Board of Administration Agenda

REGULAR MEETING
TUESDAY, AUGUST 25, 2026
10:00 A.M.
LACERS BOARDROOM
977 N. Broadway
Los Angeles, CA 90012

Commissioner Gaylord “Rusty” Roten will participate virtually from:

Santa Barbara Inn - Lobby

901 E. Cabrillo Boulevard, Santa Barbara, CA 93103

President:

Vacant

Vice President:

Sung Won Sohn

Commissioners:

Thuy Huynh

Susan Liem

Thomas Moutes

Janna Sidley

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.

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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 email at **ethics.commission@lacity.org.**

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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**.

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. ELECTION OF BOARD OFFICERS FOR FISCAL YEAR 2026-27 AND POSSIBLE BOARD ACTION

IV. RECEIVE AND FILE ITEMS

- A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR JULY 2026

V. COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON AUGUST 11, 2026
- B. GOVERNANCE COMMITTEE VERBAL REPORT FOR THE MEETING ON AUGUST 25, 2026

VI. CONSENT ITEMS

- A. APPROVAL OF MINUTES FOR THE MEETING ON JULY 28, 2026 AND POSSIBLE BOARD ACTION

VII. BOARD/DEPARTMENT ADMINISTRATION

- A. CHIEF INVESTMENT OFFICER RECRUITMENT PROCESS AND POSSIBLE BOARD ACTION

VIII. INVESTMENTS

A. CHIEF INVESTMENT OFFICER VERBAL REPORT

B. APPROVAL OF THREE-YEAR CONTRACT WITH PGIM, INC. REGARDING THE MANAGEMENT OF AN ACTIVE EMERGING MARKET DEBT PORTFOLIO AND POSSIBLE BOARD ACTION

IX. 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)

X. OTHER BUSINESS

XI. NEXT MEETING: The next Regular meeting of the Board is scheduled for September 8, 2026, at 10:00 A.M., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, CA 90012.

XII. ADJOURNMENT

Agenda of: August 25, 2026
Item No: IV-A

MONTHLY REPORT ON SEMINARS AND CONFERENCES ATTENDED BY BOARD MEMBERS ON BEHALF OF LACERS FOR THE MONTH OF JULY 2026

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

BOARD MEMBERS:

President Annie Chao
Vice President Janna Sidley

Commissioner Thuy Huynh
Commissioner Susan Liem
Commissioner Thomas Moutes
Commissioner Gaylord “Rusty” Roten
Commissioner Sung Won Sohn

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

Board Agenda of: August 25, 2026
Item No.: VI-A

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

July 28, 2026
10:07 A.M.

Present:

Annie Chao, President

Janna Sidley, Vice President

Thuy Huynh, Commissioner

Susan Liem, Commissioner

Thomas Moutes, Commissioner

Gaylord "Rusty" Roten, Commissioner

Virtually:

Sung Won Sohn, Commissioner

Legal Counselor:

Joshua Geller

Manager-Secretary:

Todd Bouey

Executive Assistant:

Ani Ghoukassian

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

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE 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 – Todd Bouey, General Manager, advised the Board of the following items:

- Year-End Financial Audit: LACERS Fiscal Year End 2026 financial reporting audit is underway with external auditor Baker Tilly.
- Strategic Plan Development: Staff has embarked on the early stages of developing a draft strategic plan for discussion with the Board next year.
- Benefit Operations: Open Enrollment Update – The virtual Open Enrollment meeting dates have been confirmed with the carriers. The virtual meetings allow Members who are unable to attend the in-person meeting an opportunity to get in-depth information about the plan's offering for 2027 and to have their questions answered.
- LACERS Well Champion Recognition Award Ceremony and Luncheon: On July 21, 2026, LACERS Well Champions were recognized at an award ceremony for their outstanding contributions during 2025 and 2026. The Champions' impact over the last 18 months includes over 240 events and a total participation of 1,480.
- Wellness Expo: The LACERS Wellness Expo will be on August 13th at Quiet Cannon in Montebello. Members will hear the keynote speaker address "The Power of Social Connection."

