



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



Board of Administration Agenda

REGULAR MEETING

TUESDAY, FEBRUARY 23, 2021

TIME: 10:00 A.M.

MEETING LOCATION:

In conformity with the Governor's Executive Order N-29-20 (March 17, 2020) and due to the concerns over COVID-19, the LACERS Board of Administration's February 23, 2021, meeting will be conducted via telephone and/or videoconferencing.

Important Message to the Public

Information to call-in to listen and or participate:

Dial: (669) 900-6833 or (346) 248-7799

Meeting ID# 847 0527 7969

Instructions for call-in participants:

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

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

Disclaimer to Participants

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

President: Cynthia M. Ruiz

Vice President: Sung Won Sohn

Commissioners: Annie Chao
Elizabeth Lee
Sandra Lee
Nilza R. Serrano
Michael R. Wilkinson

Manager-Secretary: Neil M. Guglielmo

Executive Assistant: Ani Ghoukassian

Legal Counsel: City Attorney's Office
Public Pensions General
Counsel Division

Notice to Paid Representatives

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

Request for Services

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

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

[CLICK HERE TO ACCESS BOARD REPORTS](#)

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

AGENDA – *THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT* - **PRESS
*9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD**

- II. [APPROVAL OF MINUTES FOR THE REGULAR MEETING OF JANUARY 26, 2021 AND POSSIBLE BOARD ACTION](#)
- III. BOARD PRESIDENT VERBAL REPORT
- IV. GENERAL MANAGER VERBAL REPORT
 - A. REPORT ON DEPARTMENT OPERATIONS
 - B. UPCOMING AGENDA ITEMS
- V. RECEIVE AND FILE ITEMS
 - A. [MONTHLY REPORTS ON SEMINARS AND CONFERENCES FOR JANUARY 2021](#)
- VI. COMMITTEE REPORT(S)
 - A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON FEBRUARY 9, 2021
 - B. GOVERNANCE COMMITTEE VERBAL REPORT FOR THE MEETING ON FEBRUARY 23, 2021
- VII. BOARD/DEPARTMENT ADMINISTRATION
 - A. [SEMI-ANNUAL REPORT OF BUSINESS PLAN INITIATIVES FOR THE PERIOD ENDING DECEMBER 31, 2020](#)
- VIII. INVESTMENTS
 - A. CHIEF INVESTMENT OFFICER VERBAL REPORT
 - B. [PRESENTATION BY NEPC, LLC REGARDING CONTINUED DISCUSSION OF ASSET ALLOCATION AND POSSIBLE BOARD ACTION](#)
 - C. [INVESTMENT MANAGER CONTRACT WITH DIMENSIONAL FUND ADVISORS LP REGARDING THE MANAGEMENT OF A U.S. TREASURY INFLATION PROTECTED SECURITIES \(TIPS\) PORTFOLIO AND POSSIBLE BOARD ACTION](#)
 - D. [NOTIFICATION OF COMMITMENT OF UP TO \\$40 MILLION IN TCV XI, L.P.](#)
 - E. [NOTIFICATION OF COMMITMENT OF UP TO \\$40 MILLION IN GTCR FUND XIII/A LP AND GTCR FUND XIII/B LP](#)
 - F. [NOTIFICATION OF COMMITMENT OF UP TO \\$16 MILLION IN GGV CAPITAL VIII L.P.](#)

- G. [NOTIFICATION OF COMMITMENT OF UP TO \\$4 MILLION IN GGV CAPITAL VIII PLUS L.P.](#)
- H. [NOTIFICATION OF COMMITMENT OF UP TO \\$10 MILLION IN BUILDERS VC FUND II, L.P.](#)
- I. [UPDATED DISCLOSURE REPORT OF FEES, EXPENSES, AND CARRIED INTEREST OF ALTERNATIVE INVESTMENT VEHICLES FOR THE FISCAL YEAR ENDING JUNE 30, 2020 PURSUANT TO GOVERNMENT CODE SECTION 7514.7](#)

IX. LEGAL/LITIGATION

- A. VERBAL UPDATE FROM THE CITY ATTORNEY REGARDING RECENT CHANGES TO THE RALPH M. BROWN ACT RELATING TO THE USE OF SOCIAL MEDIA

X. DISABILITY RETIREMENT APPLICATION(S)

- A. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(B) TO CONSIDER THE CONTINUED DISABILITY RETIREMENT APPLICATION OF ANDRES AVALOS AND POSSIBLE BOARD ACTION**

XI. OTHER BUSINESS

- XII. NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, March 9, 2021 at 10:00 a.m. at LACERS, 977 N. Broadway, Suite 260, Los Angeles, CA 90012, and/or via telephone and/or videoconferencing. Please continue to view the LACERS website for updated information on public access to Board meetings while response to public health concerns relating to the novel coronavirus continue.

XIII. ADJOURNMENT

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

In conformity with the Governor's Executive Order N-29-20 (March 17, 2020)
and due to the concerns over COVID-19, the
LACERS Board of Administration's
January 26, 2021, meeting was conducted
via telephone and/or videoconferencing.

Agenda of: Feb. 23 2021

Item No: II

January 26, 2021

10:00 a.m.

PRESENT via Videoconferencing: President	Cynthia M. Ruiz
Vice President:	Sung Won Sohn
Commissioners:	Annie Chao Elizabeth Lee Sandra Lee Nilza R. Serrano Michael R. Wilkinson
Manager-Secretary:	Neil M. Guglielmo
Legal Counselor:	Anya Freedman
PRESENT at LACERS offices: 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 – *THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT* – **PRESS *9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD** – President Ruiz asked if any persons wanted to make a general public comment to which there was no response.

II

APPROVAL OF MINUTES FOR THE REGULAR MEETING OF DECEMBER 22, 2020 AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval, seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Elizabeth Lee, Sandra Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -6; Abstain, Commissioner Chao -1.

III

BOARD PRESIDENT VERBAL REPORT – President Ruiz asked that LACERS look into a program for retirees during these lonely times, “Seniors for Seniors”. This would connect seniors with senior pets at the animal shelters.

IV

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, advised the Board of the following items:
- SIP Update
 - CPRA Year-End Statistics
 - LA Times Building Development
 - Member Deaths
 - Open Enrollment
 - Retiree Wellness
 - 50+ Health Assessment
 - COVID-Related Reimbursement
 - MSC Stats
 - Tech Talk Training
 - Working with Outside Agencies
- B. UPCOMING AGENDA ITEMS – Neil M. Guglielmo, General Manager, advised the Board of the following item:
- FY20/21 – Business Plan Initiatives Mid-Year reporting (period ending 12/31/2020)
- C. PRESENTATION OF LACERS POPULAR ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2020 – Vikram Jadhav, Innovation Director, presented and discussed this report with the Board.

V

RECEIVE AND FILE ITEMS

- A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR NOVEMBER 2020 – This report was received by the Board and filed.
- B. COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) AND POPULAR ANNUAL FINANCIAL REPORT (PAFR) FOR FISCAL YEAR ENDED JUNE 30, 2020 – This report was received by the Board and filed.

VI

COMMITTEE REPORT(S)

- A. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT FOR THE MEETING ON JANUARY 26, 2021 – Commissioner Wilkinson stated the Committee was introduced to Stephanie Smith, Wellness Program Manager. The Committee was also presented the LACERS *Well* 2020 Annual Report and the 2022 Health Plan Renewal. He also shared that the Committee was notified that the Harbor Department is looking into a SIP.
- B. INVESTMENT COMMITTEE VERBAL REPORTS FOR THE MEETING ON JANUARY 12, 2021 – Vice President Sohn stated the Committee approved the contracts with CoreCommodity Management, LLC and Bain Capital Senior Loan Fund, L.P. The Committee also discussed and approved the Core Fixed Income Manager Allocation Plan and the updates to the Investment Policy.

VII

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value of \$21.28 billion as of January 25, 2021. Mr. June discussed the following items:
- Market value of portfolio on 12/31/20 was \$20.95 billion, 11.7% net of fee return with a forthcoming comprehensive performance evaluation by NEPC in March 2021
 - ESG and PRI updates including Ellen Chen being appointed ESG Risk Officer
 - Pacific Center for Asset Management Update
 - Internship starting in the summer 2021 including a LACERS Girls Who Invest internship
- B. PRESENTATION BY NEPC, LLC REGARDING ASSET ALLOCATION AND POSSIBLE BOARD ACTION – Rod June, Chief Investment Officer, Carolyn Smith, Partner with NEPC, and Lynda Dennen, Principal with NEPC, presented and discussed this item with the Board for one hour. The Board took no action on this item.

Commissioner Sandra Lee left the Regular Meeting at 12:13 p.m.

- C. INVESTMENT MANAGER CONTRACT WITH CORECOMMODITY MANAGEMENT, LLC REGARDING THE MANAGEMENT OF AN ACTIVE LONG-ONLY COMMODITIES PORTFOLIO AND POSSIBLE BOARD ACTION – Commissioner Sohn moved approval of the following Resolution:

**CONTRACT TERMINATION
CORECOMMODITY MANAGEMENT, LLC
ACTIVE LONG-ONLY COMMODITIES PORTFOLIO MANAGEMENT**

RESOLUTION 210126-A

WHEREAS, LACERS' current contract with CoreCommodity Management, LLC (CoreCommodity) for active long-only commodities portfolio management expires on May 31, 2021; and,

WHEREAS, CoreCommodity was placed “On-Watch” for an initial one-year period effective September 15, 2020 due to underperformance, pursuant to the LACERS Manager Monitoring Policy; and,

WHEREAS, as of December 31, 2020, the strategy has underperformed the benchmark since inception; and,

WHEREAS, commodities strategies have a low expected return outlook based on research by LACERS’ General Fund Consultant, NEPC, LLC; and

WHEREAS, on January 26, 2021, the Board approved the Investment Committee’s recommendation to terminate the contract with CoreCommodity and redeploy the assets to the unallocated cash account.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby approves the termination of the contract with CoreCommodity and redeployment of the assets to the unallocated cash account.

Which motion was seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -6; Nays, None.

- D. INVESTMENT MANAGER CONTRACT WITH BAIN CAPITAL SENIOR LOAN FUND, L.P. REGARDING THE MANAGEMENT OF AN ACTIVE U.S. BANK LOANS FUND AND POSSIBLE BOARD ACTION – Commissioner Sohn moved approval of the following Resolution:

**CONTRACT RENEWAL
BAIN CAPITAL SENIOR LOAN FUND, L.P.
ACTIVE U.S. BANK LOANS PORTFOLIO MANAGEMENT**

RESOLUTION 210126-B

WHEREAS, LACERS’ current three-year contract with Bain Capital Senior Loan Fund, L.P. (Bain) for management of an active U.S. bank loans portfolio expires on June 30, 2021; and,

WHEREAS, a contract renewal with Bain will allow the fund to maintain a diversified exposure to the U.S. bank loans markets; and,

WHEREAS, on January 26, 2021, the Board approved the Investment Committee’s recommendation to approve a three-year contract renewal with Bain.

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

<u>Company Name:</u>	Bain Capital Senior Loan Fund, L.P.
<u>Service Provided:</u>	Active U.S. Bank Loans Portfolio Management
<u>Effective Dates:</u>	July 1, 2021 through June 30, 2024

<u>Duration:</u>	Three years
<u>Benchmark:</u>	Credit Suisse Leveraged Loan Index
<u>Allocation as of December 31, 2020:</u>	\$228.6 million

Which motion was seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -6; Nays, None.

- E. FINALIST FIRMS OF THE CORE FIXED INCOME MANAGER SEARCH AND ALLOCATION PLAN AND POSSIBLE BOARD ACTION – Commissioner Chao moved approval of the following Resolutions:

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

RESOLUTION 210126-C

WHEREAS, on October 23, 2018, the Board of Administration (Board) authorized a Request for Proposal (RFP) process to evaluate the current marketplace for active core fixed income investment managers pursuant to the asset allocation policy approved by the Board on April 10, 2018; and,

WHEREAS, the RFP was issued on August 19, 2019, and closed on October 4, 2019; and,

WHEREAS, on September 8, 2020, the Investment Committee reviewed NEPC's evaluation report of the 57 proposals and concurred with the staff recommendation to advance eight firms as semi-finalists in the search; and,

WHEREAS, staff and NEPC conducted further due diligence on the eight semi-finalists; and,

WHEREAS, on December 9 and 10, 2020, the Investment Committee interviewed the seven finalists recommended by staff and selected five investment managers including Robert W. Baird & Co., Inc. (Baird) for Board consideration for hire and directed staff to propose a core fixed income allocation plan; and,

WHEREAS, on January 12, 2021, the Investment Committee reviewed the core fixed income allocation plan proposed by staff and NEPC and concurred with an approximate \$720 million allocation to Baird; and,

WHEREAS, on January 26, 2021, the Board approved the Investment Committee's recommendation to award a contract to Baird with a contract size of approximately \$720 million.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby authorizes the General Manager to execute the necessary documents, subject to satisfactory business and legal terms and consistent with the following services and terms:

<u>Company Name:</u>	Robert W. Baird & Co., Inc.
<u>Service Provided:</u>	Active Core Fixed Income Portfolio Management
<u>Estimated Effective Date:</u>	May 1, 2021 through April 30, 2024
<u>Duration:</u>	Three years
<u>Benchmark:</u>	Bloomberg Barclays U.S. Aggregate Bond Index
<u>Estimated Allocation:</u>	\$720 million

**CONTRACT AUTHORIZATION
LOOMIS, SAYLES & COMPANY, L.P.
ACTIVE CORE FIXED INCOME PORTFOLIO MANAGEMENT**

RESOLUTION 210126-C

WHEREAS, on October 23, 2018, the Board of Administration (Board) authorized a Request for Proposal (RFP) process to evaluate the current marketplace for active core fixed income investment managers pursuant to the asset allocation policy approved by the Board on April 10, 2018; and,

WHEREAS, the RFP was issued on August 19, 2019, and closed on October 4, 2019; and,

WHEREAS, on September 8, 2020, the Investment Committee reviewed NEPC's evaluation report of the 57 proposals and concurred with the staff recommendation to advance eight firms as semi-finalists in the search; and,

WHEREAS, staff and NEPC conducted further due diligence on the eight semi-finalists; and,

WHEREAS, on December 9 and 10, 2020, the Investment Committee interviewed the seven finalists recommended by staff and selected five investment managers including Loomis, Sayles & Company, L.P. (Loomis Sayles) for Board consideration for hire and directed staff to propose a core fixed income allocation plan; and,

WHEREAS, on January 12, 2021, the Investment Committee reviewed the core fixed income allocation plan proposed by staff and NEPC and concurred with an approximate \$720 million allocation to Loomis Sayles; and,

WHEREAS, on January 26, 2021, the Board approved the Investment Committee's recommendation to award a contract to Loomis Sayles with a contract size of approximately \$720 million.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby authorizes the General Manager to execute the necessary documents, subject to satisfactory business and legal terms and consistent with the following services and terms:

<u>Company Name:</u>	Loomis, Sayles & Company, L.P.
<u>Service Provided:</u>	Active Core Fixed Income Portfolio Management
<u>Estimated Effective Date:</u>	May 1, 2021 through April 30, 2024
<u>Duration:</u>	Three years
<u>Benchmark:</u>	Bloomberg Barclays U.S. Aggregate Bond Index
<u>Estimated Allocation:</u>	\$720 million

**CONTRACT AUTHORIZATION
GARCIA HAMILTON & ASSOCIATES, L.P.
ACTIVE CORE FIXED INCOME PORTFOLIO MANAGEMENT**

RESOLUTION 210126-C

WHEREAS, on October 23, 2018, the Board of Administration (Board) authorized a Request for Proposal (RFP) process to evaluate the current marketplace for active core fixed income investment managers pursuant to the asset allocation policy approved by the Board on April 10, 2018; and,

WHEREAS, the RFP was issued on August 19, 2019, and closed on October 4, 2019; and,

WHEREAS, on September 8, 2020, the Investment Committee reviewed NEPC's evaluation report of the 57 proposals and concurred with the staff recommendation to advance eight firms as semi-finalists in the search; and,

WHEREAS, staff and NEPC conducted further due diligence on the eight semi-finalists; and,

WHEREAS, on December 9 and 10, 2020, the Investment Committee interviewed the seven finalists recommended by staff and selected five investment managers including Garcia Hamilton & Associates, L.P. (GHA) for Board consideration for hire and directed staff to propose a core fixed income allocation plan; and,

WHEREAS, on January 12, 2021, the Investment Committee reviewed the core fixed income allocation plan proposed by staff and NEPC and concurred with an approximate \$480 million allocation to GHA; and,

WHEREAS, on January 26, 2021, the Board approved the Investment Committee's recommendation to award a contract to GHA with a contract size of approximately \$480 million.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby authorizes the General Manager to execute the necessary documents, subject to satisfactory business and legal terms and consistent with the following services and terms:

Company Name: Garcia Hamilton & Associates, L.P.
Service Provided: Active Core Fixed Income Portfolio Management
Estimated Effective Date: May 1, 2021 through April 30, 2024
Duration: Three years
Benchmark: Bloomberg Barclays U.S. Aggregate Bond Index
Estimated Allocation: \$480 million

**CONTRACT AUTHORIZATION
INCOME RESEARCH & MANAGEMENT
ACTIVE CORE FIXED INCOME PORTFOLIO MANAGEMENT**

RESOLUTION 210126-C

WHEREAS, on October 23, 2018, the Board of Administration (Board) authorized a Request for Proposal (RFP) process to evaluate the current marketplace for active core fixed income investment managers pursuant to the asset allocation policy approved by the Board on April 10, 2018; and,

WHEREAS, the RFP was issued on August 19, 2019, and closed on October 4, 2019; and,

WHEREAS, on September 8, 2020, the Investment Committee reviewed NEPC's evaluation report of the 57 proposals and concurred with the staff recommendation to advance eight firms as semi-finalists in the search; and,

WHEREAS, staff and NEPC conducted further due diligence on the eight semi-finalists; and,

WHEREAS, on December 9 and 10, 2020, the Investment Committee interviewed the seven finalists recommended by staff and selected five investment managers including Income Research & Management (IRM) for Board consideration for hire and directed staff to propose a core fixed income allocation plan; and,

WHEREAS, on January 12, 2021, the Investment Committee reviewed the core fixed income allocation plan proposed by staff and NEPC and concurred with an approximate \$480 million allocation to IRM; and,

WHEREAS, on January 26, 2021, the Board approved the Investment Committee's recommendation to award a contract to IRM with a contract size of approximately \$480 million.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby authorizes the General Manager to execute the necessary documents, subject to satisfactory business and legal terms and consistent with the following services and terms:

Company Name: Income Research & Management

Service Provided: Active Core Fixed Income Portfolio Management

Estimated Effective Date: May 1, 2021 through April 30, 2024

Duration: Three years

Benchmark: Bloomberg Barclays U.S. Aggregate Bond Index

Estimated Allocation: \$480 million

**CONTRACT AUTHORIZATION
J.P. MORGAN ASSET MANAGEMENT
ACTIVE CORE FIXED INCOME PORTFOLIO MANAGEMENT**

RESOLUTION 210126-C

WHEREAS, on October 23, 2018, the Board of Administration (Board) authorized a Request for Proposal (RFP) process to evaluate the current marketplace for active core fixed income investment managers pursuant to the asset allocation policy approved by the Board on April 10, 2018; and,

WHEREAS, the RFP was issued on August 19, 2019, and closed on October 4, 2019; and,

WHEREAS, on September 8, 2020, the Investment Committee reviewed NEPC's evaluation report of the 57 proposals and concurred with the staff recommendation to advance eight firms as semi-finalists in the search; and,

WHEREAS, staff and NEPC conducted further due diligence on the eight semi-finalists; and,

WHEREAS, on December 9 and 10, 2020, the Investment Committee interviewed the seven finalists recommended by staff and selected five investment managers including J.P. Morgan Asset Management (JPMAM) for Board consideration for hire and directed staff to propose a core fixed income allocation plan; and,

WHEREAS, on January 12, 2021, the Investment Committee reviewed the core fixed income allocation plan proposed by staff and NEPC and concurred with an approximate \$480 million allocation to JPMAM; and,

WHEREAS, on January 26, 2021, the Board approved the Investment Committee's recommendation to award a contract to JPMAM with a contract size of approximately \$480 million.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby authorizes the General Manager to execute the necessary documents, subject to satisfactory business and legal terms and consistent with the following services and terms:

Company Name: J.P. Morgan Asset Management

<u>Service Provided:</u>	Active Core Fixed Income Portfolio Management
<u>Estimated Effective Date:</u>	May 1, 2021 through April 30, 2024
<u>Duration:</u>	Three years
<u>Benchmark:</u>	Bloomberg Barclays U.S. Aggregate Bond Index
<u>Estimated Allocation:</u>	\$480 million

Which motion was seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -6; Nays, None.

- F. CONSIDERATION OF INVESTMENT COMMITTEE RECOMMENDATION REGARDING DISCUSSION OF INVESTMENT POLICY MANUAL REVIEW AND POSSIBLE BOARD ACTION – Rod June, Chief Investment Officer, Wilkin Ly, Investment Officer III, and Clark Hoover, Investment Officer I, presented and discussed this item with the Board for 10 minutes. Commissioner Elizabeth Lee moved approval, seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -6; Nays, None.

VIII

LEGAL/LITIGATION

- A. AUTHORIZATION TO ISSUE A REQUEST FOR PROPOSALS FOR OUTSIDE REAL ESTATE AND INVESTMENTS COUNSEL, AMEND CURRENT CONTRACT WITH NOSSAMAN LLP TO EXTEND TERM BY ONE YEAR, AND POSSIBLE BOARD ACTION – Commissioner Wilkinson moved approval, seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -6; Nays, None.

IX

DISABILITY RETIREMENT APPLICATION(S)

- A. CONSIDER THE DISABILITY RETIREMENT APPLICATION OF MARIA CRUZ AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval, seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -6; Nays, None.

President Ruiz recessed the Regular Meeting at 12:26 p.m. to convene in Closed Session discussion.

- B. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF SHAHNAM SHAHZEIDI AND POSSIBLE BOARD ACTION**

President Ruiz reconvened the Regular Meeting at 12:31 p.m. and announced that the Board unanimously approved the Disability Retirement Application of Shahnam Shahzeidi.

X

OTHER BUSINESS – There was no other business.

XI

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, February 9, 2021, at 10:00 a.m. at LACERS, 977 N. Broadway, Suite 260, Los Angeles, CA 90012, and/or via telephone and/or videoconferencing. Please continue to view the LACERS website for updated information on public access to Board meetings while response to public health concerns relating to the novel coronavirus continue.

XII

ADJOURNMENT – There being no further business before the Board, President Ruiz adjourned the Meeting at 12:33 p.m. in honor of the 421,000 Americans who have lost their lives to COVID-19.

Cynthia M. Ruiz
President

Neil M. Guglielmo
Manager-Secretary

Agenda of: FEB. 23, 2021

Item No: V-A

**MONTHLY REPORT ON SEMINARS AND CONFERENCES
ATTENDED BY BOARD MEMBERS ON BEHALF OF LACERS
(FOR THE MONTH OF JANUARY 2021)**

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 MEMBER:

President Cynthia M. Ruiz
Vice President Sung Won Sohn

Commissioner Annie Chao
Commissioner Elizabeth Lee
Commissioner Sandra Lee
Commissioner Nilza R. Serrano
Commissioner Michael R. Wilkinson

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



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guglielmo, General Manager

MEETING: FEBRUARY 23, 2021

ITEM: VII – A

Neil M. Guglielmo

**SUBJECT: SEMI-ANNUAL REPORT OF BUSINESS PLAN INITIATIVES FOR THE PERIOD
ENDING DECEMBER 31, 2020**

ACTION: ☐ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☒

Recommendation

That the Board receive and file this report.

Discussion

This semi-annual report of the business plan initiatives (“BPIs”) for Fiscal Year 2020-21 presents notable progress on four priority projects during the reporting period of July to December 2020. The current work environment has been met with accelerated advancement of two BPIs, the Member Experience BPI and the Mobile Workforce BPI; while the Separation Incentive Program BPI meets its commitments for processing mass retirements. The Headquarters Move BPI, though slightly behind schedule, continues in its planning and design phase, with consultants and staff working in earnest to meet project goals.

Funding for these initiatives remains sufficient however two budget reallocations related to these BPIs have been approved internally in favor of the higher priority. These reallocations include:

- Member Experience BPI: \$70,000 was reallocated to fund the Retirement Application Portal, Phase III by deferring the development of on-line service purchase calculators, due to competing priorities of section staff (\$54,000); and utilizing surplus funds from Video Subscription Services (\$8,000) and Graphic Design Services (\$8,000).
- City Separation Incentive Program BPI: \$72,000 was reallocated to fund server replacement for the Pension Administration System by utilizing \$72,000 in unused Furniture Equipment and Labor funds allocated for furnishing work stations for temporary staff at the LA Times Building working on the Separation Incentive Project.

Each BPI Team has prepared a presentation to spotlight an impact of their initiative that will be shared with the Board in conjunction with this report.

Member Experience BPI - *on-target*

Presentation: LACERS YOUTUBE CHANNEL - <https://www.youtube.com/lacersyoutube>

Team: Heather Ramirez (lead), Vanessa Lopez, Brittany Cotton, Sandra Ford-James

- Project sponsor: Lita Payne
- Total project budget: \$586,400; FY21: \$365,400; FY20: \$221,000
- Project duration: July 2019 and ongoing

Mobile Workforce BPI - *on-target*

Presentation: EXPANDING MOBILE COMPUTING FOR HOME AND REMOTE CAPABILITIES

Team: Thomas Ma (lead), Jason Leung

- Project sponsor: Todd Bouey
- Total project budget: \$623,729
- Project duration: April 2020 to March 2022

Headquarters Move BPI - *off-target*

Presentation: BUILDING A BUDGET-SENSITIVE VISION IN THE TIME OF COVID

Team: Isaias Cantú (lead), Horacio Arroyo

- Project sponsor: Todd Bouey
- Total project budget: \$22,519,976
- Project duration: November 2019 to December 2021 (Estimated delayed to Q3/FY22)

Separation Incentive Program (SIP) BPI - *on-target*

Presentation: TRANSITION FROM GROUP AND IN-PERSON COUNSELING TO WEBINARS

Team: Karen Freire (lead), Ferralyn Sneed, Bruce Bernal

- Project sponsor: Lita Payne
- Total project budget: \$3,596,812
- Project duration: August 2020 to June 2021

Strategic Plan Impact Statement

The BPI Program seeks to enhance the Strategic Plan Goal of greater organizational effectiveness, efficiency, and resiliency.

Prepared By: Chhintana Kurimoto, Management Analyst

NMG/TB/DWN/CK

Attachment: Business Plan Initiatives Fiscal Year 2020-21 for the reporting period ending December 31, 2020

REPORTING PERIOD ENDING DECEMBER 31, 2020

BUSINESS PLAN INITIATIVES

FISCAL YEAR 2020-2021

Prepared for

LACERS BOARD OF ADMINISTRATION

FEBRUARY 23, 2021

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LACERS GOALS



CUSTOMER SERVICE *To provide outstanding customer service.*

BENEFITS DELIVERY *To deliver accurate and timely Member benefits.*

HEALTH AND WELLNESS *To improve the value and minimize costs of Members' health and wellness benefits.*

INVESTMENT *To optimize long-term risk adjusted returns through superior investments.*

GOVERNANCE *To uphold good governance practices which affirm transparency, accountability, and fiduciary duty.*

ORGANIZATION *To increase organizational effectiveness, efficiency, and resiliency.*

WORKFORCE *To recruit, retain, mentor, empower, and promote a high-performing workforce.*

EXECUTIVE SUMMARY DASHBOARD

	COMPLETED
	ON-TRACK
	OFF-TARGET
	NEEDS INTERVENTION

INITIATIVES, GOALS & EXECUTIVE SPONSORS		DECEMBER STATUS	INITIATIVE LEADS
1	MEMBER EXPERIENCE CUSTOMER SERVICE, BENEFITS DELIVERY, ORGANIZATON Executive Sponsor: Lita Payne		Lead: Heather Ramirez, Vanessa Lopez, Brittany Cotton & Sandra Ford-James
2	MOBILE WORKFORCE ORGANIZATION Executive Sponsor: Todd Bouey		Lead: Jason Leung & Thomas Ma
3	HEADQUARTERS MOVE ORGANIZATION Executive Sponsor: Todd Bouey		Lead: Isaias Cantú & Horacio Arroyo
4	SEPARATION INCENTIVE PROGRAM BENEFITS DELIVERY Executive Sponsor: Lita Payne		Lead: Karen Freire, Ferralyn Sneed & Bruce Bernal

INITIATIVE SUMMARY

Increase Member communication channels and web-based service options via:

- Produce and Post Videos (PPV)
- Article Repository and Communications Timeline (ARCT)
- Benefits Calculators (BC) – *deferred to FY 21-22*
- One-On-One Video Conferencing (VC)
- Online Retirement Application Portal (RAP)

BUDGET

Appropriation:	\$365,400
Expense:	TBD
Unspent:	TBD

KEY DEPENDENCIES/ASSUMPTIONS

- Staff & time resources to lead this effort
- Divisions meet timelines
- Software Procurement

MILESTONES / DELIVERABLES

QE 09/30/20

- ✓ ARCT: Initiative Launch – August
- ✓ PPV: Initiative Launch – July
- ✓ RAP: Initiative Launch – July
- ✓ VC: Initiative Launch – July
- ✓ PPV: Video Assets Produced and Published – July - September
- ✓ PPV: Video Assets Campaign – July - September
- ✓ ARCT: Communications Timeline Completed – July

- ✓ ARCT: Evergreen Articles Compiled – September
- ✓ VC: Zoom Identified for Counseling – July

QE 12/31/20

- ✓ BPI Team Assembled – October
- ✓ BC Initiative Launched – November
- ✓ PPV: Additional Video Assets Produced and Published (ongoing)
- ✓ PPV: Video Assets Campaign (ongoing)
- ✓ RAP: Reviewed Screens for Portal Use – December

QE 03/31/21

- ARCT: Completion of Evergreen Article Compilation – February
- BC: Postpone till FY 21-22
- RAP: Engage Phase 3 of project with funds transferred from Calculator Project
- RAP: Testing – February
- PPV: Additional Video Assets Produced and Published (ongoing)
- PPV: Video Assets Campaign (ongoing)

QE 06/30/21

- RAP: Go Live – April
- VC: Soft Launch – June
- PPV: Additional Video Assets Produced and Published (ongoing)

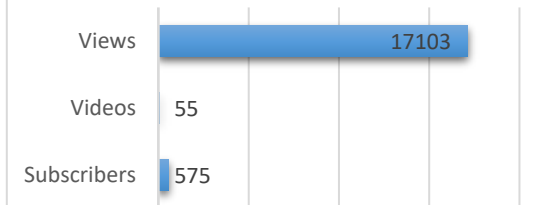
QE 09/30/21

- Year-End Business Plan Report to Board – July
- VC: Campaign to Increase Video Meetings – July

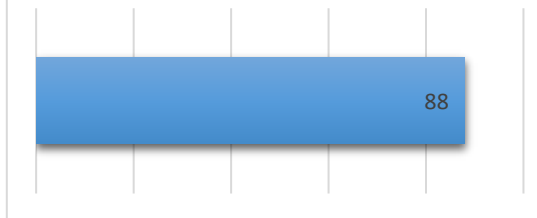
KEY INDICATORS

As of December 31, 2020

YouTube Statistics



Articles Compiled



- PPV: YouTube Subscriber Count, Total Views, and Video Totals
- ARCT: Amount of Articles Compiled
- BC: Website Hits (TBD)
- VC: Number of Meetings Held (TBD)
- RAP: Percentage of Members Retiring Using the RAP (TBD)

ISSUES / CHALLENGES

- COVID-19 has taken staff away to work on the Separation Incentive Program and telecommuting setups respectively, therefore the One-On-One Counseling and the Calculator Build cannot be implemented until the next fiscal year.

JULY - DECEMBER 2020

SUMMARY

MEMBER EXPERIENCE

ACCOMPLISHMENTS

Produce and Post Videos

Produced and posted 55 videos, gained 575 YouTube subscribers, and had a total of 17,103 views on the LACERS YouTube channel.

Article Repository and Communications

Compiled 88 articles for the Evergreen Article Repository which is a collection of articles used for communication to our Members and housed in a Box.com folder. Completed the communications timeline.

Retirement Application Portal (RAP)

The RAP Team provided a live demonstration to Executive management and staff who have been subject matter experts on the project.

We are initiating Phase 3 of the build allowing for enhanced workflow capability, process tracking, electronic signature, and application withdrawal. Phase 3 will cost \$70,000 with funds provided from the Calculator Project, Member Services, and Health Benefits Division.

Total cost of project, including Phase 3 is \$264,500.

Benefits Calculators

Systems Staff has requested Digital Deployment, LACERS Website Design and Support Consultant to provide a quote for the cost of the online calculator build.

One-One-One Video Conferencing

Zoom has been identified to use for the One-On-One Online Member Counseling.

CHALLENGES & OPPORTUNITIES

Separation Incentive Program (SIP)

SIP has taken away subject matter experts from the One-On-One Counseling Project and therefore it cannot move forward until the SIP is complete in May/June.

Staff Resource

Systems Staff is over extended due to the Stay At Home Order and telecommuting needs, therefore the online calculators are not expected to be built until next fiscal year and a budget request will be made for FY 21-22 accordingly.

NEXT STEPS

Continuation of work on the projects will continue through the remainder of fiscal year.

INITIATIVE SUMMARY

Implement remote work solutions deploying mobile equipment and cloud services to maximize operational productivity without requiring physical in-office presence, with focus on key priorities:

- Secured Remote Access to Enterprise Systems
- Cost-Efficiency & Reduction of Physical Footprint
- Productive Counseling & Meeting Conferences
- Real-Time Statistics & Operational Health
- Modernized Building & Mobility
- High Availability of Collaboration & Communication Tools

BUDGET

Appropriation:	\$624,766.00
Expense:	(\$316,939.77)
Unspent:	\$307,826.23

KEY DEPENDENCIES/ASSUMPTIONS

- Fund availability
- Staffing resources
- Cyber policies
- Cloud services & support
- Network bandwidth
- Software & equipment availability

MILESTONES / DELIVERABLES

QE 06/30/20

- ✓ Telecommute Infra – Build Out
- ✓ Azure & Multi Factor - Build Out
- ✓ Enterprise Secured Remote Access
- ✓ Cyber Policies - Adopt

QE 09/30/20

- ✓ Mobile Equipment - Deploy All Staff
- ✓ Box.com - Deploy All Staff
- ✓ MS Teams - Deploy All Staff
- ✓ Monday.com - Deploy
- ✓ Zoom - Deploy

QE 12/31/20

- ✓ Azure Web Services - Plan
- ✓ Virtual Desktop – Deploy All Staff
- ✓ MS Office 365 – Deploy All Staff
- ✓ Exchange Hybrid – Plan
- ✓ Enterprise Data Analytics - Plan

QE 03/31/21

- Azure Web Services – User Train & Deploy
- Exchange Hybrid – Setup & Test
- Enterprise Data Analytics – Procurement & Setup
- Beyond Trust Remote Support – Procure & Deploy
- Digital Fax Migration – Plan & Requirements

QE 06/30/21

- Exchange Hybrid - Implementation
- Power BI – Procure & Setup
- Endpoint Security – Procure & Plan
- AI Security – Procure & Plan
- Digital Fax Migration – Test & Deploy

QE 09/30/21

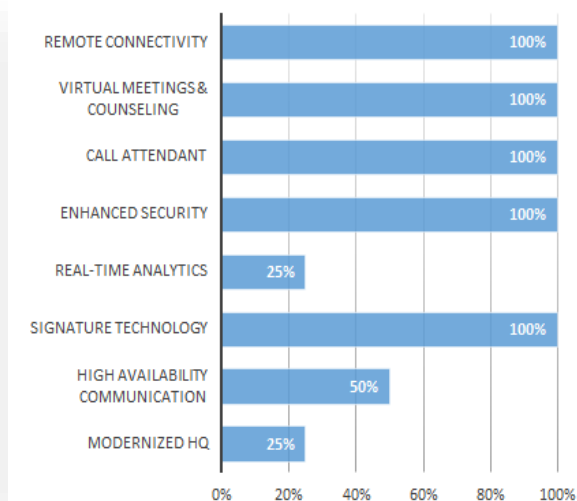
- Endpoint Security – Setup & Deploy
- AI Security – Setup & Deploy
- Power BI – Deploy
- HQ Modernization - Design

QE 03/31/22

- HQ Modernization - Deploy

KEY INDICATORS

Mobile Workforce Implementation Progress



ISSUES / CHALLENGES

- Complex setup and infrastructure
- Competing projects and personnel resources
- Home network & availability
- Adequate testing and readiness
- Remote user support & training

JULY - DECEMBER 2020

SUMMARY

MOBILE WORKFORCE

ACCOMPLISHMENTS

In the first half of this fiscal year, LACERS achieved major milestones related to the “Mobile Workforce” Initiative. These successes were critical in providing the capability to work remotely using collaborative technology, and eliminating the need to be physically onsite.

Q1/FY21 – Mobile Equipment & Amazon Connect

During the first quarter, LACERS deployed mobile equipment, empowering the workforce with over 170 laptops, and over 180 mobile phones. These devices are equipped with software to optimize remote access, communication with our Members, and safeguards to protect from cyber-related attacks. LACERS also finalized launch of the call center solution, Amazon Connect. The timely launch, from prototype to deployment, was completed in one month, providing lower costs and enriched customer features.

Q2/FY21 – Virtual, Collaboration, Planning

As planned in the second quarter, LACERS completed build-out of the virtual infrastructure which included setup of multiple servers, and migration of over 150 users toward virtual desktops. Primarily, virtual infrastructure provides operational efficiencies in administering and managing remotely connected machines. The reduction in equipment has provided substantial savings in power consumption and upkeep costs. Also in this period, LACERS rolled-out a suite of

cloud services including MS Teams, Box, Office 365, Zoom for virtual meetings, and office productivity software with automation features.

LACERS has initiated discussions and plans toward development of the retirement portal, design activities in relation to data analytics, and migration towards the hybrid email system.

Overall, the mid-year expectations have been met with completion of the deliverables inclusive of mobile equipment, virtual desktops, and preliminary plans for upcoming activities.

CHALLENGES & OPPORTUNITIES

Mobile Equipment, Logistics – Q1/FY21

COVID-19 had initially affected logistics, which resulted in shipping delays for equipment needed by staff to work remotely. The shipment of equipment was greatly improved in the first quarter of the fiscal year, and LACERS established procedures to streamline the process of deploying equipment to authorized staff.

Infra, Procedures, and Support – Q1/FY21

Forced by the pandemic to work remotely presented the challenge of an expedited timeline to setup remote infrastructure and connectivity. LACERS’ IT collaborated with LA City and software vendors to build-out the infrastructure, establish user procedures, and provide support on remote setup.

Cyber Risks, Roadmap – Q1/FY21 & Q2/FY22

Cyber institutions have reported the increase in risks for remote workers. Primarily, home networks have fewer security layers, and are cyber-related targets. LACERS had established policies and guidelines early in the first quarter, inclusive of end user agreements to protect the information assets. Also, LACERS deployed safeguards such as multi-factor authentication and endpoint software. In near term, LACERS intends to implement adaptive and purpose-built security technology.

Streamline, Cost Savings Opportunities

The deployment of mobile technology increases productivity, and lowers costs. Primarily, the savings are related to consolidation and power reduction efforts, which is expected to be 16 times more efficient. LACERS has migrated 150 workstations to virtual desktops housed within 4 physically hosted servers. In near term, LACERS plans to consolidate legacy services such as internet, voice, and fax lines to reduce costs using newer technologies.

High Availability, BCP Opportunities

LACERS is considering extending services that would benefit the organization during large-scale disasters impacting the data center. Recently, LACERS has implemented cloud services such as Amazon Connect, Office 365, Zoom, and others. Additional opportunities include migrating to a hybrid email system, cloud-based fax services, and a secured private content management solution.

JULY - DECEMBER 2020 SUMMARY

NEXT STEPS

In the upcoming quarter, LACERS shall expand online services with deployment of the retirement portal and cloud-based fax solution, inclusive of preliminary setup of real-time data analytics.

INITIATIVE SUMMARY

The Headquarters (HQ) Move Initiative (HMI) tracks the transition of LACERS from its current headquarters to its new location and will focus on the following key priorities:

- Approve architectural space plans and designs for internal tenant improvements projects and furniture that meet LEED/WELL standards.
- External building improvements and renovation projects that include the curtain wall, façade, seismic upgrades, and roof replacement.
- Provide security and owner technology that supports Systems' Mobile Workforce BPI.
- Coordinate weekly status meetings with Executive staff, consultants, and contractors.
- Prepare Board reports related to the HQ Move.
- LACERS' occupancy goal is for 2nd Quarter but is estimated to be end of 3rd Quarter of FY21-22.

