



Investment Committee Agenda

REGULAR MEETING

TUESDAY, FEBRUARY 14, 2023

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 February 14, 2023 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# 161 085 0127

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: Elizabeth Lee

Committee Members: Nilza R. Serrano
Janna Sidley

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. For assistance, please contact the Ethics Commission at (213) 978-1960 or 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.

Disclaimer to Participants

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

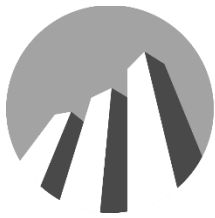
Information to listen only: Live Committee Meetings can be heard at: (213) 621-CITY (Metro), (818) 904-9450 (Valley), (310) 471-CITY (Westside), and (310) 547-CITY (San Pedro Area).

LACERS Website Address/link:

www.LACERS.org

[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 MEETING OF JANUARY 10, 2023 AND POSSIBLE COMMITTEE ACTION](#)
- III. CHIEF INVESTMENT OFFICER VERBAL REPORT
- IV. [PRESENTATION BY WASATCH ADVISORS, INC. D/B/A WASATCH GLOBAL INVESTORS REGARDING THE MANAGEMENT OF AN ACTIVE EMERGING MARKETS SMALL CAP EQUITIES PORTFOLIO](#)
- V. [PRESENTATION BY WELLINGTON MANAGEMENT COMPANY LLP REGARDING THE MANAGEMENT OF AN ACTIVE EMERGING MARKET DEBT PORTFOLIO](#)
- VI. [INVESTMENT MANAGER CONTRACT WITH SEGALL BRYANT & HAMILL REGARDING THE MANAGEMENT OF AN ACTIVE U.S. SMALL CAP VALUE EQUITIES PORTFOLIO AND POSSIBLE COMMITTEE ACTION](#)
- VII. [INVESTMENT MANAGER CONTRACT WITH COPELAND MANAGEMENT, LLC REGARDING THE MANAGEMENT OF AN ACTIVE U.S. SMALL CAP CORE EQUITIES PORTFOLIO AND POSSIBLE COMMITTEE ACTION](#)
- VIII. OTHER BUSINESS
- IX. NEXT MEETING: The next Regular meeting of the Investment Committee is scheduled for Tuesday, March 14, 2023, at 10:30 a.m., or immediately following the Board Meeting. 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.
- X. ADJOURNMENT



Board of Administration Agenda

SPECIAL MEETING

TUESDAY, FEBRUARY 14, 2023

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

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President: Nilza R. Serrano

Vice President: Elizabeth Lee

Commissioners: Annie Chao
Thuy T. Huynh
Janna Sidley
Sung Won Sohn
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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- X. 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 January 10, 2023 meeting was conducted via telephone and/or videoconferencing.

January 10, 2023

11:40 a.m.

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

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 Lee 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 MEETING OF DECEMBER 13, 2022 AND POSSIBLE COMMITTEE ACTION – Committee Member Sidley moved approval, and adopted by the following vote: Ayes, Committee Members Serrano, Sidley and Chair Lee -3; Nays, None.

III

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

- Investment Committee Forward Calendar

IV

PRESENTATION BY EAM INVESTORS, LLC REGARDING THE MANAGEMENT OF AN ACTIVE U.S. SMALL CAP GROWTH EQUITIES PORTFOLIO – Travis Prentice, CEO/CIO, Frank Hurst, President, and Michele Rodrigues, Director of Communications, with EAM Investors, LLC, presented and discussed this item with the Committee for 35 minutes.

V

INVESTMENT MANAGER CONTRACT WITH PRINCIPAL GLOBAL INVESTORS, LLC REGARDING THE MANAGEMENT OF AN ACTIVE U.S. MID CAP CORE EQUITIES PORTFOLIO AND POSSIBLE COMMITTEE ACTION – Bryan Fujita, Investment Officer III, presented this item to the Committee. Committee Member Serrano moved approval, and adopted by the following vote: Ayes, Committee Members Serrano, Sidley and Chair Lee -3; Nays, None.

VI

INVESTMENT MANAGER CONTRACT WITH DIMENSIONAL FUND ADVISORS LP REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. EMERGING MARKETS VALUE EQUITIES PORTFOLIO AND POSSIBLE COMMITTEE ACTION – Bryan Fujita, Investment Officer III, presented this item to the Committee. Committee Member Serrano moved approval, and adopted by the following vote: Ayes, Committee Members Serrano, Sidley and Chair Lee -3; Nays, None.

VII

OTHER BUSINESS – There was no other business.

VIII

NEXT MEETING: The next Regular Meeting of the Investment Committee is scheduled for Tuesday, February 14, 2023, at 10:30 a.m. or immediately following the Board Meeting, at LACERS, 202 West 1st 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.

IX

ADJOURNMENT – There being no further business before the Committee, Chair Lee adjourned the meeting at 12:31 p.m.

Elizabeth Lee
Chair

Neil M. Guglielmo
Manager-Secretary



WASATCH
GLOBAL INVESTORS

FEBRUARY 14, 2023

LACERS Investment Committee

Wasatch Emerging Markets Small Cap

Ajay Krishnan, CFA
Lead Portfolio Manager

Dan Chace, CFA
Portfolio Manager

Kitty Swenson
Director of Client Relations

Karti Bhatt
Client Portfolio Manager

Presenter Bios



Ajay Krishnan, CFA

Lead Portfolio Manager

28 / Years of
experience

28 / Years at
Wasatch

- Head of emerging markets investing and a member of the global research team
- Joined Wasatch in 1994 and serves on the Board of Directors
- MBA from Utah State University
- Undergraduate degree at Bombay University, earning a Bachelor of Science in Physics with a minor in Mathematics
- CFA charterholder and a member of the Salt Lake City Society of Financial Analysts
- Native of Mumbai, India and speaks Hindi and Malayalam
- Enjoys traveling and cycling



Dan Chace, CFA

Portfolio Manager

24 / Years of
experience

20 / Years at
Wasatch

- Portfolio Manager on the emerging markets and international micro cap research teams
- Joined Wasatch as a Senior Analyst in 2002 and has been in the finance industry since 1996
- MBA from Harvard University
- Undergraduate studies at Pomona College, receiving a Bachelor of Arts in Cultural Anthropology
- Spent two years in Paraguay with the United States Peace Corps, where he was a volunteer working on water sanitation and health infrastructure projects in rural communities
- New Jersey native and speaks Spanish
- Enjoys competitive sports and the outdoors, especially trail running

Presenter Bios



Kitty Swenson

Director of Client Relations

30 / Years of experience

30 / Years at Wasatch

- Director of Client Relations and serves on the Board of Directors
- Joined Wasatch in 1992
- MBA from Georgetown University
- Bachelor of Arts, with honors, in English with a minor in German from the University of Utah. She also studied at Christian Albrechts Universität in Kiel, Germany.
- Speaks German, and has lived in Washington, D.C., Germany, Austria and Greece.
- She and her family enjoy skiing, climbing, and exploring wilderness areas in Utah and around the globe. She is also involved with a variety of local and international conservation groups.



Karti Bhatt

Client Portfolio Manager

17 / Years of experience

0 / Years at Wasatch

- Joined Wasatch in 2022 as a Client Portfolio Manager
- Previously was at JPMorgan in New York where he was an Executive Director and Research Analyst on the Manager Selection team
- Prior to JPMorgan, was an Equity Analyst for nearly a decade covering the Specialty Finance and REIT sectors at Bank of America Merrill Lynch, Morgan Stanley, and Piper Jaffrey in New York
- Earned a BA in Economics from U.C. Berkeley and an MBA from the Haas School of Business at Berkeley

Wasatch Global Investors Advantages

- Fiercely Independent, Away from Wall Street
- 100% Employee-Owned with Broad Equity Distribution
- Boutique Investment Manager with Singular, Long-Term Focus
- Small Cap Specialist – 48 Years of Experience
- “Multiple Eyes” Investment Culture – Intense Collaboration
- Repeatable, Disciplined Investment Philosophy and Process
- Aligned with Clients – Compensation Tied to Top Quartile Returns

Firm Profile

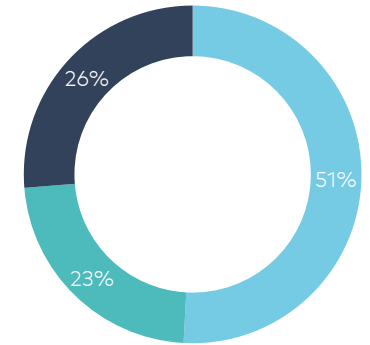


\$22.4 billion AUM

Our Employees

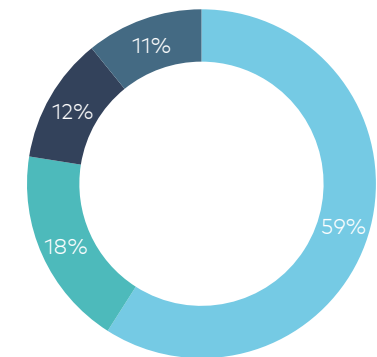


AUM by Investment Vehicle



- Institutional Accounts and CITs
- Institutional Class Mutual Funds
- Investor Class Mutual Funds

AUM by Strategy Regional Focus



- U.S.
- EM/Frontier
- Ex-U.S. Developed
- Global

Pillars for Success

Independence

100% employee-owned

Alignment of interests with clients
allows for long-term perspective

Continuity of investment process
and personnel

Commitment to independence
through equity recycling

Culture

Long-term perspective

Teamwork

Learning organization

Ownership mentality

Integrity

Gratitude

Investment Approach

Time tested, repeatable,
fundamental, bottom-up process

Collaborative, "Multiple Eyes"
approach

Long-term focus on
high-quality companies

Proprietary research and
institutional memory

Small cap specialists

Aligned With Our Clients

Committed to remaining independent and 100% employee-owned

100% EMPLOYEE-OWNED

- Committed to remaining independent

BROAD EQUITY DISTRIBUTION

- 49 equity owners
- Broad ownership encourages teamwork

OWNERSHIP STRUCTURED TO PERPETUATE WASATCH BEYOND THE 1ST GENERATION

- Equity recycling program

INVESTMENT PROFESSIONAL COMPENSATION

- Primarily driven by performance for clients

COMPONENTS

- Base salary
- Performance bonus based upon strategy specific 1, 3, and 5-year returns versus peer group
- Team bonus based upon 1, 3, and 5-year performance versus peer group of all strategies managed by specific teams (primarily ex-U.S. and U.S.)
- Discretionary bonus based upon leadership, performance, quality of investment process, and teamwork
- Analysts with less than 5 years of experience are compensated separately on a variety of factors

SIGNIFICANT EMPLOYEE INVESTMENT IN WASATCH STRATEGIES

Investment Philosophy

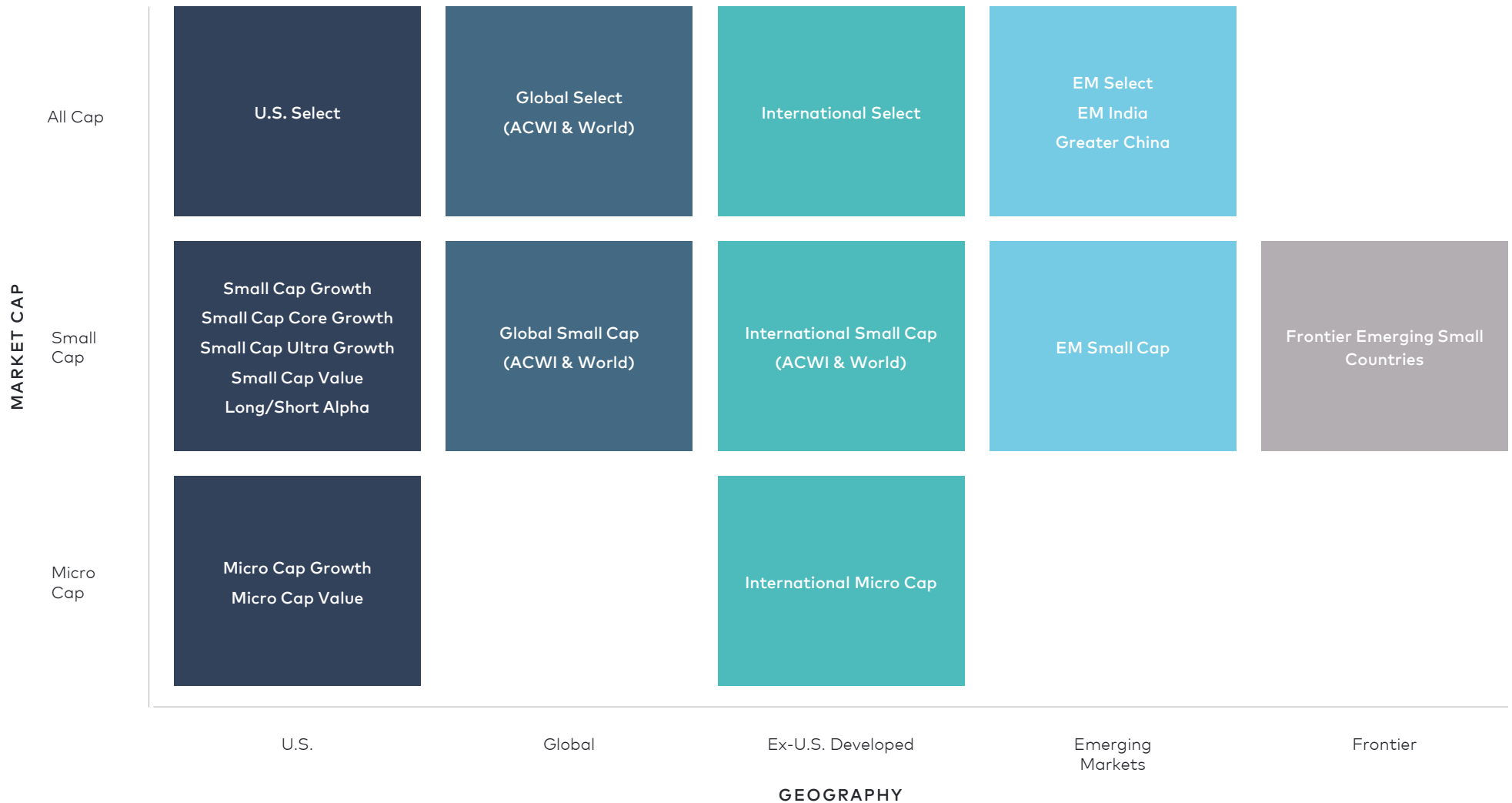
We believe that long-term stock prices are driven by earnings growth. The market's short-term bias presents opportunities to purchase high-quality businesses at a discount to their long-term value.

High-quality,
long-duration
growth

- EXCEPTIONAL MANAGEMENT TEAMS
- STRONG CASH FLOW
- SELF-FINANCED GROWTH
- HIGH RETURN ON CAPITAL
- NET CASH / LOW DEBT LEVEL
- ENDURING COMPETITIVE ADVANTAGE
- LARGE AND SUSTAINABLE ADDRESSABLE MARKET

Small Cap Specialists

87% of firm assets are in small and micro cap strategies



Assets Under Management

\$22.4 billion in assets under management

- All Cap
- Small Cap
- Micro Cap

U.S. Strategies

\$12.9 BILLION

● Small Cap Core Growth	\$4.9 billion
● Small Cap Growth	\$3.2 billion
● Small Cap Value	\$2.2 billion
● Small Cap Ultra Growth	\$1.4 billion
● Micro Cap Value	\$614 million
● Micro Cap Growth	\$598 million
● Long/Short Alpha	\$26 million

EM & Frontier Strategies

\$4.1 BILLION

● Emerging Markets Small Cap	\$1.7 billion
● Emerging Markets Select	\$1.4 billion
● Emerging India	\$976 million
● Frontier Emerging Small Countries	\$55 million
● Greater China	\$6 million

Global Strategies

\$2.4 BILLION

● Global Small Cap	\$2.3 billion
● Global Select	\$13 million

Ex-U.S. Developed Strategies

\$2.6 BILLION

● International Small Cap Growth	\$1.9 billion
● International Micro Cap	\$649 million
● International Select	\$71 million

Representative Client List

Wasatch is a global firm with institutional clients in the U.S., Canada, U.K., Europe, Australia, and the Middle East

BASF Corporation

Colgate University

Girl Scouts of the USA

International Paper Company

Iowa Judicial Retirement System

Laborers and Retirement
Board of Chicago

Massachusetts Pension Reserves
Investment Management Board

Metropolitan Water
Reclamation District

Morningstar

Pennsylvania Public School
Employees' Retirement System

Qantas Superannuation Limited

Sanofi

Teachers' Retirement
System of Oklahoma

Teachers' Retirement System
of the State of Illinois

The Employees Retirement Plan
of Mid-South Transportation

University of Wisconsin Foundation

Utah State Retirement System

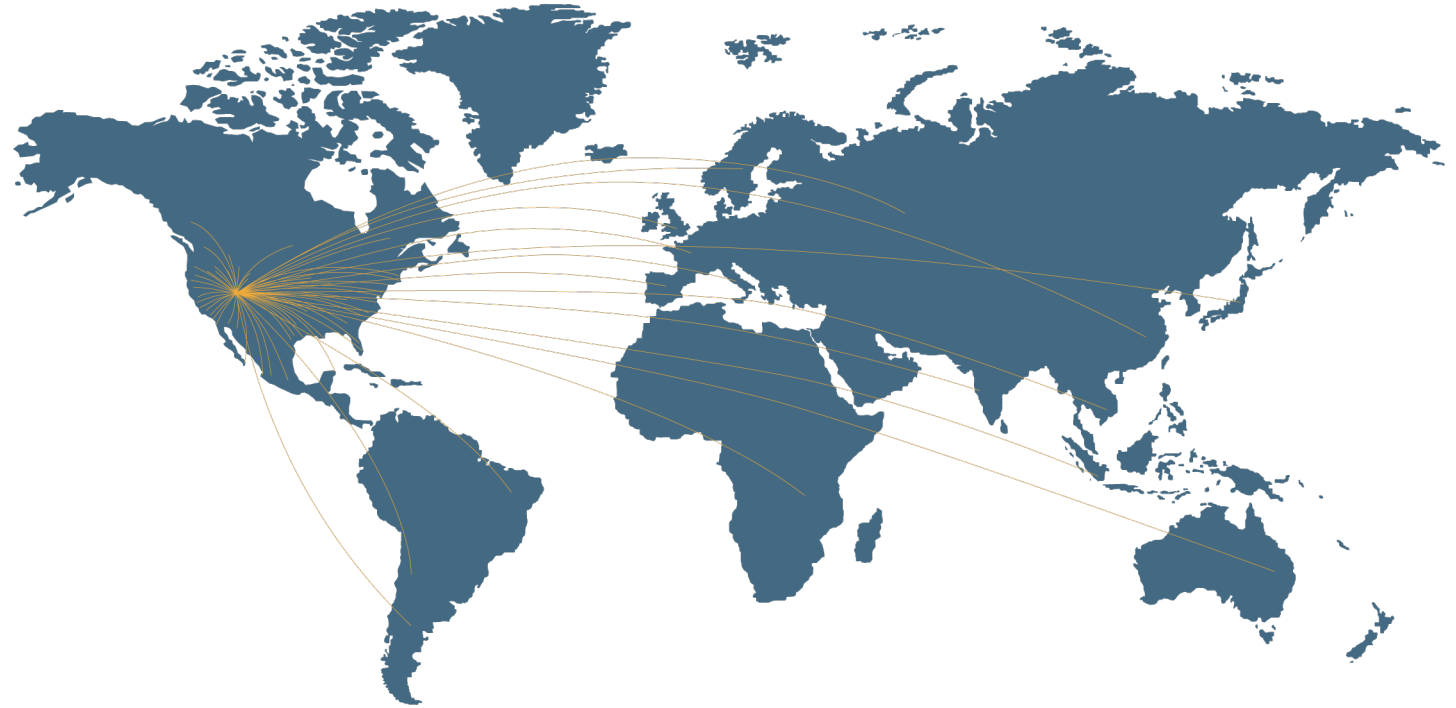
Wells Fargo & Company

Global Perspective

Extensive due diligence is a hallmark of the Wasatch investment process

In 2022, our research team:

- Visited 20 countries
- Completed over 200 on-site company visits
- Conducted over 350 face-to-face meetings with management teams
- Participated in hundreds of video and conference calls with CEOs, CFOs, managers, and investor relations representatives



Diverse Team

20

born outside
of the U.S.

43

countries
lived in

22

languages
spoken

Cantonese	German	Malayalam	Vietnamese
Danish	Gujarati	Mandarin	
Dutch	Hindi	Polish	
English	Hungarian	Portuguese	
Finnish	Japanese	Russian	
French	Lithuanian	Spanish	
Georgian	Malagasy	Thai	

Wasatch Research Team

34 / INVESTMENT PROFESSIONALS

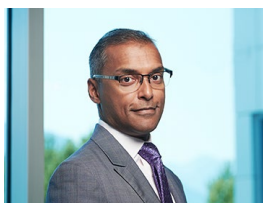
Portfolio Managers	Years of Experience	Years at Wasatch
Ajay Krishnan, CFA	28	28
Austin Bone	9	6
Brian Bythrow, CFA	28	19
Dan Chace, CFA	24	20
David Powers, CFA, CAIA, CPA	27	9
JB Taylor	26	26
Jim Larkins	27	27
John Malooly, CFA	27	25
Ken Applegate, CFA, CMT	28	8
Ken Korngiebel, CFA	27	7
Linda Lasater, CFA	22	16
Matthew Dreith, CFA	16	11
Mick Rasmussen, CFA	8	8
Mike Valentine	17	6
Natalie Pesque, CFA	7	7
Neal Dihora, CFA	20	6
Paul Lambert	23	22
Ryan Snow	23	22
Scott Thomas, CFA, CPA	17	10
Average	21	15

Associate Portfolio Managers	Years of Experience	Years at Wasatch
Allison He, CFA	17	9
Anh Hoang, CFA	10	10
Derrick Tzau, CFA	14	4
Kai Pan, PhD	18	3
Kevin Unger, CFA	10	7
Pedro Huerta, CFA	12	6
Thomas Bradley	8	8
Average	13	7

Research Analysts	Years of Experience	Years at Wasatch
Chris Leikhim, CFA	12	3
Dan Aloisio, CFA	10	0
David Granik, CFA	19	0
Jill Wahleithner, PhD	16	9
Matthew Cross, CFA	11	1
Noé Bellet, CFA	3	3
Average	11	2

Firmwide ESG Analysts	Years of Experience	Years at Wasatch
Candace Dechant, CFA	7	5
Carly Carrier	8	3
Average	7	4

Strategy Research Team



Ajay Krishnan, CFA

Lead Portfolio Manager

28 / Years of experience 28 / Years at Wasatch



Dan Chace, CFA

Portfolio Manager

24 / Years of experience 20 / Years at Wasatch



Scott Thomas, CFA, CPA

Portfolio Manager

17 / Years of experience 10 / Years at Wasatch



Anh Hoang, CFA

Associate Portfolio Manager

10 / Years of experience 10 / Years at Wasatch



Kevin Unger, CFA

Associate Portfolio Manager

10 / Years of experience 7 / Years at Wasatch

PORTFOLIO MANAGERS

Ajay Krishnan, CFA (Lead)*

Dan Chace, CFA*

Scott Thomas, CFA, CPA*

Anh Hoang, CFA*

Kevin Unger, CFA*

PM ANALYSTS

Allison He, CFA*

Kai Pan, PhD*

Matthew Dreith, CFA*

Neal Dihora, CFA*

Pedro Huerta, CFA*

Derrick Tzau, CFA

Ken Applegate, CFA, CMT

Linda Lasater, CFA

ANALYSTS

Chris Leikhim, CFA

Matthew Cross, CFA

Noé Bellet, CFA

FIRMWIDE ESG ANALYSTS

Candace Dechant, CFA

Carly Carrier

Strategy Overview

Philosophy:

We believe that long-term stock prices are driven by earnings growth. The market's short-term bias presents opportunities to purchase high-quality businesses at a discount to their long-term value. We are patient investors in exceptional companies that can compound earnings over time.

Investment Approach:

The Wasatch Emerging Markets Small Cap strategy seeks to invest in smaller, lesser known names with quality and growth attributes. We use a team-based, bottom-up approach to systematically screen the emerging markets universe. We patiently deploy capital and maintain a long-term investment horizon.

Attributes of typical investments include high returns on capital, exceptional management teams, sustainable competitive advantages, and reasonable valuations.

Features

Large and inefficient asset class

Experienced & tenured investment team

High-quality companies with significant growth potential

Thoughtful risk management

Long-term investment horizon

High active share, alpha oriented portfolio

Extensive fundamental, bottom-up research

Repeatable investment process refined over 40+ years

Strategy Facts

\$1.7

billion in total strategy assets

16

investment professionals

18

years average PM experience

40-70

holdings



As of December 31, 2022. Total strategy assets across all vehicles and composites. Past performance does not guarantee future results.

Investment Strategy

We seek to identify high-quality, long-duration growth companies that meet the following criteria:

LONG-TERM, SUSTAINABLE EARNINGS GROWTH

- Potential to double earnings over 5 years
- Headroom to double again in the next five years

SUSTAINABLE COMPETITIVE ADVANTAGE

- High market share
- Competitive moat
- Brand power / reputation

FINANCIAL QUALITY

- Strong cash flow
- Profitability
- Low debt
- High returns on capital
- Transparency
- Reasonable valuation relative to long-term growth prospects

EXCEPTIONAL MANAGEMENT TEAM

- Track record of success
- Alignment of incentives
- Culture and mission of the company

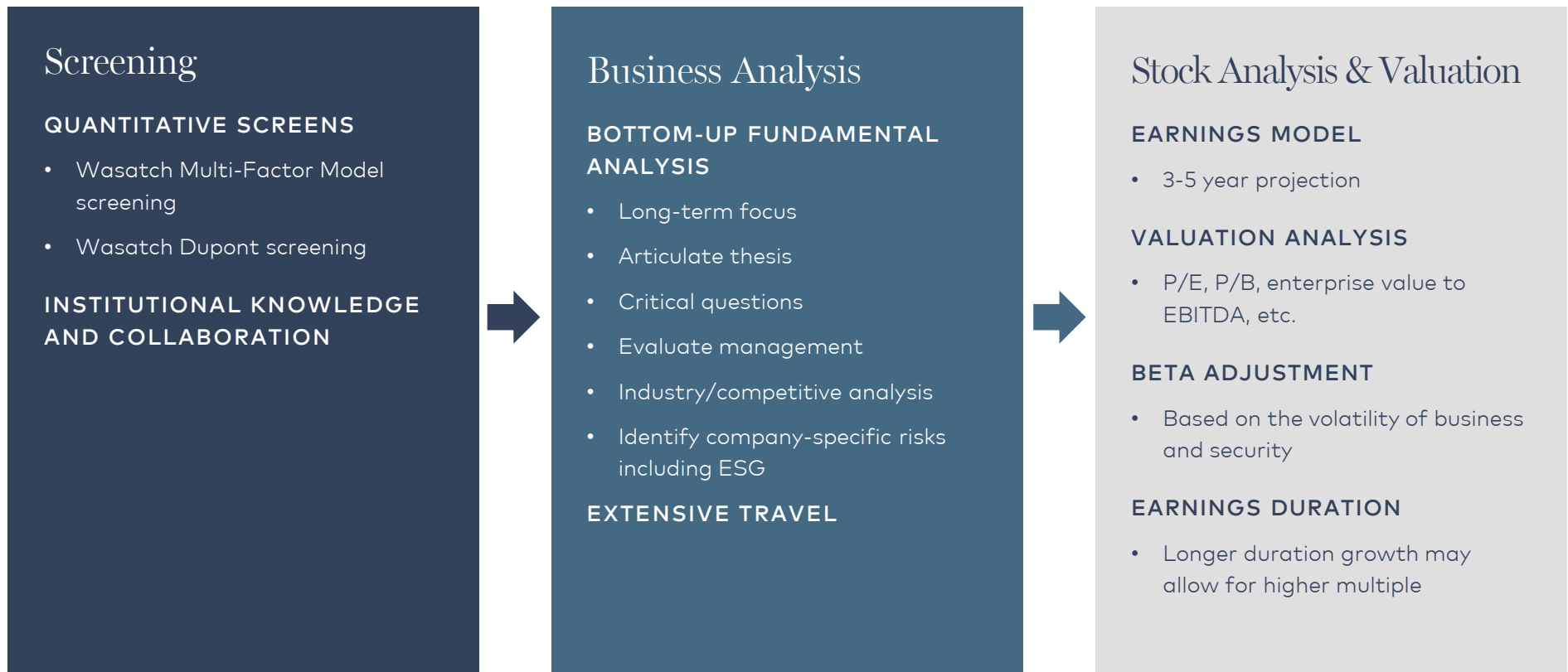
Investment Process

FOCUS: Deliver alpha through stock selection

UNIVERSE: Emerging markets small-cap companies: typically below \$5 billion in market cap at the time of purchase

PERFORMANCE OBJECTIVE: >200 bps outperformance (net of fees) annualized over a full market cycle

POTENTIAL VALUE-ADD: Offers exposure to a fast-growing, under-researched and high-alpha potential area of the equity market via high-quality companies. Wasatch Global Investors are small cap specialists with 45+ years of experience in the small cap space and a 15+ year track record of generating over 400bps of net annualized excess return in the EM small cap space since the strategy's inception



ESG at Wasatch

Wasatch incorporates responsible investment practices, including the analysis of Environmental, Social and Governance ("ESG") factors, into the investment due diligence process

PHILOSOPHY

- *Thoughtful integration of ESG may reduce risk and maximize returns*
- *ESG integration naturally aligns with Wasatch's investment approach*
- *ESG principles considered in firmwide operations through Sustainability and Diversity & Inclusion Committees*
- *Wasatch is carbon neutral as of September 2021, through the purchase of carbon offsets*

RESOURCES

- *Portfolio Managers and Analysts are primarily responsible for identifying and monitoring ESG factors*
- *Dedicated ESG Analysts to support and monitor integration and engagement*
- *ESG ratings and metrics provided by third-party ESG data providers*
- *Research team may engage with company management to better understand risks and opportunities*

LEADING PRINCIPLES

- *UN PRI Signatory since January 2018*
- *IFRS Sustainability Alliance Member as of July 2022*
- *SASB Materiality Map Integrated in Research Template Work*
- *Disclose in accordance with Task Force on Climate-related Financial Disclosures (TCFD)*
- *Adopted OECD Guidelines for Responsible Business Conduct*

Risk Management Framework

Macro Risk Assessment

COUNTRY / GEOPOLITICAL RISK

- The research team reviews the country risk scores which incorporate political, economic, and financial risk metrics
- The team primarily uses the Country Risk Score and the Economist Intelligence Unit for the analysis

CURRENCY RISK

- The research team reviews for each country:
 - Fair value of currency
 - FX reserves levels
 - Inflation expectations
 - Currency volatility
- The team primarily uses the Citi Early Warning Signal Risk Index for the analysis

Portfolio Risk Assessment

PORTFOLIO CONSTRUCTION

- Position size
- Country and sector exposure
- Liquidity
- Correlation analysis

Independent Oversight

INVESTMENT RISK COMMITTEE

- Responsible for independently identifying and flagging key risks in portfolios
- Ensures all key risks are communicated and understood by the research team
- Includes senior members of investment research and meets quarterly

Sell Discipline

OVERVALUED

- Negative expected return based on terminal multiple
- Expensive relative to its sector/country and Wasatch history
- PE, EV/EBITDA and P/Book (for banks) are the main valuation methods

FUNDAMENTAL, LONGER TERM DETERIORATION OCCURRING IN THE BUSINESS

- Profitability levels, show multi-period decline relative to the company's own history and industry

INCORRECT ASSESSMENT OF MANAGEMENT QUALITY

- Management deviates from expectations
- Departure of key management team

Portfolio Overview

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
EMERGING MARKETS SMALL CAP

Portfolio Allocation

AS OF 12/31/2022

Asset Class	Market Value	% Assets	Curr. Yield
Equities	248,357,736.51	94.9	1.3
Cash and Equiv.	13,220,175.23	5.1	4.4
Total	261,577,911.73	100.0	1.4

Change in Portfolio

AS OF 12/31/2022

Portfolio Value on 12/29/2020	266,667,276.20
Net Contributions/Withdrawals	33,892,357.18
Realized Gains	-19,759,009.16
Unrealized Gains	-24,828,695.48
Income Received	5,605,982.99
Portfolio Value on 12/31/2022	261,577,911.73

