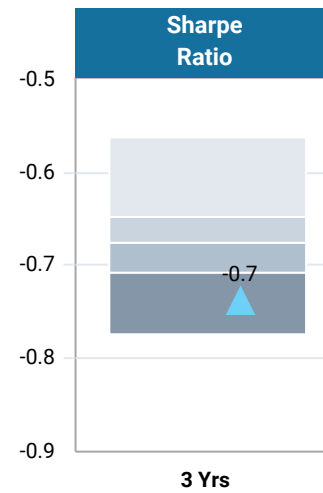
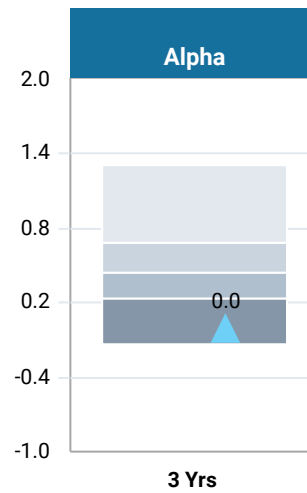
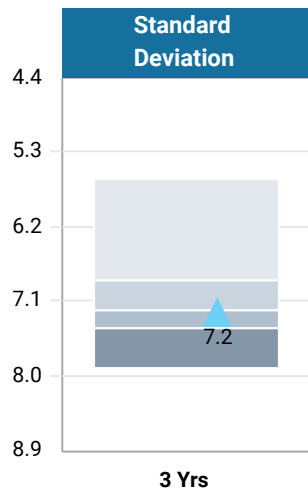
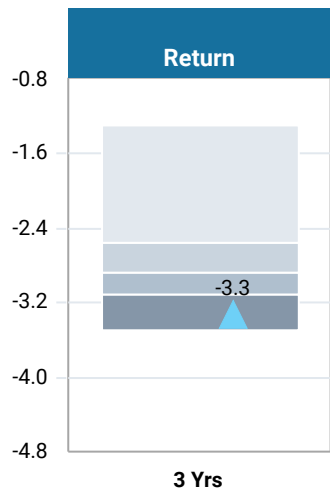


● Garcia Hamilton & Associates ▲ Blmbg. U.S. Aggregate Index

Style Map: (1 Year)



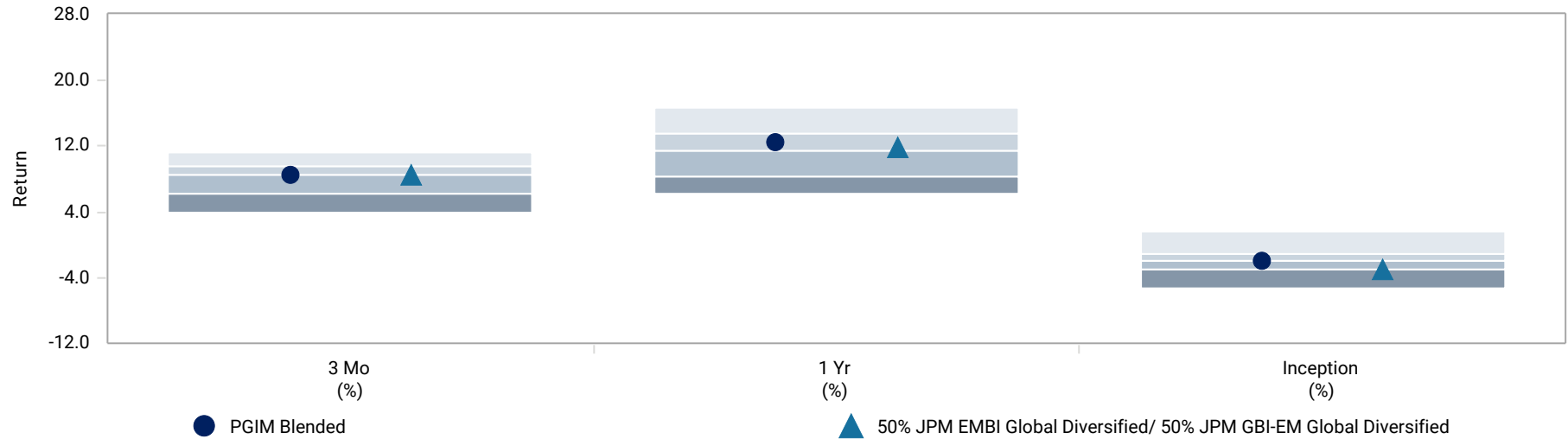
● Garcia Hamilton & Associates ▲ Blmbg. U.S. Aggregate Index



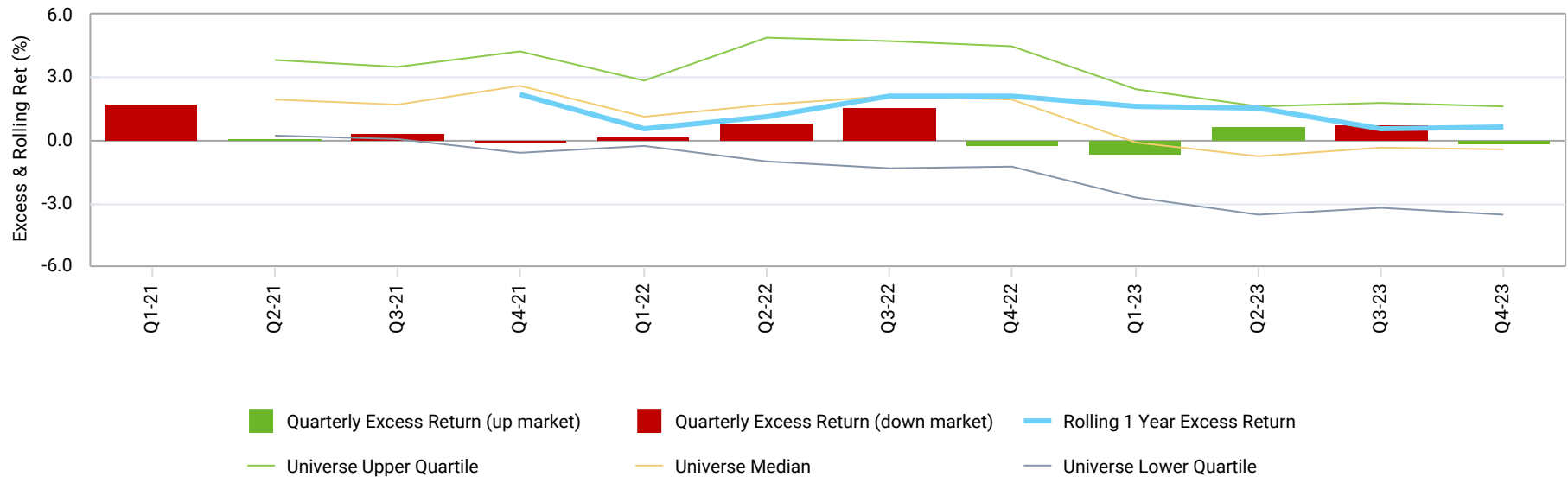
# CREDIT OPPORTUNITIES MANAGER PERFORMANCE

# PGIM BLENDED

eV All Emg Mkts Fixed Inc (net of fees)



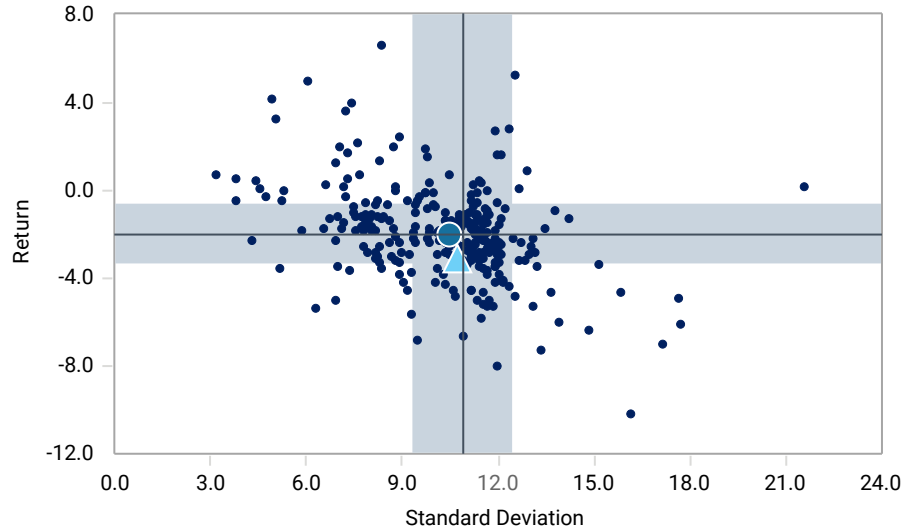
Quarter Excess Return with a Rolling 1 Year Excess Return over Since Inception Ending December 31, 2023



# Los Angeles City Employees' Retirement System-LACERS Master Trust

## PGIM BLENDED

Since Inception Return vs. Standard Deviation

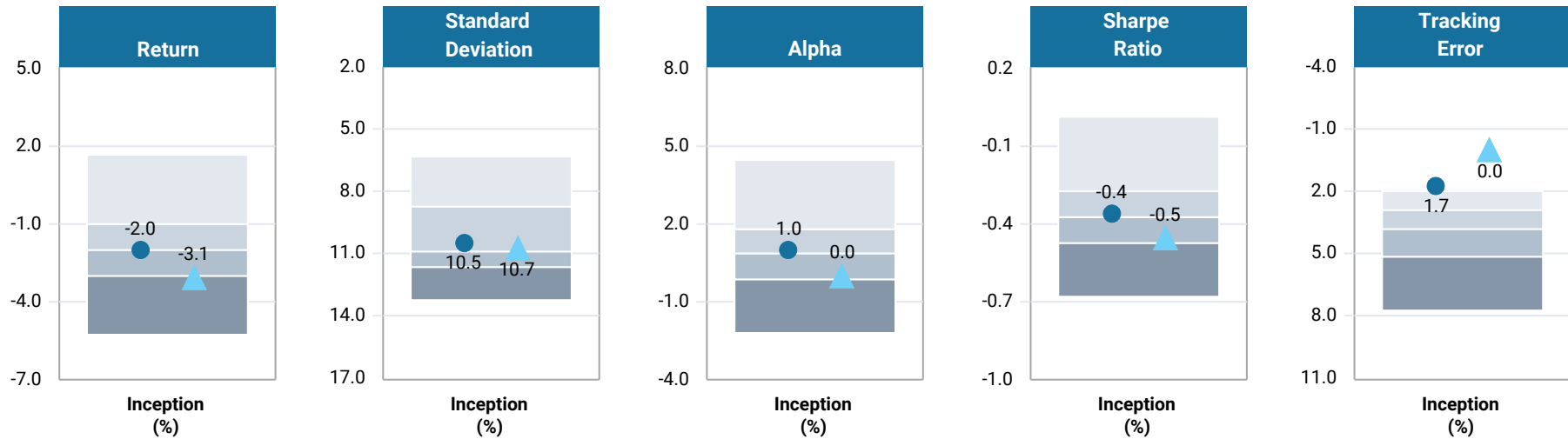


- PGIM Blended
- ▲ 50% JPM EMBI Global Diversified/ 50% JPM GBI-EM Global Diversified

Style Map: (1 Year)

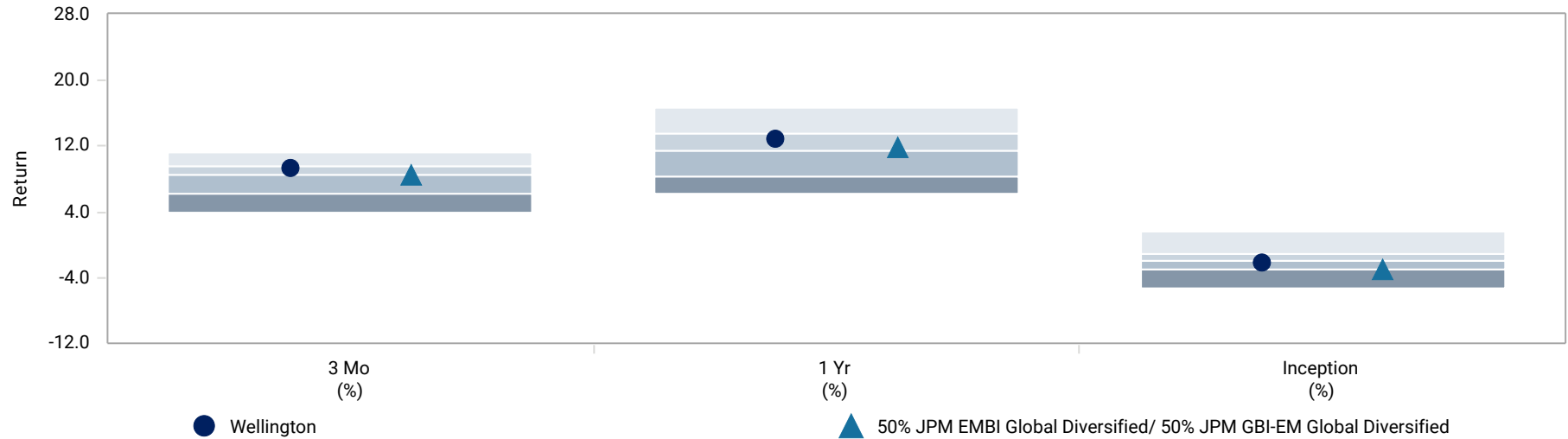


- PGIM Blended
- ▲ 50% JPM EMBI Global Diversified/ 50% JPM GBI-EM Global Diversified

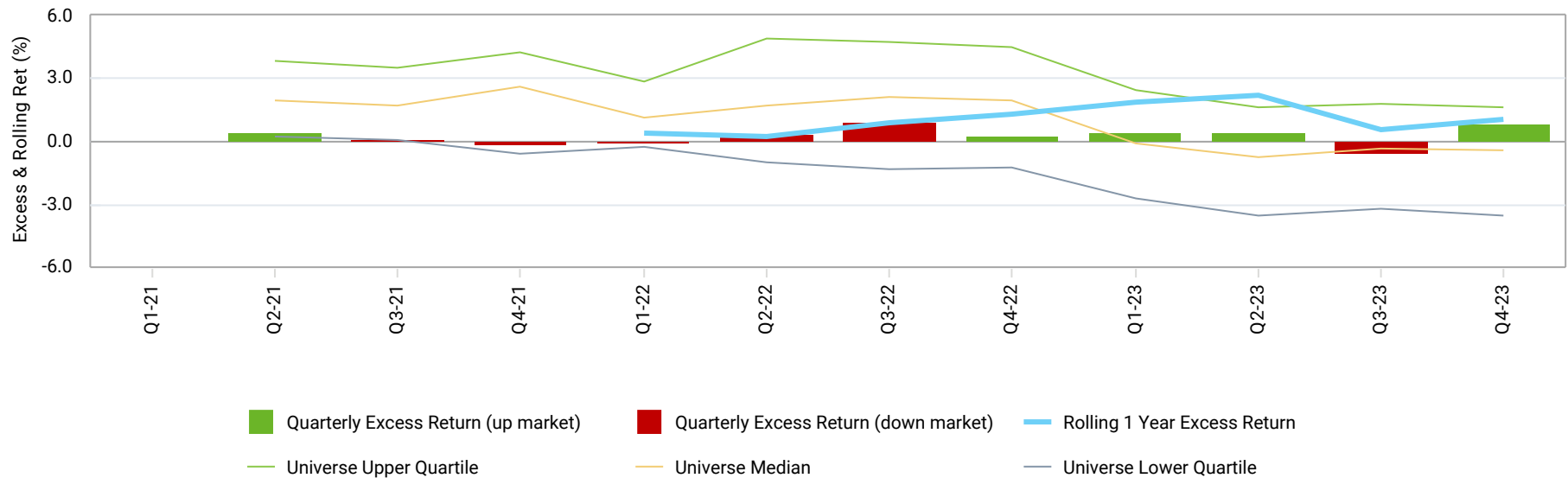


# WELLINGTON

## eV All Emg Mkts Fixed Inc (net of fees)



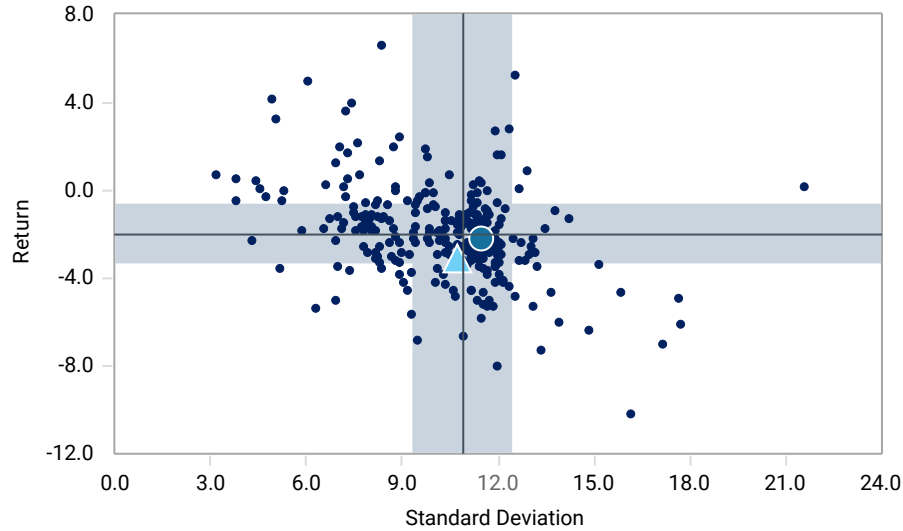
## Quarter Excess Return with a Rolling 1 Year Excess Return over Since Inception Ending December 31, 2023



# Los Angeles City Employees' Retirement System-LACERS Master Trust

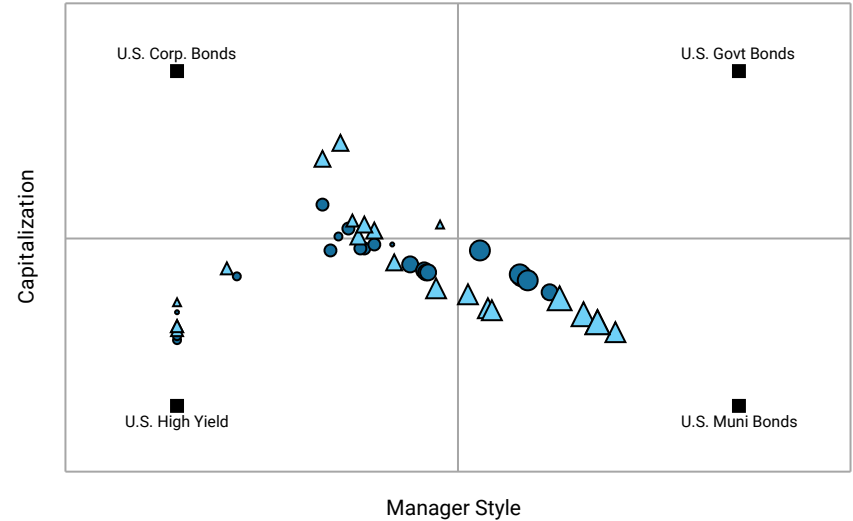
## WELLINGTON

Since Inception Return vs. Standard Deviation

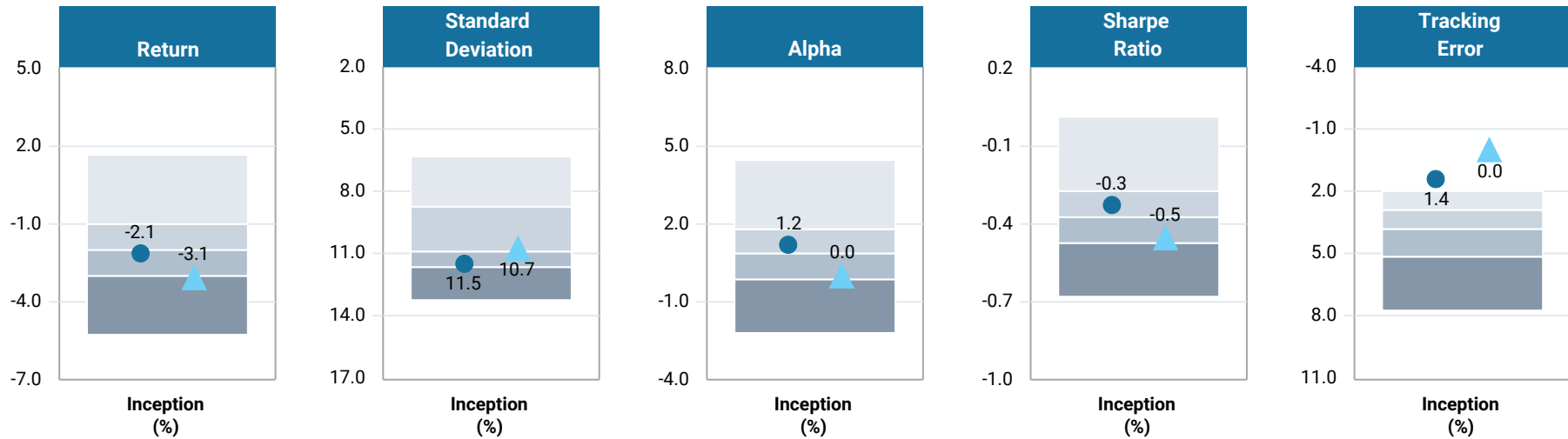


- Wellington
- ▲ 50% JPM EMBI Global Diversified/ 50% JPM GBI-EM Global Diversified

