

LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

**Board of Administration Agenda
REGULAR MEETING
TUESDAY, JUNE 9, 2026
10:00 A.M.
LACERS BOARDROOM
977 N. Broadway
Los Angeles, CA 90012**

President:

Annie Chao

Vice President:

Janna Sidley

Commissioners:

Thuy Huynh

Susan Liem

Thomas Moutes

Gaylord "Rusty" Roten

Sung Won Sohn

Manager-Secretary:

Todd Bouey

Executive Assistant:

Ani Ghoukassian

Legal Counsel:

City Attorney's Office Public Pensions General Counsel Division

ACCESS TO LACERS BOARD AND COMMITTEE MEETING REPORTS

IMPORTANT MESSAGES TO THE PUBLIC

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

Members of the public who do not wish to attend the meeting in person may listen to the live meeting via YouTube streaming at the following link: [LACERS YouTube Livestream Link](#) for Board/Committee meeting audio – only accessible during meetings.

The Board may take action on any item appearing on this agenda, regardless of whether it is listed as an action item. Cal. Gov. Code § 54954.2.

DISCLAIMER TO PARTICIPANTS

Please be advised that all LACERS Board meetings are recorded.

LACERS WEBSITE ADDRESS/LINK: www.LACERS.org

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

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.

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Si requiere servicios de traducción, llámenos tres días (72 horas) antes de la reunión o evento al (800) 779-8328.

For additional information, please contact: Board of Administration Office at **(213) 855-9348** and/or email at [**lacers.board@lacers.org**](mailto:lacers.board@lacers.org).

- I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA
- II. GENERAL MANAGER VERBAL REPORT
 - A. REPORT ON DEPARTMENT OPERATIONS
 - B. UPCOMING AGENDA ITEMS
- III. RECEIVE AND FILE ITEMS
 - A. ETHICAL CONTRACT COMPLIANCE REPORT NOTIFICATION TO THE BOARD
 - B. BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER
 - C. EDUCATION AND TRAVEL EXPENDITURE REPORT FOR THE QUARTER ENDING MARCH 31, 2026
- IV. COMMITTEE REPORT(S)
 - A. GOVERNANCE COMMITTEE VERBAL REPORT FOR THE MEETING ON MAY 26, 2026
- V. CONSENT ITEMS
 - A. APPROVAL OF MINUTES FOR THE MEETING ON MAY 12, 2026 AND POSSIBLE BOARD ACTION
- VI. BOARD/DEPARTMENT ADMINISTRATION
 - A. PRESENTATION BY SEGAL – EXPERIENCE STUDY 101 AND RISK REPORT FOLLOW-UP
- VII. INVESTMENTS
 - A. CHIEF INVESTMENT OFFICER VERBAL REPORT

- B. PRESENTATION BY TOWNSEND HOLDINGS LLC OF THE REAL ESTATE FISCAL YEAR 2026-27 STRATEGIC PLAN AND POSSIBLE BOARD ACTION
- C. PRESENTATION BY AKSIA LLC OF THE PRIVATE CREDIT PORTFOLIO PERFORMANCE REVIEW FOR THE PERIOD ENDING DECEMBER 31, 2025
- D. APPROVAL OF 3-YEAR CONTRACT WITH POLEN CAPITAL CREDIT, LLC REGARDING THE MANAGEMENT OF AN ACTIVE HYBRID HIGH YIELD FIXED INCOME/U.S. FLOATING RATE BANK LOAN PORTFOLIO AND POSSIBLE BOARD ACTION
- E. PROXY VOTING POLICY REVIEW AND POSSIBLE BOARD ACTION
- F. INVESTMENT MANAGER CONTRACT WITH BARROW, HANLEY, MEWHINNEY & STRAUSS, LLC REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. EQUITIES DEVELOPED MARKETS VALUE PORTFOLIO AND POSSIBLE BOARD ACTION
- G. INVESTMENT MANAGER CONTRACT WITH WASATCH ADVISORS, INC. D/B/A WASATCH GLOBAL INVESTORS REGARDING THE MANAGEMENT OF AN ACTIVE EMERGING MARKETS SMALL CAP EQUITIES PORTFOLIO AND POSSIBLE BOARD ACTION
- H. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 REGARDING CONTINUED DISCUSSION TO CONSIDER A COMMITMENT TO PRIME PROPERTY FUND, LLC AND POSSIBLE BOARD ACTION**

VIII. LEGAL/LITIGATION

- A. LEGAL UPDATE REGARDING THE CASE ENTITLED LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION V. COUNTY OF LOS ANGELES, ET AL. (CAL. SUPREME COURT, CASE NO. S286264)
- B. CLOSED SESSION PURSUANT TO SUBDIVISIONS (A) AND (D)(1) OF GOVERNMENT CODE SECTION 54956.9 TO CONFER WITH, AND/OR RECEIVE ADVICE FROM LEGAL COUNSEL AND POSSIBLE BOARD ACTION REGARDING PENDING LITIGATION IN THE CASES ENTITLED:**
 - 1. THOMAS CRAWLEY v. LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM ET AL., (LOS ANGELES SUPERIOR COURT CASE NO. 24STCV14282)**
 - 2. INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, LOCAL 18 v. CITY OF LOS ANGELES ET AL., (LOS ANGELES SUPERIOR COURT CASE NO. 24STCP02171)**

3. LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM, ET AL. V. GLENN SANFORD, ET AL., (DELAWARE COURT OF CHANCERY CASE NO. 2024-0998-KSJM)

4. ROQUE V. LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION (LOS ANGELES SUPERIOR COURT CASE NO. 25NNCP00940)

5. LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM V. RILEY (LOS ANGELES SUPERIOR COURT CASE NO. 26STCV15397)

IX. OTHER BUSINESS

X. NEXT MEETING: The next Regular meeting of the Board is scheduled for June 23, 2026, at 10:00 A.M., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, CA 90012.

XI. ADJOURNMENT

LACERS' ETHICAL CONTRACT COMPLIANCE REPORT – NOTIFICATION TO THE BOARD

Board Meeting: 7/9/2026

Item III-A

RESTRICTED SOURCES

The Board's Ethical Contract Compliance Policy was adopted in order to prevent and avoid the appearance of undue influence on the Board or any of its Members in the award of investment-related and other service contracts. Pursuant to this Policy, this notification procedure has been developed to ensure that Board Members and staff are regularly apprised of firms for which there shall be no direct marketing discussions about the contract or the process to award it; or for contracts in consideration of renewal, no discussions regarding the renewal of the existing contract.

Name	Description	Inception	Expiration	Division
Aksia LLC	Private Credit Consultant	April 1, 2023	March 31, 2026	Investments
Principal Global Investors, LLC	Active U.S. Mid Cap Core Equities	July 1, 2014	June 30, 2026	Investments
Dimensional Fund Advisors, LP	Active Non-U.S. Equities Emerging Markets Value	July 1, 2014	June 30, 2026	Investments
Granahan Investment Management, Inc.	Active U.S. Small Cap Growth Equities	August 1, 2020	July 31, 2026	Investments
Segall Bryant & Hamill, LLC	Active U.S. Small Cap Value Equities	August 1, 2020	July 31, 2026	Investments
Loomis, Sayles & Company, L.P.	Active High Yield Fixed Income	September 1, 2020	August 31, 2026	Investments
Informed Momentum Company LLC	Active U.S. Small Cap Growth Equities	September 1, 2020	July 31, 2026	Investments
Copeland Capital Management, LLC	Active U.S. Small Cap Core Equities	August 1, 2020	July 31, 2026	Investments
Polen Capital Credit, LLC	Active Hybrid High Yield Fixed Income/U.S. Floating Rate Bank Loan	September 1, 2020	August 31, 2026	Investments

AP Keenan	Health and Welfare Consulting Services / Ancillary Health Consulting Services	September 1, 2022	August 31, 2025	Health, Wellness, and Buybacks
Cushman & Wakefield U.S., Inc.	Property Management Services	N/A	N/A	Administration

ACTIVE REQUEST FOR PROPOSALS (RFPs)

Description	Respondents	Inception	Expiration	Division
Property Management Services	Bell Properties, Inc., Cushman & Wakefield, Dow Property Group, Inc., EBS Asset Management Inc., Simon Shamoulia, SoCal Premier Property Management	July 28, 2025	September 5, 2025	Administration

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM III-B

Benefit payments have been approved by the General Manager under the authority delegated by the Board of Administration (Board Rule GMA 1 adopted June 14, 2016):

SERVICE RETIREMENTS

Member Name	Service	Department	Classification
Ortiz, Loretta V	42	Library Dept.	Exec Administrative Assistant
Flores, Yolanda	39	City Attorney's Office	Legal Secretary
Khou, Houng	38	Controller's Office	Fiscal Systems Specialist
Vuong, Jade D	38	Library Dept.	Accounting Clerk
Falls, Angela Jene	37	Fire Dept.	Senior Personnel Analyst
Morgutia, Jaime	37	PW - Sanitation	Refuse Collection Truck Opr
Cabanillas, Fernando	36	PW - Street Services	Street Lighting Electrician
Heinsius, Kenneth N	36	Harbor Dept.	Senior Management Analyst
Cohen Kalpakian, Felise R	35	City Attorney's Office	Assistant City Attorney
Hazelett, Philip Bryan	34	Harbor Dept.	Const and Maint Supv
Kim, Arthur S	34	GSD	Mat Testing Eng Assoc
Chaw, Fung Pwon	33	Police Dept.	Storekeeper
Chinn, Craig A	33	PW - Street Services	St Lighting Electrician Supv
Sarullo, Maria Teresa	33	Dept. of Airports	Senior Airport Engineer
Calhoun, Ronnie Joe	32	PW - Sanitation	Refuse Collection Truck Opr
Chaing, Gae Y	32	GSD	Custodian
Mancilla, Yolanda	32	Dept. of Airports	Civil Engineering Associate
Montgomery, Cynthia Denise	32	Dept. of Transportation	Senior Traffic Supervisor
Valentine, Laura K	32	Dept. on Disability	Senior Management Analyst
Abouakl, George T	31	Police Dept.	Equipment Mechanic
Streeter, Georgianna M	31	Dept. of Airports	Chief Management Analyst
Bolokowicz, Michael A	30	Library Dept.	Personnel Director
Huynh, James	30	ITA	Systems Administrator
Nolan, Mark David	30	LA Housing Dept.	Housing Inspector
Pijuan, Alfonso Leandro	30	Emergency Preparedness	Emergency Mgmt Coordinator
San Juan, Julia C.	30	City Attorney's Office	Assistant City Attorney
Sanchez, Ernesto	30	GSD	Parking Attendant
Vanegas, Miguel A	30	GSD	Senior Parking Attendant
Dunagan, James C	29	Dept. of Airports	Environmental Specialist
Taylor, Katherine Lynn	29	Personnel Dept.	Sr Personnel Analyst
Irving, Theodore L	28	City Planning Dept.	Principal City Planner
Orozco, Frank L	28	City Attorney's Office	Deputy City Attorney
Wong, Tommy	28	Police Dept.	Automotive Supervisor
Akhigbe, Matthew A	27	Dept. of Airports	Senior Security Officer
Galindo, Elliot	27	PW - Special Proj Constr	Cement Finisher
Pena, Silvia	27	Fire Dept.	Accounting Clerk
Araiza, Patricia M	26	PW - Street Services	Landscape Architectural

Billington, Kenneth	26	PW - Street Services	Associate
Chang, Wonkoo	26	City Attorney's Office	Heavy Duty Truck Operator
Lai, Quang	26	GSD	Deputy City Attorney
Lewis, Lloyd Wayne	26	GSD	Equipment Mechanic
Magee, Shawn F	26	PW - Sanitation	Senior Custodian
Yam, Lydia Ming	26	Controller's Office	Senior Administrative Clerk
Yamaguchi, Douglas Kenji	26	Dept. of Airports	Senior Systems Analyst
Akamine, Kenneth A	25	Police Dept.	Senior Management Analyst
Harrison, Bradford N	25	City Attorney's Office	Evidence And Property Officer
Ponce, Jose J	25	Dept. of Airports	Deputy City Attorney
Rodriguez, Armando	25	PW - Sanitation	Custodian
Taylor, Juanita K	25	PW - Special Proj Constr	Maintenance Laborer
Vanegas, Jose Norberto	25	GSD	Maintenance Laborer
Yancey, Lisa N	25	Dept. of Bldg. & Safety	Bindery Equipment Operator
Dotson, James	24	PW - Special Proj Constr	Chief Inspector
Elias, Maria Del Carmen	24	Police Dept.	Cement Finisher
Guglielmo, Laura Kimi	24	LA Housing Dept.	Senior Detention Officer
Jennings, Jodie	24	PW - Sanitation	Asst GM
Mullins, John A	24	PW - Sanitation	Refuse Collection Truck Opr
Nicodemus, Cherryflor	24	PW - Engineering	Refuse Collection Truck Opr
Navarro			Office Engineering Technician
Heard, Karen L	23	Dept. of Airports	Administrative Clerk
Killen, Kathleen M	23	PW - Admin Div.	Accounting Clerk
Navarro, Joseph Anthony	23	PW - Street Services	Motor Sweeper Operator
Cawthon, Joy Marlene	22	Police Dept.	Senior Administrative Clerk
Cochran, Keith L	22	PW - Street Services	Motor Sweeper Operator
Mitchell-Planer, Rhonda Lynn	22	Council	Council Aide
Rolle, Tammy Dasharne	22	Police Dept.	Senior Administrative Clerk
Esguerra-Olivares, Nerida Sunga	21	Dept. of Airports	Dir Of Airports Administration
Fortune, Cynthia A	21	El Pueblo	Asst GM
Muro, Ana	21	City Attorney's Office	Legal Secretary
Preston, George Wane	21	GSD - Fleet Services	Equipment Superintendent
Torres, Rodolfo	21	PW - Sanitation	Maintenance Laborer
Wright, Angelica G	21	Dept. of Airports	City Planner
O'brien, Lawanda Denise	20	Harbor Dept.	Administrative Clerk
Octoman, Delfin P	20	Harbor Dept.	Building Operating Engineer
Tsui, Joseph Chun Man	20	Dept. of Rec. & Parks	Senior Accountant
Uy, Joselito T	20	PW - Sanitation	Environ Engineering Assoc
Aguayo, Genaro	19	Dept. of Airports	Building Repairer
Claiborne, Wilford	19	PW - Sanitation	Refuse Collection Truck Opr
Cröse, Joy Murakami	19	City Attorney's Office	Assistant City Attorney
Masson, Franchesca Angelique	19	Police Dept.	Personnel Analyst
Rath, Bidyut K	19	Dept. of Bldg. & Safety	Structural Engineering Assoc
Pua, Belen	18	LACERS	Accounting Clerk
Ramos, Gwen Lozano	18	PW - Sanitation	Sr Environ Compliance Inspector
Sun, Kevin Y	18	Harbor Dept.	Programmer/Analyst
Wells, Susan Gayle	18	FIRE & POLICE PENSIONS	Senior Administrative Clerk

Burke, Myla D	17	Dept. of Transportation	Sr Systems Analyst
Lee, Kathy Elaine	17	Dept. of Transportation	Traffic Officer
Saraceno, Domenic Henry	17	GSD	Equipment Mechanic
Silva, Steve	17	Dept. of Rec. & Parks	Truck Operator
Vercher, Francelle	17	Dept. of Airports	Sr Heavy Duty Equip Mechanic
Villasenor, Roger	17	Harbor Dept.	Port Electrical Mechanic
Mclaughlin, Colleen Marie	15	Zoo Dept.	Veterinary Technician
Innocent, Glen R	14	Dept. of Rec. & Parks	Gardener Caretaker
Jou, Lydia Kweichi	13	Council	Council Aide
Mendez, Gerardo	13	ITA	Computer Graphic Art
Kanan, Lynn M	12	Dept. of Rec. & Parks	Administrative Clerk
Chavez, Steve Roy	10	Police Dept.	Automotive Dispatcher
Dorso, Andrew Benedido	10	Dept. of Bldg. & Safety	Building Inspector
Lee, Mingwen	10	Dept. of Airports	Airport Guide
Reinschmidt, Jennifer Lisa	10	Police Dept.	Administrative Clerk
Colon, Stephen Joseph	9	City Ethics Commission	Ethics Officer
Estrada, Theresa M	9	Dept. of Rec. & Parks	Recreation Assistant
Jaynes, Katherine	7	Zoo Dept.	Animal Keeper
Parker, Gail	7	Dept. of Rec. & Parks	Administrative Clerk
Thomas, Sandra M	6	City Attorney's Office	Deputy City Attorney
Voluntad, Armando P	6	PW - Special Proj Constr Div.	Equipment Operator
Champion, Emma M	5	Dept. of Transportation	Crossing Guard
Garza, Marlene	5	LA Housing Dept.	Asst GM
Wohlfarth, Fred S	5	Dept. of Bldg. & Safety	Build Inspector
Clark, Lynn S	2	Dept. of Airports	Airport Safety Officer

APPROVED DEATH BENEFIT PAYMENTS

Deceased TIER 1	Beneficiary/Payee
Alonzo, Avelino M	Rowena Q Ramos for the payment of the Unused Contributions
Anderson, Clara	Donald Anderson for the payment of the Accrued But Unpaid Continuance Allowance
Ashikaga, Yosh	Janet Ashikaga for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Beetz, Mary C	Ramino Troy Beetz for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Bell, James Henry	Karen Marie Bell for the payment of the Accrued But Unpaid Larger Annuity Allowance Accrued But Unpaid Service Retirement Allowance Burial Allowance
Candido, Aileen Voloso	Edison Pierre Anthony Voloso-Candido for the payment of the Burial Allowance
Cohen, Sheldon J	Michael E Cohen for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Steven R Cohen for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Corral, Efren	Efren Corral for the payment of the Burial Allowance
Cortez, Roberto A	Olinda Juarez Cortez for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Costantino, Thomas	Ann Costantino for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Rita Costantino for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Farag, Safnat Marcus	Ramsis M Farag for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Unused Contributions
Gaines, Geraldine	Gerri L Brown for the payment of the Accrued But Unpaid Continuation Allowance
Gardner, Joe C	Everliner M Gardner for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Garland, Henry W	Steven Nevens for the payment of the Accrued But Unpaid Disability Retirement Allowance Burial Allowance
Gaston, Leonard G	Tawanna Ervin-Gaston for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Gilbert, Patrick A	Clara M Lotton for the payment of the Burial Allowance Yong Tae Gilbert for the payment of the Accrued But Unpaid Service Retirement Allowance
Gobler, Pat	Sharon Munz for the payment of the Burial Allowance
Gonzalez, Raul	Aurora Padilla for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Graney, Thomas W	Jean M Courson for the payment of the Accrued But Unpaid Service Retirement Allowance Thomas W Graney Jr for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Guerin, Charles Timothy	Kathleen M Guerin for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Heath, Janet	Robert C Heath for the payment of the Accrued But Unpaid Continuance Allowance Accrued But Unpaid Vested Retirement Allowance Burial Allowance
Henderson, John C	John C Henderson II for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Hill, Danny R	Robert E Hill for the payment of the Accrued But Unpaid Vested Retirement Allowance Burial Allowance Unused Contributions Teresa Diane Williams for the payment of the Accrued But Unpaid Vested Retirement Allowance Burial Allowance Unused Contributions

Hyett, Maurice C	Elizabeth Balcazar Hyett for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Ige, Kathleen J	Alex P Rogers for the payment of the Accrued But Unpaid Larger Annuity Continuance Allowance Unused Contributions
Jenkins, Alfred	Lucy Jenkins for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Jones, Earle W	Raylette D Jones for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Jones, Edgar L	Edgar L Jones for the payment of the Accrued But Unpaid Service Retirement Allowance Rodney L Jones for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Jones, Lillie Stampley	Charlotte A Hagos for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Jones, Stanley D	Tracey M Jones for the payment of the Accrued But Unpaid Vested Retirement Allowance Burial Allowance Unused Contributions
Kennedy, Bobby J	Denise Kennedy Harris for the payment of the Burial Allowance

Lawson, Conservatee,
Charles E

Miesha Lawson for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Ta'Taneshia Parker for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Leitch, Bruce Daniel

Carolyn Canedy for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Lidge, A C

Chaundra R Smith for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Lim, Francisco B

Elizabeth C Lim for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Lucero, John S

Frances Micalizzi for the payment of the
Accrued But Unpaid Service Retirement Allowance

Josephine Lucero for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Luna, Anita L

Mark Luna for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Paul Luna for the payment of the
Accrued But Unpaid Service Retirement Allowance

Martin, Joyce A

Gregory A Martin for the payment of the
Accrued But Unpaid Continuanace Allowance

Shari L Milligan for the payment of the
Accrued But Unpaid Continuanace Allowance

Merkin, Frederick N

Margaret Merkin for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Miller, Ella	Ella Miller Revocable Living Trust for the payment of the Accrued But Unpaid Continuation Allowance
Mitchell, Jeanette Mary	Jason Mitchell for the payment of the Accrued But Unpaid Continuation Allowance Tim Mitchell for the payment of the Accrued But Unpaid Continuation Allowance
Moore, Dorothy M	Glenn Moore for the payment of the Accrued But Unpaid Continuation Allowance
Nakamura, Carol M	Gail Y Graves for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Nave, Ardella	Kathryn S Nave Elliott for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Ofalla, Hilaria Maralit	Sergio De La Torre Ofalla for the payment of the Burial Allowance
Omokawa, Noriaki Wayne	Susan Shizuko Omokawa for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Peck, Alan A	Alana J Peck for the payment of the Burial Allowance
Porter, Courtney L	Mysti Amber Y Porter for the payment of the Burial Allowance

Quezada, Rodolfo	Raul M Quezada for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Unused Contributions
Rios, Rosa Mari	Marina Rios Daley for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Rodriguez, Nellie E	Erlinda R Dawson for the payment of the Accrued But Unpaid Continuance Allowance
Rudnick, Arthur Sheldon	Keith Alan Rudnick for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Sincosky, Andrew B	Raynette J Sincosky for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Sreedharan, Manalel K	Manoj Sreedharan for the payment of the Accrued But Unpaid Continuance Allowance Accrued But Unpaid Service Retirement Allowance Burial Allowance Sindhu Cloward for the payment of the Accrued But Unpaid Service Retirement Allowance
Staten, Beverly A	Earl L Staten for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Stumbo, Robert E	Jacqueline Woodward for the payment of the Burial Allowance

Sugimoto, Jeannette F	Joni A. Sugimoto-Hutton for the payment of the Accrued But Unpaid Continuance Allowance
Sumlin, Hester	Maury C Sumlin for the payment of the Accrued But Unpaid Continuance Allowance Accrued But Unpaid Service Retirement Allowance Burial Allowance Wilfred L Sumlin for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Trenair, Tremain	Darlene Braden for the payment of the Burial Allowance
Ventura, Joy C	Charles N Ventura for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Vestal, W Lucille	Charles S Vestal for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Waldron, Reva A	Troye Alonzo Waldron for the payment of the Accrued But Unpaid Continuance Allowance William Lomax Waldron for the payment of the Accrued But Unpaid Continuance Allowance
Weis, Steve F	Gregory Strid for the payment of the Accrued But Unpaid Larger Annuity Allowance Accrued But Unpaid Service Retirement Allowance Burial Allowance
Weismair, Maximilian	Krista J Weismair Hemric for the payment of the Accrued But Unpaid Larger Annuity Allowance Accrued But Unpaid Service Retirement Allowance Burial Allowance Kurt D Weismair for the payment of the Accrued But Unpaid Larger Annuity Allowance

Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Young, Joseph

Catharia L Blackwell for the payment of the
Accrued But Unpaid Continuance Allowance

APPROVED DEATH BENEFIT PAYMENTS

Deceased	Beneficiary/Payee
Isidro, Larry A (Deceased Active)	Maria Isidro for the payment of the Limited Pension
Jackson, Alvin (Deceased Active)	Pauline Jackson for the payment of the Vested Retirement Survivorship Allowance
Mc Farland, Donnisha Monique (Deceased Active)	Amani Lee for the payment of the Accumulated Contributions
Myrato, Lillian (Deceased Active)	John Myrato for Minor for the payment of the Family Death Benefit Plan
Thomas, Howard Andre (Deceased Active)	Howard A Thomas for the payment of the Accumulated Contributions Leticia Colchado for Minor for the payment of Family Death Benefit Plan Naomi N Thomas for the payment of the Accumulated Contributions Nicolas N Thomas for the payment of the Accumulated Contributions
Walker, Bob J (Deceased Active)	Cena M Johnson for the payment of the Accumulated Contributions
Williams, Lavedia L (Deceased Active)	Brittney James for the payment of the Accumulated Contributions
Wong, Vincent Richard (Deceased Active)	Wendy M. Huang for the payment of the Accumulated Contributions

Disclaimer: The names of members who are deceased may appear more than once due to multiple beneficiaries being paid at different times.



LACERS
 LA CITY EMPLOYEES'
 RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION

MEETING: JUNE 9, 2026

FROM: Todd Bouey, General Manager

ITEM: III-C

SUBJECT: EDUCATION AND TRAVEL EXPENDITURE REPORT FOR THE QUARTER ENDING MARCH 31, 2026

ACTION CLOSED CONSENT RECEIVE & FILE

Recommendation

That the Board receives and files this report.

Executive Summary

A report on the Board and staff education and travel expenditure is provided to the Board on a quarterly basis pursuant to the Board Travel Policy. The Department budgeted \$247,365.00 for education and related travel expenses in Fiscal Year 2025-2026. As of the quarter ending March 31, 2026, the Department has incurred a total of \$119,107.12 or 48.2% of the total budgeted funds, as indicated in the table below:

	FY 2025-26 Budget	Quarter Ending 03/31/2026		Year-To-Date	
		Amount	Budget %	Amount	Budget %
Board	\$ 47,100.00	\$ 26,355.75	56.0%	\$ 45,111.22	95.8%
Staff	\$ 95,990.00	\$ 23,257.45	24.2%	\$ 33,647.32	35.1%
Investment Administration	\$ 104,275.00	\$ 18,743.14	18.0%	\$ 40,348.58	38.7%
Total	\$ 247,365.00	\$ 68,356.34	27.6%	\$ 119,107.12	48.2%

Attachment 1 details the education and travel expenditures for Board and staff as of the quarter ending March 31, 2026.

Prepared By:

Jo Ann Peralta, Departmental Chief Accountant IV, Fiscal Management Division

Attachments:

1. Education and Travel Expenditure Report for the Period
July 1, 2025 to March 31, 2026

BOARD MEETING: 06/09/2026
ITEM: III-C
ATTACHMENT: 1

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
BOARD EDUCATION AND RELATED TRAVEL EXPENDITURE REPORT
FOR THE PERIOD JULY 1, 2025 TO MARCH 31, 2026**

NAME	ORGANIZATION	CONFERENCE TITLE	LOCATION	START DATE	END DATE	REGISTRATION	AIRFARE	LODGING	OTHER TRAVEL EXP.	TOTAL EXPENSE
THUY HUYNH	COUNCIL OF INSTITUTIONAL INVESTORS (CII)	2025 CII FALL CONFERENCE	SAN FRANCISCO, CA	09/07/25	09/10/25	\$ 995.00	\$ 266.79	\$ 944.87	\$ 335.11	\$ 2,541.77
THUY HUYNH	INTERNATIONAL FOUNDATION OF EMPLOYEE BENEFITS PLAN (IFEBP)	71ST ANNUAL EMPLOYEE BENEFITS CONFERENCE	HONOLULU, HI	11/08/25	11/13/25	\$ 2,150.00	\$ 642.40	\$ 1,177.50	\$ 859.21	\$ 4,829.11
JANNA SIDLEY	INTERNATIONAL FOUNDATION OF EMPLOYEE BENEFITS PLAN (IFEBP)	71ST ANNUAL EMPLOYEE BENEFITS CONFERENCE	HONOLULU, HI	11/08/25	11/12/25	\$ 2,390.00	\$ 454.42	\$ 1,193.76	\$ 870.88	\$ 4,909.06
SUNG WON SOHN	INTERNATIONAL FOUNDATION OF EMPLOYEE BENEFITS PLAN (IFEBP)	71ST ANNUAL EMPLOYEE BENEFITS CONFERENCE	HONOLULU, HI	11/09/25	11/13/25	\$ 1,850.00	\$ 494.40	\$ 1,859.08	\$ 813.35	\$ 5,016.83
THOMAS MOUTES	STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS (SACRS)	2025 SACRS FALL CONFERENCE	HUNTINGTON BEACH, CA	11/11/25	11/13/25	\$ 290.00	\$ -	\$ 1,000.70	\$ 168.00	\$ 1,458.70
JANNA SIDLEY	HARVARD KENNEDY SCHOOL OF EXECUTIVE EDUCATION	LEADERSHIP FOR THE 21ST CENTURY CHAOS, CONFLICT & COURAGE	CAMBRIDGE, CA	01/24/26	01/30/26	\$ 12,900.00	\$ 357.79	\$ 336.26	\$ 521.12	\$ 14,115.17
SUNG WON SOHN ¹	HARVARD KENNEDY SCHOOL OF EXECUTIVE EDUCATION	DRIVING DIGITAL AND AI STRATEGY	BOSTON, MA	03/28/26	04/03/26	\$ 10,500.00	\$ 866.61	\$ 185.16	\$ 688.81	\$ 12,240.58
BOARD MEMBERS' EDUCATION AND RELATED TRAVEL EXPENDITURES FOR THE 1ST QUARTER ENDING 09/30/25:						\$ 995.00	\$ 266.79	\$ 944.87	\$ 335.11	\$ 2,541.77
BOARD MEMBERS' EDUCATION AND RELATED TRAVEL EXPENDITURES FOR THE 2ND QUARTER ENDING 12/31/25:						\$ 6,680.00	\$ 1,591.22	\$ 5,231.04	\$ 2,711.44	\$ 16,213.70
BOARD MEMBERS' EDUCATION AND RELATED TRAVEL EXPENDITURES FOR THE 3RD QUARTER ENDING 03/31/26:						\$ 23,400.00	\$ 1,224.40	\$ 521.42	\$ 1,209.93	\$ 26,355.75
BOARD MEMBERS' EDUCATION AND RELATED TRAVEL EXPENDITURES FOR THE 4TH QUARTER ENDING 06/30/26:						\$ -	\$ -	\$ -	\$ -	\$ -
YTD BOARD MEMBERS' EDUCATION AND RELATED TRAVEL EXPENDITURES :						\$ 31,075.00	\$ 3,082.41	\$ 6,697.33	\$ 4,256.48	\$ 45,111.22
ANNUAL BOARD MEMBERS' AND DEPARTMENTAL EDUCATION AND RELATED TRAVEL BUDGET:									\$47,100.00	\$247,365.00
YTD BOARD MEMBERS' EDUCATION AND RELATED TRAVEL EXPENDITURES % TO THE BOARD AND DEPARTMENT ANNUAL EDUCATION AND RELATED TRAVEL BUDGET :									95.8%	18.2%

¹Amounts reported based on Travel Authority

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
STAFF EDUCATION AND RELATED TRAVEL EXPENDITURE REPORT
FOR THE PERIOD JULY 1, 2025 TO MARCH 31, 2026**

NAME	ORGANIZATION	CONFERENCE TITLE	LOCATION	START DATE	END DATE	REGISTRATION	AIRFARE	LODGING	OTHER TRAVEL EXP.	TOTAL EXPENSE
TODD BOUEY	NATIONAL CONFERENCE ON PUBLIC EMPLOYEE RETIREMENT SYSTEMS (NCPERS)	2025 PUBLIC PENSION FUNDING FORUM	CHICAGO, IL	08/17/25	08/19/25	\$ 795.00	\$ 677.32	\$ 584.66	\$ 374.59	\$ 2,431.57
JULIE GUAN	BOX.COM	BOXWORKS CONTENT + AI	SAN FRANCISCO, CA	09/10/25	09/12/25	\$ -	\$ 206.61	\$ 821.62	\$ 454.77	\$ 1,483.00
JOSHUA GELLER	INSTITUTIONAL LIMITED PARTNERS ASSOCIATION (ILPA)	2025 ILPA PRIVATE EQUITY LEGAL CONFERENCE	ARLINGTON, VA	09/24/25	09/26/25	\$ 649.00	\$ 506.47	\$ 843.16	\$ 365.56	\$ 2,364.19
RYAN INTAL	LEVI, RAY & SHOUP (LRS)	PENSION GOLD TEAMING CONFERENCE 2025	SPRINGFIELD, IL	10/06/25	10/09/25	\$ -	\$ 524.62	\$ 475.38	\$ 557.23	\$ 1,557.23
ZOOIE DUY NGUYEN	LEVI, RAY & SHOUP (LRS)	PENSION GOLD TEAMING CONFERENCE 2025	SPRINGFIELD, IL	10/06/25	10/09/25	\$ -	\$ 533.92	\$ 475.38	\$ 314.00	\$ 1,323.30
GINA DI DOMENICO	UC BERKELEY CENTER FOR LAW AND BUSINESS	2025 BERKELEY FORUM ON CORPORATE GOVERNANCE	SAN FRANCISCO, CA	10/27/25	10/29/25	\$ -	\$ 217.75	\$ 749.66	\$ 263.17	\$ 1,230.58
JOSHUA GELLER ¹	NATIONAL ASSOCIATION PUBLIC PENSION ATTORNEYS (NAPPA)	NAPPA WINTER SEMINAR 2026	NASHVILLE, TN	02/17/26	02/20/26	\$ 750.00	\$ 546.07	\$ 949.67	\$ 574.62	\$ 2,820.36
MIGUEL BAHAMON ¹	NATIONAL ASSOCIATION PUBLIC PENSION ATTORNEYS (NAPPA)	NAPPA WINTER SEMINAR 2026	NASHVILLE, TN	02/17/26	02/20/26	\$ 750.00	\$ 506.10	\$ 949.67	\$ 535.82	\$ 2,741.59
SHERI CHEUNG ¹	NATIONAL ASSOCIATION PUBLIC PENSION ATTORNEYS (NAPPA)	NAPPA WINTER SEMINAR 2026	NASHVILLE, TN	02/17/26	02/20/26	\$ 750.00	\$ 506.10	\$ 949.67	\$ 369.17	\$ 2,574.94
TANEDA LARIOS	NATIONAL CONFERENCE ON PUBLIC EMPLOYEE RETIREMENT SYSTEMS (NCPERS)	COMMUNICATIONS & MEMBER SERVICES SUMMIT 2026	SAN DIEGO, CA	03/02/26	03/04/26	\$ 800.00	\$ -	\$ 600.60	\$ 457.12	\$ 1,857.72
AUDREY DYMALLY	NATIONAL CONFERENCE ON PUBLIC EMPLOYEE RETIREMENT SYSTEMS (NCPERS)	COMMUNICATIONS & MEMBER SERVICES SUMMIT 2026	SAN DIEGO, CA	03/02/26	03/04/26	\$ 800.00	\$ -	\$ 600.60	\$ 435.08	\$ 1,835.68
AMELIA HERRERA-ROBLES	NATIONAL CONFERENCE ON PUBLIC EMPLOYEE RETIREMENT SYSTEMS (NCPERS)	COMMUNICATIONS & MEMBER SERVICES SUMMIT 2026	SAN DIEGO, CA	03/02/26	03/04/26	\$ 800.00	\$ -	\$ 600.60	\$ 459.14	\$ 1,859.74
TIFFANY OBEMBE	NATIONAL CONFERENCE ON PUBLIC EMPLOYEE RETIREMENT SYSTEMS (NCPERS)	COMMUNICATIONS & MEMBER SERVICES SUMMIT 2026	SAN DIEGO, CA	03/02/26	03/04/26	\$ 800.00	\$ -	\$ 600.60	\$ 376.89	\$ 1,777.49

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
 STAFF EDUCATION AND RELATED TRAVEL EXPENDITURE REPORT
 FOR THE PERIOD JULY 1, 2025 TO MARCH 31, 2026

NAME	ORGANIZATION	CONFERENCE TITLE	LOCATION	START DATE	END DATE	REGISTRATION	AIRFARE	LODGING	OTHER TRAVEL EXP.	TOTAL EXPENSE
ABEGAYE KING	SYSTEMS SUPPORT INC	DRJ SPRING 2026 THE FUTURE RUNS ON RESILIENCE	ORLANDO, FL	03/14/26	03/18/26	\$ 1,595.00	\$ 563.62	\$ 1,237.52	\$ 499.24	\$ 3,895.38
KRISTEN SZANTO ¹	SYSTEMS SUPPORT INC	DRJ SPRING 2026 THE FUTURE RUNS ON RESILIENCE	ORLANDO, FL	03/14/26	03/18/26	\$ 1,595.00	\$ 680.28	\$ 1,237.52	\$ 381.75	\$ 3,894.55
TOTAL STAFF EDUCATION AND RELATED TRAVEL EXPENDITURES FOR THE 1ST QUARTER ENDING 09/30/25:						\$ 1,444.00	\$ 1,390.40	\$ 2,249.44	\$ 1,194.92	\$ 6,278.76
TOTAL STAFF EDUCATION AND RELATED TRAVEL EXPENDITURES FOR THE 2ND QUARTER ENDING 12/31/25:						\$ -	\$ 1,276.29	\$ 1,700.42	\$ 1,134.40	\$ 4,111.11
TOTAL STAFF EDUCATION AND RELATED TRAVEL EXPENDITURES FOR THE 3RD QUARTER ENDING 03/31/26:						\$ 8,640.00	\$ 2,802.17	\$ 7,726.45	\$ 4,088.83	\$ 23,257.45
TOTAL STAFF EDUCATION AND RELATED TRAVEL EXPENDITURES FOR THE 4TH QUARTER ENDING 06/30/26:						\$ -	\$ -	\$ -	\$ -	\$ -
YTD STAFF EDUCATION AND RELATED TRAVEL EXPENDITURES :						\$10,084.00	\$5,468.86	\$11,676.31	\$6,418.15	\$33,647.32
ANNUAL STAFF AND DEPARTMENTAL EDUCATION AND RELATED TRAVEL BUDGET:									\$95,990.00	\$ 247,365.00
YTD STAFF EDUCATION AND RELATED TRAVEL EXPENDITURES % TO THE STAFF AND DEPARTMENT ANNUAL EDUCATION AND RELATED TRAVEL BUDGET :									35.1%	13.6%

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
INVESTMENT ADMINISTRATION AND RELATED TRAVEL EXPENDITURE REPORT
FOR THE PERIOD JULY 1, 2025 TO MARCH 31, 2026

NAME	ORGANIZATION	CONFERENCE TITLE	LOCATION	START DATE	END DATE	REGISTRATION	AIRFARE	LODGING	OTHER TRAVEL EXP.	TOTAL EXPENSE
CLARK HOOVER	THE INVESTMENT DIVERSITY EXCHANGE (TIDE)	TIDE SPARK 2025	DANA POINT, CA	07/09/25	07/10/25	\$ -	\$ -	\$ 252.63	\$ 205.82	\$ 458.45
EDUARDO PARK	THE INVESTMENT DIVERSITY EXCHANGE (TIDE)	TIDE SPARK 2025	DANA POINT, CA	07/09/25	07/10/25	\$ -	\$ -	\$ 221.69	\$ 235.92	\$ 457.61
RODNEY JUNE	AAAIM	AAAIM ELEVATE 2025	NEW YORK, NY	09/28/25	10/01/25	\$ -	\$ 356.97	\$ 489.68	\$ 372.55	\$ 1,219.20
BARBARA SANDOVAL	OBERWEIS ASSET MANAGEMENT	DUE DILIGENCE	LISLE, IL	08/19/25	08/20/25	\$ -	\$ 400.17	\$ 256.97	\$ 189.37	\$ 846.51
EDUARDO PARK	L2 POINT MANAGEMENT LLC	L2 POINT ANNUAL MEETING	SAN FRANCISCO, CA	09/08/25	09/09/25	\$ -	\$ 207.73	\$ -	\$ 311.06	\$ 518.79
RODNEY JUNE	INVESTMENT DIVERSITY ADVISORY COUNCIL (IDAC INC)	4TH ANNUAL GLOBAL SUMMIT ON TALENT MAXIMIZATION	SAN ANTONIO, TX	09/24/25	09/25/25	\$ -	\$ 158.18	\$ 137.13	\$ 282.27	\$ 577.58
JAMES WANG	INSTITUTIONAL SOCIETY OF RISK PROFESSIONALS (ISRP)	2025 ISRP ANNUAL CONFERENCE	NASHVILLE, TN	09/09/25	09/11/25	\$ 950.00	\$ 503.87	\$ 415.96	\$ 245.46	\$ 2,115.29
DANIEL BECERRA	NOTABLE CAPITAL; TOWNSEND GROUP	NOTABLE CAPITAL LP SUMMIT; DUE DILIGENCE	SAN FRANCISCO, CA	10/09/25	10/09/25	\$ -	\$ 448.58	\$ -	\$ 330.63	\$ 779.21
EDUARDO PARK ¹	ULU VENTURES	DUE DILIGENCE	MENLO PARK, CA	10/14/25	10/14/25	\$ -	\$ 194.53	\$ -	\$ 374.28	\$ 568.81
JESSICA CHUMAK	PENSION REAL ESTATE ASSOCIATION (PREA)	PREA INSTITUTIONAL INVESTOR CONFERENCE	BOSTON, MA	10/21/25	10/21/25	\$ -	\$ 156.08	\$ -	\$ 423.76	\$ 579.84
RODNEY JUNE	GCM GROSVERNOR	SEM CONSORTIUM 2025	NEW YORK, NY	10/27/25	10/29/25	\$ -	\$ 421.96	\$ 853.86	\$ 264.45	\$ 1,540.27
ELLEN CHEN	PRI ASSOCIATION	PRI IN PERSON	SAO PAULO, BRAZIL	11/01/25	11/08/25	\$ 1,947.96	\$ 764.76	\$ 819.87	\$ 717.11	\$ 4,249.70
DANIEL BECERRA	INSTITUTIONAL REAL ESTATE INC	INSTITUTIONAL INVESTING IN INFRASTRUCTURE EDITORIAL ADVISORY BOARD MEETING	NEWPORT BEACH, CA	11/04/25	11/06/25	\$ -	\$ -	\$ -	\$ 281.41	\$ 281.41

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
INVESTMENT ADMINISTRATION AND RELATED TRAVEL EXPENDITURE REPORT
FOR THE PERIOD JULY 1, 2025 TO MARCH 31, 2026

NAME	ORGANIZATION	CONFERENCE TITLE	LOCATION	START DATE	END DATE	REGISTRATION	AIRFARE	LODGING	OTHER TRAVEL EXP.	TOTAL EXPENSE
RODNEY JUNE	KPS	2025 KPS ANNUAL INVESTOR MEETING	MIAMI, FL	11/10/25	11/12/25	\$ -	\$ 536.37	\$ 576.30	\$ 228.45	\$ 1,341.12
DANIEL BECERRA	SIXTH STREET	2025 ISIXTH STREET INVESTOR CONFERENCE	HALFMOON BAY, CA	11/11/25	11/13/25	\$ -	\$ 352.86	\$ 1,149.00	\$ 454.53	\$ 1,956.39
WILKIN LY	PENSION & INVESTMENTS; DUE DILIGENCE	P&I PENSION FUND TOUR & PUBLIC FUNDS CONFERENCE; DUE DILIGENCE	AUSTIN, TX	11/17/25	11/20/25	\$ -	\$ 561.21	\$ 550.14	\$ 383.83	\$ 1,495.18
JESSICA CHUMAK	INVESCO	2025 INVESCO REAL ESTATE GLOBAL CLIENT CONFERENCE	LA JOLLA, CA	11/18/25	11/20/25	\$ -	\$ -	\$ -	\$ 232.87	\$ 232.87
BARBARA SANDOVAL ¹	SEGALL BRYANT & HAMILL	SEGALL BRYANT & HAMILL; DUE DILIGENCE	CHICAGO, IL	12/09/25	12/10/25	\$ -	\$ 289.39	\$ 166.71	\$ 215.00	\$ 671.10
RODNEY JUNE	100 WOMEN IN FINANCE	GLOBAL FUND WOMEN WEEK	NEW YORK, NY	12/10/25	12/11/25	\$ -	\$ 431.97	\$ -	\$ 124.00	\$ 555.97
JEREMIAH PARAS	PRINCIPAL GLOBAL INVESTORS	PRINCIPAL ASSET MANAGEMENT - DUE DILIGENCE	DES MOINES, IA	12/10/25	12/11/25	\$ -	\$ 619.34	\$ 139.59	\$ 401.21	\$ 1,160.14
JAMES WANG ¹	COPELAND CAPITAL MANAGEMENT; GRANAHAN INVESTMENTS	DUE DILIGENCE	CONSHOHOCKEN, PA; WALTHAM, MA	01/20/26	01/22/26	\$ -	\$ 515.13	\$ 312.93	\$ 776.88	\$ 1,604.94
WILKIN LY	NEPC	NEPC PUBLIC FUNDS WORKSHOP	TEMPE, AZ	01/26/26	01/28/26	\$ -	\$ 214.22	\$ 642.20	\$ 139.90	\$ 996.32
JESSICA CHUMAK ¹	INSTITUTIONAL REAL ESTATE INC	2026 VISION, INSIGHTS & PERSPECTIVES (VIP) AMERICAS	CARLSBAD, CA	01/27/26	01/28/26	\$ -	\$ -	\$ 168.85	\$ 510.06	\$ 678.91
CLARK HOOVER	WITH INTELLIGENCE	PENSION BRIDGE PRIVATE CREDIT	SAN DIEGO, CA	02/02/26	02/04/26	\$ -	\$ -	\$ 665.24	\$ 293.88	\$ 959.12
EDUARDO PARK ^{1,2}	SPARK CAPITAL LP	2026 SPARK CAPITAL LP MEETING	NEW YORK, NY	02/03/26	02/05/26	\$ -	\$ -	\$ -	\$ 1,165.38	\$ 1,165.38
DANIEL BECERRA ¹	WITH INTELLIGENCE	PENSION BRIDGE PRIVATE CREDIT	SAN DIEGO, CA	02/02/26	02/04/26	\$ -	\$ -	\$ 1,012.97	\$ 668.00	\$ 1,680.97

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
INVESTMENT ADMINISTRATION AND RELATED TRAVEL EXPENDITURE REPORT
FOR THE PERIOD JULY 1, 2025 TO MARCH 31, 2026

NAME	ORGANIZATION	CONFERENCE TITLE	LOCATION	START DATE	END DATE	REGISTRATION	AIRFARE	LODGING	OTHER TRAVEL EXP.	TOTAL EXPENSE
RODNEY JUNE ¹	KRONER & KOENIGSBERGER CENTER FOR FINANCIAL RESEARCH; CHARTERED ALTERNATIVE INVESTMENT ANALYST	BRINGING ASSET OWNERS & RESEARCHERS TOGETHER	LA JOLLA, CA	02/03/26	02/05/26	\$ -	\$ -	\$ 356.34	\$ 400.14	\$ 756.48
WILKIN LY	KRONER & KOENIGSBERGER CENTER FOR FINANCIAL RESEARCH; CHARTERED ALTERNATIVE INVESTMENT ANALYST	BRINGING ASSET OWNERS & RESEARCHERS TOGETHER	LA JOLLA, CA	02/04/26	02/05/26	\$ -	\$ -	\$ 253.16	\$ 271.56	\$ 524.72
BARBARA SANDOVAL ¹	INFORMED MOMENTUM COMPANY	DUE DILIGENCE	SOLANA BEACH, CA	02/17/26	02/17/26	\$ -	\$ -	\$ -	\$ 139.41	\$ 139.41
EDUARDO PARK ¹	GTCR	GTCR 2026 ANNUAL MEETING DUE DILIGENCE	CHICAGO, IL	02/25/26	02/26/26	\$ -	\$ 739.59	\$ 569.39	\$ 530.89	\$ 1,839.87
ELLEN CHEN ¹	WITH INTELLIGENCE	WOMEN'S PRIVATE EQUITY SUMMIT 2026	PHOENIX, AZ	03/09/26	03/11/26	\$ -	\$ 252.98	\$ 1,232.46	\$ 335.14	\$ 1,820.58
WILKIN LY ¹	PGIM	PGIM MEETING SEO ALT INVESTMENTS LAZARD MEETING	NEWARK, NJ	03/10/26	03/13/26	\$ -	\$ 682.17	\$ 982.44	\$ 1,035.84	\$ 2,700.45
JEREMIAH PARAS ¹	LOOMIS SAYLES & CO LP; POLEN CAPITAL CREDIT LLC; WELLINGTON MANAGEMENT CO LLP	DUE DILIGENCE	BOSTON, MA	03/30/26	04/02/26	\$ -	\$ 861.70	\$ 869.88	\$ 871.47	\$ 2,603.05
BARBARA SANDOVAL ¹	SEGALL BRYANT & HAMILL	DUE DILIGENCE	CHICAGO, IL	03/31/26	04/01/26	\$ -	\$ 507.79	\$ 166.71	\$ 598.44	\$ 1,272.94
INVESTMENT ADMINISTRATION TRAVEL EXPENDITURES FOR THE 1ST QUARTER ENDING 09/30/25:						\$ 950.00	\$ 1,626.92	\$ 1,774.06	\$ 1,842.45	\$ 6,193.43
INVESTMENT ADMINISTRATION TRAVEL EXPENDITURES FOR THE 2ND QUARTER ENDING 12/31/25:						\$ 1,947.96	\$ 4,777.05	\$ 4,255.47	\$ 4,431.53	\$ 15,412.01
INVESTMENT ADMINISTRATION TRAVEL EXPENDITURES FOR THE 3RD QUARTER ENDING 03/31/26:						\$ -	\$ 3,773.58	\$ 7,232.57	\$ 7,736.99	\$ 18,743.14
INVESTMENT ADMINISTRATION TRAVEL EXPENDITURES FOR THE 4TH QUARTER ENDING 06/30/26:						\$ -	\$ -	\$ -	\$ -	\$ -
YTD INVESTMENT ADMINISTRATION TRAVEL EXPENDITURES :						\$2,897.96	\$10,177.55	\$13,262.10	\$14,010.97	\$40,348.58
ANNUAL INVESTMENT ADMINISTRATION AND DEPARTMENTAL TRAVEL BUDGET:									\$104,275.00	\$ 247,365.00
YTD INVESTMENT ADMINISTRATION TRAVEL EXPENDITURES % TO THE ANNUAL INVESTMENT ADMINISTRATION AND DEPARTMENT TRAVEL BUDGET :									38.7%	16.3%

¹ Amounts reported based on Travel Authority

² Travel credit was used for airfare fee

Board Agenda of: June 9, 2026
Item No.: V-A
MINUTES OF THE REGULAR MEETING
BOARD OF ADMINISTRATION
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
May 12, 2026
10:03 A.M.

Present:

Annie Chao, President
Janna Sidley, Vice President
Thuy Huynh, Commissioner
Susan Liem, Commissioner
Thomas Moutes, Commissioner
Gaylord "Rusty" Roten, Commissioner
Sung Won Sohn, Commissioner

Legal Counselor:

Miguel Bahamon

Manager-Secretary:

Dale Wong-Nguyen

Executive Assistant:

Ani Ghoukassian

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – President Chao asked if any persons wanted to make a general public comment, to which there were no public comment cards received.

II

GENERAL MANAGER VERBAL REPORT

A. REPORT ON DEPARTMENT OPERATIONS – Dale Wong-Nguyen, Executive Officer, advised the Board of the following items:

- Budget and Finance Committee – LACERS completed its budget hearing on Monday, May 4th.
- Guiding Principles Event – The Annual Employee Guiding Principles event took place on May 5th and 6th, coinciding with the National Public Service Recognition week. LACERS employees participated in various activities over the course of two days to promote the LACERS Guiding Principles and to recognize employees for their contributions as public servants.
- LACERS WELL 5K – On April 29th, LACERS held the LACERS Well 5K Hike-Walk-Run at Lacy Park in San Marino. We had the highest turnout for the event, with 112 members in attendance and 12 LACERS staff supporting.
- Alive! Featured Article (May) – The LACERS Wellness Team made the cover, and the LACERS Well Program was featured in a six-page spread in the Alive! Magazine that is circulated to LA City worker-members of the Employees' Club of California.

UPCOMING PROJECTS & ACTIVITIES:

- Retirement Service Division Projects – The Retirement Services Division is close to completing the Measure FF project and will be moving forward on two exciting new endeavors: the Compliance Support Unit and Pod Pilot.
- CPR & First Aid Training – Certified CPR and First Aid Training for additional LACERS staff is planned for June 2026.
- Cybersecurity Tabletop – LACERS' IT disaster recovery resiliency will be tested in a cybersecurity tabletop exercise to be conducted in the fall of 2026.

B. UPCOMING AGENDA ITEMS – Dale Wong-Nguyen, Executive Officer, advised the Board of the following items:

Board Meeting on May 26, 2026:

- 2027 Health Plan Renewal Verbal Update.

- Healthcare Trends presentation.

III

RECEIVE AND FILE ITEMS

A. ETHICAL CONTRACT COMPLIANCE REPORT NOTIFICATION TO THE BOARD

This report was received by the Board and filed.

B. BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER – This report was received by the Board and filed.

IV

Commissioner Huynh moved approval of Consent Agenda Item IV-A, seconded by Commissioner Roten, and adopted by the following vote: Ayes, Commissioners Huynh, Liem, Moutes, Roten, Sohn, Vice President Sidley, and President Chao -7: Nays, None.

CONSENT ITEMS

A. APPROVAL OF MINUTES FOR THE MEETING ON APRIL 14, 2026 AND POSSIBLE BOARD ACTION

V

BOARD/DEPARTMENT ADMINISTRATION

A. CHIEF INVESTMENT OFFICER HIRING PROCESS AND POSSIBLE BOARD ACTION – Kevin Hirose, Senior Personnel Analyst II, presented and discussed this item with the Board for one minute. This report was received by the Board and filed.

VI

INVESTMENTS

A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Wilkin Ly, Deputy Chief Investment Officer, reported on the portfolio value of \$28.05 billion as of May 11, 2026, and the Volatility Index at 19. Wilkin Ly discussed the following items:

INDUSTRY NEWS:

- a. U.S. unemployment rate held steady at 4.3%; employers added more jobs than expected in April.
- b. Consumer Price Index increased by 3.8% in April, the highest in three years.
- c. The University of Michigan Consumer Sentiment Index was at 48, the lowest rating ever.

OPERATIONAL:

- a. Loomis Sayles high yield and Granahan small cap U.S. equities strategies went on watch as of the Q1 performance date.
- b. Publicly-traded infrastructure RFP went live on April 13, 2026.
- c. Deadline for submitting proposals for the passive mandate is 5:00 P.M. PDT on

June 4, 2026, and the active mandate is 5:00 P.M. PDT on June 11, 2026.
d. Currently reviewing questions from respondents on RFP.

FUTURE AGENDA ITEMS:

- a. NEPC, LLC presentation of the Q1 total portfolio performance report.
- b. Townsend Holdings LLC presentation of the Q4 real estate portfolio performance report.
- c. Private market commitment notifications.

B. INVESTMENT COMMITTEE CHARTER REVIEW AND POSSIBLE BOARD ACTION

- Wilkin Ly, Deputy Chief Investment Officer, presented and discussed this item with the Board for two minutes. Commissioner Huynh moved approval, seconded by Vice President Sidley, and adopted by the following vote: Ayes, Commissioners Huynh, Liem, Moutes, Roten, Sohn, Vice President Sidley, and President Chao -7; Nays, None.

President Chao recessed the Regular meeting at 10:28 A.M. to convene in closed session.

VII

LEGAL/LITIGATION

- A. CLOSED SESSION PURSUANT TO SUBDIVISIONS (A) AND (D)(1) OF GOVERNMENT CODE SECTION 54956.9 TO CONFER WITH, AND/OR RECEIVE ADVICE FROM LEGAL COUNSEL AND POSSIBLE BOARD ACTION REGARDING PENDING LITIGATION IN THE CASE ENTITLED: INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, LOCAL 18 v. CITY OF LOS ANGELES ET AL., (LOS ANGELES SUPERIOR COURT CASE NO. 24STCP02171)**
- B. CLOSED SESSION PURSUANT TO SUBDIVISIONS (A) AND (D)(1) OF GOVERNMENT CODE SECTION 54956.9 TO CONFER WITH, AND/OR RECEIVE ADVICE FROM LEGAL COUNSEL AND POSSIBLE BOARD ACTION REGARDING PENDING LITIGATION IN THE CASE ENTITLED: THOMAS CRAWLEY v. LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM ET AL., (LOS ANGELES SUPERIOR COURT CASE NO. 24STCV14282)**
- C. CLOSED SESSION PURSUANT TO SUBDIVISIONS (A) AND (D)(4) OF GOVERNMENT CODE SECTION 54956.9 TO CONFER WITH, AND/OR RECEIVE ADVICE FROM LEGAL COUNSEL AND POSSIBLE BOARD ACTION REGARDING PENDING LITIGATION**

President Chao reconvened the Regular meeting at 10:33 A.M. with nothing to report.

VIII

OTHER BUSINESS – There was no other business.