Time-Weighted Returns | Net of Fees

AS OF 12/31/2022

	Quarter to Date	YTD	1 Year	3 Year	5 Year	10 Year	ITD 12/29/2020	ITD 12/29/2020 (Cumulative)
Portfolio	4.03	-38.99	-38.99				-8.56	-16.44
MSCI Emerging Markets Small Cap	8.20	-18.02	-18.02				-0.88	-1.76

Country Attribution

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
EMERGING MARKETS SMALL CAP

YEAR TO DATE AS OF 12/31/2022 | Net of Fees

	Portfolio			MSCI Emerging Markets Small Cap			Variation		
	Average Weight	Total Return	Contribution to Return	Average Weight	Total Return	Contribution to Return	Average Weight	Total Return	Contribution to Return
United Arab Emirates	-	-	-	0.76	-1.35	-0.01	-0.76	1.35	0.01
Chile	-	-	-	0.66	20.49	0.14	-0.66	-20.49	-0.14
Colombia	-	-	-	0.20	-45.64	-0.10	-0.20	45.64	0.10
Czech Republic	-	-	-	0.04	5.43	-	-0.04	-5.43	-
Greece	-	-	-	0.73	15.31	0.09	-0.73	-15.31	-0.09
Hungary	-	-	-	0.05	-31.26	-0.02	-0.05	31.26	0.02
Kuwait	-	-	-	1.15	-4.86	-0.08	-1.15	4.86	0.08
Peru	-	-	-	0.08	-1.57	-	-0.08	1.57	-
Qatar	-	-	-	0.99	-10.35	-0.11	-0.99	10.35	0.11
Saudi Arabia	-	-	-	2.89	-6.65	-0.22	-2.89	6.65	0.22
Turkey	-	-	-	1.36	129.97	1.16	-1.36	-129.97	-1.16
Philippines	1.47	-11.52	-0.12	0.96	-16.91	-0.16	0.52	5.39	0.04
Poland	0.28	-48.08	-0.23	1.04	-15.78	-0.17	-0.77	-32.31	-0.05
Indonesia	0.60	-24.33	-0.26	2.39	-15.77	-0.43	-1.79	-8.56	0.17
Uruguay	0.73	-25.81	-0.29	-	-	-	0.73	-25.81	-0.29

Country Attribution (Continued)

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
EMERGING MARKETS SMALL CAP

YEAR TO DATE AS OF 12/31/2022 | Net of Fees

	Portfolio			MSCI Emerging Markets Small Cap			Variation		
	Average Weight	Total Return	Contribution to Return	Average Weight	Total Return	Contribution to Return	Average Weight	Total Return	Contribution to Return
Malaysia	1.66	-23.97	-0.36	2.85	-14.30	-0.40	-1.19	-9.67	0.04
China	3.64	-13.02	-0.39	8.76	-24.80	-2.27	-5.12	11.79	1.88
Mexico	6.11	-7.87	-0.40	2.01	16.19	0.35	4.10	-24.05	-0.75
United Kingdom	0.88	-51.30	-0.50	-	-	-	0.88	-51.30	-0.50
Egypt	0.94	-57.12	-0.70	0.25	-25.90	-0.07	0.69	-31.22	-0.63
Thailand	1.95	-31.94	-0.77	3.93	-8.10	-0.31	-1.98	-23.84	-0.46
Sweden	0.92	-64.96	-0.91	-	-	-	0.92	-64.96	-0.91
South Africa	4.15	-20.82	-0.98	4.01	-3.81	-0.12	0.14	-17.01	-0.86
Israel	2.10	-47.31	-1.06	-	-	-	2.10	-47.31	-1.06
Korea	4.84	-29.65	-1.34	14.58	-31.89	-5.28	-9.73	2.24	3.94
Brazil	4.93	-33.83	-1.62	6.46	-8.19	-0.45	-1.54	-25.64	-1.17
United States	4.89	-38.30	-1.78	-	-	-	4.89	-38.30	-1.78
Russia	1.06	-98.67	-6.31	0.16	-100.00	-0.95	0.90	1.33	-5.36
India	33.67	-29.42	-9.35	22.84	-13.43	-2.75	10.83	-15.99	-6.60
Taiwan	23.48	-43.48	-11.15	20.85	-25.49	-5.86	2.63	-17.99	-5.30

Country Attribution (Continued)

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
EMERGING MARKETS SMALL CAP

YEAR TO DATE AS OF 12/31/2022 | Net of Fees

	Portfolio			MSCI Emerging Markets Small Cap			Variation		
	Average Weight	Total Return	Contribution to Return	Average Weight	Total Return	Contribution to Return	Average Weight	Total Return	Contribution to Return
Cash and Equiv.	1.71	32.13	-0.02	-	-	-	1.71	32.13	-0.02
Management Fee	0.01	-0.77	-0.46	-	-	-	0.01	-0.77	-0.46
Total	100.00	-38.99	-38.99	100.00	-18.02	-18.02	-	-20.97	-20.97

Sector Attribution

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
EMERGING MARKETS SMALL CAP

YEAR TO DATE AS OF 12/31/2022 | Net of Fees

	Portfolio			MSCI Emerging Markets Small Cap			Variation		
	Average Weight	Total Return	Contribution to Return	Average Weight	Total Return	Contribution to Return	Average Weight	Total Return	Contribution to Return
Energy	-	-	-	2.32	32.86	0.55	-2.32	-32.86	-0.55
Utilities	-	-	-	3.61	-6.93	-0.21	-3.61	6.93	0.21
Real Estate	-	-	-	6.70	-15.90	-1.09	-6.70	15.90	1.09
Consumer Staples	5.05	-2.02	-0.17	6.25	-4.25	-0.23	-1.20	2.23	0.07
Materials	2.04	-44.35	-0.97	13.13	-16.27	-2.12	-11.09	-28.08	1.15
Communication Services	2.27	-42.98	-1.16	3.90	-33.09	-1.52	-1.63	-9.89	0.35
Health Care	3.99	-42.14	-1.82	8.43	-27.02	-2.26	-4.44	-15.12	0.44
Consumer Discretionary	12.18	-28.27	-3.12	11.80	-15.78	-1.76	0.38	-12.48	-1.36
Industrials	15.95	-33.35	-4.44	15.50	-11.72	-1.76	0.45	-21.63	-2.68
Financials	22.17	-39.10	-9.41	11.05	-8.51	-0.86	11.13	-30.59	-8.55
Information Technology	34.65	-46.30	-17.41	17.31	-33.82	-6.77	17.34	-12.48	-10.64
Cash & Equiv.	1.71	32.13	-0.02	-	-	-	1.71	32.13	-0.02
Management Fee	0.01	-0.77	-0.46	-	-	-	0.01	-0.77	-0.46
Total	100.00	-38.99	-38.99	100.00	-18.02	-18.02	-	-20.97	-20.97

Country Attribution

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
EMERGING MARKETS SMALL CAP

ITD AS OF 12/31/2022 | Net of Fees

	Portfolio			MSCI Emerging Markets Small Cap			Variation		
	Average Weight	Total Return	Contribution to Return	Average Weight	Total Return	Contribution to Return	Average Weight	Total Return	Contribution to Return
India	32.88	10.75	2.12	20.56	32.18	4.30	12.33	-21.44	-2.19
United States	5.15	-6.69	0.28	-	-	-	5.15	-6.69	0.28
Mexico	5.59	3.89	0.07	1.90	29.56	0.58	3.70	-25.67	-0.51
United Arab Emirates	-	-	-	0.67	30.71	0.16	-0.67	-30.71	-0.16
Argentina	-	-	-	0.22	-3.08	-	-0.22	3.08	-
Chile	-	-	-	0.73	-1.96	-	-0.73	1.96	-
Colombia	-	-	-	0.21	-54.45	-0.16	-0.21	54.45	0.16
Czech Republic	-	-	-	0.03	17.93	0.01	-0.03	-17.93	-0.01
Greece	-	-	-	0.95	24.02	0.21	-0.95	-24.02	-0.21
Hungary	-	-	-	0.06	-36.20	-0.02	-0.06	36.20	0.02
Kuwait	-	-	-	0.98	22.99	0.11	-0.98	-22.99	-0.11
Peru	-	-	-	0.09	-11.54	-0.01	-0.09	11.54	0.01
Pakistan	-	-	-	0.18	-5.30	-	-0.18	5.30	-
Qatar	-	-	-	0.92	6.60	0.03	-0.92	-6.60	-0.03
Saudi Arabia	-	-	-	2.64	8.22	0.11	-2.64	-8.22	-0.11

Country Attribution (Continued)

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
EMERGING MARKETS SMALL CAP

ITD AS OF 12/31/2022 | Net of Fees

	Portfolio			MSCI Emerging Markets Small Cap			Variation		
	Average Weight	Total Return	Contribution to Return	Average Weight	Total Return	Contribution to Return	Average Weight	Total Return	Contribution to Return
Turkey	-	-	-	1.37	72.33	0.92	-1.37	-72.33	-0.92
Philippines	0.86	-3.66	-0.08	0.91	-10.42	-0.09	-0.06	6.76	0.01
Israel	1.89	7.58	-0.13	-	-	-	1.89	7.58	-0.13
Poland	0.14	-48.08	-0.26	1.20	6.48	0.12	-1.06	-54.57	-0.38
Uruguay	0.36	-25.81	-0.33	-	-	-	0.36	-25.81	-0.33
Hong Kong	0.56	-35.52	-0.41	-	-	-	0.56	-35.52	-0.41
Malaysia	0.86	-28.15	-0.44	2.94	-17.29	-0.53	-2.07	-10.85	0.09
China	4.24	-20.24	-0.49	9.46	-28.10	-2.40	-5.23	7.86	1.92
Taiwan	23.49	1.97	-0.50	21.08	1.88	0.13	2.41	0.09	-0.63
United Kingdom	0.45	-44.52	-0.52	-	-	-	0.45	-44.52	-0.52
Sweden	0.79	-47.09	-0.63	-	-	-	0.79	-47.09	-0.63
Egypt	1.63	-58.56	-0.90	0.26	-9.46	-0.02	1.37	-49.10	-0.87
Indonesia	0.78	-45.18	-0.94	2.06	-16.04	-0.48	-1.28	-29.14	-0.46
South Africa	3.23	-23.80	-1.18	3.82	28.30	0.92	-0.60	-52.10	-2.10
Korea	4.31	-25.57	-1.44	16.14	-23.11	-3.65	-11.84	-2.46	2.22

Country Attribution (Continued)

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
EMERGING MARKETS SMALL CAP

ITD AS OF 12/31/2022 | Net of Fees

	Portfolio			MSCI Emerging Markets Small Cap			Variation		
	Average Weight	Total Return	Contribution to Return	Average Weight	Total Return	Contribution to Return	Average Weight	Total Return	Contribution to Return
Thailand	2.57	-48.01	-1.65	3.71	6.47	0.18	-1.14	-54.48	-1.83
Russia	3.72	-96.84	-3.31	0.58	-100.00	-0.84	3.14	3.16	-2.48
Brazil	5.33	-62.07	-4.54	6.34	-21.71	-1.32	-1.01	-40.36	-3.22
Cash and Equiv.	1.16	9.94	-0.06	-	-	-	1.16	9.94	-0.06
Management Fee	0.01	-1.30	-1.09	-	-	-	0.01	-1.30	-1.09
Total	100.00	-16.44	-16.44	100.00	-1.76	-1.76	-	-14.68	-14.68

Sector Attribution

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
EMERGING MARKETS SMALL CAP

ITD AS OF 12/31/2022 | Net of Fees

	Portfolio			MSCI Emerging Markets Small Cap			Variation		
	Average Weight	Total Return	Contribution to Return	Average Weight	Total Return	Contribution to Return	Average Weight	Total Return	Contribution to Return
Energy	-	-	-	2.19	45.70	0.80	-2.19	-45.70	-0.80
Utilities	-	-	-	3.82	20.00	0.80	-3.82	-20.00	-0.80
Real Estate	-	-	-	6.62	-16.34	-1.19	-6.62	16.34	1.19
Consumer Staples	4.87	-15.00	-0.63	5.98	-0.63	-0.06	-1.11	-14.37	-0.57
Materials	2.77	-37.68	-0.68	12.82	10.50	1.06	-10.04	-48.19	-1.74
Industrials	13.79	2.07	-0.78	15.29	15.07	2.05	-1.49	-13.00	-2.83
Communication Services	2.45	-33.00	-0.93	3.92	-22.65	-1.08	-1.47	-10.35	0.15
Information Technology	35.11	-5.27	-1.46	17.98	-8.86	-1.43	17.12	3.59	-0.03
Health Care	5.15	-40.18	-1.72	8.73	-34.73	-3.39	-3.58	-5.46	1.67
Consumer Discretionary	11.50	-23.28	-2.90	11.86	-6.46	-0.52	-0.37	-16.82	-2.37
Financials	23.20	-24.72	-6.18	10.80	11.90	1.21	12.40	-36.62	-7.40
Cash & Equiv.	1.16	9.94	-0.06	-	-	-	1.16	9.94	-0.06
Management Fee	0.01	-1.30	-1.09	-	-	-	0.01	-1.30	-1.09
Total	100.00	-16.44	-16.44	100.00	-1.76	-1.76	-	-14.68	-14.68

Characteristics and Holdings

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
EMERGING MARKETS SMALL CAP

AS OF 12/31/2022

Characteristics	Portfolio	MSCI Emerging Markets Small Cap
Est. LT EPS Growth (%)	21.4	18.9
LT Debt / Capital (%)	17.6	21.3
ROE (%)	23.0	13.4
ROA (%)	13.7	7.9
EBIT ROA (%)	18.4	8.7
P/E (forward)	23.1	10.6
Weighted Average Market Cap	\$4.8B	\$1.6B
Median Market Cap	\$3.3B	\$882.1M
Number of Holdings	48	1,827

Top 10 Holdings	Country	Portfolio Weight
AU Small Finance Bank Ltd.	India	6.2
Voltronic Power Technology Corp.	Taiwan	5.9
LTIMindtree Limited	India	4.4
LEENO Industrial Inc.	Korea	3.9
Silergy Corp.	Taiwan	3.8
Globant SA	United States	3.6
ASPEED Technology Inc.	Taiwan	3.2
L&T Technology Services Ltd.	India	3.2
Grupo Aeroportuario del Centro Norte Sab de CV	Mexico	3.2
Chailease Holding Co Ltd.	Taiwan	3.2
Total		40.8

Country Allocation

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
EMERGING MARKETS SMALL CAP
AS OF 12/31/2022

Overweights	Portfolio	MSCI Emerging Markets Small Cap
India	31.0	22.9
Taiwan	22.9	19.6
Mexico	6.5	2.2
United States	4.8	0.0
South Africa	4.0	3.9
Philippines	2.0	1.1
Israel	1.8	0.0
United Kingdom	1.3	0.0
Uruguay	1.0	0.0
Sweden	0.7	0.0
Cash and Equiv.	5.1	0.0
Total	81.2	49.7

Underweights	Portfolio	MSCI Emerging Markets Small Cap
Korea	5.6	13.8
China	4.4	9.9
Brazil	3.2	5.7
Malaysia	2.4	2.9
Thailand	1.5	4.3
Indonesia	1.3	2.6
Poland	0.3	1.1
Other	0.0	10.0
Total	18.8	50.3

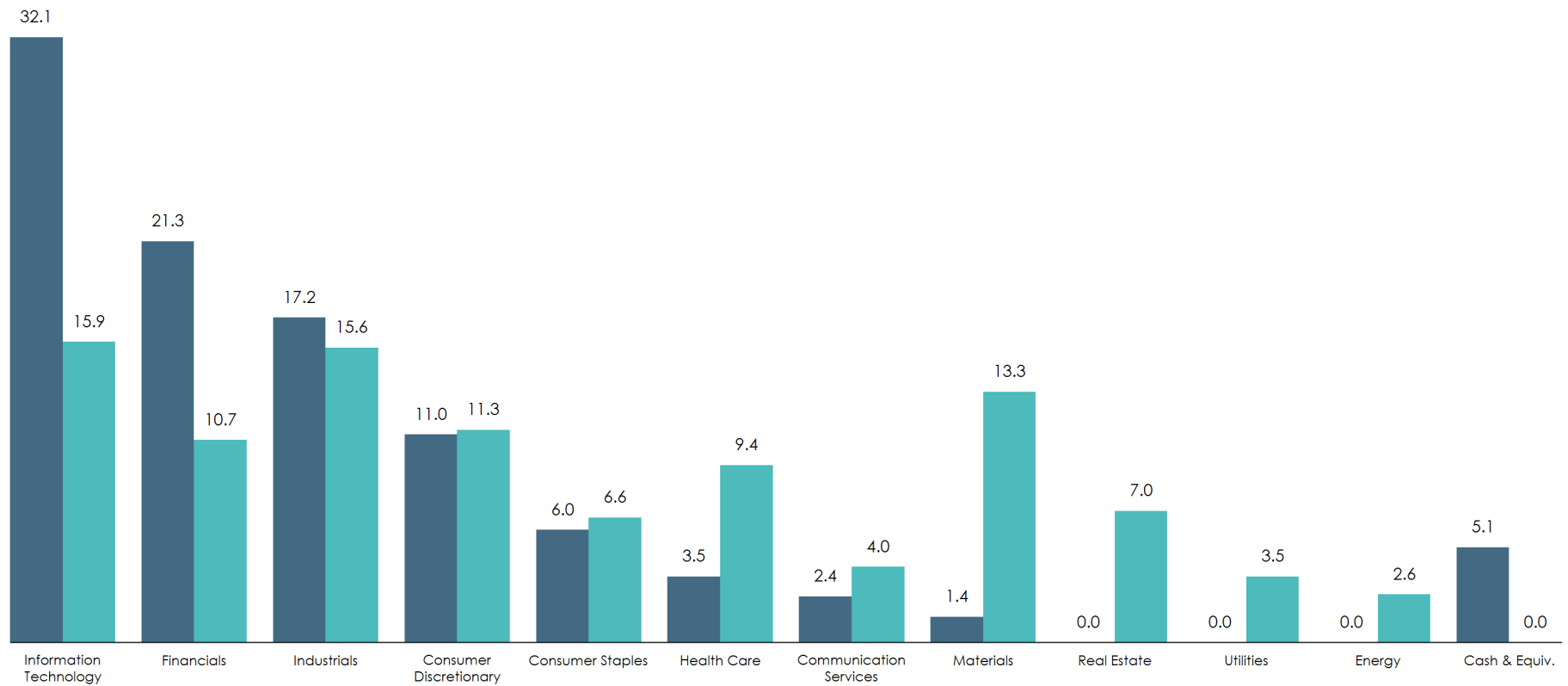
Sector Allocation

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

EMERGING MARKETS SMALL CAP

AS OF 12/31/2022

Portfolio MSCI Emerging Markets Small Cap



Performance

PERIODS ENDED DECEMBER 31, 2022

Average Annual Total Returns (%)							
	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception (9/30/07)
Emerging Markets Small Cap Composite (Gross)	4.49	-37.17	-37.17	5.46	4.99	5.12	6.46
Emerging Markets Small Cap Composite (Net)	4.25	-38.15	-38.15	3.94	3.61	3.76	5.03
MSCI Emerging Markets Small Cap	8.20	-18.02	-18.02	5.11	1.06	3.21	2.08
MSCI Emerging Markets	9.70	-20.09	-20.09	-2.69	-1.40	1.44	0.87

Calendar Year Returns (%)										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Emerging Markets Small Cap Composite (Gross)	-1.03	2.63	-7.29	-1.90	39.84	-17.04	31.07	37.72	35.57	-37.17
Emerging Markets Small Cap Composite (Net)	-2.43	1.21	-8.45	-3.08	38.27	-18.07	29.78	35.85	33.64	-38.15
MSCI Emerging Markets Small Cap	1.04	1.01	-6.85	2.28	33.84	-18.59	11.50	19.29	18.75	-18.02
MSCI Emerging Markets	-2.60	-2.19	-14.92	11.19	37.28	-14.57	18.42	18.31	-2.54	-20.09



Please see disclosures in the appendix and a GIPS composite report.

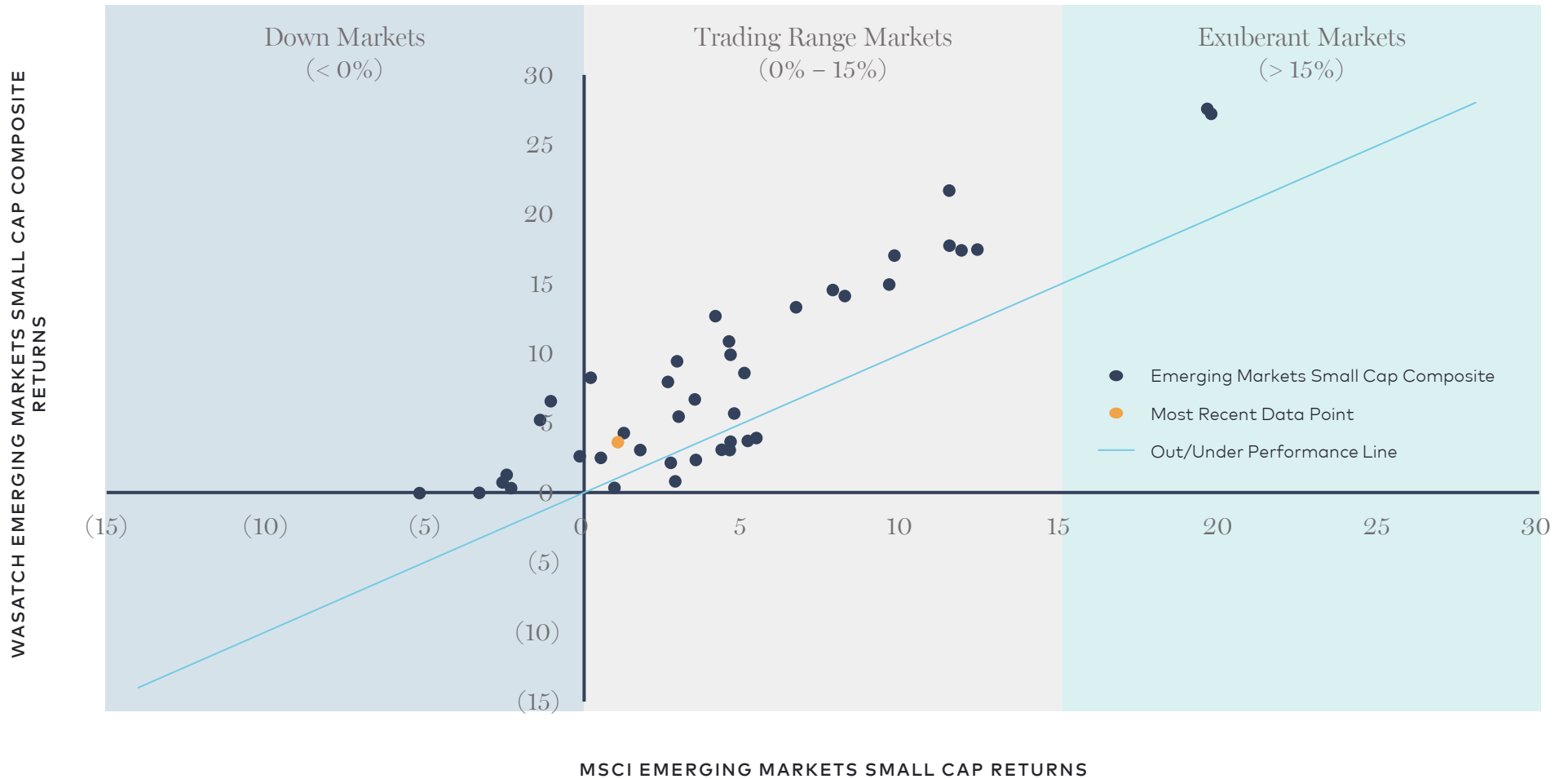
Past performance is not indicative of future results. Benchmark Source: MSCI. Performance is preliminary.

Long-Term Performance

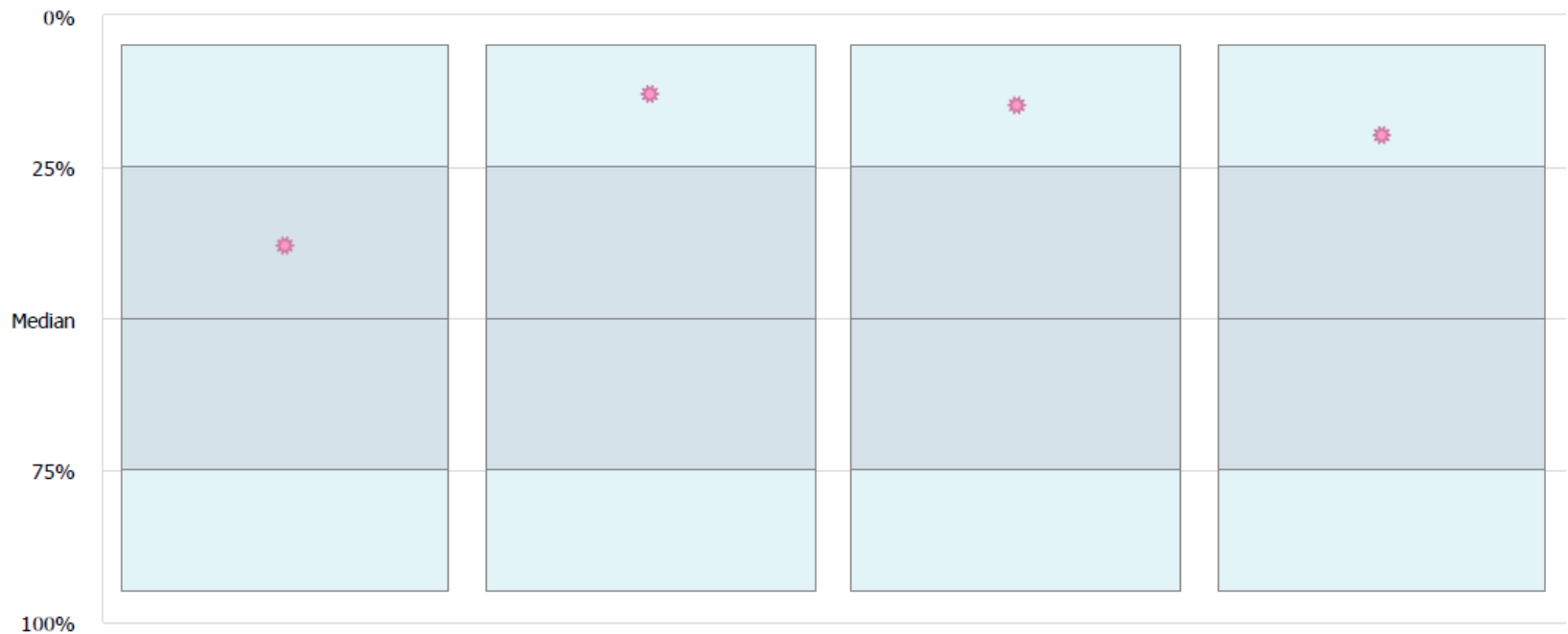
ROLLING 5-YEAR RETURNS – QUARTERLY OBSERVATIONS

For the periods ending 9/30/12 through 12/31/22 (Net of Fees)

Wasatch Emerging Markets Small Cap Composite outperformed 79% of the time



Risk/Return Statistics



Universe: eVestment Global Emerging Mkts Small Cap Equity (Percentile)

	Information Ratio 5 Years ¹		Batting Average 5 Years ¹		Annualized Alpha 5 Years ¹		Sharpe Ratio 5 Years	
		Rk		Rk		Rk		Rk
5th percentile	0.68		0.62		3.92		0.19	
25th percentile	0.35		0.55		2.27		0.10	
Median	0.06		0.52		0.35		0.01	
75th percentile	-0.16		0.47		-0.77		-0.05	
95th percentile	-0.50		0.43		-2.85		-0.15	
# of Observations	40		40		40		40	
★ Emerging Markets Small Cap	0.25	38	0.57	13	2.98	15	0.11	20

¹MSCI EM Small Cap-ND

The Wasatch Emerging Markets Small Cap Composite was ranked respectively against 40 composites in the eVestment Alliance Global Emerging Markets Small Cap Universe using data collected on 12/31/22. The percentile rank is the rank of a composite among its category peers, where rank is based on a comparison of a composite's performance and risk statistics to its peers over a 5-year time period ending 9/30/22. The percentile rank for the various statistics were 38, 13, 15, and 20 respectively. Performance used is net of fees. eVestment Alliance (eA) is a web-based provider of comprehensive investment information and analytic technology. Through its online eASE Database, eA captures the most comprehensive dataset in the industry and distributes all information via its fully web-based eASE Analytics system.

Past performance is not indicative of future results. Please see disclosures in the appendix and a GIPS composite report.



Risk/Return Statistics

AS OF DECEMBER 31, 2022

Returns (Net)	Annualized Periods				Calendar Years				
	1 Year	3 Years	5 Years	10 Years	2022	2021	2020	2019	2018
Portfolio	-38.15	3.94	3.61	3.76	-38.15	33.64	35.85	29.78	-18.07
Percentile Ranking vs Peers	99	50	19	65	99	1	11	3	52
# of Observations	66	59	45	24	66	72	73	76	68

Sharpe Ratio	Annualized Periods				Calendar Years				
	1 Year	3 Years	5 Years	10 Years	2022	2021	2020	2019	2018
Portfolio	-1.57	0.13	0.11	0.17	-1.57	4.31	1.11	2.40	-1.18
Percentile Ranking vs Peers	91	53	20	69	91	1	10	1	25
# of Observations	66	59	45	24	66	72	73	76	68

Information Ratio	Annualized Periods				Calendar Years				
	1 Year	3 Years	5 Years	10 Years	2022	2021	2020	2019	2018
Portfolio	-1.86	-0.10	0.25	0.06	-1.86	1.76	1.25	3.54	0.07
Percentile Ranking vs Peers	98	43	36	66	98	2	13	2	56
# of Observations	66	59	45	24	66	72	73	76	68

The Wasatch Emerging Markets Small Cap Composite was ranked respectively against other composites in the eVestment Alliance Global Emerging Markets Small Cap Universe using data collected on 12/31/22. The percentile rank is the rank of a composite among its category peers, where rank is based on a comparison of a composite's performance and risk statistics to its peers over multiple time periods ending 12/31/22. Performance shown is net of fees. eVestment Alliance (eA) is a web-based provider of comprehensive investment information and analytic technology. Through its online eASE Database, eA captures the most comprehensive dataset in the industry and distributes all information via its fully web-based eASE Analytics system.

Past performance is not indicative of future results. Please see disclosures in the appendix and a GIPS composite report.