Style Map: (1 Year)

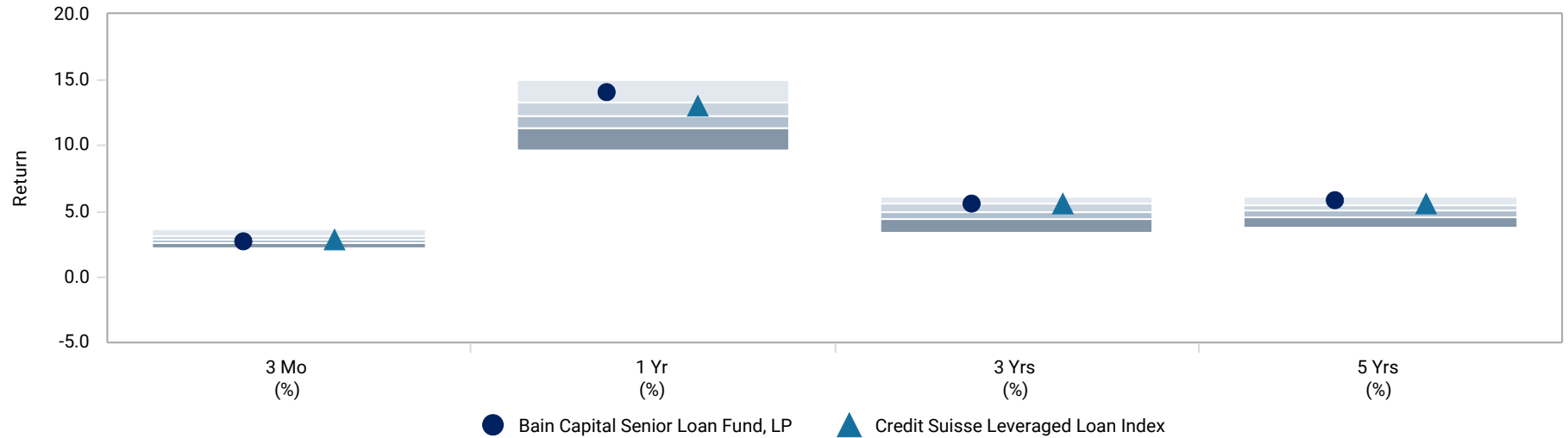


- Wellington
- ▲ 50% JPM EMBI Global Diversified/ 50% JPM GBI-EM Global Diversified

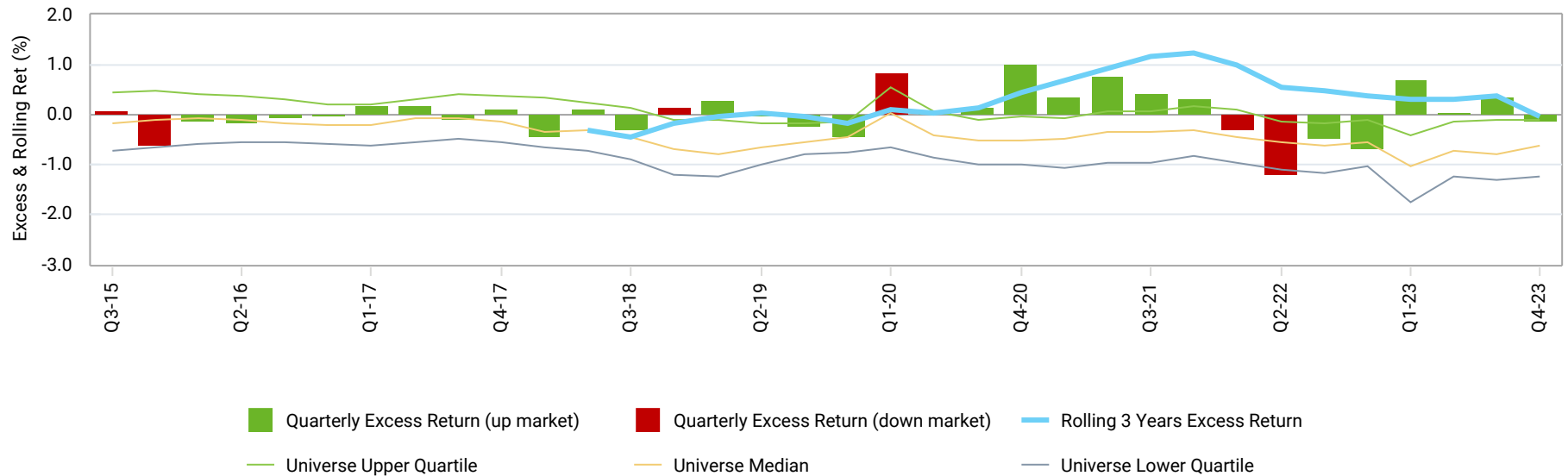


# BAIN CAPITAL SENIOR LOAN FUND, LP

eV US Float-Rate Bank Loan Fixed Inc (net of fees)



Quarter Excess Return with a Rolling 3 Years Excess Return over Since Inception Ending December 31, 2023

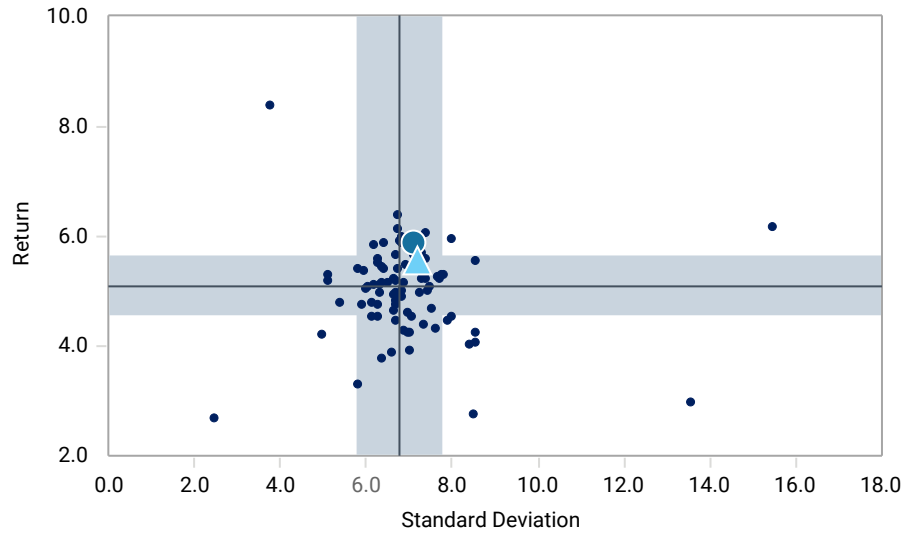




Los Angeles City Employees' Retirement System-LACERS Master Trust

# BAIN CAPITAL SENIOR LOAN FUND, LP

5 Years Return vs. Standard Deviation

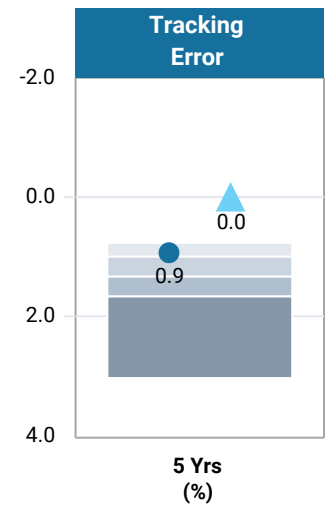
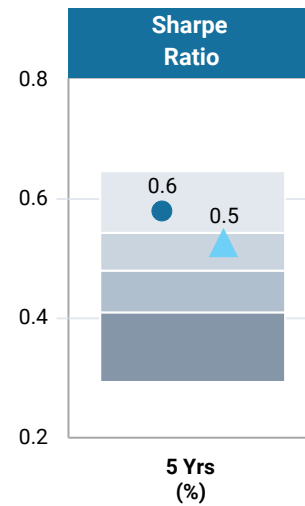
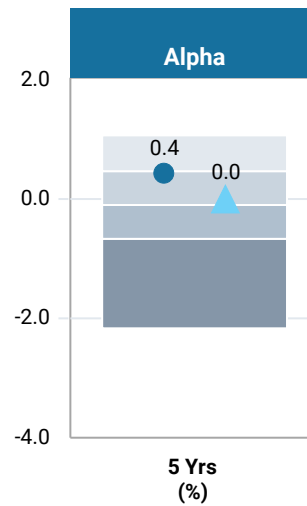
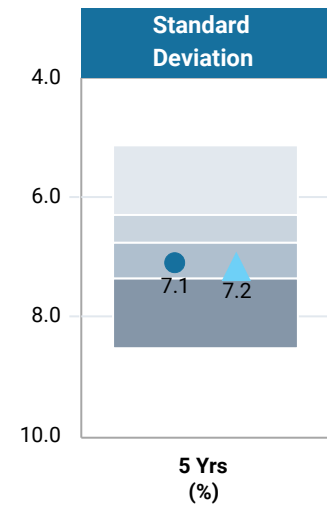
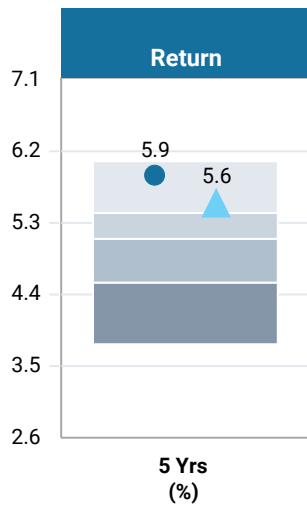


Style Map: (3 Years)



- Bain Capital Senior Loan Fund, LP
- ▲ Credit Suisse Leveraged Loan Index

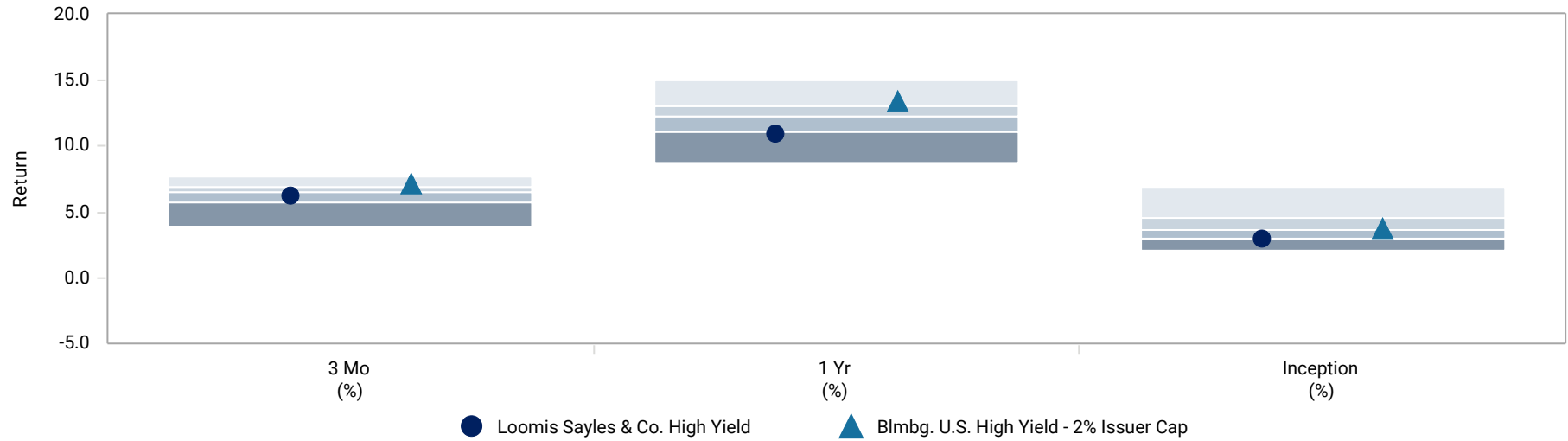
- Bain Capital Senior Loan Fund, LP
- ▲ Credit Suisse Leveraged Loan Index



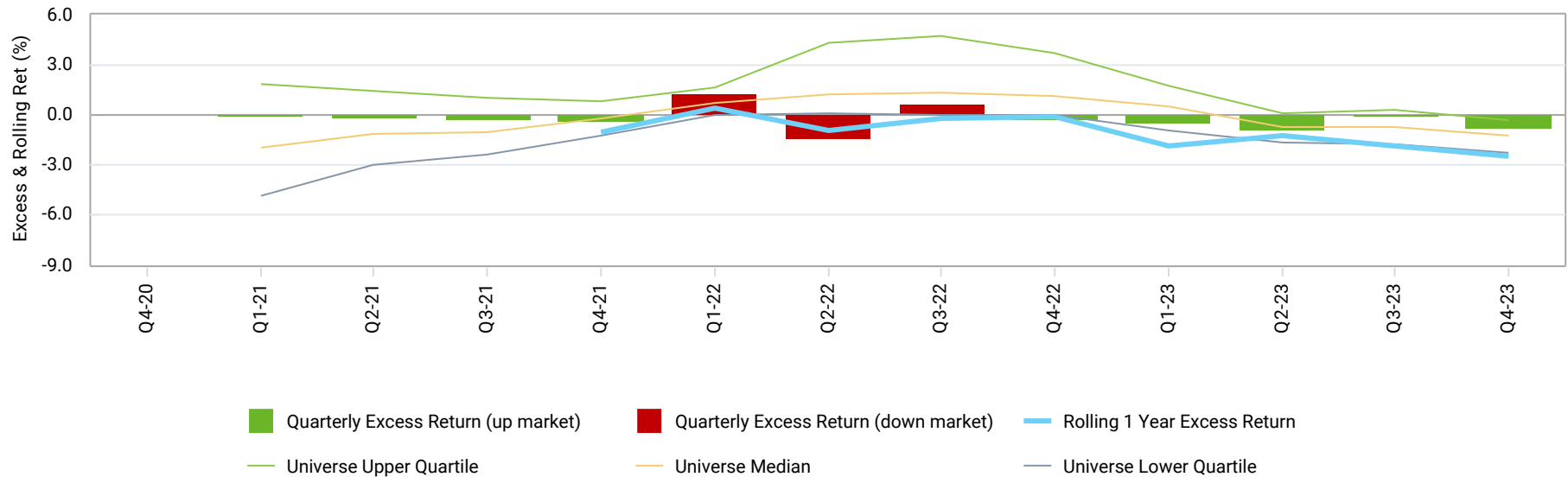
# Los Angeles City Employees' Retirement System-LACERS Master Trust

## LOOMIS SAYLES & CO. HIGH YIELD

eV US High Yield Fixed Inc (net of fees)



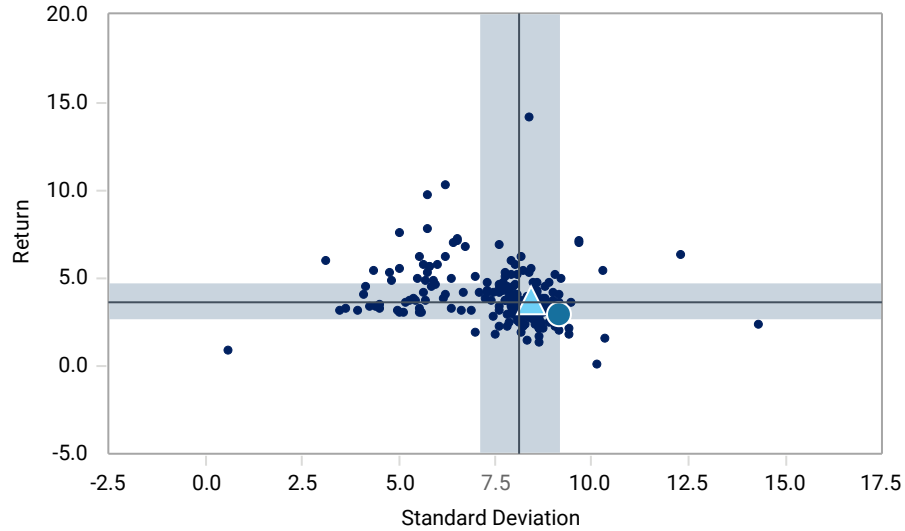
Quarter Excess Return with a Rolling 1 Year Excess Return over Since Inception Ending December 31, 2023