B. UPCOMING AGENDA ITEMS – Todd Bouey, General Manager, advised the Board of the following items:

Board Meeting on August 11, 2026:

- Health Benefits Items: 2027 Premiums and Subsidies, 2025 Year-End Accounting
- Legislative Update
- Fiscal Year End Report of Business Plan Initiatives

C. RECEIPT OF CITY'S CONTRIBUTION FOR FISCAL YEAR 2026-27 – Todd Bouey, General Manager, presented and discussed this item with the Board for two minutes.

III

ELECTION OF BOARD OFFICERS FOR FISCAL YEAR 2026-27 AND POSSIBLE BOARD ACTION – Todd Bouey, General Manager, advised the nominations for Board President were being considered. Commissioner Sohn nominated Commissioner Chao as President and Commissioner Roten nominated Commissioner Sidley as President. Mr. Bouey called for the vote on the nomination of Commissioner Chao as President: Ayes, Commissioners Chao, Liem, Moutes, and Sohn -4; Nays, Commissioners Huynh, Sidley, and Roten -3. Commissioner Chao received the majority vote and was elected Board President for Fiscal Year 2026-27.

Mr. Bouey next advised the nominations for Board Vice President were being considered. Commissioner Moutes nominated Commissioner Sohn as Vice President and Commissioner Roten nominated Commissioner Sidley as Vice President. Mr. Bouey called for the vote on the nomination of Commissioner Sohn as Vice President: Ayes, Commissioners Chao, Liem, Moutes, and Sohn -4; Nays, Commissioners Huynh, Roten, and Sidley -3. Commissioner Sohn received the majority vote and was elected Board Vice President for Fiscal Year 2026-27.

IV

RECEIVE AND FILE ITEMS

A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR MAY 2026 – This report was received by the Board and filed.

V

COMMITTEE REPORT(S)

A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON JULY 14, 2026 – Commissioner Huynh stated the Committee discussed the Investment Manager Contract with Wellington Management Company LLP regarding the Management of an Active Emerging Market Debt Portfolio, and the Annual Report on LACERS Emerging Investment Manager Program.

VI

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

CONSENT ITEMS

A. APPROVAL OF MINUTES FOR THE MEETING ON JUNE 23, 2026 AND POSSIBLE BOARD ACTION

B. APPROVAL OF DISABILITY RETIREMENT APPLICATION OF CHARLEA WILLIAMS AND POSSIBLE BOARD ACTION – Commissioner Sidley moved approval of the following Resolution:

APPROVAL OF DISABILITY RETIREMENT BENEFIT FOR CHARLEA WILLIAMS

RESOLUTION 260728-A

WHEREAS, the Applicant applied for a disability retirement benefit on July 15, 2024, within one year of their last day on active payroll, in compliance with Los Angeles Administrative Code §4.1080.8(a);

WHEREAS, staff reviewed Charlea Williams's medical records for the period in question, and the medical records indicated Charlea Williams had supporting evidence of physical incapacity during the disability retirement application period;

WHEREAS, after some discussion and consideration of the evidence received, it was the finding and determination of this Board that Charlea Williams was physically incapacitated since the discontinuance of service and incapable of performing the duties of their position, and that the disabling condition(s) and death of the Applicant were not due to intemperance or willful misconduct;

WHEREAS, the Public Pensions General Counsel Division of the Office of the Los Angeles City Attorney has advised the Board that it has the discretionary authority to accept the disability application in substantial compliance with the requirements of the Los Angeles Administrative Code;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the disability retirement benefit for Charlea Williams based upon their claimed disabling condition in accordance with the provisions of Los Angeles Administrative Code § 4.1080(d) and Board Rule DR 2.

VII

INVESTMENTS

A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Wilkin Ly, Acting Chief Investment Officer, reported on the portfolio value of $28.8 billion as of July 27, 2026; and the Volatility Index at 18.7. Wilkin Ly discussed the following items:

INDUSTRY NEWS:
a. Discussion of U.S. stock market events

- Energy price fluctuation
- 10-year treasury yield at one-year high
- Status of 30-year mortgage rate
- Spending on artificial intelligence from U.S. technology companies
- Resiliency of U.S. equity markets

OPERATIONAL:
a. Discussion of educational items for asset-liability study in 2027