BUDGET

Appropriation:	\$22,519,976
Expense:	(\$909,677)
Unspent:	\$21,610,299

KEY DEPENDENCIES/ASSUMPTIONS

- Staff & time resources to lead this effort
- Timely onboarding of key consultants and Project Manager
- Ability to mitigate potential increases in construction costs and setbacks due to supply chain effects of COVID-19

MILESTONES / DELIVERABLES

QE 09/30/20

- ✓ Contract with Architectural Consultant
- ✓ Contract with Mechanical, Electrical, and Plumbing (MEP) Consultant
- ✓ Contract with Structural Engineering Consultant
- ✓ Contract with Exterior Cladding and Roof Consultant
- ✓ Finalize architectural space programming counts of employee workspaces, common areas, meeting areas, and support spaces

QE 12/31/20

- ✓ Contract with Low-Voltage Technology Consultant
- ✓ Finalize Architectural Space Plans
 - Complete Schematic Design
- ✓ Finalize workspace technology needs in each floor

QE 03/31/21

- Contract Project Management Consultant
- Finalize Server configuration and cabling requirements for each floor
- Finalize security and access control technology needs
- Finalize furniture requirements and configuration
- Finalize Architectural Design Development
- Finalize external wayfinding branding and designs

QE 06/30/21

- Contract with a General Contractor
- Easement resolution for patio area
- Curtain Wall repairs and improvements
- Garage Improvements
- Begin Seismic upgrades
- Cabling and Data Center Build-out begins
- Submit Construction Plan Checks
- Commence MEP upgrades
- Emergency Generator replacement
- Access Control technology and procedures
- Construction Documentation

KEY INDICATORS

- Project progress is on-target with established milestones
- Project expenses are within budget
- Project adherence to timeline

ISSUES / CHALLENGES

- Evolving space needs and higher costs estimates resulted in a projected shortfall which required pausing the schematic design process for two months
- Scope of tenant improvements require scaling back and phasing to meet budget
- Transition Property Management to new streamlined go-forward model
- Possible supply-chain delays and issues due to COVID-19

BUILDING PICTURES



JULY - DECEMBER 2020

SUMMARY

HEADQUARTERS MOVE – PHASE 2

ACCOMPLISHMENTS

The HQ Move Project made significant progress in Q1 and Q2 of FY20/21 which primarily focused on onboarding key project consultants and finalizing LACERS' space requirements and designs. LACERS and the Architectural Consultant, Hellmuth, Obata & Kassabaum, Inc. (HOK), completed all pre-design activities which included contributions from both Division Heads and LACERS employees. These activities helped HOK finalize the architectural space programming counts of employee workspaces, common areas, meeting areas, and support spaces. Additionally, LACERS finalized the Stacking Floor Plan and continues to work on Schematic Designs which are delayed by about two months due to evolving space needs and higher costs estimates.

Additional consultants were also contracted for other integral and external improvement projects during Q1 of FY20/21. MHP was contracted as the project's Structural Engineering Consultant; ARC Engineering will serve as the project's Mechanical, Plumbing, and Engineering Consultant; and Wiss, Janey, Elstner Associates (WJE) will oversee the building roof replacement and façade improvements. In Q2 of FY20/21, Presidio was added as the project's Low-Voltage Technology Consultant and met with key LACERS stakeholders to determine the technology solutions needed for both the 977 building and the LACERS' Mobile Workforce initiative.

LACERS also made significant progress in our ongoing effort to partner with other City Departments for City services. LACERS successfully partnered with LA Sanitation for waste-management

services, worked with LADOT to modify the building's Loading Zone area, utilizes the General Services Department (GSD) for fleet vehicle maintenance, and engaged LAPD Security Services to ensure that the building's build-out leads to a secure facility for both employees and Members.

CHALLENGES & OPPORTUNITIES

While there has been significant progress in the planning and scoping activities of Q1 and Q2 there is a concern about the potential COVID-19 effects to the construction supply-chain and how it might affect material pricing or delays. The project will continue to monitor these effects and rely on guidance from the consultants on how to mitigate any future delays and pricing.

In terms of design phase, a number of obstacles have presented themselves relative to budgetary cost containment. First, meeting City space standards and other needs created some design challenges within the existing floor plates on the 2nd, 5th and part of the 4th floor, causing a need for rework of pre-built out spaces, increasing estimated build out costs versus budget. Second, working with construction cost estimators, build out costs per square foot are projected higher than originally expected, due in large part to the recognition of a need to replace the HVAC System's fan coils in association with the new floor plate configurations on all floors. Recognition and resolution of increased costs required significant additional work at this stage in order to avoid future budgetary overages and sunk costs. This budgetary challenge on the build outs appears to be resolved as a result of maintaining the 5th floor, where Executive, Investments and City Attorney are primarily located, in a largely as-is configuration.

Additionally, as construction preparation is underway, analysis and feedback has revealed other potential unforeseen expenses related to mitigation of asbestos and certain security enhancements that may be considered for the building, but the review of these items is still underway and it is premature to definitively determine overall cost impacts. Pending final analysis and updated construction cost estimates, the Board will be advised of any potential budgetary overruns.

The transition from the construction to occupancy phase allows LACERS the opportunity to transition the responsibility of building management from an Asset Manager to a Property Management model realizing some efficiencies. This transition allows LACERS to play a more active role in the building management by directly coordinating with our onsite Property Management: Cushman & Wakefield.

NEXT STEPS

In Q3/FY21, staff will finalize architectural schematic designs. Additionally, working with Presidio, staff will continue to develop security and workspace technology for each floor. Moreover, staff will continue to monitor budget our Project Management consultant. Staff will continue to ensure that the foundation for this project is stable and that the construction phase of the project begins. Finally, staff will finalize transition to the go-forward Property Management model.

INITIATIVE SUMMARY

Implementation of Separation Incentive Program for the Los Angeles World Airport (LAWA) and the City

BUDGET

	Retirement	Health
Appropriation:	\$286,557 (overtime)	\$52,500 (overtime)
Expense:	\$79,772	\$11,789
Unspent:	\$206,785	\$40,711

KEY DEPENDENCIES/ASSUMPTIONS

- Staff & time resources to lead this effort
- Divisions meet timelines

MILESTONES / DELIVERABLES

Activities to support the LSIP and CSIP initiatives:

Retirement

- ✓ Service Credit and Eligibility Review for LSIP Members – completed July 2020
- ✓ Service Credit and Eligibility Review for CSIP – November 2020
- ✓ LAWA mail Separation Incentive letter notification – May 2020
- ✓ Retirement electronic packet – completed October 2020
- ✓ “How to” video on completing retirement packet for LSIP and CSIP – completed October 2020
- ✓ Enter V3 Contact Log mass mailing information (1715 x 2 total) – October 2020
- ✓ Conduct Abeyance Q & A virtual session – October 2020

- ✓ Identify carve-out groups (Open Service Purchase contracts, Reciprocity, possible Service Purchases) – October 2020
- ✓ Create CSIP FAQs for website and update as-needed – September 2020
- ✓ Track CSIP and LSIP Staff hours – November 2020
- ✓ Track CSIP and LSIP overtime – November 2020
- ✓ Each month requires Retirement to:
 - Email/mail retirement packet
 - Conduct Webinar(s)
 - Pick-up packets

Health

- ✓ Revision of existing health enrollment forms to adapt to loss of in-person counseling and emphasize electronic distribution and collection of forms
- ✓ Revision of existing health enrollment and supporting forms to allow for electronic completion and signature of forms
- ✓ Coordinate with health plan carriers the acceptance of electronic signatures on enrollment forms
- ✓ Coordinate with health plan carriers increased workload expectations and revised timeframes for submission of documents

Webinar

- ✓ “How to” video on health plan options and completing health plan enrollment material completed and posted online October 2020. Revised video to reflect 2021 form changes/premium changes posted December 2020
- ✓ Early notification of retirees 65 and over (approx. 35% of CSIP population) regarding Medicare enrollment/maintenance requirements implemented December 2020, includes

- preparation and distribution of Special Enrollment Period forms and instructions
- ✓ Conduct Abeyance Q & A virtual session – October 2020
- ✓ Create CSIP FAQs for website and update as-needed – September 2020
- ✓ Extended Open Enrollment period to avoid workload overload simultaneous with SIP processing
- ✓ Each month requires Health to:
 - Counsel
 - Conduct Webinar(s)
 - Distribute/collect Health enrollment forms

DELIVERABLES:

LSIP Retirements – Target 334

- ✓ **Grandfather* – 13**
- ✓ **August 2020 – 110**
- ✓ **September 2020 – 125**
- ✓ **October 2020 – 80**
- **March 2021 – 5**

CSIP Retirements – Target 1,381

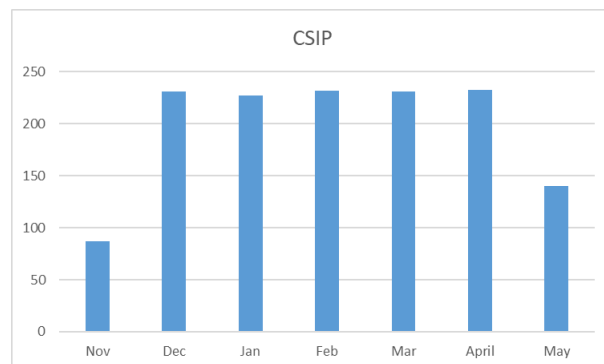
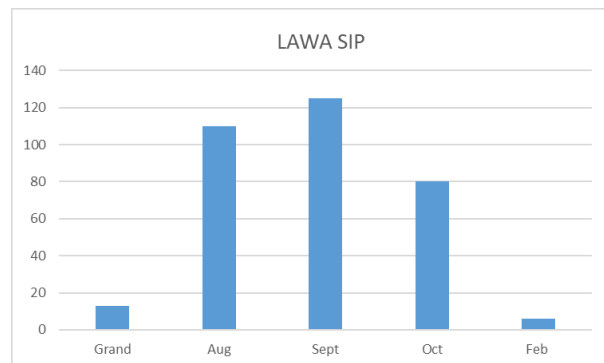
- ✓ **November 2020 – 87**
- ✓ **December 2020 – 232**
- **January 2021 – 227**
 - Abeyance period ends on the 31st
- **February 2021 – 231**
- **March 2021 – 232**
- **April 2021 – 232**
- **May 2021 – 140**

**Pre-August retirees that LAWA approved to be part of the LAWA SIP.*

KEY INDICATORS

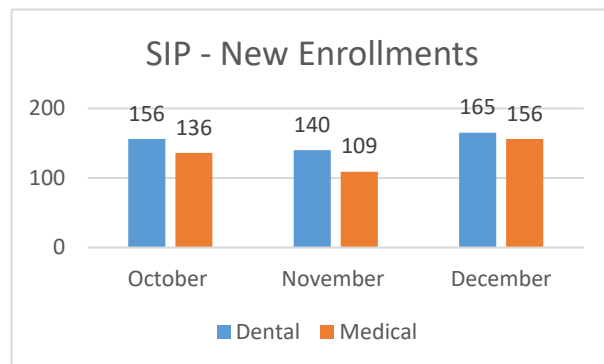
- 100% completion of activities to support the LSIP and CSIP initiatives
- 100% retirements processed for LSIP and CSIP

RETIREMENT

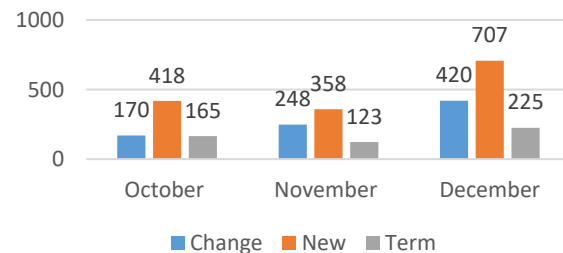


**January through May are projected retirements*

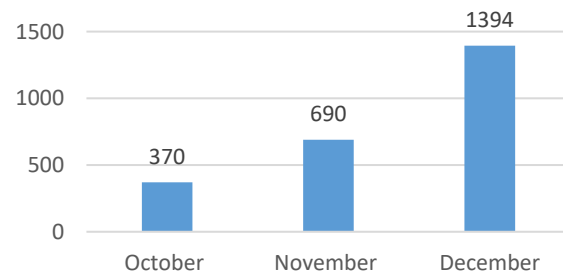
HEALTH



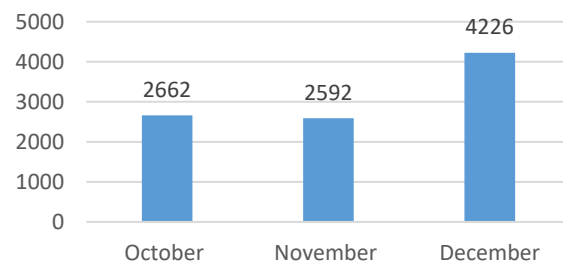
All Enrollment Activity



SIP-Specific Contact Logs



All Contact Logs



ISSUES / CHALLENGES

- The COVID Pandemic continues to impact staff processing
- Although a retirement abeyance has been implemented from November 2020 to January 2021, LACERS still has to process Deferred Vested Members and other ancillary benefits that adds approximately another 30-50 cases to monthly payroll
- The contemporaneous conduct of Open Enrollment period has added approximately 100 enrollment changes/additions to the workload. While Open Enrollment requests are expected to slow in the coming months, requests will continue to be received through the end of March
- Other ongoing divisional duties in Health continue in addition to SIP processing, including:
 - Enrollment Unit: Processing of deaths, survivors, relocations, coverage level changes, Medicare transitions, voluntary cancellations, overage dependents, Medicare non-compliance, incomplete enrollments, etc.
 - Advocacy Unit: Overage dependents, surviving spouses, Special Enrollment Period processing, retirement counseling, claims issues, Medicare compliance
 - Account Reconciliation Unit: Low income subsidy and late enrollment penalty processing, carrier account review and reconciliation, net zero processing, Medicare age-in, 115 account reconciliation, MPRP
- The onboarding of new staff requires that veteran staff devote time in their busy schedules to training
- Slow PAS processing time/down time impacts staff ability to get work done

JULY - DECEMBER 2020

SUMMARY

SEPARATION INCENTIVE PROGRAM (SIP)

ACCOMPLISHMENTS

Retirement Services Division (RSD)

RSD met all targeted milestones on time or ahead of schedule during the second quarter for both the Los Angeles World Airports Separation Incentive Program (LAWA SIP/LSIP) and the City Separation Incentive Program (CSIP). These milestones include:

- Development of the electronic retirement application packet (in partnership with Systems)
- “How to” video on completing retirement packet for LSIP and CSIP (member engagement team partner)
- Entered Member contact information for mass mailings (1715 x 2 total)
- CSIP participants flagged in the pension administration system (Member Engagement team assist)
- Conducted abeyance Q&A virtual session
- Identified carve-out groups (open service purchase contracts, reciprocity, possible service purchases)
- Retired the remaining (80) LSIP participants, with the exception of the handful of “last to go”
- Sent 1381 CSIP participation acknowledgements
- Notified all 1381 CSIP participants of their retirement effective date
- Notified all departments of the retirement effective dates of CSIP employees
- Retired the first 319 CSIP participants

Health Benefits and Wellness Division (HBWD)

- Successfully enrolled 100% of LAWA SIP participants (approximately 250) enrolling in medical/dental plans

- Revised existing health enrollment forms to adapt to loss of in-person counseling and emphasis on electronic distribution and collection of forms
- Revised existing reports to aid in tracking of LAWA SIP, CSIP, and Open Enrollment processing
- Revised existing health enrollment and supporting forms to allow for electronic completion and signature of forms
- Created “how to” video on health plan options and completion of health plan enrollment material for posting online. Revised video to reflect 2021 changes to premiums and deductions
- Implemented early notification for those retiring at or over age 65 to inform them of LACERS’ Medicare requirements and support their successful Medicare enrollment
- Conducted four Health Q&A webinars for LAWA and City SIP participants, approximately 650 attendees altogether
- Assisted in development of SIP FAQ
- Extended Open Enrollment period to avoid workload overload simultaneous with SIP processing
- Onboarded 16 additional staff to address increased workload demands

CHALLENGES & OPPORTUNITIES

Retirement Division

Challenges from the pandemic have had a limited impact on divisional processing. Turnover in temporary support staff and the ability to secure new temporary staff has been challenging. However, the challenges have not hampered the division’s ability to meet processing goals. Technological innovation and across the board team input resulted in well-planned organization and project execution.

Health Division

The simultaneous conduct of an Open Enrollment period and SIP.

Other ongoing divisional duties cannot be postponed and must be addressed despite SIP workload and a retirement abeyance period, including, processing member deaths, relocations, surviving spouse enrollments, voluntary cancellations, overage dependents, members aging into Medicare, Medicare compliance, addressing member claims, etc.

The onboarding of new staff requires the devotion of staff time to training rather than the processing of the regular workload.

Staff reticence to telecommute and unfamiliarity with technology necessary to telecommute. Although challenging, staff have risen to meet the demand.

NEXT STEPS

RSD will continue to process CSIP applications.

MCS (Member Counseling Section) is preparing for the end of the abeyance period.

HBWD will continue current processes; increase delegation of work to new staff; implement an online retirement portal; refine the division structure to streamline enrollment form distribution, collection, and verification to re-allocate duties among more staff; continue training staff to bring them “up to speed” regarding enrollment processing and counseling.

APPENDIX A – BUSINESS PLAN INITIATIVE TEMPLATE

INITIATIVE: [NAME OF BUSINESS PLAN INITIATIVE]
 DIVISION(S)/SECTIONS: [DIVISION/SECTION NAME]
 STRATEGIC GOAL(S): [ASSOCIATED STRATEGIC GOAL AREA]

Shade the cells according to status:

Completed
 On-Track
 Off-Track
 Intervention Needed

STATUS: [ON-TRACK][OFF-TRACK]
 REPORT MONTH: [REPORTING MONTH][YEAR]
 LEAD(S): [FIRST AND LAST NAMES]

INITIATIVE SUMMARY

[Provide 1-2 line description of initiative. Bullet the major components.]

- [Component 1]
- [Component 2]
- [Component 3]

BUDGET

Appropriation:	\$(Whole Dollars)
Expense:	\$(Whole Dollars)
Unspent:	\$(Whole Dollars)

[Add budget notes here]

[Budget should reflect expenses, excluding salaries, unless requesting new positions mid-year.]

KEY DEPENDENCIES/ASSUMPTIONS

- [Bullet assumptions of certain resources or prioritizations that are required for timely implementation of this initiative.]
- [For example: Funding availability, staffing availability, other resource availability, key cooperation.]

MILESTONES / DELIVERABLES

QE 09/30/2020

- ✓ [List key completed items/milestones this quarter. Use check mark bullet.]
- [List key upcoming items/deliverables this quarter. Use the box bullet.]

QE 12/31/2021

- ✓ [List key completed items/milestones this quarter. Use check mark bullet.]
- [List key upcoming items/deliverables this quarter. Use the box bullet.]

QE 03/31/21

- ✓ [List key completed items/milestones this quarter. Use check mark bullet.]
- [List key upcoming items/deliverables this quarter. Use the box bullet.]

QE 06/30/21

- ✓ [List key completed items/milestones this quarter. Use check mark bullet.]
- [List key upcoming items/deliverables this quarter. Use the box bullet.]

KEY INDICATORS

- [Provide quantitative measurements of successful implementation. Graphical representations are encouraged.]

Survey Feedback

"How helpful was this medical section for you?"

"Do you feel like you have a better understanding of how your medical benefits work now?"



Choice	Count	%	Choice	Count	%
Extremely helpful	6	42.9%	Yes, definitely	7	29.2%
Very helpful	3	21.4%	Yes, a little	9	37.5%
Somewhat helpful	3	21.4%	Maybe	2	8.3%
Not very helpful	1	7.1%	No, not really	4	16.7%
Not at all helpful	1	7.1%	No, definitely not	2	8.3%

ISSUES / CHALLENGES

- [Identify any current or future barriers to the achievement of deliverables. Keep it brief.]

ASSET/LIABILITY STUDY

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM



February 23, 2021



BOSTON | ATLANTA | CHARLOTTE | CHICAGO | DETROIT | LAS VEGAS | PORTLAND | SAN FRANCISCO

AGENDA

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Executive Summary	1
Asset-Liability Study Overview	2
Current Target Policy Profile	3
Alternative Allocations	4
Scenario Analysis	5
Stochastic Analysis	6
Appendix	7



EXECUTIVE SUMMARY – BACKGROUND

- **The goals of the study are to:**

- Review the current and projected financial status of the Plan
 - Project Pension and OPEB liabilities and benefit payments
 - Project asset growth and contribution levels
- Assess the appropriateness of the current asset allocation relative to the expected progress of liabilities and cash flows
- Evaluate alternative asset mixes in light of liabilities and cash flows
- Use multiple models to develop comprehensive understanding of plan dynamics
 - Risk and return of asset allocation
 - Relationship between assets and liabilities

- **LACERS investment objectives (from the Investment Policy Statement):**

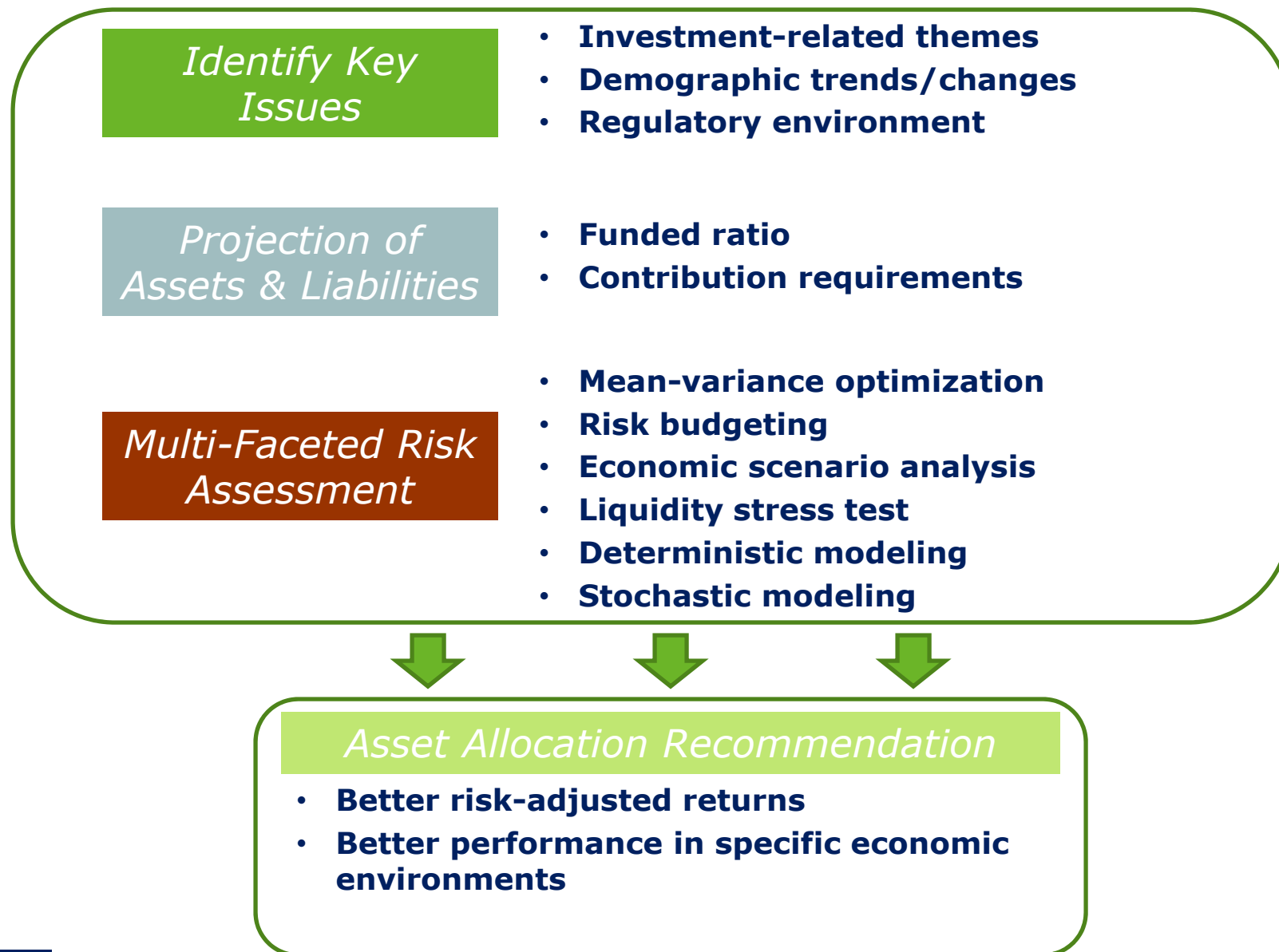
- To provide plan participants (and beneficiaries) with post-retirement benefits and to assure prompt delivery of those benefits and related services
- To achieve an investment return that will allow the percentage of covered payroll the City must contribute to the System to be maintained or reduced, and will provide for an increased funding of the System's liabilities
- The System's assets will be managed on a total return basis
- Exceed the assumed actuarial rate of return (7.0% currently) and outperform the overall policy benchmark (weighted asset class benchmark)
- To set asset allocation policy in a manner that encompasses a strategic, long-term perspective of capital markets, plan expenses and the nature/structure of liabilities

EXECUTIVE SUMMARY – KEY FINDINGS

- **The funded status of the Plan fell from 73% as of July 1, 2019 to 72% as of July 1, 2020 on an actuarial value basis**
 - Funded ratio fell to 69% on a market value basis
 - Actual asset return for FYE June 30, 2020 was 1.9%, however the plan has returned 16.9% in the first half of fiscal 2021
- **The Current Policy allocation is expected to produce an average return of 6.8% over the next 30 years, less than the target of 7.0% expected return on assets (EROA)**
 - Due to lower interest rates in the long term, the 10-year return faces more headwinds and is expected to return 5.8% per year on average
- **This allocation and liability analysis investigates alternative Asset Mixes in order to improve financial outcomes**
 - Increasing public and private equity to increase return expectations
 - Reducing public fixed income and increasing private fixed income
 - Reducing real assets
 - Commodities eliminated in all asset mixes
 - TIPS reduced only in Mix A
 - Adding plan-level leverage to increase expected returns and take advantage of historically low borrowing costs

ASSET-LIABILITY STUDY OVERVIEW

ASSET LIABILITY FRAMEWORK



ASSET ALLOCATION APPROACH



Be Dynamic

Build a **long-term** strategic allocation that can meet long-term objectives

Look for **medium-term** “opportunistic ideas” to tilt away from the strategic allocation to add value, protect against drawdowns, and take advantage of **short-term** market dislocations

Build a Mosaic

No single asset allocation approach or model has all the answers

Minimize exposure to the shortcomings of any individual approach by using multiple perspectives and approaches

All analytical tools have the potential to provide useful insights but also including shortcomings

CURRENT TARGET POLICY PROFILE

ASSET ALLOCATION

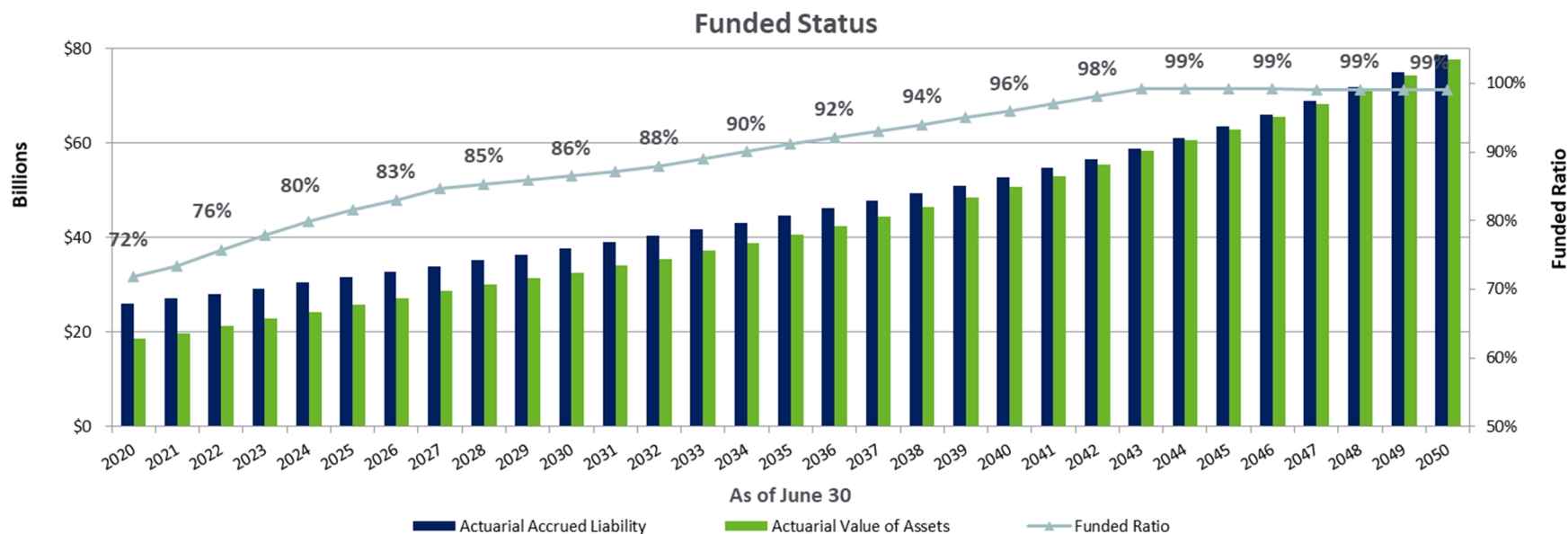
	Current Policy
Cash	1.0%
Total Cash	1.0%
US Large-Cap Equity	14.0%
US Small/Mid-Cap Equity	5.0%
Non-US Developed Equity	17.0%
Non-US Developed Small-Cap Equity	3.0%
Emerging Market Equity	5.67%
Emerging Market Small-Cap Equity	1.33%
Private Equity	14.0%
Total Equity	60.0%
Core Bonds	13.75%
High Yield	2.0%
Bank Loans	2.0%
EMD (External Currency)	2.25%
EMD (Local Currency)	2.25%
Private Debt	3.75%
Total Fixed Income	26.0%
TIPS	3.6%
Commodities	1.2%
REITS	1.2%
Core Real Estate	4.2%
Non-Core Real Estate	2.8%
Total Real Assets	13.0%
Expected Return 10 yrs	5.8%
Expected Return 30 yrs	6.8%
Standard Dev	13.9%
Sharpe Ratio (10 years)	0.36
Sharpe Ratio (30 years)	0.36

- The current Policy Target has an expected return of 5.8% as of Q4 2020
- The System's 7.0% EROA is not expected to be achievable over the next 10-year market cycle under the Current Policy
- The EROA is expected to be attained with a 40% probability over 10 years
- Over a longer 30-year time period, expected returns are higher for most asset classes and the expected return of the portfolio is 6.8%, but still less than the 7.0% EROA

ASSET ALLOCATION OBSERVATIONS

- **Asset allocation reflects LACERS' degree of risk tolerance**
 - Expected return is 6.8% and does not reach the assumed actuarial rate of return of 7.0%
 - However, the current Policy Target encompasses a strategic, long-term perspective of capital markets as well as the nature and structure of LACERS' liabilities
- **Forward-looking environment may continue to be volatile with unique opportunities**
 - COVID-19 has had a significant effect on current market conditions, so it is important to focus on the long-term strategic outlook
 - Market corrections provide opportunities to add risk to the portfolio, while also highlighting the need to add protection against future market volatility
 - Borrowing costs are at all time lows, favoring borrowers
- **We are comfortable recommending a slight increase in equity exposure and/or adding leverage at the total plan level in order to increase the expected return**

LONG-TERM EXPECTATIONS

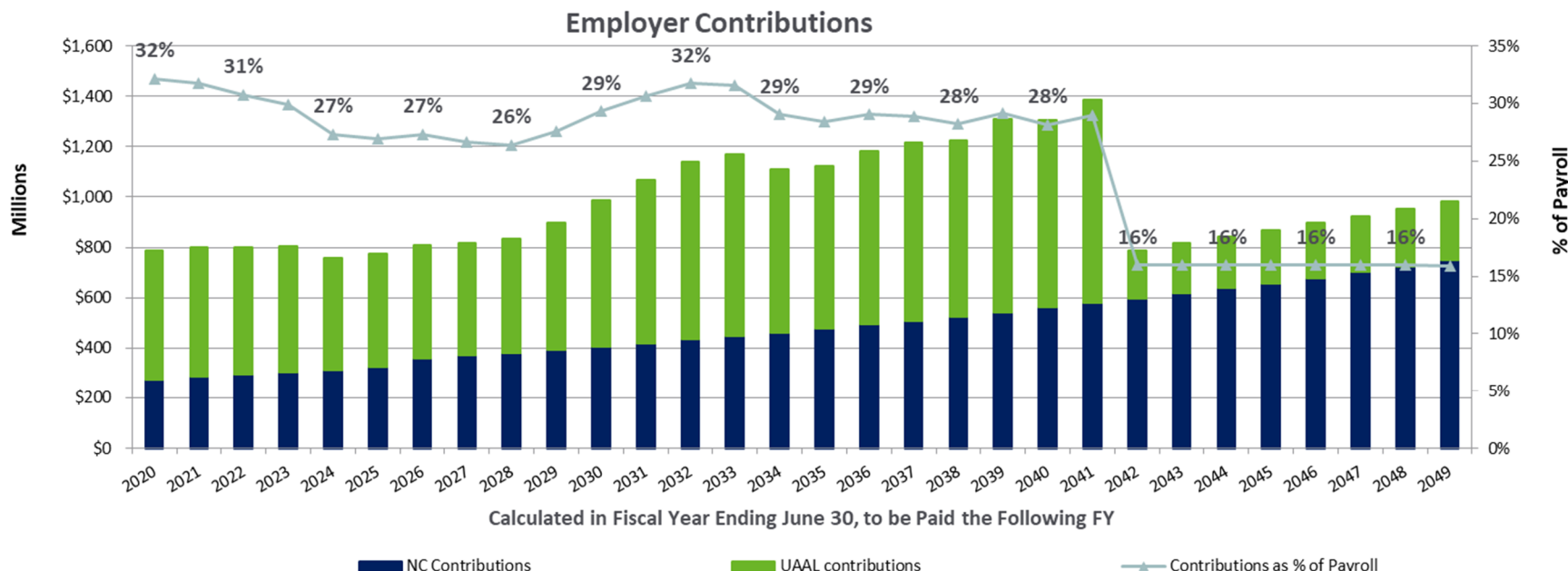


- **The funded status of the pension system is projected to increase steadily over the next 30 years to level out at 99%**
 - Funded Status = Actuarial Value of Assets / Accrued Liability
- **Market value of assets assumed to return 6.8%, NEPC's 30-year expected return forecast for LACERS**
 - Average annual increase in Actuarial Value of assets is 4.9%
- **Liabilities are estimated to grow at an average pace of 3.8% per year**
 - Discount rate assumed to remain level at 7.0%



Deterministic projections based on the Current Policy allocation and NEPC's 12-31-2020 30-year return assumptions. Fiscal YTD 2020 investment return was reported to be 16.9%.

LONG-TERM EXPECTATIONS

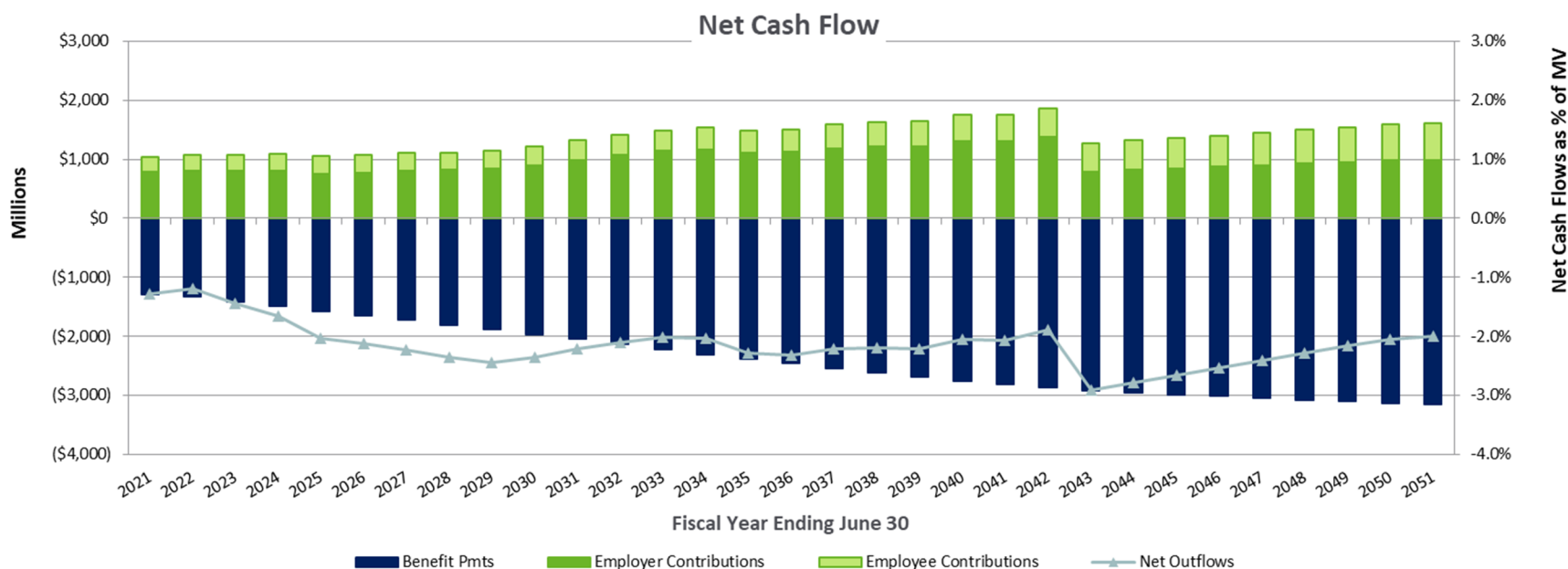


- Assuming a 6.8% investment return, Employer contributions are projected to dip to 26% of payroll by 2028, then hover between 26% and 32% until 2042, then drop to 16% for the remainder of the projection
- Variations in contributions correspond to various gain or loss bases becoming fully amortized
- Normal cost contributions are projected to increase by the 3.25% salary assumption each year



Deterministic projections based on the Current Policy allocation and NEPC's 12-31-2020 30-year return assumptions. Fiscal YTD 2020 investment return was reported to be 16.9%.

LONG-TERM EXPECTATIONS



- **Benefit payments outweigh total contributions, creating a negative cash flow for the plan**
- **Average annual negative cashflow is 2.2% of market value over the next 30 years**
- **Projection assumes a long-term investment return of 6.8%**



Deterministic projections based on the Current Policy allocation and NEPC's 12-31-2020 30-year return assumptions. Fiscal YTD 2020 investment return was reported to be 16.9%.

