



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



Board of Administration Agenda

REGULAR MEETING

TUESDAY, MARCH 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 March 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 (253) 215-8782

Meeting ID# 814 7534 9042

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 Ghokassian

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.ghokassian@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 MEETINGS OF [AUGUST 11, 2020](#) AND [FEBRUARY 23, 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 REPORT ON SEMINARS AND CONFERENCES FOR FEBRUARY 2021](#)
 - B. [COMMISSIONER RUIZ BOARD EDUCATION EVALUATION ON PENSION BRIDGE ESG SUMMIT 2021, VIRTUAL; FEBRUARY 23-25, 2021](#)
 - C. [COMMISSIONER WILKINSON EDUCATION EVALUATION ON CALAPRS GENERAL ASSEMBLY, VIRTUAL; MARCH 8-9, 2021](#)
 - D. [SECTION 115 TRUST FINANCIAL STATEMENTS AS OF JUNE 30, 2020](#)
- VI. COMMITTEE REPORT(S)
 - A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON MARCH 9, 2021
- VII. BOARD/DEPARTMENT ADMINISTRATION
 - A. [PRELIMINARY PROPOSED BUDGET, PERSONNEL, AND ANNUAL RESOLUTIONS FOR FISCAL YEAR 2021-22 AND POSSIBLE BOARD ACTION](#)
- VIII. RETIREMENT SERVICES
 - A. [AMENDMENT TO BOARD RULE GENERAL MANAGER AUTHORIZATIONS \(GMA 1\) AND POSSIBLE BOARD ACTION](#)
- IX. DISABILITY RETIREMENT APPLICATION(S)
 - A. CONSIDERATION OF THE DISABILITY RETIREMENT APPLICATION OF RICARDO MARTORANA AND POSSIBLE BOARD ACTION (HEARING)
- X. INVESTMENTS
 - A. CHIEF INVESTMENT OFFICER VERBAL REPORT

- B. [PRESENTATION BY NEPC, LLC OF THE PORTFOLIO PERFORMANCE REVIEW FOR THE QUARTER ENDING DECEMBER 31, 2020](#)
- C. [PRESENTATION BY NEPC, LLC REGARDING CONTINUED DISCUSSION OF ASSET ALLOCATION AND POSSIBLE BOARD ACTION](#)
- D. [CONTRACT WITH SLC MANAGEMENT TLF PARTNERS FUND 2, L.P. REGARDING TERM ASSET-BACKED SECURITIES LOAN FACILITY INVESTMENT AND WIND DOWN](#)
- E. [TACTICAL ASSET ALLOCATION POLICY AND STATUS REPORT AND POSSIBLE BOARD ACTION](#)
- F. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER A COMMITMENT TO GLP CAPITAL PARTNERS IV LP AND POSSIBLE BOARD ACTION**

XI. OTHER BUSINESS

- XII. NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, April 13, 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
August 11, 2020, meeting was conducted
via telephone and/or videoconferencing.

Agenda of: Mar. 23, 2021

Item No: II

August 11, 2020

10:00 a.m.

PRESENT via Zoom Meeting:	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
ABSENT:	President:	Cynthia M. Ruiz
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

BOARD PRESIDENT VERBAL REPORT – There was no verbal report.

III

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, advised the Board of the following items:
- 2021 Retiree Health Plan Open Enrollment
 - LAWA SIP
 - LACERS *Well*
 - Digital Transformation
 - Virtual Retirement Processing – Member Experience Improvements
 - Space Planning Visioning Meetings
 - Retirement Stats
- B. UPCOMING AGENDA ITEMS – Neil M. Guglielmo, General Manager, advised the Board on the following upcoming agenda items:
- Board August 25, 2020: 2021 Retiree Health Plan Subsidy and Reimbursement Maximums
 - Board August 25, 2020 or September 2020: Supplemental Budget Request for CSIP
 - Governance Committee August 25, 2020: Travel Policy Revision and Survey Results on Board Officer Election Term Limits
- C. RECOGNITION OF SERVICE FOR MIKYONG JANG – Neil M. Guglielmo, General Manager, Vice President Sohn, and Commissioners recognized Ms. Mikyong Jang, Department Chief Accountant IV for her 22 years of City service. Ms. Jang also shared her experience and thanked the Commissioners and staff.

IV

RECEIVE AND FILE ITEMS

- A. MARKETING CESSATION REPORT NOTIFICATION TO THE BOARD – This report was received by the Board and filed.
- B. BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER – This report was received by the Board and filed.

V

COMMITTEE REPORT(S)

- A. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT ON THE MEETING OF AUGUST 11, 2020 – Benefits Administration Committee Chair Wilkinson stated the Committee approved the 2021 Retiree Health Plan Subsidy and Reimbursement Maximums.

VI

BENEFITS ADMINISTRATION

- A. 2021 HEALTH PLAN CONTRACT RENEWALS AND POSSIBLE BOARD ACTION – Alex Rabrenovich, Chief Benefits Analyst with Benefits Administration and Wellness Division, presented item to the Board. Commissioner Chao moved approval of the following Resolution:

2021 LACERS HEALTH PLAN PREMIUMS

RESOLUTION 200811-A

2021 CALIFORNIA MEDICAL PLAN PREMIUM RATES				
Medicare Status	Anthem Blue Cross PPO/ Med Supplement	Kaiser Permanente HMO / Senior Advantage	Anthem Blue Cross HMO / UnitedHealthcare Med Adv HMO	Anthem Blue Cross / Senior Care Action Network (SCAN)
Single-Party Plan – Retiree Only				
U	\$1,270.65	\$853.39	\$1,060.44	\$1,060.44
M	\$555.78	\$262.47	\$270.56	\$259.81
Two-Party Plan – Retiree and One Dependent				
UU	\$2,541.30	\$1,706.78	\$2,120.88	\$2,120.88
UM	\$1,826.43	\$1,115.86	\$1,331.00	\$1,320.25
MU	\$1,826.43	\$1,115.86	\$1,331.00	\$1,320.25
MM	\$1,111.56	\$524.94	\$541.12	\$519.62
Family Plan – Retiree and Family				
UUU	\$2,986.03	\$2,218.82	\$2,757.14	\$2,757.14
UMU	\$2,271.16	\$1,627.90	\$1,967.26	\$1,956.51
MUU	\$2,271.16	\$1,627.90	\$1,967.26	\$1,956.51
MMU	\$1,556.29	\$1,036.98	\$1,177.38	\$1,155.88
MMM	\$1,667.34	\$786.81	\$816.00	\$779.43

2021 UNITED HEALTHCARE MEDICARE ADVANTAGE HMO NON-CALIFORNIA PREMIUM RATES		
Medicare Status	Arizona	Nevada
Single-Party Plan – Retiree Only		
U	N/A	N/A
M	\$341.50	\$241.73
Two-Party Plan – Retiree and One Dependent		
UU	N/A	N/A
UM	N/A	N/A
MU	N/A	N/A
MM	\$683.00	\$483.46
Family Plan – Retiree and Family		
UUU	N/A	N/A
UMU	N/A	N/A
MUU	N/A	N/A
MMU	N/A	N/A
MMM	\$1,028.82	\$729.51

2021 DENTAL PLAN PREMIUM RATES		
Dental Tiers	Delta Dental PPO	DeltaCare USA HMO
Retiree	\$51.16	\$14.38
Retiree + 1 Dependent	\$101.45	\$26.85
Retiree + Family	\$146.56	\$31.04

2021 VISION PLAN PREMIUM RATES	
Tiers	Anthem Blue View Vision
Retiree	\$9.14
Retiree + 1 Dependent	\$13.25
Retiree + Family	\$23.67

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

- B. ANTHEM BLUE CROSS 2019 YEAR-END ACCOUNTING AND POSSIBLE BOARD ACTION – Alex Rabrenovich, Chief Benefits Analyst with Health Benefits Administration and Wellness Division and Borden Darm with Keenan & Associates presented item to the Board. Commissioner Wilkinson moved approval of the following Resolution:

ANTHEM BLUE CROSS 2019 YEAR-END ACCOUNTING

Commissioner Wilkinson moved approval of the following Resolution:

RESOLUTION 200811-B

WHEREAS, LACERS has participating contracts with Anthem Blue Cross (Anthem), which means that at the end of each plan year, an accounting is performed to determine total premium funds versus total claims costs and administrative expenses;

WHEREAS, if the year-end accounting results in a deficit of premium funds, LACERS must pay Anthem the shortfall; if the accounting results in a surplus, those funds may be returned to LACERS;

WHEREAS, LACERS maintains a Premium Stabilization Reserve (PSR) account with Anthem where premium surpluses are placed to be used at a later time, usually to fund a premium defrayal for Anthem Members;

WHEREAS, the 2019 accounting showed that the PSR had an accumulated balance of \$11,474,009;

WHEREAS, the PSR funds are not required to be retained with Anthem and at the September 10, 2019 Board of Administration meeting, the Board approved a recommendation to return the PSR funds to LACERS' Section 115 Trust account;

WHEREAS, tax law requires that only the portion of the PSR funds that is estimated to have been paid out of pocket by Members can be transferred to the Section 115 Trust account, and the portion that is

estimated to have been paid by LACERS as medical plan subsidy dollars must be returned to LACERS' 401(h) account, the account from which these monies originated;

WHEREAS, on August 27, 2019, the Benefits Administration Committee approved forwarding a recommendation to transfer the entire balance of the PSR to LACERS' Section 115 Trust and 401(h) accounts;

WHEREAS, the 2019 year-end PSR balance of \$11,474,009 was transferred to LACERS, with \$10,154,498 being placed in the 401(h) account and \$1,319,511 being placed in the 115 Trust account, leaving a balance of zero;

WHEREAS, a 2019 premium surplus of \$2,352,772 is being held by Anthem separately from the PSR and will be transferred to LACERS upon approval of the 2019 year-end accounting;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the Anthem Blue Cross 2019 year-end accounting.

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

C. HEALTH AND WELFARE CONSULTANT CONTRACT EXTENSION AND POSSIBLE BOARD ACTION – Alex Rabrenovich, Chief Benefits Analyst with Health Benefits Administration and Wellness Division and Miguel Bahamon, Deputy City Attorney, presented item to the Board. Commissioner Elizabeth Lee moved approval of the following Resolution, as amended:

**HEALTH AND WELFARE CONSULTING CONTRACT EXTENSION
PROPOSED RESOLUTION**

RESOLUTION 200811-C

WHEREAS, LACERS has a three-year contract with Keenan and Associates for health and welfare consulting services that expires on February 28, 2021;

WHEREAS, LACERS staff will experience a significant increase in workload related to health plan enrollment for Members retiring under the Los Angeles World Airport and anticipated City Separation Incentive Programs, which will occur at the time a health and welfare consulting services contract Request for Proposal will need to be administered;

WHEREAS, LACERS staff is requesting an extension to the Keenan and Associates contract so that the Request for Proposal can be performed when workload returns to normal;

WHEREAS, on July 28, 2020, the Benefits Administration Committee agreed to forward to the Board a recommendation to amend the health and welfare consulting contract with Keenan and Associates to extend it for an additional one year and four months at a cost of \$1,070,667, and the General Manager to execute the contract amendment;

WHEREAS, on August 11, 2020, the Board approved the extension of the Keenan and Associates contract;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the amendment to the health and welfare consulting services contract with Keenan and Associates.

Which motion was amended by the City Attorney that LACERS has determined that competitive bidding for such health and welfare consulting services would be “undesirable, impractical, or impossible” pursuant to Charter Section 371(e)(10) at this time due to the increased workload required to ensure Member health insurance coverage for the increased number of retirees expected as a result of the concurrent Los Angeles World Airports and City Separation Incentive Programs, seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Wilkinson, and Vice President Sohn -6; Nays, None.

VII

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value, \$19.19 billion as of August 10, 2020. Mr. June discussed the following items:
- Total fund net of fee performance for the one-year ending 06/30/20 was 1.07%
 - Bain Capital Senior Loan Fund put on watch status
 - 7 Lebanon bonds within emerging market debt portfolio with a total book value at \$2.5 million are now valued at \$564K in total
 - Pension Bridge on August 24-28, 2020
 - Upcoming Agenda items: Private Equity notifications and education
- B. PRI ACTION PLAN AND POSSIBLE BOARD ACTION – Rod June, Chief Investment Officer and Ellen Chen, Investment Officer I, presented and discussed this item with the Board for 35 minutes. Commissioner Chao moved approval, seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Wilkinson, and Vice President Sohn -6; Nays, None.

VIII

OTHER BUSINESS – No other business was discussed.

IX

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, August 25, 2020 at 10:00 a.m. in the LACERS Ken Spiker Boardroom, 202 West First Street, Suite 500, Los Angeles, CA 90012-4401 and/or via telephone and/or videoconferencing. Please continue to view the LACERS website for updated information on public access to Board meetings while responding to public health concerns relating to the novel coronavirus continue.

X

ADJOURNMENT – There being no further business before the Board, Vice President Sohn adjourned the Meeting at 11:28 a.m.

Sung Won Sohn
Vice-President

Neil M. Guglielmo
Manager-Secretary

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
February 23, 2021, meeting was conducted
via telephone and/or videoconferencing.

Agenda of: Mar. 23, 2021

Item No: II

February 23, 2021

10:00 a.m.

PRESENT via Videoconferencing:	President Vice President:	Cynthia M. Ruiz Sung Won Sohn
	Commissioners:	Annie Chao Elizabeth Lee (left at 12:30 p.m.) Nilza R. Serrano Michael R. Wilkinson
	Manager-Secretary:	Neil M. Guglielmo
	Legal Counselor:	Anya Freedman
ABSENT:	Commissioner	Sandra Lee
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 JANUARY 26, 2021 AND POSSIBLE BOARD ACTION – Commissioner Elizabeth Lee moved approval, seconded by Commissioner Chao, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -6; Nays, None.

III

BOARD PRESIDENT VERBAL REPORT – President Ruiz acknowledged the 500,000 Americans who have lost their lives to Covid-19.

IV

GENERAL MANAGER VERBAL REPORT

A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, advised the Board of the following items:

- Business Initiatives
- MSC Stats
- City Council Agenda Monitoring
- You Tube Channel Update – 2/3/21 to 2/16/21
- Website Statistics – 2/3/21 to 2/16/21
- SIP Update
- Coronavirus and Vaccine Webinar
- Retired Member Tech Event
- Social Engagement Celebration
- Retiree Health Care

B. UPCOMING AGENDA ITEMS – Neil M. Guglielmo, General Manager, advised the Board of the following items:

- Authority to release RFP for Printing and Graphics to Board
- Actuarial Risk Assessment and Review of Funded Status of the Retirement and Health Plans as of June 30, 2020
- Legislative Update
- 977 N. Broadway Project Report for the Quarter Ending December 31, 2020
- Cost of Living Adjustment for July 2020

V

RECEIVE AND FILE ITEMS

A. MONTHLY REPORTS ON SEMINARS AND CONFERENCES FOR JANUARY 2021 – This report was received by the Board and filed.

VI

COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON FEBRUARY 9, 2021 – Commissioner Serrano stated the Committee approved the investment manager contract with Dimensional Fund Advisors LP regarding the management of a U.S. Treasury Inflation Protected Securities Portfolio and also discussed and approved a change to the private equity portfolio benchmark.
- B. GOVERNANCE COMMITTEE VERBAL REPORT FOR THE MEETING ON FEBRUARY 23, 2021 – Commissioner Serrano stated the Committee provided input and approved the amendment to the Emerging Investment Manager Policy.

VII

BOARD/DEPARTMENT ADMINISTRATION

- A. SEMI-ANNUAL REPORT OF BUSINESS PLAN INITIATIVES FOR THE PERIOD ENDING DECEMBER 31, 2020 – Chhintana Kurimoto, Management Analyst, Horacio Arroyo, Senior Management Analyst I, Kristen Szanto, Management Assistant, Thomas Ma, Information Systems Manager II, Vanessa Lopez, Benefits Analyst, Karen Freire, Chief Benefits Analyst, Ferralyn Sneed, Senior Benefits Analyst II, and Bruce Bernal, Senior Benefits Analyst II, presented and discussed this item with the Board for 1 hour, 10 minutes. The report was received by the Board and filed.

VIII

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value of \$21.39 billion as of February 22, 2021. Mr. June discussed the following items:
- Emerging Investment Manager Policy is undergoing review for possible changes
 - Rod June, Chief Investment Officer, presenting at the Pension Bridge ESG conference this week
 - Future Agenda Items: Consent of assignment of an investment manager contract and a fireside chat with Ken Chenault, Chairman and Managing Director of General Catalyst, discussion on leadership, diversity, inclusion, and the pandemic.

Commissioner Serrano left the Regular Meeting at 12:30 p.m.

- B. PRESENTATION BY NEPC, LLC REGARDING CONTINUED DISCUSSION OF ASSET ALLOCATION AND POSSIBLE BOARD ACTION – Carolyn Smith, Partner, and Lynda Dennen Costello, Partner, with NEPC, LLC, presented and discussed this item with the Board for one hour. The Board took no action on this item.
- 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 – Commissioner Chao moved approval of the following Resolution:

CONTRACT RENEWAL

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

RESOLUTION 210223-A

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

Which motion was seconded by Commissioner Sohn, and adopted by the following vote: Ayes, Commissioner Chao, Elizabeth Lee, Wilkinson, Vice President Sohn, and President Ruiz -5; Nays, None.

- D. NOTIFICATION OF COMMITMENT OF UP TO \$40 MILLION IN TCV XI, L.P. – This report was received by the Board and filed.
- E. NOTIFICATION OF COMMITMENT OF UP TO \$40 MILLION IN GTCR FUND XIII/A LP AND GTCR FUND XIII/B LP – This report was received by the Board and filed.
- F. NOTIFICATION OF COMMITMENT OF UP TO \$16 MILLION IN GGV CAPITAL VIII L.P. – This report was received by the Board and filed.
- G. NOTIFICATION OF COMMITMENT OF UP TO \$4 MILLION IN GGV CAPITAL VIII PLUS L.P. – This report was received by the Board and filed.

- H. NOTIFICATION OF COMMITMENT OF UP TO \$10 MILLION IN BUILDERS VC FUND II, L.P. – This report was received by the Board and filed.
- 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 – This report was received by the Board and filed.

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 – Anya Freedman, Assistant City Attorney, updated the Board on a Brown Act amendment made effective January 1, 2021. The amendment prohibits any one Commissioner from providing any response or reaction to social media posts made by another Commissioner in regard to issues that are before the Board or may go before the Board that they serve.

X

DISABILITY RETIREMENT APPLICATION(S)

President Ruiz recessed the Regular Meeting at 12:56 p.m. to convene in Closed Session discussion.

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

President Ruiz reconvened the Regular Meeting at 12:59 p.m. and announced that the Board unanimously approved the Disability Retirement Application of Andres Avalos.

XI

OTHER BUSINESS – There was no 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 – There being no further business before the Board, President Ruiz adjourned the Meeting at 1:00 p.m.

Cynthia M. Ruiz
President

Neil M. Guglielmo
Manager-Secretary

Agenda of: MAR. 23, 2021

Item No: V-A

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

DATE(S) OF EVENT	SEMINAR / CONFERENCE TITLE	EVENT SPONSOR (ORGANIZATION)	LOCATION (CITY, STATE)
Feb. 23-25, 2021	Pension Bridge ESG Summit 2021	Pension Bridge	Virtual

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM (LACERS)
TRAVEL/CONFERENCE EVALUATION REPORT**

Name of Attendee: Cynthia Ruiz	
Title of Conference/Seminar: Pension Bridge ESG	
Location: Virtual	No. of Education Hours:
Event Sponsor: Pension Bridge	Date(s) Held: 2/23 to 2/25/21

Report for:

- Travel
 Conference/Seminar Attendance Only

I. Nature/Purpose of Travel (if applicable):

N/A

II. Significant Information Gained:

The information was around ESG and it covered all aspects of the topic. The speakers were from all around the world and had many unique perspectives.

III. Benefits to LACERS:

As LACERS continues to develop our ESG policies it is important to hear from others in the field.

IV. Additional Comments:

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM (LACERS)
TRAVEL/CONFERENCE EVALUATION REPORT**

Name of Attendee: Michael R. Wilkinson	
Title of Conference/Seminar: CALAPRS Virtual General Assembly	
Location: Virtual	No. of Education Hours: 7
Event Sponsor: CALAPRS	Date(s) Held: March 8-9, 2021

Report for:

- Travel
 Conference/Seminar Attendance Only

I. Nature/Purpose of Travel (if applicable):

Trustee education.

II. Significant Information Gained:

Excellent sessions on matters of interest to California pension trustees and senior staff members. In particular a class on the identification of unconscious bias and overview of ethics laws was very helpful.

III. Benefits to LACERS:

This set of seminars is invaluable. Another great seminar dealt with protecting pension plans from cyber attacks and being able to come back to normal operation after a cyber attack.

IV. Additional Comments:



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



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

MEETING: MARCH 23, 2021
ITEM: V - D

Neil M. Guglielmo

SUBJECT: SECTION 115 TRUST FINANCIAL STATEMENTS AS OF JUNE 30, 2020

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board receive and file LACERS' Section 115 Trust audited financial statements for Fiscal Year ended June 30, 2020.

Executive Summary

In December 2019, the Board and the City entered into a trust agreement to establish LACERS' Postemployment Health Care Fund (115 Trust or Fund). The new 115 Trust and the older 401(h) Health Care Coverage Account together are currently used to fund LACERS Health Care Plan benefits. Although the 115 Trust transactions are already included in the LACERS' audited financial statements presented to the Board in December 2020, a breakout of the 115 Trust financial condition is required by the trust agreement. The attached trust financial statements will be forwarded to the City as required.

Discussion

On November 9, 2018, the City Council approved Ordinance No. 185829 to establish the LACERS Health Care Fund (115 Trust or Fund) for the sole purpose of funding the retiree healthcare benefits for eligible LACERS' retirees and beneficiaries, as well as to help stabilize premium rates over time. The 115 Trust is intended to eventually replace the older 401(h) Health Care Coverage Account.

The ordinance provides that LACERS Board serves as the trustee of the Fund, and requires the Board and the City to enter into an agreement to administer the Fund. In December 2018, the City and the Board entered into a trust agreement to formalize the roles and responsibilities of each party with respect to the administration and investment of the Fund.

During this fiscal year, the City's contribution to LACERS Health Care Plan was recorded in the 115 Trust. In addition, transactions related to Self-Funded Dental Insurance premiums and claims, as well as Members' insurance premium reserve, were recorded in the Fund. Although 115 Trust financial data were included as part of LACERS' overall Postemployment Health Care Plan financial statements, the trust agreement requires the 115 Trust financial condition to be separately presented. To comply

with this provision, LACERS prepared statements specifically to capture trust fund activities, and engaged Moss Adams, LACERS current external auditor, to audit the statements.

Going forward, staff plans to present 115 Trust and 401(h) financial account data in separate columns along with the Retirement Plan in the LACERS' overall financial statements. This would eliminate the need for separate trust financial statements. The published LACERS' overall financial statements can then be provided to the City and any party interested in financial information related to either 115 Trust, 401(h) or the Retirement Plan will have all of the information delineated within a single document. This approach would also help avoid any confusion that may potentially be created by presenting financial data related to LACERS health care benefits in different documents.

The reports will be transmitted to the City as required by the trust agreement. Staff will be available to answer any questions the Board may have.

Prepared By: Rahoof "Wally" Oyewole, Departmental Chief Accountant IV

NG/TB/RO

Attachment 1: LACERS' 115 Trust Annual Financial Report For Fiscal Year Ended June 30, 2020
2: Moss Adams' Report on Internal Control over Financial Reporting

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
(A DEPARTMENT OF THE MUNICIPALITY OF
THE CITY OF LOS ANGELES, CALIFORNIA)**

**POSTEMPLOYMENT HEALTH CARE FUND (115 TRUST)
ANNUAL FINANCIAL REPORT**

FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
(A DEPARTMENT OF THE MUNICIPALITY OF THE CITY OF LOS ANGELES, CALIFORNIA)
POSTEMPLOYMENT HEALTH CARE FUND (115 TRUST)**

ANNUAL FINANCIAL REPORT

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Report of Independent Auditors

Board of Administration
Los Angeles City Employees' Retirement System
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Postemployment Health Care Fund (115 Trust) of Los Angeles City Employees' Retirement System (LACERS), a department of the Municipality of the City of Los Angeles, California, which comprise the statement of fiduciary net position as of June 30, 2020 and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, which collectively comprise the 115 Trust's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

As discussed in Note 3 of the financial statements, the reported total OPEB liability and net OPEB liability in Note 4 and the amounts reported in the schedule of net OPEB liability and schedule of changes in net OPEB liability represent balances and estimates for the entire postemployment health care plan of LACERS, which includes the 115 Trust. We were unable to obtain sufficient appropriate audit evidence for the allocated measurement of these reported balances and estimates to the 115 Trust. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinion

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Postemployment Health Care Fund of Los Angeles City Employees' Retirement System as of June 30, 2020, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the 115 Trust present the fiduciary net position and changes in fiduciary net position of LACERS and the Municipality of the City of Los Angeles, California, that are attributable to the transactions of the 115 Trust. The financial statements do not present fairly the financial position of the entire LACERS or Municipality of the City of Los Angeles, California, as of June 30, 2020, the changes in their financial position and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the accompanying management's discussion and analysis, schedule of net OPEB liability, schedule of changes in net OPEB liability, schedule of contribution history, and schedule of investment returns (collectively, the required supplementary information) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental Schedule

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 115 Trust's basic financial statements. The schedule of administrative expenses and is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of administrative expenses is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of administrative expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

2019 Financial Statements

The financial statements of the 115 Trust as of and for the year ended June 30, 2019, were audited by other auditors whose report thereon, dated January 6, 2020, expressed an unmodified opinion on the presentation of those financial statements in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2021 on our consideration of the 115 Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 115 Trust's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 115 Trust's internal control over financial reporting and compliance.

