



## **Investment Committee Agenda**

### **REGULAR MEETING**

**TUESDAY, AUGUST 9, 2022**

**TIME: 10:30 A.M. OR IMMEDIATELY FOLLOWING THE REGULAR BOARD MEETING**

### **MEETING LOCATION:**

In accordance with Government Code Section 54953, subsections (e)(1) and (e)(3), and in light of the State of Emergency proclaimed by the Governor on March 4, 2020 relating to COVID-19 and ongoing concerns that meeting in person would present imminent risks to the health or safety of attendees and/or that the State of Emergency continues to directly impact the ability of members to meet safely in person, the LACERS Investment Committee's August 9, 2022 meeting will be conducted via telephone and/or videoconferencing.

**Important Message to the Public**

**Information to call-in to listen and/or participate:**

**Dial:** (669) 254-5252 or (669) 216-1590

**Meeting ID#** 161 490 0882

**Instructions for call-in participants:**

- 1- Dial in and enter Meeting ID
- 2- Automatically enter virtual "Waiting Room"
- 3- Automatically enter Meeting
- 4- During Public Comment, **press \*9** to raise hand
- 5- Staff will call out the last 3-digits of your phone number to make your comment

Chair: Sung Won Sohn

Committee Members: Elizabeth Lee  
Nilza R. Serrano

Manager-Secretary: Neil M. Guglielmo

Executive Assistant: Ani Ghokassian

Legal Counselor: 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).

**Request for Services**

As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability and, upon request, will provide reasonable accommodation to ensure equal access to its programs, services and activities.

Sign Language Interpreters, Communication Access Real-Time Transcription, Assistive Listening Devices, Telecommunication Relay Services (TRS), or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in securing Sign Language Interpreters, five or more business days' notice is strongly recommended. For additional information, please contact: Board of Administration Office at **(213) 855-9348** and/or email at [ani.ghokassian@lacers.org](mailto:ani.ghokassian@lacers.org).

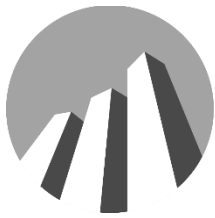
**Disclaimer to Participants**

Please be advised that all LACERS Board and Committee Meeting proceedings are audio recorded.

**Information to listen only:** Live Committee Meetings can be heard at: (213) 621-CITY (Metro), (818) 904-9450 (Valley), (310) 471-CITY (Westside), and (310) 547-CITY (San Pedro Area).

[CLICK HERE TO ACCESS BOARD REPORTS](#)

- I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – *THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT - PRESS \*9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD*
- II. APPROVAL OF MINUTES FOR THE MEETINGS OF [JULY 12, 2022](#) AND [JULY 14, 2022](#) AND POSSIBLE COMMITTEE ACTION
- III. CHIEF INVESTMENT OFFICER VERBAL REPORT
- IV. [PRESENTATION BY BARROW, HANLEY, MEWHINNEY & STRAUSS, LLC REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. DEVELOPED MARKETS VALUE EQUITIES PORTFOLIO](#)
- V. [ANNUAL REPORT ON LACERS EMERGING INVESTMENT MANAGER PROGRAM](#)
- VI. OTHER BUSINESS
- VII. NEXT MEETING: The next Regular meeting of the Investment Committee is scheduled for Tuesday, September 13, 2022, at 10:30 a.m., or immediately following the Board Meeting, at LACERS, 202 West 1<sup>st</sup> Street, Suite 500, Los Angeles, CA 90012 and/or via telephone and/or videoconferencing. Please continue to view the LACERS website for updated information on public access to Board/Committee meetings while response to public health concerns relating to the novel coronavirus continue.
- VIII. ADJOURNMENT



## **Board of Administration Agenda**

### **SPECIAL MEETING**

**TUESDAY, AUGUST 9, 2022**

**TIME: 10:30 A.M. OR IMMEDIATELY FOLLOWING THE REGULAR BOARD MEETING**

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President: Vacant  
Vice President: Sung Won Sohn

Commissioners: Annie Chao  
Thuy T. Huynh  
Elizabeth Lee  
Nilza R. Serrano  
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

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- VIII. ADJOURNMENT

MINUTES OF THE REGULAR MEETING  
**INVESTMENT COMMITTEE**  
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

In accordance with Government Code Section 54953, subsections (e)(1) and (e)(3), and in light of the State of Emergency proclaimed by the Governor on March 4, 2020 relating to COVID-19 and ongoing concerns that meeting in person would present imminent risks to the health or safety of attendees and/or that the State of Emergency continues to directly impact the ability of members to meet safely in person, the LACERS Investment Committee's July 12, 2022 meeting was conducted via telephone and/or videoconferencing.

July 12, 2022

11:22 a.m.

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PRESENT via Videoconferencing: Chair:	Sung Won Sohn
Committee Member:	Elizabeth Lee Nilza R. Serrano
Legal Counselor:	Anya Freedman
Manager-Secretary:	Neil M. Guglielmo
Executive Assistant:	Ani Ghoukassian

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

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – *THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT* – **PRESS \*9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD** – Chair Sohn asked if any persons wished to speak on matters within the Committee's jurisdiction, to which there was no response.

II

APPROVAL OF MINUTES FOR THE MEETINGS OF MAY 10, 2022 AND JUNE 14, 2022 POSSIBLE COMMITTEE ACTION – Committee Member Serrano moved approval, and adopted by the following vote: Ayes, Committee Members Elizabeth Lee, Serrano, and Chair Sohn -3; Nays, None.

III

CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, discussed the following items:

- Investment Committee Meeting Forward Calendar
- Private Credit Consultant interviews will be moved from the August Investment Committee Meeting to September or October 2022

V

SEMI-FINALISTS OF THE TRANSITION MANAGEMENT SERVICES REQUEST FOR PROPOSAL AND POSSIBLE COMMITTEE ACTION – Bryan Fujita, Investment Officer III, and James Wang, Investment Officer I, presented and discussed this item with the Committee for 10 minutes. Committee Member Serrano moved approval, and adopted by the following vote: Ayes, Committee Members Elizabeth Lee, Serrano, and Chair Sohn -3; Nays, None.

*Item IV taken out of order.*

IV

PRESENTATION BY GRANAHAN INVESTMENT MANAGEMENT, INC. REGARDING THE MANAGEMENT OF AN ACTIVE U.S. SMALL CAP GROWTH EQUITIES PORTFOLIO – Jane White, President, Andrew Beja, Senior Vice President, and Stephen Sexeny, Senior Vice President, with Granahan Investment Management, presented and discussed this item with the Committee for 25 minutes.

VI

UNIQUE INVESTMENT OPPORTUNITIES POLICY AND POSSIBLE COMMITTEE ACTION – Rod June, Chief Investment Officer, and James Wang, Investment Officer I, presented and discussed this item with the Committee for 40 minutes. Committee Member Elizabeth Lee moved approval with a requirement to review the policy at least every three years, and adopted by the following vote: Ayes, Committee Members Elizabeth Lee, Serrano, and Chair Sohn -3; Nays, None.

Chair Sohn recessed the Regular Meeting at 12:43 p.m. to convene in Closed Session discussion.

VII

**CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER A COMMITMENT TO EQT EXETER INDUSTRIAL VALUE FUND VI, L.P. AND POSSIBLE COMMITTEE ACTION**

Chair Sohn reconvened the Regular Meeting at 1:23 p.m.

VIII

OTHER BUSINESS – There was no other business.

IX

NEXT MEETING: The next Special meeting of the Investment Committee is scheduled for Thursday, July 14, 2022, at 9:00 a.m., the next Regular Meeting of the Investment Committee is scheduled for Tuesday, August 9, 2022, at 10:30 a.m. or immediately following the Board Meeting, at LACERS, 202 West 1<sup>st</sup> Street, Suite 500, Los Angeles, CA 90012, and/or via telephone and/or videoconferencing. Please continue to view the LACERS website for updated information on public access to Board/Committee meetings while responding to public health concerns relating to the novel coronavirus continue.

X

ADJOURNMENT – There being no further business before the Committee, Chair Sohn adjourned the meeting at 1:25 p.m.

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Sung Wahn Sohn  
Chair

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Neil M. Guglielmo  
Manager-Secretary

**MINUTES OF THE SPECIAL MEETING**  
**INVESTMENT COMMITTEE**  
**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM**

In accordance with Government Code Section 54953, subsections (e)(1) and (e)(3), and in light of the State of Emergency proclaimed by the Governor on March 4, 2020 relating to COVID-19 and ongoing concerns that meeting in person would present imminent risks to the health or safety of attendees and/or that the State of Emergency continues to directly impact the ability of members to meet safely in person, the LACERS Investment Committee’s July 14, 2022 meeting was conducted via telephone and/or videoconferencing.

July 14, 2022

9:01 a.m.

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PRESENT via Videoconferencing: Chair:	Sung Won Sohn
Committee Member:	Elizabeth Lee Nilza R. Serrano
Legal Counselor:	Miguel Bahamon
Manager-Secretary:	Neil M. Guglielmo
Executive Assistant:	Ani Ghoukassian

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I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE’S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – **THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT – PRESS \*9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD** – Chair Sohn asked if any persons wished to speak on matters within the Committee’s jurisdiction, to which there was no response.

II

PASSIVE U.S., NON-U.S., AND GLOBAL INDEX STRATEGIES SEMI-FINALIST INTERVIEWS AND POSSIBLE COMMITTEE ACTION – Bryan Fujita, Investment Officer III, and Jeremiah Paras, Investment Officer I, introduced this item to the Committee.

Victoria Choi, Director, Scott Dohemann, Managing Director, Laura May, Director, and Gene Meshechek, Director, with Blackrock, presented and discussed their presentation with the Committee for 40 minutes.

Denise D’Entremont, Chief Executive Officer, Alex Ryer, Chief Investment Officer, Julie Lind, Senior Portfolio Manager, and Antonio Ballestas, Portfolio Manager, with RhumbLine, presented and discussed their presentation with the Committee for 40 minutes.



Sonya Park, Managing Director, Matthew Steinaway, Senior Managing Director, and John Tucker, Senior Managing Director, with State Street Global Advisors, presented and discussed their presentation with the Committee for 45 minutes.

Mr. Fujita provided the Committee with staff's overview and recommendation. After discussion, Committee Member Serrano moved approval, and adopted by the following vote: Ayes, Committee Members Elizabeth Lee, Serrano, and Chair Sohn -3; Nays, None.

III

OTHER BUSINESS – Committee Member Serrano reminded staff to renegotiate fees and stressed that DEI and Human Capital are very important.

IV

NEXT MEETING: The next Regular Meeting of the Investment Committee is scheduled for Tuesday, August 9, 2022, at 10:30 a.m. or immediately following the Board Meeting, at LACERS, 202 West 1<sup>st</sup> Street, Suite 500, Los Angeles, CA 90012, and/or via telephone and/or videoconferencing. Please continue to view the LACERS website for updated information on public access to Board/Committee meetings while responding to public health concerns relating to the novel coronavirus continue.

X

ADJOURNMENT – There being no further business before the Committee, Chair Sohn adjourned the meeting at 11:47 a.m.

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Sung Wahn Sohn  
Chair

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Neil M. Guglielmo  
Manager-Secretary



BARROW HANLEY  
GLOBAL INVESTORS

August 9, 2022

# LACERS

Principled | Proven | Partners  
*Disciplined value investors since 1979*

[www.barrowhanley.com](http://www.barrowhanley.com)



## NON-U.S. VALUE PRESENTERS



**RANDOLPH WRIGHTON, CFA**  
Portfolio Manager / Analyst

Joined the firm in 2005 | 22 years' experience

### RANDOLPH S. WRIGHTON, JR., CFA

Senior Managing Director, Portfolio Manager / Analyst

Mr. Wrighton joined Barrow Hanley in 2005. Prior to Barrow Hanley, he worked as an associate at Deutsche Bank Securities and as an intern analyst for both UTIMCO and New York based Perry Capital Management. He also served from 1996-2000 as a Captain in the U.S. Marine Corps. Mr. Wrighton began his investment career at Barrow Hanley as a research analyst covering the Industrials, Energy, and Technology sectors. In 2006, Mr. Wrighton joined an internal group at Barrow Hanley to lead the firm's expansion into Non-U.S., Global and Emerging Market investment products. He currently serves as a portfolio manager for the Barrow Hanley Emerging Markets and Non-U.S. Value strategies. He is a CFA charterholder. Mr. Wrighton holds an MBA from the University of Texas and a BA in Economics from Vanderbilt University.



**TJ CARTER CFA, CPA**  
Portfolio Manager/Analyst

Research focused on Industrials

Joined the firm in 2014 | 18 years' experience

### TJ CARTER, CFA, CPA

Managing Director, Portfolio Manager / Analyst

Mr. Carter joined Barrow Hanley in 2014 from Kingstown Capital Management, where he served as an analyst. His prior experience includes analyst positions at Outpoint Capital Management and Highland Capital Management. Mr. Carter began his 18-year career at Deloitte & Touche, LLP. He received a BSBA from the University of Arkansas and an MBA from Columbia Business School.



**JAMES CARPENTER, CFA**  
Client Portfolio Manager

Joined the firm in 2015 | 25 years' experience

### JAMES M. CARPENTER, CFA

Director, Client Portfolio Manager

Mr. Carpenter joined Barrow Hanley in 2015 from Russell Investments, where he served as a portfolio manager for several multi-manager funds across the firm's international and global equity strategies. Previous to this role, Mr. Carpenter was head of the firm's global equity manager research team. Prior to his nearly 18-year tenure at Russell Investments, Mr. Carpenter served as an auditor at Ernst & Young LLP. He graduated from Brigham Young University with both a Bachelor's and Master's degree in Accounting. He is a CFA charterholder and has also been awarded the Certificate of ESG Investing from the CFA Institute.

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## NON-U.S. VALUE STRATEGY

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## ESG METRICS

Section Five:

## MARKET OVERVIEW

Section Six:

## APPENDIX





## WHO WE ARE

Barrow Hanley is a global specialist focused exclusively on value investing.

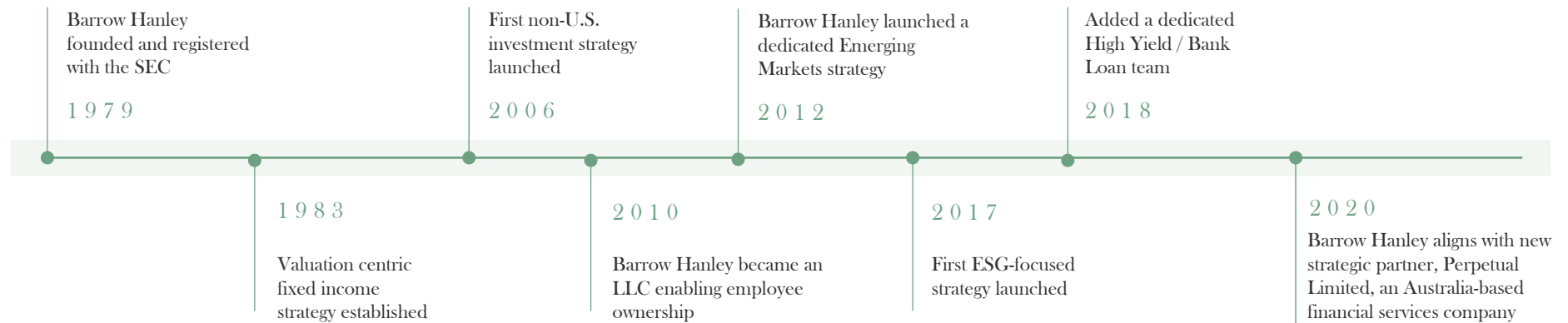
We believe in the long-term advantages of value investing and our ability to partner with clients to achieve their distinct goals.

### STRENGTHS

- Four-decade history of organizational stability
- Uniquely consistent client base: 40+ clients for 20+ years
- Strong, investment-driven culture
- Proprietary ESG scoring system
- Consistent value philosophy and disciplined process utilized through multiple market cycles

### FIRM FACTS \*

- Founded in 1979
- Based in Dallas, Texas
- \$43 Billion AUM (USD)
- 103 Employees
- 58 Investment Professionals
- Significant Employee Equity Ownership
- 13 Equity Strategies
- 14 Fixed Income Strategies
- Managing assets for pension funds, endowments, foundations, sub-advisors, and wealth management platforms



*Our clients benefit from our consistent process, collaborative culture, and singular focus on value across equities and fixed income.*



\*As of 06/30/22

# VISION & GROWTH

July 2022



## OUR STRATEGY

### Our Purpose

Helping clients exceed long term financial goals

### Our Vision

Be the global leader in Value investing

### Our Values

Client focused, Team aligned, Disciplined Value investors

## STRATEGIC IMPERATIVES

### Clients First

Exceptional investment performance  
Exceptional client service to develop enduring relationships  
Integrate ESG across our strategies and engage with issuers' management

### Future Fit

Attract and retain highly competent people  
Meet or exceed goals for diversity, equity, and inclusion to ensure succession planning and sustainability of the Firm

### New Horizons

Collaborate with Perpetual to launch new investment vehicles: CITs, Registered Funds, CLOs, UCITS, ETFs

## STRATEGIC STEPS

### Diversification

Ensure the Firm will continue to diversify our business across asset classes, geographical locations, and client type

### Growth & Diversity

Launch Associate Analyst Program to ensure diversity today and tomorrow in our investment teams and leadership

Partner to provide exposure and opportunities in Asset Management to underserved people and communities

### Client Service

Performance consistently beats value benchmarks  
Deepen relationships through superior solutions and service  
Integration and engagement on ESG for economic sustainability

# ORGANIZATIONAL CHART

## EQUITY INVESTMENT MANAGEMENT

Cory Martin<sup>1,2</sup>, **CEO and Executive Director**, Portfolio Mgr.  
 John Barber, CFA, Director, Analyst  
 Preston Brown, CFA, Director, Portfolio Mgr. /Analyst  
 Ross Campbell, Director, Responsible Investing, Portfolio Mgr. /Analyst  
 James Carpenter, CFA, Director, Client Portfolio Mgr..  
 TJ Carter, CFA, CPA, Managing Director, Portfolio Mgr. /Analyst  
 Casey Cass, CFA, Director, Client Portfolio Manager  
 Matt Egenes, CFA, Managing Director, Client Portfolio Manager  
 Jonathan Evans, CFA, Director, Analyst  
 David Feyngenson, Director, Portfolio Mgr. /Analyst  
 Bill Finnerty, CFA, Quantitative Analytics Specialist  
 Jonathan Galligan, Director, Analyst  
 David Ganucheau, CFA, Sr. Managing Director, Portfolio Mgr. /Analyst  
 Mark Giambrone<sup>1,2</sup>, **Sr. Managing Director**, Portfolio Mgr. /Analyst  
 Chris Hathorn, Director, Analyst  
 Coleman Hubbard, CFA, Managing Director, Portfolio Mgr. /Analyst  
 Andrew Jones, Director, Analyst  
 Dhruv Khade, CFA, Associate Analyst  
 Brad Kinkelaar<sup>1</sup>, **Sr. Managing Director**, Portfolio Mgr.  
 Pranay Laharia, CFA, Director, Analyst  
 Dawson Liu, CFA, Associate Analyst  
 James McClure, CFA, Managing Director, Portfolio Mgr. /Analyst  
 James McCormack, CFA, CIPM, Director, Quantitative Analyst  
 Donald McLee, Director, ESG Coordinator/Analyst  
 Eric Micek, CFA, Director, Analyst  
 Michael Nayfa, CFA, Managing Director, Portfolio Mgr. /Analyst  
 Terry Pelzel, CFA, Managing Director, Portfolio Mgr. /Analyst  
 Brian Quinn, CFA, Managing Director, Portfolio Mgr. /Analyst  
 Luis Rhi, Director, Portfolio Mgr. /Analyst  
 Lewis Ropp<sup>1</sup>, **Sr. Managing Director**, Portfolio Mgr. /Analyst  
 Jared Shojaian, CFA, Analyst  
 Yousef Tavak, Associate Analyst  
 DJ Taylor, CFA, CAIA, Managing Director, Portfolio Mgr. /Analyst  
 Patrik Wibom, Director, Portfolio Mgr. /Analyst  
 Rand Wrighton<sup>1</sup>, CFA, **Sr. Managing Director**, Portfolio Mgr. /Analyst  
 Sherry Zhang, CFA, Managing Director, Portfolio Mgr. /Analyst

## BUSINESS OPERATIONS

Patricia Barron<sup>1,2</sup>, IACCP, **Sr. Managing Director**, COO

<b>Project Management</b>	<b>Corporate Secretary</b>
April Bass, PMP, PSM I	Dawn Gochinas, IACCP, Director

## COMPLIANCE

Hannah Ackels<sup>1</sup>, IACCP, Director, **Chief Compliance Officer**

Angela Denslow Gabriel Grau	Molly Massick, IACCP
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## INVESTMENT OPERATIONS

Stephanie Manter, CFA, CIPM, Managing Director, Head of Investment Operations

Katie Brown Shelly Clements Rebecca Curry	Mari Farmer Kendra Richey Keith Smith
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## INFORMATION TECHNOLOGY

Garth Ries, Director, Chief Technology Officer

Laura Arnott, CFA, CIPM, IACCP Esha Bhatt	Adolphus Noel Larry Singleton Russell Williams
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## HUMAN RESOURCES

Kristi Herring, PHR, PRC, Director, HR Manager

## FINANCE & OFFICE MANAGEMENT

Erin Sisson<sup>1</sup>, CPA, Managing Director, **Chief Financial Officer**

Elizabeth Collins <sup>4</sup> , Director, Assistant Controller Marc Dees	Lynn LaCaze Yolanda Scott
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## EQUITY TRADING

CJ Mozur, CFA Robert Nasi	Aaron Skipwith, Director, Head Trader
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## PERPETUAL GLOBAL DISTRIBUTION

Adam Quaife<sup>3</sup>, Executive General Manager, Global Distribution  
 Chuck Thompson<sup>2,3</sup>, Head of Distribution & Strategy, Americas

With offices in Amsterdam, Chicago, Hong Kong, London, Singapore, and Sydney.