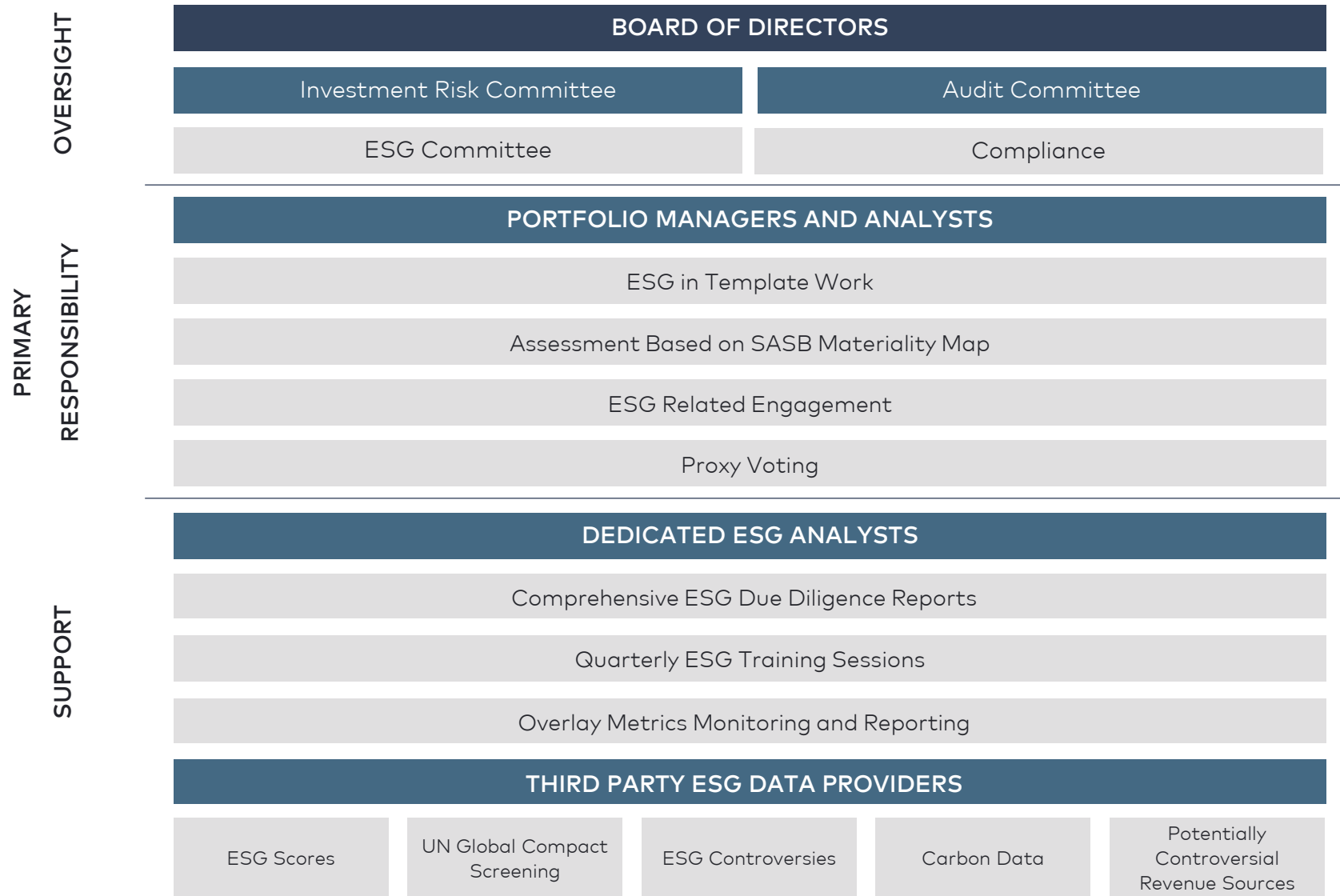


Outlook

- In the face of slowing US, UK and Eurozone growth, emerging market countries' real GDP and earnings growth forecasts are meaningfully more attractive
- We are encouraged by the recent easing of US dollar strength, which has been a headwind for emerging markets in the last decade. Dollar weakness should prove a tailwind allowing for strong local currency earnings growth to fully translate into stronger returns for USD investors
- We continue to have high conviction in India, given its better growth prospects and more insulated economy. We remain overweight in India, which is using its status as a major importer of electronics to induce manufacturers to set up shop there and enhance its position as an alternative and back-up manufacturing hub for global companies. Noteworthy points:
 - Government production incentives, import duties and rules requiring local sourcing of parts led Apple in 2017 to produce the iPhone SE in India
 - Samsung followed a year later, opening the world's largest mobile-phone factory on the outskirts of New Delhi
 - Government efforts thus far have rapidly transformed India into the world's #2 manufacturer of smartphones
 - India received proposals worth over \$20 billion from five companies to manufacture semiconductor chips and digital displays
 - Previously restricted largely to formulations consisting of active pharmaceutical ingredients (APIs) imported from China, Indian pharmaceutical manufacturers have now begun producing APIs domestically
 - Industrialization currently taking root in India is a vital step forward in the nation's growth and development
 - Manufacturing holds the potential to provide employment for the large and growing population of lower-skilled young workers
- The reopening of China could enhance the attractiveness of emerging markets broadly as pent-up demand is unleashed and reverberates through and across supply-chains and end-markets
 - We remain underweight China, however, we are incrementally adding to our China weight, given its improved growth prospects and Chinese firms potentially higher growth trajectories
- We remain confident in our portfolio companies and their growth potential. As of the last reported quarter's earnings (Q3'22), the EM Small Cap portfolio reported 27% sales growth YoY and 30% EPS growth YoY

Appendix

ESG Research Integration



ESG Materiality Map

Research team provided with the SASB Standards to encourage consistency in ESG-related considerations

		Consumer Goods	Extractives & Minerals Processing								Financials	Food & Beverage	Health Care	Infra-structure
Dimension	General Issue Category	Click to expand	Coal Operations	Construction Materials	Iron & Steel Producers	Metals & Mining	Oil & Gas - Exploration & Production	Oil & Gas - Midstream	Oil & Gas - Refining & Marketing	Oil & Gas - Services	Click to expand	Click to expand	Click to expand	Click to expand
Environment	GHG Emissions													
	Air Quality													
	Energy Management													
	Water & Wastewater Management													
	Waste & Hazardous Materials Management													
	Ecological Impacts													
Social Capital	Human Rights & Community Relations													
	Customer Privacy													
	Data Security													
	Access & Affordability													
	Product Quality & Safety													
	Customer Welfare													
Human Capital	Selling Practices & Product Labeling													
	Labor Practices													
	Employee Health & Safety													
	Employee Engagement, Diversity & Inclusion													
	Product Design & Lifecycle Management													
	Business Model Resilience													
Business Model & Innovation	Supply Chain Management													
	Materials Sourcing & Efficiency													
	Physical Impacts of Climate Change													
	Business Ethics													
Leadership & Governance	Competitive Behavior													
	Management Legal & Regulatory Environment													
	Critical Incident Risk Management													
	Systemic Risk Management													

Wasatch Ex-U.S. Team

DEDICATED RESOURCES – EX-U.S. DEVELOPED AND EMERGING MARKETS

	Financials	Consumer	Info. Tech.	Health Care	Materials & Energy	Industrials
Ex-U.S. Developed	Ken Applegate Chris Leikhim	Linda Lasater Ken Applegate Noé Bellet	Chris Leikhim Linda Lasater	Derrick Tzau	Ken Applegate Noé Bellet	Matthew Cross Derrick Tzau
Greater China	Scott Thomas Kai Pan	Kevin Unger Allison He Kai Pan	Ajay Krishnan Pedro Huerta Allison He Kai Pan	Matt Dreith Allison He Kai Pan	Dan Chace Kai Pan	Kai Pan
India	Scott Thomas Ajay Krishnan Neal Dihora	Matt Dreith Ajay Krishnan Neal Dihora	Ajay Krishnan Pedro Huerta Neal Dihora	Matt Dreith Ajay Krishnan Neal Dihora	Dan Chace Ajay Krishnan Neal Dihora	Ajay Krishnan Neal Dihora
EM Asia ex. China	Scott Thomas Kai Pan Anh Hoang	Kevin Unger Allison He Anh Hoang	Ajay Krishnan Allison He Pedro Huerta Anh Hoang	Matt Dreith Anh Hoang	Dan Chace Anh Hoang	Kai Pan Anh Hoang
Latin America	Pedro Huerta Scott Thomas	Pedro Huerta	Ajay Krishnan Pedro Huerta Neal Dihora	Matt Dreith	Dan Chace	Pedro Huerta
Other EM	Scott Thomas	Kevin Unger Matt Dreith Anh Hoang	Ajay Krishnan Pedro Huerta Neal Dihora	Matt Dreith	Dan Chace Matt Dreith	Matt Dreith Anh Hoang

Report Disclosures

We have provided this information regarding your account(s) based on sources we believe to be reliable and accurate. We urge you to take a moment to compare the account balances contained in this report to those balances on the statements that you receive directly from your account's custodian/agent. There may be small differences due to variances in the reporting of accrued interest, pending dividends, cash flows and other similar issues. Your custodian/agent is responsible for maintaining tax records. This report is for informational purposes only and may not match the records of your custodian/agent. Please contact us or the account custodian/agent with any questions you may have. Also, please notify us promptly if you do not receive statements on all accounts from the custodian or fund's transfer agent on at least a quarterly basis.

Management fees are typically accrued quarterly and posted during 'mid-quarter' months. On monthly reporting, net of fees returns may be equal to gross of fees returns for months where the management fees have yet to be deducted. Net of fee returns for period other than monthly reflect actual management fees.

Past performance does not guarantee future results. Performance results are net of transaction costs and reflect the reinvestment of dividend and other earnings. Net performance data was calculated using actual management fees. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. See Wasatch Global Investors Form ADV Part 2A for more information on fee schedules. Some portfolio net-of fees returns may be net of performance-based fees. Returns are expressed in U.S. dollars unless otherwise stated. Current performance may be lower or higher than the performance data quoted.

Portfolio holdings are subject to change. References to individual companies should not be construed as recommendations to buy or sell shares in those companies. Wasatch analysts closely monitor the companies held in the portfolio. If a company's underlying fundamentals or valuation measures change, Wasatch will reevaluate its position and may sell part or all of its holdings. Weighted averages and characteristics for the Top Ten Holdings are calculated by Wasatch using data obtained from Factset.

Indexes are unmanaged, and investors cannot invest directly in an index.

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Disclosures

WASATCH GLOBAL INVESTORS EMERGING MARKETS SMALL CAP COMPOSITE

Year End	Total Firm Assets (\$M)	Composite Assets		Annual Performance Results (%)							
		U.S. Dollars (\$M)	Number of Accounts	Composite		MSCI Emerging Markets Small Cap	MSCI Emerging Markets	Internal Dispersion	Composite 3-Yr St Dev	MSCI Emerging Markets Small Cap 3-Yr St Dev	MSCI Emerging Markets 3-Yr St Dev
				Gross	Net						
2021	39,493	2,269	8	35.6	33.6	18.8	-2.5	N.A.	19.1	21.9	18.3
2020	32,274	1,817	8	37.7	35.9	19.3	18.3	1.7	21.9	23.5	19.6
2019	20,853	1,340	8	31.1	29.8	11.5	18.4	N.A.	13.5	13.0	14.2
2018	14,281	928	7	-17.0	-18.1	-18.6	-14.6	0.3	15.0	14.0	14.6
2017	16,585	1,688	8	39.8	38.3	33.8	37.3	N.A.	13.2	14.4	15.4
2016	15,070	2,413	10	-1.9	-3.1	2.3	11.2	0.3	13.0	14.3	16.1
2015	17,109	2,765	9	-7.3	-8.4	-6.8	-14.9	0.3	12.2	13.5	14.1
2014	18,847	2,505	8	2.6	1.2	1.0	-2.2	0.4	13.7	14.0	15.0
2013	19,278	2,859	7	-1.0	-2.4	1.0	-2.6	N.A.	18.1	19.6	19.0
2012	13,368	2,343	≤ 5	30.1	28.2	22.2	18.2	N.A.	19.5	22.0	21.5

N.A. - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

Wasatch Global Investors is an independent registered investment adviser. Registration does not imply a certain level of skill or training. A complete list of composite descriptions, limited distribution pooled fund descriptions, and broad distribution pooled funds is available upon request.

The Emerging Markets Small Cap Composite contains fully discretionary equity accounts following the Emerging Markets Small Cap style. The composite primarily invests in companies tied economically to emerging market countries with the goal of long-term growth of capital. For comparison purposes the composite is measured against the MSCI Emerging Markets Small Cap and MSCI Emerging Markets indices.

The MSCI Emerging Markets Small Cap TR Net and Emerging Markets TR Net Indices are free float-adjusted market capitalization indices that are designed to measure the equity market performance of emerging markets.

MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used to create indices or financial products. This report is not approved or produced by MSCI.

Disclosures continued on the next slide.

Disclosures

Returns include the reinvestment of all income. Net performance was calculated using actual management fees. Some portfolio net-of-fees returns may be net of performance-based fees. Mutual funds are included in this composite. Net returns have been reduced by only the mutual fund management fee. Results are based on fully discretionary accounts under management, including accounts no longer with the firm. The U.S. Dollar is the currency used to express performance. Past performance is not indicative of future results.

Wasatch Global Investors withholds taxes from dividends for foreign securities based on the net rate of the dividend. If withholding taxes are not posted to the account at the custodian, Wasatch Global Investors will update their system to reflect the full gross amount of the dividend. Index returns are net of foreign withholding tax.

Beginning February 1, 2014, composite policy requires temporary removal of any portfolio incurring a client-initiated significant cash inflow or outflow. A significant cash flow is defined as at least 20% of portfolio assets.

Depending on the account and the investment style, clients may pay an annual fee up to 2%. Performance based fees are available on a limited basis and are subject to negotiation. A performance-based fee is earned when the portfolios total return, reduced by the pro-rata accrued fixed management fee, exceeds the benchmark return and the portfolios net asset value is above the high-water mark. Actual investment advisory fees incurred by clients may vary. The total trustee fee for the Wasatch Emerging Markets Small Cap CIT, which is included in the composite, is 1.10% for Class A and 1.35% for Class B.

The annual composite dispersion is an equal-weighted standard deviation calculated for the accounts in the composite the entire year. The annual composite dispersion and composite three-year standard deviation are calculated using gross returns.

Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

The Emerging Markets Small Cap Composite was created November 20, 2007 and the inception date is September 30, 2007.

Wasatch Global Investors claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Wasatch Global Investors has been independently verified for the periods January 1, 1995 through September 30, 2022. The verification report(s) is/are available upon request.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

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Los Angeles City
Employees' Retirement
System (LACERS)

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Blended Opportunistic Emerging Markets Debt

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Biography



Mike Trovato, CFA

Managing Director; Relationship Manager; and Director, Western Region

Mike is the director of the Western Region and a relationship manager in Wellington Management's San Francisco office. He works with clients in the western US, including endowments, foundations, public funds, and corporate pension plans. He assists clients with long-term investment strategy and policy issues, evaluates portfolio risks and performance, ensures compliance with policy guidelines and applicable regulations, resolves administrative and operational issues, and meets regularly with clients to discuss investment- and business-related issues.

Prior to joining Wellington Management in 2016, Mike was an executive vice president at PIMCO (2001 – 2016). He worked in both their California and London offices in various roles, which included US institutional account management, head of the EMEA subadvised business, head of the EMEA product management team, and head of the UK global wealth management business. Prior to PIMCO, he worked for a 401(k) consulting firm in San Francisco called mPower (1999 – 2001) and for Sutro & Co (1997 – 1999), an investment bank.

Mike received his MBA from the University of Southern California (2005) and his BA in business economics from the University of California at Santa Barbara (1995). He also holds the Chartered Financial Analyst designation.

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Biography



Darren J. Capeloto

Managing Director and Investment Director

As an investment director in Investment Product & Fund Strategies, Darren works closely with fixed income investors to help ensure the integrity of their investment approaches. This includes meeting regularly with investment teams and overseeing portfolio positioning, performance, and risk exposures. In addition, he contributes to developing new products and client solutions and managing business issues such as capacity, fees, and guidelines. He also meets with clients, prospects, and consultants to communicate our investment philosophy, strategy, positioning, and performance.

Prior to joining Wellington Management in 2019, Darren worked as an emerging markets portfolio manager at Payden & Rygel (2001 – 2019). During his time there, he also held roles as a sector specialist for Multi-Sector Credit, and as an investment committee member for Multi-Asset Strategies. In addition, he served as a developed market rates and currency strategist. Before that, he managed bond and currency trading.

Darren earned his MBA from the University of Southern California (2001) and his BA in political science from UCLA.

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Agenda

- | | |
|----------------------|---|
| Section One | Wellington Overview |
| Section Two | Blended Opportunistic Emerging Markets Debt
Portfolio Review |
| Section Three | Market Outlook and Positioning |
| Section Four | Appendix |

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BY THE NUMBERS

Business

USD 1,150 billion of client assets under management

2,488 clients

63 countries in which clients are based

People and portfolios

1,047 investment professionals

16 years of experience, on average

204 partners all active at the firm

Heritage: key dates

1928 Wellington Fund – the first US balanced fund

1979 Establishment of our private partnership

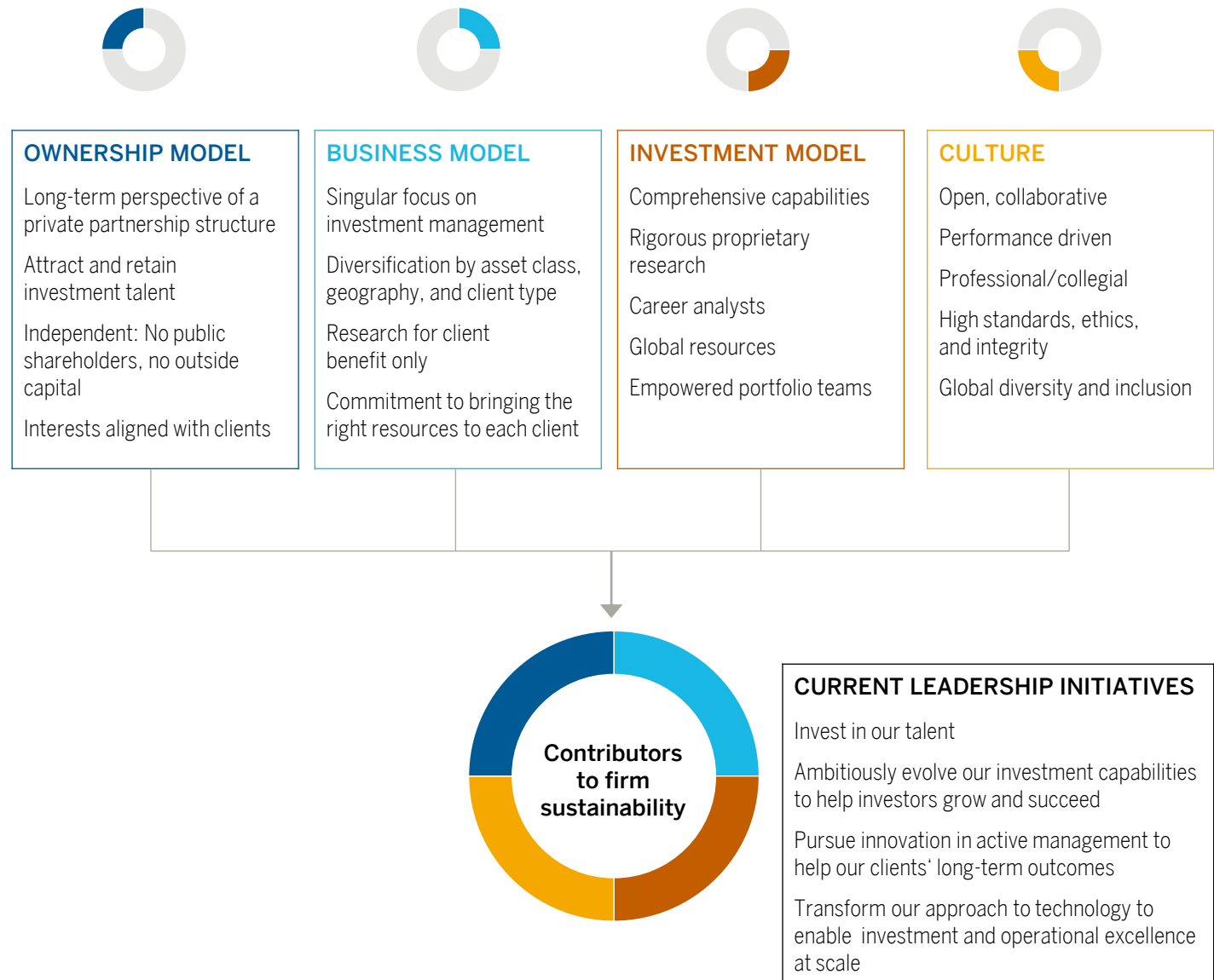
1994 Our first long – short strategy

2014 Our first dedicated private equity strategy

2015 Global Impact: Our first diversified impact investing strategy in public equities

Wellington Management today

A trusted advisor and strategic partner to clients worldwide

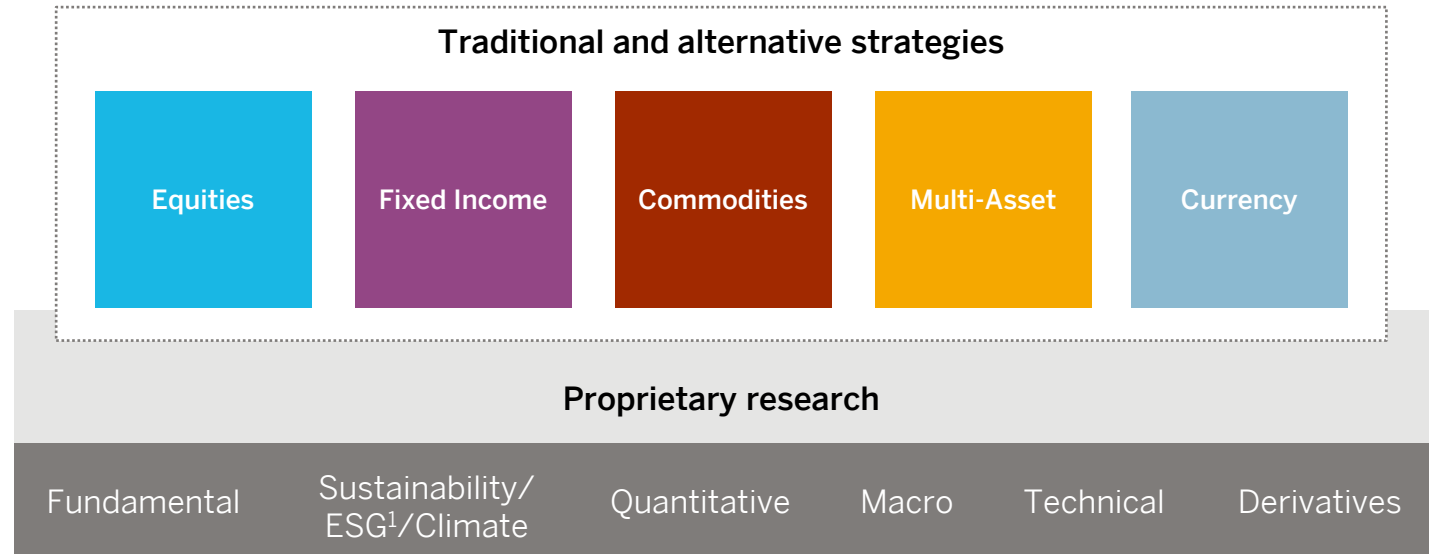


As of 31 December 2022

Comprehensive capabilities

Across traditional and alternative strategies

We combine stability with agility, global reach with local depth, and broad multi-asset skill with deep knowledge to craft solutions tailored to our clients' needs



¹Environmental, social, and corporate governance

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Our diversity, equity and inclusion strategy pillars

DEI Steering Committee

Regional DEI Committees – APAC, Americas and EMEA

Upstanders and Becoming Allies

Global Diversity, Equity and Inclusion Team

13 Diversity Business Networks with regional chapters and two Business Network Councils – Americas and EMEA

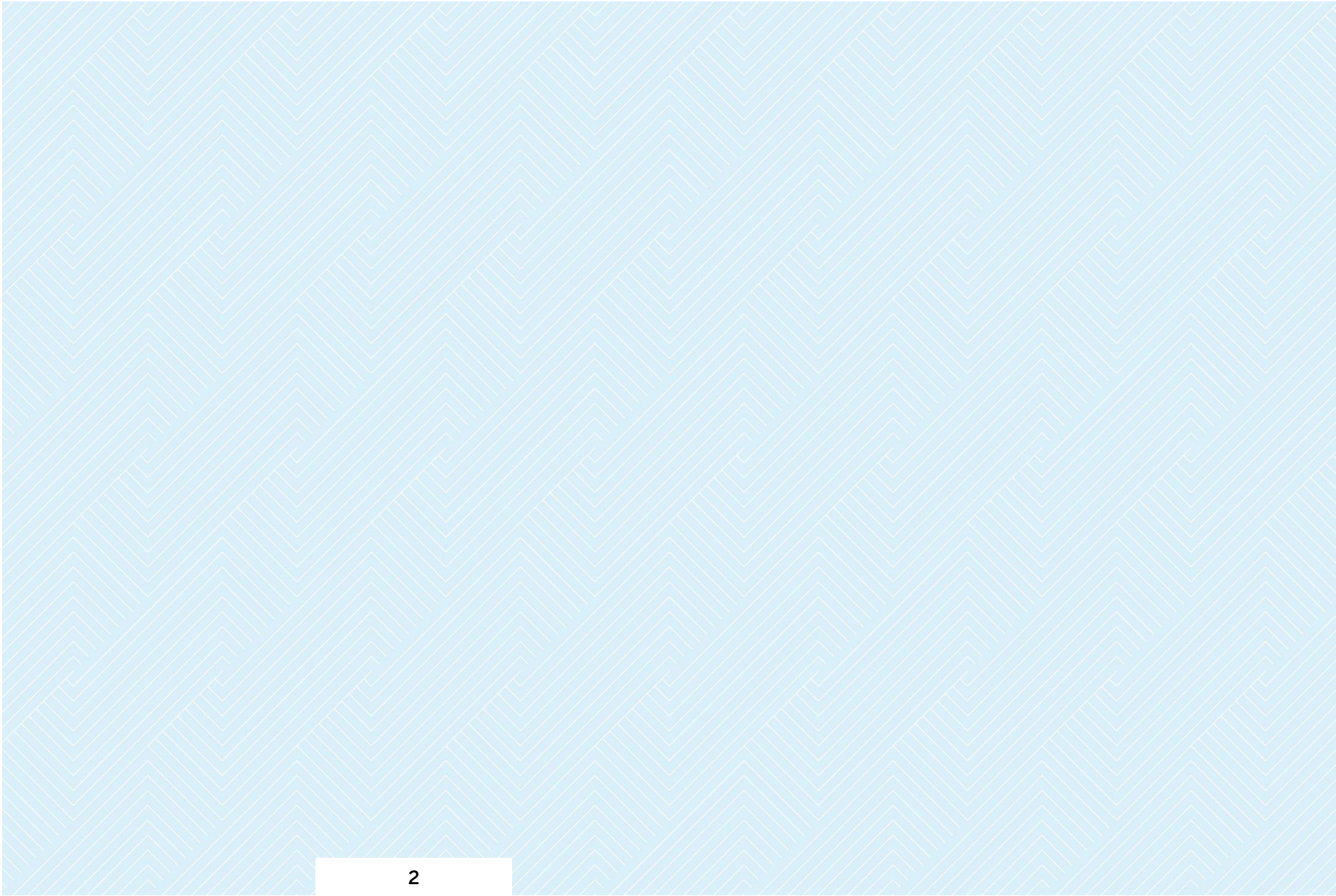
20+ External Diversity Associations and Industry Coalitions

Partnered with more than 100 US-based diverse suppliers

Grants with 193 organizations in 11 geographies since 1992



As of 1 March 2021



Why Wellington Management Opportunistic Emerging Markets Debt

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Experience

Wellington Management has been investing in emerging markets debt since the inception of the asset class in the early 1990s

Comprehensive research, collaborative culture

Our 39-member emerging markets debt investment team is supported by colleagues in equities, fixed income, commodities, and currencies

- Enables us to develop multi-dimensional views of the countries in which we invest
- Helps us keep emerging markets in a broader global context

Disciplined, systematic investment process

We combine quantitative and fundamental research in a disciplined, consistent investment process to identify attractive opportunities

Consistent performance¹

Our Blended Opportunistic Emerging Markets Debt approach has consistently outperformed its benchmark on a net rolling three-year basis since its inception

¹When evaluating long-term historical performance, we have selected the rolling three year periods as they are generally considered to capture full market cycles. Based on the net of fee composite returns through 31 December 2022 for the Blended Opportunistic Emerging Markets Debt Composite since its inception date of 28 February 2009. | Benchmark is a blend of JPM EMBI Gbl Div (50%) & JPM GBI-EM Gbl Div (50%) | The number of team members is as of December 2022. | **PAST PERFORMANCE DOES NOT PREDICT FUTURE RETURNS. AN INVESTMENT CAN LOSE VALUE.** Gross performance results are net of commissions and other direct expenses, but before (gross of) advisory fees, custody charges, withholding taxes, and other indirect expenses, and include reinvestment of dividends and other earnings. Composite returns have the potential to be adjusted until reviewed and finalized 30 days following each calendar quarter end period. | This information complements the GIPS® Composite Report included at the end of the materials. Please refer to the Important Disclosures page for additional information.

Blended Opportunistic Emerging Markets Debt

Objective, approach, and key characteristics

Description

Blended Opportunistic Emerging Markets Debt is a benchmark aware, emerging markets debt approach that invests across the full EM fixed income spectrum

Objective

Outperform the benchmark over a full market cycle

Benchmark

50% JPMorgan EMBI Global Diversified 50%
JPMorgan GBI-EM Global Diversified

Investment universe

External sovereign debt
Local sovereign debt
Corporate debt
EM currencies
Developed market bonds and currencies
Swaps, futures, forwards, options

Typical characteristics

Average credit quality	BBB/BB
Portfolio duration (yrs)	±2
Expected turnover	75 – 100

Historical sector ranges

	Average (%)	Range (%)
External debt	50	40 – 60
Local markets	55	45 – 70
Corporate debt	6	0 – 20

Historical ranges have been rounded to the nearest 5%. | External debt includes sovereign, quasi-sovereign, CDX, and excludes corporate debt. | Local market exposure represents the combination of local debt and local currency exposure. Local market exposure at the portfolio level is the sum of the local market exposure calculations done at the individual country level. | Corporate debt includes external and local corporate debt.

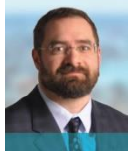


Blended Opportunistic Emerging Markets Debt Investment team

Portfolio Managers



Kevin Murphy
Lead PM/Team Lead
36 years experience



Michael Henry
Portfolio Manager
27 years experience



Gilian Edgeworth
Macro Strategist
20 years experience

Additional PM Resources

Sector Specialists

Ross Dilkes	Asia Credit	20 years experience
Evan Ouellette	Relative Value	23 years experience
Schuyler Reece,	Corporate Debt	15 years experience
CFA		

Alternatives

Julian Dwek	Local Markets
Sauli Nathan, PhD	Local Markets
Eric Lambi	Relative Value
Mehak Bhatia	Directional Credit
Cristina Fedorca	Directional Credit

Dedicated Resources

Sovereign Research

Matt Hildebrandt Africa/Middle East	Gabriel Tenorio, PhD Latin America
Tushar Poddar, PhD Asia	
Andrea Alecci Latin America	

Corporate Research

Dmitry Sentchoukov EMEA	Tiansi Wang North Asia
Desmond Lee, CFA Asia Financials	Manuj Jain Southeast Asia
Xena Dai North Asia	Alejandro Velasco Latin America

Quantitative Research

Kazim Kazimov, PhD Team Lead – Rates	Marlyn Anthonyrajah Credit
Yi Wang, PhD Currencies	Steve Lee Research
Roger Liao Credit	

Portfolio Construction and Trade Execution

Portfolio Analysts

Nick Ouellette, CFA Solutions PM, Team Lead
Hunter Campbell
Ning Gong
Andrew Musler, CFA

Trading

Dominic Godfrey
Sean Hayes
Katie O'Hare
Brett McClenning
Teresa Sousa
Ed Webb

Risk Management

Bill Schmitt, PhD

Shared Resources

Macro Strategists 13 analysts	Fixed Income Credit 43 analysts
Global Industry Analysts 52 analysts	Commodities 3 Specialists
ESG Research 14 analysts	Climate Research 7 analysts

ESG Sovereign Research

Hanna Niczyporuk, PhD

Product Management

Maura Neely, CFA – Platform Lead Investment Director
Darren Capeloto Investment Director
Marena Hnat-Dembitz Investment Specialist

EMD Team: Facts and Figures

- 39** dedicated team members
- 17** years average professional experience
- 8** years average at Wellington
- 25** Boston, **10** London, **3** Hong Kong, **2** Singapore

Blended Opportunistic Emerging Markets Debt

Investment philosophy

View emerging markets with a global perspective

The global economic cycle can have an important impact on emerging markets' economic performance

Seek to capture market inefficiencies with disciplined research

Market segmentation in this asset class is generally high given the global investor base

A disciplined research approach that incorporates macroeconomic, currency, interest rate, and credit analysis can uncover value in emerging debt markets

Manage risk

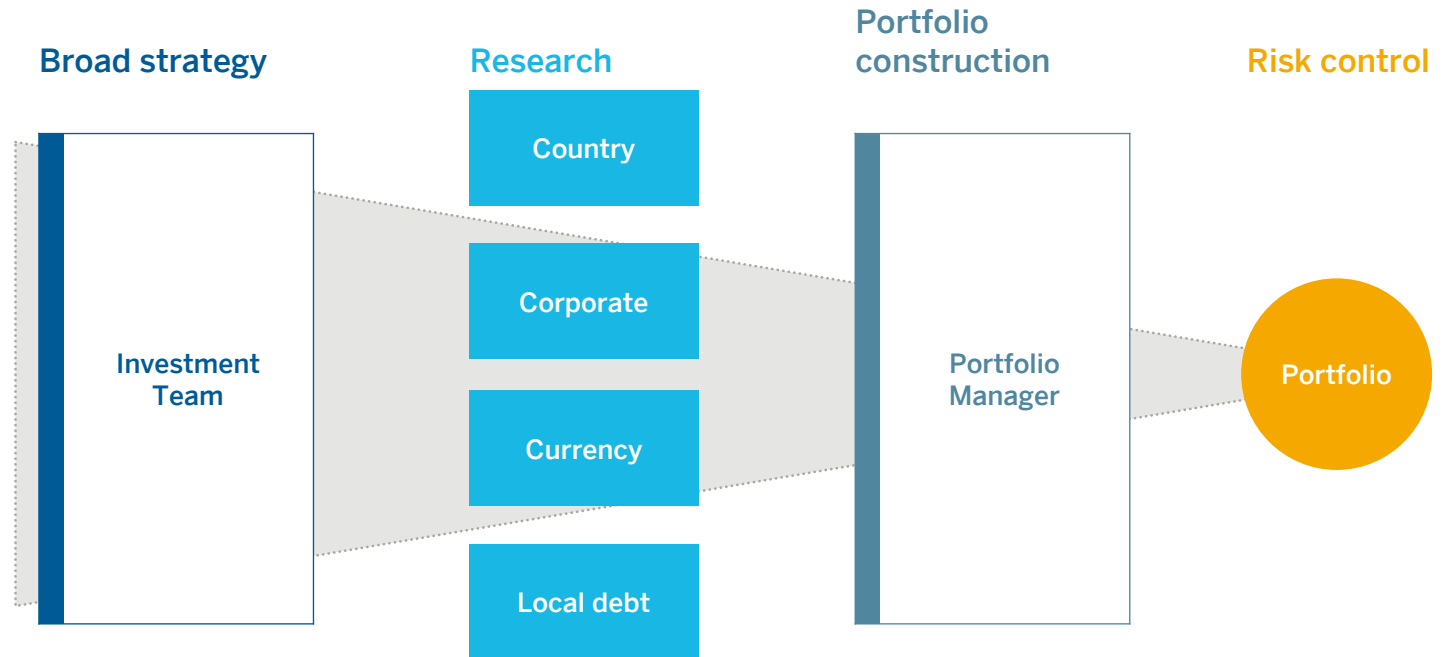
Apply both quantitative and fundamental risk assessments to bonds, currencies, and derivatives

The characteristics presented are sought during the portfolio management process. Actual experience may not reflect all of these characteristics, or may be outside of stated ranges.