Mess Adams LLP

Los Angeles, California
February 23, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

Financial Highlights

Los Angeles City Employees' Retirement System (LACERS) is pleased to provide this overview and analysis of the 115 Trust Fund for the fiscal year ended June 30, 2020. These financial statements present only financial activities related to the Postemployment Health Care Fund (115 Trust). However, Note 4- Postemployment Health Care Plan description, as well as Required Supplementary Information Section provide disclosures related to LACERS healthcare benefits, and Net Other Postemployment Benefit (OPEB) Liability for LACERS' overall Health Care Plan.

For a complete financial details of LACERS Health Care Plan (401h and 115 Trust) and the LACERS' overall financial condition, as of June 30, 2020, we encourage the readers to consult the LACERS' Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020, along with information presented in the Notes to the Basic Financial Statements and the Required Supplementary Information Section.

- On November 9, 2018, Los Angeles City Employees' Retirement System (LACERS or the System) Postemployment Health Care Fund (115 Trust Fund, 115 Trust or the "Fund") was established upon City Council approval of Ordinance No. 185829 amending Article 1 of Chapter 11, Division 4 of the Los Angeles Administrative Code, for the sole purpose of funding the retiree healthcare benefits for eligible LACERS retirees and beneficiaries in addition to or in lieu of the LACERS' Health Care Coverage Account (the "401(h)") as well as to help stabilize premium rates over time (refer to Note 1 – Description of LACERS Health Care Fund (115 Trust) on page 11).
- Effective January 1, 2019, LACERS' fully-insured Delta Dental Preferred Provider Organization (PPO) Plan was replaced with LACERS Self-funded Delta Dental PPO Plan under the LACERS 115 Trust Fund.
- The LACERS 115 Trust fiduciary net position as of June 30, 2020 was \$121,200,984.
- The total additions to the fiduciary net position of the Fund, from employer contributions made by the City of Los Angeles (the City), Self-funded Dental insurance premium, Members' portion of premium reserve, and investment income were \$127,006,015.
- The total deductions from the fiduciary net position of the Fund were \$7,993,968, for the payment of Self-Funded Dental insurance claims and third party fee for the administration of the Dental claims and the Fund's share in the System's administrative expenses.

COVID-19 Impact

It is important to note that the ongoing COVID-19 pandemic has adversely impacted global commercial activity and contributed to significant volatility in the global financial markets. LACERS Board, management and its consultants are closely monitoring the impact of COVID-19 and are taking necessary actions to safeguard the System's investments.

However, because of the adverse economic conditions that currently exist, it is possible that the estimates and assumptions utilized in preparation of these financial statements could change significantly. Additionally, while the extent of the impact, including the length or the severity, is difficult to assess, the financial and economic market uncertainty could have a significant adverse impact on the System's future financial performance.

Overview of the Financial Statements

The following discussion and analysis are intended to serve as an introduction to LACERS' 115 Trust financial statements and the accompanying notes thereto. The required supplementary information and supplemental schedule provide additional financial data on the Fund's operations. All notes to the financial statements, additional information in the Required Supplementary Information and Supplemental Schedule apply to 115 Trust only unless indicated otherwise.

Management's Discussion and Analysis

Overview of the Financial Statements (Continued)

Financial Statements

There are two financial statements presented by the LACERS' Health Care Fund. The Statement of Fiduciary Net Position on page 9 gives a snapshot of the account balances at year-end and shows the amount of the fiduciary net position (the difference between the assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources) available to pay future benefits. Over time, increases or decreases in fiduciary net position may serve as a useful indicator of whether the fiduciary net position of the Fund is improving or deteriorating. The Statement of Changes in Fiduciary Net Position on page 10 provides a view of current year additions to, and deductions from, the fiduciary net position.

Notes to the Financial Statements

The notes to the financial statements (Notes) provide additional information that is essential for a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 11 – 27 of this report.

Required Supplementary Information

In addition to the Management's Discussion and Analysis, other supplementary information consists of the Schedule of Net OPEB Liability, the Schedule of Changes in Net OPEB Liability and Related Ratios and the Schedule of Investment Returns for the LACERS Health Care Plan (401(h) and 115 Trust), as well as Schedule of Contribution History for 115 Trust. These supplementary information can be found on page 28 - 31 of this report.

Supplemental Schedule

The supplemental schedule consists of a Schedule of Administrative Expenses. This is presented to provide additional financial information on the Fund's operations for the current fiscal year. This schedule can be found on page 32 of this report.

Management's Discussion and Analysis

Financial Analysis

LACERS Postemployment Health Care Fund (115 Trust) was established last fiscal year in November 2018. Comparative information provided in the foregoing analysis and reports shows material variances that are primarily due to comparing last fiscal year's partial year of operations to current fiscal year's full year operations of the fund.

Fiduciary Net Position

The following table details the components of the fiduciary net position of the Fund as of June 30, 2020 and 2019:

	June 30, 2020	June 30, 2019	Change
Cash and Short-Term Investments	\$ 4,491,998	\$ 1,801,302	\$ 2,690,696
Receivables	1,035,716	4,707	1,031,009
Self-Funded Insurance Prepayment	1,056,000	1,056,000	-
Investments, at Fair Value	118,410,818	-	118,410,818
Capital Assets, Net of Depreciation and Amortization	286,107	-	286,107
Total Assets	125,280,639	2,862,009	122,418,630
Securities Lending Collateral Liability	2,196,957	-	2,196,957
Purchase of Investments and Other Liabilities	1,882,698	673,072	1,209,626
Total Liabilities	4,079,655	673,072	3,406,583
Fiduciary Net Position Restricted for Pension Benefits and Postemployment Health Care Benefits	<u>\$ 121,200,984</u>	<u>\$ 2,188,937</u>	<u>\$ 119,012,047</u>

The majority of the 115 Trust fiduciary net position is contained in LACERS investment portfolio, which consists of cash and short-term investments, receivables, fixed income, equities, real estate, private equity and other asset classes. Fiduciary net position increased by \$119,012,047 during this fiscal year.

Net Increase in Fiduciary Net Position

The increase in fiduciary net position during the reporting period was the net effect of factors that either added to or deducted from the fiduciary net position. The following table summarizes the changes in fiduciary net position during the report year, as compared with the prior year:

	June 30, 2020	June 30, 2019	Change
Additions	\$ 127,006,015	\$ 6,578,797	\$ 120,427,218
Deductions	7,993,968	4,389,860	3,604,108
Net Increase in Fiduciary Net Position	119,012,047	2,188,937	116,823,110
Fiduciary Net Position, Beginning of Year	2,188,937	-	2,188,937
Fiduciary Net Position, End of Year	\$ 121,200,984	\$ 2,188,937	\$ 119,012,047

Management's Discussion and Analysis

Financial Analysis (Continued)

Net Increase in Fiduciary Net Position – Additions to Fiduciary Net Position

The following table represents the components that make up the additions to the Fund's fiduciary net position for the fiscal years ended June 30, 2020 and 2019:

	June 30, 2020	June 30, 2019
City Contributions	\$ 112,136,429	\$ -
Self-Funded Dental Insurance Premium	10,364,071	6,090,036
Members' Insurance Premium Reserve	2,136,806	468,153
Net Investment Income	2,362,460	20,608
Building Lease & Other Income	6,249	-
Additions to Fiduciary Net Position	<u>\$ 127,006,015</u>	<u>\$ 6,578,797</u>

The additions to the Fund's net position that primarily constitute the funding sources of 115 Trust health benefits are City Contributions. Self-Funded Dental Insurance Premium, Members' Insurance Premium Reserve and Net Investment Income.

Beginning this fiscal year, City Contributions will be received and reported in the 115 Trust. The Fund received \$112,136,429 representing contributions to LACERS' Postemployment Health Care Plan for the fiscal year 2020. The 115 Trust also recognized revenue of \$10,364,071 from the monthly self-funded dental insurance premium. Additionally, \$2,136,806 of Members' portion from the health insurance premium reserve amount was also received which included \$1,319,511 of Member's portion of the Anthem Premium Stabilization fund transferred to LACERS during the fiscal year.

The net investment income was \$2,362,460 which included \$166,117 of net appreciation in the fair value of investments. This is discussed in more detail in the next section.

Investment Income

The following table present the detail of investment income, net of investment management fees and expenses for the fiscal years ended June 30, 2020 and 2019:

	June 30, 2020	June 30, 2019
Net Appreciation in Fair Value of Investments,		
Including Gain and Loss on Sales	\$ 166,117	\$ -
Interest	1,731,869	21,261
Dividends	644,046	-
Other Investment Income	147,134	-
Securities Lending Income, Net of Expense	18,028	-
Sub-Total	<u>2,707,194</u>	<u>21,261</u>
Less: Investment Management Fees and Expenses	(321,385)	(566)
Investment Related Administrative Expenses	<u>(23,349)</u>	<u>(87)</u>
Net Investment Income	<u>\$ 2,362,460</u>	<u>\$ 20,608</u>

During the reporting year, the funds received by 115 Trust from the City Contributions as well as from other sources were started to be invested in LACERS investment portfolio. Therefore, investment earnings including net appreciation and investments expenses were allocated to the Fund accordingly. More detailed analysis are provided in LACERS Annual Financial Report for the fiscal year ended June 30, 2020 related to the System's overall investment performance.

Management's Discussion and Analysis

Financial Analysis (Continued)

Net Increase in Fiduciary Net Position – Deductions from Fiduciary Net Position

The following table provides information related to the deductions from the Fund's fiduciary net position for the fiscal years ended June 30, 2020 and 2019:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Self-Funded Dental Insurance Claims	\$ 7,029,444	\$ 4,018,393
Administrative Expenses	<u>964,524</u>	<u>371,467</u>
Deductions from Fiduciary Net Position	<u>\$ 7,993,968</u>	<u>\$ 4,389,860</u>

The deductions from the Fund's fiduciary net position in this reporting period can be summarized as Self-Funded Dental Insurance Claims, and Administrative Expenses. The Fund paid Dental insurance claims of \$7,029,444 representing dental benefit claims paid for the full fiscal year. Administrative expenses included \$751,235 of third party fees charged for the administration of Self-Funded Dental benefit claims as well as audit fee, legal counsel cost and the Fund's share in the overall administrative expenses of LACERS.

Requests for Information

This financial report is designed to provide a general overview of Section 115 Trust' finances. Section 115 Trust along with 401(h) account make up LACERS' Post Employment Health Care Plan. We encourage the readers to consult LACERS' Comprehensive Annual Financial Report (CAFR) for additional information and details on the System's Retirement Plan and Post Employment Health Care Plan. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

LACERS
Fiscal Management Division
PO Box 512218
Los Angeles, CA 90051-0218

FINANCIAL STATEMENTS

Statement of Fiduciary Net Position
Postemployment Health Care Fund (115 Trust)
As of June 30, 2020

	<u>2020</u>	<u>2019</u>
Assets		
Cash and Short-Term Investments	\$ 4,491,998	\$ 1,801,302
Receivables		
Accrued Investment Income	411,734	4,400
Proceeds from Sales of Investments	496,663	-
Other	127,319	307
Total Receivables	<u>1,035,716</u>	<u>4,707</u>
Self-Funded Insurance Prepayment	1,056,000	1,056,000
Investments, at Fair Value		
U.S. Government Obligations	10,795,195	-
Domestic Corporate Bonds	7,309,877	-
International Bonds	4,403,331	-
Other Fixed Income	3,527,634	-
Bank Loans	28,407	-
Opportunistic Debts	1,508,767	-
Domestic Stocks	30,751,554	-
International Stocks	33,599,881	-
Mortgages	3,815,229	-
Government Agencies	253,754	-
Derivative Instruments	14,347	-
Real Estate	5,058,603	-
Private Equity	15,147,282	-
Securities Lending Collateral	2,196,957	-
Total Investments, at Fair Value	<u>118,410,818</u>	<u>-</u>
Capital Assets, Net of Depreciation and Amortization	286,107	-
Total Assets	<u>125,280,639</u>	<u>2,862,009</u>
Liabilities		
Accounts Payable and Accrued Expenses	952,522	672,952
Accrued Investment Expenses	81,853	120
Purchases of Investments	848,323	-
Securities Lending Collateral	2,196,957	-
Total Liabilities	<u>4,079,655</u>	<u>673,072</u>
Fiduciary Net Position Restricted for Postemployment Health Care Benefits	<u>\$ 121,200,984</u>	<u>\$ 2,188,937</u>

The accompanying notes are an integral part of these financial statements.

**Statement of Changes in Fiduciary Net Position
Postemployment Health Care Fund (115 Trust)
For the Fiscal Year Ended June 30, 2020**

	<u>2020</u>	<u>2019</u>
Additions		
City Contributions	\$ 112,136,429	\$ -
Self-Funded Insurance Premium	10,364,071	6,090,036
Member's Insurance Premium Reserve	2,136,806	468,153
Investment Income		
Net Appreciation in Fair Value of		
Investments, Including Gain and Loss on Sales	166,117	-
Interest	1,731,869	21,261
Dividends	644,046	-
Other Investment Income	147,134	-
Securities Lending Income	21,549	-
Less: Securities Lending Expense	<u>(3,521)</u>	<u>-</u>
Sub-Total	2,707,194	21,261
Less: Investment Management Fees and Expenses	(321,385)	(566)
Investment Related Administrative Expenses	<u>(23,349)</u>	<u>(87)</u>
Net Investment Income	<u>2,362,460</u>	<u>20,608</u>
Building Lease and Other Income	<u>6,249</u>	<u>-</u>
Total Additions	<u>127,006,015</u>	<u>6,578,797</u>
Deductions		
Self-Funded Dental Insurance Claims	7,029,444	4,018,393
Administrative Expenses	<u>964,524</u>	<u>371,467</u>
Total Deductions	<u>7,993,968</u>	<u>4,389,860</u>
Net Increase in Fiduciary Net Position	119,012,047	2,188,937
Fiduciary Net Position Restricted for Postemployment Health Care Benefits		
Beginning of Year	<u>2,188,937</u>	<u>-</u>
End of Year	<u>\$ 121,200,984</u>	<u>\$ 2,188,937</u>

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

1. Description of LACERS Health Care Fund (115 Trust)

General Description

On November 9, 2018, the City Council approved Ordinance No. 185829 to amend Article 1 of Chapter 11, Division 4 of the Los Angeles Administrative Code to establish the LACERS Health Care Fund (the “115 Trust”) for the sole purpose of funding the retiree healthcare benefits for eligible LACERS’ retirees and beneficiaries as well as to help stabilize premium rates over time. Accordingly, the City and the Board of LACERS entered into a written trust agreement, which designates the Board as the trustee of the LACERS Health Care Fund and established the respective roles and responsibilities of the Board and the City with respect to the administration and investments of LACERS Health Care Fund.

The LACERS Health Care Fund shall provide an alternative funding mechanism, in addition to or in lieu of the existing Health Care Coverage Account (the “401(h)”) described in LAAC Section 4.1102 for funding benefits under the health and welfare programs. The LACERS Health Care Fund is intended to qualify for federal tax exemption under Section 115 of the Internal Revenue Code. Because health benefits paid out of the LACERS Health Care Fund are not required to be subordinate to the Plan retirement benefits, the LACERS Health Care Fund would not become taxable if the Plan’s health benefits surpass the 25% threshold. Second, the LACERS Health Care Fund gives LACERS more flexibility to invest premium surpluses to provide for smoothing should healthcare premiums increased considerably in the future. The existing Health Care Coverage Account (the “401(h)”) cannot receive full refunds of excess premiums from insurance providers.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America (US GAAP) as outlined by the Governmental Accounting Standards Board (GASB). The financial statements are maintained on the accrual basis of accounting. Contributions from the employer and insurance premiums were recognized when due pursuant to formal commitments and contractual requirements. Insurance claims and other expenses are recognized when due and payable. The accompanying financial statements include information from the prior year summarized for comparative purpose only. Such information does not include sufficient detail to constitute a presentation in accordance with US GAAP.

Investments

Investment Policies

Pursuant to the LACERS Health Care Fund Trust Agreement, LACERS’ Board as Trustee is authorize to co-invest all or any portion of the assets of the Fund with assets of the Pension Fund, including through a group trust.

Funds of the System including the 115 Trust are invested pursuant to the System’s investment policy, established by the Board, in compliance with Article XI Section 1106(d) of the City Charter. The System has a long-term investment horizon, and utilizes an asset allocation that encompasses a strategic, long run perspective of capital markets. The System’s investment portfolio is composed of domestic and international equities, domestic and international bonds, bank loans, derivative instruments, real assets, private equity, and short-term investments. During the reporting period, there were no significant investment policy changes.

As of June 30, 2020, the Board’s target asset allocation policy was as follows:

Asset Class	Target Allocation
Domestic and International Equities	46.00%
Domestic and International Bonds	13.75
Private Equity	14.00
Real Assets	13.00
Short-Term Investments	1.00
Credit Opportunities	12.25
Total	<u>100.00%</u>

Fair Value of Investments

The 115 Trust Fund’s investment as of June 30, 2020 are reported in accordance with LACERS’ Fair Value of Investments policies.

Securities traded on national or international exchanges are valued at the last reported sales price at the current exchange rates. Short-term investments, bonds, bank loans, stocks, and private equities are reported at fair value. The fair values of real estate investment funds are provided by the individual real estate fund managers based on periodic appraisals, in the form of either annual in-house appraisals or longer-term appraisals by outside professionals, in accordance with industry practice. The fair value determined as such is also reviewed and evaluated by the Board’s real estate consultant. The private equity funds (“partnership investment”), which are managed by third party investment managers, are valued on a quarterly and/or annual basis at their net asset value as reported by the investment managers under US GAAP. US GAAP requires that assets be reported at fair value in accordance with GASB Statement No. 72 – *Fair Value Measurement and Application*. The fair values of derivative instruments are determined using available market information.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (Continued)

Fair Value of Investments (Continued)

Debt rewrites are valued based on yields currently available on comparable securities of issuers with similar credit ratings. LACERS investment strategy, as it relates to the debt portfolio, is mainly to achieve market appreciation and not to hold bonds to their maturities.

The provisions of the GASB Statement No. 72, *Fair Value Measurement and Application*, require investments to be measured at fair value as well as to classify the inputs used to determine fair value based on a three-level fair value hierarchy.

Investment transactions are accounted for on the date the securities are purchased or sold (trade date). Unsettled investment trades as of fiscal year-end are reported in the financial statements on an accrual basis. The corresponding proceeds due from sales are reported on the Statement of Fiduciary Net Position under Receivables and labeled as Proceeds from Sales of Investments, and amounts payable for purchases are reported under Liabilities and labeled as Purchases of Investments. Dividend income is recorded on the ex-dividend date. Interest income is reported at the stated interest rate as earned, and any premiums or discounts on debt securities are not amortized. The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of LACERS pension plan investment. Realized gains and losses on investments that had been held in more than one reporting period and sold in the current period were included as a change in the fair value reported in the prior period(s) and the current period.

For the future contracts, an initial margin is required to open a position and maintain the collateral requirement until the position is closed. LACERS reports the collateral for the future contracts in the short-term investments.

Concentrations

LACERS' investment portfolio as of June 30, 2020, contained no concentration of investments in any one entity that represented 5% or more of the total investment portfolio.

Rate of Return on Investments

For the fiscal year ended June 30, 2020, the aggregate annual money-weighted rate of return for the Retirement Plan and the Postemployment Health Care Plan on LACERS investments, net of investment expenses, was 2.04%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested. Separate schedule for the money-weighted rate of return for the Postemployment Health Care Plan is presented in the Required Supplementary Information (RSI).

Receivables

As of June 30, 2020, the 115 Trust held no long-term contracts for contributions receivable from the City.

Capital Assets

LACERS' purchases of capital assets are capitalized upon acquisition if the cost of purchase was \$5,000 or more, and depreciated over five years using the straight-line method.

Administrative Expenses

All administrative expenses were funded from the 115 Trust fiduciary net position, which represents contributions from the City, investment earnings and premium received from the Dental Plan participating Members net of payments.

Reserves

As provided in the Los Angeles City Charter, LACERS fund is maintained on a reserve basis, determined in accordance with recognized actuarial methods. LACERS' established a separate reserve for the 115 Trust under the System's Postemployment Health Care Plan.

The 115 Trust reserve account is currently limited to paying the benefit claims from LACERS Self-Funded Dental Plan, but ultimately will fund all health care benefits for retirees upon depletion of the existing 401(h) account reserves. The 115 Trust reserve account currently consists of City contributions, dental plan premium and prepayment; certain retired Members' health insurance premium deductions; investment earnings (losses) including net appreciation (depreciation) in fair value of investments; less payments of the dental plan claims and administration fees to the third party contractor who administered the dental plan claims for the System; and certain allocated administrative expenses

The 115 Trust Reserve balance as of June 30, 2020 was \$121,200,984.

Method of Allocation

Assets and liabilities including investments reported in the LACERS Postemployment Health Care Plan are allocated between the plan's 401 (h) and 115 Trust accounts. The allocation is primarily based on Reserve account balance established and maintained for each account as of the reporting period. The additions and deductions affecting Reserve of 115 Trust are disclosed under the previous section –Reserves, as well as in the Management Discussion and Analysis section on pages 7 and 8.

Estimates

The preparation of the financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (Continued)

Estimates (Continued)

at the date of the financial statements and the reported in amounts of revenues and expenses during the reporting years. Actual results could differ from those estimates.

Risk and Uncertainty That May Impact Financial Operations and Performance

In March 2020, the World Health Organization declared Coronavirus COVID-19 a global pandemic. The Coronavirus outbreak has caused tremendous human and economic hardship both globally and throughout the United States. The measures taken to protect public health has had an adverse impact, disrupting economic activity and creating a surge in job losses. While the ongoing pandemic poses considerable economic risks, there has been no significant disruption to LACERS' operations. The System has largely been successful in maintaining normal operation remotely. Although the financial markets remain volatile, LACERS' investment strategy is to maintain a well-diversified portfolio in order to mitigate the risk of market uncertainty.

The System is exposed to a risk that the long-term rate of return currently earned on the pension plan assets could be below the actuarially assumed rate of return, which is currently 7.00%. This could impact the plan participant actuarial determined contributions. The System's actuarial valuations use a seven year smoothing method for investment returns; any contribution rate impact from the capital markets depends largely on how deep the future market downturn is, how long it lasts, and how it fits within the fiscal year reporting periods. While the global markets have largely recouped early 2020 losses due to the pandemic, COVID-19 continues to surge globally and in many parts of the United States. LACERS' Board and management will continue to closely monitor any adverse impact on the System's investments.

3. Departure from US GAAP

The 115 Trust has elected not to adopt certain reporting requirements under GASB Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* ("GASB No. 74).

GASB No. 74 requires OPEB plans to disclose information in the notes to financial statements about the components of the net OPEB liability, including the OPEB plan's fiduciary net position as a percentage of the allocated total OPEB liability, significant assumptions used to measure OPEB liability, and the estimated impact on the OPEB liability due to changes in the assumptions used for discount rate and

healthcare cost trend rate. GASB No. 74 also requires presentation of required supplementary information with allocated comparative measurements of the total OPEB liability, net OPEB liability, and changes in the net OPEB liability, including information about the components of the net OPEB liability and related ratios.

Management has determined that the calculation of the 115 Trust's allocated portion of the total OPEB liability and related disclosures is not practical or beneficial as of June 30, 2020 and 2019. Note 4- Postemployment Health Care Plan Description and required supplementary information to these financial statements contain certain measurements and balances that have been reported for the LACERS Postemployment Health Care Plan, which includes both the 115 Trust and the 401(h) OPEB plan that collectively provide benefits for the members of LACERS.

4. Postemployment Health Care Plan Description

As discussed in Note 3 –Departure from US GAAP, the information and components of the net OPEB liability and related ratios disclosed in this note contain both the 115 Trust and 401(h) OPEB and does not represent specific information of the 115 Trust.

Plan Administration and Membership

LACERS administers, and provides single-employer postemployment healthcare benefits to eligible retirees and their eligible spouses/domestic partners who participate in the Retirement Plan regardless of their membership tiers. These benefits consist of subsidies which may also apply to the coverage of other eligible dependent(s).

The Postemployment Health Care Plan is funded by LACERS' Health Care Coverage Account (401 (h)) and Health Care Fund (115 Trust). Health care benefit cost, except Self-funded Dental Plan benefit claims and its related administrative cost, shall be paid first from the 401(h) account until it is depleted. Upon depletion of the 401(h), the 115 Trust shall solely fund the health benefit cost.

Effective January 1, 2019, LACERS fully-insured Delta Dental PPO Plan was replaced with LACERS self-funded Delta Dental PPO Plan. Although Delta continues to administer the plan for a fee, LACERS sets and collects premiums from enrolled Members and pays billed claims to Delta. With this arrangement, LACERS bears financial risk if claims cost exceed collected premiums. This change does not affect the maximum dental subsidy amount to the eligible retired Members.

Notes to the Financial Statements

4. Postemployment Health Care Plan Description (Continued)

Plan Administration and Membership (Continued)

As of June 30, 2020, the components of Membership, excluding non-participating retirees and surviving spouses of LACERS postemployment healthcare benefits were as follows:

Retired Members/Surviving Spouses ⁽¹⁾	16,107
Vested terminated Members entitled to, but not yet receiving benefits ⁽²⁾	1,526
Retired Members and surviving spouses not yet eligible for health benefits	142
Active Members	<u>27,490</u>
Total	<u>45,265</u>

- (1) Total participants including married dependents and dependent children currently receiving benefits are 21,572.
(2) Includes terminated Members due a refund of employee contributions.

Eligibility Requirement and Benefits Provided

To be eligible for LACERS postemployment healthcare benefits, Member must: 1) be at least age 55; 2) have at least 10 whole years of service with LACERS; and 3) be enrolled in a System-sponsored medical or dental plan or are a participant in the Medical Premium Reimbursement Program (MPRP). Retirees and surviving spouses/domestic partners can choose from the health plans that are available, which include medical, dental, and vision benefits, or participate in the MPRP if he/she resides in an area not covered by the available medical plans. Retirees and surviving spouses/domestic partners receive medical subsidies based on service years and service credit. The dental subsidies are provided to the retirees only, based on service years and service credit.