## BARROW HANLEY BUSINESS DEVELOPMENT

Ann-Therese O'Neill, Managing Director, Head of Institutional Business Development

Alex Grause, Director  
 Glenn Hill, Director<sup>3</sup>  
 Michael Hirai, CFA, Director  
 Clayton Johnson, Director  
 Erik Schonberg, Director

## BUSINESS DEVELOPMENT SUPPORT

Beth Loucks, Director, Head of Business Development Support

RFP Team / Database Mgmt.	Marketing
Kelva Brown Charlie Byrkit Kimmee Gottwald <sup>5</sup> Steve Hustoles Taelor Peoples	Samantha Jimenez

## CLIENT SERVICES

Donna Simmel, PHR, SHRM-CP, Director, Head of Client Services

Grace Harrington Cristina Ingles Marcie Russmann	Taylor Salisbury Barbara Stewart Jennifer Taylor
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## FIXED INCOME

### INVESTMENT MANAGEMENT

Mark Luchsinger<sup>1</sup>, CFA, **Sr. Managing Director**, Portfolio Mgr.  
 Scott McDonald<sup>1</sup>, CFA, **Sr. Managing Director**, Portfolio Mgr.  
 Justin Chambers, CFA, Quantitative/Credit Analyst  
 Eddie Guerra, Director, Client Portfolio Mgr.  
 Shannon Hogan, CFA, Director, Analyst  
 Nick Losey, CFA, Managing Director, Portfolio Mgr. /Analyst  
 Sherry Manley, Director, Trader  
 Justin Martin, CFA, Director, Portfolio Mgr. /Analyst  
 Erik Olson, Managing Director, Portfolio Mgr. /Analyst  
 Chet Paipanandiker, Managing Director, Portfolio Mgr. /Analyst  
 Deborah Petruzzelli, Managing Director, Portfolio Mgr. /Analyst  
 Matthew Routh, CFA, Director, Portfolio Mgr. /Analyst  
 Luke Schaefer, Credit Analyst  
 Sara Shahbazi, Credit Analyst  
 James Silcock, Credit Analyst  
 Jon Taylor, CFA, Analyst  
 Michael Trahan, CFA, CPA, Managing Director, Portfolio Mgr. /Analyst  
 TJ Unterbrink, CPA, Managing Director, CLO Structuring Portfolio Mgr.

<sup>1</sup> Member of Executive Committee

<sup>2</sup> Member of Board of Managers

<sup>3</sup> Employee of Perpetual

<sup>4</sup> Also a Business Operations Specialist

<sup>5</sup> ESG Information Specialist



## OUR COMPETITIVE EDGE

Barrow Hanley partners with clients around the world to provide attentive services, insightful perspectives, and competitive returns.



### VALUATION CENTRIC:

With decades of equity and fixed income experience dedicated exclusively to value investing, we thoughtfully construct portfolios with an asymmetric risk-return profile to deliver competitive results



### TEAM ALIGNED:

The collaborative firm culture encourages diverse viewpoints and inspires intellectual dialogue, which fosters in-depth research and facilitates thoughtful investment decisions which benefit our clients



### CLIENT FOCUSED:

Our comprehensive, bespoke approach to client relationships allows us to exceed client objectives, resulting in partnerships that span multiple decades

BOUTIQUE CULTURE > STABLE TEAM > ENHANCED COMMUNICATION > ROBUST DEBATE > THOUGHTFUL DECISION MAKING > SUPERIOR EXECUTION

*A longstanding history of competitive returns, a collegial environment, and a bespoke approach to client service yields a principled, proven partner.*





## VALUE-FOCUSED INVESTMENT STRATEGIES As of June 30, 2022

## EQUITY STRATEGIES

	<b>Inception</b>	<b>AUM</b>	<b>Benchmark</b>
Large Cap Value	1979	\$14.5 Billion	Russell 1000 Value
Small Cap Value	1996	\$1.5 Billion	Russell 2000 Value
Mid Cap Value	1999	\$449.4 Million	Russell Mid Cap Value
Dividend Focused Value	2000	\$3.1 Billion	Russell 1000 Value
Diversified Large Cap Value	2000	\$7.1 Billion	Russell 1000 Value
Non-U.S. Value	2006	\$2.0 Billion	MSCI EAFE Value
Global Value Equity	2010	\$7.0 Billion	MSCI World Value
Emerging Markets Equity	2012	\$694.4 Million	MSCI Emerging Markets Value
U.S. ESG Value	2017	\$8.8 Million	Russell 1000 Value
Concentrated Emerging Markets ESG	2017	\$6.6 Million	MSCI Emerging Markets Value
Concentrated U.S. Opportunities	2019	\$70.5 Million	Russell 1000 Value
Global ESG Value	2022	\$488.2 Million	MSCI AC World Value

## FIXED INCOME STRATEGIES

	<b>Inception</b>	<b>AUM</b>	<b>Benchmark</b>
High Quality Core	1984	\$1.8 Billion	Bloomberg Aggregate
Intermediate	1984	\$164.2 Million	Bloomberg Interm Aggregate
Short	1984	\$659.6 Million	Bloomberg Gov/Credit 1-3 Yr
Long Credit	1990	\$1.8 Billion	Bloomberg U.S. Long Credit
Investment Grade Credit	1993	\$81.9 Million	Bloomberg Credit
Core	1998	\$549.8 Million	Bloomberg Aggregate
High Yield	2002	\$207.4 Million	ICE BofAML HY BB-B
TIPS	2002	\$21.0 Million	Bloomberg Tsys Inflation Linked
Intermediate Credit	2004	\$675.9 Million	Bloomberg Interm Credit
Extended Duration	2007	\$23.8 Million	Bloomberg U.S. Strips 20+
Long Government Credit	2007	\$48.4 Million	Bloomberg U.S. Long Gov/Credit
Enhanced Intermediate Credit	2014	\$155.2 Million	Bloomberg Interm Credit
Bank Loan	2018	\$110.5 Million	Credit Suisse Leveraged Loan

## BH REPRESENTATIVE CLIENT LIST

### CORPORATE

ABX Air Inc	Johnson & Johnson
Air Products & Chemicals Inc	Norton Rose Fulbright US LLP
Alabama Power Company	Phillips 66 Company
Alabama Reinsurance Trust Fund	Prudential Retirement
American Airlines	Southern Company
CVS Health Corporation	Stanley Black & Decker Inc
Chattem Inc	Teck American
Ericsson Inc	Valero Energy Corporation
Genuine Parts Company	Verizon Communications
Highmark Health	WEA Insurance Trust

### HEALTH CARE

BaylorScott&White Health	The Methodist Hospital of Houston
Cape Fear Valley Health System	Methodist Le Bonheur Healthcare
Children's Health	Pathways Home Hlth and Hospice
El Camino Hospital	St Luke's Reg Medical Center
Kelsey-Seybold Clinic	Sturdy Memorial Hospital
McLaren Health Care Corporation	WakeMed

### ENDOWMENT/FOUNDATION

Dallas Museum of Art	St. Mary's University
Dallas YMCA Foundation	Texas Presbyterian Foundation
The Joyce Foundation	University of South Florida Fdn
Saint Francis University	

### PUBLIC

Anchorage Police & Fire Ret Sys	State of Michigan Legislative Ret Sys
Arkansas Local Police & Fire	Minnesota State Bd of Investment
Boca Raton Police & Fire	The Navajo Nation
Charlotte Firefighters' Ret System	National Pension Service of Korea
Los Angeles City Empl Ret Sys	City of Orlanda Police
DFW Airport Employees Ret Plan	St Paul Teachers Ret Fund Assoc
City of Gainesville Employees'	Employees Ret System of Texas
State Retirement Sys of Georgia	Tulsa County Retirement Sys
Gwinnett County Employers Ret	Wichita Retirement Systems
City of Memphis Ret System	

### OFFSHORE CLIENTS

Foreign & Colonial Inv Trust	National Pension Service of Korea
Integra Capital Management	Old Mutual Value Global Equity
Keva	Perpetual Investment Mgmt Ltd
London Steam Ship	Russell Investment Group
Leith Wheeler Investment Counsel	

### TAFT-HARTLEY

Allied Pilots Association	Minnesota Laborers Pension
Excavators Union Local 731 Pension	National Electric Benefit Fd
Idaho National Laboratory	Texas Iron Workers Trust Fd





NON-U.S. VALUE  
STRATEGY



## A DIFFERENTIATED NON-U.S. VALUE EQUITY STRATEGY

---

Our Investment Team seeks to outperform the MSCI EAFE Value Market Index by 250 - 300 bps over a full market cycle.

---

All-Cap Value Strategy	• Exploits the widest opportunity set and greatest market inefficiencies
Conviction	• High Average Active Share: 90% Vs MSCI EAFE Index & 85% Vs MSCI EAFE Value Index
Focus	• Emphasis on under-earning companies vs mid-cycle profitability
Philosophy And Process	• Consistent and repeatable
Unique Portfolio	• Little overlap with peers

---

### NON-U.S. FACTS (as of 06/30/2022)

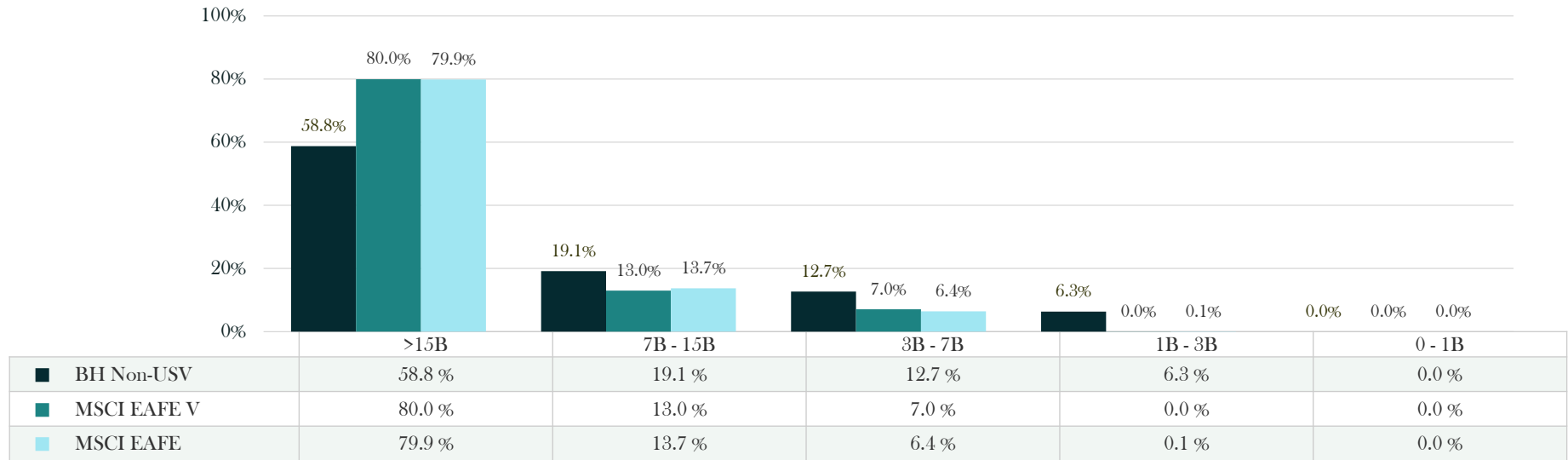
08/01/2006 INCEPTED —	\$2.0B USD AUM —	50 - 70 STOCKS —	> \$1B min MARKET CAP —
-----------------------------	------------------------	------------------------	-------------------------------

*A dedicated value manager focused on fundamental analysis and valuation within the non-U.S. universe.*



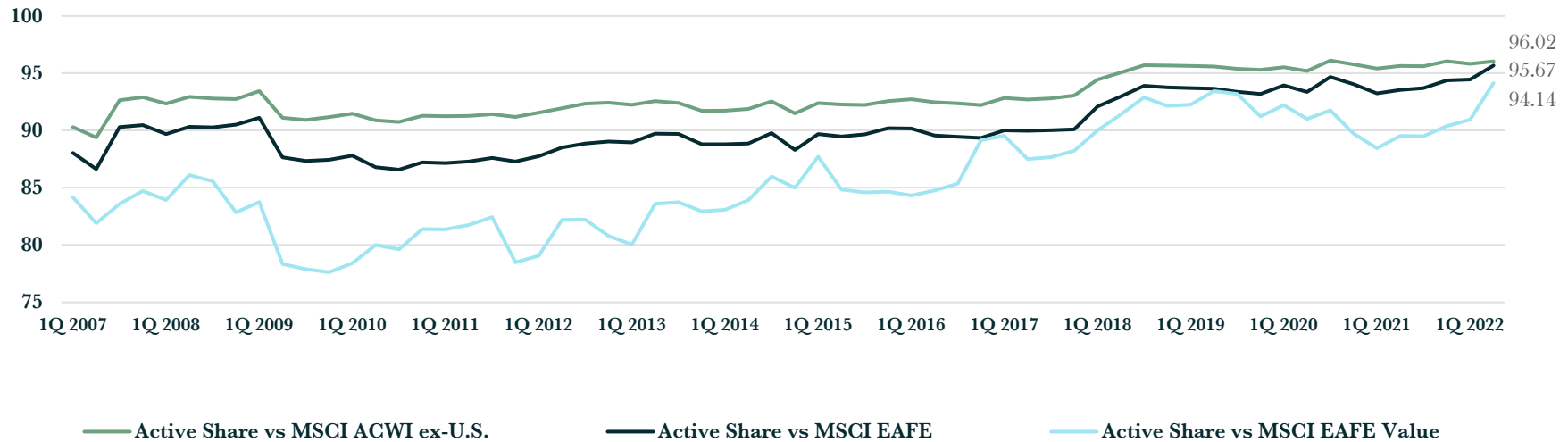
## A DIFFERENTIATED PROFILE As of June 30, 2022

### MARKET CAP DISTRIBUTION



Cash not displayed.

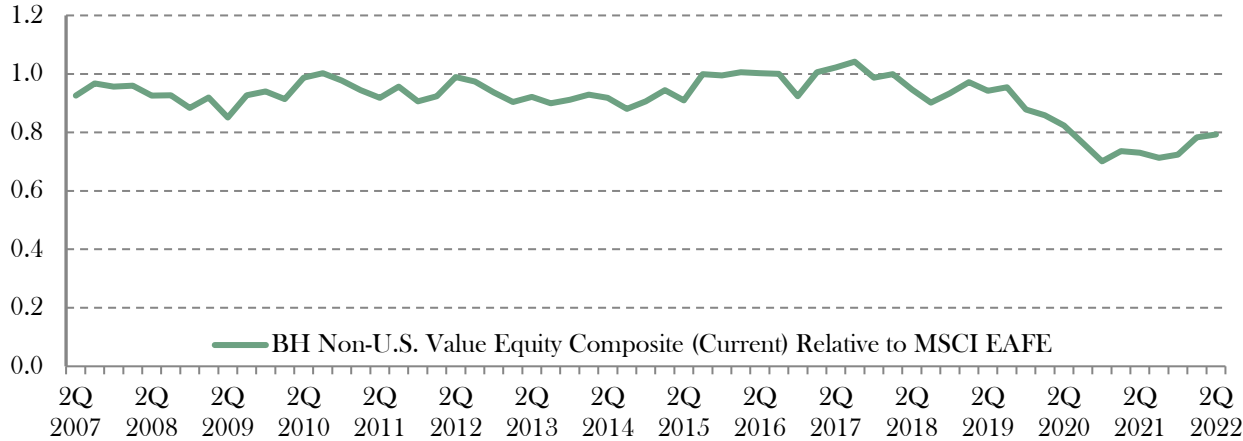
### ACTIVE SHARE



Source: FactSet.

FOCUS ON VALUE As of June 30, 2022

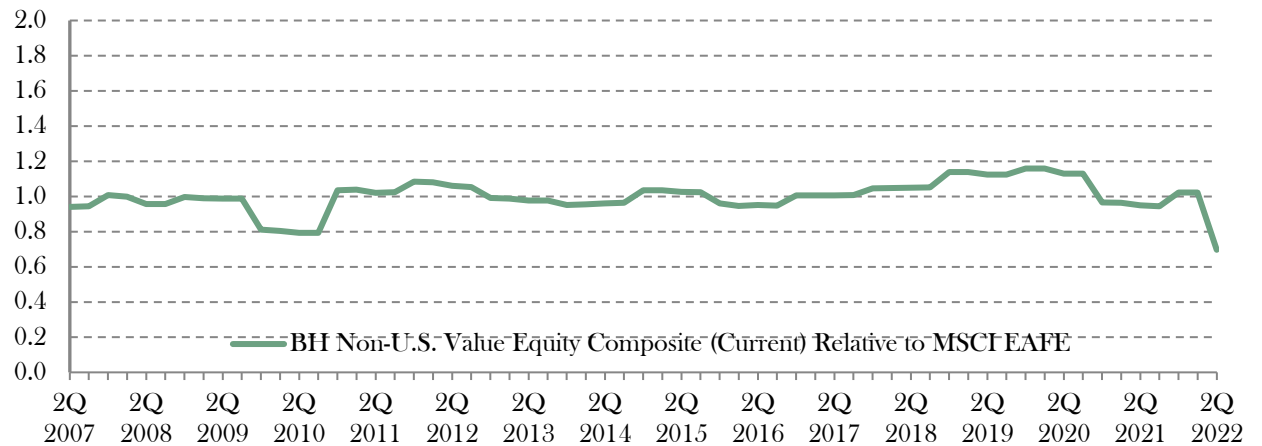
P/E USING NTM EST (MEDIAN)



- The current portfolio's NTM P/E is at a 21% discount to the index.

OPERATING MARGIN (MEDIAN)

- The operating margin of the current portfolio is at historic lows relative to the index and is poised for recovery.