SUMMARY OF CURRENT PROFILE

- **Current Policy Target allocation is not expected to meet plan objectives over the next 10 or 30 years**
 - Long-term plan expected return of 7.0% is not achieved with the December 31, 2020 long term assumption of 6.8%
 - Contributions are projected to remain at reasonable levels and decline over time as a percentage of payroll
- **The funded status of the plan has declined over the last fiscal year**
 - Funded status of the plan is expected to increase if expectations are met and recommended contributions are made
- **Adding leverage would increase the probability of improved funded status and lower contributions, although leverage may also amplify volatility**
- **Given these results, three alternate asset mixes have been presented for further discussion and analysis in the next section**
 - Increase overall equity exposure through additions to public and private equities
 - Reduce real asset exposure
 - Increase private debt, funded by high yield and core bonds
 - Explore the use of leverage to increase expected returns

ALTERNATIVE ALLOCATIONS

PROPOSED ASSET ALLOCATIONS

The goals of the proposed allocations are to achieve:

- Higher expected returns
- Better diversification and tail-risk protection

The following allocations are modeled in the next few pages under various economic scenarios:

• Mix A

- Increase U.S. Public Equity by 4.2%, reduce non-U.S. developed equity by 2.0%, reduce TIPS allocation by 1.0%, and eliminate dedicated commodities exposure
- No change to fixed income allocation
- Increase to both expected return and standard deviation

• Mix B

- Increase U.S. public equity and private equity by 2.0% each, and emerging market equity by 1.0%, while reducing non-U.S. developed equity by 2.0%
- Reduce core bonds by 2.5%, reduce high yield, bank loans and EMD by 0.5% each, and increase private debt by 2.0%
- Eliminate dedicated commodities exposure
- Increases Sharpe ratio of the portfolio

• Mix C

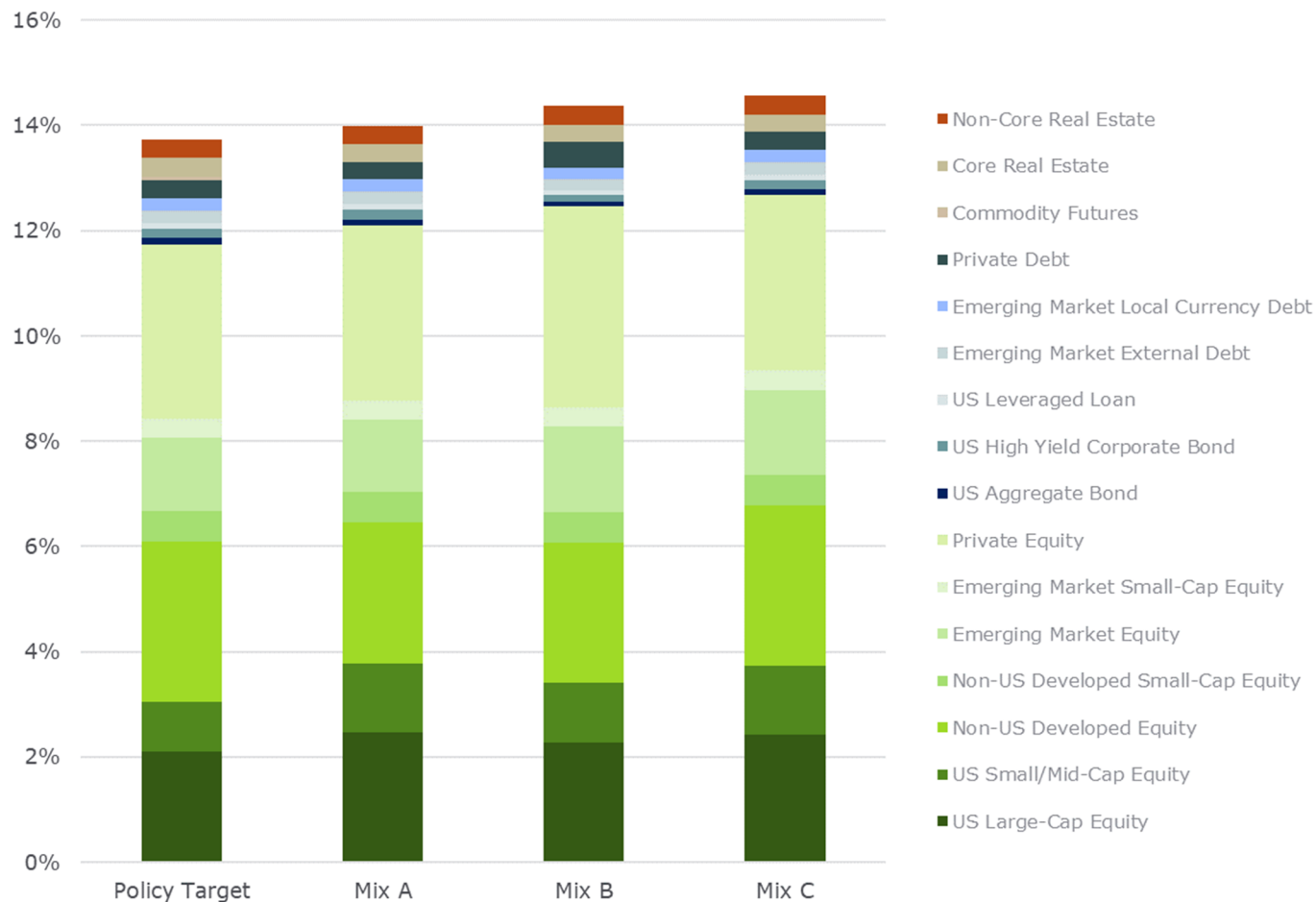
- Introduces 5% plan leverage to fund an additional 4% public equity exposure and 1% to emerging market equities; No change to fixed income allocation; Eliminate dedicated commodities exposure and transfer 1.2% to REITs



ALTERNATE ALLOCATIONS

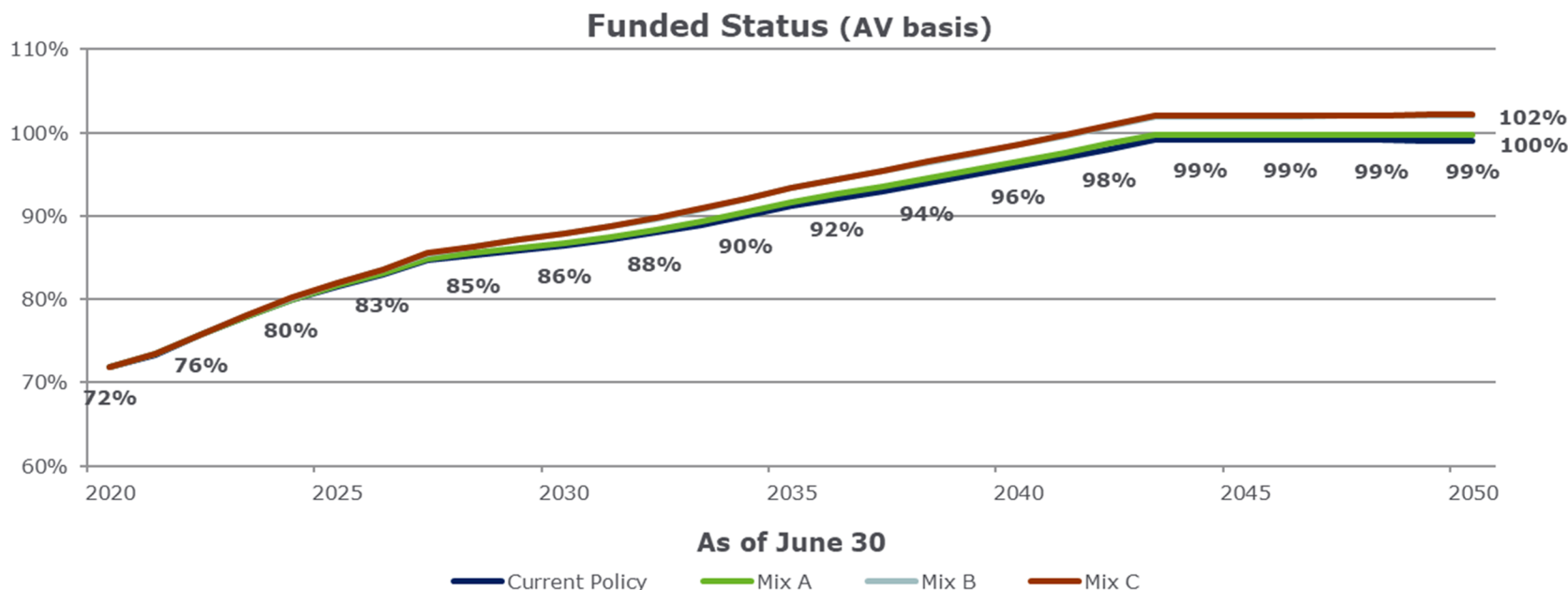
	Current Policy	Mix A	Mix B	Mix C
Cash	1.0%	1.0%	1.0%	1.0%
Total Cash	1.0%	1.0%	1.0%	1.0%
US Large-Cap Equity	14.0%	16.2%	15.0%	16.0%
US Small/Mid-Cap Equity	5.0%	7.0%	6.0%	7.0%
Non-US Developed Equity	17.0%	15.0%	15.0%	17.0%
Non-US Developed Small-Cap Equity	3.0%	3.0%	3.0%	3.0%
Emerging Market Equity	5.67%	5.67%	6.67%	6.67%
Emerging Market Small-Cap Equity	1.33%	1.33%	1.33%	1.33%
Private Equity	14.0%	14.0%	16.0%	14.0%
Total Equity	60.0%	62.2%	63.0%	65.0%
Core Bonds	13.75%	13.75%	11.25%	13.75%
High Yield	2.0%	2.0%	1.5%	2.0%
Bank Loans	2.0%	2.0%	1.5%	2.0%
EMD (External Currency)	2.25%	2.25%	2.00%	2.25%
EMD (Local Currency)	2.25%	2.25%	2.00%	2.25%
Private Debt	3.75%	3.75%	5.75%	3.75%
Total Fixed Income	26.0%	26.0%	24.0%	26.0%
TIPS	3.6%	2.6%	3.6%	3.6%
Commodities	1.2%	0.0%	0.0%	0.0%
REITS	1.2%	1.2%	1.4%	2.4%
Core Real Estate	4.2%	4.2%	4.2%	4.2%
Non-Core Real Estate	2.8%	2.8%	2.8%	2.8%
Total Real Assets	13.0%	10.8%	12.0%	13.0%
Expected Return 10 yrs	5.8%	5.9%	6.1%	6.1%
Expected Return 30 yrs	6.8%	6.9%	7.1%	7.1%
Standard Dev	13.9%	14.1%	14.5%	14.9%
Sharpe Ratio (10 years)	0.36	0.36	0.37	0.36
Sharpe Ratio (30 years)	0.36	0.35	0.36	0.35
Probability of Reaching 7.0% (1 year)	46.7%	46.9%	47.6%	47.7%
Probability of Reaching 7.0% (10 years)	39.5%	40.4%	42.3%	42.6%
Probability of Reaching 7.0% (30 years)	47.3%	48.3%	51.3%	51.4%

CONTRIBUTION TO RISK ANALYSIS



- **This chart shows the contribution to asset volatility of each asset class based on standard deviation and correlations**
- **Public and private equity have the greatest contribution to portfolio risk, while diversification of asset classes serves to reduce overall volatility**

LONG-TERM EXPECTATIONS

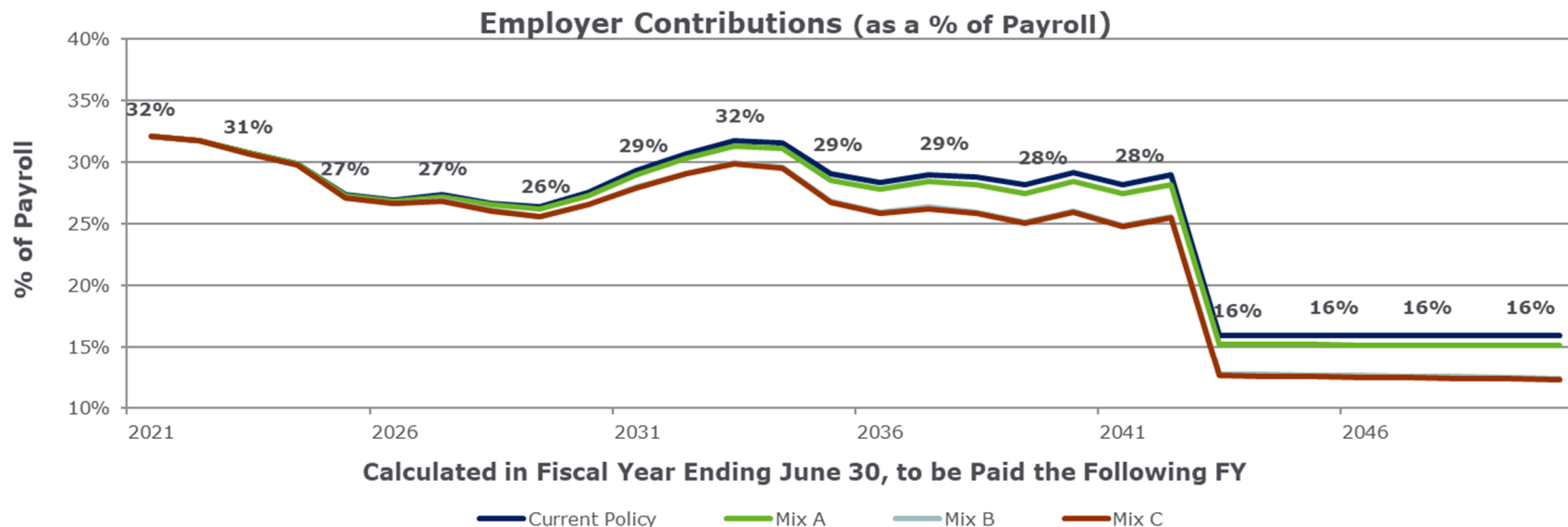


- **Mix C and Mix B result in higher funding ratios than the Current Policy due to their higher expected return**
 - Results in an approximately 2% higher funded status than Current Policy over 30 years, but also add more risk
- **Mix A tracks closely to the Current Policy, with lower funding ratios than Mix B or Mix C**
- **Changes to the allocations are on the margins and will not have significant affect on long term funded status**



Deterministic projections based on NEPC's 12-31-2020 30-year return assumptions. Fiscal YTD 2020 investment return was reported to be 16.9%

LONG-TERM EXPECTATIONS



- The Current Policy results in the highest contributions over the projection period
- Mix C and Mix B produce lower contributions than the Current Target in each year, with a reduction of up to 4% of payroll in 30 years
- Mix A tracks closely to the Current Policy with slightly lower contributions throughout the projection
- Employee contributions are projected to be 10.6% on a combined tier basis through 2026, then reduce to 9.6% and remain level over the remainder of the projection period



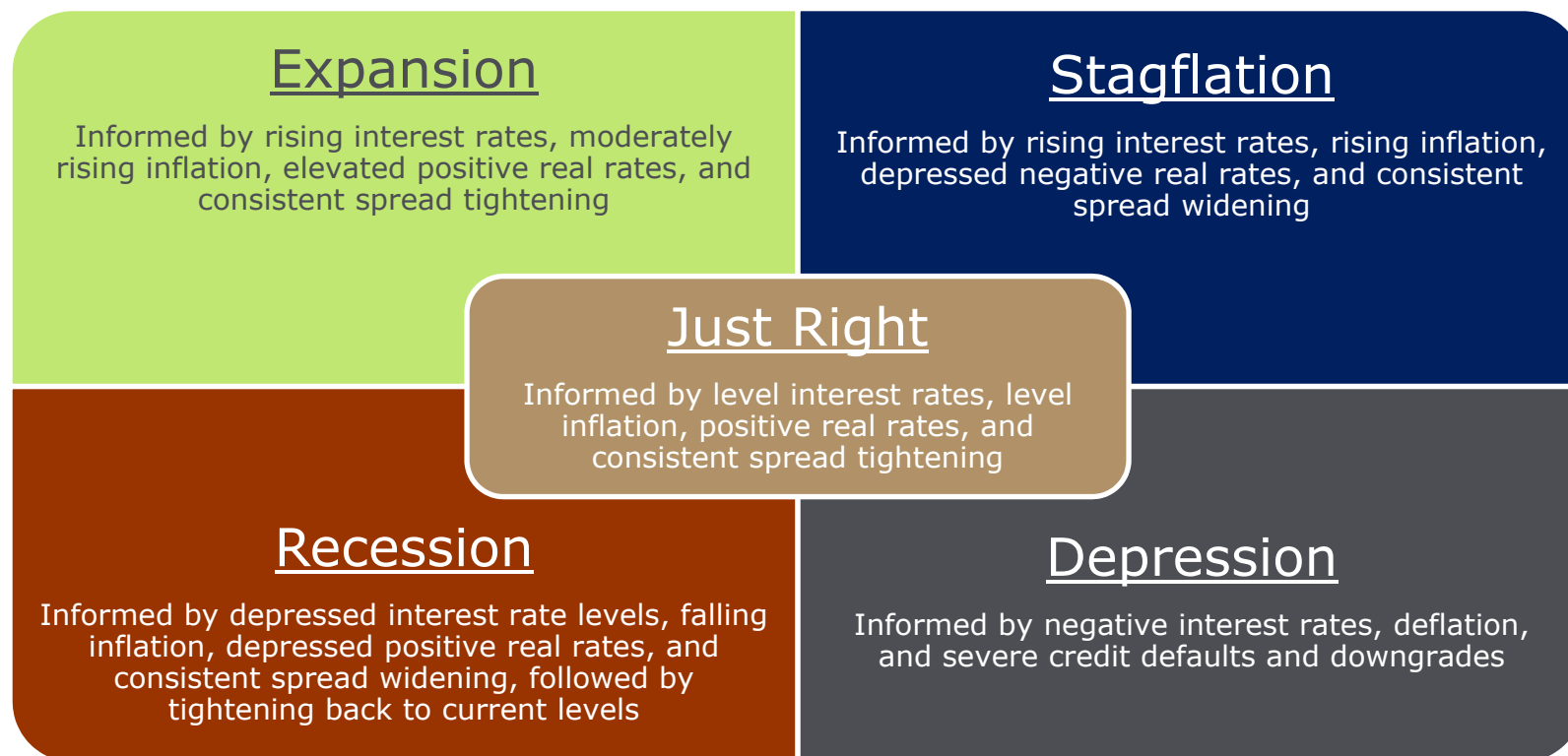
Deterministic projections based on NEPC's 12-31-2020 30-year return assumptions. Fiscal YTD 2020 investment return was reported to be 16.9%

SCENARIO ANALYSIS

SCENARIO ANALYSIS: REGIME CHANGES

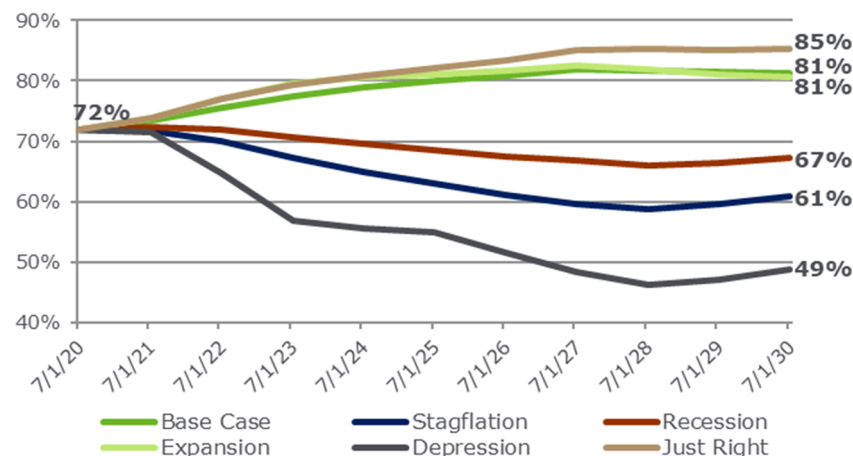
NEPC scenario analysis highlights the impact of shifting economic and market regimes on the portfolio and potential asset allocation mixes

Risk asset returns are informed by credit returns which are based on changes in real rate, inflation, and credit spreads experienced across market regimes

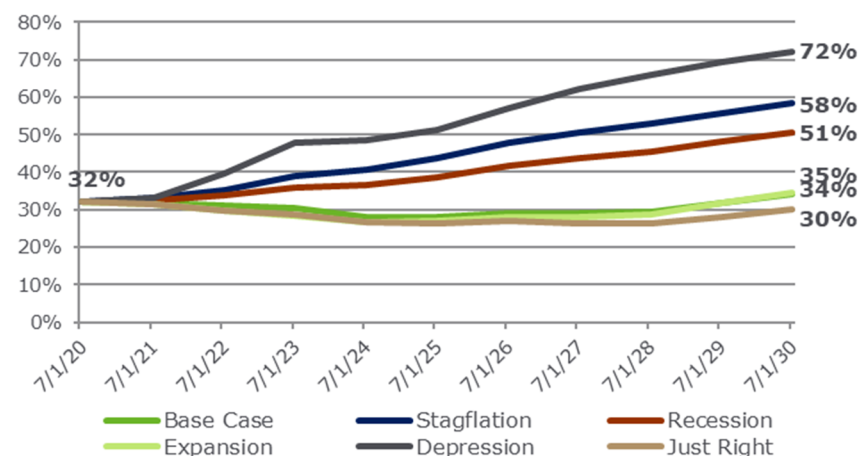


ECONOMIC SCENARIOS: POLICY TARGET

Funded Status (AV basis)

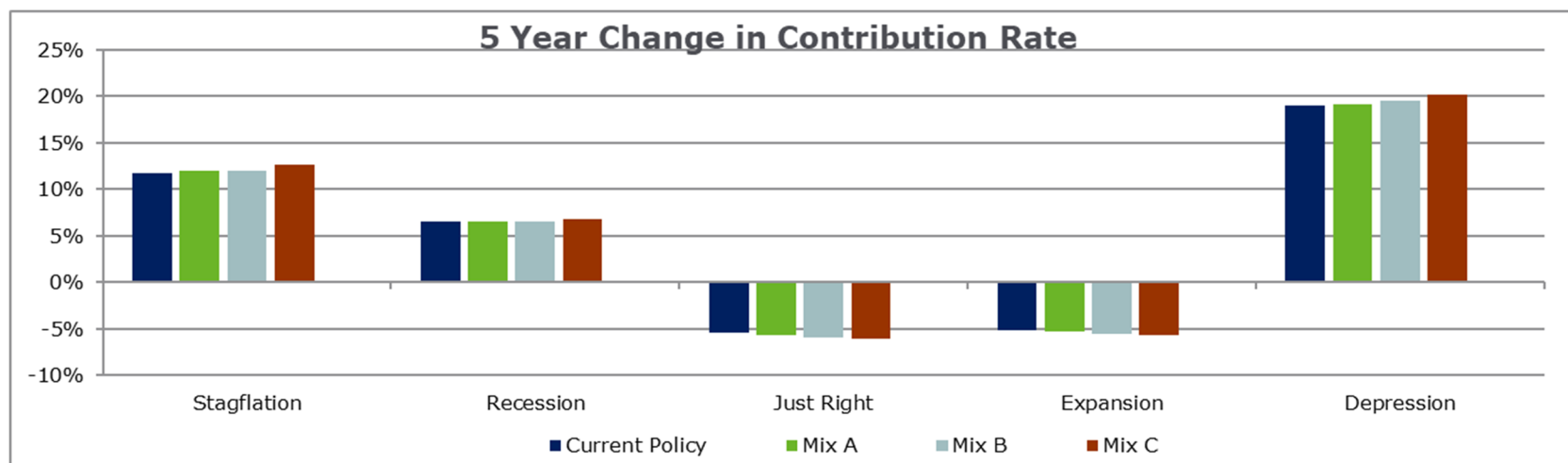
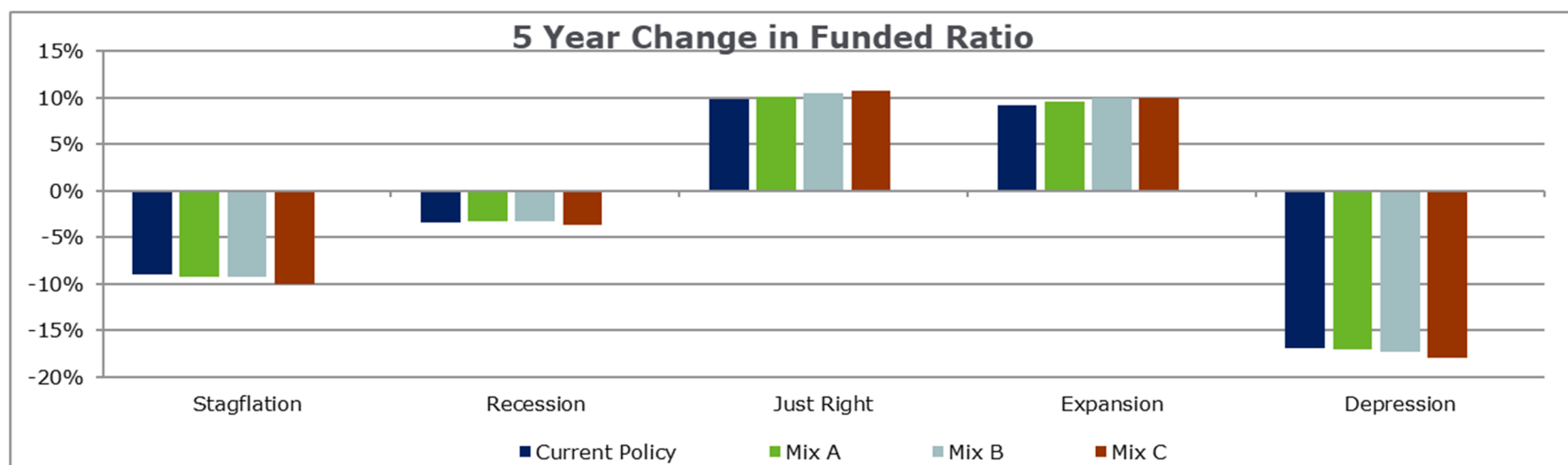


Contributions (% of payroll)

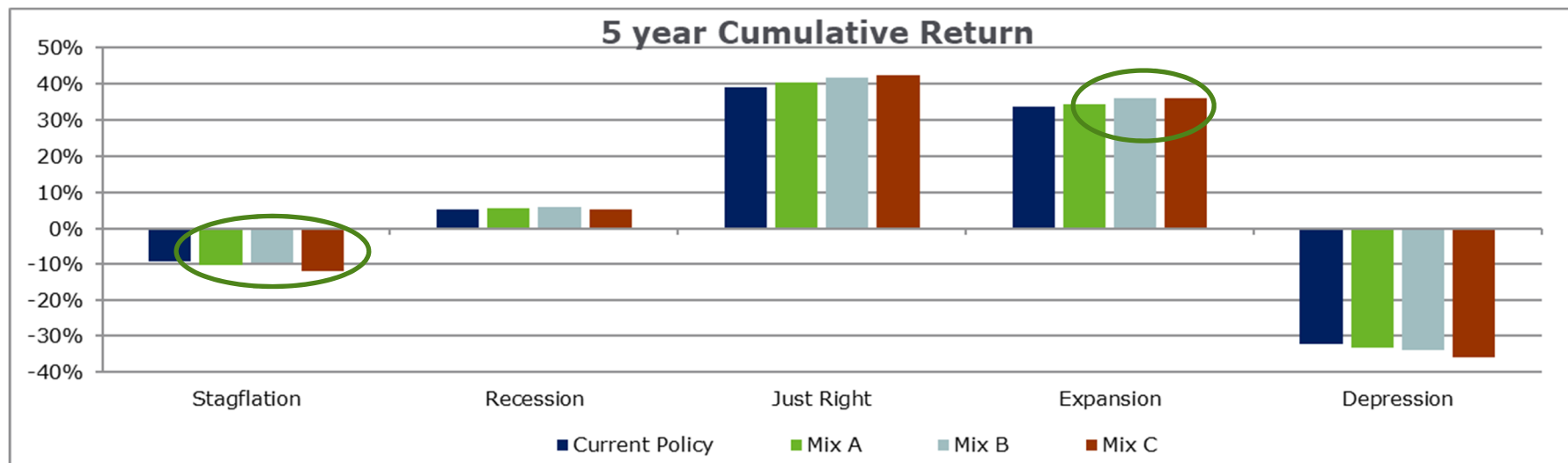


- **Funded status over the next 10 years could range between 49% and 85%**
- **The range of outcomes can be significant even with multiple smoothing techniques in place**
 - Actuarial assets smooths gains and losses over 7 years
 - Gains and losses in unfunded liabilities are amortized over 15 years
- **Negative asset returns under Depression, Recession and Stagflation have the most severe effect on funded status, but Recession begins to recover at the end of the 10 year period**
- **Contributions are expected to increase over the next 10 years, but may decline slightly under a Base Case or strong economy**
 - Contributions could increase to as high as 72% of payroll under the Depression scenario

ECONOMIC SCENARIOS



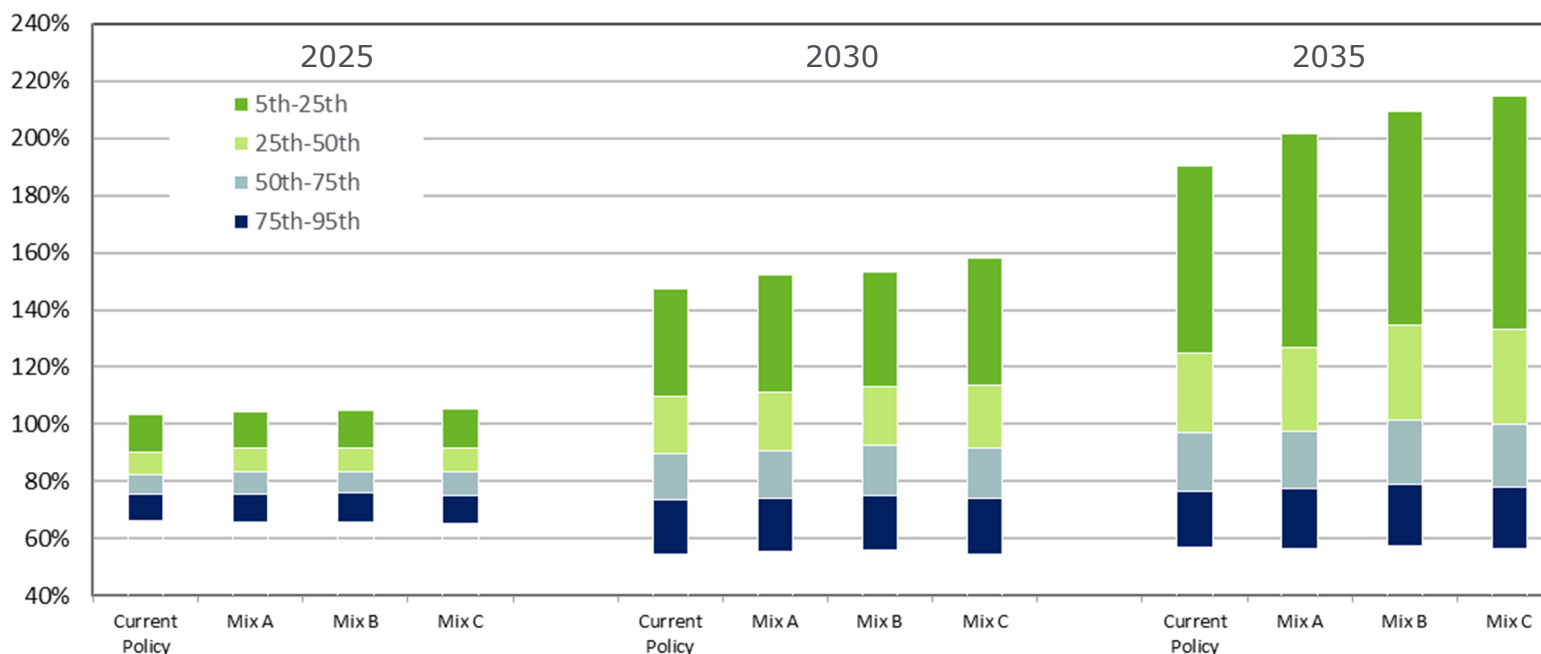
ECONOMIC SCENARIOS



- **The opportunity cost of adding risk assets can be seen in the scenarios**
- **Mix A, B, and C outperform the Current Policy in strong economies, but lag the Current Policy in negative economies, with Mix C being the most volatile**
- **Mix B holds up well in inflationary environments such as Stagflation and Expansion**
 - Mix B outperforms Mix C in the negative Stagflation scenario, while keeping pace with Mix C under the Expansionary scenario

STOCHASTIC ANALYSIS

STOCHASTIC ANALYSIS FUNDED STATUS

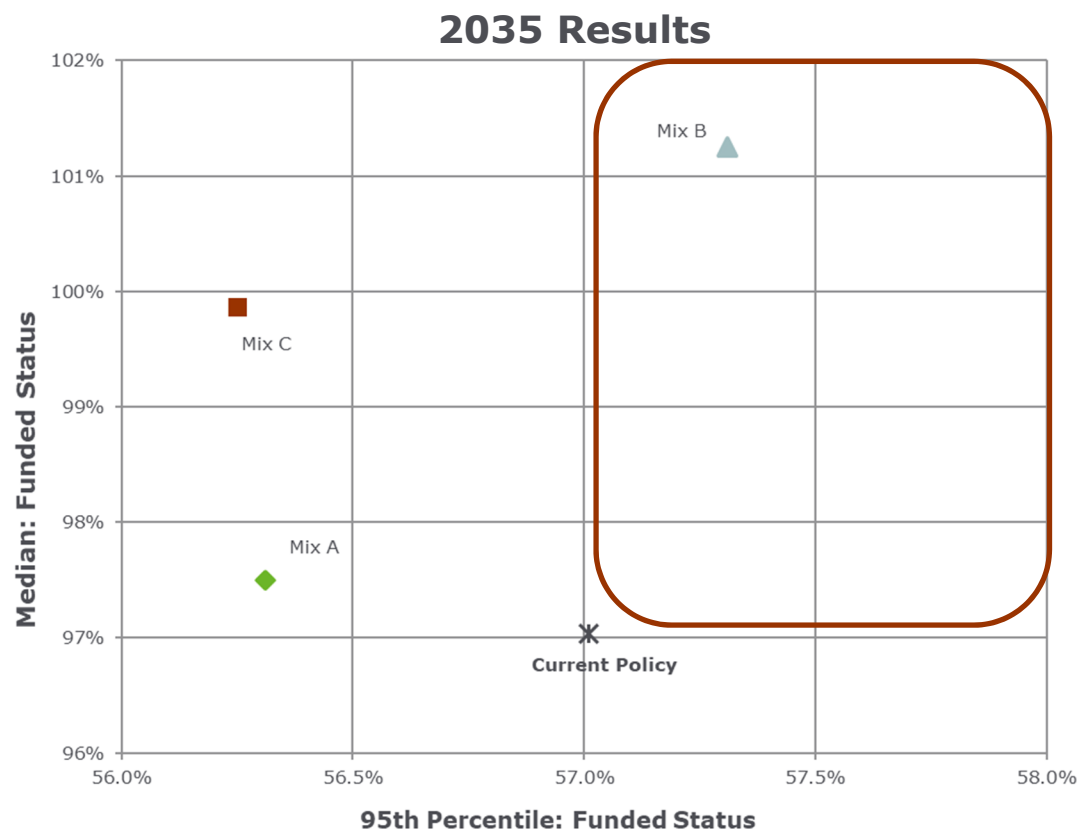


- **Mix B results in the highest funded status at the median in 5, 10 and 15 years, as well as the highest funded status at the 95th percentile**
- **Mixes A and Mix C have a higher median funded status than the Current Policy, while increasing the range of outcomes to the upside, as contributions will increase as losses are amortized**
- **It is important to look at the median (50th percentile) and overall range of outcomes**



Note: Analysis uses NEPC's 30-year expected return assumptions as of 12/31/20 for each allocation and annualized standard deviation

STOCHASTIC ANALYSIS FUNDED STATUS

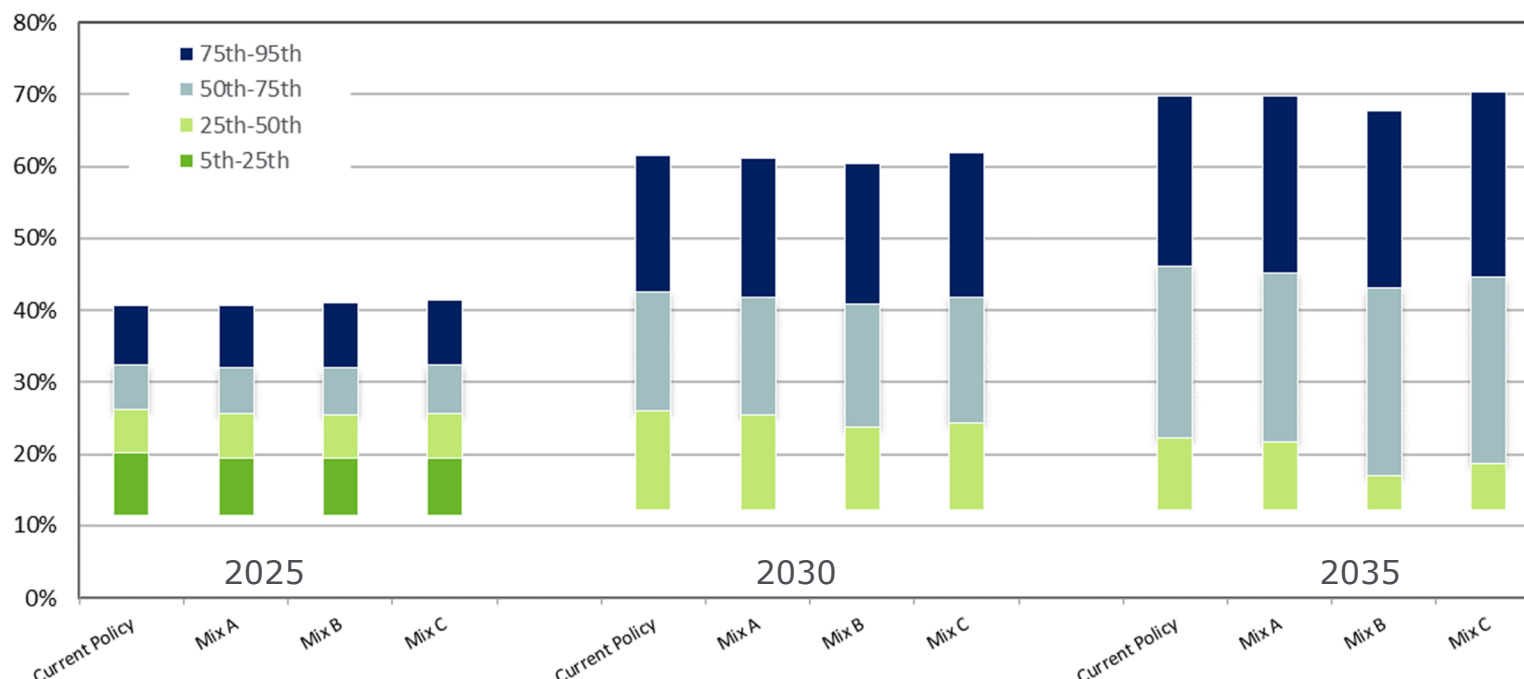


- Looking at the results from year 2035, all of the mixes result in a higher median funded status, with Mix B achieving the highest median funded status
- Mix B also achieves the highest funded status when looking at the 95th percentile, or worst case scenario



Note: Analysis uses NEPC's 30-year expected return assumptions as of 12/31/20 for each allocation and annualized standard deviation

STOCHASTIC ANALYSIS EMPLOYER CONTRIBUTION RATE



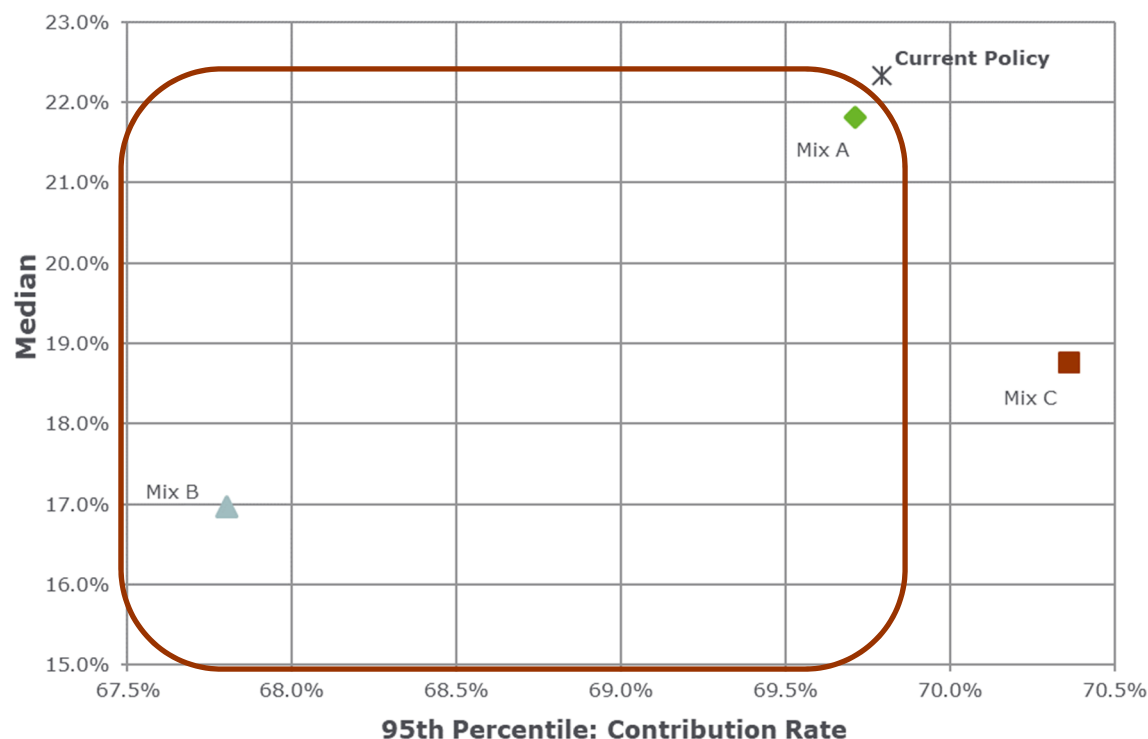
- **Most of the mixes have similar results, changes have a small effect in general**
- **Mix B has the lowest contributions at the median in each year, and has the lowest contributions at the 95th percentile in 2030 and 2035**
- **Contributions have a floor of the Normal Cost, around 12% of payroll, which represents the additional benefits accruing each year for each participant**



Note: Analysis uses NEPC's 30-year expected return assumptions as of 12/31/20 for each allocation and annualized standard deviation