# Los Angeles City Employees' Retirement System-LACERS Master Trust

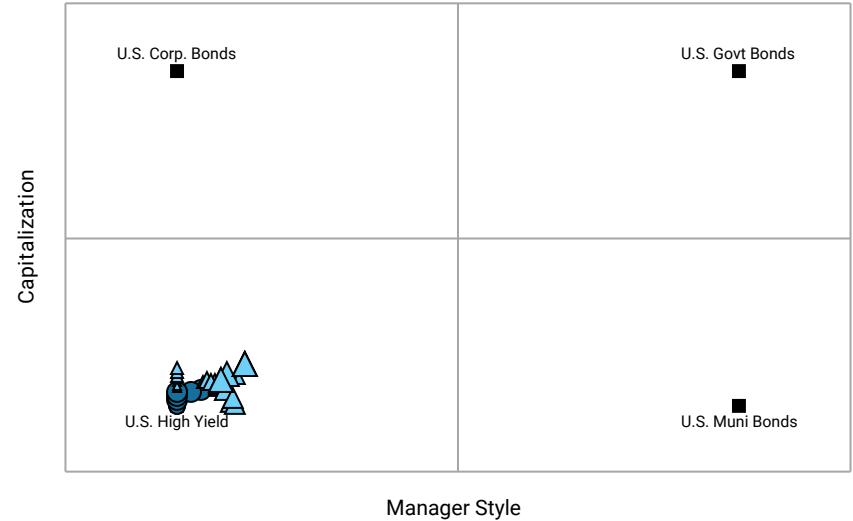
## LOOMIS SAYLES & CO. HIGH YIELD

Since Inception Return vs. Standard Deviation

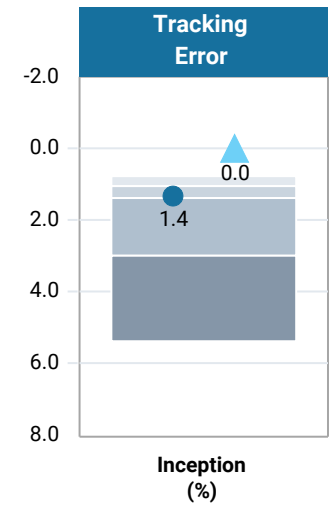
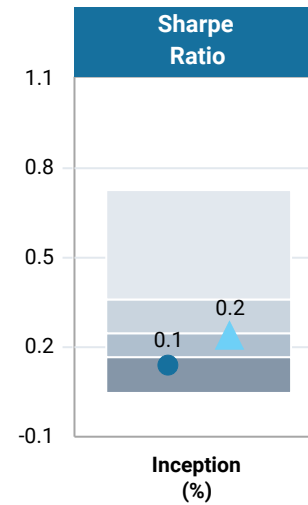
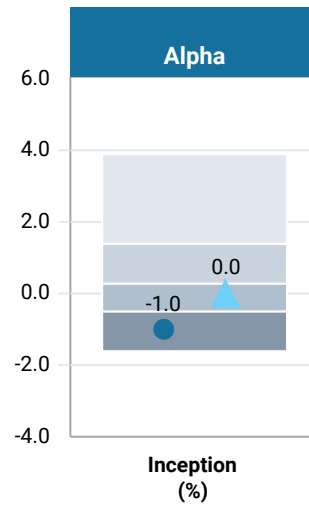
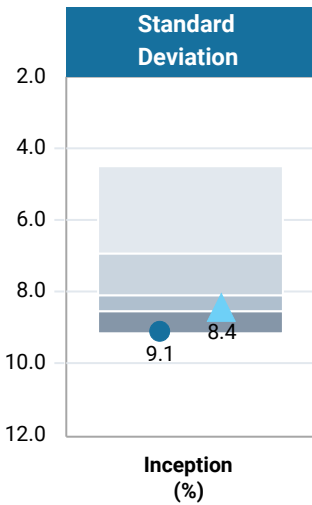
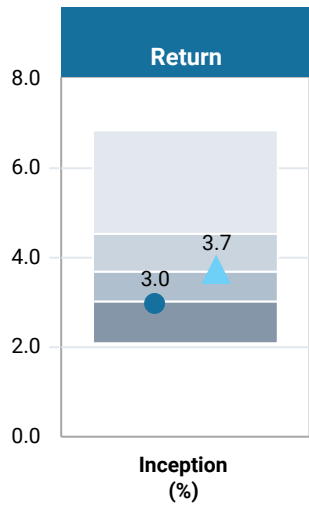


- Loomis Sayles & Co. High Yield
- ▲ Blmbg. U.S. High Yield - 2% Issuer Cap

Style Map: (1 Year)

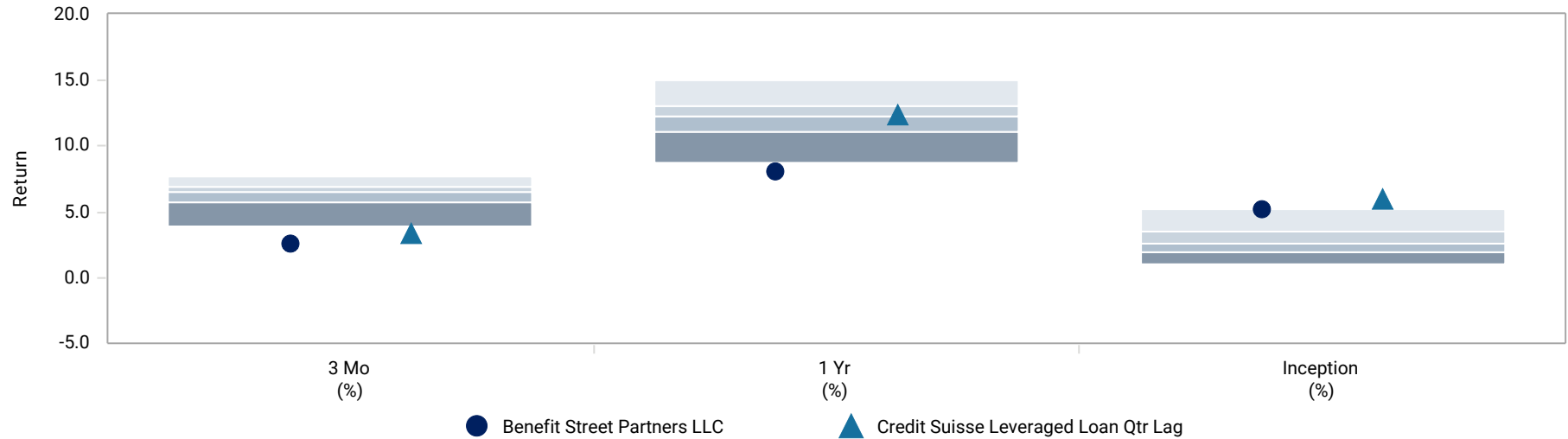


- Loomis Sayles & Co. High Yield
- ▲ Blmbg. U.S. High Yield - 2% Issuer Cap

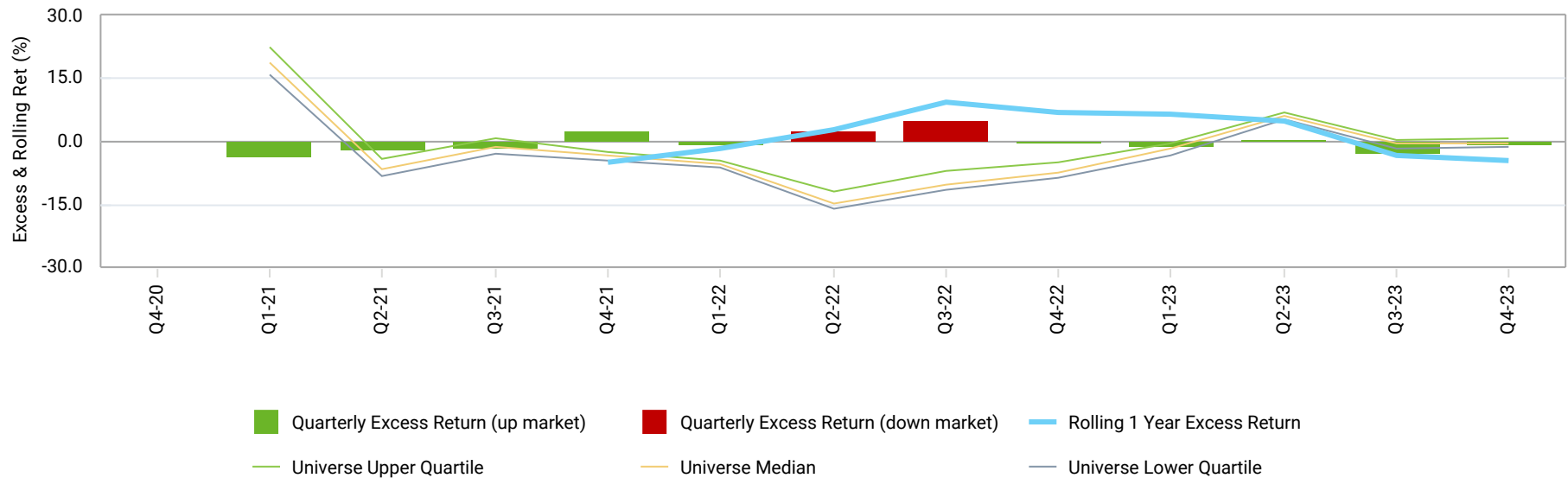


# BENEFIT STREET PARTNERS LLC

## eV US High Yield Fixed Inc (net of fees)



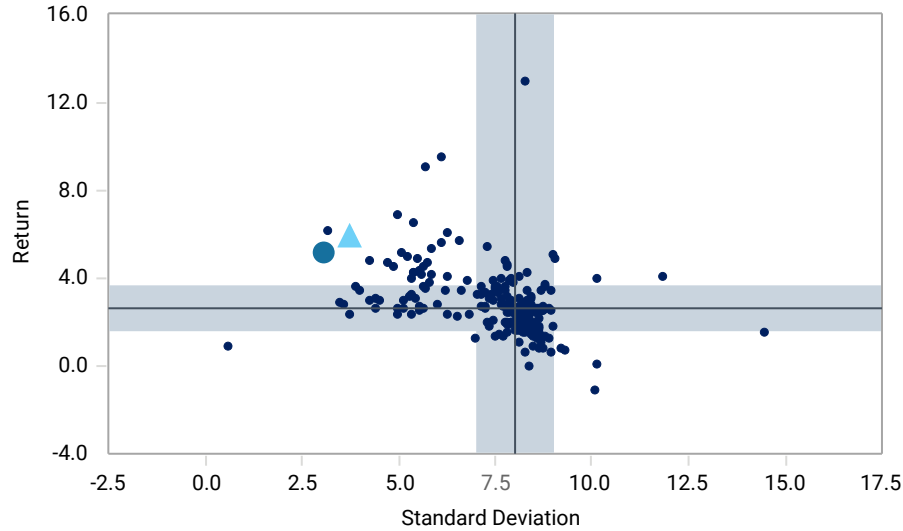
## Quarter Excess Return with a Rolling 1 Year Excess Return over Since Inception Ending December 31, 2023



# Los Angeles City Employees' Retirement System-LACERS Master Trust

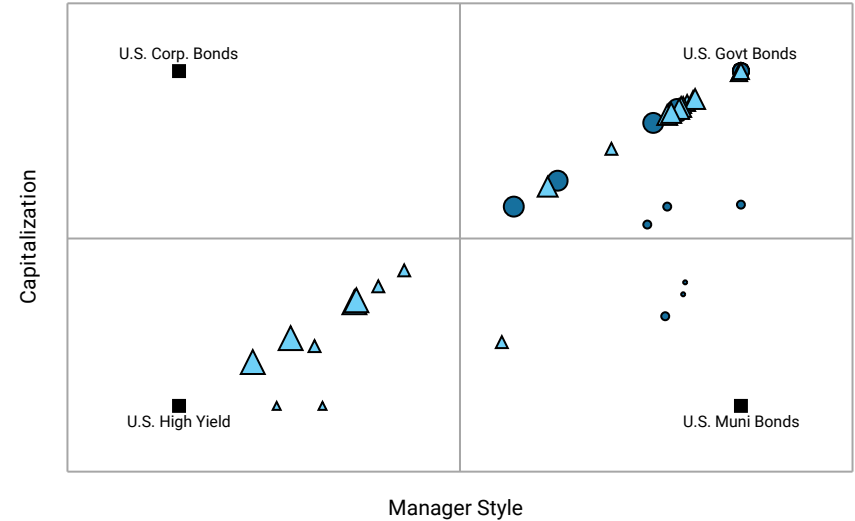
## BENEFIT STREET PARTNERS LLC

Since Inception Return vs. Standard Deviation

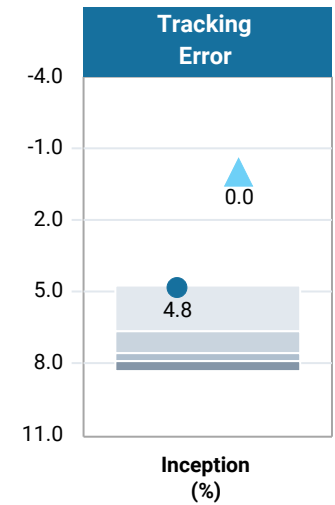
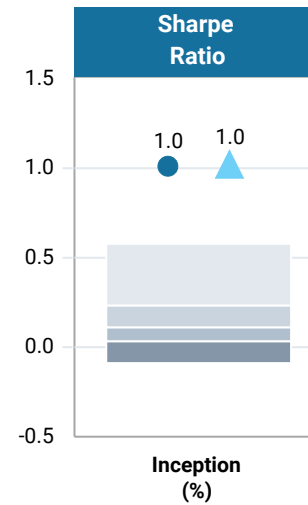
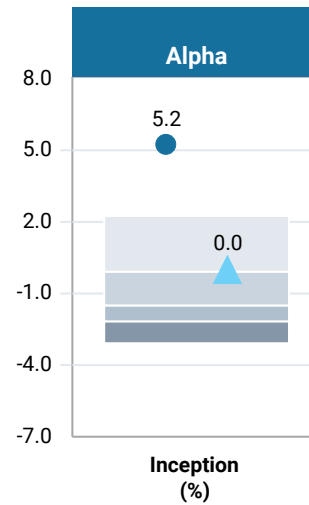
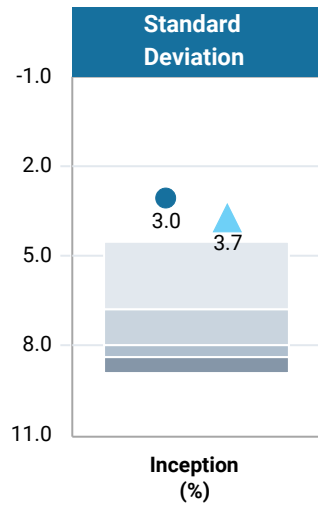
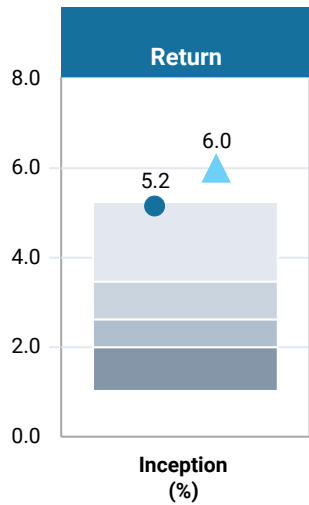


- Benefit Street Partners LLC
- ▲ Credit Suisse Leveraged Loan Qtr Lag

Style Map: (1 Year)



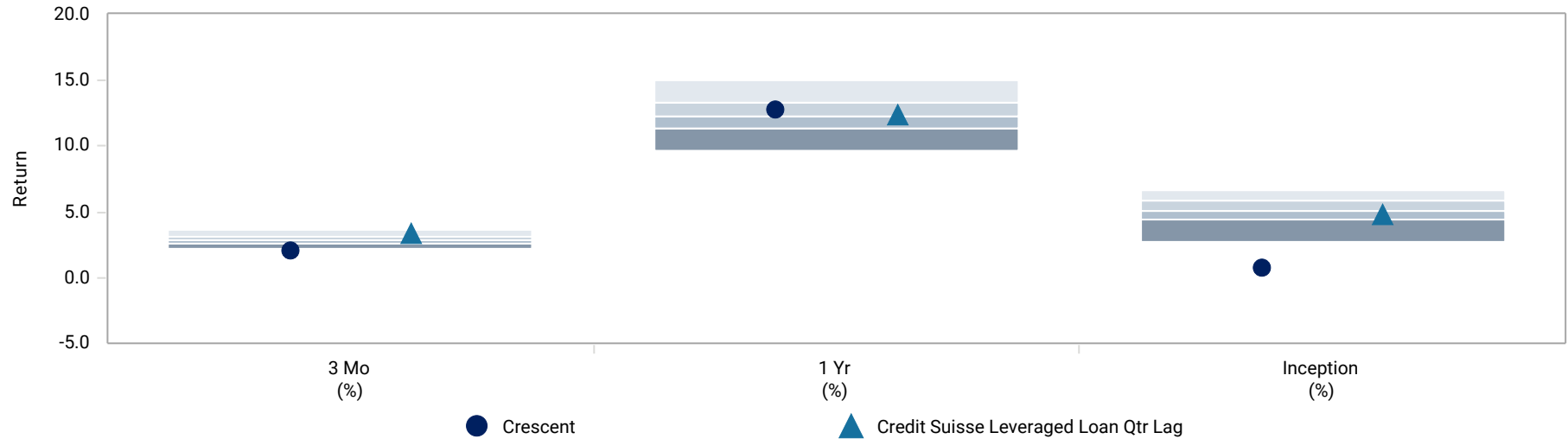
- Benefit Street Partners LLC
- ▲ Credit Suisse Leveraged Loan Qtr Lag



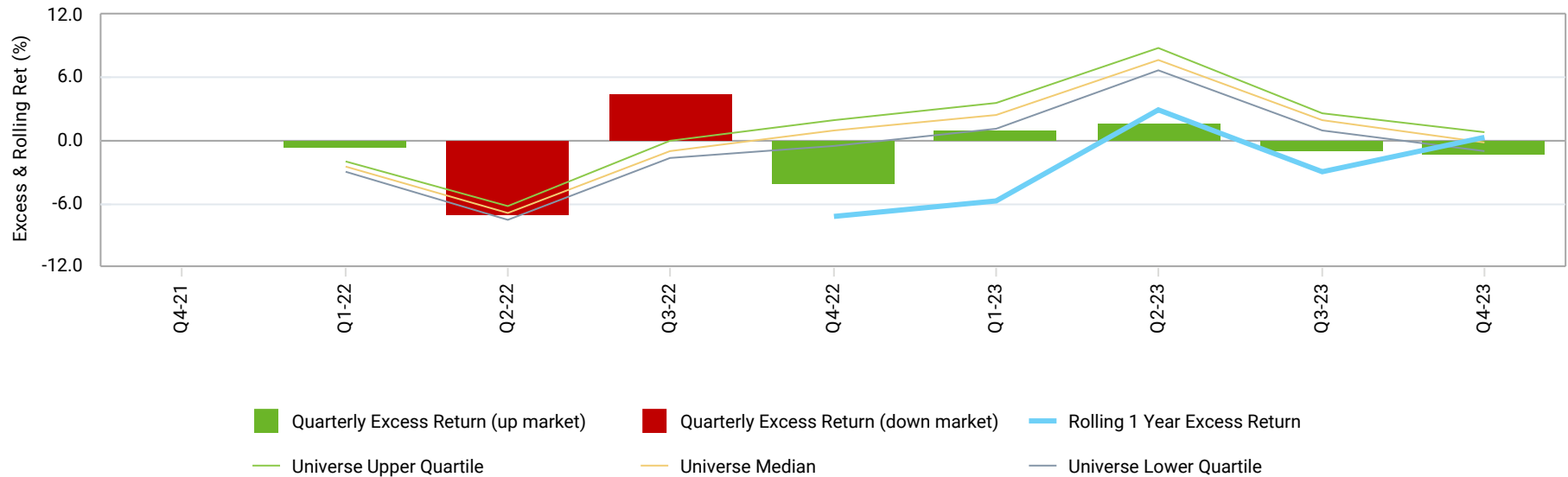
Los Angeles City Employees' Retirement System-LACERS Master Trust  
**CRESCENT**