Blended Opportunistic Emerging Markets Debt

Investment process

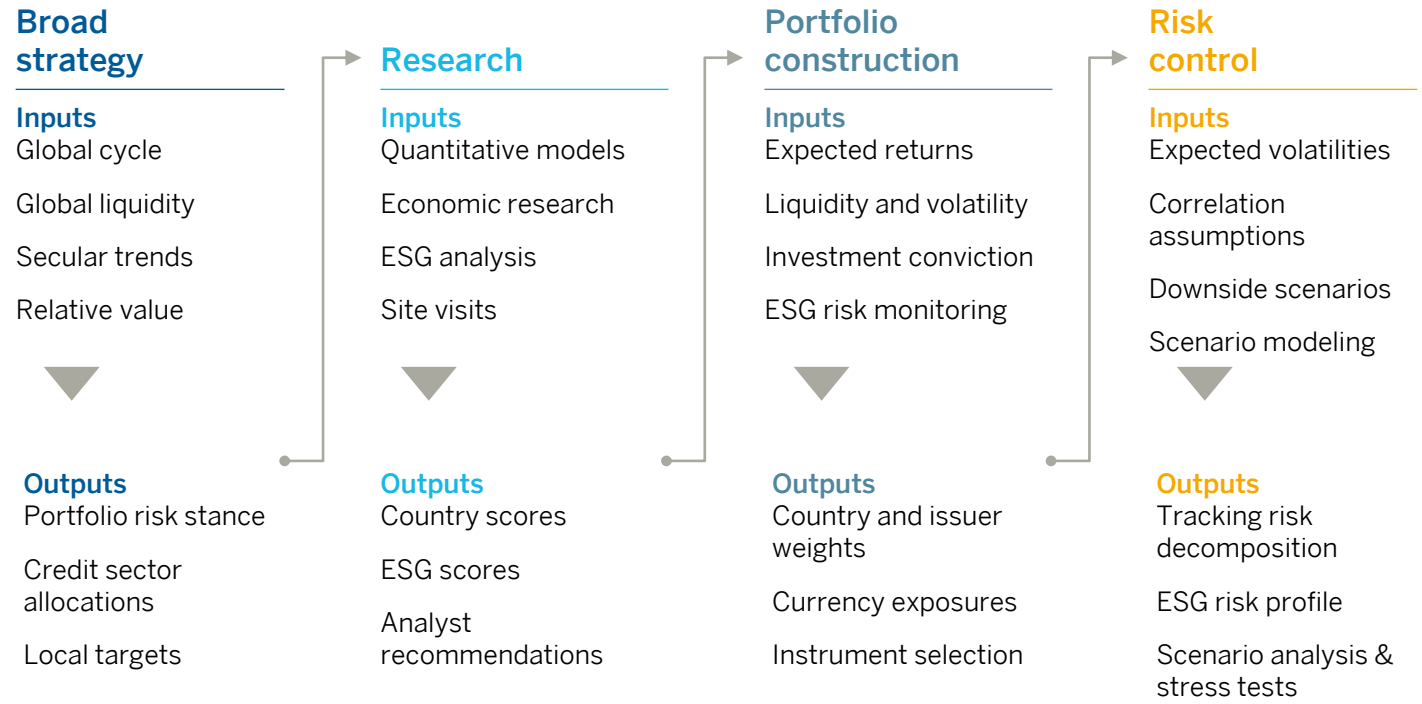


The characteristics presented are sought during the portfolio management process. Actual experience may not reflect all of these characteristics, or may be outside of stated ranges.



EM Fixed Income

Investment process



While the evaluation of Sustainability Risks through the analysis of ESG factors is part of the investment process, it may not necessarily result in the exclusion of a security. A decision to invest should take account of all the characteristics and objectives described in the offering documents.

Blended Opportunistic Emerging Markets Debt Approach to ESG

Collaborative research and engagement effort

Our EMD and Sustainable Investment teams partner together to

- Develop a proprietary sovereign scoring methodology
- Conduct ESG research and direct engagement

ESG factors actively incorporated in sovereign research and decision making

Emphasize governance as a key driver of credit worthiness

Incorporate material environmental and social factors in risk analysis

Evaluate ESG alongside traditional fundamentals, valuations, and technicals

Manage exposure to weak and deteriorating issuers without the ability to engage

Engage with a broad array of issuers, underwriters, official creditors, and industry groups

Global ESG Investor Network Participant

Collaborate in leading industry ESG initiatives

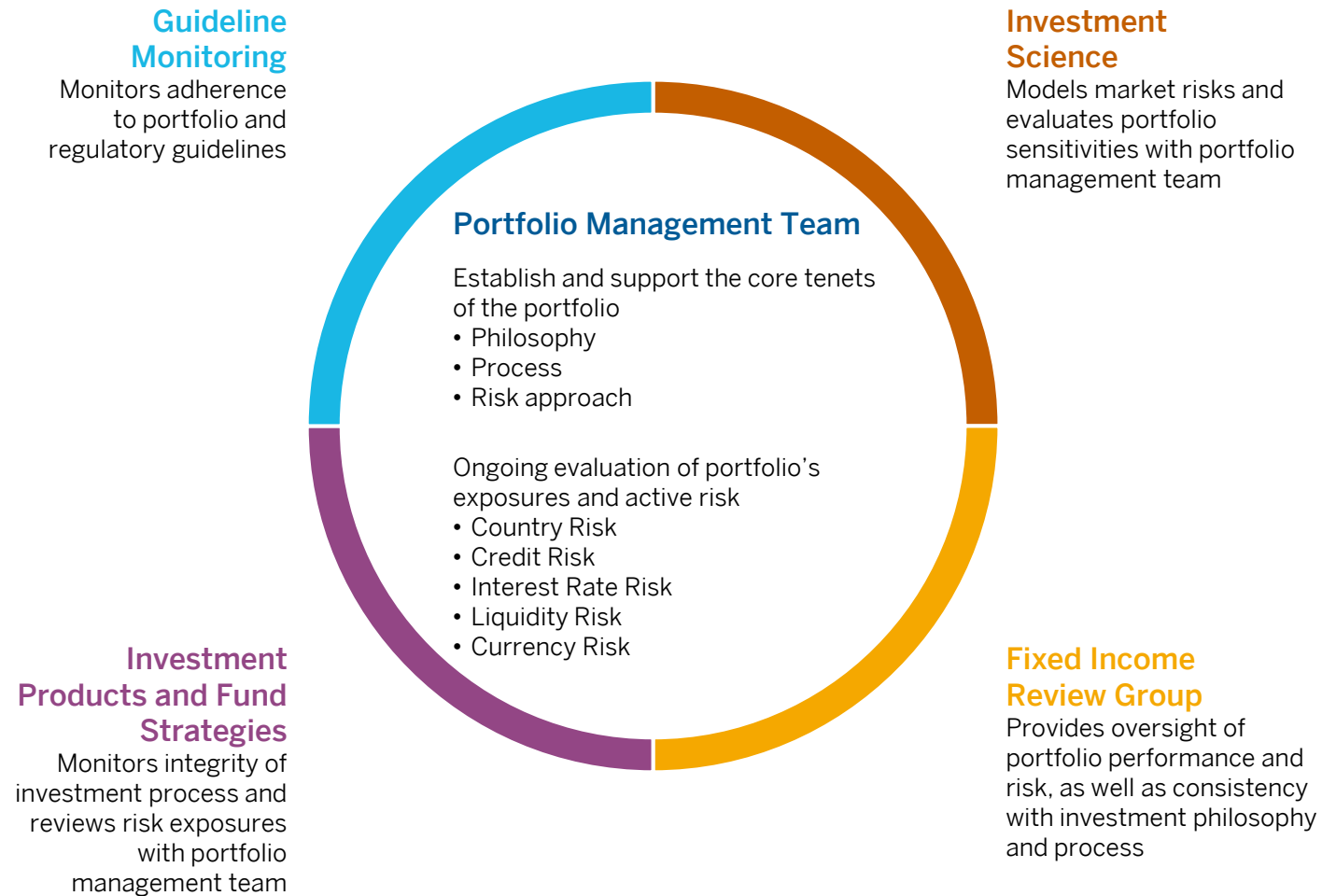
A+ UN PRI Rating

Emerging Markets Investors Alliance member

While the evaluation of Sustainability Risks through the analysis of ESG factors is part of the investment process, it may not necessarily result in the exclusion of a security. A decision to invest should take account of all the characteristics and objectives described in the offering documents.

Risk Management

Our Multi-dimensional approach which we believe is key to consistent alpha generation



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Blended Opportunistic Emerging Markets Debt

Investment returns

	As of 31 December 2022 (% , USD)		
	4Q22	1 yr	SI
LACERS Blended Opportunistic EMD (gross)	8.73	-13.43	-9.27
JP EMBI Gbl Div (50%) & GBI-EM Gbl Div (50%) Blend	8.29	-14.75	-10.12
Active return (gross vs benchmark)	0.44	1.33	0.85

	2022	2021*
LACERS Blended Opportunistic EMD (gross)	-13.43	-4.03
JP EMBI Gbl Div (50%) & GBI-EM Gbl Div (50%) Blend	-14.75	-4.26
Active return (gross vs benchmark)	1.33	0.23

*Partial calendar year (4 February 2021 to 31 December) | Inception date: 4 February 2021. | Sums may not total due to rounding. | Performance returns for periods one year or less are not annualized. |

PAST PERFORMANCE DOES NOT PREDICT FUTURE RETURNS. AN INVESTMENT CAN LOSE VALUE.

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Blended Opportunistic Emerging Markets Debt

Investment returns

	As of 31 December 2022 (% , USD)					
	3 mos	1 yr	3 yrs	5 yrs	10 yrs	SI
Blended Opportunistic EMD Composite (net)	8.49	-14.54	-5.25	-1.43	0.39	5.43
Blended Opportunistic EMD Composite (gross)	8.69	-13.89	-4.53	-0.69	1.14	6.22
JP EMBI Gbl Div (50%) & GBI-EM Gbl Div (50%) Blend	8.29	-14.75	-5.66	-1.86	-0.18	4.33
	2022	2021	2020	2019	2018	2017
Blended Opportunistic EMD Composite (net)	-14.54	-5.85	5.74	16.42	-6.05	13.71
Blended Opportunistic EMD Composite (gross)	-13.89	-5.14	6.53	17.28	-5.34	14.56
JP EMBI Gbl Div (50%) & GBI-EM Gbl Div (50%) Blend	-14.75	-5.32	4.02	14.31	-5.15	12.74
	2016	2015	2014	2013		
Blended Opportunistic EMD Composite (net)	11.71	-7.42	1.26	-6.19		
Blended Opportunistic EMD Composite (gross)	12.55	-6.72	2.02	-5.48		
JP EMBI Gbl Div (50%) & GBI-EM Gbl Div (50%) Blend	10.16	-7.14	0.71	-7.10		

The inception date of the Blended Opportunistic EMD Composite is 28 February 2009. | Performance returns for periods one year or less are not annualized.

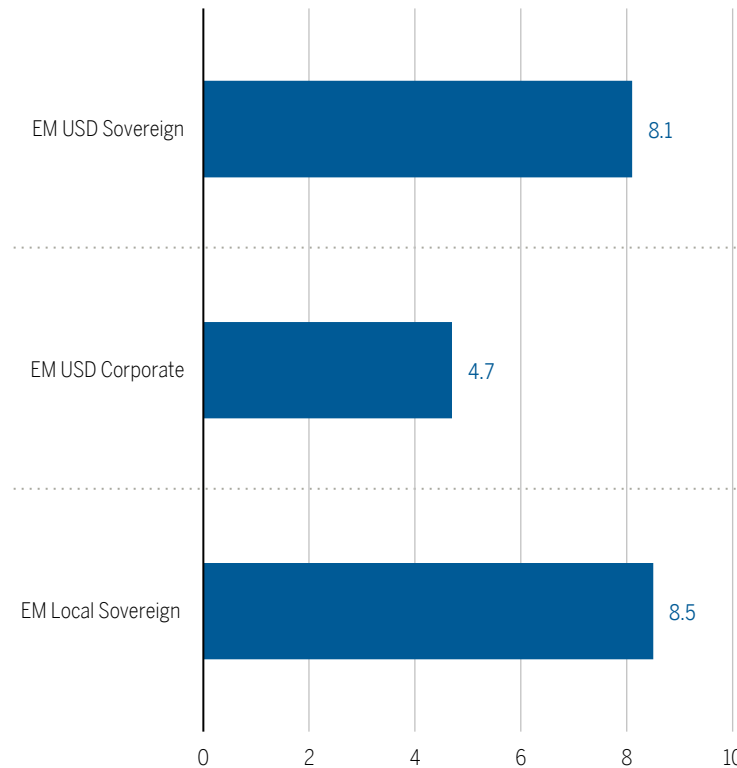
| PAST PERFORMANCE DOES NOT PREDICT FUTURE RETURNS. AN INVESTMENT CAN LOSE VALUE.

Gross performance results are net of commissions and other direct expenses, but before (gross of) advisory fees, custody charges, withholding taxes, and other indirect expenses, and include reinvestment of dividends and other earnings. Net performance results are based on the highest published US advisory fee for this product, include reinvestment of dividends and other earnings, and are net of advisory fees, commissions, and other direct expenses, but before custody charges, withholding taxes, and other indirect expenses. Composite returns have the potential to be adjusted until reviewed and finalized 30 days following each calendar quarter end period. This information complements the GIPS® Composite Report included at the end of the materials. Please refer to the Important Disclosures page for additional information.

Emerging markets sector review

Three months index returns as of 31 December 2022

Emerging market index return (% in USD)



Valuations

External sovereign debt returned 8.1%. Credit spreads narrowed by 107 bps to a level of 452 bps.

External corporate debt returned 4.7%. Credit spreads narrowed by 58 bps to a level of 346 bps.

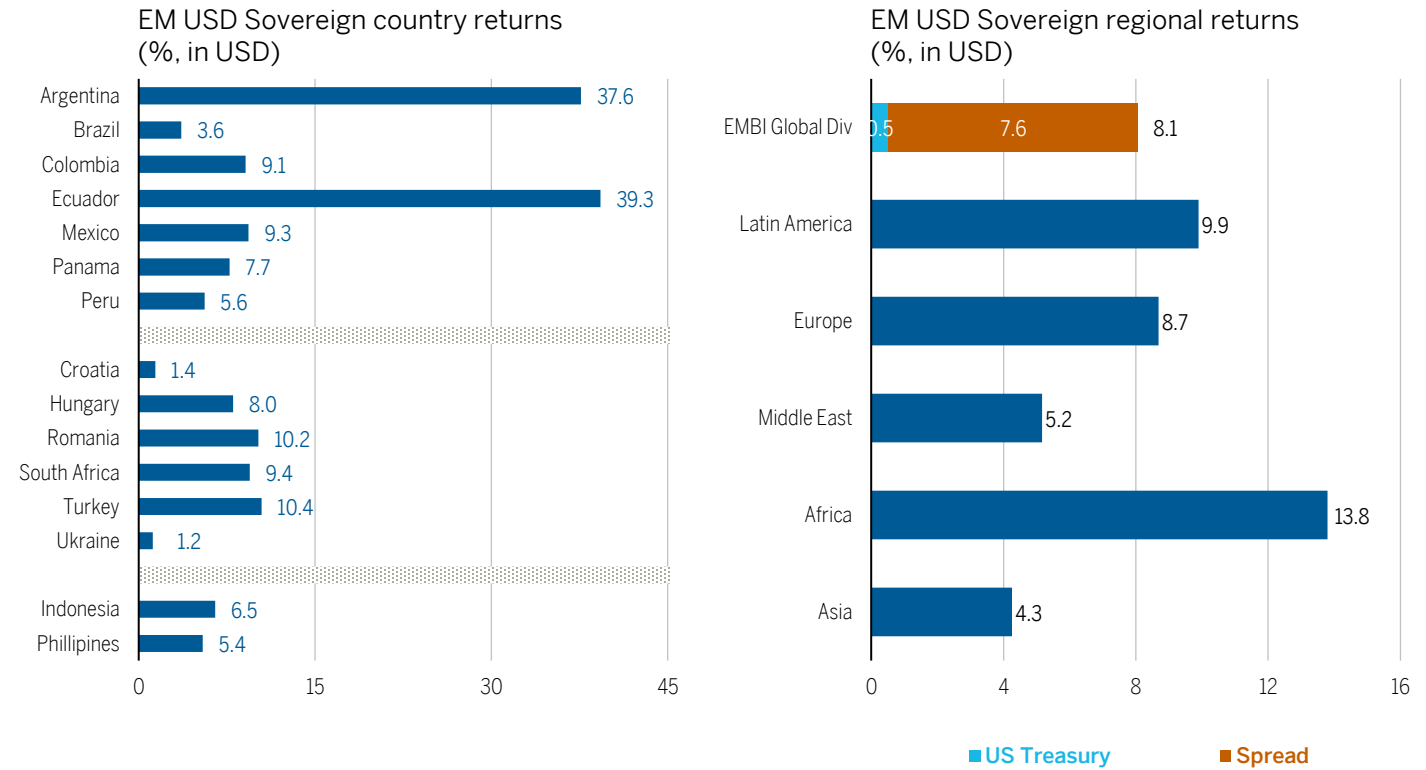
Local sovereign debt returned 8.5% with approximately 3.8% of returns attributable to interest rates and coupon income, and 4.5% to currency appreciation. EM yields moved down by 46 bps to a level of 6.9%.

EM USD Sovereign Index: JPM EMBI Global Div | EM
USD Corporate Index: CEMBI Broad Diversified | EM
Local Sovereign Index: GBI-EM Global Diversified |
Source: JPMorgan | **PAST PERFORMANCE
DOES NOT PREDICT FUTURE
RETURNS.**



Emerging markets country review

Three months index returns as of 31 December 2022



The US Treasury generated returns of (0.5%) while spreads narrowed 107 bps generating returns of (7.6%)

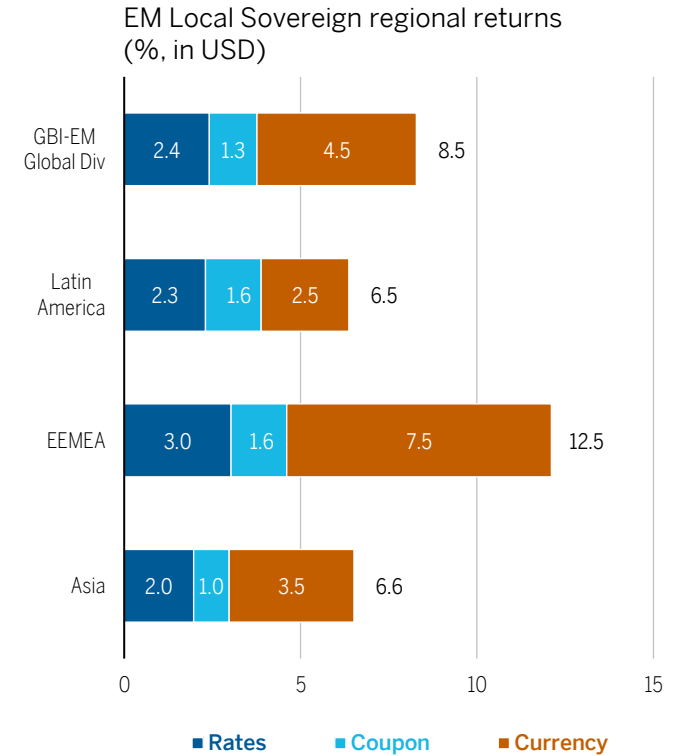
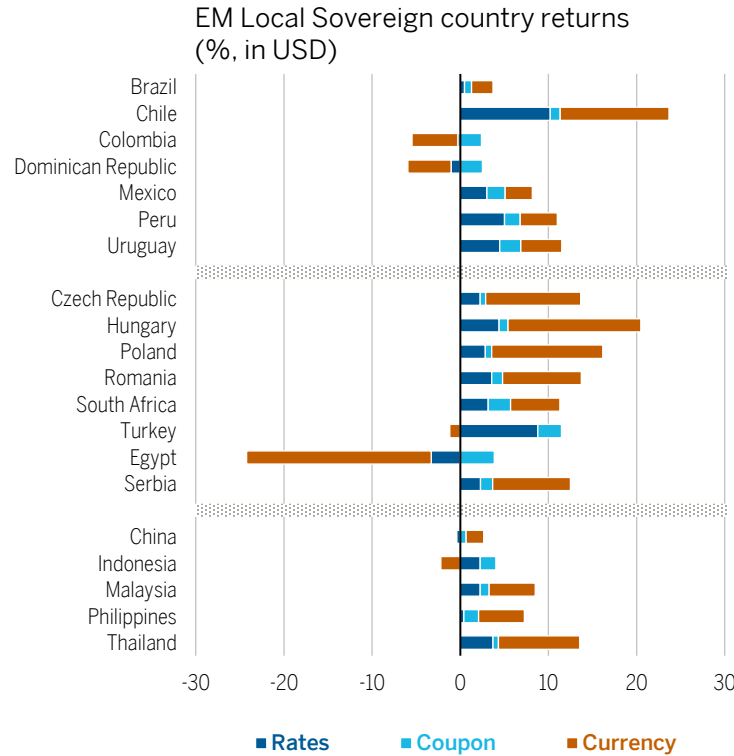
Performance by credit quality favored lower quality credits over the period with non-investment grade issuers (11.2%) outperforming investment grade issuers (5.2%)

EM USD Sovereign Index: JPM EMBI Global Div |
Source: JPMorgan | **PAST PERFORMANCE
DOES NOT PREDICT FUTURE
RETURNS.**



Emerging local markets country review

Three months index returns as of 31 December 2022

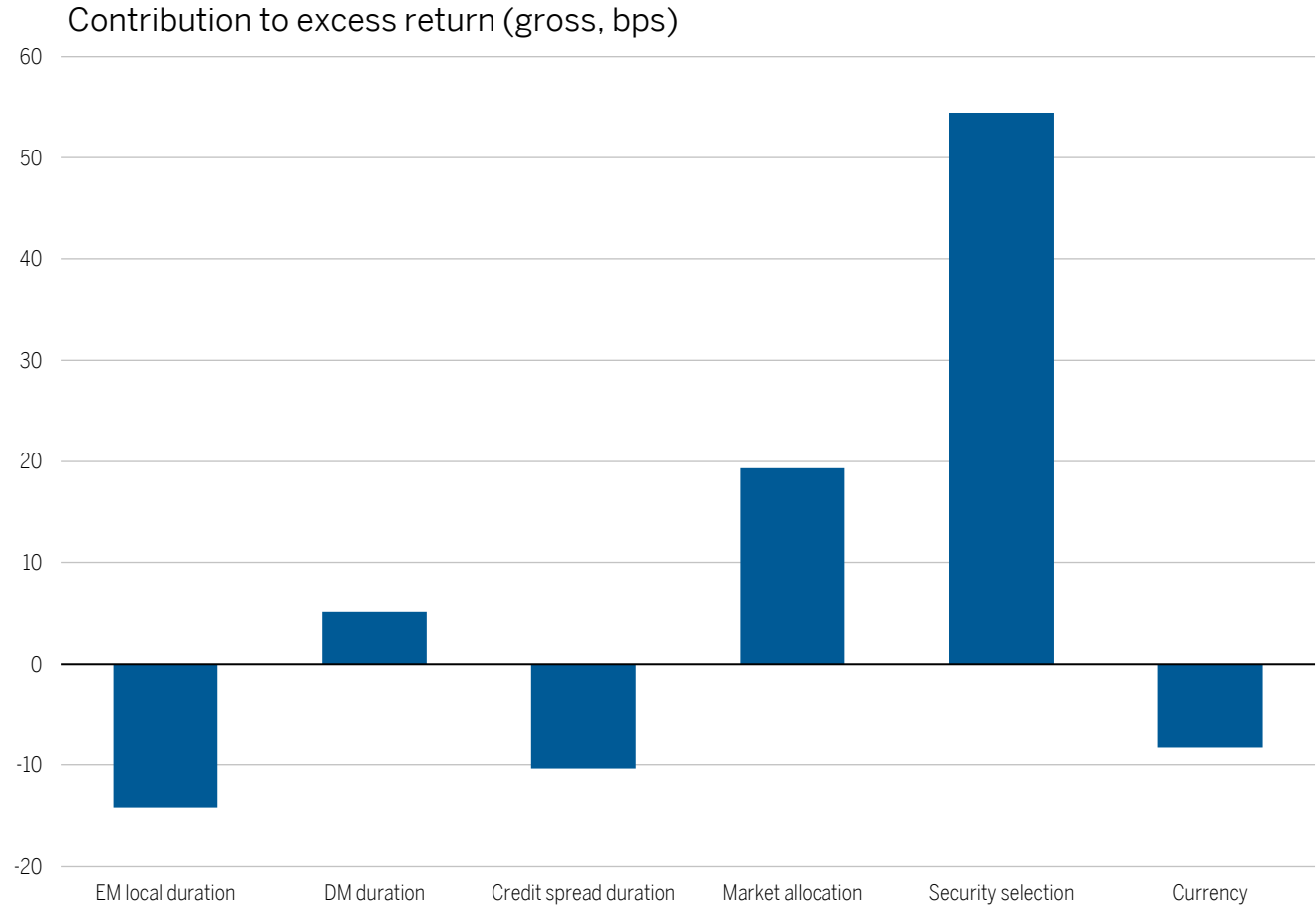


EM Local Sovereign Index: GBI-EM Global Diversified |
Returns are in USD terms | Source: JPMorgan |
**PAST PERFORMANCE DOES NOT
PREDICT FUTURE RETURNS.**

Blended Opportunistic Emerging Markets Debt

Performance review (USD): Three months as of 31 December 2022

Total effect: 44 bps



Benchmark used in the calculation of attribution data:
JP EMBI Gbl Div (50%) & GBI-EM Gbl Div (50%) Blend.

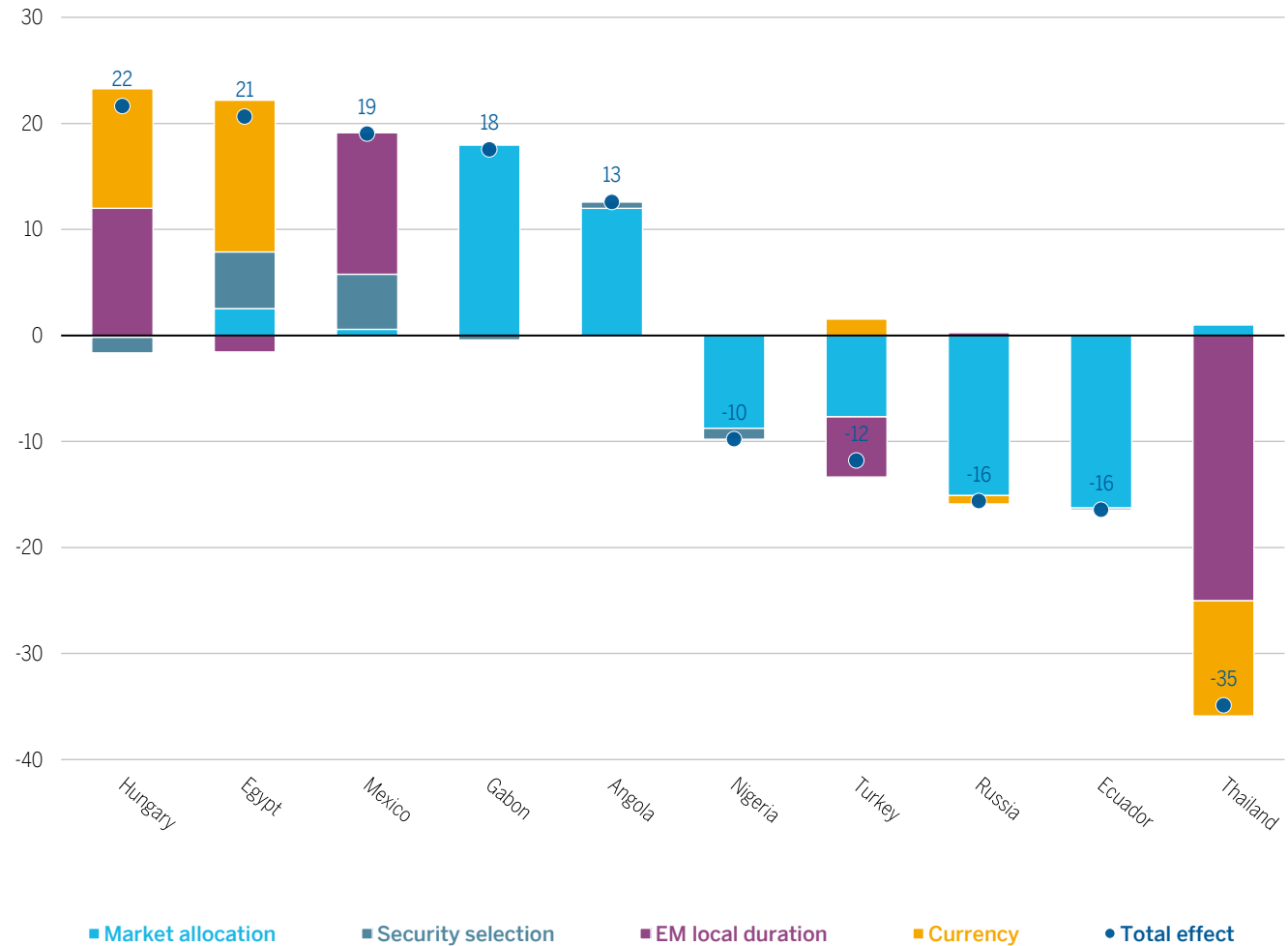
**PAST PERFORMANCE DOES NOT
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Blended Opportunistic Emerging Markets Debt

Performance review (USD): Three months as of 31 December 2022

Top five and bottom five market contributors, contribution to excess return (gross, bps)



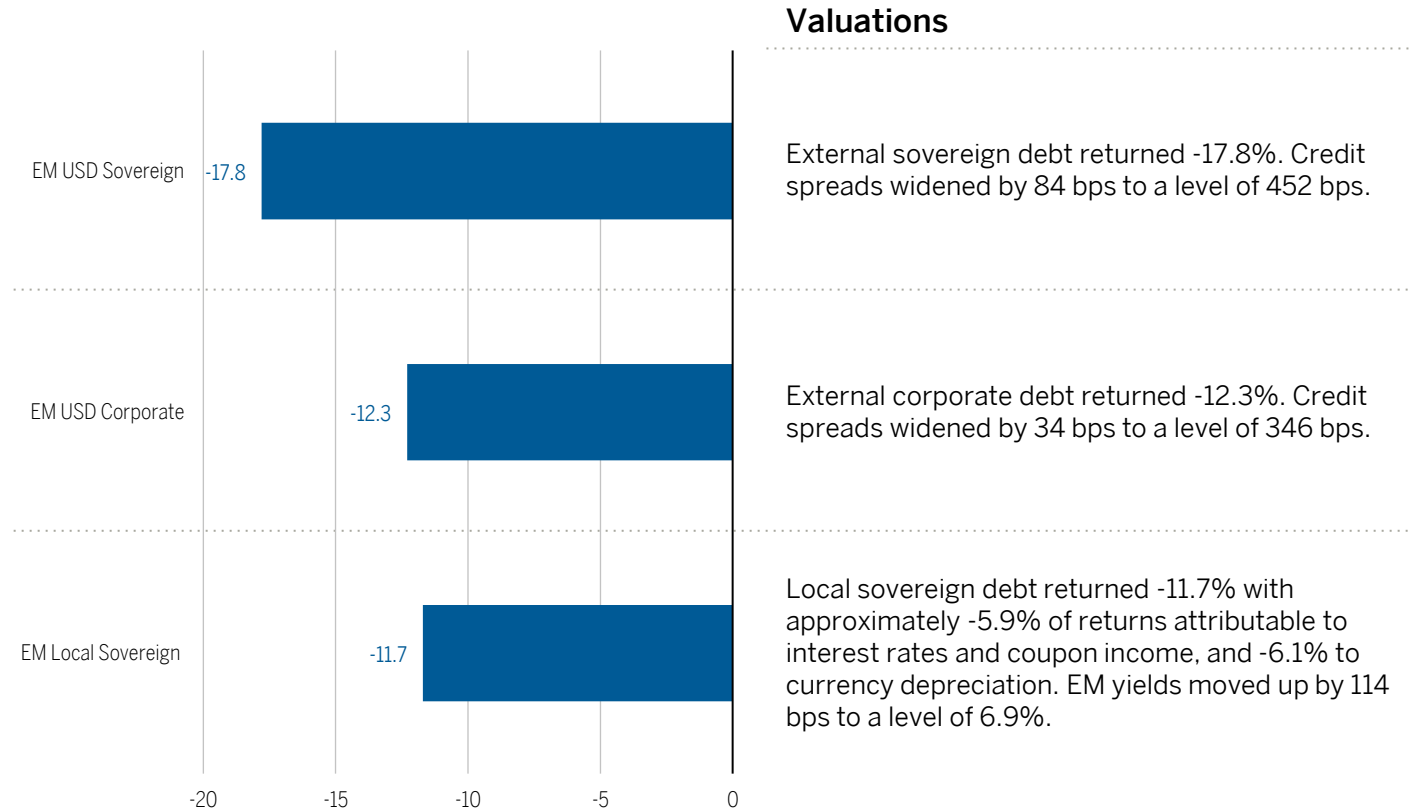
Benchmark used in the calculation of attribution data:
JP EMBI Gbl Div (50%) & GBI-EM Gbl Div (50%) Blend.
PAST PERFORMANCE DOES NOT PREDICT FUTURE RETURNS. AN INVESTMENT CAN LOSE VALUE.