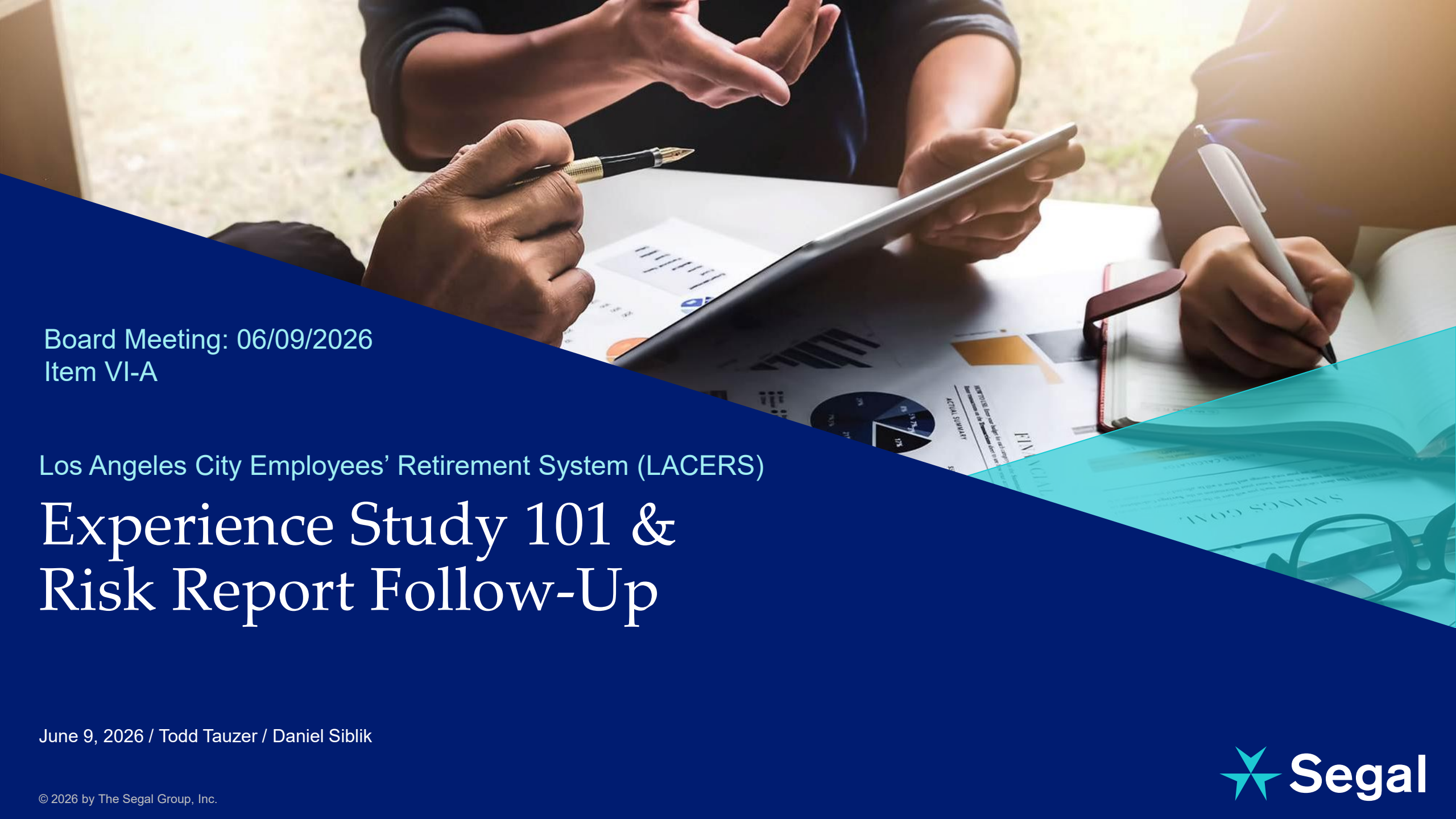
IX

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, May 26, 2026, at 10:00 A.M., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, CA 90012.

X

ADJOURNMENT – There being no further business before the Board, President Chao adjourned the meeting at 10:34 A.M.

Annie Chao, President
Dale Wong-Nguyen, Manager-Secretary

A photograph showing a group of people in a meeting. One person is holding a tablet, another is holding a pen, and they are looking at documents on a table. The scene is brightly lit, possibly by natural light from a window. The image is partially obscured by a dark blue diagonal overlay.

Board Meeting: 06/09/2026
Item VI-A

Los Angeles City Employees' Retirement System (LACERS)

Experience Study 101 & Risk Report Follow-Up

June 9, 2026 / Todd Tauzer / Daniel Siblik

Agenda

Experience Study Overview

Economic Assumptions

Demographic Assumptions

Risk Report Follow-Up

Experience Study Overview

Purpose of the Actuarial Experience Study

Develop recommended assumptions for annual actuarial valuation

- Performed on a periodic basis, typically every three years
 - Reviews both economic and demographic assumptions
- Current study is based on the **three-year** period from 2022-2025
 - Various assumptions include experience from prior studies

Segal's role is to make appropriate recommendations to the Board

- Recommendations follow guidance of Actuarial Standards of Practice
 - Assumptions are reasonable individually and in aggregate (ASOP No. 27)
- The Board can adopt all, none, or some of the recommendations

Actuarial Assumption Types



Economic

How will assets grow?

How will salaries and benefits increase?

How will UAAL be amortized?

What type of benefits will be paid?

When will benefits be paid and how long?



Demographic

Actuaries develop assumptions about when and how members exit active service, as well as the amount, duration, and present value of expected benefits paid.

Selection of Actuarial Assumptions



Primary considerations

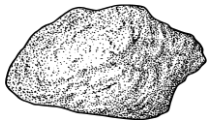
- Objective
- Long-term
- Client specific (or not)
- Consistency
- Pattern of cost incidence
- Future expectations

Actuarial Assumption Impact on Liability

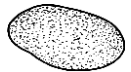
Economic



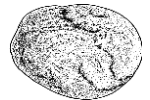
Inflation



Investment return



Salary increase



COLA

Demographic



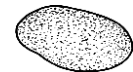
Post-retirement mortality



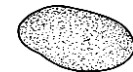
Pre-retirement mortality



Retirement



Termination



Disability

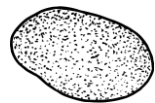
Scale of relative impact of assumptions



Boulder



Rock



Pebble



Sand

Role of Actuarial Assumptions and Methods

$$C + I = B + E$$

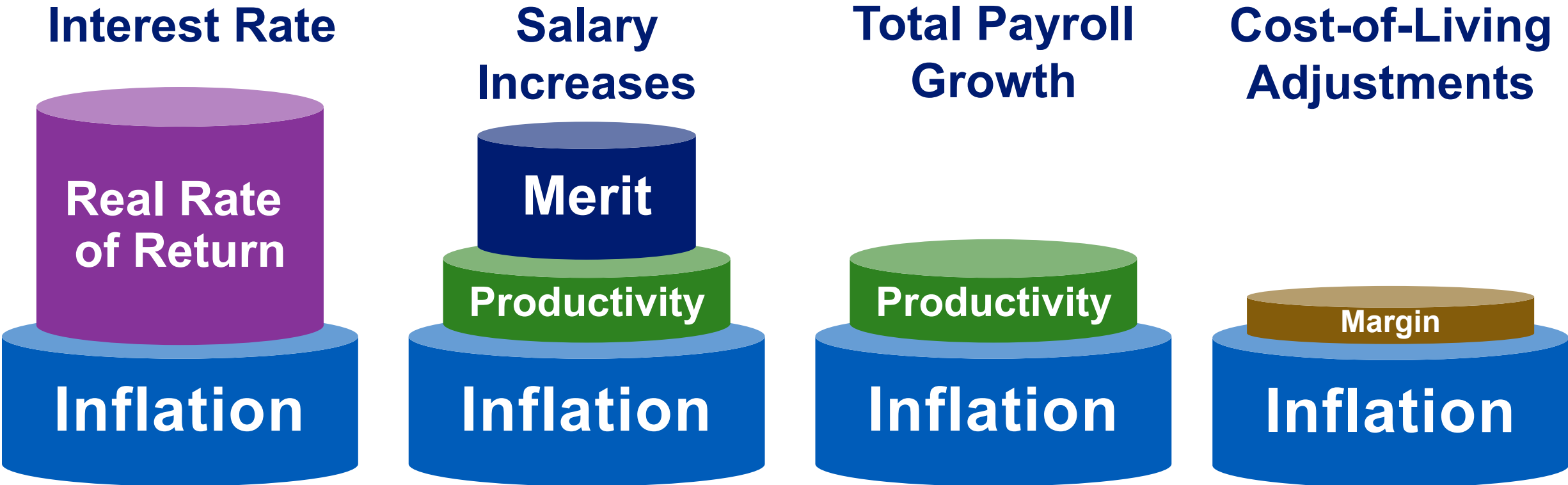
Contributions + Investment Income
equals
Benefit Payments + Expenses

Assumptions do not directly affect the **payment** of benefits, only the **timing** of contributions

- Actuarial valuation determines the “current” cost, not the ultimate cost

Economic Assumptions

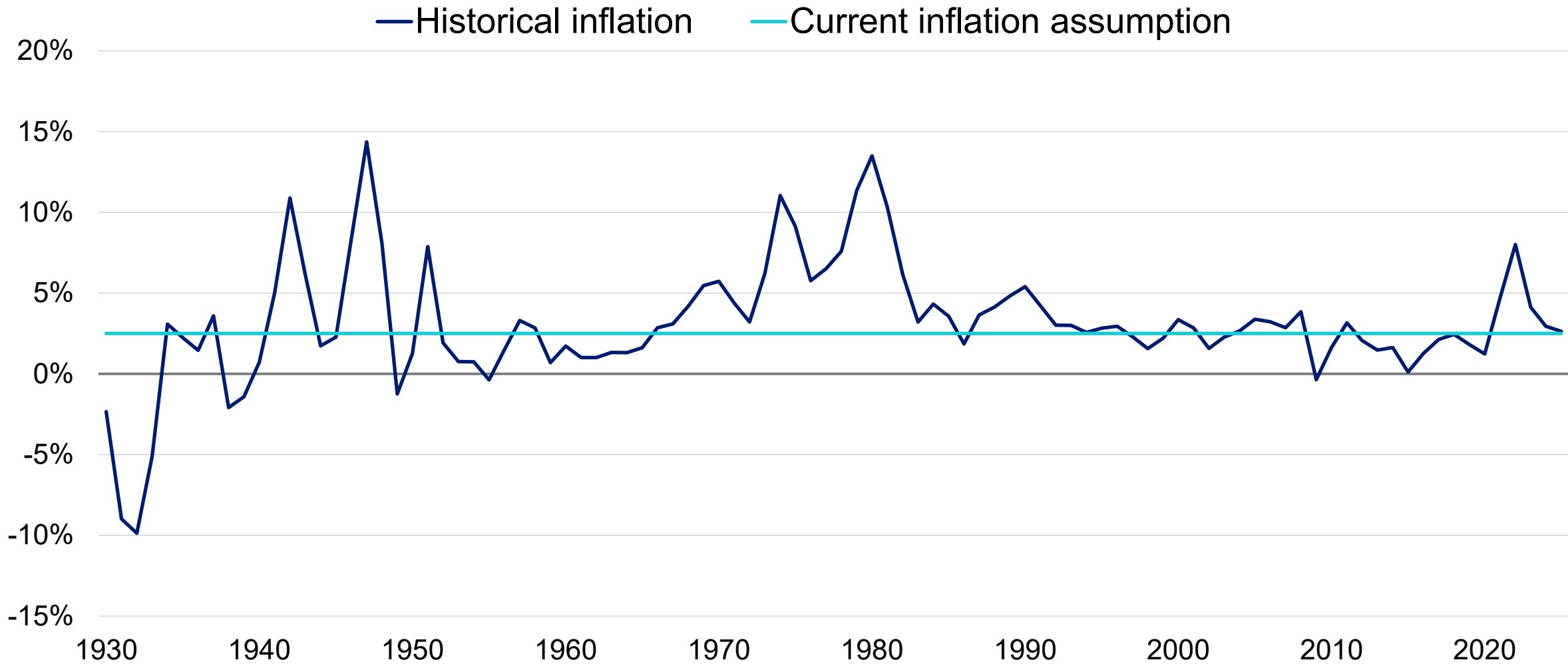
Summary of Economic Assumptions



Each component should be consistent across all economic assumptions

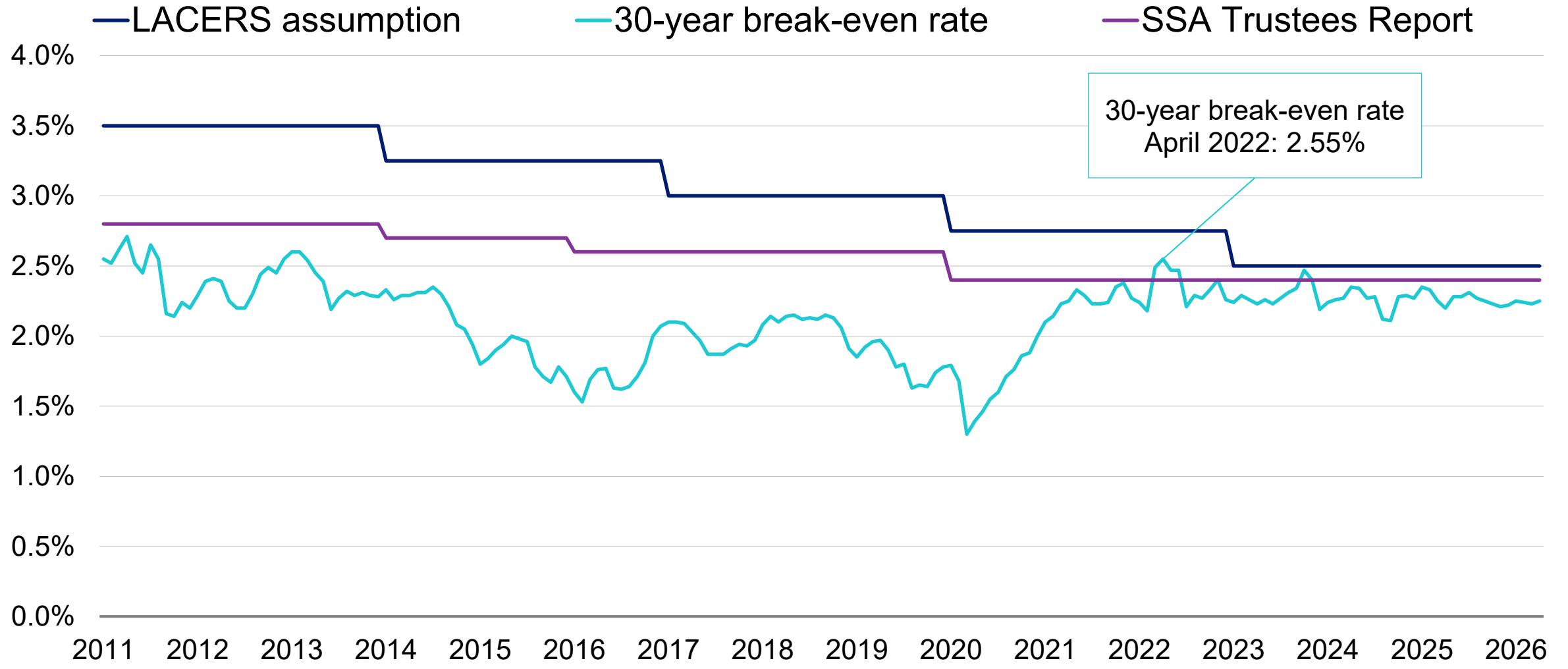
Historical Consumer Price Index (CPI)

Price inflation historical review



Inflation Forecasts Review

Price inflation comparisons



Investment Return Assumption

Also used as the discount rate

Investment return is used to project future assets and to discount expected benefit payments

- Building-block methodology
 - Inflation
 - Real rate of return by asset class
 - Expense and risk adjustment
- Affects **timing** of Plan costs
 - Lower assumed rate means higher **current measured** cost
 - **Actual** earnings will determine **ultimate** cost
 - As the plan matures, contribution rates are more sensitive to investment volatility

Investment Return Assumption

Adopted for the June 30, 2023 valuation

Assumption Component	2023 Study (Geometric)
Inflation	2.50%
Arithmetic real rate of return	6.27%
Administrative & investment expenses	(0.20%)
Geometric return adjustment	(1.03%)
Risk adjustment	(0.54%)
Investment return assumption	7.00%
Confidence level	56%
Standard deviation	14.90%

History of Investment Return Assumption

LACERS' path

Most useful for comparing risk position over time

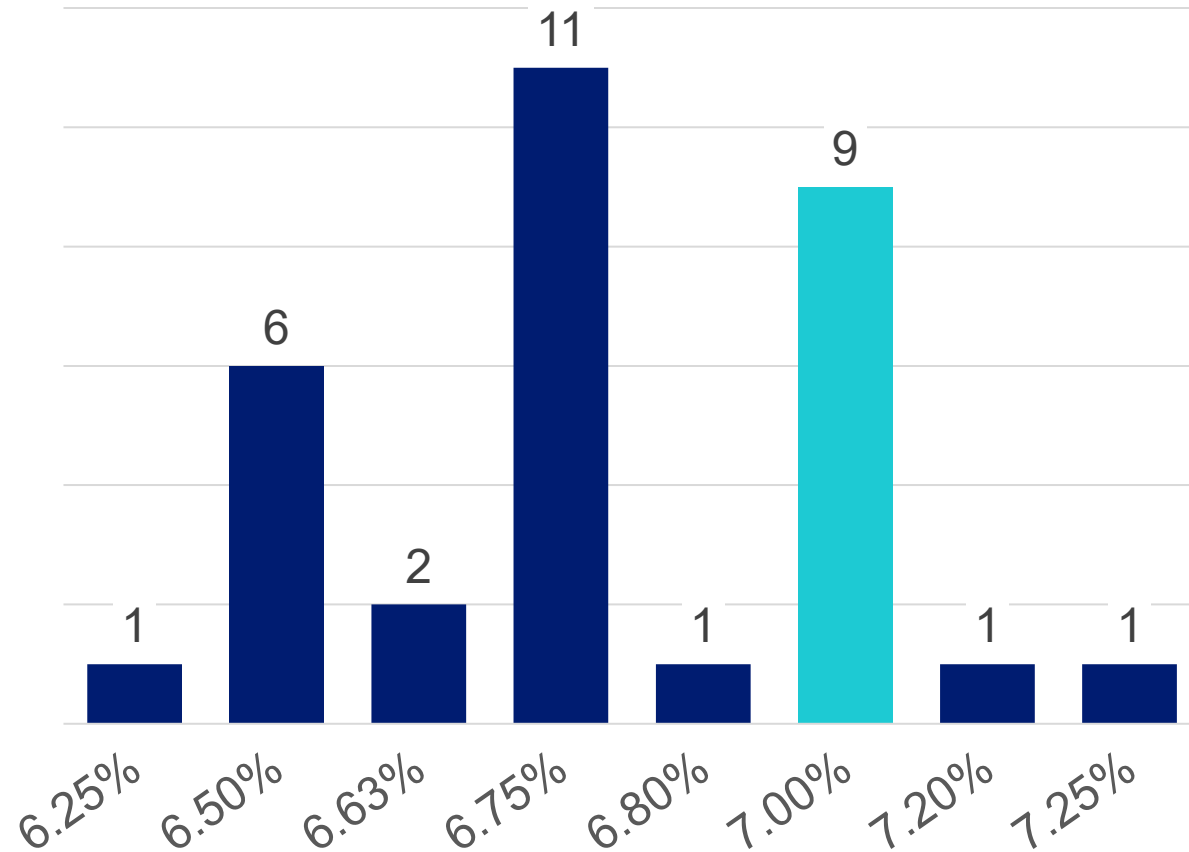
Confidence level is a relative, not absolute measure and based on standard deviation

Adopted for the Valuation as of	Return Assumption	Risk Adjustment	Confidence Level
June 30, 2011	7.75%	0.57%	57%
June 30, 2014	7.50%	0.74%	59%
June 30, 2018	7.25%	0.62%	57%
June 30, 2020	7.00%	0.85%	59%
June 30, 2023	7.00%	0.54%	56%

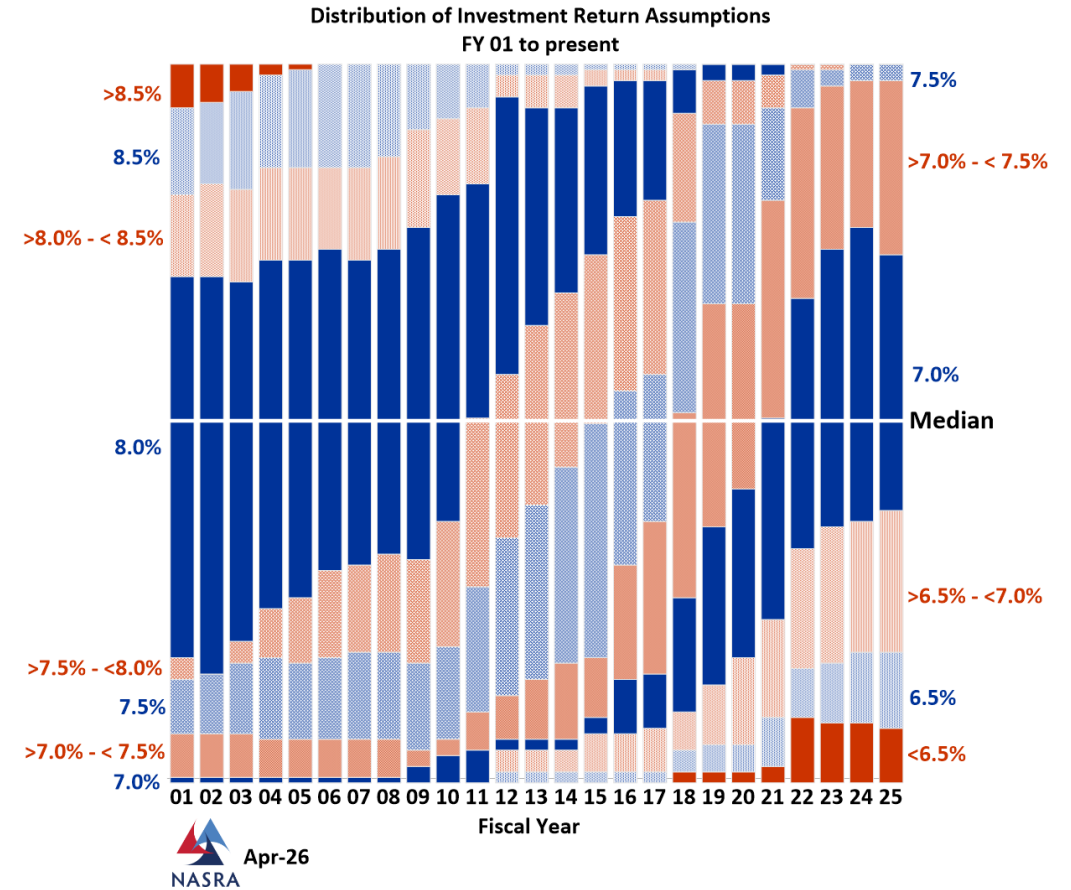
Comparison with Other Systems

Current investment return assumption for LACERS is 7.00%

California Public Sector Systems



NASRA Public Fund Survey



Salary Assumptions

Three components

Individual salaries are projected over a member's career to estimate future benefits

- Price inflation
- “Across-the-board” wage increase
- Merit and promotion increases

Total payroll growth is used to amortize UAAL or applicable surplus when calculating employer contributions

- Includes price inflation and “across-the-board” wage increases
 - Assumes constant future active headcount

Demographic Assumptions

Demographic Assumptions Overview

Member behavior

Rates of decrement

- Mortality
- Disability retirement
- Termination
- Service retirement

Miscellaneous assumptions

- Retiree health assumptions
- Spousal assumptions



Mortality Assumption

New updates

Mortality rates are applied to each plan participant to estimate the duration of future benefit payments

- Mortality assumptions consist of a base mortality table and an assumption scale on how longevity improves over time
- SOA recently published new public sector mortality tables (Pub-2016)
 - Increases life expectancies for older members & slightly decreases life expectancies for younger members
- Scale MP-2021 is still the latest mortality improvement scale released

Rates of Decrement

Disability & termination rates estimate rates of decrements for active members

- Minor refinements expected based on actual experience

Service retirement rates - the age at which a member retires will affect the benefits paid and the period over which funding must take place

- Current rates vary by age, service and tier

Health Related Assumptions

Assumptions reviewed during triennial experience study

- Retiree participation rates for health care coverage
- Spousal/domestic partner coverage
- Covered spouse/domestic partner age difference

Assumptions reviewed annually

- Percent of members electing coverage in different medical plans
- Medical trends used to project premiums and medical subsidies
- This year's study will include background on how trend assumptions are established

Risk Report Follow-Up

Discount Rate Sensitivity

Retirement Plan only, modeled as of June 30, 2025

Valuation Metric	7.00% Discount Rate	6.75% Discount Rate	6.50% Discount Rate
Employer Rate – Tier 1	30.14%	33.12%	36.22%
Employer Rate – Tier 3	25.77%	28.38%	31.08%
Employer Rate – Total Plan	28.40%	31.23%	34.17%
Funded Ratio	74.60%	72.40%	70.20%
Unfunded AAL	\$7.0 billion	\$7.8 billion	\$8.7 billion

Discount Rate Sensitivity

$$C + I = B + E$$

Contributions + Investment Income
equals
Benefit Payments + Expenses

- Investment return assumption affects **timing** of Plan costs
 - Lower assumed rate means higher **current measured** cost
 - **Actual** earnings will determine **ultimate** cost
 - As the plan matures, contribution rates are more sensitive to investment volatility

Investment Return Variability

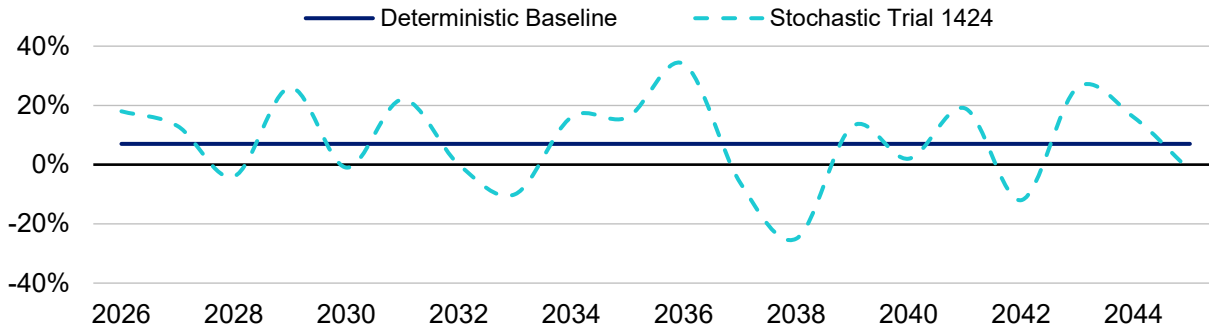
Retirement Plan only

Over the 20-year period, each scenario has an annualized return of 7.00%

- The resulting pattern of employer contributions varies greatly

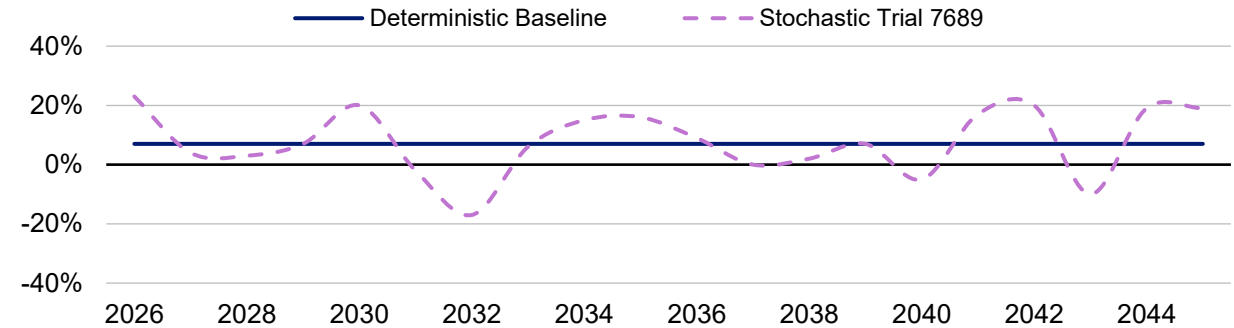
Future Investment Returns:

Strong Cumulative Gains for 12 Years Followed by Losses

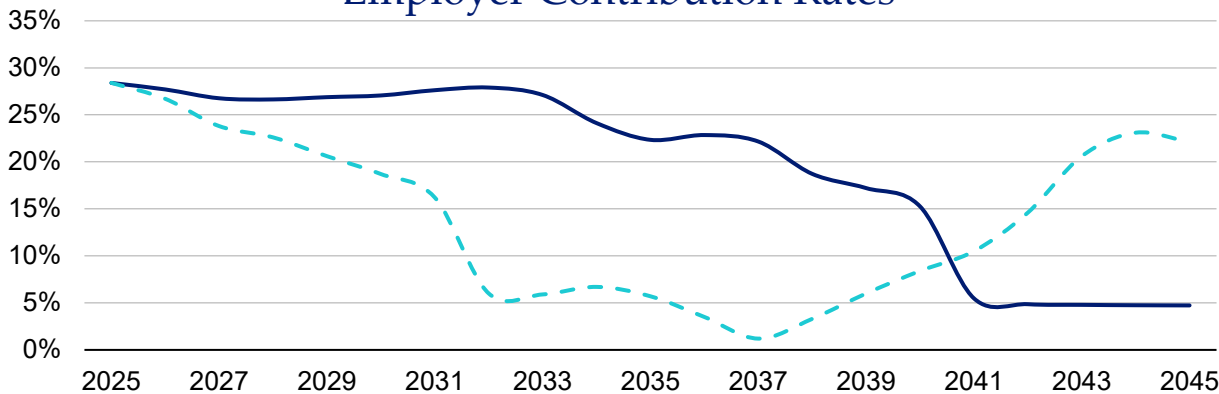


Future Investment Returns:

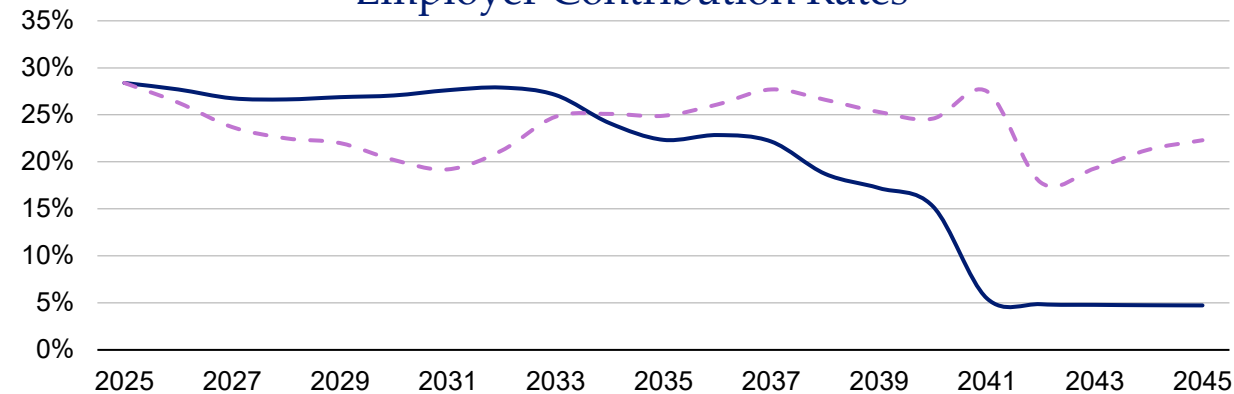
Strong Cumulative Gains for 6 Years Followed by Losses



Employer Contribution Rates



Employer Contribution Rates

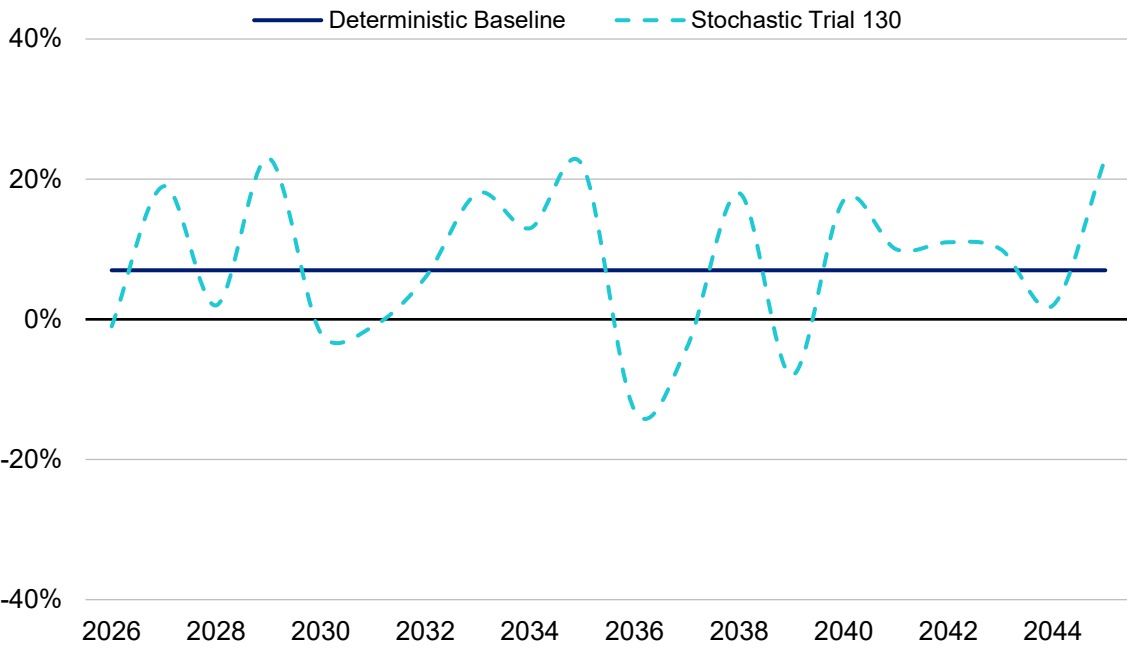


Investment Return Variability

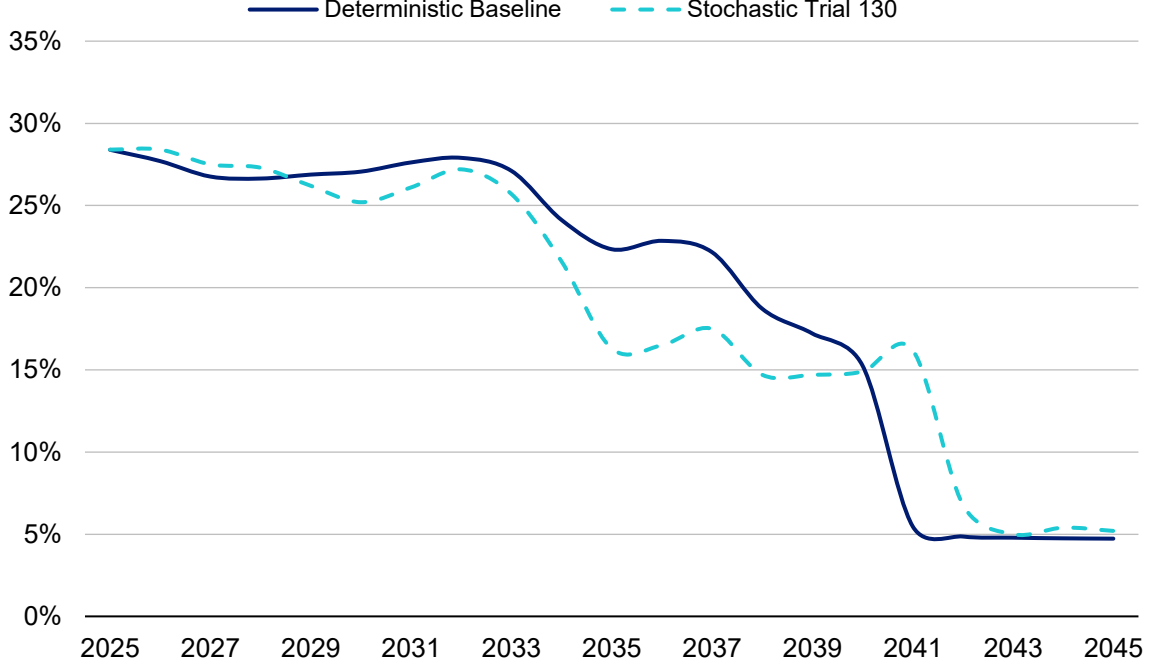
Retirement Plan only

Employer rate similar to baseline, but with investment return volatility

Future Investment Returns



Employer Contribution Rates



Thank You

Todd Tauzer, FSA, MAAA, FCA, CERA
Senior Vice President and Actuary
ttauzer@segalco.com

Daniel Siblik, ASA, MAAA, FCA, EA
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LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION

MEETING: JUNE 9, 2026

FROM: Investment Committee

Thuy Huynh, Chair

Susan Liem

Gaylord "Rusty" Roten

ITEM: VII-B

**SUBJECT: PRESENTATION BY TOWNSEND HOLDINGS LLC OF THE
REAL ESTATE FISCAL YEAR 2026-27 STRATEGIC PLAN AND
POSSIBLE BOARD ACTION**

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

Recommendation

That the Board adopt the Real Estate Fiscal Year 2026-27 Strategic Plan.

Discussion

On May 12, 2026, the Committee reviewed the Real Estate Fiscal Year 2026-27 Strategic Plan. This plan was developed by LACERS' real estate consultant, The Townsend Group (Townsend), in collaboration with staff. There are a few additions to the Strategic Plan originally presented by Townsend, which includes their View of the World and a real estate market update. The plan establishes strategic objectives to capitalize on the current market inflection point while adhering to LACERS' investment guidelines. Rob Kochis, Felix Fels, and Haya Daawi were present to discuss the plan with the Committee.

Upon review and discussion, the Committee concurred with staff's recommendation to adopt the plan. Townsend will be present at the Board meeting on June 9, 2026, should the Board desire to hear a presentation of the plan.

Prepared By:

Jessica Chumak, Investment Officer I, Investment Division

Attachments: 1. Updated Real Estate Fiscal Year 2026-27 Strategic Plan
 2. Investment Committee Recommendation Report dated May 12, 2026

BOARD MEETING DATE: JUNE 9, 2026
ITEM: VII-B
ATTACHMENT: 1

Annual Real Estate Investment Plan

May 12, 2026

Townsend



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

01 Executive Summary	3
02 LACERS Current Portfolio	5
03 Real Estate Market Update	12
04 LACERS Forward-Looking Portfolio Considerations	45
05 Disclosures and Definitions	51

1. Executive Summary

LACERS Annual Investment Plan 2026 – 2027 – Total new Commitments of up to \$330 million

Private Real Estate Portfolio

Core Portfolio – Up to \$130M

- **Allocate capital to specialized core and core-plus managers** to enhance portfolio construction, improve income durability, and drive stronger risk-adjusted returns
- **Continue proactive rebalancing of the core portfolio** to optimize performance, reduce structural inefficiencies, and align exposures with evolving market conditions

Non-Core Portfolio - Up to \$200M

- **Pursue selective commitments to new investments**, targeting \$50-\$65 million per fund with a focus on disciplined pacing and vintage diversification
- **Focus on high-conviction strategies and top-performing managers**, while continuing to strengthen relationships with proven partners

2. LACERS Current Portfolio

	Strategic Targets		Portfolio Composition (12/31/25)*	
	Target Allocation	Target Range	Market Value	Projected 3-Year
Core	60%	40%-80%	56.7%	59.1%
Non-Core	40%	20%-60%	41.9%	40.4%
<i>Value-Add Portfolio</i>	<i>N/A</i>	<i>N/A</i>	<i>24.0%</i>	
<i>Opportunistic Portfolio</i>	<i>N/A</i>	<i>N/A</i>	<i>18.0%</i>	
Timber	N/A	N/A	1.3%	0.5%

Core Activity

New

Diversified Triple Net Lease Fund

Newly launched open-end fund- seeded with a portfolio of 183 properties

New

Diversified Alternative Sectors Fund

Manufactured housing, niche residential & industrial- high-conviction sectors

Exit

Full Redemption

Full exit from an underperforming core diversified fund

Rebalance

Partial Redemption

Partial exit to address concentration risk, fund had grown to largest position

Non-Core Activity

New

European Industrial Fund

Top-performing manager focused on acquiring logistics properties across Europe

Re-up

U.S. Multifamily Preferred Equity

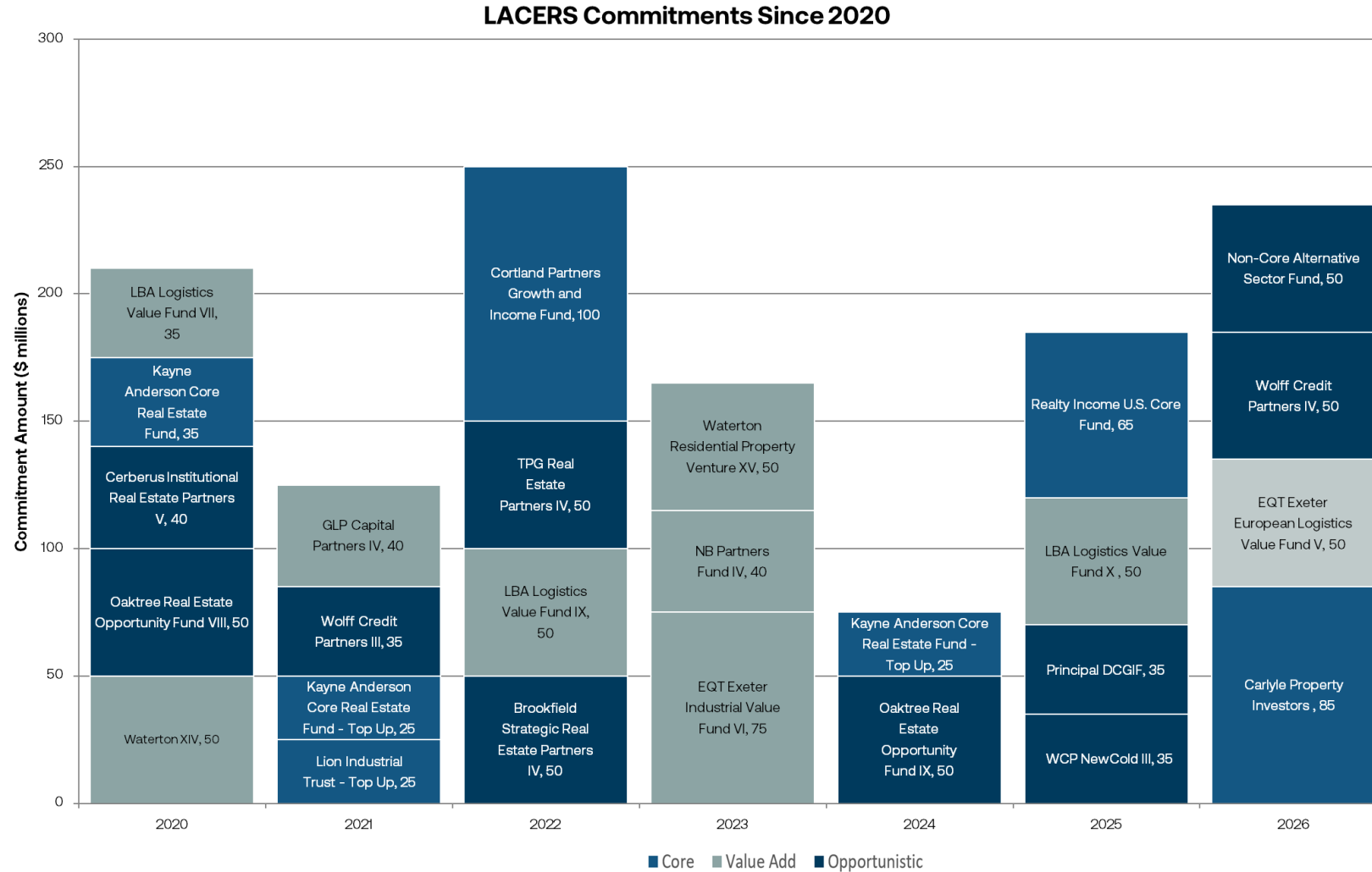
Re-up with a high-performing manager- preferred equity investments in US multifamily development projects

New

Specialized Alternative Sector Opportunistic Fund

Senior housing, student housing and healthcare related real estate- high-quality specialist manager

LACERS 2026 Real Estate Commitments



- LACERS has committed \$1.7 billion since 2014 while under advisement of Townsend.
- Vintage year classifications are based on LACERS’ first capital call (or expected capital call), though commitments may have been approved in prior years.

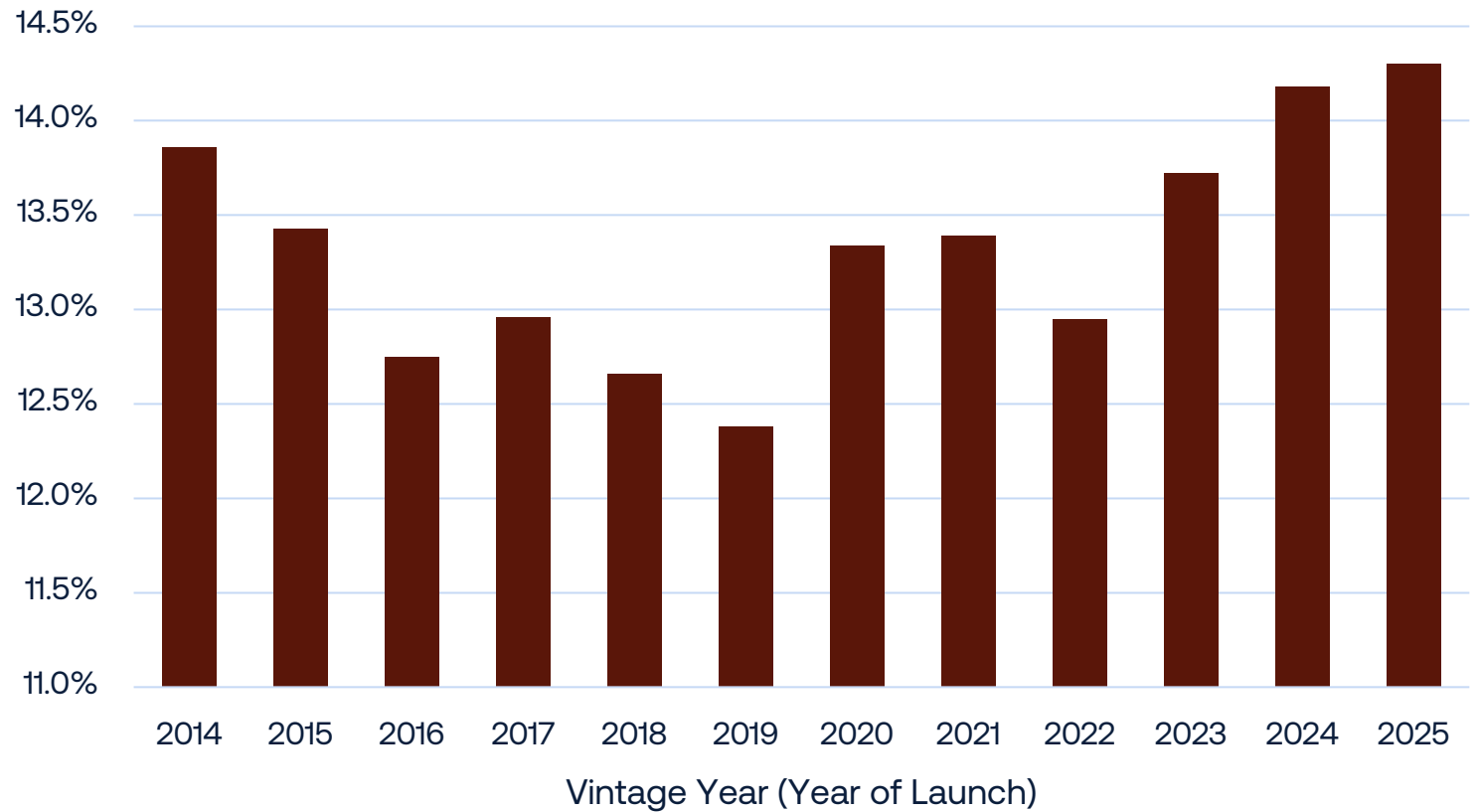
- Townsend's long-term return expectations for real estate recently increased after re-set in valuations

Long-term Return Expectations

	Core	Value Add	Opportunistic
Income Return	4.0%	4.5%	5.0%
Appreciation Return	2.5%	4.0%	4.0%
Total Return	6.5%	8.5%	9.0%

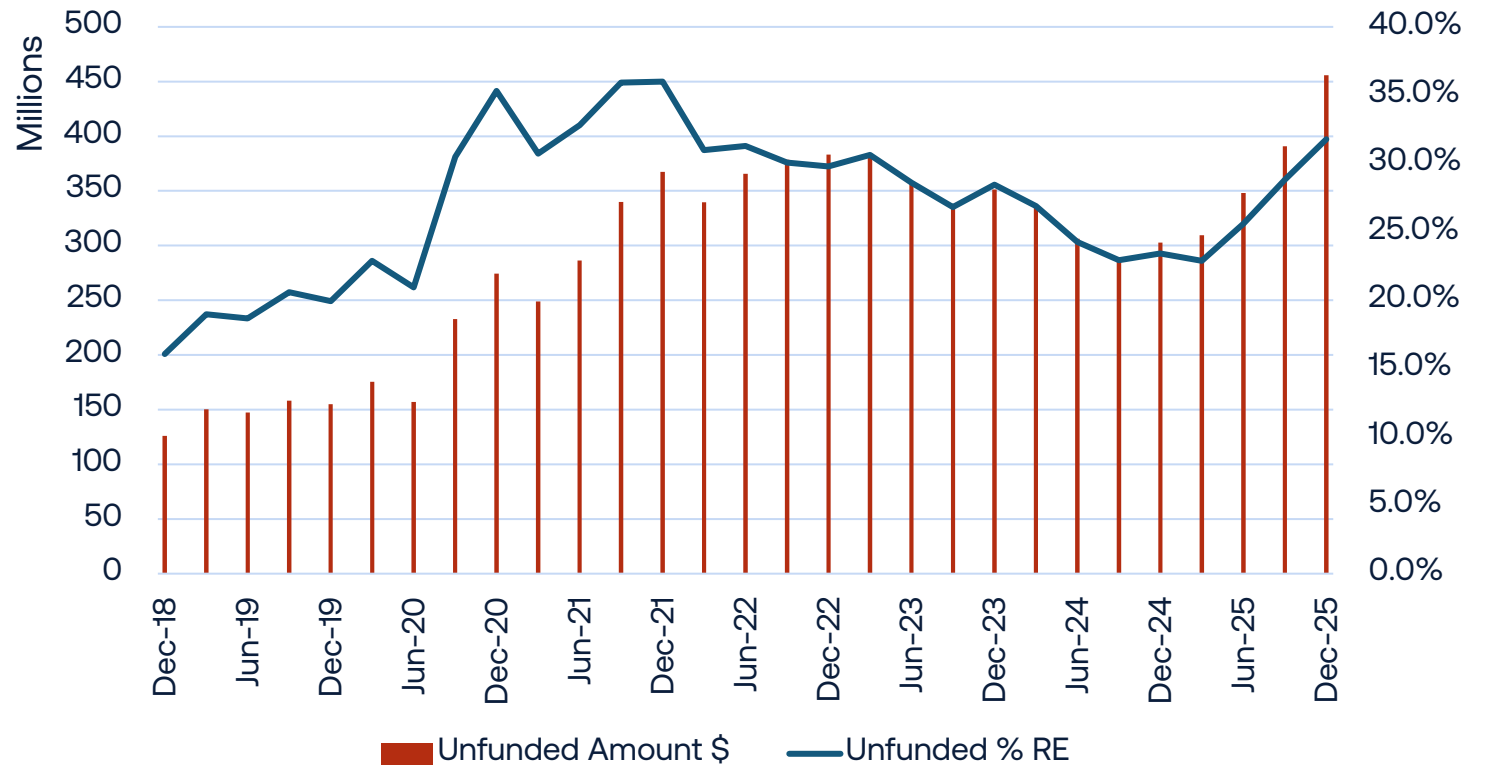
- Target net IRRs for closed-end real estate funds have increased steadily since 2022
- 2025 vintages are targeting average ~14.3% net IRRs, ~135 bps higher than 2022 levels
- Data set is heavily skewed towards non-core equity funds but also includes debt funds and select closed-end core plus funds.