December 31, 2023

**eV US Float-Rate Bank Loan Fixed Inc (net of fees)**



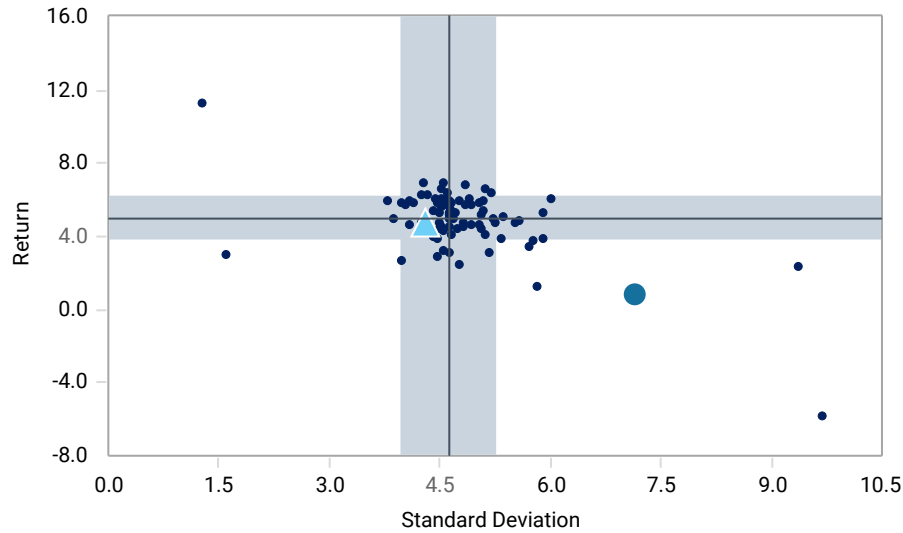
**Quarter Excess Return with a Rolling 1 Year Excess Return over Since Inception Ending December 31, 2023**



# Los Angeles City Employees' Retirement System-LACERS Master Trust

## CRESCENT

Since Inception Return vs. Standard Deviation

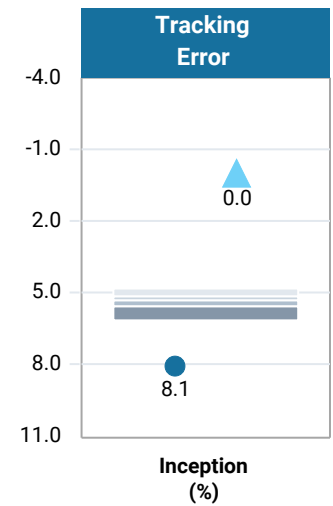
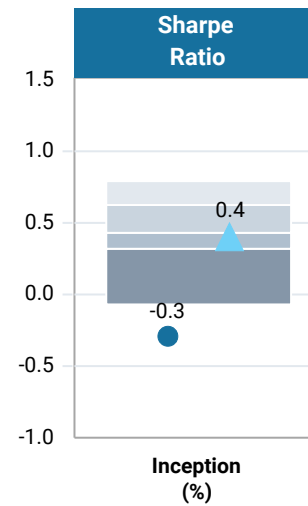
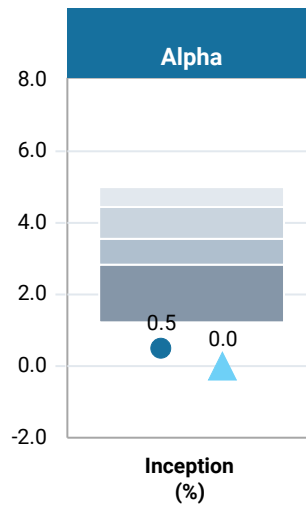
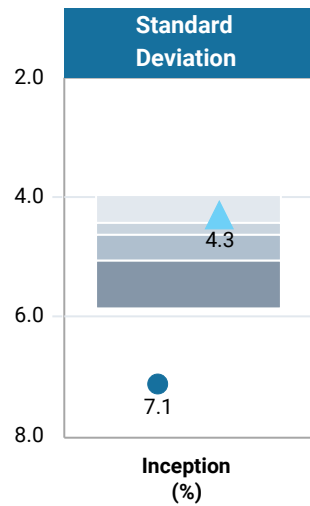
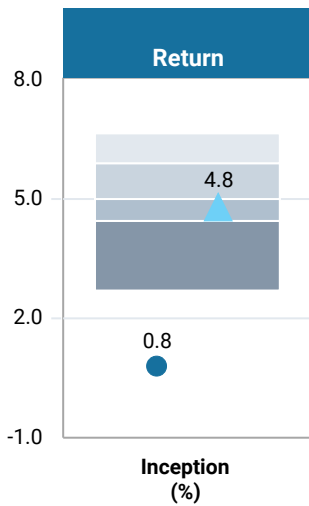


- Crescent
- ▲ Credit Suisse Leveraged Loan Qtr Lag

Style Map: (1 Year)

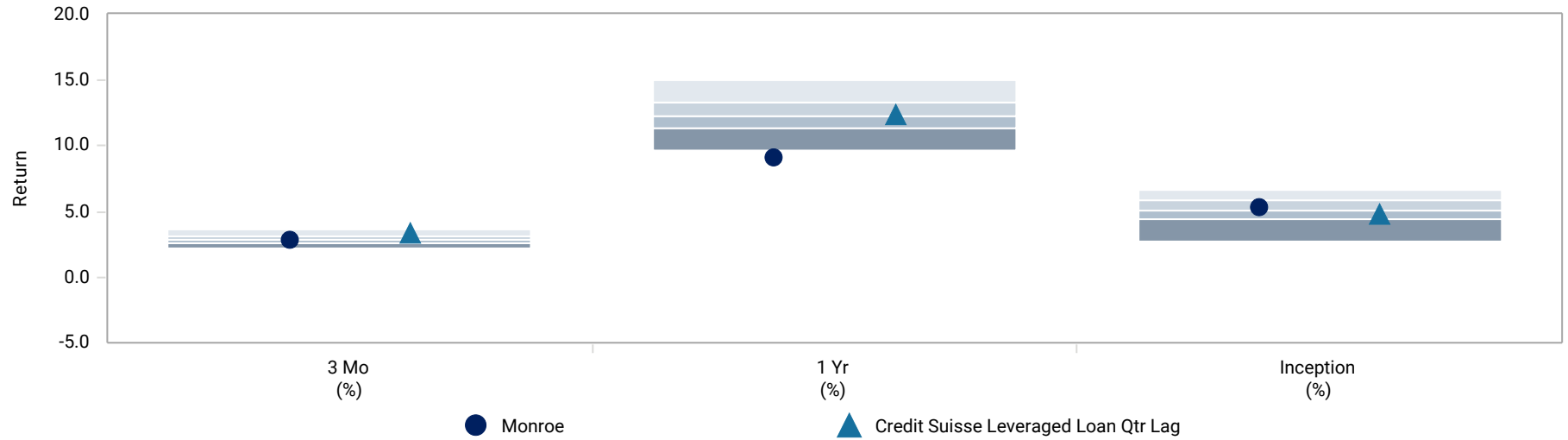


- Crescent
- ▲ Credit Suisse Leveraged Loan Qtr Lag

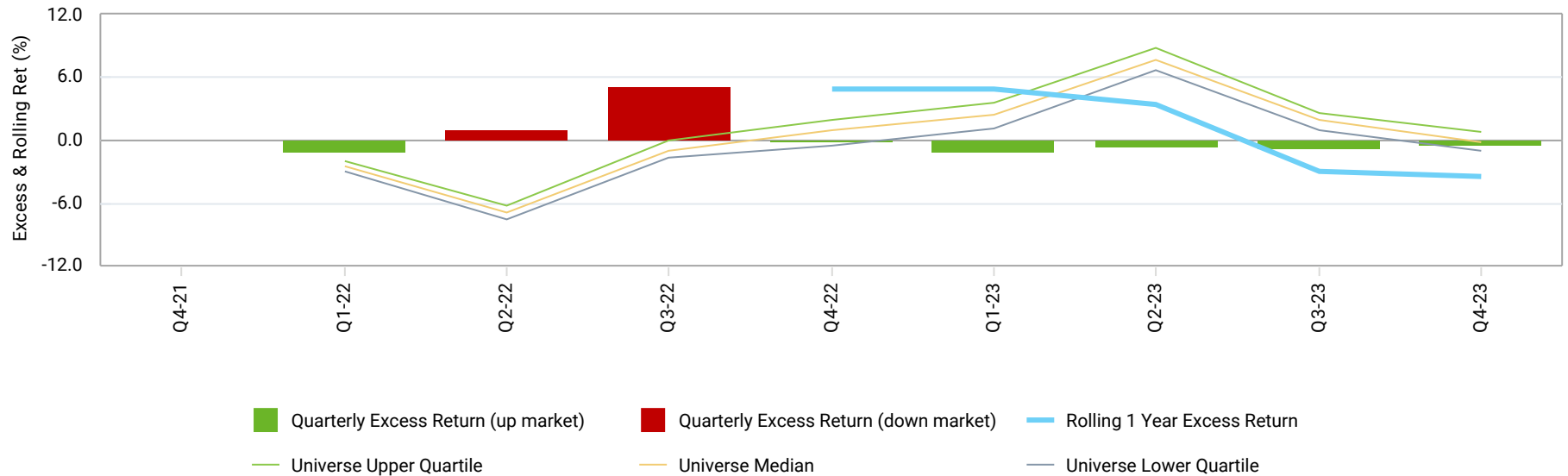


# MONROE

## eV US Float-Rate Bank Loan Fixed Inc (net of fees)



## Quarter Excess Return with a Rolling 1 Year Excess Return over Since Inception Ending December 31, 2023

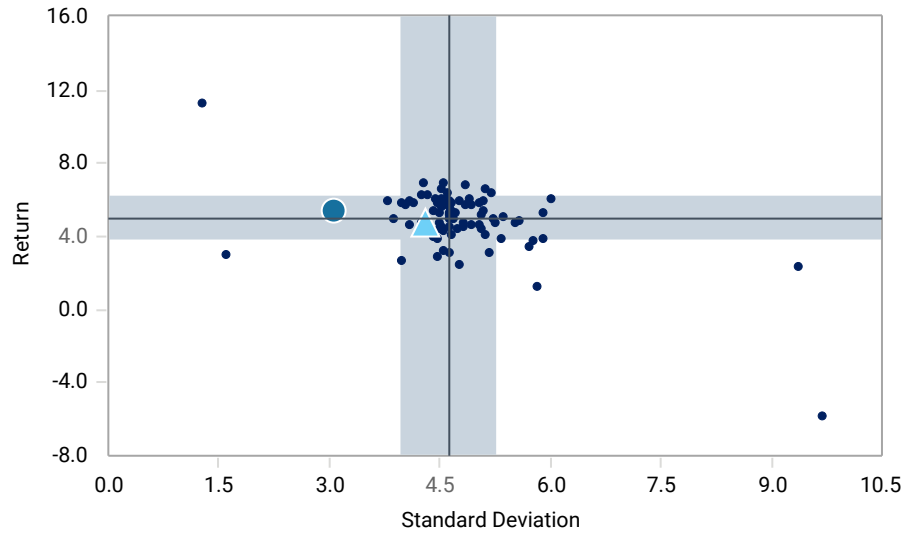




# Los Angeles City Employees' Retirement System-LACERS Master Trust

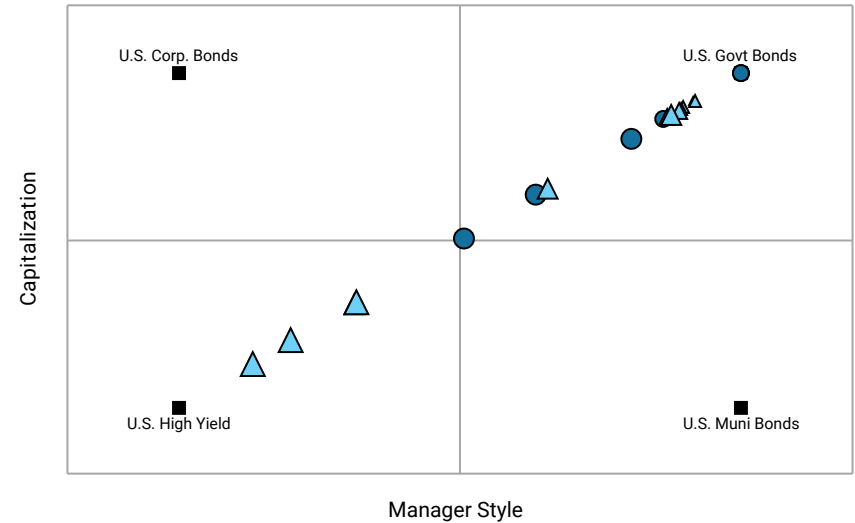
## MONROE

Since Inception Return vs. Standard Deviation

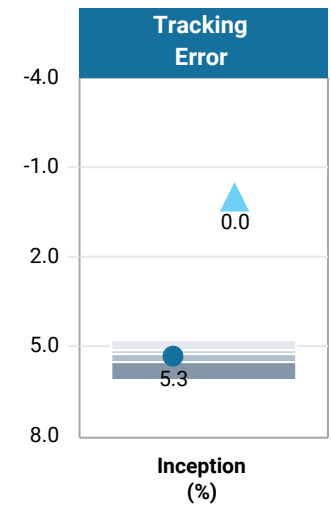
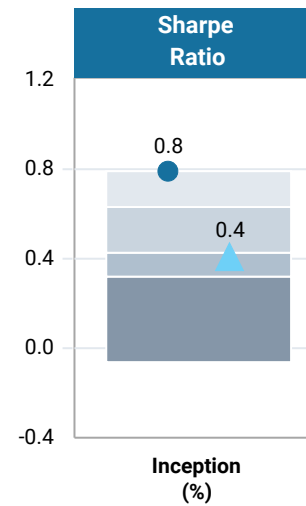
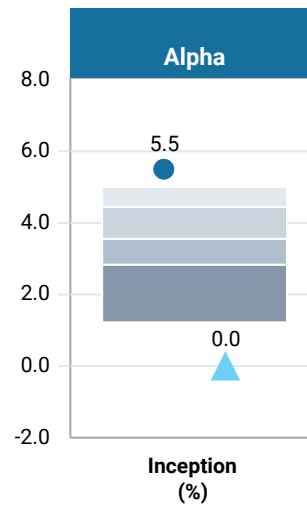
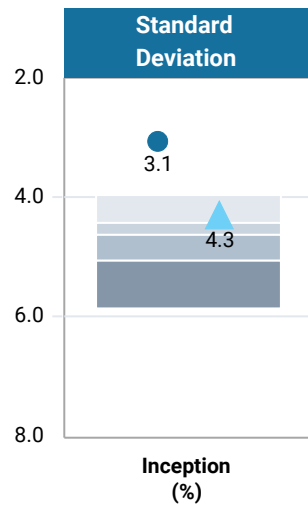
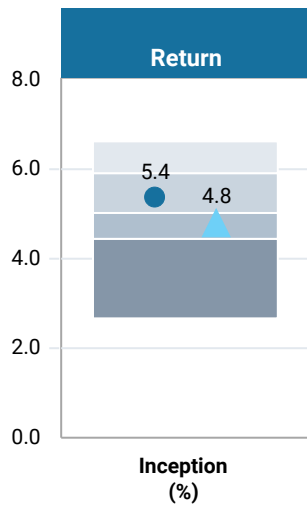


- Monroe
- ▲ Credit Suisse Leveraged Loan Qtr Lag

Style Map: (1 Year)

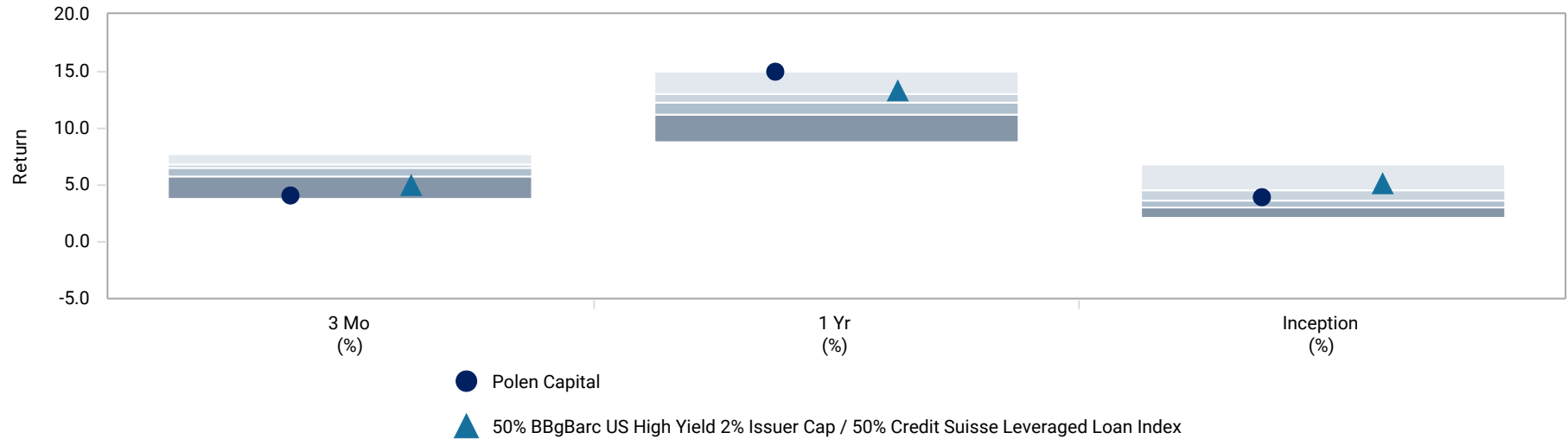


- Monroe
- ▲ Credit Suisse Leveraged Loan Qtr Lag

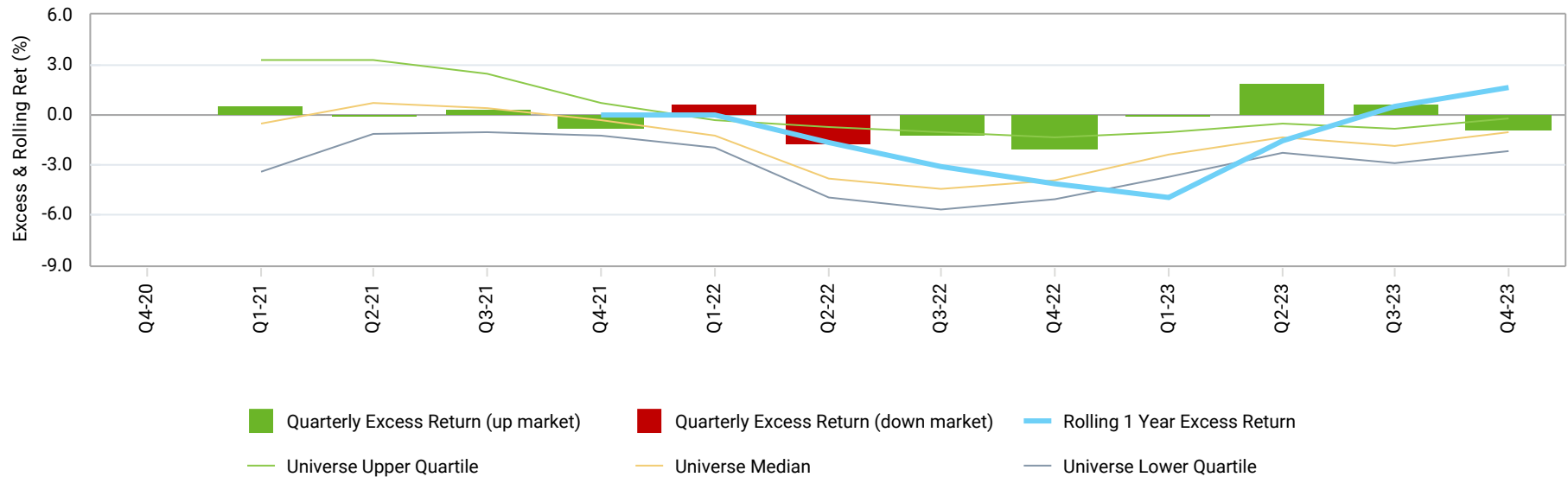


# POLEN CAPITAL

## eV US High Yield Fixed Inc (net of fees)



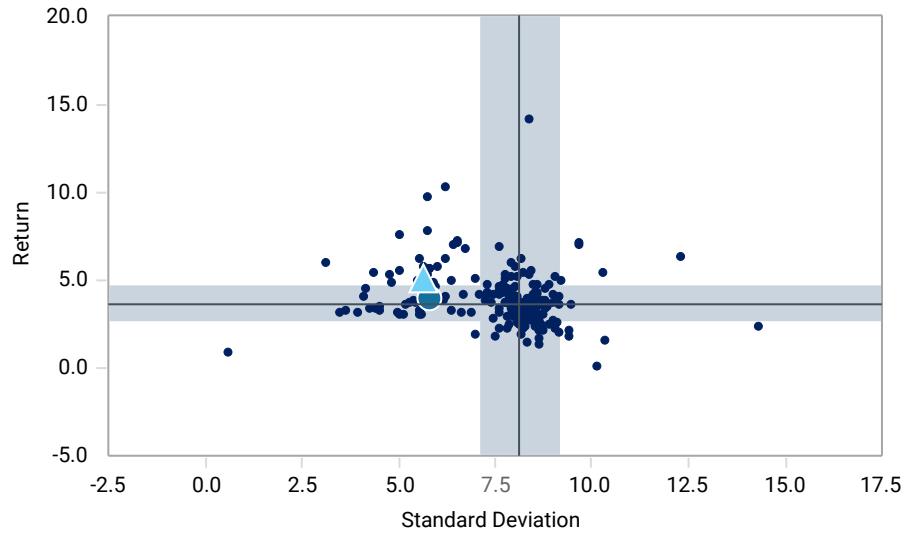
## Quarter Excess Return with a Rolling 1 Year Excess Return over Since Inception Ending December 31, 2023