STOCHASTIC ANALYSIS EMPLOYER CONTRIBUTION RATE

2035 Results



- Looking at the results from year 2035, all of the alternative mixes result in lower median contribution rates than the Current Policy
- Mix A and Mix B also have a lower contribution in the worst case scenario (95th percentile), with Mix B significantly lower



Note: Analysis uses NEPC's 30-year expected return assumptions as of 12/31/20 for each allocation and annualized standard deviation

STOCHASTIC RESULTS

Funded Status (AV basis)

2025				
	Current Policy	Mix A	Mix B	Mix C
5th	103.3%	104.5%	105.1%	105.5%
25th	90.4%	91.5%	91.5%	91.5%
Median	82.6%	83.3%	83.3%	83.2%
75th	75.5%	75.7%	75.8%	75.2%
95th	66.1%	65.9%	65.7%	65.0%

2030				
	Current Policy	Mix A	Mix B	Mix C
5th	147.4%	152.2%	153.2%	157.9%
25th	109.9%	111.1%	113.1%	113.6%
Median	89.9%	90.5%	92.5%	91.8%
75th	73.4%	74.0%	75.0%	74.3%
95th	54.4%	55.4%	55.8%	54.4%

2035				
	Current Policy	Mix A	Mix B	Mix C
5th	190.3%	201.6%	209.3%	214.9%
25th	124.9%	126.9%	134.5%	133.4%
Median	97.0%	97.5%	101.3%	99.9%
75th	76.6%	77.4%	78.8%	78.1%
95th	57.0%	56.3%	57.3%	56.3%

Contributions (% of payroll)

2025				
	Current Policy	Mix A	Mix B	Mix C
95th	40.7%	40.7%	41.2%	41.5%
75th	32.3%	32.1%	32.0%	32.5%
Median	26.2%	25.6%	25.6%	25.7%
25th	20.3%	19.5%	19.5%	19.5%
5th	11.3%	11.3%	11.3%	11.3%

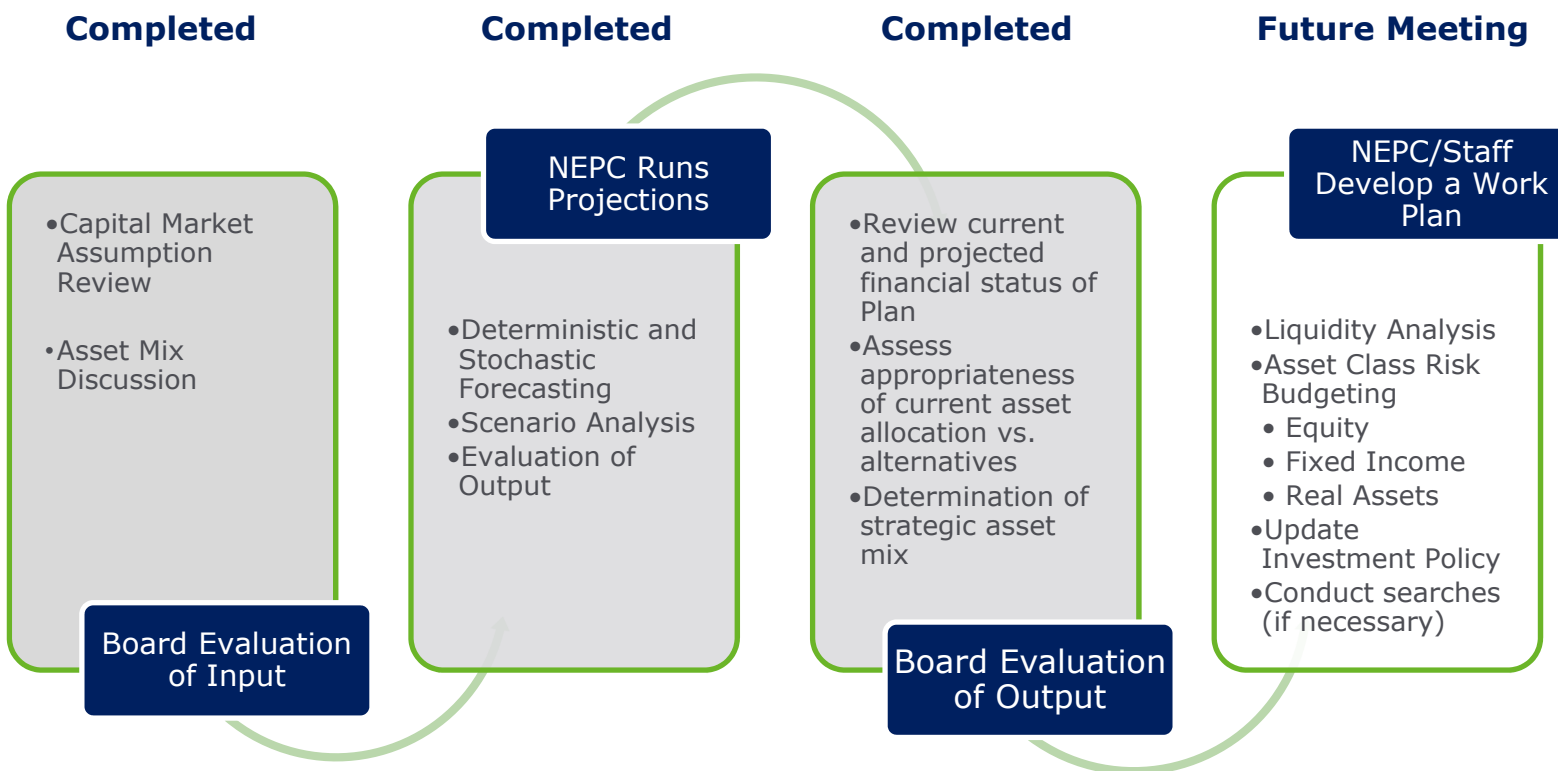
2030				
	Current Policy	Mix A	Mix B	Mix C
95th	61.6%	61.1%	60.3%	62.0%
75th	42.5%	41.9%	40.8%	41.9%
Median	26.1%	25.5%	23.8%	24.3%
25th	12.1%	12.1%	12.1%	12.1%
5th	12.1%	12.1%	12.1%	12.1%

2035				
	Current Policy	Mix A	Mix B	Mix C
95th	69.8%	69.7%	67.8%	70.4%
75th	46.1%	45.1%	43.2%	44.6%
Median	22.3%	21.8%	17.0%	18.8%
25th	12.1%	12.1%	12.1%	12.1%
5th	12.1%	12.1%	12.1%	12.1%

CONCLUSIONS

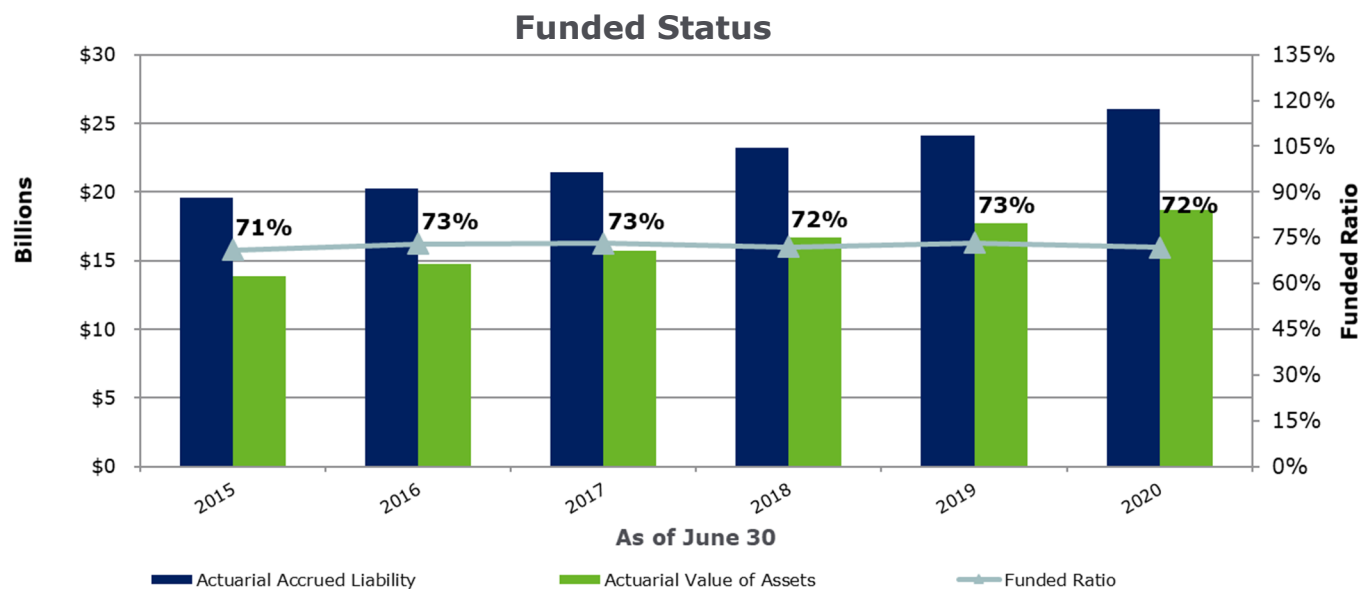
- **The System's funded status has fallen 4% over the last year on a market value basis, but asset smoothing helped funded status remain at 72%**
- **Funded status is projected to increase over the next ten years if investment expectations are met and required plan contributions are made**
- **The Current Policy allocation is not expected to meet the long-term expected return of 7.0% over the medium or long term due to economic headwinds**
 - NEPC expectations average 5.8% over the next 10 years and 6.8% over 30 years, using December 31, 2020 forward-looking assumptions
- **The proposed asset allocation changes improve risk-adjusted returns**
 - Continue to build the public and private equity portfolios to improve returns
 - Reduce commodities and public fixed income allocations
 - Increase private debt allocation
 - Explore the use of leverage to increase exposure to public equity markets
- **All proposed Asset Mixes provide for an improvement to the funded ratio and a modest reduction for employer contributions over the Current Target**

NEXT STEPS



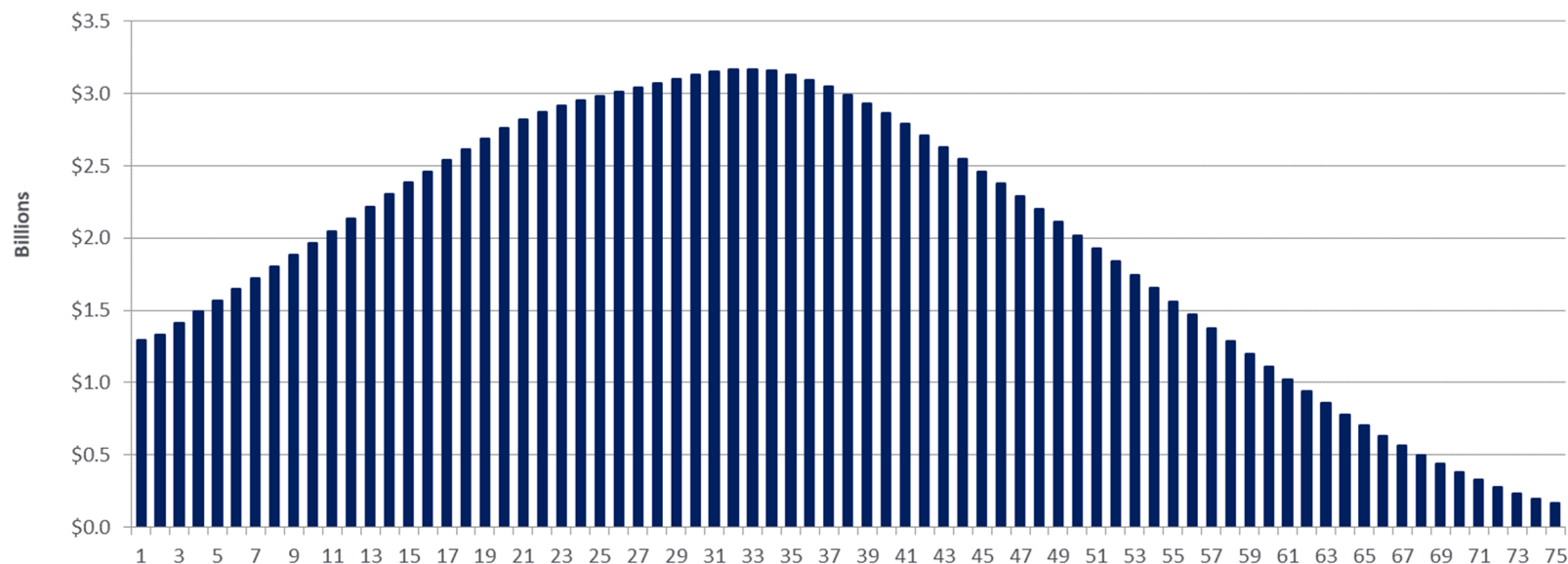
APPENDIX

HISTORICAL PLAN REVIEW



- The plan's funded status has remained relatively level over the last five years from 71% to 73% on an Actuarial Value basis

PROJECTED BENEFIT PAYMENTS



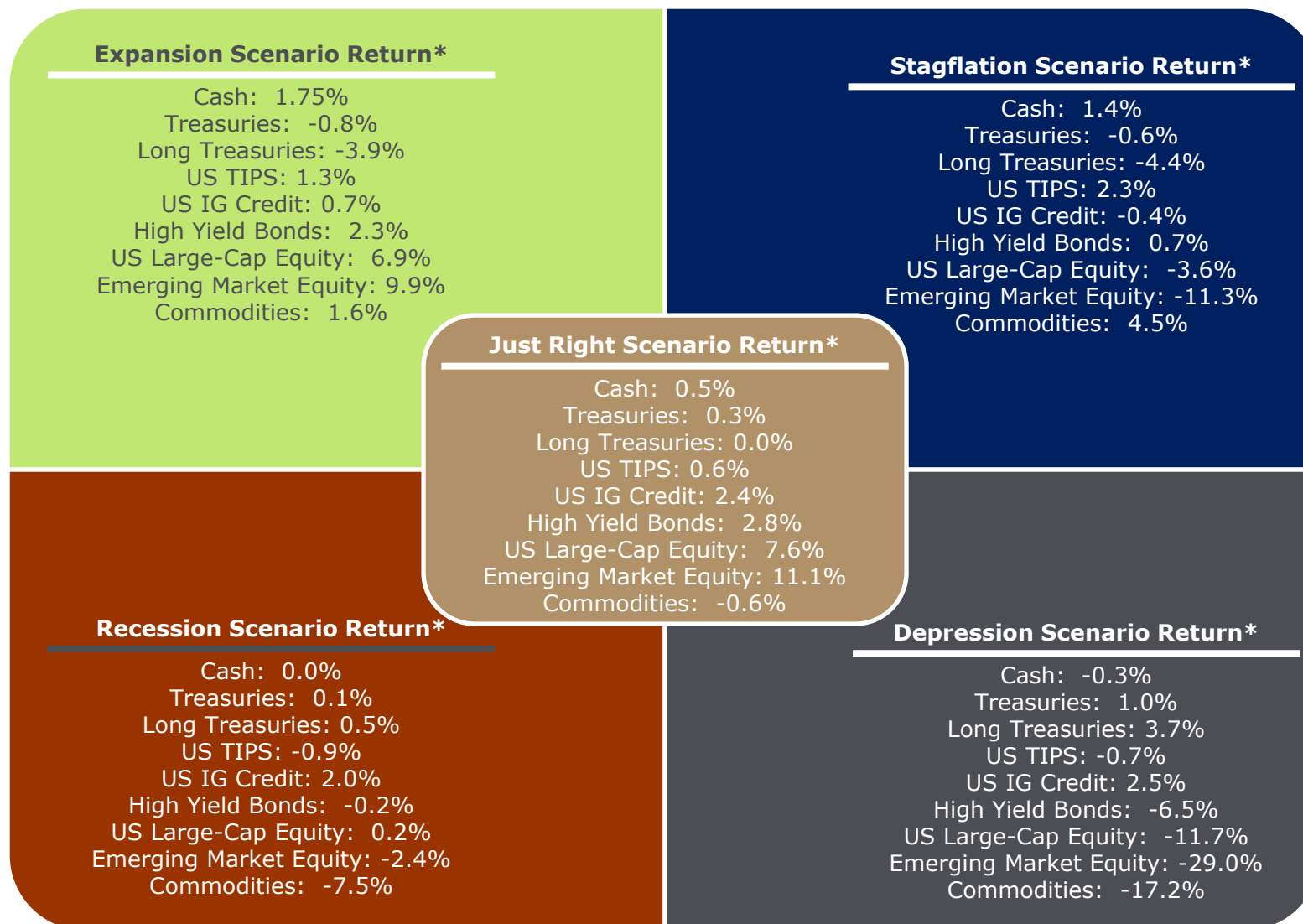
- Closed group benefit payments are projected to increase from \$1.3 billion per year to \$3.2 billion at their peak in 2052

ASSUMPTIONS AND METHODOLOGY

- **Results are shown for the Master Trust and combine the results of the Pension and OPEB valuation results, calculated separately and then summed**
- **NEPC's 12/31/2020 asset class return assumptions were used after December 31, 2020**
 - Actual asset returns through December 31, 2020 (16.9% 2021 Fiscal YTD) were used in the projections
 - NEPC's 10-year geometric return of 5.8% for Medium-Term expectations for Current Policy
 - NEPC's 30-year geometric return of 6.8% for Long-Term expectations for Current Policy
- **Deterministic projections use the Current Target allocation and NEPC's 10-year and 30-year geometric returns from NEPC's 12/31/2020 assumptions for investment returns**
- **Stochastic projections use the following assumptions:**
 - Expected return: 10-year arithmetic expected return based on NEPC's 12/31/20 asset class assumptions
 - Standard deviation: Annualized standard deviation based on NEPC's 12/31/20 asset class assumptions
- **Liability calculations follow a roll-forward methodology based on the July 1, 2020 actuarial valuation by Segal**
 - Accrued Liability and Normal Cost rolled forward annually, adjusted for benefit payment changes
 - Discount rate is assumed to remain at 7.0% each year in the future
 - Benefit payments as projected by the plan's actuary
- **Contribution calculations are based on the plan's funding policy formula**
 - Employer normal cost plus amortization of unfunded liability and various gain and loss bases
 - Future asset gains and losses are amortized over 15 years
 - Salary scale is assumed to remain at the 2020 assumed rate of 3.25%



SCENARIO ANALYSIS: REGIME RETURNS



Scenario returns are a 5 year annualized returns

SCENARIO ANALYSIS: REGIME RETURNS

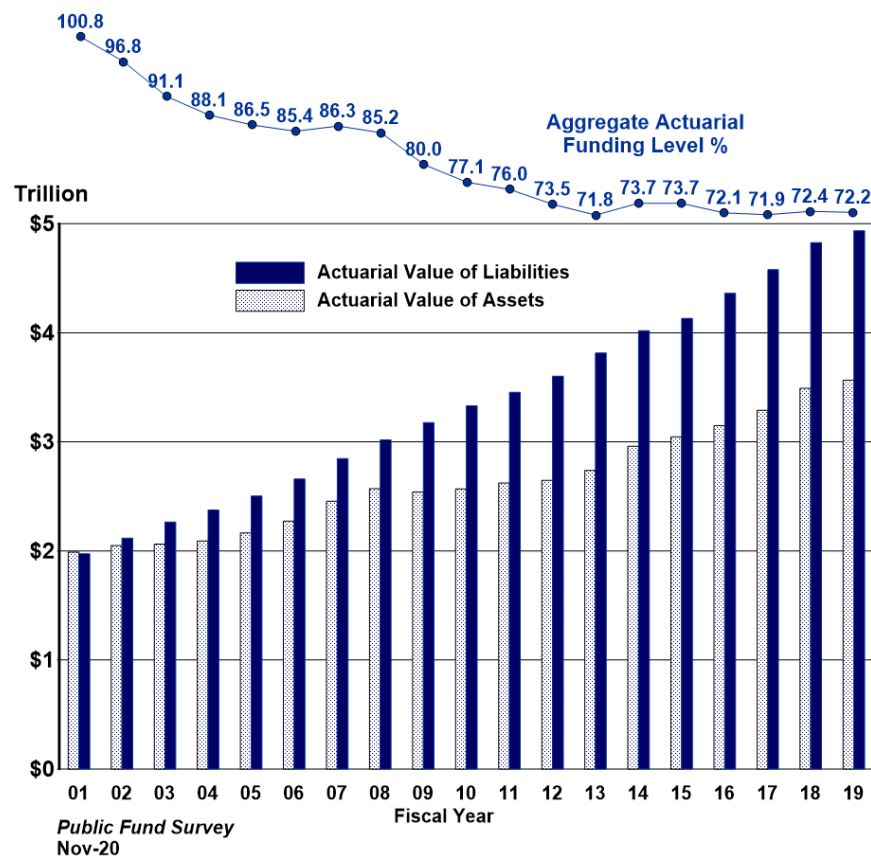
Current Policy

	Asset Returns					Five Year	Five Year
	2021	2022	2023	2024	2025	Average	Return
Base Case	5.8%	5.8%	5.8%	5.8%	5.8%	5.83%	32.75%
Stagflation	-26.6%	0.8%	3.6%	12.1%	5.7%	-1.91%	-9.21%
Recession	-14.1%	1.3%	4.1%	9.4%	6.1%	1.02%	5.21%
Expansion	15.5%	3.4%	-0.1%	0.7%	11.2%	5.95%	33.52%
Depression	-33.7%	-13.1%	0.8%	4.3%	11.7%	-7.52%	-32.37%
Just Right	17.2%	-2.6%	3.9%	6.9%	9.7%	6.82%	39.08%



Based on NEPC's 12-31-2020 10-year return and 5-year scenario assumptions

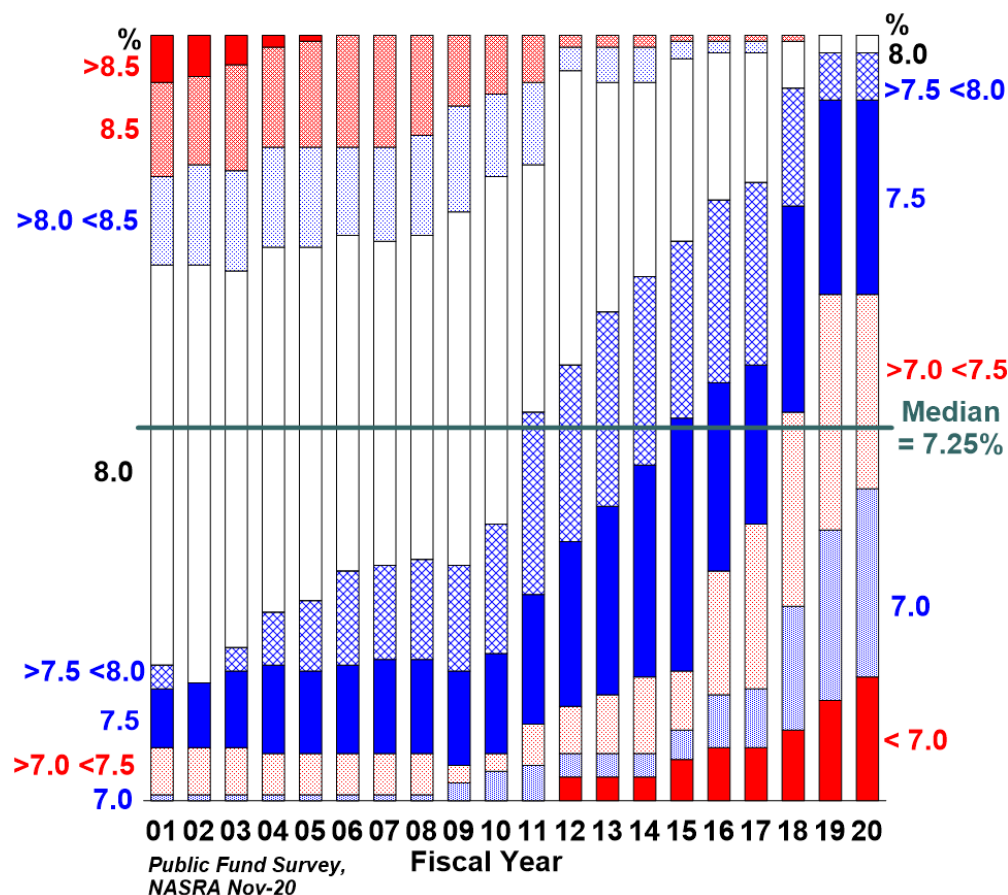
HISTORICAL FUNDED STATUS OF U.S. PUBLIC PENSION PLANS



- As of July 2019, the average public fund had a funded percentage of 72.2%
- In comparison, LACERS funded status, on an actuarial value basis, as of July 1, 2020 was 72%

Source: National Association of State Retirement Administrators (NASRA) Public Fund Survey for Fiscal year 2019, published November 2020.
The Systems included in the Survey comprise approximately 85 percent of the entire state and local government retirement systems in the US.

EXPECTED RETURN ON ASSETS ASSUMPTION OF U.S. PUBLIC PENSION PLANS



- As of July 2019, the median Expected Return on Assets (EROA) assumption for U.S. public pension funds was 7.25%
- In comparison, LACERS currently has an EROA assumption of 7.0%

Source: National Association of State Retirement Administrators (NASRA) Public Fund Survey for Fiscal year 2019, published November 2020.
The Systems included in the Survey comprise approximately 85 percent of the entire state and local government retirement systems in the US.

GLOBAL INTEREST RATE EXPECTATIONS

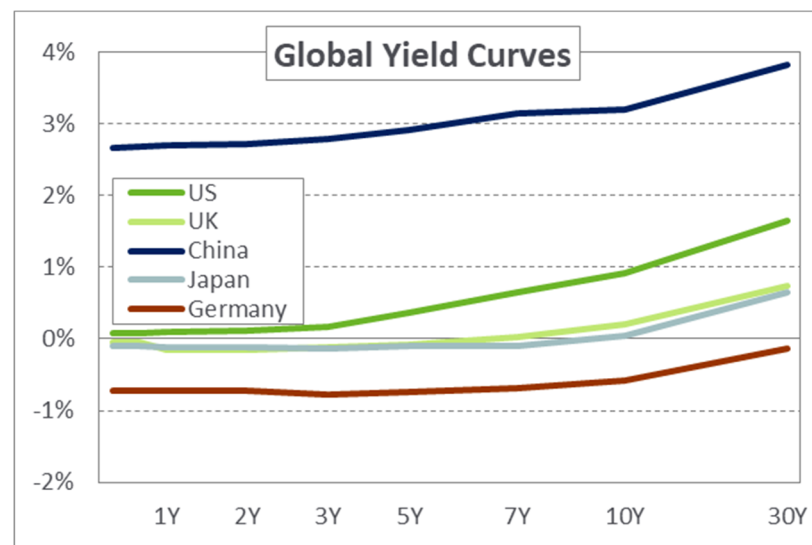
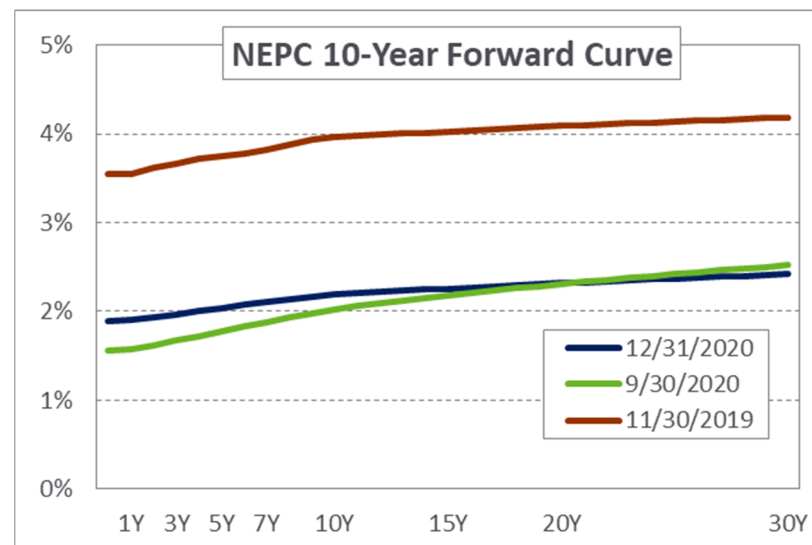
Negative real yields reflect central bank intervention

Low real rates depress returns for all assets in the long-term

The Fed's easy policy and low inflation suppress long term yield forecasts

The outlook for Japan and Europe bonds are poor due to negative nominal yields

Emerging market interest rates are higher relative to the developed world



Source: (Top) FactSet, NEPC
Source: (Bottom) FactSet, NEPC

CORE GEOMETRIC RETURN ASSUMPTIONS

	Asset Class	10-Year Return	30-Year Return	Volatility
	Cash	0.8%	1.9%	0.6%
	US Inflation	2.0%	2.2%	-
Equity	US Large-Cap Equity	5.4%	6.3%	16.6%
	Non-US Developed Equity	5.9%	6.5%	19.7%
	Emerging Market Equity	7.5%	8.4%	28.7%
	<i>Global Equity*</i>	6.2%	7.0%	18.1%
	<i>Private Equity*</i>	9.3%	10.1%	24.8%
Fixed Income	US Treasury Bond	0.9%	2.0%	5.3%
	<i>US Aggregate Bond*</i>	1.4%	2.7%	5.7%
	US TIPS	1.0%	2.1%	5.8%
	US High Yield Corporate Bond	2.9%	5.0%	11.5%
	<i>Private Debt*</i>	6.1%	7.5%	11.9%
Real Assets	Commodity Futures	0.9%	3.3%	18.5%
	US REIT	5.5%	6.7%	21.4%
	Gold	2.9%	3.7%	16.4%
	Core Real Estate	4.4%	5.6%	15.0%
	Private Real Assets - Infrastructure	5.4%	6.6%	12.5%
Multi-Asset	60% S&P 500 & 40% US Aggregate	4.1%	5.1%	10.3%
	60% MSCI ACWI & 40% US Aggregate	4.6%	5.6%	11.1%
	<i>Hedge Fund*</i>	4.0%	5.2%	8.7%

*Calculated as a blend of other asset classes



12/31/20 CAPITAL MARKET ASSUMPTIONS

	Asset Class	10-Year Return	30-Year Return	Standard Deviation
MACRO	Inflation	2.0%	2.2%	—
	Cash	0.8%	1.9%	0.6%
	US Leverage Cost	1.2%	2.2%	0.7%
	Non-US Cash	0.0%	1.1%	0.6%
EQUITY	US Large-Cap Equity	5.4%	6.3%	16.6%
	US Small/Mid-Cap Equity	5.7%	6.6%	20.7%
	Non-US Developed Equity	5.9%	6.5%	19.7%
	Non-US Developed Equity (USD Hedge)	6.1%	6.7%	17.7%
	Non-US Developed Small-Cap Equity	6.1%	6.8%	22.5%
	Emerging Market Equity	7.5%	8.4%	28.7%
	Emerging Market Small-Cap Equity	8.1%	8.6%	31.5%
	<i>Global Equity*</i>	6.2%	7.0%	18.0%
	Hedge Fund – Equity	4.0%	5.0%	11.5%
	Private Equity – Buyout	7.6%	8.5%	18.5%
	Private Equity – Growth	8.9%	9.8%	31.0%
	Private Equity – Venture	10.4%	10.7%	45.0%
	Private Equity – Secondary	7.1%	8.0%	19.5%
	Non-US Private Equity	10.7%	10.7%	32.0%
	<i>Private Equity*</i>	9.3%	10.1%	24.8%
	China Equity	7.0%	7.8%	29.5%
	US Microcap Equity	6.6%	7.4%	25.0%



12/31/20 CAPITAL MARKET ASSUMPTIONS

	Asset Class	10-Year Return	30-Year Return	Standard Deviation
CREDIT	US TIPS	1.0%	2.1%	5.8%
	US Treasury Bond	0.9%	2.0%	5.3%
	US Corporate Bond	2.2%	3.7%	7.3%
	US Mortgage-Backed Securities	1.2%	2.3%	6.5%
	<i>US Aggregate Bond*</i>	1.4%	2.7%	5.7%
	US High Yield Corporate Bond	2.9%	5.0%	11.5%
	US Leveraged Loan	3.9%	4.8%	9.2%
	Emerging Market External Debt	3.0%	4.5%	13.0%
	Emerging Market Local Currency Debt	5.0%	5.1%	13.0%
	Non-US Government Bond	0.6%	1.7%	9.5%
	Non-US Government Bond (USD Hedge)	0.8%	1.9%	3.9%
	<i>Global Government Bond*</i>	0.7%	1.8%	7.9%
	<i>Global Government Bond (USD Hedge)*</i>	0.9%	2.0%	4.0%
	Non-US Inflation-Linked Bond (USD Hedge)	0.1%	1.1%	5.9%
	<i>Diversified Fixed Income*</i>	3.0%	4.3%	7.9%
	<i>Global Multi-Sector Fixed Income*</i>	3.0%	4.3%	7.9%
	<i>Absolute Return Fixed Income*</i>	2.5%	4.0%	6.0%
	US Municipal Bond	2.0%	2.3%	6.0%
	US Municipal Bond (1-10 Year)	1.1%	1.9%	4.5%
	US High Yield Municipal Bond	2.8%	3.9%	12.0%
	Hedge Fund - Credit	3.9%	5.3%	10.4%
	Private Debt - Credit Opportunities	6.2%	7.0%	14.0%
	Private Debt – Distressed	7.2%	7.8%	14.0%
	Private Debt - Direct Lending	5.4%	7.4%	11.5%
	<i>Private Debt*</i>	6.1%	7.5%	11.9%

12/31/20 CAPITAL MARKET ASSUMPTIONS

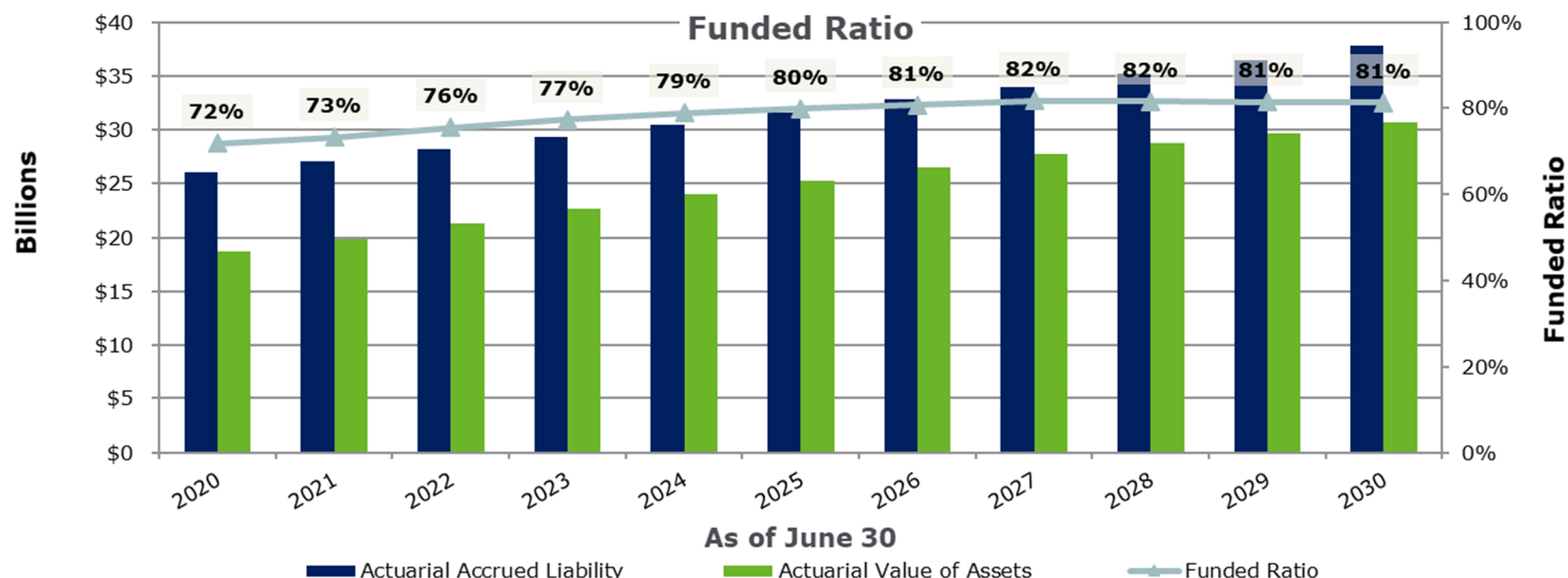
	Asset Class	10-Year Return	30-Year Return	Standard Deviation
CREDIT	US Short-Term TIPS (1-3 Year)	1.1%	2.0%	3.2%
	US Short-Term Treasury Bond (1-3 Year)	1.0%	2.0%	2.1%
	US Short-Term Corporate Bond (1-3 Year)	1.8%	3.7%	3.0%
	US Short-Term High Yield Corporate Bond (1-3 Year)	2.5%	3.5%	8.6%
	US Intermediate-Term TIPS (3-10 Year)	1.0%	2.1%	5.4%
	US Intermediate-Term Treasury Bond (3-10 Year)	0.9%	2.1%	5.4%
	US Intermediate-Term Corporate Bond (3-10 Year)	2.3%	3.8%	7.6%
	US Long-Term Treasury Bond (10-30 Year)	0.7%	1.9%	11.5%
	US Long-Term TIPS (10-30 Year)	1.0%	2.0%	10.9%
	US Long-Term Corporate Bond (10-30 Year)	2.3%	3.8%	11.5%
	20+ Year US Treasury STRIPS	0.4%	1.7%	21.2%
	<i>US Long-Term Government/Credit*</i>	1.7%	3.1%	10.6%
	US Corporate Bond - AAA	1.5%	2.8%	5.9%
	US Corporate Bond - AA	1.6%	2.9%	5.9%
	US Corporate Bond - A	1.9%	3.3%	7.2%
	US Corporate Bond - BBB	2.5%	3.9%	8.0%
	US Corporate Bond - BB	3.9%	5.6%	9.9%
	US Corporate Bond - B	3.0%	4.9%	12.1%
	US Corporate Bond - CCC/Below	-3.4%	-0.8%	21.7%
	US Securitized Bond	1.8%	3.1%	9.0%
	US Collateralized Loan Obligation	2.3%	3.3%	7.5%
	US High Yield Securitized Bond	2.3%	4.5%	11.0%
	US High Yield Collateralized Loan Obligation	4.6%	5.7%	11.0%
	US Taxable Municipal Bond	2.5%	3.9%	7.5%
	10 Year US Treasury Bond	0.9%	2.3%	7.4%
	10 Year Non-US Government Bond (USD Hedge)	-0.1%	1.1%	5.1%

12/31/20 CAPITAL MARKET ASSUMPTIONS

	Asset Class	10-Year Return	30-Year Return	Standard Deviation
REAL ASSETS	Commodity Futures	0.9%	3.3%	18.5%
	Midstream Energy	7.4%	7.3%	27.0%
	<i>Public Real Assets (Multi-Asset)*</i>	4.4%	5.6%	14.2%
	US REIT	5.5%	6.7%	21.4%
	Global Infrastructure Equity	5.9%	6.6%	20.4%
	Global Natural Resources Equity	6.7%	7.0%	22.8%
	Gold	2.9%	3.7%	16.4%
	Core Real Estate	4.4%	5.6%	15.0%
	Non-Core Real Estate	5.5%	7.0%	21.0%
	Private Debt - Real Estate	4.1%	5.2%	11.0%
	Private Real Assets - Natural Resources	8.0%	8.5%	32.0%
	Private Real Assets – Infrastructure	5.4%	6.6%	12.5%
MULTI-ASSET	Hedge Fund – Macro	3.6%	4.7%	9.2%
	<i>Hedge Fund*</i>	4.0%	5.2%	8.7%
	<i>60% S&P 500 & 40% US Aggregate Bond*</i>	4.1%	5.1%	10.3%
	<i>60% MSCI ACWI & 40% US Aggregate Bond*</i>	4.6%	5.6%	11.1%



MEDIUM-TERM EXPECTATIONS

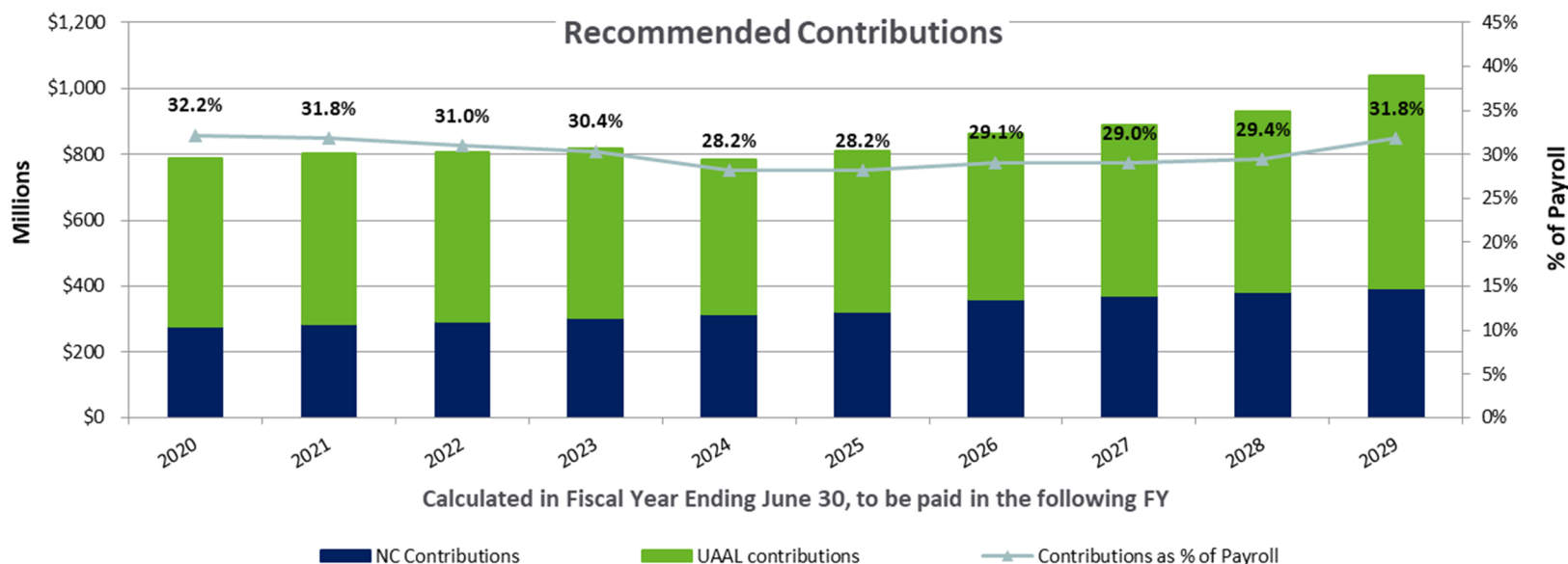


- **The funded status of the pension system is estimated to increase over the next ten years to 81% in 2030**
 - Funded Status = Actuarial Value of Assets / Accrued Liability
- **Market value of assets is assumed to return 5.8%, NEPC's 10-year expected return forecast for LACERS**
 - Average annual increase in Actuarial Value of assets is 5.1%
- **Liabilities grow at an average pace of 3.8% per year**
 - Discount rate is assumed to remain level at 7.0% over the projection period



Deterministic projections based on the Current Policy allocation and NEPC's 12-31-2020 10-year return assumptions. Fiscal YTD 2020 investment return was reported to be 16.9%.