The maximum subsidies are set annually by the Board. Effective February 21, 2016, healthcare benefit eligibility requirements have changed for the Members who have periods of part-time service. Such Members are now eligible to participate in the LACERS retiree medical programs with a 10 whole years of service, even if some or all of that service was part-time, provided that the Member meets the eligibility requirements. Both Tier 1 and Tier 3 Members will be eligible for 40% of maximum medical plan premium subsidy for 1 – 10 whole years of service credit, and eligible Members earn 4% per year of service credit for their annual medical subsidy accrual after 10 years of service. Eligible spouses/domestic partners of Plan Members are entitled to the System's postemployment healthcare benefits after the retired Member's death.

During the 2011 fiscal year, the City adopted an ordinance ("Subsidy Cap Ordinance") to limit the maximum medical subsidy at \$1,190 for those Members who retire on or after July 1, 2011; however, Members who at any time prior to retirement made additional contributions are exempted from the subsidy cap and obtain a vested right to future increases in the maximum medical subsidy at an amount not less than the dollar increase in the Kaiser two-party non-Medicare Part A and Part B premium. As of June 30, 2020, all active Tier 1 and Tier 3 Members were making the additional contributions, and therefore will not be subject to the medical subsidy cap.

Employer Contributions

The Los Angeles City Charter Sections 1158 and 1160 require periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate the required assets to pay benefits when due. The required contribution rate for the Postemployment Health Care Plan for the fiscal year ended June 30, 2020, was 4.91% of projected payroll, based on the June 30, 2018 actuarial valuation.

Upon closing the fiscal year 2019-20, LACERS recalculated employer contribution rate using actual payroll incurred during the fiscal year which was smaller than projected covered payroll used by the City to make the advance payment on July 15, 2019. As a result, employer contributions for Postemployment Health Care Plan were \$7,048,000 more than required, and this amount was returned to the employer as a credit toward employer contribution for fiscal year 2020-21. While the total actual payroll was lower than projected, actual payroll for Tier 3 Members was higher than projected. Because the employer contribution rate for Postemployment Health Care Plan for Tier 3 Members was higher than the rate for Tier 1 Members, the overall effective rate of employer contribution for Postemployment Health Care Plan, based on actual payroll, was 4.94%, a slightly higher rate than 4.91% originally projected.

Notes to the Financial Statements

4. Postemployment Health Care Plan Description (Continued)

Net OPEB Liability

As of June 30, 2020, the components of LACERS Net OPEB liability were as follows (in thousands):

Total OPEB Liability	\$ 3,486,530
Plan Fiduciary Net Position	<u>2,851,204</u>
Plan's Net OPEB Liability	<u>\$ 635,326</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	81.8%

Significant Assumptions

The total OPEB liability as of June 30, 2020 was determined by actuarial valuation as of June 30, 2020. The attribution method and significant assumptions used to measure the total OPEB liability, including assumptions about inflation, and healthcare cost trend rates in the valuation year of June 30, 2020, are summarized below:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Cost Method – level percent of salary.
Amortization Method:	Level Percent of Payroll – assuming a 3.25% increase in total covered payroll.
Actuarial Assumptions:	
Date of Experience Study	June 30, 2019 (July 1, 2016 through June 30, 2019)
Long-Term Expected Rate of Return	7.00%
Inflation	2.75%
Salary Increase	Range from 4.25% to 9.95% based on years of service, including inflation assumption at 2.75%.
Mortality Table for Retirees	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables (separate tables for males and females) with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2019.
Mortality Table for Disabled Retirees	Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Tables with rates increased by 10% for males and decreased by 5% for females, projected generationally with the two dimensional mortality improvement scale MP-2019.
Mortality Table for Beneficiaries	Pub-2010 Contingent Survivor Amount-Weighted Above Meridian Mortality Tables with rates increased by 10% for males and females, projected generationally with the two dimensional mortality improvement scale MP-2019.
Marital Status	60% of male and 35% of female retirees who receive a subsidy are assumed to be married or have a qualified domestic partner and elect dependent coverage.
Spouse Age Difference	Male retirees are assumed to be four years older than their female spouses. Female retirees are assumed to be two years younger than their male spouses.
Surviving Spouse Coverage	With regard to Members who are currently alive, 100% of eligible spouses or domestic partners are assumed to elect continued health coverage after the Member's death.

Notes to the Financial Statements

4. Postemployment Health Care Plan Description (Continued)

Net OPEB Liability (Continued)

Significant Assumptions (Continued)

Healthcare Cost Trend Rates

Medical Premium Trend Rates to be applied in the following fiscal years, to all health plans. Trend Rate is to be applied to the premium for shown fiscal year to calculate next fiscal year's projected premium.

Medical Premium Trend Rates to be applied to fiscal year 2020-2021 and later years are:

First Fiscal Year (July 1, 2020 through June 30, 2021)		
Carrier	Under Age 65	Age 65 & Over
Kaiser HMO	3.37%	3.12%
Anthem Blue Cross HMO	4.85%	N/A
Anthem Blue Cross PPO	3.71%	4.45%
UHC Medicare HMO	N/A	3.12%

Fiscal Year 2021 - 2022 and later	
Fiscal Year	Trend (Approx.)
2021 - 2022	6.62%
2022 - 2023	6.37%
2023 - 2024	6.12%
2024 - 2025	5.87%
2025 - 2026	5.62%
2026 - 2027	5.37%
2027 - 2028	5.12%
2028 - 2029	4.87%
2029 - 2030	4.62%
2030 - 2031 and later	4.50%

Dental Premium Trend to be applied is 4.00% for all years.

Medicare Part B Premium Trend is 4.50% for all years.

Notes to the Financial Statements

4. Postemployment Health Care Plan Description (Continued)

Net OPEB Liability (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2020 and 7.25% as of June 30, 2019.

The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially-determined contribution rates. For this purpose, employer contributions that are intended to fund benefits only for current Plan Members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future Plan Members and their beneficiaries, as well as projected contributions from future Plan Members, are not included.

Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments for current Plan Members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the Total OPEB Liability as of June 30, 2020 and June 30, 2019.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, are summarized in the following table. These values were used in the derivation of the long-term expected investment rate of return assumption for the actuarial valuation as of June 30, 2020. This information is subject to change every three years based on the actuarial experience study. The last experience study was for July 1, 2016 through June 30, 2019. The next experience study will be conducted in 2022.

Asset Class	Target Allocation	Arithmetic Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	15.01%	5.5%
U.S. Small Cap Equity	3.99	6.3
Developed Int'l Large Cap Equity	17.01	6.6
Developed Int'l Small Cap Equity	2.97	6.9
Emerging Int'l Large Cap Equity	5.67	8.7
Emerging Int'l Small Cap Equity	1.35	10.6
Core Bonds	13.75	1.2
High Yield Bonds	2.00	3.1
Bank Loans	2.00	3.7
Emerging Market Debt (External)	2.25	3.6
Emerging Market Debt (Local)	2.25	4.8
Private Debt	3.75	6.0
Core Real Estate	4.20	4.6
Real Estate Investment Trust (REIT)	1.00	6.0
Treasury Inflation Protected Securities (TIPS)	4.00	0.9
Commodities	1.00	3.3
Non-Core Real Assets	2.80	5.8
Private Equity	14.00	9.0
Cash	1.00	0.0
Total	100.00%	

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of LACERS as of June 30, 2020, calculated using the discount rate of 7.00%, as well as what LACERS net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate (dollar in thousands):

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
\$1,137,842	\$ 635,326	\$ 225,113

Notes to the Financial Statements

4. Postemployment Health Care Plan Description (Continued)

Net OPEB Liability (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of LACERS as of June 30, 2020, calculated using the healthcare cost trend rates as well as what LACERS net OPEB liability would be if it were calculated using trend rates that are one percentage point lower or one percentage point higher than the current rates (dollar in thousands):

<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates⁽¹⁾</u>	<u>1% Increase</u>
<u>\$ 187,139</u>	<u>\$ 635,326</u>	<u>\$1,195,159</u>

(1) Current healthcare cost trend rates: 6.62% graded down to 4.50% over 9 years for Non-Medicare medical plan costs, and 6.12% graded down to 4.50% over 7 years for Medicare medical plan costs. 4.00% for all years for Dental and 4.50% for all years for Medicare Part B subsidy cost.

Notes to the Financial Statements

5. Cash and Short-Term Investments and Investments

The Board has the responsibility for the investment of LACERS funds including the 115 Trust, and should discharge its duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims, as prescribed by Article XI Section 1106(c) of the City Charter.

The majority of the 115 Trust funds were invested and pooled to LACERS' investment portfolio. The allocated carrying value of cash and short-term investments was \$4,491,998 and the allocated investments, at fair value reported for the 115 Trust was \$118,410,818, as of the fiscal year ended June 30, 2020.

The allocated fair value of derivative instruments, including equity index, commodity, currency, and interest rate future contracts, currency forward contracts and options, rights and warrants and swaps, are recorded in the Statement of Fiduciary Net Position with a net value of \$14,347. The changes in fair value of the derivative instruments during the fiscal year are recorded in the Statement of Changes in Fiduciary Net Position as Investment Income. LACERS enters into derivative contracts for investment purposes and to manage risks associated with its investment portfolio. For financial reporting purposes, all of LACERS derivatives for the current and previous fiscal years are classified as investment derivatives.

The 115 Trust allocated notional amount and fair value of derivative instruments as of June 30, 2020, are as follows:

Derivative Type	Notional Amount	Fair Value	Change in Fair Value
Future Contracts -			
Commodities	\$1,218,423	\$14,024	\$ 20,787
Equity Index	181,623	494	103
Foreign Exchange	15,833	9	25
Interest Rate	(267,068)	1,156	898
Currency Forward			
Contracts	0	(3,969)	(3,383)
Right / Warrants	N/A	1,609	277
Swaps –Interest Rate	N/A	1,023	1,023
Total Value		<u>\$14,347</u>	<u>\$ 19,730</u>

Credit Risk – Investments

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. LACERS seeks to maintain a diversified portfolio of fixed income instruments in order to obtain the highest total return for the fund at an acceptable level of risk within this asset class. The 115 Trust allocated fair value and credit quality ratings of investments in fixed income securities by Standard and Poor's (S&P), a nationally-recognized statistical rating organization, as of June 30, 2020, are as follows:

S & P Ratings	Fair Value	Percentage
AAA	\$ 348,179	1.99%
AA+	308,611	1.76
AA	3,752,580	21.45
AA-	298,594	1.71
A+	309,828	1.77
A	432,781	2.47
A-	1,172,184	6.70
BBB+	1,638,172	9.36
BBB	1,543,780	8.82
BBB-	1,510,595	8.63
BB+	405,302	2.32
BB	486,814	2.78
BB-	980,292	5.60
B+	437,533	2.50
B	1,892,078	10.82
B-	428,377	2.45
CCC+	162,040	0.93
CCC	43,075	0.25
CCC-	22,210	0.13
CC	37,756	0.22
C	989	0.00
D	57,222	0.33
Not Rated	<u>1,225,681</u>	<u>7.01</u>
	<u>\$ 17,494,671</u>	<u>100.00%</u>
U.S. Government		
Guaranteed Securities ⁽¹⁾	<u>14,147,521</u>	
Total Fixed Income		
Securities	<u>\$ 31,642,191</u>	

(1) Consists of U.S. Government Bonds and GNMA Mortgage-Backed Securities which had the AA+ rating.

Notes to the Financial Statements

5. Cash and Short-Term Investments and Investments (Continued)

Credit Risk – Derivatives

Derivatives are subject to credit risk that the counterparty to a contract will default. LACERS is exposed to credit risk on reported assets of the investment derivatives that are traded over the counter. The credit risk of exchange traded derivatives for future contracts is considered minimal because the exchange clearing house is the counterparty and guarantees the performance.

LACERS permits investment managers, under the terms of individual guidelines, to use derivative instruments as set forth in each manager's investment guidelines to control portfolio risk. It is the responsibility of these investment managers to actively monitor counterparties on their financial safety and ensure compliance with the investment restrictions. LACERS has no general investment policy with respect to netting arrangements or collateral requirements. However, these individual investment managers have set up the arrangements with the counterparties to net off the positive and negative contracts with the same counterparty in case of the counterparty's default.

As of June 30, 2020, without respect to netting arrangements, 115 Trust maximum loss on derivative instruments subject to credit risk, namely currency forward contracts, is \$9,849. All counterparties of these investment derivatives had the credit rating of "A" or "AA" assigned by S&P.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a financial institution's failure of depository financial institution, LACERS would not be able to recover its deposits or would not be able to recover collateral securities that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not insured or not collateralized. As of June 30, 2020, 115 Trust allocated exposure to such risk in the amount of \$146,954 or 0.4% of the fair value of total international investments. The amount represents non-invested cash denominated in foreign currencies, managed by 14 different investment managers, and held outside of LACERS custodial bank. LACERS policy requires each individual publicly traded equities investment manager to hold no more than 10% of their portfolios in the form of cash. LACERS is in compliance with the policy.

Investment securities are exposed to custodial credit risk if the securities are not insured, are not registered in LACERS name, and are held by the counterparty, or the counterparty's trust department or agent but not in LACERS

name. As of June 30, 2020, LACERS investments were not exposed to custodial credit risk because all securities were registered in the name of the System.

Concentration of Credit Risk

The investment portfolio as of June 30, 2020, contained no concentration of investments in any one entity that represented 5% or more of the total investment portfolio.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. One of the ways LACERS manages its exposure to interest rate risk is by requiring the fixed income investment managers to maintain their portfolio effective duration within a specified range of the BC U.S. High Yield 2% Capped Index, the BC Intermediate Government Credit Index, the BC Aggregate Bond Index, or the J.P. Morgan EMBI Global Diversified Index, depending on the Board's mandates. The effective duration is a measure, in years, of interest-rate sensitivity in debt investments. The longer the effective duration, the greater the sensitivity to interest rate changes. Information about the sensitivity of the allocated fair values of 115 Trust investments to market interest rate fluctuations as of June 30, 2020 is provided by the following table that shows the weighted average effective duration of fixed income securities by investment type:

Investment Type	Fair Value (1,000)	Weighted Average Duration (in Years)
Asset-Backed Securities	\$ 192	1.43
Bank Loans	28	1.89
Commercial Mortgage- Backed Securities	547	4.68
Corporate Bonds	9,143	7.09
Government Agencies	473	7.27
Government Bonds	7,145	7.31
Government Mortgage- Backed Securities	3,268	3.09
Index Linked Government Bonds	5,648	5.17
Municipal/Provincial Bonds	22	3.00
Non-Government Backed Collateralized Mortgage Obligations (C.M.O.s)	139	2.46
Opportunistic Debts	1,509	0.42
Other Fixed Income (Funds)	<u>3,528</u>	6.08
Total Fixed Income Securities	<u>\$ 31,642</u>	

Notes to the Financial Statements

5. Cash and Short-Term Investments and Investments (Continued)

Highly-Sensitive Investments

Highly-sensitive investments are certain debt investments whose terms may cause their fair value to be highly-sensitive to market interest rate changes. Terms include embedded options, coupon multipliers, benchmark indexes, and reset dates. LACERS asset-backed investments have embedded prepayment options that will typically cause prepayments by the obligees of the underlying investments when interest rates fall. Prepayments eliminate the stream of future interest payments and, therefore, diminish the fair value of the asset-backed investment. The following table shows the allocated fair value of 115 Trust asset-backed investments by investment type (in thousands):

<u>Investment Type</u>	<u>Fair Value</u>
Asset-Backed Securities	\$ 192
Commercial Mortgage-Backed Securities	547
Government Agencies	473
Government Mortgage-Backed Securities	3,268
Non-Government Backed C.M.O.s	<u>139</u>
Total Asset-Backed Investments	<u>\$ 4,619</u>

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. LACERS Asset Allocation policy sets a target of 27% of the total portfolio for non-U.S. investments in equities. In addition, fixed income, real estate, and private equity managers may hold non-U.S. investments depending on their individual mandates. Forward currency contracts are permitted primarily to reduce the foreign currency risk. As of June 30, 2020, allocated fair value of 115 Trust investment held in foreign currency is \$32,339,000, as presented in the table on the following page.

Notes to the Financial Statements

5. Cash and Short-Term Investments and Investments (Continued)

Foreign Currency Risk (Continued)

115 Trust allocated fair values of non-U.S. currency investment holdings as of June 30, 2020 are as follows (in thousands):

Foreign Currency Type	Cash and Adjustments to Cash	Equity	Fixed Income	Derivatives Instruments	Other Investments	Total Fair Value in USD
Australian dollar	(17)	1,028	-	(1)	-	1,010
Brazilian real	(8)	437	1	1	-	431
British pound sterling	11	3,401	26	(0)	-	3,438
Canadian dollar	11	1,482	-	0	-	1,493
Chilean peso	(33)	25	-	0	-	(7)
Chinese yuan renminbi	72	310	-	(0)	(1)	381
Colombian peso	(22)	28	-	1	-	7
Czech koruna	6	5	-	(1)	-	10
Danish krone	0	564	-	-	-	564
Egyptian pound	-	2	-	-	-	2
Euro	(30)	7,791	123	(0)	719	8,603
Hong Kong dollar	13	3,177	-	0	-	3,190
Hungarian forint	(6)	34	-	(0)	-	28
Indian rupee	(51)	756	-	(0)	-	704
Indonesian rupiah	11	136	-	0	-	147
Japanese yen	31	5,189	-	0	-	5,220
Malaysian ringgit	1	85	-	-	-	85
Mexican peso	11	237	-	2	2	251
New Israeli shekel	11	130	-	0	-	141
New Taiwan dollar	(19)	1,143	-	(0)	-	1,124
New Zealand dollar	0	41	-	(1)	-	41
Norwegian krone	3	174	-	-	-	177
Peruvian nuevo sol	(26)	-	-	0	-	(25)
Philippine peso	(17)	71	-	(0)	-	53
Polish zloty	8	40	-	(1)	-	46
Qatari riyal	-	12	-	-	-	12
Russian ruble	28	98	-	0	-	126
Singapore dollar	58	286	-	-	-	344
South African rand	(18)	349	5	1	-	337
South Korean won	49	1,122	-	0	-	1,171
Swedish krona	1	802	-	-	-	802
Swiss franc	1	2,269	-	-	-	2,270
Thai baht	45	99	-	-	-	145
Turkish lira	(38)	57	-	(0)	-	19
Total Investments Held in						
Foreign Currency	\$ 86	\$ 31,379	\$ 155	\$ (1)	\$ 720	\$ 32,339

Notes to the Financial Statements

5. Cash and Short-Term Investments and Investments (Continued)

Fair Value Measurements

LACERS follows GASB Statement No. 72 (GASB 72), *Fair Value Measurements and Application*. GASB 72 addresses accounting and financial reporting issues related to fair value measurements and disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in either a government's principal or the most advantageous market at the measurement date.

115 Trust investments as part of the System's investments are measured and reported within the fair value hierarchy established by US GAAP. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. Inputs to the valuation include: 1) quoted prices for similar assets or liabilities in active markets; 2) quoted prices for identical or similar assets or liabilities in markets that are not active; 3) inputs other than quoted prices that are observable for the asset or liability; and 4) market-corroborated inputs.

Level 3 inputs are unobservable inputs for an asset or liability where there are little market activities. The inputs into the determination of fair value are based upon the best information in the circumstances and may require management judgment or estimation.

Schedule of Investments by Fair Value Hierarchy

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 or 3 of the fair value hierarchy are valued using a matrix pricing technique based on the availability of the market price, the pricing source and type, and the country of incorporation of the securities. The hierarchy levels are determined based on the level of corroborative information obtained from other market sources to assert that the prices provided represent observable data.

The exchange traded Future Contracts classified in Level 1 of the fair value hierarchy are valued using a daily settlement when available or as a daily mark to market. The Foreign Exchange Contracts (liabilities) classified in Level 2 of the fair value hierarchy are valued using independent pricing services including London Close Mid-evaluation, WM/Reuters Company, Bloomberg, and Thomson Reuters.

Real estate funds classified in Level 3 of the fair value hierarchy are valued based on periodic appraisals in accordance with industry practice, or other valuation methods and techniques including models.

The System's remaining investments not categorized under the fair value hierarchy, such as private equity partnerships, real estate comingled funds and other investments which do not have a readily determinable fair value have been valued at the Net Asset Value (NAV). NAV is calculated and used as a practical expedient to estimate fair value of LACERS' interest, unless it is probable that all or a portion of the investments will be sold for an amount different from the NAV. As of June 30, 2020, LACERS had no specific plans to sell investments at amounts different from NAV. 115 Trust allocated values of these investments are disclosed in the Investments Measured at the NAV on page 25.

Notes to the Financial Statements

5. Cash and Short-Term Investments and Investments (Continued)

Fair Value Measurements (Continued)

Schedule of Investments by Fair Value Hierarchy (Continued)

115 Trust has the following recurring allocated fair value measurements as of June 30, 2020 (in thousands):

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
Debt securities:				
Government Bonds	\$ 12,794	\$ -	\$ 12,794	\$ -
Government Agencies	473	-	473	-
Municipal/Provincial Bonds	22	-	22	-
Corporate Bonds	9,473	-	9,472	1
Bank Loans	29	-	29	-
Government Mortgage Bonds	3,268	-	3,268	-
Commercial Mortgage Bonds	547	-	547	-
Opportunistic Debts	94	-	-	94
Total Debt Securities	<u>26,700</u>	<u>-</u>	<u>26,605</u>	<u>95</u>
Equity Securities:				
Common Stock:				
Basic Industries	7,417	7,416	-	1
Capital Goods Industries	3,415	3,414	1	0
Consumer & Services	17,709	17,703	-	6
Energy	4,047	4,047	-	0
Financial Services	8,366	8,366	-	0
Health Care	7,769	7,767	-	2
Information Technology	11,499	11,472	-	27
Real Estate	3,642	3,637	-	5
Miscellaneous	158	146	-	12
Total Common Stock	<u>64,022</u>	<u>63,968</u>	<u>1</u>	<u>53</u>
Preferred Stock	256	255	-	1
Stapled Securities	73	73	-	-
Unit Trust Equity	1	1	-	-
Total Equity Securities	<u>64,352</u>	<u>64,297</u>	<u>1</u>	<u>54</u>
Real Estate Funds	683	-	-	683
Total Investments by Fair Value Level	<u>\$ 91,735</u>	<u>\$ 64,297</u>	<u>\$ 26,606</u>	<u>\$ 832</u>
Investments Measured at the NAV:				
Common Fund Assets	3,528			
Private Equity Funds	15,147			
Real Estate Funds	4,375			
Opportunistic Debts	1,415			
Total Investments Measured at the NAV	<u>24,465</u>			
Total Investments Measured at Fair Value ⁽¹⁾	<u>\$ 116,200</u>			
Investment Derivative Instruments:				
Future Contracts (liabilities)	\$ 16	\$ 16	\$ -	\$ -
Foreign Exchange Contracts (liabilities)	(4)	-	(4)	-
Rights/Warrants	2	2	-	-
Total Investment Derivative Instruments	<u>\$ 14</u>	<u>\$ 18</u>	<u>\$ (4)</u>	<u>\$ -</u>

(1) Excluded \$14,347 of investment allocated derivative instruments (shown separately) and \$2,196,957 of allocated securities lending collateral.

Notes to the Financial Statements

5. Cash and Short-Term Investments and Investments (Continued)

Fair Value Measurements (Continued)

Investments Measured at the NAV: (in thousands)	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Common Fund Assets ⁽¹⁾	\$ 3,528	\$ -	Daily	2 days
Private Equity Funds ⁽²⁾	15,147	6,697	N/A	N/A
Real Estate Funds ⁽³⁾	4,375	62	Daily, Quarterly	1-90 days
Opportunistic Debts ⁽⁴⁾	1,415	-	Monthly	30 days
Total Investments Measured at the NAV	<u>\$ 24,465</u>	<u>\$ 6,759</u>		

- (1) Common fund assets - This investment type includes one fund that primarily invests in U.S. bonds. The fair value of the investment has been determined using a practical expedient based on the investments' NAV per share (or its equivalent). This investment can be redeemed daily, with a two-day advance redemption notice period.
- (2) Private equity funds - This investment type includes 234 closed-end commingled private equity funds that invest primarily in securities of privately held U.S. and non-U.S. companies. The fair values of these investments have been determined using a practical expedient based on the investments' NAV per share (or its equivalent). These investments are not redeemable. It is expected that these investments will be held for the entire lives of the funds and will not be sold in the secondary market. Distributions from each fund will be received as the underlying assets are liquidated by the fund managers. It is expected that the underlying assets of these funds will be liquidated over the next one to 13 years, depending on the vintage year of each fund.
- (3) Real estate funds - This investment type includes 37 commingled real estate funds that invest primarily in U.S. commercial real estate. The fair values of these investments have been determined using a practical expedient based on the investments' NAV per share (or its equivalent). Ten investments, representing approximately 77.1% of the value of this investment type, are in open-end funds, which may be redeemed according to terms specific to each fund. Redemptions generally are subject to the funds' available cash and redemption queues. One of the open-end funds informed LACERS of an additional restriction above the original investment agreement beginning in January 2020. The fund expects this additional restriction to persist into calendar year 2021. LACERS has no intention to redeem any of this investment or the other nine investments in the near future. Twenty-seven investments, representing approximately 22.9% of the value of this investment type, are in closed-end funds and are not redeemable. It is expected that these investments will be held for the entire lives of the funds and will not be sold in the secondary market. Distributions from each fund will be received as underlying assets are liquidated by the fund managers. It is expected that the underlying assets of these funds will be liquidated over the next one to 12 years, depending on the vintage year of each fund.
- (4) Opportunistic debts - This investment type includes two commingled funds: one that invests primarily in senior loans of non-investment grade companies (senior loan fund) and another one invests primarily in the securities and obligations of companies experiencing operational or financial distress (distressed investment fund). The fair values of these investments have been determined using a practical expedient based on the investments' NAV per share (or its equivalent). The senior loan fund, representing approximately 96% of the value of this investment type, can be redeemed monthly. The distressed investment fund, representing approximately 4% of the value of this investment type, is being dissolved and is no longer making new underlying investments. Distributions from this fund will be received as underlying investments are liquidated by the fund manager. It is expected that this fund will be liquidated fully over the next two years.