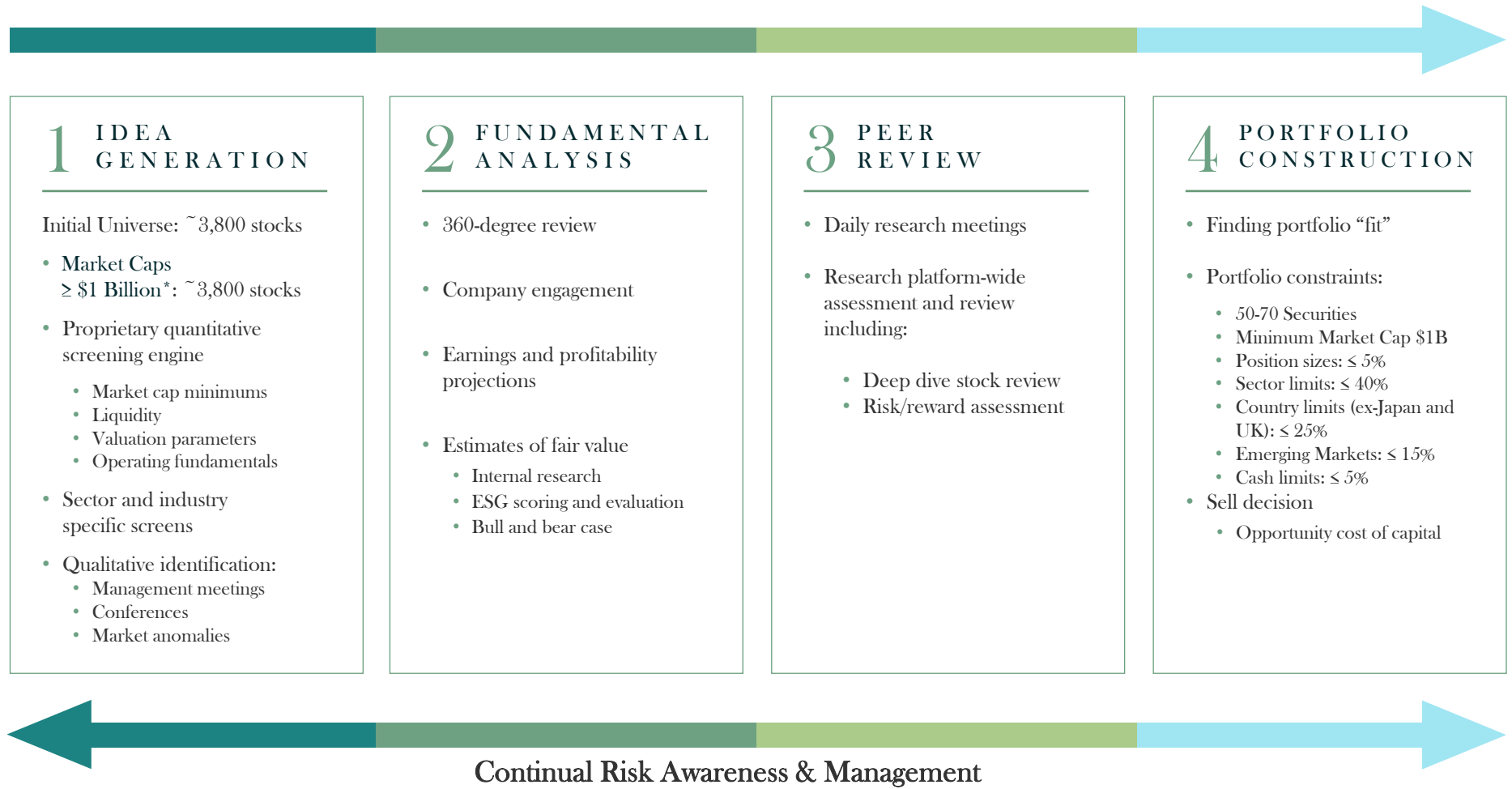


Source: FactSet.



# INVESTMENT PROCESS OVERVIEW

Consistent and repeatable – proven over multiple market cycles



Continual Risk Awareness & Management

*An active, fundamental, valuation-focused strategy leveraging a consistent and repeatable process with proven alpha generating capability.*



## PORTFOLIO CONSTRUCTION

### KEY ATTRIBUTES SOUGHT:



Solid Balance Sheets



High Cash Flow Focus



Strong Corporate Governance



Proper Diversification

### BELIEF-DRIVEN

- Adhere to fundamentally derived price targets
- Individual positions are conviction-weighted
- Manage the opportunity cost of capital
- High active share focus
- Sell decision just as important as the buy

### PORTFOLIO CONSTRAINTS

- 50-70 Securities
- Minimum Market Cap \$1B
- Position sizes:  $\leq 5\%$
- Sector limits:  $\leq 40\%$
- Country limits (ex-Japan and UK):  $\leq 25\%$
- Emerging Markets:  $\leq 15\%$
- Cash limits:  $\leq 5\%$

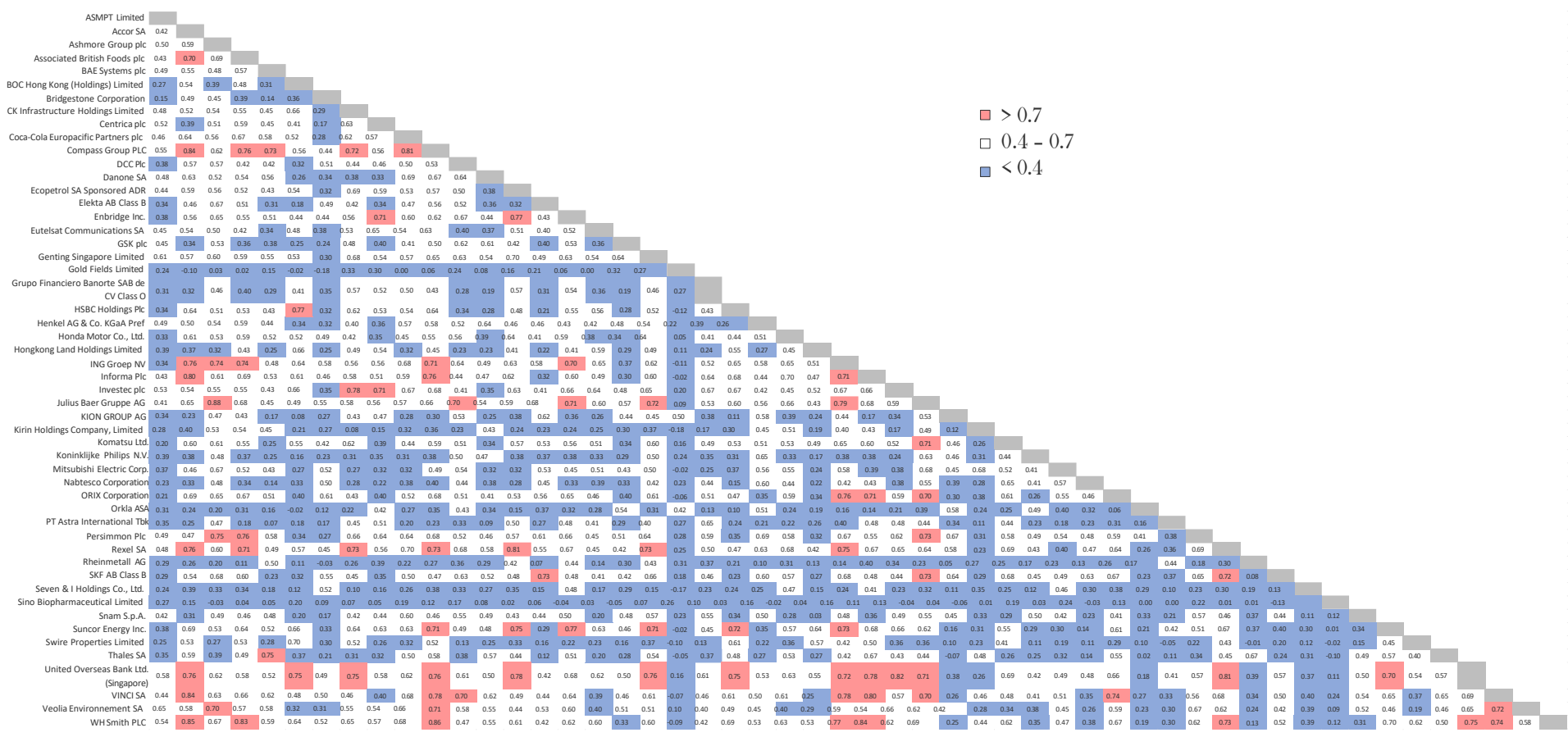
*High conviction, benchmark agnostic, stock selection focused*





# TOTAL CORRELATION MATRIX

## BH Non-U.S. Value Equity 3 Year Total Correlation Analysis Portfolio Holdings as of 6/30/2022



In the matrix above, the colors of the cells indicate the degree of correlation between each holding in the portfolio.  
Source: FactSet.



## ROBUST FUNDAMENTAL ANALYSIS

Security analysis is focused on answering the following types of questions:

- Why is the company trading below our assessment of intrinsic value?
- Is the reason for the discount temporary or permanent?
- Does company management have a clear strategy that will increase shareholder value?
- Do multiple upside drivers exist?
- Is there downside protection if company fundamentals fail to improve?
- How do ESG considerations impact our valuation?



*Identifying underappreciated change not yet recognized by the market*



## RISK MANAGEMENT

### Multi-Stage:

#### 1 FUNDAMENTAL UNDERSTANDING

- Do we understand and acknowledge potential risks?
- Is our exposure to potential risks appropriately diversified?
- Do we have strong balance sheets to withstand the risks?
- Are we paying appropriate prices given the risks?

#### 2 QUANTITATIVE PROPRIETARY REPORT

- Correlation amongst holdings
- Analyze index over / underweights
- Historical portfolio characteristics on a 1-year and 3-year basis
- Barra Risk Model decomposition analysis
- ESG rankings and scores
- Scenario risk analysis

#### 3 INDEPENDENT PORTFOLIO RISK REVIEW

- Portfolio Management Team is challenged by an internal independent Investment Risk Committee
- Quarterly review employing comprehensive, proprietary risk analysis for each portfolio

*Risk management is embedded throughout the investment process -- constant and continuous*



## SELL DISCIPLINE

---

### 3 Primary Reasons To Sell

1. Share price surpasses our estimate of “fair value”

2. Managing the Opportunity Cost of Capital

Upside to “fair value” is markedly less than a new, alternative “buy” candidate

3. Evidence confirms that original “buy” thesis is materially impaired

*Judgments are made in the context of market valuation, risk/reward opportunity, and alternative investment opportunities.*





CHARACTERISTICS,  
PERFORMANCE &  
PORTFOLIO  
HOLDINGS



## THE OUTPUT OF BARROW HANLEY'S PROCESS As of June 30, 2022

	BH Non-USV	MSCI EAFE V	MSCI EAFE
Market Capitalization (\$ in millions)			
Market Cap (WAVG)	28,792 M	62,268 M	72,283 M
Market Cap (WMED)	18,003 M	40,684 M	40,500 M
Dividend Yield	4.1 %	4.7 %	3.3 %
Price/Earnings (NTM)*	10.8 x	8.6 x	11.6 x
Price/Book Value*	1.3 x	1.1 x	1.6 x
EV/Sales	3.2 x	3.0 x	4.5 x
EV/EBITDA	9.6 x	9.6 x	13.4 x
# of Securities	52	460	799

\*Weighted Harmonic Average

### CHARACTERISTICS VS MSCI EAFE



### ATTRACTIVE MARKET VALUATIONS

- P/E NTM below the market
- Price-to-book below the market
- Dividend Yield above the market



### STRONGER THAN AVERAGE BALANCE SHEET

### BETTER THAN AVERAGE CASHFLOW



### IMPROVING OPERATING FUNDAMENTALS



Alpha Opportunity

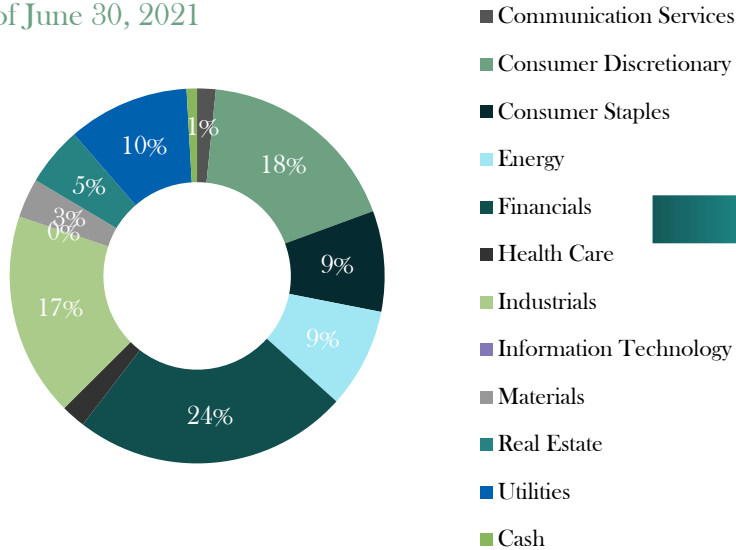
Source: FactSet



# PORTFOLIO ALLOCATION SUMMARY

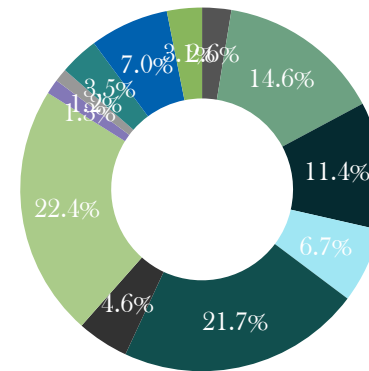
## SECTOR WEIGHTINGS (%)

As of June 30, 2021



## SECTOR WEIGHTINGS (%)

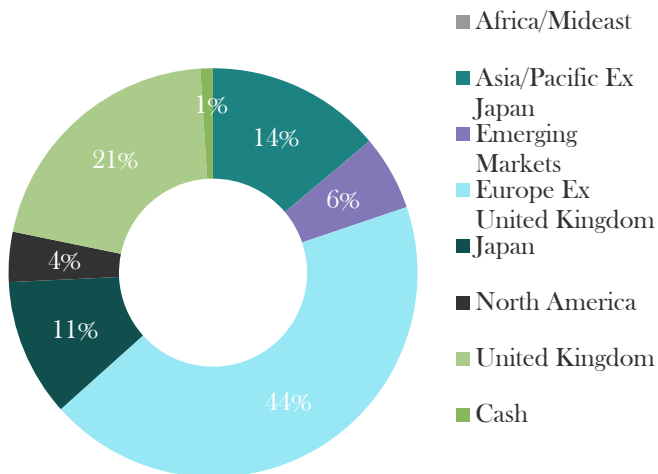
As of June 30, 2022



SECTOR	Difference %
Communication Services	1.0
Consumer Discretionary	-3.2
Consumer Staples	2.7
Energy	-1.9
Financials	-2.1
Health Care	2.5
Industrials	4.8
Information Technology	1.3
Materials	-2.2
Real Estate	-1.7
Utilities	-3.5
Cash	2.2

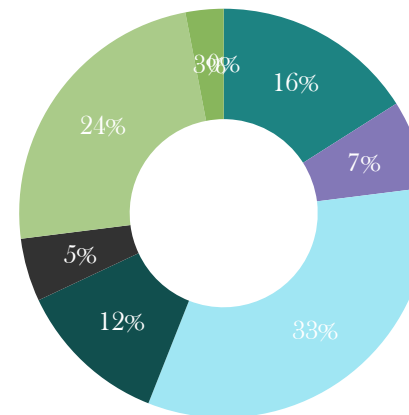
## REGIONAL ALLOCATION (%)

As of June 30, 2021



## REGIONAL ALLOCATION (%)

As of June 30, 2022



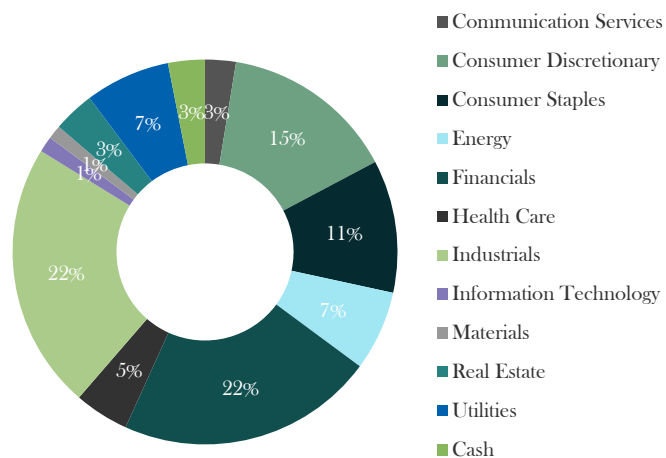
REGIONS	Difference %
Africa/Mideast	--
Asia/Pacific Ex Japan	1.8
Emerging Markets	1.1
Europe Ex United King	-10.3
Japan	1.2
North America	0.7
United Kingdom	3.3
[Cash]	2.2

Source: FactSet



## PORTFOLIO SUMMARY As of June 30, 2022

### SECTOR ALLOCATION (%)



### SECTOR WEIGHTINGS

	LACERS (%)	MSCI EAFE V (%)	MSCI EAFE (%)
Communication Services	2.6	6.3	5.0
Consumer Discretionary	14.7	8.5	11.3
Consumer Staples	11.1	8.0	10.8
Energy	6.7	8.8	4.8
Financials	21.6	25.2	17.6
Health Care	4.6	10.4	13.9
Industrials	22.4	10.1	14.9
Information Technology	1.3	2.6	7.8
Materials	1.2	9.4	7.5
Real Estate	3.5	4.6	2.9
Utilities	7.2	6.1	3.5
Cash	3.1	0.0	0.0

### TOP TEN HOLDINGS

Security Name	Portfolio Weight (%)	MSCI EAFE V (%)
HSBC Holdings PLC	4.6	1.9
ING Groep NV	4.5	0.6
BOC Hong Kong Holdings Ltd	4.3	0.2
Thales SA	3.2	--
BAE Systems PLC	3.1	0.5
Rheinmetall AG	2.9	--
Enbridge Inc	2.8	--
Hongkong Land Holdings Ltd	2.7	0.1
United Overseas Bank Ltd	2.7	0.2
Kirin Holdings Co Ltd	2.6	0.2
<b>TOTAL</b>	<b>33.4</b>	<b>3.6</b>

### REGION ALLOCATION REVENUE EXPOSURE

	LACERS (%)	MSCI EAFE V (%)	MSCI EAFE (%)	LACERS (%)	MSCI EAFE V (%)	MSCI EAFE (%)
Africa/Mideast	0.0	0.8	0.8	1.1	1.4	1.2
Asia/Pacific Ex Japan	15.8	12.3	12.7	18.7	10.8	11.3
Emerging Markets	7.0	0.1	0.1	21.1	20.3	22.5
Europe Ex United Kingdom	33.2	42.0	48.2	22.7	25.9	23.1
Japan	11.8	22.5	22.2	6.3	15.3	14.0
North America	5.1	0.0	0.0	19.3	18.5	21.7
United Kingdom	24.0	22.3	15.9	10.8	7.8	6.2
Cash not displayed						