Target Net IRRs for Closed-End Real Estate Funds



- Managers previously committed to still have dry powder with LACERS unfunded commitments totaling 32% of real estate Net Asset Value (NAV)
- Current levels reflect prior deployment activity and a slower pace of investment by managers in 2022-2023

Unfunded Commitments Over Time (2018-2025)



3. Real Estate Market Update

3. A

Macro Fundamentals - Favorable

Lower Rates are Catalyzing a Turn in Real Estate Valuations

Lower borrowing costs and easing cap rates are providing broad support to valuations

GDP Growth Anticipated to be Healthy

- **US:** Growth resilient; strong labor markets, solid consumption from high-income households (K-shaped economy), & reshoring-linked investment
- **Europe:** Growth stabilizing; real incomes improving and manufacturing indicators turning up
- **APAC:** Australia and Japan both seeing stabilizing to improving outlook

Inflation Coming Under Control

- In the US, Europe, and Australia, disinflation broad-based across goods, housing, and core services
- Japan is the outlier with wage-gain driven inflation

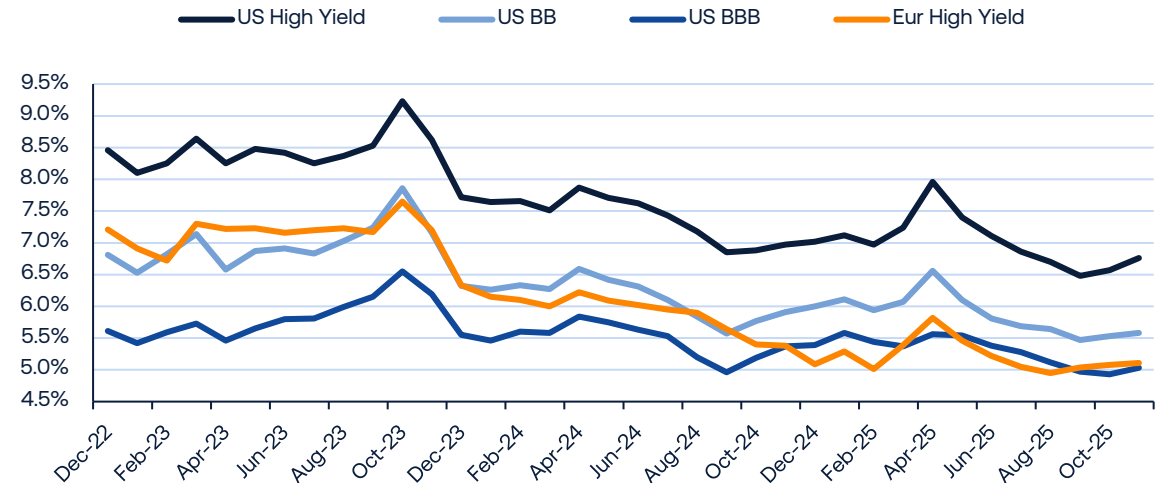
Interest Rates Declining and Likely to Remain Below Recent Highs

- **US:** Fed easing underway, BBB bond yields (proxy for core borrowing cost) and high yields (proxy for non-core borrowing cost) declining
- **Europe:** ECB cutting; lower sovereign yields reducing financing costs and supporting cap-rate compression
- **Australia:** Anticipated rate cuts as inflation moderates; lending spreads narrowing and refinancing improving
- **Japan:** BOJ policy steady with mild normalization; rates remain lowest globally and unlikely to fall further

Real GDP Forecasts (YoY%)

Major Regions	2024	2025	2026	2027
North America	2.7	2.1	2.3	2.0
European Union	1.1	1.6	1.5	1.6
Asia Pacific	4.4	3.9	3.9	3.8
Selected Markets	2024	2025	2026	2027
United States	2.8	2.2	2.4	2.0
United Kingdom	1.1	1.4	1.0	1.4
Germany	-0.5	0.2	1.0	1.5
China	5.0	5.0	4.5	4.4
Japan	-0.2	1.2	0.8	0.9
Australia	1.0	1.9	2.2	2.3

High Yield Bond Effective Yields



Source: Bloomberg (January 2026), Federal Reserve Bank of St. Louis (December 2025). Townsend's views are as of the date of this publication and may be changed or modified at any time and without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

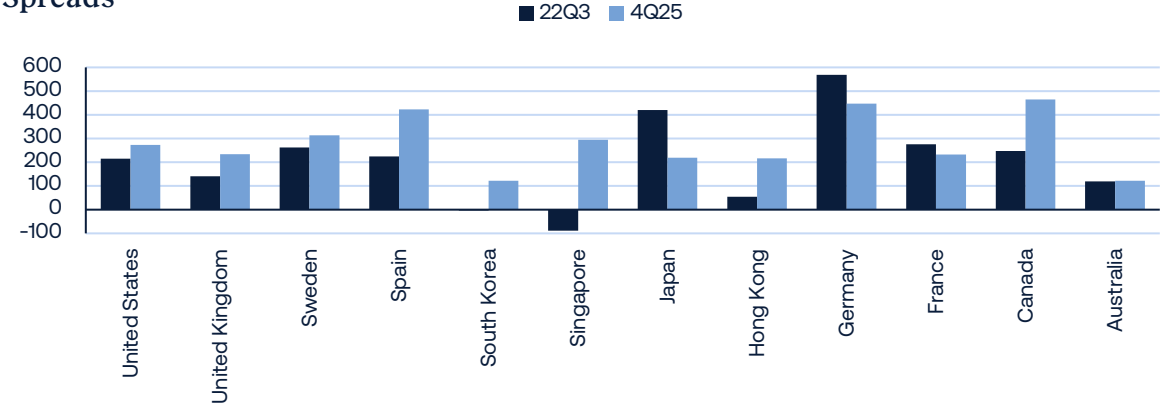
Yield Spreads Signal Real Estate is Attractively Priced at this Point

Falling rates and rising property yields have opened a valuation gap supportive of forward returns

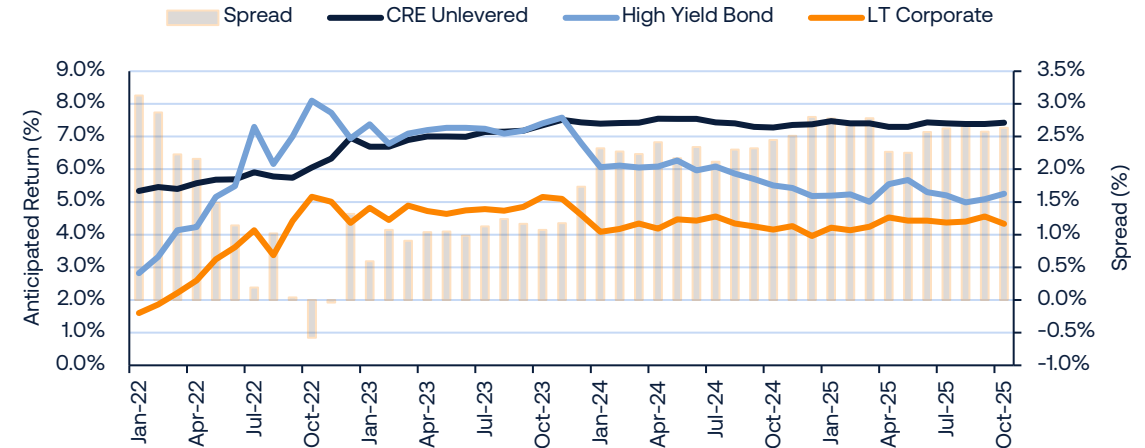
Valuation Signals Point to Opportunity

- **Wide yield spreads:** Cap rates remain well above government bond yields across major markets, with spreads widening over the past year as rates fell and property yields rose
- **Private-market spreads attractive:** In the U.S., risk-adjusted private real estate returns (~7–8%) exceed both Baa and high-yield bond benchmarks
- **Strong corporate-bond comparison:** CRE spreads versus investment-grade bonds remain above long-term norms, a historically supportive valuation signal
- **Public market confirmation:** U.S. REITs trade cheaply relative to the S&P 500, with AFFO yields above equity earnings yields—supporting valuation upside
- **Europe also compelling:** Pan-European real estate shows elevated spreads versus corporate bonds, with fair-value indicators still in “cheap” territory
- **Cycle inflection:** Historically, wide CRE–bond spreads have preceded periods of above-average forward returns

10-yr Government Bond Yields vs. Average Cap Rate (Office, Industrial, Retail) Spreads



Pan-European RE Unlevered Performance Forecasts vs. Income



Source: MSCI Real Capital Analytics (Q4 2025), Green Street (December 2025). Townsend’s views are as of the date of this presentation and may be changed or modified at any time and without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

Real Estate is Entering the Early Stages of a New Return Cycle

Stabilizing values & early appreciation signals indicate the turn in the private real estate cycle is underway

Real Estate has lagged General Post-COVID Financial Market Recovery

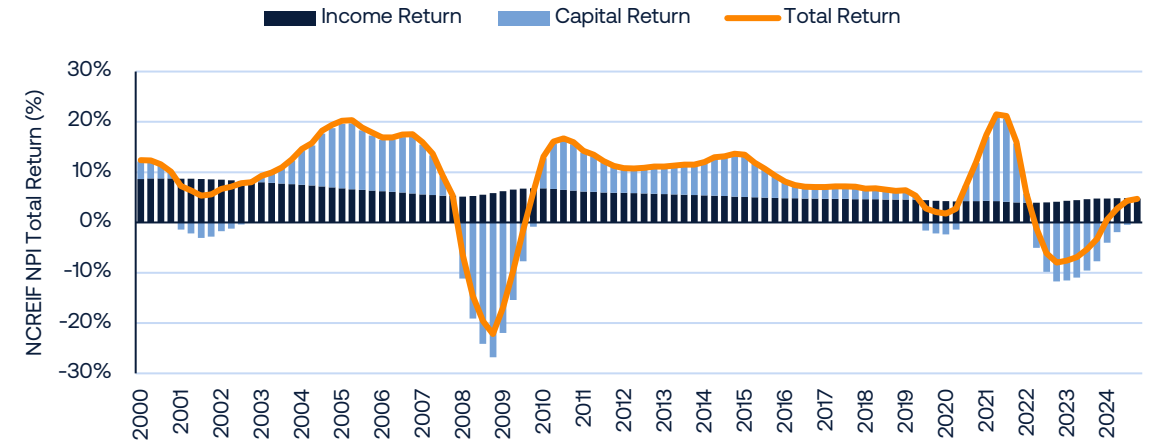
- **Public markets surged:** Since mid-2019, the S&P 500 has returned ~170–175%, with the Nasdaq even higher
- **Real estate lagged:** Over the same period, private real estate delivered only ~15–20% in North America and ~20–25% in Europe and APAC

Returns are Stabilizing and Early-Cycle Signals are Emerging

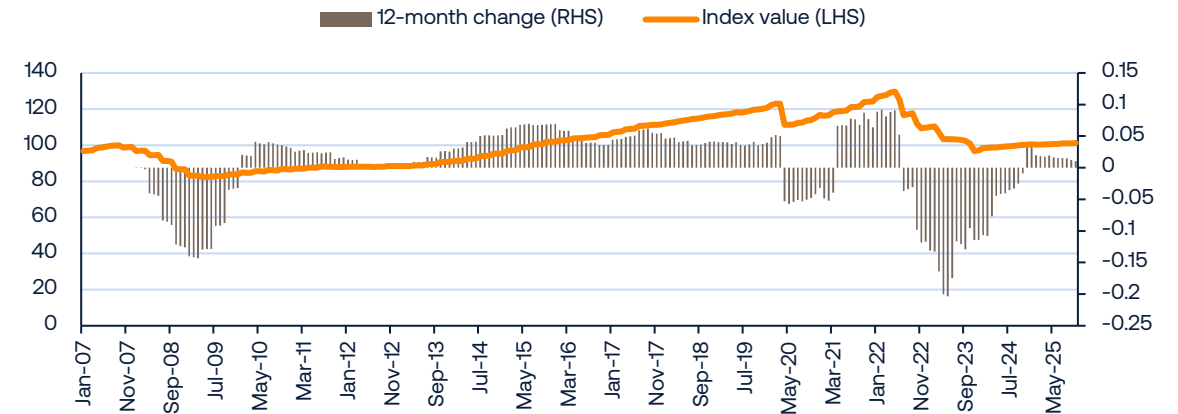
- **US bottoming:** NCREIF returns have been positive for five straight quarters, with appreciation improving from -10% in 2023 to near 0% in 2025
- **History rhymes:** In past easing cycles (2000–03, 2007–08), US total returns rebounded 12–14% annually for five years after the trough
- **Europe recovering:** Pan-European values fell ~15–20% from the peak but have rebounded ~5–7% since mid-2024
- **UK turned first:** UK funds repriced fastest post-2022, moving from -16% in 2023 to +6% in 2024, one of the strongest YoY rebounds globally
- **APAC improving:** APAC property index is up ~10% from the 2023 trough, with Australia and Japan stabilizing
- **Cycle duration supportive:** real estate early-cycle recovery window is now open

Source: NCREIF (Third Quarter 2025), Green Street (December 2025).
 Townsend’s views are as of the date of this presentation and may be changed or modified at any time and without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

Rate Cut Cycles ('00-03, '07-08) and Corresponding US RE Performance (NPI Total Return)



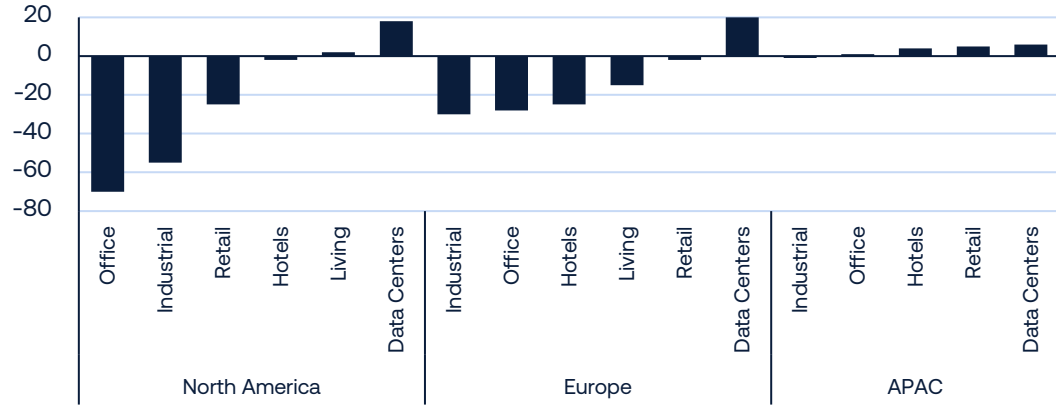
Pan-European RE Property Price Index



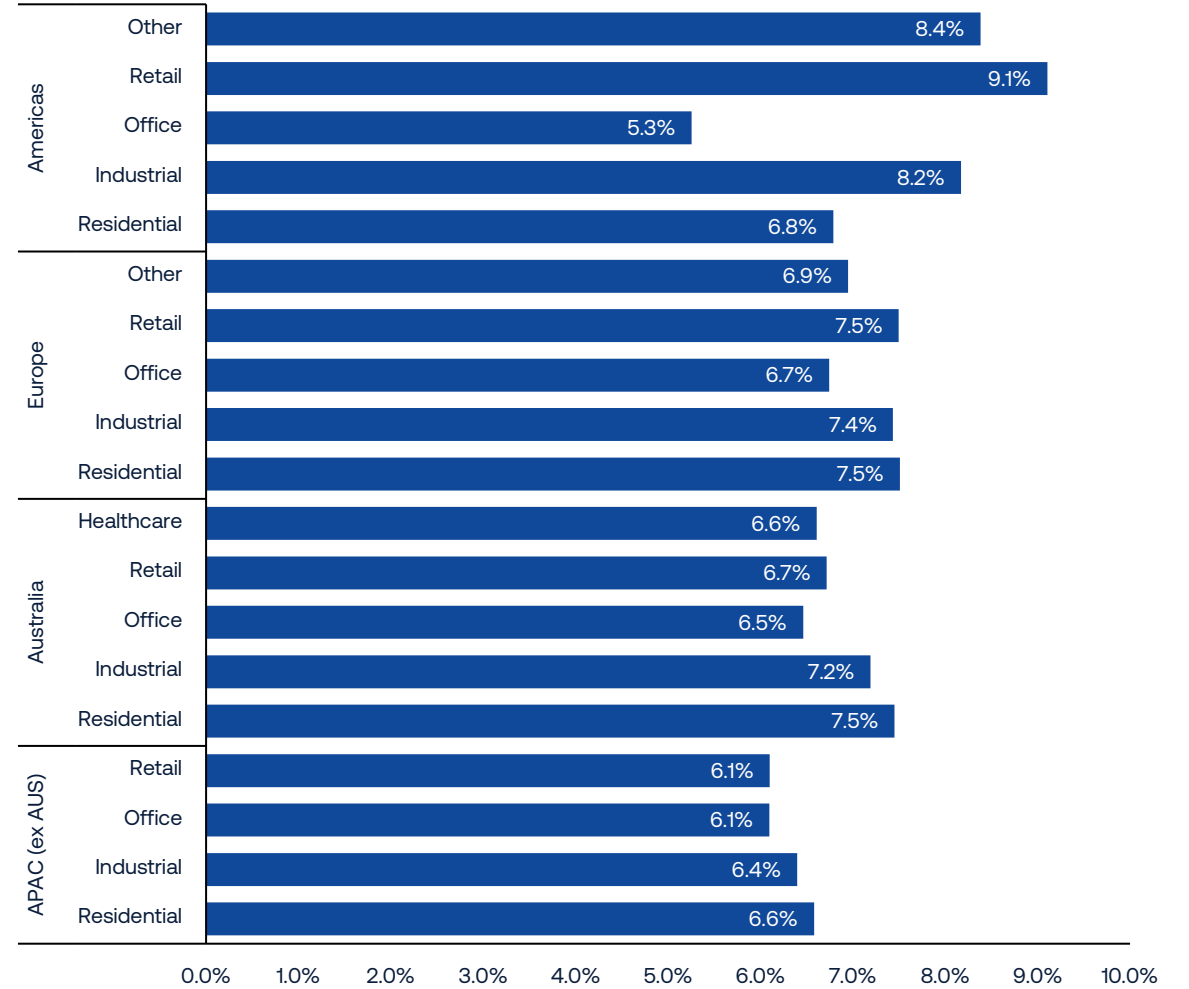
3. B Real Estate Fundamentals – Continued Improvement

Improving Real Estate Performance Outlook

New Supply Is Forecasted To Decline Across Most Asset Classes Globally
2025 Forecast Completions vs 2021-2024 Peak

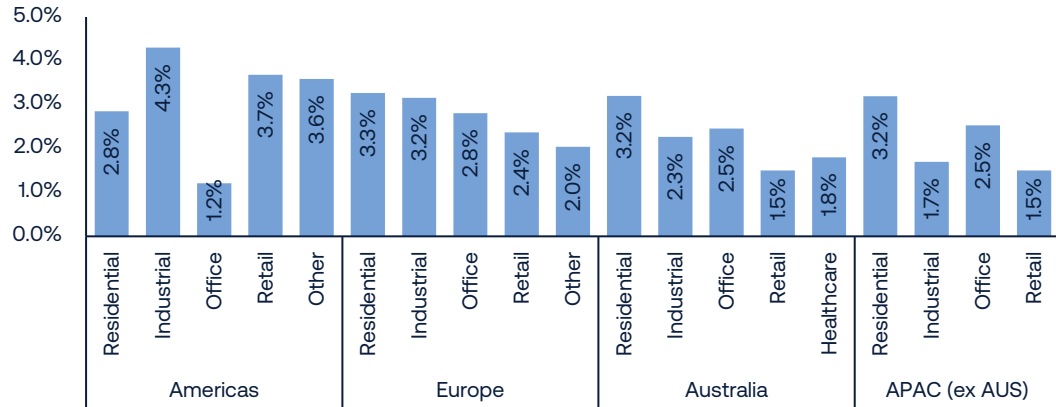


Alternative Property Types Forecasting Highest Returns in US
5-Year Unlevered IRR Forecasts by Region/Sector



Macro Fundamentals Supporting NOI Growth Across Multiple Asset Classes/Regions

5-year CAGR Forecasts by Region/Sector



Source: JLL Research (July 2025), Townsend.

Townsend's views are as of the date of this presentation and may be changed or modified at any time and without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein. See Definitions/Disclosures page at the end of document for Ratings Explanations for Preferred, Approved, Prudent, Declined/Redeem and Tracking interpretations.

Many Long-Term Secular Trends Remain Intact

Secular trends can guide long-term real estate investors

ACUTE HOUSING SHORTAGE



- Millennials, the largest age cohort comprising 22% of the population, are demanding bigger dwellings leading to acute single family housing shortage
- Excess apartment supply in sunbelt market getting absorbed and new supply shrinking. Annual completions are projected to decline from +2.2% (2023-2024) to +1.4% (2025-2029E)

EVOLVING CONSUMER HABITS REQUIRING LOGISTICS INFRASTRUCTURE



- E-commerce remains a strong driver of industrial demand: as of March 2025, e-commerce represented 16.3% of total retail sales. Speculative development starts fell 12% year-over-year in 2025, resulting in the total industrial development pipeline reaching its lowest level since 2017

CONTINUED DIGITIZATION AND AI ADOPTION



- Explosive growth of AI and growing need for cloud computing are driving demand for Data Centers as digital economy expands globally. In 2025, hyperscale tenants invested over \$400 billion in capital expenditures into data centers and data infrastructure, a +65% increase year-over-year from 2024

SUPPORTIVE DEMOGRAPHIC TRENDS



- The “Silver Tsunami” is anticipated to create need for over 500k new units over the next 10 years, and the percentage of 80+ years age population is projected to increase by +93% by 2040, driving demand for Senior Housing. Annualized same store NOI growth for Senior Housing is forecast to be +6.0% across 2026-2030.

INSTITUTIONALIZATION OF ALTERNATIVE SECTORS



- Outside of the main four property types, niche/alternative sectors have seen outsized capital inflows from institutional investors. Alternative property type exposure within the NCREIF Property Index (“NPI”) has increased from 1.6% in 1Q15 to 12.6% in 4Q25.

Source: Townsend, U.S. Census Bureau (2025), Green Street (November 2025), St. Louis Fed (August 2025), Prologis Research (November 2025), NIC, Harrison Street Research (2025), NCREIF (4Q25). Townsend’s views are as of the date of this publication and may be changed or modified at any time and without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

3. C

Capital Markets – Immediate Opportunity

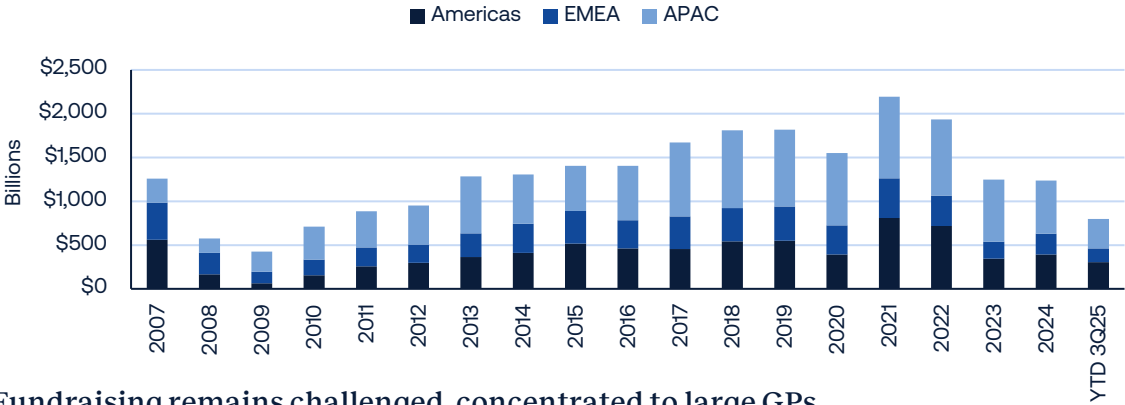
Value Seeking Investors Can Find Opportunity in Market Today

Frozen pricing, limited liquidity, and concentrated capital flows creating high-conviction opportunities

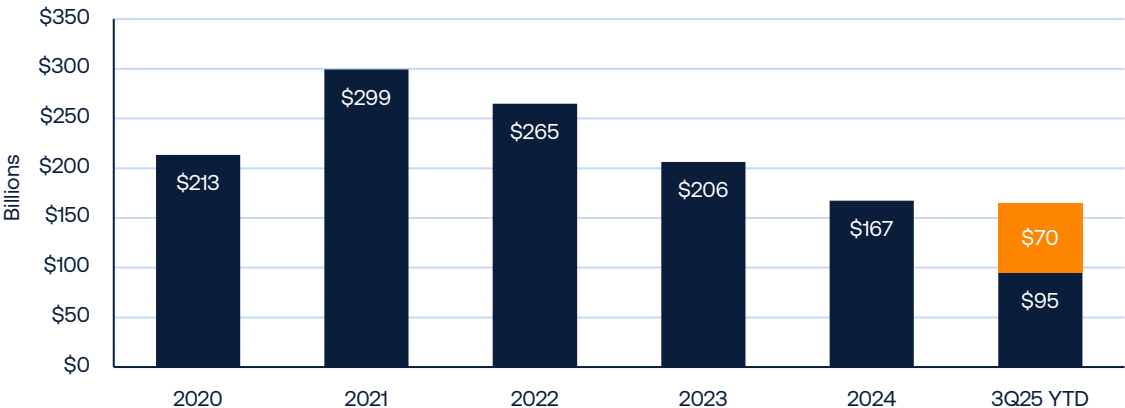
Limited liquidity & valuation disconnects creating favorable entry points

- **Global volumes subdued:** Commercial real estate transaction activity remains well below pre-2022 levels as higher rates and cautious underwriting suppress deal flow
- **Pricing gridlock in core funds:** Appraisal marks remain above observable transaction pricing, keeping buyers on the sidelines and preventing sellers from crystallizing losses; limited secondary trades
- **Fundraising still challenged:** Capital raising for new funds sits near decade lows, though early signs of improvement are emerging as investors re-engage
- **GP-led activity rising:** Many non-core funds are reaching end-of-life, accelerating GP-led secondary processes
- **LP-led secondaries increasing:** LPs seeking to rebalance portfolios face limited exit routes in a frozen market, pushing more LP-led sale processes
- **Attractive non-core pricing:** Secondary portfolios continue to transact at meaningful discounts to NAV, offering pre-specified portfolios with earlier income and reduced J-curve risk
- **Capital concentration driving incentives:** As fundraising concentrates among a small group of large managers, high-quality mid-sized GPs are offering enhanced GP economic terms and other sweeteners to attract capital

Transaction Volume Remains Below Historical Periods
Global Real Estate Transaction Volume September 2025



Fundraising remains challenged, concentrated to large GPs
Global PERE Fundraising (\$B) 2020-2025



Source: MSCI Real Capital Analytics (Q3 2025), PERE Fundraising Report (3Q25).
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Execution Preferences

Secondaries are the most attractive and efficient way to access repriced assets

- Open-End Funds at Appraisal-Based Pricing**
 - US cap rates rose from 3.7% (Q3 2022) to 4.6% (Q4 2025); appraisals still lag
 - Disconnect widening bid-ask spreads, fueling secondaries and recap interest

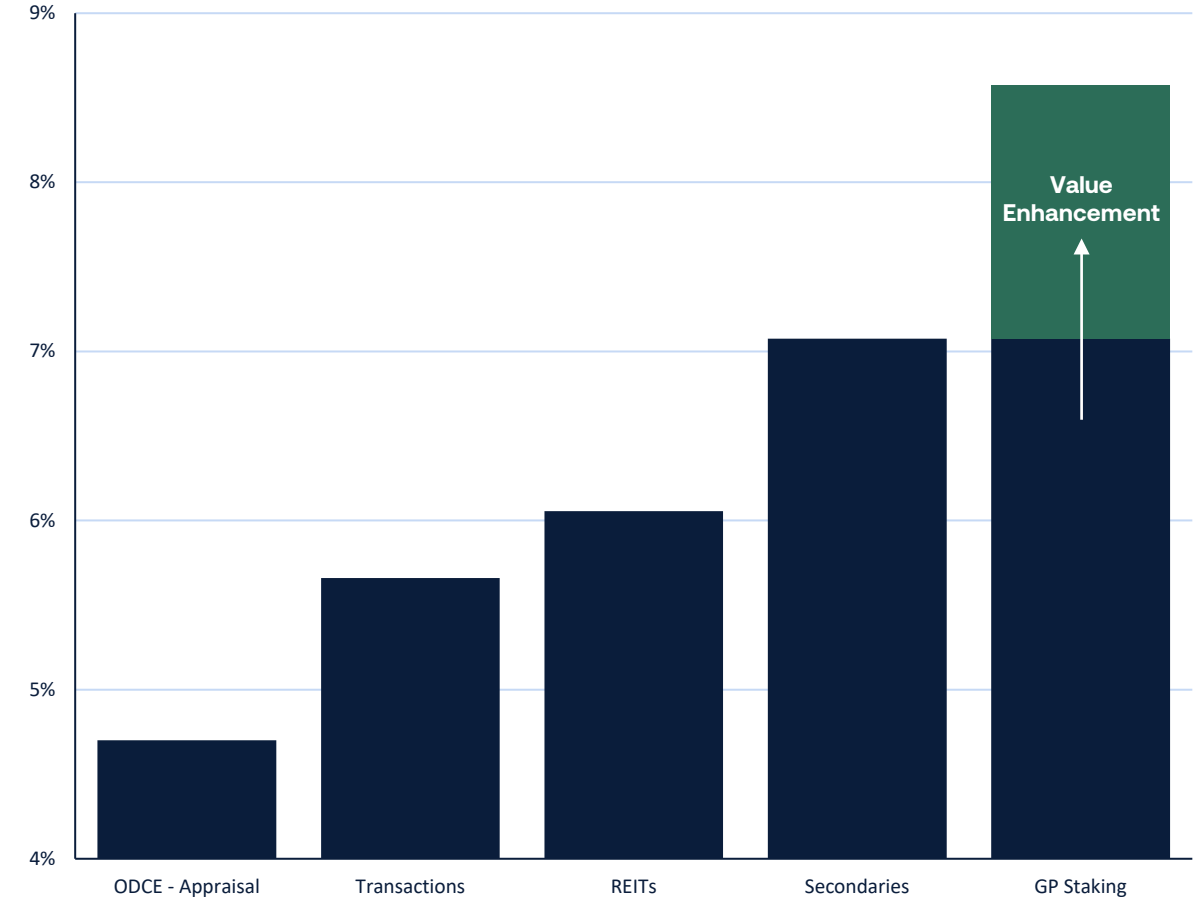
- Asset Purchases at Rebased Values**
 - Values have corrected significantly
 - Rebased pricing enables compelling yields, especially with value-add strategies

- REITs as take-private targets**
 - Most public real estate sectors still trading below NAV; public equity issuance remains constrained
 - Privatization opportunities rising where asset quality exceeds public market pricing

- Secondaries: Most Attractive Entry Point Today**
 - 60%+ of global capital raised by just 20 managers; liquidity pressure rising
 - Secondaries pricing at ~92-97% of NAV; offer fee/j-curve mitigation and near-term cash flows

- GP Staking: Structural Alpha Opportunity**
 - Capital scarcity driving interest in GP-staking and entity recapitalizations
 - Combines secondary entry with growth capital for platform upside
 - Delivers revenue/promote sharing, governance rights, and 16-23%+ return targets

Representative Cap Rates



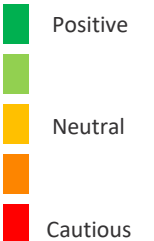
Source: Townsend, NCREIF (Fourth Quarter 2025).

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Regional Investment Preferences

Tilting portfolio construction towards regions and property types with compelling fundamentals

	NORTH AMERICA		EUROPE		ASIA PACIFIC		
	United States		Continental Europe	United Kingdom / Ireland	Australia	Japan	China
Primary Strategies							
Apartment	Light Green		Light Green	Light Green	Light Green	Dark Green	Red
Industrial	Light Green		Light Green	Light Green	Dark Green	Dark Green	Red
Office	Red		Orange	Orange	Orange	Light Green ↑	Red
Retail	Light Green / Orange		Yellow	Yellow ↑	Light Green ↑	Yellow ↑	Red
Alternative Strategies							
Data Centers	Dark Green		Dark Green	Dark Green	Dark Green	Dark Green	Yellow
Manufactured Housing	Dark Green		N/A	N/A	Light Green	N/A	N/A
Build-to-Rent	Red ↓		Light Green	Red ↓	Dark Green	Dark Green	Red
Life Science	Red		Orange	Orange	Yellow ↑	Yellow ↑	Red
Medical Office	Light Green ↑		Yellow	Yellow	Yellow	Yellow	Red
Senior Housing	Dark Green		Yellow	Light Green	Dark Green	Light Green	Red
Self-Storage	Orange		Light Green	Light Green	Light Green	Light Green	Red
Debt/Credit	Light Green		Light Green	Dark Green	Dark Green	Red	Red



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3.D

US Outlook – Strengthening Fundamentals

U.S. Real Estate Market Conditions Improving

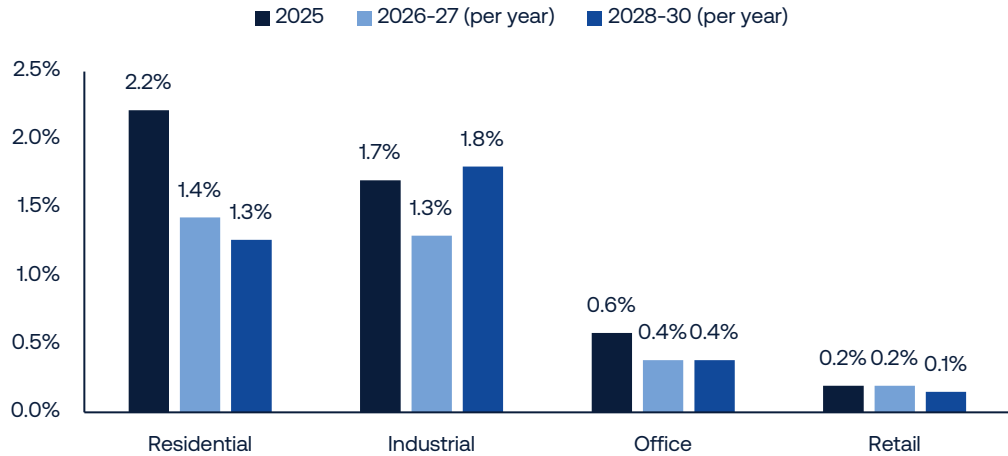
Most property sectors poised for growth

Returns Forecasted To Increase Through 2028
PREA Consensus Unlevered Gross Return Forecasts (First Quarter 2026)

Sector	2026	2027	2028	26-30
NPI All Property	5.7%	6.8%	7.2%	6.8%
Office	5.0%	5.9%	6.7%	6.2%
Retail	7.8%	7.9%	7.9%	7.6%
Industrial	5.3%	6.5%	6.7%	6.5%
Residential	5.5%	6.9%	7.6%	7.1%
Seniors Housing	12.1%	11.4%	10.6%	10.5%
Self Storage	5.6%	6.5%	7.5%	6.9%

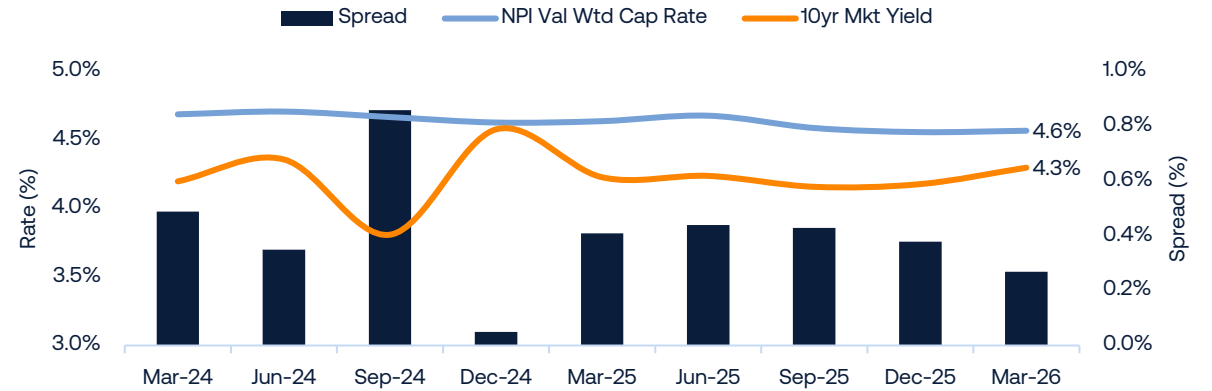
Supply growth is contracting meaningfully across sectors

Annual Completions as % of Existing Stock



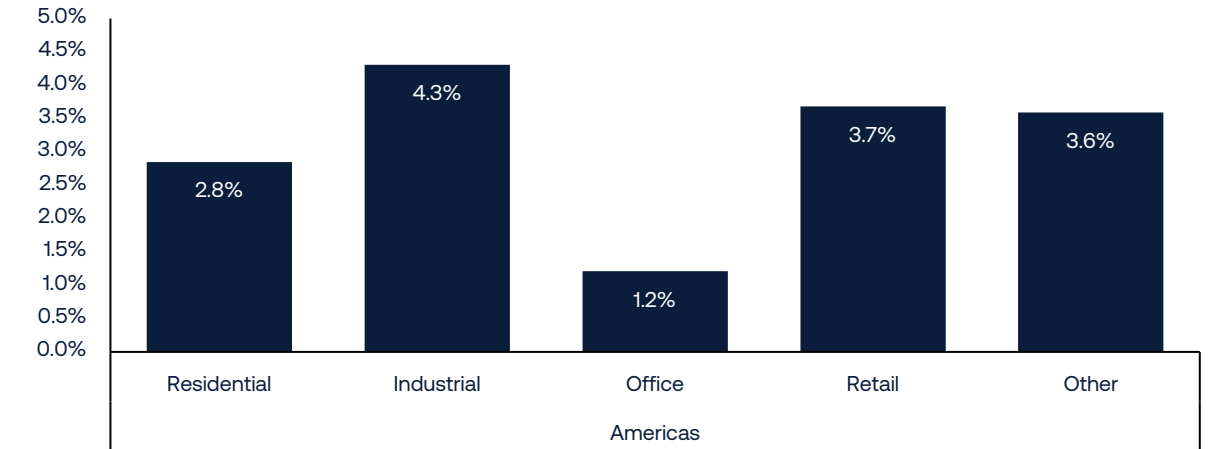
Private Real Estate Valuations Have Stabilized Despite Volatility in 10 Year Treasury

NPI Value Weighted Cap Rate Versus 10yr Treasury Market Yield



Growth forecasts remain above long-term inflation

5-year NOI Growth CAGR Forecasts



Source: Pension Real Estate Association (First Quarter 2026), NCREIF, St. Louis Fed (First Quarter 2026), Green Street (March 2026), Townsend. Other NOI Growth includes cold storage, data center, self-storage, and senior housing sectors. Townsend's views are as of the date of this publication and may be changed or modified at any time and without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

United States Outlook

Maintain Overweight to the region targeting alternatives, housing, and logistics

- Most favored CRE market with NAV down 27% from peak in 2022, creating attractive entry
- Real estate exhibiting better relative value vs. stocks: NFI-ODCE entry yield of 4.5% compared to the S&P 500 earnings yield of 3.1%

Alternatives

Maintain overweight

- Continued institutionalization expanding investment opportunity set
- Niche property types offer better risk/return trade off for investors



Data Centers

Conviction theme with development preference

- Hyperscaler spend ~\$750b in 2026; entry yields ~5-6%
- Vacancy rates below 2% and over 80% of all new supply is pre-leased, often exhibiting high development margins



Housing

Overweight with demographic/geographic focus

- Senior Housing – demographic demand and low-supply driving growth fundamentals
- Apartments – focus on markets with low-supply or on Sunbelt markets at large discounts



Industrial

Positive with lower overweight

- Diversify with inland markets exhibiting higher yields as coastal market rents are softening
- NOI growth forecasts ~3-5%, lower versus prior years but attractive. In-place rents ~25% below market



Retail

Turning selectively positive

- Modestly constructive on necessity-anchored suburban retail. High-street remains underperformer
- Best performing primary sector over TTM (+6.9% unlevered, primarily income-driven); 93% occupancy



Office and Life Sciences

Remain cautious and very selective

- Remain underweight; CBD Office vacancy 24% and demand concentrated at high end
- Life sciences face capital, leasing, and supply headwinds



Source: Townsend, NCREIF NPI, NFI-ODCE (First Quarter 2026), Standard & Poor's (May 2026), Data Center: BloombergNEF (March 2026), CBRE NA Data Center Trends H2 2025 (February 2026).

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Most Compelling Sectors Today



Data Centers

Digital data creation, usage, and storage have been growing exponentially. On-going in-place technology-led digital transformational trends are everywhere, increasing data demand and consumption, requiring more physical data center space and power within data centers



Senior Housing

Rising demand from aging Baby Boomer population has driven occupancy rates and rent growth, while supply growth and new construction remains limited. Active Adult & Independent Living offer stronger NOI margins & better expense control vs. higher-acuity subtypes

Sectors Offering More Selective Opportunities



Industrial

E-commerce demand driving strong rent growth. Many existing leases exhibit rents well below market, representing strong mark-to-market growth opportunity. Higher entry yields and greater income characteristics offer compelling opportunity for institutional capital targeting industrial



Apartments

High mortgage rates driving short-term housing preference for millennials. Supply growth forecasted to contract meaningfully through year-end 2025. Higher entry yields and greater income characteristics offer compelling opportunity for institutional capital targeting residential

Sectors Requiring Caution



Life Sciences

Reduced private market funding and rapid supply growth have resulted in weakened demand across the life sciences sector. Vacancy has continued to climb, particularly outside of the prime life sciences submarkets of Boston, San Diego, and San Francisco



Office

Continued distress post-pandemic as employers and tenants adjust to work-from-home demands. Near-term debt maturities and lack of available financing pose significant risk. Tenant requirements subject to high capital costs and rental concessions

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U.S. Data Centers: Demand Surging Ahead of Supply

AI-driven leasing and hyperscaler expansion continue to push vacancies toward historic lows

Market Dynamics

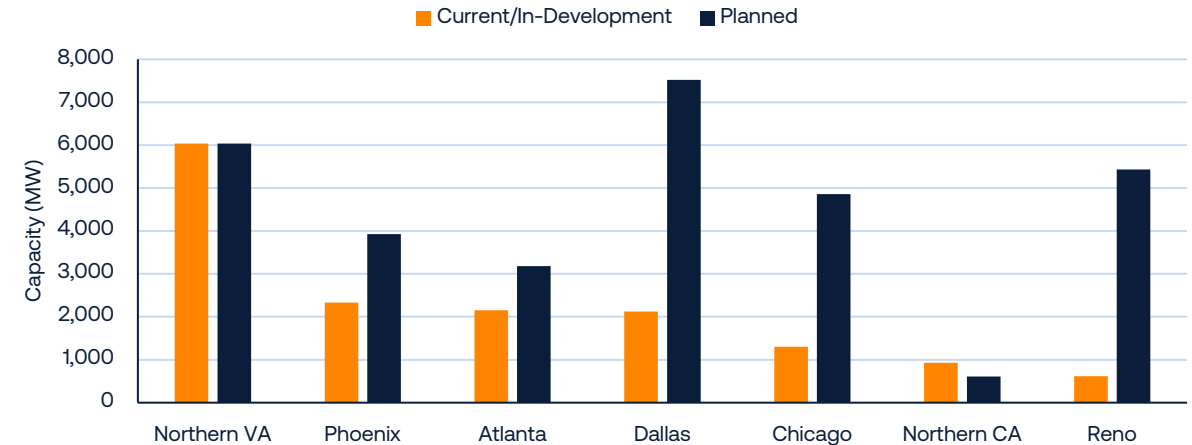
- **Demand > supply:** Top US markets have <10MW of power available (~2% vacancy), as AI and cloud-driven workloads accelerate leasing
- **Hyperscaler & neocloud momentum:** Leasing increasingly dominated by hyperscalers and emerging “neocloud” tenants
- **Massive capex cycle:** Cloud/AI platforms boosted 2025 capital budgets by \$30B+ QoQ; all major hyperscalers signal even higher spend in 2026
- **Primary markets tight, secondary markets booming:** Northern Virginia, Phoenix, Atlanta and Dallas remain highly constrained, while tertiary markets are absorbing multi-hundred MW deals
- **Power constraints:** Limited available power restricting new supply in top markets, driving spillover to secondary locations

Sector Segmentation & Outlook

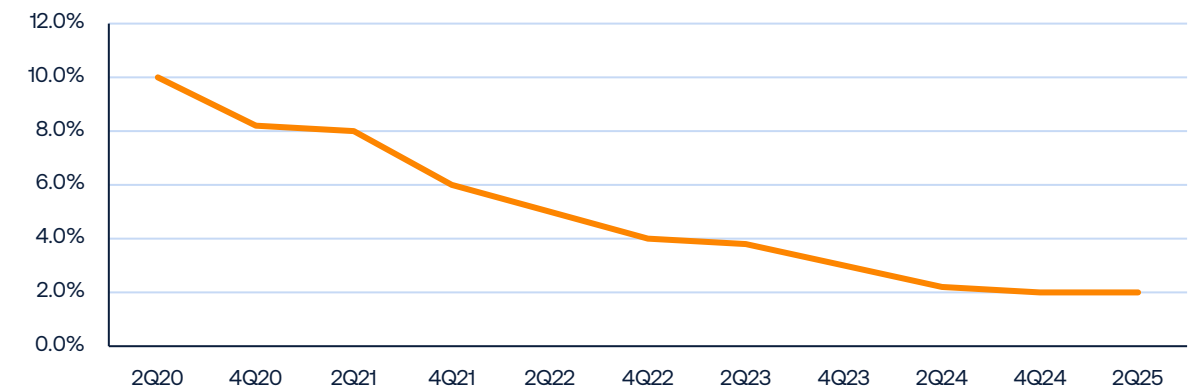
- **Vacancy trending lower:** US vacancy has fallen below Europe and continues to decline steadily
- **NOI growth durable:** Same-store NOI anticipated to grow at mid-single-digit CAGR through 2029, supported by favorable re-leasing spreads
- **Capital markets supportive:** Debt financing remains accessible; ABS issuance hit \$15B YTD 2025, helping fund development pipelines
- **Limited transaction comps:** Investors skew toward development over stabilized assets, though mega-deals (Aligned \$40B) highlight deep institutional appetite

Source: Principal (October 2025), Townsend.
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Data center demand growing outside of primary markets
Current and planned capacity (MW) by major market



Demand outpacing supply, pushing vacancy rates lower
Data center vacancy rate (U.S. %)



U.S. Senior Housing: Undergoing a Durable Recovery

Occupancy gains, constrained development and growing affordability reinforce a multi-year growth outlook

Market Dynamics

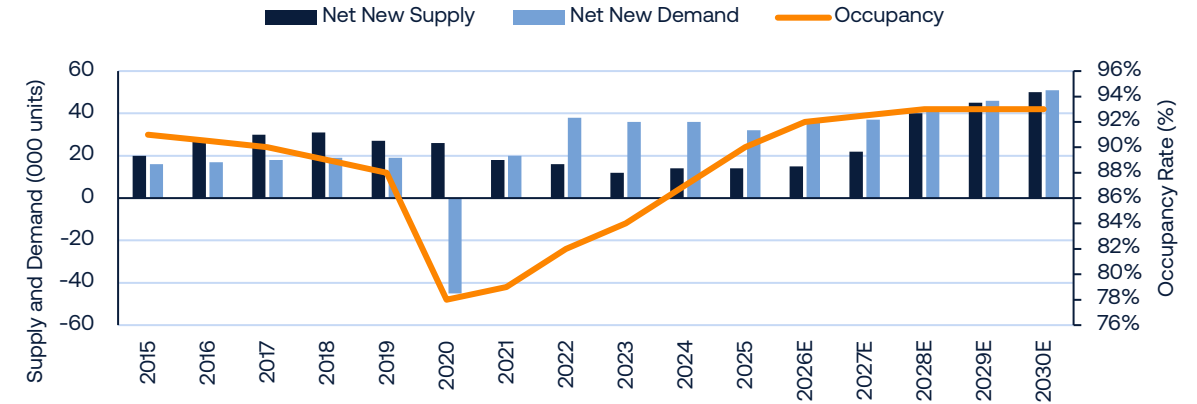
- **Demand outpacing supply:** Occupancy continues to climb as new supply remains well below pre-2020 levels; development as of Q1 2025 is only ~40% of the 2019 peak
- **Demographics accelerating:** The 80+ population is entering a steep growth phase, rising from 14.8M today to ~18.8M by '30
- **Large supply shortfall emerging:** NIC estimates a 560k+ unit deficit by 2030, reinforcing a strong medium-term absorption backdrop
- **Affordability improving:** Home price appreciation and household wealth gains among older adults make senior housing more accessible
- **Operational rebound intact:** Occupancy has risen for 13 consecutive quarters; rent growth remains ~4–5% YoY

Positioning & Outlook

- **Recovery broadening:** Demand strengthening across Independent Living, Assisted Living & Memory Care, with absorption outpacing inventory growth
- **Lower-acuity outperforming:** Active Adult & IL offer stronger NOI margins & better expense control vs. higher-acuity subtypes
- **Attractive acquisition basis:** Many stabilized assets still trade 20–40% below replacement cost
- **Sector visibility rising:** Institutional investors and REITs increasing activity; senior housing now recognized in broader RE market benchmarks, supporting future capital formation

Source: Principal (October 2025), Townsend.
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Demand outpacing supply as occupancy rates continue to climb
Net New Supply and Demand



Senior housing still exhibits attractive going-in yields and rent growth
Senior Housing Property Subtype Fundamentals

3Q25 Metrics	SH Overall	Independent Living	Assisted Living
Occupancy	88.7%	90.2%	87.2%
Appraisal Cap Rate	5.46%	5.29%	5.64%
Annual Rent Growth	4.3%	4.2%	4.4%
Annual Absorption	3.5%	3.4%	3.5%
Annual Inventory Growth	0.7%	0.7%	0.7%
Construction vs. Inventory	2.4%	2.4%	2.5%

U.S. Industrial: Quality and Location Driving a Wider Performance Gap

Newer, well-located assets outperform as supply normalizes and demand shifts toward last-mile and inland markets

Market Dynamics

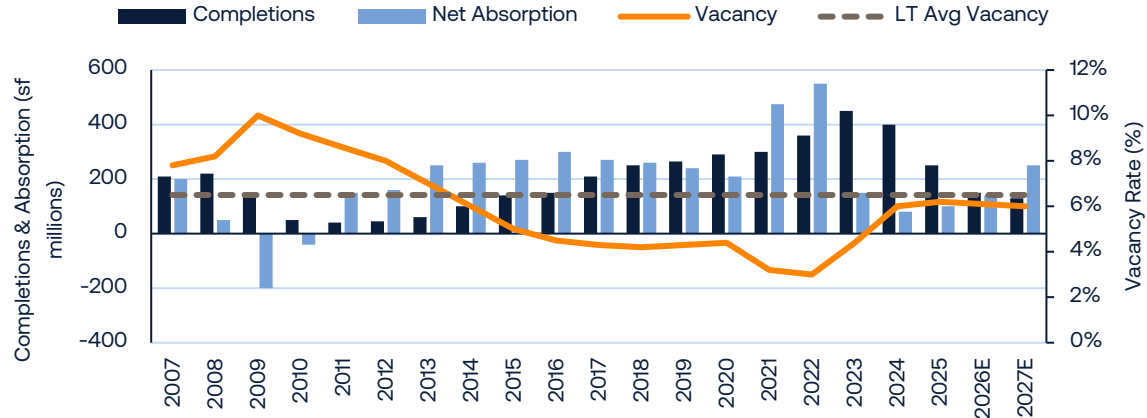
- **Performance bifurcating:** Newer, higher-quality assets with modern specs are materially outperforming older stock as tenants prioritize efficiency, ESG features and lower operating costs
- **Last-mile strengthening:** Demand remains resilient in supply-constrained dense population centers offering proximity to consumers
- **Inland/onshoring tailwinds:** Onshoring and regionalization supporting demand in South/Southeast & Midwest vs. coastal markets
- **Coastal caution:** Near-term rent pressure in select coastal markets given elevated vacancies and slower large-box leasing
- **Demand normalizing:** Net absorption is improving but remains below pre-pandemic highs

Sector Segmentation & Outlook

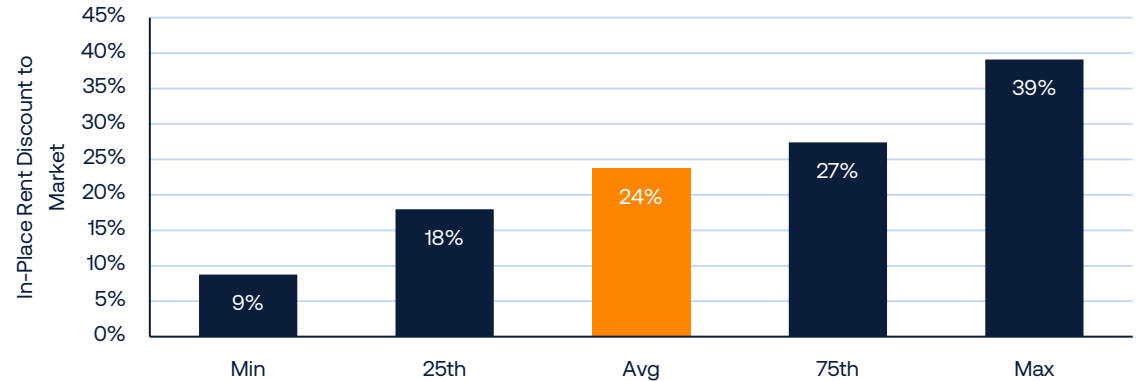
- **Outdoor storage resilient:** Investor interest continues to rise given limited zoned supply and essential-use tenant demand
- **Cold storage mixed:** Fundamentals remain soft due to a temporary supply overhang that could take 2–3 years to work through, though the highest-quality facilities continue to lease well
- **Specialized industrial varied:** Flex and other specialty formats show mixed performance, depending on market, build quality & tenant mix
- **Overall outlook constructive:** Supply deliveries decelerating through 2027 and rent growth anticipated to return to inflation-plus levels

Source: CBRE-EA, Clarion Partners Global Research (November 2025), Townsend. Townsend's views are as of the date of this publication and may be changed or modified at any time and without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

Net absorption remained positive through period of high supply
US Industrial Completions and Net Absorption



In-place rents still show significant rent growth upside
US Open-End Commingled Fund Industrial Sector Discount to Market, Second Quarter 2025



U.S. Residential: Fundamentals Gradually Improving; SFR Under Political Pressure

Elevated apartment supply pressures near-term rents, while SFR is navigating political headwinds and forced-sale provision

Apartments

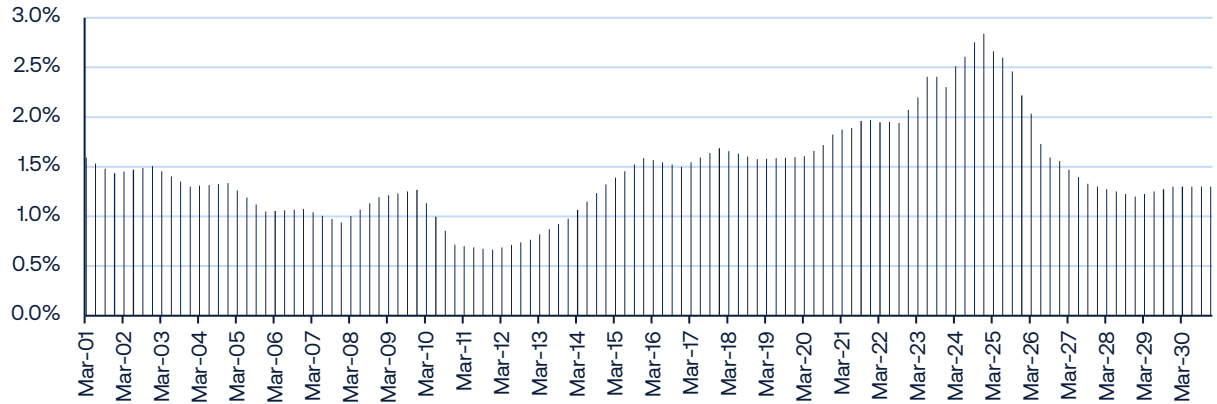
- **Supply cresting but rolling over:** Completions remain elevated into 2025, but starts continue to fall meaningfully; billings data points to much lower new supply in 2026–30
- **Demand softer than anticipated:** Slowing job growth, softer household formation, and tighter immigration are restraining absorption; rent growth revised down toward ~2% in 2025
- **Wide regional dispersion:** Bay Area and select Midwest markets outperform; Sun Belt and Southwest remain weighed down by heavy supply and below-trend occupancy
- **NOI growth muted:** Record supply and sluggish leasing temper pricing power in 2025–26, with clearer relief emerging only as supply falls in 2027+

Single-Family Rental (SFR)

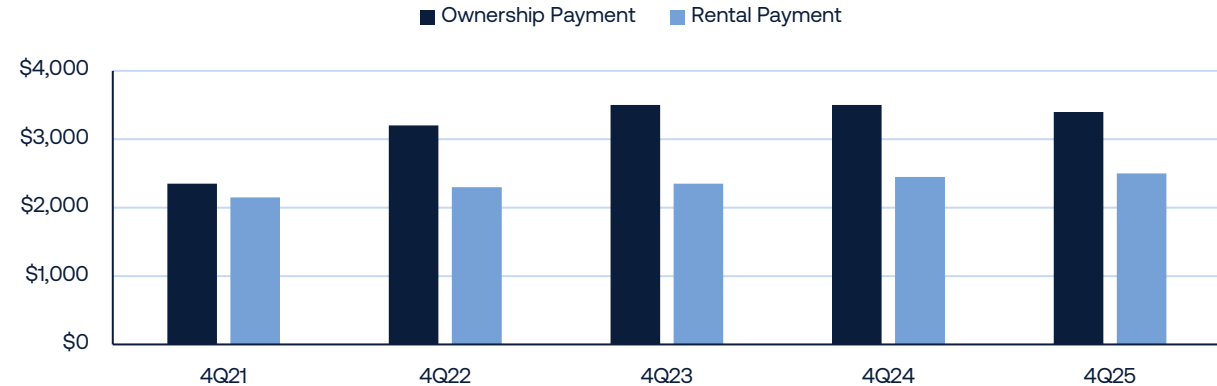
- **Affordability still tight:** Home prices have softened modestly but the rent-vs-own gap remains wide supporting SFR demand
- **Cost pressures easing:** Property tax relief and moderating expenses support margin stabilization despite softer revenue growth
- **Executive order and implications:** January 2026 executive order directing federal agencies to curtail support for institutional purchases of single-family homes. Existing BTR remains exempt, while new acquisitions would be subject to forced-sale provision within a 7-year time horizon. Current bill has support from Senate, but has yet to pass the House

Source: Green Street (March 2026), Pretium, John Burns Real Estate Consulting (December 2025). Townsend’s views are as of the date of this publication and may be changed or modified at any time and without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

Multifamily supply anticipated to moderate in 2026-30
Multifamily Supply Growth as % of Inventory



Own versus rent affordability expected to continue to drive rental demand
Median Monthly Ownership Payment vs. Rental Payment



U.S. Triple Net Lease: Defensive Income with Appreciation Potential

High-credit tenancy, long leases and easing rates strengthen the strategic case for NNN today

Market Dynamics

- **Income durability:** Long-term leases to high-credit tenants continue to provide stable, predictable cash flow with limited capex exposure
- **Attractive relative yields:** Nominal cap rates have expanded to ~7–8%, offering a compelling spread vs. Treasuries & other property sectors
- **Retail-led strength:** Retail net lease remains the largest and healthiest segment, with transaction volume up 27% YoY and cap rates widening
- **Tenant credit solid:** Tenant health remains stable & credit loss expectations through 2026–28 remain muted
- **Market normalizing:** NNN acquisition activity is rising again, now only ~10–20% below 2022–23 levels, with spreads holding around 80 bps

Positioning & Outlook

- **Ideal late-cycle fit:** NNN performs well in late-credit cycles due to defensive cash flows and long-duration leases; income becomes more valuable as rate cuts materialize
- **Future appreciation catalyst:** As the rate cycle eases, cap rates should compress modestly, boosting values
- **Risk-mitigation benefits:** Expense pass-throughs shift inflation and operating risk to tenants, reducing income volatility
- **Portfolio role:** Provides a reliable high-income anchor within broader real estate allocations while complementing cyclical industrial/logistics exposure

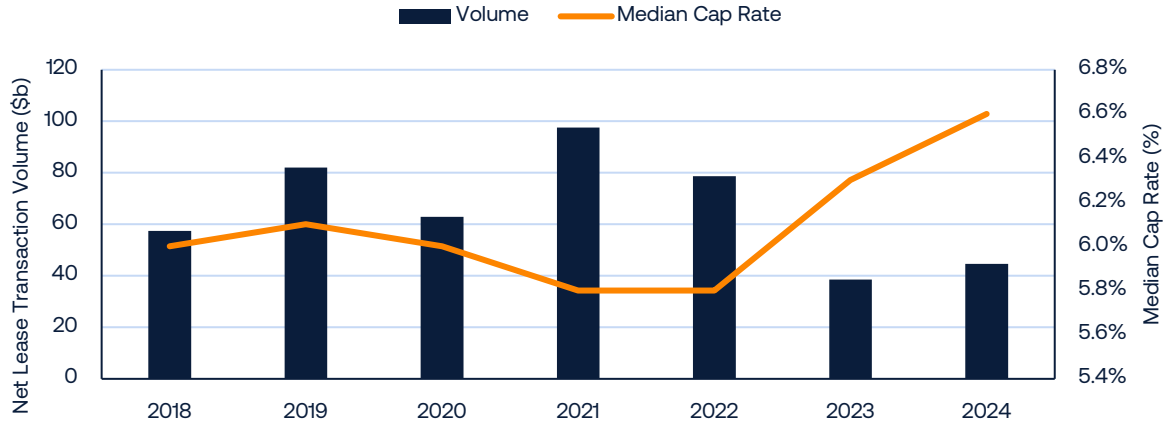
Source: CIM, Townsend (December 2025), Proterra, Newmark U.S. Net Lease Market Report (4Q24). Townsend’s views are as of the date of this publication and may be changed or modified at any time and without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

Income focus and high yields in net lease real estate
Net Lease vs. Traditional RE Equity Risk Profiles

Strategy	Net Lease	Core	Core-Plus	Value-Add	Opportunistic
Income	75%	70-80%	50-70%	30-50%	20-40%
Appreciation	25%	20-30%	30-50%	50-70%	60-80%
Distribution Yield	7-8%	4-6%	5-7%	5-7%	0-8%
Leverage	55-65%	20-30%	40-50%	50-60%	60-70%

Transactions stabilizing while yields have marked up significantly, providing attractive entry

Transaction Volume & Pricing



U.S. Retail: Limited Supply and Occupancy Support Steady Fundamentals

Necessity retail and upper-income demand offset softer sentiment and lingering e-commerce headwinds

Market Dynamics

- **Supply constrained:** Strip & mall supply growth running and projected to remain well below historical averages
- **Occupancy firming:** High-quality strip centers and A-malls maintain strong occupancy, supporting an inflationary rent growth outlook
- **E-commerce penetration normalization:** Online penetration growth is slowing after years of rapid gains, reducing incremental pressure on physical retail even as digital remains a structural headwind
- **Early foot-traffic recovery:** Teens and younger shoppers show early signs of returning to malls for social and experiential reasons, but the trend is still emerging rather than established
- **Format resilience:** Necessity retail, off-price, grocer-anchored centers and service-oriented tenants continue to outperform

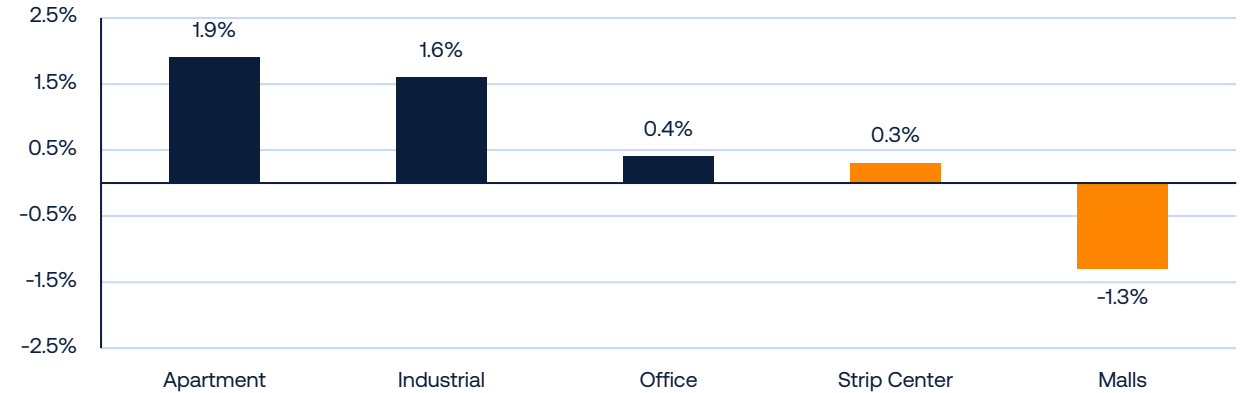
Headwinds & Outlook

- **Consumer sentiment weak:** Broader consumer confidence has fallen to multi-year lows, with middle-income households under pressure from inflation and slower wage gains
- **Tariff uncertainty:** Full effects of tariff increases have yet to flow through retailer margins and may dampen discretionary spending into 2026
- **Digital competition persists:** Despite slowing growth, e-commerce remains a secular share-gainer and continues to challenge discretionary categories and mid-market retailers

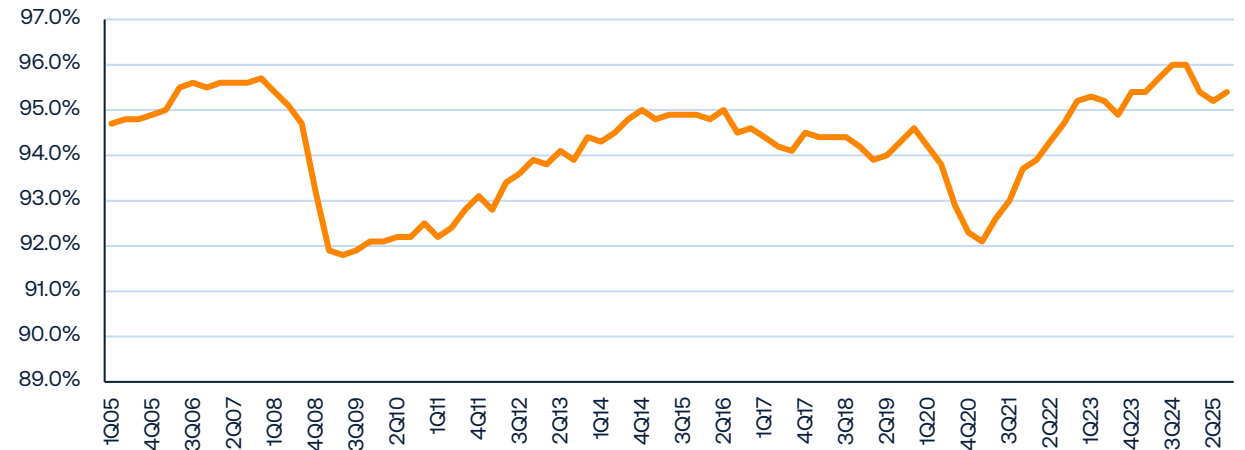
Source: Green Street (November 2025).