Notes to the Financial Statements

6. Securities Lending Agreement

Under authority granted by the City Charter, LACERS has entered into various short-term arrangements with its custodian to lend securities to various brokers. There are no restrictions on the amount of securities that may be lent, and the custodian determines which lenders' accounts to lend securities from by using an impartial sequential system that matches loan requests with various lenders' accounts. All lenders are deemed to have relatively equal opportunity to profit from the lending of securities. Therefore, should a collateral deficiency occur beyond the custodian's responsibilities, the deficiency is allocated pro rata among all lenders.

Minimum collateralization is 102% of the fair value of the borrowed U.S. securities and 105% for international securities. Collateral consists of cash, government and corporate securities, and commercial bank obligations. Cash collateral is invested in a separate account comprised of money market or high quality short-term investments. It is the responsibility of the custodian to monitor the collateralization on a daily basis. If the collateral is below the minimum collateralization level, additional collateral will be requested from the borrower to meet the requirement. Collateral requested each morning is required to be received on the same day. If the borrower fails to deliver additional collateral, the custodian would notify the borrower that they are in default under the securities lending agreement. If the borrower does not provide the necessary collateral after receiving notification, the legal agreement allows the custodian to close the contract with the borrower and buy-in the securities on behalf of LACERS.

The borrower has all incidents of ownership with respect to borrowed securities and collateral, including the right to vote and transfer or loan borrowed securities to others. LACERS is entitled to receive all distributions, which are made by the issuer of the borrowed securities, directly from the borrower. Under the agreement, the custodian will indemnify LACERS as a result of the custodian's failure to: 1) make a reasoned determination of the creditworthiness of a potential borrower before lending and, during the term of the loan or loans, the borrower files a petition of bankruptcy or similar action; 2) demand adequate collateral; or 3) otherwise maintain the securities lending program in compliance with the Federal Financial Institutions Examination Council Supervisory Policy on Securities Lending.

As of June 30, 2020, 115 Trust allocated fair value of the securities on loan was \$7,748,634. The allocated fair value of associated collateral was \$8,124,677 (\$2,196,957 of cash collateral and \$5,927,720 of non-cash collateral).

These agreements provide for the return of the securities and revenue determined by the type of collateral received. The cash collateral values of securities on loan to brokers are shown at their fair values on the Statement of Fiduciary Net Position.

During the reporting period, LACERS had no losses on securities lending transactions resulting from default of a borrower or lending agent. Due to the nature of the securities lending program and the custodian bank's collateralization of loans at amounts greater than the fair value of the loaned securities, it is deemed that there were no material credit risks to LACERS as defined in GASB Statement No. 28 and GASB Statement No. 40 by its participation in the securities lending program. However, similar to any other investment portfolio, there is risk associated with investing cash collateral in securities. The value of the invested collateral may fall below the value of the cash collateral pledged by the borrowers, and may impair LACERS ability to return cash collateral to the borrowers upon the redemption of loans. If this scenario were to occur, LACERS would be required to make up the deficiency in collateral and would incur a loss.

All securities loans can be terminated on demand by either LACERS or the borrower. Because of this nature, their duration did not generally match the duration of the investment made with the cash collateral. LACERS cannot pledge or sell non-cash collateral unless the borrower defaults.

The following table represents the 115 Trust allocated fair value of securities on loan, corresponding cash collateral received and cash reinvestment value, as of June 30, 2020:

Securities on Loan	Fair Value of Underlying Securities on Loan	Cash Collateral Received	Collateral Reinvestment Value
U.S. Government & Agency Securities	\$ 711,570	\$ 727,091	\$ 727,091
Domestic Corporate Fixed Income Securities	352,994	361,077	361,077
International Fixed Income Securities	18,668	18,886	18,886
Domestic Stocks	910,300	927,676	927,676
International Stocks	153,129	162,227	162,227
Total	<u>\$ 2,146,661</u>	<u>\$ 2,196,957</u>	<u>\$ 2,196,957</u>

Non-cash collateral, which LACERS does not have the ability to sell unless the borrower defaults, is not reported in the Statement of Fiduciary Net Position. 115 Trust allocated income and expenses related to securities lending were \$21,549 and \$3,521, respectively, for the fiscal year ended June 30, 2020.

6. Securities Lending Agreement (Continued)

On April 28, 2020, the Board adopted several temporary Security Lending Program risk-reducing strategies to minimize potential losses due to unusual and more volatile market conditions as a result of COVID pandemic. These strategies include; (1) temporarily reducing the volume of loans in order to reduce LACERS overall exposure; (2) shorten the duration and maturity of individual investments to 60 days; and (3) require a non-U.S. country to hold a sovereign credit rating of AA- or higher (or the equivalent) by at least two Nationally Recognized Statistical Rating Organizations (NRSRO) in order for non-U.S. government or corporate debt to be eligible for investment. Because these strategies were implemented closer to the end of this reporting period, they had minimal impact on the program's income and expenses for the reporting period. However, future securities lending income will likely decrease as a result of reduced loan volumes due to more restrictive collateral and investment guidelines.

7. Future and Forward Contracts

LACERS uses derivative financial instruments, primarily to manage portfolio risk. Future and forward contracts are marked to market and are recorded in the Statement of Fiduciary Net Position at fair value. Future contracts have little credit risk, as organized exchanges are the guarantors. Forward agreements are subject to the creditworthiness of the counterparties, which are principally large financial institutions (refer to Note 5 – Credit Risk - Derivatives).

As of June 30, 2020, LACERS had outstanding commodities, equity index, and interest rate future contracts with an aggregate notional amount of \$1,132,982, and foreign exchange future contract with a notional amount of \$15,833. In addition, at June 30, 2020, LACERS had outstanding forward purchase commitments with a notional amount of \$1,450,824 and offsetting forward sales commitments with notional amounts of \$1,450,824, which expire in September 2020. LACERS maintains margin collateral on the positions with brokers, consisting of cash and U.S. Treasury Bills. The total collateral margin was \$1,257,672 as of June 30, 2020.

8. Subsequent Events

City and LAWA's Separation Incentive Program

From June 2020 to September 2020, the City negotiated with various labor organizations, the implementation of Separation Incentive Program (SIP). The program is intended to address the City's significant financial challenges while minimizing the impact on City services, by incentivizing eligible employees to retire. SIP enrollment was closed on September 22, 2020. As of October 21, 2020, there were 1,379 employees who applied and were approved to retire under the program.

Los Angeles World Airport (LAWA) also offered its own SIP. As of October 21, 2020, there are 333 who applied and were approved to retire under LAWA's SIP program.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information

Postemployment Health Care Plan

Net OPEB Liability and related ratios presented in this RSI Section relate to the entire LACERS Postemployment Health Care Plan which comprise 401(h) and 115 Trust accounts. For more information and complete disclosure related to LACERS' Postemployment Health Care Plan, reader is advised to consult LACERS Comprehensive Financial Report available on LACERS website.

The schedules present information for the Postemployment Health Care Plan (401h and 115 Trust) and are intended to show information for 10 years. However, because Section 115 Trust was established in fiscal year 2018-19, the following schedules do not have a full 10-year trend, and therefore, Los Angeles City Employees' Retirement System (LACERS or the System) presented information only for the two years the Fund has been in existence:

- 1) Schedule of Net OPEB Liability
- 2) Schedule of Changes in Net OPEB Liability and Related Ratios
- 3) Schedule of Investment Returns

Additional years will be displayed in the future as they become available.

Schedule of Net OPEB Liability As of June 30 (Dollars in Thousands)

	<u>2020</u>	<u>2019</u>
Total OPEB Liability	\$ 3,486,530	\$ 3,334,299
Plan Fiduciary Net Position	<u>2,851,204</u>	<u>2,812,098</u>
Plan's Net OPEB Liability	<u>\$ 635,326</u>	<u>\$ 522,201</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	81.8%	84.3%

Note to Schedule:

Refer to the notes to the Schedule of Changes in Net OPEB Liability and Related Ratios.

Required Supplementary Information
Postemployment Health Care Plan

Schedule of Changes in Net OPEB Liability and Related Ratios
For the Fiscal Years Ended June 30
(Dollars in Thousands)

	<u>2020</u>	<u>2019</u>
Total OPEB Liability		
Service cost ⁽¹⁾	\$ 76,423	\$ 74,478
Interest	242,666	236,678
Differences between expected and actual experience	(135,720)	(134,053)
Changes of assumptions	96,076	33,940
Benefit payments ⁽²⁾	<u>(127,214)</u>	<u>(133,571)</u>
Net change in total OPEB liability	152,231	77,472
Total OPEB liability-beginning	<u>3,334,299</u>	<u>3,256,827</u>
Total OPEB liability-ending (a)	<u>\$ 3,486,530</u>	<u>\$ 3,334,299</u>
Plan fiduciary net position		
Contributions-employer	\$ 112,136	\$ 107,927
Net investment income (loss) ⁽³⁾	60,899	166,470
Benefit payments ⁽²⁾	(127,214)	(133,571)
Administrative expense	<u>(6,715)</u>	<u>(5,099)</u>
Net change in Plan fiduciary net position	39,106	135,727
Plan fiduciary net position-beginning	<u>2,812,098</u>	<u>2,676,371</u>
Plan fiduciary net position-ending (b)	<u>\$ 2,851,204</u>	<u>\$ 2,812,098</u>
Plan's net OPEB liability-ending (a)-(b)	<u>\$ 635,326</u>	<u>\$ 522,201</u>
Plan fiduciary net position as a percentage of the total OPEB liability (b)/(a)	81.8%	84.3%
Covered payroll	\$ 2,271,039	\$ 2,108,171
Plan's net OPEB liability as a percentage of covered payroll	28.0%	24.8%

(1) The service cost is based on the previous year's valuation.

(2) Benefit payments associated with the self-funded insurance premium and Member's health insurance premium reserve that were reported as both additions and deductions in fiduciary net position beginning fiscal year 2019 were excluded from the above schedule.

(3) Building Lease and Other Income were included in the Net investment income (loss) starting in fiscal year 2020. Investment related administrative expenses is part of Administrative expenses and excluded from Net investment Income.

Required Supplementary Information

Postemployment Health Care Plan

Schedule of Changes in Net OPEB Liability and Related Ratios (Continued)

Notes to Schedule:

Changes of Assumptions: The June 30, 2020 is due to the new actuarial assumptions adopted as a result of actuarial experience study covering the period July 1, 2016 to June 30, 2019 which included a lowered investment rate of returns from 7.25% to 7.00% as well as using revised mortality tables.

Schedule of Contribution History (Dollars in Thousands)

Fiscal Year	Actuarially Determined Contributions (ADC)	Contributions in Relation to ADC	Contribution Deficiency	Covered Payroll	Contributions as a Percentage of Covered Payroll
2019	\$ 107,927	\$ 107,927	-	\$ 2,108,171	5.1
2020	112,136	112,136	-	2,271,039	4.9

Notes to Schedule:

Valuation Date Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Actuarial Cost Method (level percent of payroll).
Amortization Method	Level Percent of Payroll.
Amortization Period	Multiple layers – closed amortization period. Actuarial gains/losses are amortized over 15 years. Non-health related assumptions or method changes are amortized over 20 years. Health related assumptions or method changes are amortized over 15 years. Plan changes, including the 2009 Early Retirement Incentive Program (ERIP), are amortized over 15 years. Future ERIPs will be amortized over five years. Any actuarial surplus is amortized over 30 years. The existing layers on June 30, 2012, except those arising from the 2009 ERIP and the two Governmental Accounting Standards Board (GASB) Statements No. 25/27 layers, were combined and amortized over 30 years.
Asset Valuation Method	Fair value of assets less unrecognized returns in each of the last seven years. Unrecognized return is equal to the difference between the actual market return and the expected return on the fair value, and is recognized over a seven-year period. The actuarial value of assets cannot be less than 60% or greater than 140% of the fair value of assets.
Actuarial Assumptions:	
Investment Rate of Return	7.00%
Inflation	2.75%
Real Across-the-Board Salary Increase	0.50%

Required Supplementary Information

Postemployment Health Care Plan

Schedule of Contribution History (Continued)

Notes to Schedule (Continued)

Methods and Assumptions Used to Determine Contribution Rates (Continued)

Projected Salary Increases ⁽¹⁾	Ranges from 4.25% to 9.95% based on years of service.
Mortality	<p>Healthy: Pub-2010 General Health Retiree Amount-Weighted Above-Median Mortality Tables (separate tables for males and females) with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2019</p> <p>Disabled: Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Tables with rates increased by 10% for males and decreased by 5% for females, projected generationally with the two dimensional mortality improvement scale MP-2019.</p> <p>Beneficiaries: Pub-2010 Contingent Survivor Amount-Weighted Above Meridian Mortality Tables with rates increased by 10% for males and females, projected generationally with the two dimensional mortality improvement scale MP-2019.</p>

- (1) Includes inflation at 2.75% as of June 30, 2020, plus across-the-board salary increase of 0.50% plus merit and promotional increases.

Schedule of Investment Returns For the Fiscal Years Ended June 30

	2020	2019
Annual money-weighted rate of return, net of investment expenses	2.1%	6.1%

Note Schedule

The required disclosure about factors that significantly affect trends in the money-weighted rate of return is not provided because the fund has data for only two years. As more years become available, any significant factors affecting trends in the rate of return will be disclosed.

SUPPLEMENTAL SCHEDULE

Schedule of Administrative Expenses

For the Fiscal Year Ended June 30, 2020

	2020
Personnel Services:	
Salaries	\$ 108,051
Employee Benefits and Development	43,768
Total Personnel Services	151,819
Professional Services:	
Actuarial	3,604
Audit	5,682
Legal Counsel	8,729
Disability Evaluation	1,270
Retirees' Health Admin Consulting	0
Benefit Payroll Processing	1,352
Self-Funded Dental Plan Admin Fees	751,235
Other Consulting	516
Total Professional Services	772,388
Information Technology:	
Computer Hardware and Software	5,531
Computer Maintenance and Support	4,809
Total Information Technology	10,340
Leases:	
Office Space	7,669
Office Equipment	295
Total Leases	7,964
Other Expenses:	
Fiduciary Insurance	263
Educational and Due Diligence Travel	497
Office Expenses	5,156
Building Operating Expense	10,488
Depreciation and Amortization	5,609
Total Other Expenses	22,013
Total Administrative Expenses	\$ 964,524



REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
(A DEPARTMENT OF THE MUNICIPALITY OF THE
CITY OF LOS ANGELES, CALIFORNIA)**

POSTEMPLOYMENT HEALTH CARE FUND (115 TRUST)

June 30, 2020

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Administration
Los Angeles City Employees' Retirement System
Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Postemployment Health Care Fund (115 Trust) of Los Angeles City Employees' Retirement System (LACERS), a department of the Municipality of the City of Los Angeles, California, which comprise the statement of fiduciary net position as of June 30, 2020 and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, which collectively comprise the 115 Trust's basic financial statements, and have issued our report thereon dated February 23, 2021. Our report includes a modified opinion on the financial statements.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 115 Trust's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 115 Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the 115 Trust's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 115 Trust's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mess Adams LLP

Los Angeles, California
February 23, 2021



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



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

MEETING: MARCH 23, 2021
ITEM: VII – A

Neil M. Guglielmo

SUBJECT: PRELIMINARY PROPOSED BUDGET, PERSONNEL, AND ANNUAL RESOLUTIONS FOR FISCAL YEAR 2021-22 AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board provide input to the Preliminary Proposed Budget for Fiscal Year 2021-22 (FY22); and accordingly, instruct staff to submit the Proposed Budget schedules to the City Administrative Officer and the Mayor’s Office for inclusion in the Mayor’s 2021-22 Proposed Budget.

Executive Summary

The LACERS Preliminary Budget was prepared with prudence, mindful of the City’s fiscal crisis. Wherever possible, existing personnel and financial resources were identified to implement the continuing Proposed FY22 Business Plan prior to putting forth requests for new positions and expense items. Investments over the past year in remote and virtual technologies have significantly enhanced not only LACERS’ remote working capability and business continuity, but also the Member Experience. It is imperative to continue our investment in these areas as we hone, improve and augment our investments, building on recent successes. Notably, efforts to expand functionality of LACERS’ virtual call center and the developing retirement application portal continue, as well as work to implement a critical upgrade to the Pension Administration System and to integrate with the City’s new Human Resources Payroll system. Otherwise, consideration of major new projects have been placed on hold while operational efforts focus on completing outstanding Member retirements and casework compounded during the City Separation Incentive Program (CSIP) implementation. Additionally the move to the new headquarters (HQ) will require widespread dedication of staff resources, including dedicated efforts of our Systems group to build out a new technology environment, thus no additional new Business Process Initiatives are proposed for FY22.

Further, this Preliminary Budget conscientiously scales back the multi-year plan to increase regular position authorities commensurate with increased workloads to add two additional regular staff this year to assist with Medicare compliance. Timing is not ideal to bring on additional regular staffing given financial considerations and lingering uncertainty about what the future holds in terms of possible workforce, workload, or other impacts resultant from the City’s fiscal situation. Instead, 25 existing substitute authority positions, including 20 brought on for CSIP, will provide immediate and short-term capacity to continue to address the workload resulting from the various SIPs, and the doubling of retirements over the past decade. Continuation of the 20 substitute authorities represents retention of 54% of the temporary full-

time workforce brought on for CSIP processing. Seventeen employees on loan from other departments will not continue in FY22. The number of new regular positions and continuing substitute authorities will be reconsidered next year when there will be more certainty as to future trends under the “new normal.”

The Administrative Expense Budget of \$32.8 million is \$4.7 million, or 12.6% lower than the FY21 supplemental budget, and \$2.8 million, or 9.4% higher than the Fiscal Year 2020-21 (FY21) Adopted Budget. The Proposed Budget provides \$30.9 million to maintain core services, and \$1.8 million to fund on-going Business Plan Initiatives. Obligatory changes to salaries and benefits account for \$3.2 million of the increase. This is proposed to be offset in part by a 7% salary savings of \$1.3 million. The Proposed Budget includes converting two substitute positions to regular authorized positions having demonstrated an on-going recurring need to meet workload in the Health Benefits Division.

	FY22 PROPOSED BUDGET	FY21 ADOPTED BUDGET		\$ change		% change	
		Original	Supplemental	Original	Supplemental	Original	Supplemental
Administrative Expense	32,769,233	29,948,248	37,499,813	2,820,985	(4,730,580)	9.4%	-12.6%

In terms of process, the Department’s Preliminary Budget is provided each March to the Board for discussion of the annual business plan for the coming fiscal year and the resources requested to maintain operations and carry out these projects. Input from the Board is incorporated into the final Proposed Budget, presented to the Board for adoption in May. In May/June a separate Headquarters budget consisting of tenant and capital improvement expenses, operating expenses and administrative expenses will be presented for Board approval. The building capital and operating budgets will be funded directly from the LACERS Trust Fund. Since delivery of the building furniture and equipment is not anticipated until FY22, it is proposed to set aside current year (FY21) appropriations of \$2.1 million for new furniture and approximately \$1.5 million for HQ technology in the LACERS Trust Fund until purchases can be made. The Board’s approval will be requested formally with the presentation of the HQ budget.

Also transmitted herein are the budget schedules that will be submitted for incorporation in the Mayor’s Proposed Budget, and the FY22 Performance Budget Report. The Budget Schedules include LACERS’ Statement of Receipts and Expenditures; and schedules detailing the City Contribution, Investment Management Fee Expense, Administrative Expense, 115 Trust Expense, and Regular Position Authorities for FY22. A summary of changes in these budget areas are reflected in the following table:

		FY22		FY21		\$ change	% change
City Contribution	\$	737,458,882 (estimate)	\$	645,900,502	\$	91,558,380	14.2%
Investment Management Fee & Expense	\$	95,634,761	\$	91,557,275	\$	4,077,486	4.5%
Administrative Expense (including HQ Administrative Expense)	\$	32,769,233	\$	29,948,248 37,499,812	\$	2,820,985 (4,730,580)	9.4% -12.6%
Regular Position Authorities		175		173		2	1.2%

Discussion

Detailed discussion of the proposed budget is provided in the attached report. The key highlights of the report are:

Administrative Expense Budget

Discussion of the Administrative Expense Budget is found on pages 6 through 12 of Attachment 1 and is summarized below:

- The Administrative Expense Budget of \$32.8 million is \$4.7 million, or 12.6% lower than the FY21 supplemental budget, and \$2.8 million, or 9.4% higher than the FY21 Adopted Budget.
- The proposed salaries of \$17.7 million includes obligatory salary and employee benefits costs of \$3.2 million and a proposed 7% salary savings providing an offset of -\$1.3 million.
- Two regular positions are requested for FY22 increasing the personnel authority from 173 to 175 positions. These new positions are in the Medicare Compliance and Health Enrollment Units and are needed to address the growing number of retirees aging into Medicare eligibility and to handle the overall workload due to the doubling of retirements since 2014.
- 25 substitute authority positions (“subs”) are requested to continue for FY22. Four positions existed prior to CSIP, and 20 subs were activated for CSIP, with an additional sub activated in the Administration Division where analytical duties are needed over clerical duties.
- The Business Plan for FY22 includes on-going Business Plan Initiatives for the Headquarters Project, Mobile Workforce, Member Engagement, and the Separation Incentive Program.

City Contribution

Discussion of the City contribution is found on pages 13 through 14 of Attachment 1 and is summarized below:

- The FY22 City Contribution is estimated at \$737 million. Last year’s City Contribution after the true-up credit was \$646 million.
- The Board adopted the FY22 City contributions rates recommended by the Actuary on November 10, 2020.
- The Tier 1 contribution of \$638 million is 32.81% of \$1,945,053,932 total pensionable salary of Tier 1 members based on FY21 City payroll.
- The Tier 3 contribution of \$132 million is 30.16% of \$437,049,348 total pensionable salary of Tier 3 members based on FY21 City payroll.
- A true-up credit of \$34 million will be applied to the employer contribution. This represents the difference in the employer contribution based on the projected payroll versus the actual payroll.
- The City is expected to adopt a final covered payroll prior to the May presentation of the final LACERS’ budget. The City contribution for Tier 1 and Tier 3 Members will be adjusted accordingly.
- The employer cost for the Family Death Benefit Plan is \$71,000.
- The employer cost for the Excess Benefit Plan is \$1,464,000.
- The employer cost for the Limited Term Retirement Plan is \$27,000.

Investment Management Fees and Expenses

Discussion of the Investment Management Fees and Expenses is found on page 15 through 16 of Attachment 1 and is summarized below:

- The FY22 Investment Management Fees and Expenses are estimated at \$95.6 million, up \$4.1 million from the FY21 Adopted Budget.
- The Investment Management Fees are estimated for FY22 by projecting the future market value of portfolio assets, and applying the management fee rates reflected in the contracts with individual managers.
- The Investment Management Fee and Expenses schedule reflects adjustments for timing of the investment.

Strategic Plan Impact Statement

This budget includes funding for FY22 initiatives to meet LACERS seven strategic goals.

Prepared By: Dale Wong-Nguyen, Chief Benefits Analyst, Administration Division and the Budget Team: Horacio Arroyo, Isaias Cantu, Andy Chiu, Tet Dauigoy, Edeliza Fang, Dan Goto, Julie Guan, Tammy Jenkins, John Koontz, Chhintana Kurimoto, Lin Lin, Wally Oyewole, Jo Ann Peralta, Lydia Sung, Kristen Szanto. In collaboration, and with special thanks to Department senior managers for the thought and leadership that went into this budget.

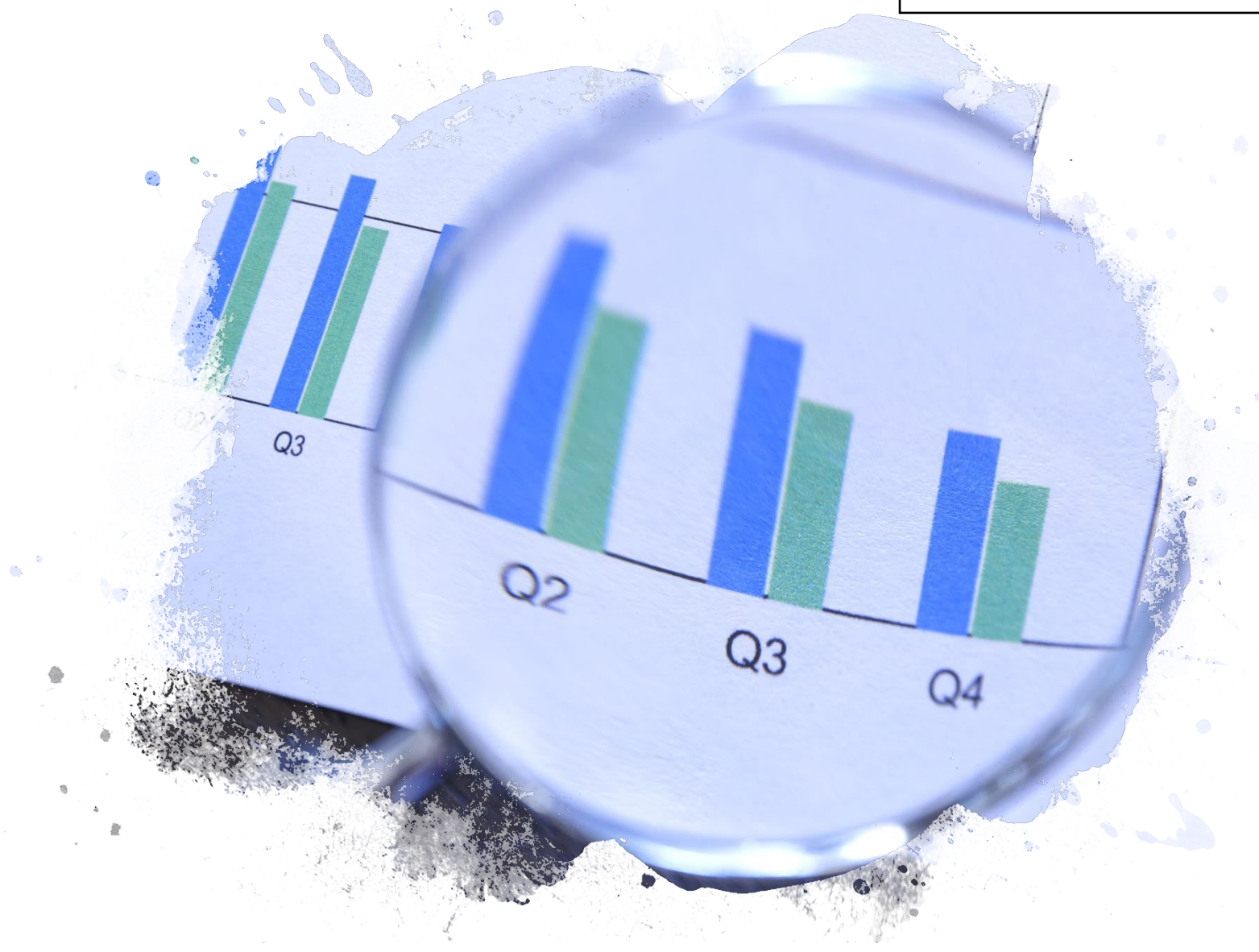
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Attachments: 1. LACERS Performance Budget Report for Fiscal Year 2021-22
 2. Proposed Budget, Personnel, and Annual Resolutions

FY 2021-22

Board Presentation of March 23, 2021

LACERS PERFORMANCE BUDGET



Introduction

In the year since the start of the Global Pandemic in March 2020, the LACERS Trust Fund assets recovered from a low of \$15.1 billion to current highs of over \$21 billion. Operationally LACERS staff successfully met significant milestones while working remotely including meeting the retirement targets for the Los Angeles World Airport and City Separation Incentive Programs; innovating to advance digital services to Members; and expanding the capabilities to collaborate seamlessly in a remote work environment. Additionally, thoughtful preparation of the new Headquarters building to meet the needs of a modern workforce for decades to come continues to progress.