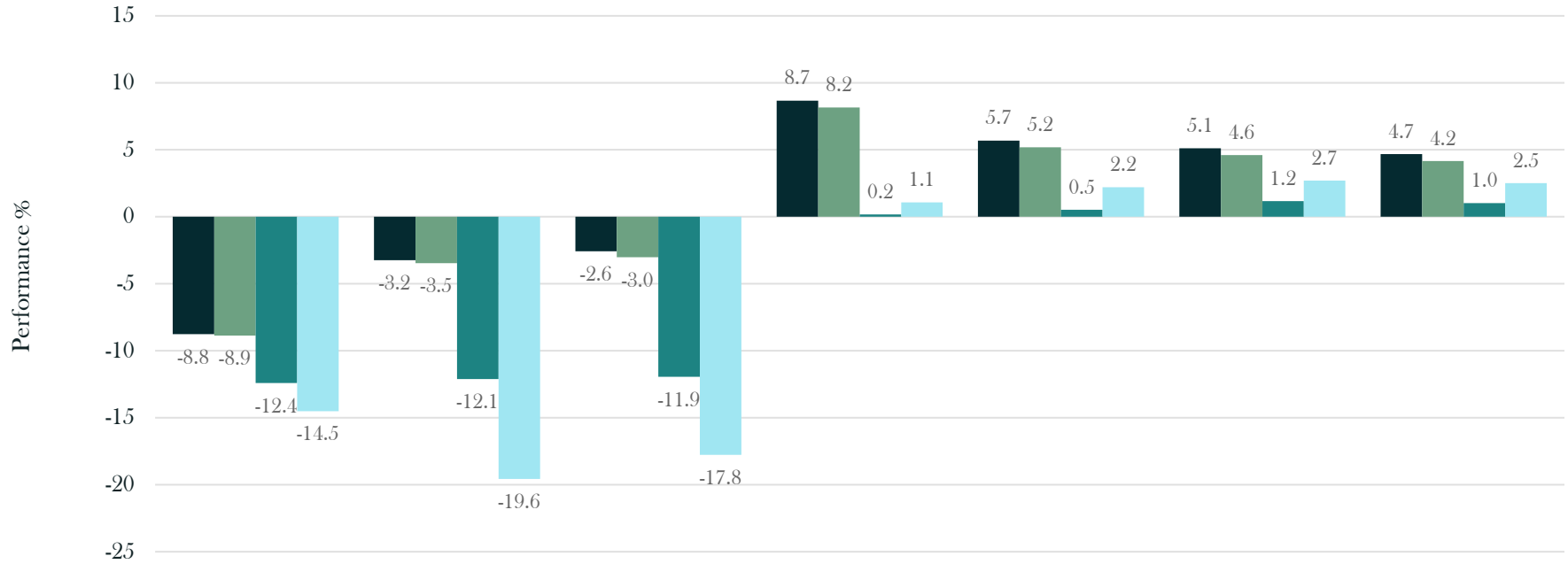
Source: FactSet





# PERFORMANCE

June 30, 2022



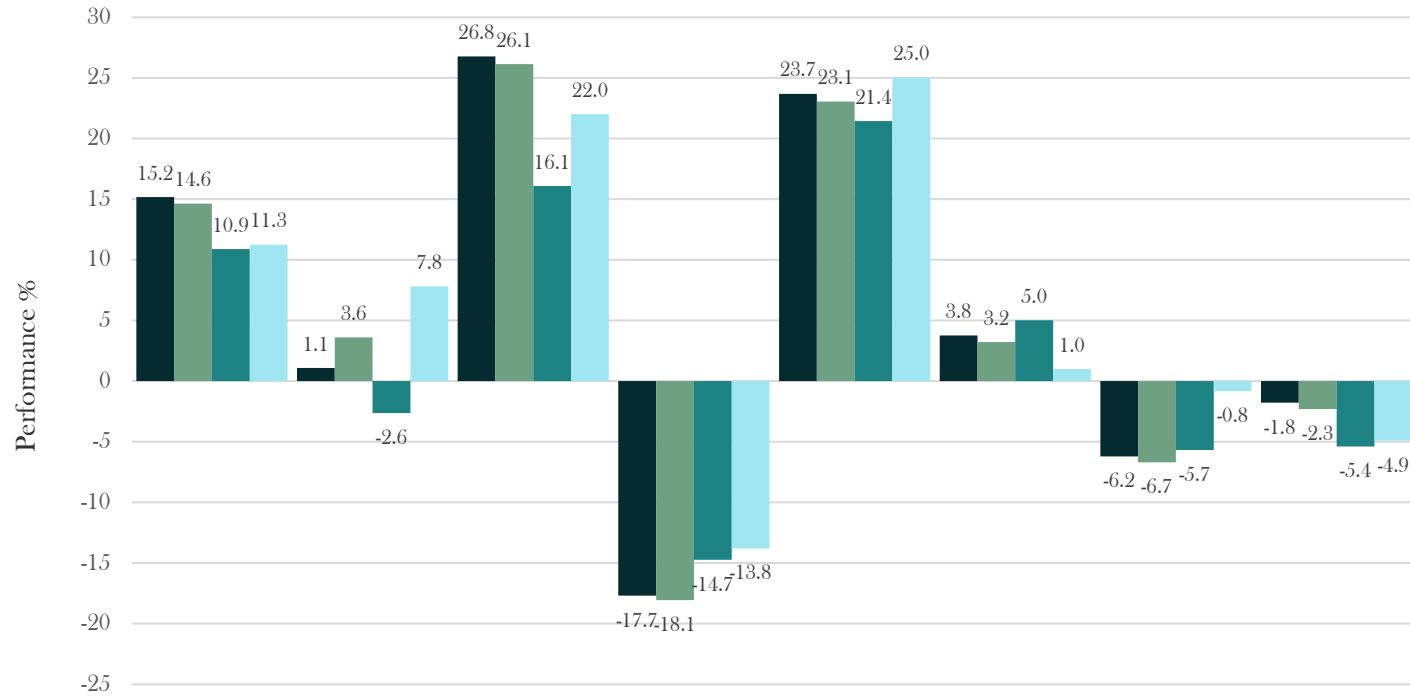
	Quarter to Date	Year to Date	1 Year	3 Years Annualized	5 Years Annualized	7 Years Annualized	Since Inception Annualized
■ LACERS (GOF)	-8.76 %	-3.24 %	-2.58 %	8.66 %	5.69 %	5.11 %	4.68 %
■ LACERS (NOF)	-8.87 %	-3.47 %	-3.03 %	8.16 %	5.19 %	4.60 %	4.16 %
■ MSCI EAFE Value	-12.41 %	-12.12 %	-11.95 %	0.18 %	0.52 %	1.17 %	1.02 %
■ MSCI EAFE	-14.51 %	-19.57 %	-17.77 %	1.07 %	2.20 %	2.69 %	2.51 %

Note: Inception Date 11/06/2013.

Past performance is not indicative of future results.  
Source: APX. Performance is expressed in USD currency.



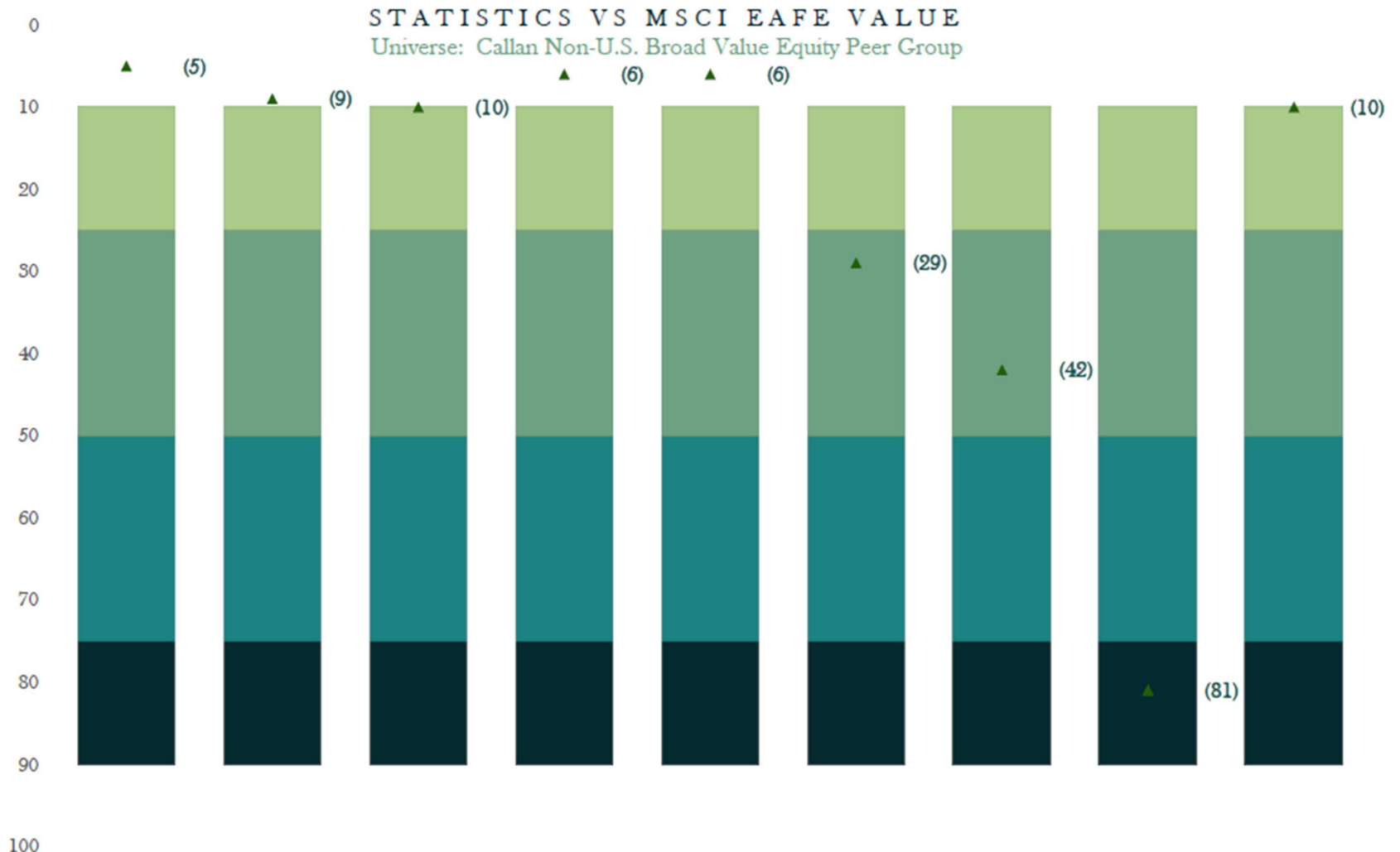
## ANNUAL PERFORMANCE As of June 30, 2022



	2021	2020	2019	2018	2017	2016	2015	2014
■ LACERS (GOF)	15.17 %	4.09 %	26.77 %	-17.68 %	23.68 %	3.77 %	-6.21 %	-1.77 %
■ LACERS (NOF)	14.64 %	3.60 %	26.14 %	-18.06 %	23.05 %	3.22 %	-6.70 %	-2.31 %
■ MSCI EAFE V	10.89 %	-2.63 %	16.09 %	-14.78 %	21.44 %	5.02 %	-5.68 %	-5.39 %
■ MSCI EAFE	11.26 %	7.82 %	22.01 %	-13.79 %	25.03 %	1.00 %	-0.81 %	-4.90 %

Returns are annualized for periods of more than one year. Returns represent an asset-weighted composite of all fully discretionary portfolios managed in the Non-U.S. Value Equity style. Index returns are shown before transaction costs, management fees, and other expenses. Performance is expressed in USD currency. Net-of-fee returns are calculated using a model fee. The model fee uses the highest tier of our standard USD fee schedule. Past performance is not indicative of future results. Source: APX

BH NON-U.S. VALUE EQUITY STATISTICS 5 Years Ending March 31, 2022



	Returns	Standard Deviation	Sharpe Ratio	Alpha	Up Market Capture	Down Market Capture	Information Ratio	Tracking Error	Beta
25th Percentile	6.60	18.18	0.33	2.39	112.75	103.14	1.00	7.72	1.03
Median	6.01	16.79	0.27	1.82	103.34	97.14	0.84	6.80	0.95
75th Percentile	4.92	15.72	0.23	0.89	92.22	91.84	0.65	5.68	0.88
<b>BH Non-USV (GOF)</b> ▲	<b>8.77</b>	<b>19.70</b>	<b>0.39</b>	<b>4.40</b>	<b>139.13</b>	<b>101.45</b>	<b>0.91</b>	<b>5.17</b>	<b>1.11</b>

Returns are annualized for periods of more than one year. BH's returns are shown before investment management fees and custody expenses. Index returns are shown before transaction costs, management fees, and other expenses. Performance is expressed in U.S. currency.

Source: Callan PEP™



# NON-U.S. VALUE VS PEER GROUP PERFORMANCE

## RETURNS FOR PERIODS ENDED MARCH 31, 2022

Group: Callan Non-U.S. Broad Value Equity



25th Percentile	(1.41)	(1.41)	3.54	27.63	8.94	6.70	7.05	4.50
Median	(2.13)	(2.13)	2.05	24.65	7.52	6.06	6.09	3.91
75th Percentile	(3.86)	(3.86)	(0.83)	22.06	5.69	4.93	5.49	3.60
<b>BH Non-USV (GOF) Rank ▲ A</b>	1	1	1	1	2	5	26	16
<b>BH Non-USV (GOF)</b>	5.93	5.93	10.68	36.82	13.28	8.77	6.93	5.09
<b>MSCI EAFE Value Net ◆ B</b>	0.33	0.33	3.55	22.84	5.24	4.18	4.87	2.27
<b>MSCI EAFE Net ◆ C</b>	(5.91)	(5.91)	1.16	20.93	7.78	6.72	6.27	3.73

Returns are annualized for periods of more than one year. Returns represent an asset-weighted composite of all fully discretionary portfolios managed in the Non-U.S. Value Equity style. BH returns are shown before investment management fees and custody expenses. Index returns are shown before transaction costs, management fees, and other expenses. Performance is expressed in U.S. currency.  
Source: Callan PEP™



## SECTOR ATTRIBUTION

Quarter Ending June 30, 2022

	LACERS		MSCI EAFE Value		Attribution Analysis		
	Average Weight	Total Return	Average Weight	Total Return	Allocation Effect	Selection And Interaction Effect	Total Effect
Industrials	22.7	-6.84	10.9	-15.65	-0.37	1.96	1.59
Financials	22.7	-9.78	25.5	-14.79	0.10	1.19	1.29
Materials	0.1	-6.69	10.5	-20.95	0.92	0.00	0.91
Consumer Staples	10.8	-2.65	7.8	-7.04	0.17	0.43	0.60
Consumer Discretionary	15.1	-10.07	8.3	-14.48	-0.11	0.65	0.54
Real Estate	2.9	1.24	4.7	-13.86	0.03	0.44	0.47
Cash	2.1	-1.67	-	-	0.13	0.00	0.13
Utilities	7.6	-10.68	6.1	-11.61	0.05	0.04	0.08
Information Technology	1.2	-13.48	2.2	-13.58	0.01	-0.04	-0.03
Energy	7.3	-10.94	8.1	-3.74	0.03	-0.53	-0.51
Communication Services	2.7	-18.20	6.0	-6.20	-0.20	-0.34	-0.54
Health Care	4.8	-15.23	9.8	-5.00	-0.39	-0.49	-0.88
<b>T O T A L</b>	<b>100.0</b>	<b>-8.77</b>	<b>100.0</b>	<b>-12.41</b>	<b>0.34</b>	<b>3.30</b>	<b>3.63</b>

Selection=return differential x portfolio weight. Allocation=weight differential x return differential between benchmark sector return and benchmark total return.

Returns shown above may differ slightly from actual returns due to attribution calculations. Past performance is not indicative of future results.

### Largest Relative Portfolio Contributors vs. MSCI EAFE Value

	Avg. Wt.	Total Effect
BOC Hong Kong (Holdings) Limited	3.9 %	0.60 %
Rheinmetall AG	3.6 %	0.54 %
BAE Systems plc	3.2 %	0.52 %
Suncor Energy Inc.	2.3 %	0.41 %
Kirin Holdings Company, Limited	2.3 %	0.37 %

### Largest Relative Portfolio Detractors vs. MSCI EAFE Value

	Avg. Wt.	Total Effect
Ecopetrol SA Sponsored ADR	2.2 %	-0.44 %
KION GROUP AG	0.9 %	-0.27 %
Grupo Financiero Banorte SAB de CV Class O	2.1 %	-0.23 %
Veolia Environnement SA	1.7 %	-0.21 %
Rexel SA	1.4 %	-0.20 %

Source: FactSet. Values expressed in USD currency.



## REGION ATTRIBUTION

Quarter to date Ending June 30, 2022

	LACERS		MSCI EAFE Value		Attribution Analysis		
	Average Weight	Total Return	Average Weight	Total Return	Allocation Effect	Selection And Interaction Effect	Total Effect
Europe Ex United Kingdom	33.2	-9.55	43.9	-13.70	0.06	1.40	1.46
Asia/Pacific Ex Japan	15.3	-6.07	12.7	-14.66	-0.07	1.34	1.27
North America	5.1	-0.67	-	-	0.56	0.00	0.56
United Kingdom	24.4	-8.27	20.4	-9.55	0.11	0.28	0.40
Japan	13.4	-8.09	22.2	-11.03	-0.16	0.39	0.23
Cash	2.1	-1.67	-	-	0.13	0.00	0.13
Africa/Mideast	-	-	0.8	-20.49	0.07	0.00	0.07
Emerging Markets	6.5	-19.45	0.1	15.00	1.60	-2.09	-0.49
<b>T O T A L</b>	<b>100.0</b>	<b>-8.77</b>	<b>100.0</b>	<b>-12.41</b>	<b>2.31</b>	<b>1.32</b>	<b>3.63</b>

Selection=return differential x portfolio weight. Allocation=weight differential x return differential between benchmark sector return and benchmark total return.

Source: FactSet. Values expressed in USD currency.



## SECTOR ATTRIBUTION

One Year Ending June 30, 2022

	LACERS		MSCI EAFE Value		Attribution Analysis		
	Average Weight	Total Return	Average Weight	Total Return	Allocation Effect	Selection And Interaction Effect	Total Effect
Industrials	19.3	10.93	11.7	-18.82	-0.71	6.20	5.48
Financials	24.2	4.68	26.7	-11.64	0.06	3.76	3.83
Utilities	9.1	4.78	6.2	-12.30	0.06	1.43	1.49
Real Estate	4.5	-2.51	4.9	-19.19	0.07	0.63	0.70
Consumer Discretionary	15.9	-17.84	8.8	-24.90	-0.89	1.08	0.18
Information Technology	0.3	-11.07	2.6	-22.29	0.22	-0.08	0.14
Cash	1.5	-2.58	-	-	0.02	0.00	0.02
Communication Services	3.4	-9.42	6.1	-9.69	-0.09	0.04	-0.04
Materials	0.9	-18.28	9.8	-16.45	0.20	-0.33	-0.13
Energy	7.6	9.88	6.9	24.45	0.27	-0.87	-0.60
Consumer Staples	10.2	-19.70	7.3	-13.75	-0.03	-0.69	-0.72
Health Care	3.2	-9.38	9.0	-3.80	-0.41	-0.56	-0.97
<b>T O T A L</b>	<b>100.0</b>	<b>-2.60</b>	<b>100.0</b>	<b>-11.95</b>	<b>-1.26</b>	<b>10.61</b>	<b>9.35</b>

Selection=return differential x portfolio weight. Allocation=weight differential x return differential between benchmark sector return and benchmark total return.

Returns shown above may differ slightly from actual returns due to attribution calculations. Past performance is not indicative of future results.

### Largest Relative Portfolio Contributors vs. MSCI EAFE Value

	Avg. Wt.	Total Effect
Rheinmetall AG	2.9 %	3.19 %
BOC Hong Kong (Holdings) Limited	3.1 %	1.07 %
BAE Systems plc	2.6 %	1.06 %
Thales SA	2.5 %	0.97 %
Centrica plc	2.3 %	0.96 %

### Largest Relative Portfolio Detractors vs. MSCI EAFE Value

	Avg. Wt.	Total Effect
* SJM Holdings Limited	0.7 %	-0.70 %
Associated British Foods plc	1.9 %	-0.52 %
KION GROUP AG	1.1 %	-0.50 %
Koninklijke Philips N.V.	0.5 %	-0.34 %
Accor SA	1.9 %	-0.34 %

\* Sold

Source: FactSet. Values expressed in USD currency.



## REGION ATTRIBUTION

One Year Ending June 30, 2022

	LACERS		MSCI EAFE Value		Attribution Analysis		
	Average Weight	Total Return	Average Weight	Total Return	Allocation Effect	Selection And Interaction Effect	Total Effect
Europe Ex United Kingdom	36.6	-4.53	45.6	-17.97	0.75	4.68	5.44
North America	4.1	21.91	-	-	1.44	0.00	1.44
Asia/Pacific Ex Japan	14.6	-2.54	11.7	-9.51	0.12	1.05	1.17
United Kingdom	24.2	2.47	18.7	2.21	0.83	-0.04	0.79
Emerging Markets	6.0	-5.64	0.1	-24.45	-0.20	0.69	0.49
Cash	1.5	-2.58	-	-	0.02	0.00	0.02
Japan	13.2	-12.20	23.2	-12.11	0.06	-0.05	0.01
Africa/Mideast	-	-	0.7	-9.54	0.00	0.00	0.00
<b>T O T A L</b>	<b>100.0</b>	<b>-2.60</b>	<b>100.0</b>	<b>-11.95</b>	<b>3.01</b>	<b>6.34</b>	<b>9.35</b>

Selection=return differential x portfolio weight. Allocation=weight differential x return differential between benchmark sector return and benchmark total return.