FUTURE AGENDA ITEMS:
a. Q2 2026 portfolio performance review
b. U.S. small cap analysis
C. AI presentation

B. APPROVAL OF 3-YEAR CONTRACT WITH WELLINGTON MANAGEMENT COMPANY LLP REGARDING THE MANAGEMENT OF AN ACTIVE EMERGING MARKET DEBT PORTFOLIO AND POSSIBLE BOARD ACTION – Jeremiah Paras, Investment Officer II, presented and discussed this item with the Board for four minutes. Commissioner Huynh moved approval of the following Resolution:

CONTRACT RENEWAL
WELLINGTON MANAGEMENT COMPANY LLP
ACTIVE EMERGING MARKET DEBT PORTFOLIO MANAGEMENT

RESOLUTION 260728-B

WHEREAS, LACERS' current three-year contract term with Wellington Management Company LLP (Wellington) for management of an active emerging market debt portfolio expires on November 30, 2026; and,

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

WHEREAS, a contract renewal with Wellington will allow the LACERS total portfolio to maintain a diversified exposure to emerging market debt; and,

WHEREAS, on July 28, 2026, the Board approved the Investment Committee's recommendation to approve a three-year contract renewal with Wellington.

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: Wellington Management Company LLP

Service Provided: Active Emerging Market Debt Portfolio Management

Effective Dates:	December 1, 2026 through November 30, 2029
Duration:	Three years
Benchmark:	50% to the J.P. Morgan Emerging Market Bond Index (JPM EMBI) Global Diversified Index and 50% to the J.P. Morgan Government Bond Index-Emerging Markets (JPM GBI-EM) Global Diversified Index
Allocation as of May 31, 2026:	$581 million

Which motion was seconded by Commissioner Liem and adopted by the following vote: Ayes, Commissioners Huynh, Liem, Moutes, Roten, Sidley, Vice President Sohn, and President Chao -7; Nays, None.

C. ANNUAL REPORT ON LACERS EMERGING INVESTMENT MANAGER PROGRAM FOR THE PERIOD ENDING DECEMBER 31, 2025 – Wilkin Ly, Acting Chief Investment Officer, presented and discussed this item with the Board for 18 minutes. This report was received by the Board and filed.

The Board did not discuss any Legal/Litigation items.

VIII

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)

IX

OTHER BUSINESS – There was no other business.

X

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, August 11, 2026, at 10:00 A.M., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, CA 90012.

XI

ADJOURNMENT – There being no further business before the Board, President Chao adjourned the meeting at 10:46 A.M.

Annie Chao, President
Todd Bouey, Manager-Secretary

LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION
MEETING: AUGUST 25, 2026
FROM: Todd Bouey, General Manager
ITEM: VII-A

SUBJECT: CHIEF INVESTMENT OFFICER RECRUITMENT PROCESS AND POSSIBLE BOARD ACTION

☒ ACTION ☐ CLOSED ☐ CONSENT ☐ RECEIVE & FILE

Recommendation

That the Board:

1. Award Korn Ferry International (Korn Ferry) the contract to provide executive search consultant services;

2. Authorize the LACERS General Manager to negotiate and execute a contract with Korn Ferry for the period beginning September 2026 through March 2027, or until the LACERS Chief Investment Officer (CIO) is appointed, in an amount not to exceed $100,000, subject to City Attorney approval as to form;

3. Authorize a supplemental budget allocation of $100,000 to increase the Contractual Services Account (APPR 163040) for Fiscal Year (FY) 2026-27 to support executive search services; and,

4. Authorize the General Manager to correct any typographical or technical errors in this document.

Executive Summary

LACERS Human Resources (HR) issued an expedited solicitation to support the CIO recruitment. Six firms submitted proposals, which were independently evaluated and scored by a three-member LACERS panel using the established criteria. Korn Ferry was identified as the highest-ranked firm and is recommended for award based on its extensive experience conducting executive searches for public pension systems across the United States and its ability to provide the required services within LACERS timeline. Korn Ferry will support LACERS HR throughout the recruitment and implementation process. Board action is requested to finalize the contract award to Korn Ferry.