MEDIUM-TERM EXPECTATIONS

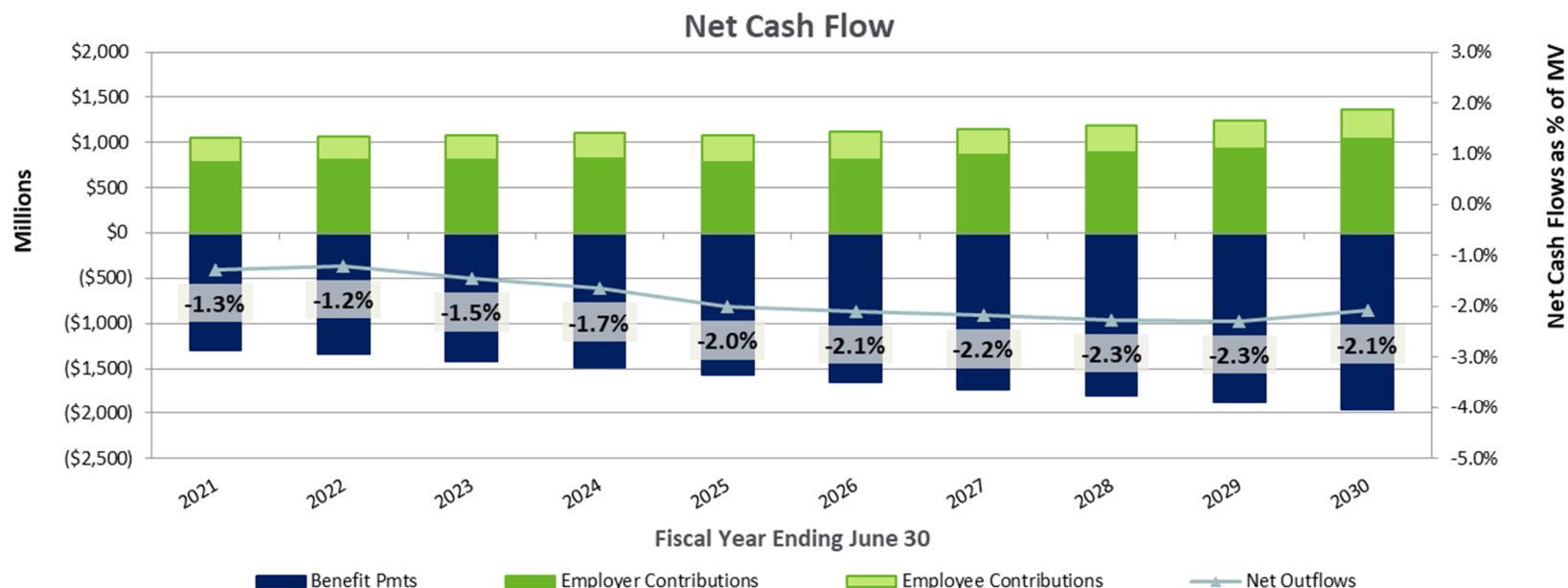


- **Employer contributions are projected to decrease in 2024, then gradually increase back up to current levels**



Deterministic projections based on the Current Policy allocation and NEPC's 12-31-2020 10-year return assumptions. Fiscal YTD 2020 investment return was reported to be 16.9%.

MEDIUM-TERM EXPECTATIONS



- **Benefit payments outweigh total contributions, creating a negative cash flow for the plan**
 - Difference must be made up through investment returns or additional contributions
- **Net cash outflows grow from 1.3% to 2.3% over the next 10 years**
 - A typical range for pension plans, presenting no unusual liquidity issues, but may limit flexibility to increase private markets allocations
- **Benefit payments average 6.7% of Market Value of Assets over the next ten years**



Deterministic projections based on the Current Policy allocation and NEPC's 12-31-2020 10-year return assumptions. Fiscal YTD 2020 investment return was reported to be 16.9%.

INFORMATION DISCLAIMER

Past performance is no guarantee of future results.

The goal of this report is to provide a basis for substantiating asset allocation recommendations. The opinions presented herein represent the good faith views of NEPC as of the date of this report and are subject to change at any time.

Information on market indices was provided by sources external to NEPC. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.

All investments carry some level of risk. Diversification and other asset allocation techniques do not ensure profit or protect against losses.

This report is provided as a management aid for the client's internal use only. This report may contain confidential or proprietary information and may not be copied or redistributed to any party not legally entitled to receive it.



ASSET LIABILITY DISCLOSURES

NEPC, LLC is an investment consulting firm. We provide asset-liability studies for certain clients but we do not provide actuarial services. Any projections of funded status or contributions contained in this report should not be used for budgeting purposes. We recommend contacting the plan's actuary to obtain budgeting estimates.

The goal of this report is to provide a basis for substantiating asset allocation recommendations.

The projection of liabilities in this report uses standard actuarial projection methods and does not rely on actual participant data. Asset and liability information was received from the plan's actuary, and other projection assumptions are stated in the report.

Assets are projected using a methodology chosen by the client. Gains and losses are estimated through investment returns generated by applying NEPC's medium and long term asset class assumptions and scenario assumptions as of December 31, 2020.

This report is based on forward-looking assumptions, which are subject to change.

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REPORT TO BOARD OF ADMINISTRATION

From: Investment Committee
Sung Won Sohn, Chair
Elizabeth Lee
Nilza R. Serrano

MEETING: FEBRUARY 23, 2021
ITEM: VIII – C

**SUBJECT: INVESTMENT MANAGER CONTRACT WITH DIMENSIONAL FUND ADVISORS LP
REGARDING THE MANAGEMENT OF A U.S. TREASURY INFLATION PROTECTED
SECURITIES (TIPS) PORTFOLIO AND POSSIBLE BOARD ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Board:

1. Approve a three-year contract renewal with Dimensional Fund Advisors LP for management of a U.S. Treasury Inflation Protected Securities portfolio.
2. Authorize the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Executive Summary

On February 9, 2021, the Committee considered and concurred with the staff recommendation for a three-year contract renewal with Dimensional Fund Advisors LP (DFA) for management of a U.S. Treasury Inflation Protected Securities (TIPS) portfolio.

Discussion

On February 9, 2021, the Committee considered the attached staff report (Attachment 1) recommending a three-year contract renewal with DFA, for active management of a U.S. TIPS portfolio. The initial three-year contract became effective on July 1, 2014. Subsequently, the Board authorized a three-year contract renewal on January 24, 2017 and a one-year extension on May 26, 2020. The current contract expires on June 30, 2021. Since inception of the contract, LACERS has paid DFA a total of \$1,726,754 in fees for managing the TIPS portfolio. LACERS' portfolio was valued at \$852 million as of January 31, 2021.

The Committee discussed DFA's organization, management, investment strategy, and fees. Staff indicated that the manager is in compliance with the LACERS Manager Monitoring Policy and that fees had recently been renegotiated. The Committee concurs with the staff recommendation for a three-year contract renewal with DFA.

Strategic Alignment

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

Prepared By: Barbara Sandoval, Investment Officer II, Investment Division

NMG/RJ/BF/BS:rm

Attachments: 1. Investment Committee Recommendation Report dated February 9, 2021
 2. Proposed Resolution



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

MEETING: FEBRUARY 9, 2021
ITEM: IV

Neil M. Guglielmo

**SUBJECT: INVESTMENT MANAGER CONTRACT WITH DIMENSIONAL FUND ADVISORS LP
REGARDING THE MANAGEMENT OF A U.S. TREASURY INFLATION PROTECTED
SECURITIES (TIPS) PORTFOLIO AND POSSIBLE COMMITTEE ACTION**

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

Recommendation

That the Committee recommend to the Board a three-year contract renewal with Dimensional Fund Advisors LP for management of a U.S. Treasury Inflation Protected Securities portfolio.

Executive Summary

Dimensional Fund Advisors LP (DFA) has managed an active U.S. Treasury Inflation Protected Securities (TIPS) portfolio for LACERS since July 2014. LACERS' portfolio was valued at \$848 million as of December 31, 2020. DFA is in compliance with the LACERS Manager Monitoring Policy. Staff and NEPC, LLC (NEPC), LACERS' General Fund Consultant, recommend a three-year contract renewal.

Discussion

Background

DFA manages a U.S. TIPS portfolio for LACERS benchmarked against the Bloomberg Barclays U.S. TIPS Index. DFA's strategy provides protection against inflation by investing in inflation-linked bonds issued by the U.S. Treasury. The strategy offers benchmark-like duration and adds incremental value through yield curve positioning and low portfolio turnover. The portfolio is managed by a team of eight investment professionals led by Alan Hutchinson, Senior Portfolio Manager and Vice President, and Alexander Fridman, PhD, CFA, Senior Portfolio Manager and Vice President. LACERS' portfolio was valued at \$848 million as of December 31, 2020.

The Board hired DFA through the 2013 Active U.S. and Global Inflation-Linked manager search process and authorized a three-year contract on February 25, 2014; the contract became effective on July 1, 2014. Subsequently, the Board authorized a three-year contract renewal on January 24, 2017 and a one-year extension on May 26, 2020. The current contract expires on June 30, 2021.

Organization

DFA is headquartered in Austin, Texas and has more than 1,400 employees globally. As of December 31, 2020, the firm managed approximately \$601 billion in total assets, with \$6.1 billion in the TIPS strategy.

Due Diligence

DFA's organization, investment philosophy, strategy, and process have not changed over the contract period.

Performance

As of December 31, 2020, DFA has outperformed the benchmark over all time periods, as presented in the table below. DFA is in compliance with the LACERS Manager Monitoring Policy.

Annualized Performance as of 12/31/20 (Net-of-Fees)						
	3-Month	1-Year	2-Year	3-Year	5-Year	Since Inception ¹
DFA	1.67	11.97	10.24	6.31	5.45	3.57
Bloomberg Barclays U.S. TIPS Index	1.62	10.99	9.70	5.92	5.08	3.30
% of Excess Return	0.05	0.98	0.54	0.39	0.37	0.27

¹Performance inception date: 7/17/14. Strategy was funded after contract inception date of 7/1/14.

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

Calendar Year Performance as of 12/31/20 (Net-of-Fees)							
	2020	2019	2018	2017	2016	2015	7/17/14 – 12/31/14
DFA	11.97	8.55	-1.15	3.22	5.13	-0.94	-2.86
Bloomberg Barclays U.S. TIPS Index	10.99	8.43	-1.26	3.01	4.68	-1.44	-2.31
% of Excess Return	0.98	0.12	0.11	0.21	0.45	0.50	-0.55

Fees

LACERS pays DFA an effective fee of 5 basis points (0.05%), which is approximately \$424,000 annually based on the value of LACERS' assets as of December 31, 2020. This fee ranks in the 2nd percentile of fees charged by similar managers in the eVestment database (i.e., 98% of like-managers have higher fees).

General Fund Consultant Opinion

NEPC concurs with this recommendation.

Strategic Alignment

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

Prepared By: Barbara Sandoval, Investment Officer II, Investment Division

NMG/RJ/BF/BS:jp

Attachment: 1. Consultant Recommendation – NEPC



To: Los Angeles City Employees' Retirement System Investment Committee

From: NEPC, LLC

Date: February 9, 2021

Subject: Dimensional Fund Advisors LP – U.S. TIPS Contract Renewal

Recommendation

NEPC recommends Los Angeles City Employees' Retirement System (LACERS) renew the contract with Dimensional Fund Advisors LP ('DFA') for a period of three years from the date of contract expiry.

Background

DFA was funded on July 17, 2014 to provide the Plan with exposure to U.S. Treasury Inflation Protected Securities (U.S. TIPS) within the Plan's Public Real Assets asset class. As of December 31, 2020, DFA managed \$847.9 million, or 4.1% of Plan assets. The performance objective is to outperform the Bloomberg Barclays U.S. TIPS Index, net of fees, annualized over a full market cycle (normally three-to-five years).

DFA was founded in 1981 by University of Chicago MBA students David Booth and Rex Sinquefeld, whose intention was to start a fund management firm that would rely fully on academic theories of efficient markets. Papers from Finance Professors Eugene Fama and Kenneth French framed their thinking. Eugene Fama and Kenneth French remain Directors and Consultants to the company today, and the firm maintains its ties to the University of Chicago. Other notable Board Members include George Constantinides of the University of Chicago, Robert Merton of Harvard University, Myron Scholes of Stanford University, and Roger Ibbotson of Yale. Mr. Booth remains at the firm as Founder and Executive Chairman and Mr. Sinquefeld retired in 2005. The firm is a private company owned primarily by employees, directors and former employees (70%) and outside investors (30%). Headquartered in Austin, Texas, the firm has offices around the globe and as of December 31, 2020, the firm had \$600.8 billion in assets under management ('AUM') with over 1,400 employees. Approximately \$516.7 billion is managed in mutual funds, \$79.4 billion in separately managed accounts and the remainder in commingled investments.

The firm's core philosophy is to focus on a rules-based systematic investment approach that combines academic theory and empirical research. DFA believes that prices in liquid and competitive markets reflect available information about fundamental values and the aggregate risk and return expectations of market participants. They believe that diversification helps reduce uncertainty, manage risk, increase the reliability of outcomes and provide flexibility. They identify and focus on the tradeoffs that matter to targeting market premiums efficiently.



The strategy focuses on securities in the middle range of the universe's available maturities, between five and 20 years from the date of settlement, excluding both very short and very long securities, although it may continue to hold securities as their maturities fall below five years. The rationale for this approach is that there are substitutes such as short Treasuries that provide fairly good protection versus inflation over time and secondly investing beyond 20 years' maturity may provide less favorable returns.

The strategy employs a constant-maturity, low-turnover approach which can generally be described as a buy and hold strategy. The strategy does not seek to replicate the benchmark but instead provide systematic exposure to the asset class in a thoughtful, market-driven, and cost-effective manner. For the portfolio there is one issuer, the U.S. Treasury and there is no limitation on the investments of this issuer. Individual security weightings will be determined to target the duration of the Bloomberg Barclays U.S. TIPS Index.

DFA uses a team approach to investment management. The Investment Policy Committee focuses on any changes to long-term investment strategy through the combined contributions of Portfolio Research, Portfolio Management, and Trading. The Investment Committee supervises day-to-day investment management operations for all portfolios. They do not employ a traditional portfolio manager / research analyst structure. Investment Associates and Portfolio Analysts are part of the team that assists Portfolio Managers in the implementation of policies and procedures for the strategies. DFA's internal research team is comprised of research professionals engaged in academic research and product development. Though there has been some turnover over the past few years at the investment committee level, the team approach to portfolio management at DFA results in a diminished impact of any one team-member's departure.

Performance

Referring to Exhibit 1, since August 1, 2014 (the first full month of performance after the account inception date of July 15, 2014), the DFA portfolio has outperformed the Bloomberg Barclays U.S. TIPS Index by 0.22%, returning 3.58%, net of fees, through December 31, 2020. In the five-year period ended December 31, 2020, the portfolio outperformed the index by 0.37% (5.45% vs. 5.08%). In the one-year period ended December 31, 2020, the portfolio outperformed the benchmark by 0.98% returning 11.97%. The portfolio has an information ratio of 0.32 and active risk as measured by tracking error was 0.67% since inception ending December 31, 2020.

Referring to Exhibit 2, on a cumulative basis, the portfolio has added cumulative gains since inception and is currently in good standing according LACERS' Manager Monitoring Policy. Positioning along the term structure in longer maturity securities contributed to positive relative returns.

Fees

The DFA portfolio has an asset-based fee of 0.05% annually. The fee ranks in the 2nd percentile among its peers in the eVestment U.S. TIPS/ Inflation Fixed Income Universe. In other words, 98% of the 38 products included in the peer universe have a higher fee than the LACERS account.



Conclusion

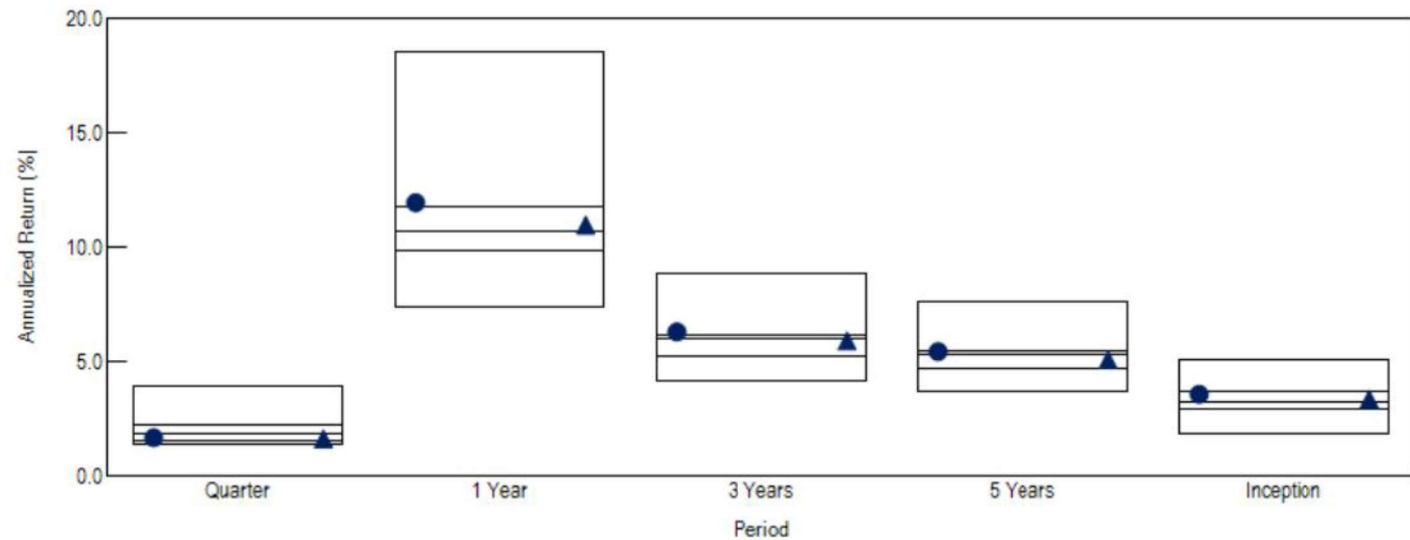
DFA has outperformed its benchmark index over the past five years and since inception ended December 31, 2020. The firm and team have been relatively stable in the past three-to-five years and employs a disciplined fundamental strategy. NEPC recommends a three-year contract renewal.

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



Exhibit 1

eV US TIPS / Inflation Fixed Inc Net Return Comparison
Ending December 31, 2020



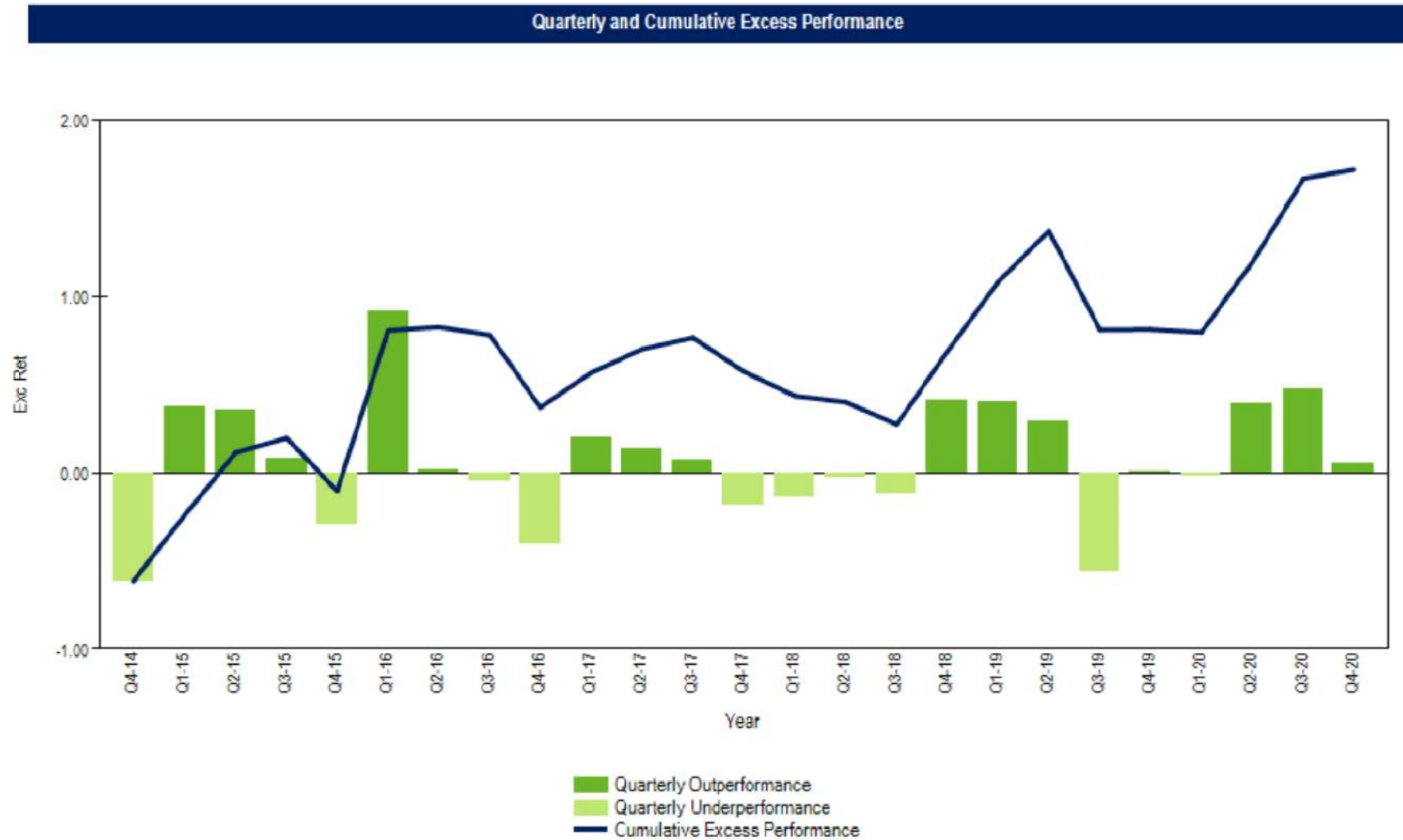
	Return (Rank)									
5th Percentile	3.95		18.57		8.85		7.62		5.06	
25th Percentile	2.23		11.80		6.14		5.44		3.66	
Median	1.86		10.72		5.98		5.32		3.23	
75th Percentile	1.56		9.84		5.23		4.72		2.90	
95th Percentile	1.40		7.41		4.16		3.72		1.85	
# of Portfolios	14		14		13		13		12	
● DFA US TIPS	1.67	(70)	11.97	(20)	6.31	(18)	5.45	(25)	3.58	(28)
▲ BBgBarc US TIPS TR	1.62	(73)	10.99	(39)	5.92	(54)	5.08	(57)	3.36	(34)

NEPC performance record starts from the first full month of performance.



NEPC, LLC

Exhibit 2



CONTRACT RENEWAL
DIMENSIONAL FUND ADVISORS LP
ACTIVE U.S. TREASURY INFLATION PROTECTED SECURITIES (TIPS)
PORTFOLIO MANAGEMENT

PROPOSED RESOLUTION

WHEREAS, LACERS' current one-year contract extension with Dimensional Fund Advisors LP (DFA) for active U.S. TIPS portfolio management expires on June 30, 2021; and,

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

WHEREAS, a three-year contract renewal with DFA will allow the fund to maintain a diversified exposure to the public real assets market; and,

WHEREAS, on February 23, 2021, the Board approved the Investment Committee's recommendation to approve a three-year contract renewal with DFA.

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

<u>Company Name:</u>	Dimensional Fund Advisors LP
<u>Service Provided:</u>	Active U.S. TIPS Portfolio Management
<u>Effective Dates:</u>	July 1, 2021 through June 30, 2024
<u>Duration:</u>	Three years
<u>Benchmark:</u>	Bloomberg Barclays U.S. TIPS Index
<u>Allocation as of January 31, 2021:</u>	\$852 million

February 23, 2021



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO BOARD OF ADMINISTRATION
From: Neil M. Guglielmo, General Manager

MEETING: FEBRUARY 23, 2021
ITEM: VIII – D

Neil M. Guglielmo

SUBJECT: NOTIFICATION OF COMMITMENT OF UP TO \$40 MILLION IN TCV XI, L.P.

ACTION: ☐ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☒

Recommendation

That the Board receive and file this notice of the commitment of up to \$40 million in TCV XI, L.P.

Executive Summary

TCV XI, L.P. will focus on investing in enterprise and consumer technology companies in North America and Europe.

Discussion

Consultant Recommendation

Aksia TorreyCove Partners LLC (Aksia TorreyCove), LACERS' Private Equity Consultant, recommended a commitment of up to \$40 million in TCV XI, L.P. (the Fund) managed by Technology Crossover Ventures (TCV or the GP). Fund management and incentive fees are comparable to similar strategies; the GP will invest alongside limited partners, providing alignment of interests. This recommendation is consistent with the Private Equity Program 2021 Strategic Plan adopted by the Board on November 24, 2020.

Background

TCV was founded in 1995 by Jay Hoag and Rick Kimball to invest in high growth companies within the technology industry. Today the firm is managed by 14 executives, including four on the operations side and 10 on the investment side. The investment executives are supported by four principals and 40 additional investment professionals. The firm is headquartered in Menlo Park, CA, with additional offices in New York and London. Across prior funds, the GP has raised 10 funds, and has \$12 billion in assets under management.

TCV is an existing general partner relationship for LACERS, with previous LACERS commitments to the following funds:

Fund	Vintage Year	Commitment Amount	Net IRR^{1,2}
TCV V, L.P.	2004	\$19.5 million	10.6%
TCV VII, L.P.	2008	\$20 million	23.3%
TCV VIII, L.P.	2014	\$30 million	17.9%
TCV IX, L.P.	2016	\$10 million	23.7%
TCV X, L.P.	2019	\$25 million	28.3%

Investment Thesis

TCV seeks to partner with quality management teams to make growth equity investments in high-growth technology businesses with differentiated products and services. TCV adds value by addressing capital needs of growth stage companies, assisting with strategic direction, and recruiting key executives and advisors. The GP will invest throughout the life-cycle of portfolio companies and will target equity investments between \$50 million to \$200 million. Exit strategies include initial public offerings and sales to financial institutions or strategic partners, such as other private equity firms or large enterprise firms.

Placement Agent

The GP did not use a placement agent in connection with LACERS' investment.

Staff Recommendation

Staff concurred with Aksia TorreyCove's recommendation. The commitment has been consummated pursuant to the Discretion in a Box (Roles and Responsibilities) section of the Private Equity Investment Policy; no Board action is required.

Strategic Alignment

Investment in TCV XI, L.P. will allow LACERS to maintain exposure to private equity, pursuant to the Private Equity Program 2021 Strategic Plan, and aligns with the Strategic Plan Goal of optimizing long-term risk adjusted investment returns (Goal IV).

Prepared By: Eduardo Park, Investment Officer II, Investment Division

NMG/RJ/BF/WL/EP:rm

Attachments: 1. Aksia TorreyCove Investment Notification
 2. Discretion in a Box

¹ Performance as of June 30, 2020

² Performance data (1) does not necessarily accurately reflect the current or expected future performance of the Fund(s) or the fair value of LACERS' interest in the Fund(s), (2) should not be used to compare returns among multiple private equity funds and (3) has not been calculated, reviewed, verified or in any way sanctioned or approved by the general partner(s) or manager(s).

Aksia LLC

TCV XI, L.P.
Investment Notification



www.aksia.com

TCV XI, L.P.

Firm	• Technology Crossover Ventures (“TCV” or the “Firm”)
Fund	• TCV XI, L.P. (“Fund XI” or the “Fund”)
Firm Founded	• 1995
Strategy	• Growth Equity
Sub-Strategy	• Growth Equity
Geography	• Primarily North America and Europe
Team	• ~54 investment professionals
Senior Partners	• Jay Hoag, Jake Reynolds, David Yuan, Nari Ansari, Kapil Venkatachalam, Christopher Marshall, Tim McAdam, Neil Tolaney, John Doran, Gopi Vaddi
Office Locations	• Menlo Park, New York City, London
Industries	• Technology
Target Fund Size	• \$3.25 billion
LACERS Investment	• \$40.0 million

Investment Highlights

- Stable and mature senior partner team with an average tenure at the Firm of approximately nine years and over 200 years of operating and investment experience.
- Long term specialization in the technology sector yields unique insights and relationships that drive deal flow.
- The Firm’s dedicated sector teams provide greater depth of coverage into technology subsectors and the ability to develop industry-specific investment theses.
- TCV’s prior funds have collectively generated compelling returns; the Firm’s four prior funds rank in the first or second quartiles across IRR and TVPI.

TCV XI, L.P.

Firm and Background

- Technology Crossover Ventures was established in 1995 by Jay Hoag and Rick Kimball with a vision to capture opportunities in the technology market through a consistent focus on investing in high-growth companies.
- Prior to the formation of Fund IX, Kimball transitioned to a Special Advisor, while Hoag remains a General Partner (“GP”) and continues to lead the Firm alongside Jake Reynolds.
- The Firm is managed by 14 GPs, including four GPs on the operations side and 10 GPs on the investment team. The investment GPs are supported by four Principals and 40 additional investment professionals.

Investment Strategy

- The Fund will target companies with proven business models that have revenues over \$50.0 million, have an annual growth of at least 30.0% with potential for continued growth, and be cash flow positive or breakeven.
- While most investments will be in North American companies, the Firm expects to have additional positions in companies which fit their target profile in Europe.
- The Fund will provide capital for growth, recapitalizations, buy-outs, spin-outs and/or liquidity for existing shareholders.
- The Fund will seek to make 20 to 25 investment in enterprise and consumer technology companies that require between \$50.0 million and \$200.0 million per investment.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE.

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THE INFORMATION HEREIN IS NOT INTENDED TO PROVIDE, AND SHOULD NOT BE RELIED UPON FOR, ACCOUNTING, TAX OR LEGAL ADVICE. YOU SHOULD CONSULT YOUR TAX, LEGAL AND/OR ACCOUNTING ADVISERS ABOUT ANY MATTERS DISCUSSED HEREIN.

INTERESTS IN THE FUND HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER ANY STATE OR OTHER SECURITIES LAWS OR THE LAWS OF ANY NON-U.S. JURISDICTION. THE INTERESTS WILL BE OFFERED AND SOLD FOR INVESTMENT ONLY TO QUALIFYING INVESTORS PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH THE APPLICABLE SECURITIES LAWS OF THE STATES AND OTHER JURISDICTIONS (INCLUDING NON-U.S. JURISDICTIONS) WHERE THE OFFERING WILL BE MADE. THERE WILL BE NO PUBLIC MARKET FOR INTERESTS IN THE FUND, AND THERE IS NO OBLIGATION ON THE PART OF ANY PERSON TO REGISTER THE INTERESTS UNDER THE SECURITIES ACT. INTERESTS IN THE FUND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND ANY APPLICABLE NON-U.S. SECURITIES LAWS, PURSUANT TO REGISTRATION OR AN EXEMPTION THEREFROM. THE TRANSFERABILITY OF THE INTERESTS WILL BE FURTHER RESTRICTED BY THE TERMS OF THE FUND'S GOVERNING DOCUMENTS. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF AN INVESTMENT IN THE FUND FOR AN INDEFINITE PERIOD OF TIME.

NONE OF THE INFORMATION CONTAINED HEREIN WAS PREPARED BY THE FUND OR ANY UNDERLYING PORTFOLIO FUNDS IDENTIFIED HEREIN, IF ANY, THE GENERAL PARTNERS THEREOF OR ANY OF THEIR RESPECTIVE AFFILIATES. BY ACCEPTING THESE MATERIALS, YOU HEREBY ACKNOWLEDGE AND AGREE TO ALL OF THE TERMS AND CONDITIONS IN THESE DISCLOSURES.

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE EQUITY INVESTMENT POLICY

F. Roles and Responsibilities

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Strategy/Policy	<ul style="list-style-type: none">• Select Private Equity Consultant.• Approve asset class funding level.• Review and approve the Private Equity Annual Strategic Plan which includes allocation targets and ranges.	<ul style="list-style-type: none">• In consultation with Private Equity Consultant and General Fund Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.	<ul style="list-style-type: none">• Help develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE EQUITY INVESTMENT POLICY

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Investment Selection	<ul style="list-style-type: none"> Review investment analysis reports. Review and approve investments in new partnerships of amounts greater than \$50 million prior to investment. Review and approve investments in follow-on partnerships of amounts greater than \$100 million prior to investment. Review and approve direct co-investment opportunities that exceed \$50 million. Review and approve the sale of any one existing partnership fund on the secondary market exceeding \$50 million in Fair Market Value. Review and approve a simultaneous sale of multiple partnership fund interests in a packaged structure. 	<ul style="list-style-type: none"> Refer investments and forward to Private Equity Consultant for preliminary screening. Conduct meetings with prospective or existing general partners representing new investment opportunities. Conduct due diligence with general partners to better ascertain risk and return profile, as determined by the Chief Investment Officer. In conjunction with Private Equity Consultant, invest up to and including \$50 million for new partnerships, and up to and including \$100 million for follow-on funds without Board approval. If Staff opposes and Private Equity Consultant disagrees, refer to Board for decision. In conjunction with Private Equity Consultant, make recommendations to Board for approval for investments over \$50 million in new partnerships, or over \$100 million in follow-on funds. In conjunction with Private Equity Consultant, review and concur with direct co-investment opportunities up to and including \$50 million. In conjunction with Private Equity Consultant, review and concur with the approval of sale of existing partnership funds on the secondary market up to and including \$50 million in Fair Market Value. General Manager or designee with signature authority will execute agreements and other legal or business documents to effectuate the transaction closing. Ensure review of relevant fund documents by the City Attorney and/or external legal counsel. 	<ul style="list-style-type: none"> Conduct appropriate analysis and due diligence on investments. Prepare investment reports for Board consideration on investments exceeding \$50 million for new managers, or exceeding \$100 million in follow-on funds. With Staff concurrence, approve investments of up to and including \$50 million for new partnerships, and up to and including \$100 million in follow-on funds. With Staff concurrence, approve direct co-investment opportunities up to and including \$50 million. Present to Staff recommendations pertaining to the sale of existing partnership funds on the secondary market exceeding \$50 million in Fair Market Value. Such transactions shall be brought to the Board for review and approval. Provide investment analysis reports for each new investment and for sales of partnership fund interest on the secondary market or to other limited partner(s) or potential buyer(s). Communicate with Staff regarding potential investment opportunities undergoing analysis and due diligence. Coordinate meetings with general partners at the request of Staff. Advise on and negotiate investment terms.

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE EQUITY INVESTMENT POLICY

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Investment Monitoring	<ul style="list-style-type: none"> Review quarterly, annual, and other periodic monitoring reports and plans. Review Commitment Notification Reports. 	<ul style="list-style-type: none"> Review quarterly, annual and other periodic monitoring reports prepared by the Private Equity Consultant. Conduct meetings with existing managers periodically. Attend annual partnership meetings when appropriate. Fund capital calls and manage distributions. Review Private Equity Consultant's recommendations on partnership amendments and consents. Execute partnership amendments and consents. Manage and approve the wind-down and/or dissolve private equity fund investment(s) with private equity consultant's concurrence. Manage and execute the sale of partnership interest on the secondary market or to other limited partner(s) or potential buyer(s). Prepare Commitment Notification Reports for Board. 	<ul style="list-style-type: none"> Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. Recommend amendments and consents to Staff for approval. Provide quarterly, annual, and other periodic monitoring reports and plans.



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guglielmo, General Manager

MEETING: FEBRUARY 23, 2021

ITEM: VIII – E

Neil M. Guglielmo

**SUBJECT: NOTIFICATION OF COMMITMENT OF UP TO \$40 MILLION IN GTCR FUND XIII/A LP
AND GTCR FUND XIII/B LP**

ACTION: ☐ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☒

Recommendation

That the Board receive and file this notice of the commitment of up to \$40 million in GTCR Fund XIII/A LP and GTCR Fund XIII/B LP.

Executive Summary

GTCR Fund XIII/A LP and GTCR Fund XIII/B LP will focus on control-oriented investments in North American large and middle market companies within the technology, media, and telecommunications; financial services technology; healthcare; and growth business services sectors.

Discussion

Consultant Recommendation

Aksia TorreyCove Partners LLC (Aksia TorreyCove), LACERS' Private Equity Consultant, recommended a commitment of up to \$40 million in GTCR Fund XIII/A LP and GTCR Fund XIII/B LP (the Funds), which are large and middle market buyout funds managed by GTCR LLC (GTCR or the GP). The GP will allocate LACERS' commitment between the Funds based on investment type: GTCR Fund XIII/A LP will generally make investments in corporations, while GTCR Fund XIII/B LP will generally make investments in flow-through entities such as partnerships and LLCs. Fund management and incentive fees are comparable to similar strategies; the GP will invest alongside limited partners, providing alignment of interest. This recommendation is consistent with the Private Equity Program 2021 Strategic Plan adopted by the Board on November 24, 2020.

Background

GTCR is a successor to Golder Thoma & Co. (Golder Thoma), which was founded in 1980 by Stanley Golder and Carl Thoma. Golder Thoma subsequently became Golder, Thoma, Cressey, Rauner (GTCR). Many of the firm's senior investment professionals started at GTCR as associates and have been promoted from within. The GP's current four executive committee members, Craig Bondy, David Donnini, Dean Mihas, and Collin Roche have an average tenure of 23 years with GTCR. The GP is headquartered in Chicago, with 50 investment professionals and assets under management of \$11.3 billion as of June 30, 2020.

GTCR is an existing general partner relationship for LACERS, with previous LACERS commitments to the following funds:

Fund Name	Vintage Year	Commitment Size	Net IRR^{1,2}
GTCR Fund VI, L.P.	1998	\$10.00 million	-3.8%
GTCR Fund VII, L.P.	2000	\$18.75 million	21.8%
GTCR Fund VII-A, L.P.	2000	\$6.25 million	83.1%
GTCR Fund VIII, L.P.	2003	\$20.00 million	22.3%
GTCR Fund IX-A, L.P.	2006	\$15.00 million	13.8%
GTCR Fund XII-AB, L.P.	2017	\$40.00 million	17.0%

Investment Thesis

The Funds will focus on investing in U.S.-domiciled, large and middle market companies within the technology, media, and telecommunications; financial services technology; healthcare; and growth business services sectors. GTCR seeks businesses within these sectors that have sufficient scale, infrastructure, customer base, and strategic position to serve as platforms for further add-on acquisitions. The GP adds value by assisting portfolio companies with strategy development, executive recruiting, mergers and acquisitions, and capital structure management.