Source: FactSet. Values expressed in USD currency.





## SECTOR ATTRIBUTION

Three Years Ending June 30, 2022

	LACERS		MSCI EAFE Value		Attribution Analysis		
	Average Weight	Total Return	Average Weight	Total Return	Allocation Effect	Selection And Interaction Effect	Total Effect
Industrials	22.1	16.52	12.6	1.66	0.17	3.30	3.47
Financials	22.7	6.08	27.1	-0.84	0.29	1.63	1.93
Information Technology	1.6	65.73	2.2	-3.75	0.05	1.06	1.12
Utilities	9.7	12.04	6.7	1.42	-0.29	1.36	1.07
Material	4.6	16.53	9.3	4.09	0.03	0.44	0.47
Real Estate	3.2	0.62	4.7	-6.17	0.03	0.22	0.26
Cash	1.4	0.98	0.0	0.00	0.18	0.00	0.18
Consumer Discretionary	13.5	2.09	9.6	1.71	-0.10	0.19	0.10
Consumer Staples	10.0	00.21	6.1	1.05	0.40	-0.32	0.08
Health Care	2.4	8.67	8.1	2.75	0.10	-0.05	0.04
Energy	7.3	-5.20	6.9	-2.12	-0.28	0.10	-0.18
Communication Services	1.6	-8.15	6.8	2.61	-0.15	-0.03	-0.18
<b>T O T A L</b>	<b>100.0</b>	<b>8.69</b>	<b>100.0</b>	<b>0.35</b>	<b>0.43</b>	<b>7.91</b>	<b>8.34</b>

Selection=return differential x portfolio weight. Allocation=weight differential x return differential between benchmark sector return and benchmark total return.

Returns shown above may differ slightly from actual returns due to attribution calculations. Past performance is not indicative of future results.

### Largest Relative Portfolio Contributors vs. MSCI EAFE Value

	Avg. Wt.	Total Effect
* MediaTek Inc.	1.5 %	1.20 %
Rheinmetall AG	1.6 %	1.17 %
HSBC Holdings Plc	1.9 %	0.63 %
* Brenntag SE	1.6 %	0.52 %
* Cobham plc	0.1 %	0.47 %

### Largest Relative Portfolio Detractors vs. MSCI EAFE Value

	Avg. Wt.	Total Effect
* Oceaneering International, Inc.	0.4 %	-0.39 %
* SJM Holdings Limited	1.8 %	-0.38 %
* HUGO BOSS AG	0.3 %	-0.33 %
* Airbus SE	1.2 %	-0.31 %
* Elixir Group SA	0.6 %	-0.23 %
* Sold		

Source: FactSet. Values expressed in USD currency.



## REGION ATTRIBUTION

Three Years Ending June 30, 2022

	LACERS		MSCI EAFE Value		Attribution Analysis		
	Average Weight	Total Return	Average Weight	Total Return	Allocation Effect	Selection And Interaction Effect	Total Effect
United Kingdom	19.3	21.99	19.3	0.17	0.55	2.87	3.43
Europe Ex United Kingdom	42.9	6.46	43.8	-0.68	0.36	2.70	3.06
Emerging Markets	7.5	13.81	0.1	1.32	-0.07	1.09	1.02
Japan	14.6	7.75	24.4	2.21	-0.00	0.60	0.60
Cash	1.4	0.98	0.0	0.00	0.18	0.00	0.18
Asia/Pacific Ex Japan	10.6	0.41	11.9	0.64	0.22	-0.13	0.09
Africa Mideast	0.0	0.00	0.6	-1.86	0.01	0.00	0.01
North America	3.9	-11.36	0.0	0.00	-0.05	0.00	-0.05
<b>T O T A L</b>	<b>100.0</b>	<b>8.69</b>	<b>100.0</b>	<b>0.35</b>	<b>1.20</b>	<b>7.14</b>	<b>8.34</b>

Selection=return differential x portfolio weight. Allocation=weight differential x return differential between benchmark sector return and benchmark total return.

Source: FactSet. Values expressed in USD currency.

## PORTFOLIO HOLDINGS

June 30, 2022

	% Port.	% MSCI EAFE V
<b>Communication Services</b>	<b>2.6</b>	<b>6.3</b>
Informa PLC	2.5	
Eutelsat Communications SA	0.1	
<b>Consumer Discretionary</b>	<b>14.7</b>	<b>8.5</b>
Compass Group PLC	2.4	
Genting Singapore Ltd	2.3	
Bridgestone Corp	2.1	
Astra International Tbk PT	2.0	
Accor SA	1.6	
Honda Motor Co Ltd	1.6	
Persimmon PLC	1.4	
WH Smith PLC	1.3	
<b>Consumer Staples</b>	<b>11.1</b>	<b>8.0</b>
Kirin Holdings Co Ltd	2.6	
Danone SA	2.4	
Henkel AG & Co KGaA	1.9	
Associated British Foods PLC	1.8	
Coca-Cola Europacific Partners	1.2	
Orkla ASA	1.0	
Seven & i Holdings Co Ltd	0.1	
<b>Energy</b>	<b>6.7</b>	<b>8.8</b>
Enbridge Inc	2.8	
Suncor Energy Inc	2.3	
Ecopetrol SA- ADR	1.6	
<b>Financials</b>	<b>21.6</b>	<b>25.2</b>
HSBC Holdings PLC	4.6	
ING Groep NV	4.5	
BOC Hong Kong Holdings Ltd	4.3	
United Overseas Bank Ltd	2.7	
Julius Baer Group Ltd	2.3	
Grupo Financiero Banorte SAB d	1.9	
Ashmore Group PLC	1.2	
ORIX Corp	0.1	
Investec PLC	0.1	

	% Port.	% MSCI EAFE V
<b>Health Care</b>	<b>4.6</b>	<b>10.4</b>
GSK PLC	1.8	
Elekta AB	1.6	
Koninklijke Philips NV	0.9	
Sino Biopharmaceutical Ltd	0.3	
<b>Industrials</b>	<b>22.4</b>	<b>10.1</b>
Thales SA	3.2	
BAE Systems PLC	3.1	
Rheinmetall AG	2.9	
SKF AB	2.4	
Nabtesco Corp	2.2	
Komatsu Ltd	1.6	
DCC PLC	1.5	
KION Group AG	1.5	
Mitsubishi Electric Corp	1.5	
Vinci SA	1.4	
Rexel SA	1.2	
<b>Information Technology</b>	<b>1.3</b>	<b>2.6</b>
ASMPT Ltd	1.3	
<b>Materials</b>	<b>1.2</b>	<b>9.4</b>
Gold Fields Ltd	1.2	
<b>Real Estate</b>	<b>3.5</b>	<b>4.6</b>
Hongkong Land Holdings Ltd	2.7	
Swire Properties Ltd	0.7	
<b>Utilities</b>	<b>7.2</b>	<b>6.1</b>
Centrica PLC	2.4	
CK Infrastructure Holdings Ltd	1.7	
Veolia Environnement SA	1.6	
Snam SpA	1.5	
<b>Cash</b>	<b>3.1</b>	



Source: FactSet



ESG METRICS



## BH ESG METRICS

As part of Barrow Hanley’s ESG integration and risk-review processes, we review the ESG characteristics and risk factors of individual equities and measure ESG-related metrics at the portfolio level.



The Investment Consultants Sustainability Working Group (ICSWG) is a collaboration between 17 firms\*\* formed in 2020 to support and accelerate sustainable investment initiatives in the UK.



Barrow Hanley reports on the standardized ESG metrics published by the ICSWG.



In addition, Barrow Hanley reports on climate pathway alignment analysis for each strategy.

### ICSWG ESG METRICS

1. Absolute carbon emissions (and equivalents) Scope 1 & 2
2. Carbon footprint (and equivalents) Scope 1 & 2
3. Weighted average carbon intensity (and equivalents) Scope 1 & 2
4. Exposure to companies active in the fossil fuel extraction sector
5. Investments in companies with SBTi (Science Based Targets initiative) targets in place
6. Climate-related engagements\*
7. Violators of UN Global Compact (UNGC) principles\*
8. Board Gender diversity
9. Sufficient Board independence
10. Insufficient Board independence
11. CEO/Chair independence
12. ESG ratings



\*BH is in progress of reporting the ESG metric.

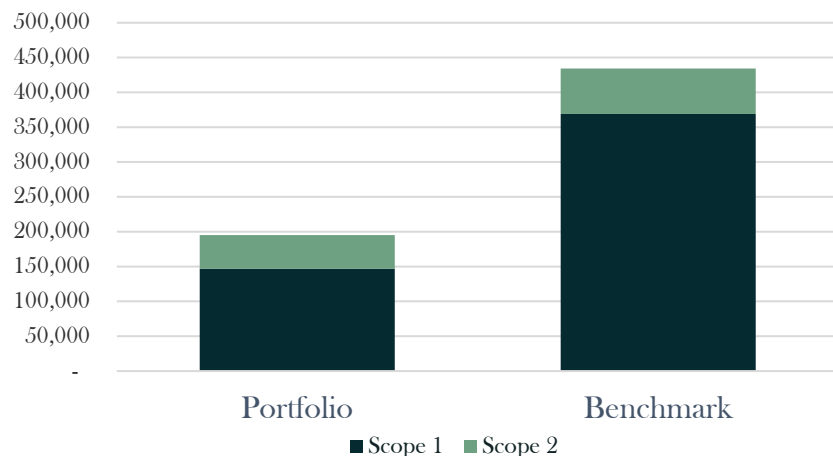
Source: Investment Consultants Sustainability Working Group, ESG Metrics - November 2021.

\*\* Asset Consulting Group; Aon; Cambridge Associates; Callan; FEG Investment Advisors; LCG Associates; Marquette Associates; Meketa Investment Group; Mercer; NEPC; Russell Investments; RVK; Segal Marco Advisors; SEI; Wilshire; WTW; Verus

## BH NON-U.S. VALUE - CARBON EMISSIONS

### PORTFOLIO EMISSIONS EXPOSURE (tCO<sub>2</sub>e)

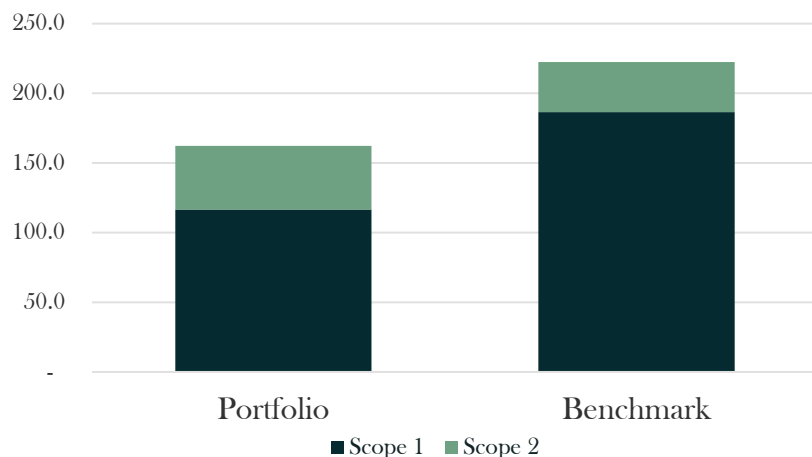
June 30, 2022



Note: Portfolio emissions exposure is the absolute total carbon emissions.

### PORTFOLIO CARBON INTENSITY (tCO<sub>2</sub>e)/\$m m)

June 30, 2022



Note: Portfolio carbon intensity is the weighted average emissions per \$1mm dollars of revenue.

Note: Portfolio is BH Non-U.S. Value Composite and benchmark is MSCI EAFE Value.

Sources: ISS; FactSet.

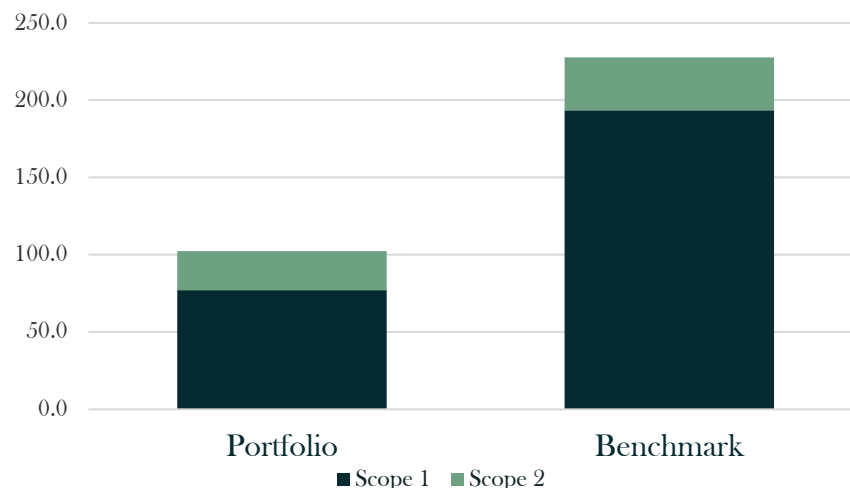
### TOP 10 CONTRIBUTORS TO PORTFOLIO EMISSIONS

June 30, 2022

Issuer Name	Contribution to Portfolio Emission Exposure (1 & 2)	Port. Wgt.
Veolia Environnement SA	26.5%	1.52
CK Infrastructure Holdings Limited	11.2%	1.73
Suncor Energy Inc.	9.8%	2.40
Centrica plc	8.0%	2.46
Ecopetrol SA Sponsored ADR	7.7%	1.65
PT Astra International Tbk	5.9%	2.10
Associated British Foods plc	4.3%	1.87
Enbridge Inc.	4.2%	2.86
Accor SA	3.0%	1.66
Bridgestone Corporation	2.7%	1.88
<b>Total</b>	<b>83.3%</b>	<b>20.1</b>

### PORTFOLIO CARBON FOOTPRINT (tCO<sub>2</sub>e)/\$m m)

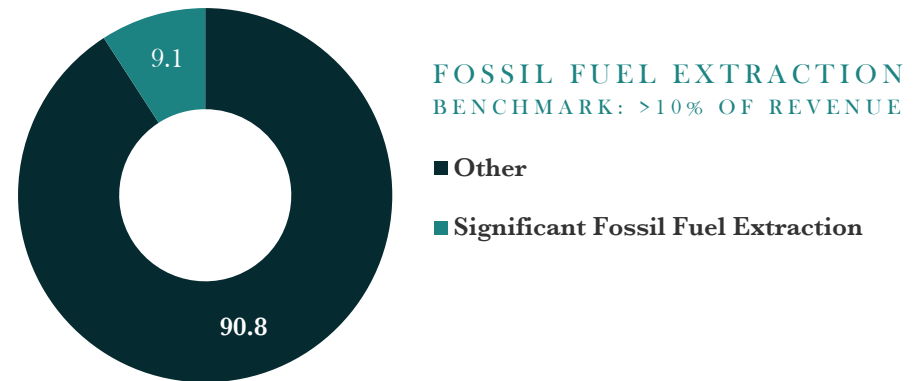
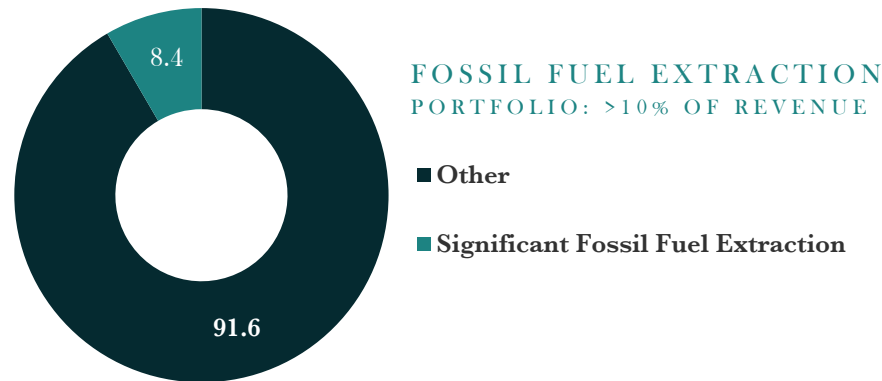
June 30, 2022



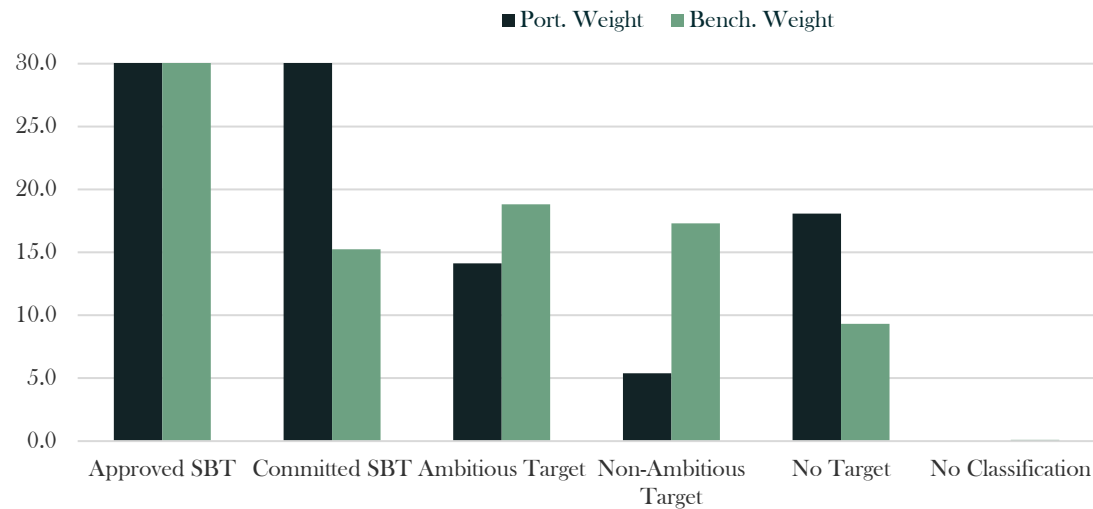
Note: Portfolio carbon footprint is the average emissions per \$1mm of market value.

# BH NON-U.S. VALUE - FOSSIL FUEL EXPOSURE & SCIENCE BASED TARGETS

## PORTFOLIO FOSSIL FUEL EXPOSURE June 30, 2022



## GREENHOUSE GAS REDUCTION TARGET DISTRIBUTION (SBTi) June 30, 2022



The setting of Science Based Targets (SBT's) is an important measure of the commitment a company is making to align with international climate goals and demonstrate progress toward a low-carbon future. The lack of a SBT, or at least an ambitious target often implies that a company may be unlikely to transition and often is a basis for engagement.

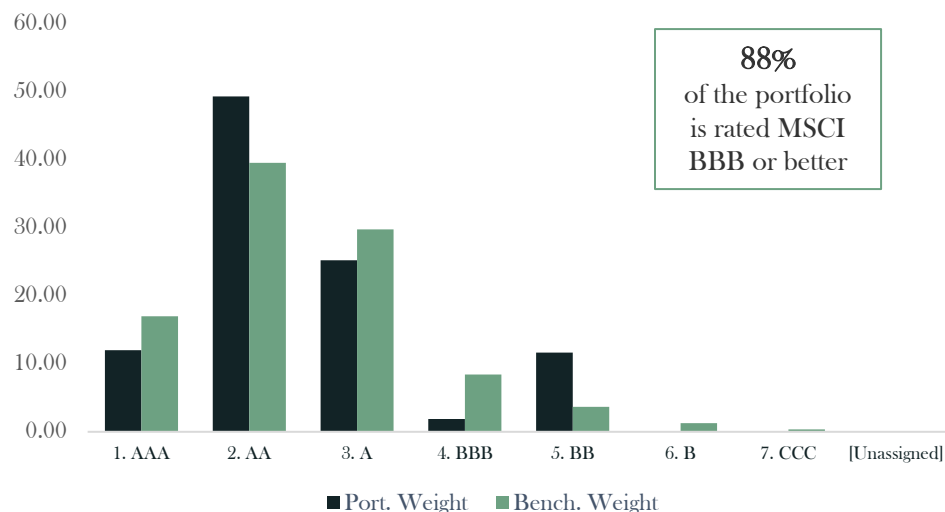


Note: Portfolio is BH Non-U.S. Value Composite and benchmark is MSCI EAFE Value  
Sources: FactSet; ISS.