The Proposed Administrative Expense Budget for Fiscal Year 2021-22 (FY22) employs various belt-tightening measures to minimize the growth of the budget. The Administrative Expense Budget of \$32.8 million is \$4.7 million, or 12.6% lower than the Fiscal Year 2020-21 (FY21) supplemental budget, but \$2.8 million, or 9.4% higher than the FY21 base budget. The increase over the Adopted Budget is primarily due to the continuation of 25 substitute authority positions, 20 of which were brought on during the City Separation Incentive Program and continue to be needed to unwind that program. The Proposed Budget funds current programs underway including the core programs in Benefit Administration, Investment Administration, and General Administration and Support. Four on-going initiatives are contemplated in the FY22 Business Plan including the clean-up phase of the Separation Incentive Program; the Member Experience Initiative to serve the Members through expanded outreach avenues including an on-line Retirement Application Portal and remote counseling; the Mobile Workforce Initiative, which will strengthen support of the infrastructure for the remote workforce; and the Headquarters Project which targets a move to the new building in early 2022.

As for the City Contribution Budget for 2021-22 at \$737.5 million, this represents an increase of 14.2% over FY21. The increase was due to primarily to the impact of the change in actuarial assumptions adopted by the Board in November 2020 and a smaller true-up credit over last year. The contribution rate will be applied against the final adopted City covered payroll, which has not yet been adopted by City Council, therefore the proposed City Contribution is an estimate.

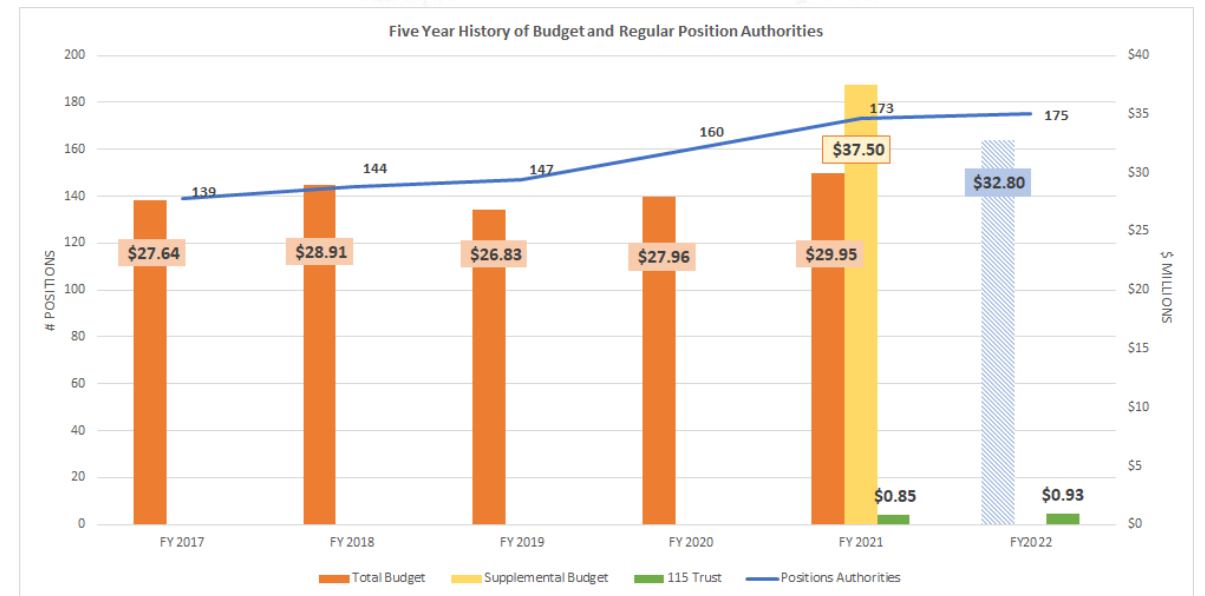
The Proposed Investment Management Fees and Expenses Budget is \$95.6 million, a \$4.1 million, or 4.5% increase over FY21. The majority of Investment Management Fees are asset based and will follow the direction of the market. A projection of the market value for FY22 was made to provide a basis to estimate fees.

	FY22 PROPOSED BUDGET	FY21 ADOPTED BUDGET ORIG. SUPPLEMENTAL	\$ CHANGE	% CHANGE
Administrative Expense	\$32,769,233	\$29,948,248 \$37,499,814	\$2,820,985 \$(4,730,580)	9.4% -12.6%
Investment Management Fees & Expenses	\$95,634,761	\$91,557,275	\$4,077,486	4.5%
City Contribution	\$ 737,458,882	\$645,900,502	\$91,558,380	14.2%

ADMINISTRATIVE EXPENSE BUDGET

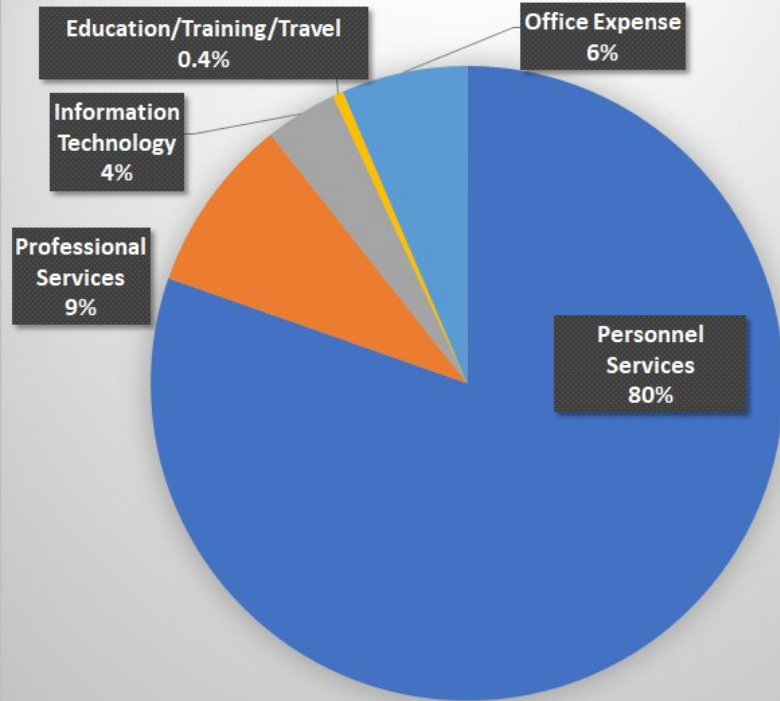
The Administrative Expense Budget of \$32.8 million provides \$30.9 million to maintain core services, and \$1.8 million to fund on-going business plan initiatives. Obligatory changes to salaries and benefits account for \$3.2 million of the increase. This is proposed to be offset in part by a 7% salary savings of \$1.3 million. The Proposed Budget includes converting two substitute positions to regular authorized positions having demonstrated an on-going recurring need to meet workload in the Health Benefits Division.

The 115 Trust Budget began in FY21. The Proposed 115 Trust Budget for administrative expense of \$934,000 is an increase of \$81,000 or 9.5% over last fiscal year.



ADMINISTRATIVE EXPENSE BUDGET

FY 2022 ALLOCATION OF EXPENSES



	FY22 PROPOSED BUDGET	FY21 ADOPTED BUDGET ORIG SUPPLEMENTAL	\$ CHANGE	% CHANGE
Personnel Services	\$26,384,653	\$23,038,561 \$26,122,079	\$3,346,092 \$262,574	14.5% 1.0%
Professional Services	\$2,939,854	\$2,883,032 \$2,974,124	\$56,822 \$(34,270)	2.0% -1.2%
Information Technology	\$1,161,921	\$1,776,107 \$3,769,861	\$(614,186) \$(2,607,940)	-34.6% -69.2%
Education/Training/Travel	\$175,285	\$174,535 \$173,435	\$750 \$1,850	0.4% 1.1%
Office Expense	\$2,107,520	\$2,076,013 \$4,460,315	\$31,507 \$(2,352,795)	1.5% -52.7%
Total	\$32,769,233	\$29,948,248 \$37,499,814	\$2,820,985 \$(4,730,580)	9.4% -12.6%

Summary of Changes in Personnel

DIVISION/SECTION	2020-21 Adopted Budget Regular Authorities	Proposed Changes		2021-22 Proposed Budget Regular Authorities	2021-22 Proposed Substitute Authorities		
		Regularize Substitute Authorities	New		Cont.	New	Total
Executive	7			7	2		2
Investments	12			12			
Human Resources	5			5			
Internal Audit	3			3			
Retirement Services	48			48	6	1	7
Health Benefits Administration & Wellness	37	2		22	7		7
Member Services				16	1		1
Active Member Accounts & Member Stewardship				8	1		1
Administration	26			26	5	1	6
Fiscal Management	13			14	1		1
Systems	11			11			
Systems Operations Support				3			
Administrative Operations	11			-			
Total	173	2	0	175	23	2	25

Detail of Administrative Expense

		600,000	230,000	\$ 17,200					
		600,000	688,000	\$ (88,000)	-12.8%				
		\$ 2,984,854	\$ 2,883,032	\$ 101,822	3.5%	\$ 2,974,125			
	304	\$ 475,797	\$ 428,298	\$ 47,499	11.1%	\$ 429,548	\$ 384,000		
	730	172,100	530,116	\$ (358,016)	-67.5%	1,442,516	506,838		
	601	272,292	284,636	\$ (12,344)	-4.3%	393,531	390,656		
	601	326,273	452,057	\$ (125,784)	-27.8%	391,367	383,328		
	304	24,000	81,000	\$ (57,000)	-70.4%	1,112,900	674,500	\$ (1,112,900)	
	Information Technology Total	\$ 1,270,462	\$ 1,776,107	\$ (505,645)	-28.5%	\$ 3,769,861	\$ 2,340,248	\$ (2,499,387)	
	Training & Related Travel								
	601	\$ 74,470	\$ 68,220	\$ 6,250	9.2%	\$ 73,120	\$ 65,268	\$ 1,350	
	213	100,815	106,315	\$ (5,500)	-5.2%	100,315	8,826	\$ 500	
	Training & Related Travel Total	\$ 175,285	\$ 174,535	\$ 750	0.4%	\$ 173,435	\$ 74,094	\$ 1,850	
	Office Expenses								
	212	\$ 163,500	\$ 114,000	\$ 49,500	43.4%	\$ 105,463	\$ 125,585	\$ 58,038	55.0%
	601	180,900	172,300	\$ 8,600	5.0%	189,800	186,248	\$ (8,900)	-4.7%
	601	61,200	45,767	\$ 15,433	33.7%	70,767	58,039	\$ (9,567)	-13.5%
	304	1,274,687	1,234,000	\$ 40,687	3.3%	1,281,300	1,236,972	\$ (6,613)	-0.5%
	304	59,150	46,000	\$ 13,150	28.6%	77,300	40,408	\$ (18,150)	-23.5%
	601	8,000	12,000	\$ (4,000)	-33.3%	12,000	3,857	\$ (4,000)	-33.3%
	601			\$	0.0%			\$	

Personnel & Professional Services

	City Account Number	FY2021-22 Proposed Budget	FY2020-21 Adopted Budget (May)	Budget \$ Change	Budget % Change	FY2020-21 Adjusted Adopted Budget	FY2020-21 Estimated Expenditures	Budget \$ Change	Budget % Change	
FUND 800: ADMINISTRATIVE EXPENSE BUDGET										
Personnel Services										
601	Salaries	101	\$ 17,402,395	\$ 15,338,149	\$ 2,064,246	13.5%	\$ 17,491,858	\$ 17,937,247	\$ (89,463)	-0.5%
601	Salaries - As Needed	107	329,215	537,200			937,200	482,983	\$ (607,985)	
602	Overtime	109	485,823	333,512	\$ 152,311	45.7%	670,321	457,947	\$ (184,498)	-27.5%
605	Employee Benefits	175	8,167,220	6,829,700	\$ 1,337,520	19.6%	7,022,700	7,010,424	\$ 1,144,520	16.3%
	Personnel Services Total		\$ 26,384,653	\$ 23,038,561	\$ 3,346,092	14.5%	\$ 26,122,079	\$ 25,888,601	\$ 262,574	1.0%
Professional Services										
					\$ -					
611	Actuarial Service	304	\$ 398,282	\$ 410,600	\$ (12,318)	-3.0%	\$ 362,350	\$ 376,370	\$ 35,932	9.9%
612	Audit Services	304	115,000	120,000	\$ (5,000)	-4.2%	120,000	91,500	\$ (5,000)	-4.2%
613	Legal Services	304	1,097,622	990,492	\$ 107,130	10.8%	1,115,493	882,695	\$ (17,871)	-1.6%
614	Disability Services	304	200,000	220,000	\$ (20,000)	-9.1%	207,000	151,940	\$ (7,000)	-3.4%
615	Other Consulting	304	281,750	223,940	\$ 57,810	25.8%	286,281	310,512	\$ (4,531)	-1.6%
616	Benefit Payroll Processing Servs.	304	247,200	230,000	\$ 17,200	7.5%	233,000	232,848	\$ 14,200	6.1%
617	Retiree Health Adm. Consultant	304	600,000	688,000	\$ (88,000)	-12.8%	650,000	646,424	\$ (50,000)	-7.7%
	Professional Services Total		\$ 2,939,854	\$ 2,883,032	\$ 56,822	2.0%	\$ 2,974,124	\$ 2,692,289	\$ (34,270)	-1.2%

Information Technology & Training

	City Account Number	FY2021-22 Proposed Budget	FY2020-21 Adopted Budget (May)	Budget \$ Change	Budget % Change	FY2020-21 Adjusted Adopted Budget	FY2020-21 Estimated Expenditures	Budget \$ Change	Budget % Change	
FUND 800: ADMINISTRATIVE EXPENSE BUDGET										
Information Technology										
622	Pension Adm. System Vendor	304	\$ 415,797	\$ 428,298	\$ (12,501)	-2.9%	\$ 429,548	\$ 384,926	\$ (13,751)	-3.2%
623	Computer Hardware	730	142,100	530,116	\$ (388,016)	-73.2%	1,442,516	506,838	\$ (1,300,416)	-90.1%
624	Computer Software	601	272,292	284,636	\$ (12,344)	-4.3%	393,531	390,656	\$ (121,239)	-30.8%
625	Computer Maint. & Support	601	307,732	452,057	\$ (144,325)	-31.9%	391,367	383,328	\$ (83,635)	-21.4%
626	Other Computer Consulting	304	24,000	81,000	\$ (57,000)	-70.4%	1,112,900	674,500	\$ (1,088,900)	-97.8%
	Information Technology Total		\$ 1,161,921	\$ 1,776,107	\$ (614,186)	-34.6%	\$ 3,769,861	\$ 2,340,248	\$ (2,607,940)	-69.2%
Training & Related Travel										
604	Employee Development	601	\$ 74,470	\$ 68,220	\$ 6,250	9.2%	\$ 73,120	\$ 65,268	\$ 1,350	1.8%
634	Conferences & Travel	213	100,815	106,315	\$ (5,500)	-5.2%	100,315	8,826	\$ 500	0.5%
	Training & Related Travel Total		\$ 175,285	\$ 174,535	\$ 750	0.4%	\$ 173,435	\$ 74,094	\$ 1,850	1.1%

Office Expense & Total Administrative Expense

	City Account Number	FY2021-22 Proposed Budget	FY2020-21 Adopted Budget (May)	Budget \$ Change	Budget % Change	FY2020-21 Adjusted Adopted Budget	FY2020-21 Estimated Expenditures	Budget \$ Change	Budget % Change	
FUND 800: ADMINISTRATIVE EXPENSE BUDGET										
Office Expenses										
631	Printing and Binding	212	\$ 155,500	\$ 114,000	\$ 41,500	36.4%	\$ 105,463	\$ 125,585	\$ 50,038	47.4%
632	Postage	601	180,900	172,300	8,600	5.0%	189,800	186,248	(8,900)	-4.7%
633	Telephone and Utilities	601	60,600	45,767	14,833	32.4%	70,767	58,039	(10,167)	-14.4%
635	Office Lease	304	1,182,500	1,234,000	(51,500)	-4.2%	1,281,300	1,236,972	(98,800)	-7.7%
636	Office Equipment Services	304	59,150	46,000	13,150	28.6%	77,300	40,408	(18,150)	-23.5%
651	Petty Cash	601	8,000	12,000	(4,000)	-33.3%	12,000	3,857	(4,000)	-33.3%
652	Board Member Election Expense	601	-	-	-	0.0%	-	-	-	-
653	Furniture and Other Equipment	730	20,000	17,000	3,000	17.6%	2,223,305	93,157	(2,203,305)	-99.1%
655	Other Office Expense	601	180,560	159,256	21,304	13.4%	231,906	231,466	(51,346)	-22.1%
656	Membership Dues & Subscriptions	601	116,310	133,690	(17,380)	-13.0%	126,600	123,722	(10,290)	-8.1%
658	Promotional Supplies	601	4,000	2,000	2,000	100.0%	2,000	2,000	2,000	100.0%
659	Insurance Expense	304	140,000	140,000	-	0.0%	139,874	139,874	126	0.1%
	Office Expenses Total		\$ 2,107,520	\$ 2,076,013	\$ 31,507	1.5%	\$ 4,460,315	\$ 2,241,328	\$ (2,352,795)	-52.7%
	TOTAL ADMINISTRATIVE EXPENSE BUDGET		\$ 32,769,233	\$ 29,948,248	\$ 2,820,985	9.4%	\$ 37,499,813	\$ 32,753,577	\$ (4,730,580)	-12.6%

115 Trust Expense Budget

	City Account Number	FY2021-22 Proposed Budget	FY2020-21 Adopted Budget (May)	Budget \$ Change	Budget % Change	FY2020-21 Adjusted Adopted Budget	FY2020-21 Estimated Expenditures	Budget \$ Change	Budget % Change	
FUND 871: 115 TRUST EXPENSE BUDGET										
612	Audit and Consulting CPA	304	10,000	10,000	-	0.0%	10,000	-	-	0.0%
613	Legal	304	60,000	60,000	-	0.0%	60,000	-	-	0.0%
660	Self-Funded Insurance Admin Fee	304	864,000	783,000	\$ 81,000	10.3%	783,000	770,000	81,000	10.3%
TOTAL 115 TRUST EXPENSE BUDGET			\$ 934,000	\$ 853,000	\$ 81,000	9.5%	853,000	\$ 770,000	\$ 81,000	9.5%

FY 2021-22 BUDGET REQUESTS

	Expense	Positions
Separation Incentive Program	\$1,538,906	20 subauthorities
Headquarters Move	May/June Presentation	0
Mobile Workforce	\$259,485	0
Member Experience	\$50,500	0

SEPARATION INCENTIVE PROGRAM (SIP) - Year 2

This initiative involves Post-SIP audits of a sampling of 1,700 SIP retirees, addressing outstanding cases of non-CSIP Members put aside during City SIP, Airport SIP and Harbor SIP. This includes work on service purchases, retirement processing, and health plan administration. Enhanced temporary staffing can remain in place as a contingency plan should additional SIPs be offered by the City.

HEADQUARTERS PROJECT – Year 2

The move is slated for early 2022. Administrative expenses related to the move and restoration of the current leased space is included in this budget. The comprehensive Capital and Operating Budget for the building will be prepared by the consultants and presented in May/June for Board approval.

MOBILE WORKFORCE – Year 2

For upcoming fiscal year, the project will focus on the next level of cyber security, and mobile services within the new headquarters. Funding for FY22 shall include purpose-built cyber security software to protect user endpoints, and collaborating with the cybersecurity team on security programs, policies, and procedures.

MEMBER EXPERIENCE – Year 3

This initiative will focus on delivery of the retirement counseling via Zoom, development of on-line calculators for the LACERS website, and on-going development of the Retirement Application Portal.

BUSINESS PLAN INITIATIVES (Multi-Year Efforts)

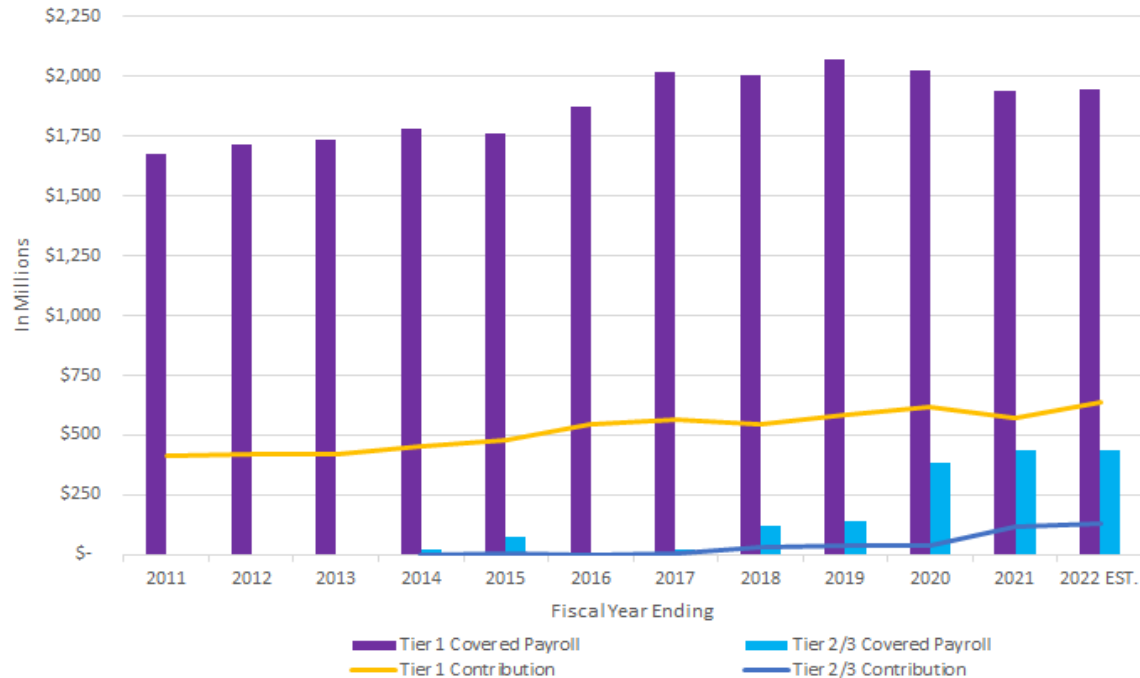
Core Programs	Business Plan Projects for FY22
<p>INVESTMENTS ADMINISTRATION Positions: 12 Cost: \$1,796,091</p>	<ul style="list-style-type: none"> • Asset Allocation Policy Review
<p>BENEFITS ADMINISTRATION Positions: 98 Regular 20 Substitute Authorities Cost: \$7,949,983</p>	<ul style="list-style-type: none"> • Service Purchase Backlog • Tax Compliance Review - IRS Determination Letter • Health Plan & Medicare Enrollment Backlog • Wellness Program Small In-Person Events • City Payroll System Integration & Report Generation • PAS - Hardware & Software Upgrades to improve PAS Performance
<p>GENERAL ADMINISTRATION AND SUPPORT Positions: 65 Regular 5 Substitute Authorities Costs: \$21,087,753 (includes all employee benefits)</p>	<ul style="list-style-type: none"> • Actuarial Funding Policy Review • Cyber Liability Insurance Procurement • Learning Management System (Employee Training Portal) • Digital Staff Resources • Internal Audit Plan Implementation (Year 1 of 3) • Business Continuity Plan Comprehensive Revision • Department-wide Policy Management Framework

BUSINESS PLAN PROJECTS (Single Year)

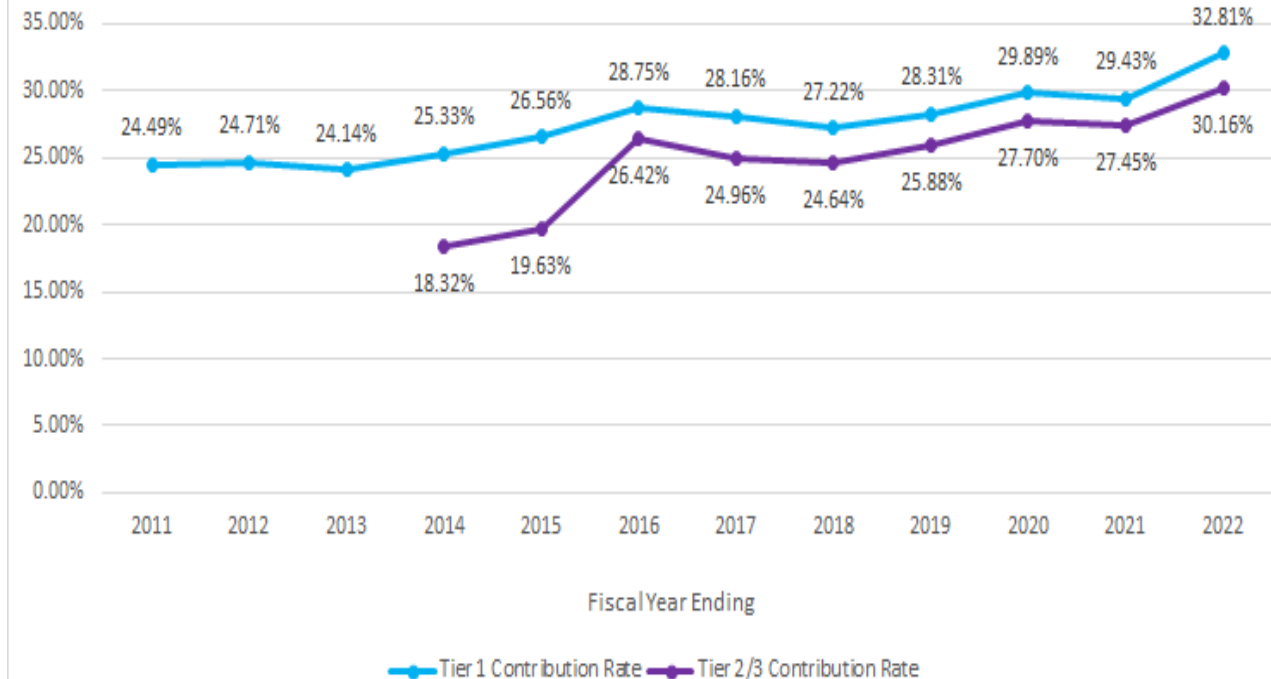
CITY CONTRIBUTION

The City Contribution is a percentage of the City's covered payroll. Over a ten-year period, both factors in calculating the contribution amount: (1) City payroll and (2) contribution rate have been on an upward trend. This corresponds to an increasing City contribution amount.