Discussion

At its meeting on May 12, 2026, LACERS HR informed the Board that it would request reauthorization of the CIO position as exempt under the Los Angeles City Charter Section 1001(b), which provides exemptions for Management, Professional, Scientific or Expert Services. LACERS HR also would begin preliminary steps to issue an expedited solicitation for an executive search consultant firm to assist with the CIO recruitment. On June 25, 2026, the Mayor submitted a letter to the City Council, under Council File No. 26-0949, supporting LACERS request to reauthorize the CIO position as exempt under Section 1001(b) of the Los Angeles City Charter. The Personnel and Hiring Committee approved the exemption on August 14, 2026, and the Los Angeles City Council subsequently approved the CIO position exemption at its August 18, 2026 meeting.

LACERS HR issued the expedited solicitation on July 7, 2026, and six firms submitted proposals. A three-member panel independently evaluated and scored the proposals. Using the established evaluation criteria, which consisted of Capability and Availability, Experience and Performance, Qualifications, and Cost Effectiveness and Billing Rates, Korn Ferry was identified as the highest ranked firm and is recommended for award. Andrew Brown, Sector Leader, Financial Services and Lindsay Higerd, Managing Consultant, Financial Services, will serve as the primary leads for this engagement. Korn Ferry will identify potential candidates, conduct in-depth interviews and assessments, which includes its proprietary KF4D assessment tool, and present a vetted list of finalists with assessment reports for LACERS consideration.

In its proposal, Korn Ferry indicated that it can complete the executive search within four months and customize the timeline to meet LACERS requirements. LACERS tentative target is to hire the permanent CIO by the end of this calendar year. As necessary and appropriate, LACERS General Manager will engage Board leadership on the hiring process. Updated position requirements have already been drafted internally and LACERS HR staff will be available to provide Korn Ferry with assistance and materials as needed. Pending Board approval of Korn Ferry’s selection, regular updates will be provided to the Board throughout the executive search process.

Fiscal Impact

A supplemental budget allocation of $100,000 is requested for FY 2026-27 to support executive search consultant services. Executive search consultant firm service was not included in the adopted budget. Korn Ferry proposed a fixed fee arrangement of $80,000, excluding agreed upon reimbursable expenses, such as consultant and candidate travel. Staff will monitor expenditures and report back to the Board if additional appropriation is required.

Prepared By:

Kevin Hirose, Senior Personnel Analyst II

TB:EA:kh

ATTACHMENT(S): 1. Proposed Resolution – Fiscal Year 2026-27 Supplemental Budget Appropriation

BOARD MEETING: August 25, 2026
ITEM: VII-A
ATTACHMENT

FISCAL YEAR 2026-27
SUPPLEMENTAL BUDGET APPROPRIATION
<u>PROPOSED RESOLUTION</u>

WHEREAS, on May 26, 2025, the Board adopted LACERS departmental budget for the Fiscal Year 2026-27, which did not include funds for executive recruitment; and

WHEREAS, Rodney June, LACERS Chief Investment Officer, retired from City service effective July 11, 2026; and

WHEREAS, on May 12, 2026, LACERS Human Resources informed the Board that it would begin preliminary steps to issue an expedited solicitation for an executive search consultant to assist with the LACERS Chief Investment Officer recruitment; and

WHEREAS, a three-member LACERS panel evaluated and scored the proposals using the established criteria and identified Korn Ferry International as the executive search consultant to facilitate the recruitment for the LACERS Chief Investment Officer, subject to Board approval; and

WHEREAS, LACERS requests a supplemental budget appropriation in an amount not-to-exceed $100,000, to cover the costs associated with professional service fees and search expenses, as there are insufficient funds available to transfer and cover this expense.

NOW THEREFORE, BE IT RESOLVED, that the Board:

1. Award Korn Ferry International (Korn Ferry) the contract to provide executive search consultant services;
2. Approve a Supplemental Appropriation of $100,000 to Fund 800, LACERS Administrative Budget, Contractual Services (APPR 163040) for Fiscal Year 2026-27;
3. Authorize LACERS General Manager to negotiate and execute the contract beginning September 2026, to March 2027, or upon hire of the LACERS Chief Investment Officer, subject to City Attorney approval as to form; and,
4. Authorize the General Manager to correct any typographical or technical errors in this document.