## BH NON-U.S. VALUE - MSCI ESG SCORES & RATINGS

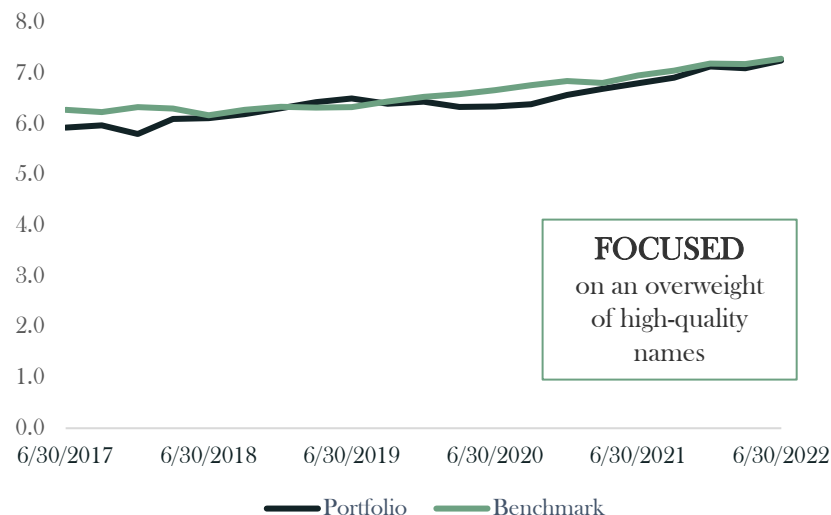
### DISTRIBUTION OF MSCI SCORES

June 30, 2022



### PORTFOLIO MSCI SCORES OVER TIME

June 30, 2022



### TOP/BOTTOM NAMES PER MSCI

	Exposures			Overall Rating	Overall Rating Trend	MSCI			
	Port. Weight	Bench. Weight	Active Weight			MSCI ESG Research - Rating Date	Environmental Pillar Score	Governance Pillar Score	Social Pillar Score
<b>Total</b>	<b>100</b>	<b>100</b>	<b>0</b>				<b>6.0</b>	<b>6.4</b>	<b>5.4</b>
<b>5 Highest</b>	<b>8.8</b>	<b>0.9</b>	<b>8.0</b>		<b>0</b>		<b>6.6</b>	<b>6.0</b>	<b>6.0</b>
Orkla ASA	1.1	0.1	1.0	AAA	0	6/10/2022	6.9	4.0	4.0
Danone SA	2.5	0.5	1.9	AAA	0	7/23/2021	6.8	6.8	6.8
Swire Properties Limited	0.7	0.0	0.7	AAA	0	9/27/2021	5.7	9.0	9.0
BOC Hong Kong (Holdings) Limited	4.4	0.2	4.2	AAA	1	12/16/2021	6.6	5.5	5.5
Investec plc	0.1	0.0	0.1	AAA	0	12/18/2020	5.7	6.2	6.2
<b>5 Lowest</b>	<b>10.7</b>	<b>0.1</b>	<b>10.6</b>				<b>3.6</b>	<b>5.3</b>	<b>5.3</b>
Hongkong Land Holdings Limited	2.8	0.1	2.7	BB	1	10/14/2021	2.5	6.0	6.0
Ecopetrol SA Sponsored ADR	1.6	0.0	1.6	BB	0	8/26/2021	4.4	6.3	6.3
CK Infrastructure Holdings Limited	1.8	0.1	1.7	BB	0	11/26/2021	4.0	5.7	5.7
Genting Singapore Limited	2.3	0.0	2.3	BB	0	9/16/2021	4.2	4.2	4.2
PT Astra International Tbk	2.1	0.0	2.1	BB	0	12/16/2021	3.3	4.5	4.5



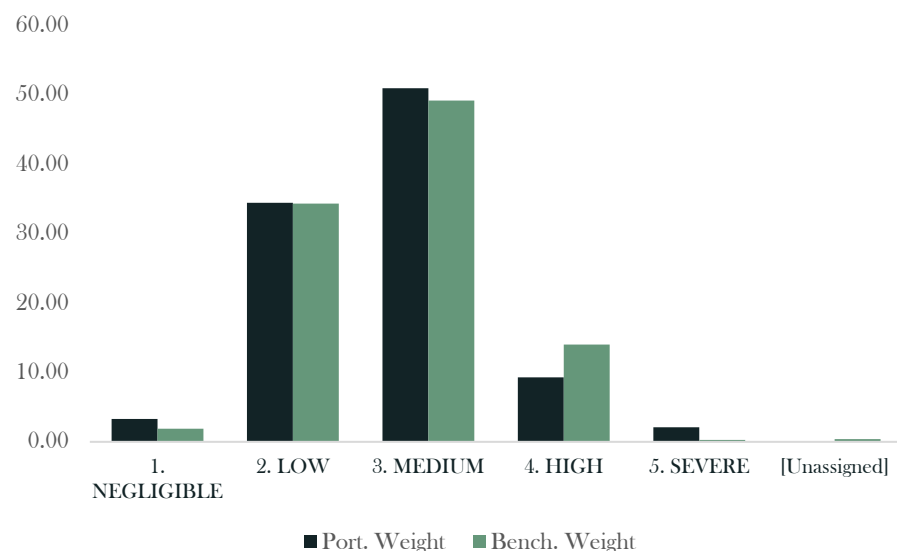
Note: Portfolio is BH Non-U.S. Value Composite and benchmark is MSCI EAFE Value.  
Sources: MSCI; FactSet.



## BH NON-U.S. VALUE - SUSTAINALYTICS RISK RATINGS & SCORES

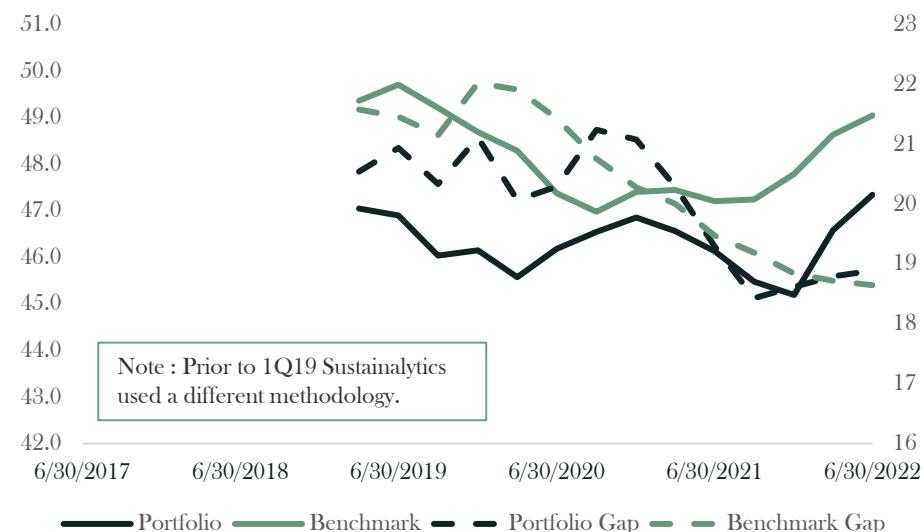
### DISTRIBUTION OF SUSTAINALYTICS SCORES

June 30, 2022



### PORTFOLIO SUSTAINALYTICS SCORES OVER TIME

June 30, 2022



### TOP/BOTTOM NAMES PER SUSTAINALYTICS

	Exposures			ESG Risk Category	Sustainalytics			Sustainalytics - ESG Indicators Date of Last Update	
	Port. Weight	Bench. Weight	Active Weight		Overall Exposure Score	Overall Manageable Risk Score	Overall Management Gap Score		ESG Risk Score
<b>Total</b>	<b>100</b>	<b>100</b>	<b>0</b>		<b>47.3</b>	<b>43.8</b>	<b>18.9</b>	<b>22.5</b>	
<b>5 Lowest</b>	8.3	0.3	8.0		29.5	27.7	9.2	11.0	
WH Smith PLC	1.3	0.0	1.3	Low	26.9	25.5	8.8	10.3	5/17/2022
Informa Plc	2.5	0.0	2.5	Negligible	19.7	18.9	9.1	9.8	5/17/2022
Swire Properties Limited	0.7	0.0	0.7	Negligible	25.2	24.8	9.1	9.5	5/17/2022
Bridgestone Corporation	2.2	0.3	1.9	Low	32.1	30.2	9.3	11.2	5/17/2022
Coca-Cola Europacific Partners plc	1.6	0.0	1.6	Low	46.1	41.6	9.7	14.1	6/16/2022
<b>5 Highest</b>	9.0	1.1	7.9		55.0	50.8	30.8	35.0	
BAE Systems plc	3.2	0.5	2.7	High	57.1	51.6	25.1	30.5	6/30/2022
Honda Motor Co., Ltd.	1.6	0.6	1.1	Medium	47.5	46.4	28.6	29.6	6/30/2022
CK Infrastructure Holdings Limited	1.8	0.1	1.7	High	57.1	53.4	34.3	38.0	5/17/2022
Sino Biopharmaceutical Limited	0.3	0.0	0.3	High	47.7	44.7	36.4	39.4	5/17/2022
PT Astra International Tbk	2.1	0.0	2.1	Severe	56.9	51.6	37.6	42.9	5/17/2022

The LOWER the Overall Exposure Score the better; lower risk and superior ESG score.

Note: Portfolio is BH Non-U.S. Value Composite benchmark is MSCI EAFE Value.

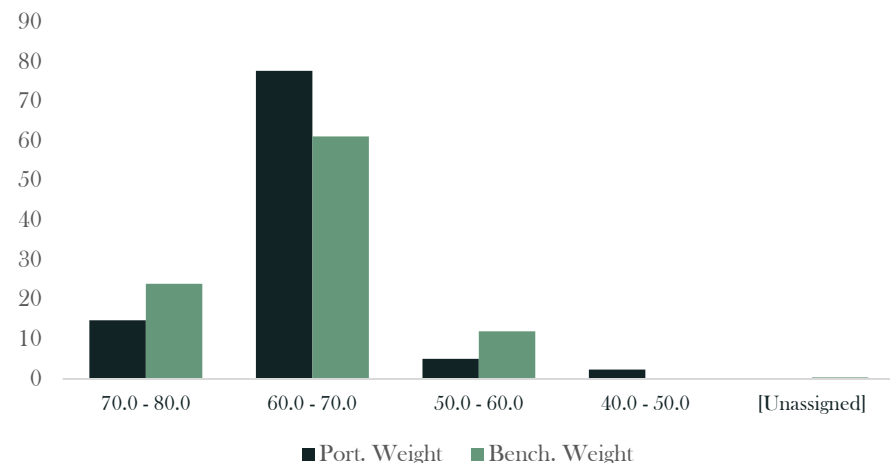
Sources: Sustainalytics; FactSet.



# BH NON-U.S. VALUE - BH COMPOSITE ESG SCORES & RATINGS

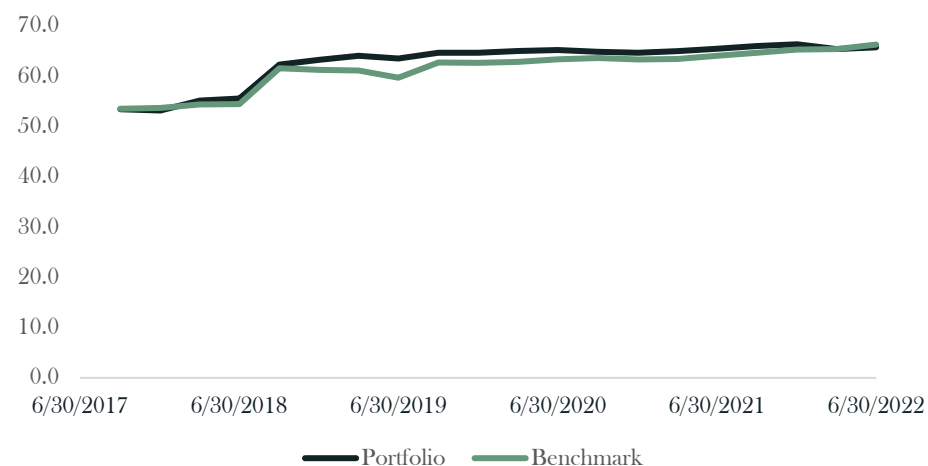
## DISTRIBUTION OF BH COMPOSITE SCORES

June 30, 2022



## PORTFOLIO BH COMPOSITE SCORES OVER TIME

June 30, 2022



## TOP/BOTTOM NAMES PER BH

	Exposures			BH					SASB		
	Port. Weight	Bench. Weight	Active Weight	BH ESG Comp Score	BH Env. Score	BH Social Score	BH Governance Score	BH ESG Risk Category	SASB Disclosure Topic 1	SASB Disclosure Topic 2	SASB Disclosure Topic 3
<b>Total</b>	<b>100</b>	<b>100</b>	<b>0</b>	<b>66</b>	<b>67</b>	<b>66</b>	<b>65</b>				
<b>5 Highest</b>	8.8	0.7	8.1	73	73	71	69				
Swire Properties Limited	0.7	0.0	0.7	78	80	80	--	Other - Explicitly Stated in ESG Comment Below	ENERGY MANAGEMENT	WATER MANAGEMENT	CLIMATE CHANGE ADAPTATION
Coca-Cola Europacific Partners plc	1.6	0.0	1.6	73	75	60	75	Supply Chain Mgmt	WATER MANAGEMENT	HEALTH & NUTRITION	PRODUCT LABELING & HEALTH
Snam S.p.A.	1.5	0.2	1.3	72	70	70	70	Greenhouse Gas Emissions (GHG)	ENERGY AFFORDABILITY	END-USE EFFICIENCY	INTEGRITY OF GAS DELIVERY INFRASTRUCTURE
Danone SA	2.5	0.5	1.9	72	75	80	60	Other - Explicitly Stated in ESG Comment Below	WATER MANAGEMENT	FOOD SAFETY	INGREDIENT SOURCING
Informa Plc	2.5	0.0	2.5	72	73	70	75	Greenhouse Gas Emissions (GHG)	DATA PRIVACY	ADVERTISING INTEGRITY	WORKFORCE DIVERSITY & INCLUSION
<b>5 Lowest</b>	7.4	0.6	6.8	54	54	60	55				
Ecopetrol SA Sponsored ADR	1.6	0.0	1.6	57	45	60	60	Greenhouse Gas Emissions (GHG)	GREENHOUSE GAS EMISSIONS	RESERVES VALUATION & CAPITAL EXPENDITURES	CRITICAL INCIDENT RISK MANAGEMENT
Honda Motor Co., Ltd.	1.6	0.6	1.1	57	70	50	50	Greenhouse Gas Emissions (GHG)	PRODUCT SAFETY	LABOR PRACTICES	FUEL ECONOMY & USE-PHASE EMISSIONS
CK Infrastructure Holdings Limited	1.8	0.1	1.7	55	--	--	--	--	GREENHOUSE GAS EMISSIONS & ENERGY RESOURCE PLANNING	END-USE EFFICIENCY & DEMAND	GRID RESILIENCY
PT Astra International Tbk	2.1	0.0	2.1	49	50	70	55	Greenhouse Gas Emissions (GHG)	PRODUCT SAFETY	LABOR PRACTICES	FUEL ECONOMY & USE-PHASE EMISSIONS
Sino Biopharmaceutical Limited	0.3	0.0	0.3	48	50	60	60	--	ACCESS TO MEDICINES	AFFORDABILITY & PRICING	DRUG SAFETY

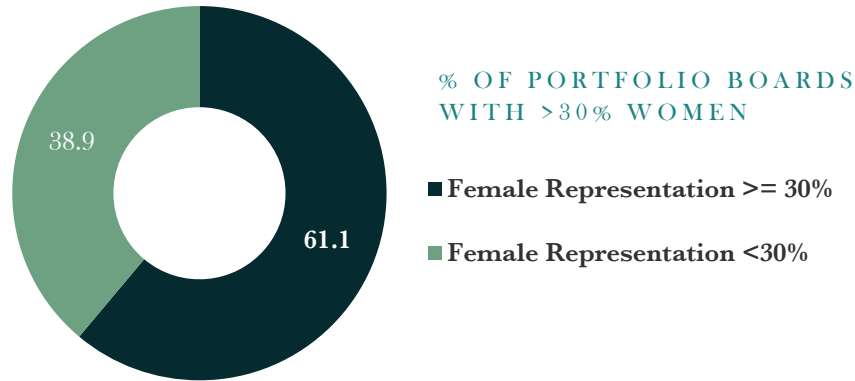
The HIGHER the BH ESG Comp Score the better; lower risk and superior ESG score.  
 Note: Portfolio is BH Non-U.S. Value Composite and benchmark is MSCI EAFE Value.  
 Sources: BH; FactSet.



# BH NON-U.S. VALUE - BOARD INDEPENDENCE AND DIVERSITY

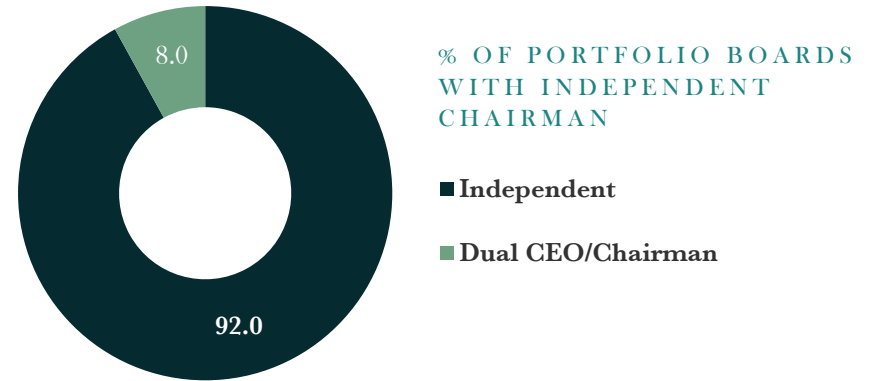
## BOARD GENDER DIVERSITY

June 30, 2022



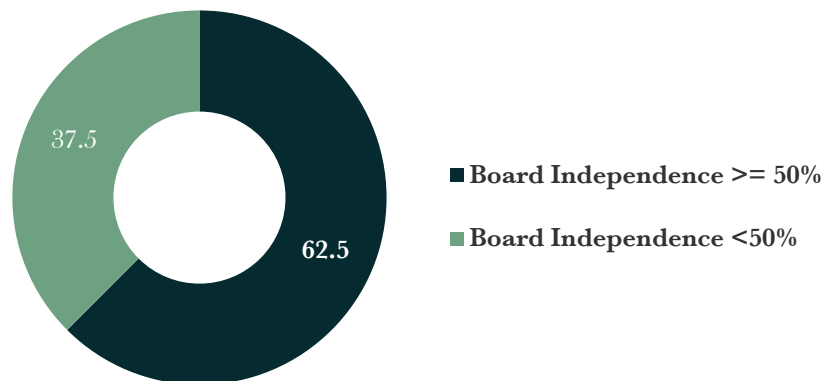
## CEO/CHAIR INDEPENDENCE

June 30, 2022



## SUFFICIENT BOARD INDEPENDENCE

June 30, 2022



63% of Barrow Hanley's Non-U.S. Value strategy's holdings have sufficient Board independence as of June 30, 2022.



Note: Portfolio is BH Non-U.S. Value Composite and benchmark is MSCI EAFE Value.  
Sources: ISS; FactSet.