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Retail supply growth considerably lower vs. other asset classes
Average Annual Supply Growth (2025-2029E)



Strip center occupancy rates have stabilized from co-vid lows
Strip Center REIT Leased Occupancy Rate (%)



U.S. Office: Valuations Reset, Leasing Improving but Recovery Uneven

Stabilizing fundamentals, firmer capital markets, and muted supply offer selective opportunity

Market Dynamics

- **Values reset:** Office pricing has corrected 35–60%, improving forward return potential
- **Leasing improving:** Touring and deal activity picking up, with several markets posting the best absorption since 2019
- **RTO stabilizing:** More employers tightening in-office requirements, supporting demand for modern, amenitized assets
- **Capital tone firmer:** Debt spreads have compressed, and financing conditions have steadied, signaling income stabilization
- **Supply muted:** New construction at multi-decade lows, reducing future competitive pressure

Headwinds & Risk

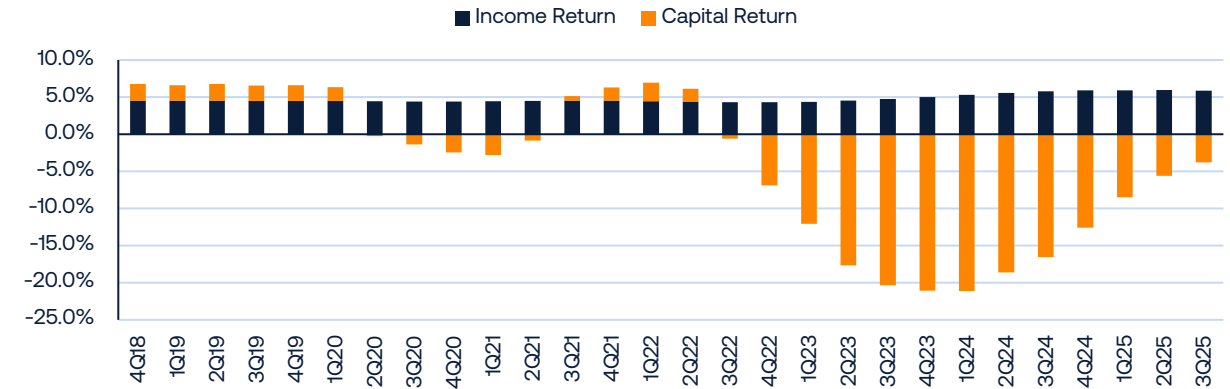
- **Soft job growth:** Office-using employment remains weak — ~+1% East Coast, negative West Coast
- **Tenant leverage high:** Rising TI packages and concessions keep economics tenant-favorable

Very Select Opportunities

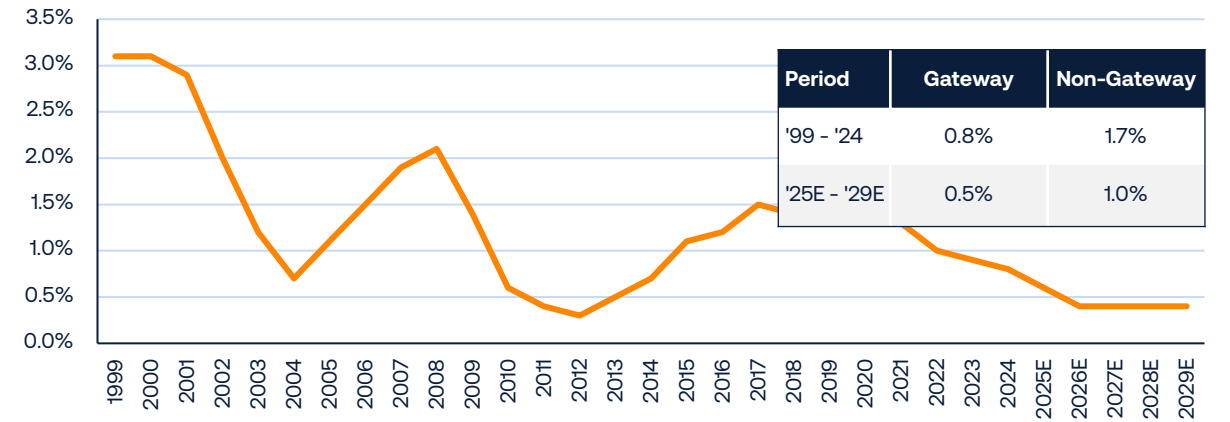
- **High-quality discounts:** Modern, well-located buildings trading well below replacement cost
- **Structured Entry:** Opportunities to provide good news/leasing capital for Class A office in proven gateway markets (New York, San Francisco), preferably through senior positions in the capital stack
- **Conversion potential:** Select office-to-residential conversions viable in supportive zoning markets

Source: NCREIF (December 2025), Green Street (November 2025). Townsend's views are as of the date of this publication and may be changed or modified at any time and without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

Office valuations declined -46% in total since 2Q20
Office Unlevered Returns Annualized



New supply remains at record lows since 2011
Office Supply Growth (%)



U.S. Cold Storage: Near-Term Oversupply Shadowing Fundamentals

Strong long-term demand, but oversupply pressuring near-term fundamentals

Market Dynamics

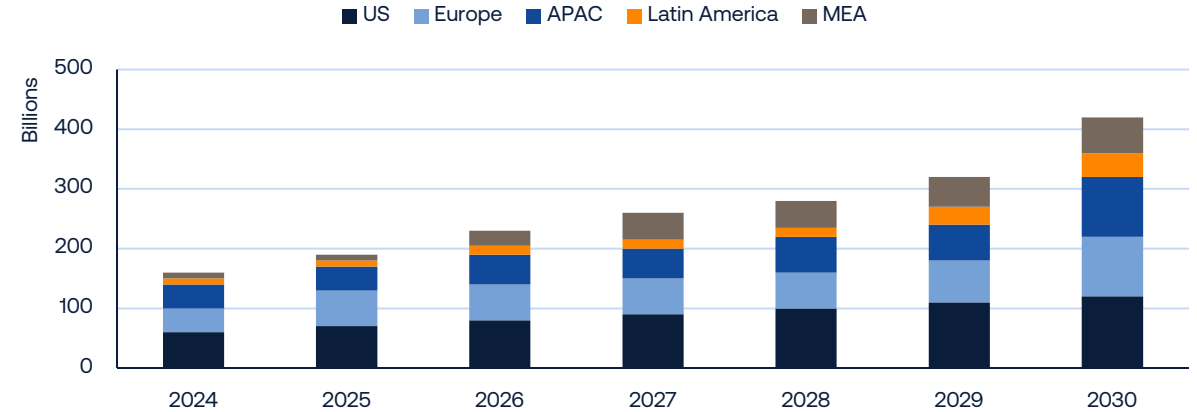
- **Near-term oversupply:** Elevated deliveries over the past two years pushed physical and economic occupancy into the mid- to low-80% range, weighing on SS NOI growth
- **Supply decelerating:** Developers now pulling back meaningfully; multiple operators anticipate supply growth to slow sharply after 2025 as fewer new projects start
- **Demand drivers intact:** Online grocery penetration rising from ~16–17% toward ~19% by 2028 and long-duration pharma demand continue to support strong medium-term structural growth
- **Modernization trend:** Users shifting toward taller, higher-capacity, automated facilities, increasing obsolescence risk for older assets and reinforcing bifurcation in performance

Investment View

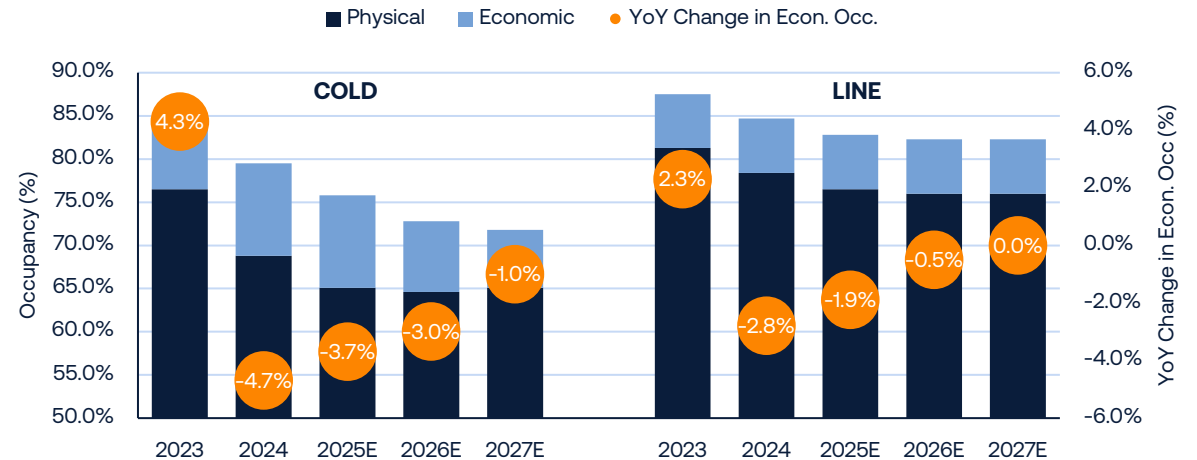
- **Medium-term opportunity:** Long-term WALT, NNN-like lease structures and resilient rent bumps support attractive multi-year return potential once occupancy stabilizes
- **Caution warranted near term:** Low occupancy and excess supply are pressuring NOI and may present better entry points as the market rebalances through 2026
- **Selective deployment:** Focus on modern, well-located distribution-adjacent facilities with sticky user demand; avoid older assets with functional obsolescence

Source: Green Street (November 2025).
 Townsend's views are as of the date of this publication and may be changed or modified at any time and without notice.
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Cold storage industry is forecasted to grow significantly through 2030
 Forecasted Global Cold Storage Market Size (\$US billion)



Same-store occupancy levels forecasted to stabilize
 COLD & LINE Same-Store Occupancy Statistics



3. E

Europe Outlook – Improving Fundamentals

Muted Growth but favorable Rates Support Property Values

Low-rate environment offsets weak economic momentum, supporting real estate pricing

Economic Outlook

- **Growth subdued across Europe:** Most major markets forecast modest GDP growth through 2026–27
- **Germany stabilizing:** Fiscal and infrastructure spending supports medium-term growth despite recent softness
- **France constrained:** High debt and political uncertainty limit room for fiscal stimulus
- **Nordics leading:** Sweden and Norway show above-average growth, supported by resilient domestic demand
- **Spain resilient:** Services strength and population inflows keep Spain ahead of peers
- **Italy lagging:** Fiscal constraints and demographics continue to weigh on growth

Inflation & Interest Rate Outlook

- **Inflation converging:** CPI across Europe anticipated to move toward 2% over 2025–26
- **ECB easing:** With inflation near target, the ECB is anticipated to continue measured rate cuts
- **BoE gradual:** UK inflation remains sticky but is trending lower, enabling a slower easing path
- **Attractive yield spreads:** Property yields remain comfortably above interest rates across most EU markets, supporting valuations

Source: Townsend, Bloomberg (January 2026). Townsend’s views are as of the date of this publication and may be changed or modified at any time and without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

Growth Forecasts Muted But Led By Nordics And Spain Real GDP Forecasts (YoY%)

Major Regions	2024	2025	2026	2027
United Kingdom	1.1	1.4	1.0	1.4
Germany	-0.5	0.2	1.0	1.5
France	1.2	0.8	1.0	1.1
Sweden	0.9	1.8	2.5	2.2
Norway	0.6	1.7	1.5	1.6
Spain	3.5	2.9	2.2	1.9
Italy	0.7	0.6	0.8	0.9

Regional Inflation Forecast To Converge Over Next 12 Months Quarterly CPI (YoY%)

CPI	Actual				Forecast					
	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26	1Q27	2Q27
European Markets										
United Kingdom	2.8	3.5	3.8	3.4	3.0	2.3	2.1	2.2	2.1	2.1
Germany	2.6	2.1	2.1	2.3	2.0	2.1	2.0	1.9	2.0	2.1
France	1.2	0.8	0.9	0.8	1.0	1.3	1.1	1.5	1.5	1.6
Sweden	0.9	0.4	0.9	0.5	0.8	0.5	0.5	0.9	1.0	1.9
Norway	2.8	2.8	3.5	3.1	2.5	2.5	2.2	2.5	2.3	2.2
Spain	2.7	2.2	2.8	3.1	2.2	2.3	2.0	1.9	1.9	2.0
Italy	1.8	1.8	1.7	1.2	1.0	1.2	1.3	1.8	1.7	1.8

European Real Estate Showing Early Signs of Stabilization

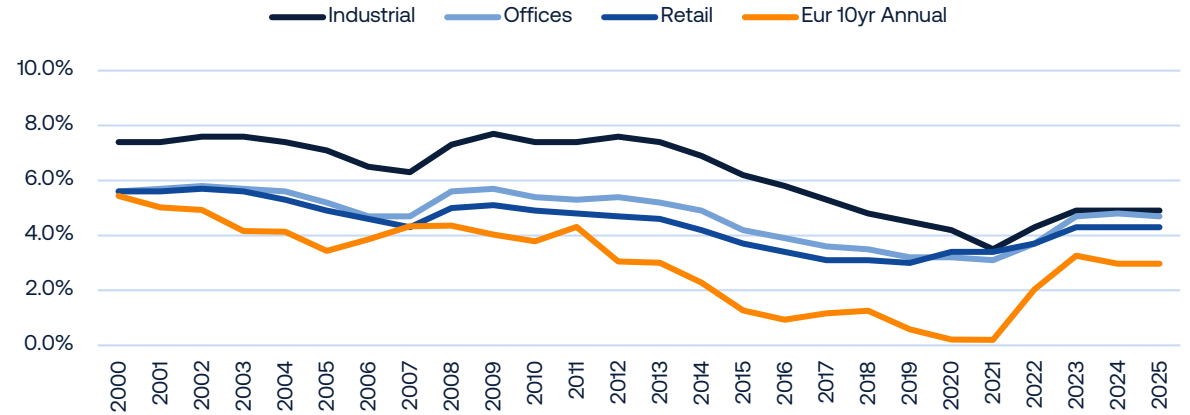
Valuations stabilizing as construction pipelines shrink and capital markets recover

Recovery underway in select sectors and markets

- **Valuations finding a floor:** Prime yields have stabilized as bond yields fall, improving relative value
- **Development pipeline collapsing:** Construction starts have dropped sharply, supporting firmer future rental growth
- **Financing conditions improving:** Debt markets have reopened with more competitive spreads and 55–60% LTV available
- **Transaction activity recovering:** Volumes are rebounding from 2023 lows but remain far below the 2021–22 peak
- **Occupational markets resilient:** Most sectors exhibit healthy leasing fundamentals; office remains sharply bifurcated

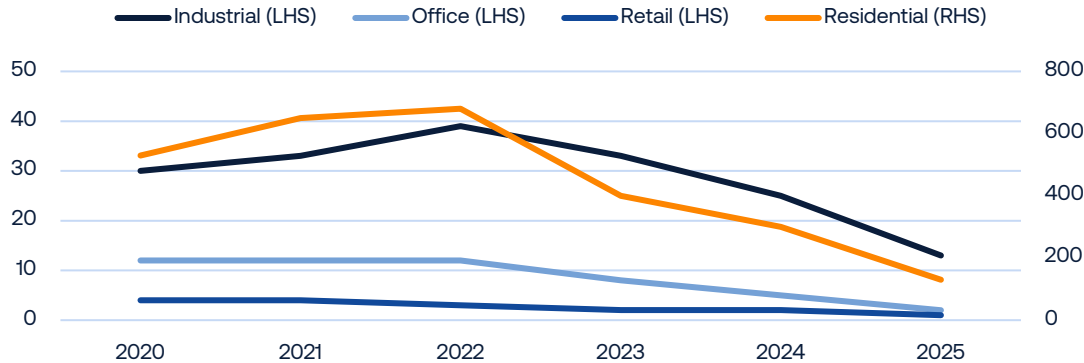
European property prime yields have stabilized

European Commercial Property Prime Yields vs. Long-Term Govt Bond Yields for Euro Area



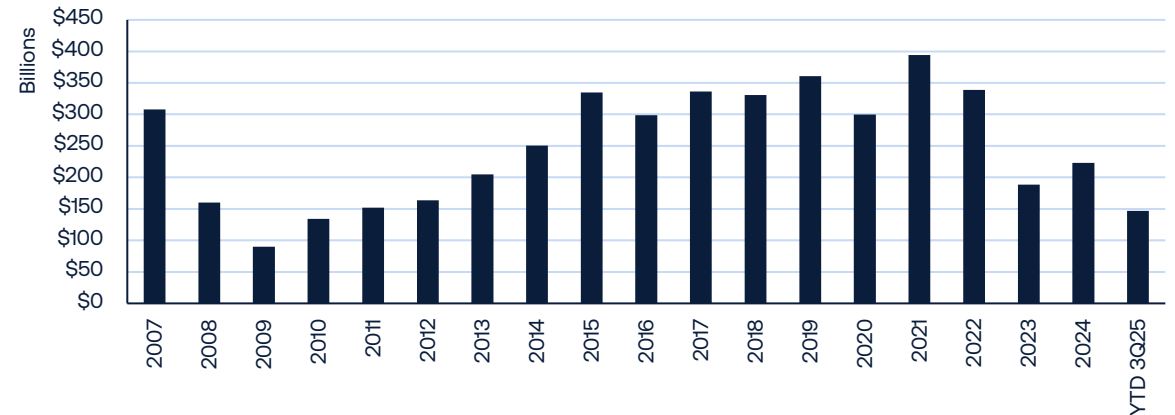
Greatly reduced pipeline of new construction across sectors

12m Rolling New Construction Starts (M Sqm)



Recovering transaction volumes, well down from peak in 2021-2022

European Transaction Volume (bn)



Source: Capital Economics, St. Louis Fed (December 2025), Hines Research (Q2 2025), CBRE (Q1 2025), MSCI Real Capital Analytics (Q1 2025).

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Europe Outlook

Selectively re-enter through high conviction strategies

- Underweight but selectively re-entering as values have reset 15-25%
- Lower rates support yield spreads and stabilize pricing

Data Centers

Long runway for growth

- Institutionalization accelerating; demand outpacing supply
- Power and land constraints tightening in key hubs



Logistics

Attractive post-correction entry valuations

- Values down ~20%¹, creating attractive re-entry points
- Supply falling; rental reversion in prime Western/Central Europe



Residential

Fundamentals strong but policy restrictions

- Rebased pricing, and undersupply-driven 3-5% rent growth
- Student and senior housing gaining institutional traction



Alternatives

Increase exposure, but cautiously

- Opportunity set expanding and attracting institutional capital, the number of competent institutional-grade operators is limited



Retail

Remain selective

- Focus on necessity-led and retail park formats
- Consumer confidence weak; prime high-street still fragile



Office and Life Sciences

Stay cautious

- Values down 37%¹ but anticipate weak demand and valuation recovery
- Excellent leasing concentrated in ESG-certified CBD assets



Source: ¹Green Street CPPI, Townsend

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Most Compelling Sectors Today



Data Centers

Data center development activity in Europe has lagged that in the US. Third-party ownership of data centers also lags the US. Both imply an extended period of growth in the sector. The development yields are attractive but capital formation is still slow.



Niche Property Types

This is an emerging area in Europe with select investment opportunities in sectors like student housing, senior housing, self-storage, and life-sciences. While the returns are attractive, the number of competent institutional-grade operators are limited.

Sectors Offering More Selective Opportunities



Residential

Chronic shortage of housing in key European cities, combined with recent significant reduction in development activity has caused a multi-year demand/supply mismatch. Values have reduced materially making entry point attractive, however, regulatory issues limit opportunity set.



Logistics

Supply has increased recently which has led to an increase in vacancy and slowing of rent growth to more normal levels. However, demand continues to be robust. The recent decline in asset values have created a better entry point for investors.

Sectors Requiring Caution



Office

Work-from-home continues to impact the sector with office utilization in key cities still below pre-pandemic levels. While the values have corrected significantly, the rent growth outlook is still bleak, and capex burden is high. High-quality green buildings are better positioned. Focus on prime only.



Retail

Sector has recently outperformed in the recent real estate downturn. Values seem to be stabilizing but consumer confidence is low, retail sales growth uncertain, and e-commerce is continuing to impact the sector. Investors should revisit the sector in 6 months.

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3.F

APAC Outlook – Improving Fundamentals

APAC Growth Outlook Remains Mildly Positive as Interest Rates Ease

Soft landing across most markets, but country-level divergence persists

Economic Growth

- **Moderate regional growth:** Q2 2025 data show steady but mild recovery across APAC, supported by earlier trade activity
- **Australia resilient:** Consumption and housing strength offset softer external demand
- **Japan subdued:** Growth remains around 1%, with slowing momentum anticipated into 2026
- **South Korea mixed:** Q2 rebound aided by exports, but tariffs and weaker global demand weigh on outlook
- **Singapore softening:** Q2 gains from financial and IT services give way to slower growth as external demand weakens
- **China uneven:** Fiscal support and exports aid activity, but weak housing and household sentiment limit broader momentum

Inflation & Interest Rate Outlook

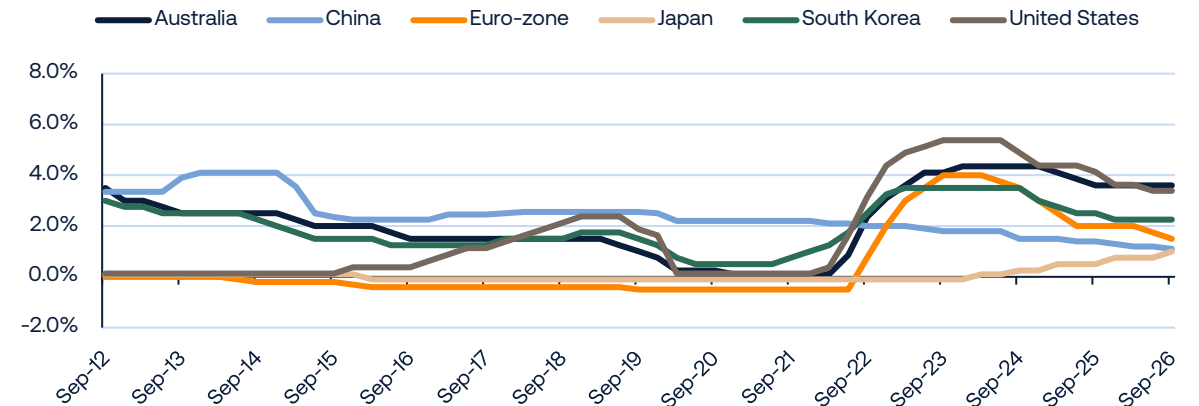
- **Inflation easing regionwide:** Softer inflation supports further rate cuts across APAC, improving lending conditions
- **Australia & South Korea stabilizing:** Both central banks have reduced policy rates through 2025 with stabilization anticipated in 2026
- **Japan the outlier:** Inflation remains above target; BOJ anticipated to continue normalizing policy, tightening modestly from late 2025

Source: Townsend, Bloomberg (November 2025), AEW Research (August 2025), Townsend's views are as of the date of this publication and may be changed or modified at any time and without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

APAC Growth Led by China While Japan Remains Stagnant
Real GDP Forecasts (YoY%)

Major Regions	2024	2025	2026	2027
Australia	1.0	1.9	2.2	2.3
Japan	-0.2	1.2	0.8	0.9
Singapore	4.3	4.7	2.6	2.4
South Korea	2.0	1.0	2.0	1.9
China	5.0	5.0	4.5	4.4

Softening Rates Support Lending Outlook (ex. Japan)
Central bank policy rates



APAC Real Estate Fundamentals Improving but Remain Selective

Stabilizing values, constrained supply, and supportive rates underpin fundamentals across most markets

Market Fundamentals

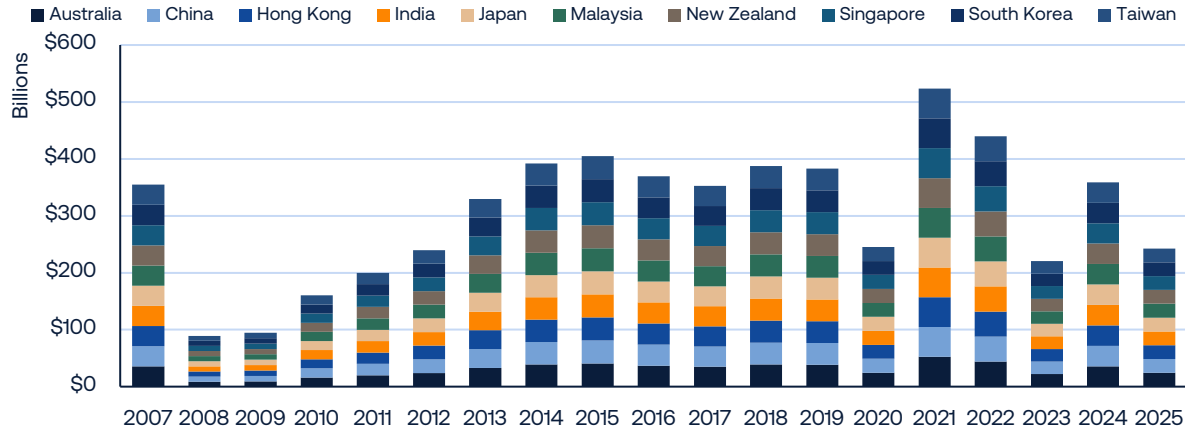
- **Stronger demand backdrop:** APAC fundamentals supported by modest economic growth, limited new supply, and easing monetary conditions
- **Values stabilizing:** Private market values have largely re-based since 2022 (ANREV down ~19%) and are now stabilizing as borrowing costs fall
- **Occupancy and rents firming:** Most sectors show resilient occupancy and improving rental growth, aided by constrained development pipelines
- **Logistics strengthening:** Sentiment improving as tariff uncertainty eases and e-commerce demand continues to drive structural absorption

Sector/Regional Highlights

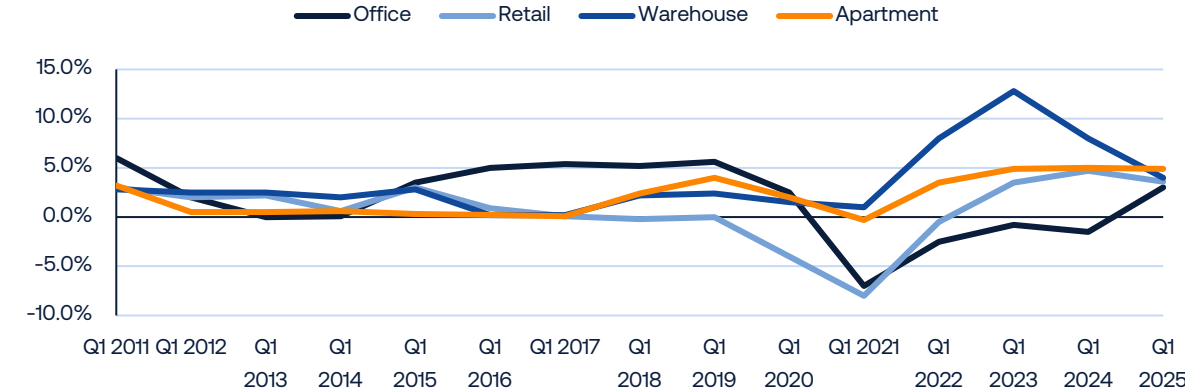
- **Defensive tilt:** Investors favor sectors with resilient income such as Japan/Australia residential, logistics in select submarkets, and non-discretionary retail
- **Office selective:** Tokyo office preferred; Melbourne office remains challenged by weak demand, oversupply, and high vacancy
- **Regional divergence:** China activity mixed; Australia’s population growth and lower occupancy costs support retail and industrial
- **Selective positioning:** Capital shifting toward markets with clearer rental growth outlooks and stabilized yields

Source: MSCI Real Capital Analytics (Q3 2025), Hines Research (Q1 2025), Costar (Q1 2025), CBRE (Q1 2025), JLL (Q1 2025), ARES (Q1 2025), Corelogic (Q1 2025), Oxford Economics (Q1 2025). Townsend’s views are as of the date of this publication and may be changed or modified at any time and without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

APAC Transaction Volume Recovering, Remains 25% Below Peak
Investment Volume by Country



Solid rent growth across all sectors
Developed APAC Rental Growth by Sector (YoY%)



Asia Pacific Outlook

Maintain slight overweight targeting strategic exposure to Australia and Japan

- Slight overweight; focus on Australia and Japan
- Fundamentals stabilizing as rates peak and volumes recover

Data Centers

Conviction theme

- Demand growing at 19% CAGR, outpacing U.S. and Europe
- Power and land constraints support long-term value



Logistics

Positive but regional differences exist

- Solid in Australia/Japan/Korea; weak in China due to oversupply
- Supply falling; focus on urban infill and modern, low-vacancy assets



Living (Multifamily, BTR, Student Housing)

Maintain Overweight

- Multifamily: <3% vacancy in Australia/Japan; 3-4% rent growth
- Execution hinges on platform quality and operational scale



Retail

Recovery gains traction in Australia

- Focus on Australia non-discretionary formats
- Tokyo high-street emerging as a tourism recovery play



Office

Mixed performance, gradually turning the corner

- Strength in Tokyo, Seoul, Singapore
- Weak demand and high vacancy in Melbourne and Hong Kong



Private Credit

Becoming more positive

- Bank retreat opening space for non-bank lenders
- Senior yields at 7-9%, mezzanine up to 16%



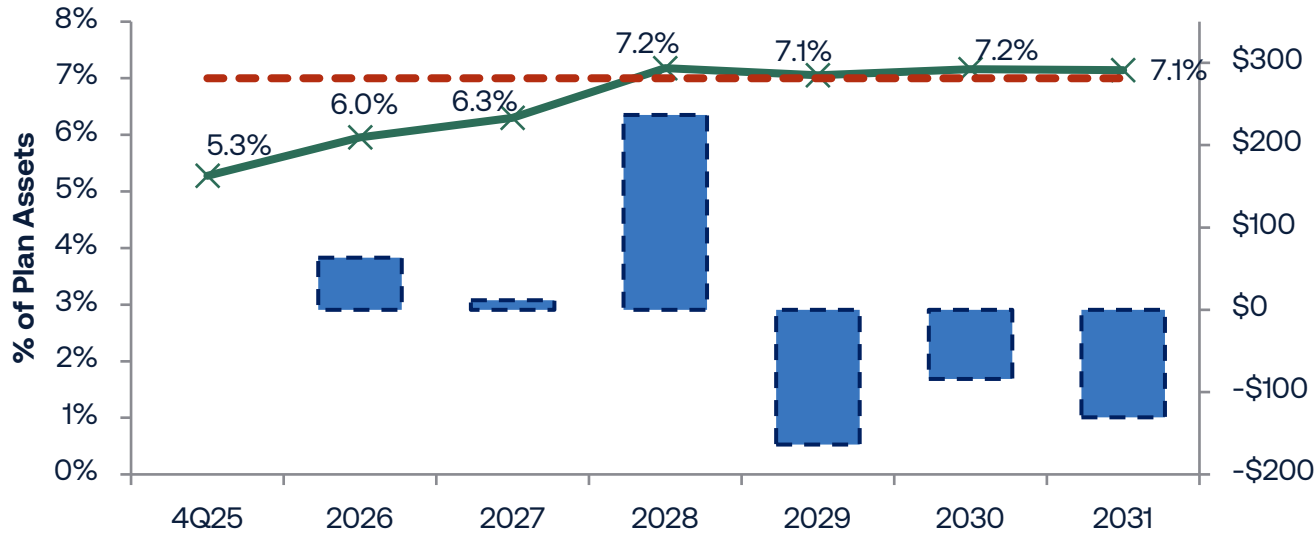
Source: Townsend
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4. LACERS Forward-Looking Portfolio Considerations

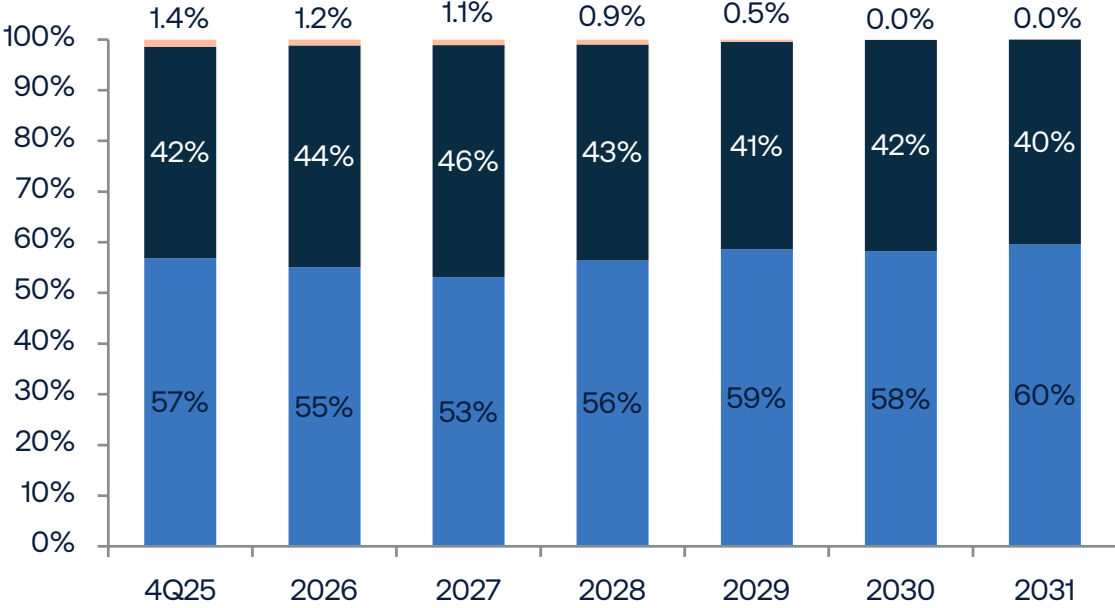
Total Portfolio Performance

- To build future private portfolio projections for LACERS, Townsend collected forecasted capital calls and distributions from all managers in LACERS' portfolio.
- The 'Planned' Real Estate Portfolio below includes new commitments needed to reach the target allocation and the 60% Core / 40% Non-Core target.
- The real estate portfolio is funded at approximately 5.3% of total plan assets below the 7.0% target allocation. Over the next few years, the real estate portfolio is expected to gradually move towards to the target allocation.

Real Estate % of Total Plan Assets (All Planned Commitments)



Risk Sector Allocation Change



■ Portfolio Net Cash Flow (Planned)
 —x— Real Estate % of Plan Assets (Planned)
- - - Real Estate Target

■ Core (Planned)
 ■ Non-Core (Planned)
 ■ Timber (Planned)

Recommended FY 2026-2027 Core Activity

Add 1-2 Core/Core-Plus Funds

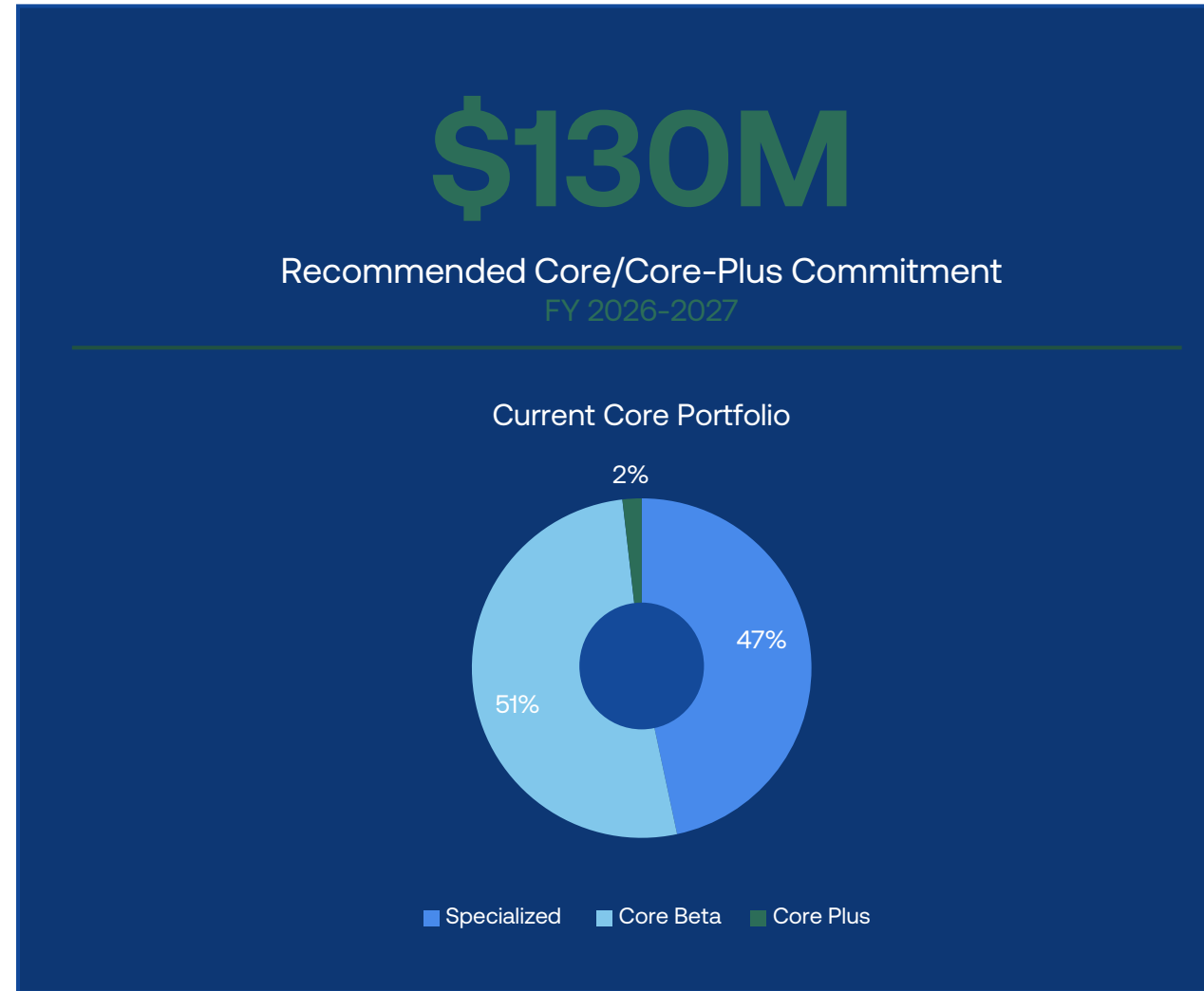
- Commit up to \$130M to Core/Core-plus open-end funds
- Target top-performing managers with high quality assets
- Continue to explore secondary market opportunities at discounts to NAV

Expand into High-Conviction Sectors

- Data centers- capitalize on accelerating AI & cloud infrastructure demand
- Alternative housing strategies-continue to diversify residential portfolio beyond traditional apartments
- Engage specialist managers in sectors underrepresented in the portfolio

Continue Portfolio Rebalancing

- Evaluate existing open-end positions and execute strategic rebalancing
- Optimize fee structures and improve terms with existing managers whenever possible
- Align property type mix with LACERS long-term return objectives



Recommended FY 2026-2027 Non-Core Activity

New Commitments to Non-Core Funds

- Target up to \$200M in commitments to high-conviction opportunities
- Thematic focus, specialist managers in alternative specialty sectors with growth potential
- Leverage capital market dislocation via secondaries & recapitalizations

Prioritize Niche, High-Demand Sectors

- Data centers- AI/cloud demand driving sustained supply-demand imbalance
- Industrial outdoor storage, truck terminals & other sub-sectors of industrial to further diversify exposure and benefit from strong rent growth
- Alternative housing sectors- structural demand from affordability constraints

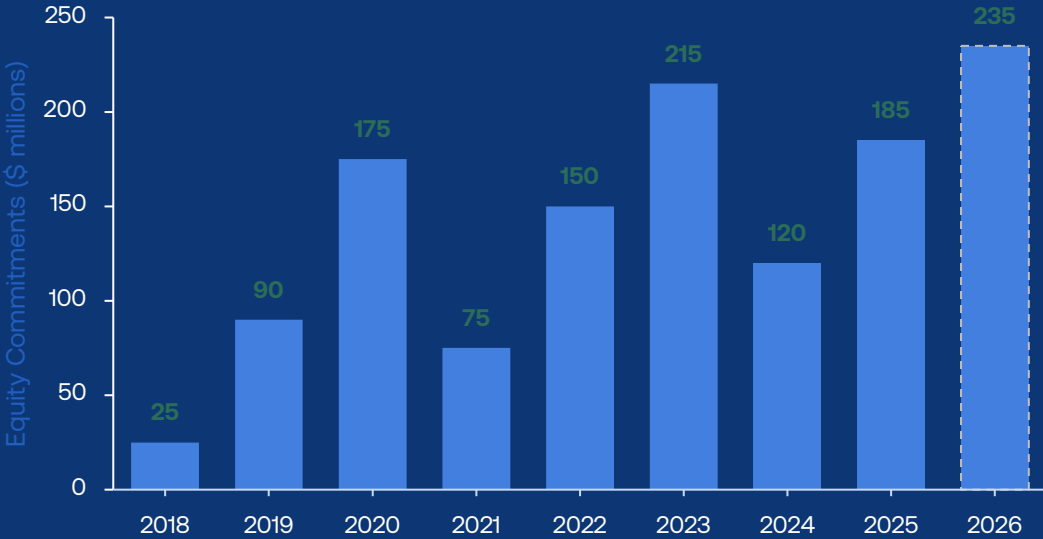
Optimize Returns & Portfolio Construction

- Explore secondary market sale opportunities to recycle capital into higher conviction investments
- Identify fee reduction opportunities to enhance net returns across the portfolio
- Focus on managers with deep, demonstrated expertise in their target markets

\$200M

Recommended Non-Core Commitment FY 2026-2027

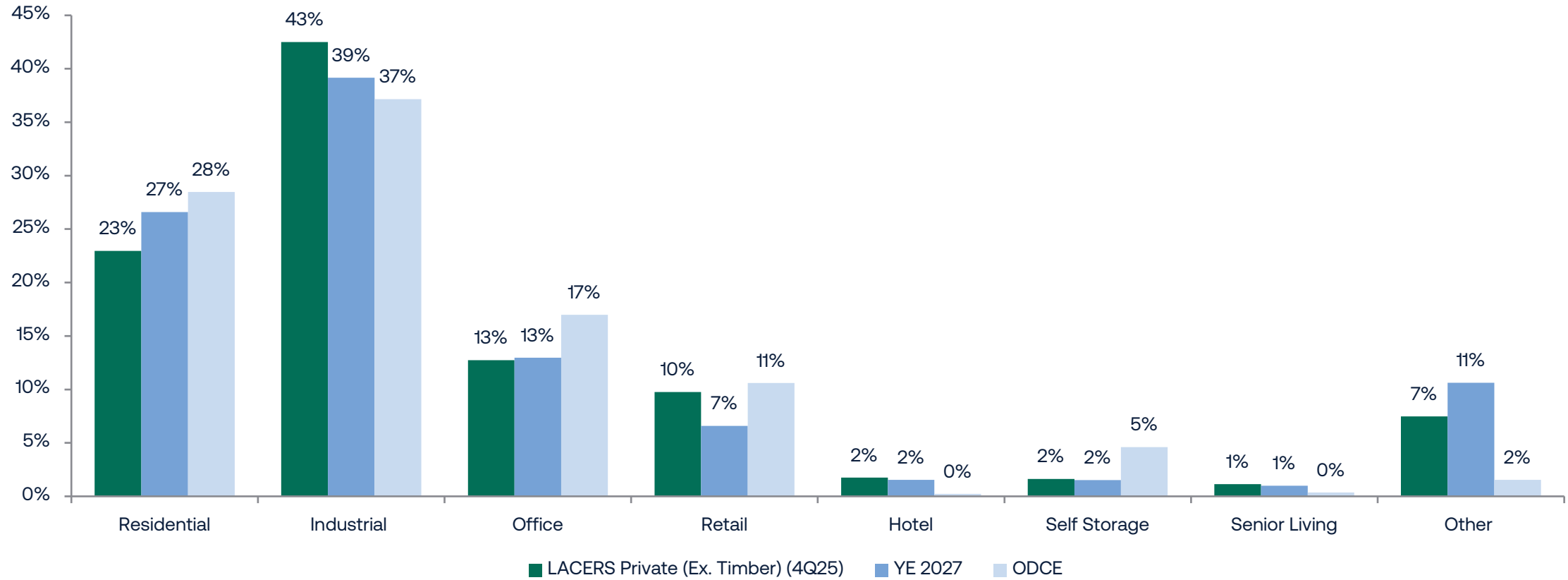
Non-Core Commitments by Vintage Year*



*Vintage year classifications are based on LACERS' first capital call (or expected capital call), though commitments may have been approved in prior years.

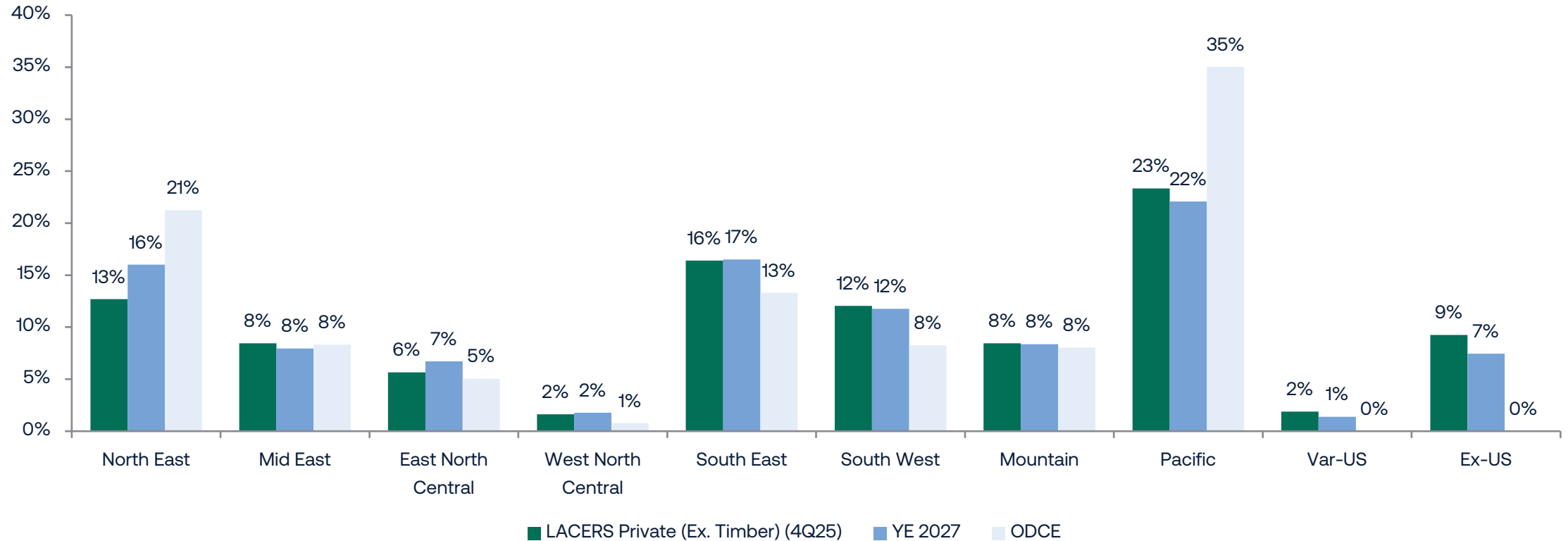
Real Estate Portfolio Diversification By Property Type

Private Real Estate Exposure - Property Type Diversification Private Portfolio (Ex. Timber)



Real Estate Portfolio Diversification By Geography

LACERS Projected Geographic Diversification Private Portfolio (Ex. Timber)



*Var-US refers to any investments that are not directly tied to specific regions, such as CMBS investments through Cerberus Institutional Real Estate Partners and Oaktree Real Estate Opportunities Fund VIII or entity-level investments through Almanac Realty Securities VI.

**The Ex-US exposure consists mainly of Europe (7.2%) and Asia (1.6%). The exposure is due to certain investments in Oaktree Real Estate Opportunities Fund VIII & IX, TPG Real Estate Partners IV, Cerberus Institutional Real Estate Partners V, Brookfield Strategic Real Estate Partners IV, and Heitman Asia-Pacific Property Investors.

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Returns reflect the equal-weighted returns calculated during the periods indicated. Note: If including Core, this is value-weighted. In addition, the valuations reflect various assumptions, including assumptions of actual unrealized value existing in such investments at the time of valuation. As a result of portfolio customization/blending and other factors, actual investments made for your account may differ substantially from the investments of portfolios comprising any indices or composites presented.

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NON REGULATORY ASSETS UNDER MANAGEMENT

As of September 30, 2025, Townsend had assets under management of approximately \$19.7 billion. When calculating assets under management, Townsend aggregates net asset values and unfunded commitments on a quarterly basis. Townsend relies on third parties to provide asset valuations, which typically takes in excess of 90 days after the quarter end. Therefore, assets under management have been calculated using September 30, 2025 figures where available but may also include June 30, 2025 figures. Assets under management are calculated quarterly and includes discretionary assets under management and non-discretionary client assets where the client's contractual arrangement provides the client with the ability to opt out of or into particular transactions, or provides other ancillary control rights over investment decision-making (a/k/a "quasi-discretionary"). Regulatory AUM is calculated annually and can be made available upon request.

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As of September 30, 2025, Townsend provided advisory services to clients who had real estate/real asset allocations exceeding \$237.0 billion. Advised assets includes real estate and real asset allocation as reported by our clients for whom Townsend provides multiple advisory services—including strategic and underwriting advice for the entire portfolio. Advised assets are based on totals reported by each client to Townsend or derived from publicly available information. Advised assets are calculated quarterly. Select clients report less frequently than quarterly in which case we roll forward prior quarter totals. The recent change in Advised Assets is due to a change in the reporting of certain special projects.

Global Non-core Capital Solutions Strategies employ a global non-core multi strategy approach with 90% or more of the investments invested in non primary fund investments such as secondaries, recapitalizations, joint ventures, platform investments, and co-investments. Strategies are diversified by geography, sector, property type, manager and vintage year.

Separate Accounts includes all Townsend active discretionary accounts which invest in a variety of investment styles and structures.

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The representative in Switzerland is ARM Swiss Representatives SA, Route de Cité-Ouest 2, 1196 Gland, Switzerland. The paying agent in Switzerland is Banque Cantonale de Genève, 17, quai de l'Île, 1204 Geneva, Switzerland. The Prospectus, the Articles of Association and annual financial statements can be obtained free of charge from the representative in Switzerland. The place of performance and jurisdiction is the registered office of the representative in Switzerland with regards to the Units distributed in and from Switzerland.

ABOUT TOWNSEND

Founded in 1983, Townsend, provides a core set of investment skills exclusively focused on global real estate and real asset classes. The firm offers these capabilities to institutional investors as an investment advisor and consultant.

Townsend has been advising and managing real estate portfolios for over three decades and across multiple market cycles. As of September 30, 2025, Townsend had assets under management of approximately \$19.7 billion. As of September 30, 2025, Townsend provided advisory services to clients who had real estate/real asset allocations exceeding \$257.1 billion. We believe, through our global investment platform, fiduciary culture, asset class expertise and client capital scale, we are able to deliver clients unique information, while providing a sourcing and execution advantage.