____

Todd Bouey
LACERS General Manager

REPORT TO BOARD OF ADMINISTRATION
MEETING: AUGUST 25, 2026
FROM: Investment Committee
Thuy Huynh, Chair
Susan Liem
Gaylord "Rusty" Roten
ITEM: VIII-B

SUBJECT: APPROVAL OF THREE-YEAR CONTRACT WITH PGIM, INC. REGARDING THE MANAGEMENT OF AN ACTIVE EMERGING MARKET DEBT PORTFOLIO AND POSSIBLE BOARD ACTION

☒ ACTION ☐ RECEIVE & FILE ☐ CONSENT ☐ CLOSED

Recommendation

That the Board:

1. Approve a three-year contract renewal with PGIM, Inc. (PGIM) for management of an active emerging market debt portfolio;

2. Authorize the General Manager or designee to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Discussion

On August 11, 2026, the Committee considered the attached staff report (Attachment 1) recommending a three-year contract renewal with PGIM. PGIM has managed an active emerging market blended debt portfolio for LACERS since February 2021. LACERS' portfolio was valued at $602 million as of June 30, 2026. PGIM is in compliance with the LACERS Manager Monitoring Policy.

Staff shared a review of the performance and affirmed that PGIM's management of the emerging market blended debt strategy, including a predecessor hard-currency-only strategy established in 2014, has been satisfactory. Staff noted the manager’s global presence, as well as its extensive emerging markets research coverage. Staff also pointed to the diversification benefits provided by an emerging market blended debt strategy to the LACERS fixed income portfolio. Following the discussion, the Committee concurred with the staff recommendation.

Prepared By:

Jeremiah Paras, Investment Officer II, Investment Division

TB:WL:EC:RM:JP

Attachments: 1. Investment Committee Recommendation Report dated August 11, 2026
2. Proposed Resolution

BOARD MEETING DATE: AUGUST 25, 2026
ITEM: VIII-B
ATTACHMENT: 1

LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

REPORT TO INVESTMENT COMMITTEE
MEETING: AUGUST 11, 2026
FROM: Todd Bouey, General Manager
ITEM: IV

SUBJECT: INVESTMENT MANAGER CONTRACT WITH PGIM, INC. REGARDING THE MANAGEMENT OF AN ACTIVE EMERGING MARKET DEBT PORTFOLIO AND POSSIBLE COMMITTEE ACTION

☒ ACTION ☐ CLOSED ☐ CONSENT ☐ RECEIVE & FILE

Recommendation

That the Committee recommend to the Board a three-year contract renewal with PGIM, Inc. for management of an active emerging market debt portfolio.

Executive Summary

PGIM, Inc. (PGIM) has managed an active emerging market debt portfolio for LACERS since February 2021. LACERS' portfolio was valued at $602 million as of June 30, 2026. PGIM 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

PGIM manages an active emerging markets blended hard and local currency debt portfolio for LACERS benchmarked against a custom benchmark consisting of a 50% weighting to the J.P. Morgan Emerging Market Bond Index (JPM EMBI) Global Diversified Index and a 50% weighting to the J.P. Morgan Government Bond Index-Emerging Markets (JPM GBI-EM) Global Diversified Index. The firm's investment process starts with the top-down approach of assessing the global appetite for risk. The second step of the investment process is a comprehensive fundamental analysis of countries with country allocation deemed as a primary determinant of returns. The next step is security selection that offers best relative value. The investment process concludes with a risk management assessment that is guided by dynamic risk budgeting. The investment approach also seeks to add value through currency active management and yield curve management.

The Emerging Markets Debt (EMD) Team is led by Senior Portfolio Manager Cathy Hepworth (40 years of investment experience). Cathy Hepworth, alongside Mariusz Banasiak (22 years of investment experience) and Aayush Sonthalia (26 years of investment experience), serve as the senior portfolio managers for the Hard/Local Currency Blend strategy and they co-lead a team of portfolio managers and analysts who are dedicated to specific regions and sectors of the EMD universe. Cathy Hepworth, Mariusz Banasiak and Aayush Sonthalia are also portfolio managers for other strategies more focused on Hard Currency, Local Currency and EMD Corporates respectively. The EMD Team is supported by sovereign and local rates strategists, regional sovereign portfolio managers, global rates and currency specialists, and dedicated emerging markets corporate bond analysts. The EMD Team leverages the firm's full resources, including the Macroeconomic Research, Quantitative Analysis and Risk Management, and Credit Research teams.