City Contribution and Covered Payroll



City Contribution Rate



The City contributes funding for four plans administered by LACERS: Retirement and Health Benefits, the Excess Benefit Plan, the Family Death Benefit Plan, and the Limited Term Retirement Plan.

City contribution rates toward retirement and health benefits for LACERS Members are set by the Board upon adoption of the annual actuarial valuations. Stated in the form of a percentage of covered payroll, the amount of the City's contribution is determined on the final covered payroll adopted in the City's budget. The City Contribution reflected above is based on last fiscal year's final covered payroll and will change when the final covered payroll is known. As of now, the estimate is based on the FY21 final covered payroll of \$1.95 billion for Tier 1 Members and rate of 32.81%; and a covered payroll of \$437 million and rate of 30.16% for Tier 3 Members. A credit adjustment of \$34,089,399 is applied toward the FY22 contribution to LACERS. This credit amount represents a true-up of the Fiscal Year 2020-21 contribution -- the difference between the contributions paid on July 15, 2020 based on the budgeted covered payroll amount and the actual payroll toward the end of the Fiscal Year. The City is also required by statute to make employer contributions for the Family Death Benefit Plan, the Excess Benefit Plan, and the Limited Term Retirement Plan.

Family Death Benefit Plan

Approximately 2,400 Active Members opt into the Family Death Benefit Plan which provides an additional benefit to qualifying surviving minor children, or widow/widower over age 60 if the Member dies while an active City employee. The City's contribution to the Family Death Benefit is equivalent to a match of the Member's contribution which is currently \$2.40 per month which was effective July 1, 2020. This monthly amount is established pursuant to a biennial study of the full actuarial costs of the benefit as required by the Los Angeles Administrative Code.

Excess Benefit Plan

The Excess Benefit Plan was established separate from the LACERS Trust Fund, to pay retirement benefit amounts in excess of the benefit limits established by the Internal Revenue Code (IRC), currently \$290,000¹ for 2021. In 2021, there are 53 LACERS Members who receive their monthly LACERS' retirement benefit up to the limit allowable by the IRC, and the remainder of their benefit is paid separately by the City. The City's cost of this program is the projected amount of the benefits that will be paid from the City's account for FY22, plus reasonable administrative expenses.

Limited Term Retirement Plan (LTRP)

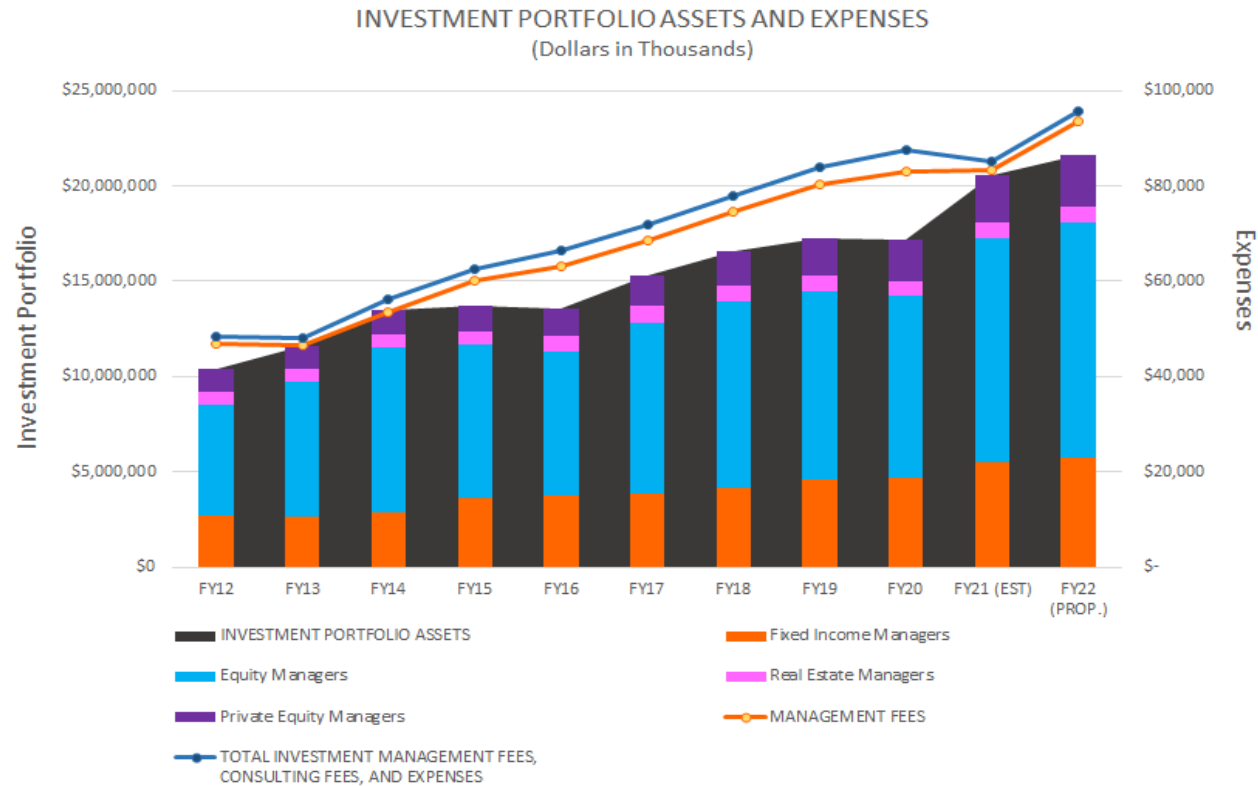
The LTRP provides elected officials, who serve four-year terms, the option of participating in a defined contribution plan until they have completed the five years of City service needed to vest in the defined benefit plan. The City provides a contribution to LTRP Members at the same rate as the employer contribution to the LACERS defined benefit plan. There are currently two LTRP Members in the plan.

¹This represents the unadjusted Excess Benefit limit. The individual limit must be adjusted based on the age of the Member at retirement, years of City service, service purchases, and calculated on a single-life annuity basis.

	FY21-22	FY20-21	% CHANGE
TOTAL	\$ 737,458,882	\$ 645,900,502	14%
Retirement and Health Benefits	769,986,281	690,638,145	11%
True-up Adjustment	(34,089,399)	(46,116,643)	-26%
Family Death Benefit Plan	71,000	98,000	-28%
Excess Benefit Plan	1,464,000	1,260,000	16%
Limited Term Retirement Plan	27,000	21,000	29%

INVESTMENT MANAGEMENT FEES AND EXPENSES

In the past ten-year period, overall fees have increased along with the increase in portfolio value.



The Investment Management Fees are largely asset-based fees established in the respective contracts with investment managers hired by LACERS. Investment consulting fees are flat fees paid to our General Fund consultant, our Private Equity consultant, and our Real Estate consultant. Other expenses include research and services which support administration of the investment program.

The 2021-22 Investment Management Fees & Expenses Budget increased by \$4.08 million or 4.4% (in comparison to \$4.44 million or 5.1% in 2020-21:). This includes:

- \$7.9 million from new commitments to Private Equity.
- (\$1.8) million in net decrease from Public Equity due to cost savings from current and new managers.
- (\$1.9) million decrease in Real Estate fees based on average ratio of actual fee paid to market value for the last five fiscal years.
- (\$0.1) million decrease in Real Estate and Private Equity Legal Consulting.

		FY 2022	FY 2021	\$	%
				CHANGE	CHANGE
TOTAL	\$	95,634,761	91,557,275	4,077,486	4%
Investment Management Fees		93,652,851	89,482,865	4,169,986	4%
Investment Consulting Fees		1,740,500	1,833,000	(92,500)	-5%
Other Investment Expense		241,410	241,410	-	0%

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

**PRELIMINARY PROPOSED BUDGET
AND
PERSONNEL RESOLUTIONS**

Fiscal Year 2021 - 22

Presented March 23, 2021

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LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

COMBINED STATEMENT OF RECEIPTS AND EXPENDITURES³

Actual 2019-20	Adopted Budget 2020-21¹	Estimated 2020-21		Budget Appropriation 2021-22²
RECEIPTS				
\$ 666,567,602	\$ 647,661,776	\$ 647,661,776	City Contributions (see Schedule 1).....	\$ 737,458,882
263,842,364	278,000,000	257,000,000	Member Contributions.....	269,850,000
93,286	98,000	70,100	Family Death Benefit Plan Member Contributions.....	71,000
10,364,071	10,700,000	10,900,000	Self-Funded Dental Insurance Premium.....	11,520,000
2,136,806	840,000	917,000	Member Insurance Premium Reserve.....	660,000
404,725,040	422,300,000	352,000,000	Earnings on Investments.....	362,560,000
361,010,809	--	1,808,000,000	Gain on Sale of Investments.....	--
<u>\$ 1,708,739,978</u>	<u>\$ 1,359,599,776</u>	<u>\$ 3,076,548,876</u>	Total Receipts.....	<u>\$ 1,382,119,882</u>
EXPENDITURES				
972,131,646	\$ 1,040,920,000	\$ 1,071,210,000	Retirement Allowances.....	1,167,618,900
1,065,345	1,156,000	990,000	Family Death Benefit Plan Allowance.....	1,156,000
118,136,970	142,991,000	139,150,000	Retired Medical & Dental Subsidy.....	148,890,500
14,547,868	16,170,000	16,020,000	Retired Medicare Part B Reimbursements.....	18,000,000
7,029,444	8,861,000	7,670,000	Self-Funded Dental Insurance Claims.....	8,590,000
10,787,797	12,287,000	14,190,000	Refund of Member Contributions.....	15,609,000
1,544,373	2,200,000	2,440,000	Refund of Deceased Retired Accum. Contributions.....	2,684,000
28,721,387	38,204,812	32,753,577	Administrative Expense	32,769,233
751,235	783,000	770,000	Self-Funded Insurance Administrative Fee.....	864,000
86,086,447	91,557,275	85,262,947	Investment Management Fees and Expenses.....	95,634,761
<u>\$ 1,240,802,512</u>	<u>\$ 1,355,130,087</u>	<u>\$ 1,370,456,523</u>	Total Expenditures.....	<u>\$ 1,491,816,394</u>
<u>467,937,465</u>	<u>4,469,689</u>	<u>1,706,092,353</u>	Increase (Decrease) in Fund Balance.....	<u>(109,696,512)</u>
<u>\$ 1,708,739,978</u>	<u>\$ 1,359,599,776</u>	<u>\$ 3,076,548,876</u>	Total Expenditures and Increase (Decrease) in Fund Balance.....	<u>\$ 1,382,119,882</u>

1. The City Contributions amount for the FY 2020-21 Adopted Budget was based on the City's final covered payroll of \$2,382,103,280 and included the application of a net credit adjustment for FY 2019-20 of \$46,116,643 deducted from FY 2020-21 contribution payment. The credit adjustment represents a true-up of the FY 2019-20 City contribution.

2. The preliminary City Contributions amount for FY 2021-22 is based on the City's FY 2020-21 final covered payroll of \$2,382,103,280 and includes a credit adjustment of \$34,089,399 for the true-up of FY 2020-21 contributions which will be deducted from the FY 2021-22 contribution payment. The preliminary City Contribution budget amount will be finalized upon the receipt of adopted City covered payroll information from the City for FY 2021-22.

3. The above Statement contains LACERS combined Receipts and Expenditures including the 115 Trust.

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

**DETAIL OF RECEIPTS AND EXPENDITURES
115 TRUST FUND**

Actual 2019-20	Adopted Budget 2020-21	Estimated 2020-21		Appropriation 2021-22
RECEIPTS				
\$ 112,136,429	\$ 100,507,035	\$ 100,507,035	City Contributions (see Schedule 1).....	\$ 97,680,361
10,364,071	10,700,000	10,900,000	Self-Funded Dental Insurance Premium.....	11,520,000
2,136,806	840,000	917,000	Member Insurance Premium Reserve.....	660,000
2,547,326	944,000	4,746,000	Earnings on Investments.....	7,115,000
1,194,585	--	35,474,000	Gain on Sale of Investments.....	--
<u>\$ 128,379,217</u>	<u>\$ 112,991,035</u>	<u>\$ 152,544,035</u>	Total Receipts.....	<u>\$ 116,975,361</u>
EXPENDITURES				
7,029,444	8,861,000	7,670,000	Self-Funded Dental Insurance Claims.....	8,590,000
751,235	783,000	770,000	Self-Funded Insurance Administrative Fee.....	864,000
			Administrative Expense	
7,258	70,000		Contracts.....	70,000
229,381	60,000	442,000	Share of Department Adm. Expenses.....	642,000
321,385	183,000	1,150,000	Investment Management Expense.....	1,877,000
<u>\$ 8,338,703</u>	<u>\$ 9,957,000</u>	<u>\$ 10,032,000</u>	Total Expenditures.....	<u>\$ 12,043,000</u>
<u>120,040,514</u>	<u>103,034,035</u>	<u>142,512,035</u>	Increase in Fund Balance.....	<u>104,932,361</u>
<u>\$ 128,379,217</u>	<u>\$ 112,991,035</u>	<u>\$ 152,544,035</u>	Total Expenditures and Increase in Fund Balance.....	<u>\$ 116,975,361</u>

Note: All 115 Trust Receipts and Expenditures above are included in the LACERS Combined STATEMENT OF RECEIPTS AND EXPENDITURES on page 2.

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

SCHEDULE 1 -- CITY CONTRIBUTIONS

ACTUARIAL REQUIREMENTS

To fund the liabilities of the System for future service as required in Article XI Section 1158 and 1160 of the City Charter in accordance with the actuarial valuation of those liabilities as of June 30, 2020 as follows:

	Health (115 TR)	Retirement	Total
Tier 1 32.81% of \$1,945,053,932 total actuarial salary of Tier 1 members for fiscal year 2021-22	\$ 81,108,748	\$ 557,063,447	638,172,195
Tier 3 30.16% of \$437,049,348 total actuarial salary of Tier 3 members for fiscal year 2021-22	20,672,435	111,141,651	131,814,086
Subtotal	<u>\$ 101,781,183</u>	<u>\$ 668,205,098</u>	<u>\$ 769,986,281</u>
Family Death Benefit Plan (FDBP) To match the estimated total amount contributed by Family Death Benefit Plan members in accordance with the provisions of Section 4.1090 of the Administrative Code.		71,000	71,000
Excess Benefit Plan Fund (EBP) To fund retirement benefits in excess of the limits set by Internal Revenue Code Section 415 (b) in accordance with the provisions of Section 4.1800 of the Administrative Code.		1,464,000	1,464,000
Limited Term Retirement Plan Fund (LTRP) To fund the Defined Contribution Plan for elected City officials in accordance with the provisions of Section 4.1850 of the Administrative Code.		<u>27,000</u>	<u>27,000</u>
Total City Contributions	\$ 101,781,183	\$ 669,767,098	\$ 771,548,281
True-up Adjustment: Credit of difference in City contributions for FY 2019-20 based on estimated covered payroll on July 15, 2020 and actual covered payroll up to February 27, 2021.	<u>\$ (4,100,822)</u>	<u>(29,988,577)</u>	<u>(34,089,399)</u>
Total City Contributions After True Up	<u>\$ 97,680,361</u>	<u>\$ 639,778,521</u>	<u>\$ 737,458,882</u>

City Contributions by Funding Source:

	Total Covered Payroll	Contributions						Total
		Tier 1 (32.81%)	Tier 3 (30.16%)	Shared Cost for FDBP/EBP/LTP	Tier 1 True-Up	Tier 3 True-Up	FY20 True-Up Adjustments	
General Fund (TRAN)	\$ 1,979,424,393	\$ 523,328,138	\$ 113,052,846	\$ 1,297,954	\$ (50,406,559)	\$ 21,820,906	\$ (28,585,653)	\$ 609,093,285
Airports	286,335,000	81,812,777	14,208,617	187,756	(4,989,680)	(370,535)	(5,360,215)	90,848,935
Harbor	88,691,230	25,474,959	3,199,271	58,157	(1,103,884)	649,555	(454,329)	28,278,058
LACERS	15,136,457	3,932,138	928,694	9,926	202,525	179,619	382,144	5,252,902
LAFPP	12,516,200	3,624,183	424,658	8,207	(51,577)	(19,769)	(71,346)	3,985,702
Total	\$ 2,382,103,280	\$ 638,172,195	\$ 131,814,086	\$ 1,562,000	\$ (56,349,175)	\$ 22,259,776	\$ (34,089,399)	\$ 737,458,882

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

SCHEDULE 2 -- ADMINISTRATIVE EXPENSE

Expenditures 2019-20	Adopted Budget 2020-21	Estimated Expenditures 2020-21		Budget Appropriation 2021-22
			SALARIES	
\$ 15,178,877	\$ 17,448,277	\$ 17,454,264	General.....	\$ 17,402,395
--	980,780	482,983	As Needed.....	329,215
327,815	670,321	457,947	Overtime.....	485,823
<u>\$ 15,506,692</u>	<u>\$ 19,099,378</u>	<u>\$ 18,395,193</u>	Total Salaries.....	<u>\$ 18,217,433</u>
			EXPENSE	
\$ 123,181	\$ 105,463	\$ 125,585	Printing and Binding.....	\$ 155,500
96,573	90,315	8,826	Travel.....	100,815
6,178,415	7,022,700	7,010,424	Employee Benefits.....	8,167,220
4,309,092	6,720,046	5,168,969	Contracts.....	4,761,301
2,249,798	1,501,090	1,444,584	Office and Administrative.....	1,204,864
<u>\$ 12,957,060</u>	<u>\$ 15,439,613</u>	<u>\$ 13,758,388</u>	Total Expense.....	<u>\$ 14,389,700</u>
			EQUIPMENT	
\$ 257,636	\$ 3,665,821	\$ 599,995	Furniture, Office and Technical Equipment.....	\$ 162,100
<u>\$ 257,636</u>	<u>\$ 3,665,821</u>	<u>\$ 599,995</u>	Total Equipment.....	<u>\$ 162,100</u>
<u>\$ 28,721,387</u>	<u>\$ 38,204,812</u>	<u>\$ 32,753,577</u>	Total Administrative Expense.....	<u>\$ 32,769,233</u>

1. Total Administrative Expense of \$32,769,233 includes \$712,000 for expenses of the 115 Trust (refer to schedule on page 3).

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
INVESTMENT MANAGEMENT FEES AND EXPENSES: FY 2021-22**

	ADOPTED BUDGET FY 2020-21	ESTIMATED EXPENSE FY 2020-21	PROPOSED BUDGET FY 2021-22
1 Baird Advisors	\$ 418,558	\$ 367,549	\$ 793,641
2 LM Capital	389,317	301,230	357,945
3 Loomis Sayles	1,055,324	1,041,395	933,078
4 Neuberger Berman	1,115,561	591,853	7,951
5 State Street (Fixed Income Index)	-	166,487	150,231
6 Garcia Hamilton & Associates	-	142,250	571,688
7 Income Research & Management	-	156,500	630,032
8 JP Morgan	-	165,625	666,700
9 AEGON USA	1,489,660	398,558	-
10 Bain Capital (formerly Sankaty)	943,729	928,917	990,354
11 Prudential (LAC76 & LAC99)	-	1,220,422	1,597,647
12 DDJ Capital	-	469,859	901,895
13 Benefit Street Prts LLC	-	72,375	415,995
14 Loomis Sayles	-	393,106	944,017
15 Wellington	-	549,964	1,792,921
16 Crescent	-	60,000	364,960
17 Monroe	-	60,000	364,960
18 Granahan	-	442,606	873,543
19 EAM Investors	539,707	904,547	1,047,726
20 Bernzott	-	189,697	-
21 Principal Global	780,421	738,170	821,374
22 Rhumblin (S&P 500)	153,858	202,756	227,149
23 Rhumblin (Russell 2000)	13,304	13,588	14,419
24 Rhumblin (Russell 2000 Growth & Value)	-	13,486	-
25 Copeland Cap Mgmt	-	523,667	1,070,004
26 Segall	-	310,561	604,466
27 AQR Capital Management	1,797,899	745,712	-
28 Axiom International	2,873,273	2,493,386	2,751,460
29 Barrow, Hanley, Mewhinney & Strauss	2,350,478	2,126,251	2,316,767
30 Dimensional Fund Advisor (Emerging Mkt)	1,902,529	1,806,918	1,962,982
31 Lazard Asset Management	3,057,679	2,713,821	2,998,069
32 MFS Institutional Advisors	2,642,075	2,257,132	2,387,305
33 Oberweis Asset Management	2,028,922	2,517,973	2,703,078
34 Quantitative Management Assoc. (QMA)	1,570,726	671,318	-
35 State Street Global (Non-US Index)	342,871	371,428	455,188
36 State Street EMG Mkt C	-	36,501	151,478
37 State Street EAFE SC	-	31,061	128,032
38 Wasatch	-	547,473	2,136,510
39 Centersquare (REITS)	986,762	955,990	1,003,721
40 Core Commodity	1,230,177	556,521	-
41 Dimensional Fund Advisor (TIPS)	421,521	439,509	453,305
42 Various New Funds Anticipated for FY 21	9,315,378	-	-
43 Real Estate Managers	12,699,882	10,307,916	10,823,164
44 Private Equity Managers	39,363,254	44,267,767	47,239,100
Subtotal - Investment Management Fee	\$ 89,482,865	\$ 83,271,843	\$ 93,652,851
45 ESG Consulting	\$ 55,000	\$ -	\$ 55,000
46 General Fund Consulting	465,000	450,000	465,000
47 Private Equity (\$762.5K) & Real Estate Consulting (\$215K)	965,000	951,694	977,500
48 Real Estate & Private Equity Legal Consulting	325,000	325,000	220,000
49 Northern Trust	23,000	23,000	23,000
Subtotal - Investment Consulting Fee	\$ 1,833,000	\$ 1,749,694	\$ 1,740,500
50 Bloomberg Financial Services	\$ 27,000	\$ 27,000	\$ 27,000
51 Tax Accounting Services	110,000	110,000	110,000
52 Institutional Shareholder Services	71,910	71,910	71,910
53 Pitchbook Sub (\$22.5K), Pacific Center for Asset Mgt (\$10K)	32,500	32,500	32,500
Subtotal - Other Investment Expense	\$ 241,410	\$ 241,410	\$ 241,410
Total Investment Management Fees and Expenses	\$ 91,557,275	\$ 85,262,947	\$ 95,634,761

Note: The Estimated Expense for FY21 reflects a number of managers complying with LACERS' request for a COVID/Fiscal Crisis fee discount.

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

PROPOSED PERSONNEL RESOLUTION
FISCAL YEAR 2021-22

WHEREAS, the Board of Administration of the Los Angeles City Employees' Retirement System has the responsibility and authority to establish the number and types of positions to be utilized by the Los Angeles City Employees' Retirement System;

NOW, THEREFORE, BE IT RESOLVED, that:

1. Effective July 1, 2021, the positions listed in the attached schedule of Positions and Salaries are hereby authorized within the Los Angeles City Employees' Retirement System. The class code numbers, classifications and salaries as set forth herein are hereby determined to be appropriate in accordance with existing City laws and ordinances, and applicable Memoranda of Understanding, as appropriate. Further, the employment of the designated number of persons in each code and classification as set forth herein is hereby authorized.
2. Memoranda of Understanding approved by the City Council shall be considered to be incorporated into this Resolution where appropriate. Salaries established under approved Memoranda of Understanding shall apply to all classes of employees therein noted. The provisions of each of the Memoranda of Understanding shall take precedence over any conflicting provision contained in this Resolution, but only for those employees in classes to which the Memoranda of Understanding apply.
3. One Assistant General Manager (Class Code 9269), when designated by the General Manager to assume the additional administrative and supervisory duties of Executive Officer, shall be compensated at the fourth premium level rate above the appropriate step rate or premium level rate of the incumbent. Upon approval of the General Manager, one additional Assistant General Manager (Class Code 9269) may receive salary up to the fourth premium level rate above the appropriate step rate of the prescribed salary range. This compensation is pensionable.
4. Upon approval of the General Manager, substitute authority positions may be filled using any class approved and established by the Board of Civil Service Commissioners. This approval shall specify the period during which the position shall be filled.
5. Upon approval of the General Manager, persons may be employed in any class approved and established by the Board of Civil Service Commissioners in-lieu of a vacant position if the in-lieu employment is consistent with City policies and procedures for such employment.
6. The General Manager shall have the authority to correct any clerical or typographical errors in this document.