Emerging markets sector review

One year index returns as of 31 December 2022

Emerging market index return (% in USD)

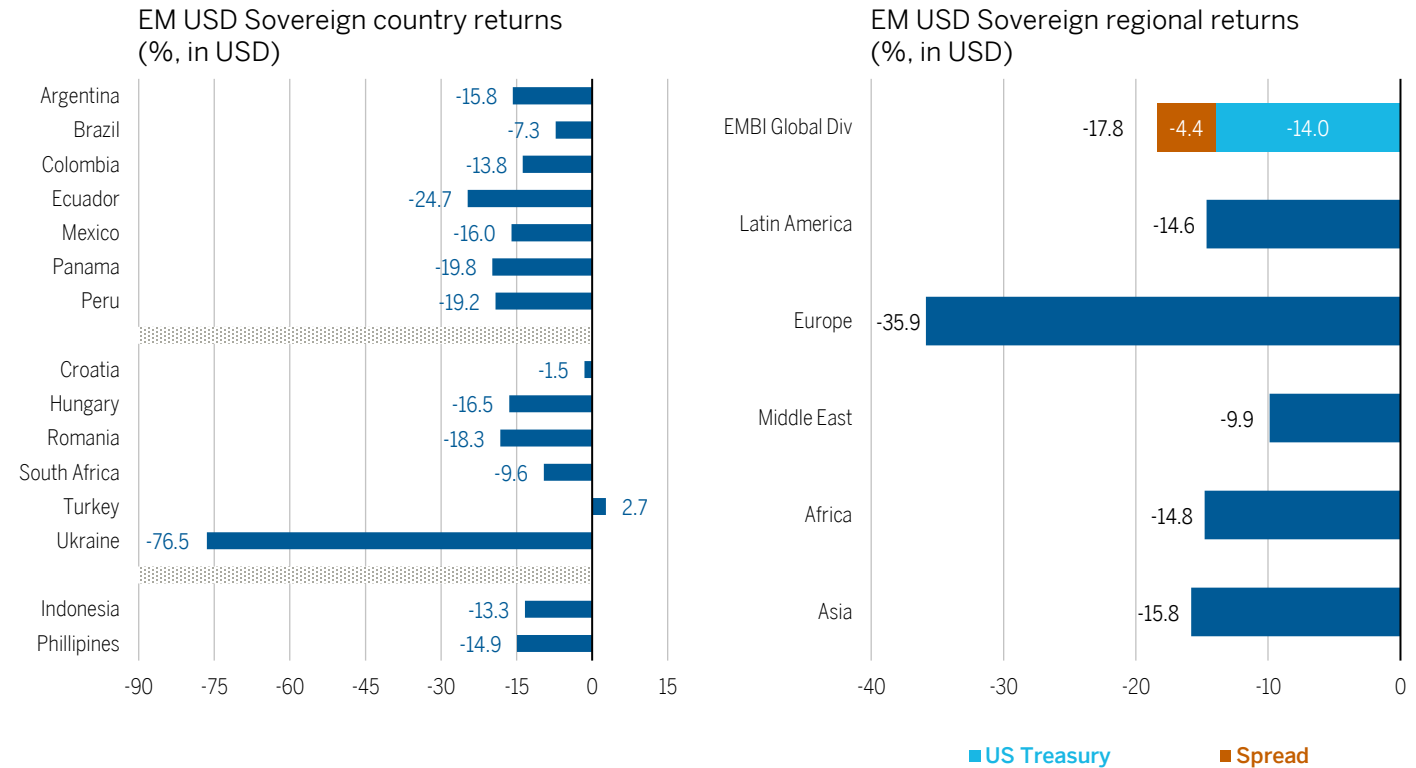


EM USD Sovereign Index: JPM EMBI Global Div | EM USD Corporate Index: CEMBI Broad Diversified | EM Local Sovereign Index: GBI-EM Global Diversified | Source: JPMorgan | **PAST PERFORMANCE DOES NOT PREDICT FUTURE RETURNS.**



Emerging markets country review

One year index returns as of 31 December 2022



The US Treasury generated returns of (-14.0%) while spreads widened 84 bps generating returns of (-4.4%)

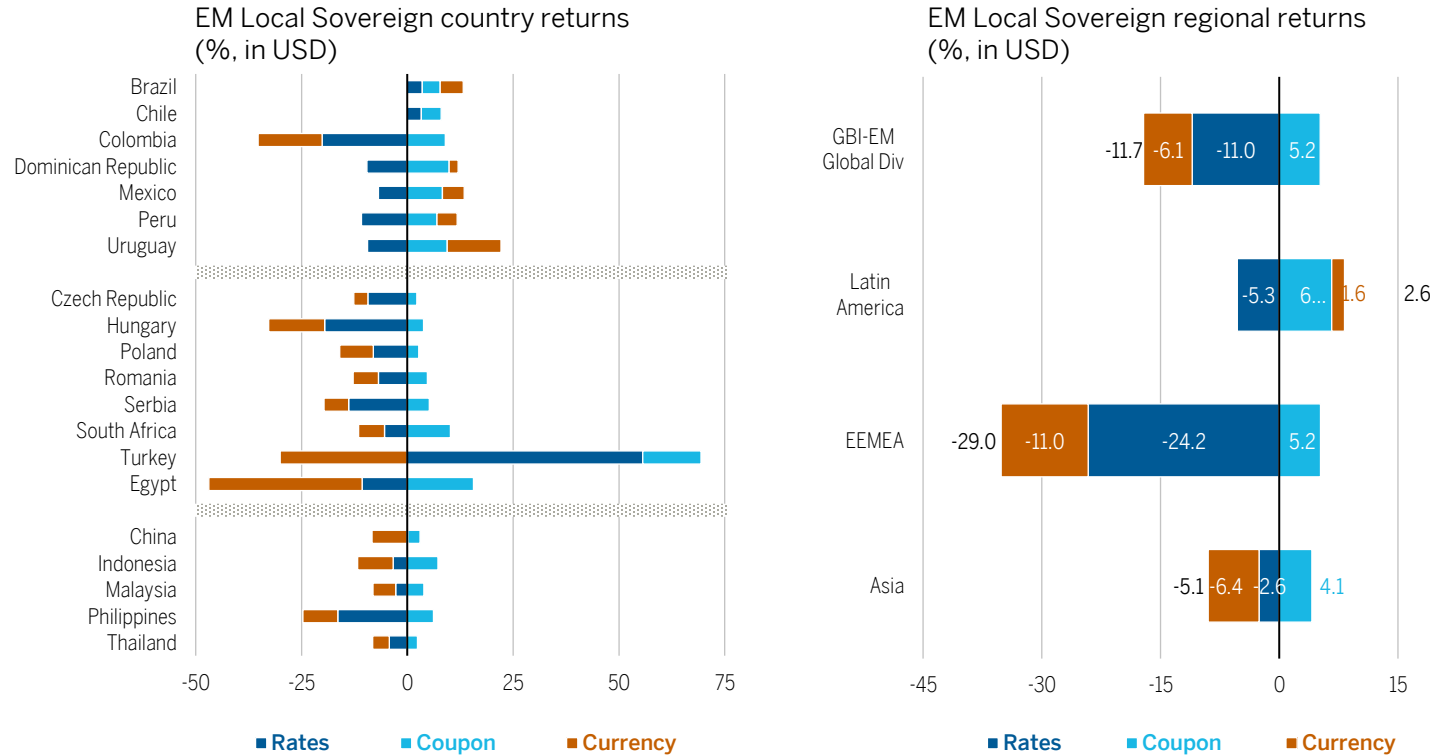
Performance by credit quality favored lower quality credits over the period with non-investment grade issuers (-15.7%) outperforming investment grade issuers (-19.8%)

EM USD Sovereign Index: JPM EMBI Global Div |
Source: JPMorgan | **PAST PERFORMANCE DOES NOT PREDICT FUTURE RETURNS.**



Emerging local markets country review

One year index returns as of 31 December 2022



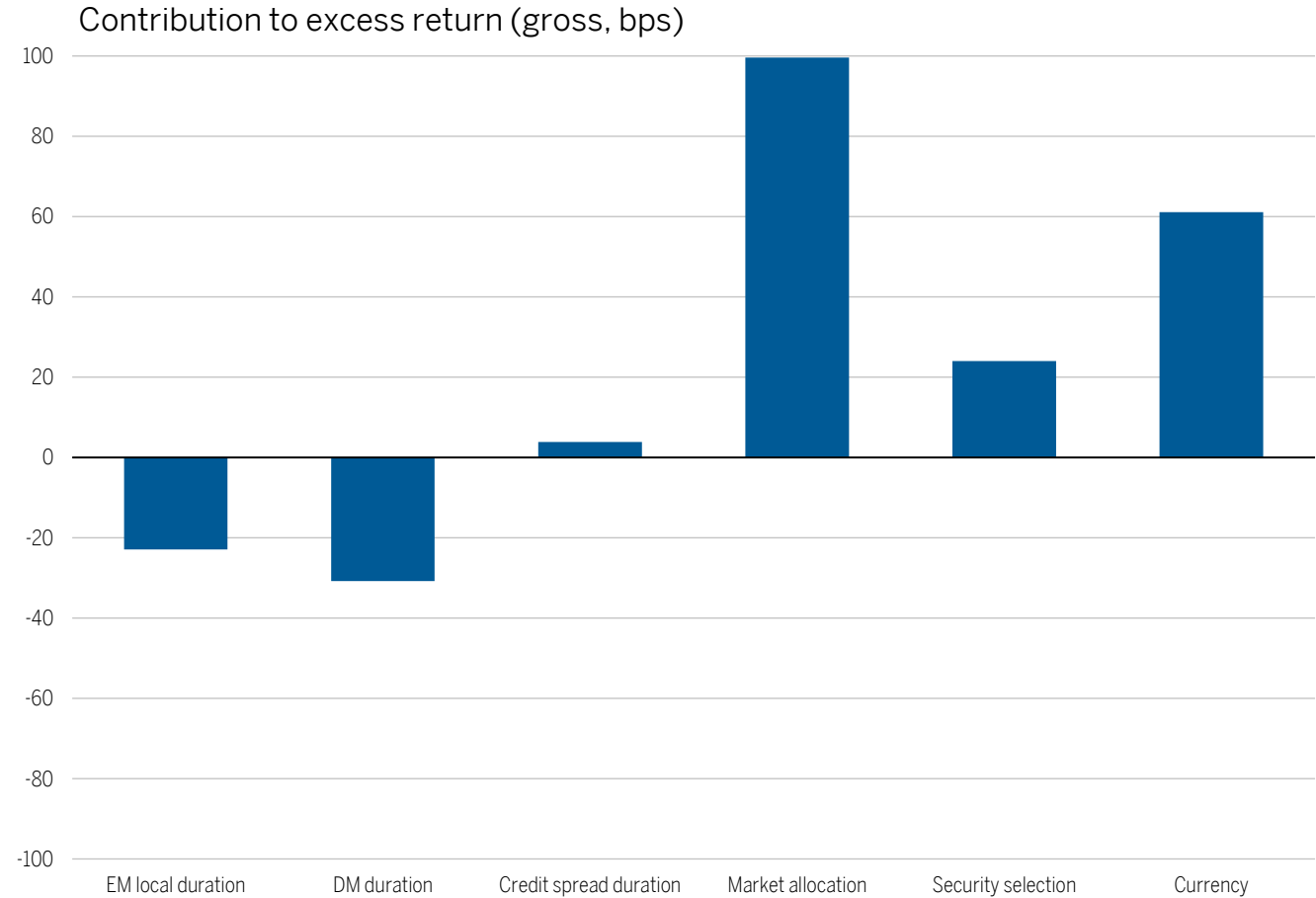
EM Local Sovereign Index: GBI-EM Global Diversified |
Returns are in USD terms | Source: JPMorgan |
**PAST PERFORMANCE DOES NOT
PREDICT FUTURE RETURNS.**

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Blended Opportunistic Emerging Markets Debt

Performance review (USD): One year as of 31 December 2022

Total effect: 133 bps



Benchmark used in the calculation of attribution data:
JP EMBI Gbl Div (50%) & GBI-EM Gbl Div (50%) Blend.

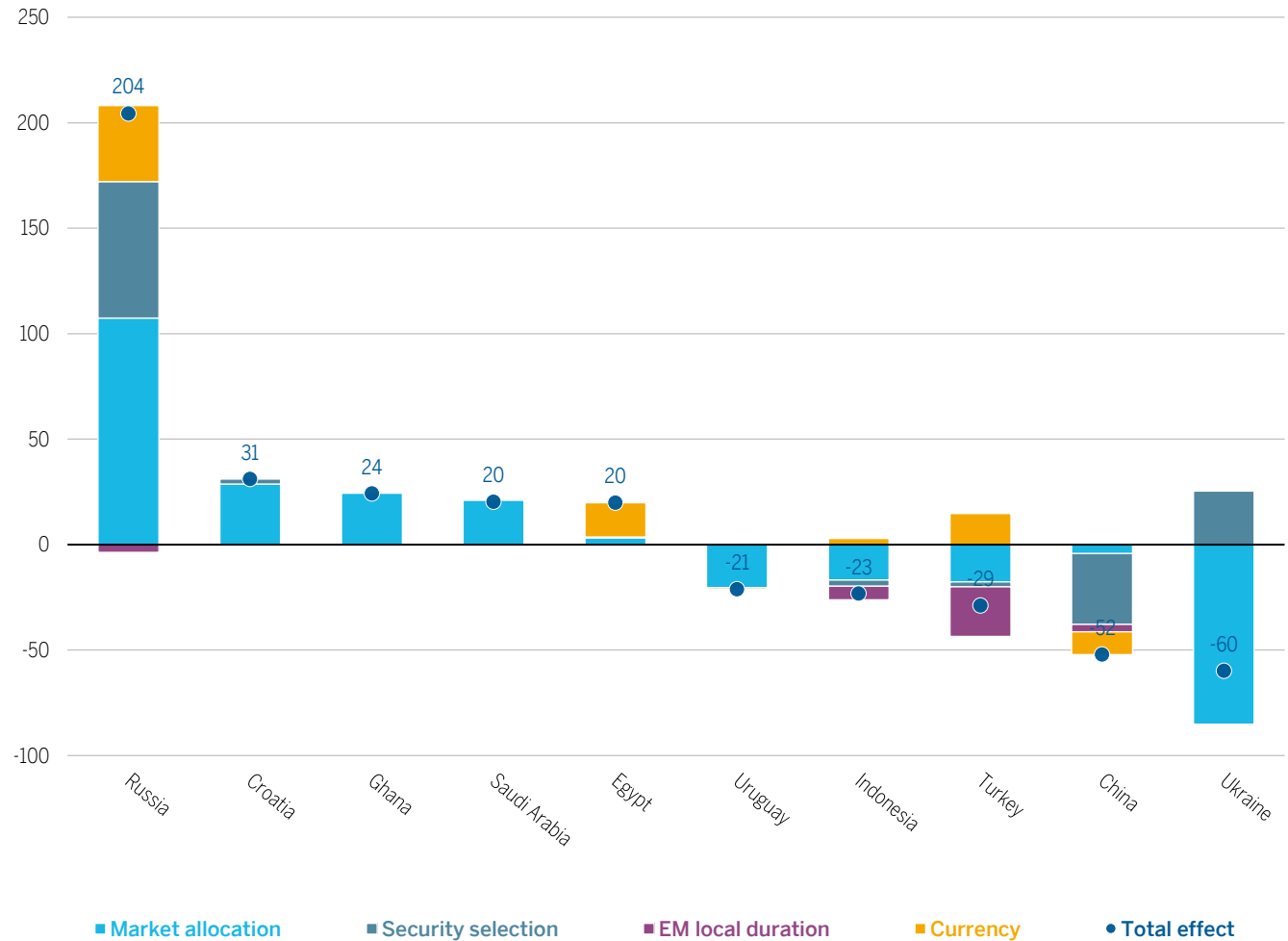
**PAST PERFORMANCE DOES NOT
PREDICT FUTURE RETURNS. AN
INVESTMENT CAN LOSE VALUE.**



Blended Opportunistic Emerging Markets Debt

Performance review (USD): One year as of 31 December 2022

Top five and bottom five market contributors, contribution to excess return (gross, bps)



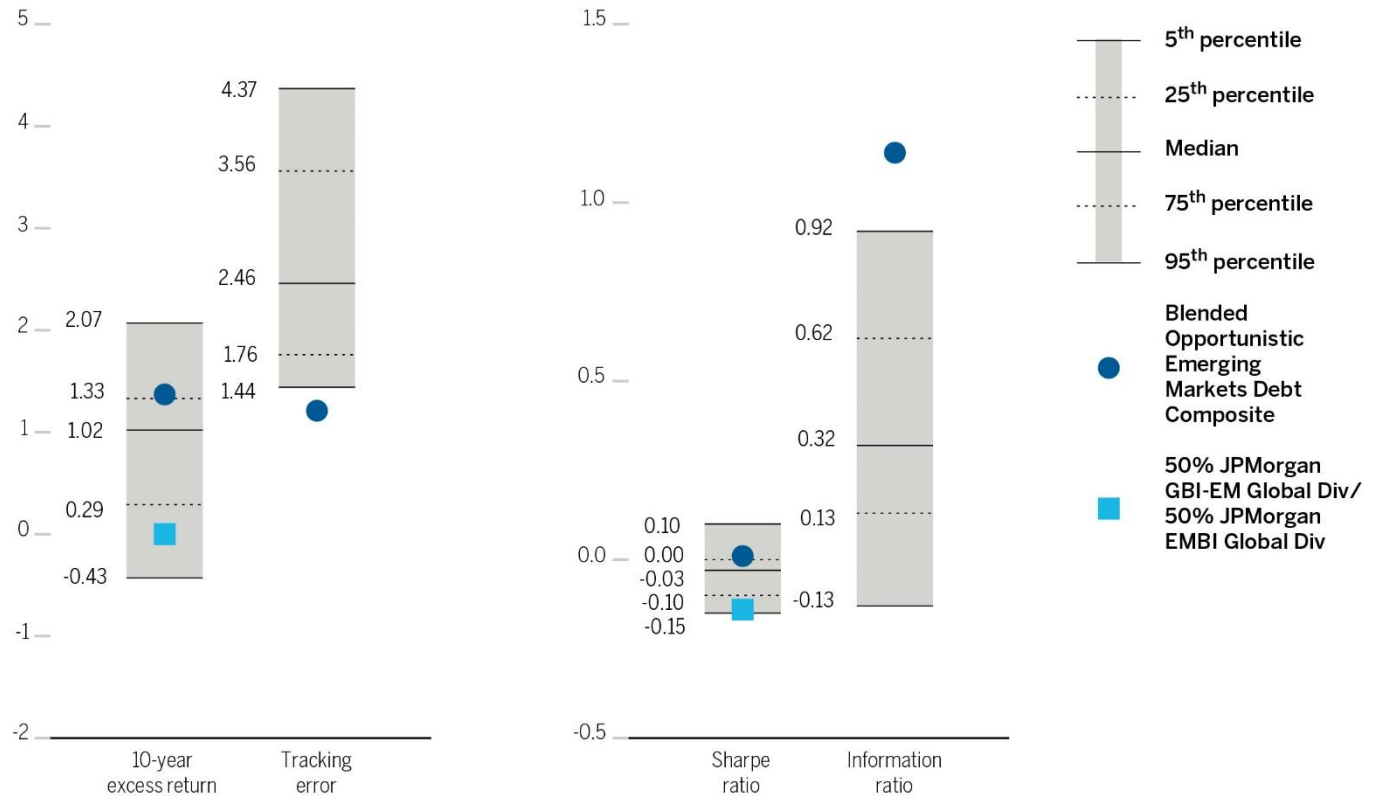
Benchmark used in the calculation of attribution data:
JP EMBI Gbl Div (50%) & GBI-EM Gbl Div (50%) Blend.
PAST PERFORMANCE DOES NOT PREDICT FUTURE RETURNS. AN INVESTMENT CAN LOSE VALUE.



Blended Opportunistic Emerging Markets Debt Composite

Risk comparison

10 years as of 30 September 2022 (gross excess, USD)



Source: eVestment Alliance | The Emerging Markets Fixed Income – Blended Currency manager returns are presented in USD for the 1 year, 3 years, 5 years, and 10 years as of 30 September 2022. | The inception of the Blended Opportunistic Emerging Markets Debt Composite (the “Adviser”) was 28 February 2009. The peer group comparison represents percentile rankings, which are based on excess of fee returns and reflects where those returns fall within the indicated eVestment Alliance universe. The custom Blended Filtered Universe includes strategies within The Global Emerging Markets Fixed Income– Blended Currency universe includes portfolios deemed appropriate by eVestment Alliance and that use any blended benchmark (custom blended EM benchmark or the traditional 50/50, 25/25/50, and 1/3 split s), excluding benchmark agnostic strategies and those that use rates such as LIBOR and EURIBOR.

Constituent observations are as of 08 November 2022. The Advisor did not pay a fee to be included in the rankings. Data is that of a third party. While data is believed to be reliable, no assurance is being provided as to its accuracy or completeness. | **PAST PERFORMANCE DOES NOT PREDICT FUTURE RETURNS. AN INVESTMENT CAN LOSE VALUE.**

PAST PERFORMANCE DOES NOT PREDICT FUTURE RETURNS. AN INVESTMENT CAN LOSE VALUE.

This information complements the required net of fee returns included elsewhere in these materials. Gross performance results are net of commissions and other direct expenses, but before (gross of) advisory fees, custody charges, withholding taxes, and other indirect expenses, and include reinvestment of dividends and other earnings. If all expenses were reflected, the performance shown would be lower. Actual fees will vary depending on, among other things, the applicable fee schedule and account size. This information complements the GIPS® Composite Report included at the end of the materials. Please refer to the Important Disclosures page for additional information.

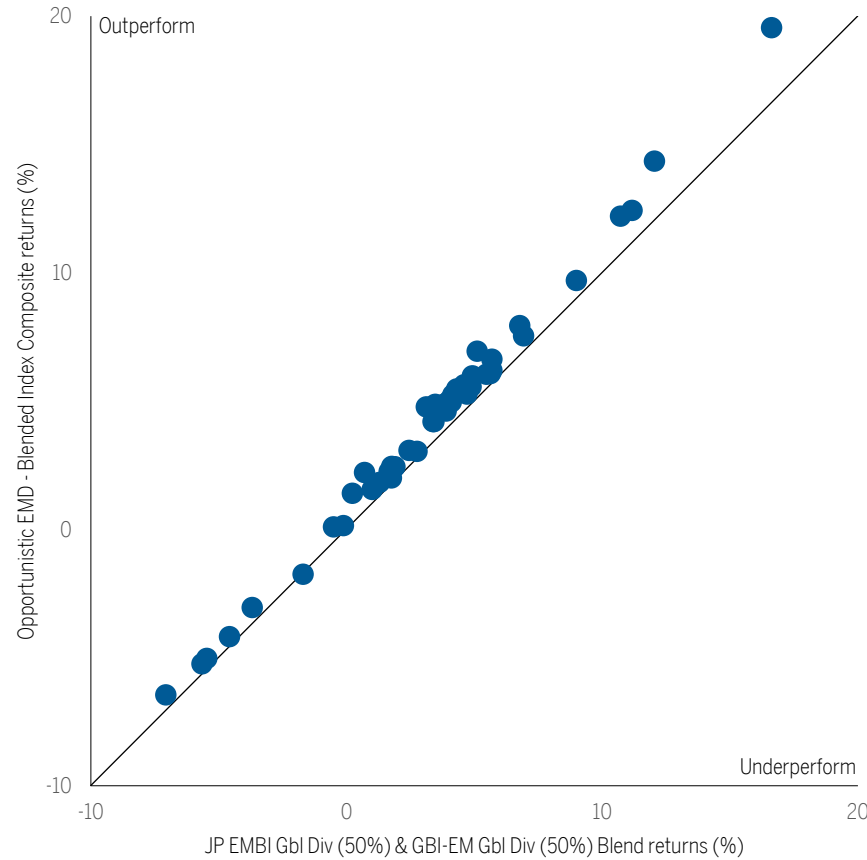
	1 year	3 years	5 years	10 years
Annualized return percentile rank (excess)	55	52	36	23
# of constituents	34	34	34	22

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Blended Opportunistic Emerging Markets Debt

Consistent historical performance

3-year annualized net returns, rolling quarterly,
28 February 2009 to 31 December 2022 (USD)



Performance displayed since 28 February 2009 represents the inception date of the composite. | **PAST PERFORMANCE DOES NOT PREDICT FUTURE RETURNS. AN INVESTMENT CAN LOSE VALUE.** Net performance results are based on the highest published US advisory fee for this product, include reinvestment of dividends and other earnings, and are net of advisory fees, commissions, and other direct expenses, but before custody charges, withholding taxes, and other indirect expenses. Composite returns have the potential to be adjusted until reviewed and finalized 30 days following each calendar quarter end period. This information complements the GIPS® Composite Report included at the end of the materials. Please refer to the Important Disclosures page for additional information.

Emerging Markets Debt outlook

First quarter 2023

Fundamentals: Elevated geopolitical and inflation risks challenge global economic activity

Global monetary policy tightening is a headwind to growth & increases pressure on FI markets

Energy exporters aided by boost to terms of trade, but inflationary impacts mute this

Inflation should moderate once past peak impacts from COVID reopening, Russia/Ukraine conflict

EM benefits ahead of DM as commodity prices and their inflationary effects turn

Country selection remains critical given the impact of geopolitics, fiscal policy, and refinancing costs

EM corporate fundamentals positive/stable especially in oil & gas, telecoms, utilities, and infrastructure

Valuations: Attractive versus history

EM spread at attractive levels & historically have shown strong returns one year forward from here

Rising dispersion providing opportunities and areas to avoid – particularly in lower-end HY/distressed

EM central bank interest rate hikes a headwind for local rates, appear to be nearing end of cycle

EM currency valuations are attractive, remain selective

Technical: Relatively resilient despite outflow pressures with limited credit issuance

EM credit flows mixed, crossover interest at lows, and local outflows dominated by regional allocators

EM credit issuance by sovereign and corporate issuers lagging historical figures meaningfully

Liquidity impacted by geopolitics/dealer risk budgets - wider bid/offers & smaller average transaction sizes

Views of the Emerging Markets Debt Team are based on available information and are subject to change without notice. Information contained within the Outlook section contains estimates and forecasts. Actual results may vary significantly. This is not to be construed as investment advice or a recommendation to buy or sell any specific security.



Emerging Markets Debt: Outlook snapshot

Global economic activity challenged by geopolitics and inflation

Economic growth under pressure from global monetary policy tightening

Inflation pressures starting to wane: watch food, oil, US dollar

Expect differentiated outcomes across countries

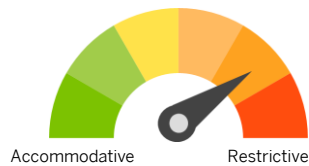
Factors to watch

Global policy response

Global growth trajectory

Global inflation trajectory

Valuations



Conclusion: focus on relative value, country and security selection; identifying inflection points paramount

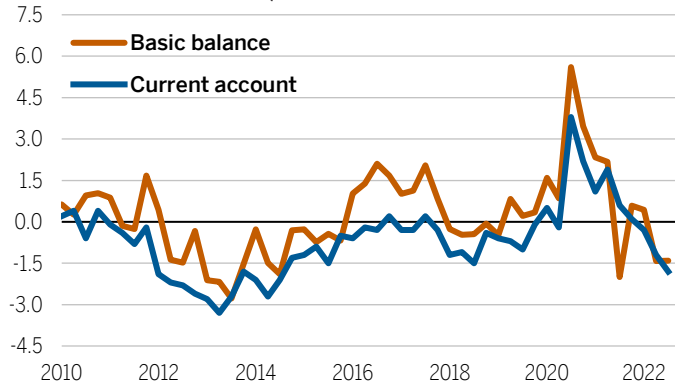
Views of the Emerging Markets Debt Team are based on available information and are subject to change without notice. Information contained within the Outlook section contains estimates and forecasts. Actual results may vary significantly. Individual portfolio management teams may hold different views. This is not to be construed as investment advice or a recommendation to buy or sell any specific security.