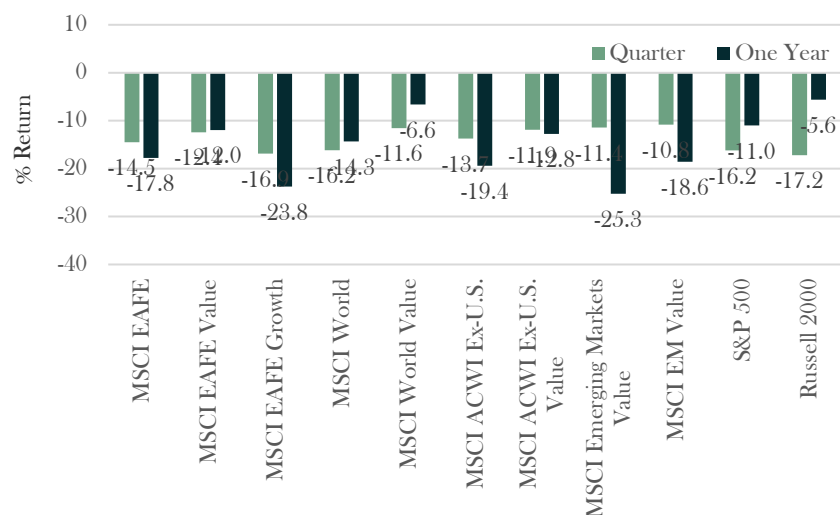
MARKET OVERVIEW



# INDEX, SECTOR, AND REGIONAL RETURNS

## INDEX RETURNS

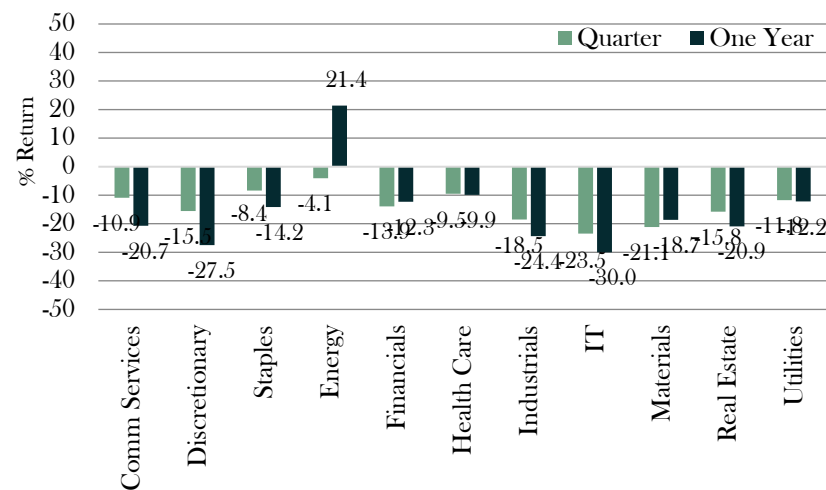
As of June 30, 2022



Sources: BH; FactSet.

## MSCI EAFE SECTOR RETURNS

As of June 30, 2022

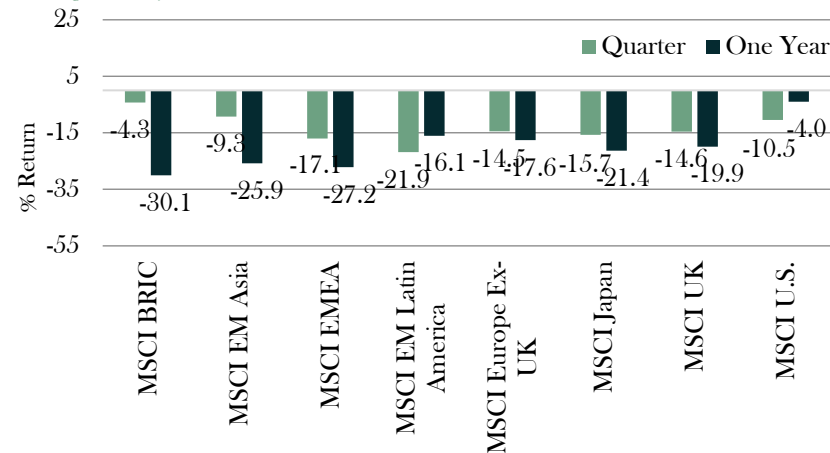


Sources: BH; FactSet.

- Equities fell further in the quarter, with the MSCI EAFE Index down more than -14%, pushing non-U.S. markets very close to bear territory year-to-date. However, in local currency terms, non-U.S. markets held up much better than U.S. markets, with the strong U.S. dollar negatively impacting U.S. dollar investors. Markets have continued to fret over higher interest rates, lower economic growth, higher inflation, etc., which has pushed them to areas of perceived safety.
- Value stocks outpaced their growth peers in the quarter by more than 400bps, pushing their year-to-date outperformance to more than 1,400bps. Value stocks were preferred broadly in the quarter, with value stocks outpacing growth peers in 10 of the 11 sectors.
- The Information Technology sector continued to be challenged, while value stocks in the both cyclical sectors, Industrials and Energy, and defensive sectors, Health Care and Communication Services, pushed the value index higher.

## MSCI REGIONAL RETURNS

As of June 30, 2022



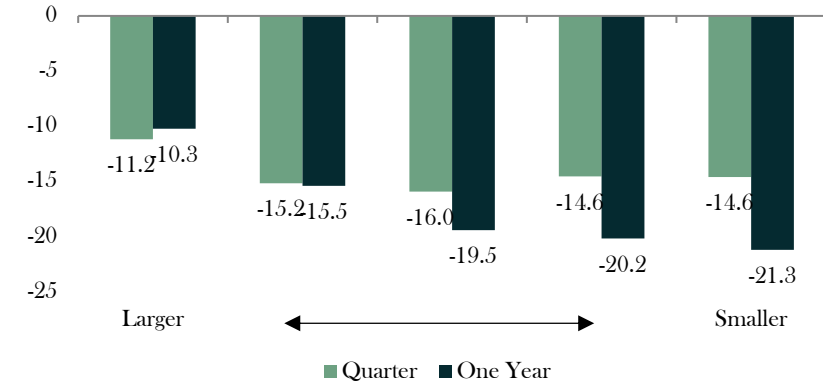
Sources: BH; FactSet.



## MARKET CAP, DIVIDEND YIELD, AND VALUATION PERFORMANCE

### MSCI EAFE RETURNS BY MARKET CAP QUINTILES

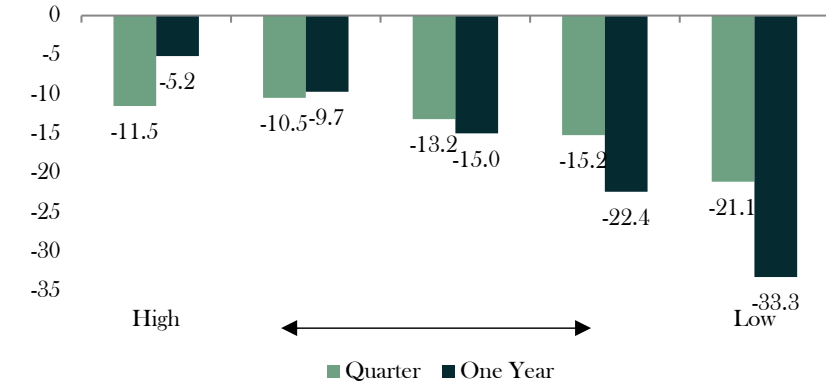
Periods Ending June 30, 2022



Source: FactSet.

### MSCI EAFE RETURNS BY DIVIDEND YIELD QUINTILES

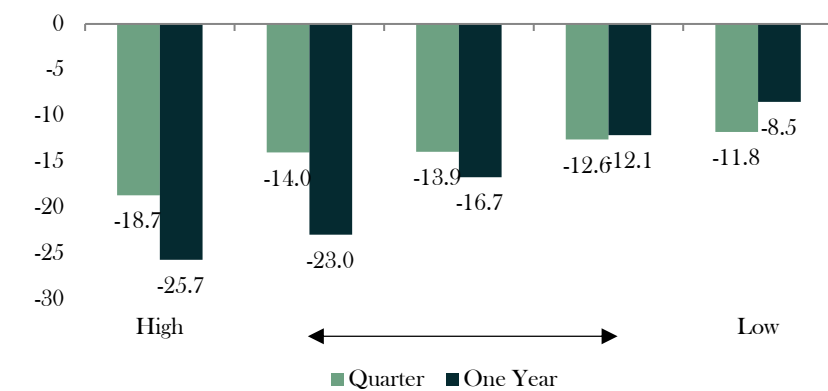
Periods Ending June 30, 2022



Source: FactSet.

### MSCI EAFE RETURNS BY LTM P/B QUINTILES

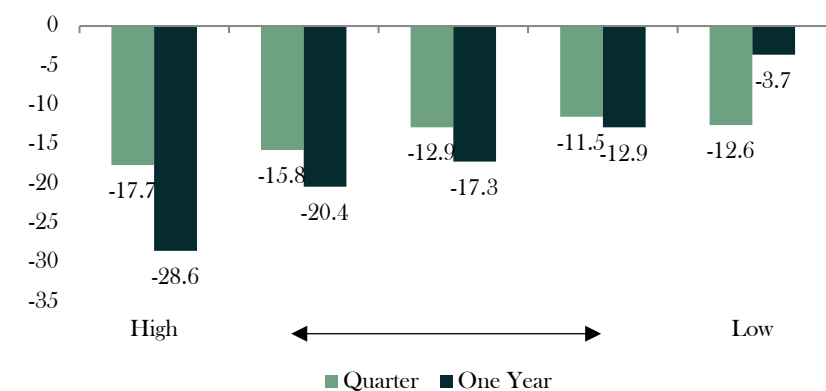
Periods Ending June 30, 2022



Source: FactSet.

### MSCI EAFE RETURNS BY NTM P/E QUINTILES

Periods Ending June 30, 2022



Source: FactSet.

- During the quarter and one-year periods, value stocks were clearly favored based on P/B and NTM P/E, as the cheapest (low) quintiles were strongly ahead of their more expensive peers, with an ever-greater differentiation over the last one year.
- Higher dividend-yielding stocks also performed well over the quarter and year, and larger cap issues outpaced their smaller cap peers.

## GROWTH VS. VALUE: LONG-TERM HISTORICAL PERFORMANCE

### MSCI EAFE VALUE VS. MSCI EAFE GROWTH CALENDAR YEAR RETURNS

1997 - 2021 and YTD 2022



All index returns are net of reinvested dividends.

Source: FactSet.

- The MSCI EAFE Value Index lagged the MSCI EAFE Growth Index by nearly 21% in 2020, making it the worst performance for value in more than 20 years and highlighting one of the greatest dislocations in a generation.
- Value stocks have bounced back in the last 18 months, with year-to-date performance among the strongest periods for value since the early 2000s.

# GROWTH VS. VALUE: MAGNITUDE AND DURATION AT HISTORIC LEVELS

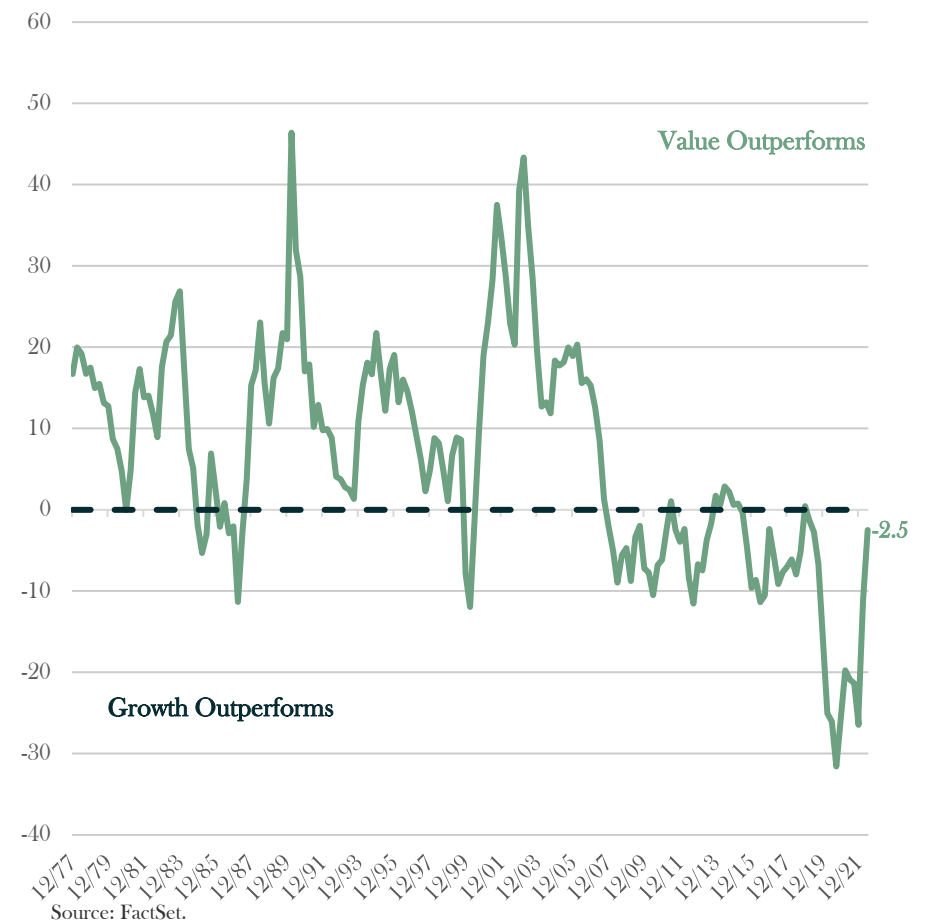
MSCI EAFE VALUE VS. MSCI EAFE GROWTH  
ROLLING 10-YEAR CUMULATIVE EXCESS RETURN

As of June 30, 2022



MSCI EAFE VALUE VS. MSCI EAFE GROWTH  
ROLLING 3-YEAR CUMULATIVE EXCESS RETURN

As of June 30, 2022



- The magnitude and duration of value stocks' underperformance relative to growth stocks remains at historic extremes despite value outperforming growth over the last one year.



# NON-U.S. VS. U.S. PERFORMANCE AND VALUATIONS

MSCI EAFE LTM P/B RELATIVE TO S&P 500

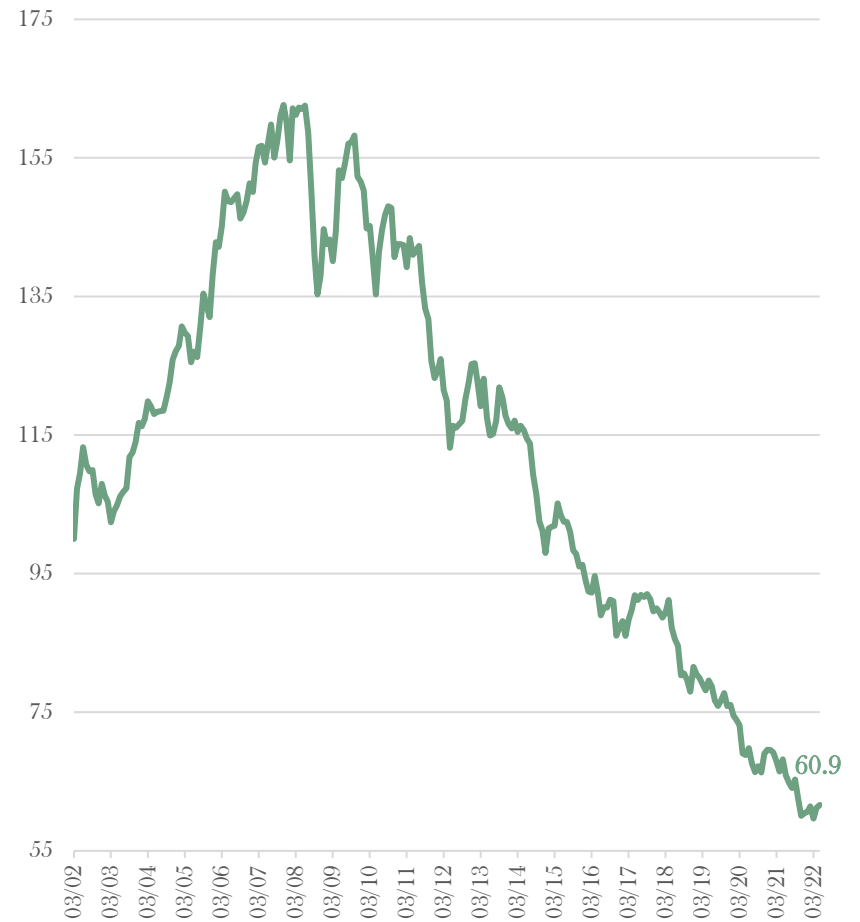
September 30, 2001 - June 30, 2022



Source: FactSet.

MSCI EAFE TOTAL RETURN RELATIVE TO S&P 500

March 31, 2002 - June 30, 2022



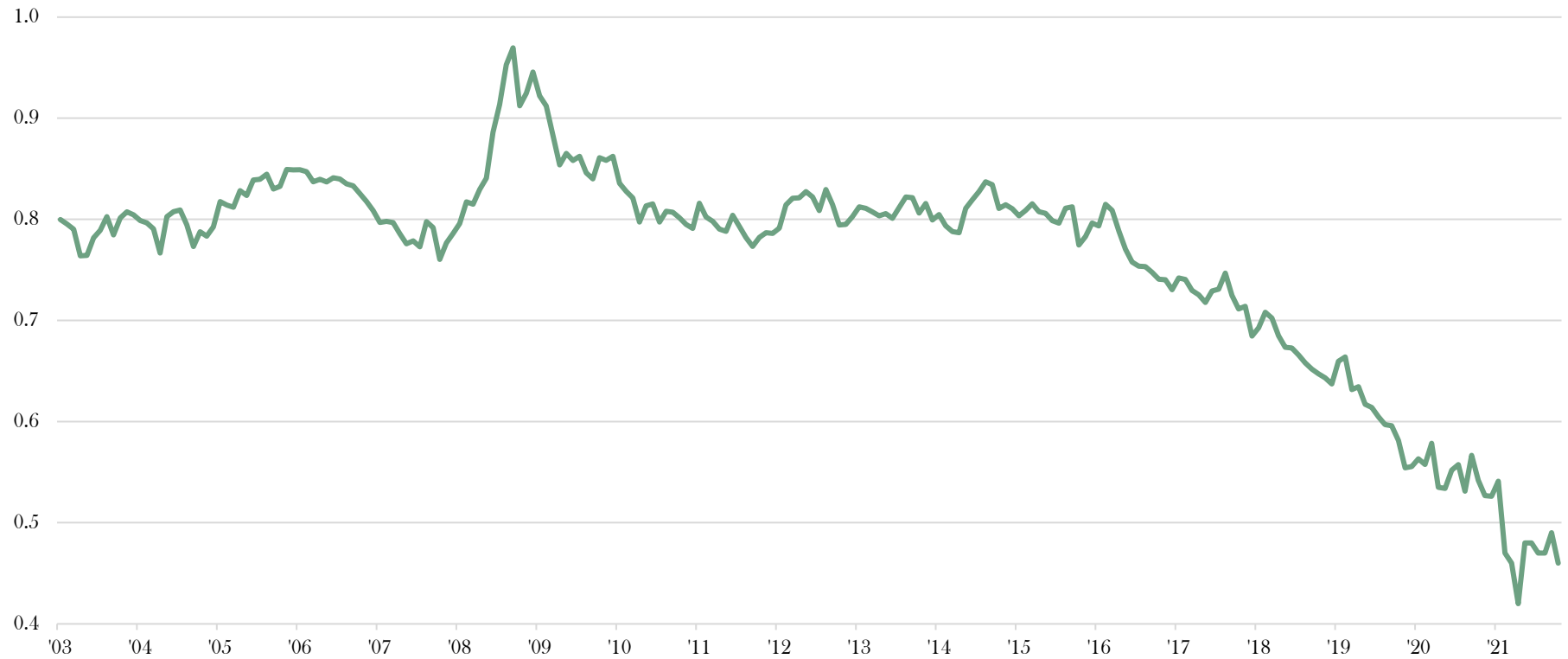
Source: FactSet.