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Thank you

Townsend

BOARD MEETING DATE: JUNE 9, 2026

ITEM: VII-B

ATTACHMENT: 2



LACERS

LA CITY EMPLOYEES'
RETIREMENT SYSTEM

REPORT TO INVESTMENT COMMITTEE

MEETING: MAY 12, 2026

FROM: Todd Bouey, General Manager

ITEM: IV

**SUBJECT: PRESENTATION BY TOWNSEND HOLDINGS LLC OF THE
REAL ESTATE FISCAL YEAR 2026-27 STRATEGIC PLAN AND
POSSIBLE COMMITTEE ACTION**

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

Recommendation

That the Committee recommend to the Board the adoption of the Real Estate Fiscal Year 2026-27 Strategic Plan.

Discussion

The Townsend Group (Townsend), LACERS' Real Estate Consultant, with the input from staff, has developed the proposed Real Estate Fiscal Year 2026-27 Strategic Plan, which considers strategic objectives and investment plan recommendations for the next fiscal year. Staff has reviewed the plan and recommends its adoption. Townsend will present the proposed plan.

Prepared By:

Jessica Chumak, Investment Officer I, Investment Division

Attachment:

1. Executive Summary – The Townsend Group
2. Proposed Real Estate Strategic Plan – The Townsend Group

INVESTMENT COMMITTEE MEETING DATE: MAY 12, 2026

ITEM: IV

ATTACHMENT: 1

Townsend

MEMORANDUM

TO: The Board of Los Angeles City Employees' Retirement System
DATE: May 2026
SUBJECT: Real Estate Strategic & Investment Plan for Fiscal Year 2026-2027 – Executive Summary
FROM: Townsend

Executive Summary

The purpose of this report is to review the Los Angeles City Employees' Retirement System ("LACERS" or the "System") Real Estate Strategic Plan ("Strategic Plan") and outline the corresponding Real Estate Investment Plan ("Investment Plan"). The Investment Plan includes actions which will help LACERS to capitalize on current market opportunities while still meeting the guidelines set forth in the proposed Strategic Plan.

Since being re-engaged by the LACERS Board in 2014 to serve as its real estate consultant, Townsend has worked with LACERS Staff to deploy \$580 million of investments into Core funds and \$1.09 billion into tactical Non-Core funds.

The LACERS Program has a 7.0% allocation target (with an allowable range of $\pm 2.0\%$), which was increased from 5% in a 2018 asset allocation study and maintained in recent asset allocation studies. As of December 31, 2025, the market value of the portfolio was \$1.43 billion on a funded basis (5.3% of Total Plan Assets).

FY 2026-2027 Investment Recommendations

LACERS will need to continue to deploy capital to reach its 7.0% allocation target over the coming years. Townsend recommends the following FY 2026-2027 goals to LACERS for consideration:

LACERS Annual Investment Plan FY 2026-2027	
Core Capital	Up to \$130 M
Non-Core Capital	Up to \$200 M
Total Annual Commitments	Up to \$330 M

Townsend

2026 Outlook

- The highly unpredictable political and economic environment in the U.S. and globally creates many risks for investors, but valuations appear more attractive than in recent years
- Real estate is entering the early stages of a new return cycle
- Real estate performance outlook is improving
- Limited liquidity and valuation disconnects create opportunities for investors
- Investors should focus on high-conviction sectors including:
 - Data centers - capitalize on accelerating AI & cloud infrastructure demand
 - Alternative housing strategies - continue to diversify residential portfolio beyond traditional apartments
 - Industrial outdoor storage, truck terminals, and other industrial sub-sectors offer opportunities to further diversify exposure within the industrial property type and benefit from strong rent-growth themes
- Updated views by real estate sector are summarized in the attached Investment Plan

Core Portfolio Goals

- Commit up to \$130 million to Core/Core Plus funds
- Target top-performing managers with high-quality assets
- Explore secondary market opportunities at discounts to NAV
- Continue portfolio rebalancing
 - Evaluate existing open-end positions and execute strategic rebalancing
 - Optimize fee structures and improve terms with existing managers whenever possible
 - Align property type mix with LACERS long-term return objectives
 - Engage specialist managers in sectors underrepresented in the portfolio

Townsend

Non-Core Portfolio Goals

- Commit up to \$200 million to Non-Core funds
- Thematic focus, specialist managers in alternative sectors with growth potential
- Leverage capital market dislocation via secondary market transactions and recapitalizations
- Optimize returns and portfolio construction
 - Identify fee reduction opportunities to enhance net returns across the portfolio
 - Focus on managers with deep expertise in their target markets who are specialists within their strategy segment
 - Explore secondary market sale opportunities to recycle capital into higher conviction investments
- Continue to evaluate Emerging Managers that are an appropriate fit for LACERS' portfolio, without compromising returns

INVESTMENT COMMITTEE MEETING DATE: MAY 12, 2026

ITEM: IV

ATTACHMENT: 2

Annual Real Estate Investment Plan

May 12, 2026

Townsend



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

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04 LACERS Forward-Looking Portfolio Considerations	28
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1. Executive Summary

LACERS Annual Investment Plan 2026 – 2027 – Total new Commitments of up to \$330 million

Private Real Estate Portfolio

Core Portfolio – Up to \$130M

- **Allocate capital to specialized core and core-plus managers** to enhance portfolio construction, improve income durability, and drive stronger risk-adjusted returns
- **Continue proactive rebalancing of the core portfolio** to optimize performance, reduce structural inefficiencies, and align exposures with evolving market conditions

Non-Core Portfolio - Up to \$200M

- **Pursue selective commitments to new investments**, targeting \$50-\$65 million per fund with a focus on disciplined pacing and vintage diversification
- **Focus on high-conviction strategies and top-performing managers**, while continuing to strengthen relationships with proven partners

2. LACERS Current Portfolio

	Strategic Targets		Portfolio Composition (12/31/25)*	
	Target Allocation	Target Range	Market Value	Projected 3-Year
Core	60%	40%-80%	56.7%	59.1%
Non-Core	40%	20%-60%	41.9%	40.4%
<i>Value-Add Portfolio</i>	<i>N/A</i>	<i>N/A</i>	<i>24.0%</i>	
<i>Opportunistic Portfolio</i>	<i>N/A</i>	<i>N/A</i>	<i>18.0%</i>	
Timber	N/A	N/A	1.3%	0.5%

Core Activity

New

Diversified Triple Net Lease Fund

Newly launched open-end fund- seeded with a portfolio of 183 properties

New

Diversified Alternative Sectors Fund

Manufactured housing, niche residential & industrial- high-conviction sectors

Exit

Full Redemption

Full exit from an underperforming core diversified fund

Rebalance

Partial Redemption

Partial exit to address concentration risk, fund had grown to largest position

Non-Core Activity

New

European Industrial Fund

Top-performing manager focused on acquiring logistics properties across Europe

Re-up

U.S. Multifamily Preferred Equity

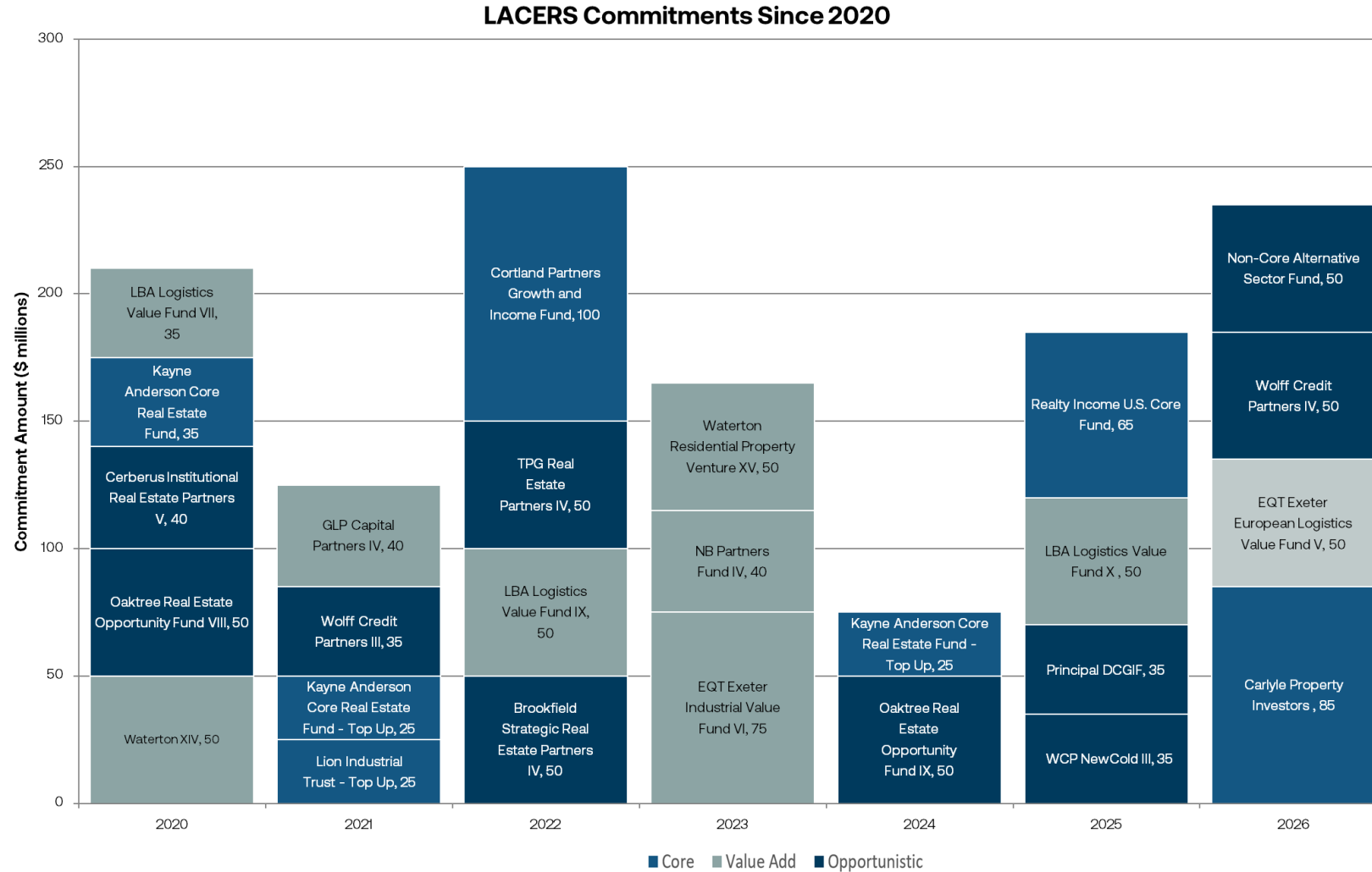
Re-up with a high-performing manager- preferred equity investments in US multifamily development projects

New

Specialized Alternative Sector Opportunistic Fund

Senior housing, student housing and healthcare related real estate- high-quality specialist manager

LACERS 2026 Real Estate Commitments



- LACERS has committed \$1.7 billion since 2014 while under advisement of Townsend.
- Vintage year classifications are based on LACERS’ first capital call (or expected capital call), though commitments may have been approved in prior years.

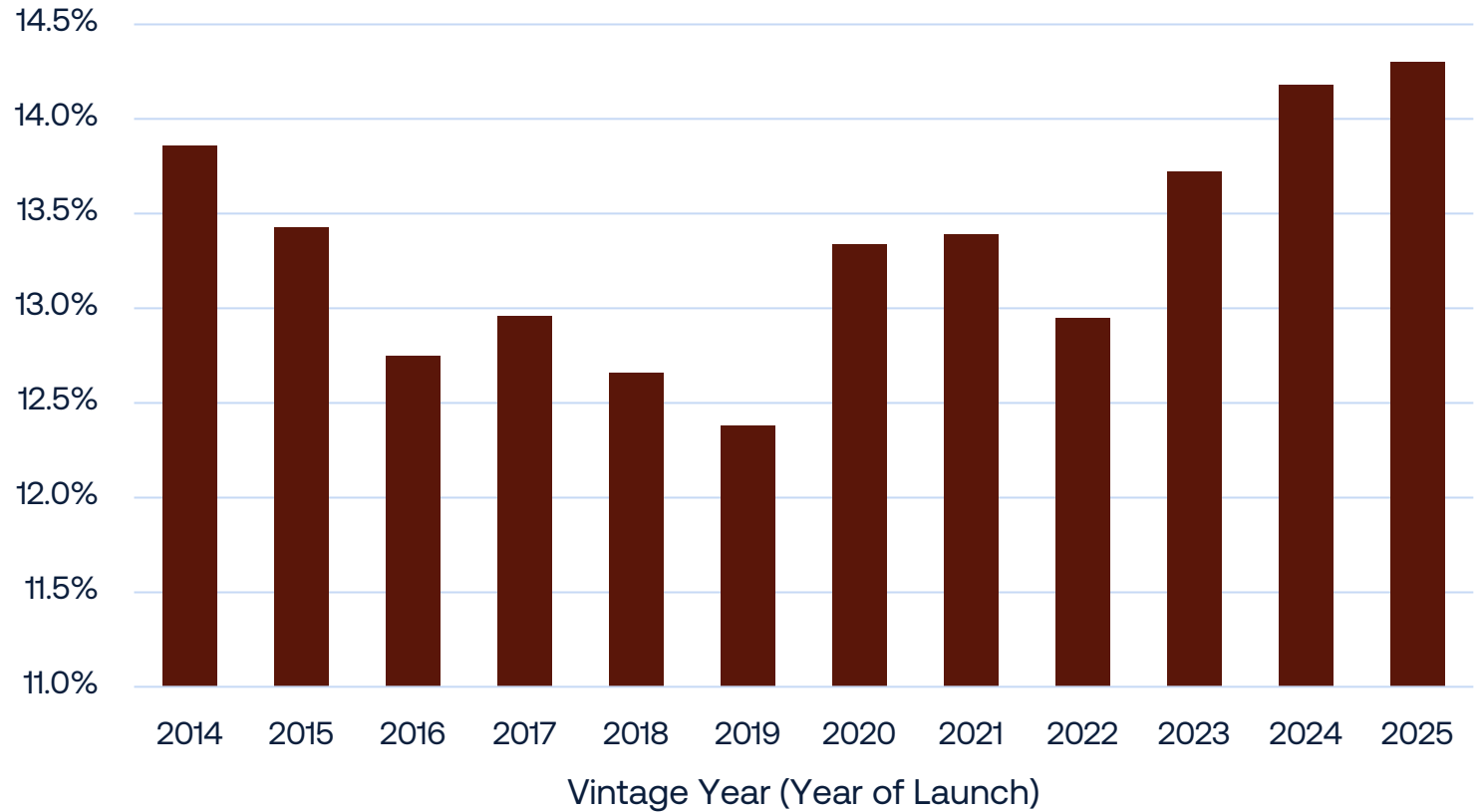
- Townsend's long-term return expectations for real estate recently increased after re-set in valuations

Long-term Return Expectations

	Core	Value Add	Opportunistic
Income Return	4.0%	4.5%	5.0%
Appreciation Return	2.5%	4.0%	4.0%
Total Return	6.5%	8.5%	9.0%

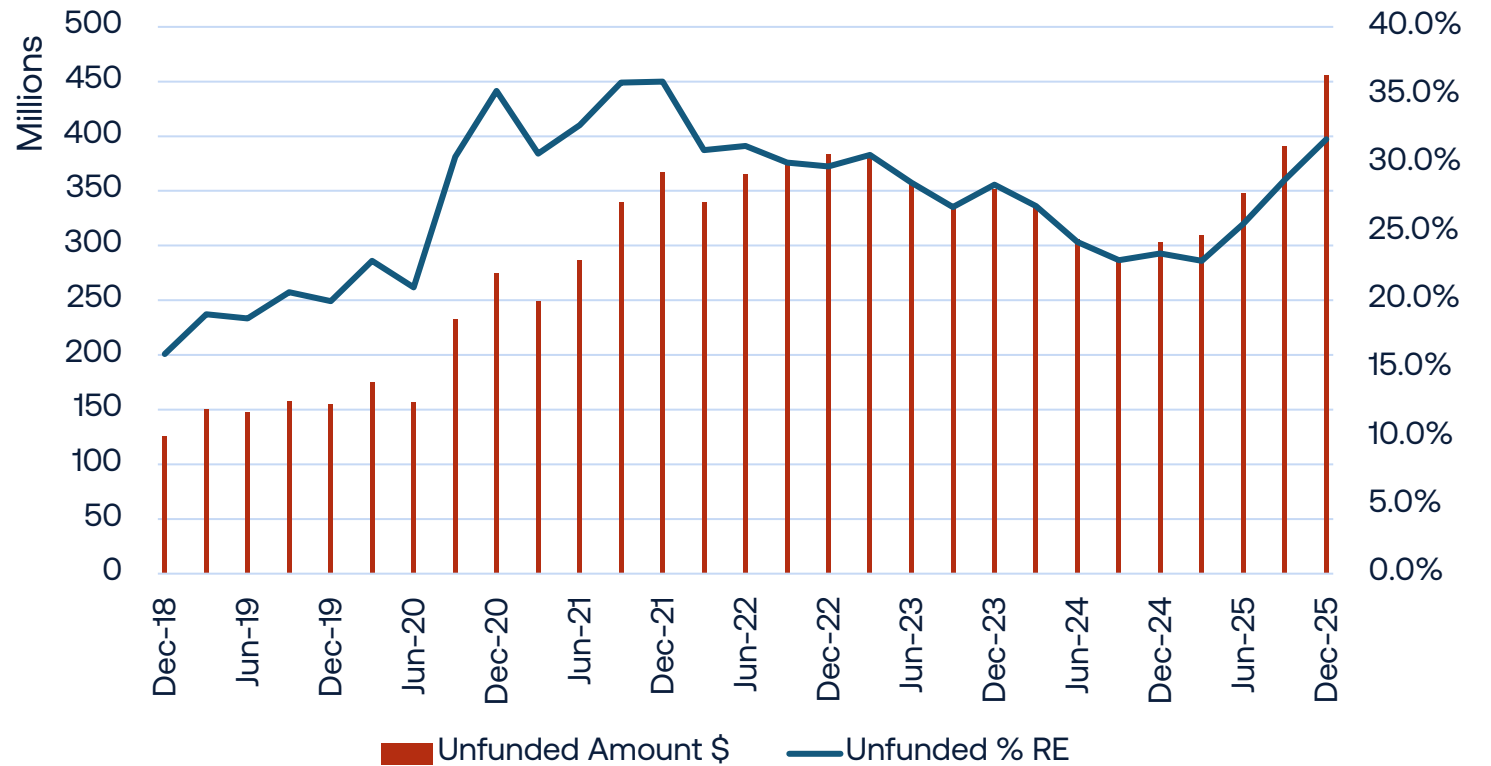
- Target net IRRs for closed-end real estate funds have increased steadily since 2022
- 2025 vintages are targeting average ~14.3% net IRRs, ~135 bps higher than 2022 levels
- Data set is heavily skewed towards non-core equity funds but also includes debt funds and select closed-end core plus funds.

Target Net IRRs for Closed-End Real Estate Funds



- Managers previously committed to still have dry powder with LACERS unfunded commitments totaling 32% of real estate Net Asset Value (NAV)
- Current levels reflect prior deployment activity and a slower pace of investment by managers in 2022-2023

Unfunded Commitments Over Time (2018-2025)



3. Real Estate Market Update

Lower Rates are Catalyzing a Turn in Real Estate Valuations

Lower borrowing costs and easing cap rates are providing broad support to valuations

GDP Growth Anticipated to be Healthy

- **US:** Growth resilient; strong labor markets, solid consumption from high-income households (K-shaped economy), & reshoring-linked investment
- **Europe:** Growth stabilizing; real incomes improving and manufacturing indicators turning up
- **APAC:** Australia and Japan both seeing stabilizing to improving outlook

Inflation Coming Under Control

- In the US, Europe, and Australia, disinflation broad-based across goods, housing, and core services
- Japan is the outlier with wage-gain driven inflation

Interest Rates Declining and Likely to Remain Below Recent Highs

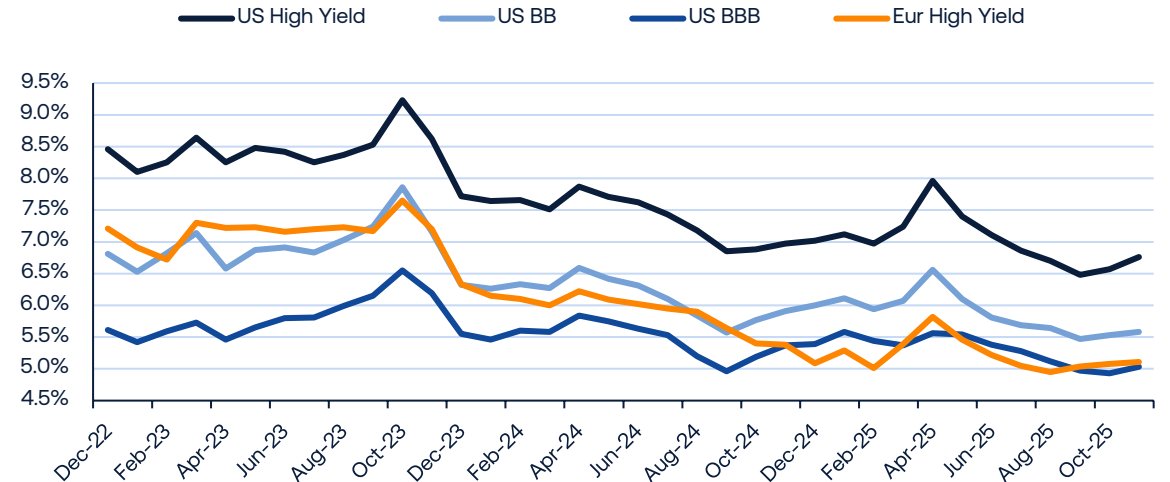
- **US:** Fed easing underway, BBB bond yields (proxy for core borrowing cost) and high yields (proxy for non-core borrowing cost) declining
- **Europe:** ECB cutting; lower sovereign yields reducing financing costs and supporting cap-rate compression
- **Australia:** Anticipated rate cuts as inflation moderates; lending spreads narrowing and refinancing improving
- **Japan:** BOJ policy steady with mild normalization; rates remain lowest globally and unlikely to fall further

Source: Bloomberg (January 2026), Federal Reserve Bank of St. Louis (December 2025). Townsend's views are as of the date of this publication and may be changed or modified at any time and without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

Real GDP Forecasts (YoY%)

Major Regions	2024	2025	2026	2027
North America	2.7	2.1	2.3	2.0
European Union	1.1	1.6	1.5	1.6
Asia Pacific	4.4	3.9	3.9	3.8
Selected Markets	2024	2025	2026	2027
United States	2.8	2.2	2.4	2.0
United Kingdom	1.1	1.4	1.0	1.4
Germany	-0.5	0.2	1.0	1.5
China	5.0	5.0	4.5	4.4
Japan	-0.2	1.2	0.8	0.9
Australia	1.0	1.9	2.2	2.3

High Yield Bond Effective Yields



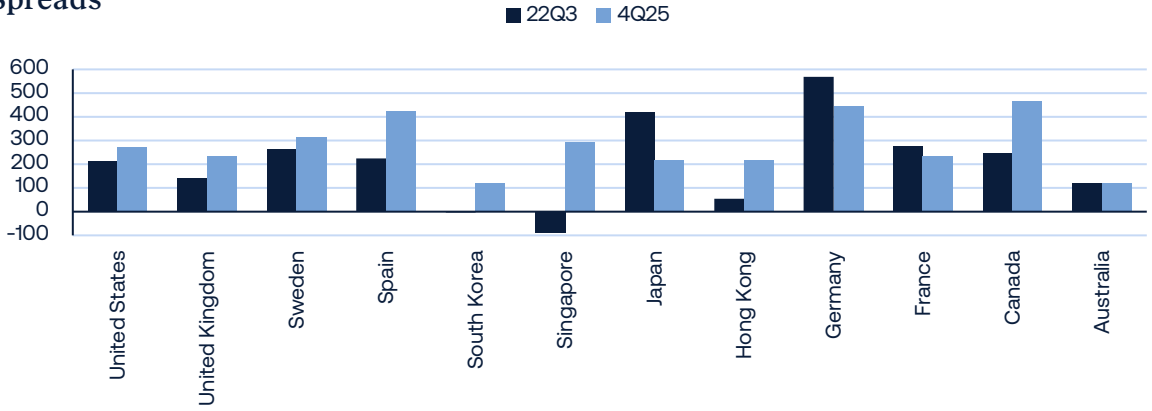
Yield Spreads Signal Real Estate is Attractively Priced at this Point

Falling rates and rising property yields have opened a valuation gap supportive of forward returns

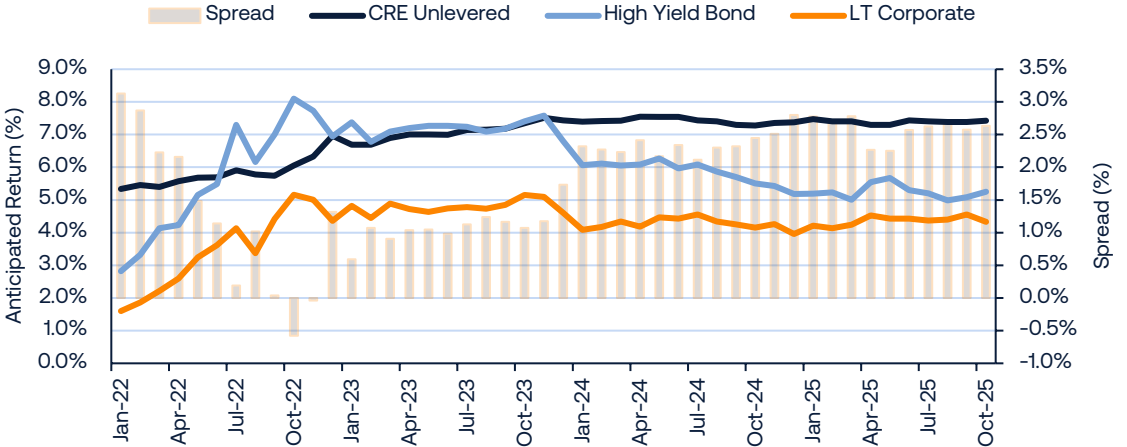
Valuation Signals Point to Opportunity

- **Wide yield spreads:** Cap rates remain well above government bond yields across major markets, with spreads widening over the past year as rates fell and property yields rose
- **Private-market spreads attractive:** In the U.S., risk-adjusted private real estate returns (~7–8%) exceed both Baa and high-yield bond benchmarks
- **Strong corporate-bond comparison:** CRE spreads versus investment-grade bonds remain above long-term norms, a historically supportive valuation signal
- **Public market confirmation:** U.S. REITs trade cheaply relative to the S&P 500, with AFFO yields above equity earnings yields—supporting valuation upside
- **Europe also compelling:** Pan-European real estate shows elevated spreads versus corporate bonds, with fair-value indicators still in “cheap” territory
- **Cycle inflection:** Historically, wide CRE–bond spreads have preceded periods of above-average forward returns

10-yr Government Bond Yields vs. Average Cap Rate (Office, Industrial, Retail) Spreads



Pan-European RE Unlevered Performance Forecasts vs. Income



Source: MSCI Real Capital Analytics (Q4 2025), Green Street (December 2025). Townsend’s views are as of the date of this presentation and may be changed or modified at any time and without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

Real Estate is Entering the Early Stages of a New Return Cycle

Stabilizing values & early appreciation signals indicate the turn in the private real estate cycle is underway

Real Estate has lagged General Post-COVID Financial Market Recovery

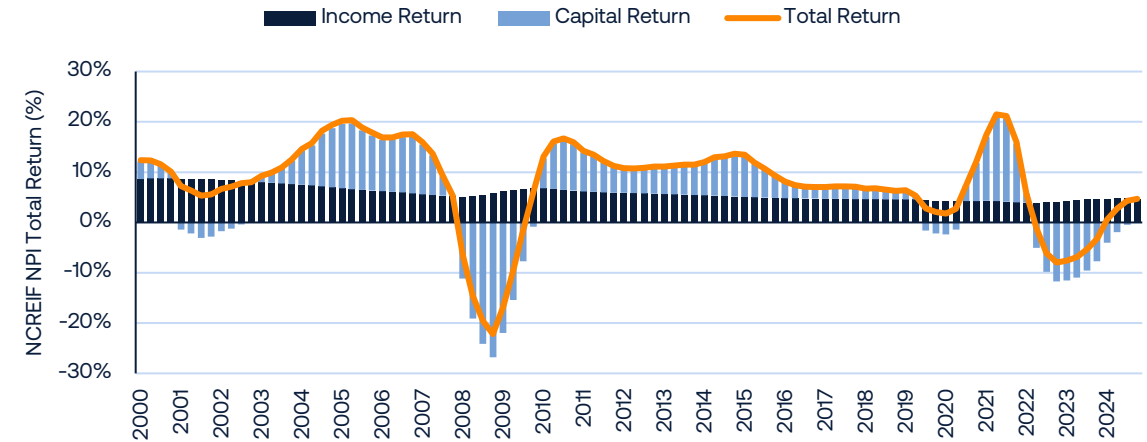
- **Public markets surged:** Since mid-2019, the S&P 500 has returned ~170–175%, with the Nasdaq even higher
- **Real estate lagged:** Over the same period, private real estate delivered only ~15–20% in North America and ~20–25% in Europe and APAC

Returns are Stabilizing and Early-Cycle Signals are Emerging

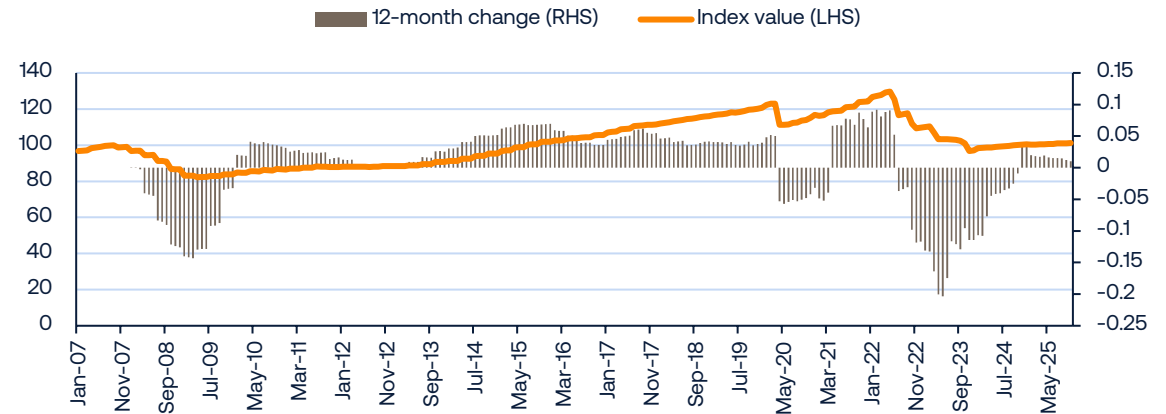
- **US bottoming:** NCREIF returns have been positive for five straight quarters, with appreciation improving from -10% in 2023 to near 0% in 2025
- **History rhymes:** In past easing cycles (2000–03, 2007–08), US total returns rebounded 12–14% annually for five years after the trough
- **Europe recovering:** Pan-European values fell ~15–20% from the peak but have rebounded ~5–7% since mid-2024
- **UK turned first:** UK funds repriced fastest post-2022, moving from -16% in 2023 to +6% in 2024, one of the strongest YoY rebounds globally
- **APAC improving:** APAC property index is up ~10% from the 2023 trough, with Australia and Japan stabilizing
- **Cycle duration supportive:** real estate early-cycle recovery window is now open

Source: NCREIF (Third Quarter 2025), Green Street (December 2025). Townsend's views are as of the date of this presentation and may be changed or modified at any time and without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

Rate Cut Cycles ('00-03, '07-08) and Corresponding US RE Performance (NPI Total Return)

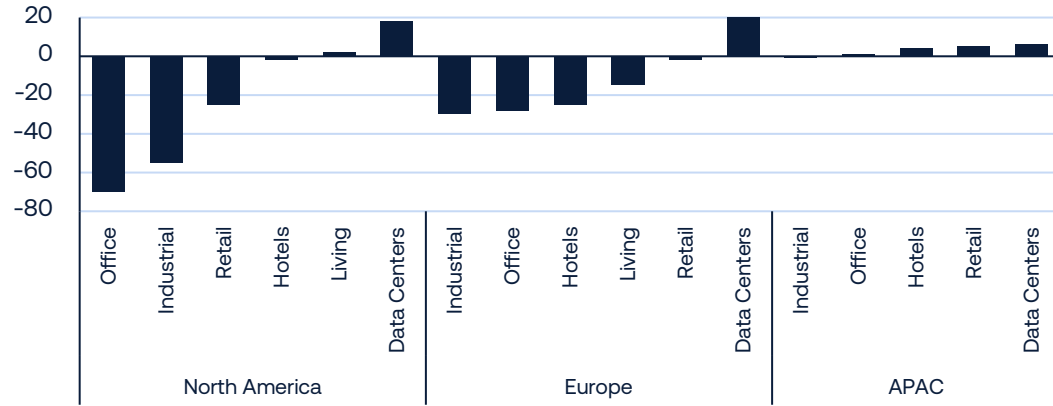


Pan-European RE Property Price Index

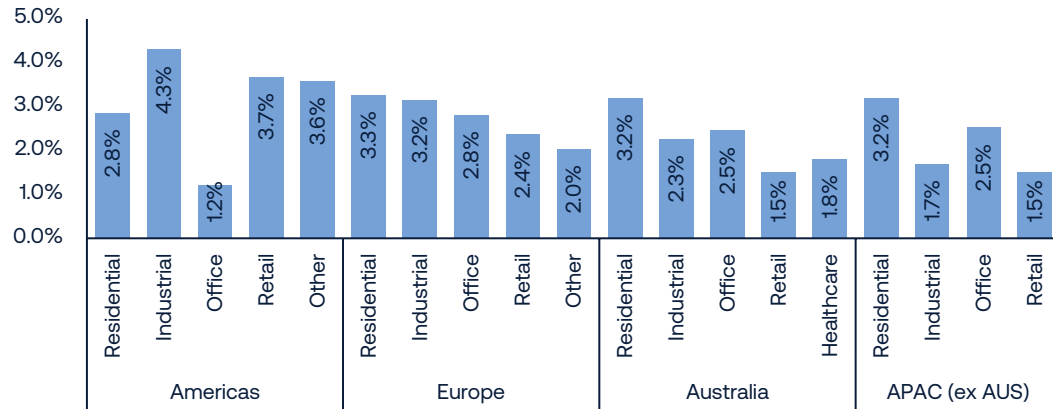


Improving Real Estate Performance Outlook

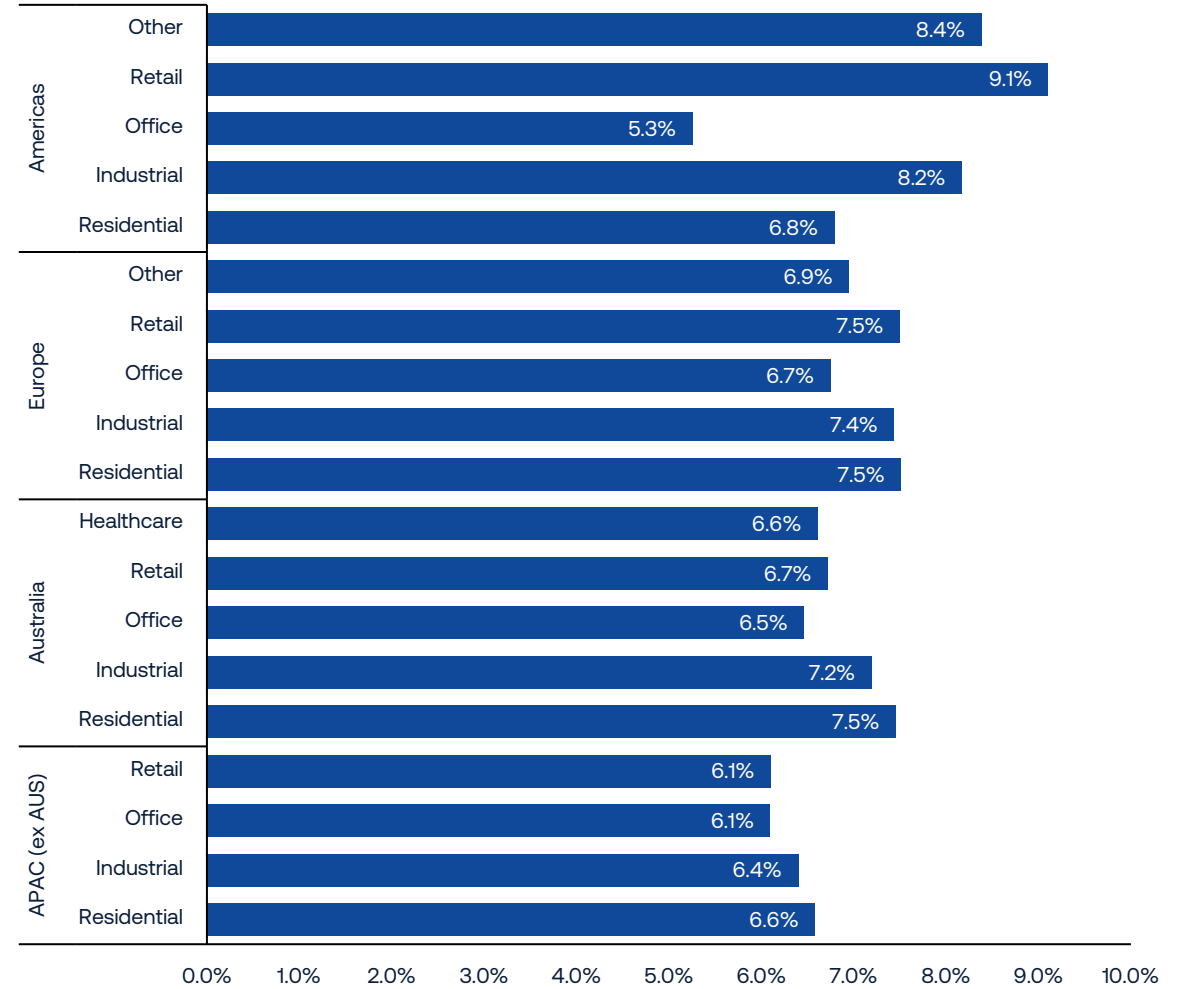
New Supply Is Forecasted To Decline Across Most Asset Classes Globally
2025 Forecast Completions vs 2021-2024 Peak



Macro Fundamentals Supporting NOI Growth Across Multiple Asset Classes/Regions
5-year CAGR Forecasts by Region/Sector



Alternative Property Types Forecasting Highest Returns in US
5-Year Unlevered IRR Forecasts by Region/Sector



Source: JLL Research (July 2025), Townsend.

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Many Long-Term Secular Trends Remain Intact

Secular trends can guide long-term real estate investors

ACUTE HOUSING SHORTAGE



- Millennials, the largest age cohort comprising 22% of the population, are demanding bigger dwellings leading to acute single family housing shortage
- Excess apartment supply in sunbelt market getting absorbed and new supply shrinking. Annual completions are projected to decline from +2.2% (2023-2024) to +1.4% (2025-2029E)

EVOLVING CONSUMER HABITS REQUIRING LOGISTICS INFRASTRUCTURE



- E-commerce remains a strong driver of industrial demand: as of March 2025, e-commerce represented 16.3% of total retail sales. Speculative development starts fell 12% year-over-year in 2025, resulting in the total industrial development pipeline reaching its lowest level since 2017

CONTINUED DIGITIZATION AND AI ADOPTION



- Explosive growth of AI and growing need for cloud computing are driving demand for Data Centers as digital economy expands globally. In 2025, hyperscale tenants invested over \$400 billion in capital expenditures into data centers and data infrastructure, a +65% increase year-over-year from 2024

SUPPORTIVE DEMOGRAPHIC TRENDS



- The “Silver Tsunami” is anticipated to create need for over 500k new units over the next 10 years, and the percentage of 80+ years age population is projected to increase by +93% by 2040, driving demand for Senior Housing. Annualized same store NOI growth for Senior Housing is forecast to be +6.0% across 2026-2030.

INSTITUTIONALIZATION OF ALTERNATIVE SECTORS



- Outside of the main four property types, niche/alternative sectors have seen outsized capital inflows from institutional investors. Alternative property type exposure within the NCREIF Property Index (“NPI”) has increased from 1.6% in 1Q15 to 12.6% in 4Q25.

Source: Townsend, U.S. Census Bureau (2025), Green Street (November 2025), St. Louis Fed (August 2025), Prologis Research (November 2025), NIC, Harrison Street Research (2025), NCREIF (4Q25). Townsend’s views are as of the date of this publication and may be changed or modified at any time and without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

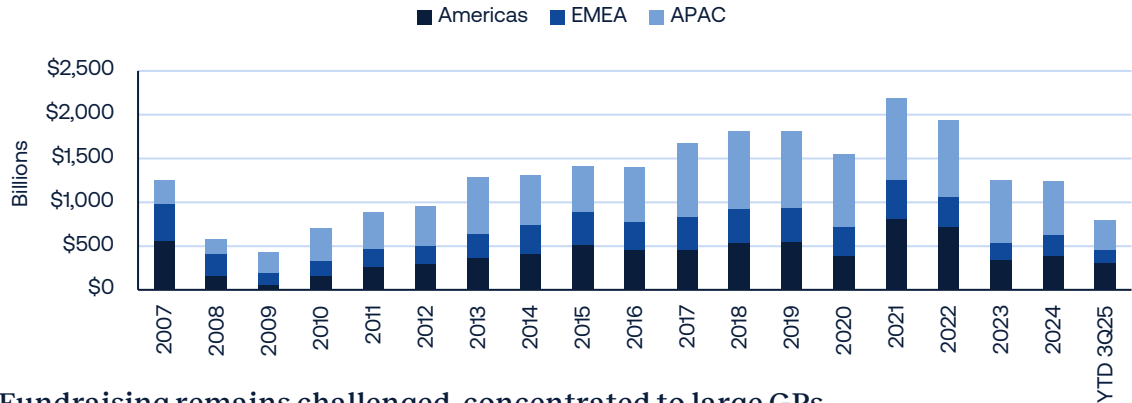
Value Seeking Investors Can Find Opportunity in Market Today

Frozen pricing, limited liquidity, and concentrated capital flows creating high-conviction opportunities

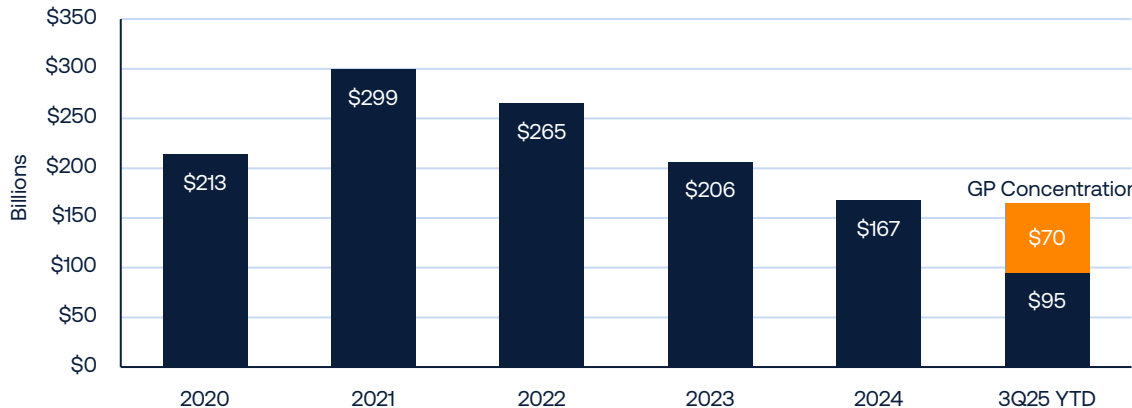
Limited liquidity & valuation disconnects creating favorable entry points

- **Global volumes subdued:** Commercial real estate transaction activity remains well below pre-2022 levels as higher rates and cautious underwriting suppress deal flow
- **Pricing gridlock in core funds:** Appraisal marks remain above observable transaction pricing, keeping buyers on the sidelines and preventing sellers from crystallizing losses; limited secondary trades
- **Fundraising still challenged:** Capital raising for new funds sits near decade lows, though early signs of improvement are emerging as investors re-engage
- **GP-led activity rising:** Many non-core funds are reaching end-of-life, accelerating GP-led secondary processes
- **LP-led secondaries increasing:** LPs seeking to rebalance portfolios face limited exit routes in a frozen market, pushing more LP-led sale processes
- **Attractive non-core pricing:** Secondary portfolios continue to transact at meaningful discounts to NAV, offering pre-specified portfolios with earlier income and reduced J-curve risk
- **Capital concentration driving incentives:** As fundraising concentrates among a small group of large managers, high-quality mid-sized GPs are offering enhanced GP economic terms and other sweeteners to attract capital

Transaction Volume Remains Below Historical Periods
Global Real Estate Transaction Volume September 2025



Fundraising remains challenged, concentrated to large GPs
Global PERE Fundraising (\$B) 2020-2025



Source: MSCI Real Capital Analytics (Q3 2025), PERE Fundraising Report (3Q25). Townsend's views are as of the date of this presentation and may be changed or modified at any time and without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

Execution Preferences

Secondaries are the most attractive and efficient way to access repriced assets

- Open-End Funds at Appraisal-Based Pricing**
 - US cap rates rose from 3.7% (Q3 2022) to 4.6% (Q4 2025); appraisals still lag
 - Disconnect widening bid-ask spreads, fueling secondaries and recap interest

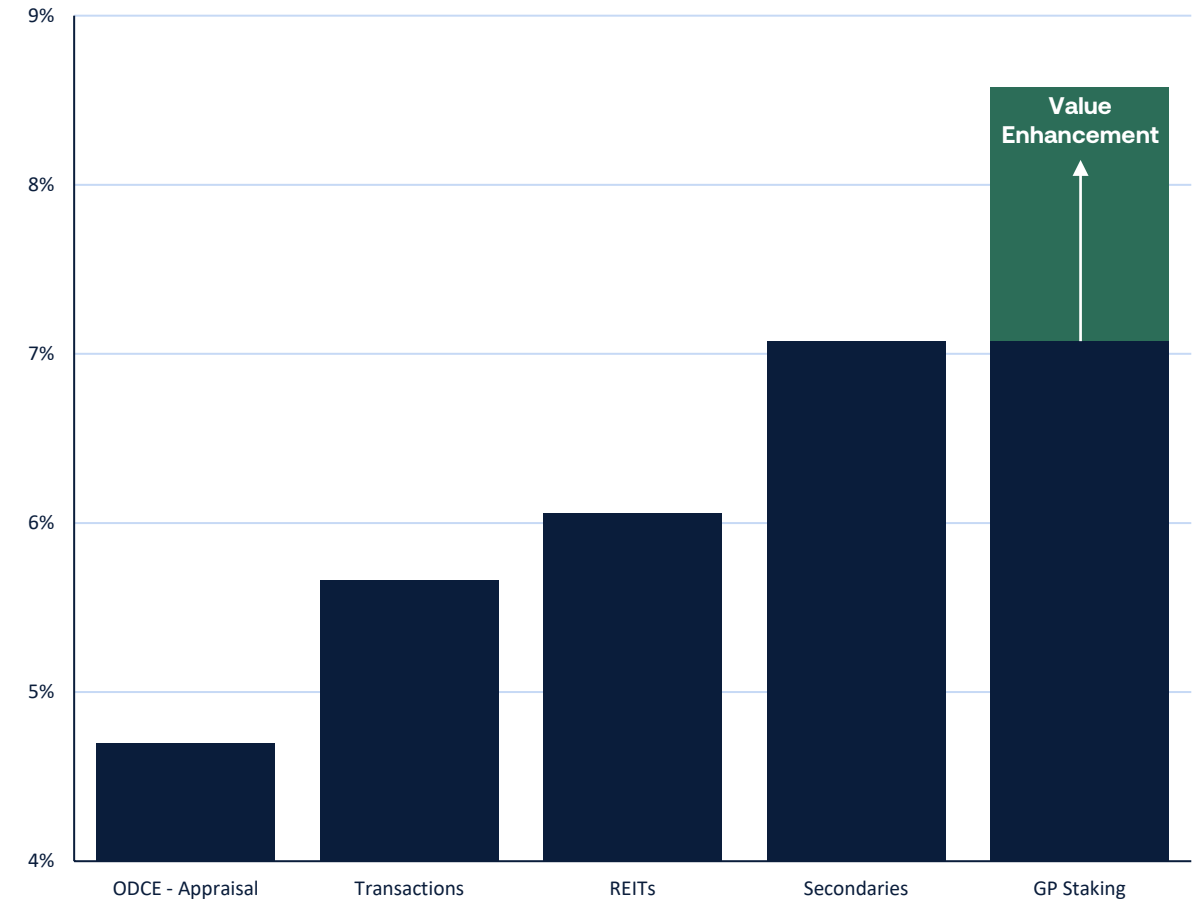
- Asset Purchases at Rebased Values**
 - Values have corrected significantly
 - Rebased pricing enables compelling yields, especially with value-add strategies

- REITs as take-private targets**
 - Most public real estate sectors still trading below NAV; public equity issuance remains constrained
 - Privatization opportunities rising where asset quality exceeds public market pricing

- Secondaries: Most Attractive Entry Point Today**
 - 60%+ of global capital raised by just 20 managers; liquidity pressure rising
 - Secondaries pricing at ~92-97% of NAV; offer fee/j-curve mitigation and near-term cash flows

- GP Staking: Structural Alpha Opportunity**
 - Capital scarcity driving interest in GP-staking and entity recapitalizations
 - Combines secondary entry with growth capital for platform upside
 - Delivers revenue/promote sharing, governance rights, and 16-23%+ return targets

Representative Cap Rates

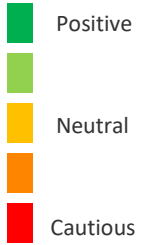


Source: Townsend, NCREIF (Fourth Quarter 2025). Townsend's views are as of the date of this presentation and may be changed or modified at any time and without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

Regional Investment Preferences

Tilting portfolio construction towards regions and property types with compelling fundamentals

	NORTH AMERICA		EUROPE		ASIA PACIFIC		
	United States		Continental Europe	United Kingdom / Ireland	Australia	Japan	China
Primary Strategies							
Apartment	Neutral		Neutral	Neutral	Neutral	Positive	Cautious
Industrial	Neutral		Neutral	Neutral	Positive	Positive	Cautious
Office	Cautious		Cautious	Cautious	Cautious	Neutral ↑	Cautious
Retail	Neutral		Neutral	Neutral ↑	Neutral ↑	Neutral ↑	Cautious
Alternative Strategies							
Data Centers	Positive		Positive	Positive	Positive	Positive	Neutral
Manufactured Housing	Positive		N/A	N/A	Neutral	N/A	N/A
Build-to-Rent	Cautious ↓		Neutral	Positive	Positive	Positive	Cautious
Life Science	Cautious		Cautious	Cautious	Neutral ↑	Neutral ↑	Cautious
Medical Office	Neutral ↑		Neutral	Neutral	Neutral	Neutral	Cautious
Senior Housing	Positive		Neutral	Neutral	Positive	Neutral	Cautious
Self-Storage	Cautious		Neutral	Neutral	Neutral	Neutral	Cautious
Debt/Credit	Neutral		Neutral	Positive	Positive	Cautious	Cautious



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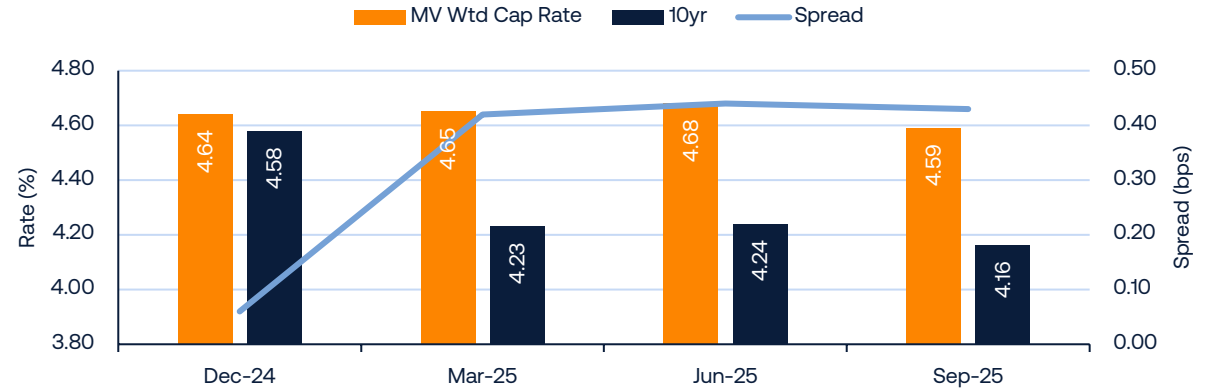
U.S. Real Estate Market Conditions Improving

Most property sectors poised for growth

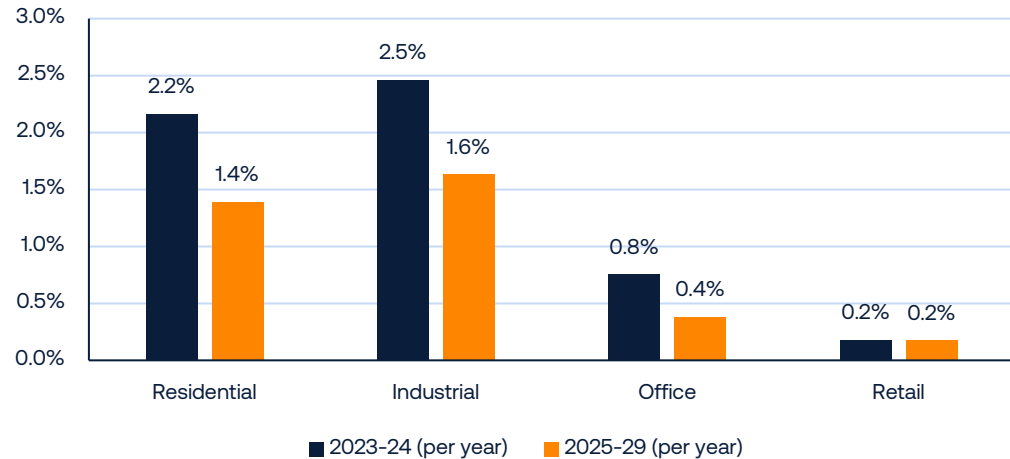
Returns Forecasted To Increase Through 2027
PREA Consensus Unlevered Gross Return Forecasts (Fourth Quarter 2025)

Sector	2025	2026	2027	25-29
NPI All Property	5.2%	5.9%	6.9%	6.5%
Office	3.2%	4.8%	6.0%	5.5%
Retail	7.6%	7.3%	7.6%	7.4%
Industrial	5.5%	5.8%	6.7%	6.5%
Residential	5.2%	6.3%	7.5%	6.8%
Seniors Housing	10.7%	10.8%	10.2%	9.9%
Self Storage	5.6%	5.4%	7.1%	6.5%

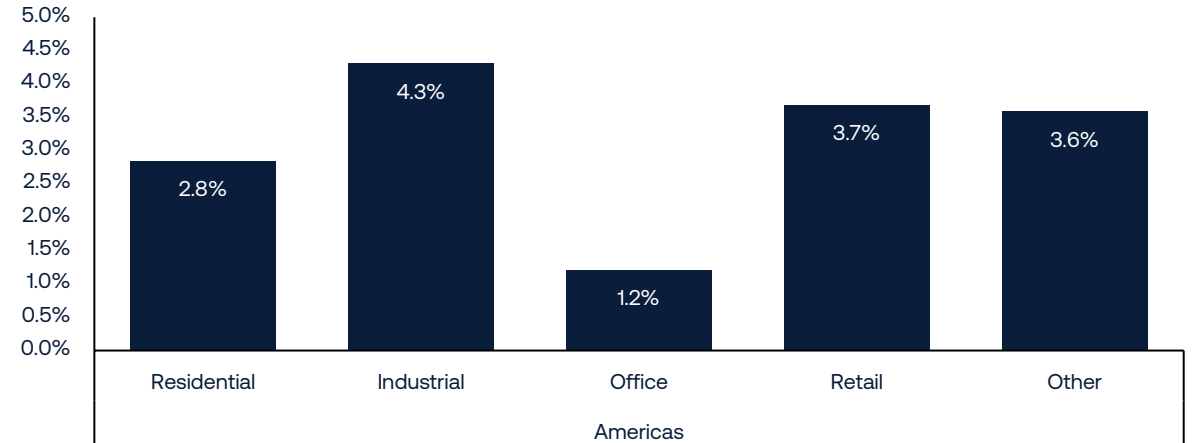
Spreads Widened in 2025 Between Private Real Estate Valuations & 10yr Treasury
NPI Current Value Cap Rate vs. 10yr Treasury



Supply growth is contracting meaningfully across sectors
Annual Completions as % of Existing Stock



Growth forecasts remain above long-term inflation
5-year NOI Growth CAGR Forecasts



Source: Pension Real Estate Association (Fourth Quarter 2025), NCREIF, St. Louis Fed (Third Quarter 2025), Green Street (November 2025), Townsend. Other NOI Growth includes cold storage, data center, self-storage, and senior housing sectors. Townsend's views are as of the date of this publication and may be changed or modified at any time and without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

United States Outlook

Maintain Overweight to the region targeting alternatives, logistics, and housing

- Most favored CRE market with NAV down 21% from peak in 2022, creating attractive entry
- Real estate exhibiting better relative value vs. stocks: NFI-ODCE entry yield of 4.7% compared to the S&P 500 earnings yield of 3.2%

Industrial

Positive with lower overweight

- Diversify with inland markets exhibiting higher yields as coastal market rents are softening
- NOI growth forecasts ~4-5%, lower versus prior years but attractive



Data Centers

Conviction theme with development preference

- \$400B+ hyperscaler spend in 2025; entry yields ~5-6%
- Vacancy rates below 2% and over 74% of all new supply is pre-leased, often exhibiting high development margins



Housing

Overweight with demographic/geographic focus

- Senior Housing – demographic demand and low-supply driving growth fundamentals
- Apartments – focus on markets with low-supply or on Sunbelt markets at large discounts



Alternatives

Maintain overweight

- Continued institutionalization expanding investment opportunity set
- Niche property types offer better risk/return trade off for investors



Retail

Turning selectively positive

- Modestly constructive on necessity-anchored suburban retail
- Best performing primary sector over TTM (+7.0% unlevered, primarily income-driven); 93% occupancy



Office and Life Sciences

Remain cautious and very selective

- Remain underweight; vacancy >20% and demand concentrated at high end
- Life sciences face capital, leasing, and supply headwinds



Source: Townsend, NCREIF NPI, NFI-ODCE (Third Quarter 2025), Standard & Poor's (December 2025), CBRE NA Data Center Trends H1 2025 (September 2025). Townsend's views are as of the date of this publication and may be changed or modified at any time and without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

Most Compelling Sectors Today



Data Centers

Digital data creation, usage, and storage have been growing exponentially. On-going in-place technology-led digital transformational trends are everywhere, increasing data demand and consumption, requiring more physical data center space and power within data centers



Senior Housing

Rising demand from aging Baby Boomer population has driven occupancy rates and rent growth, while supply growth and new construction remains limited. Active Adult & Independent Living offer stronger NOI margins & better expense control vs. higher-acuity subtypes

Sectors Offering More Selective Opportunities



Industrial

E-commerce demand driving strong rent growth. Many existing leases exhibit rents well below market, representing strong mark-to-market growth opportunity. Higher entry yields and greater income characteristics offer compelling opportunity for institutional capital targeting industrial



Apartments

High mortgage rates driving short-term housing preference for millennials. Supply growth forecasted to contract meaningfully through year-end 2025. Higher entry yields and greater income characteristics offer compelling opportunity for institutional capital targeting residential

Sectors Requiring Caution



Life Sciences

Reduced private market funding and rapid supply growth have resulted in weakened demand across the life sciences sector. Vacancy has continued to climb, particularly outside of the prime life sciences submarkets of Boston, San Diego, and San Francisco



Office

Continued distress post-pandemic as employers and tenants adjust to work-from-home demands. Near-term debt maturities and lack of available financing pose significant risk. Tenant requirements subject to high capital costs and rental concessions

Europe Outlook: Muted Growth but favorable Rates Support Property Values

Low-rate environment offsets weak economic momentum, supporting real estate pricing

Economic Outlook

- **Growth subdued across Europe:** Most major markets forecast modest GDP growth through 2026–27
- **Germany stabilizing:** Fiscal and infrastructure spending supports medium-term growth despite recent softness
- **France constrained:** High debt and political uncertainty limit room for fiscal stimulus
- **Nordics leading:** Sweden and Norway show above-average growth, supported by resilient domestic demand
- **Spain resilient:** Services strength and population inflows keep Spain ahead of peers
- **Italy lagging:** Fiscal constraints and demographics continue to weigh on growth

Inflation & Interest Rate Outlook

- **Inflation converging:** CPI across Europe anticipated to move toward 2% over 2025–26
- **ECB easing:** With inflation near target, the ECB is anticipated to continue measured rate cuts
- **BoE gradual:** UK inflation remains sticky but is trending lower, enabling a slower easing path
- **Attractive yield spreads:** Property yields remain comfortably above interest rates across most EU markets, supporting valuations

Growth Forecasts Muted But Led By Nordics And Spain

Real GDP Forecasts (YoY%)

Major Regions	2024	2025	2026	2027
United Kingdom	1.1	1.4	1.0	1.4
Germany	-0.5	0.2	1.0	1.5
France	1.2	0.8	1.0	1.1
Sweden	0.9	1.8	2.5	2.2
Norway	0.6	1.7	1.5	1.6
Spain	3.5	2.9	2.2	1.9
Italy	0.7	0.6	0.8	0.9

Regional Inflation Forecast To Converge Over Next 12 Months

Quarterly CPI (YoY%)

CPI	Actual				Forecast					
	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26	1Q27	2Q27
European Markets										
United Kingdom	2.8	3.5	3.8	3.4	3.0	2.3	2.1	2.2	2.1	2.1
Germany	2.6	2.1	2.1	2.3	2.0	2.1	2.0	1.9	2.0	2.1
France	1.2	0.8	0.9	0.8	1.0	1.3	1.1	1.5	1.5	1.6
Sweden	0.9	0.4	0.9	0.5	0.8	0.5	0.5	0.9	1.0	1.9
Norway	2.8	2.8	3.5	3.1	2.5	2.5	2.2	2.5	2.3	2.2
Spain	2.7	2.2	2.8	3.1	2.2	2.3	2.0	1.9	1.9	2.0
Italy	1.8	1.8	1.7	1.2	1.0	1.2	1.3	1.8	1.7	1.8

Source: Townsend, Bloomberg (January 2026).