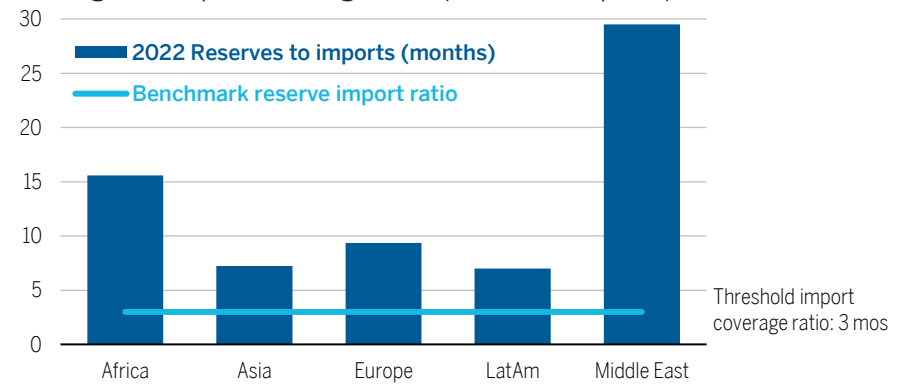
EM fundamentals relatively resilient

Country selection remains important

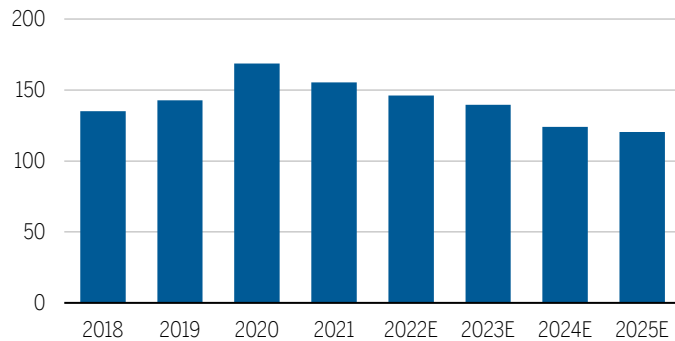
External position: EM current accounts close to balanced
Current account (% GDP, GBI-EM Global Div Index-weighted)¹



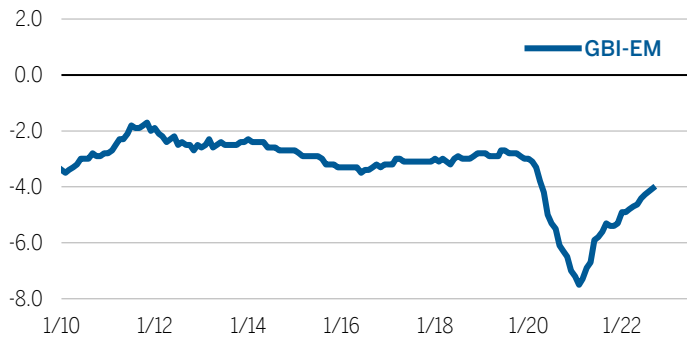
Liquidity: Reserves comfortably above key threshold
Regional import coverage ratio (reserves/imports)²



Solvency: Debt burdens stabilizing
EM ext debt/exports (% , GBI-EM Global Div Index-weighted)³



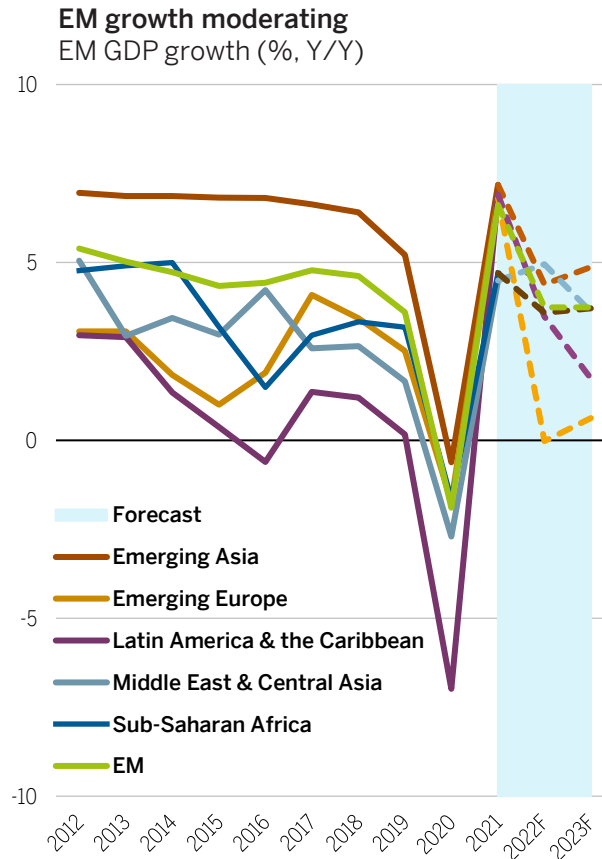
EM fiscal improving, more work ahead
(% of GDP, GBI-EM Global Div Index-weighted)⁴



¹GBI-EM Global Div Index-weighted 4Q 2022 data. Index weights are taken as of December 2022. Sources: Haver Analytics, Wellington Management. Chart data: 1 January 2010 – 4Q2022. | ²Sources: Bloomberg, Haver Analytics, IMF, Wellington Management. The import coverage ratio is a measure of the level of FX reserves of a country in comparison to its imports, expressed in months of imports. Typically, three months of imports is used as a benchmark to indicate adequacy. Regional figure uses equal country weightings. As of 31 December 2022. | ³External debt includes both private and public debt. Sources: Bloomberg, Haver Analytics, IMF, Wellington Management. As of 31 December 2022. Chart data: 2018 – 2025E. 2022 – 2025 based on Wellington Management estimates. | ⁴Sources: Haver Analytics, Wellington Management. Chart data: January 2010 – September 2022. | Views of the Emerging Markets Debt Team are based on available information and are subject to change without notice. Information contained within the Outlook section contains estimates and forecasts. Actual results may vary significantly. Individual portfolio management teams may hold different views. This is not to be construed as investment advice or a recommendation to buy or sell any specific security. Solvency charts include forecasted data for 2022 – 2025 based on Wellington Management estimates. Actual results may vary, perhaps significantly, from forward looking estimates.

EM growth slowed by tighter policy, rising prices

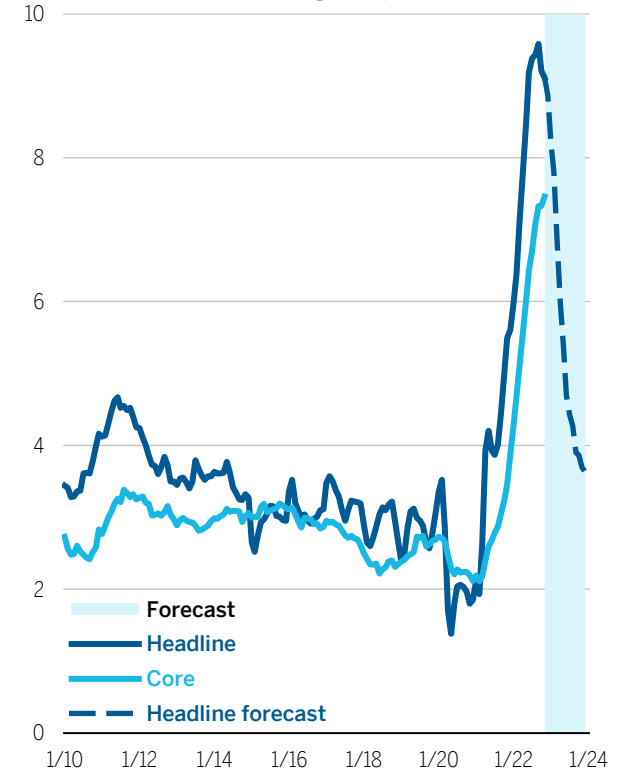
Inflation appears to be coming off the boil



EM GDP figures are represented by countries the IMF defines as emerging. As of October 2022. | Sources: IMF, World Economic Outlook Database. | Chart data: 2012 – 2023F.

Inflation pressures easing as growth cools

Inflation, Y/Y % change (GBI-EM Global Diversified Index-weighted)



Data based on countries in the JPMorgan GBI-EM Global Diversified index, excluding Serbia, Egypt, Uruguay, and Dominican Republic due to lack of data availability for those countries. Inflation forecasts through December 2023 are based on Wellington Management quantitative forecasts. | Sources: JPMorgan, Haver Analytics and Wellington Management | Chart data: January 2010 – December 2023E. Actual results may vary, perhaps significantly, from forward looking estimates.

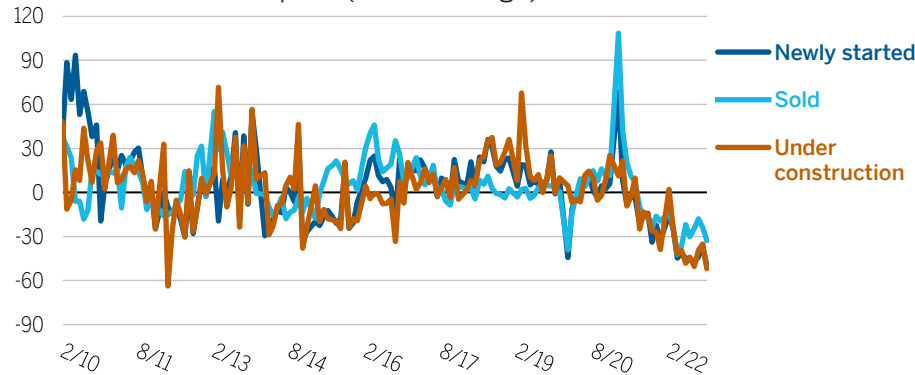
Views of the Emerging Markets Debt Team are based on available information and are subject to change without notice. Information contained within the Outlook section contains estimates and forecasts. Actual results may vary significantly. Individual portfolio management teams may hold different views. This is not to be construed as investment advice or a recommendation to buy or sell any specific security.

China: Beginning to pivot?

Policy driven weakness may start to reverse with property support, end of zero-COVID

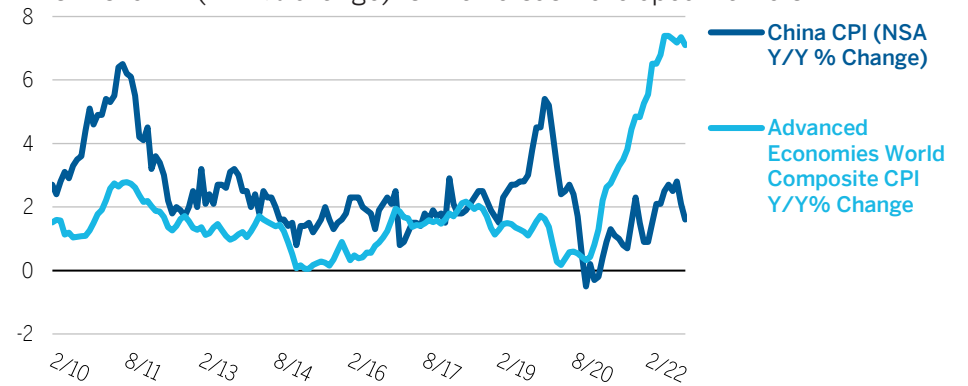
Government mandated deleveraging has led to a decline in property sector activity

Residential floor space (Y/Y % change)¹



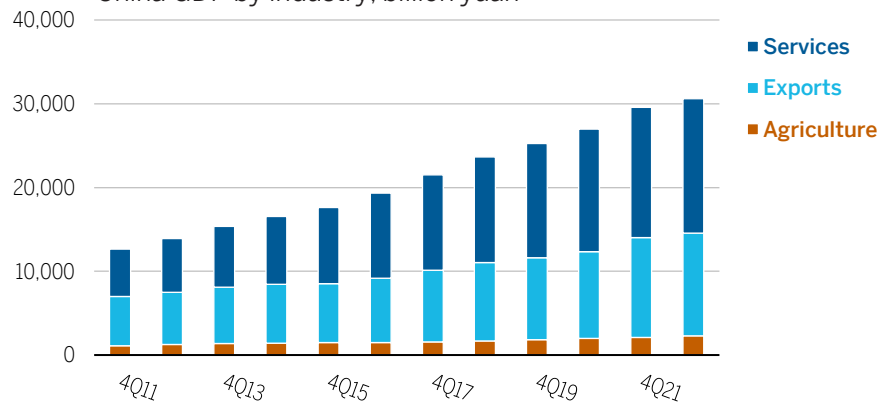
Zero COVID policy has suppressed mobility and inflation while recent loosening of guidelines may create a reversal in activity

CPI Growth (Y/Y % change): China versus Developed Markets²



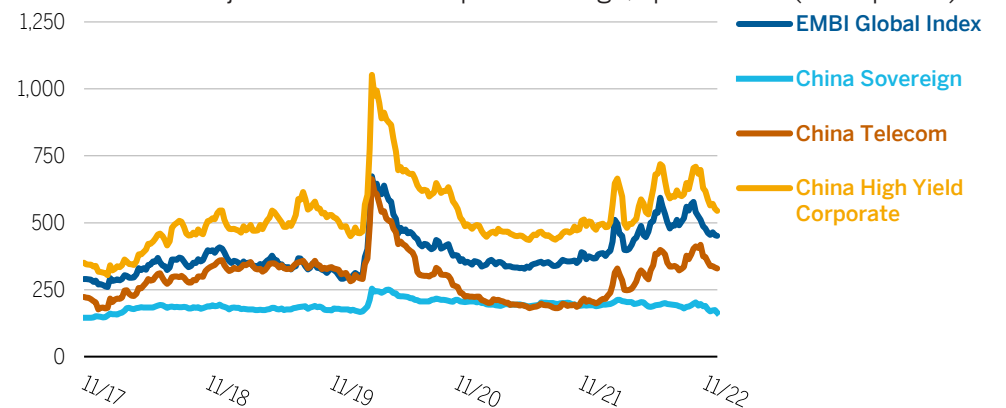
Service activity a key indicator informing timing and magnitude of recovery amid easing COVID and economic policies

China GDP by industry, billion yuan³



China sovereign spreads resilient amidst widening telecom and high yield, degree of attractiveness to be driven by policy decision

Valuation adjustment in credit spread change, spread level (basis points)⁴



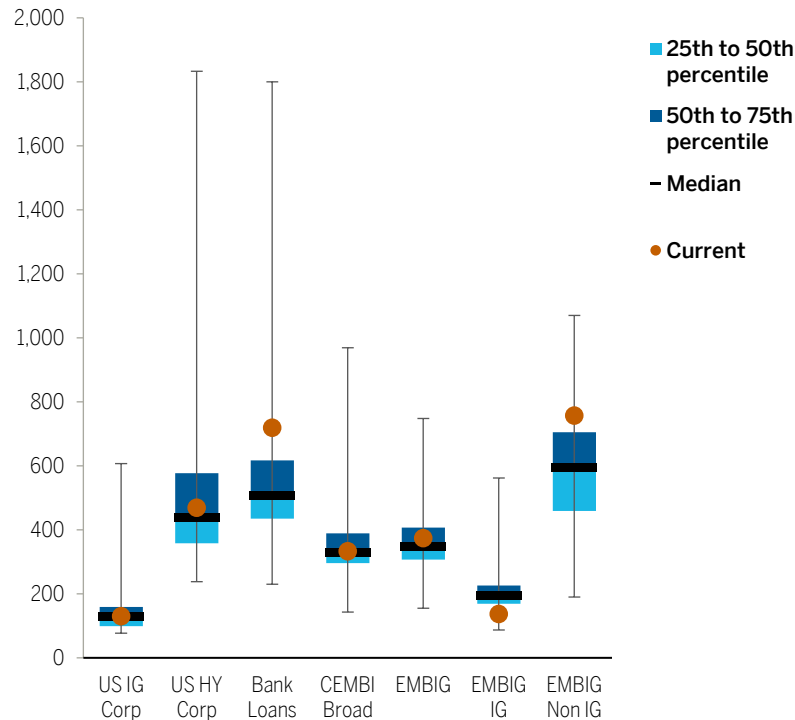
¹Source: Bloomberg. Chart data: Feb 2010 – Nov 2022. | ²Source: Haver Analytics. Chart data: Feb 2010 – Nov 2022. | ³Source: Haver. Chart Data: 4Q2011 – 3Q2022. | ⁴Source: Bloomberg. Chart data: 24 Nov 2017 – 30 Dec 2022. | Views of the Emerging Markets Debt Team are based on available information and are subject to change without notice. Information contained within the Outlook section contains estimates and forecasts. Actual results may vary significantly. Individual portfolio management teams may hold different views. This is not to be construed as investment advice or a recommendation to buy or sell any specific security.



EM spreads attractive relative to history

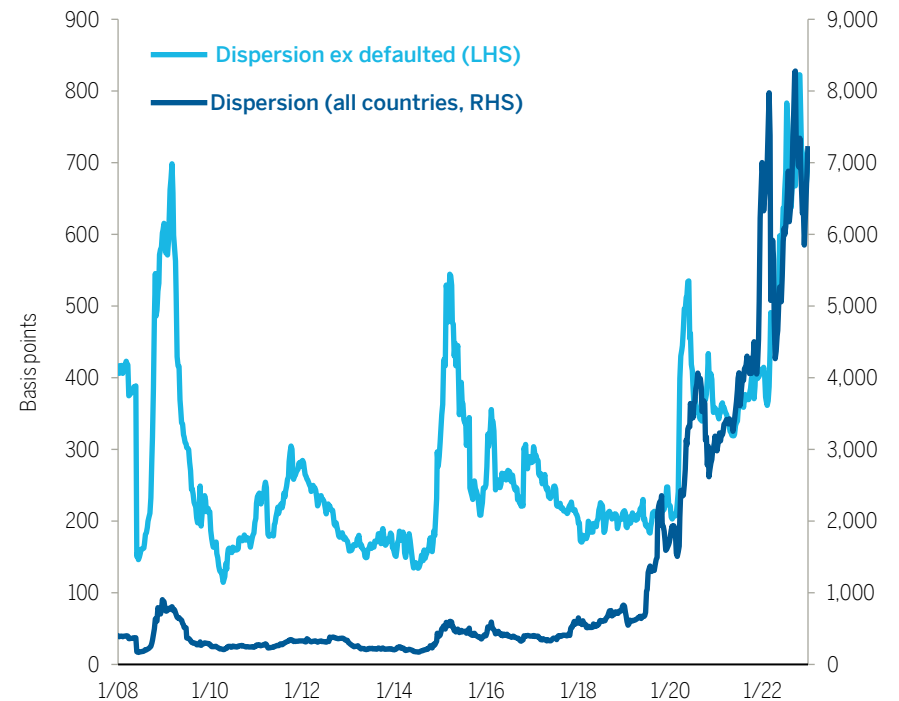
High yield cheaper than investment grade

EM value concentrated in high yield issuers
Historical spreads (OAS, bps)²



Current OAS	130	469	719	333	374	137	757
Percentile rank (%)	51	56	88	53	63	11	85

Rising spread dispersion may increase opportunity for credit selection¹

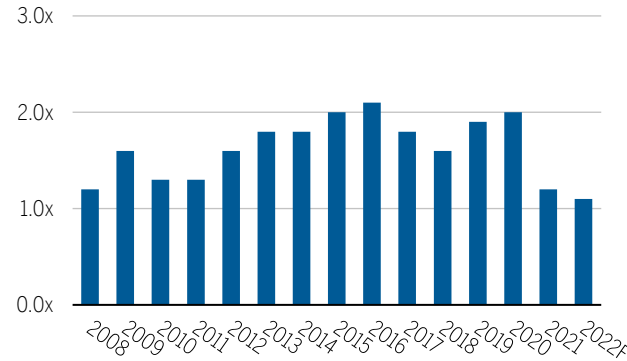


¹Spread dispersion measured by standard deviation between individual country sub-index spreads within with JP Morgan EMBI Global Diversified using weekly spread to worst. Source: JPMorgan. Chart data: 4 January 2008 – 30 December 2022. | ²Sources: JPMorgan, Wellington Management. Historical spread analysis based on month-end option adjusted spreads as of month-end of December 2022. Chart data: trailing month-end 20 years through December 2022. | Views of the Emerging Markets Debt Team are based on available information and are subject to change without notice. Information contained within the Outlook section contains estimates and forecasts. Actual results may vary significantly. Individual portfolio management teams may hold different views. This is not to be construed as investment advice or a recommendation to buy or sell any specific security.

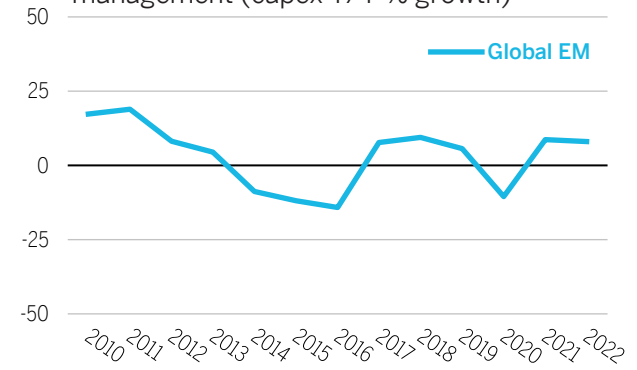
EM Corporate fundamentals improving, supply should be limited

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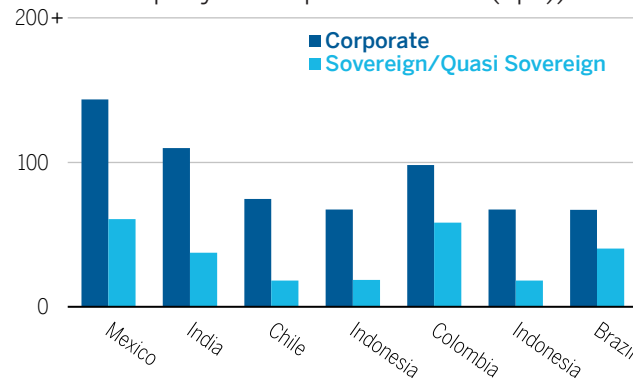
Fundamentals: : Leverage declining amidst continued recovery in revenue (net leverage, global EM (x))¹



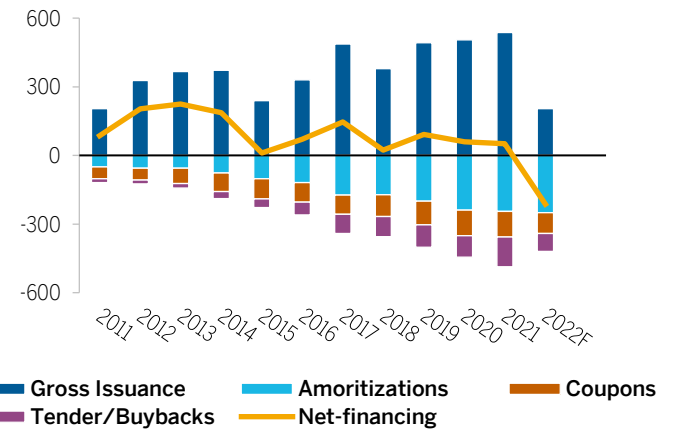
Fundamentals: EMC issuers exhibit moderate capex and prudent balance sheet management (capex Y/Y % growth)²



Valuations: Corporate selection offers attractive returns vs alternatives (spread to worst per year of spread duration (bps))³



Technicals: Supply muted in most regions amidst limited near-term maturities (net financing, US\$ bil)⁴

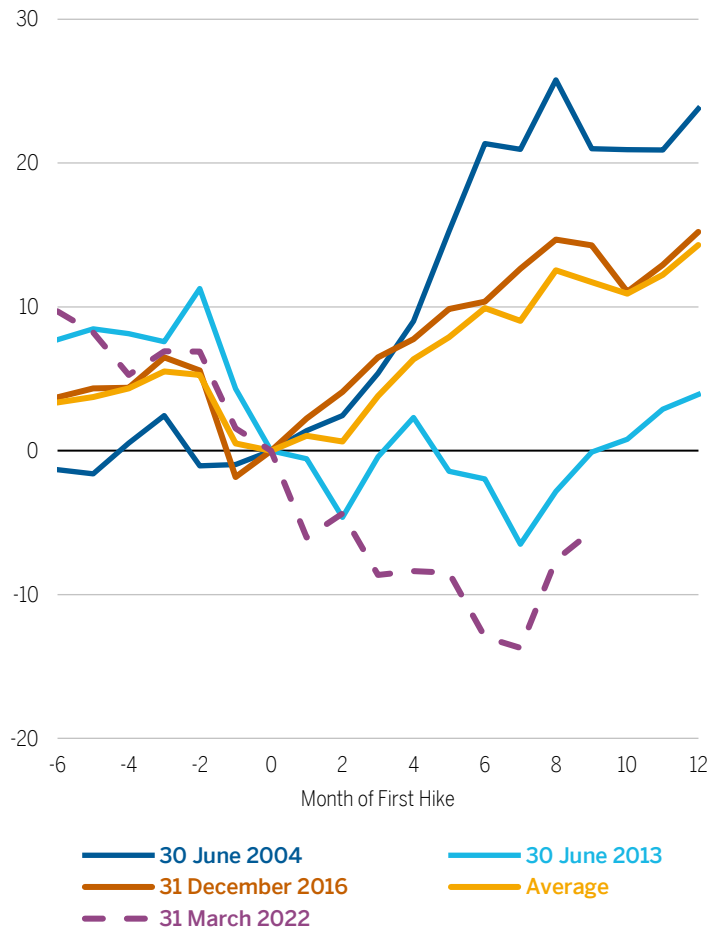


¹Source: JPMorgan. As of November 2022. Chart data: 2008 – 2022F. | ²Source: JPMorgan. As of November 2022. Utilizing an evolving set of external bond issuers with debt outstanding and excluding 100%-quasis, financials, real estate, and defaulted companies. Chart data: 2010 – 3Q2022. | ³Sovereign/Corporate data shown is of the Opportunistic Emerging Markets Debt representative account which has EM corporate exposure, is for information purpose only, is subject to change, and is not indicative of future portfolio characterizes or returns. Quasi-sovereign spread data from JPMorgan EMBI Global. The Y-axis label was modified for better illustration. As of 31 December 2022. | ⁴Source: JPMorgan. As of November 2022. Chart data: 2011 – 2022F.

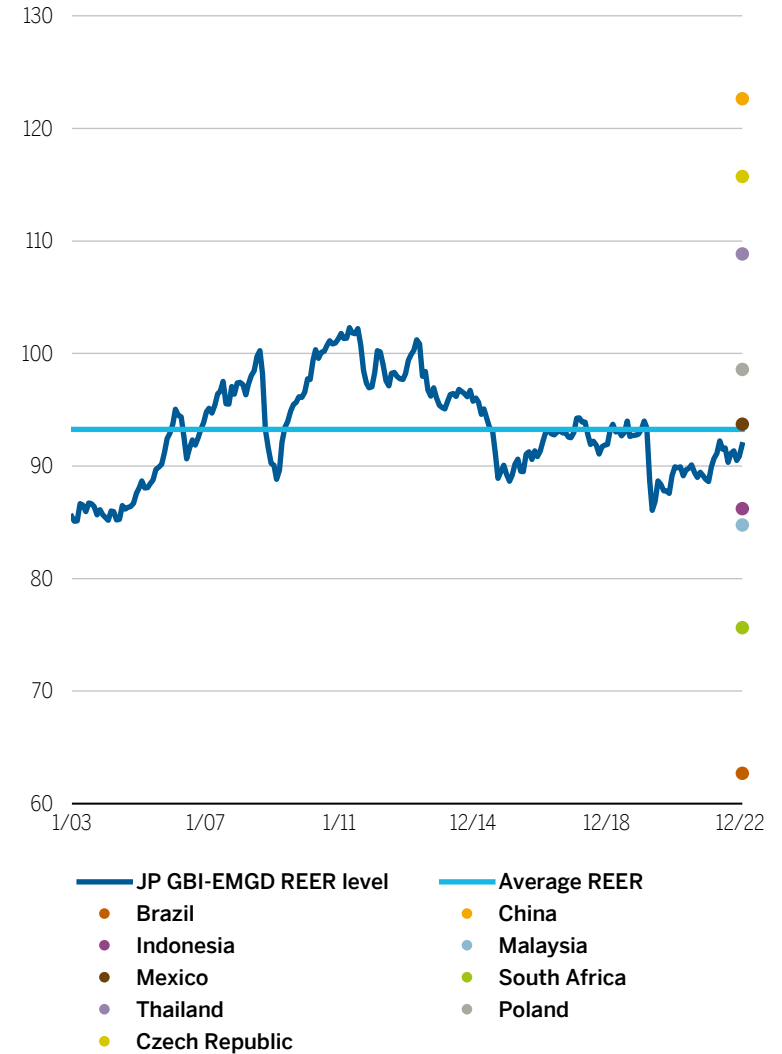
Currencies: Aggregate valuations hide opportunities

Stronger FX likely requires weaker US dollar

ELD Total Returns Relative to First Fed Hike¹



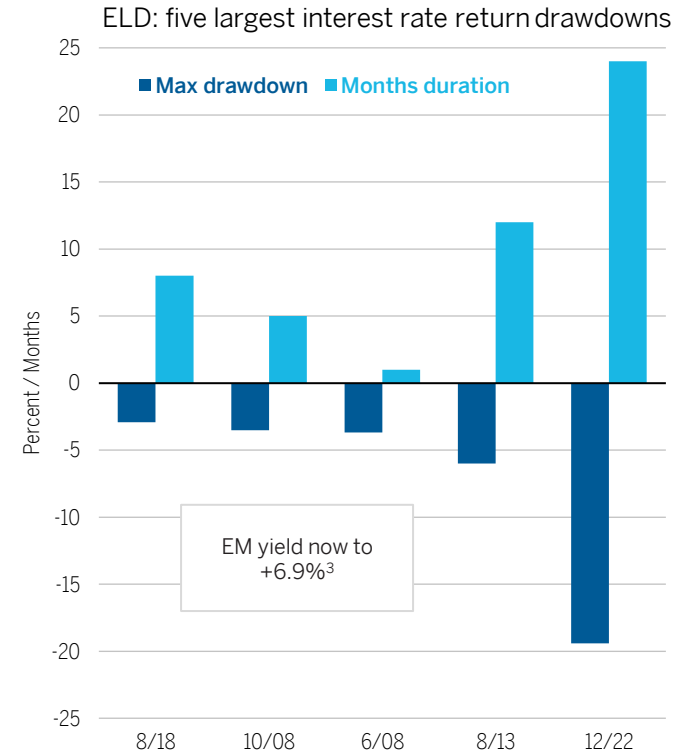
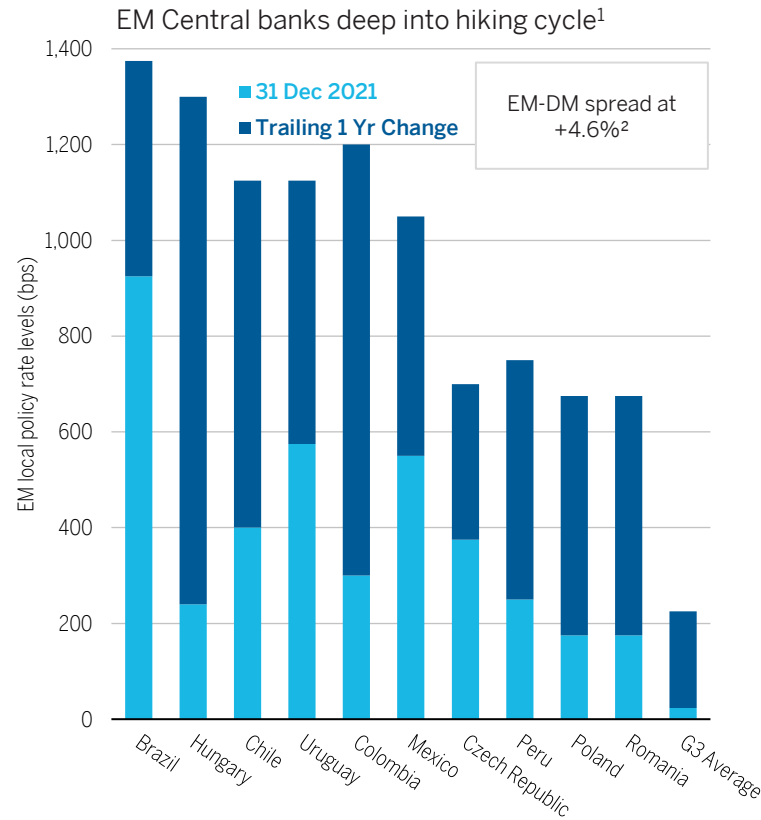
Dispersion between currencies rising²



¹Sources: JPMorgan, Bloomberg, Wellington Management. Chart data as of 31 December 2022. |
²The Bank for International Settlements (BIS) defines Real Effective Exchange Rates (REER) as the weighted average of bilateral real exchange rates with trading partners of a country. Based on month-end REER levels for the JPMorgan GBI-EM Global Diversified FX. December 2022 weighting applied. Based on BIS monthly-end data from January 2004 – January 2018 and then Wellington Management monthly-end data from February 2018 – December 2022. | Sources: Bloomberg, JPMorgan, BIS, Wellington Management. | Views of the Emerging Markets Debt Team are based on available information and are subject to change without notice. Information contained within the Outlook section contains estimates and forecasts. Actual results may vary significantly. Individual portfolio management teams may hold different views. This is not to be construed as investment advice or a recommendation to buy or sell any specific security. | Chart data: month-end values January 2003 – November 2022.