The Board hired PGIM through the 2019-2020 Active Emerging Markets Debt search process and authorized a three-year contract on September 8, 2020, and became effective on January 1, 2021. The Board approved a three-year contract renewal on September 26, 2023. The current contract expires on December 31, 2026. LACERS' portfolio was valued at $602 million as of June 30, 2026.

Organization

With over 4,600 employees located in 40 offices throughout the globe, PGIM serves as the wholly-owned global investment management business of Prudential Financial, Inc., a publicly-traded financial services company (NYSE ticker symbol PRU). PGIM Credit, the platform which combined PGIM's public fixed income and private credit businesses in 2025, employs 554 investment professionals and is headquartered in Newark, New Jersey. As of March 31, 2026, PGIM managed $1.4 trillion in total assets, with $1.2 trillion under PGIM Credit and $15.4 billion in the emerging markets blended debt strategy.

Due Diligence

Staff conducts routine due diligence of the manager. In addition to meeting virtually for quarterly portfolio reviews and ad hoc investment discussions, LACERS staff conducted an on-site meeting at PGIM's headquarters in March 2026. During the onsite meeting, staff heard several presentations and engaged in discussions with key personnel across the organization. Staff concluded that PGIM's investment philosophy, strategy, and process have not changed materially over the contract period. This finding supports staff's assessment that PGIM remains capable of consistency in managing LACERS assets and believes it can meet its stated investment objectives.

Performance

As presented in the following table, PGIM has outperformed its benchmark over the 3-month , 1-year, 3-year, 5-year and since inception time periods, as of June 30, 2026.

Annualized Performance as of 6/30/2026 (Net-of-Fees)

Time Period	3-Month	1-Year	3-Year	5-Year	Since Inception 2/12/2021
PGIM	6.59	10.98	9.63	3.42	2.74
50% JPM EMBI Global Diversified Index/50% JPM GBI-EM Global Diversified Index	4.62	9.82	8.84	2.38	1.90
% of Excess Return	*1.97*	*1.16*	*0.79*	*1.04*	*0.84*

Calendar year returns are presented as supplemental information in the following table.

Calendar Year Performance as of 6/30/2026 (Net-of-Fees)

Time Period	1/1/26-6/30/26	2025	2024	2023	2022	2/12/21-12/31/21
PGIM	3.28	16.69	2.93	12.55	-12.63	-5.19
50% JPM EMBI Global Diversified Index/50% JPM GBI-EM Global Diversified Index	2.42	16.79	2.01	11.92	-14.75	-4.97
% of Excess Return	*0.86*	*-0.10*	*0.92*	*0.63*	*2.12*	*-0.22*

PGIM is in compliance with the LACERS Manager Monitoring Policy.

Fees

LACERS pays PGIM an effective fee of 33 basis points (0.33%), which is approximately $2 million annually based on the value of LACERS' assets as of June 30, 2026. This fee ranks in the 11th percentile of fees charged by similar managers in the eVestment database (i.e., 89% of like-managers have higher fees). Since inception, LACERS has paid PGIM a total of $8.3 million in investment management fees as of June 30, 2026.

General Fund Consultant Opinion

NEPC concurs with this recommendation.

Prepared By:

Jeremiah Paras, Investment Officer II, Investment Division

TB:WL:EC:RM:JP

Attachment: 1. Consultant Recommendation – NEPC

INVESTMENT COMMITTEE MEETING: AUGUST 11, 2026
ITEM: IV
ATTACHMENT: 1

To: Los Angeles City Employees' Retirement System Investment Committee

From: NEPC, LLC

Date: August 11, 2026

Subject: PGIM – Contract Renewal

Recommendation

NEPC recommends Los Angeles City Employees' Retirement System (LACERS) renew the contract that is currently in place with PGIM, Inc ('PGIM') for a period of three years from the date of contract expiry.