- Markets have strongly favored U.S. stocks over the last 10+ years, pushing valuation differences between U.S. and non-U.S. stocks to historical extremes.

## NON-US VALUE VS. GROWTH

### MSCI EAFE VALUE VS. GROWTH RELATIVE NTM P/E SPREAD

September 30, 2003 - June 30, 2022



Source: FactSet.

- Non-U.S. value stocks continue to trade at their cheapest multiples relative to growth stocks.
- We have experienced cycles like this in our 43-year history, and mean reversion toward value stocks is a matter not if, but *when*.

APPENDIX



## DISCLOSURES

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### Representative Portfolio:

Portfolio shown is an actual portfolio managed by Barrow Hanley as of the date noted, and is representative of the portfolio that would be managed by Barrow Hanley for new clients in this strategy.

### Top Five Contributors / Detractors:

The calculation methodology used and a list of the contribution to overall performance for each holding during the measurement period is available by contacting Barrow Hanley at [marketing@barrowhanley.com](mailto:marketing@barrowhanley.com). Holdings identified do not represent all of the securities purchased, sold, or recommended.

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

**MEETING: AUGUST 9, 2022**  
**ITEM: V**

*Neil M. Guglielmo*

---

**SUBJECT: ANNUAL REPORT ON LACERS EMERGING INVESTMENT MANAGER PROGRAM**

ACTION:  CLOSED:  CONSENT:  RECEIVE & FILE:

---

### **Recommendation**

That the Investment Committee receive and file this report.

### **Executive Summary**

LACERS' Emerging Investment Manager Program aims to hire and retain Emerging Investment Managers in order to add value to the LACERS investment portfolio. This report highlights the Emerging Investment Manager firms hired, dollar amounts awarded, and staff and consultant efforts to increase Emerging Investment Manager representation in the LACERS investment portfolio in calendar year 2021.

### **Discussion**

#### *Background*

LACERS' Emerging Investment Manager Policy (Policy) was adopted on February 14, 2012, and was most recently revised on May 25, 2021. The Policy identifies guidelines and sets goals to hire and retain Emerging Investment Managers that would otherwise not be identified in the standard LACERS investment manager search process in order to add value to the LACERS investment portfolio. Smaller investment management firms may generate superior performance returns due to increased market flexibility associated with smaller asset bases. The Policy sets a goal of funding Emerging Investment Managers at no less than 10% of available capital and provides minimum criteria for firms to qualify as an Emerging Investment Manager.

Pursuant to the Policy, this annual report provides the status of the Emerging Investment Manager Program for the year ending December 31, 2021, including the following information:

1. Names and dollar amounts awarded to Emerging Investment Managers
2. Report of Emerging Investment Manager goal metrics
3. List of all investment manager searches
4. Staff and consultant efforts to increase the visibility of LACERS' investment manager searches and representation of Emerging Investment Managers in the LACERS investment portfolio

5. Performance data for funds managed by Emerging Investment Managers

**1. Names and Dollar Amounts Awarded to Emerging Investment Managers in 2021**

Manager	Style	Asset Class	Investment/Commitment	Consultant
ULU Ventures Fund III, LP	VC – Early Stage	Private Equity	\$10,000,000	Aksia CA LLC
Mill Point Capital Partners II, LP	Buyout - Small	Private Equity	\$11,000,000	Aksia CA LLC
Avance Investment Partners, LP	Buyout - Small	Private Equity	\$20,000,000	Aksia CA LLC
Biospring Partners Fund, LP	Growth Equity	Private Equity	\$20,000,000	Aksia CA LLC
DEFY Partners III, LP	VC – Early Stage	Private Equity	\$20,000,000	Aksia CA LLC

**2. Emerging Investment Manager Goal Metrics**

The Policy sets a goal for Emerging Investment Manager exposure in public and private market asset classes at no less than 10%.

*Public Markets*

For each public markets asset class, there are two metrics for measuring Emerging Investment Manager exposure: 1) Asset Class Metric: the total market value of Emerging Investment Managers within a respective asset class divided by the total market value of the respective asset class; and 2) Manager Search Metric: total dollars awarded to Emerging Investment Managers in a particular public asset class manager search divided by the total dollars awarded for the respective manager search.

In calendar year 2021, one public markets search was initiated for Passive U.S., Non-U.S., and Global Index Strategies. The Core Fixed Income Mandate Search, initiated in 2019, was completed in 2021; no contracts were awarded to Emerging Investment Managers.

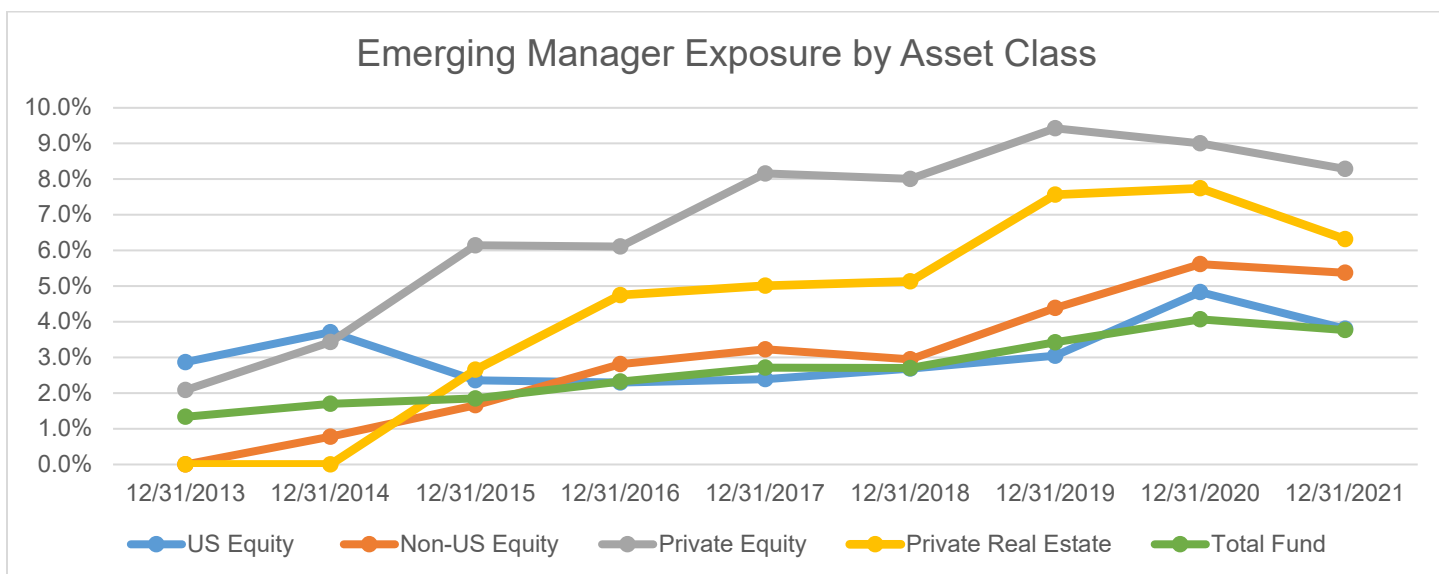
Public Market Asset Classes	Emerging Manager Exposure (Metric 1)	Public Markets Manager Searches (Metric 2)
U.S. Equity	3.8%	N/A
Non-U.S. Equity	5.4%	N/A
Core Fixed Income	0.0%	0.0%
Credit Opportunities	0.0%	N/A
Public Real Assets	0.0%	N/A

## Private Markets

For each private markets asset class, there are two metrics for measuring Emerging Investment Manager exposure: 1) Asset Class Metric: the total committed dollars of Emerging Investment Managers within a respective asset class divided by all the dollars within that respective asset class on a market value basis; and 2) Manager Search Metric: the total of all committed capital awarded to Emerging Investment Managers of completed searches within a respective private market asset class divided by all committed capital awarded within the respective private market asset class over a 36-month rolling period ending December 31, 2021.

Private Market Asset Classes	Asset Class (Metric 1)	Manager Search (Metric 2)
Private Equity	8.3%	6.9%
Private Real Estate	6.3%	4.4%

On a fund-number basis for the 36-month period ending December 31, 2021, LACERS authorized commitments to a total of 10 private equity Emerging Investment Managers out of 69 private equity funds (14%) and one real estate Emerging Investment Managers out of 12 real estate funds (8%).



Asset Class	12/31/13	12/31/14	12/31/15	12/31/16	12/31/17	12/31/18	12/31/19	12/31/20	12/31/21
U.S. Equity	2.9%	3.7%	2.4%	2.3%	2.4%	2.7%	3.0%	4.8%	3.8%
Non-U.S. Equity	0.0%	0.8%	1.5%	2.8%	3.2%	2.9%	4.4%	5.6%	5.4%
Private Equity*	2.1%	3.4%	6.1%	6.1%	8.2%	8.0%	9.4%	9.0%	8.3%
Private Real Estate*	0.0%	0.0%	2.7%	4.7%	5.0%	5.1%	7.6%	7.7%	6.3%
Total Fund	1.3%	1.7%	1.8%	2.3%	2.7%	2.7%	3.4%	4.1%	3.8%

\*Private Equity asset class exposure restated for years 2013, 2016, 2017, 2018, 2019 and 2020. Private Real Estate asset class exposure restated for years 2015, 2017, 2018, 2019, and 2020. Restatements due to incorrect calculation of asset class exposure metrics for these asset classes in prior reports.

### 3. Searches Conducted in 2021

Searches Initiated:

- Passive U.S., Non-U.S., and Global Index Strategies Mandate Search

Searches Completed:

- Core Fixed Income Mandate Search - \$2.88 billion of assets approved for contract awards.

### 4. Efforts to Increase Visibility and Representation of Emerging Investment Managers

#### Staff

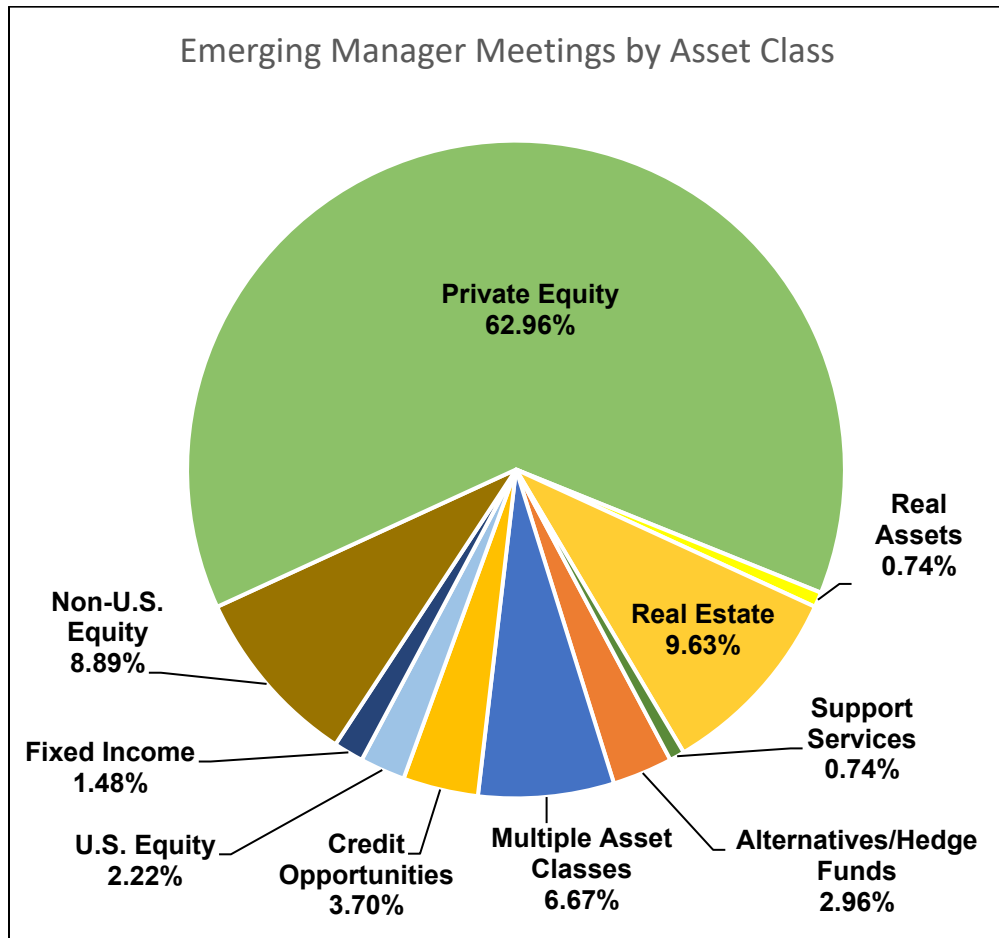
LACERS actively engages the emerging manager community to help achieve the policy objectives established by the Emerging Investment Manager Policy. During the calendar year 2021, staff participated in the following emerging manager events:

2021 Emerging Manager Events	
March	NASP Regional Conference
March	Girls Who Invest
July	Association of Asian American Investment Managers
July	Sahar Gender Equity in PE Summit
August	Diversity & Inclusion Investment Action Forum
September	SEO
September	Global Fund Women Week
September	100 Women in Finance
October	LACERS Emerging Manager Symposium
December	NAIC & ILPA Diverse Manager Event

On October 20, 2021, LACERS hosted its inaugural Emerging Manager Symposium, a semi-annual event to educate emerging managers about LACERS' Emerging Manager program and investment process. The event was highly successful and well attended by 212 participants. A replay of the symposium, which has been viewed 277 times as of July 25, 2022, is available on the LACERS YouTube channel: [https://www.youtube.com/embed/Z\\_yeQWnYnpU](https://www.youtube.com/embed/Z_yeQWnYnpU)



Additionally, staff regularly meets with emerging managers. During the calendar year 2021, staff held a total of 138 emerging manager meetings depicted by asset classes in the chart below.



**Consultants**

LACERS retains three investment consultants. The consultants’ respective emerging manager activities for the one-year period ending December 31, 2021, are summarized below.

Consultant	Meetings or Calls	Emerging Manager Conferences	Awarded to Emerging Managers
NEPC, LLC (General)	184	10	\$6.3 billion / 21 managers
Aksia CA LLC (Private Equity)	186	16	\$598.2 million / 13 managers
The Townsend Group (Real Estate)	80	10	\$1.201 billion / 7 managers

Note: The definition of “Emerging Manager” for this matrix is based on the emerging investment manager criteria unique to each consultant.

## 5. Performance Data of LACERS Emerging Investment Managers (as of 12/31/2021)

Public Markets Managers Performance (Net-of-Fees)	Inception Date	One Year	Two Years	Three Years	Five Years	Since Inception
Oberweis Asset Management, Inc. <sup>1</sup> MSCI EAFE Small Cap Index	Jan-2014	3.92 10.10	30.76 11.22	29.03 15.62	18.30 11.04	11.46 7.44
<i>Excess Return</i>		-6.18	19.54	13.41	7.26	4.02
EAM Investors LLC <sup>2</sup> Russell 2000 Growth Index	Sep-2015	3.77 2.83	22.29 17.66	25.56 21.17	19.08 14.53	16.13 14.17
<i>Excess Return</i>		0.94	4.63	4.39	4.55	1.96
Granahan Investment Management, Inc. Russell 2000 Growth Index	Aug-2020	-0.40 2.83	- -	- -	- -	28.49 25.84
<i>Excess Return</i>		-3.23	-	-	-	2.65

Public Markets Managers Peer Comparison	Universe	Number of Peers in Universe	5-Year Return % (Peer Rank)	5-Year Peer Median Return %	5-Year Sharpe Ratio (Peer Rank)	5-Year Sharpe Ratio Median
Oberweis Asset Management, Inc.	eV EAFE Small Cap Equity Net Median	140	18.30 (4 <sup>th</sup> )	10.98	0.88 (9 <sup>th</sup> )	0.60
EAM Investors LLC	eV US Small Cap Growth Equity Net Median	181	19.08 (55 <sup>th</sup> )	19.44	0.89 (58 <sup>th</sup> )	0.91
Granahan Investment Management, Inc. <sup>3</sup>	eV US Small Cap Growth Equity Net Median	181	35.36 (1 <sup>st</sup> )	19.44	1.33 (4 <sup>th</sup> )	0.91

<sup>1</sup> Account funded on January 15, 2014. Manager no longer meets the LACERS definition of an emerging manager as of the fourth quarter of 2015; firm assets under management exceed \$2 billion.

<sup>2</sup> Account funded on October 1, 2015. Manager no longer meets the LACERS definition of an emerging manager as of the third quarter of 2017; firm assets under management exceed \$2 billion.

<sup>3</sup> Composite strategy performance was used to determine the 5-year peer rankings due to the limited track record of LACERS' accounts. Five-year data sourced from eVestment Small Cap Focused Growth composite provided by Granahan.

Private Real Estate Emerging Fund Managers	Vintage Year	Net IRR <sup>4</sup>	Return Multiple	Sourced By
Gerrity Retail Fund 2, LP	2015	3.9%	1.20x	Townsend Group
Asana Partners Fund I, LP	2017 <sup>5</sup>	16.3%	1.70x	Townsend Group
Broadview Real Estate Partners Fund, LP	2019	15.9%	1.10x	Townsend Group

Private Equity Emerging Fund Managers	Vintage Year	Net IRR <sup>4</sup>	Return Multiple	Sourced By
High Road Capital Partners Fund II, LP	2013	15.3%	1.82x	Hamilton Lane
Blue Sea Capital Fund I, LP	2014	19.8%	2.23x	Portfolio Advisors
Oak HC/FT Partners, LP	2014	34.4%	4.17x	Portfolio Advisors
1315 Capital, LP	2015	19.0%	1.88x	Portfolio Advisors
New Water Capital Partners, LP	2015	15.3%	1.57x	Portfolio Advisors
Angeles Equity Partners I, LP	2015	18.7%	1.49x	Portfolio Advisors
CenterGate Capital Partners I, LP	2015	24.2%	1.80x	Portfolio Advisors
Sunstone Partners I, LP	2016	38.5%	2.54x	Portfolio Advisors
Defy Partners I, LP	2016 <sup>6</sup>	16.0%	1.46x	Portfolio Advisors
NMS Fund III, LP	2017	33.1%	1.77x	Portfolio Advisors
Oak HC/FT Partners II, LP	2017	71.6%	4.00x	Portfolio Advisors
Astra Partners I, LP	2017	-0.6%	0.98x	Portfolio Advisors
Mill Point Capital Partners, LP	2018	29.9%	1.88x	Portfolio Advisors
1315 Capital Fund II, LP	2018	14.9%	1.19x	Portfolio Advisors
DEFY Partners II, LP	2019	58.6%	1.62x	Aksia
P4G Capital Partners I, LP	2019	-39.1%	0.70x	Aksia
Sunstone Partners II, LP	2019	-	1.17x	Aksia
OceanSound Partners Fund, LP	2020	-	1.17x	Aksia
Builders VC Fund II, LP	2020	-	0.99x	Aksia
ULU Ventures Fund III, LP	2021	-	0.98x	Aksia
Mill Point Capital Partners II, LP	2021	-	0.97x	Aksia
Avance Investment Partners, LP	2021	-	0.99x	Aksia
Biospring Partners Fund, LP	2021	-	0.81x	Aksia
DEFY Partners III, LP	2021	58.6%	1.00x	Aksia

<sup>4</sup> A private market fund typically yields a low or negative IRR during its early life "J Curve" period.

<sup>5</sup> LACERS committed to fund in calendar year 2016.

<sup>6</sup> LACERS committed to fund in calendar year 2017.

## **Strategic Plan Impact Statement**

The Emerging Investment Manager Policy aims to add value to the LACERS investment portfolio by hiring Emerging Investment Managers, consistent with Goal IV, which aims to optimize long-term risk adjusted investment returns. The presentation and discussion of the Policy's goals, metrics, manager outreach and manager performance are consistent with Goal V, which aims to uphold good governance practices which affirm transparency, accountability, and fiduciary duty.

Prepared By: Ricky Mulawin, Management Analyst, Investment Division

NMG/RJ/BF/RM