Placement Agent

The GP did not use a placement agent in connection with LACERS' investment.

Staff Recommendation

Staff concurred with Aksia TorreyCove's recommendation. The commitment has been consummated pursuant to the Discretion in a Box (Roles and Responsibilities) section of the Private Equity Investment Policy; no Board action is required.

Strategic Alignment

Investments in GTCR Fund XIII/A LP and GTCR Fund XIII/B LP will allow LACERS to maintain exposure to private equity, pursuant to the Private Equity Program 2021 Strategic Plan, and aligns with the Strategic Plan Goal of optimizing long-term risk adjusted investment returns (Goal IV).

Prepared By: Robert King, Investment Officer I, Investment Division

NMG/RJ/BF/WL/RK:rm

Attachments: 1. Aksia TorreyCove Investment Notification
 2. Discretion in a Box

¹ Performance as of June 30, 2020

² Performance data (1) does not necessarily accurately reflect the current or expected future performance of the Fund(s) or the fair value of LACERS' interest in the Fund(s), (2) should not be used to compare returns among multiple private equity funds and (3) has not been calculated, reviewed, verified or in any way sanctioned or approved by the general partner(s) or manager(s).

Aksia LLC

GTCR Fund XIII/A LP and GTCR Fund XIII/B LP Investment Notification



www.aksia.com

GTCR Fund XIII/A LP and GTCR Fund XIII/B LP

Firm	• GTCR LLC (“GTCR” or the “Firm”)
Fund	• GTCR Fund XIII/A LP and GTCR Fund XIII/B LP (“Fund XIII” or the “Fund”)
Firm Founded	• 1980
Strategy	• Buyouts
Sub-Strategy	• Large Buyouts
Geography	• Primarily North America
Team	• ~50 investment professionals
Senior Partners	• Craig Bondy, David Donnini, Dean Mihas, and Collin Roche
Office Locations	• Chicago
Industries	• Technology, media, and telecommunications; financial services technology; healthcare; and business services
Target Fund Size	• \$6.8 billion
LACERS Investment	• \$40.0 million

Investment Highlights

- GTCR has a cohesive senior team that includes an Executive Committee whose members average 23 years working at GTCR as well as a large investment team that includes ~50 investment professionals.
- Many of the Firm’s senior investment professionals today joined the Firm as Associates and have been promoted from within.
- The Firm has a dedicated sector team for each of its four core sectors of focus.
- The Firm has generated compelling returns across multiple prior funds of different vintages. This includes a significant amount of realized transactions.

GTCR Fund XIII LP

Firm and Background

- GTCR was founded in 1980 by Stanley Golder. Since inception, GTCR has experienced several leadership transitions; however, the current senior team has demonstrated cohesion, with the four Executive Committee members having an average tenure of 23 years with GTCR.
- The Firm has always operated out of its single office in Chicago, Illinois.
- Since 1980, GTCR and its predecessor entity have raised twelve funds totaling \$21.3 billion of capital commitments.
- Despite the success of its flagship fund, GTCR has not launched any other strategies or branched out into new business lines to date.

Investment Strategy

- Fund XIII will continue to target control-oriented investments in North American large and middle market companies with dedicated sector teams for the following sectors: (i) TMT; (ii) financial services technology; (iii) healthcare; and (iv) business services.
- While the Firm has demonstrated the ability to grow underlying portfolio companies organically, pursuing a buy-and-build approach has consistently been an integral part of GTCR's strategy over time.
- The Firm expects Fund XIII to complete between 15 and 25 investments in companies with Enterprise Values ranging from \$500 million to \$2.0 billion.

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THESE MATERIALS ARE NOT INTENDED AS AN OFFER TO SELL, OR THE SOLICITATION OF AN OFFER TO PURCHASE, ANY SECURITY. THIS PRESENTATION HAS BEEN PREPARED SOLELY FOR INFORMATIONAL AND DISCUSSION PURPOSES ONLY. THE INFORMATION HEREIN IS NOT INTENDED TO BE COMPLETE AND THE DESCRIPTION OF THE FUND IN THESE MATERIALS IS QUALIFIED IN ITS ENTIRETY BY THE TERMS AND INFORMATION CONTAINED IN THE FUND'S OFFERING DOCUMENTS, INCLUDING, WITHOUT LIMITATION, THE FUND'S PRIVATE PLACEMENT MEMORANDUM, PARTNERSHIP AGREEMENT AND SUBSCRIPTION AGREEMENT ("GOVERNING DOCUMENTS"). NOTHING HEREIN CONSTITUTES OR SHOULD NOT BE CONSTRUED AS INVESTMENT ADVICE.

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NONE OF THE INFORMATION CONTAINED HEREIN WAS PREPARED BY THE FUND OR ANY UNDERLYING PORTFOLIO FUNDS IDENTIFIED HEREIN, IF ANY, THE GENERAL PARTNERS THEREOF OR ANY OF THEIR RESPECTIVE AFFILIATES. BY ACCEPTING THESE MATERIALS, YOU HEREBY ACKNOWLEDGE AND AGREE TO ALL OF THE TERMS AND CONDITIONS IN THESE DISCLOSURES.

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE EQUITY INVESTMENT POLICY

F. Roles and Responsibilities

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Strategy/Policy	<ul style="list-style-type: none">• Select Private Equity Consultant.• Approve asset class funding level.• Review and approve the Private Equity Annual Strategic Plan which includes allocation targets and ranges.	<ul style="list-style-type: none">• In consultation with Private Equity Consultant and General Fund Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.	<ul style="list-style-type: none">• Help develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE EQUITY INVESTMENT POLICY

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Investment Selection	<ul style="list-style-type: none"> Review investment analysis reports. Review and approve investments in new partnerships of amounts greater than \$50 million prior to investment. Review and approve investments in follow-on partnerships of amounts greater than \$100 million prior to investment. Review and approve direct co-investment opportunities that exceed \$50 million. Review and approve the sale of any one existing partnership fund on the secondary market exceeding \$50 million in Fair Market Value. Review and approve a simultaneous sale of multiple partnership fund interests in a packaged structure. 	<ul style="list-style-type: none"> Refer investments and forward to Private Equity Consultant for preliminary screening. Conduct meetings with prospective or existing general partners representing new investment opportunities. Conduct due diligence with general partners to better ascertain risk and return profile, as determined by the Chief Investment Officer. In conjunction with Private Equity Consultant, invest up to and including \$50 million for new partnerships, and up to and including \$100 million for follow-on funds without Board approval. If Staff opposes and Private Equity Consultant disagrees, refer to Board for decision. In conjunction with Private Equity Consultant, make recommendations to Board for approval for investments over \$50 million in new partnerships, or over \$100 million in follow-on funds. In conjunction with Private Equity Consultant, review and concur with direct co-investment opportunities up to and including \$50 million. In conjunction with Private Equity Consultant, review and concur with the approval of sale of existing partnership funds on the secondary market up to and including \$50 million in Fair Market Value. General Manager or designee with signature authority will execute agreements and other legal or business documents to effectuate the transaction closing. Ensure review of relevant fund documents by the City Attorney and/or external legal counsel. 	<ul style="list-style-type: none"> Conduct appropriate analysis and due diligence on investments. Prepare investment reports for Board consideration on investments exceeding \$50 million for new managers, or exceeding \$100 million in follow-on funds. With Staff concurrence, approve investments of up to and including \$50 million for new partnerships, and up to and including \$100 million in follow-on funds. With Staff concurrence, approve direct co-investment opportunities up to and including \$50 million. Present to Staff recommendations pertaining to the sale of existing partnership funds on the secondary market exceeding \$50 million in Fair Market Value. Such transactions shall be brought to the Board for review and approval. Provide investment analysis reports for each new investment and for sales of partnership fund interest on the secondary market or to other limited partner(s) or potential buyer(s). Communicate with Staff regarding potential investment opportunities undergoing analysis and due diligence. Coordinate meetings with general partners at the request of Staff. Advise on and negotiate investment terms.

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE EQUITY INVESTMENT POLICY

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Investment Monitoring	<ul style="list-style-type: none"> Review quarterly, annual, and other periodic monitoring reports and plans. Review Commitment Notification Reports. 	<ul style="list-style-type: none"> Review quarterly, annual and other periodic monitoring reports prepared by the Private Equity Consultant. Conduct meetings with existing managers periodically. Attend annual partnership meetings when appropriate. Fund capital calls and manage distributions. Review Private Equity Consultant's recommendations on partnership amendments and consents. Execute partnership amendments and consents. Manage and approve the wind-down and/or dissolve private equity fund investment(s) with private equity consultant's concurrence. Manage and execute the sale of partnership interest on the secondary market or to other limited partner(s) or potential buyer(s). Prepare Commitment Notification Reports for Board. 	<ul style="list-style-type: none"> Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. Recommend amendments and consents to Staff for approval. Provide quarterly, annual, and other periodic monitoring reports and plans.



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO BOARD OF ADMINISTRATION
From: Neil M. Guglielmo, General Manager

MEETING: FEBRUARY 23, 2021
ITEM: VIII – F

Neil M. Guglielmo

SUBJECT: NOTIFICATION OF COMMITMENT OF UP TO \$16 MILLION IN GGV CAPITAL VIII L.P.

ACTION: ☐ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☒

Recommendation

That the Board receive and file this notice of the commitment of up to \$16 million in GGV Capital VIII L.P.

Executive Summary

GGV Capital VIII L.P. will focus on multi-stage venture capital investments in the social/internet, enterprise technology, and smart technology market segments located primarily in the United States and China.

Discussion

Consultant Recommendation

Aksia TorreyCove Partners LLC (Aksia TorreyCove), LACERS' Private Equity Consultant, recommended a commitment of up to \$16 million in GGV Capital VIII L.P. (the Flagship Fund), a venture capital fund managed by GGV Capital (GGV or the GP). Fund management and incentive fees are comparable to similar strategies; the GP will invest alongside limited partners, providing alignment of interest. This recommendation is consistent with the Private Equity Program 2021 Strategic Plan adopted by the Board on November 24, 2020.

Background

GGV Capital was founded as Granite Global Ventures in 2000 by Scott Bonham, Joel Kellman, Hany Nada, and Thomas Ng to focus on expansion stage investments in the U.S. and China. GGV is headquartered in San Francisco, and also operates offices in Singapore, Shanghai, Beijing, and Menlo Park. The Firm has 83 employees including 27 investment team members, 23 portfolio services professionals, and 33 employees focused on firm operations, with \$6.2 billion assets under management.

GGV is a new general partnership relationship for LACERS.

Investment Thesis

The Flagship Fund will focus on multi-stage venture capital investments, predominantly in late Series A rounds and later, focusing on companies generally with initial valuations of over \$100 million across the social/internet, enterprise technology, and smart technology market segments. GGV will focus primarily on investments within the United States and China, although the fund does not have a specific geographical mandate and may consider investments globally. GGV's significant footprint and successful track record in the two largest technology markets provides the firm with a sourcing advantage, and also enables the sharing of best practices with portfolio company entrepreneurs and CEOs. The GP also formed the Plus Fund (GGV VIII Plus L.P.) that will make follow-on investments to the most successful portfolio companies in the Flagship Fund.

Placement Agent

The GP did not use a placement agent in connection with LACERS' investment.

Staff Recommendation

Staff concurred with Aksia TorreyCove's recommendation. The commitment has been consummated pursuant to the Discretion in a Box (Roles and Responsibilities) section of the Private Equity Investment Policy; no Board action is required.

Strategic Alignment

Investment in GGV Capital VIII L.P. will allow LACERS to maintain exposure to private equity, pursuant to the Private Equity Program 2021 Strategic Plan, and aligns with the Strategic Plan Goal of optimizing long-term risk adjusted investment returns (Goal IV).

Prepared By: Robert King, Investment Officer I, Investment Division

NMG/RJ/BF/WL/RK:rm

Attachments: 1. Aksia TorreyCove Investment Notification
 2. Discretion in a Box

Aksia LLC

GGV Capital VIII L.P. Investment Notification



www.aksia.com

GGV Capital VIII L.P.

Firm	• GGV Capital (“GGV” or the “Firm”)
Fund	• GGV Capital VIII L.P. (“Fund VIII” or the “Fund”)
Firm Founded	• 2000
Strategy	• Venture Capital
Sub-Strategy	• Multi-stage
Geography	• Primarily China and the United States
Team	• ~27 investment professionals
Senior Partners	• Jixun Foo, Jenny Lee, Jeff Richards, Glenn Solomon, Hans Tung, and Eric Xu
Office Locations	• Singapore, Shanghai, Beijing, Menlo Park, and San Francisco
Industries	• Technology
Target Fund Size	• \$1.2 billion
Recommendation	• \$16 million

Investment Highlights

- The Firm’s Managing Partners are a cohesive team of professionals that have an average tenure of over 11 years at GGV.
- The Firm and its investment professionals have significant experience making technology investments across a variety of sub-sectors in both China and the U.S. Of note, the Firm has developed a “smart tech vertical” which requires a broader set of expertise not prevalent amongst many consumer/enterprise IT venture firms.
- GGV was one of the first venture capital teams to fund startups in both China and the U.S., which has helped the Firm cultivate a broad network of entrepreneurs, industry contacts, and C-suite executives within both regions.
- The Firm’s prior funds have collectively generated compelling returns, ranking in the first or second quartiles across IRR and TVPI.

GGV Capital VIII L.P.

Firm and Background

- GGV Capital was established in 2000 by Scott Bonham, Joel Kellman, Hany Nada, and Thomas Ng to focus on expansion stage venture investments in the U.S. and China.
- Ng, Kellman, and Bonham transitioned to venture partner roles in 2008 and fully retired in 2014. GGV is currently managed by a team of six managing partners, most of whom have been with the Firm for over 10 years.
- GGV established both follow-on (VIII Plus) and early stage (Discovery III) strategies in 2015 and 2016, respectively, to further augment the firm's coverage and capacity to capture value.

Investment Strategy

- GGV is a global VC but is largely focused on China and the U.S., expecting to deploy 90.0% of capital to both regions with 10.0% to Southeast Asia/Rest of World.
- The Firm has three core sectors of focus: social/internet, enterprise tech, and smart tech.
- GGV VIII will target 10 to 20 opportunities per year in Series A or later rounds in companies with initial valuations of over \$100.0 million, seeking to acquire ownership stakes of approximately 5.0% to 10.0%.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE.

THESE MATERIALS ARE NOT INTENDED AS AN OFFER TO SELL, OR THE SOLICITATION OF AN OFFER TO PURCHASE, ANY SECURITY. THIS PRESENTATION HAS BEEN PREPARED SOLELY FOR INFORMATIONAL AND DISCUSSION PURPOSES ONLY. THE INFORMATION HEREIN IS NOT INTENDED TO BE COMPLETE AND THE DESCRIPTION OF THE FUND IN THESE MATERIALS IS QUALIFIED IN ITS ENTIRETY BY THE TERMS AND INFORMATION CONTAINED IN THE FUND'S OFFERING DOCUMENTS, INCLUDING, WITHOUT LIMITATION, THE FUND'S PRIVATE PLACEMENT MEMORANDUM, PARTNERSHIP AGREEMENT AND SUBSCRIPTION AGREEMENT ("GOVERNING DOCUMENTS"). NOTHING HEREIN CONSTITUTES OR SHOULD NOT BE CONSTRUED AS INVESTMENT ADVICE.

THE INFORMATION HEREIN IS NOT INTENDED TO PROVIDE, AND SHOULD NOT BE RELIED UPON FOR, ACCOUNTING, TAX OR LEGAL ADVICE. YOU SHOULD CONSULT YOUR TAX, LEGAL AND/OR ACCOUNTING ADVISERS ABOUT ANY MATTERS DISCUSSED HEREIN.

INTERESTS IN THE FUND HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER ANY STATE OR OTHER SECURITIES LAWS OR THE LAWS OF ANY NON-U.S. JURISDICTION. THE INTERESTS WILL BE OFFERED AND SOLD FOR INVESTMENT ONLY TO QUALIFYING INVESTORS PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH THE APPLICABLE SECURITIES LAWS OF THE STATES AND OTHER JURISDICTIONS (INCLUDING NON-U.S. JURISDICTIONS) WHERE THE OFFERING WILL BE MADE. THERE WILL BE NO PUBLIC MARKET FOR INTERESTS IN THE FUND, AND THERE IS NO OBLIGATION ON THE PART OF ANY PERSON TO REGISTER THE INTERESTS UNDER THE SECURITIES ACT. INTERESTS IN THE FUND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND ANY APPLICABLE NON-U.S. SECURITIES LAWS, PURSUANT TO REGISTRATION OR AN EXEMPTION THEREFROM. THE TRANSFERABILITY OF THE INTERESTS WILL BE FURTHER RESTRICTED BY THE TERMS OF THE FUND'S GOVERNING DOCUMENTS. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF AN INVESTMENT IN THE FUND FOR AN INDEFINITE PERIOD OF TIME.

NONE OF THE INFORMATION CONTAINED HEREIN WAS PREPARED BY THE FUND OR ANY UNDERLYING PORTFOLIO FUNDS IDENTIFIED HEREIN, IF ANY, THE GENERAL PARTNERS THEREOF OR ANY OF THEIR RESPECTIVE AFFILIATES. BY ACCEPTING THESE MATERIALS, YOU HEREBY ACKNOWLEDGE AND AGREE TO ALL OF THE TERMS AND CONDITIONS IN THESE DISCLOSURES.

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE EQUITY INVESTMENT POLICY

F. Roles and Responsibilities

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Strategy/Policy	<ul style="list-style-type: none">• Select Private Equity Consultant.• Approve asset class funding level.• Review and approve the Private Equity Annual Strategic Plan which includes allocation targets and ranges.	<ul style="list-style-type: none">• In consultation with Private Equity Consultant and General Fund Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.	<ul style="list-style-type: none">• Help develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE EQUITY INVESTMENT POLICY

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Investment Selection	<ul style="list-style-type: none"> Review investment analysis reports. Review and approve investments in new partnerships of amounts greater than \$50 million prior to investment. Review and approve investments in follow-on partnerships of amounts greater than \$100 million prior to investment. Review and approve direct co-investment opportunities that exceed \$50 million. Review and approve the sale of any one existing partnership fund on the secondary market exceeding \$50 million in Fair Market Value. Review and approve a simultaneous sale of multiple partnership fund interests in a packaged structure. 	<ul style="list-style-type: none"> Refer investments and forward to Private Equity Consultant for preliminary screening. Conduct meetings with prospective or existing general partners representing new investment opportunities. Conduct due diligence with general partners to better ascertain risk and return profile, as determined by the Chief Investment Officer. In conjunction with Private Equity Consultant, invest up to and including \$50 million for new partnerships, and up to and including \$100 million for follow-on funds without Board approval. If Staff opposes and Private Equity Consultant disagrees, refer to Board for decision. In conjunction with Private Equity Consultant, make recommendations to Board for approval for investments over \$50 million in new partnerships, or over \$100 million in follow-on funds. In conjunction with Private Equity Consultant, review and concur with direct co-investment opportunities up to and including \$50 million. In conjunction with Private Equity Consultant, review and concur with the approval of sale of existing partnership funds on the secondary market up to and including \$50 million in Fair Market Value. General Manager or designee with signature authority will execute agreements and other legal or business documents to effectuate the transaction closing. Ensure review of relevant fund documents by the City Attorney and/or external legal counsel. 	<ul style="list-style-type: none"> Conduct appropriate analysis and due diligence on investments. Prepare investment reports for Board consideration on investments exceeding \$50 million for new managers, or exceeding \$100 million in follow-on funds. With Staff concurrence, approve investments of up to and including \$50 million for new partnerships, and up to and including \$100 million in follow-on funds. With Staff concurrence, approve direct co-investment opportunities up to and including \$50 million. Present to Staff recommendations pertaining to the sale of existing partnership funds on the secondary market exceeding \$50 million in Fair Market Value. Such transactions shall be brought to the Board for review and approval. Provide investment analysis reports for each new investment and for sales of partnership fund interest on the secondary market or to other limited partner(s) or potential buyer(s). Communicate with Staff regarding potential investment opportunities undergoing analysis and due diligence. Coordinate meetings with general partners at the request of Staff. Advise on and negotiate investment terms.

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE EQUITY INVESTMENT POLICY

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Investment Monitoring	<ul style="list-style-type: none"> Review quarterly, annual, and other periodic monitoring reports and plans. Review Commitment Notification Reports. 	<ul style="list-style-type: none"> Review quarterly, annual and other periodic monitoring reports prepared by the Private Equity Consultant. Conduct meetings with existing managers periodically. Attend annual partnership meetings when appropriate. Fund capital calls and manage distributions. Review Private Equity Consultant's recommendations on partnership amendments and consents. Execute partnership amendments and consents. Manage and approve the wind-down and/or dissolve private equity fund investment(s) with private equity consultant's concurrence. Manage and execute the sale of partnership interest on the secondary market or to other limited partner(s) or potential buyer(s). Prepare Commitment Notification Reports for Board. 	<ul style="list-style-type: none"> Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. Recommend amendments and consents to Staff for approval. Provide quarterly, annual, and other periodic monitoring reports and plans.



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guglielmo, General Manager

MEETING: FEBRUARY 23, 2021

ITEM: VIII – G

Neil M. Guglielmo

SUBJECT: NOTIFICATION OF COMMITMENT OF UP TO \$4 MILLION IN GGV CAPITAL VIII PLUS L.P.

ACTION: ☐ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☒

Recommendation

That the Board receive and file this notice of the commitment of up to \$4 million in GGV Capital VIII Plus L.P.

Executive Summary

GGV Capital VIII Plus L.P. will focus on follow-on growth stage venture capital investments in the social/internet, enterprise technology, and smart technology market segments located primarily in the United States and China for portfolio companies that are emerging as strong performers.

Discussion

Consultant Recommendation

Aksia TorreyCove Partners LLC (Aksia TorreyCove), LACERS' Private Equity Consultant, recommended a commitment of up to \$4 million in GGV Capital VIII Plus L.P. (the Plus Fund), a venture capital fund managed by GGV Capital (GGV or the GP). Fund management and incentive fees are comparable to similar strategies; the GP will invest alongside limited partners, providing alignment of interest. This recommendation is consistent with the Private Equity Program 2021 Strategic Plan adopted by the Board on November 24, 2020.

Background

GGV Capital was founded as Granite Global Ventures in 2000 by Scott Bonham, Joel Kellman, Hany Nada, and Thomas Ng to focus on expansion stage investments in the U.S. and China. GGV is headquartered in San Francisco, and also operates offices in Singapore, Shanghai, Beijing, and Menlo Park. The Firm has 83 employees including 27 investment team members, 23 portfolio services professionals, and 33 employees focused on firm operations, with \$6.2 billion assets under management.

GGV is a new general partnership relationship for LACERS.

Investment Thesis

The Plus Fund will focus on follow-on growth stage venture capital investments focusing on existing GGV portfolio companies from the Flagship Fund (GGV Capital VIII L.P.) that show traction in their respective industries and emerge as strong performers in the social/internet, enterprise technology, and smart technology market segments. GGV will focus primarily on investments within the United States and China, although the fund does not have a specific geographical mandate and may consider investments globally. GGV's significant footprint and successful track record in the two largest technology markets provides the firm with a sourcing advantage, and also enables the sharing of best practices with portfolio company entrepreneurs and CEOs.

Placement Agent

The GP did not use a placement agent in connection with LACERS' investment.

Staff Recommendation

Staff concurred with Aksia TorreyCove's recommendation. The commitment has been consummated pursuant to the Discretion in a Box (Roles and Responsibilities) section of the Private Equity Investment Policy; no Board action is required.

Strategic Alignment

Investment in GGV Capital VIII Plus L.P. will allow LACERS to maintain exposure to private equity, pursuant to the Private Equity Program 2021 Strategic Plan, and aligns with the Strategic Plan Goal of optimizing long-term risk adjusted investment returns (Goal IV).

Prepared By: Robert King, Investment Officer I, Investment Division

NMG/RJ/BF/WL/RK:rm

Attachments: 1. Aksia TorreyCove Investment Notification
 2. Discretion in a Box

Aksia LLC

GGV Capital VIII Plus L.P. Investment Notification



www.aksia.com

GGV Capital VIII Plus L.P.

Firm	• GGV Capital (“GGV” or the “Firm”)
Fund	• GGV Capital VIII Plus L.P.
Firm Founded	• 2000
Strategy	• Venture Capital
Sub-Strategy	• Multi-Stage
Geography	• Primarily China and the United States
Team	• ~27 investment professionals
Senior Partners	• Jixun Foo, Jenny Lee, Jeff Richards, Glenn Solomon, Hans Tung, and Eric Xu
Office Locations	• Singapore, Shanghai, Beijing, Menlo Park, and San Francisco
Industries	• Technology
Target Fund Size	• \$300 million
LACERS Investment	• \$4 million

Investment Highlights

- The Firm’s Managing Partners are a cohesive team of professionals that have an average tenure of over 11 years at GGV.
- The Firm and its investment professionals have significant experience making technology investments across a variety of sub-sectors in both China and the U.S. Of note, the Firm has developed a “smart tech vertical” which requires a broader set of expertise not prevalent amongst many consumer/enterprise IT venture firms.
- GGV was one of the first venture capital teams to fund startups in both China and the U.S., which has helped the Firm cultivate a broad network of entrepreneurs, industry contacts, and C-suite executives within both regions.
- The Firm’s prior funds have collectively generated compelling returns, ranking in the first or second quartiles across IRR and TVPI.

GGV Capital VIII Plus L.P.

Firm and Background

- GGV Capital was established in 2000 by Scott Bonham, Joel Kellman, Hany Nada, and Thomas Ng to focus on expansion stage venture investments in the U.S. and China.
- Ng, Kellman, and Bonham transitioned to venture partner roles in 2008 and fully retired in 2014. GGV is currently managed by a team of six managing partners, most of whom have been with the Firm for over 10 years.
- In 2015, shortly after the first investment from Fund V, the firm launched the GGV Select Fund, which invested pro rata with Fund V in its stronger performers. GGV VIII Plus is the most recent iteration of this strategy.

Investment Strategy

- GGV is a global Venture Capital firm; however, the Firm is largely focused on China and the U.S. Collectively, the Firm expects to deploy 90.0% of capital across these two regions with 10.0% potentially invested across Southeast Asia/Rest of World.
- GGV VIII Plus will invest in companies where the expected equity check surpasses \$25.0 million. The funds will deploy approximately \$700.0 million to \$800.0 million per year, of which 35.0% to 45.0% will be used in GGV VIII Plus to double down on winners across the portfolio.
- The Firm has three core sectors of focus: social/internet, enterprise tech, and smart tech.

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NONE OF THE INFORMATION CONTAINED HEREIN WAS PREPARED BY THE FUND OR ANY UNDERLYING PORTFOLIO FUNDS IDENTIFIED HEREIN, IF ANY, THE GENERAL PARTNERS THEREOF OR ANY OF THEIR RESPECTIVE AFFILIATES. BY ACCEPTING THESE MATERIALS, YOU HEREBY ACKNOWLEDGE AND AGREE TO ALL OF THE TERMS AND CONDITIONS IN THESE DISCLOSURES.

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE EQUITY INVESTMENT POLICY

F. Roles and Responsibilities

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Strategy/Policy	<ul style="list-style-type: none">• Select Private Equity Consultant.• Approve asset class funding level.• Review and approve the Private Equity Annual Strategic Plan which includes allocation targets and ranges.	<ul style="list-style-type: none">• In consultation with Private Equity Consultant and General Fund Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.	<ul style="list-style-type: none">• Help develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE EQUITY INVESTMENT POLICY

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Investment Selection	<ul style="list-style-type: none"> Review investment analysis reports. Review and approve investments in new partnerships of amounts greater than \$50 million prior to investment. Review and approve investments in follow-on partnerships of amounts greater than \$100 million prior to investment. Review and approve direct co-investment opportunities that exceed \$50 million. Review and approve the sale of any one existing partnership fund on the secondary market exceeding \$50 million in Fair Market Value. Review and approve a simultaneous sale of multiple partnership fund interests in a packaged structure. 	<ul style="list-style-type: none"> Refer investments and forward to Private Equity Consultant for preliminary screening. Conduct meetings with prospective or existing general partners representing new investment opportunities. Conduct due diligence with general partners to better ascertain risk and return profile, as determined by the Chief Investment Officer. In conjunction with Private Equity Consultant, invest up to and including \$50 million for new partnerships, and up to and including \$100 million for follow-on funds without Board approval. If Staff opposes and Private Equity Consultant disagrees, refer to Board for decision. In conjunction with Private Equity Consultant, make recommendations to Board for approval for investments over \$50 million in new partnerships, or over \$100 million in follow-on funds. In conjunction with Private Equity Consultant, review and concur with direct co-investment opportunities up to and including \$50 million. In conjunction with Private Equity Consultant, review and concur with the approval of sale of existing partnership funds on the secondary market up to and including \$50 million in Fair Market Value. General Manager or designee with signature authority will execute agreements and other legal or business documents to effectuate the transaction closing. Ensure review of relevant fund documents by the City Attorney and/or external legal counsel. 	<ul style="list-style-type: none"> Conduct appropriate analysis and due diligence on investments. Prepare investment reports for Board consideration on investments exceeding \$50 million for new managers, or exceeding \$100 million in follow-on funds. With Staff concurrence, approve investments of up to and including \$50 million for new partnerships, and up to and including \$100 million in follow-on funds. With Staff concurrence, approve direct co-investment opportunities up to and including \$50 million. Present to Staff recommendations pertaining to the sale of existing partnership funds on the secondary market exceeding \$50 million in Fair Market Value. Such transactions shall be brought to the Board for review and approval. Provide investment analysis reports for each new investment and for sales of partnership fund interest on the secondary market or to other limited partner(s) or potential buyer(s). Communicate with Staff regarding potential investment opportunities undergoing analysis and due diligence. Coordinate meetings with general partners at the request of Staff. Advise on and negotiate investment terms.

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE EQUITY INVESTMENT POLICY

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Investment Monitoring	<ul style="list-style-type: none"> Review quarterly, annual, and other periodic monitoring reports and plans. Review Commitment Notification Reports. 	<ul style="list-style-type: none"> Review quarterly, annual and other periodic monitoring reports prepared by the Private Equity Consultant. Conduct meetings with existing managers periodically. Attend annual partnership meetings when appropriate. Fund capital calls and manage distributions. Review Private Equity Consultant's recommendations on partnership amendments and consents. Execute partnership amendments and consents. Manage and approve the wind-down and/or dissolve private equity fund investment(s) with private equity consultant's concurrence. Manage and execute the sale of partnership interest on the secondary market or to other limited partner(s) or potential buyer(s). Prepare Commitment Notification Reports for Board. 	<ul style="list-style-type: none"> Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. Recommend amendments and consents to Staff for approval. Provide quarterly, annual, and other periodic monitoring reports and plans.



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guglielmo, General Manager

MEETING: FEBRUARY 23, 2021

ITEM: VIII – H

Neil M. Guglielmo

SUBJECT: NOTIFICATION OF COMMITMENT OF UP TO \$10 MILLION IN BUILDERS VC FUND II, L.P.

ACTION: ☐ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☒

Recommendation

That the Board receive and file this notice of the commitment of up to \$10 million in Builders VC Fund II, L.P.

Executive Summary

Builders VC Fund II, L.P. will focus on investing in seed stage technology companies that target the healthcare, agriculture, industrials and real estate sectors in North America.

Discussion

Consultant Recommendation

Aksia TorreyCove Partners LLC (Aksia TorreyCove), LACERS' Private Equity Consultant, recommended a commitment of up to \$10 million in Builders VC Fund II, L.P. (the Fund) managed by Builders VC (Builders or the GP). Fund management and incentive fees are comparable to similar strategies; the GP will invest alongside limited partners, providing alignment of interests. This recommendation is consistent with the Private Equity Program 2021 Strategic Plan adopted by the Board on November 24, 2020.

Background

Builders was founded in 2016 by Jim Kim along with Alex Kinnier and Dr. Amit Mehta. Messrs. Kinnier and Mehta were part of Mr. Kim's prior team at Formation 8, a venture capital firm founded by Mr. Kim, where he served as managing partner. Messrs. Kim and Kinnier also worked together at Khosla Ventures. Builders is managed by six senior partners: Messrs. Kim, Kinnier, and Mehta, Mark Blackwell, Mark Goldstein and Jocelyn Doe. The firm manages \$366 million of committed capital (as of January 2021) and is headquartered in San Francisco, with additional offices in Chicago, Honolulu and Calgary.

Builders is a new general partner relationship for LACERS and meets the criteria as an Emerging Investment Manager pursuant to the LACERS Emerging Investment Manager Policy.

Investment Thesis

Builders invests in early-stage technology companies seeking to modernize antiquated industries that have been slow to adopt new technology. Targeted sectors are healthcare, agriculture, industrials and real estate. The Fund is expected to be sufficiently diversified, with a relatively even allocation to portfolio companies representing the target sectors. This strategy is similar to that used by the three founding partners when they invested together at Formation 8.

The Firm expects to take an active role in portfolio companies, through occupying board seats and regular communication with company management teams. To this end, Builders offers to its portfolio companies access to an in-house team of expert operating partners as well as technological resources that most early-stage companies cannot afford or are unable to replicate themselves, such as sophisticated analytics and machine-learning tools.

Placement Agent

The GP did not use a placement agent in connection with LACERS' investment.

Staff Recommendation

Staff concurred with Aksia TorreyCove's recommendation. The commitment has been consummated pursuant to the Discretion in a Box (Roles and Responsibilities) section of the Private Equity Investment Policy; no Board action is required.

Strategic Alignment

Investment in Builders VC Fund II, L.P. will allow LACERS to maintain exposure to private equity, pursuant to the Private Equity Program 2021 Strategic Plan, and aligns with the Strategic Plan Goal of optimizing long-term risk adjusted investment returns (Goal IV).

Prepared By: Clark Hoover, Investment Officer I, Investment Division

NMG/RJ/BF/WL/CH:rm

Attachments: 1. Aksia TorreyCove Investment Notification
 2. Discretion in a Box

Aksia LLC

Builders VC Fund II, L.P.
Investment Notification



www.aksia.com

Builders VC Fund II, L.P.

Firm	• Builders VC (“Builders” or the “Firm”)
Fund	• Builders VC Fund II, L.P. (“Fund II” or the “Fund”)
Firm Founded	• 2016
Strategy	• Venture Capital
Sub-Strategy	• Early Stage
Geography	• Primarily North America
Team	• ~15 Investment Professionals (including Venture Partners)
Senior Partners	• Jim Kim, Alex Kinnier, Amit Mehta, Mark Blackwell, Mark Goldstein, and Jocelyn Doe
Office Locations	• San Francisco, Chicago, Honolulu, Calgary
Industries	• Healthcare, Industrials, Agriculture, Real Estate
Target Fund Size	• \$250 million
LACERS Investment	• \$10 million

Investment Highlights

- The investment team, which is currently comprised of six Partners has substantial venture capital experience both as investors and operators.
- The bulk of the team has invested one fund together and otherwise has overlapping tenures at prior firms; prior to Builders, members of the investment team had experience working together at both Formation 8 and Khosla Ventures.
- The strategy will focus on investing in technology companies that target the healthcare, industrials, agriculture, and real estate sectors (sectors that are increasingly embracing the use of technology).
- The six Partners at the Firm have a strong track record of investments in Fund I as well as at their prior firms.

Builders VC Fund II, L.P.

Firm and Background

- Builders was founded in 2016 by Jim Kim along with prior team members from Formation 8, Alex Kinnier and Amit Mehta. Today the Firm is managed by six Partners (Jim Kim, Alex Kinnier, Amit Mehta, Mark Blackwell, Mark Goldstein, and Jocelyn Doe) and has offices in four locations, with its headquarters in San Francisco.
- In 2017, Builders raised \$171.8 in Builders VC Fund I (“Fund I”). As of June 30, 2020, Fund I invested approximately \$77.8 million across almost 40 different investments. The Firm launched the fundraising process for Builders VC Fund II in mid-2020, targeting a fund size of \$250.0 million.

Investment Strategy

- The Firm was created with the thesis of investing in early-stage technology companies for industries where technology has not always been prevalent. Targeted sectors are healthcare, agriculture, industrials, and real estate.
- Builders invests in early-stage (primarily Series A) technology and software companies dedicated to advancing ‘antiquated’ industries. Specifically, the Firm seeks to apply technology and new business models to industries where IT spending compared to revenue is minimal.
- The Firm expects to take an active role in portfolio companies, through occupying board seats as well as through regular communication with the company’s management team. Despite the Firm’s early-stage focus, this has been and will continue to be a priority.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE.

THESE MATERIALS ARE NOT INTENDED AS AN OFFER TO SELL, OR THE SOLICITATION OF AN OFFER TO PURCHASE, ANY SECURITY. THIS PRESENTATION HAS BEEN PREPARED SOLELY FOR INFORMATIONAL AND DISCUSSION PURPOSES ONLY. THE INFORMATION HEREIN IS NOT INTENDED TO BE COMPLETE AND THE DESCRIPTION OF THE FUND IN THESE MATERIALS IS QUALIFIED IN ITS ENTIRETY BY THE TERMS AND INFORMATION CONTAINED IN THE FUND'S OFFERING DOCUMENTS, INCLUDING, WITHOUT LIMITATION, THE FUND'S PRIVATE PLACEMENT MEMORANDUM, PARTNERSHIP AGREEMENT AND SUBSCRIPTION AGREEMENT ("GOVERNING DOCUMENTS"). NOTHING HEREIN CONSTITUTES OR SHOULD NOT BE CONSTRUED AS INVESTMENT ADVICE.

THE INFORMATION HEREIN IS NOT INTENDED TO PROVIDE, AND SHOULD NOT BE RELIED UPON FOR, ACCOUNTING, TAX OR LEGAL ADVICE. YOU SHOULD CONSULT YOUR TAX, LEGAL AND/OR ACCOUNTING ADVISERS ABOUT ANY MATTERS DISCUSSED HEREIN.

INTERESTS IN THE FUND HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER ANY STATE OR OTHER SECURITIES LAWS OR THE LAWS OF ANY NON-U.S. JURISDICTION. THE INTERESTS WILL BE OFFERED AND SOLD FOR INVESTMENT ONLY TO QUALIFYING INVESTORS PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH THE APPLICABLE SECURITIES LAWS OF THE STATES AND OTHER JURISDICTIONS (INCLUDING NON-U.S. JURISDICTIONS) WHERE THE OFFERING WILL BE MADE. THERE WILL BE NO PUBLIC MARKET FOR INTERESTS IN THE FUND, AND THERE IS NO OBLIGATION ON THE PART OF ANY PERSON TO REGISTER THE INTERESTS UNDER THE SECURITIES ACT. INTERESTS IN THE FUND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND ANY APPLICABLE NON-U.S. SECURITIES LAWS, PURSUANT TO REGISTRATION OR AN EXEMPTION THEREFROM. THE TRANSFERABILITY OF THE INTERESTS WILL BE FURTHER RESTRICTED BY THE TERMS OF THE FUND'S GOVERNING DOCUMENTS. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF AN INVESTMENT IN THE FUND FOR AN INDEFINITE PERIOD OF TIME.

NONE OF THE INFORMATION CONTAINED HEREIN WAS PREPARED BY THE FUND OR ANY UNDERLYING PORTFOLIO FUNDS IDENTIFIED HEREIN, IF ANY, THE GENERAL PARTNERS THEREOF OR ANY OF THEIR RESPECTIVE AFFILIATES. BY ACCEPTING THESE MATERIALS, YOU HEREBY ACKNOWLEDGE AND AGREE TO ALL OF THE TERMS AND CONDITIONS IN THESE DISCLOSURES.