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European Real Estate Showing Early Signs of Stabilization

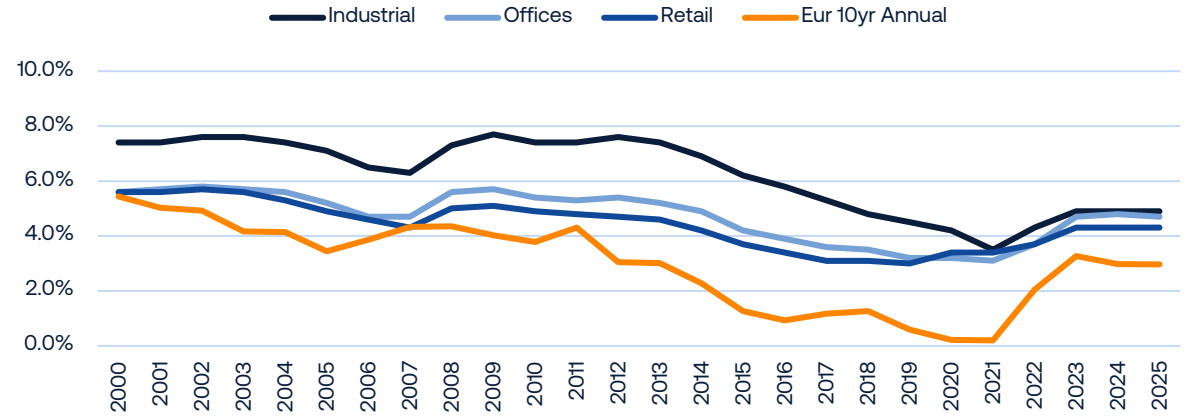
Valuations stabilizing as construction pipelines shrink and capital markets recover

Recovery underway in select sectors and markets

- **Valuations finding a floor:** Prime yields have stabilized as bond yields fall, improving relative value
- **Development pipeline collapsing:** Construction starts have dropped sharply, supporting firmer future rental growth
- **Financing conditions improving:** Debt markets have reopened with more competitive spreads and 55–60% LTV available
- **Transaction activity recovering:** Volumes are rebounding from 2023 lows but remain far below the 2021–22 peak
- **Occupational markets resilient:** Most sectors exhibit healthy leasing fundamentals; office remains sharply bifurcated

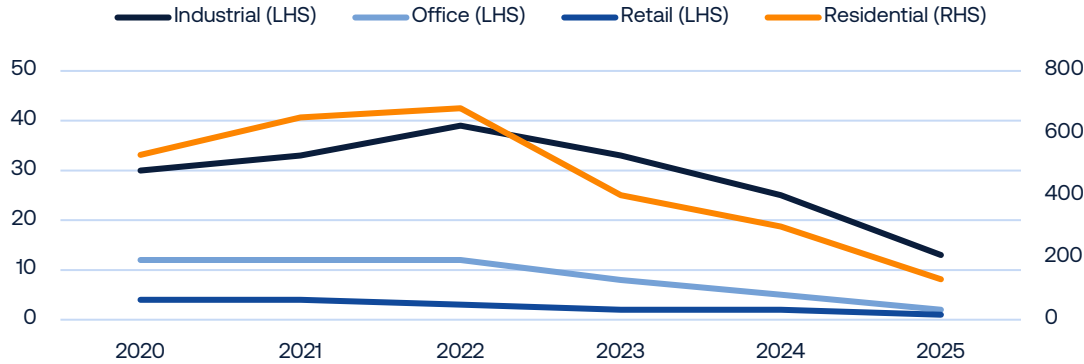
European property prime yields have stabilized

European Commercial Property Prime Yields vs. Long-Term Govt Bond Yields for Euro Area



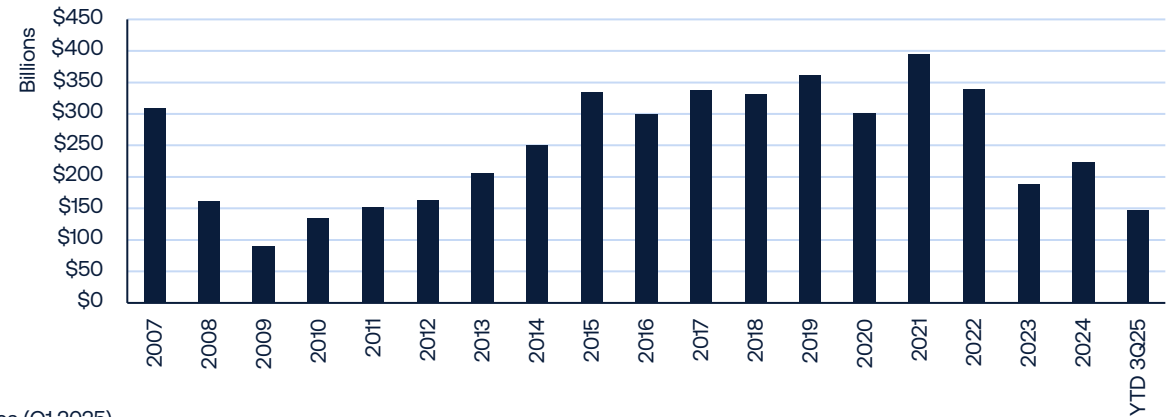
Greatly reduced pipeline of new construction across sectors

12m Rolling New Construction Starts (M Sqm)



Recovering transaction volumes, well down from peak in 2021-2022

European Transaction Volume (bn)



Source: Capital Economics, St. Louis Fed (December 2025), Hines Research (Q2 2025), CBRE (Q1 2025), MSCI Real Capital Analytics (Q1 2025).

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APAC Growth Outlook Remains Mildly Positive as Interest Rates Ease

Soft landing across most markets, but country-level divergence persists

Economic Growth

- **Moderate regional growth:** Q2 2025 data show steady but mild recovery across APAC, supported by earlier trade activity
- **Australia resilient:** Consumption and housing strength offset softer external demand
- **Japan subdued:** Growth remains around 1%, with slowing momentum anticipated into 2026
- **South Korea mixed:** Q2 rebound aided by exports, but tariffs and weaker global demand weigh on outlook
- **Singapore softening:** Q2 gains from financial and IT services give way to slower growth as external demand weakens
- **China uneven:** Fiscal support and exports aid activity, but weak housing and household sentiment limit broader momentum

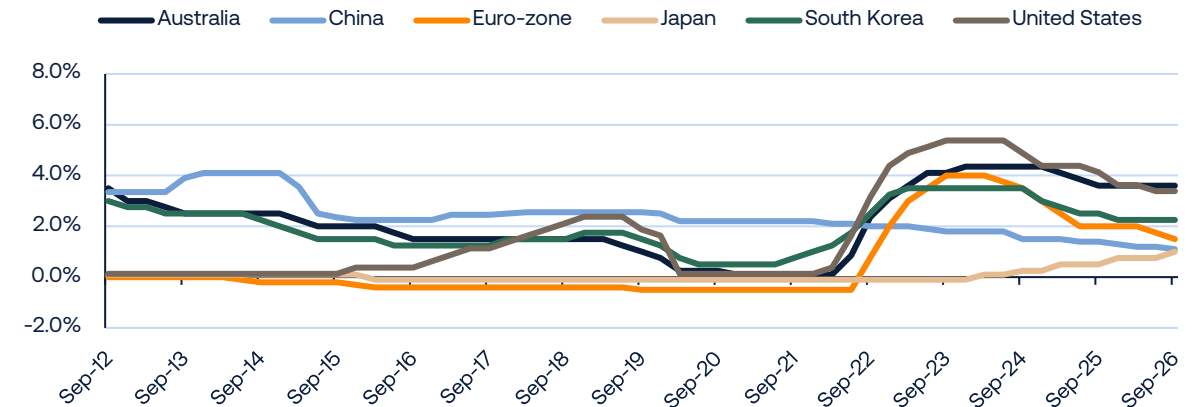
Inflation & Interest Rate Outlook

- **Inflation easing regionwide:** Softer inflation supports further rate cuts across APAC, improving lending conditions
- **Australia & South Korea stabilizing:** Both central banks have reduced policy rates through 2025 with stabilization anticipated in 2026
- **Japan the outlier:** Inflation remains above target; BOJ anticipated to continue normalizing policy, tightening modestly from late 2025

APAC Growth Led by China While Japan Remains Stagnant
Real GDP Forecasts (YoY%)

Major Regions	2024	2025	2026	2027
Australia	1.0	1.9	2.2	2.3
Japan	-0.2	1.2	0.8	0.9
Singapore	4.3	4.7	2.6	2.4
South Korea	2.0	1.0	2.0	1.9
China	5.0	5.0	4.5	4.4

Softening Rates Support Lending Outlook (ex. Japan)
Central bank policy rates



Source: Townsend, Bloomberg (November 2025), AEW Research (August 2025), Townsend's views are as of the date of this publication and may be changed or modified at any time and without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

APAC Real Estate Fundamentals Improving but Remain Selective

Stabilizing values, constrained supply, and supportive rates underpin fundamentals across most markets

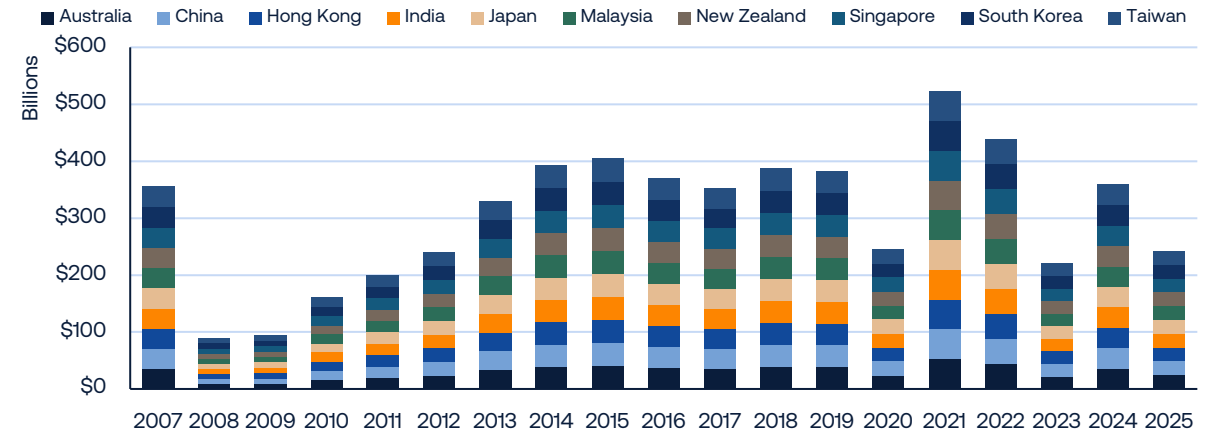
Market Fundamentals

- **Stronger demand backdrop:** APAC fundamentals supported by modest economic growth, limited new supply, and easing monetary conditions
- **Values stabilizing:** Private market values have largely re-based since 2022 (ANREV down ~19%) and are now stabilizing as borrowing costs fall
- **Occupancy and rents firming:** Most sectors show resilient occupancy and improving rental growth, aided by constrained development pipelines
- **Logistics strengthening:** Sentiment improving as tariff uncertainty eases and e-commerce demand continues to drive structural absorption

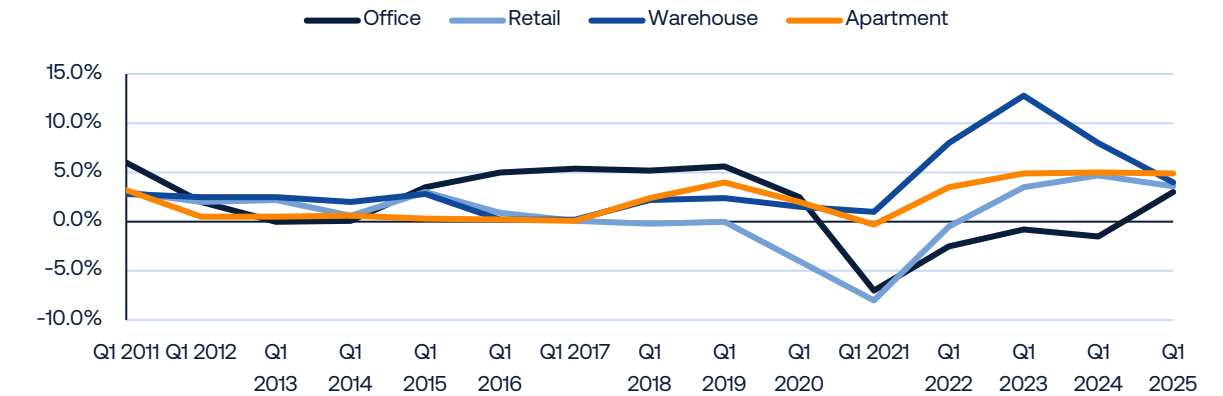
Sector/Regional Highlights

- **Defensive tilt:** Investors favor sectors with resilient income such as Japan/Australia residential, logistics in select submarkets, and non-discretionary retail
- **Office selective:** Tokyo office preferred; Melbourne office remains challenged by weak demand, oversupply, and high vacancy
- **Regional divergence:** China activity mixed; Australia’s population growth and lower occupancy costs support retail and industrial
- **Selective positioning:** Capital shifting toward markets with clearer rental growth outlooks and stabilized yields

APAC Transaction Volume Recovering, Remains 25% Below Peak
Investment Volume by Country



Solid rent growth across all sectors
Developed APAC Rental Growth by Sector (YoY%)



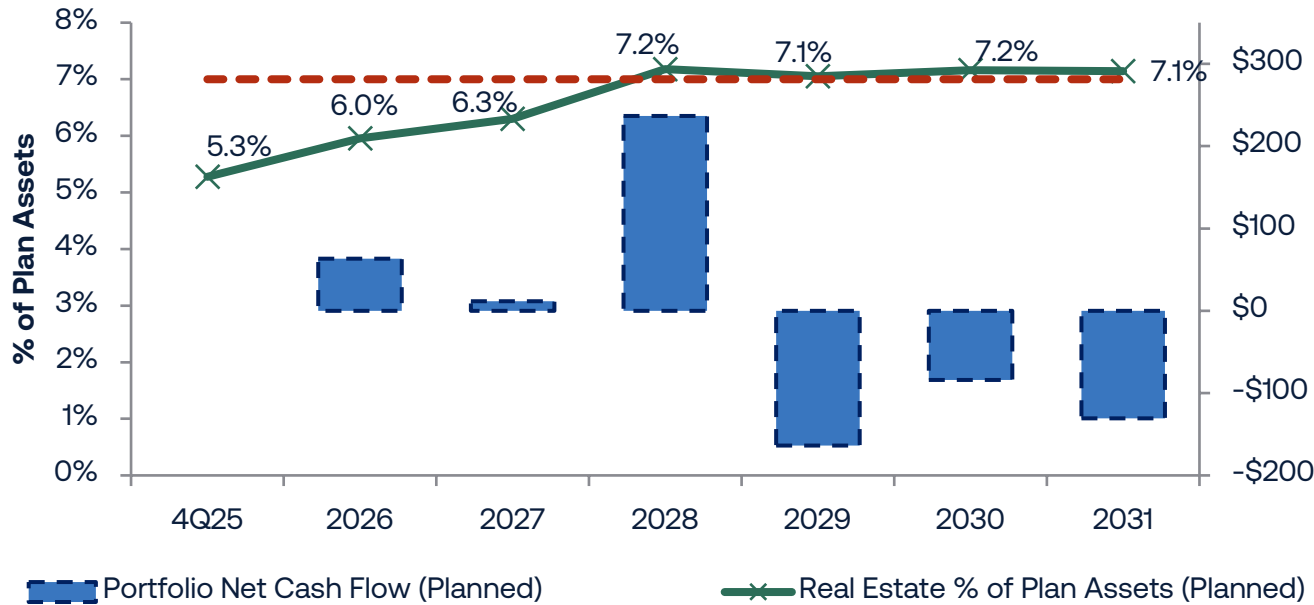
Source: MSCI Real Capital Analytics (Q3 2025), Hines Research (Q1 2025), Costar (Q1 2025), CBRE (Q1 2025), JLL (Q1 2025), ARES (Q1 2025), Corelogic (Q1 2025), Oxford Economics (Q1 2025). Townsend’s views are as of the date of this publication and may be changed or modified at any time and without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

4. LACERS Forward-Looking Portfolio Considerations

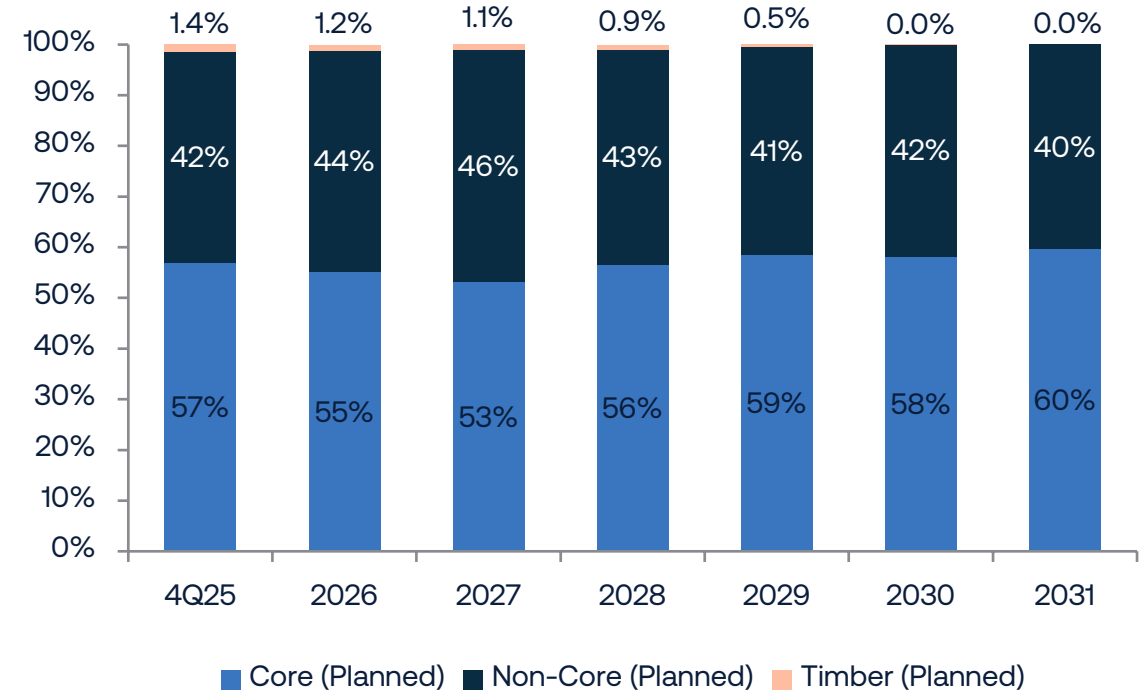
Total Portfolio Performance

- To build future private portfolio projections for LACERS, Townsend collected forecasted capital calls and distributions from all managers in LACERS' portfolio.
- The 'Planned' Real Estate Portfolio below includes new commitments needed to reach the target allocation and the 60% Core / 40% Non-Core target.
- The real estate portfolio is funded at approximately 5.3% of total plan assets below the 7.0% target allocation. Over the next few years, the real estate portfolio is expected to gradually move towards to the target allocation.

Real Estate % of Total Plan Assets (All Planned Commitments)



Risk Sector Allocation Change



Recommended FY 2026-2027 Core Activity

Add 1-2 Core/Core-Plus Funds

- Commit up to \$130M to Core/Core-plus open-end funds
- Target top-performing managers with high quality assets
- Continue to explore secondary market opportunities at discounts to NAV

Expand into High-Conviction Sectors

- Data centers- capitalize on accelerating AI & cloud infrastructure demand
- Alternative housing strategies-continue to diversify residential portfolio beyond traditional apartments
- Engage specialist managers in sectors underrepresented in the portfolio

Continue Portfolio Rebalancing

- Evaluate existing open-end positions and execute strategic rebalancing
- Optimize fee structures and improve terms with existing managers whenever possible
- Align property type mix with LACERS long-term return objectives



Recommended FY 2026-2027 Non-Core Activity

New Commitments to Non-Core Funds

- Target up to \$200M in commitments to high-conviction opportunities
- Thematic focus, specialist managers in alternative specialty sectors with growth potential
- Leverage capital market dislocation via secondaries & recapitalizations

Prioritize Niche, High-Demand Sectors

- Data centers- AI/cloud demand driving sustained supply-demand imbalance
- Industrial outdoor storage, truck terminals & other sub-sectors of industrial to further diversify exposure and benefit from strong rent growth
- Alternative housing sectors- structural demand from affordability constraints

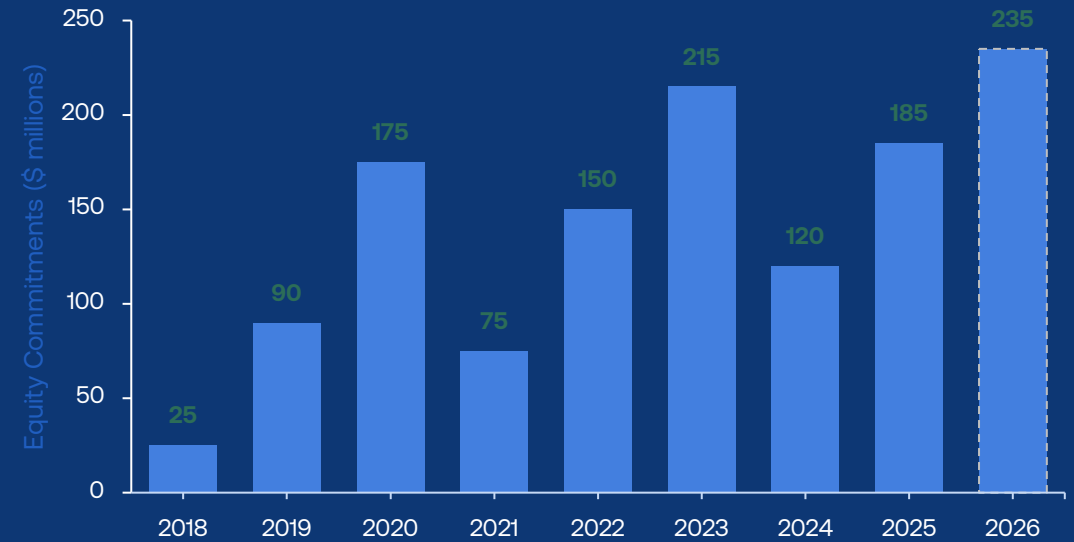
Optimize Returns & Portfolio Construction

- Explore secondary market sale opportunities to recycle capital into higher conviction investments
- Identify fee reduction opportunities to enhance net returns across the portfolio
- Focus on managers with deep, demonstrated expertise in their target markets

\$200M

Recommended Non-Core Commitment FY 2026-2027

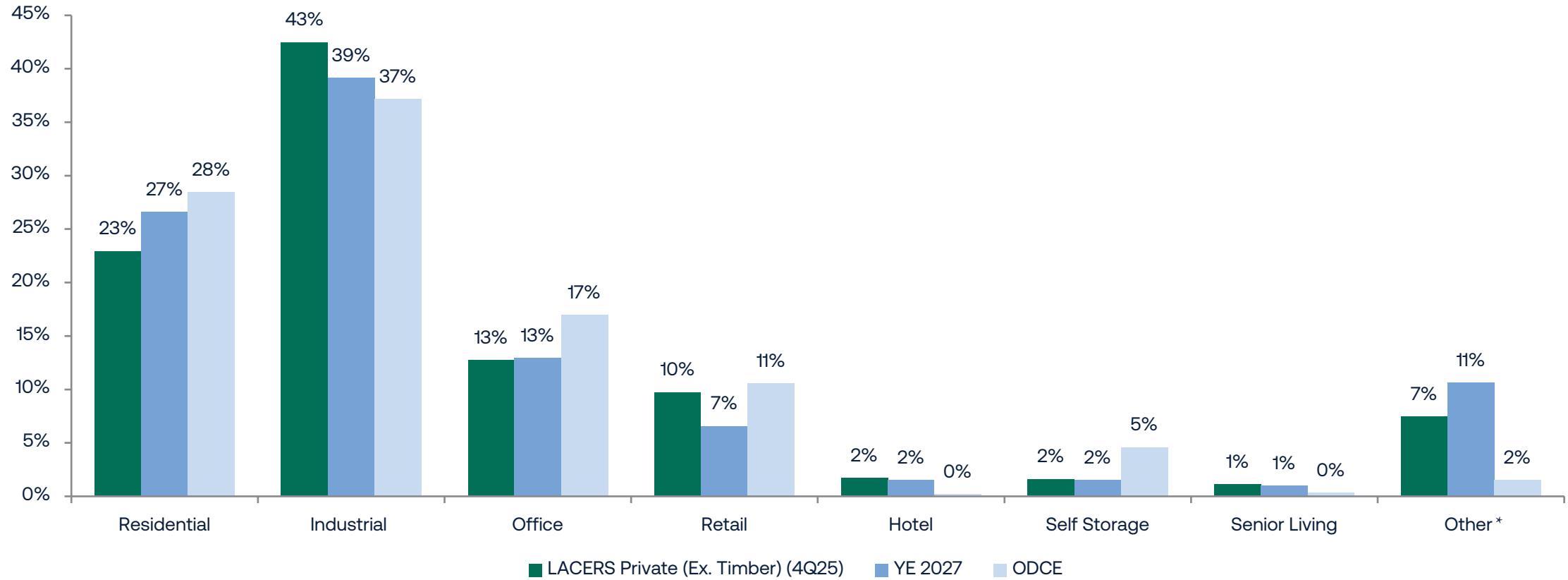
Non-Core Commitments by Vintage Year*



*Vintage year classifications are based on LACERS' first capital call (or expected capital call), though commitments may have been approved in prior years.

Real Estate Portfolio Diversification By Property Type

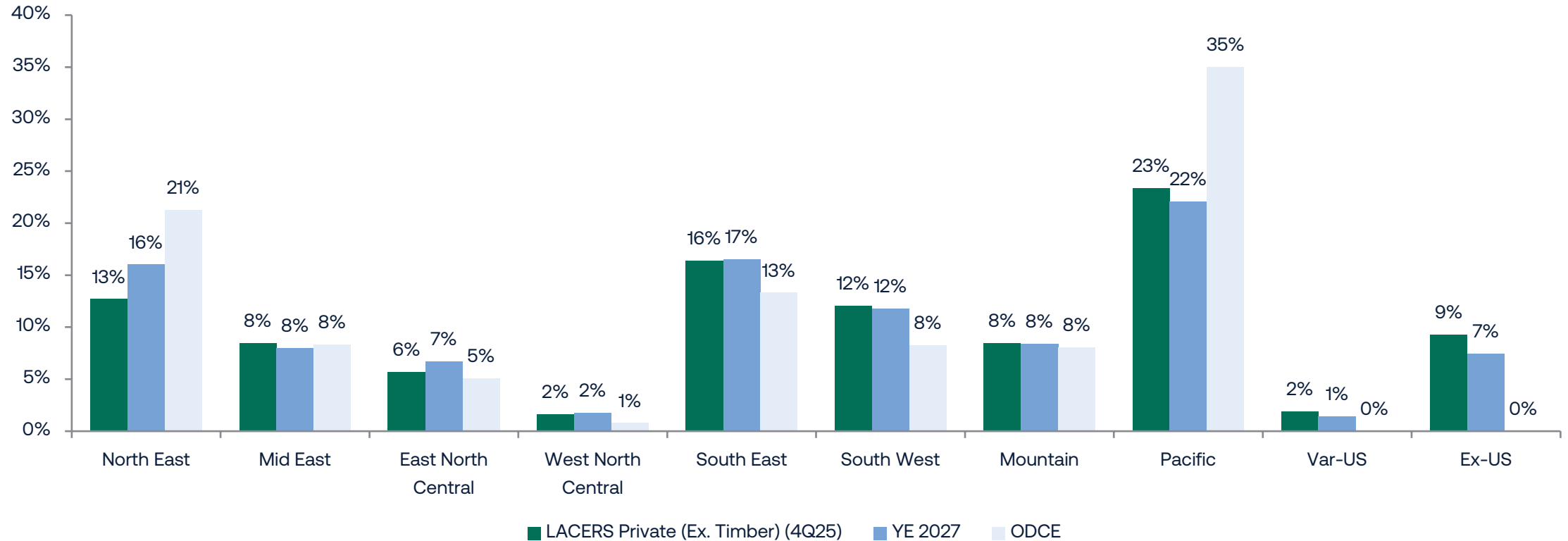
Private Real Estate Exposure - Property Type Diversification
Private Portfolio (Ex. Timber)



*Other reflects properties that do not fit into the traditional classifications (apartment, industrial, office, retail), such as medical office, senior housing, self-storage, student housing, and other property types.

Real Estate Portfolio Diversification By Geography

LACERS Projected Geographic Diversification Private Portfolio (Ex. Timber)



*Var-US refers to any investments that are not directly tied to specific regions, such as CMBS investments through Cerberus Institutional Real Estate Partners and Oaktree Real Estate Opportunities Fund VIII or entity-level investments through Almanac Realty Securities VI.

**The Ex-US exposure consists mainly of Europe (7.2%) and Asia (1.6%). The exposure is due to certain investments in Oaktree Real Estate Opportunities Fund VIII & IX, TPG Real Estate Partners IV, Cerberus Institutional Real Estate Partners V, Brookfield Strategic Real Estate Partners IV, and Heitman Asia-Pacific Property Investors.

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Returns reflect the equal-weighted returns calculated during the periods indicated. Note: If including Core, this is value-weighted. In addition, the valuations reflect various assumptions, including assumptions of actual unrealized value existing in such investments at the time of valuation. As a result of portfolio customization/blending and other factors, actual investments made for your account may differ substantially from the investments of portfolios comprising any indices or composites presented.

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As of March 31, 2025, Townsend had assets under management of approximately \$18.5 billion. When calculating assets under management, Townsend aggregates net asset values and unfunded commitments on a quarterly basis. Townsend relies on third parties to provide asset valuations, which typically takes in excess of 90 days after the quarter end. Therefore, assets under management have been calculated using March 31, 2025 figures where available but may also include December 31, 2024 figures. Assets under management are calculated quarterly and includes discretionary assets under management and non-discretionary client assets where the client's contractual arrangement provides the client with the ability to opt out of or into particular transactions, or provides other ancillary control rights over investment decision-making (a/k/a "quasi-discretionary"). Regulatory AUM is calculated annually and can be made available upon request.

ADVISED ASSETS

As of March 31, 2025, Townsend provided advisory services to clients who had real estate/real asset allocations exceeding \$232.0 billion. Advised assets includes real estate and real asset allocation as reported by our clients for whom Townsend provides multiple advisory services—including strategic and underwriting advice for the entire portfolio. Advised assets are based on totals reported by each client to Townsend or derived from publicly available information. Advised assets are calculated quarterly. Select clients report less frequently than quarterly in which case we roll forward prior quarter totals. The recent change in Advised Assets is due to a change in the reporting of certain special projects.

Global Non-core Capital Solutions Strategies employ a global non-core multi strategy approach with 90% or more of the investments invested in non primary fund investments such as secondaries, recapitalizations, joint ventures, platform investments, and co-investments. Strategies are diversified by geography, sector, property type, manager and vintage year.

Separate Accounts includes all Townsend active discretionary accounts which invest in a variety of investment styles and structures.

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ABOUT TOWNSEND

Founded in 1983, Townsend, provides a core set of investment skills exclusively focused on global real estate and real asset classes. The firm offers these capabilities to institutional investors as an investment advisor and consultant.

Townsend has been advising and managing real estate portfolios for over three decades and across multiple market cycles. As of March 31, 2025, Townsend had assets under management of approximately \$18.5 billion. As of March 31, 2025, Townsend provided advisory services to clients who had real estate/real asset allocations exceeding \$232 billion. We believe, through our global investment platform, fiduciary culture, asset class expertise and client capital scale, we are able to deliver clients unique information, while providing a sourcing and execution advantage.

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Thank you

Townsend

Los Angeles City Employees' Retirement System
Private Credit Portfolio Performance Report

As of December 31, 2025



Board Meeting: 06/09/2026
Item: VII-C

Private Credit Market Update **Page 3**

Private Credit Portfolio Overview **Page 5**

Summary of Q3 2025 & Q4 2025 Activity **Page 9**

Private Credit Performance Review **Page 10**

Appendix **Page 12**

Credit Performance

Current State

- High Yield/Leverage Loan defaults steady (~2–3.5%)
- PC default measures vary widely (1–9% depending on source / methodology)
- Watchlists elevated but stress contained

Key Concerns

- Pre-2022 vintage borrower stress (esp. 2021)
- Rising payment-in-kind usage as early warning signal
- Mis-aligned sponsors with limited cash equity at stake
- ~10–20% of direct lending borrowers showing fundamental softness

Aksia View

- Headlines overstate systemic risk
- Stress is real but idiosyncratic and concentrated
- Dispersion across credits increasing, favoring skilled underwriters
- Selectivity in new deployments is critical

Software Exposure

Current State

- Revenue / EBITDA often still growing
- AI hasn't materially hit fundamentals yet
- AI rapidly reshaping underwriting approaches and risk pricing

Key Concerns

- Point solutions and generic tools most vulnerable
- Compressed valuation multiples and expanding spreads
- Maturity wall in 2027–28 could force refinancings at unfavorable terms for syndicated loans; PC likely to amend and extend if needed

Aksia View

- New software loans remain investable with cautious underwriting
- Mission-critical, embedded platforms and data-rich systems of record are more resilient
- AI disruption risk extends beyond software into professional services and other sectors

Evergreen Fund Structure

Current State

- Redemption pressures on wealth-channel evergreen vehicles
- Sentiment diverging sharply between institutional investors and market headlines

Key Concerns

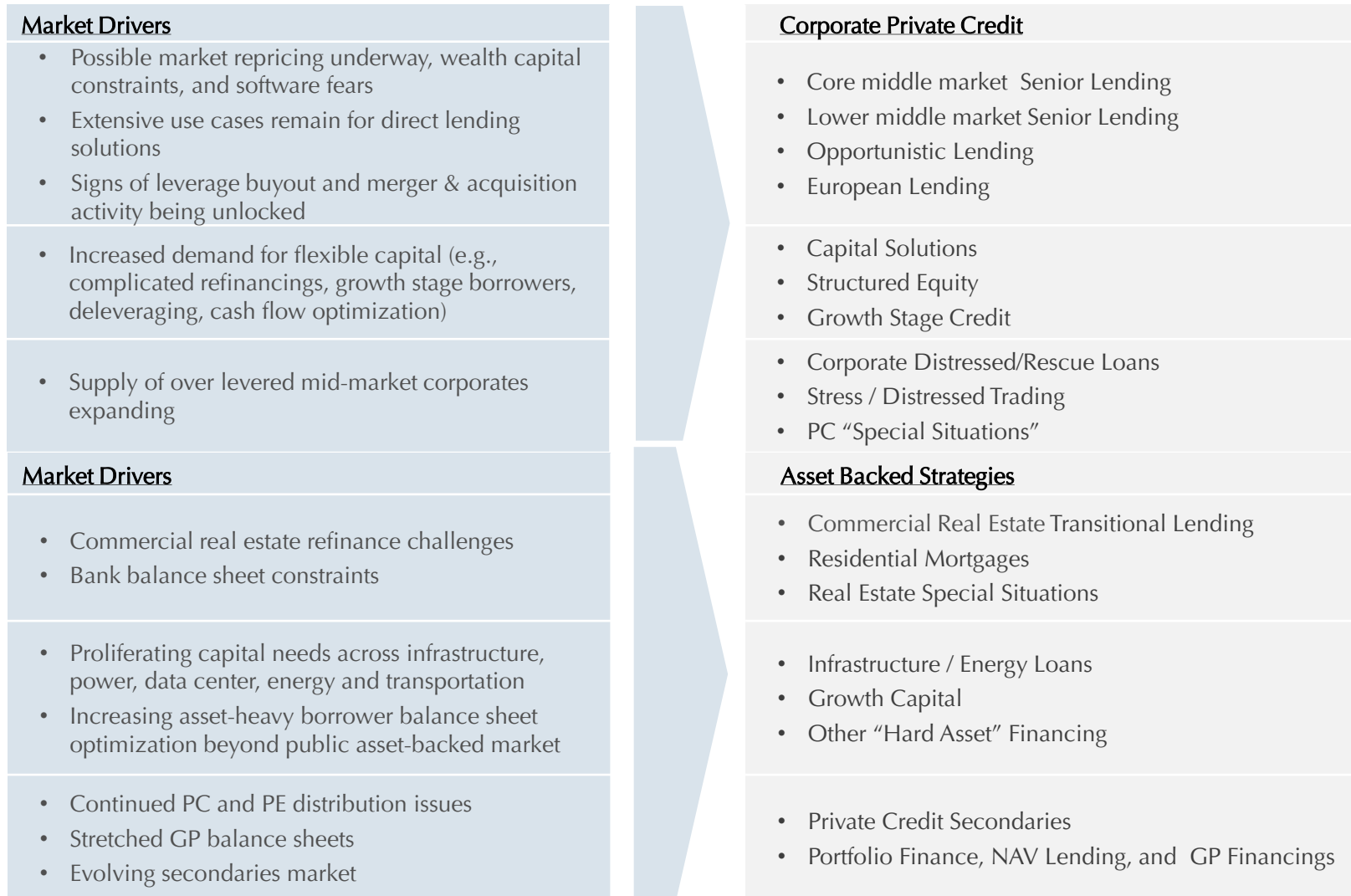
- Managers reliant on wealth capital or with subordinated exposure (e.g., CLO equity) most at risk
- Funds using high levels of leverage if banks reduce exposure
- Ratings-driven investors (insurance platforms) facing potential forced sales

Aksia View

- Broad contagion risk appears limited, issues are platform- and loan-specific, not systemic
- Closed-end vehicles have limited structural pressure to sell
- Institutional capital becomes increasingly valuable as liquidity tightens

Takeaway: Risk appears to be borrower specific and not broad based, but we expect return dispersion to increase as a result. We believe portfolio construction, credit selectivity and underwriting discipline will be the primary drivers of returns.

There are several market drivers that continue to generate attractive opportunities across a wide range of private credit strategies.



Private Credit Portfolio Summary as of December 31, 2025

- As of December 31, 2025, LACERS Private Credit portfolio's fair market value of ~\$641 million represented 2.36% of LACERS Total Plan Market Value.
- Year-over-year the Private Credit portfolio's fair market value increased by ~\$236 million (~60%) and exposure to private credit in LACERS Total Plan grew by ~0.7%.
- 2026 commitment pacing target for private credit is between \$500mm and \$600mm.

Private Credit Exposure Summary	
Total Plan Market Value (\$ millions)	\$27,112
Private Credit Exposure Target (%)	5.75%
Private Credit Exposure Target (\$ millions)	\$1,559
Private Credit Exposure Current (%)	2.36%
Private Credit Fair Market Value Current (\$ millions)	\$641

Private Credit Portfolio Snapshot Year-Over-Year (12/31/2024 through 12/31/2025)

- Since the inception of the LACERS Private Credit program in 2020, LACERS has committed \$1.4 billion to 22 partnerships, of which all remain active as of December 31, 2025.
- In the calendar year 2025, \$560 million of commitments were made across 10 new investments and an existing investment was increased by \$8 million.
- During 2025, contributions of ~\$252 million outpaced distributions of ~\$64 million, which is expected for a portfolio that is young and steadily building towards its target allocation.
- Since inception in Sep'20, the Private Credit portfolio has generated a net TVPI of 1.17x and a net IRR of 10.4%.

Private Credit Portfolio Snapshot (\$ millions)

Portfolio Since Inception	12/31/2025	12/31/2024	Change (+/-)
# of Investments	22	12	+10
Active	22	12	+10
Inactive	0	0	0
GP Relationships	19	11	+8
Inception To Date Contributions	\$660	\$408	+\$252
Inception To Date Distributions	\$129	\$65	+\$64
Fair Market Value	\$641	\$404	+\$236
TVPI ^{1,2}	1.17x	1.15x	0.02x
Net IRR ¹	10.42%	10.25%	0.17%

¹TVPI and IRR figures rounded.

²Total Value to Paid In Capital ("TVPI") equals (Cumulative Distributions + Fair Market Value) / (Cumulative Contributions)

10 Largest General Partner Relationships (by Total Exposure¹)

- The top 10 General Partner relationships account for ~73% of active portfolio commitments and total exposure.
- By design, the majority of the largest General Partner relationships are within Direct Lending, which is a core strategy for the private credit portfolio.

General Partner	# of Active Funds	Active Commitments (\$ millions)	% of Total Active Commitments	Total Exposure ¹ (\$ millions)	% of Total Exposure ¹	TVPI ^{2,3}	Net IRR ^{3,4}
TPG Inc.	3	\$200	14.0%	\$207	14.2%	1.12x	n.m.
HPS Investment Partners LLC	1	\$100	7.0%	\$104	7.2%	1.13x	n.m.
Silver Point Capital LP	1	\$100	7.0%	\$101	7.0%	1.16x	n.m.
ICG plc	1	\$100	7.0%	\$101	7.0%	1.14x	n.m.
Monroe Capital Management Advisors LLC	1	\$100	7.0%	\$100	6.9%	1.29x	8.6%
BDT & MSD Partners	1	\$100	7.0%	\$100	6.9%	-	n.m.
Benefit Street Partners LLC	1	\$100	7.0%	\$98	6.8%	1.26x	7.3%
Crescent Capital Group LP	1	\$100	7.0%	\$98	6.8%	1.16x	11.1%
Nuveen LLC	1	\$80	5.6%	\$80	5.5%	1.00x	n.m.
Dawson Partners	1	\$70	4.9%	\$75	5.2%	1.11x	n.m.

Data as of December 31, 2025.

¹Total Exposure represents NAV plus unfunded commitments.

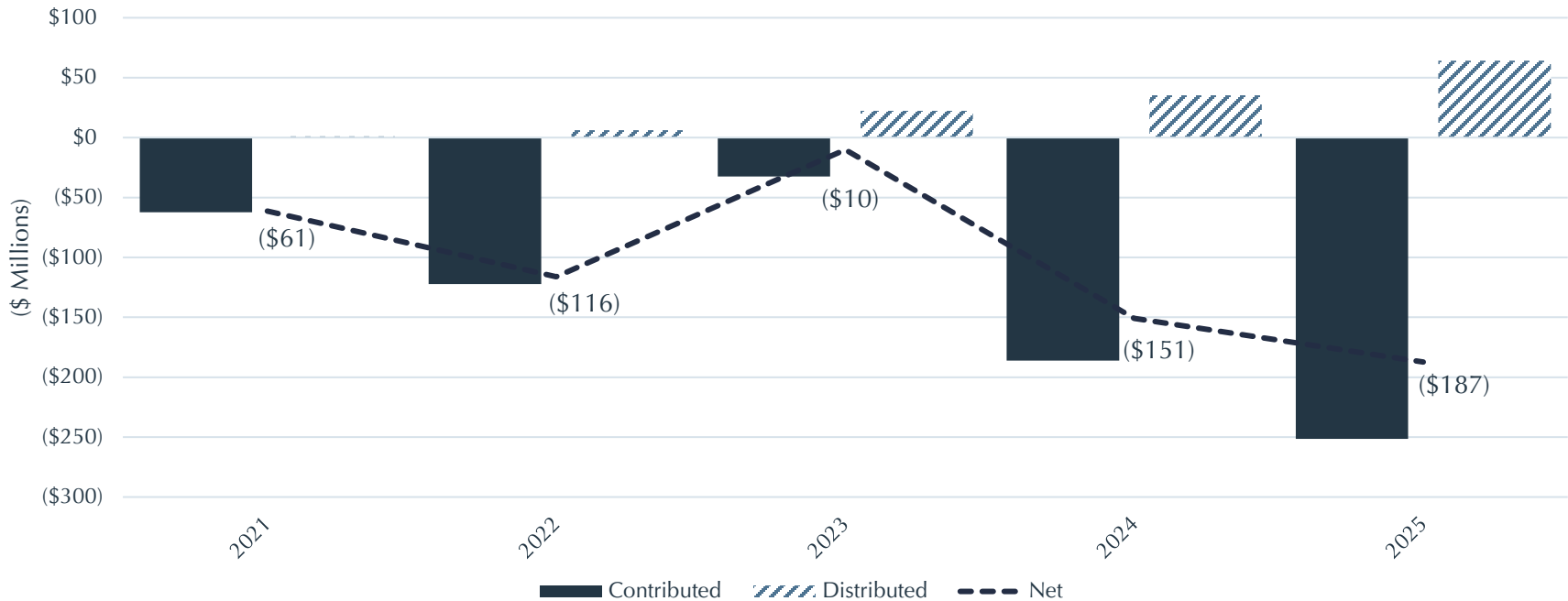
²Total Value to Paid In Capital ("TVPI") equals (Cumulative Distributions + Fair Market Value) / (Cumulative Contributions).

³TVPI and IRR figures rounded.

⁴IRR of investments held less than two years generally is not a meaningful indicator of performance and is therefore labeled "n.m."

Private Credit Program Cash Flow Profile Over Time

- Since LACERS's Private Credit portfolio is relatively new, it has been cash flow negative, with capital calls outpacing capital distributions.
- As the portfolio matures, the cashflows are expected to be net positive, which is currently projected to occur in 2030.



Summary of Q3 2025 & Q4 2025 Activity

New Investments made in Q3 2025 & Q4 2025

- During the second half of 2025, 6 commitments totaling \$365 million were made to new General Partner relationships across a wide range of strategies.
- The average commitment amount was ~\$61 million.
- Included in the total are 2 commitments to emerging managers totaling \$45 million.

Closing Date	General Partner ¹	Fund Name	Fund Size ² (\$ millions)	New or Existing	Investment Sub-Strategy	Commitment Amount ³ (\$ millions)
7/3/2025	Sixth Street Advisers LLC	Sixth Street Opportunities Partners Fund VI (A)	\$4,534	New	PC Special Situations	\$70
7/31/2025	Nuveen LLC	Nuveen Energy & Power Infrastructure Credit Fund II	\$1,300	New	Infrastructure Lending	\$80
10/24/2025	Caro Investors Management LLC	Caro Real Estate Credit Fund	\$354	New	U.S. CRE Transitional Lending	\$25
11/20/2025	Square Nine Capital LP	Square Nine Specialty Credit Fund I	\$182	New	U.S. Direct Lending	\$20
12/8/2025	Sound Point Capital Management LP	Sound Point Strategic Capital Fund III	\$2,500	New	Stretch ABL	\$70
12/30/2025	BDT & MSD Partners	BDT & MSD Real Estate Credit Opportunity Fund III	\$880	New	U.S. CRE Bridge Lending	\$100
Total	6	6				\$365

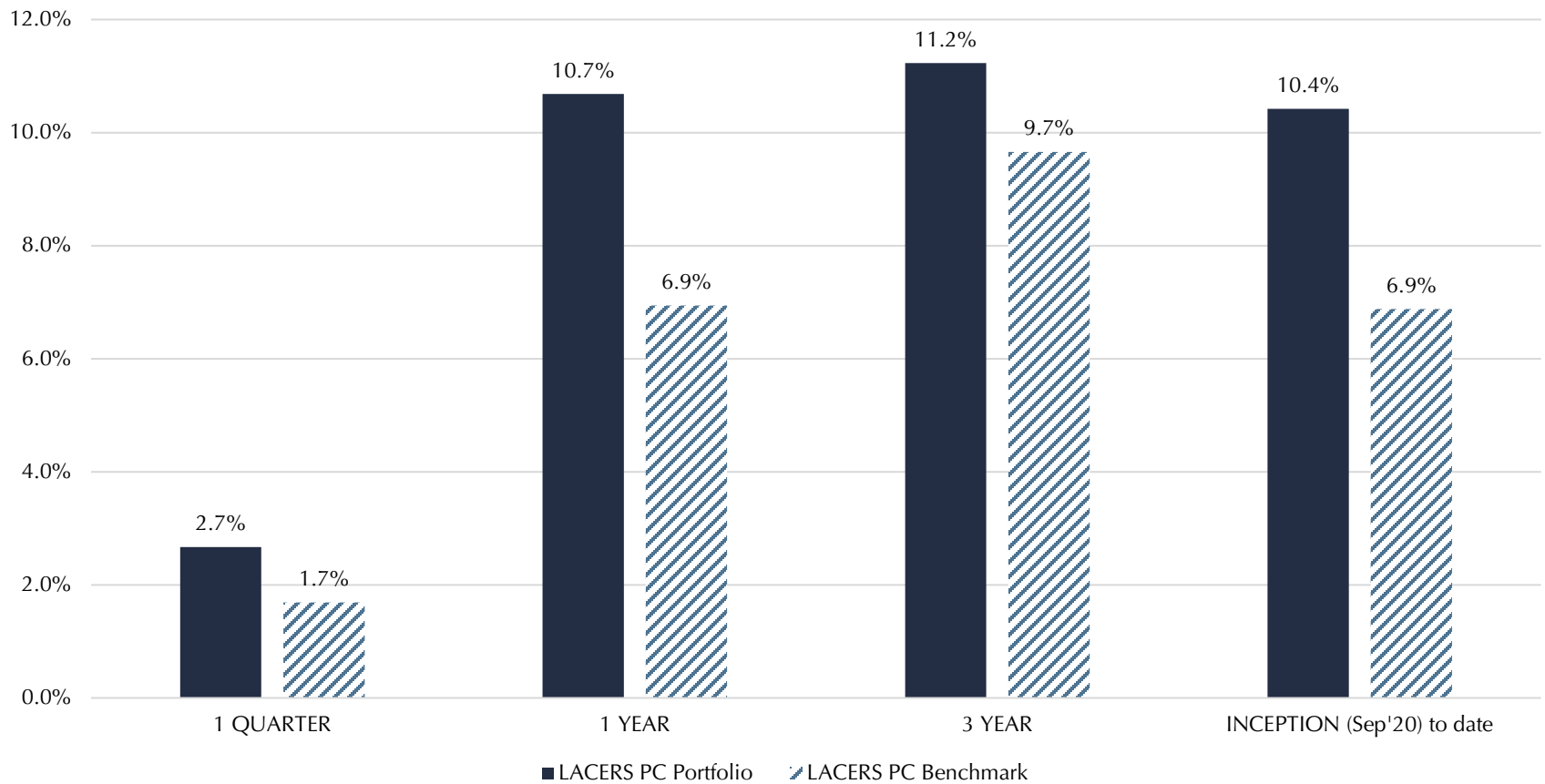
¹Qualifies as an Emerging Manager based on LACERS' definition.

²Total capital raised as confirmed by the General Partner. If the General Partner has yet to provide closing data, the fund size will represent the target fund size. N/A denotes the data is not available.

³Commitments denominated in foreign currencies are converted to USD using the adjusted closing exchange rate as of the date the General Partner executes the accepted commitment on client subscription documents.

Period Returns for LACERS's Private Credit Portfolio vs. Benchmark

The Private Credit portfolio has generated strong absolute and relative returns since inception.



Data as of December 2025.

LACERS PC Benchmark is S&P UBS LL index (Sep'20 (inception) – Jun'25) and S&P UBS LL index + 200bps (starting Jul'25). Benchmark data provided by Northern Trust. IRR figures rounded.