Los Angeles City Employees' Retirement System-LACERS Master Trust

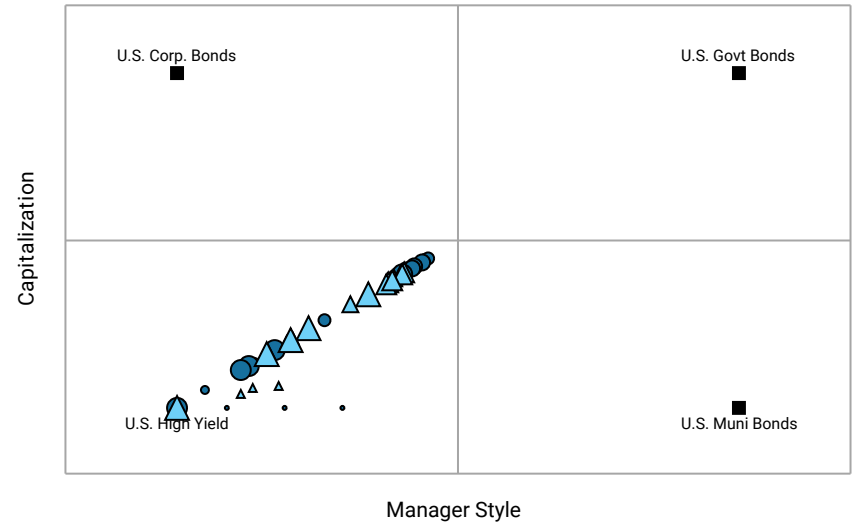
# POLEN CAPITAL

Since Inception Return vs. Standard Deviation

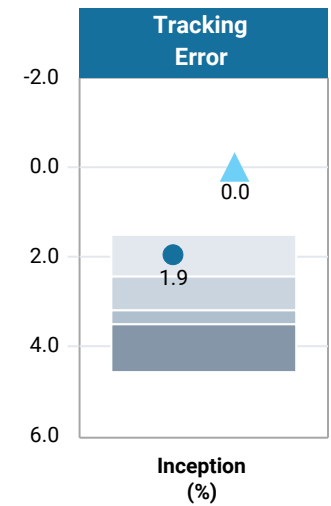
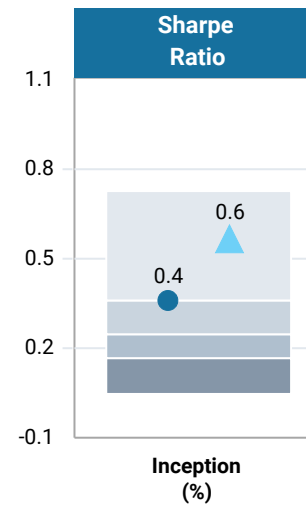
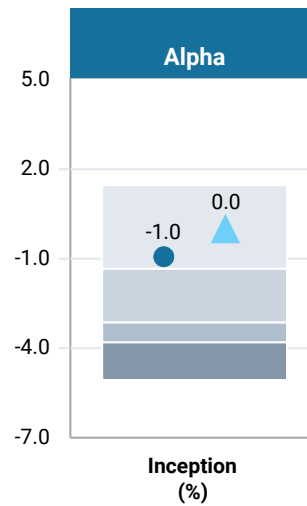
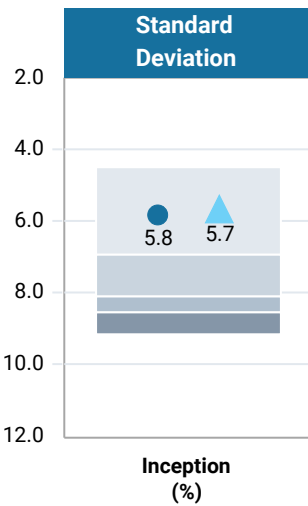
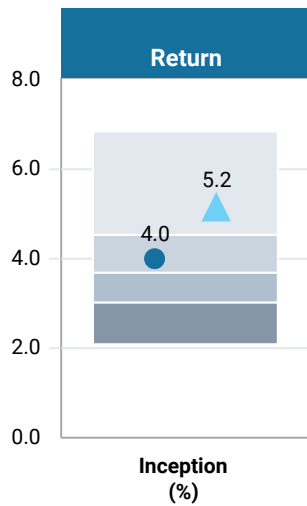


- Polen Capital
- ▲ 50% BBgBarc US High Yield 2% Issuer Cap / 50% Credit Suisse Leveraged Loa

Style Map: (1 Year)



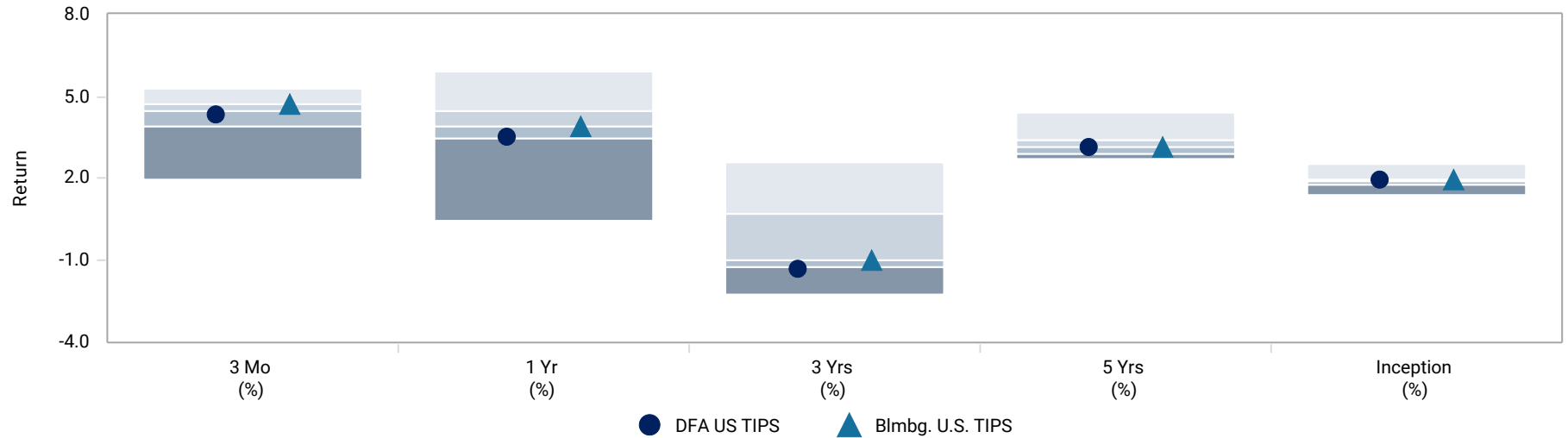
- Polen Capital
- ▲ 50% BBgBarc US High Yield 2% Issuer Cap / 50% Credit Suisse Leveraged Loan



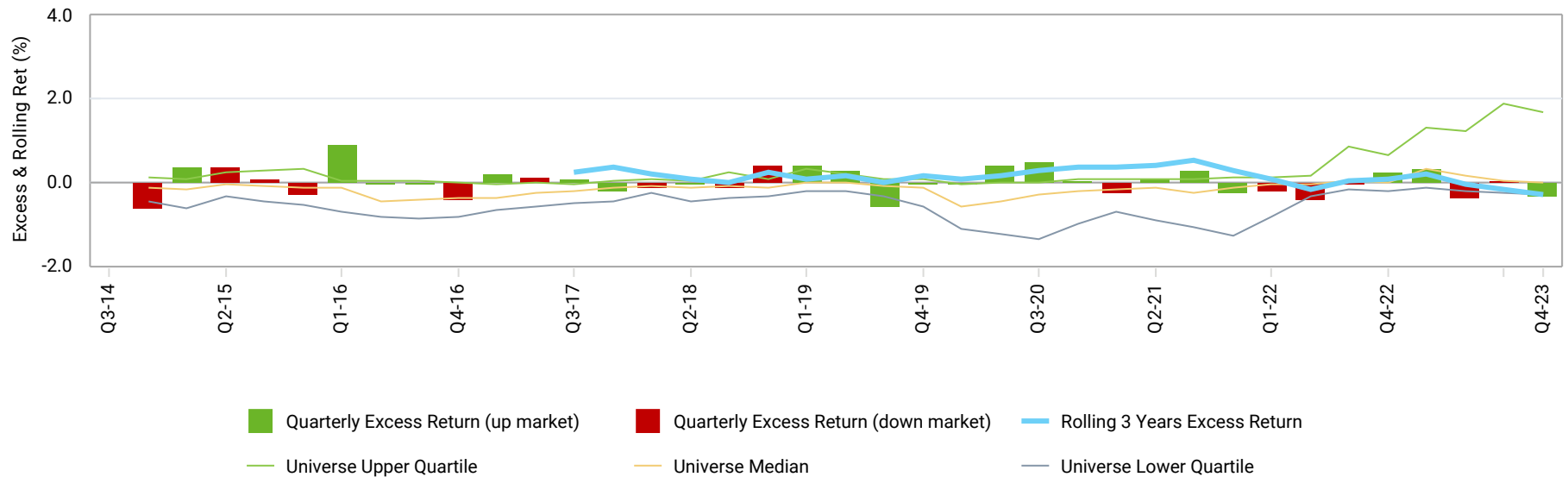
# REAL ASSETS MANAGER PERFORMANCE

# DFA US TIPS

eV US TIPS / Inflation Fixed Inc (net of fees)



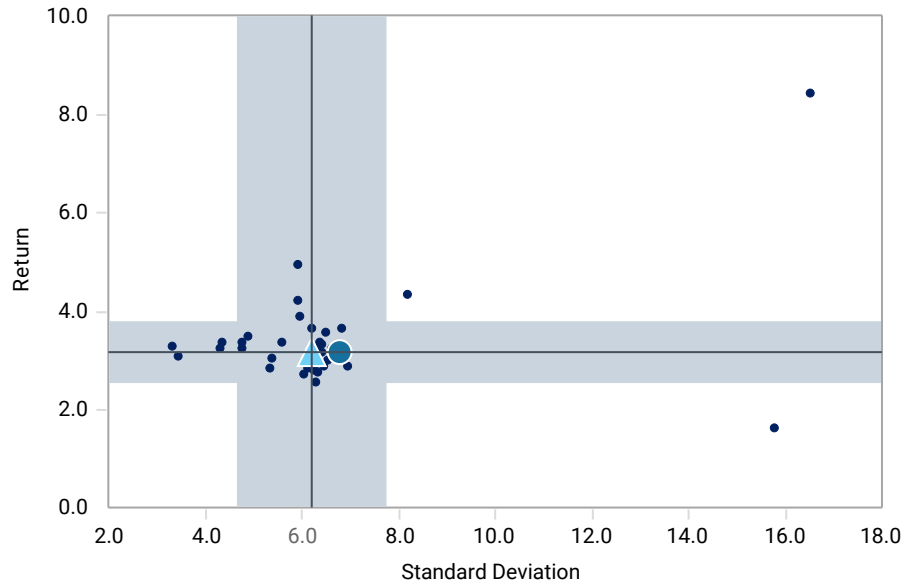
Quarter Excess Return with a Rolling 3 Years Excess Return over Since Inception Ending December 31, 2023



# Los Angeles City Employees' Retirement System-LACERS Master Trust

## DFA US TIPS

5 Years Return vs. Standard Deviation

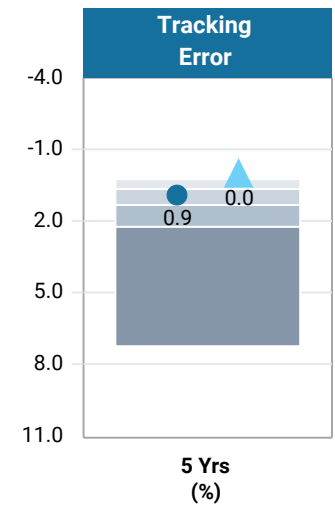
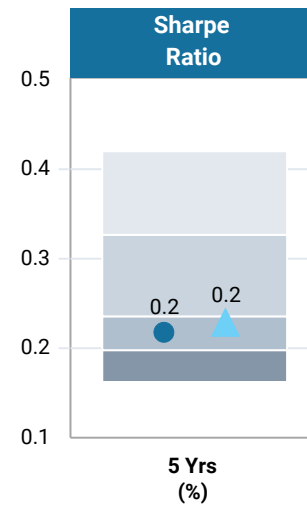
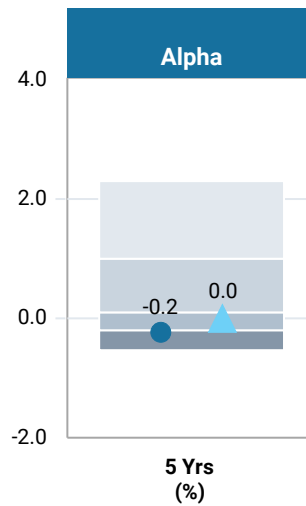
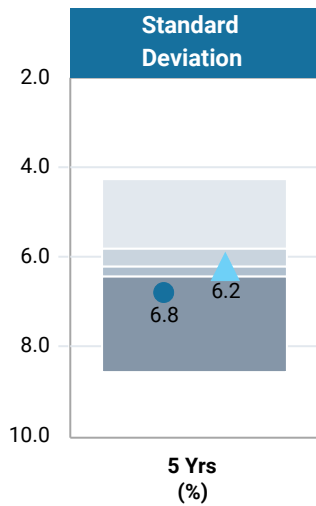
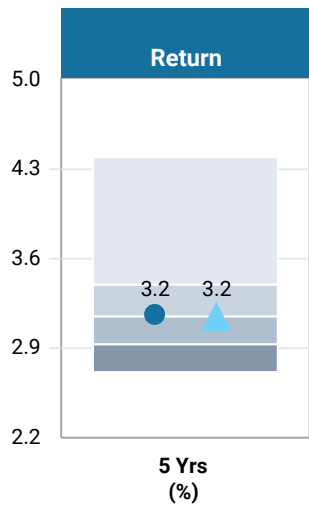


Style Map: (5 Years)



● DFA US TIPS    ▲ Blmbg. U.S. TIPS

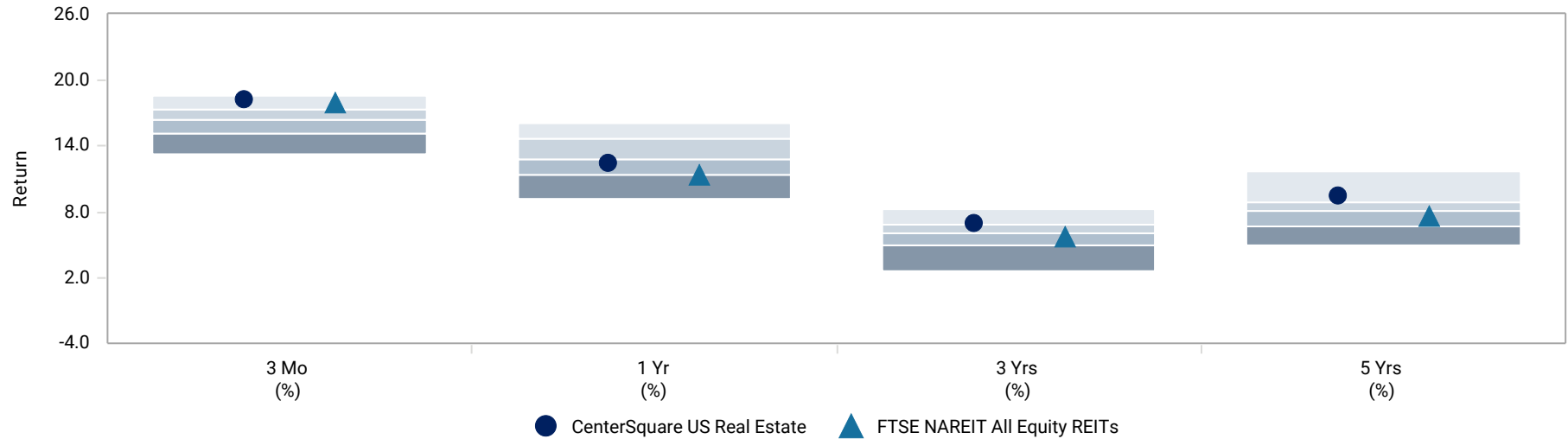
● DFA US TIPS    ▲ Blmbg. U.S. TIPS



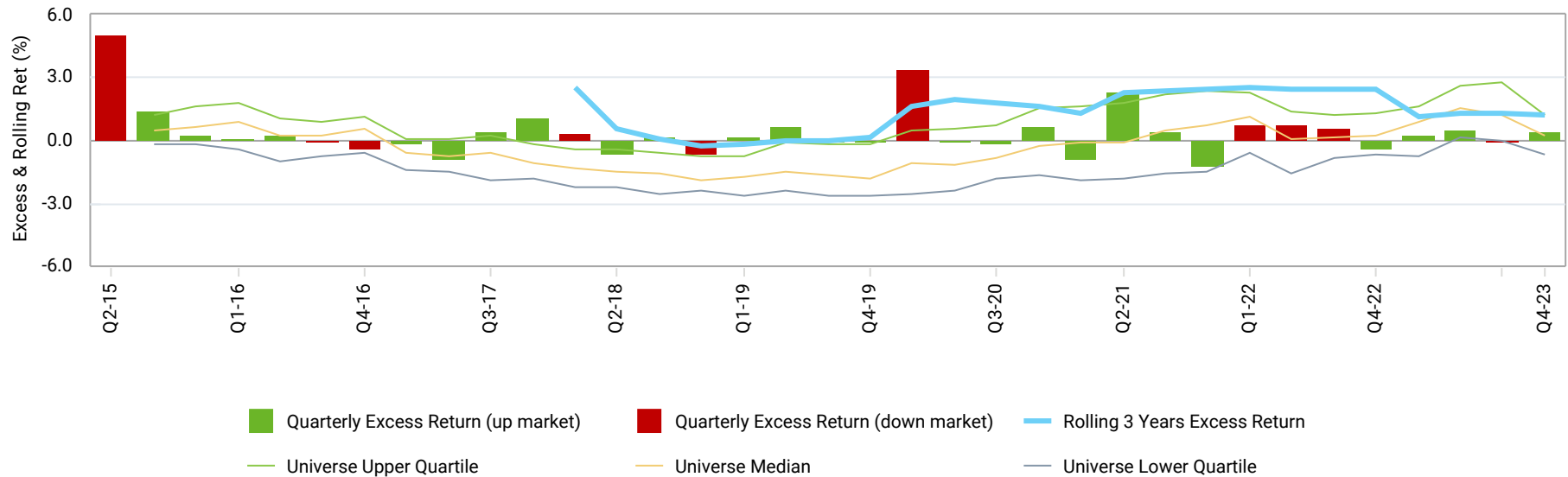
# Los Angeles City Employees' Retirement System-LACERS Master Trust