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE EQUITY INVESTMENT POLICY

F. Roles and Responsibilities

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Strategy/Policy	<ul style="list-style-type: none">• Select Private Equity Consultant.• Approve asset class funding level.• Review and approve the Private Equity Annual Strategic Plan which includes allocation targets and ranges.	<ul style="list-style-type: none">• In consultation with Private Equity Consultant and General Fund Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.	<ul style="list-style-type: none">• Help develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE EQUITY INVESTMENT POLICY

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Investment Selection	<ul style="list-style-type: none"> Review investment analysis reports. Review and approve investments in new partnerships of amounts greater than \$50 million prior to investment. Review and approve investments in follow-on partnerships of amounts greater than \$100 million prior to investment. Review and approve direct co-investment opportunities that exceed \$50 million. Review and approve the sale of any one existing partnership fund on the secondary market exceeding \$50 million in Fair Market Value. Review and approve a simultaneous sale of multiple partnership fund interests in a packaged structure. 	<ul style="list-style-type: none"> Refer investments and forward to Private Equity Consultant for preliminary screening. Conduct meetings with prospective or existing general partners representing new investment opportunities. Conduct due diligence with general partners to better ascertain risk and return profile, as determined by the Chief Investment Officer. In conjunction with Private Equity Consultant, invest up to and including \$50 million for new partnerships, and up to and including \$100 million for follow-on funds without Board approval. If Staff opposes and Private Equity Consultant disagrees, refer to Board for decision. In conjunction with Private Equity Consultant, make recommendations to Board for approval for investments over \$50 million in new partnerships, or over \$100 million in follow-on funds. In conjunction with Private Equity Consultant, review and concur with direct co-investment opportunities up to and including \$50 million. In conjunction with Private Equity Consultant, review and concur with the approval of sale of existing partnership funds on the secondary market up to and including \$50 million in Fair Market Value. General Manager or designee with signature authority will execute agreements and other legal or business documents to effectuate the transaction closing. Ensure review of relevant fund documents by the City Attorney and/or external legal counsel. 	<ul style="list-style-type: none"> Conduct appropriate analysis and due diligence on investments. Prepare investment reports for Board consideration on investments exceeding \$50 million for new managers, or exceeding \$100 million in follow-on funds. With Staff concurrence, approve investments of up to and including \$50 million for new partnerships, and up to and including \$100 million in follow-on funds. With Staff concurrence, approve direct co-investment opportunities up to and including \$50 million. Present to Staff recommendations pertaining to the sale of existing partnership funds on the secondary market exceeding \$50 million in Fair Market Value. Such transactions shall be brought to the Board for review and approval. Provide investment analysis reports for each new investment and for sales of partnership fund interest on the secondary market or to other limited partner(s) or potential buyer(s). Communicate with Staff regarding potential investment opportunities undergoing analysis and due diligence. Coordinate meetings with general partners at the request of Staff. Advise on and negotiate investment terms.

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE EQUITY INVESTMENT POLICY

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Investment Monitoring	<ul style="list-style-type: none"> Review quarterly, annual, and other periodic monitoring reports and plans. Review Commitment Notification Reports. 	<ul style="list-style-type: none"> Review quarterly, annual and other periodic monitoring reports prepared by the Private Equity Consultant. Conduct meetings with existing managers periodically. Attend annual partnership meetings when appropriate. Fund capital calls and manage distributions. Review Private Equity Consultant's recommendations on partnership amendments and consents. Execute partnership amendments and consents. Manage and approve the wind-down and/or dissolve private equity fund investment(s) with private equity consultant's concurrence. Manage and execute the sale of partnership interest on the secondary market or to other limited partner(s) or potential buyer(s). Prepare Commitment Notification Reports for Board. 	<ul style="list-style-type: none"> Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. Recommend amendments and consents to Staff for approval. Provide quarterly, annual, and other periodic monitoring reports and plans.



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guglielmo, General Manager

MEETING: FEBRUARY 23, 2021

ITEM: VIII – I

Neil M. Guglielmo

SUBJECT: UPDATED DISCLOSURE REPORT OF FEES, EXPENSES, AND CARRIED INTEREST OF ALTERNATIVE INVESTMENT VEHICLES FOR THE FISCAL YEAR ENDING JUNE 30, 2020 PURSUANT TO GOVERNMENT CODE SECTION 7514.7

ACTION: ☐ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☒

Recommendation

That the Board receive and file this updated report.

Discussion

California Government Code Section 7514.7 (enacted into law by the passage of Assembly Bill 2833) requires LACERS to obtain and disclose specific fee, expense, and other information relating to alternative investment vehicles within the LACERS investment portfolio. The law defines an alternative investment vehicle as a private equity fund, venture fund, hedge fund, or absolute return fund; LACERS considers private real estate funds to fall within the scope of the alternative investment vehicles definition. The law applies to funds that received commitments on and after January 1, 2017. In addition, the law provides for voluntary reporting of funds that received commitments prior to January 1, 2017, provided that subsequent capital commitments have not been made; and LACERS must use reasonable effort to collect disclosure information. Disclosure information is required to be reported at least annually at a meeting open to the public.

This report contains revisions of the report provided to the Board on December 8, 2020. It includes information on certain private equity funds in the mandatory disclosure category (Attachment 1) that was unavailable at the time of publishing of the initial report. Additionally, five private equity funds in the mandatory category have been reclassified to the voluntary disclosure category (Attachment 2) because the contracts with these funds were signed prior to January 1, 2017; and one duplicate private equity fund entry that appeared in the December 8, 2020 report was removed from the voluntary disclosure category. There were no changes to the mandatory and voluntary disclosures for real estate funds (Attachments 3 and 4).

The attached disclosure reports reflect a total of 65 private equity funds and seven real estate funds that are required to provide disclosure information that comply with Section 7514.7; and 179 private equity funds and 37 real estate funds that provided disclosure information on a voluntary basis.

Strategic Alignment

The annual reporting of specific fees, expense and other information of LACERS private market funds aligns with the Strategic Plan Goal of upholding good governance practices (Goal V).

Prepared By: Eduardo Park, Investment Officer II, Investment Division.

NMG/RJ/BF/WL/EP:jp

Attachments: 1. Mandatory Disclosure Report for Private Equity Funds
 2. Voluntary Disclosure Report for Private Equity Funds
 3. Mandatory Disclosure Report for Real Estate Funds
 4. Voluntary Disclosure Report for Real Estate Funds

MANDATORY DISCLOSURE BY FUNDS COMMITTED TO ON OR AFTER JANUARY 1, 2017
PRIVATE EQUITY FUNDS

Fund	Address	Local Currency	Vintage Year *	\$ Fees & Expenses Paid Directly Fiscal Year End	\$ Fees & Expenses Paid From the Fund Fiscal Year End	\$ Carried Interest Paid Fiscal Year End	\$ Fees & Expenses Paid by all Portfolio Companies Fund Fiscal Year End	\$ Commitment	\$ Contributions Since Inception	\$ Remaining Value of LACERS Investment	\$ Distributions Fiscal Year End	\$ Distributions+ Remaining Value of Partnership Fiscal Year End	\$ Profit (Realized Gain / Loss) Fiscal Year End	Gross Internal Rate of Return Since Inception	Net Internal Rate of Return Since Inception	Investment Multiple Since Inception
1315 Capital Fund II	2929 Walnut Street Philadelphia, PA 19104	USD	2018	215,474	833	-	-	10,000,000	3,305,205	6,694,795	-	6,694,795	-	-5.0%	-17.6%	0.86x
ABRY Advanced Securities Fund IV	888 Boylston St Boston, MA 02199	USD	2018	824,008	-	-	-	40,000,000	19,744,496	22,968,450	2,709,685	25,678,135	-	-12.2%	-22.4%	0.87x
ABRY Partners IX	888 Boylston St Boston, MA 02199	USD	2019	1,035,775	-	-	-	40,000,000	16,214,727	23,785,273	-	23,785,273	-	-11.0%	-29.3%	0.83x
ABRY Senior Equity V	888 Boylston St Boston, MA 02199	USD	2016	146,556	9,254	-	9,254	10,000,000	5,773,209	4,730,468	12,526	4,742,994	-	18.9%	8.6%	1.11x
Advent Global Technology	800 Boylston Street Boston, MA 02199	USD	2019	343,627	-	-	-	15,000,000	2,325,000	12,675,000	-	12,675,000	-	8.0%	-43.2%	0.86x
Advent International GPE IX	800 Boylston Street Boston, MA 02199	USD	2019	972,631	3,933	-	-	45,000,000	11,025,000	33,975,000	-	33,975,000	-	61.0%	35.6%	1.16x
American Securities Partners VIII	299 Park Avenue New York, NY 10171	USD	2019	749,135	232,334	-	349,568	40,000,000	5,884,512	34,115,488	-	34,115,488	-	-8.5%	-47.1%	0.77x
Ascribe Opportunities Fund IV	299 Park Avenue New York, NY 10171	USD	2019	-	-	-	-	25,000,000	-	25,000,000	-	25,000,000	-	N/A	N/A	N/A
Astorg VII	68 rue du Faubourg Saint-Honore Paris, 75008	EUR	2019	460,931	126,770	-	-	36,123,864	4,118,933	31,735,151	-	31,735,151	-	5.5%	-26.3%	0.81x
Astra Partners I	2099 Pennsylvania Avenue Washington, D.C., 20006	USD	2017	216,323	23,731	-	23,730	10,000,000	4,082,299	5,795,078	19,614	5,814,692	-	17.7%	4.4%	1.04x

* = Date of first cash flow or management fee
N/A = Not Available
NM = Not Meaningful

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
CA GOVERNMENT CODE §7514.7 DISCLOSURE REPORT FOR ALTERNATIVE INVESTMENT VEHICLES
FOR FISCAL YEAR ENDING JUNE 30, 2020

MANDATORY DISCLOSURE BY FUNDS COMMITTED TO ON OR AFTER JANUARY 1, 2017
PRIVATE EQUITY FUNDS

Fund	Address	Local Currency	Vintage Year *	\$ Fees & Expenses Paid Directly Fiscal Year End	\$ Fees & Expenses Paid From the Fund Fiscal Year End	\$ Carried Interest Paid Fiscal Year End	\$ Fees & Expenses Paid by all Portfolio Companies Fund Fiscal Year End	\$ Commitment	\$ Contributions Since Inception	\$ Remaining Value of LACERS Investment	\$ Distributions Fiscal Year End	\$ Distributions+ Remaining Value of Partnership Fiscal Year End	\$ Profit (Realized Gain / Loss) Fiscal Year End	Gross Internal Rate of Return Since Inception	Net Internal Rate of Return Since Inception	Investment Multiple Since Inception
Brentwood Associates Private Equity VI	11150 Santa Monica Boulevard Los Angeles, CA 90025	USD	2017	663,432	128,567	-	240,467	25,000,000	9,683,240	15,420,920	20,239	15,441,159	4,467	23.9%	25.0%	1.21x
Clearlake Capital Partners VI	233 Wilshire Boulevard Santa Monica, CA 90401	USD	2020	-	-	-	-	30,000,000	2,926,326	27,073,674	1,059	27,074,733	197	NM	-43.3%	0.94x
CVC Capital Partners VII	111 Strand London, WC2R 0AG	EUR	2017	567,992	310	-	310	28,567,140	13,330,323	13,558,039	143,735	13,701,775	(433)	14.8%	9.6%	1.09x
CVC Capital Partners VIII	111 Strand London, WC2R 0AG	EUR	2020	-	-	-	-	50,206,765	-	51,485,422	-	51,485,422	-	N/A	N/A	N/A
Defy Partners I	2973 Woodside Road Woodside, CA 94062	USD	2017	266,723	-	-	-	10,000,000	7,000,000	3,000,000	-	3,000,000	-	-0.8%	-8.8%	0.88x
Defy Partners II	2973 Woodside Road Woodside, CA 94062	USD	2019	359,206	-	-	-	18,010,000	2,701,500	15,308,500	-	15,308,500	-	0.0%	-27.7%	0.87x
Encap Energy Capital Fund XI	1100 Louisiana Street Houston, TX 77002	USD	2017	604,840	-	-	-	40,000,000	12,059,622	27,940,378	-	27,940,378	-	-25.1%	-34.3%	0.59x
FS Equity Partners VIII	11100 Santa Monica Blvd Los Angeles, CA 90025	USD	2019	489,744	-	-	-	25,000,000	7,252,392	17,375,929	6,503	17,382,432	-	-10.1%	-23.6%	0.87x
General Catalyst Group X - Early Venture	20 University Road Cambridge, MA 02138	USD	2020	90,919	-	-	-	10,000,000	850,000	9,150,000	-	9,150,000	-	NM	-100.0%	0.89x
General Catalyst Group X - Endurance	20 University Road Cambridge, MA 02138	USD	2020	18,533	-	-	-	11,666,667	2,508,333	9,158,334	-	9,158,334	-	NM	-10.1%	0.99x

* = Date of first cash flow or management fee
N/A = Not Available
NM = Not Meaningful

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
CA GOVERNMENT CODE §7514.7 DISCLOSURE REPORT FOR ALTERNATIVE INVESTMENT VEHICLES
FOR FISCAL YEAR ENDING JUNE 30, 2020

MANDATORY DISCLOSURE BY FUNDS COMMITTED TO ON OR AFTER JANUARY 1, 2017
PRIVATE EQUITY FUNDS

Fund	Address	Local Currency	Vintage Year *	\$ Fees & Expenses Paid Directly Fiscal Year End	\$ Fees & Expenses Paid From the Fund Fiscal Year End	\$ Carried Interest Paid Fiscal Year End	\$ Fees & Expenses Paid by all Portfolio Companies Fund Fiscal Year End	\$ Commitment	\$ Contributions Since Inception	\$ Remaining Value of LACERS Investment	\$ Distributions Fiscal Year End	\$ Distributions+ Remaining Value of Partnership Fiscal Year End	\$ Profit (Realized Gain / Loss) Fiscal Year End	Gross Internal Rate of Return Since Inception	Net Internal Rate of Return Since Inception	Investment Multiple Since Inception
General Catalyst Group X - Growth Venture	20 University Road Cambridge, MA 02138	USD	2020	151,887	-	-	-	16,666,666	1,750,000	14,916,666	-	14,916,666	-	NM	-99.1%	0.91x
Genstar Capital Partners IX	Four Embarcadero Center San Francisco, CA 94111	USD	2019	608,788	20,659	-	-	25,000,000	6,153,019	19,337,061	490,080	19,827,141	-	15.0%	15.7%	1.11x
Genstar IX Opportunities Fund I	Four Embarcadero Center San Francisco, CA 94111	USD	2019	67,705	-	-	-	25,000,000	7,515,152	17,484,848	-	17,484,848	-	15.1%	11.5%	1.08x
Gilde Buy-Out Fund VI	Herculesplein 104 - 3584 AA Utrecht Utrecht	EUR	2019	709,688	-	-	-	39,684,790	725,934	38,449,378	-	38,449,378	-	-17.6%	-100.0%	0.00x
Glendon Opportunities Fund II	1620 26th Street Santa Monica, CA 90404	USD	2019	180,888	98,078	-	-	40,000,000	19,000,000	21,000,000	-	21,000,000	-	3.5%	-7.6%	0.98x
GTCR Fund XII-AB	300 N. LaSalle St., Suite 5600 Chicago, IL 60654	USD	2017	1,005,730	36,143	-	14,294	40,000,000	18,420,000	21,580,000	428,687	22,008,687	-	23.4%	17.0%	1.19x
H&F Spock 1	415 Mission Street San Francisco, CA 94105	USD	2018	1,191	-	-	-	-	3,266,786	-	-	-	-	40.0%	38.6%	2.07x
Harvest Partners VIII	280 Park Avenue New York, NY 10017	USD	2019	395,129	409,921	-	-	50,000,000	19,920,388	30,079,612	1,501	30,081,113	-	0.0%	-4.2%	0.99x
Hellman & Friedman Capital Partners IX	415 Mission Street San Francisco, CA 94105	USD	2019	587,335	362	-	431	30,000,000	6,668,837	23,331,163	-	23,331,163	-	8.0%	-20.2%	0.95x
Hg Genesis 9	2 More London Riverside London, SE1 2AP	EUR	2020	-	-	-	-	19,295,500	-	19,659,500	-	19,659,500	-	N/A	N/A	N/A

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NM = Not Meaningful

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
CA GOVERNMENT CODE §7514.7 DISCLOSURE REPORT FOR ALTERNATIVE INVESTMENT VEHICLES
FOR FISCAL YEAR ENDING JUNE 30, 2020

MANDATORY DISCLOSURE BY FUNDS COMMITTED TO ON OR AFTER JANUARY 1, 2017
PRIVATE EQUITY FUNDS

Fund	Address	Local Currency	Vintage Year *	\$ Fees & Expenses Paid Directly Fiscal Year End	\$ Fees & Expenses Paid From the Fund Fiscal Year End	\$ Carried Interest Paid Fiscal Year End	\$ Fees & Expenses Paid by all Portfolio Companies Fund Fiscal Year End	\$ Commitment	\$ Contributions Since Inception	\$ Remaining Value of LACERS Investment	\$ Distributions Fiscal Year End	\$ Distributions+ Remaining Value of Partnership Fiscal Year End	\$ Profit (Realized Gain / Loss) Fiscal Year End	Gross Internal Rate of Return Since Inception	Net Internal Rate of Return Since Inception	Investment Multiple Since Inception
HgCapital Saturn Fund 2	2 More London Riverside London, SE1 2AP	USD	2020	-	-	-	-	20,000,000	-	20,000,000	-	20,000,000	-	N/A	N/A	N/A
KPS Special Situations Fund V	485 Lexington Avenue, 31st Floor New York, NY 10017	USD	2020	-	-	-	-	40,000,000	-	40,000,000	-	40,000,000	-	N/A	N/A	N/A
KPS Special Situations Mid-Cap Fund	485 Lexington Avenue, 31st Floor New York, NY 10017	USD	2019	85,454	28,908	-	43,856	10,000,000	1,773,189	8,226,811	-	8,226,811	-	NM	-10.6%	0.95x
MBK Partners Fund V	22nd Fl., D Tower D1, 17 Jongno 3- gil Seoul, 110-130	USD	2020	-	-	-	-	40,000,000	-	40,000,000	-	40,000,000	-	N/A	N/A	N/A
Mill Point Capital Partners	555 Madison Avenue, 16th Floor New York, NY 10022	USD	2017	142,492	148,053	-	116,125	10,000,000	6,635,800	3,382,350	1,137	3,383,487	-	34.4%	26.2%	1.41x
Montagu VI	2 More London Riverside London, SE1 2AP	EUR	2020	242,669	-	-	-	40,301,363	-	39,808,802	-	39,808,802	-	N/A	N/A	N/A
New Enterprise Associates 16	5425 Wisconsin Ave Chevy Chase, MD 20815	USD	2017	264,019	59,824	-	1,201	25,000,000	18,125,000	6,875,000	447,726	7,322,726	265,786	20.4%	12.5%	1.20x
New Enterprise Associates 17	5425 Wisconsin Ave Chevy Chase, MD 20815	USD	2019	370,007	86,160	-	-	35,000,000	6,650,000	28,350,000	-	28,350,000	-	9.3%	3.7%	1.02x
NMS Fund III	32 Old Slip New York, NY 10005	USD	2017	209,024	51,391	-	45,585	10,000,000	3,815,828	6,775,764	307,790	7,083,554	-	16.0%	2.5%	1.03x
Oak HC-FT Partners II	Three Pickwick Plaza Greenwich, CT 06830	USD	2017	244,409	-	-	-	10,000,000	7,216,001	2,783,999	-	2,783,999	-	38.4%	29.5%	1.42x

* = Date of first cash flow or management fee
N/A = Not Available
NM = Not Meaningful

MANDATORY DISCLOSURE BY FUNDS COMMITTED TO ON OR AFTER JANUARY 1, 2017
PRIVATE EQUITY FUNDS

Fund	Address	Local Currency	Vintage Year *	\$ Fees & Expenses Paid Directly Fiscal Year End	\$ Fees & Expenses Paid From the Fund Fiscal Year End	\$ Carried Interest Paid Fiscal Year End	\$ Fees & Expenses Paid by all Portfolio Companies Fund Fiscal Year End	\$ Commitment	\$ Contributions Since Inception	\$ Remaining Value of LACERS Investment	\$ Distributions Fiscal Year End	\$ Distributions+ Remaining Value of Partnership Fiscal Year End	\$ Profit (Realized Gain / Loss) Fiscal Year End	Gross Internal Rate of Return Since Inception	Net Internal Rate of Return Since Inception	Investment Multiple Since Inception
Oak HC-FT Partners III	Three Pickwick Plaza Greenwich, CT 06830	USD	2019	543,453	-	-	-	25,000,000	5,990,549	19,009,451	-	19,009,451	-	NM	-24.5%	0.91x
OceanSound Partners Fund	320 Park Avenue, 8th Floor New York, NY 10022	USD	2020	-	-	-	-	20,000,000	-	20,000,000	-	20,000,000	-	N/A	N/A	N/A
P4G Capital Partners I	455 Market Street, Suite 620 San Francisco, CA 94105	USD	2018	480,170	3,595	-	-	10,000,000	473,390	9,523,296	13	9,523,309	-	NM	-100.0%	0.00x
Palladium Equity Partners V	Rockefeller Center New York, NY 10020	USD	2017	745,114	114,870	-	60,524	25,000,000	10,704,231	14,489,439	198,167	14,687,605	-	13.3%	-4.5%	0.96x
Platinum Equity Capital Partners V	360 N. Crescent Dr. Beverly Hills, CA 90210	USD	2019	387,979	106,633	-	-	50,000,000	6,190,747	43,809,253	-	43,809,253	-	0.0%	-10.8%	0.96x
Platinum Equity Small Cap Fund	360 N. Crescent Dr. Beverly Hills, CA 90210	USD	2018	869,982	107,619	-	-	22,500,000	8,220,903	14,652,523	287,026	14,939,549	-	0.0%	-77.9%	0.55x
Polaris Growth Fund	One Marina Park Drive Boston, MA 02210	USD	2018	302,621	-	-	-	10,000,000	2,350,000	7,650,000	-	7,650,000	-	16.4%	-6.4%	0.95x
Roark Capital Partners II Side Car	1180 Peachtree Street NE Atlanta, GA 30309	USD	2018	36,466	-	-	-	10,000,000	6,163,352	3,960,656	-	3,960,656	-	22.0%	21.0%	1.34x
Roark Capital Partners V	1180 Peachtree Street NE Atlanta, GA 30309	USD	2018	179,470	94,201	-	2,633	15,000,000	4,035,158	10,910,867	-	10,910,867	-	20.0%	13.9%	1.18x
Spark Capital Growth Fund III	137 Newbury St. #8 Boston, MA 02116	USD	2020	184,549	-	-	-	26,750,000	1,203,750	25,546,250	-	25,546,250	-	-47.8%	-47.0%	0.86x

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LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
CA GOVERNMENT CODE §7514.7 DISCLOSURE REPORT FOR ALTERNATIVE INVESTMENT VEHICLES
FOR FISCAL YEAR ENDING JUNE 30, 2020

MANDATORY DISCLOSURE BY FUNDS COMMITTED TO ON OR AFTER JANUARY 1, 2017
PRIVATE EQUITY FUNDS

Fund	Address	Local Currency	Vintage Year *	\$ Fees & Expenses Paid Directly Fiscal Year End	\$ Fees & Expenses Paid From the Fund Fiscal Year End	\$ Carried Interest Paid Fiscal Year End	\$ Fees & Expenses Paid by all Portfolio Companies Fund Fiscal Year End	\$ Commitment	\$ Contributions Since Inception	\$ Remaining Value of LACERS Investment	\$ Distributions Fiscal Year End	\$ Distributions+ Remaining Value of Partnership Fiscal Year End	\$ Profit (Realized Gain / Loss) Fiscal Year End	Gross Internal Rate of Return Since Inception	Net Internal Rate of Return Since Inception	Investment Multiple Since Inception
Spark Capital Partners VI	137 Newbury St. #8 Boston, MA 02116	USD	2020	86,311	-	-	-	13,250,000	861,250	12,388,750	-	12,388,750	-	-42.8%	-42.2%	0.90x
Stripes IV	402 West 13th Street New York, NY 10014	USD	2017	180,856	43,715	73,578	-	10,000,000	8,151,381	2,388,941	540,322	2,929,263	429,588	53.7%	40.6%	1.72x
Sunstone Partners II	400 S El Camino Real San Mateo, CA 94402	USD	2019	128,176	-	-	-	10,000,000	-	10,000,000	-	10,000,000	-	N/A	N/A	N/A
TA XIII-A	200 Clarendon Street Boston, MA 02116	USD	2019	483,286	59,180	-	-	35,000,000	5,250,000	29,750,000	-	29,750,000	-	14.0%	-2.7%	0.99x
TCV X	250 Middlefield Road Menlo Park, CA 94025	USD	2019	518,520	-	-	-	25,000,000	9,485,000	15,515,000	-	15,515,000	-	NM	28.3%	1.25x
The Baring Asia Private Equity Fund VII	Suite 3801, Two International Hong Kong	USD	2018	525,374	-	-	-	25,000,000	7,659,502	18,453,322	1,112,824	19,566,146	-	8.9%	-1.7%	0.98x
Thoma Bravo Discover Fund II	150 N. Riverside Plaza Chicago, IL 60606	USD	2018	242,657	13,396	-	23,893	10,000,000	6,088,248	3,911,752	-	3,911,752	-	32.0%	19.4%	1.18x
Thoma Bravo Discover Fund III	150 N. Riverside Plaza Chicago, IL 60606	USD	2020	-	-	-	-	20,000,000	-	20,000,000	-	20,000,000	-	N/A	N/A	N/A
Thoma Bravo Explore Fund I	150 N. Riverside Plaza Chicago, IL 60606	USD	2020	-	-	-	-	10,000,000	-	10,000,000	-	10,000,000	-	N/A	N/A	N/A
Thoma Bravo Fund XIII	150 N. Riverside Plaza Chicago, IL 60606	USD	2018	107,110	450,000	-	159,423	30,000,000	21,709,034	8,297,788	6,943	8,304,731	-	92.2%	62.6%	1.51x

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MANDATORY DISCLOSURE BY FUNDS COMMITTED TO ON OR AFTER JANUARY 1, 2017
PRIVATE EQUITY FUNDS

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Thoma Bravo Fund XIV	150 N. Riverside Plaza Chicago, IL 60606	USD	2020	-	-	-	-	30,000,000	-	30,000,000	-	30,000,000	-	N/A	N/A	N/A
Upfront VI	1314 7th Street Santa Monica, CA 90401	USD	2017	418,896	-	-	-	20,000,000	11,320,303	8,679,697	-	8,679,697	-	13.0%	3.5%	1.05x
Vista Equity Partners Fund VII	401 Congress Avenue Austin, TX 78701	USD	2018	640,031	28,861	14,866	-	40,000,000	10,096,769	29,962,941	82,746	30,045,687	74,336	0.0%	0.2%	1.00x
Vista Foundation Fund IV	401 Congress Avenue Austin, TX 78701	USD	2020	215,934	-	-	-	30,000,000	-	30,000,000	-	30,000,000	-	N/A	N/A	N/A
Vitruvian Investment Partnership IV	105 Wigmore Street London, W1U 1QY	EUR	2020	-	-	-	-	39,119,924	-	39,588,616	-	39,588,616	-	N/A	N/A	N/A

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VOLUNTARY DISCLOSURE BY FUNDS COMMITTED TO PRIOR TO JANUARY 1, 2017
PRIVATE EQUITY FUNDS

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1315 Capital Fund	2929 Walnut Street Philadelphia, PA 19104	USD	2015	212,366	1,316	-	-	10,000,000	8,974,616	1,953,870	53,975	2,007,845	-	19.2%	10.9%	1.33x
ABRY Advanced Securities Fund III	888 Boylston St Boston, MA 02199	USD	2014	418,099	-	NP	-	20,000,000	24,719,438	0	-	0	-	-3.1%	-10.9%	0.79x
ABRY Heritage Partners	888 Boylston St Boston, MA 02199	USD	2016	203,353	-	-	-	10,000,000	5,325,250	6,060,728	2,007,683	8,068,411	-	NP	11.5%	1.28x
ABRY Partners VIII	888 Boylston St Boston, MA 02199	USD	2014	182,058	19,562	NP	19,562	25,000,000	27,985,440	1,878,266	8,311,166	10,189,432	-	NP	7.6%	1.30x
ACON Equity Partners 3.5	1133 Connecticut Avenue NW Washington, D.C., 20036	USD	2012	NP	NP	NP	NP	20,000,000	18,034,492	-	14,228,069	14,228,069	-	NP	1.9%	1.09x
Acon-Bastion Partners II	1133 Connecticut Avenue NW Washington, D.C., 20036	USD	2006	2,977	-	-	NP	5,000,000	4,721,150	352,035	-	352,035	-	NP	12.3%	1.74x
Advent International GPE VI A	800 Boylston Street Boston, MA 02199	USD	2008	53,492	112	77,927	112	20,000,000	20,000,000	-	582,073	582,073	-	23.0%	16.6%	2.09x
Advent International GPE VII B	800 Boylston Street Boston, MA 02199	USD	2012	271,582	903	383,661	903	30,000,000	28,200,000	1,800,000	3,861,339	5,661,339	-	21.0%	14.8%	1.80x
Advent International GPE VIII B-2	800 Boylston Street Boston, MA 02199	USD	2016	500,577	210	-	210	35,000,000	32,795,000	2,205,000	-	2,205,000	-	21.0%	14.1%	1.35x
AION Capital Partners	Apollo Global Management, Inc. New York, NY 10019	USD	2012	NP	NP	NP	NP	20,000,000	17,910,512	2,567,441	1,056,035	3,623,476	-	NP	2.3%	1.06x
American Securities Partners VII	299 Park Avenue New York, NY 10171	USD	2016	270,539	NP	-	NP	25,000,000	21,202,478	3,797,522	250,217	4,047,739	4,467	0.1%	-3.3%	0.93x

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VOLUNTARY DISCLOSURE BY FUNDS COMMITTED TO PRIOR TO JANUARY 1, 2017
PRIVATE EQUITY FUNDS

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Angeleno Investors III	2029 Century Park East Los Angeles, CA 90067	USD	2009	133,165	31,393	-	-	10,000,000	10,686,144	-	48,028	48,028	197	NP	-5.4%	0.73x
Angeles Equity Partners I	2425 Olympic Boulevard Santa Monica, CA 90404	USD	2015	173,008	99,180	-	48,148	10,000,000	5,062,573	5,331,317	163,604	5,494,921	(433)	21.4%	7.2%	1.16x
Apollo Investment Fund IV	Apollo Global Management, Inc. New York, NY 10019	USD	1998	-	-	-	-	5,000,000	4,989,241	10,759	-	10,759	-	NP	8.5%	1.67x
Apollo Investment Fund VI	Apollo Global Management, Inc. New York, NY 10019	USD	2006	2,835	5	-	40	15,000,000	14,372,999	627,001	-	627,001	-	12.0%	8.7%	1.69x
Apollo Investment Fund VII	Apollo Global Management, Inc. New York, NY 10019	USD	2008	38,133	1,689	-	2,424	20,000,000	17,560,155	2,435,375	613,939	3,049,314	-	33.0%	22.2%	1.93x
Apollo Investment Fund VIII	Apollo Global Management, Inc. New York, NY 10019	USD	2013	241,560	56,836	760,855	56,836	40,000,000	34,696,895	5,597,593	7,622,456	13,220,049	-	13.0%	8.4%	1.31x
Ascribe Opportunities Fund II	299 Park Avenue New York, NY 10171	USD	2010	69,171	NP	-	NP	20,000,000	30,537,420	3,159,347	1,619,651	4,778,998	-	NP	3.1%	1.14x
Ascribe Opportunities Fund III	299 Park Avenue New York, NY 10171	USD	2014	429,989	NP	-	NP	30,000,000	47,401,164	8,438,018	844,805	9,282,823	-	-0.4%	-10.2%	0.83x
Astorg VI	68 rue du Faubourg Saint-Honore Paris, 75008	EUR	2015	397,611	58,845	-	-	25,625,875	21,228,378	4,942,960	3,100,383	8,043,343	-	15.4%	11.1%	1.29x
Austin Ventures VII	835 West 6th Street Austin, TX 78703-5421	USD	1999	NP	NP	NP	NP	17,000,000	17,000,000	-	-	-	-	-2.8%	-2.8%	0.81x
Austin Ventures VIII	835 West 6th Street Austin, TX 78703-5421	USD	2001	NP	NP	NP	NP	8,300,000	8,300,000	-	150,000	150,000	-	8.5%	6.9%	1.65x

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VOLUNTARY DISCLOSURE BY FUNDS COMMITTED TO PRIOR TO JANUARY 1, 2017
PRIVATE EQUITY FUNDS

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Bain Capital Asia Fund III	200 Clarendon Street Boston, MA 02116	USD	2016	473,035	-	-	NP	15,000,000	14,565,291	3,087,539	2,043,904	5,131,443	-	NP	16.1%	1.27x
Bain Capital Double Impact Fund	200 Clarendon Street Boston, MA 02116	USD	2016	401,321	-	-	NP	10,000,000	7,221,326	3,985,906	-	3,985,906	-	NP	12.8%	1.20x
BC European Capital IX	40 Portman Square London, W1H 6DA	EUR	2011	134,410	13,120	78,417	2,855	18,146,966	18,984,319	1,163,842	2,602,928	3,766,770	-	20.6%	13.0%	1.69x
BC European Capital X	40 Portman Square London, W1H 6DA	EUR	2017	364,624	130,674	-	1,588	31,651,237	25,635,267	4,846,762	475,305	5,322,067	-	12.9%	9.7%	1.15x
BDCM Opportunity Fund IV	One Sound Shore Drive Greenwich, CT 06830	USD	2015	448,235	-	4,284	-	25,000,000	29,213,670	3,511,109	2,683,398	6,194,507	-	12.8%	8.1%	1.26x
Blackstone Capital Partners V & V-S	345 Park Avenue New York, NY 10154	USD	2005	NP	-	-	NP	19,799,726	19,287,044	999,381	116,361	1,115,742	-	NP	7.8%	1.66x
Blackstone Capital Partners VI	345 Park Avenue New York, NY 10154	USD	2011	NP	27,718	193,108	NP	20,000,000	19,202,092	2,235,041	4,381,735	6,616,777	-	15.2%	10.7%	1.57x
Blackstone Energy Partners	345 Park Avenue New York, NY 10154	USD	2011	NP	35,832	-	NP	25,000,000	23,608,387	2,364,145	6,101,612	8,465,756	-	13.0%	9.6%	1.51x
Blue Sea Capital Fund I	222 Lakeview Ave, Suite 1700 West Palm Beach, FL 33401	USD	2013	23,202	123,376	-	4,084	10,000,000	8,311,730	1,688,992	4,904,818	6,593,810	-	NP	13.0%	1.54x
Carlyle Partners IV	1001 Pennsylvania Ave, NW Washington, D.C., 20004-2505	USD	2005	534	-	125,962	NP	20,000,000	19,634,189	-	518,026	518,026	-	NP	13.0%	2.03x
Carlyle Partners V	1001 Pennsylvania Ave, NW Washington, D.C., 20004-2505	USD	2007	2,884	7,629	1,599	10,922	30,000,000	26,774,450	5,262,358	830,595	6,092,953	-	NP	13.6%	1.89x

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CenterGate Capital Partners I	900 So. Capital of Texas Hwy Austin, TX 78746	USD	2015	127,818	62,323	-	62,323	10,000,000	4,128,108	6,419,837	1,467,068	7,886,905	-	18.2%	5.2%	1.12x
Charterhouse Capital Partners IX	7th Floor, Warwick Court London, EC4M 7DX	EUR	2008	23,744	-	1	-	17,893,814	17,432,850	393,823	-	393,823	-	21.0%	8.8%	1.28x
Charterhouse Capital Partners VIII	7th Floor, Warwick Court London, EC4M 7DX	EUR	2006	1,062	-	-	-	19,706,859	19,659,327	1	48,978	48,978	-	NP	-0.6%	0.96x
CHP III	230 Nassau Street Princeton, NJ 08542	USD	2006	123,336	NP	-	-	15,000,000	15,000,000	-	-	-	265,786	NP	8.4%	1.89x
CHS Private Equity V	10 South Wacker Drive Chicago, IL 60606	USD	2005	14,153	-	NP	NP	20,000,000	20,145,530	-	-	-	-	12.6%	9.8%	1.75x
Collier International Partners VI	Park House London, WiK 6AF	USD	2011	216,214	-	430,982	-	25,000,000	18,392,640	7,430,817	883,156	8,313,972	-	17.0%	14.1%	1.59x
Craton Equity Investors I	865 South Figueroa Street Los Angeles, CA 90017	USD	2006	-	-	-	-	10,000,000	9,951,989	-	-	-	-	NP	-32.7%	0.11x
CVC European Equity Partners III	111 Strand London, WC2R 0AG	USD	2001	2,190	-	-	-	15,000,000	14,776,341	222,957	-	222,957	-	40.0%	41.0%	2.87x
CVC European Equity Partners IV	111 Strand London, WC2R 0AG	EUR	2005	2,722	-	-	NP	26,008,211	23,210,339	2,641,950	-	2,641,950	-	22.6%	16.8%	2.01x
CVC European Equity Partners V	111 Strand London, WC2R 0AG	EUR	2008	3,359	-	600,320	NP	18,815,039	18,352,938	2,225,206	2,724,736	4,949,943	-	26.5%	16.8%	2.26x
DFJ Element	565 E. Swedesford Road Wayne, PA 19087	USD	2006	37,140	NP	NP	NP	8,000,000	7,846,106	164,000	2,624,444	2,788,444	-	NP	-3.4%	0.74x

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DFJ Frontier Fund II	9785 South Monroe Street Sandy, UT 84070	USD	2007	11,319	-	NP	NP	5,000,000	5,002,783	-	-	-	-	NP	1.0%	1.08x
DFJ Growth 2013	2882 Sand Hill Road Menlo Park, CA 94025	USD	2013	579,719	-	1,386,143	NP	25,000,000	25,126,311	-	6,678,838	6,678,838	-	29.6%	16.4%	2.05x
DFJ Growth III	2882 Sand Hill Road Menlo Park, CA 94025	USD	2017	398,403	-	-	-	15,000,000	12,135,000	2,865,000	-	2,865,000	-	21.1%	11.1%	1.19x
EIG Energy Fund XVI	600 New Hampshire Ave NW Washington, D.C., 20037	USD	2013	263,298	NP	-	7,460	25,000,000	22,884,905	7,057,302	1,155,715	8,213,017	-	6.9%	4.0%	1.13x
Element Partners Fund II	565 E. Swedesford Road Wayne, PA 19087	USD	2008	90,802	NP	-	NP	10,000,000	9,361,465	636,905	4,151,699	4,788,603	-	NP	6.1%	1.50x
Encap Energy Capital Fund IX	1100 Louisiana Street Houston, TX 77002	USD	2012	306,251	-	-	-	30,000,000	28,669,442	1,687,887	921,139	2,609,026	-	4.0%	0.3%	1.01x
Encap Energy Capital Fund VIII	1100 Louisiana Street Houston, TX 77002	USD	2010	79,251	-	-	-	15,000,000	14,397,183	606,443	144,464	750,907	-	-7.8%	-10.5%	0.69x
Encap Energy Capital Fund X	1100 Louisiana Street Houston, TX 77002	USD	2015	370,245	-	-	-	35,000,000	29,931,454	5,196,854	1,167,893	6,364,747	429,588	-1.2%	-4.1%	0.90x
Energy Capital Partners II	40 Beechwood Road Summit, NJ 07901	USD	2009	66,909	-	-	NP	20,000,000	14,934,322	5,949,821	87,019	6,036,840	-	15.0%	8.9%	1.41x
Energy Capital Partners III	40 Beechwood Road Summit, NJ 07901	USD	2014	472,109	171,040	-	NP	40,000,000	36,915,016	3,452,052	3,078,021	6,530,073	-	12.0%	7.6%	1.26x
Essex Woodlands Health Ventures Fund IV	335 Bryant Street Palo Alto, CA 94301	USD	1998	NP	NP	NP	NP	4,000,000	4,000,000	-	-	-	-	NP	7.5%	1.47x

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VOLUNTARY DISCLOSURE BY FUNDS COMMITTED TO PRIOR TO JANUARY 1, 2017
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Essex Woodlands Health Ventures Fund V	335 Bryant Street Palo Alto, CA 94301	USD	2000	NP	NP	NP	NP	10,000,000	10,000,000	-	-	-	-	11.3%	3.5%	1.18x
Essex Woodlands Health Ventures Fund VI	335 Bryant Street Palo Alto, CA 94301	USD	2004	NP	-	NP	NP	15,000,000	14,587,500	-	-	-	-	NP	4.2%	1.46x
FIMI Opportunity V	98 Yigal Alon Street Tel Aviv, 6789141	USD	2012	NP	NP	NP	NP	20,000,000	18,194,334	1,805,666	1,264,918	3,070,584	-	NP	10.0%	1.55x
First Reserve Fund X	First Reserve Greenwich, CT 06902	USD	2004	11,090	-	NP	NP	20,000,000	20,000,000	-	66,522	66,522	-	NP	31.1%	1.83x
First Reserve Fund XI	First Reserve Greenwich, CT 06902	USD	2006	12,257	-	-	-	30,000,000	30,000,000	-	115,328	115,328	-	-8.4%	-8.6%	0.69x
First Reserve Fund XII	First Reserve Greenwich, CT 06902	USD	2008	30,324	112	-	151	25,000,000	25,990,474	-	245,025	245,025	-	-10.2%	-12.7%	0.56x
Gilde Buy-Out Fund V	Herculesplein 104 - 3584 AA Utrecht Utrecht	EUR	2016	304,181	11,469	-	11,468	27,121,713	23,239,243	3,079,459	6,528,966	9,608,425	-	9.0%	4.2%	1.08x
Glendon Opportunities Fund	1620 26th Street Santa Monica, CA 90404	USD	2014	397,187	762	-	762	20,000,000	18,990,996	5,501,321	4,501,321	10,002,642	74,336	NP	-0.8%	0.96x
Green Equity Investors V	11111 Santa Monica Blvd Los Angeles, CA 90025	USD	2007	NP	NP	NP	NP	20,000,000	18,270,441	1,731,094	2,353,735	4,084,829	-	24.2%	19.4%	2.49x
Green Equity Investors VI	11111 Santa Monica Blvd Los Angeles, CA 90025	USD	2012	80,271	47,013	77,154	-	20,000,000	18,396,710	1,679,024	1,265,352	2,944,376	-	19.4%	13.8%	1.80x
Green Equity Investors VII	11111 Santa Monica Blvd Los Angeles, CA 90025	USD	2017	446,630	16,137	-	-	25,000,000	21,274,569	3,949,373	124,945	4,074,318	-	19.1%	12.7%	1.24x