Private Credit Performance Review (2 of 2)

Performance by Strategy and Sub-Strategy (Inception-to-Date)

Strategy / Sub-Strategy	Commitment (\$ millions)	% of Total Commitments	Contributions (\$ millions)	% Called	Distributions (\$ millions)	Fair Market Value (\$ millions)	% of Fair Market Value	TVPI ^{1,2}	Net IRR ^{2,3}
European Direct Lending	\$200	14%	\$116	58%	\$29	\$105	16%	1.15x	11.4%
Global Direct Lending	\$100	7%	\$41	41%	\$3	\$44	7%	1.13x	n.m.
U.S. Direct Lending	\$557	39%	\$358	64%	\$79	\$352	55%	1.21x	9.2%
Direct Lending	\$857	60%	\$516	60%	\$111	\$501	78%	1.19x	9.7%
Opportunistic Structured Credit	\$70	5%	\$44	63%	\$1	\$48	7%	1.11x	n.m.
PC Special Situations	\$70	5%	\$0	0%	\$0	\$0	0%	-	n.m.
Real Estate Distressed	\$25	2%	\$0	0%	\$0	\$1	0%	-	n.m.
Distressed Debt & Special Situations	\$165	12%	\$44	27%	\$1	\$49	8%	1.13x	n.m.
Energy Credit	\$60	4%	\$21	36%	\$2	\$23	4%	1.15x	n.m.
Infrastructure Lending	\$80	6%	\$19	24%	\$0	\$19	3%	1.00x	n.m.
Real Assets Credit	\$140	10%	\$41	29%	\$2	\$42	7%	1.08x	n.m.
U.S. CRE Bridge Lending	\$100	7%	\$0	0%	\$0	\$0	0%	-	n.m.
U.S. CRE Transitional Lending	\$25	2%	\$0	0%	\$0	\$0	0%	-	n.m.
Real Estate Credit	\$125	9%	\$0	0%	\$0	\$0	0%	-	n.m.
PE Portfolio Finance	\$70	5%	\$40	57%	\$15	\$29	4%	1.11x	n.m.
Stretch ABL	\$70	5%	\$19	28%	\$0	\$19	3%	1.00x	n.m.
Specialty Finance	\$140	10%	\$59	42%	\$15	\$48	8%	1.07x	n.m.
LACERS PC Portfolio Total	\$1,427	100%	\$660	46%	\$129	\$641	100%	1.17x	10.4%

Data as of December 2025. Certain columns may not add up exactly due to the use of rounded numbers.

Private Credit portfolio inception in Sep'20. LACERS' Legacy PC portfolio comprises: Benefit Street Partners SMA (Sep'20), Crescent SMA (Sep'21), Monroe Capital SMA (Nov'21).

¹Total Value to Paid In Capital ("TVPI") equals (Cumulative Distributions + Fair Market Value) / (Cumulative Contributions).

²TVPI and IRR figures rounded.

³IRR of investments held less than two years generally is not a meaningful indicator of performance and is therefore labeled "n.m.".

Investment Performance – Q4 2025

Page 13

Exposure Summary – Q4 2025

Page 14

Private Credit Portfolio Summary (Investment Performance – Q4 2025)



Private Credit Investment Performance as of December 31, 2025

Fund Name	Strategy	Sub-Strategy	Vintage Year	Commitment (\$ millions)	Contributions (\$ millions)	Distributions (\$ millions)	Fair Market Value (\$ millions)	TVPI ^{1,2}	Net IRR ^{2,3}
400 Capital Asset Based Onshore Term Fund IV	Distressed Debt & Special Situations	Opportunistic Structured Credit	2024	\$70	\$44	\$1	\$48	1.11x	n.m.
AG Direct Lending Fund V	Direct Lending	U.S. Direct Lending	2022	\$100	\$88	\$7	\$92	1.13x	n.m.
BDT & MSD Real Estate Credit Opportunity Fund III	Real Estate Credit	U.S. CRE Bridge Lending	2025	\$100	-	-	-	-	n.m.
Benefit Street Partners SMA-L	Direct Lending	U.S. Direct Lending	2020	\$100	\$100	\$34	\$93	1.26x	7.3%
Caro Real Estate Credit Fund	Real Estate Credit	U.S. CRE Transitional Lending	2026	\$25	-	-	-	-	n.m.
Centre Lane Credit Partners Fund III	Direct Lending	U.S. Direct Lending	2022	\$25	\$12	\$5	\$10	1.19x	n.m.
Crescent LACERS SMA Partnership	Direct Lending	European Direct Lending	2021	\$100	\$77	\$22	\$67	1.16x	11.1%
Dawson Portfolio Finance 6	Specialty Finance	PE Portfolio Finance	2023	\$70	\$40	\$15	\$29	1.11x	n.m.
HPS Specialty Loan Fund VI-L, SCSp	Direct Lending	Global Direct Lending	2023	\$100	\$41	\$3	\$44	1.13x	n.m.
ICG Senior Debt Partners Fund 5-C (USD Leveraged)	Direct Lending	European Direct Lending	2023	\$100	\$39	\$7	\$38	1.14x	n.m.
Mavik Real Estate Special Opportunities Fund 2	Distressed Debt & Special Situations	Real Estate Distressed	2024	\$25	-	-	\$1	-	n.m.
Monroe Capital Private Credit Fund L	Direct Lending	U.S. Direct Lending	2021	\$100	\$90	\$26	\$90	1.29x	8.6%
Nuveen Energy & Power Infrastructure Credit Fund II	Real Assets Credit	Infrastructure Lending	2025	\$80	\$19	-	\$19	1.00x	n.m.
Putnam Hill Private Credit Fund (Leveraged)	Direct Lending	U.S. Direct Lending	2025	\$12	\$5	\$0	\$5	1.01x	n.m.
Quantum Capital Solutions II	Real Assets Credit	Energy Credit	2023	\$50	\$18	\$1	\$19	1.13x	n.m.
Quantum Capital Solutions II Co-Investment Fund	Real Assets Credit	Energy Credit	2023	\$10	\$3	\$0	\$4	1.28x	n.m.
Silver Point Specialty Credit Fund III	Direct Lending	U.S. Direct Lending	2022	\$100	\$48	\$8	\$48	1.16x	n.m.
Sixth Street Opportunities Partners Fund VI (A)	Distressed Debt & Special Situations	PC Special Situations	2025	\$70	-	-	-	-	n.m.
Sound Point Strategic Capital Fund III	Specialty Finance	Stretch ABL	2025	\$70	\$19	-	\$19	1.00x	n.m.
Square Nine Specialty Credit Fund I	Direct Lending	U.S. Direct Lending	2025	\$20	\$11	-	\$11	1.00x	n.m.
TPG TBDL Co-Invest Fund VI	Direct Lending	U.S. Direct Lending	2025	\$15	-	-	-	-	n.m.
TPG Twin Brook Direct Lending Fund VI	Direct Lending	U.S. Direct Lending	2025	\$85	\$4	-	\$4	0.96x	n.m.
LACERS PC Portfolio Total				\$1,427	\$660	\$129	\$641	1.17x	10.4%

Data as of December 31, 2025. Certain columns may not add up exactly due to the use of rounded numbers.

¹Total Value to Paid In Capital (“TVPI”) equals (Cumulative Distributions + Fair Market Value) / (Cumulative Contributions).

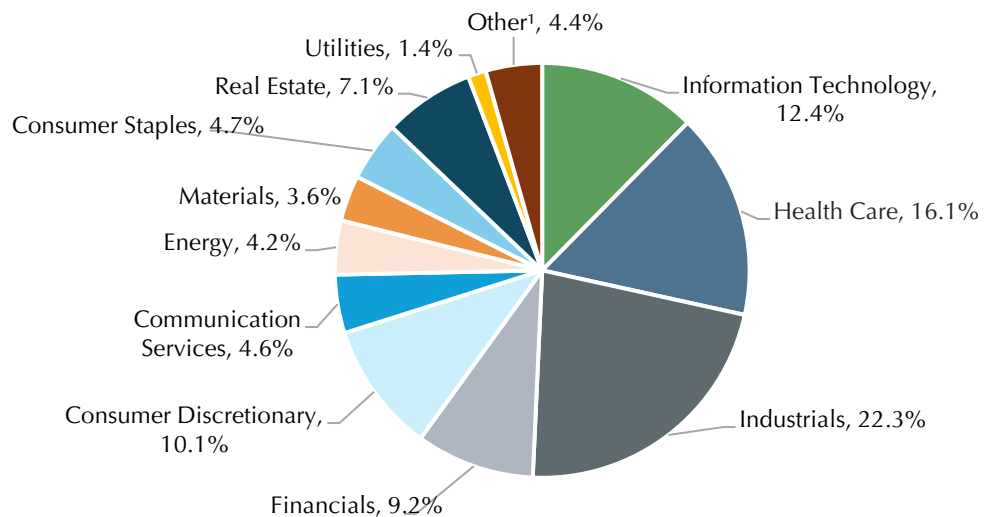
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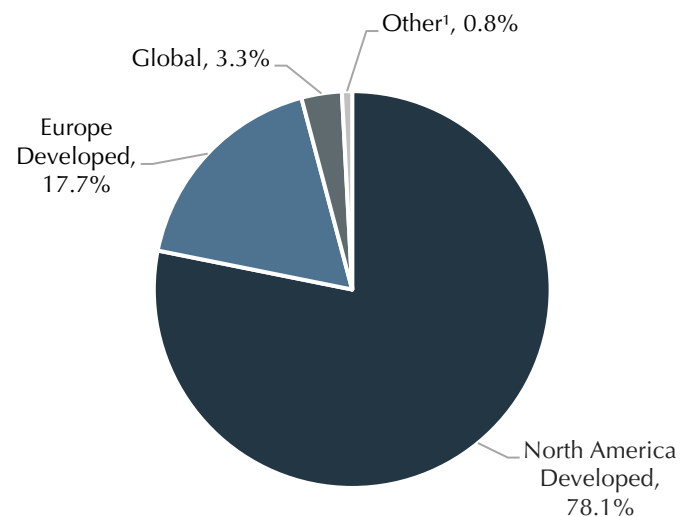
Private Credit Exposure Summary as of December 31, 2025

The Private Credit portfolio is diversified across Industry and Geography.

Exposure by Industry



Exposure by Geography



Data as of December 31, 2025. Exposures based on fair market value.

¹Other represents the total of investments in industries or geographies that constitute <1% of fair market value or unidentified.

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For a description of the risks associated with a specific private investment fund or investment opportunity, investors and prospective investors are strongly encouraged to review each private investment fund or opportunity's offering materials which contain a more specific description of the risks associated with each investment. Offering materials may be obtained from the fund manager.

Square Nine Capital LP: CONFLICT OF INTEREST DISCLOSURE: A client investment vehicle managed by Aksia has made a seed investment in a fund managed by Square Nine Capital and in connection therewith has negotiated participation rights in certain Square Nine Capital income/revenue. Because Aksia has made a de minimis general partner commitment to the client investment vehicle, Aksia will also benefit economically from these participation rights. Aksia has taken steps to mitigate this conflict of interest, including implementing policies and procedures designed to maintain Aksia's objectivity. In addition, Aksia clients may instruct Aksia to avoid allocating their capital to Square Nine Capital.



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION

MEETING: JUNE 9, 2026

FROM: Investment Committee

Thuy Huynh, Chair

Susan Liem

Gaylord "Rusty" Roten

ITEM: VII-D

SUBJECT: APPROVAL OF 3-YEAR CONTRACT WITH POLEN CAPITAL CREDIT, LLC REGARDING THE MANAGEMENT OF AN ACTIVE HYBRID HIGH YIELD FIXED INCOME/U.S. FLOATING RATE BANK LOAN PORTFOLIO AND POSSIBLE BOARD ACTION

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

Recommendation

That the Board:

1. Approve a three-year contract renewal with Polen Capital Credit, LLC (Polen Credit) for management of an active hybrid high yield fixed income/U.S. floating rate bank loan portfolio;
2. Authorize the General Manager or designee to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Discussion

On May 12, 2026, the Committee considered the attached staff report (Attachment 1) recommending a three-year contract renewal with Polen Credit. Polen Credit has managed an active hybrid high yield fixed income/U.S. floating rate bank loan portfolio for LACERS since October 2020. LACERS' portfolio was valued at \$295 million as of April 30, 2026. Polen Credit is in compliance with the LACERS Manager Monitoring Policy.

Staff provided a review of the performance and addressed the Committee's questions regarding prior periods of the strategy's underperformance. Staff also disclosed that it was able to secure a significant investment management fee concession, following continued research and negotiations with the manager. Following the discussion, the Committee concurred with the staff recommendation.

Prepared By:

Jeremiah Paras, Investment Officer II, Investment Division

Attachments: 1. Investment Committee Recommendation Report dated May 12, 2026
 2. Proposed Resolution

BOARD MEETING DATE: JUNE 9, 2026
ITEM: VII-D
ATTACHMENT: 1



LACERS

LA CITY EMPLOYEES'
RETIREMENT SYSTEM

REPORT TO INVESTMENT COMMITTEE

MEETING: MAY 12, 2026

FROM: Todd Bouey, General Manager

ITEM: V

SUBJECT: INVESTMENT MANAGER CONTRACT WITH POLEN CAPITAL CREDIT, LLC REGARDING THE MANAGEMENT OF AN ACTIVE HYBRID HIGH YIELD FIXED INCOME/U.S. FLOATING RATE BANK LOAN PORTFOLIO AND POSSIBLE COMMITTEE ACTION

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

Recommendation

That the Committee recommend to the Board a three-year contract renewal with Polen Capital Credit, LLC (Polen Credit) for management of an active hybrid high yield fixed income/U.S. floating rate bank loan portfolio.

Executive Summary

Polen Credit has managed an active hybrid high yield fixed income/U.S. floating rate bank loan portfolio for LACERS since October 2020. LACERS' portfolio was valued at \$291 million as of March 31, 2026. Polen Credit 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

Polen Credit manages an active hybrid high yield fixed income/U.S. floating rate bank loan portfolio for LACERS benchmarked against a custom blend of 50% of the Bloomberg U.S. Corporate High Yield 2% Issuer Capped Index and 50% of the S&P UBS Leveraged Loan Index. With an active bias toward small-to-mid cap issues, Polen Credit's strategy seeks to exploit inefficiencies in the credit markets by adhering to a bottom-up, fundamentally oriented investment process with downside protection. The

strategy is opportunistic and has the flexibility to invest in both high yield bonds (target range generally 50% to 95% of portfolio market value) and bank loans (target range generally 0% to 50% of portfolio market value); the strategy is not required, nor expected, to maintain an even allocation between high yield bonds and bank loans like its benchmark, pursuant to its approved investment management guidelines. LACERS' portfolio was valued at \$291 million as of March 31, 2026.

The strategy has two named co-portfolio managers: Ben Santonelli (22 years of experience and 22 years with Polen Credit) and John Sherman (22 years of experience and 19 years with Polen Credit) and is supported by a 24-member investment team. Firm co-founder, Dave Breazzano, was officially removed as a named portfolio manager from all client accounts effective October 1, 2025. Prior to this date, he had transitioned out of the day-to-day management of the portfolio but continues to provide leadership to the team by chairing the investment committee and focusing efforts on broader business goals and talent management. There were a number of analyst departures in 2025, some of which have already been replaced while some have replacement searches underway. Staff believes these recent personnel changes do not (and will not) adversely impact Polen Credit's ability to continue on-going management of the strategy.

The Board hired Polen Credit through the 2019-2020 Active Hybrid High Yield Fixed Income/U.S. Floating Rate Bank Loan search process and authorized a three-year contract on February 11, 2020; the contract became effective on September 1, 2020. The Board approved contract extensions on June 27, 2023, and on June 25, 2024. The initial one-year contract extension in 2023 was due to concerns over what was then at the time subpar since inception net-of-fees returns. An improvement in performance supported a subsequent two-year contract extension in 2024, running through the remainder of a standard three-year contract term and expiring on August 31, 2026.

Organization

Polen Credit is headquartered in Waltham, Massachusetts. At the time of its hiring, Polen Credit, formerly known as DDJ Capital Management, LLC prior to rebranding, was 100% employee-owned. In January 2022, Florida-based growth equity asset management firm Polen Capital Management, LLC (Polen Capital) acquired Polen Credit as a wholly owned subsidiary. Polen Credit continues to operate autonomously from the parent company. As of March 31, 2026, Polen Capital managed \$27.0 billion in total assets, inclusive of the \$6.7 billion in total credit assets, which includes the \$4.5 billion under the U.S. Opportunistic High Yield strategy; LACERS' capital comprises approximately 6.2% of this strategy. Most recently, Polen Capital had 160 employees, 45 of which are investment professionals; there are 24 investment personnel primarily dedicated to support the credit business.

Due Diligence

Staff conducts routine due diligence of the manager. In addition to meeting virtually for quarterly portfolio reviews and ad hoc investment discussions, LACERS and NEPC staff conducted an onsite meeting at Polen Credit's headquarters in April 2026. As a part of

the onsite meeting, staff heard several presentations and engaged in discussions with key personnel across the organization. Said discussions plus regular monitoring led staff and NEPC to find organizational stability across Polen Credit's organization including no changes in the firm's investment philosophy, strategy, and process. This finding supports staff's and NEPC's assessment that Polen Credit is capable of consistency in managing LACERS assets under the hybrid high yield fixed income/U.S. floating rate bank loan strategy and believes it can meet its stated investment objectives.

Performance

As of March 31, 2026, Polen Credit has outperformed its benchmark over the 3-month and 3-year time periods; and has underperformed its benchmark over the 1-year, 5-year, and since inception time periods, as presented in the table below.

Annualized Performance as of 3/31/2026 (Net-of-Fees)

Time Period	3-Month	1-Year	3-Year	5-Year	Since Inception 10/28/20
Polen Capital	-0.20	4.31	8.58	4.16	5.13
50% Bloomberg U.S. Corporate High Yield 2% Issuer Capped Index/ 50% S&P UBS Leveraged Loan Index	-0.48	5.90	8.33	5.07	5.78
<i>% of Excess Return</i>	<i>0.28</i>	<i>-1.59</i>	<i>0.25</i>	<i>-0.91</i>	<i>-0.65</i>

The underperformance against the benchmark over the 5-year and since inception time periods is largely a result of negative excess return produced in calendar year 2022, as presented in the table below.

Calendar Year Performance as of 3/31/2026 (Net-of-Fees)

Time Period	2025	2024	2023	2022	2021	10/28/20 - 12/31/20
Polen Capital	5.57	9.23	14.98	-10.27	5.31	4.90
50% Bloomberg U.S. Corporate High Yield 2% Issuer Capped Index/ 50% S&P UBS Leveraged Loan Index	7.28	8.64	13.28	-6.14	5.34	4.61
<i>% of Excess Return</i>	<i>-1.71</i>	<i>0.59</i>	<i>1.70</i>	<i>-4.13</i>	<i>-0.03</i>	<i>0.29</i>

Discussions with the manager in 2023 provided three primary reasons for underperformance in 2022. First, floating rate bank loans, which the manager was underweight, outperformed fixed rate high yield fixed income by over 1,000 basis points due to a rising interest rate environment; the underweight allocation to floating rate bank loans caused the strategy to lag the benchmark. Second, concerns over rising rates led lower rated credits to meaningfully underperform higher rated instruments, which the portfolio had underweighted. Third, the portfolio's deliberate and structural underweight to the energy sector detracted from performance with the energy sector outperforming since the inception of portfolio.

Following 2022, the strategy outperformed in two of the three following calendar years. For both calendar years 2023 and 2024, the outperformance relative to the benchmark is mostly attributed to security selection, which the manager touts as the hallmark of its investment strategy. Calendar year 2025's underperformance against the benchmark was driven by the portfolio's overweight to CCC-rated loans, which were the worst performing group in the loan market in 2025. Year-to-date for 2026, the portfolio is ahead of the benchmark by 28 basis points, again attributable to security selection. The more recent performance continues to improve, while the strategy and philosophy remain consistent with its disciplined bottom-up investment process.

Polen Credit was placed under watch status following its acquisition by Polen Capital in January 2022, pursuant to material organizational change provisions under the LACERS Manager Monitoring Policy. Following a successful integration, Polen's watch status was lifted one year later. Polen Credit is currently in compliance with the LACERS Manager Monitoring Policy. Staff and NEPC recommend renewing Polen Credit's contract for another three-year period and will continue to monitor the manager and strategy pursuant to policy.

Fees

LACERS pays Polen Credit an effective fee of 50 basis points (0.50%), which is approximately \$1.46 million annually based on the assets under management as of March 31, 2026. This fee ranks in the 82nd percentile of fees charged by high yield fixed income managers in the eVestment database (i.e., 82% have lower fees). The premium to the manager's fee partly comes from the strategy's structural allocation to bank loans, whereas the peer universe cited is mostly comprised of managers focused on high yield fixed income exclusively. Since inception, LACERS has paid Polen Credit a total of \$6.8 million in investment management fees through March 31, 2026. Since the contract renewal discussions of 2023, there has been continued discussion over fees. Polen Credit has recently offered a significant investment management fee concession which will place the effective fee's ranking in the 49th percentile of fees charged by high yield fixed income managers in the eVestment database.

General Fund Consultant Opinion

NEPC concurs with this recommendation.

Prepared By:

Jeremiah Paras, Investment Officer II, Investment Division

Attachment:

1. Consultant Recommendation – NEPC

INVESTMENT COMMITTEE MEETING DATE: MAY 12, 2026

ITEM: V

ATTACHMENT: 1



To: Los Angeles City Employees' Retirement System Investment Committee

From: NEPC, LLC

Date: May 12, 2026

Subject: Polen Capital Management, LLC - Contract Renewal

Recommendation

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

Background

Polen has been an investment manager for LACERS since October 28, 2020, managing a high yield/bank loan strategy within the Credit Opportunities asset class. As of March 31, 2026, Polen managed \$290.8 million, or 1.1% of Plan assets. The portfolio is benchmarked against a 50:50 split between the Bloomberg U.S. High Yield 2% Issuer Cap Index and the S&P UBS Leveraged Loan Index. The portfolio has a performance objective of outperforming the benchmark, net of fees, annualized over a full market cycle (normally three-to-five years). The Polen portfolio is currently compliant with LACERS' manager monitoring policy

DDJ Capital Management was founded by Dave Breazzano and others in 1996. In December 2021 it was announced that Polen Capital Management, a privately held, growth equity investment firm, would be acquiring DDJ, with the deal ultimately closing in January 2022. The transaction saw DDJ founder Dave Breazzano receive an equity interest in Polen's holding company and become a member of the firm's Operating Committee. The senior investment team members of legacy DDJ received phantom/franchise equity in the Polen Capital Credit business based on revenue share and are expected to have the opportunity to become equity partners in the Polen holding company over time. Currently Dave remains the only member of the team with Polen holding company equity. DDJ was officially rebranded as Polen Credit. There are three other growth equity teams at Polen, all bringing different expertise. Each group functions separately but takes advantage of centralized operational and marketing resources. Polen Credit is now the fourth team under Polen Capital and is the only fixed income manager.

As of December 31, 2025, Polen Capital Management oversaw approximately \$41 billion in assets under management. Total AUM for the Polen Credit team was \$6.9 billion, of which the Opportunistic High Yield strategy represented approximately \$4.7 billion.

Dave Breazzano serves as Head of the Credit Team. Effective October 1, 2025, Dave was removed as a named portfolio manager from client accounts. Dave co-founded this team in 1996 and has led the investment program since inception. He had not been a day to day portfolio manager for some time. Dave will continue to lead the team, chairing the investment committee and focusing his efforts on the broader business and talent management. Portfolio management responsibility for the Opportunistic High Yield strategy is held by John Sherman and Ben Santonelli. Dave chairs the investment committee which includes John Sherman, Ben Santonelli, Roman Rjanikov, Rick Richert (CLO portfolio manager), Elizabeth Duggan (Associate General Counsel), Sameer Bhalla (head of research/analyst) and Ben Pakenham (European/Global portfolio manager). Supporting the investment committee is a 9-person research group, six in the US and three in London. Tim Dillon is an assistant portfolio manager. Dave Levine is the lead investment specialist. Jason Rizzo is head trader.

In February 2026, Polen announced several changes within the credit research group. Ben Clark, who joined in 2025 to support private credit initiatives, departed to return to a private equity role, and Polen indicated that this position will not be backfilled. Gabby White and Louie Adams, both junior analysts with approximately one year at the firm, also departed. Mike Graham, a senior analyst with approximately ten years at Polen covering healthcare and financials, also departed the firm. Polen indicated that a search is underway to replace this role and that one research hire has already been completed with another search ongoing.

During the same period, Polen announced that David Blake, former Global Head of Public Markets and CIO at Principal Asset Management, joined the Polen Credit team in late February 2026 as Chief Business Officer. His responsibilities are focused on strategic business initiatives and succession planning alongside Dave Breazzano, with no investment oversight or portfolio management responsibilities.

Polen focuses on the smaller, lower rated part of the high yield market where they believe there are greater inefficiencies and their in-depth fundamental research can identify undervalued opportunities. They are focused on long-term lending and earning the carry from investing in smaller companies. This leads to relatively higher levels of idiosyncratic risk. They believe the rating agencies have a size bias and will rate securities lower due to smaller size. Polen relies on heavy, in-depth enterprise analysis, with a loan to value lens. They want companies that generate cash flow and have enterprise value/asset value to help secure their positions. There is also a strong focus on the covenant/legal aspects to help them understand and protect value when credit events arise. Generally, their perspective is that of a long-term lender and they enter positions expecting to be a long-term holder and earn the coupon.

Performance

Referring to Exhibit 1, as of March 31, 2026, since the portfolio's inception date of November 1, 2020, the portfolio has underperformed its benchmark by 0.8% and ranked in the 46th percentile of its peer group. Over the past one-year, the portfolio has underperformed the benchmark by 1.6% and ranked in the 95th percentile. The portfolio outperformed the benchmark for the 3-year period by 0.3% and ranked in the 22nd percentile. It underperformed the benchmark by 0.9% for the five-year period, ranking at the 44th percentile. Most of the underperformance has come from calendar years 2022 and 2025.

This is a benchmark agnostic strategy. Given the strategy's focus on lower-rated issuers, concentrated positioning, and exposure to less liquid securities, higher levels of tracking error are to be expected. The focus on the smaller sized and lower-rated parts of the market was not in favor in 2022, but the manager bounced back in 2023 and 2024. Performance in 2025 reflected several headwinds. Returns were influenced by a shorter duration profile during a period when duration contributed positively to benchmark returns, as well as exposure to bank loans, which lagged high yield bonds. Reorganization equity positions also detracted.

Fees

The portfolio has an asset-based fee of approximately 0.502% annually based on the account's market value as of March 31, 2026. This fee ranks in the 82nd percentile among its peers in the eVestment U.S. High Yield Fixed Income universe. In other words, 82% of the products included in the peer universe have a lower fee than the LACERS account.

Conclusion

Polen has delivered mixed results relative to their blended index and peers. Since it is a benchmark agnostic strategy, deviations from the benchmark are to be expected. The portfolio's focus on the less efficient, higher risk/return segments of the lower-rated and smaller issuer portion of the high yield and loan markets has generally resulted in both higher volatility, but can have higher reward as well. The idiosyncratic nature of the portfolio can also lead to periods of significant underperformance when the credit event aspect of the portfolio becomes more prevalent.

While Polen Credit has exhibited some recent team changes, the investment process, strategy and philosophy have been stable. NEPC recommends a contract renewal for a period of three years from the period of contract expiry.

The following table provides specific performance information, net of fees referenced above.



Exhibit 1: Universe Performance Comparison Net of Fees Ending March 31, 2026

Polen Capital vs. eV US High Yield Fixed Income

This table provides the detailed returns, percentile rankings, peer universe breakpoints, and population counts across 3 months, 1 year, 3 years, 5 years, and since inception as of March 31, 2026. The inception period begins on November 1, 2020. The table shows how Polen and the benchmark rank within the broader peer universe over time, with population sizes ranging from 202 to 180. Percentile rankings are indicated in parentheses with 1 indicating the highest ranking and 100 the lowest ranking.

Strategy vs. Benchmark and Universe	3 Mo %	1 YR %	3 YR %	5 YR %	Inception
Polen Capital	-0.2 (30)	4.3 (95)	8.6 (22)	4.2 (44)	5.0 (46)
50% Bloomberg US High Yield 2% Issuer Cap / 50% S&P UBS Leveraged Loan index	-0.5 (53)	5.9 (80)	8.3 (32)	5.1 (7)	5.8 (15)
5 th Percentile	0.3	8.5	9.4	5.2	6.5
1 st Quartile	-0.2	7.3	8.5	4.5	5.5
Median	-0.4	6.8	7.9	4.1	4.9
3 rd Quartile	-0.7	6.0	7.5	3.7	4.5
95 th Percentile	-1.4	4.3	6.4	3.2	3.9
Population	202	202	194	182	180

BOARD MEETING DATE: JUNE 9, 2026

ITEM: VII-D

ATTACHMENT: 2

**CONTRACT RENEWAL
POLEN CAPITAL CREDIT, LLC
ACTIVE HYBRID HIGH YIELD FIXED INCOME/U.S. FLOATING RATE
BANK LOAN PORTFOLIO MANAGEMENT**

PROPOSED RESOLUTION

WHEREAS, LACERS' current two-year contract term with Polen Capital Credit, LLC (Polen Credit) for management of an active hybrid high yield fixed income/U.S. floating rate bank loan portfolio expires on August 31, 2026; and,

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

WHEREAS, a contract renewal with Polen Credit will allow the fund to maintain a diversified exposure to high yield fixed income and U.S. floating rate bank loans; and,

WHEREAS, on June 9, 2026, the Board approved the Investment Committee's recommendation to approve a three-year contract renewal with Polen Credit.

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

Company Name: Polen Capital Credit, LLC

Service Provided: Active Hybrid High Yield Fixed Income/U.S. Floating Rate Bank Loan Portfolio Management

Effective Dates: September 1, 2026 through August 31, 2029

Duration: Three years

Benchmark: 50% Bloomberg U.S. Corporate High Yield 2% Issuer Capped Index and 50% S&P UBS Leveraged Loan Index

Allocation as of
April 30, 2026: \$295 million

June 9, 2026



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION

MEETING: JUNE 9, 2026

FROM: Governance Committee

Jana Sidley, Chair

Susan Liem

Thuy Huynh

ITEM: VII-E

SUBJECT: PROXY VOTING POLICY REVIEW AND POSSIBLE BOARD ACTION

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

Recommendation

That the Board confirm the existing voting Proxy Policy (Policy) with no changes.

Discussion

On May 26, 2026, the Committee reviewed the Policy with staff and Institutional Shareholder Services (ISS) representatives, Valerie Sullivan, Eric Conrad, and Andrew Lindberg. After a comprehensive review, staff and ISS, LACERS' proxy voting agent, determined that the current Policy continues to appropriately reflect LACERS' governance objectives and remains aligned with prevailing market practices.

Staff informed the Committee that the Policy had been assessed through the lens of governance efficiency, with particular consideration given to the effective implementation of votes and risk management factors. The gaps that were identified showed the delineation between ISS and LACERS policy was marginal and did not compromise the integrity of the plan's underlying principles expressed in the policy.

The Committee discussed with staff proxy voting matters related to executive compensation and proposed changes to companies' state of domicile. Staff will work with ISS to ensure these types of votes are reviewed and voted accordingly. The

Committee accepted the staff recommendation to maintain the current proxy voting policy language.

Prepared By:

Wendy E Norman, Investment Officer I, Investment Division

Attachment: 1. Governance Committee Recommendation Report dated May 26, 2026

BOARD MEETING DATE: JUNE 9, 2026
ITEM: VII-E
ATTACHMENT: 1



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

REPORT TO GOVERNANCE COMMITTEE

MEETING: MAY 26, 2026

FROM: Todd Bouey, General Manager

ITEM: IV

**SUBJECT: PROXY VOTING POLICY REVIEW AND POSSIBLE
COMMITTEE ACTION**

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

Recommendation

That the Committee maintain the current proxy voting policy language in the LACERS' Proxy Voting Policy (Policy). Staff determined, with Institutional Shareholder Services (ISS) concurrence, that proxy voting gaps identified by ISS were limited in scope and do not warrant revisions to the existing Policy, particularly as LACERS' approach remains aligned with the current underlying governance principles.

Executive Summary

The Policy is designed to promote sound corporate governance practices that support and protect long-term shareholder value. Consistent with governance best practices, the Policy is reviewed by the Board on a biennial basis, or more frequently as warranted by evolving market standards and shareholder expectations.

Following a comprehensive review, staff and ISS determined that the current Policy continues to appropriately reflect LACERS' governance objectives and remains substantially aligned with prevailing market practices. While several limited differences were identified relative to the ISS 2026 benchmark proxy policy, these variances were not considered material enough to justify amendments to the current Policy.

Discussion

The Policy was originally adopted in 1985 to guide proxy voting decisions in a manner that advances strong corporate governance and safeguards shareholder interests. Since adoption, the Policy has been regularly reviewed by the Board, Committee, and staff to ensure continued relevance within the evolving governance landscape. The Board last approved revisions to the Policy on April 26, 2022, and no amendments were recommended during the 2024 review cycle.

As part of the current review process, ISS, under staff oversight, conducted a gap analysis comparing the Policy against the ISS 2026 benchmark proxy voting guidelines, which are updated annually to reflect evolving governance standards and shareholder perspectives. Staff also engaged in substantive discussions with ISS representatives and performed independent research regarding emerging proxy ballot trends and governance considerations.

The review identified limited differences between the current Policy and ISS benchmark guidance. Staff and ISS concluded that these differences are narrow in scope and do not materially impair the effectiveness or intent of the current Policy. Accordingly, staff does not recommend revisions at this time and believes the existing Policy continues to provide an appropriate framework for exercising proxy voting responsibilities in alignment with LACERS' fiduciary objectives.

Prepared By:

Wendy Norman, Investment Officer I, Investment Division

Attachment: 1. Proxy Voting Policy

GOVERNANCE COMMITTEE MEETING DATE: MAY 26, 2026

ITEM: IV

ATTACHMENT: 1

Section 11 PROXY VOTING POLICY**XVI. PROXY VOTING POLICY****A. Introduction**

As good corporate governance practices are widely believed to increase shareholder value, public retirement systems across the country are becoming more active in encouraging good corporate governance practices among companies in which they own stock.

As such the core objectives of LACERS Proxy Policy are:

1. Manage proxy voting rights with the same care, skill, diligence and prudence as is exercised in managing other assets.
2. Exercise proxy voting rights in the sole interest of the System's members and beneficiaries in accordance with all applicable statutes consistent with the Board proxy policy.
3. Provide a framework for voting shares responsibly and in a well-reasoned manner.
4. Align the interests of shareowners and corporate management to build long-term sustainable growth in shareholder value for the benefit of the System.

These primary objectives shall be considered whenever the Board and/or Governance Committee considers policy, reviews proxy voting issues, recommends corporate governance investment activities, or takes other corporate governance-related actions.

B. Statement of Purpose

The Board has formulated this policy to provide a guideline for proxy voting. This policy is set forth in the best interest of LACERS investment program to support sound corporate governance practices that maximize shareholder value.

All applications of this policy are executed by an outside proxy voting agent. The policy will be reviewed on a biennial basis, or more frequently as needed. The proxy voting agent provides quarterly voting reports summarizing all votes cast during that time period. These reports are reviewed for compliance with the proxy voting policy.

Section 11 PROXY VOTING POLICY

1. BOARD OF DIRECTORS

Electing directors is the single most important stock ownership right that shareholders can exercise. Shareholders can promote healthy corporate governance practices and influence long-term shareholder value by electing directors who share shareholder views. In evaluating proxy items related to a company's board, director accountability, independence and competence are of prime importance to ensure that directors are fit for the role and best able to serve shareholders' interests.

No.	Issue	LACERS Position	Rationale
1.1	ELECTION OF DIRECTORS IN UNCONTESTED ELECTIONS	LACERS supports company management in principle VOTING AGENT'S DISCRETION	It is prudent to vote for the prescribed full slate of directors as long as the slate of directors will conduct themselves in the best interest of the shareholders. Director nominees should be evaluated based on accountability, responsiveness to shareholders, independence from company management, and competence and performance.
1.2	BOARD INDEPENDENCE	FOR	At a minimum, a majority of the board should consist of directors who are independent. Corporate boards should strive to obtain board composition made up of a substantial majority (at least two-thirds) of independent directors.
1.3	MAJORITY THRESHOLD VOTING FOR THE ELECTION OF DIRECTORS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Under a plurality system, a board-backed nominee in an uncontested election needs to receive only a single affirmative vote to claim his or her seat in the boardroom. Even if holders of a substantial majority of the votes cast "withhold" support, the director nominee wins the seat. Under the majority vote standard, a director nominee must receive support from holders of a majority of the votes cast in order to be elected (or re-elected) to the board. In contested elections where there are more nominees than seats, a carve-out provision for plurality should exist.
1.4	SEPARATE CHAIR AND CEO	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	A CEO who also heads a board is less accountable than one who must answer to an independent chairman as well as fellow directors. However, there could be times when it makes sense for one person to wear two hats. On balance, there appears to be more gained and less lost from separating the two jobs at major companies. The Board generally favors the separation of the chairman and CEO. However, the Board believes it may be in the best interests of a corporation and the shareholders to have one person fulfilling both positions in smaller companies.

Section 11 PROXY VOTING POLICY

No.	Issue	LACERS Position	Rationale
1.5	LIMITING BOARD SIZE	FOR	Proposals that allow management to increase or decrease the size of the board at its own discretion are often used by companies as a takeover defense. Shareholders should support management proposals to fix the size of the board at a specific number of directors, thereby preventing management (when facing a proxy contest) from increasing the size of the board without shareholder approval.
1.6	COMMITTEE INDEPENDENCE	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	The key board committees – audit, compensation, and nominating committees – should be composed exclusively of independent directors if they currently do not meet that standard. The company's board (not the CEO) should appoint the committee chairs and members. Committees should be able to select their own service providers to assist them in decision making.
1.7	DIRECTOR QUALIFICATIONS AND RESTRICTIONS Requires directors to own a minimum amount of stock; impose tenure limits; establishing a minimum or maximum age requirement	AGAINST	Establishing a minimum amount of stock ownership could preclude very qualified candidates from sitting on the board. Tenure limits and age restrictions could force out experienced and knowledgeable board members.
1.8	LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS	CASE-BY-CASE VOTING AGENT'S DISCRETION	This indemnifies corporate officers and directors against personal liability suits as a result of their official status. This indemnification is necessary to attract and keep the best-qualified individuals. However, officers' and directors' liability should not be limited or fully indemnified for acts that are serious violations of fiduciary obligations such as gross negligence or intentional misconduct.
1.9	OBLIGATION OF BOARDS TO ACT ON SHAREHOLDER PROPOSALS RECEIVING MAJORITY SUPPORT To ensure that the voices of the owners of the firm are heard.	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Boards are responsible for ensuring that the voices of the owners of the firm are heard. If the majority of shareholders have indicated they desire a particular governance change, the board should support the proposal in question.
1.10	DIRECTOR REMOVAL BY SHAREHOLDERS	FOR	Shareholders should have the right to remove directors or fill director vacancies. Lack of such a policy could allow management to protect themselves from various shareholder initiatives.

Section 11 PROXY VOTING POLICY

No.	Issue	LACERS Position	Rationale
1.11	SHAREHOLDER ADVISORY COMMITTEES	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	It is often difficult for directors to communicate to and hear from shareholders, because shareholders tend to be numerous, unidentified, dispersed, and silent. This proposal establishes committees of shareholders to make communication easier and more effective. However, establishment of such committees can be time consuming and expensive. The Board prefers the establishment of such committees where there is no other available mechanism to communicate with the company boards.
1.12	PROXY CONTESTS	CASE-BY-CASE VOTING AGENT'S DISCRETION	A proxy contest is a strategy that involves using shareholders' proxy votes to replace the existing members of a company's board of directors. By removing existing board members, the person or company launching the proxy contest can establish a new board of directors that is better aligned with their objectives. Proxy contests should be examined on a case-by-case basis considering factors such as the company's performance relative to peers, strategy of incumbents vs. dissidents, experience of director candidates, current management's track record, etc.
1.13	REIMBURSEMENT OF PROXY SOLICITATION EXPENSES	CASE-BY-CASE VOTING AGENT'S DISCRETION	Most expenditures incurred by incumbents in a proxy contest are paid by the company. In contrast, dissidents are generally reimbursed only for proxy solicitation expenses, if they gain control of the company. Dissidents who have only gained partial representation may also be reimbursed in cases where the board and a majority of shareholders approve. In successful proxy contests, new management will often seek shareholder approval for the use of company funds to reimburse themselves for the costs of proxy solicitation.
1.14	LACK OF WOMEN REPRESENTATION ON CORPORATE BOARDS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	LACERS supports the election of women directors to corporate boards. LACERS encourages companies to have at least one diverse woman director who identifies as a member of an underrepresented group. ¹ Generally vote against or withhold from the chair of the nominating committee (or other directors on a case-by-case basis) at companies where there are no women on the company's board. An exception will be made if there was a woman on the company's board at the preceding annual meeting and the board makes a firm commitment to add one or more women directors within a year. ¹ Including but not limited to individuals identifying as Black or African American, Hispanic or Latinx, Asian, Native American or Alaska Native, Native Hawaiian or Pacific Islander; individuals identifying as LGBTQIA+; individuals with disabilities; and veterans.

Section 11 PROXY VOTING POLICY

1.15	DIRECTOR ATTENDANCE AT BOARD AND COMMITTEE MEETINGS	CASE-BY-CASE VOTING AGENT'S DISCRETION	Absent compelling, publicly disclosed reasons, directors who attend fewer than 75 percent of board and board-committee meetings for two consecutive years should not be renominated. Companies should disclose individual director attendance figures for board and committee meetings.
1.16	CLIMATE ACCOUNTABILITY	LACERS strongly supports this issue VOTING AGENT'S DISCRETION	<p>For companies that are significant greenhouse gas (GHG) emitters, as identified by the Climate Action 100+ Focus Group list, LACERS will vote against incumbent directors in cases where the company is not taking at least the following steps necessary to understand, assess, and mitigate risk related to climate change to the company:</p> <ol style="list-style-type: none"> 1) Providing detailed disclosure of climate-related risks as established by the Task Force on Climate-related Financial Disclosures (TCFD) or other reputable reporting framework; and 2) Establishing quantitative GHG emission reduction targets covering at least a significant portion of the company's direct emissions. <p>LACERS generally will support directors that support climate accountability.</p>
1.17	COMMON STOCK CAPITAL STRUCTURE WITH UNEQUAL VOTING RIGHTS	CASE-BY-CASE VOTING AGENT'S DISCRETION	Generally abstain from voting or vote against directors, committee members, or the entire board (except new nominees, who should be considered case-by-base), if the company employs a common stock structure with unequal voting rights.

Section 11 PROXY VOTING POLICY

2. AUDIT-RELATED

Shareholders must rely on company-produced financial statements to assess company performance and the values of their investments. External auditors play an important role by certifying the integrity of these financial reports provided to shareholders. To ensure that an external auditor is acting in shareholders' best interest, the auditor must be independent, objective, and free of potential conflicts of interest.

No.	Issue	LACERS Position	Rationale
2.1	RATIFYING AUDITORS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	The Board generally supports a company's choice of audit firms unless an auditor has a financial interest in or association with the company and is therefore not independent; there is reason to believe that the independent auditor has rendered an inaccurate opinion of the company's financial position; or fees are excessive as defined by ISS (Non-audit fee > audit fees + audit related fees + tax compliance/preparation fees).
2.2	LIMITING NON-AUDIT SERVICES BY AUDITORS	FOR	Auditor independence may be impaired if an auditor provides both audit-related and non-audit related services to a company and generates significant revenue from these non-audit services. The Board believes that a company should have policies in place to limit non-audit services and prevent conflicts of interest.
2.3	ROTATION OF AUDITORS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	A long-standing relationship between a company and an audit firm may compromise auditor independence for various reasons including an auditor's closeness to client management, lack of attention to detail due to staleness and redundancy, and eagerness to please the client. Enron and Anderson is a prime example of this situation. The Board believes it may be prudent to rotate auditors every 5 to 7 years.
2.4	ELECTION OF THE AUDIT COMMITTEE Section 404 of the Sarbanes-Oxley Act requires that companies document and assess the effectiveness of their internal controls. The Audit Committee should be comprised of the independent directors	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Companies with significant material weaknesses identified in the Section 404 disclosures potentially have ineffective internal financial reporting controls, which may lead to inaccurate financial statements, hampering shareholder's ability to make informed investment decisions, and may lead to the destruction in public confidence and shareholder value. The Audit Committee is ultimately responsible for the integrity and reliability of the company's financial information, and its system of internal controls, and should be held accountable.

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3. COMPENSATION

The Board endorses executive compensation plans that align management and shareholders' interest. Executive pay programs should be fair, competitive, reasonable, and appropriate. Pay-for-performance plans should be a central tenet of executive compensation and plans should be designed with the intent of increasing long-term shareholder value. Executives should not be incentivized to take excessive risks that could threaten long-term corporate viability and shareholder value.

No.	Issue	LACERS Position	Rationale
3.1	EXECUTIVE COMPENSATION APPROVED BY THE BOARD OF DIRECTORS	FOR	While some corporations allow compensation issues to be left to management, it is more prudent to have a compensation committee, composed of independent directors, approve, on an annual basis, executive compensation, including the right to receive any bonus, severance or other extraordinary payment. If a company does not have a compensation committee, then executive compensation should be approved by a majority vote of independent directors. The Board normally prefers to support the company's recommendation of executive compensation issues.
3.2	INDEPENDENT COMPENSATION CONSULTANT	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	A company's board and/or compensation committee should have the power to hire an independent consultant – separate from the compensation consultants working with corporate management – to assist with executive compensation issues to avoid conflicts of interest. Disclosure should be provided about the company's, board's, and/or compensation committee's use of compensation consultants, such as company name, business relationship(s) and fees paid.
3.3	PAY FOR PERFORMANCE	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	A significant portion of an executive's pay should be tied to performance over time through the use of short and long-term performance-based incentives to align management and shareholders' interests. From a shareholders' perspective, performance is gauged by the company's stock performance over time. The attainment of executives' incentive goals should ultimately translate into superior shareholder returns in the long-term. Standard stock options and time-vested restricted stock are not considered performance-based since general market volatility alone can increase their value.
3.4	ADVISORY VOTES ON COMPENSATION (SAY ON PAY) – SHAREHOLDER PROPOSALS	FOR	A non-binding "say on pay" vote would encourage the board's compensation committee to be more careful about doling out unduly rich rewards that promote excessive risk-taking. It also would be a quick and effective way for a board to gauge whether shareowners think the company's compensation practices are in their best interests.

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No.	Issue	LACERS Position	Rationale
3.5	ADVISORY VOTES ON COMPENSATION (SAY ON PAY) – MANAGEMENT PROPOSALS	CASE-BY-CASE VOTING AGENT'S DISCRETION	<p>The advent of "say on pay" votes for shareholders in the U.S. is providing a new communication mechanism and impetus for constructive engagement between shareholders and managers/directors on pay issues.</p> <p>In general, the management say on pay (MSOP) ballot item is the primary focus of voting on executive pay practices -- dissatisfaction with compensation practices can be expressed by voting against MSOP rather than withholding or voting against the compensation committee.</p>
3.6	SAY ON PAY BALLOT FREQUENCY	FOR	<p>The Board supports an annual MSOP for many of the same reasons it supports annual director elections rather than a classified board structure: because it provides the highest level of accountability and direct communication by enabling the MSOP vote to correspond to the information presented in the accompanying proxy statement for the annual shareholders' meeting. Having MSOP votes only every two or three years, potentially covering all actions occurring between the votes, would make it difficult to create meaningful and coherent communication that the votes are intended to provide.</p>
3.7	STOCK OPTION PLANS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	<p>Stock options align the interests of management with the interests of shareholders. The Board prefers that options should be issued at or above fair market value. There should be no re-pricing of underwater options (stock options with little or no value due to poor performance), nor should there be a replenishment feature (automatic increases in the shares available for grant each year). Management must monitor the amount of dilution that stock options create. The total cost of the stock option plan should be reasonable relative to peer companies. The Board normally supports the use of stock options as a part of executive and management compensation.</p>
3.8	HOLDING PERIOD FOR EQUITY COMPENSATION AWARDS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	<p>Executives should be required to hold a substantial portion of their equity awards, including shares received from option exercises, while they are employed at a company or even into retirement. Equity compensation awards are intended to align management interests with those of shareholders, and allowing executives to sell or hedge these shares while they are employees of the company undermines this purpose.</p>
3.9	EXCLUDING PENSION FUND INCOME	FOR	<p>Earnings generated by a pension plan should not be included for executive compensation purposes.</p>

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No.	Issue	LACERS Position	Rationale
3.10	CLAWBACK OF INCENTIVE PAY	FOR	A company should recoup incentive payments made to executives and former executives if it is determined that the incentives were calculated from erroneous data, such as fraudulent or misstated financial results, and these incentive payments would not have been earned if correctly calculated.
3.11	GOLDEN PARACHUTES Golden parachutes are compensation arrangements that pay corporate managers after they leave their positions.	LACERS opposes this issue in principle VOTING AGENT'S DISCRETION	Golden parachutes can have a number of positive results: they can reduce management resistance to change, they help attract and retain competent talent, and they provide appropriate severance. Excessive golden parachutes not offered to other employees can damage their morale and can have a dilutive effect on shareholder wealth. A general rule is that the parachute should not exceed three times base salary. The Board is opposed to the payment of excessive executive compensation. Therefore, golden parachute agreements should be submitted to shareholders for ratification.
3.12	CHANGE OF CONTROL TRIGGERING UNJUSTIFIED ACCRUAL OF BENEFITS	LACERS opposes this issue in principle VOTING AGENT'S DISCRETION	A change of control event should not result in an acceleration of vesting of all unvested stock options or lapsing of vesting/performance requirements on restricted stock/performance shares, unless there is a loss of employment or substantial change in job duties for an executive.
3.13	GOLDEN COFFINS	LACERS opposes this issue in principle VOTING AGENT'S DISCRETION	Golden coffins are death-benefit packages awarded to the heirs of high ranking executives who die during employment with a company. Benefits awarded can include, but are not limited to, unearned salary and bonuses, accelerated stock options and perquisites. The Board is against excessive executive compensation, but recognizes that offering golden coffin benefits may be necessary to attract top talent.
3.14	SUPPLEMENTAL EXECUTIVE RETIREMENT PLANS (SERPS)	LACERS opposes this issue in principle VOTING AGENT'S DISCRETION	SERPs are executive-only retirement plans designed as a supplement to employee-wide plans. These plans may be structured to contain special provisions not offered in employee-wide plans such as above market interest rates and excess service credits. Incentive compensation may also be used in calculating retirement benefits, resulting in better benefit formulas than employee-wide plans and increased costs to the company. The Board supports SERPs if these plans do not contain excessive benefits beyond what is offered under employee-wide plans.
3.15	PROPOSALS TO LIMIT EXECUTIVE COMPENSATION OR OTHER BENEFITS	AGAINST	Executive pay should not have a blanket limit such as being capped at a specified multiple of other workers' pay. There should not be an absolute limit to retirement benefits, nor a mandate that stipulates that there be salary reductions based on corporate performance.

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No.	Issue	LACERS Position	Rationale
3.16	DIRECTOR COMPENSATION	LACERS supports company management in principle VOTING AGENT'S DISCRETION	This is normally automatically approved unless the program is exceptional or abusive. Directors should be compensated with a mix of cash and stock, with the majority, but not all, of the compensation in stock to align their interests with shareholders. There should be no blanket limits on directors' compensation, but pay should be commensurate with expected duties and experience. The Board normally prefers to support company management's decision. The Board prefers that compensation issues be decided by a majority vote of the independent directors.
3.17	NON-EMPLOYEE DIRECTOR RETIREMENT BENEFITS	AGAINST	Since non-employee directors are elected representatives of shareholders and not company employees, they should not be offered retirement benefits, such as defined benefit plans or deferred stock awards, nor should they be entitled to special post-retirement perquisites.
3.18	DISCLOSURE OF EXECUTIVE COMPENSATION	FOR	The Board supports shareholder proposals seeking additional disclosure of executive compensation.
3.19	EMPLOYEE STOCK OWNERSHIP PROGRAMS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	On one hand, ESOPs have the potential for motivating and rewarding employees. On the other hand, there is concern about their use as management entrenchment devices and their potential dilutive effects on existing shareholder value. The Board believes that future purchasers must bear the same risk as current shareholders. Employee wealth obtained through stock ownership should be tied to shareholder value. The Board prefers no retroactive compensation. The Board supports the use of ESOPs.
3.20	401(K) EMPLOYEE BENEFIT PLANS	FOR	A 401(k) plan provides a highly visible benefit to employees that can be used to attract and retain quality personnel. The Board supports proposals to implement a 401(k) savings plan for employees.
3.21	OMNIBUS BUDGET RECONCILIATION ACT (OBRA) OF 1993 - RELATED COMPENSATION PROPOSALS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	IRS Section 162(m) of OBRA, prohibits a company from deducting more than \$1 million of an executive's compensation for tax purposes unless certain prescribed actions are taken to link compensation to performance such as establishment of performance goals by a compensation committee of outside directors and shareholder approval of the compensation plan. The Board generally supports proposals to approve new compensation plans or amend existing compensation plans to comply with Section 162(m) if the company can obtain tax benefits and increase shareholder value, and the plans do not result in excessive executive compensation.

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4. SHAREHOLDER RIGHTS & TAKEOVER DEFENSES

Companies should feature shareholder rights in their corporate governance principles to allow shareholders the opportunity to participate directly in monitoring management. A 2003 study by the National Bureau of Economic Research found that “firms with weaker shareholder rights earned significantly lower returns, were valued lower, had poor operating performance, and engaged in greater capital expenditure and takeover activity.”

No.	Issue	LACERS Position	Rationale
4.1	ACCESS TO PROXY PROCESS	FOR	Access proposals allow shareholders who own a significant number of shares to access management's proxy material to evaluate and propose voting recommendations on proxy proposals and director nominees, and to nominate their own candidates to the board. These proposals are based on the belief that shareholder access rights provide for increased corporate accountability and healthy communication.
4.2	ADVANCE NOTICE REQUIREMENTS	LACERS supports this issue in principle. VOTING AGENT'S DISCRETION	Advance notice bylaws, holding requirements, disclosure rules and any other company imposed regulations on the ability of shareholders to solicit proxies beyond those required by law should not be so onerous as to deny sufficient time or otherwise make it impractical for shareholders to submit nominations or proposals and distribute supporting proxy materials.
4.3	CLASSIFIED BOARDS AND STAGGERED BOARDS A structure for a board of directors in which a portion of the directors serve for different term lengths.	LACERS opposes this issue in principle. VOTING AGENT'S DISCRETION	Although shareholders need some form of protection from hostile takeover attempts, and boards need tools and leverage in order to negotiate effectively with potential acquirers, a classified board tips the balance of power too much toward incumbent management at the price of potentially ignoring shareholder interests.
4.4	CONFIDENTIAL VOTING A shareholder's voting position is kept confidential.	FOR	Shareholders over whom management have some power (for example, employee shareholders, money managers who stand to gain or lose company business, banks, insurance companies and companies with interlocking boards) may be deterred from voting against management if they know their votes will become known to management. Companies that can discover who is voting in which way prior to the meeting also have an advantage not enjoyed by any shareholder supporting or opposing any issue on the ballot, and in targeting those shareholders who vote against management and pressuring them to change their votes.

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No.	Issue	LACERS Position	Rationale
4.5	<p>CUMULATIVE VOTING</p> <p>Allows each shareholder to take the voting rights he or she has with respect to director candidates and accumulates them to vote for only one director, or for a smaller number of directors.</p>	FOR	Cumulative voting enhances shareholders' abilities to elect a single director or a small number of directors, thus increasing their ability to have a voice on the board even when they lack the voting power to affect change-in-control or other major decisions. Some fear that allowing cumulative voting can allow or encourage disruptive or predatory shareholders.
4.6	<p>SHAREHOLDER'S RIGHT TO ACT INDEPENDENTLY OF MANAGEMENT -- CALLING SPECIAL MEETINGS AND ACTING BY WRITTEN CONSENT</p>	FOR	These include giving shareholders the ability to call a special meeting of shareholders without management's consent, and the ability to act by written consent (saving the costs and difficulties of holding a meeting). Most corporations support the retention, restoration, or creation of these rights. Shareholders need realistic mechanisms to protect their interests in situations where their interests are not aligned with management interest.
4.7	<p>SUPERMAJORITY PROVISIONS</p> <p>Voting majority that is higher than those set by state law.</p>	AGAINST	Sets a level of approval for specified actions that is higher than the minimum set by state law. These requirements often exceed the level of shareholder participation at a meeting, making action that requires a supermajority all but impossible.
4.8	<p>LINKED (BUNDLED) PROPOSALS</p> <p>Combining more than one proposal.</p>	<p>LACERS opposes this issue in principle</p> <p>VOTING AGENT'S DISCRETION</p>	Linked proposals often include "sweeteners" to entice shareholders to vote for a proposal (that includes other items) that may not be in the shareholders' best interest. The Board normally opposes linked proposals where one or more of the linked proposals is in opposition to the Board's proxy position.
4.9	<p>VOTES TO ABSTAIN MEANS A CASTED VOTE</p>	FOR	Counting abstained votes in the total pool of all votes cast.
4.10	<p>BROKER VOTING RESTRICTIONS</p>	FOR	Broker non-votes and abstentions should be counted only for purposes of a quorum.
4.11	<p>FAIR PRICING</p>	FOR	Fair price provisions prevent two-tier tender offers in which a buyer offers a premium price for only enough shares to obtain a controlling interest. It is unfair to pay some shareholders (those that did not tender in the first group) less than other shareholders.
4.12	<p>GREEN MAIL</p> <p>Greenmail is the practice of shareholders accumulating a large block of stock in a company, then selling the stock back to the company at an above market price in exchange for agreeing not to attempt to take control for a lengthy period of time.</p>	AGAINST	A vote of the holders of a majority of the outstanding shares of common stock, regardless of class, shall be required to approve any corporate decision related to the finances of a company which will have a material effect upon the financial position of the company and the position of the company's shareholders.