Background

PGIM was funded on February 12, 2021 to provide the Plan with exposure to emerging markets debt exposure within the Plan's Credit Opportunities asset class. As of June 30, 2026, PGIM managed $601.6 million, or 2.1% of Plan assets. The performance objective is to outperform the 50% JPM EMBI Global Diversified Index / 50% JPM GBI-EM Global Diversified Index, net of fees, annualized over a full market cycle (normally three to five years). The account is currently in good standing based on LACERS' Manager Monitoring Policy.

Prudential Financial, Inc. ('PFI') traces its origins to 1875 with the founding of its insurance affiliate. PFI became a publicly-held company in December 2001. PFI of the United States is not affiliated in any manner with Prudential plc, a company incorporated in the United Kingdom. PGIM, Inc. ('PGIM') is the largest investment adviser within PFI. PGIM has been registered as an investment adviser with the U.S. Securities and Exchange Commission ('SEC') since December 1984. PGIM, or one of its predecessors, has been managing proprietary fixed income portfolios since 1875 and accounts for institutional clients since 1928.

As of March 31, 2026, the firm had $1.4 trillion in assets under management and strategy assets were $15.4 billion. Ms. Cathy Hepworth, CFA, Head of Emerging Markets Debt and Mr. Mariusz Banasiak, CFA, Head of Local Currency Rates and FX, are the Senior Portfolio Managers of local currency and blend mandates. They are supported by sovereign and local rates strategists, regional sovereign portfolio managers, global rates and currency specialists, and dedicated emerging markets corporate bond analysts. The Emerging Markets Debt Team leverages the firm's full resources, including a Macroeconomic Research, Quantitative Analysis and Risk Management, and Credit Research Teams. Stephen Warren, Head of Quantitative Analysis and Risk Management, will retire in July 2026 after nearly thirty years in the financial services industry and ten years with PGIM Fixed Income. In September 2025, hard currency portfolio manager, Zulfi Ali, left the firm. Zulfi's responsibilities have been absorbed by the team, with much of that responsibility falling to Rodrigo Navarro. Additionally, Markus Zehnder, FX trader, left the firm with his responsibilities also being absorbed by the team.

PGIM Fixed Income's investment approach seeks to add value primarily through research-based country allocation, security selection, foreign exchange, and, to a lesser extent, yield curve management. The Emerging Markets Team's duration management decisions are made on a country-by-country basis based on the outlook for central bank policy, inflation, and output gaps. It is also a function of PGIM's assessment of the global appetite for risk, which is step one of its investment process. Yield curve decisions are made with similar considerations. When PGIM interprets the global appetite for risk as a positive factor (i.e. global investors appear willing to assume more risk), the portfolio will tend to express this through slightly more aggressive yield curve positioning.

PGIM Fixed Income's Emerging Markets Debt investment philosophy is grounded in four beliefs. First, they believe that investors have an ever-changing risk appetite and believe that this is a primary contributor to both market opportunity and market volatility. Second, Country allocation is a primary determinant of emerging markets portfolio returns and therefore their investment process focuses on determining country views. The country decision process incorporates their global risk view along with an analysis of a country's foreign exchange, local bonds, and hard currency bonds from a fundamental, relative value, and technical perspective. The process relies on qualitative factors in their fundamental analysis, as they believe these are often the best predictors of performance. Third, security selection is a primary source of alpha generating opportunities and their process seeks the widest possible universe of security selection opportunities. PGIM analyzes sovereign issuers as well as "quasi-sovereign" issuers within the same country and evaluate opportunities in both hard currency and local currency bonds based on potential changes in policy rates and inflation. Corporate issuers are also evaluated. Fourth, risk budgeting provides a framework for investment decision-making and overall risk management. The firm relies on risk budgeting and risk management to provide a consistent and disciplined framework for all investment decisions. They develop a broad strategic risk budget for the portfolio that reflects long-term objectives and risk parameters, as well as a tactical risk budget that permits the portfolio to incorporate day-to-day views of market risk tolerances and opportunities within the broader strategic risk budget.

Performance

Referring to Exhibit 1, as of June 30, 2026, since the portfolio's inception date of March 1, 2021, the portfolio has outperformed its benchmark by 0.9%. Over the last five years, the portfolio has outperformed the benchmark by 1.0% and over the last three years the portfolio has outperformed by 0.8%. Both near-term and long-term performance have been favorable.