EM Local Rates: Yield advantage improving

EM central banks well ahead of DM counterparts

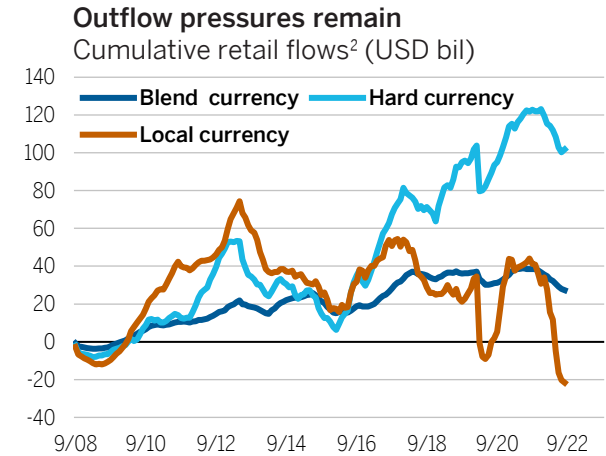
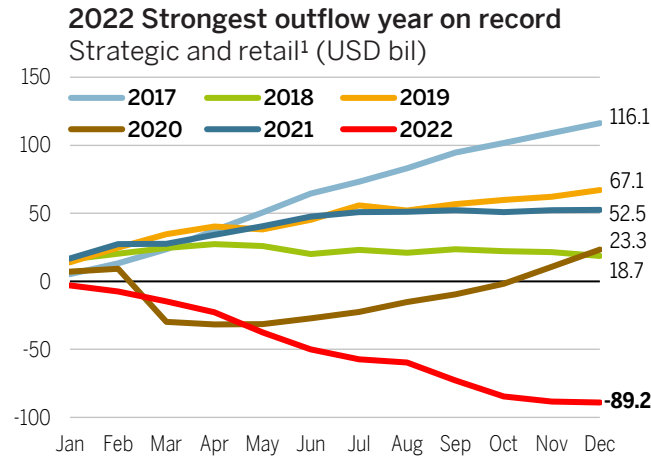


¹Source: Bloomberg. Chart data as of December 31, 2022. | ²Sources: JPMorgan, Wellington Management. Based on month-end yield of the JPMorgan GBI-EM GD countries (index-weighted). G3 is the equal weighted average of the US, Euro area, Japan 5-year treasury yields. As of 31 December 2022. | ³Source: JPMorgan, Wellington Management. JPMorgan GBI-EM GD index level yield. As of December 31. | Views of the Emerging Markets Debt Team are based on available information and are subject to change without notice. Information contained within the Outlook section contains estimates and forecasts. Actual results may vary significantly. Individual portfolio management teams may hold different views. This is not to be construed as investment advice or a recommendation to buy or sell any specific security.

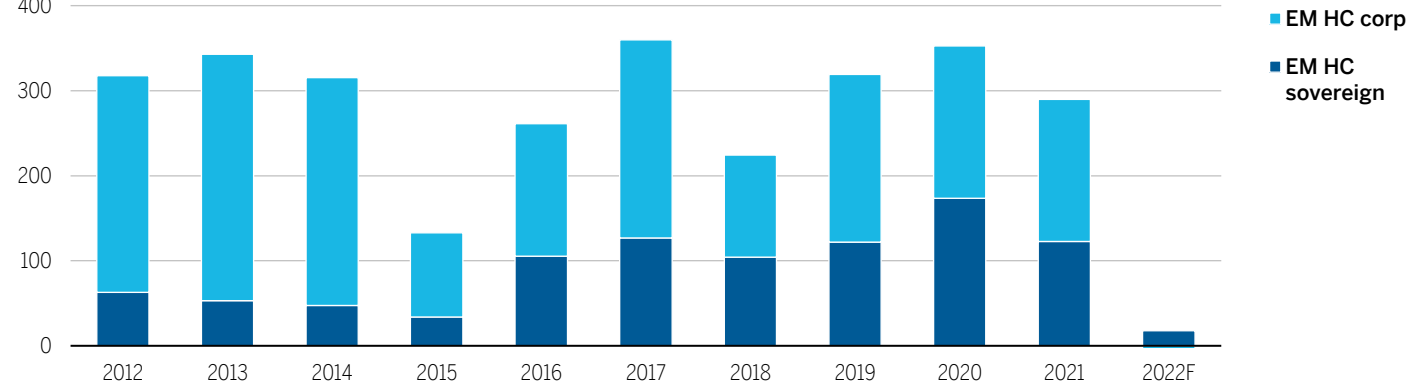


Emerging market debt flows under pressure

Outflows offset by limited supply



2023 expected to be a continuation of reduced supply, the first quarter exhibiting elevated new issue concessions amidst a seasonal uptick in activity
Net issuance³ (USD bil)



¹Source: JPMorgan. Based on month end values January 2015 – December 2022. | ²Source: EPFR Global. Based on month end values September 2008 – November 2022. | ³EM sovereign net issuance is defined as hard currency (HC) denominated bonds (USD, EUR, GBP, CHF & JPY) issued from EM sovereigns. Net issuance is defined as gross issuance less amortizations and tenders/buybacks/calls. Sources: Bond Radar, JPMorgan, Bloomberg. Chart data: 2012 – 2022F. Data as of November 2022. | Views of the Emerging Markets Debt Team are based on available information and are subject to change without notice. Information contained within the Outlook section contains estimates and forecasts. Actual results may vary significantly. Individual portfolio management teams may hold different views. This is not to be construed as investment advice or a recommendation to buy or sell any specific security.

Blended Opportunistic Emerging Markets Debt Portfolio characteristics

Statistics

	31 December 2022		30 September 2022	
	Portfolio	Benchmark	Portfolio	Benchmark
Yield to worst (%)	7.8	7.4	8.1	8.1
Duration - credit spread (yrs)	3.28	3.30	2.98	3.22
Duration - effective (yrs)	5.83	5.78	5.70	5.66
Option-adjusted spread (bps)	223	169	258	226
Duration times spread (DTS)	1,137	974	1,371	1,241
Moody's rating	Baa3	Baa3	Baa3	Baa3
S&P rating	BBB-	BBB	BBB-	BBB
EM external sovereign exposure (%)	32.7	40.4	27.9	40.0
EM external quasi-sovereign exposure (%)	10.8	9.1	8.9	9.5
EM external corporate exposure (%)	8.5	0	8.0	0
EM local debt exposure (%)	44.9	50.4	47.8	50.4
Local Debt CTD (yrs)	2.44	2.48	2.46	2.45
EM currency exposure (%)	51.4	50.4	48.2	50.4
Cash balance (%)	6.6	0	10.3	0

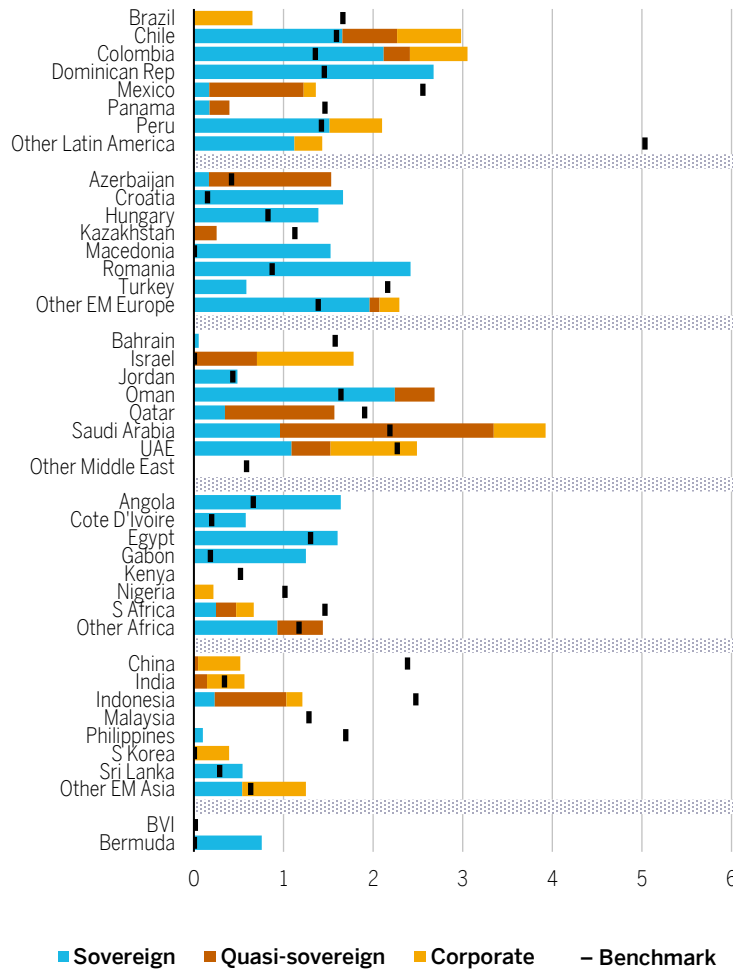
Benchmark: JP EMBI Gbl Div (50%) & GBI-EM Gbl Div (50%) Blend.



Blended Opportunistic Emerging Markets Debt

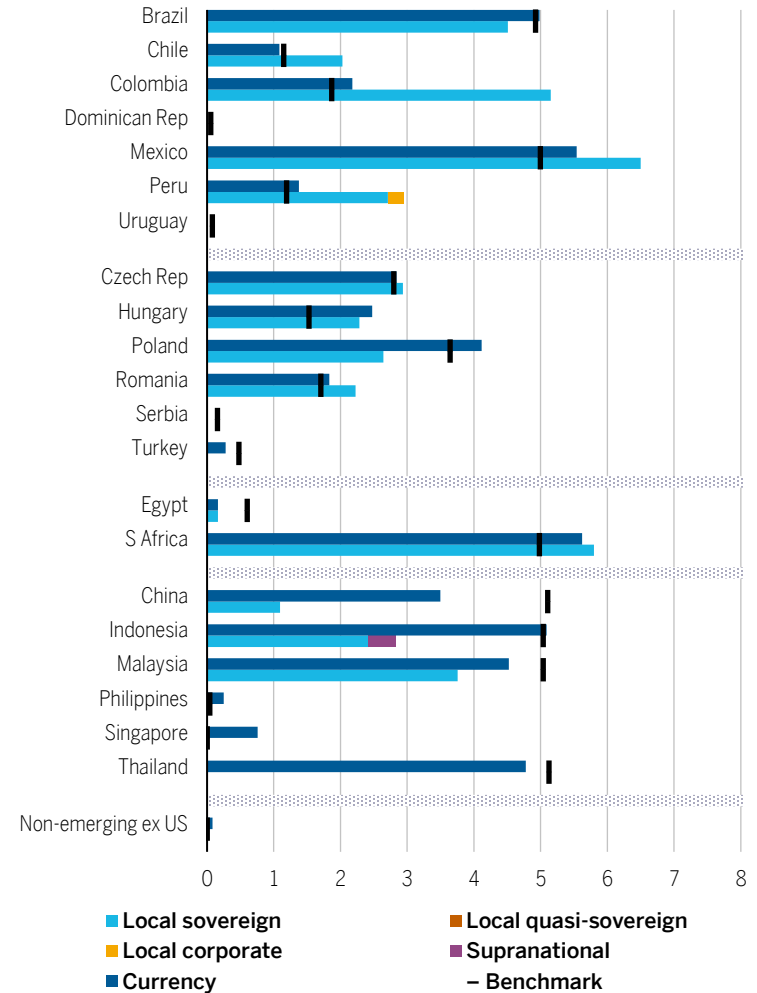
Portfolio positioning as of 31 December 2022

Hard currency debt exposure (ME %)



Benchmark: JP EMBI Gbl Div (50%) & GBI-EM Gbl Div (50%) Blend.

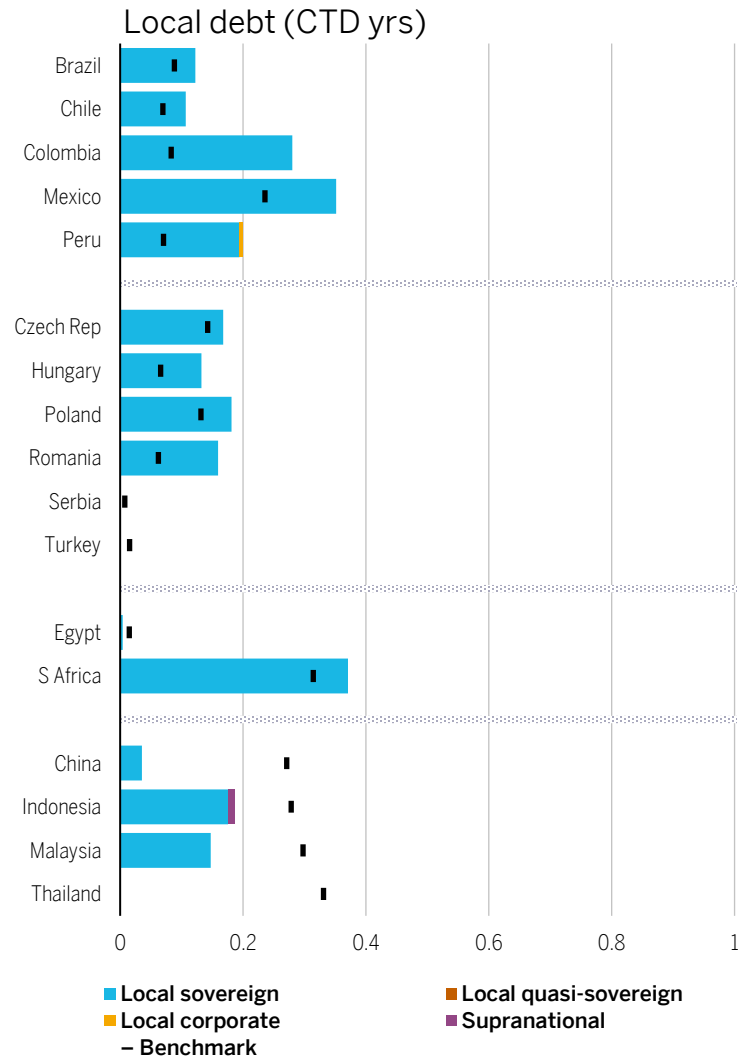
Local market exposure (%)



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Portfolio positioning as of 31 December 2022

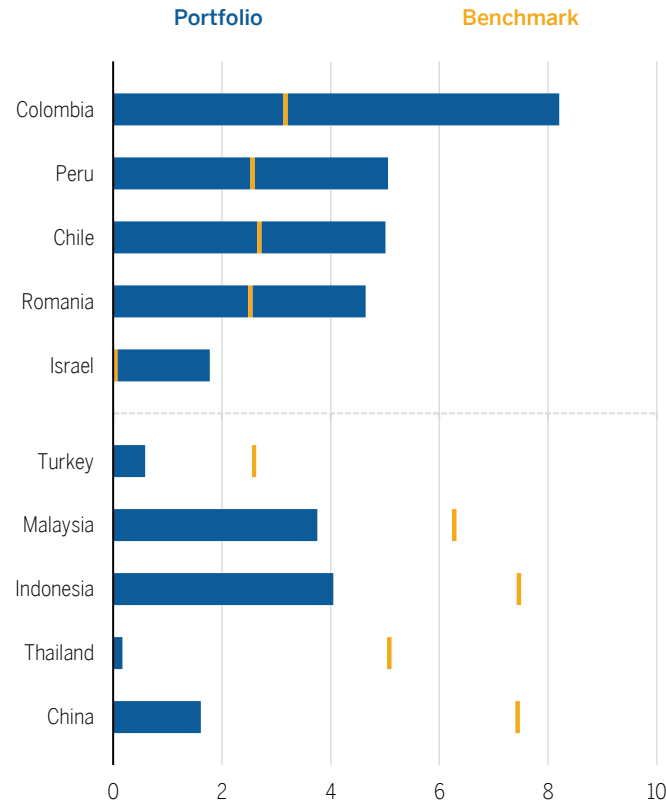


Benchmark: JP EMBI Gbl Div (50%) & GBI-EM Gbl Div (50%) Blend.

Blended Opportunistic Emerging Markets Debt

Portfolio positioning as of 31 December 2022

Top five overweight and underweight countries (ME%)

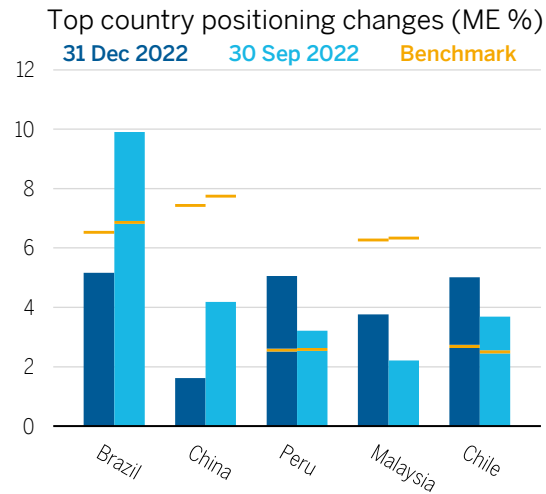
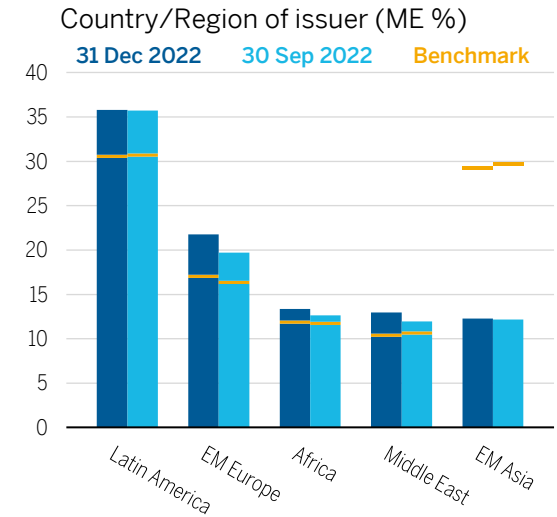
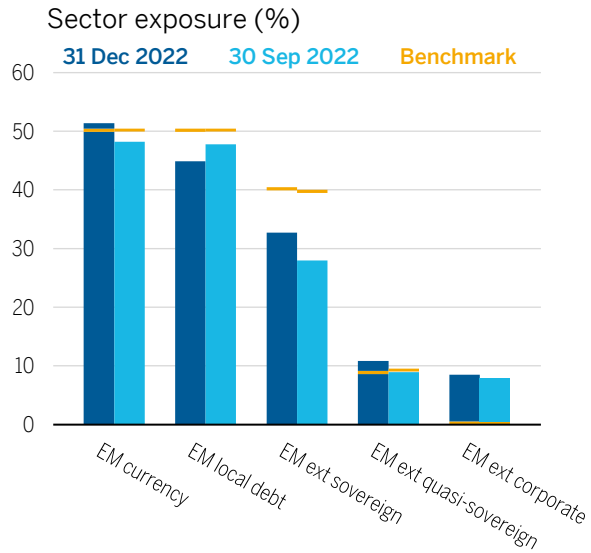


Benchmark: JP EMBI Gbl Div (50%) & GBI-EM Gbl Div (50%) Blend. | Futures positions are excluded.

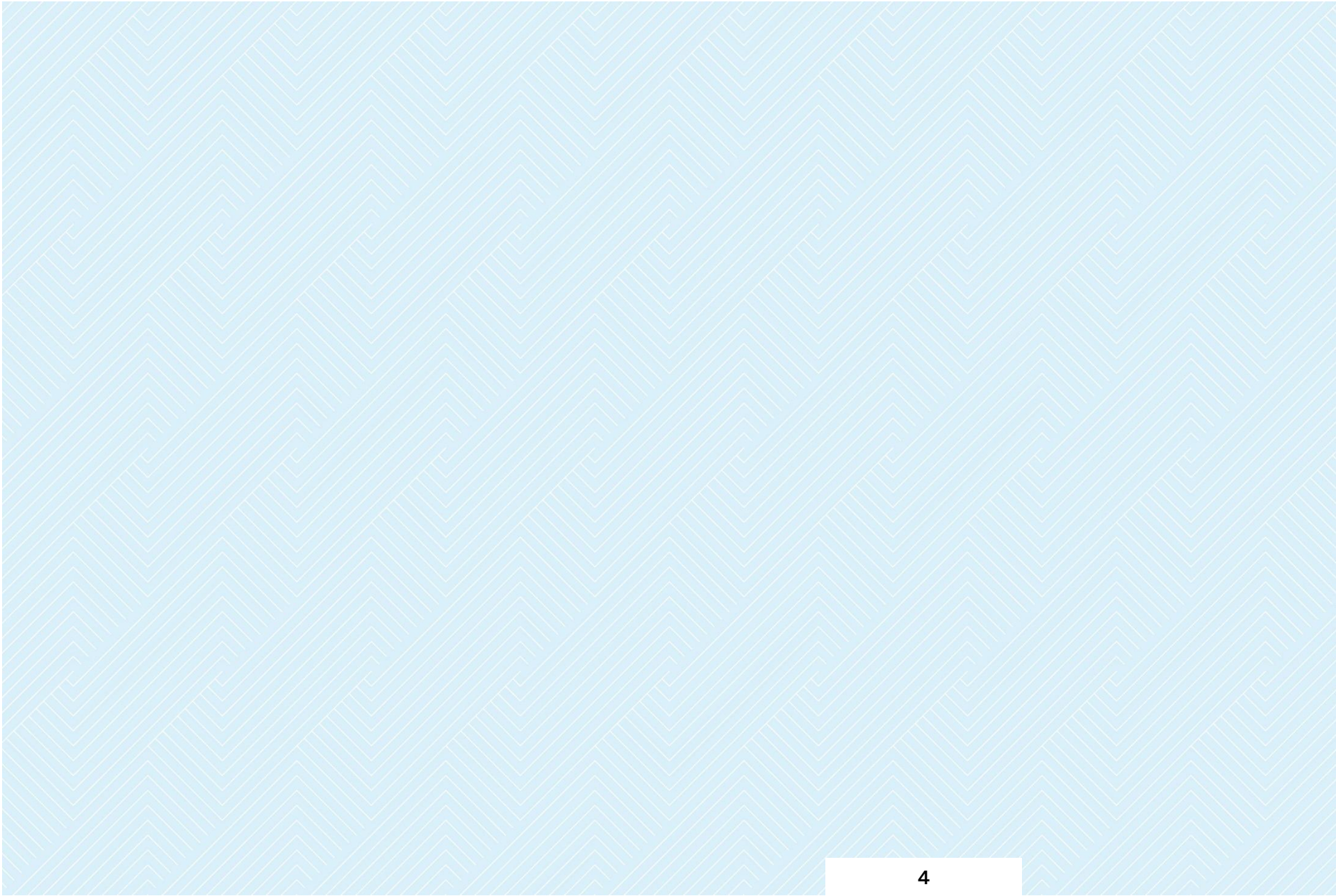


Blended Opportunistic Emerging Markets Debt

Portfolio positioning



Benchmark: JP EMBI Gbl Div (50%) & GBI-EM Gbl Div (50%) Blend. | Non-emerging regions are not included in the Country/region of issuer chart. | EM CDX is excluded.



Blended Opportunistic Emerging Markets Debt

Our ESG risk assessment philosophy

ESG factors are a critical component of the fundamental research we conduct for emerging markets issuers

ESG analysis can help identify both risk and opportunity

We seek to be compensated for both financial and ESG risks when making investment decisions for portfolios

We do not automatically screen out issuers solely on the basis of ESG scores

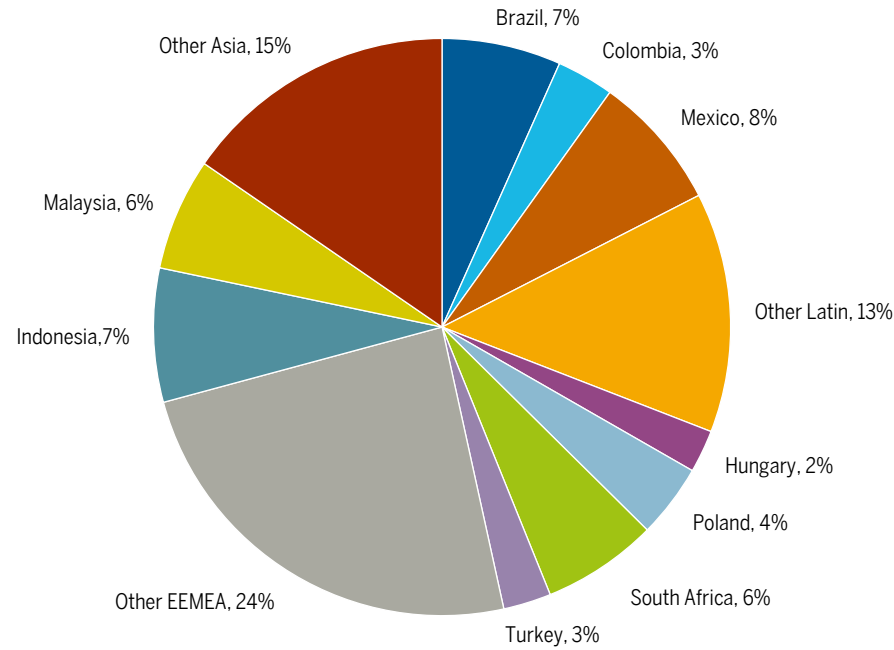
We believe both the level and trajectory of ESG characteristics are important

We will invest in issuers with weaker scores if we believe that the trend is positive or if valuations compensate for the risks

We seek constructive engagement with issuers where possible to better understand their ESG path

While the evaluation of Sustainability Risks through the analysis of ESG factors is part of the investment process, it may not necessarily result in the exclusion of a security. A decision to invest should take account of all the characteristics and objectives described in the offering documents.

JPMorgan EMBI Gbl Div (50%) & GBI-EM Gbl Div (50%) Blend



JPM EMBI Gbl Div (50%) & GBI-EM Gbl Div (50%) Blend

Statistics

Yield (%)	7.8 %
Sovereign spread (bps)	452 bps
Average life (yrs)	9.5 yrs
Modified duration (yrs)	5.8 yrs
Average credit rating	Baa3/BBB/BBB-

Composition

Market capitalization	USD 1,851 bil
Number of countries	71
Number of issues	1,237
Average issue size	USD 1,497 mil
Issuer (%)	
• Sovereign	100
• Corporate	0
Region (%)	
• Africa	12
• Asia	29
• Europe	17
• Latin America	31
• Middle East	11

Sources: JPMorgan, Wellington Management | As of 31 December 2022 | Sums may not total due to rounding. | Data is that of a third party. While data is believed to be reliable, no assurance is being provided as to its accuracy or completeness. | For illustrative purposes only. Not representative of an actual investment.

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Biography



Kevin Murphy

Senior Managing Director and Fixed Income Portfolio Manager

Kevin leads Wellington's Emerging Markets Debt team and manages several long-only emerging markets debt strategies, including those focused on external sovereign debt, EM corporates, and blended approaches that invest across the EM fixed income universe. He also shares his EM debt views with investors across the firm and contributes broadly to the firm investment dialogue. Over his long career, he has experience working with a wide range of investors, including pension funds, mutual funds, endowments, insurance entities and central banks. His focus is on the integrity of our fixed income investment processes and achieving the investment goals of our clients.

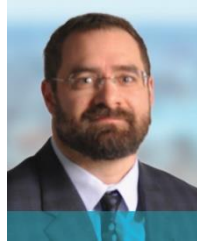
Kevin has spent the bulk of his career focused on emerging markets fixed income. Prior to joining Wellington Management in 2016, he worked at Putnam (1999 – 2016) as the lead portfolio manager responsible for all external sovereign and corporate emerging market debt investments across a range of different strategies, as well as the lead portfolio manager for the investment-grade corporate credit exposure in all of Putnam's funds. In addition, he co-lead a credit team based in Boston and London.

Prior to joining Putnam, Kevin worked at BancBoston (1996 – 1999) as a managing director on the Emerging Markets Derivative Products Group and at ING Baring Securities in New York City (1991 – 1996) as the vice president of the Commodity Finance, Commodity Derivatives, and Structured Asset Groups. Earlier in his career, he was an assistant treasurer for the Emerging Markets trading team at ING and a senior consultant for investment banks at Andersen Consulting in Chicago.

Kevin received his BS in electrical engineering from Columbia University's School of Engineering and Applied Science (1987).

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Biography



Michael T. Henry

Managing Director and Fixed Income Portfolio Manager

Michael serves as the lead Portfolio Manager for our Emerging Local Debt approach and is a key member of our Emerging Markets Debt team. He brings more than two decades of experience to bear on the assessment of local interest rate, currency, and derivatives opportunities in this asset class. He shares his local market views with investors across the firm and contributes broadly to the firm's investment dialogue. He has experience working with a wide range of investors, including pension funds, mutual funds, endowments, and central banks.

Prior to joining Wellington Management in 2014, Michael worked as a partner and portfolio manager at Tandem Global Partners (2012 – 2014), a New York-based hedge fund. Prior to that he was an executive director and proprietary trader in emerging markets at JPMorgan (2004 – 2012), specializing in relative value and arbitrage in rates and currencies. Before that, he worked at Oppenheimer Funds managing emerging markets portfolios principally for retail investors. He began his career in research and continues to engage extensively with the research team at Wellington Management.

Michael earned his MA in international economics and finance from the Lemberg School at Brandeis University (1996) and his BA in economics, cum laude, also from Brandeis University (1992).

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Biography



Gillian M. Edgeworth

Senior Managing Director and Macro Strategist

As a member of the firm's Global Macro Strategy Group and the Emerging Markets Debt Team, Gillian conducts macroeconomic research on the Central and Eastern European (CEE) region and for select Latin America countries and makes investment recommendations across sovereign external debt, local rates, and currencies for those markets. She is an active participant in investment strategy discussions, working closely with investors throughout the firm to translate her work into investable ideas and themes. In addition to her sovereign coverage, Gillian has portfolio management responsibilities on the EMD team, focusing on decisions relating to broader macro views and sector allocation decisions across external debt, local debt and currency.

Prior to joining Wellington Management in October 2014, Gillian worked as chief CEE economist for UniCredit Bank (2010 – 2014). Before that, she was a member of the Emerging Markets Research team at Deutsche Bank (2002 – 2010).

Gillian earned her master of business studies (2002) and bachelor of business studies (2000) from the University of Limerick. She is also a senior member of St. Anthony's College, Oxford, where she works as part of the Political Economy of Financial Markets Programme.

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Important disclosures

Additional performance information

PAST PERFORMANCE DOES NOT PREDICT FUTURE RETURNS. There can be no assurance nor should it be assumed that future investment performance of any strategy will conform to any performance examples set forth in this material or that the portfolio's underlying investments will be able to avoid losses. The investment results and any portfolio compositions set forth in this material are provided for illustrative purposes only and may not be indicative of the future investment results or future portfolio composition. The composition, size of, and risks associated with an investment in the strategy may differ substantially from the examples set forth in this material. An investment can lose value.

Impact of fees

Illustration of impact of fees: If USD100,000 was invested and experienced a 10% annual return compounded monthly for ten years, its ending value, without giving effect to the deduction of advisory fees, would be USD270,704 with an annualized compounded return of 10.47%. If an advisory fee of 0.95% of average net assets per year were deducted monthly for the ten-year period, the annualized compounded return would be 9.43% and the ending USD value would be USD246,355. Information regarding the firm's advisory fees is available upon request.

Selection of representative account

The current representative account became effective on 1 January 2018 because it was the least restrictive account at the time of selection. For data shown prior to the current representative account effective date, data of the representative account(s) deemed appropriate for the time period was used. Further information regarding former representative accounts can be provided upon request. Each client account is individually managed; individual holdings will vary for each account and there is no guarantee that a particular account will have the same characteristics as described. Actual results may vary for each client due to specific client guidelines, holdings, and other factors. In limited circumstances, the designated representative account may have changed over time, for reasons including, but not limited to, account termination, imposition of significant investment restrictions, or material asset size fluctuations.

Access products

If access products are held by the portfolio they may not be included in the calculation of characteristic data. Access products are instruments used to gain access to equity markets not otherwise available and may include (but are not limited to) instruments such as warrants, total return swaps, p-notes, or zero strike options.

Additional disclosures

Securities indices are unmanaged and are not subject to fees and expenses typically associated with managed accounts or investment funds. Investments cannot be made directly into an index.

Benchmark definitions

JPM EMBI Global Diversified: The Index is a uniquely weighted USD-denominated emerging markets sovereign index. It has a distinct distribution scheme which allows a more even distribution of weights among the countries in the index.

JP Morgan Govt Bond Index - Emerging Markets Global Div: The Index is a market capitalization weighted Index that is designed to measure the performance of local currency government bonds issued in emerging markets. The Index includes only the countries which give access to their capital market to foreign investors.