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GTCR Fund IX-A	300 N. LaSalle St., Suite 5600 Chicago, IL 60654	USD	2006	505	0	12,373	0	15,000,000	14,288,203	-	50,418	50,418	-	NP	13.8%	1.81x
GTCR Fund VIII	300 N. LaSalle St., Suite 5600 Chicago, IL 60654	USD	2003	4,469	-	-	-	20,000,000	18,520,960	1,495,040	-	1,495,040	-	NP	22.3%	1.75x
Halifax Capital Partners II	1133 Connecticut Avenue, NW Suite 300 Washington, D.C., 20036	USD	2005	4,475	-	-	-	10,000,000	8,098,600	1,901,400	-	1,901,400	-	18.0%	7.6%	1.34x
Harvest Partners VII	280 Park Avenue New York, NY 10017	USD	2016	118,634	200,735	-	-	20,000,000	19,315,920	1,063,163	-	1,063,163	-	9.7%	7.7%	1.16x
Hellman & Friedman Capital Partners VI	415 Mission Street San Francisco, CA 94105	USD	2006	NP	-	-	-	20,000,000	19,344,481	578,558	57,280	635,838	-	18.0%	12.9%	1.87x
Hellman & Friedman Capital Partners VII	415 Mission Street San Francisco, CA 94105	USD	2011	38,382	3,589	780,137	3,589	20,000,000	19,094,563	904,088	4,228,958	5,133,046	-	NP	24.0%	2.91x
Hellman & Friedman Capital Partners VIII	415 Mission Street San Francisco, CA 94105	USD	2016	139,712	2,650	-	2,650	20,000,000	19,566,915	952,807	95,963	1,048,770	-	NP	13.3%	1.31x
High Road Capital Partners II	1251 6th Avenue New York, NY 10020	USD	2013	82,387	255,602	688,893	413,060	25,000,000	19,334,307	5,665,828	5,863,979	11,529,807	-	20.6%	13.7%	1.55x
Hony Capital Fund V	6th floor, South Tower C, Raycom InfoTech Park, No. 2, Ke Xue Yuan Nan Lu, Haidian District	USD	2011	552,436	NP	NP	NP	25,000,000	25,084,013	393,769	-	393,769	-	-2.3%	-5.4%	0.73x
Incline Equity Partners IV	EQT Plaza – Suite 2300 Pittsburgh, PA 15222	USD	2017	157,101	76,762	-	89,947	10,000,000	6,560,467	3,439,533	22,588	3,462,121	-	27.3%	14.2%	1.19x
Insight Venture Partners IX	1114 Avenue of the Americas New York, NY 10036	USD	2015	436,623	2,232	247,717	-	25,000,000	25,581,482	123,104	1,885,448	2,008,553	-	34.0%	26.7%	2.36x

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Insight Venture Partners VIII	1114 Avenue of the Americas New York, NY 10036	USD	2013	174,196	1,888	371,758	-	20,000,000	19,585,777	559,777	7,367,659	7,927,436	-	26.0%	20.5%	2.69x
Institutional Venture Partners XV	3000 Sand Hill Road Menlo Park, CA 94025	USD	2015	456,855	64,118	NP	NP	20,000,000	20,000,000	-	853,776	853,776	-	NP	17.4%	1.62x
J.H. Whitney VII	130 Main Street New Canaan, CT 06840	USD	2010	NP	123,780	NP	98,864	25,000,000	24,652,068	553,517	286,931	840,448	-	NP	12.8%	1.79x
Kelso Investment Associates VII	320 Park Avenue, 24th Floor New York, NY 10022	USD	2003	74,780	-	-	NP	18,000,000	17,131,163	-	-	-	-	17.2%	12.5%	1.70x
Kelso Investment Associates VIII	320 Park Avenue, 24th Floor New York, NY 10022	USD	2007	9,117	-	-	8,271	20,000,000	18,941,737	2,982,730	690,001	3,672,731	-	10.2%	5.9%	1.33x
Khosla Ventures IV	2128 Sand Hill Road Menlo Park, CA 94025	USD	2011	NP	1,038	NP	NP	20,000,000	19,620,000	380,000	13,409,358	13,789,358	-	30.8%	21.5%	2.99x
KKR 2006 Fund	9 West 57th Street New York, NY 10019	USD	2006	NP	NP	NP	NP	30,000,000	30,296,985	494,468	1,678,715	2,173,183	-	11.7%	9.1%	1.79x
KKR European Fund II	9 West 57th Street New York, NY 10019	USD	2005	NP	NP	NP	NP	15,000,000	15,497,844	-	60,388	60,388	-	NP	4.7%	1.36x
KPS Special Situations Fund IV	485 Lexington Ave, 31st Floor New York, NY 10017	USD	2014	35,920	187,500	6,116	NP	25,000,000	21,074,259	2,718,763	126,950	2,845,713	-	28.6%	12.0%	1.19x
Levine Leichtman Capital Partners III	345 North Maple Drive Beverly Hills, CA 90210	USD	2003	9,112	-	-	-	20,000,000	21,392,254	(0)	-	(0)	-	NP	10.0%	1.56x
Levine Leichtman Capital Partners IV	345 North Maple Drive Beverly Hills, CA 90210	USD	2008	5,004	-	-	-	20,000,000	16,448,126	3,652,523	72,245	3,724,767	-	NP	17.9%	1.88x

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Levine Leichtman Capital Partners V	345 North Maple Drive Beverly Hills, CA 90210	USD	2013	364,334	-	366,220	-	30,000,000	26,489,374	5,581,145	2,063,137	7,644,282	-	NP	11.6%	1.62x
Lindsay Goldberg & Bessemer II	630 Fifth Avenue New York, NY 10111	USD	2006	-	-	-	-	20,000,000	18,913,523	-	25,810	25,810	-	NP	7.1%	1.43x
Lindsay Goldberg III	630 Fifth Avenue New York, NY 10111	USD	2008	15,188	-	34,866	-	20,000,000	19,176,896	882,760	205,066	1,087,826	-	13.7%	8.1%	1.36x
Longitude Venture Partners III	2740 Sand Hill Road Menlo Park, CA 94025	USD	2016	217,764	4,380	-	4,380	10,000,000	7,914,412	2,522,219	436,631	2,958,850	-	30.0%	16.7%	1.30x
Madison Dearborn Capital Partners IV	70 W. Madison Street Chicago, IL 60602	USD	2000	20,000	-	-	-	25,000,000	25,174,337	676,116	-	676,116	-	19.1%	14.1%	1.89x
Menlo Ventures IX	2884 Sand Hill Road Menlo Park, CA 94025	USD	2001	1,363	-	53,080	-	20,000,000	20,000,000	-	159,240	159,240	-	NP	0.5%	1.03x
Nautic Partners V	50 Kennedy Plaza Providence, RI 02903	USD	2000	966	NP	0	-	15,000,000	14,426,866	477,187	-	477,187	-	27.7%	17.0%	2.10x
New Enterprise Associates 13	5425 Wisconsin Ave Chevy Chase, MD 20815	USD	2009	119,978	53,492	1,148,736	17,751	15,000,000	15,000,000	-	2,932,459	2,932,459	-	19.1%	15.5%	2.24x
New Enterprise Associates 15	5425 Wisconsin Ave Chevy Chase, MD 20815	USD	2015	242,689	18,912	-	1,655	20,000,000	18,300,000	1,700,000	24,460	1,724,460	-	22.5%	16.2%	1.67x
New Mountain Partners III	787 7th Avenue New York, NY 10019	USD	2007	-	-	258,961	25,288	20,000,000	18,661,525	1,371,772	1,035,843	2,407,615	-	NP	13.4%	2.23x
New Water Capital	2424 N Federal Hwy #418 Boca Raton, FL 33431	USD	2015	125,089	NP	-	14,698	10,000,000	8,788,031	1,682,318	379,844	2,062,162	-	6.0%	1.5%	1.03x

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NewBridge Asia IV	345 California Street San Francisco, CA 94104	USD	2005	10,387	-	-	NP	10,000,000	9,846,880	655,734	-	655,734	-	23.0%	16.7%	2.22x
NGEN Partners III	733 Third Avenue New York, NY 10017	USD	2008	NP	NP	NP	NP	10,000,000	11,129,177	220,545	55,425	275,970	-	-5.8%	-6.2%	0.66x
NGP Natural Resources XI	2850 N. Harwood Street Dallas, TX 77002	USD	2014	325,258	3,772	-	2,408	25,000,000	24,048,748	1,024,794	2,392,313	3,417,107	-	2.0%	-1.9%	0.95x
Nordic Capital V	Mäster Samuelsgatan 21 Stockholm, SE - 111 44	EUR	2003	-	6	27,529	-	14,043,460	14,308,101	(0)	216,799	216,799	-	NP	20.8%	2.97x
Oak HC-FT Partners	Three Pickwick Plaza Greenwich, CT 06830	USD	2014	233,868	-	-	-	10,000,000	9,314,590	685,410	-	685,410	-	35.6%	26.8%	2.27x
Oak Investment Partners XII	Three Pickwick Plaza Greenwich, CT 06830	USD	2006	NP	NP	NP	NP	15,000,000	14,999,762	-	-	-	-	NP	-0.3%	0.98x
Oaktree Opportunities Fund X	333 South Grand Avenue Los Angeles, CA 90071	USD	2015	125,251	9	37,211	-	7,500,000	6,225,000	1,275,000	-	1,275,000	-	12.9%	7.2%	1.21x
Oaktree Opportunities Fund Xb	333 South Grand Avenue Los Angeles, CA 90071	USD	2018	379,821	349	-	325	17,500,000	7,000,000	10,500,000	-	10,500,000	-	2.7%	-2.3%	0.98x
OCM Opportunities Fund III	333 South Grand Avenue Los Angeles, CA 90071	USD	1999	-	-	-	-	10,000,000	10,000,000	-	1,184	1,184	-	NP	11.9%	1.51x
OCM Opportunities Fund V	333 South Grand Avenue Los Angeles, CA 90071	USD	2004	1,477	-	-	-	7,100,000	7,100,000	-	-	-	-	18.4%	14.1%	1.65x
OCM Opportunities Fund VII	333 South Grand Avenue Los Angeles, CA 90071	USD	2007	2,331	-	-	-	10,000,000	10,000,000	-	339,042	339,042	-	10.1%	7.3%	1.38x

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OCM Opportunities Fund VIIb	333 South Grand Avenue Los Angeles, CA 90071	USD	2008	(447)	1,418	48,032	1,418	10,000,000	9,000,000	500,000	193,664	693,664	-	21.8%	16.5%	1.73x
Onex Partners	161 Bay Street Toronto, M5J2S1	USD	2003	2,300	-	628,559	-	20,000,000	19,048,408	935,344	102,438	1,037,782	-	NP	38.4%	3.06x
Palladium Equity Partners III	Rockefeller Center New York, NY 10020	USD	2004	1,072	-	15,484	-	10,000,000	9,899,504	91,619	326,634	418,253	-	21.6%	11.2%	1.79x
Palladium Equity Partners IV	Rockefeller Center New York, NY 10020	USD	2012	327,194	85,438	-	94,008	25,000,000	24,863,744	2,573,416	442,619	3,016,035	-	12.5%	6.1%	1.21x
Permira Europe III	80 PALL MALL London, SW1Y5ES	EUR	2003	1,077	-	11,800	-	21,506,160	21,515,354	(0)	46,521	46,521	-	NP	26.1%	1.71x
Permira Europe IV	80 PALL MALL London, SW1Y5ES	EUR	2006	1,366	-	45,393	-	14,935,115	14,921,731	0	1,915,384	1,915,384	-	NP	8.6%	1.62x
Pharos Capital Partners II-A	8 Cadillac Drive Brentwood, TN 37027	USD	2004	108,125	(1)	-	NP	5,000,000	5,000,000	-	-	-	-	8.0%	1.7%	1.13x
Platinum Equity Capital Partners III	360 N. Crescent Dr. Beverly Hills, CA 90210	USD	2011	NP	NP	NP	NP	25,000,000	20,276,102	5,052,339	2,972,091	8,024,430	-	48.6%	30.4%	2.06x
Platinum Equity Capital Partners IV	360 N. Crescent Dr. Beverly Hills, CA 90210	USD	2016	43,215	-	137,434	-	15,000,000	13,922,912	2,820,588	1,708,741	4,529,329	-	27.1%	14.5%	1.27x
Polaris Partners VII	One Marina Park Drive Boston, MA 02210	USD	2014	NP	NP	NP	NP	25,000,000	23,125,000	1,875,000	573,980	2,448,980	-	NP	12.7%	1.56x
Polaris Venture Partners V	One Marina Park Drive Boston, MA 02210	USD	2006	NP	NP	NP	NP	15,000,000	14,700,000	300,000	2,243,535	2,543,535	-	NP	8.2%	1.74x

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Polaris Venture Partners VI	One Marina Park Drive Boston, MA 02210	USD	2010	NP	NP	NP	NP	15,000,000	13,125,000	1,875,000	816,551	2,691,551	-	NP	19.0%	2.49x
Polaris Venture Partners VIII	One Marina Park Drive Boston, MA 02210	USD	2016	NP	NP	NP	NP	10,000,000	7,400,000	2,600,000	1,068,730	3,668,730	-	NP	12.6%	1.24x
Providence Debt Fund III	50 Kennedy Plaza, 18th Floor Providence, RI 02903	USD	2013	NP	NP	NP	NP	30,000,000	32,098,772	8,979,486	7,575,097	16,554,583	-	NP	5.8%	1.34x
Providence Equity Partners V	50 Kennedy Plaza, 18th Floor Providence, RI 02903	USD	2005	2,165	-	-	-	18,000,000	16,415,524	1,584,476	-	1,584,476	-	5.0%	3.2%	1.24x
Providence Equity Partners VI	50 Kennedy Plaza, 18th Floor Providence, RI 02903	USD	2006	9,408	-	-	-	30,000,000	29,000,111	1,060,747	631,689	1,692,436	-	7.0%	4.7%	1.34x
Providence TMT Debt Opportunity Fund II	50 Kennedy Plaza, 18th Floor Providence, RI 02903	USD	2010	NP	NP	NP	NP	20,000,000	16,319,772	-	140,751	140,751	-	NP	10.4%	1.61x
Rustic Canyon/Fontis Partners	1025 Westwood Blvd. Los Angeles, CA 90024	USD	2005	3,766	8,522	-	776	5,000,000	3,671,248	1,328,752	46,762	1,375,514	-	-0.9%	-4.2%	0.74x
Saybrook Corporate Opportunity Fund	85 Indian Rock Road New Canaan, CT 06840	USD	2007	58,373	-	-	-	6,192,813	6,321,092	780,144	-	780,144	-	NP	8.9%	1.46x
Searchlight Capital II	745 Fifth Avenue New York, NY 10151	USD	2015	411,817	63,309	-	74,685	25,000,000	21,004,466	4,182,465	886,845	5,069,310	-	27.0%	16.5%	1.41x
Spark Capital	137 Newbury St. #8 Boston, MA 02116	USD	2005	NP	-	-	NP	9,000,000	8,820,000	180,000	-	180,000	-	NP	8.3%	1.41x
Spark Capital Growth Fund	137 Newbury St. #8 Boston, MA 02116	USD	2014	NP	NP	-	NP	10,000,000	10,000,000	-	-	-	-	NP	16.7%	2.00x

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Spark Capital Growth Fund II	137 Newbury St. #8 Boston, MA 02116	USD	2017	NP	NP	-	NP	15,000,000	13,425,000	1,575,000	-	1,575,000	-	NP	12.0%	1.20x
Spark Capital II	137 Newbury St. #8 Boston, MA 02116	USD	2008	NP	-	-	NP	9,750,000	9,750,000	-	-	-	-	NP	51.4%	4.23x
Spark Capital III	137 Newbury St. #8 Boston, MA 02116	USD	2011	NP	NP	-	NP	10,000,000	10,000,000	-	215,810	215,810	-	NP	31.7%	3.49x
Spire Capital Partners III	1500 Broadway #1811 New York, NY 10036	USD	2013	144,954	30,383	199,645	NP	10,000,000	9,609,230	114,301	1,729,174	1,843,475	-	15.6%	9.3%	1.33x
SSG Capital Partners II	15 Queen's Road Hong Kong,	USD	2012	106,572	-	-	0	15,914,286	15,128,109	1,258,258	504,260	1,762,518	-	8.7%	4.7%	1.20x
St. Cloud Capital Partners II	10866 Wilshire Blvd, Suite 1450 Los Angeles, CA 90024	USD	2007	46,172	-	-	NP	5,000,000	4,989,085	149,623	-	149,623	-	NP	-3.8%	0.85x
StarVest Partners II	750 Lexington Avenue New York, NY 10022	USD	2007	34,207	-	-	-	5,000,000	4,965,849	52,266	205,502	257,768	-	NP	-1.0%	0.93x
StepStone Pioneer Capital I	4275 Executive Square La Jolla, CA 92037	USD	2004	1	(1)	-	-	10,000,000	9,751,911	-	115	115	-	NP	5.1%	1.34x
StepStone Pioneer Capital II	4275 Executive Square La Jolla, CA 92037	USD	2006	8,069	-	109,937	-	10,000,000	9,427,148	630,391	2,228,866	2,859,257	-	NP	9.1%	1.94x
StepStone Secondary Opportunities III	4275 Executive Square La Jolla, CA 92037	USD	2016	341,392	8,191	-	-	25,000,000	23,525,196	7,301,433	1,148,599	8,450,032	-	16.0%	10.1%	1.26x
Sterling Venture Partners II	401 N. Michigan Ave Chicago, IL 60611	USD	2005	25,732	NP	-	-	8,000,000	8,006,256	-	-	-	-	8.8%	3.7%	1.30x

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VOLUNTARY DISCLOSURE BY FUNDS COMMITTED TO PRIOR TO JANUARY 1, 2017
PRIVATE EQUITY FUNDS

Fund	Address	Local Currency	Vintage Year *	\$ Fees & Expenses Paid Directly Fiscal Year End	\$ Fees & Expenses Paid From the Fund Fiscal Year End	\$ Carried Interest Paid Fiscal Year End	\$ Fees & Expenses Paid by all Portfolio Companies Fund Fiscal Year End	\$ Commitment	\$ Contributions Since Inception	\$ Remaining Value of LACERS Investment	\$ Distributions Fiscal Year End	\$ Distributions+ Remaining Value of Partnership Fiscal Year End	\$ Profit (Realized Gain / Loss) Fiscal Year End	Gross Internal Rate of Return Since Inception	Net Internal Rate of Return Since Inception	Investment Multiple Since Inception
Stripes III	402 West 13th Street New York, NY 10014	USD	2015	225,624	-	166,690	-	10,000,000	11,070,957	1,922,664	1,787,974	3,710,638	-	26.4%	19.9%	2.19x
Sunstone Partners I	400 S El Camino Real San Mateo, CA 94402	USD	2015	175,396	9,990	-	-	7,500,000	5,608,659	1,894,986	3,640,344	5,535,330	-	NP	29.5%	1.67x
TA X	200 Clarendon Street Boston, MA 02116	USD	2006	501	-	12,000	-	6,000,000	6,186,689	210,000	66,000	276,000	-	10.3%	5.2%	1.30x
TA XI	200 Clarendon Street Boston, MA 02116	USD	2010	179,161	1,322	793,500	1,322	20,000,000	19,650,000	350,000	5,096,450	5,446,450	-	35.6%	26.1%	3.17x
TA XII-A	200 Clarendon Street Boston, MA 02116	USD	2016	421,769	1,164	1,466,484	1,164	25,000,000	24,228,785	1,000,000	11,238,361	12,238,361	-	49.5%	34.5%	1.88x
TCV IX	250 Middlefield Road Menlo Park, CA 94025	USD	2016	251,627	447	-	NP	10,000,000	7,938,000	2,062,000	-	2,062,000	-	27.3%	23.7%	1.52x
TCV V	250 Middlefield Road Menlo Park, CA 94025	USD	2004	15,862	-	354,385	NP	19,500,000	19,334,250	165,750	1,063,335	1,229,085	-	14.7%	10.6%	1.86x
TCV VII	250 Middlefield Road Menlo Park, CA 94025	USD	2008	27,488	263	3,776,240	NP	20,000,000	19,689,394	320,000	11,333,502	11,653,502	-	31.4%	23.3%	3.05x
TCV VIII	250 Middlefield Road Menlo Park, CA 94025	USD	2014	627,721	-	-	NP	30,000,000	26,152,505	3,847,495	-	3,847,495	-	22.7%	17.9%	2.11x
TCW Crescent Mezzanine Partners IV	11100 Santa Monica Blvd Los Angeles, CA 90025	USD	2006	NP	0	-	-	10,000,000	8,712,805	-	23,478	23,478	-	NP	2.9%	1.15x
TCW Crescent Mezzanine Partners V	11100 Santa Monica Blvd Los Angeles, CA 90025	USD	2007	NP	NP	NP	NP	10,000,000	9,625,012	708,323	-	708,323	-	NP	9.2%	1.35x

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VOLUNTARY DISCLOSURE BY FUNDS COMMITTED TO PRIOR TO JANUARY 1, 2017
PRIVATE EQUITY FUNDS

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The Baring Asia Private Equity Fund VI, L.P. 1	Suite 3801, Two International Hong Kong	USD	2015	519,383	-	-	-	25,000,000	26,061,623	2,629,252	3,016,524	5,645,777	-	16.0%	11.6%	1.36x
Thoma Bravo Fund XI	150 N. Riverside Plaza Chicago, IL 60606	USD	2014	144,029	85,482	2,466,726	77,906	15,000,000	13,400,392	1,601,735	13,571,459	15,173,194	-	40.4%	32.0%	3.64x
Thoma Bravo Fund XII	150 N. Riverside Plaza Chicago, IL 60606	USD	2016	249,128	131,543	-	162,873	25,000,000	24,530,707	1,409,377	939,811	2,349,188	-	22.2%	15.3%	1.49x
Thoma Bravo Special Opportunities Fund II	150 N. Riverside Plaza Chicago, IL 60606	USD	2015	4,832	85,862	720,178	NP	10,000,000	9,200,691	801,372	5,447,620	6,248,992	-	27.9%	21.5%	2.31x
Threshold Ventures II	2882 Sand Hill Road Menlo Park, CA 94025	USD	2016	271,145	-	-	NP	10,000,000	8,885,000	1,115,000	-	1,115,000	-	33.0%	22.1%	1.56x
TPG Growth II	345 California Street San Francisco, CA 94104	USD	2011	298,758	-	2,305,926	4,457	30,000,000	29,656,749	1,080,616	18,283,079	19,363,695	-	21.0%	15.5%	1.96x
TPG Partners III	345 California Street San Francisco, CA 94104	USD	1999	2,085	-	-	-	25,000,000	22,442,286	173,905	-	173,905	-	32.0%	24.4%	2.52x
TPG Partners IV	345 California Street San Francisco, CA 94104	USD	2003	11,811	-	-	NP	25,000,000	27,436,973	106,723	41,433	148,156	-	20.0%	15.2%	1.92x
TPG Partners V	345 California Street San Francisco, CA 94104	USD	2006	4,684	-	-	-	30,000,000	31,415,182	584,242	963,750	1,547,992	-	6.0%	4.8%	1.36x
TPG Partners VI	345 California Street San Francisco, CA 94104	USD	2008	25,316	2,090	-	NP	22,500,000	24,481,111	849,088	817,957	1,667,045	-	14.0%	9.7%	1.50x
TPG STAR	345 California Street San Francisco, CA 94104	USD	2006	41,513	-	-	NP	20,000,000	21,635,099	1,711	-	1,711	-	13.0%	6.5%	1.30x

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VOLUNTARY DISCLOSURE BY FUNDS COMMITTED TO PRIOR TO JANUARY 1, 2017
PRIVATE EQUITY FUNDS

Fund	Address	Local Currency	Vintage Year *	\$ Fees & Expenses Paid Directly Fiscal Year End	\$ Fees & Expenses Paid From the Fund Fiscal Year End	\$ Carried Interest Paid Fiscal Year End	\$ Fees & Expenses Paid by all Portfolio Companies Fund Fiscal Year End	\$ Commitment	\$ Contributions Since Inception	\$ Remaining Value of LACERS Investment	\$ Distributions Fiscal Year End	\$ Distributions+ Remaining Value of Partnership Fiscal Year End	\$ Profit (Realized Gain / Loss) Fiscal Year End	Gross Internal Rate of Return Since Inception	Net Internal Rate of Return Since Inception	Investment Multiple Since Inception
Trident Capital Fund-V	400 S. El Camino Real San Mateo, CA 94402	USD	2000	NP	NP	NP	NP	14,369,679	14,001,728	119,703	220,144	339,847	-	NP	8.6%	1.73x
Trident Capital Fund-VI	400 S. El Camino Real San Mateo, CA 94402	USD	2005	NP	NP	NP	NP	8,500,000	8,500,000	-	3,980,569	3,980,569	-	NP	4.8%	1.56x
VantagePoint Venture Partners IV	111 Bayhill Drive San Bruno, CA 94066	USD	2000	2,087	-	-	NP	15,000,000	15,000,000	-	76,044	76,044	-	NP	-0.8%	0.94x
Vestar Capital Partners IV	245 Park Avenue New York, NY 10167	USD	1999	87	-	-	-	17,000,000	16,585,106	18,108	6,026	24,134	-	20.0%	13.4%	1.77x
Vicente Capital Partners Growth Equity Fund	11726 San Vicente Boulevard Los Angeles, CA 90049	USD	2007	NP	NP	NP	NP	10,000,000	10,093,708	(0)	4,300,053	4,300,053	-	NP	5.8%	1.41x
Vista Equity Partners Fund III	401 Congress Avenue Austin, TX 78701	USD	2007	31,210	7,938	-	-	25,000,000	23,229,174	1,987,754	-	1,987,754	-	35.8%	26.7%	2.69x
Vista Equity Partners Fund IV	401 Congress Avenue Austin, TX 78701	USD	2011	218,026	-	-	-	30,000,000	25,353,042	4,892,048	-	4,892,048	-	21.2%	15.9%	2.11x
Vista Equity Partners Fund V	401 Congress Avenue Austin, TX 78701	USD	2014	498,112	2,569	2,599,490	-	40,000,000	39,776,535	9,279,439	11,895,578	21,175,017	-	28.1%	20.8%	2.38x
Vista Equity Partners Fund VI	401 Congress Avenue Austin, TX 78701	USD	2016	457,781	15,843	391,264	-	30,000,000	33,101,361	4,445,356	202,766	4,648,122	-	26.0%	19.4%	1.74x
Vista Foundation Fund II	401 Congress Avenue Austin, TX 78701	USD	2013	171,740	-	-	-	10,000,000	8,852,068	5,110,761	-	5,110,761	-	21.2%	14.4%	2.47x
Vista Foundation Fund III	401 Congress Avenue Austin, TX 78701	USD	2016	184,974	30,857	467,141	-	10,000,000	8,245,548	3,243,277	1,495,601	4,738,878	-	30.6%	19.6%	1.58x

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VOLUNTARY DISCLOSURE BY FUNDS COMMITTED TO PRIOR TO JANUARY 1, 2017
PRIVATE EQUITY FUNDS

Fund	Address	Local Currency	Vintage Year *	\$ Fees & Expenses Paid Directly Fiscal Year End	\$ Fees & Expenses Paid From the Fund Fiscal Year End	\$ Carried Interest Paid Fiscal Year End	\$ Fees & Expenses Paid by all Portfolio Companies Fund Fiscal Year End	\$ Commitment	\$ Contributions Since Inception	\$ Remaining Value of LACERS Investment	\$ Distributions Fiscal Year End	\$ Distributions+ Remaining Value of Partnership Fiscal Year End	\$ Profit (Realized Gain / Loss) Fiscal Year End	Gross Internal Rate of Return Since Inception	Net Internal Rate of Return Since Inception	Investment Multiple Since Inception
Wynnchurch Capital Partners IV	6250 North River Road Rosemont, IL 60018	USD	2015	177,533	41,493	-	73,073	10,000,000	8,691,176	1,273,280	60,586	1,333,866	-	16.4%	8.6%	1.17x
Yucaipa American Alliance Fund I	9130 West Sunset Boulevard Los Angeles, CA 90069	USD	2002	148,576	-	NP	NP	10,000,000	10,000,000	-	-	-	-	NP	4.5%	1.31x
Yucaipa American Alliance Fund II	9130 West Sunset Boulevard Los Angeles, CA 90069	USD	2008	42,923	NP	NP	NP	20,000,000	20,160,070	20	1,130,746	1,130,766	-	NP	8.3%	1.81x

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MANDATORY DISCLOSURE BY FUNDS COMMITTED TO ON AND AFTER JANUARY 1, 2017
REAL ESTATE FUNDS

Fund	Address	Vintage Year	Local Currency	Fees and expenses paid directly by LACERS Fiscal Year End	Fees and expenses paid from the Fund Fiscal Year End	Carried interest paid Fiscal Year End	Fees and expenses paid by all portfolio companies Fiscal Year End	\$ Commitment	\$ Contributions Since Inception	\$ Remaining Value of LACERS Investment	\$ Distributions Fiscal Year End	\$ Distributions + Remaining Value of Partnership Fiscal Year End	\$ Profit (Realized Gain/Loss) Fiscal Year End	Gross Internal Rate of Return Since Inception	Net Internal Rate of Return Since Inception	Investment Multiple Since Inception
Heitman Asia-Pacific Property Investors	Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands	2017	USD	98,244	-	-	-	25,000,000	14,045,345	12,062,313	617,258	14,514,217	617,258	-	-6.8%	0.90x
Kayne Anderson Core Real Estate Fund	1800 Ave of the Stars, 3rd Fl Los Angeles, CA 90067	2019	USD	111,287	-	-	-	35,000,000	35,000,000	34,515,199	896,217	35,411,416	896,217	-	2.2%	1.01x
Asana Partners Fund II	1616 Camden, Suite 210 Charlotte, NC 28203	2019	USD	437,500	-	-	-	35,000,000	5,818,750	4,095,499	-	4,095,499	-	-	-63.5%	0.70x
Broadview Real Estate Partners Fund, L.P.	444 Madison Ave., 38th Floor New York, NY 10022	2019	USD	333,424	-	-	-	20,000,000	1,432,246	1,028,751	-	1,028,751	-	-	-67.5%	0.72x
LBA Logistics Value Fund VII	3347 Michelson Dr., Suite 200 Irvine, CA 92612	2019	USD	237,157	-	-	-	35,000,000	4,981,025	4,797,321	-	4,797,321	-	-	-3.4%	0.96x
NREP Nordic Strategies Fund IV	Regeringsgatan 25, 11th Floor 111 53 Stockholm, Sweden	2019	USD	514,689	-	-	-	35,000,000	847,901	112,561	-	112,561	-	-	-86.8%	0.13x
Waterton Residential Property Venture XIV, L.P.	30 South Wacker Dr., 36th Floor Chicago, IL 60606	2020	USD	-	-	-	-	50,000,000	-	50,000,000	-	-	-	-	-	-

VOLUNTARY DISCLOSURE BY FUNDS COMMITTED TO PRIOR TO JANUARY 1, 2017
REAL ESTATE FUNDS

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Almanac Realty Securities VI	1140 Avenue of the Americas 17th Floor New York, NY 10036	2012	USD	40,997	-	-	-	25,000,000	15,475,571	3,167,231	989,304	4,156,535	989,304	N/A	9.8%	1.31x
Asana Partners Fund I	1616 Camden, Suite 210 Charlotte, NC 28203	2016	USD	254,640	-	(352,453)	-	20,000,000	16,864,629	21,291,527	681,663	21,973,190	681,663	N/A	12.0%	1.30x
Berkshire Multifamily Income Realty Fund	One Beacon Street Suite 2400 Boston, MA 02108	2015	USD	140,769	-	-	-	20,000,000	20,000,000	19,808,430	570,996	20,379,426	570,996	N/A	7.5%	1.36x
Bristol Value II, L.P.	400 Montgomery St. Suite 400 San Francisco, CA 94104	2011	USD	239,104	-	-	-	20,000,000	23,139,229	17,707,854	160,635	17,868,489	160,635	N/A	8.8%	1.26x
Bryanston Retail Opportunity Fund	35 E. Wacker Drive, Suite 2900 Chicago, IL 60601	2004	USD	15,539	-	-	-	10,000,000	4,271,584	5,260,155	-	5,260,155	-	N/A	79.7%	3.74x
California Smart Growth Fund IV	10100 Santa Monica Blvd Suite 1000 Los Angeles, CA 90067	2005	USD	-	-	-	-	30,000,000	31,522,663	2,230,399	-	2,230,399	-	N/A	2.6%	1.18x
Canyon Johnson Urban Fund II	2000 Avenue of the Stars 11th Floor Los Angeles, CA 90067	2005	USD	-	-	-	-	10,000,000	8,988,718	33,230	-	33,230	-	N/A	-10.4%	0.45x
Cornerstone Enhanced Mortgage Fund I	One Financial Plaza Suite 1700 Hartford, CT 06103-2604	2011	USD	-	-	(427)	-	25,000,000	-	-	-	-	-	N/A	0.0%	0.00x
CIM Commercial Trust Corporation ("CMCT")	4700 Wilshire Boulevard Los Angeles, CA 90010	2014	USD	123,893	-	-	-	40,000,000	46,417,723	(3,993)	-	(3,993)	-	N/A	4.6%	1.20x
CIM Real Estate Fund III	4700 Wilshire Boulevard Los Angeles, CA 90010	2007	USD	109,788	-	-	-	15,000,000	16,674,075	6,586,728	45,078	6,631,806	45,078	N/A	9.1%	1.64x
CIM VI (Urban REIT), LLC	4700 Wilshire Boulevard Los Angeles, CA 90010	2006	USD	429,562	-	-	-	25,000,000	25,000,000	30,578,267	468,432	31,046,699	468,432	N/A	6.2%	1.46x
CityView LA Urban Fund I	1901 Avenue of the Stars Ste. 1950 Los Angeles, CA 90067	2007	USD	-	-	-	-	25,000,000	61,482,527	-	30,328	30,328	30,328	N/A	11.8%	1.20x
Colony Investors VIII	515 South Flower Street 44th Floor Los Angeles, CA 90071	2006	USD	-	-	-	-	30,000,000	28,963,224	477,914	-	477,914	-	N/A	-11.7%	0.44x

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DRA Growth and Income Fund VI	220 East 42nd Street, 27th Floor New York, NY 10017	2007	USD	-	-	13,627	-	25,000,000	16,788,945	631,647	153,000	784,647	153,000	N/A	10.7%	1.68x
DRA Growth and Income Fund VII	220 East 42nd Street, 27th Floor New York, NY 10017	2011	USD	126,754	-	264,161	-	25,000,000	26,640,000	4,137,475	8,099,801	12,237,276	8,099,801	N/A	21.1%	2.18x
DRA Growth and Income Fund VIII	220 East 42nd Street, 27th Floor New York, NY 10017	2014	USD	348,959	-	(149,411)	-	25,000,000	29,576,071	13,636,301	1,986,684	15,622,985	1,986,684	N/A	7.0%	1.20x
Gerrity Retail Fund II	973 Lomas Santa Fe Drive Solana Beach, CA 92075	2015	USD	221,816	-	-	-	20,000,000	17,163,681	15,602,438	550,490	16,152,928	550,490	N/A	4.2%	1.15x
Hancock Timberland XI	197 Clarendon St., C-08-99 Boston, MA 02116-5010	2012	USD	180,166	-	-	-	20,000,000	18,601,851	19,038,422	2,283,216	21,321,638	2,283,216	N/A	3.9%	1.26x
Integrated Capital Hospitality Fund	11150 Santa Monica Blvd Suite 1680 Los Angeles, CA 90025	2009	USD	45,746	-	-	-	10,000,000	6,006,797	244,060	-	244,060	-	N/A	-22.6%	0.49x
Invesco Core Real Estate	2001 Ross Ave, Suite 3400 Dallas, TX 75201	2004	USD	637,263	-	-	-	63,867,553	124,315,123	183,625,278	6,559,116	190,184,394	6,559,116	N/A	7.3%	2.00x
Jamestown Premier Property Fund	675 Ponce de Leon Ave NE 7th Floor Atlanta, GA 30308	2011	USD	234,706	-	52,429	-	50,000,000	51,155,037	37,259,470	537,877	37,797,347	537,877	N/A	6.7%	1.23x
JPMCB Strategic Property Fund	270 Park Avenue New York, NY 10017	2005	USD	696,695	-	-	-	30,000,000	30,421,882	70,553,292	-	70,553,292	-	N/A	6.3%	2.41x
LaSalle Asia Fund II	1 Front Street, Suite 1100 San Francisco, CA 94111	2005	USD	-	-	-	-	25,000,000	24,016,560	-	236,444	236,444	236,444	N/A	1.8%	1.08x
Latin America Investors III	10880 Wilshire Blvd, #950 Los Angeles, CA 90024	2008	USD	183,465	-	-	-	20,000,000	20,686,689	(2,606,248)	-	(2,606,248)	-	N/A	0.0%	0.31x
Lion Industrial Trust	1717 McKinney Avenue Suite 1900 Dallas, TX 75202	2002	USD	927,021	-	-	-	50,000,000	52,365,789	78,701,400	2,172,818	80,874,218	2,172,818	N/A	13.4%	1.66x
Lone Star Fund VII	888 7th Avenue 11th Floor New York, New York 10019	2010	USD	(174)	-	-	-	15,000,000	14,075,468	104,380	-	104,380	-	N/A	50.2%	1.75x

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Lone Star Real Estate Fund II	888 7th Avenue 11th Floor New York, New York 10019	2010	USD	84	-	-	-	15,000,000	13,291,475	401,502	122,169	523,671	122,169	N/A	26.4%	1.55x
Mesa West Real Estate Income Fund III	11755 Wilshire Blvd Suite 2100 Los Angeles, CA 90025	2013	USD	6,077	-	(13,591)	-	25,000,000	18,939,181	1,208,100	342,414	1,550,514	342,414	N/A	8.4%	1.29x
Prime Property Fund	1585 Broadway Avenue New York, NY 10036	2015	USD	483,884	-	84,875	-	50,000,000	50,000,000	56,018,316	2,273,206	58,291,522	2,273,206	N/A	6.9%	1.31x
Principal U.S. Property Account	801 Grand Ave Des Moines, IA 50392	2015	USD	641,855	-	-	-	50,000,000	50,000,000	67,066,834	-	67,066,834	-	N/A	6.8%	1.34x
RECP Fund IV, L.P.	1123 Broadway Second Floor New York, NY 10010	2008	USD	82,277	-	-	-	40,000,000	51,496,646	22,385,188	1,814,361	24,199,549	1,814,361	N/A	1.8%	1.10x
Southern California Smart Growth Fund	10100 Santa Monica Blvd Suite 1000 Los Angeles, CA 90067	2004	USD	-	-	-	-	10,000,000	18,836,734	39,121	100,847	139,968	100,847	N/A	0.0%	1.00x
Standard Life Investments European Real Estate Club II	Bow Bells House 1 Bread Street London EC4M 9HH	2015	EUR	57,965	-	793,958	-	28,531,885	28,134,410	204,981	8,684,550	8,889,531	8,684,550	N/A	15.7%	1.45x
Stockbridge Real Estate Fund II	Four Embarcadero Center Suite 33 San Francisco, CA 94111	2005	USD	23,978	-	-	-	30,000,000	30,000,000	2,582,166	7,128,000	9,710,166	7,128,000	N/A	-7.2%	0.46x
Torchlight Debt Opportunity Fund IV	280 Park Avenue New York, NY 10017	2012	USD	71,098	-	(535,241)	-	25,000,000	24,483,106	4,191,720	3,372,309	7,564,029	3,372,309	N/A	9.8%	1.43x
Tuckerman Group Residential Income & Value Added Fund	4 International Drive, Suite 230 Arlington, TX 76006	2004	USD	2,425	-	-	-	25,000,000	26,542,525	433,718	-	433,718	-	N/A	-0.1%	0.99x
Walton Street Real Estate Fund VI	900 N. Michigan Ave., Ste 1900 Chicago, IL 60611	2009	USD	92,739	-	-	-	25,000,000	22,161,966	7,866,856	651,182	8,518,038	651,182	N/A	8.1%	1.50x

Note: Report excludes funds that are not required to comply with Section 7514.7 and have opted not to provide such information upon request.

N/A = Not available