Referring to Exhibit 2, since March 1, 2021, the PGIM portfolio has outperformed its index by 0.6%, net of fees, and ranked in the 49th percentile of its peer universe as of March 31, 2026. In the one-year period ended March 31, 2026, the portfolio underperformed the index by 0.6%, ranking in the 51st percentile. In the three-year and five-year periods, the portfolio outperformed the index by 0.3% and 0.7%, ranking in the 49th and 45th percentiles, respectively.

Fees

The PGIM portfolio has an asset-based fee of 0.33% annually. The fee ranks in the 11th percentile among its peers in the eVestment Global Emerging Markets Fixed Income Blended Currency Universe. In other words, 89% of the products included in the peer universe have a higher fee than the LACERS account.

Conclusion

PGIM has outperformed its benchmark index since inception ended June 30, 2026. The team has added value in both up and down markets. The firm's understandable research-driven approach to emerging market debt investing is supported by a large stable global team. NEPC recommends renewing the contract with PGIM for a period of three years.

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

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

This table compares PGIM with the blended benchmark 50% JPM EMBI Global Diversified Index / 50% JPM GBI-EM Global Diversified Index across 1 month, YTD, 1 year, 3 years, 5 years, and since inception as of June 30, 2026. The inception period begins on March 1, 2021. The table also includes an over/under row showing the difference between the strategy and benchmark. PGIM outperforms the benchmark for every time period, with the strongest relative outperformance shown in the one-year period.

Strategy vs. Benchmark	1 Mo %	YTD %	1 YR %	3 YR %	5 YR %	Inception
PGIM	1.2	3.3	11.0	9.6	3.4	3.5
50% JPM EMBI Global Diversified Index / 50% JPM GBI-EM Global Diversified Index	0.5	2.4	9.8	8.8	2.4	2.6
Over/Under	0.7	0.9	1.2	0.8	1.0	0.9

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

PGIM vs. eV All Emerging Markets Fixed Income

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 March 1, 2021. The table shows how PGIM and the benchmark rank within the broader peer universe over time, with population sizes ranging from 295 to 330. 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
PGIM	-2.7 (91)	4.6 (60)	10.5 (51)	8.5 (49)	3.0 (45)	2.5 (49)
50% JPM EMBI Global Diversified Index / 50% JPM GBI-EM Global Diversified Index	-1.7 (68)	5.3 (47)	11.1 (45)	8.2 (55)	2.3 (69)	1.9 (69)
5th Percentile	1.5	10.7	17.2	13.9	6.3	6.6
1st Quartile	-0.6	7.1	12.3	10.2	3.7	3.2
Median	-1.3	5.2	10.6	8.5	2.8	2.4
3rd Quartile	-2.0	3.7	6.6	7.1	2.1	1.6
95th Percentile	-3.0	2.3	4.3	5.6	0.4	0.0
Population	330	329	329	317	286	295

BOARD MEETING DATE: AUGUST 25, 2026
ITEM: VIII-B
ATTACHMENT: 2

CONTRACT RENEWAL
PGIM, INC.
ACTIVE EMERGING MARKET DEBT PORTFOLIO MANAGEMENT

PROPOSED RESOLUTION

WHEREAS, LACERS' current three-year contract term with PGIM, Inc. (PGIM) for management of an active emerging market debt portfolio expires on December 31, 2026; and,

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

WHEREAS, a contract renewal with PGIM will allow the LACERS total portfolio to maintain a diversified exposure to emerging market debt; and,

WHEREAS, on August 25, 2026, the Board approved the Investment Committee's recommendation to approve a three-year contract renewal with PGIM.

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:	PGIM, Inc.
Service Provided:	Active Emerging Market Debt Portfolio Management
Effective Dates:	January 1, 2027 through December 31, 2029
Duration:	Three years
Benchmark:	50% to the J.P. Morgan Emerging Market Bond Index (JPM EMBI) Global Diversified Index and 50% to the J.P. Morgan Government Bond Index-Emerging Markets (JPM GBI-EM) Global Diversified Index
Allocation as of June 30, 2026:	$602 million

August 25, 2026