## CENTERSQUARE US REAL ESTATE

### eV US REIT (net of fees)



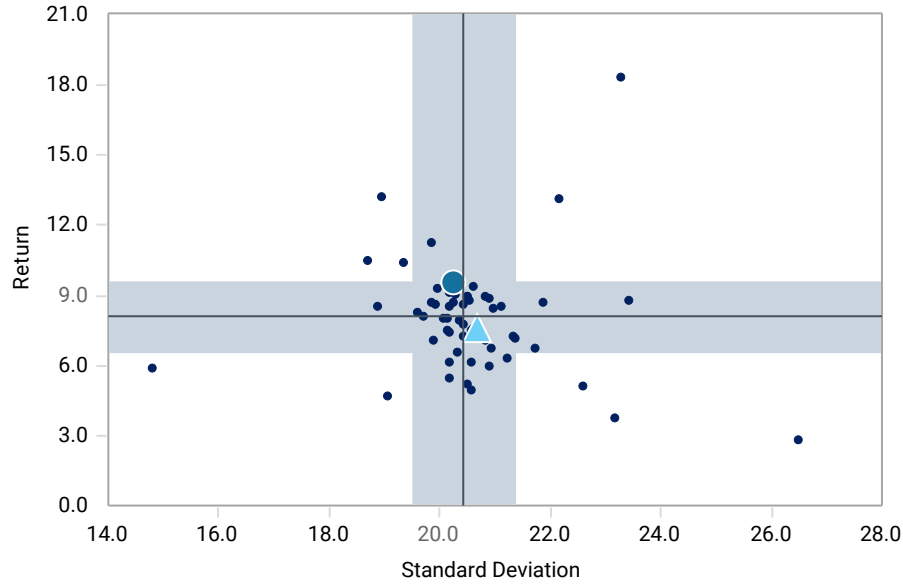
### Quarter Excess Return with a Rolling 3 Years Excess Return over Since Inception Ending December 31, 2023



# Los Angeles City Employees' Retirement System-LACERS Master Trust

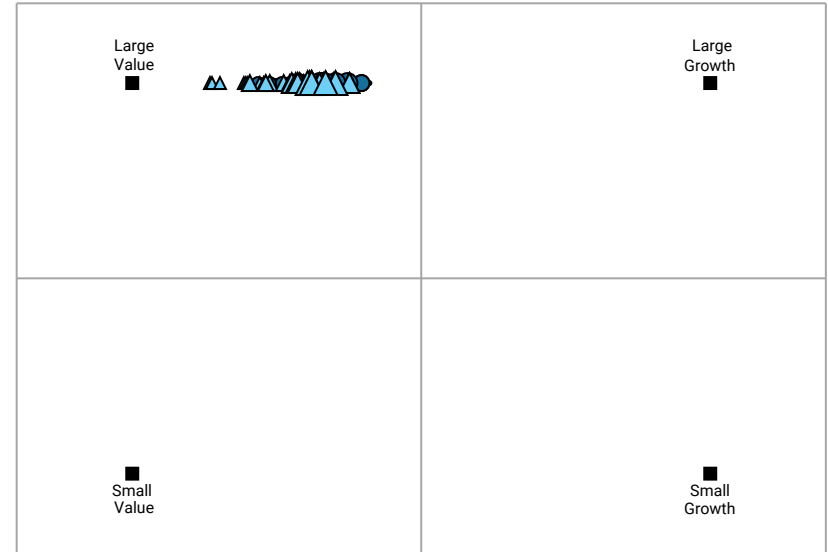
## CENTERSQUARE US REAL ESTATE

5 Years Return vs. Standard Deviation

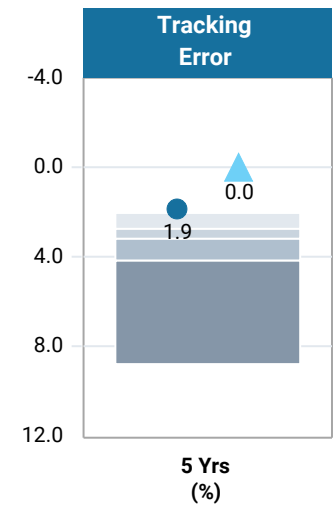
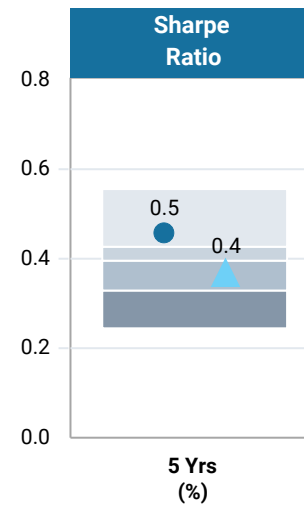
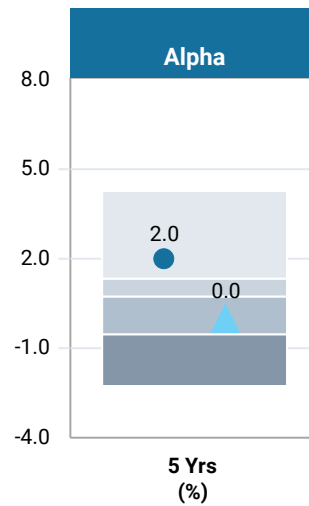
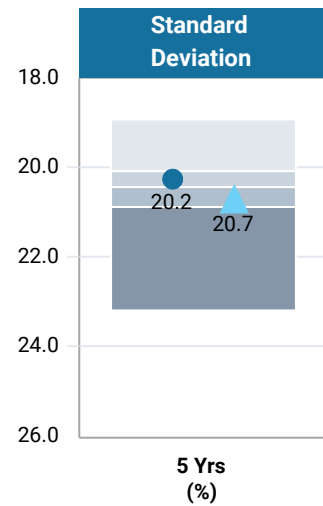
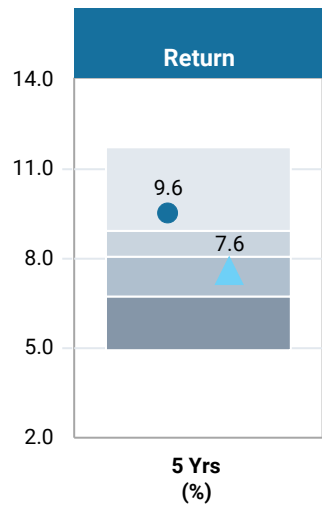


● CenterSquare US Real Estate ▲ FTSE NAREIT All Equity REITs

Rolling 5 Years Style Map



● CenterSquare US Real Estate ▲ FTSE NAREIT All Equity REITs





# DEFINITIONS



# POLICY INDEX DEFINITIONS

EFFECTIVE JULY 1, 2023

**Policy Index:** 20.5% Russell 3000 Index, 25.5% MSCI ACWI ex USA Net Index, 14% Bloomberg U.S. Aggregate Bond Index, 9.25% Credit Opportunities Blend, 6.25% Public Real Assets Blend, 6% Real Estate Blend, 17.5% Private Equity Blend, 1% Citi 3 Month T-Bill Index

**U.S. Equity Blend:** July 1, 2011 - Current: Russell 3000 Index; September 30, 1994 - December 31, 1999 S&P 500 Index 33.75%, Russell 1000 Value Index 35%, Russell 1000 Growth 12.5%, Russell 2000 Value 12.5%, Russell 2000 Growth 6.25%

**Core Fixed Income Blend:** July 1, 2013 – Current: Bloomberg U.S. Aggregate Bond Index

**Credit Opportunities Blend:** 16.2% Bloomberg US High Yield 2% Issuer Capped Index, 16.2% Credit Suisse Leveraged Loan Index, 43.2% Blended Emerging Markets Debt Blend, 24.3% Credit Suisse Leveraged Loan Index One Quarter Lagged

**Emerging Markets Debt Blend:** 50% JPM EMBI Global Diversified, 50% JPM GBI-EM Global Diversified

**Real Assets Policy Benchmark Blend:** 32.65% Bloomberg US TIPS Index, 18.37% FTSE NAREIT All Equity Index, 48.98% Real Estate Blend

**Public Real Assets Blend:** 64% Bloomberg US TIPS Index, 36% FTSE NAREIT All Equity Index

**Real Estate Blend:** July 1, 2014 - Current NCREIF ODCE + 0.80%; July 1, 2012 - June 30, 2014 NCREIF Property Index Lagged +1%; October 1, 1994 - June 30, 2012 NCREIF Property Index Lagged

**Private Equity Blend:** January 1, 2022 Cambridge Global PE and VC Index; February 1, 2012 – December 31, 2021 Russell 3000 + 3%; Inception – January 31, 2012 Russell 3000 + 4%

Note: See Investment Policy for a full description of the indices listed.



# POLICY INDEX DEFINITIONS

## INTERIM POLICY TARGETS ADOPTED ON JULY 12, 2022

	Policy Target %
<b>Total Portfolio</b>	<b>100.00%</b>
<b>U.S. Equity</b>	<b>21.00%</b>
Large Cap	15.00%
Small/Mid Cap	6.00%
<b>Non-U.S. Equity</b>	<b>26.00%</b>
Developed	15.00%
Developed Small Cap	3.00%
Emerging Markets	6.67%
Emerging Markets Small Cap	1.33%
<b>Private Equity</b>	<b>16.00%</b>
<b>Core Fixed Income</b>	<b>11.25%</b>
<b>Credit Opportunities</b>	<b>12.75%</b>
Bank Loans/High Yield	3.00%
Emerging Market Debt	4.00%
Private Credit	5.75%
<b>Public Real Assets</b>	<b>5.00%</b>
TIPS	3.60%
REITS	1.40%
<b>Real Estate</b>	<b>7.00%</b>
<b>Cash</b>	<b>1.00%</b>

	2022	2023	2024	2025
<b>Total Portfolio</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>U.S. Equity</b>	<b>19.50%</b>	<b>20.50%</b>	<b>20.50%</b>	<b>21.00%</b>
Large Cap	14.00%	14.50%	14.50%	15.00%
Small/Mid Cap	5.50%	6.00%	6.00%	6.00%
<b>Non-U.S. Equity</b>	<b>25.50%</b>	<b>25.50%</b>	<b>25.50%</b>	<b>26.00%</b>
Developed	14.40%	14.40%	14.40%	15.00%
Developed Small Cap	3.00%	3.00%	3.00%	3.00%
Emerging Markets	6.75%	6.75%	6.75%	6.67%
Emerging Markets Small Cap	1.35%	1.35%	1.35%	1.33%
<b>Private Equity</b>	<b>18.00%</b>	<b>17.50%</b>	<b>17.00%</b>	<b>16.00%</b>
<b>Core Fixed Income</b>	<b>15.00%</b>	<b>14.00%</b>	<b>12.75%</b>	<b>11.25%</b>
<b>Credit Opportunities</b>	<b>8.00%</b>	<b>9.25%</b>	<b>10.75%</b>	<b>12.75%</b>
Bank Loans/High Yield	3.00%	3.00%	3.00%	3.00%
Emerging Market Debt	4.00%	4.00%	4.00%	4.00%
Private Credit	1.00%	2.25%	3.75%	5.75%
<b>Public Real Assets</b>	<b>7.50%</b>	<b>6.25%</b>	<b>6.00%</b>	<b>5.00%</b>
TIPS	4.50%	4.00%	4.00%	3.60%
REITS	3.00%	2.25%	2.00%	1.40%
<b>Real Estate</b>	<b>5.50%</b>	<b>6.00%</b>	<b>6.50%</b>	<b>7.00%</b>
<b>Cash</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>

Note: Policy target changes coincide with beginning of fiscal year.



# DISCLOSURES



### Information Disclaimer

- Past performance is no guarantee of future results.
- All investments carry some level of risk. Diversification and other asset allocation techniques are not guaranteed to ensure profit or protect against losses.
- NEPC's source for portfolio pricing, calculation of accruals, and transaction information is the plan's custodian bank. Information on market indices and security characteristics is received from other sources external to NEPC. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.
- Some index returns displayed in this report or used in calculation of a policy, allocation or custom benchmark may be preliminary and subject to change.
- This report is provided as a management aid for the client's internal use only. Information contained in this report does not constitute a recommendation by NEPC.
- This report may contain confidential or proprietary information and may not be copied or redistributed to any party not legally entitled to receive it.

### Reporting Methodology

- The client's custodian bank is NEPC's preferred data source unless otherwise directed. NEPC generally reconciles custodian data to manager data. If the custodian cannot provide accurate data, manager data may be used.
- Trailing time period returns are determined by geometrically linking the holding period returns, from the first full month after inception to the report date. Rates of return are annualized when the time period is longer than a year. Performance is presented gross and/or net of manager fees as indicated on each page.
- For managers funded in the middle of a month, the "since inception" return will start with the first full month, although actual inception dates and cash flows are taken into account in all Composite calculations.
- This report may contain forward-looking statements that are based on NEPC's estimates, opinions and beliefs, but NEPC cannot guarantee that any plan will achieve its targeted return or meet other goals.





**REPORT TO BOARD OF ADMINISTRATION**

**From: Investment Committee**  
Elizabeth Lee, Chair  
Annie Chao  
Gaylord "Rusty" Roten

**MEETING: MARCH 26, 2024**  
**ITEM: VII - C**

**SUBJECT: APPROVAL OF 3-YEAR CONTRACT WITH LOOMIS, SAYLES & COMPANY, L.P. REGARDING THE MANAGEMENT OF AN ACTIVE CORE FIXED INCOME PORTFOLIO AND POSSIBLE BOARD ACTION**

ACTION:  CLOSED:  CONSENT:  RECEIVE & FILE:

**Recommendation**

That the Board:

1. Approve a three-year contract renewal with Loomis, Sayles & Company, L.P. (Loomis) for management of an active core fixed income portfolio.
2. Authorize the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

**Discussion**

On March 12, 2024, the Committee considered the attached staff report (Attachment 1) recommending a three-year contract renewal with Loomis. Loomis has managed a fixed income mandate for LACERS since July 1980; the Board recently rehired Loomis under the 2019-2021 Active Core Fixed Income search process to manage an active core fixed income portfolio for LACERS. The current contract expires on May 31, 2024. LACERS' portfolio was valued at approximately \$643 million as of January 31, 2024. Loomis is in compliance with the LACERS Manager Monitoring Policy.

Staff provided a review of the organization, investment strategy, performance, and fees. Staff touted the length of the relationship, noting that Loomis has undergone several mandate changes since the manager was initially hired. Staff noted the performance of the current portfolio, which as of January 31, 2024, exhibited positive excess returns for the selected time periods. Staff mentioned that no fee concessions were made during the contract renewal process, however the effective fee still ranked in the 9<sup>th</sup> percentile of fees in the manager's peer universe. Following the discussion, the Committee concurred with the staff recommendation.

## **Strategic Plan Impact Statement**

A contract renewal with Loomis will allow the fund to maintain a diversified exposure to the active core fixed income market, and aligns with the Strategic Plan Goal to optimize long-term risk adjusted investment returns (Goal IV). The discussion of the investment manager's profile, strategy, performance, and management fee structure aligns with the Strategic Plan Goal to uphold good governance practices which affirm transparency, accountability, and fiduciary duty (Goal V).

Prepared By: Jeremiah Paras, Investment Officer I, Investment Division

NMG/RJ/WL/JP:rm

Attachments:   1. Investment Committee Recommendation Report dated March 12, 2024  
                  2. Proposed Resolution





**LACERS**  
LA CITY EMPLOYEES'  
RETIREMENT SYSTEM



**REPORT TO INVESTMENT COMMITTEE**  
**From: Neil M. Guglielmo, General Manager**

**MEETING: MARCH 12, 2024**  
**ITEM: IV**

*Neil M. Guglielmo*

---

**SUBJECT: INVESTMENT MANAGER CONTRACT WITH LOOMIS, SAYLES & COMPANY, L.P.  
REGARDING THE MANAGEMENT OF AN ACTIVE CORE FIXED INCOME  
PORTFOLIO AND POSSIBLE COMMITTEE ACTION**

ACTION:  CLOSED:  CONSENT:  RECEIVE & FILE:

---

### **Recommendation**

That the Committee recommend to the Board a three-year contract renewal with Loomis, Sayles & Company, L.P. for management of an active core fixed income portfolio.

### **Executive Summary**

Loomis, Sayles & Company, L.P. (Loomis) has managed a fixed income portfolio for LACERS since July 1980. LACERS' portfolio was valued at approximately \$643 million as of January 31, 2024. Loomis' current contract expires on May 31, 2024. Loomis is in compliance with the LACERS Manager Monitoring Policy. Staff and NEPC, LLC (NEPC), LACERS' General Fund Consultant, recommend a three-year contract renewal with Loomis.

### **Discussion**

#### *Background*

Loomis manages an active core fixed income portfolio for LACERS benchmarked against the Bloomberg U.S. Aggregate Bond Index. The investment approach seeks to add value through sector rotation and security selection based on macroeconomic analysis and fundamental research. Portfolio Managers John Hyll (40 years industry experience, 36 with Loomis) and Neil Burke (32 years industry experience, 26 with Loomis) lead the portfolio management team and are supported by the firm's comprehensive research and trading platforms. LACERS' portfolio was valued at \$643 million as of January 31, 2024.

Loomis has managed a fixed income mandate for LACERS since July 1980 and has undergone several mandate changes since the time of hire. The Board rehired Loomis under the 2019-2021 Active Core Fixed Income search process and authorized a three-year contract on January 26, 2021; the contract became effective on June 1, 2021. The current contract expires on May 31, 2024.



Loomis also manages an active high yield fixed income portfolio for LACERS currently benchmarked against the Bloomberg U.S. Corporate High Yield 2% Issuer Capped Index. As of January 31, 2024, this high yield fixed income portfolio was valued at \$346 million.

*Organization*

Loomis is headquartered in Boston and has around 900 employees; approximately half are investment personnel. Loomis is a wholly-owned subsidiary of Natixis S.A., a publicly traded France-based firm offering corporate and investment banking, asset and wealth management, financial investments, payments, and insurance services. As of December 31, 2023, the firm managed over \$335.2 billion in total assets with over \$14.3 billion in core fixed income strategies.

*Due Diligence*

Staff conducts routine due diligence of the manager, which not only includes virtual quarterly portfolio reviews and ad hoc investment discussions, but also includes onsite due diligence meetings in order to order to interview key personnel across the organization; the most recent onsite meeting was conducted on April 13, 2023. Staff determined that Loomis’ investment philosophy, strategy, and process have not changed materially since inception of the current contract. There have also been no material changes to the strategy’s portfolio management team over the course of the contract period. Staff did note a number of firm-level personnel changes over the course of the contract period, though none of these were deemed to have adversely impacted the day-to-day management of the strategy. Loomis is in compliance with the LACERS Manager Monitoring Policy.

*Performance*

As of January 31, 2024, Loomis outperformed its benchmark across all time periods as presented in the table below.