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No.	Issue	LACERS Position	Rationale
4.13	<p>POISON PILLS</p> <p>A method used by boards, which prevent anyone from acquiring a large portion of the company stock for a corporate takeover.</p>	<p>LACERS opposes this issue in principle</p> <p>VOTING AGENT'S DISCRETION</p>	<p>Poison pills can consist of a wide variety of provisions adopted by boards without shareholder approval, designed to make it financially unattractive – indeed, often financially devastating – for a shareholder to purchase more than a small percentage of the company's stock, often by triggering the creation of a large number of new stocks or warrants that dilute the offending shareholder's interest to the point of making it virtually valueless. The Board is normally opposed to the use of poison pills.</p>
4.14	<p>NET OPERATING LOSS (NOL) POISON PILLS</p> <p>See 4.13 for poison pill definition.</p>	<p>CASE-BY-CASE</p> <p>VOTING AGENT'S DISCRETION</p>	<p>NOLs may be used to reduce future income tax payments and have become valuable assets to many corporations. If a corporation experiences an ownership change as defined by Section 382 of the tax code, then its ability to use a pre-change NOL in a post-change period could be substantially limited or delayed. NOL pills are adopted as a takeover deterrent to preserve the tax benefit of NOLs.</p>
4.15	<p>POISON PILLS – ALLOW FOR SHAREHOLDER VOTE</p>	<p>FOR</p>	<p>Since poison pills ultimately impact the wealth of shareholders, the Board supports voting measures that allow for the shareholders to vote on matters pertaining to the use of poison pills.</p>
4.16	<p>RE-INCORPORATION</p>	<p>LACERS supports company management in principle</p> <p>VOTING AGENT'S DISCRETION</p>	<p>Corporations may wish to reincorporate in another state to take advantage of favorable corporate law, while providing maximized shareholder values and operational flexibility. On the other hand, reincorporation laws of other states could be such as to limit shareholder rights or reduce shareholder wealth. The Board normally supports company management's decisions on re-incorporation matters.</p>
4.17	<p>STATE ANTI-TAKEOVER LAWS</p>	<p>CASE-BY-CASE</p> <p>VOTING AGENT'S DISCRETION</p>	<p>State anti-takeover laws seek to deter hostile takeover attempts of state-based corporations with the intent of keeping target companies locally based and preserving jobs. These laws may also complicate friendly mergers and impose great costs and delays on shareholders and stakeholders in the corporation. Most state anti-takeover provisions allow companies to "opt in" or "opt out" of coverage via shareholder vote.</p>
4.18	<p>TARGETED SHARE PLACEMENTS</p> <p>Placing stock in the hands of friendly investors</p>	<p>LACERS supports company management in principle</p> <p>VOTING AGENT'S DISCRETION</p>	<p>Targeted share placements (or "White Squire" placements) occur when a company puts large blocks of stock or convertible securities into the hands of a friendly investor or group of investors. This is often an inexpensive method of raising cash for a company. The Board prefers that company management seeks authorization before establishing a targeted share placement but supports this corporate action.</p>

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5. CAPITAL STRUCTURE

Corporate financing decisions can have a significant impact on shareholder value, particularly when these decisions may result in common share dilution. As a result, shareholders must analyze all management proposals to modify capital structure to determine whether these financing decisions are in their best interests.

No.	Issue	LACERS Position	Rationale
5.1	INCREASES IN THE NUMBER OF AUTHORIZED SHARES OF STOCK	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Companies need the flexibility of issuing additional shares for stock splits, stock dividends, financings, acquisitions, employee benefit plans and general corporate purposes. The Board prefers that increases should not exceed three times the number of existing outstanding shares and that the company specify a purpose for the proposed increase.
5.2	ONE SHARE, ONE VOTE Each share of common stock, regardless of its class, shall be entitled to vote in proportion to its relative share of the total common stock equity of the corporation.	FOR	The right to vote is inviolate and may not be abridged by any circumstances or by any action of any person. Each share of common stock, regardless of its class, shall be treated equally in proportion to its relative share in the total common stock equity of the corporation, with respect to any dividend, distribution, redemption, tender or exchange offer. In matters reserved for shareholder action, procedural fairness and full disclosure are required.
5.3	PAR VALUE ADJUSTMENT OF COMMON STOCK	FOR	In extraordinary cases when a stock price falls below its par value, a company wishing to issue additional stock would be unable to do so without reducing par value. Companies may also propose reductions in par value to conform to state legislative changes in the required minimum level of par value.
5.4	PREEMPTIVE RIGHTS Provides current stockholders an option to maintain their relative ownership position.	AGAINST	Preemptive rights require a company issuing new shares to offer them to their existing shareholders first, in proportion to their existing holdings. This gives current shareholders the ability to maintain their relative equity position as a shareholder. Preemptive rights generally have limited importance, given the increase in the size and liquidity of the secondary market and their potential for abuse.
5.5	DEBT RESTRUCTURING	CASE-BY-CASE VOTING AGENT'S DISCRETION	As part of a debt restructuring plan, a company may propose to increase and issue common and/or preferred shares. These proposals should be evaluated considering dilution to existing shareholders, potential changes in company control, the company's current financial position, terms of the offer, whether bankruptcy is imminent and alternatives.

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No.	Issue	LACERS Position	Rationale
5.6	CONVERSION OF SECURITIES	CASE-BY-CASE VOTING AGENT'S DISCRETION	Proposals to convert securities, such as converting preferred stock to common shares, should be evaluated based on the dilution to existing shareholders, the conversion price relative to market value, financial issues, control issues, termination penalties, and conflicts of interest.
5.7	SHARE REPURCHASES Corporations buy back a portion of the outstanding shares.	FOR	The Board normally favors of share repurchase plans if the company boards feel that the stock is undervalued or there is a legitimate corporate purpose.
5.8	REVERSE STOCK SPLITS	FOR ONLY IF THE NUMBER OF AUTHORIZED SHARES IS PROPORTIONATELY REDUCED. OTHERWISE, VOTING AGENT'S DISCRETION.	A reverse stock split reduces the number of shares owned and increases the share price proportionately. A reverse stock split has no effect on the value of what shareholders own. Companies often reverse split their stock when they believe the price of their stock is too low to attract investors to buy their stock or to avoid being delisted. If the number of authorized shares is not proportionately reduced with a reverse stock split, then LACERS treats these proposals as a request to increase authorized shares.
5.9	BLANK CHECK PREFERRED STOCK Blank check preferred stock is authorized stock over which the board has complete discretion to set voting rights, dividend rates, and redemption and conversion privileges.	AGAINST	There is the potential for abusing this kind of stock by the board. Although some guidelines note that blank check preferred stock gives management great flexibility, and this might be valuable and in the corporate interest, in general it is felt that this kind of flexibility, free of shareholder control, is insufficient justification for the creation of this type of stock.

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6. CORPORATE RESTRUCTURINGS

Corporate restructurings, such as mergers and leveraged buyouts, can have a major effect on shareholder value. Many of these transactions require shareholder approval and must be examined carefully to determine whether they are in the best financial interests of the shareholders.

No.	Issue	LACERS Position	Rationale
6.1	ASSET SALES	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Asset sales should be evaluated based on the impact on the balance sheet/working capital, value received for the asset, and potential elimination of inefficiencies. The Board generally supports management decisions to sell assets.
6.2	GOING PRIVATE TRANSACTIONS (LEVERAGED BUYOUTS AND MINORITY SQUEEZEOUTS)	CASE-BY-CASE VOTING AGENT'S DISCRETION	Going private transactions such as leveraged buyouts and minority squeezeouts should be evaluated on a case-by-case basis taking into account the following: offer price and imbedded premium, fairness opinion, how the deal was negotiated, conflicts of interest, other alternatives/offers considered, and the risk to shareholders if the attempt to take the company private fails.
6.3	LIQUIDATIONS	CASE-BY-CASE VOTING AGENT'S DISCRETION	Liquidation proposals are generally bad news for long-term investors. They usually occur after a prolonged period of declines in earnings and share prices. However, liquidation may be an attractive option if the sale of the firm's assets on a piece-meal basis can be accomplished at a higher-than-market price. Liquidation proposals should be evaluated based on management's efforts to pursue other alternatives, appraised value of assets, the compensation plan for executives managing the liquidation, and the likelihood of bankruptcy if the liquidation proposal is not approved.
6.4	MERGERS AND ACQUISITIONS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Case-by-case votes are recommended on mergers or acquisitions since the circumstances by which they arise are unique. The Board supports the company management's decision on mergers and acquisitions when such decision is based upon the findings of a thorough due diligence process and is in the best interest of the shareholders.
6.5	SPIN-OFFS	CASE-BY-CASE VOTING AGENT'S DISCRETION	Corporations may seek to streamline their operations by spinning off less productive or unrelated subsidiary businesses. The spun-off companies are expected to be worth more as independent entities than as parts of a larger business. Spin-offs are evaluated case-by-case depending on the tax and regulatory advantages, planned use of sale proceeds, managerial incentives, valuation of spinoff, fairness opinion, benefits to the parent company, conflicts of interest, corporate governance changes, and changes in the capital structure.

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7. MISCELLANEOUS CORPORATE GOVERNANCE			
No.	Issue	LACERS Position	Rationale
7.1	ANNUAL MEETING DATE & LOCATION	LACERS supports company management in principle VOTING AGENT'S DISCRETION	Mandatory rotation of the annual meeting would not significantly increase stockholders' access to management since there are convenient alternatives available to interested stockholders. It would decrease the company's flexibility without a material benefit to stockholders. The Board normally supports company management's decision on this issue.
7.2	CORPORATE NAME CHANGE	FOR	A company may seek a name change to better portray its strategic image or re-brand itself. The Board supports company management's decision on this issue.
7.3	CORPORATION CHARTER & BYLAW AMENDMENTS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Charters and bylaws should not be amended without shareholder approval unless the changes are of a housekeeping nature such as minor corrections or updates.

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8. SOCIAL & ENVIRONMENTAL

On April 9, 2019, the Board of Administration approved becoming a signatory of the Principles for Responsible Investment (“PRI”), a policy of global best practices for environmental, social, and governance (“ESG”) investing. LACERS officially became a PRI signatory on September 3, 2019. LACERS current proxy voting agent, Institutional Shareholder Services, (“ISS”), is a signatory to the PRI and incorporates them into its proxy analysis process. Therefore, when considering how to vote on most ESG proposals, investment staff relies on the research expertise and voting recommendations of ISS.

No.	Issue	LACERS Position	Rationale
8.1	DIVERSIFICATION OF BOARDS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Women and minorities have played major and responsible roles not only in government, higher education, law and medicine, but also in communications, electronics, and finance. The Board normally prefers to support diversification on company boards. However, the Board recognizes that such a mandate carried out without regard to the selection of the most highly qualified candidates might not be in the best interest of these companies.
8.2	CORPORATE BOARD MEMBERS SHOULD WEIGH SOCIO-ECONOMIC, LEGAL AND FINANCIAL FACTORS WHEN EVALUATING TAKEOVER BIDS	CASE-BY-CASE BASIS. VOTING AGENT'S DISCRETION	While broad social and environmental issues are of concern to everyone, institutional shareholders acting as representatives of their beneficiaries must consider, specifically, the impact of the proposal on the target company. A decision on whether to support or oppose such proposals shall focus on the financial aspects of social and environmental proposals. If a proposal would have a negative impact on the company's financial position or adversely affect important operations, LACERS would oppose the resolution. Conversely, if a proposal would have a clear and beneficial impact on the company's finances or operations, LACERS would support the proposal.
8.3	INDEPENDENT REVIEW OF COMPANY OR PLANT OPERATIONS	AGAINST	An independent review of company or plant operations which will be provided at company expense to the shareholders to consider the cost of and alternatives to the present or proposed projects on the primary operation. This process would be costly and time-consuming.
8.4	DISCLOSURE OF OFFICERS, DIRECTORS AND INVOLVED OUTSIDERS' GOVERNMENTAL AFFILIATIONS	AGAINST	Miscellaneous issues include disclosures of lists of officers, directors and involved outsiders who have served in any governmental capacity during the previous five years. In addition, disclosure includes the lists of law firms employed by the companies, rundowns on fees and the revelation as to whether any elected or appointed official have partnership interest in the retained law firms. To the extent that potential conflicts of interest cannot be controlled by corporate procedures, professional ethics, and law, these disclosures will make no difference.

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No.	Issue	LACERS Position	Rationale
8.5	CORPORATE AFFIRMATION OF ITS NON-COERCIVE POLITICAL PRACTICES	AGAINST	This affirmation is intended to ensure that the corporation avoids a number of coercive political practices such as distribution of contribution cards in favor of one political party. Since these practices are illegal, the issue is moot.
8.6	LIMITING CORPORATE PHILANTHROPY	AGAINST	These proposals place restrictions and additional reporting obligations upon management's right to make corporate contributions to charitable, educational, community or related organizations. Most companies give money to charity. Because most companies must compete, those that do not contribute to charity risk damaging their good names.
8.7	STAKEHOLDERS' INTEREST BEFORE OR EQUAL WITH SHAREHOLDERS' INTEREST	ABSTAIN	Stakeholders include customers, suppliers, employees, communities, creditors and shareholders. Stakeholders are important to the success of the corporation and therefore the interests of each must be considered by directors and management. However, boards should not put the non-shareholder/stakeholder interests ahead of or on an equal footing with shareholders in terms of the corporation's ultimate purpose.
8.8	GENDER, RACE, OR ETHNICITY PAY GAP AND WAGE THEFT	FOR	Companies should provide reports on its pay data categorized by gender, race, or ethnicity and reports on a company's policies and goals to reduce any gender, race, or ethnicity pay gaps. Companies should also provide reports on a company's policies and practices that protect employees, particularly tipped workers, against various forms of wage theft.
8.9	PREPARE REPORT/PROMOTE EQUAL EMPLOYMENT OPPORTUNITY COMMISSION (EEOC) RELATED ACTIVITIES	FOR	<p>1) Shareholder proposals calling for action on equal employment opportunity and non-discrimination.</p> <p>2) Shareholder proposals requesting non-discrimination in salary, wages, and all benefits.</p> <p>3) Shareholder proposals calling for legal and regulatory compliance and public reporting related to non-discrimination, affirmative action, workplace health and safety, and labor policies and practices that affect long-term corporate performance.</p> <p>4) Shareholder proposals that ask the company to report on its diversity and/or affirmative action programs.</p>
8.10	MANAGEMENT CLIMATE-RELATED PROPOSALS	CASE BY CASE VOTING AGENT'S DISCRETION	Vote case-by-case on management proposals that request shareholders to approve the company's climate transition action plan, taking into account the completeness and rigor of the plan.

Section 11 PROXY VOTING POLICY

No.	Issue	LACERS Position	Rationale
8.11	RACIAL EQUITY AND/OR CIVIL RIGHTS AUDIT	FOR	Vote for proposals asking a company to conduct an independent racial equity and/or civil rights audit to understand the company's policies, process, or framework for addressing racial inequity and discrimination.
8.12	CLIMATE CHANGE / GREENHOUSE GAS (GHG) EMISSIONS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Vote for shareholder proposals that request the company to disclose a report providing its greenhouse gas (GHG) emissions levels and reduction targets and/or its upcoming/approved climate transition action plan and provide shareholders the opportunity to express approval or disapproval of its GHG emissions plan.

9. ISSUES NOT ADDRESSED BY POLICY

For proxy issues not addressed by this policy that are market specific, operational or administrative in nature, and likely non-substantive in terms of impact, LACERS gives ISS discretion to vote these items.

Substantive issues not covered by this policy and which may potentially have a significant economic impact for LACERS shall be handled accordingly:

- 1) ISS shall alert investment staff of substantive proxy issues not covered by policy as soon as practicable;
- 2) Investment staff and/or the General Manager shall determine whether the item requires Governance Committee ("Committee") and/or Board of Administration ("Board") consideration;
- 3) If the issue does not require Committee and Board consideration, then staff will vote the issue based on available research;
- 4) If the issue requires Committee and Board consideration, then the item will be prepared and presented to the Committee and Board for consideration. Following Committee and Board action, staff will then have the issue voted accordingly.
- 5) If time constraints prevent a formal gathering of the Committee and Board, then the Board delegates specific authority to the General Manager (GM), the Chief Investment Officer (CIO), the LACERS Board President, and Governance Committee Chair to consider the item. If the GM, CIO, Board President, and Governance Committee Chair unanimously support a voting position, staff shall vote the issue accordingly and the CIO shall report the action to the Board at its next meeting. If unanimous support for a voting position is not achieved, LACERS will abstain from voting on the item.



LACERS

LA CITY EMPLOYEES'
RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION

MEETING: JUNE 9, 2026

FROM: Todd Bouey, General Manager

ITEM: VII-F

**SUBJECT: INVESTMENT MANAGER CONTRACT WITH BARROW,
HANLEY, MEWHINNEY & STRAUSS, LLC REGARDING THE
MANAGEMENT OF AN ACTIVE NON-U.S. EQUITIES DEVELOPED
MARKETS VALUE PORTFOLIO AND POSSIBLE COMMITTEE ACTION**

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

Recommendation

That the Board:

1. Approve a three-year contract renewal with Barrow, Hanley, Mewhinney & Strauss, LLC (BHMS) for management of an active non-U.S. equities developed markets value portfolio.
2. Authorize the General Manager or designee to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Executive Summary

BHMS has managed an active non-U.S. equities developed markets value portfolio for LACERS since November 2013. LACERS' portfolio was valued at \$852 million as of April 30, 2026. BHMS' current contract expires on September 30, 2026. Performance returns of the strategy remain strong, outpacing the benchmark by 139 basis points net-of-fees since inception of LACERS' account. Staff and NEPC, LLC (NEPC), LACERS' General Fund Consultant, recommend a three-year contract renewal.

Discussion

Background

BHMS manages an active non-U.S. equities developed markets value portfolio for LACERS benchmarked to the MSCI EAFE Value Index. BHMS' fundamental research-based and value-oriented investment strategy emphasizes companies with low price-to-earnings ratios, low price-to-book ratios, and high dividend yields to provide a measure of protection in down markets, as well as participation in improving economic cycles. The portfolio is managed by Rand Wrighton, who has 26 years of industry experience, and Patrik Wibom, who has 21 years of industry experience.

BHMS was hired through the 2013 Active Non-U.S. Equities Developed Markets Manager Search and three-year contracts were authorized by the Board on June 11, 2013, and on June 28, 2016. The Board subsequently authorized a one-year contract extension on July 23, 2019, and three-year contract renewals on June 23, 2020 and on July 25, 2023. The current contract expires on September 30, 2026. LACERS' portfolio was valued at \$852 million as of April 30, 2026.

Organization

BHMS is an investment management firm that specializes in long-only value investing and is majority owned by Perpetual Limited (Perpetual), an Australian financial services company. BHMS is headquartered in Dallas and has 93 employees, including 44 investment professionals. As of March 31, 2026, the firm managed \$58.7 billion in total assets with \$5.1 billion in the non-U.S. equities value strategy.

Due Diligence

Staff conducts routine due diligence of the manager and conducted an on-site visit in April 2026. BHMS's investment philosophy, strategy, and process have not changed materially over the contract period. Based upon these due diligence activities as well as staff's and NEPC's continuous monitoring, staff and NEPC continue to deem BHMS capable of managing assets for LACERS under its non-U.S. equities value strategy.

Performance

As presented in the following table, BHMS outperformed its benchmark, net-of-fees, in the 3-month, 1-year, 10-year, and since inception time periods. The three-year underperformance was driven primarily by the strategy's underweight in financials, which was the strongest performing sector within the benchmark.

Annualized Performance as of 4/30/2026 (Net-of-Fees)

Time Period	3-Month	1-Year	3-Year	5-Year	10-Year	Since Inception ¹
BHMS	6.67	40.55	16.85	12.76	10.73	8.14
MSCI EAFE VALUE ND	2.35	32.56	20.94	13.09	9.57	6.75
% of Excess Return	4.32	7.99	-4.09	-0.33	1.16	1.39

¹Performance inception date: 11/30/2013

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

Calendar Year Performance as of 12/31/2025 (Net-of-Fees)

Time Period	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	11/30/13-12/31/13
BHMS	38.65	-2.84	18.96	-0.93	14.71	3.75	26.12	-18.12	23.12	3.23	-6.56	-2.06	2.26
MSCI EAFE VALUE ND	42.25	5.68	18.95	-5.58	10.89	-2.63	16.09	-14.78	21.44	5.02	-5.68	-5.39	1.36
% of Excess Return	-3.60	-8.52	0.01	4.65	3.82	6.38	10.03	-3.34	1.68	-1.79	-0.88	3.33	0.90

Fees

LACERS pays BHMS an effective fee of 42 basis points (0.42%), which is approximately \$4.0 million annually based on the value of LACERS' assets as of April 30, 2026. This fee ranks in the 27th percentile among its peers in the eVestment U.S. Small Cap Value Universe (i.e., 73% of like-managers have higher fees). From contract inception on October 1, 2013 to March 31, 2026, LACERS has paid BHMS a total of \$30.3 million in investment fees.

General Fund Consultant Opinion

NEPC concurs with this recommendation.

Prepared By:

Barbara Sandoval, Investment Officer II, Investment Division

Attachment: 1. Consultant Recommendation – NEPC
 2. Board Resolution

BOARD MEETING DATE: JUNE 9, 2026

ITEM: VII-F

ATTACHMENT: 1



To: Board of Administration Los Angeles City Employees' Retirement System

From: NEPC, LLC

Date: June 9, 2026

Subject: Barrow, Hanley, Mewhinney & Strauss, LLC – Contract Renewal

Recommendation

NEPC recommends Los Angeles City Employees' Retirement System ('LACERS') renew the contract with Barrow, Hanley, Mewhinney & Strauss, LLC ('BHMS' or 'Barrow Hanley') for a period of three years from the date of contract expiry.

Background

BHMS has been an investment manager for LACERS since November 30, 2013 managing a non-U.S. developed markets portfolio within the Non-U.S. Equity asset class. As of April 30, 2026, BHMS managed \$851.6 million, or 3.1% of Plan assets. The portfolio is benchmarked against the MSCI EAFE Value Index and has a performance objective of outperforming the benchmark, net of fees, annualized over a full market cycle (normally three-to-five years). The portfolio was originally placed on Watch on August 25, 2020 due to a change in the firm's ownership, resulting from Perpetual Limited's acquisition of BHMS. The Watch status was extended on August 26, 2021 and August 25, 2022 due to additional organizational changes. On May 16, 2023, the Watch status was extended as TJ Carter, Portfolio Manager, left the firm. Effective May 16, 2024, the portfolio was removed from watch status after returning to compliance with the criteria in LACERS' manager monitoring policy. BHMS portfolio is currently compliant with LACERS' manager monitoring policy.

BHMS was founded and registered with the SEC in July of 1979 to manage U.S. tax-exempt portfolios for institutional clients. In January of 1988, BHMS sold themselves to United Asset Management Corporation (UAM), a Boston-based holding company, listed on the New York Stock Exchange. On October 5, 2000, UAM was acquired by Old Mutual plc, an international financial services group based in London. Following the acquisition, Old Mutual plc renamed UAM, "Old Mutual Asset Management". In 2014, Old Mutual plc conducted an initial public offering of Old Mutual Asset Management. OM Asset Management plc rebranded as BrightSphere Investment Group plc in March 2018, following its separation from Old Mutual plc. BrightSphere Investment Group plc is a publicly-listed company traded on the New York Stock Exchange (Ticker symbol: BSIG). In late 2020, BrightSphere Investment Group sold its 75.1% holding in Barrow Hanley to Perpetual Limited, a publicly listed Australian financial services company. Many key employees, including portfolio managers and analysts, have economic ownership in BHMS through a limited partnership that owns a 24.9% equity interest in BHMS LLC.

The LACERS portfolio is managed by two portfolio managers, Rand Wrighton and Patrik Wiborn. Mr. Wrighton has been a lead portfolio manager on the strategy since 2006 and Mr. Wiborn has been with the firm since 2019. In March of 2018 David Hodges, Co-Portfolio Manager, retired after having built the non-US Value portfolio capability at BHMS with Mr. Wrighton. TJ Carter, who left the firm in 2023, was promoted into the portfolio manager role when David Hodges retired. In addition, Charlie Radtke was brought aboard as a third Portfolio Manager. Mr. Radtke left the firm in September of 2018. Mr. Radtke had been with the firm for approximately a year and he did not have a significant impact on the names in the portfolio, therefore, a replacement was not pursued.

BHMS' approach to the equity market is based on the underlying philosophy that markets are inefficient. These inefficiencies can best be exploited through adherence to a value-oriented investment process dedicated to the selection of securities on a bottom-up basis. No attempt to time the market or rotate in and out of broad market sectors is used, as they believe that it is difficult, if not impossible, to add incremental value on a consistent basis by top-down or thematic market timing. BHMS stays fully invested with a defensive, conservative orientation, based on the belief that superior returns can be achieved while taking below-average risks. They implement this strategy by constructing portfolios of individual stocks that reflect value characteristics such as: price/earnings, price/book, and enterprise value/free cash flow ratios at or below the market (MSCI EAFE Index), and dividend yields at or above the market.

BHMS' value investing strategy emphasizes low price/earnings ratios, low price/book ratios, and high dividend yields as a way to add protection in down markets, as well as participation in improving economic cycles. Within a broad universe of more than 4,000 non-U.S. stocks, there are approximately 2,600 stocks with market capitalizations greater than \$1 billion with levels of liquidity that they consider sufficient. This subset of stocks is the starting point for their Non-US Value stock selection process. This universe is reduced to the least expensive portion of the universe resulting in approximately 250 stocks that receive the highest ranking by the screening model. These stocks are then placed on BHMS' Non-U.S. Security Guidance List. They then perform bottom-up, fundamental securities analysis on these stocks for potential inclusion in the Non-US Value portfolio. The Security Guidance List is reviewed weekly.

The firm seeks to build equally-weighted portfolios generally consisting of 50 to 70 stocks. While the "core" position size is approximately 2%, positions may be larger if the conviction level is unusually high or the target company's weight in the Index mandates a larger weight to generate sufficient alpha. However, no more than 5% of the portfolio, at market value, will be invested in any one security. Sector and country weightings are a residual of the bottom-up stock selection process and they may vary meaningfully at times from the respective weightings in the MSCI EAFE Index. Sector weightings are limited to an absolute weight of 40% of the portfolio. Individual country weightings are limited to 25%, at market value (ex-Japan and the UK). While the Non-



US Value strategy is primarily invested in companies domiciled in developed non-U.S. markets, BHMS may, on an opportunistic basis, invest in companies domiciled in emerging markets, as defined by MSCI.

Performance

Referring to Exhibit 1, as of April 30, 2026, since the portfolio's inception date of December 1, 2013¹, the portfolio has outperformed its benchmark by 1.4%. Over the last five years, the portfolio has underperformed the benchmark by 0.3% and over the last three years the portfolio has underperformed by 4.1%. However, more near-term performance has been favorable.

Referring to Exhibit 2, as of March 31, 2026, since inception the portfolio has outperformed its benchmark's return by 0.9% and ranked in the 20th percentile in its peer group. In the last five years, ended March 31, 2026, the portfolio underperformed its benchmark return by 1.2% and ranked in the 33rd percentile in its peer group. Over the last three years the portfolio has underperformed its benchmark by 5.8% and ranked in the 71st percentile in its peer group.

The three-year underperformance was driven by performance in calendar years 2025 and 2024. The portfolio's underweight to the Financials sector relative to the index was a meaningful headwind in both years, with Financials being the best performing sector in the MSCI EAFE Value Index and accounting for about one third of the index. Challenging stock selection in the Health Care, Communication Services, Consumer Staples, and Materials sectors further pressured returns in 2025. In 2024, selection in the Consumer Discretionary sector and selection and an overweight to the Materials sector also detracted from returns.

Fees

The portfolio has an asset-based fee of 0.42% annually. This fee ranks in the 27th percentile among its peers in the eVestment EAFE Value equity universe. In other words, 73% of the products included in the peer universe have a higher fee than the LACERS account.

Conclusion

Barrow Hanley has demonstrated meaningful value-add and ranked highly versus peers over both the near-term and longer-term periods, including since inception. While the strategy has lagged the benchmark over the trailing three-year period, their results have been understandable given the narrowness of the market and the strategy's underweighting to Financials relative to the benchmark.

¹ NEPC sets portfolio inception dates to the beginning of the next month if a portfolio is not funded on the first business day of the month.

The firm and team have been stable over the past few years, following a period of organizational changes and team turnover. NEPC recommends a contract renewal for a period of three years from the period of contract expiry.

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

Exhibit 1: Performance Comparison Net of Fees as of April 30, 2026

This table compares Barrow Hanley with the MSCI EAFE Value Index (N) across 1 month, FYTD, 1 year, 3 years, 5 years, 10 years, and since inception as of April 30, 2026. The inception period begins on December 1, 2013². The table also includes an over/under row showing the difference between the strategy and benchmark. Barrow Hanley outperforms the benchmark in every period except 3 years and 5 years, with the strongest relative outperformance shown in the 1-year period.

Strategy vs. Benchmark	1 Mo %	FYTD %	1 YR %	3 YR %	5 YR %	10 YR %	Inception
Barrow Hanley	11.6	27.7	40.6	16.9	12.8	10.7	8.1
MSCI EAFE Value Index (N)	6.1	25.3	32.6	20.9	13.1	9.6	6.8
Over/Under	5.6	2.4	8.0	-4.1	-0.3	1.2	1.4

Exhibit 2: Universe Performance Comparison Net of Fees Ending March 31, 2026

Barrow Hanley vs. eV EAFE Value Equity

This table provides the detailed returns, percentile rankings, peer universe breakpoints, and population counts across 3 months, FYTD, 1 year, 3 years, 5 years, 10 years and since inception as of March 31, 2026. The inception period begins on December 1, 2013². The table shows how Barrow Hanley and the benchmark rank within the broader peer universe over time, with population sizes ranging from 57 to 104. Percentile rankings are indicated in parentheses with 1 indicating the highest ranking and 100 the lowest ranking.

² NEPC sets portfolio inception dates to the beginning of the next month if a portfolio is not funded on the first business day of the month.

Strategy vs. Benchmark and Universe	3 Mo %	FYTD %	1 YR %	3 YR %	5 YR %	10 YR %	Inception
Barrow Hanley	1.9 (34)	14.4 (39)	28.7 (39)	14.1 (71)	11.0 (33)	9.8 (26)	7.2 (20)
MSCI EAFE Value Index (N)	2.0 (34)	18.1 (22)	30.1 (31)	19.9 (19)	12.2 (20)	9.3 (40)	6.3 (55)
5 th Percentile	7.0	26.5	40.8	22.1	14.4	11.2	8.2
1 st Quartile	2.6	17.2	32.1	18.5	11.7	9.8	7.0
Median	0.6	13.2	25.6	16.2	10.3	8.8	6.6
3 rd Quartile	-2.1	8.2	20.6	13.3	8.1	7.8	5.5
95 th Percentile	-6.6	-1.4	8.8	7.4	3.4	4.7	3.7
Population	104	104	104	100	93	66	57

BOARD MEETING DATE: JUNE 9, 2026

ITEM: VII-F

ATTACHMENT: 2

CONTRACT RENEWAL
BARROW, HANLEY, MEWHINNEY & STRAUSS, LLC
ACTIVE NON-U.S. EQUITIES DEVELOPED MARKETS VALUE
PORTFOLIO MANAGEMENT

PROPOSED RESOLUTION

WHEREAS, LACERS' current three-year contract term with Barrow, Hanley, Mewhinney & Strauss, LLC (BHMS) for management of an active non-U.S. equities developed markets value portfolio management expires on September 30, 2026; and,

WHEREAS, BHMS is in compliance with LACERS manager monitoring policy; and,

WHEREAS, a contract renewal with BHMS will allow the fund to maintain a diversified exposure active non-U.S. equities developed markets value portfolio; and,

WHEREAS, on June 9, 2026, the Board approved a recommendation to approve a three-year contract renewal with BHMS.

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

Company Name: Barrow, Hanley, Mewhinney & Strauss, LLC

Service Provided: Active Non-U.S. Equities Developed Markets Value Portfolio.

Effective Dates: October 1, 2026 through September 30, 2029

Duration: Three-year

Benchmark: MSCI EAFE Value

Allocation as of
April 30,2026: \$852 million

June 9, 2026



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION

MEETING: JUNE 9, 2026

FROM: Todd Bouey, General Manager

ITEM: VII-G

SUBJECT: INVESTMENT MANAGER CONTRACT WITH WASATCH ADVISORS INC. D/B/A WASATCH GLOBAL INVESTORS REGARDING THE MANAGEMENT OF AN ACTIVE EMERGING MARKETS SMALL CAP EQUITIES PORTFOLIO AND POSSIBLE COMMITTEE ACTION

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

Recommendation

That the Board:

1. Approve the termination of Wasatch Advisors Inc. (Wasatch) as an active emerging markets small cap equity manager effective upon the expiration of the current contract on September 30, 2026.
2. Authorize Staff to transition the portfolio consistent with the Board-approved Non-U.S. Equity Restructure and Implementation Plan.

Discussion

Background

Wasatch manages an active emerging markets small cap equity portfolio for LACERS benchmarked against the MSCI Emerging Markets Small Cap Index. Wasatch employs a team-based, bottom-up research approach seeking companies with high returns on capital, exceptional management teams, sustainable competitive advantages, and reasonable valuations. LACERS' portfolio was valued at \$442 million as of April 30, 2026.

The Board hired Wasatch through the 2020 Active Emerging Markets Small Cap Equities Mandate investment manager search process and authorized a three-year contract on July 28, 2020; the contract became effective on October 1, 2020. The

contract was renewed by the Board on May 9, 2023, and the current contract expires on September 30, 2026.

Organization

Wasatch is an investment management firm located in Salt Lake City, Utah. The firm is 100% employee-owned and has 93 employees, including 40 investment professionals. As of March 31, 2026, the firm managed approximately \$20.9 billion in total assets, including approximately \$1.2 billion in the Emerging Markets Small Cap strategy.

Due Diligence

Staff conducts routine due diligence of the manager, including quarterly portfolio reviews and ad hoc investment discussions. LACERS staff last conducted an on-site meeting at Wasatch’s headquarters on May 1, 2023, which included interviews with key personnel across the organization. Staff notes that Wasatch’s investment philosophy, strategy, and process have not changed materially since the most recent contract extension.

Wasatch was initially placed on “On Watch” status on June 5, 2025, due to underperformance. Since being placed on Watch status, the performance of the fund has improved.

Performance

As of April 30, 2026, Wasatch has outperformed the benchmark over the recent 3-month and 1-year periods, but continues to trail the MSCI Emerging Markets Small Cap Index over the 3-year, 5-year, and since-inception periods, as presented in the table below.

Annualized Performance as of 4/30/2026 (Net-of-Fees)

Time Period	3-Month	1-Year	3-Year	5-Year	Since Inception 12/30/20
Wasatch	19.40	44.26	16.92	5.03	6.57
MSCI EM Small Cap Net	4.94	37.51	18.35	8.13	10.32
<i>% of Excess Return</i>	<i>14.46</i>	<i>6.75</i>	<i>-1.43</i>	<i>-3.10</i>	<i>-3.75</i>

While recent performance has improved, the longer-term underperformance remains material. Wasatch’s quality-growth investment approach has experienced a challenging market environment over the last several years, particularly during periods when rising global interest rates pressured growth-oriented and higher-valuation equities. The strategy’s high active share and meaningful deviations from the benchmark have also

contributed to elevated tracking error and periods of significant relative underperformance.

Staff notes that the termination recommendation is not based solely on recent performance. Rather, the recommendation reflects the Board-approved restructuring of the Non-U.S. Equity portfolio, the reduced active risk budget for the asset class, the desire to streamline the manager lineup, and the opportunity to obtain broad emerging markets equity exposure through a lower-cost passive strategy.

Non-US Equity Restructure

On April 28, 2026, the Board approved the Non-U.S. Equity Restructure and Implementation Plan. The restructure reduced the overall Non-U.S. Equity allocation and reflected the Board's prior direction to lower the active risk budget within the asset class through increased use of passive management and a more streamlined investment manager structure.

As part of the analysis, NEPC evaluated two implementation models. The Board selected Model 2, which further increases the use of passive management by reallocating assets from Wasatch to the State Street MSCI Emerging Markets Index NL strategy. Under Model 2, Wasatch is removed from the Non-U.S. Equity structure, while the State Street passive emerging markets allocation is increased. This approach maintains LACERS' desired emerging markets exposure while reducing active manager risk, simplifying the portfolio, and lowering estimated investment management fees.

Although Wasatch provides differentiated exposure to emerging markets small cap equities, the strategy's role is less compelling under the revised Non-U.S. Equity structure. The Board-approved Model 2 retains active emerging markets exposure through DFA Emerging Markets All Cap Value while using State Street's passive emerging markets strategy as the core emerging markets allocation. This structure better aligns with the Board's objectives of reducing active risk, improving cost efficiency, and maintaining a more stable long-term implementation framework.

Implementation

Staff recommends allowing the current Wasatch contract to naturally expire on September 30, 2026. Prior to expiration, Staff will coordinate with Wasatch to liquidate the portfolio in an orderly manner. Proceeds will first be used to fund near-term cash flow needs, with the remaining assets rebalanced to the State Street MSCI Emerging Markets Index NL strategy, consistent with the Board-approved Model 2 allocation.

Recommendation

Staff recommends the non-renewal and termination of the Wasatch active emerging markets small cap equity mandate effective upon the expiration of the current contract on September 30, 2026. The recommendation is consistent with the Board-approved

Non-U.S. Equity Restructure and Implementation Plan, reflects the reduced active risk budget for Non-U.S. Equity, and supports a more streamlined, lower-cost, and more passive-oriented emerging markets equity structure.

Fees

LACERS pays Wasatch an effective fee of 73 basis points (0.73%), which is approximately \$3.22 million annually based on the value of LACERS' assets as of April 30, 2026. This fee ranks in the 20th percentile of fees charged by similar managers in the eVestment database (i.e., 80% of like-managers have higher fees). Since inception, LACERS has paid Wasatch a total of \$12.3 million in investment management fees as of March 31, 2026.

General Fund Consultant Opinion

NEPC concurs with this recommendation.

Prepared By:

James Wang, CFA, CAIA, Investment Officer I, Investment Division

- Attachments:
1. Consultant Recommendation – NEPC, LLC
 2. Select Pages from Non-U.S. Equity Restructure Presentation – NEPC, LLC
 3. Board Resolution

BOARD MEETING DATE: JUNE 9, 2026
ITEM: VII-G
ATTACHMENT: 1



To: Board of Administration Los Angeles City Employees' Retirement System

From: NEPC, LLC

Date: June 9, 2026

Subject: Wasatch Global Investors – Contract Recommendation

Recommendation

NEPC recommends Los Angeles City Employees' Retirement System (LACERS) gradually wind down its investment with Wasatch Global Investors ('Wasatch') prior to the current contract's expiration date on 9/30/26. This will enact the Board's decision to pursue a streamlined Non-US Equity portfolio, as presented and approved at the Board meeting on April 28, 2026.

Background

Wasatch has been an investment manager for LACERS since December 30, 2020. As of April 30, 2026, Wasatch managed \$442.2 million, or 1.6% of Plan assets. As of March 31, 2026, Wasatch had \$20.9 billion in assets under management, meaningfully down from peak AUM of \$39.5 billion on December 31, 2021. The portfolio is benchmarked against the MSCI Emerging Markets Small Cap Index and has a performance objective of outperforming the benchmark, net of fees, annualized over a full market cycle (normally three-to-five years). The Wasatch portfolio is currently on watch due to performance per LACERS' manager monitoring policy.

The firm is currently navigating a succession period spanning approximately five to seven years as multiple senior team members who built the platform approach retirement age. The firm maintains an employee ownership structure where equity is earned rather than purchased, and departing shareholders receive a five-year payout tied to firm performance over twenty quarters following their departure. A portion of employee compensation is tied to a performance-based bonus structure. In response to the firm's recent period of relative underperformance, the firm has proactively adjusted its compensation and ownership framework by redistributing equity more broadly across the organization. As a result, approximately 80% of employees now hold equity in the firm, up from roughly 45% previously. This expanded equity ownership is intended to reinforce long-term alignment, incentivize employee retention, and encourage a collective focus on the firm's long-term growth and success by allowing a broader portion of the workforce to participate directly in the economic outcomes of the business.

Ajay Krishnan, who has been with Wasatch for over thirty years and was the lead portfolio manager, has already stepped away from direct portfolio management involvement in the strategy, having announced his intention to retire in about two years.

Scott Thomas and Dan Chace took over decision-making duties while Ajay serves as a mentor and sounding board. Dan Chace is approximately one year ahead of Ajay in the retirement timeline and is expected to come off the portfolio in the next prospectus cycle, followed by a short transition period before retirement after a very long career at Wasatch. Mr. Chace has since moved from Lead Portfolio Manager of the Emerging Markets Small Cap strategy to Portfolio Manager, with Scott Thomas becoming the Lead Portfolio Manager on the strategy. This leadership change will allow Scott Thomas to use Dan as a sounding board as he moves to take over the Emerging Markets Small Cap strategy. Dan is expected to fully retire from Wasatch sometime in the first half of 2027.

Performance

Referring to Exhibit 1, as of April 30, 2026, since the portfolio's inception date of January 1, 2021¹, the portfolio has underperformed its benchmark by 3.9%. Over the last five years, the portfolio has underperformed the benchmark by 3.1% and over the last three years the portfolio has underperformed by 1.4%.

Referring to Exhibit 2, as of March 31, 2026, since inception the portfolio has underperformed its benchmark's return by 5.1% and ranked in the 92nd percentile in its peer group. In the last five years, ended March 31, 2026, the portfolio underperformed its benchmark return by 4.6% and ranked in the 96th percentile in its peer group. Over the last three years the portfolio has underperformed its benchmark by 4.2% and ranked in the 86th percentile in its peer group.

The portfolio has endured a challenging period of performance since the inception date of January 1, 2021¹, with calendar years 2022 and 2025, in particular, exhibiting material underperformance. Calendar year 2022 saw heavy drawdowns with underperformance driven by the growth orientation in the portfolio and overweight positions in Information Technology, Financials and Industrials. Performance in calendar year 2025 was driven by a convergence of several significant headwinds occurring simultaneously. Korea experienced a rapid valuation expansion, which proved challenging given the portfolio's underweight positioning. Similarly, China's market moved from slightly below average valuation to nearly four standard deviations above historical norms, creating an additional and material headwind. India also detracted from relative performance, as the market experienced its weakest relative results versus emerging markets in approximately thirty years, directly impacting the portfolio's overweight exposure. More broadly, the market environment strongly favored quantitative and momentum-driven strategies, while fundamental, quality-oriented growth approaches were materially out of favor.

¹ NEPC sets portfolio inception dates to the beginning of the next month if a portfolio is not funded on the first business day of the month.

Fees

The portfolio has an asset-based fee of 0.73% annually. This fee ranks in the 20th percentile among its peers in the eVestment Global Emerging Markets Small Cap Equity universe. In other words, 80% of the products included in the peer universe have a higher fee than the LACERS account.

Conclusion

LACERS asset allocation decision to reduce the overall target to non-US equities necessitated a streamlining of the investment manager lineup. Following analysis presented at the Board meeting in April 2026, the Board approved a non-US equity portfolio constructed of a higher percentage allocated to passively managed strategies and fewer active managers, favoring those strategies that have demonstrated favorable risk-adjusted statistics.

While it remains NEPC's view that Wasatch Global Investors remains a viable firm, supported by a client base that understands the inherently cyclical, "feast or famine" nature of the strategy's relative performance, the strategy does not have a role within the future construct of the LACERS non-US equity portfolio. NEPC recommends directing LACERS Staff to wind down the portfolio prior to the contract's expiration date.

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

Exhibit 1: Performance Comparison Net of Fees as of April 30, 2026

This table compares Wasatch with the MSCI Emerging Markets Small Cap (Net) across 1 month, FYTD, 1 year, 3 years, 5 years, and since inception as of April 30, 2026. The inception period begins on January 1, 2021². The table also includes an over/under row showing the difference between the strategy and benchmark. Wasatch outperforms the benchmark in every period except 3 years, 5 years, and since inception.

Strategy vs. Benchmark	1 Mo %	FYTD %	1 YR %	3 YR %	5 YR %	Inception
Wasatch	20.5	29.3	44.3	16.9	5.0	6.4
MSCI Emerging Markets Small Cap (N)	13.4	20.5	37.5	18.4	8.1	10.3
Over/Under	7.1	8.8	6.7	-1.4	-3.1	-3.9

² NEPC sets portfolio inception dates to the beginning of the next month if a portfolio is not funded on the first business day of the month.

Exhibit 2: Universe Performance Comparison Net of Fees Ending March 31, 2026

Wasatch vs. eV Emerging Markets Small Cap Equity

This table provides the detailed returns, percentile rankings, peer universe breakpoints, and population counts across 3 months, FYTD, 1 year, 3 years, 5 years, and since inception as of March 31, 2026. The inception period begins on January 1, 2021³. The table shows how Wasatch and the benchmark rank within the broader peer universe over time, with population sizes ranging from 44 to 53. Percentile rankings are indicated in parentheses with 1 indicating the highest ranking and 100 the lowest ranking.

Strategy vs. Benchmark and Universe	3 Mo %	FYTD %	1 YR %	3 YR %	5 YR %	Inception
Wasatch	4.7 (12)	7.3 (54)	24.0 (60)	9.5 (86)	2.1 (96)	2.8 (92)
MSCI Emerging Markets Small Cap (Net)	-0.7 (77)	6.3 (63)	24.6 (56)	13.7 (65)	6.7 (70)	7.9 (70)
5 th Percentile	6.2	18.7	43.2	25.6	14.9	15.1
1 st Quartile	2.7	13.8	34.2	20.1	11.0	12.1
Median	0.4	7.8	25.8	15.6	8.3	9.4
3 rd Quartile	-0.6	4.6	20.7	13.1	6.0	7.0
95 th Percentile	-3.1	-2.3	10.8	7.5	2.2	2.2
Population	53	53	53	51	45	44

³ NEPC sets portfolio inception dates to the beginning of the next month if a portfolio is not funded on the first business day of the month.

BOARD MEETING DATE: JUNE 9, 2026

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ATTACHMENT: 2



NON-US EQUITY RESTRUCTURE & IMPLEMENTATION PLAN

LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM

APRIL 2026



ANALYSIS SCOPE AND PORTFOLIO MODELS

- Analysis covers the 10-year period ending September 30, 2025, based on LACERS' net-of-fee performance*
- The following analysis includes the portfolio allocations below:

Strategy	Current 12-31-25	Model 1	Model 2	Contract Expiration Date
Barrow Hanley Non-U.S. Value Equity	12.50%	9.50%	12.00%	9/30/26
Lazard International Strategic Equity	8.48%	0.00%	0.00%	9/30/26
MFS International Growth Equity	12.05%	13.50%	10.00%	9/30/28
Oberweis International Opportunities	7.59%	4.50%	5.50%	12/31/28
SSGA MSCI World ex USA IMI Index	23.66%	37.50%	37.50%	6/30/28
SSGA MSCI EAFE Small Cap Index	6.25%	0.00%	0.00%	6/30/28
DFA Emerging Markets All Cap Value	12.05%	8.00%	8.00%	6/30/29
State Street MSCI Emerging Markets Index NL	11.62%	22.50%	27.00%	6/30/28
Wasatch Emerging Markets Small Cap Growth	5.80%	4.50%	0.00%	9/30/26

▪ Model portfolio summary:

- Model 1: aligns with previous risk budgeting exercise in 2025; increases the use of passive management for cost savings and to reduce tracking error
 - Reallocate Lazard dollars among remaining international developed strategies to achieve targeted exposure
- Model 2: further increases the use of passively managed strategies; reallocate Wasatch dollars to State Street MSCI Emerging Markets (passive)



Note: MSCI EM Index used as a proxy for State Street MSCI Emerging Markets Index strategy for holdings analysis

*Product composite returns were obtained from eVestment for SSGA MSCI EAFE Small Cap Index, State Street MSCI Emerging Markets Index, and Wasatch Emerging Markets Small Cap Growth to backfill the history from 9/30/15-12/31/20

SECTOR EXPOSURE

▪ Observations:

- None of the portfolios are taking outsized positions relative to the index
- Current allocation maintains a slight overweight in industrials (~3%)
- Model portfolios only slightly shift sector exposure and maintain modestly higher allocation to consumer discretionary, industrials, tech, and materials, and slightly lower allocation to financials

Portfolio	Comm. Services	Consumer Disc.	Consumer Staples	Energy	Financials	Healthcare	Industrials	Info. Tech	Materials	Real Estate	Utilities
Current 12-31-25	4.3%	11.0%	5.2%	3.8%	22.9%	7.0%	18.5%	14.6%	7.9%	2.2%	2.6%
Model 1	5.2%	11.0%	5.3%	4.1%	22.8%	7.1%	16.3%	15.6%	8.1%	1.9%	2.6%
Model 2	5.3%	11.4%	5.1%	4.4%	23.0%	6.5%	16.1%	14.9%	8.2%	2.0%	2.8%
Benchmark											
MSCI ACWI ex USA	6.3%	10.7%	6.1%	4.5%	24.8%	7.7%	14.7%	13.7%	6.5%	1.6%	3.0%
MSCI ACWI ex US IMI	5.9%	10.8%	6.0%	4.3%	23.0%	7.5%	15.4%	13.3%	7.3%	2.7%	3.0%

MARKET CAPITALIZATION EXPOSURE

▪ Observations:

- All portfolios skew more towards small caps relative to the index
 - Reflects more attractive opportunity set in non-US small caps, compared to larger caps
- Model portfolios bring market cap exposures slightly closer to the index

Portfolio	>\$50 Billion	\$15-50 Billion	\$7.5-15 Billion	\$1.5-7.5 Billion	\$750M-1.5 Billion	\$400-750 Million	< \$400 Million
Current 12-31-25	30.0%	22.5%	19.4%	23.7%	3.0%	0.8%	0.5%
Model 1	32.5%	22.7%	17.8%	23.2%	2.6%	0.8%	0.4%
Model 2	32.9%	23.1%	18.4%	22.5%	1.9%	0.7%	0.5%
Benchmark							
MSCI ACWI ex USA	50.2%	26.9%	12.3%	9.9%	0.4%	0.2%	0.1%
MSCI ACWI ex US IMI	47.4%	24.3%	10.8%	13.9%	2.8%	0.7%	0.0%



MSCI ACWI ex US IMI includes small cap stocks, whereas MSCI ACWI ex USA only covers large and mid-caps

REGIONAL EXPOSURE

- **Observations:**

- All portfolios maintain a higher allocation to emerging markets, compared to the index
 - Model 1 and Model 2 split between developed and emerging markets dictated by strategic asset allocation decision by the Board in late 2024

Portfolio	Developed ex US	Emerging Markets	United States
Current 12-31-25	67.0%	31.9%	1.1%
Model 1	62.2%	36.8%	1.0%
Model 2	62.5%	36.8%	0.7%
Benchmark			
MSCI ACWI ex USA	69.8%	29.0%	0.0%
MSCI ACWI ex US IMI	72.3%	26.4%	0.0%

STYLE / MARKET CAPITALIZATION – MANAGERS

Observations:

– Underlying managers provide a balance of styles

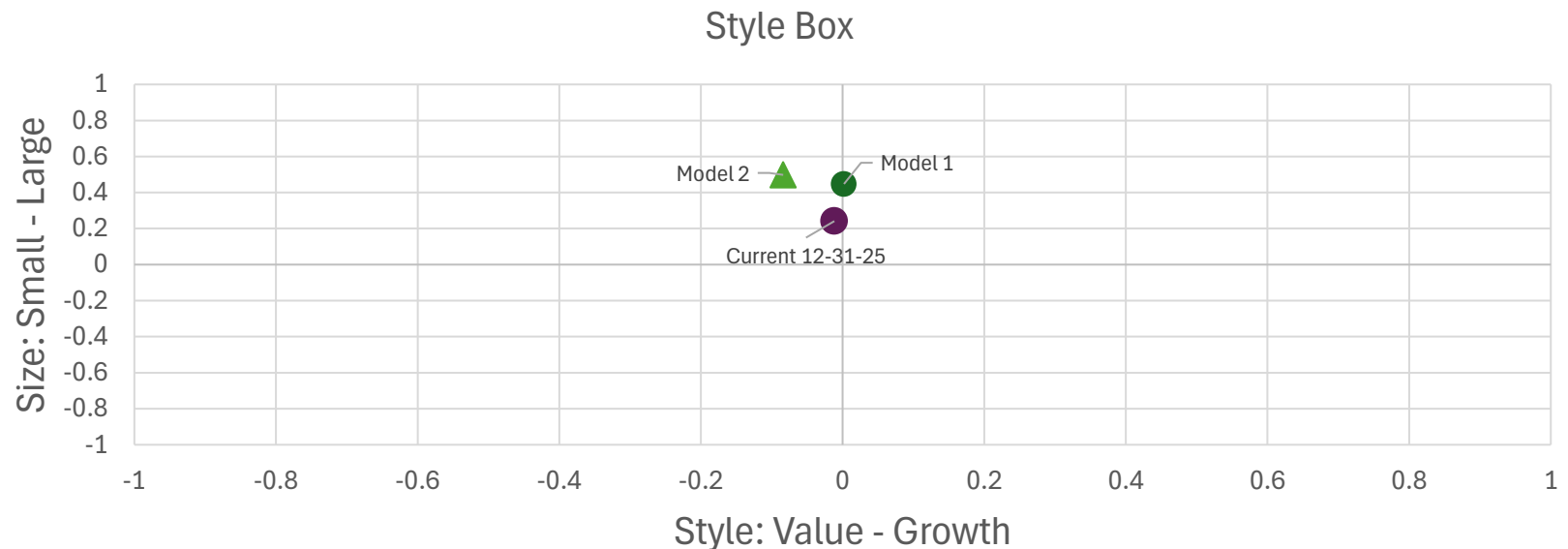
- Growth managers Wasatch, Oberweis and MFS complement value managers DFA and Barrow Hanley



STYLE / MARKET CAPITALIZATION – PORTFOLIOS

■ Observations:

- All portfolios, in aggregate, reflect a core orientation, consistent with market benchmarks
 - Model 2 reflects a very slight value tilt with the removal of Lazard and Wasatch



MANAGEMENT FEE ESTIMATE

- **Observations:**

- Lower fees through the use of increased passive management

- Still allows for upside potential from outperformance of a smaller number of high conviction managers

Portfolio	Estimated Effective Annual Fee*	Percent Invested in Passively Managed Strategies
Current	0.30%	41.5%
Model 1	0.21%	60.0%
Model 2	0.18%	64.5%

NEPC RECOMMENDATION



PROPRIETARY & CONFIDENTIAL

RECOMMENDATION

- **NEPC recommends LACERS adopt Model 2 going forward**
 - Closely aligns with goals of the reduced target allocation to non-US equities, particularly with respect to greater use of passive management and a more streamlined stable of managers
 - Trims active managers that have underperformed over longer periods of time and exhibited less favorable risk statistics
 - Reduces estimated manager fees by 12bps, compared to current allocation

DISCLAIMERS & DISCLOSURES

- Past performance is no guarantee of future results.
- Returns for pooled funds, e.g. mutual funds and collective investment trusts, are collected from third parties; they are not calculated by NEPC. Returns for separate accounts, with some exceptions, are calculated by NEPC. Returns are reported net of manager fees unless otherwise noted.
- A “since inception” return, if reported, begins with the first full month after funding, although actual inception dates (e.g. the middle of a month) and the timing of cash flows are taken into account in Composite return calculations.
- NEPC’s preferred data source is the plan’s custodian bank or record-keeper. If accurate data cannot be obtained, manager data may be used. Information on market indices and security characteristics is received from additional providers. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within. In addition, some index returns displayed in this report or used in calculation of a policy index, allocation index or other custom benchmark may be preliminary and subject to change.
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BOARD MEETING DATE: JUNE 9, 2026

ITEM: VII-G

ATTACHMENT: 3

CONTRACT EXPIRATION
WASATCH ADVISORS INC. D/B/A WASATCH GLOBAL INVESTORS
ACTIVE EMERGING MARKETS SMALL CAP EQUITIES
PORTFOLIO MANAGEMENT

PROPOSED RESOLUTION

WHEREAS, LACERS' current three-year contract with Wasatch Advisors Inc. d/b/a Wasatch Global Investors (Wasatch) for active emerging markets small cap equities portfolio management expires on September 30, 2026; and,

WHEREAS, Wasatch was initially placed "On-Watch" on June 5, 2025, due to underperformance, in accordance with the LACERS Manager Monitoring Policy; and,

WHEREAS, as of April 30, 2026, the strategy continues to underperform the benchmark over the 3-year, 5-year, and since-inception period,

WHEREAS, on June 9, 2026, the Board approved staff and NEPC LLC's recommendation to allow the Wasatch contract to expire on September 30, 2026 and have the proceeds fund near-term cash and rebalance needs; and,

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby approves the contract expiration of Wasatch and authorizes LACERS staff to use the proceeds for near-term cash and rebalance needs.

June 9, 2026