Tuesday, March 23, 2021

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
POSITIONS AND SALARIES: FY 2021-22**

(a) Regular Positions

FY21	FY22	Change	MOU	Class Code	Class Title	Salary Range
3	3	0	1	1513	ACCOUNTANT	\$ 59,361 - \$ 86,798
12	12	0	3	1223	ACCOUNTING CLERK	\$ 52,826 - \$ 77,235
1	1	0	20	1119	ACCOUNTING REC SUPVR II	\$ 70,282 - \$ 102,792
9	9	0	3	1358	ADMINISTRATIVE CLERK	\$ 40,548 - \$ 59,257
2	2	0	36	9414	ASST GM-LACERS	\$ 152,006 - \$ 222,225
24	25	1	1	9108	BENEFITS ANALYST	\$ 78,842 - \$ 115,278
31	32	1	20	1203	BENEFITS SPECIALIST	\$ 59,716 - \$ 87,320
3	3	0	36	9151	CH BENEFITS ANALYST	\$ 132,755 - \$ 194,121
1	1	0	36	9147	CH INVESTMENT OFCR	\$ 193,140 - \$ 282,360
1	1	0	1	9734	COMMISSION EXEC ASST II	\$ 75,690 - \$ 110,643
1	1	0	36	1610	DEPARTMENTAL AUDIT MGR	\$ 132,755 - \$ 194,121
1	1	0	36	1593	DEPT CHIEF ACCT IV	\$ 132,755 - \$ 194,121
1	1	0	37	1117	EXEC ADMIN ASST II	\$ 65,437 - \$ 95,693
1	1	0	37	1117	EXEC ADMIN ASST III	\$ 70,177 - \$ 102,625
1	1	0	20	1555	FISCAL SYSTEMS SPEC I	\$ 94,836 - \$ 138,622
1	1	0	0	9150	GM-LACERS	\$ 181,719 - \$ 322,074
1	1	0	36	1409	INFO SYSTEM MGR II	\$ 132,755 - \$ 194,121
1	1	0	1	1625	INTERNAL AUDITOR III	\$ 89,387 - \$ 130,687
1	1	0	1	1625	INTERNAL AUDITOR IV	\$ 110,726 - \$ 161,945
3	3	0	0	9146	INVESTMENT OFFICER I	\$ 102,959 - \$ 150,544
4	4	0	0	9146	INVESTMENT OFFICER II	\$ 128,307 - \$ 187,565
2	2	0	0	9146	INVESTMENT OFFICER III	\$ 161,298 - \$ 235,797
6	6	0	1	9184	MANAGEMENT ANALYST	\$ 75,690 - \$ 110,643
1	1	0	20	1129	PERS RECORDS SUPV	\$ 63,663 - \$ 93,062
1	1	0	1	1731	PERSONNEL ANALYST	\$ 75,690 - \$ 110,643
1	1	0	20	1525	PR ACCOUNTANT I	\$ 85,858 - \$ 125,551
1	1	0	20	1525	PR ACCOUNTANT II	\$ 90,577 - \$ 132,420
1	1	0	20	1201	PRINCIPAL CLERK	\$ 59,716 - \$ 87,320
2	2	0	8	1431	PROGRAMMER/ANALYST III	\$ 81,786 - \$ 119,558
1	1	0	8	1431	PROGRAMMER/ANALYST V	\$ 95,317 - \$ 139,394
1	1	0	36	1800	PUB INFO DIRECTOR I	\$ 93,584 - \$ 136,805
9	10	1	20	9109	SENIOR BENEFITS ANALYST I	\$ 96,820 - \$ 141,608
7	7	0	20	9109	SENIOR BENEFITS ANALYST II	\$ 119,872 - \$ 175,266
2	2	0	20	1523	SR ACCOUNTANT I	\$ 68,924 - \$ 100,787
3	3	0	20	1523	SR ACCOUNTANT II	\$ 74,708 - \$ 109,202
20	19	-1	3	1368	SR ADMINISTRATIVE CLERK	\$ 50,049 - \$ 73,184
2	2	0	20	9171	SR MGMT ANALYST I	\$ 93,083 - \$ 136,095
1	1	0	20	9171	SR MGMT ANALYST II	\$ 115,257 - \$ 168,501
1	1	0	64	9167	SR PERSONNEL ANALYST I	\$ 93,083 - \$ 136,095
1	1	0	64	9167	SR PERSONNEL ANALYST II	\$ 115,257 - \$ 168,501
1	1	0	20	1597	SR SYSTEMS ANALYST I	\$ 89,491 - \$ 130,854
1	1	0	20	1597	SR SYSTEMS ANALYST II	\$ 110,726 - \$ 161,945
3	3	0	1	1596	SYSTEMS ANALYST	\$ 75,690 - \$ 110,643
1	1	0	21	1455	SYSTEMS PROGRAMMER II	\$ 101,080 - \$ 147,767
1	1	0	21	1455	SYSTEMS PROGRAMMER III	\$ 109,515 - \$ 160,128
<u>173</u>	<u>175</u>	<u>2</u>				

(b) To be Employed As Needed in Such Numbers as Required:

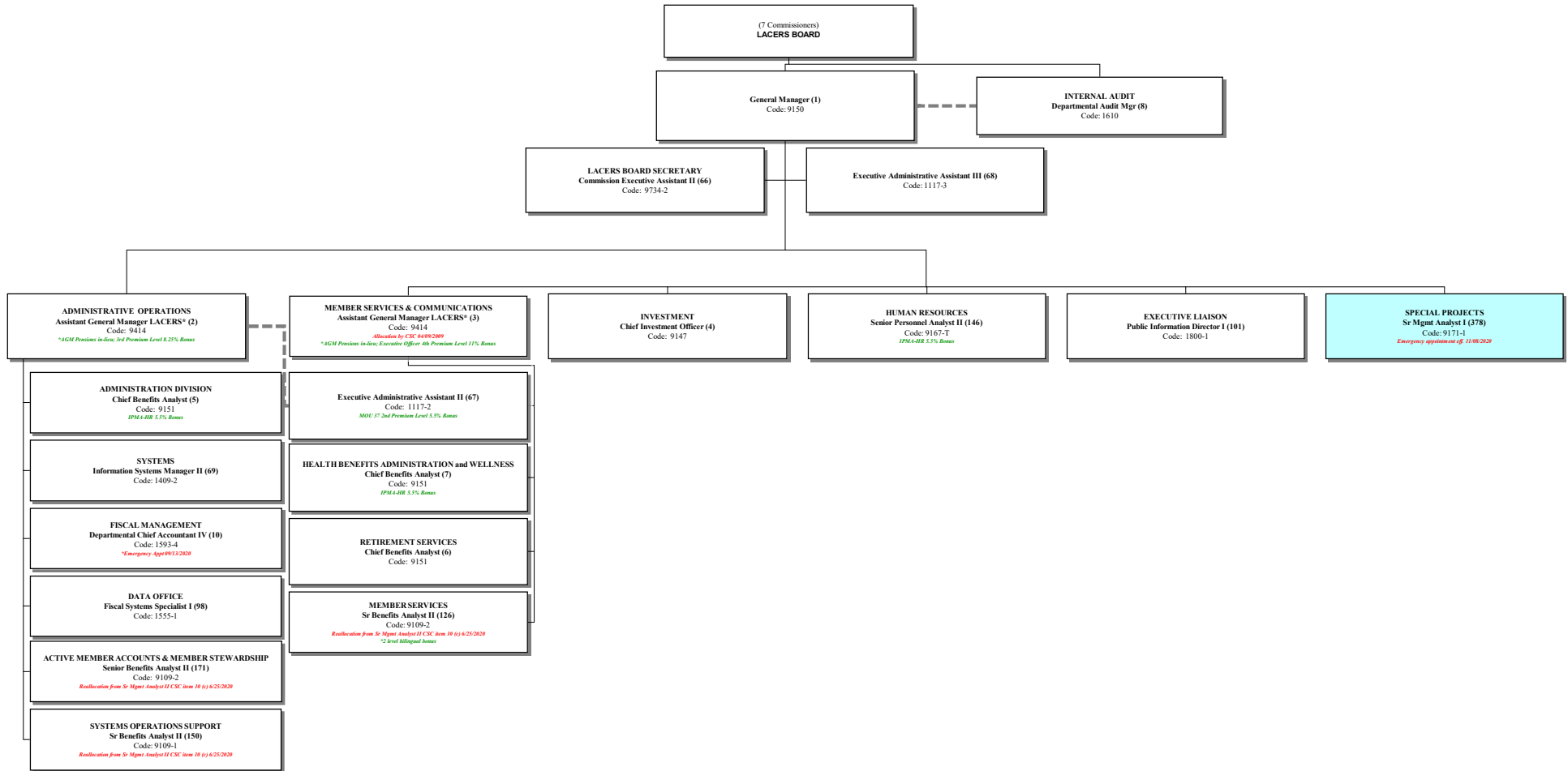
- 1133 RETIREMENT RELIEF WORKER
- 1358 ADMINISTRATIVE CLERK
- 1501 STUDENT WORKER
- 1502 STUDENT PROFESSIONAL WORKER
- 1525 PRINCIPAL ACCOUNTANT I
- 1535 ADMINISTRATIVE INTERN I
- 1535 ADMINISTRATIVE INTERN II
- 1538 SR PROJECT COORDINATOR
- 1596 SYSTEMS ANALYST
- 9167 SENIOR PERSONNEL ANALYST II
- 9184 MANAGEMENT ANALYST
- 9269 ASSISTANT GENERAL MANAGER - PENSION

FY21	FY22	Change	MOU	Class Code	Class Title	Salary Range
<u>7</u>	<u>7</u>	<u>0</u>	N/A	0101-2	COMMISSIONER	\$50 PER MEETING
<u>7</u>	<u>7</u>	<u>0</u>				

LACERS







CONCEPTUAL ORGANIZATIONAL CHART FY 2021/2022

	SUBSTITUTE AUTHORITY
	ADD POSITION
	DELETION OF POSITION
	MOVE POSITION
	REALLOCATE POSITION
	POSITION CONTROL NUMBER



LACERS

CONCEPTUAL ORGANIZATIONAL CHART FY 2021/2022







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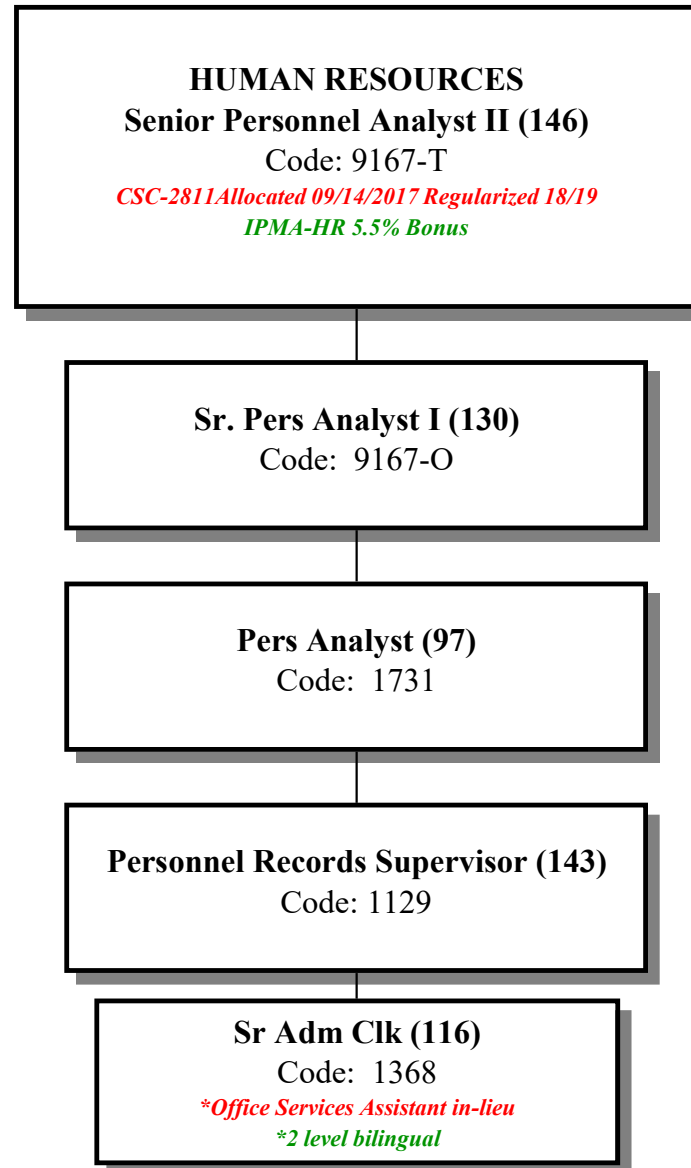
EXECUTIVE LIAISON
Public Information Director I (101)
Code: 1800-1

Administrative Clerk (323)
Code: 1358

LACERS







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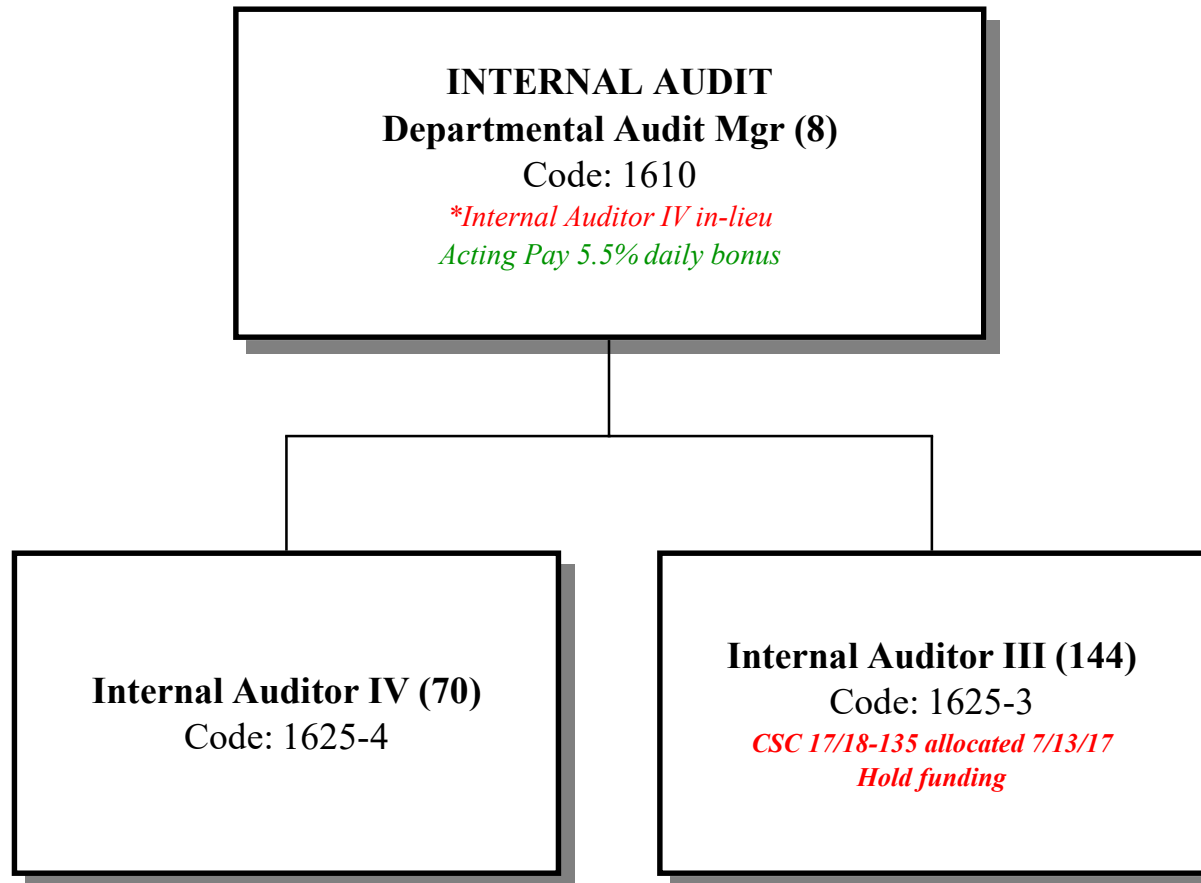
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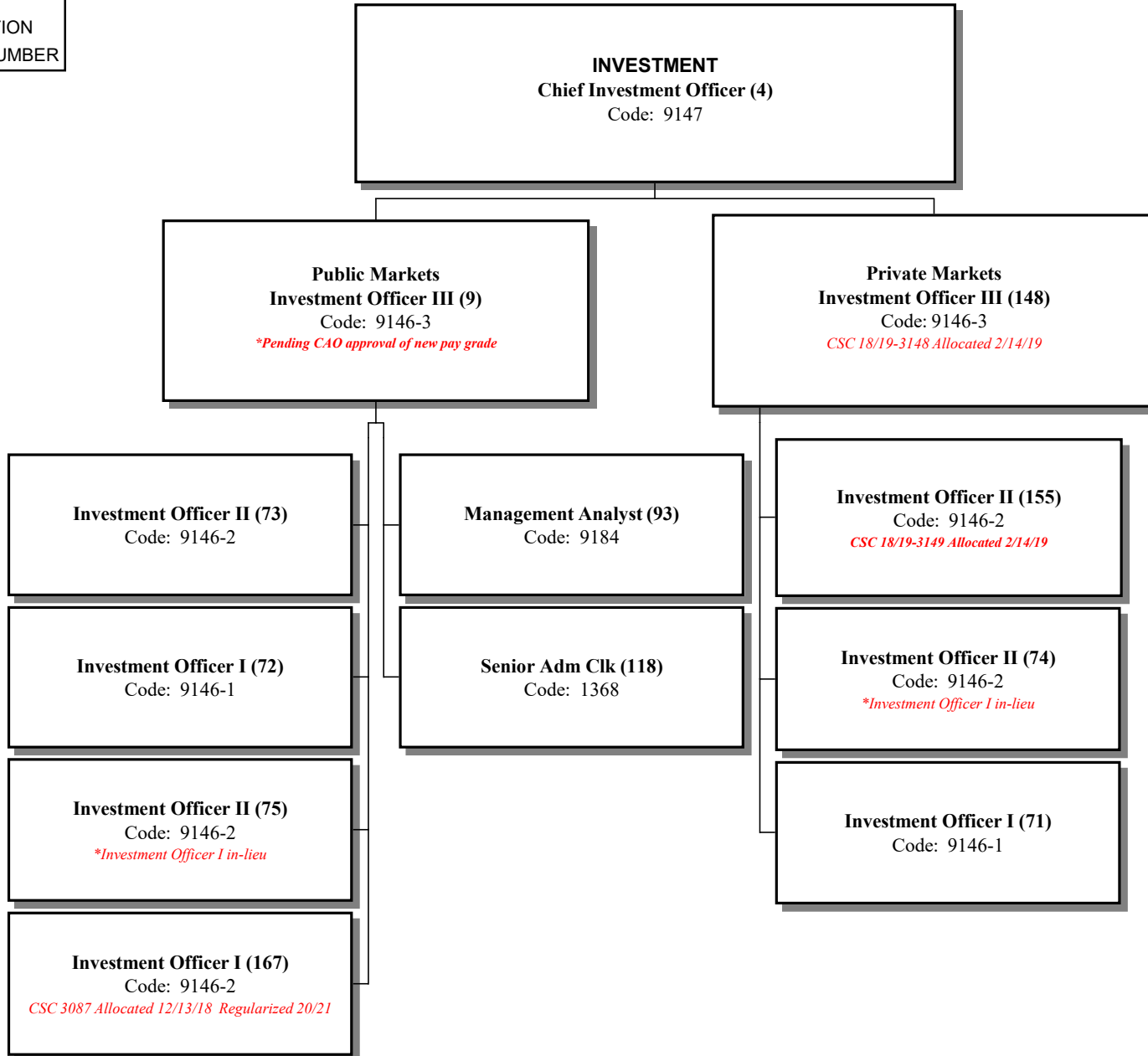
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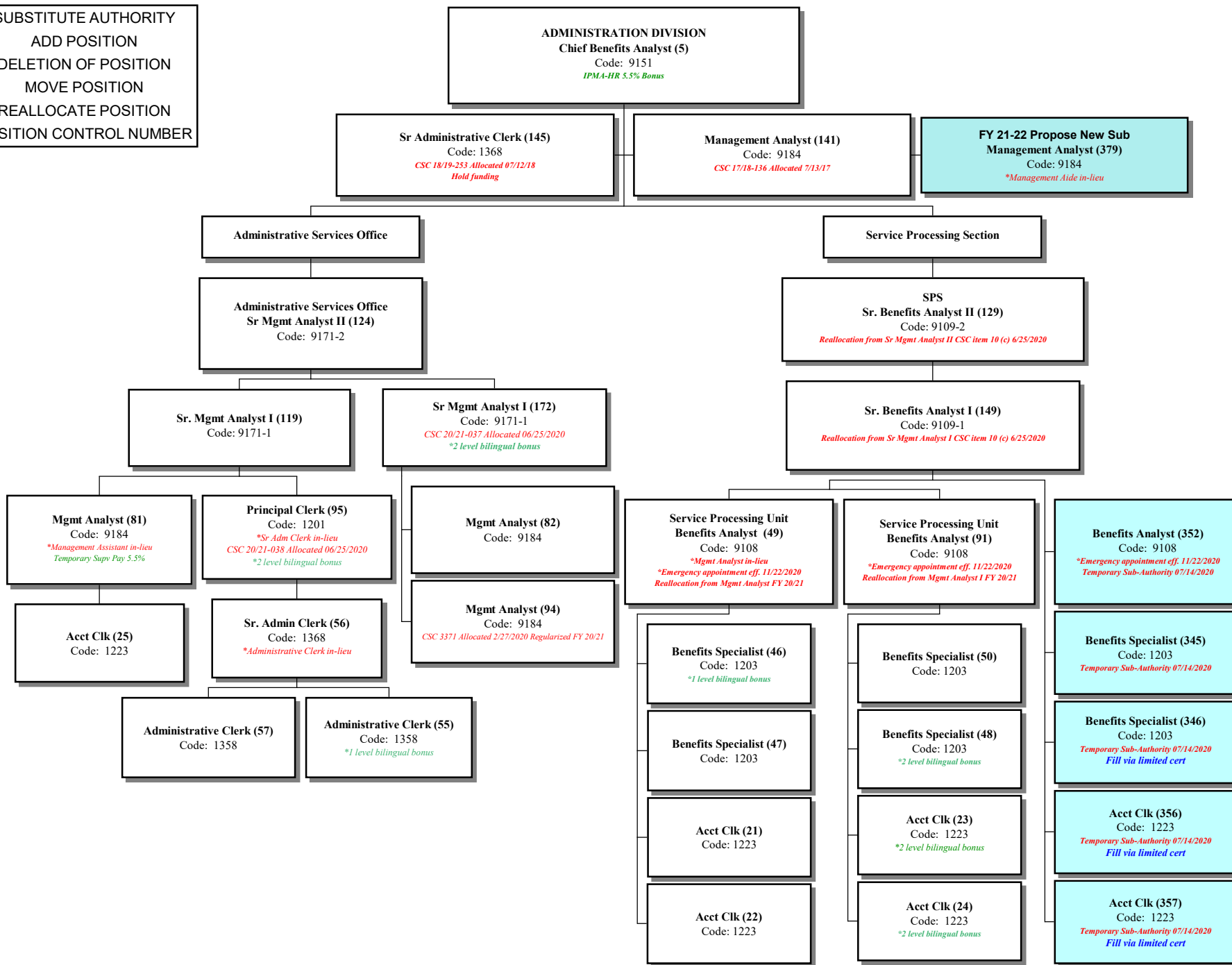
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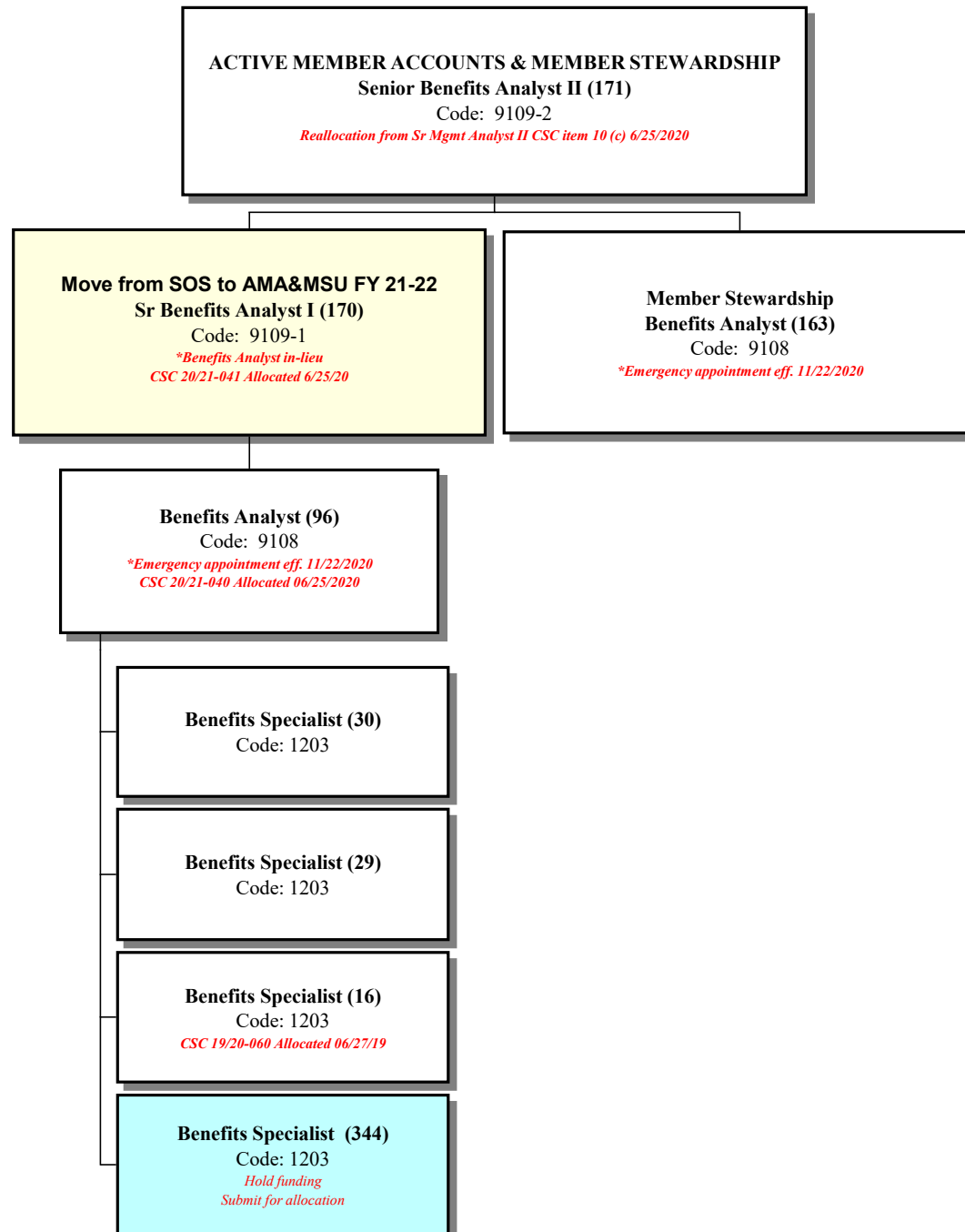
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FISCAL MANAGEMENT
Departmental Chief Accountant IV (10)
 Code: 1593-4
**Emergency Appt 09/13/2020*