<b>Annualized Performance as of 1/31/2024 (Net-of-Fees)</b>							
	3-Month	1-Year	3-Year	5-Year	10-Year	20-Year	Since Inception <sup>1,2</sup>
Loomis	8.35	2.28	-2.81	1.70	2.44	4.11	8.18
Bloomberg U.S. Aggregate Bond Index <sup>3</sup>	8.23	2.10	-3.17	0.83	1.63	3.23	6.77
<i>% of Excess Return</i>	<i>0.12</i>	<i>0.18</i>	<i>0.36</i>	<i>0.87</i>	<i>0.81</i>	<i>0.88</i>	<i>1.41</i>

<sup>1</sup> Inception date: 7/31/1980

<sup>2</sup> Indicates gross returns

<sup>3</sup> The benchmark has changed several times since inception due to mandate changes: 7/31/1980 – 8/31/1993: Lehman Brothers Government Credit Bond Index; 8/31/1993 – 6/30/2000: Lehman Brothers Long Term Government Credit Bond Index; 6/30/2000 – 6/30/2013: Barclays U.S. Universal Bond Index; 6/30/2013 – Present: Bloomberg U.S. Aggregate Bond Index.

Calendar year performance is presented in the table below as supplemental information.

<b>Calendar Year Performance as of 1/31/2024 (Net-of-Fees)</b>											
	1/1/24- 1/31/24	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Loomis	-0.28	5.75	-12.97	-0.83	10.36	9.56	-0.04	4.54	5.58	-0.53	6.89
Bloomberg U.S. Aggregate Bond Index <sup>3</sup>	-0.27	5.53	-13.01	-1.54	7.51	8.72	0.01	3.54	2.65	0.55	5.97
<i>% of Excess Return</i>	-0.01	0.22	0.04	0.71	2.85	0.84	-0.05	1.00	2.93	-1.08	0.92

<sup>3</sup> The benchmark has changed several times since inception due to mandate changes: 7/31/1980 – 8/31/1993: Lehman Brothers Government Credit Bond Index; 8/31/1993 – 6/30/2000: Lehman Brothers Long Term Government Credit Bond Index; 6/30/2000 – 6/30/2013: Barclays U.S. Universal Bond Index; 6/30/2013 – Present: Bloomberg U.S. Aggregate Bond Index.

**Fees**

LACERS pays Loomis an effective fee of 13 basis points (0.13%), which is approximately \$843,000 annually based on the value of LACERS’ assets as of January 31, 2024. For a portfolio of its size, the fee ranks in the 9<sup>th</sup> percentile of fees charged by similar core fixed income managers in the eVestment database (i.e., 91% of like-managers have higher fees).

**General Fund Consultant Opinion**

NEPC concurs with this recommendation.

**Strategic Plan Impact Statement**

A contract renewal with Loomis will allow the fund to maintain a diversified exposure to the active core fixed income market, and aligns with the Strategic Plan Goal to optimize long-term risk adjusted investment returns (Goal IV). The discussion of the investment manager’s profile, strategy, performance, and management fee structure aligns with the Strategic Plan Goal to uphold good governance practices which affirm transparency, accountability, and fiduciary duty (Goal V).

Prepared By: Jeremiah Paras, Investment Officer I, Investment Division

NMG/RJ/WL/JP:rm

Attachment: 1. Consultant Recommendation – NEPC, LLC



**To: Los Angeles City Employees' Retirement System Investment Committee**

**From: NEPC, LLC**

**Date: March 12, 2024**

**Subject: Looms, Sayles & Company, L.P.**

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### **Recommendation**

NEPC recommends Los Angeles City Employees' Retirement System (LACERS) renew the contract for core fixed income services that is currently in place with Looms, Sayles & Company, L.P. ('Loomis' or 'Loomis Sayles') for a period of three years from the date of contract expiry.

### **Background**

Loomis was hired into the Core Fixed Income asset class on July 31, 1980 to provide the Plan with U.S. investment grade public markets fixed income exposure. Since 1980 the mandate has changed several times including a combination of government and corporate bonds and stand-alone government and corporate mandates. The portfolio's strategy is benchmarked currently against the Bloomberg Barclays Capital U.S. Aggregate Fixed Income Index.

As of December 31, 2023, Loomis managed \$644.9 million, or 2.8% of Plan assets. The portfolio is benchmarked against the Bloomberg U.S. Aggregate Bond Index and has a performance objective of outperforming the benchmark, net of fees, annualized over a full market cycle (normally three-to-five years). The Loomis portfolio is currently compliant with LACERS' manager monitoring policy.

Loomis traces its origins back to January 1926, when Robert H. Loomis and Ralph T. Sayles formed a partnership and established Loomis Sayles as an investment management company in Boston, Massachusetts. Since 2008, the firm is majority owned by Natixis Investment Managers, a subsidiary of a firm formed by two shareholders Caisse Nationale des Caisses d'Épargne ("CNCE") and Banque F'd'rale des Banques Populaires ("BFBP") who together form an entity named Groupe BPCE; a large banking group based in France. Groupe BPCE is the single voice of governance and strategic direction for Natixis. Natixis is a publicly traded company (ticker: NTFY). Loomis manages \$335.2 billion and employs over 800 people as of December 31, 2023.

Loomis Sayles is one of over 30 subsidiaries wholly owned by Natixis. Natixis is described by Loomis management as the Bank of America of France. Three people from Natixis sit on the board of Loomis Sayles. Loomis counts on Natixis for a distribution network outside the US. Loomis' client base is currently 25% retail and 75% institutional. Relative to other Natixis affiliates, Loomis is strong in fixed income, and faces tougher competition for shelf space in the Natixis line-up on the equities side. From an incentive alignment standpoint, Loomis' ownership structure is stable and functioning. Natixis does place pressure on their asset managers to grow assets under management ('AUM'). Loomis can make hire/fire decisions and most business strategy decisions (strategy capacity/ asset level to close etc.) independently, but major decisions need Natixis approval (acquisitions or team lift outs for example). To seed a new strategy Loomis needs to work at length with Natixis to get them on board and get their support for the asset gathering phase of the new

venture. One of the areas that Loomis is focusing on is the insurance space given secular growth in that area. They will be establishing an OCIO based in Paris. CEO Kevin Charleston is clearly focused on asset growth. The firm's growth target is close to double digits. Natixis receives 50% of Loomis' earnings.

The LACERS core bond portfolio is managed within the Government/Credit team, a segment of the Relative Return platform of strategies and is overseen by two portfolio managers; John Hyll and Neil Burke. Messrs. Hyll and Burke have been with Loomis for 36 and 26 years respectively. Both are responsible for government and credit, long duration credit, long duration corporate bonds and customized liability driven investment solutions. The portfolio management team and investment process is supported by sector specialist researchers across all major sectors of the fixed income universe defined by Loomis as: US Yield Curve, Investment Grade/ Global Credit, Mortgage & Securitized Finance, US Government, High Yield/ Bank Loans, Emerging Markets, Convertibles, Global Asset Allocation and Developed Non-US Markets. The core fixed income team, while having the ability to utilize resources from the sector research specialists as a whole, is most engaged with the Credit Research team. This team has over 50 employees made up of one Director, Senior Analysts, Analysts, Research Associates and Research Assistants.

The strategy is run with a benchmark aware focus and broad diversification is key to the Loomis investment philosophy that prioritizes a belief in fundamental security analysis in identifying value. Investment flexibility is restrained to the investment grade portion of the US fixed income markets. Sector selection is developed in concert with individual security selection and fundamental industry analysis. The investment team seeks to take advantage of those sectors that appear to be broadly undervalued given the potential for recovery. Sector teams are responsible for forecasting overall return prospects and outlooks for their particular market sector and recommending specific credits in their segments of the market. Portfolio managers use these forecasts to generate a portfolio structure that overweights expected higher performing sectors and underweights expected underperforming sectors.

### **Performance**

Referring to Exhibit 1, as of December 31, 2023, since the portfolio's inception date of July 1, 1980, the portfolio has outperformed its benchmark by 1.3%. Over the past 10 years, the portfolio has outperformed the benchmark by 0.8% and ranked in the 5<sup>th</sup> percentile among its peers. Over the past five-years the portfolio outperformed its benchmark by 0.9% and ranked in the 8<sup>th</sup> percentile in its peer group. Over the last one-year period, the portfolio returned 5.8%, outperformed its benchmark by 0.2% and ranked in the 62<sup>nd</sup> percentile.

Referring to Exhibit 2, the cumulative effect of the relative outperformance has been significant. The strategy continues to favor spread sectors including corporate bonds, ABS and CMBS. In the shorter-run agency backed mortgage exposure contributed to performance as the strategy was underweight while spreads increased in addition to generating positive issue selection in the asset class. Duration continues to be managed in line with the benchmark.

### **Fees**

The portfolio has an asset-based fee of 0.13% annually. This fee ranks in the 9<sup>th</sup> percentile among its peers in the eVestment Core Fixed Income universe. In other words, 91% of the products included in the peer universe have a higher fee than the LACERS account.



**Conclusion**

Loomis has outperformed its benchmark index since inception. The firm has had a well-established, stable team in place, in addition to executing well against its stated investment objectives. The investment process and philosophy paired with a large team of resources suggest an ability to execute going forward. NEPC recommends a contract renewal for a period of three years from the period of contract expiry.

The following tables provide specific performance information, net of fees referenced above.





Exhibit 1: Universe Performance Comparison Net of Fees Ending December 31, 2023

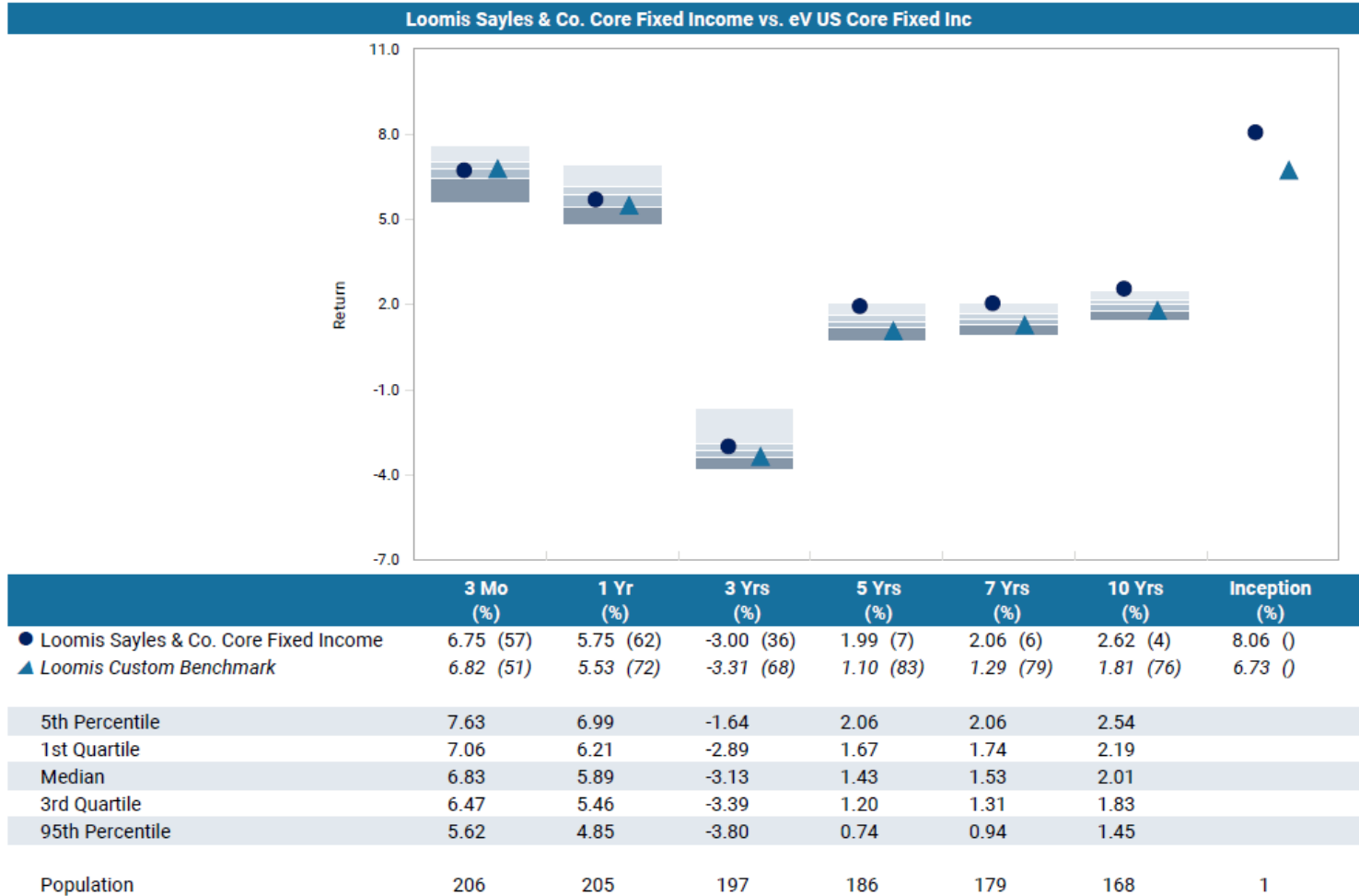
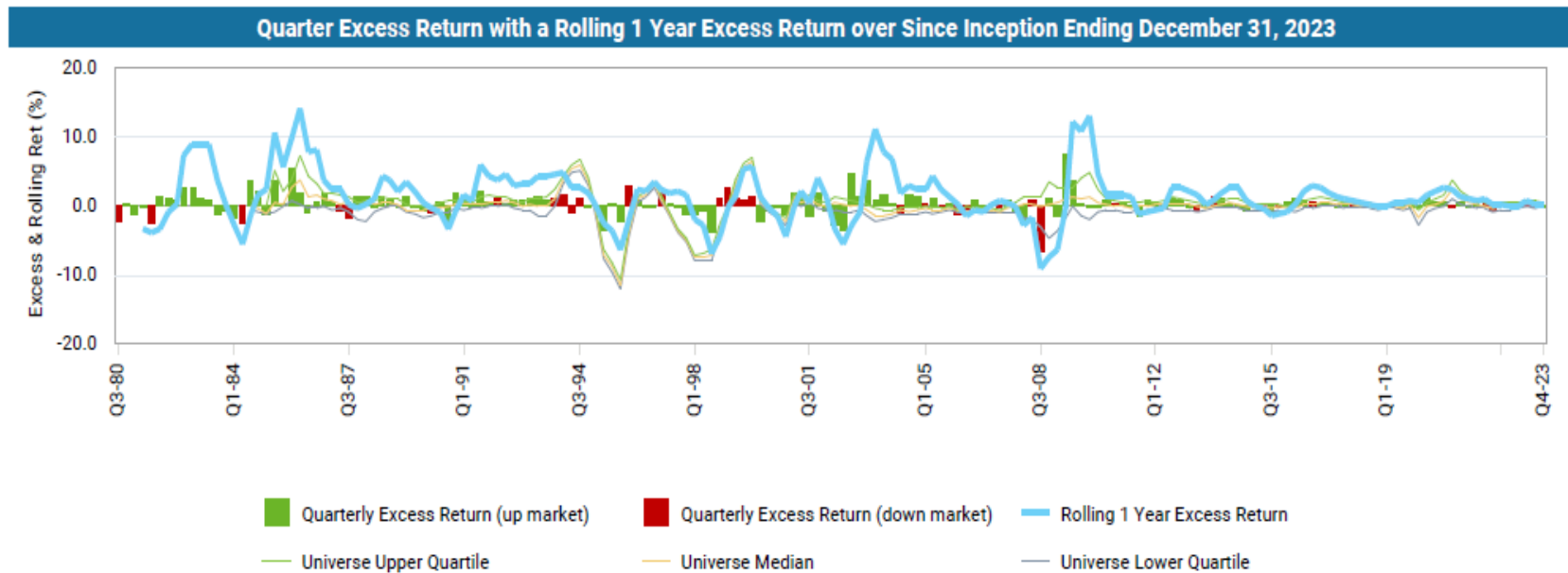


Exhibit 2: Cumulative Excess Performance Net of Fees Ending December 31, 2023



CONTRACT RENEWAL  
LOOMIS, SAYLES & COMPANY, L.P.  
ACTIVE CORE FIXED INCOME PORTFOLIO MANAGEMENT

PROPOSED RESOLUTION

WHEREAS, LACERS' current three-year contract with Loomis, Sayles & Company, L.P. (Loomis) for active core fixed income portfolio management expires on May 31, 2024; and,

WHEREAS, Loomis is in compliance with the LACERS Manager Monitoring Policy; and,

WHEREAS, a contract renewal with Loomis will allow the LACERS total portfolio to maintain a diversified exposure to the active core fixed income market; and,

WHEREAS, on March 26, 2024, the Board approved the Investment Committee's recommendation to approve a three-year contract renewal with Loomis.

NOW, THEREFORE, BE IT RESOLVED, that the General Manager is hereby authorized to approve and execute a contract subject to satisfactory business and legal terms and consistent with the following services and terms:

<u>Company Name:</u>	Loomis, Sayles & Company, L.P.
<u>Service Provided:</u>	Active Core Fixed Income Portfolio Management
<u>Effective Dates:</u>	June 1, 2024 through May 31, 2027
<u>Duration:</u>	Three years
<u>Benchmark:</u>	Bloomberg U.S. Aggregate Bond Index
<u>Allocation as of January 31, 2024:</u>	\$643 million

March 26, 2024





**REPORT TO BOARD OF ADMINISTRATION**

**From: Investment Committee**  
Elizabeth Lee, Chair  
Annie Chao  
Gaylord "Rusty" Roten

**MEETING: MARCH 26, 2024**  
**ITEM: VII - D**

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**SUBJECT: APPROVAL OF 3-YEAR CONTRACT WITH DIMENSIONAL FUND ADVISORS LP REGARDING THE MANAGEMENT OF A U.S. TREASURY INFLATION PROTECTED SECURITIES (TIPS) PORTFOLIO AND POSSIBLE BOARD ACTION**

ACTION:  CLOSED:  CONSENT:  RECEIVE & FILE:

---

**Recommendation**

That the Board:

1. Approve a three-year contract renewal with Dimensional Fund Advisors LP (DFA) for management of a U.S. Treasury Inflation Protected Securities (TIPS) portfolio.
2. Authorize the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

**Discussion**

On March 12, 2024, the Committee considered the attached staff report (Attachment 1) recommending a three-year contract renewal with DFA. The firm has managed an active U.S. TIPS portfolio for LACERS since July 2014; the current contract expires on June 30, 2024. LACERS' portfolio was valued at approximately \$806 million as of January 31, 2024. DFA is in compliance with the LACERS Manager Monitoring Policy.

Staff provided a review of the organization, investment strategy, performance, and fees. The Committee discussed whether a TIPS portfolio would be more efficiently covered by passive management. Staff mentioned that active management still has a value proposition, noting the portfolio's excess returns since inception remain positive. In addition, staff highlighted DFA's effective fee of 5 basis points, which ranks in the top percentile of fees in the manager's peer universe. Following the discussion, the Committee concurred with the staff recommendation.

## **Strategic Plan Impact Statement**

A contract renewal with DFA will allow the fund to maintain a diversified exposure to public real assets, which is expected to optimize long-term risk adjusted investment returns (Goal IV). The discussion of the investment manager's profile, strategy, performance, and management fee structure are consistent with Goal V (uphold good governance practices which affirm transparency, accountability, and fiduciary duty).