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LIBOR risk

The U.K. Financial Conduct Authority has announced cessation and non-representative dates on 35 London Inter-Bank Offered Rate (LIBOR) settings across various tenors and currencies after 2021. Notably, certain widely used US dollar (USD) LIBOR rate settings (overnight, 1-, 3-, 6-, and 12-month) will continue to be published in representative forms until 30 June 2023, enabling a smoother transition to alternative reference rates by allowing more time for “difficult-to-amend” legacy contracts/securities to mature. The elimination of LIBOR may adversely affect the interest rates on, as well as the liquidity and value of, certain portfolio investments.

Wellington has established a working group of stakeholders from key areas across the firm to manage the transition away from IBORs. Our LIBOR Replacement Working Group oversees work streams covering all aspects of the management of client assets that we anticipate could be impacted by LIBOR transition to help ensure that our client portfolios are well prepared for this upcoming change. Wellington is utilizing a multi-step implementation framework for transitioning from IBORs to alternative rates, including:

- Establishing a transition program
- Implementing a communication strategy with internal and external constituents, including several white papers
- Identifying and validating exposures across instruments, portfolios, and products as well as contractual and derivatives agreement language
- Developing operational and technology readiness plans to address the large-scale operating model, data, and technology implications required for IBOR transition
- Assessing the potential accounting and reporting implications associated with the transition away from IBORs

When IBORs are discontinued, securities that contain fallback language will transition to an alternative reference rate, depending on the deal documents. Fallback language can vary significantly for cash products based on product type, contract originator, and even origination date, as industry practices have evolved over time. For example, fallback language may provide that the replacement rate be determined based on reference bank quotations, remain permanently fixed from the previous interest period, or be determined by reference to another rate. Some securities lack any fallback language, or contain fallback language that differs from current industry standards. As a result, the liquidity and value of these securities may be adversely impacted in advance of the discontinuation of IBORs. In the event that securities lacking adequate fallback language become illiquid, clients may be forced to hold these securities to maturity.



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Important Notice

Wellington Management Company LLP (WMC) is an independently owned investment adviser registered with the US Securities and Exchange Commission (SEC). WMC is also registered with the US Commodity Futures Trading Commission (CFTC) as a commodity trading advisor (CTA) and serves as a CTA to certain clients including commodity pools operated by registered commodity pool operators. WMC provides commodity trading advice to all other clients in reliance on exemptions from CTA registration. WMC, along with its affiliates (collectively, Wellington Management), provides investment management and investment advisory services to institutions around the world. Wellington Management Group LLP (WMG), a Massachusetts limited liability partnership, serves as the ultimate parent holding company of the Wellington Management global organization. All of the partners are full-time professional members of Wellington Management. Located in Boston, Massachusetts, Wellington Management also has offices in Chicago, Illinois; Radnor, Pennsylvania; San Francisco, California; Frankfurt; Hong Kong; London; Luxembourg; Madrid; Milan; Shanghai; Singapore; Sydney; Tokyo; Toronto; and Zurich. ■ This material is prepared for, and authorized for internal use by, designated institutional and professional investors and their consultants or for such other use as may be authorized by Wellington Management. This material and/or its contents are current at the time of writing and may not be reproduced or distributed in whole or in part, for any purpose, without the express written consent of Wellington Management. This material is not intended to constitute investment advice or an offer to sell, or the solicitation of an offer to purchase shares or other securities. Investors should always obtain and read an up-to-date investment services description or prospectus before deciding whether to appoint an investment manager or to invest in a fund. Any views expressed herein are those of the author(s), are based on available information, and are subject to change without notice. Individual portfolio management teams may hold different views and may make different investment decisions for different clients.

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LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



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

MEETING: FEBRUARY 14, 2023
ITEM: VI

Neil M. Guglielmo

SUBJECT: INVESTMENT MANAGER CONTRACT WITH SEGALL BRYANT & HAMILL REGARDING THE MANAGEMENT OF AN ACTIVE U.S. SMALL CAP VALUE EQUITIES PORTFOLIO AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Committee recommend to the Board a three-year contract renewal with Segall Bryant & Hamill for management of an active U.S. small cap value equities portfolio.

Executive Summary

Segall Bryant & Hamill (SBH) has managed an active U.S. small cap value equities portfolio for LACERS since September 2020. LACERS' portfolio was valued at approximately \$107 million as of December 31, 2022. SBH is in compliance with the LACERS Manager Monitoring Policy. Staff and NEPC, LLC (NEPC), LACERS' General Fund Consultant, recommend a three-year contract renewal.

Discussion

Background

SBH manages an active U.S. small cap value equities portfolio for LACERS benchmarked to the Russell 2000 Value Index. SBH uses a fundamental, bottom-up security selection process to identify companies with improving return on invested capital, which SBH believes is the largest driver of long-term shareholder value. The team managing the LACERS small cap strategy is comprised of six professionals, each of whom have sector-specific, fundamental research responsibilities. Mark Dickherber, CFA, CPA, Principal and Director of Small Cap Strategies, serves as the lead portfolio manager. Senior Portfolio Manager Shaun Nicholson co-manages the strategy with Mark; both portfolio managers have at least two decades of experience in the investment profession.

The Board hired SBH through the 2019-2020 Active U.S. Small Cap Equities manager search process and authorized a three-year contract on January 28, 2020; the contract became effective on August 1, 2020. The current contract expires on July 31, 2023. LACERS' portfolio was valued at approximately \$107 million as of December 31, 2022.

Organization

SBH is headquartered in Chicago and has 125 employees of which 61 are investment personnel. At the time of its hiring, SBH was 53% employee-owned with the remaining 47% owned by private equity firm Thoma Bravo, LLC through one of its funds. In April 2021, Toronto-based CI Financial Corp (CI Financial), a publicly listed financial services and investment management firm, acquired SBH as a wholly owned subsidiary. SBH continues to operate autonomously from its parent CI Financial. As of December 31, 2022, SBH managed approximately \$22.2 billion in total assets, with \$2.1 billion in the small cap value strategy.

Due Diligence

Staff conducts routine due diligence of the manager; since inception of the contract, quarterly due diligence meetings have been conducted virtually. Based upon these due diligence activities as well as staff's and NEPC's continuous monitoring, SBH's investment philosophy, strategy, and process have not changed materially over the contract period. The next comprehensive onsite due diligence visit to SBH's headquarters is currently being planned for the second calendar quarter of 2023.

As to the aforementioned change in SBH's ownership, staff placed SBH under watch status in February 2021 pursuant to the LACERS Manager Monitoring Policy following the announcement of CI Financial's planned acquisition of SBH. During this evaluation period, staff and NEPC closely monitored the firm's integration progress and performance against specific standards set forth by policy. In May 2022, staff removed SBH from watch status upon determining that the change in ownership did not detrimentally impact the firm's investment capabilities.

Staff and NEPC continue to deem SBH capable of managing assets for LACERS under its small cap value equities strategy.

Performance

As of December 31, 2022, SBH underperformed its benchmark, net-of-fees, over the 1-year, 2-year, and since inception time periods and outperformed in the most recent 3-month time period as presented in the table below.

Annualized Performance as of 12/31/2022 (Net-of-Fees)				
	3-Month	1-Year	2-Year	Since Inception ¹
Segall Bryant & Hamill	11.48	-14.67	-0.09	11.59
Russell 2000 Value Index	8.42	-14.48	4.73	18.42
<i>% of Excess Return</i>	<i>3.06</i>	<i>-0.19</i>	<i>-4.82</i>	<i>-6.83</i>

¹Performance inception date: 9/30/2020. Strategy was funded after contract inception date of 8/1/2020.

As discussed in NEPC's recommendation report (Attachment 1), SBH's since inception underperformance relative to the benchmark is mostly attributed to the fourth quarter of 2020 during which low-quality stocks began a post-pandemic price run up. The 2-year underperformance is largely

driven by the meme stock rallies in the first and second quarters of 2021. During these time periods, the strategy underperformed given its bias toward higher quality stocks relative to the benchmark.

Calendar year performance is presented in the table below as supplemental information.

Calendar Year Performance as of 12/31/2022 (Net-of-Fees)			
	2022	2021	9/30/2020-12/31/2020
Segall Bryant & Hamill	-14.67	16.99	28.20
Russell 2000 Value Index	-14.48	28.27	33.36
<i>% of Excess Return</i>	<i>-0.19</i>	<i>-11.28</i>	<i>-5.16</i>

SBH is in compliance with the LACERS Manager Monitoring Policy.

Fees

LACERS pays SBH an effective fee of 62 basis points (0.62%), which is approximately \$663,400 annually based on the value of LACERS' assets as of December 31, 2022. This fee ranks in the 10th percentile among its peers in the eVestment U.S. Small Cap Value Universe (i.e., 90% of like-managers have higher fees). From contract inception on August 1, 2020 to December 31, 2022, LACERS has paid SBH a total of \$1.2 million in investment fees.

General Fund Consultant Opinion

NEPC concurs with this recommendation.

Strategic Plan Impact Statement

A contract renewal with SBH will allow the LACERS total portfolio to maintain a diversified exposure to the U.S. small cap value equities markets, which is expected to help optimize long-term risk adjusted investment returns (Goal IV). The discussion of the investment manager's profile, strategy, performance, and management fee structure is consistent with Goal V (uphold good governance practices which affirm transparency, accountability, and fiduciary duty).

Prepared By: Barbara Sandoval, Investment Officer II, Investment Division
Jeremiah Paras, Investment Officer I, Investment Division

NMG/RJ/BF/BS/JP:rm

Attachment: 1. Consultant Recommendation – NEPC



To: Los Angeles City Employees' Retirement System Investment Committee

From: NEPC, LLC

Date: February 14, 2023

Subject: Segall Bryant & Hamill LLC – Small Cap Value Contract Renewal

Recommendation

NEPC recommends Los Angeles City Employees' Retirement System (LACERS) renew the contract with Segall Bryant & Hamill ('SBH') for a period of three years from the date of contract expiry.

Background

SBH was funded on September 30, 2020 to provide active investment management within the U.S. equity small cap value style of the market. As of November 30, 2022, SBH managed \$112.0 million, or 0.5% of Plan assets. The performance objective is to outperform the Russell 2000 Value Index, net of fees, annualized over a full market cycle (normally three-to-five years). The account is currently in good standing based on LACERS' Manager Monitoring Policy.

SBH is an SEC Registered investment Adviser established in October 1994 by co-founders Ralph Segall, Alfred Bryant, Jonathan Hamill, and Jeffrey Slepian. The firm is headquartered in Chicago, with additional offices in Denver, Philadelphia, St. Louis, and Naples, Florida. The firm serves clientele which include public funds, Taft-Hartley benefit funds, corporations, endowments, foundations, associations, and high-net-worth individuals. SBH provides fee-based investment management of equity, fixed income, and alternative investment portfolios on a discretionary and non-discretionary basis. CI Financial Corp. ("CI"), a publicly listed financial services firm located in Toronto Canada, acquired 100% the firm on April 30, 2021 and as a result, the firm was put on Watch according the LACERS Manager Monitoring policy. Prior to the CI acquisition, SBH was 47% owned by Thoma Bravo (a private equity firm) in their Thoma Bravo Fund X. The remaining 53% ownership was owned by employees throughout the SBH organization. Thoma Bravo had been an equity holder of SBH since 2014 when it purchased Doherty Financial Group's stake in SBH. SBH was taken off of Watch status as of May 6, 2022, citing a level of comfort with the new ownership structure after a period of monitoring for potential changes at the firm. The former equity owners of SBH feel well-compensated and continue to feel supported. SBH continues to operate autonomously and little has changed for the investment teams at SBH. As of December 31, 2022, SBH managed \$22.2 billion and had 125 employees.

The Small Cap team is comprised of six professionals, each of whom have sector-specific, fundamental research responsibilities. The team is led Mark Dickherber, CFA, CPA, Principal and Director of Small Cap Strategies. Mr. Dickherber is also the lead portfolio manager for the Small Cap Value strategy. Mark has research coverage in Health Care, Utilities, REITs, and in a generalist capacity. Senior Portfolio Manager Shaun Nicholson co-manages the strategy with Mr. Dickherber and is the Lead Portfolio Manager for Small Cap Value Select. Shaun has research coverage in Financials, Industrials, Materials, and in a generalist capacity. Jeffrey Paulis is a Senior Portfolio Manager and Lead Portfolio Manager for SMID Cap and Small Cap Core strategies. Jeff has research coverage in Industrials and in a generalist capacity. Zachary Rosenstock is a Senior Equity Analyst /

Assistant Portfolio Manager. Zachary has research coverage in Health Care and Information Technology. Eric Hines is an Equity Analyst with coverage in Consumer Staples and Consumer Discretionary. Michelle Waller is an Equity Analyst and works in a generalist capacity on the team.

The firm added Michelle Waller to the team in late 2021. Michelle was an opportunistic hire for the team, and it is expected for Michelle to eventually have coverage within Information Technology and other areas over time. Michelle joined from Needham & Company, where she was a sell side analyst focused on semi-conductors. Mark and Shaun are based in St. Louis. The two moved offices in April 2019. The remainder of the team is based in Chicago.

SBH's Small Cap Value strategy begins with a belief that the small cap market is inefficient, particularly among companies that operate multiple divisions. This philosophy is rooted in behavioral finance, which points to the tendency of investors to extrapolate positive and/or negative company data and therefore become too bullish/bearish on a stock, resulting in the price being overvalued or undervalued. The portfolio holds 70-85 stocks. Sector weights range from 0-125% versus the Russell 2000 Value benchmark. The strategy tends to emphasize Industrials, Materials, Technology, and Consumer Staples where companies tend to operate multiple divisions and/or have a fixed cost basis. Conversely, the portfolio typically underweights REITs because they are money recyclers and insurance companies because the team rarely is comfortable with the downside risk. The portfolio holds ~1/3 of assets in early turnarounds, ~1/3 in companies that have turned around and are producing returns at the cost of capital, and ~1/3 in late turnarounds that are still underappreciated by the market. Average annual turnover has ranged from 50% to 70%.

Performance

Referring to Exhibit 1, as of November 30, 2022, since the portfolio's inception date of October 1, 2020, the portfolio has underperformed its benchmark by 8.4%. Over the last year, ended November 30, 2022, the portfolio has underperformed its benchmark by 0.6%. Year-to-date, ended November 30, 2022, the portfolio has underperformed its benchmark by 1.8%.

Referring to Exhibit 2, as of September 30, 2022, the portfolio underperformed its benchmark by 9.1% and ranked in the 76th percentile in its peer group of U.S. small cap value managers since October 1, 2020. In the past year, ended September 30, 2022, the portfolio underperformed its benchmark by 2.1% and ranked in the 55th percentile in its peer group. A significant amount of the underperformance in the portfolio can be attributed to three quarters when looking back through to the inception date of October 1, 2020. The fourth quarter of 2020, the first quarter in which the portfolio was funded, marked the beginning of the post pandemic run-up in price of low quality stocks (those stocks with less stable earnings, less strong balance sheets and lower margins) and SBH's portfolio has a bias toward quality resulting in 5.16% of underperformance. In the first quarter of 2021, the portfolio underperformed 5.80% as the SBH avoided participation in the meme stock rally given the bias to not invest in low quality names. In the second quarter of 2021, the portfolio underperformed 4.89% due to non-participation in the meme stock mania in the Communication Services sector and stock selection in the Industrials and Real Estate sector.

Fees

The portfolio has an asset-based fee of 0.61% annually. This fee ranks in the 10th percentile among its peers in the eVestment U.S. Small Cap Value universe. In other words, 90% of the products included in the peer universe have a higher fee than the LACERS account.



Conclusion

SBH has experienced strong underperformance when compared to its benchmark index since inception of the portfolio on October 1, 2020 through November 30, 2022. Though performance has been disappointing, the cause of the underperformance is understandable given the portfolio’s emphasis on higher quality names which were not in favor over the course of the pandemic where SBH avoided certain areas of the market. We believe additional time should be provided in order for SBH’s strategy to experience a full market cycle. The team has remained stable through the sale of the firm and is in good standing according to the LACERS Manager Monitoring Policy. NEPC recommends a three-year contract renewal.

The following tables provide specific performance information, net of fees referenced above.

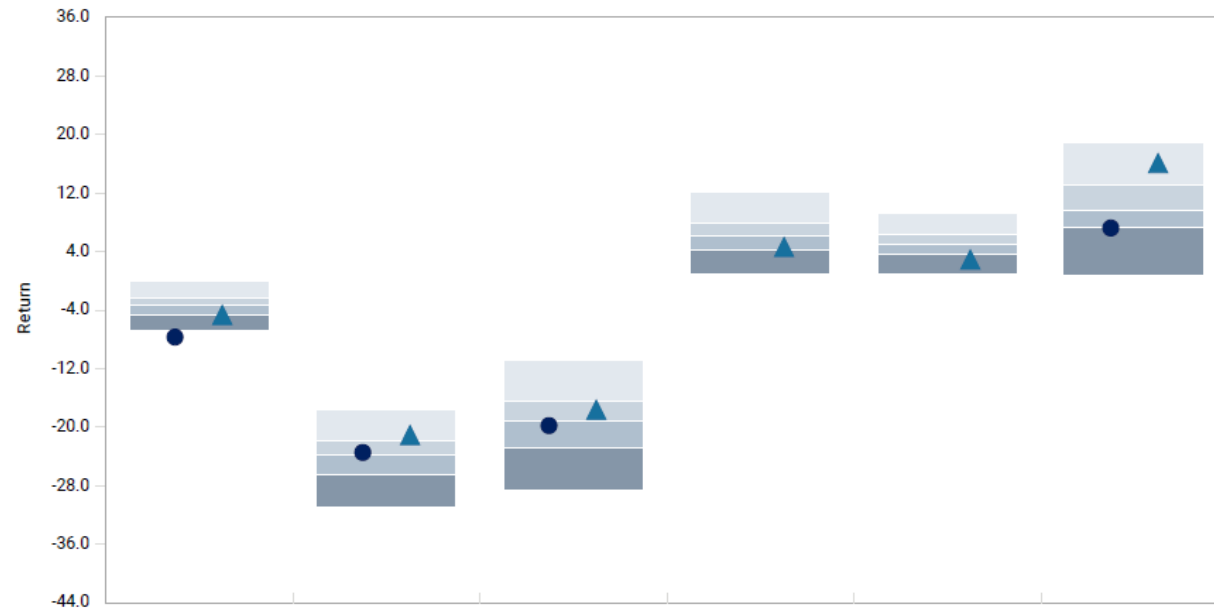
Exhibit 1: Performance Comparison Net of Fees as of November 30, 2022

	Market Value (\$)	3 Months	YTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Segall Bryant & Hamill	111,992,820	7.0	-10.3	-5.3	-	-	14.6	Oct-20
Russell 2000 Value Index		4.2	-8.5	-4.7	-	-	23.0	
Over/Under		2.8	-1.8	-0.6	-	-	-8.4	





Exhibit 2: Universe Performance Comparison Net of Fees as of November 30, 2022



	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Inception (%)
● Segall, Bryant & Hamill	-7.6 (97)	-23.5 (45)	-19.8 (55)			7.1 (76)
▲ Russell 2000 Value Index	-4.6 (77)	-21.1 (20)	-17.7 (35)	4.7 (68)	2.9 (84)	16.2 (15)
5th Percentile	-0.2	-17.7	-10.9	12.2	9.2	19.0
1st Quartile	-2.2	-21.8	-16.6	8.0	6.5	13.0
Median	-3.3	-23.8	-19.2	6.2	5.2	9.6
3rd Quartile	-4.5	-26.5	-22.8	4.3	3.6	7.2
95th Percentile	-6.8	-31.0	-28.7	1.1	1.1	0.8
Population	168	168	168	161	156	166



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

MEETING: FEBRUARY 14, 2023
ITEM: VII

Neil M. Guglielmo

SUBJECT: INVESTMENT MANAGER CONTRACT WITH COPELAND CAPITAL MANAGEMENT, LLC REGARDING THE MANAGEMENT OF AN ACTIVE U.S. SMALL CAP CORE EQUITIES PORTFOLIO AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Committee recommend to the Board a three-year contract renewal with Copeland Capital Management, LLC for management of an active U.S. small cap core equities portfolio.

Executive Summary

Copeland Capital Management, LLC (Copeland) has managed an active U.S. small cap core equities portfolio for LACERS since September 2020. LACERS' portfolio was valued at approximately \$226 million as of December 31, 2022. Copeland is in compliance with the LACERS Manager Monitoring Policy. Staff and NEPC, LLC (NEPC), LACERS' General Fund Consultant, recommend a three-year contract renewal.

Discussion

Background

Copeland manages an active U.S. small cap core equities portfolio for LACERS benchmarked to the Russell 2000 Index. Copeland's small cap strategy is founded on the belief that stocks with sustainable dividend growth consistently outperform the market with less risk. Copeland believes that companies that raise their dividends annually are run by corporate management teams with superior capital allocation skills relative to companies which do not have a dividend growth commitment. Copeland's research shows that its strategy's incidental avoidance of corporate capital allocation mistakes reduces stock specific downside and volatility exposure.

The strategy is managed by a five-person team headed by Lead Portfolio Manager Mark Giovanniello, who also serves as the firm's Chief Investment Officer. The investment team has depth of experience, with four of the five members approaching three decades each in the investment profession. There has been no turnover within the investment team since the inception of the strategy in 2009.

The Board hired Copeland through the 2019-2020 Active U.S. Small Cap Equities manager search process and authorized a three-year contract on January 28, 2020; the contract became effective on

August 1, 2020. The current contract expires on July 31, 2023. LACERS' portfolio was valued at approximately \$226 million as of December 31, 2022.

Organization

Copeland is headquartered in Conshohocken, Pennsylvania and has 28 employees, nine of which are investment personnel. The firm is 100% employee-owned and equity is shared broadly across the organization with the investment team holding the most significant ownership percentages. As of December 31, 2022, Copeland managed approximately \$5.5 billion in total assets, with \$2.8 billion in the small cap equities strategy.

Due Diligence

Staff conducts routine due diligence of the manager; in addition to meeting virtually for quarterly portfolio reviews, LACERS staff conducted an onsite meeting at Copeland's headquarters in October 2022 to interview key personnel across the organization. Based upon these due diligence activities as well as staff's and NEPC's continuous monitoring, Copeland's organization, investment philosophy, strategy, and process have not changed materially over the contract period. Staff and NEPC continue to deem Copeland capable of managing assets for LACERS under its small cap core equities strategy.

Performance

As of December 31, 2022, Copeland outperformed its benchmark, net-of-fees, over the 3-month, 1-year, 2-year, and since inception time periods as presented in the table below.

Annualized Performance as of 12/31/2022 (Net-of-Fees)				
	3-Month	1-Year	2-Year	Since Inception ¹
Copeland	10.11	-13.06	4.79	13.51
Russell 2000 Index	6.23	-20.44	-4.42	8.45
<i>% of Excess Return</i>	<i>3.88</i>	<i>7.38</i>	<i>9.21</i>	<i>5.06</i>

¹Performance inception date: 9/30/2020. Strategy was funded after contract inception date of 8/1/2020.

Calendar year performance is presented in the table below as supplemental information.

Calendar Year Performance as of 12/31/2022 (Net-of-Fees)			
	2022	2021	9/30/2020-12/31/2020
Copeland	-13.06	26.31	21.12
Russell 2000 Index	-20.44	14.82	31.37
<i>% of Excess Return</i>	<i>7.38</i>	<i>11.49</i>	<i>-10.25</i>

Copeland is in compliance with the LACERS Manager Monitoring Policy.

Fees

LACERS pays Copeland an effective fee of 47 basis points (0.43%), which is approximately \$1.1 million annually based on the value of LACERS' assets as December 31, 2022. This fee ranks in the 8th percentile among its peers in the eVestment U.S. Small Cap Core Universe (i.e., 92% of like-managers have higher fees). From contract inception on August 1, 2020 to December 31, 2022, LACERS has paid Copeland a total of \$2.2 million in investment fees.

General Fund Consultant Opinion

NEPC concurs with this recommendation.

Strategic Plan Impact Statement

A contract renewal with Copeland will allow the LACERS total portfolio to maintain a diversified exposure to the U.S. small cap core equities markets, which is expected to help optimize long-term risk adjusted investment returns (Goal IV). The discussion of the investment manager's profile, strategy, performance, and management fee structure is consistent with Goal V (uphold good governance practices which affirm transparency, accountability, and fiduciary duty).

Prepared By: Barbara Sandoval, Investment Officer II, Investment Division
Jeremiah Paras, Investment Officer I, Investment Division

NMG/RJ/BF/BS/JP:rm

Attachment: 1. Consultant Recommendation – NEPC



To: Los Angeles City Employees' Retirement System Investment Committee

From: NEPC, LLC

Date: February 14, 2023

Subject: Copeland Capital Management, LLC – Small Cap Dividend Growth Equity Contract Renewal

Recommendation

NEPC recommends Los Angeles City Employees' Retirement System (LACERS) renew the contract with Copeland Capital Management, LLC ('Copeland') for a period of three years from the date of contract expiry.

Background

Copeland was funded on September 30, 2020 to provide active investment management within the core U.S. equity small cap segment. As of November 30, 2022, Copeland managed \$238.9 million, or 1.1% of Plan assets. The performance objective is to outperform the Russell 2000 Index, net of fees, annualized over a full market cycle (normally three-to-five years). The account is currently in good standing based on LACERS' Manager Monitoring Policy.

Copeland was founded in 2005 by Eric Brown in Wellesley, Massachusetts and today is headquartered in Conshohocken, Pennsylvania. The firm is 100% employee owned and was founded to invest capital based upon a dividend growth investment philosophy. The firm's clients include corporate pension plans, educational and religious endowments, charitable foundations, health care institutions, municipalities and high net worth individuals. The firm seeks to have broad based ownership with 19 out of 28 total employees having ownership in the firm. Everyone working on their U.S. strategies and international strategies have ownership in the firm. The firm has also never lost anyone on their investment team. As of December 31, 2022, the firm's total assets under management was \$5.53 billion with a total of \$2.85 billion managed in the Small Cap Dividend Growth Equity product.

The investment team at Copeland consists of nine individuals, seven named portfolio managers and two research analysts. Mark Govanniello covers Health Care, Energy, and Materials. Dave McGonigle covers Financials and Consumer Discretionary. Jeffrey Walkenhorst covers Technology, Telecom, Consumer Staples, and REITs. Eric Brown covers Utilities and MLPs. John Cummings covers Industrials. These five individuals are named portfolio managers on the Small Cap Dividend Growth strategy, but Mark Giovanniello is the lead portfolio manager on the Small Cap Dividend Growth, Smid Cap Dividend Growth, and Mid Cap Dividend Growth. Mark Giovanniello is also the firm's Chief Investment Officer (CIO). Mark has final decision-making authority for the strategy. Decisions among the team are collaborative with the largest weightings in the portfolio going to the highest conviction names.

Copeland focuses on dividend growth, not dividend level, given their belief that companies with sustainable dividend growth are more likely to outperform the market and with less risk. The firm only invests in companies that exhibit consistent dividend growth and are believed to be able to

continue to increase their dividends over time. The firm screens and ranks eligible stocks using a fundamental ranking system. Their initial universe consists of companies that have increased their dividends with market capitalizations between \$250 million and \$4 billion. The Small Cap Dividend Growth product requires 80% or more of their companies to have 3-years of dividend growth. The research team will perform further fundamental analysis on companies that pass and rank favorably in their screen. Fundamental analysis focuses on identifying companies with strong competitive advantages and are believed to have the ability to steadily increase their dividend over time. Examples of competitive advantages include low cost versus differentiation strategies, scale, market share, pricing power, network effects, brands, and high return on invested capital (ROIC).

Performance

Referring to Exhibit 1, as of November 30, 2022, since the portfolio’s inception date of October 1, 2020, the portfolio has outperformed its benchmark by 4.9%. Over the last year, ended November 30, 2022, the portfolio has outperformed its benchmark by 10.6%. Year-to-date, ended November 30, 2022, the portfolio has outperformed its benchmark by 7.0%.

Referring to Exhibit 2, since inception ending September 30, 2022, the portfolio has outperformed its benchmark by 3.6% and ranked in the 48th percentile in its peer group of U.S. small cap investment managers. In the past year, ended September 30, 2022, the portfolio outperformed its benchmark by 9.1% and ranked in the 22nd percentile in its peer group. In the year-to-date period, ended September 30, 2022, the portfolio outperformed its benchmark by 4.1% and ranked in the 29th percentile among peers. Over past year, the portfolio outperformed its benchmark due to both stock selection and active allocation choices. Resultant from the firm’s focus on sustainable dividend growth, the bulk of the portfolio’s stock selection outperformance was driven by investments in the Healthcare, Industrials and Information Technology sectors. The portfolio also experienced strong outperformance from its active positioning across the Energy, Healthcare, Industrials and Information Technology sectors which made up approximately 40% of the portfolio’s outperformance.

Fees

The portfolio has an asset-based fee of 0.47% annually. This fee ranks in the 8th percentile among its peers in the eVestment U.S. Small Cap Core universe. In other words, 92% of the products included in the peer universe have a higher fee than the LACERS account.

Conclusion

Copeland has outperformed its benchmark index over the shorter-term and since being funded on September 30, 2020. The team at Copeland has been remarkably stable and their philosophy to portfolio management has benefitted the Plan. NEPC recommends a three-year contract renewal.

The following tables provide specific performance information, net of fees referenced above.

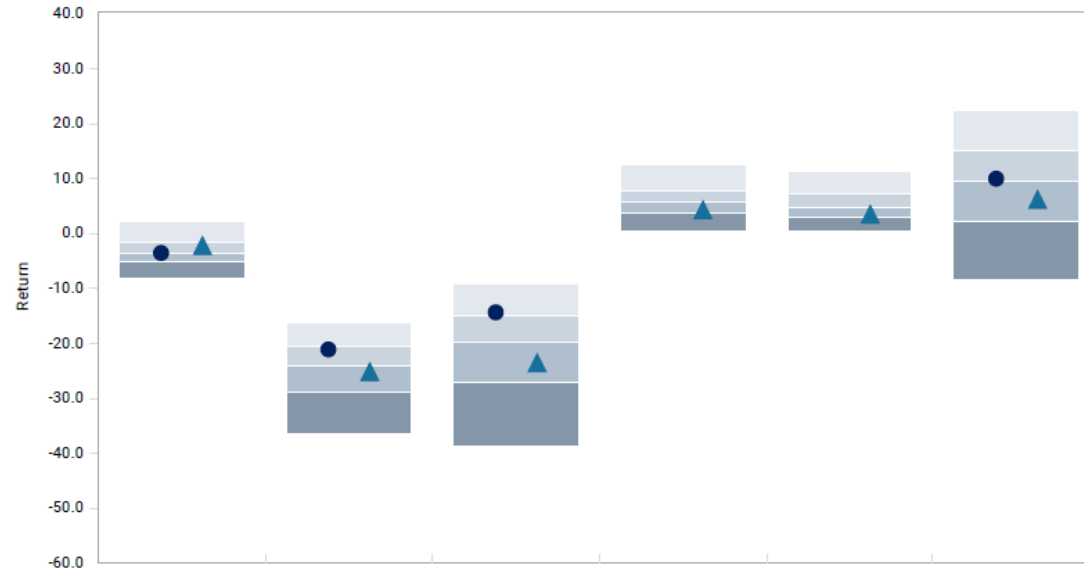
Exhibit 1: Performance Comparison Net of Fees as of November 30, 2022

	Market Value (\$)	3 Months	YTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Copeland Capital Management	238,901,341	6.5	-7.9	-2.4	-	-	17.1	Oct-20
Russell 2000 Value Index		2.7	-14.9	-13.0	-	-	12.2	
Over/Under		3.8	7.0	10.6	-	-	4.9	





Exhibit 2: Universe Performance Comparison Net of Fees as of September 30, 2022



	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Inception (%)
● Copeland Capital Management	-3.5 (51)	-21.0 (29)	-14.4 (22)			9.9 (48)
▲ Russell 2000 Index	-2.2 (30)	-25.1 (56)	-23.5 (66)	4.3 (67)	3.6 (67)	6.3 (65)
5th Percentile	2.2	-16.1	-9.2	12.6	11.3	22.4
1st Quartile	-1.6	-20.4	-15.0	7.8	7.2	15.2
Median	-3.5	-24.0	-19.7	5.6	4.8	9.5
3rd Quartile	-5.2	-28.9	-26.9	3.7	3.0	2.2
95th Percentile	-8.2	-36.5	-38.5	0.6	0.5	-8.5
Population	543	539	539	525	506	533