Prepared By: Jeremiah Paras, Investment Officer I, Investment Division

NMG/RJ/WL/JP:rm

Attachments:   1. Investment Committee Recommendation Report dated March 12, 2024  
                  2. Proposed Resolution



**LACERS**  
LA CITY EMPLOYEES'  
RETIREMENT SYSTEM



**REPORT TO INVESTMENT COMMITTEE**  
**From: Neil M. Guglielmo, General Manager**

**MEETING: MARCH 12, 2024**  
**ITEM: V**

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**SUBJECT: INVESTMENT MANAGER CONTRACT WITH DIMENSIONAL FUND ADVISORS LP REGARDING THE MANAGEMENT OF A U.S. TREASURY INFLATION PROTECTED SECURITIES (TIPS) PORTFOLIO AND POSSIBLE COMMITTEE ACTION**

**ACTION:**  **CLOSED:**  **CONSENT:**  **RECEIVE & FILE:**

---

### **Recommendation**

That the Committee recommend to the Board a three-year contract renewal with Dimensional Fund Advisors LP for management of a U.S. Treasury Inflation Protected Securities portfolio.

### **Executive Summary**

Dimensional Fund Advisors LP (DFA) has managed an active U.S. Treasury Inflation Protected Securities (TIPS) portfolio for LACERS since July 2014. LACERS' portfolio was valued at \$806 million as of January 31, 2024. DFA's current contract expires on June 30, 2024. DFA is in compliance with the LACERS Manager Monitoring Policy. Staff and NEPC, LLC (NEPC), LACERS' General Fund Consultant, recommend a three-year contract renewal with DFA.

### **Discussion**

#### *Background*

DFA manages a U.S. TIPS portfolio for LACERS benchmarked against the Bloomberg U.S. TIPS Index. DFA's strategy provides protection against inflation by investing in inflation-linked bonds issued by the U.S. Treasury. The strategy offers benchmark-like duration and adds incremental value through yield curve positioning and low portfolio turnover. DFA uses a team approach to investment management; the portfolio is managed by a team of investment professionals, which include Alexander Fridman, Senior Portfolio Manager (18 years industry experience, 11 with DFA) and Alan Hutchison, Senior Portfolio Manager (25 years industry experience, 17 with DFA). LACERS' portfolio was valued at \$806 million as of January 31, 2024.

DFA was hired through the 2013 Active U.S. and Global Inflation-Linked manager search process with the Board authorizing a three-year contract on February 25, 2014. Subsequently, the Board authorized a three-year contract renewal on January 24, 2017, a one-year extension on May 26, 2020, and another three-year contract renewal on February 23, 2021. The current contract expires on June 30, 2024.

DFA also manages an emerging markets value equities portfolio for LACERS currently benchmarked against the MSCI Emerging Markets Value Index. As of January 31, 2024, this portfolio was valued at \$527 million.

*Organization*

DFA is headquartered in Austin, Texas and has more than 1,600 employees globally. As of January 31, 2024, the firm managed approximately \$674.1 billion in total assets, with \$6.3 billion in the TIPS strategy.

*Due Diligence*

Staff conducts routine due diligence of the manager. In addition to meeting virtually for quarterly portfolio reviews and ad hoc investment discussions, LACERS staff conducted an onsite meeting at DFA’s headquarters on May 2, 2023, to interview key personnel across the organization. Staff determined that DFA’s investment philosophy, strategy, and process have not changed materially since inception of the current contract. There have also been no material changes to the strategy’s portfolio management team over the course of the contract period. Staff did note a number of firm-level personnel changes over the course of the contract period, though none of these were deemed to have adversely impacted the day-to-day management of the strategy. DFA is in compliance with the LACERS Manager Monitoring Policy.

*Performance*

As of January 31, 2024, DFA underperformed its benchmark over the 3-Month, 1-Year, 3-Year and 5-Year time periods as presented in the table below. Over longer periods of time, DFA has managed to outperform its benchmark, as demonstrated by positive 7-Year and Since Inception excess returns.

<b>Annualized Performance as of 1/31/2024 (Net-of-Fees)</b>						
	3-Month	1-Year	3-Year	5-Year	7-Year	Since Inception <sup>1</sup>
DFA	5.49	1.73	-1.37	2.89	2.44	2.01
Bloomberg U.S. TIPS Index	5.66	2.21	-1.05	2.91	2.39	1.92
<i>% of Excess Return</i>	<i>-0.17</i>	<i>-0.48</i>	<i>-0.32</i>	<i>-0.02</i>	<i>0.05</i>	<i>0.09</i>

<sup>1</sup>Inception date 7/17/2014

Calendar year performance is presented in the table below as supplemental information.

<b>Calendar Year Performance as of 1/31/2024 (Net-of-Fees)</b>											
	1/1/24-1/31/24	2023	2022	2021	2020	2019	2018	2017	2016	2015	7/17/14-12/31/14
DFA	0.30	3.55	-12.22	5.79	11.97	8.55	-1.15	3.22	5.13	-0.94	-2.86
Bloomberg U.S. TIPS Index	0.18	3.90	-11.85	5.96	10.99	8.43	-1.26	3.01	4.68	-1.44	-2.31
<i>% of Excess Return</i>	<i>0.12</i>	<i>-0.35</i>	<i>-0.37</i>	<i>-0.17</i>	<i>0.98</i>	<i>0.12</i>	<i>0.11</i>	<i>0.21</i>	<i>0.45</i>	<i>0.50</i>	<i>-0.55</i>

The strategy focuses on holding TIPS in the middle range of the universe's available maturities between four years and 22 years from the date of settlement. The portfolio is thus naturally underweight both the short and long ends of the curve and overweight the intermediate term of the curve. While there is variation in the returns from year to year, the strategy's underperformance relative to the benchmark in the most recent three calendar years can be cumulatively attributed to the portfolio's underexposure to TIPS with maturities shorter than four years. DFA maintains that over the long term, the portfolio can still systematically add value by targeting inflation protection at intermediate maturities where the manager's research has shown expected returns to be generally higher.

#### *Fees*

LACERS pays DFA an effective fee of 5 basis points (0.05%), which is approximately \$428,000 annually based on the value of LACERS' assets as of January 31, 2024. The fee ranks in the 1<sup>st</sup> percentile of fees charged by similar managers in the eVestment database (i.e., 99% of like-managers have higher fees). Since inception, LACERS has paid DFA a total of \$3.3 million in investment management fees.

#### *General Fund Consultant Opinion*

NEPC concurs with this recommendation.

#### **Strategic Plan Impact Statement**

A contract renewal with DFA will allow the fund to maintain a diversified exposure to public real assets, which is expected to optimize long-term risk adjusted investment returns (Goal IV). The discussion of the investment manager's profile, strategy, performance, and management fee structure are consistent with Goal V (uphold good governance practices which affirm transparency, accountability, and fiduciary duty).

Prepared By: Jeremiah Paras, Investment Officer I, Investment Division

NMG/RJ/WL/JP:rm

Attachment: 1. Consultant Recommendation – NEPC, LLC



**To: Los Angeles City Employees' Retirement System Investment Committee**

**From: NEPC, LLC**

**Date: March 12, 2024**

**Subject: Dimensional Fund Advisors LP**

---

### **Recommendation**

NEPC recommends Los Angeles City Employees' Retirement System (LACERS) renew the contract with Dimensional Fund Advisors LP ('DFA') for a period of three years from the date of contract expiry.

### **Background**

DFA was funded on July 17, 2014 to provide the Plan with exposure to U.S. Treasury Inflation Protected Securities (U.S. TIPS) within the Plan's Public Real Assets asset class. As of December 31, 2023, DFA managed \$803.6 million, or 3.5% of Plan assets. The performance objective is to outperform the Bloomberg Barclays U.S. TIPS Index, net of fees, annualized over a full market cycle (normally three-to-five years). The portfolio is currently compliant with LACERS' manager monitoring policy.

DFA was founded in 1981 by University of Chicago MBA students David Booth and Rex Sinquefeld, whose intention was to start a fund management firm that would rely fully on academic theories of efficient markets. Papers from Finance Professors Eugene Fama and Kenneth French framed their thinking. Eugene Fama and Kenneth French remain Directors and Consultants to the company today, and the firm maintains its ties to the University of Chicago. Other notable Board Members include George Constantinides of the University of Chicago, Robert Merton of Harvard University, Myron Scholes of Stanford University, and Roger Ibbotson of Yale. Mr. Booth remains at the firm as Founder and Executive Chairman and Mr. Sinquefeld retired in 2005. The firm is a private company owned primarily by employees, directors and former employees (70%) and outside investors (30%). Headquartered in Austin, Texas, the firm has offices around the globe and as of December 31, 2023, the firm had \$677 billion in assets under management ('AUM') with over 1,600 employees.

The firm's core philosophy is to focus on a rules-based systematic investment approach that combines academic theory and empirical research. DFA believes that prices in liquid and competitive markets reflect available information about fundamental values and the aggregate risk and return expectations of market participants. They believe that diversification helps reduce uncertainty, manage risk, increase the reliability of outcomes and provide flexibility. They identify and focus on the tradeoffs that matter to targeting market premiums efficiently.

The strategy focuses on securities in the middle range of the universe's available maturities, between four and 22 years from the date of settlement, excluding both very short and very long securities, although it may continue to hold securities as their maturities fall below four years. The rationale for this approach is that there are substitutes such as short Treasuries that provide fairly

good protection versus inflation over time and secondly investing beyond 20 years' maturity may provide less favorable returns.

The strategy employs a constant-maturity, low-turnover approach which can generally be described as a buy and hold strategy. The strategy does not seek to replicate the benchmark but instead provide systematic exposure to the asset class in a thoughtful, market-driven, and cost-effective manner. For the portfolio there is one issuer, the U.S. Treasury and there is no limitation on the investments of this issuer. Individual security weightings will be determined to target the duration of the Bloomberg Barclays U.S. TIPS Index.

DFA uses a team approach to investment management. The Investment Policy Committee focuses on any changes to long-term investment strategy through the combined contributions of Portfolio Research, Portfolio Management, and Trading. The Investment Committee supervises day-to-day investment management operations for all portfolios. They do not employ a traditional portfolio manager / research analyst structure. Investment Associates and Portfolio Analysts are part of the team that assists Portfolio Managers in the implementation of policies and procedures for the strategies. DFA's internal research team is comprised of research professionals engaged in academic research and product development. Though there has been some turnover over the past several years at the investment committee level, the team approach to portfolio management at DFA results in a diminished impact of any one team-member's departure.

### **Performance**

Referring to Exhibit 1, ending December 31, 2023, since August 1, 2014 the DFA portfolio has outperformed the Bloomberg Barclays U.S. TIPS Index by 0.05% and ranked in the 23<sup>rd</sup> percentile in its peer group. In the five-year period ended December 31, 2023, the portfolio outperformed the index by 0.02% and ranked in the 49<sup>th</sup> percentile in its peer group. Over the past three-years, the portfolio underperformed by 0.3% and ranked in the 80<sup>th</sup> percentile while in the one-year the portfolio underperformed by 0.4% and ranked in the 70<sup>th</sup> percentile.

Referring to Exhibit 2, on a cumulative basis, the portfolio has added cumulative gains since inception, however, the portfolio has experienced periods of underperformance. While the portfolio focuses on intermediate treasuries, positioning along the term structure avoiding shorter-term maturities detracted from performance over the course of 2023 and 2022.

### **Fees**

The DFA portfolio has an asset-based fee of 0.05% annually. The fee ranks in the 1st percentile among its peers in the eVestment U.S. TIPS/ Inflation Fixed Income Universe. In other words, 99% of the peer universe has a higher fee than the LACERS account.

### **Conclusion**

DFA has outperformed its benchmark index since inception. The firm and team have been relatively stable in the past three-to-five years and employs a disciplined fundamental strategy. NEPC recommends a three-year contract renewal.

The following tables provide specific performance information, net of fees referenced above.





Exhibit 1: Universe Performance Comparison Net of Fees Ending December 31, 2023

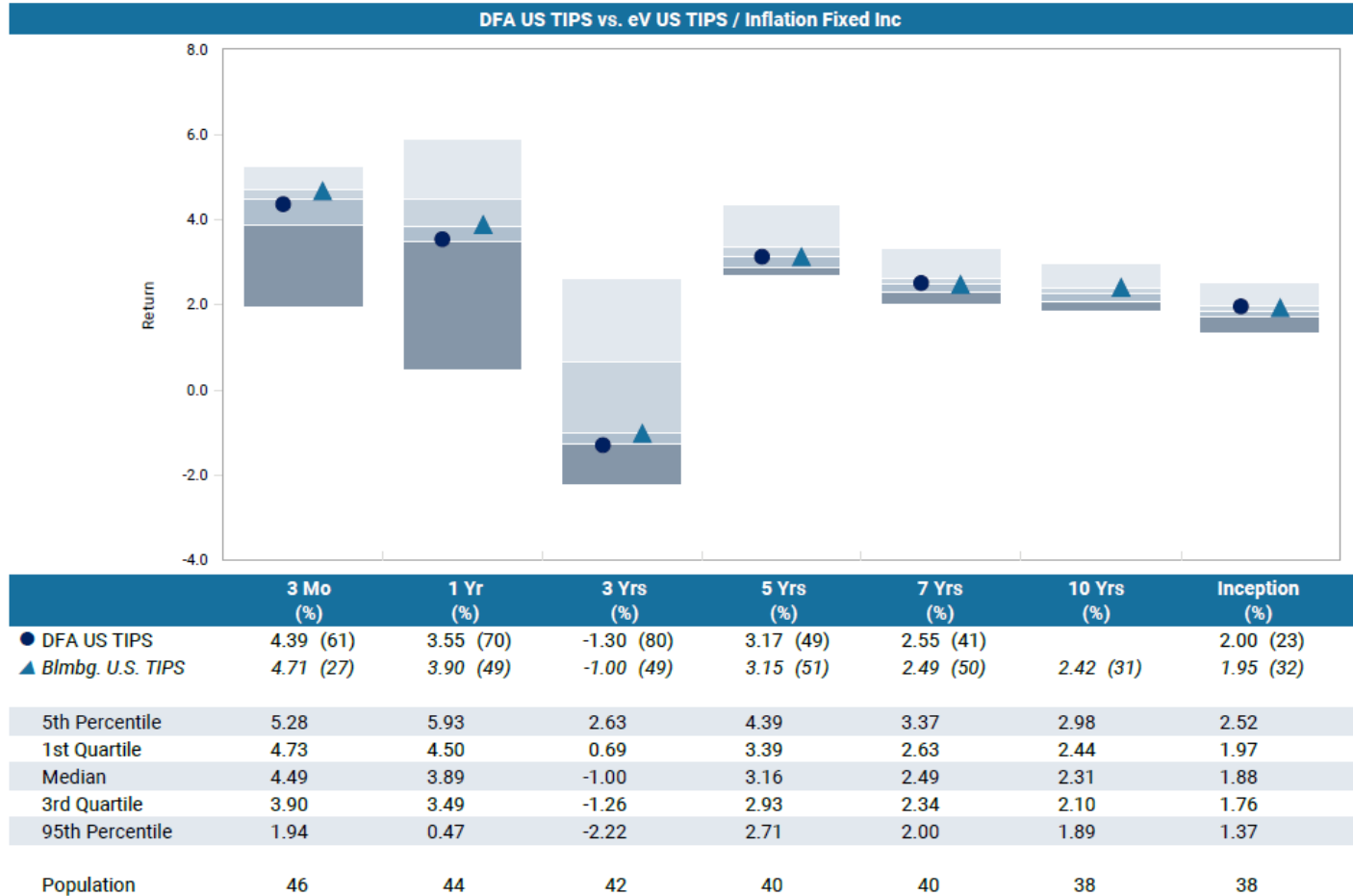
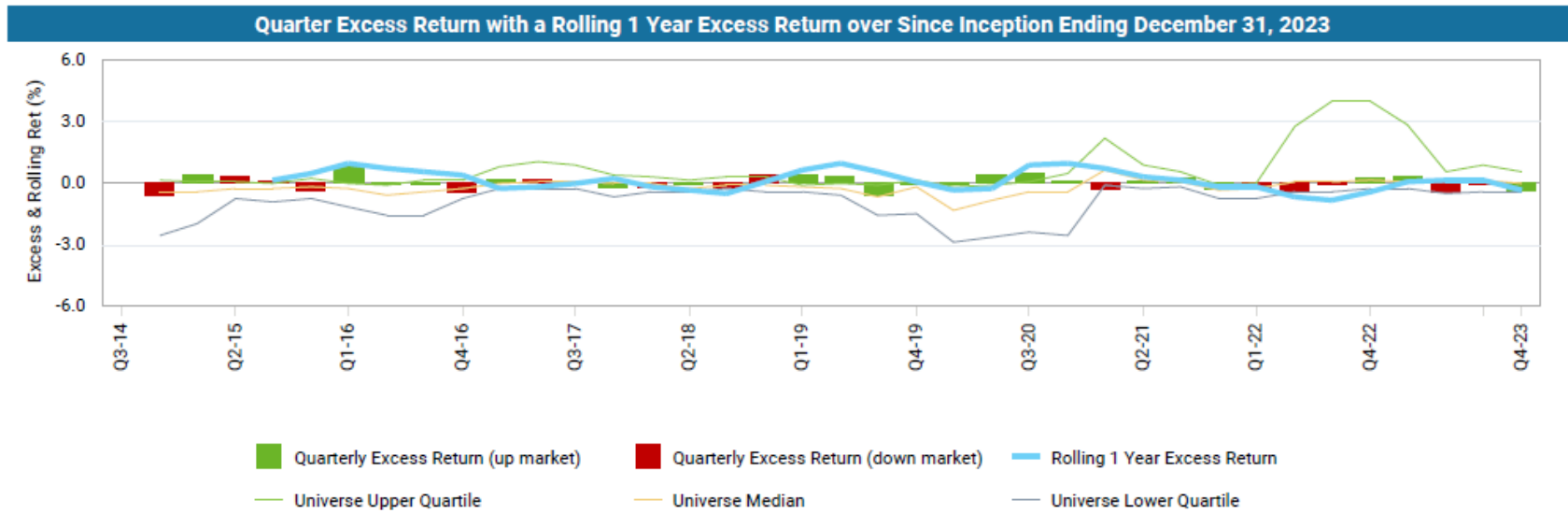




Exhibit 2: Cumulative Excess Performance Net of Fees Ending December 31, 2023



CONTRACT RENEWAL  
DIMENSIONAL FUND ADVISORS LP  
ACTIVE U.S. TREASURY INFLATION PROTECTED SECURITIES (TIPS)  
PORTFOLIO MANAGEMENT

PROPOSED RESOLUTION

WHEREAS, LACERS' current three-year contract with Dimensional Fund Advisors LP (DFA) for active U.S. TIPS portfolio management expires on June 30, 2024; and,

WHEREAS, DFA is in compliance with the LACERS Manager Monitoring Policy; and,

WHEREAS, a contract renewal with DFA will allow the LACERS total portfolio to maintain a diversified exposure to the public real assets market; and,

WHEREAS, on March 26, 2024, the Board approved the Investment Committee's recommendation to approve a three-year contract renewal with DFA.

NOW, THEREFORE, BE IT RESOLVED, that the General Manager is hereby authorized to approve and execute a contract subject to satisfactory business and legal terms and consistent with the following services and terms:

<u>Company Name:</u>	Dimensional Fund Advisors LP
<u>Service Provided:</u>	Active U.S. TIPS Portfolio Management
<u>Effective Dates:</u>	July 1, 2024 through June 30, 2027
<u>Duration:</u>	Three years
<u>Benchmark:</u>	Bloomberg U.S. TIPS Index
<u>Allocation as of January 31, 2024:</u>	\$806 million

March 26, 2024