Benefits Payments
Benefits Analyst (305)
 Code: 9108
Reallocation from Mgmt Analyst CSC item 10 (c) 6/25/2020

Pr Accountant II (58)
 Code: 1525-2

Investment Accounting

Benefits Payments
Sr Acct II (102)
 Code: 1523-2
**Accountant in-lieu*

Acct (142)
 Code: 1513
6/25/15; CSC No. 2207
**CPA Bonus*

General Accounting
Sr. Acct II (103)
 Code: 1523-2

Sr Acct I (14)
 Code: 1523-1
**Accountant in-lieu*

Acct (17)
 Code: 1513

Payroll
Acct Rec Supr II (28)
 Code: 1119-1 to 2
**Acct Clerk in-lieu*
**Acting Pay 5.5% daily bonus*

Acct Clk (15)
 Code: 1223
Hold funding

Financial Reporting
Accountant (12)
 Code: 1513
Position moved from ADM FY20-21

Mgmt Analyst (152)
 Code: 9184
**Accountant in-lieu*

Pr Accountant I (13)
 Code: 1525-1
**Sr Acct II in-lieu*
CSC 19/20-062 Allocated 06/27/19

Sr Accountant II (104)
 Code: 1523-2
**Accountant in-lieu*

Sr. Acct I (11)
 Code: 1523-1
**Accountant in-lieu*
**CPA Bonus*

LACERS
CONCEPTUAL ORGANIZATIONAL CHART FY 2021/2022

- SUBSTITUTE AUTHORITY
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SYSTEMS OPERATIONS SUPPORT
Sr Benefits Analyst II (150)
Code: 9109-1
Reallocation from Sr Mgmt Analyst II CSC item 10 (c) 6/25/2020

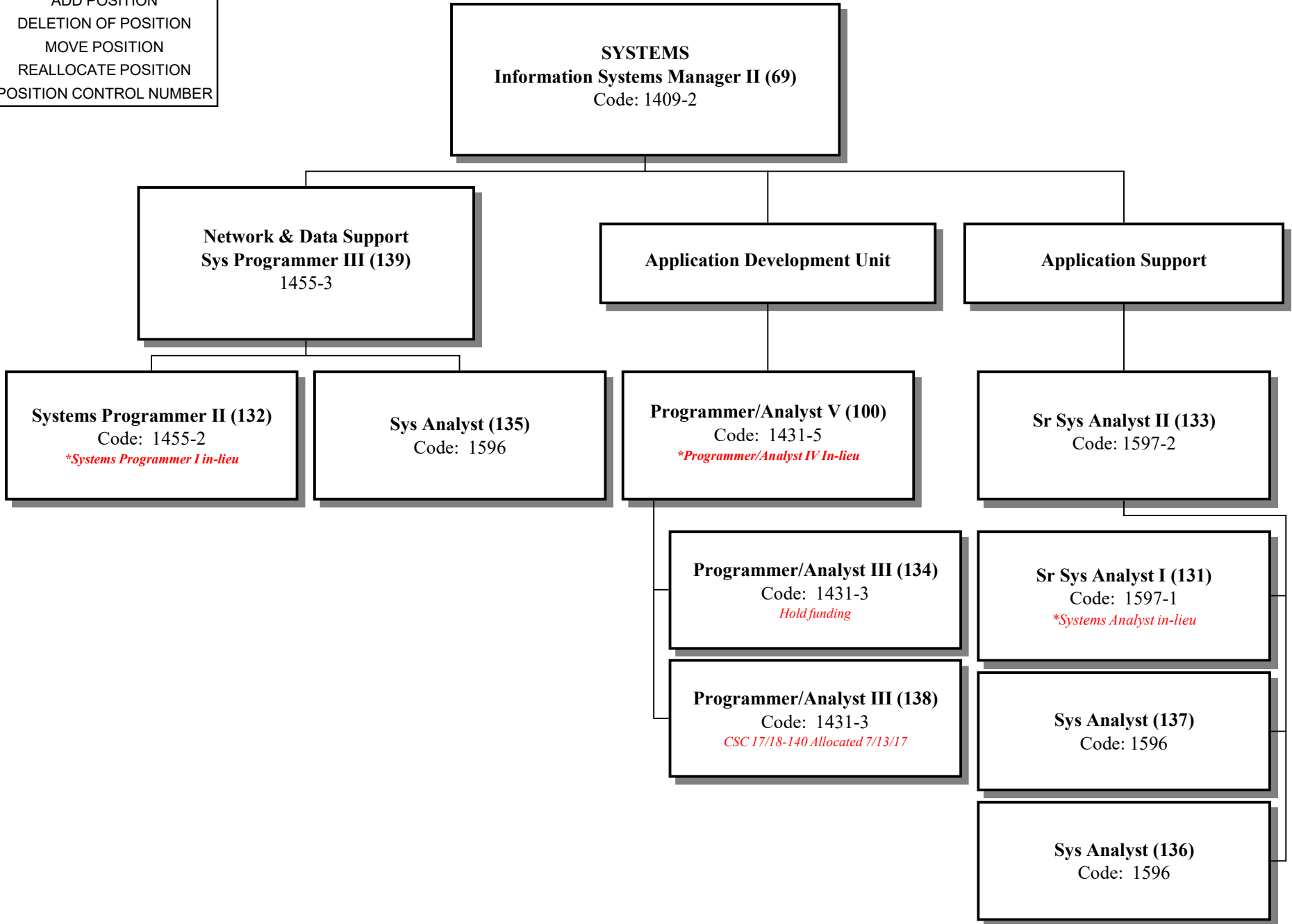
Move from AMA&MSU to SOS FY21-22
Benefits Analyst (80)
Code: 9108
**Emergency appointment eff. 11/22/2020*

Sr Benefits Analyst I (166)
Code: 9109-1
**Emergency appointment eff. 10/11/2020*
Reallocation from Mgmt Analyst CSC item 10 (c) 6/25/2020

LACERS

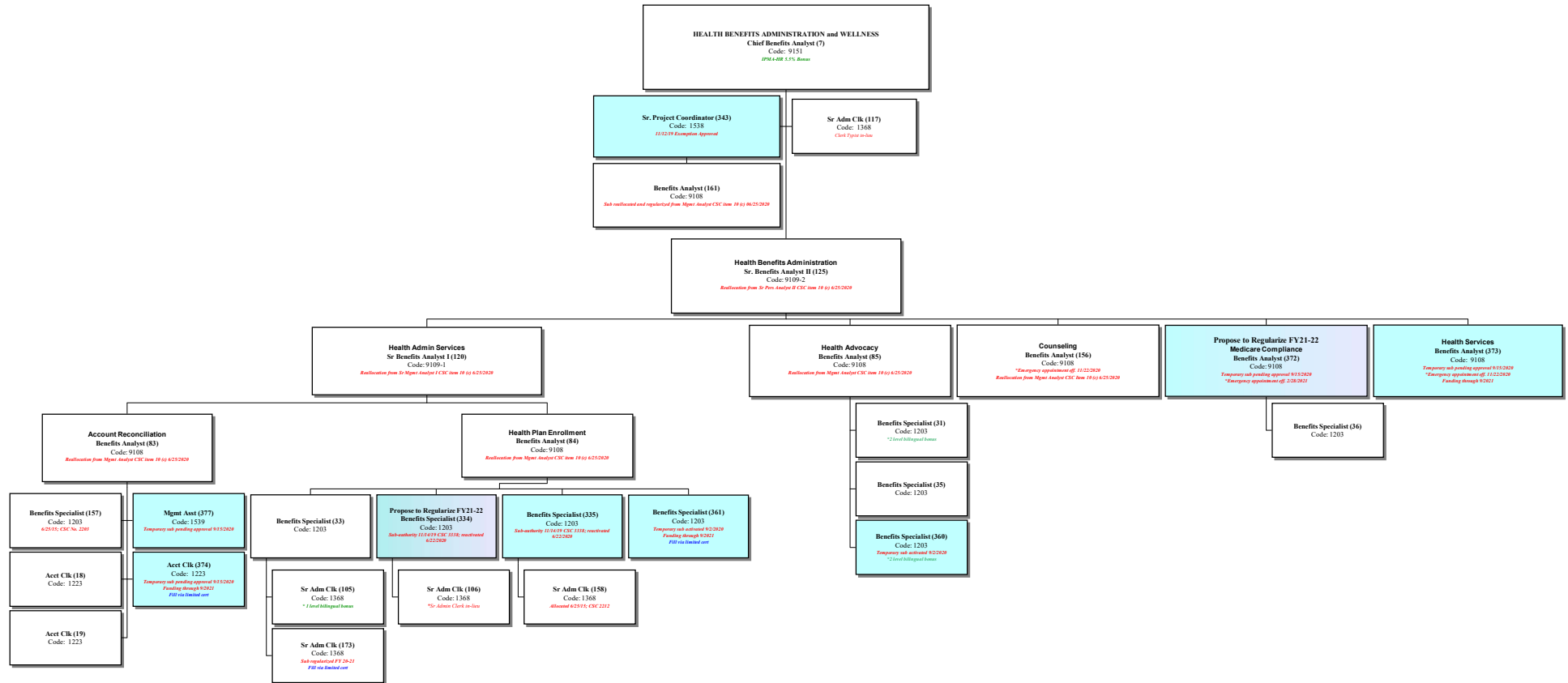
CONCEPTUAL ORGANIZATIONAL CHART FY 2021/2022

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LACERS CONCEPTUAL ORGANIZATIONAL CHART FY 2021/2022

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LACERS

CONCEPTUAL ORGANIZATIONAL CHART FY 2021/2022

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MEMBER SERVICES
Sr Benefits Analyst II (126)
 Code: 9109-2
Reallocation from Sr Mgmt Analyst II CSC item 10 (c) 6/25/2020
**2 level bilingual bonus*

Propose New Regular FY 20-21
Member Service Center
Sr Benefits Analyst I (109)
 9109-1

Member Engagement
Sr Benefits Analyst I (121)
 Code: 9109-1
Reallocation from Sr Mgmt Analyst I CSC item 10 (c) CSC 6/25/20

Benefits Analyst (34)
 Code: 9108
**Emergency appointment eff. 11/22/2020*
CSC 20/21-43 Allocated 06/25/2020

Benefits Analyst (353)
 Code: 9108
Temporary Sub-Authority approved 7/14/2020
**Emergency appointment eff. 11/22/2020*

Benefits Analyst (86)
 Code: 9108
**Emergency appointment eff. 11/22/2020*
Reallocation from Mgmt Analyst CSC item 10 (c) CSC 6/25/20

Benefits Analyst (99)
 Code: 9108
Reallocation from Mgmt Analyst CSC item 10 (c) CSC 6/25/20

Benefits Analyst (77)
 Code: 9108
Reallocation from Mgmt Analyst CSC item 10 (c) CSC 6/25/20

Sr Adm Clerk (153)
 Code: 1368
**Admin Clerk in-lieu*
CSC 19/20-063 Allocated 06/27/19

Sr Adm Clk (107)
 Code: 1368
**Office Trainee in-lieu*

Sr Adm Clk (108)
 Code: 1368
**2 level bilingual bonus*

Benefits Specialist (154)
 Code: 1203
Allocated 9/13/18; CSC 3034

Propose Delete Reg FY 21-22
Sr Adm Clk (109)
 Code: 1368
FY 21-22 propose deletion

Sr Adm Clk (110)
 Code: 1368
**Adm Clk in-lieu*
**2 level bilingual bonus*

Propose Delete Sub FY 21-22
Benefits Specialist (348)
 Code: 1203

Sr Adm Clk (111)
 Code: 1368
**2 level bilingual bonus*

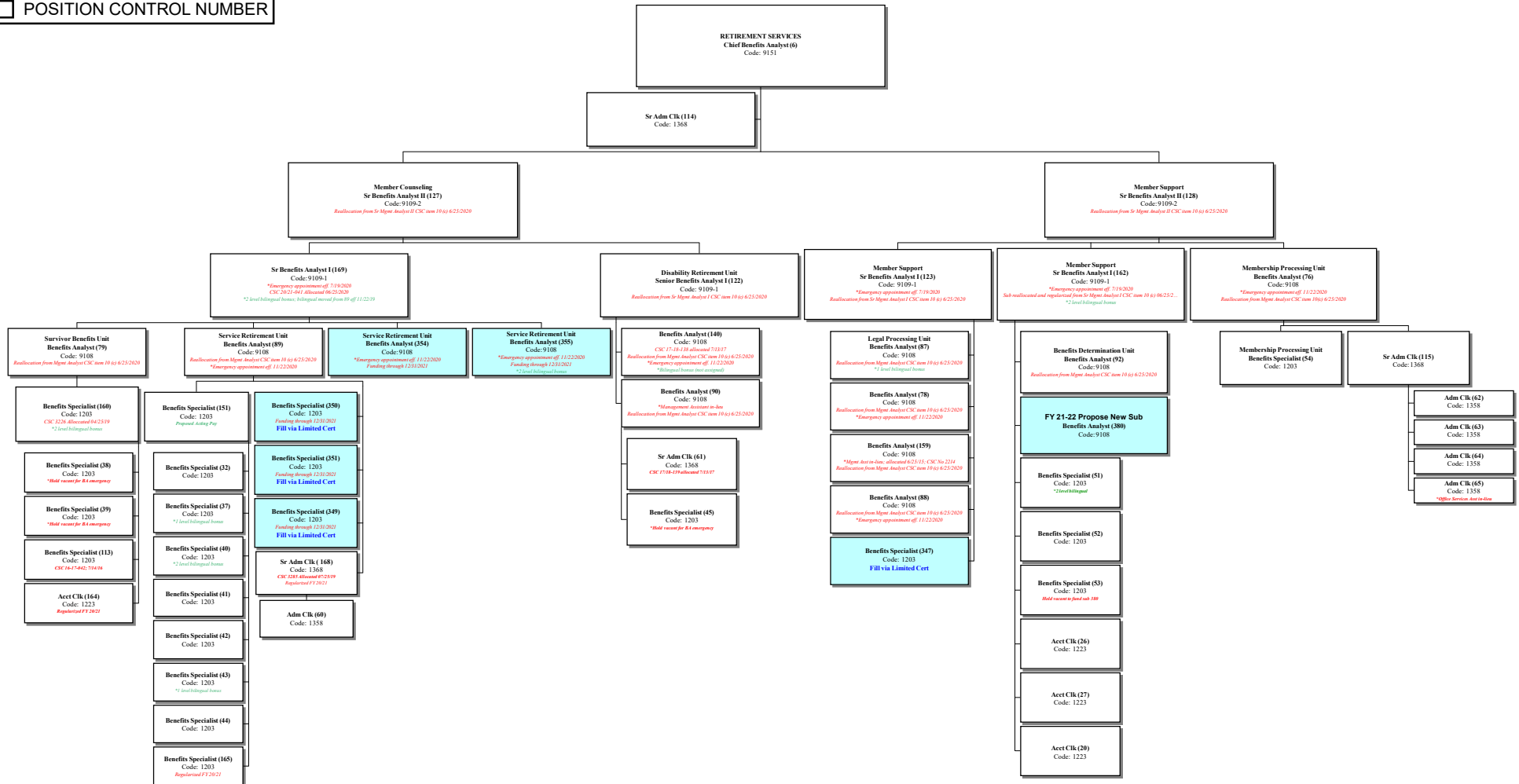
Sr Adm Clk (112)
 Code: 1368
**Adm Clk in-lieu*

Adm Clk (59)
 Code: 1358

Adm Clk (147)
 Code: 1358
CSC 18/19-252 Allocated 07/12/18

LACERS CONCEPTUAL ORGANIZATIONAL CHART FY 2021/2022

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LOS ANGELES CITY EMPLOYEE'S RETIREMENT SYSTEM

PROPOSED RESOLUTION

DELEGATION OF AUTHORITY TO THE GENERAL MANAGER
TO APPROVE TRANSFERS BETWEEN APPROPRIATION ACCOUNTS
FOR FISCAL YEAR 2021-22

WHEREAS, the Fiscal Year 2021-22 Budget aims to improve expenditure ratios and budget closer to past and projected expenditure levels. Greater flexibility to move funds between appropriation accounts will help mitigate impacts of the budget tightening;

WHEREAS, Charter Section 343(b) and Administrative Code Section 5.36, provides authority to the head of the department, the LACERS Board of Administration, to transfer between budget appropriation accounts, within limits prescribed by the City Administrative Officer, the most current at \$57,056 in 2020-21;

WHEREAS, on March 23, 2021, the Board has approved the 2021-22 Budget and desires that the General Manager have the flexibility to move funds between appropriation accounts in order to meet priorities in the most efficient and timely manner;

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby delegates authority to the General Manager to transfer between budget appropriation accounts not to exceed the City thresholds.

March 23, 2021

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

PROPOSED RESOLUTION

AUTHORIZATION FOR
DEPARTMENTAL EXEMPLARY STAFF RECOGNITION PROGRAM
FISCAL YEAR 2021-22

WHEREAS, on March 11, 2003, the Board established a departmental Exemplary Staff Recognition Program to provide a framework for team building and recognition throughout the Department;

WHEREAS, the Board endeavors to continue the program in order to recognize employees for their efforts, and to identify role models who communicate the standards established through our guiding principles;

WHEREAS, funds for program-related expenditures during the 2021-22 Fiscal Year have been included in the FY 2021-22 Departmental budget in order to continue the program; and

WHEREAS, the Controller's Office requires an annual Board Resolution confirming the establishment of the program in order to process future payments of related expenses;

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby confirms the permanent establishment of the LACERS Exemplary Staff Recognition Program, and authorizes program-related expenditures for Fiscal Year 2021-22 not to exceed \$2,000.

March 23, 2021



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

MEETING: MARCH 23, 2021
ITEM: VIII - A

Neil M. Guglielmo

**SUBJECT: AMENDMENT TO BOARD RULE GENERAL MANAGER AUTHORIZATION (GMA 1)
AND POSSIBLE BOARD ACTION**

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board approve the proposed amendment to Board Rule GMA 1 under Member and Benefits Administration relating to continuances where the Member dies prior to receiving a retirement allowance.

Background

LACERS' staff regularly reviews the Board Rules related to Member and Benefits Administration to assess the need for additional rules based on substantive changes involving LACERS' plan provisions, case law, the tax code or some other area affecting administration of the retirement benefits. Staff also reviews the Board Rules to determine whether the existing rules are no longer applicable or require revision.

Board Rules work in conjunction with the Administrative Code, Charter, State and Federal law, and the Internal Revenue Code to provide the necessary administrative framework to carry out the delivery of LACERS' retirement benefits. Additionally, Board Rules provide clarification and implementation guidelines for executing administrative procedures not specifically detailed within the aforementioned legislative and authoritative documents. Board Rules are part of the Board Manual.

In 2018, Board Rule GMA 1 was amended to provide the LACERS General Manager the authority to make benefits determinations granting one hundred percent continuances to eligible surviving spouses or domestic partners of members or former members with five or more years of service who pass away after applying for retirement but prior to making a continuance election. However, there is no equivalent provision for a member who retires with a continuance election on file and unexpectedly passes away prior to receiving their first retirement allowance payment. The qualified spouse or domestic partner of a Member normally receives a continuance amount equal to 50% of the Member's monthly allowance at the time of the Member's death. Members have the option of choosing a continuance percentage greater than 50% at retirement; however, the increased percentage would be funded by an actuarially derived reduction of their base retirement allowance. This Board Rule would allow 100% continuance

to the qualified spouse or domestic partner, if the member passes away during the retirement process, prior to the allowance payment.

Under Los Angeles Administrative Code (LAAC) Section 4.1010 (a) (3), when an Active Member dies with five or more years of service, the eligible surviving spouse or eligible domestic partner is entitled to receive a survivorship based on one hundred percent of what the member would have received had the member retired the day preceding his or her death. Staff, with the concurrence of the Office of the City Attorney, has recommended and received Board approval to apply the LAAC Section 4.1011(c) benefit to the eligible surviving spouse or eligible surviving partner of a retired Member with no election on file. Attached is the proposed amendment to that Board Rule that would provide the General Manager authority also to apply the LAAC Section 4.1011(c) benefit to the eligible surviving spouse or eligible surviving partner of a retired Member with an election on file, but prior to a first retirement allowance payment being made.

Authority to Adopt Rules

The Board is authorized to adopt rules governing the administration of benefits and the Plan under Charter Section 1106 - Powers and Duties of Pension Retirement Boards:

"Consistent with Article XVI, Section 17 of the California Constitution, and any successor constitutional provision, and subject to the limitations set forth elsewhere in the Charter concerning anything other than pension and retirement system administration and control over system investments, each pension and retirement board of the City shall:

...

(f) Rules and Regulations. Have the power to adopt any rules, regulations, or forms it deems necessary to carry out its administration of a pension or retirement system or assets under its control."

Strategic Plan Impact Statement

The approval of this recommendation is part of Strategic Plan Goal II – Deliver Accurate and Timely Benefits.

Prepared By: Ferralyn Sneed, Sr. Benefits Analyst II, Retirement Services Division.

NG:KF:FS

Attachments: 1) Proposed Board Rule
2) Proposed Resolution

ATTACHMENT I

Section 4.0 BENEFITS AND MEMBER ADMINISTRATION

GENERAL MANAGER AUTHORIZATIONS (GMA):

GMA 1 (Excerpt):

(Current)

The General Manager is authorized to make benefits determinations as provided in Chapters 10, 11, 18, and 18.5 of the Los Angeles Administrative Code; to approve of such benefits that may be granted pursuant to the provisions of the plan; and to enter into member, former member, and nonmember agreements that facilitate the provision of benefits under the plan. This shall include, upon a member or former member with five or more years of service dying after applying for retirement and after their retirement effective date, but prior to making a continuance election, the eligible surviving spouse or eligible domestic partner being granted a one hundred percent continuance. Benefits approved by the General Manager shall be reported to the Board in a timely manner.

(With Proposed Addition)

The General Manager is authorized to make benefits determinations as provided in Chapters 10, 11, 18, and 18.5 of the Los Angeles Administrative Code; to approve of such benefits that may be granted pursuant to the provisions of the plan; and to enter into member, former member, and nonmember agreements that facilitate the provision of benefits under the plan. This shall include, a member or former member with five or more years of service who dies after applying for retirement and after their retirement effective date, but prior to making a continuance election, or a retired member or retired former member who has made an election but dies prior to receiving their first benefit payment. The eligible surviving spouse or eligible domestic partner shall be granted a one hundred percent continuance. Benefits approved by the General Manager shall be reported to the Board in a timely manner.

(If approved)

The General Manager is authorized to make benefits determinations as provided in Chapters 10, 11, 18, and 18.5 of the Los Angeles Administrative Code; to approve of such benefits that may be granted pursuant to the provisions of the plan; and to enter into member, former member, and nonmember agreements that facilitate the provision of benefits under the plan. This shall include, a member or former member with five or more years of service who dies after applying for retirement and after their retirement effective date, but prior to making a continuance election, or a retired member or retired former member who has made an election but dies prior to receiving their first benefit payment. The eligible surviving spouse or eligible domestic partner shall be granted a one

hundred percent continuance. Benefits approved by the General Manager shall be reported to the Board in a timely manner.

ATTACHMENT II

APPROVAL OF AMENDMENT TO BOARD RULE GMA 1 UNDER BENEFITS AND MEMBER ADMINISTRATION – ONE HUNDRED PERCENT CONTINUANCE TO ELIGIBLE SURVIVING SPOUSE/DOMESTIC PARTNER WHEN MEMBER DIES PRIOR TO RECEIVING A RETIREMENT ALLOWANCE

PROPOSED RESOLUTION

WHEREAS, the proposed Board Rule will aid LACERS in its' administrative practices and provide necessary guidance for effective and efficient Plan administration;

WHEREAS, the Los Angeles Charter Section 1106(f) authorizes the Board of Administration to adopt rules governing the administration of benefits for the Plan; and,

NOW, THEREFORE, BE IT RESOLVED that the Board hereby adopts the proposed Board rule effective immediately, providing the General Manager authority to approve granting an eligible surviving spouse or domestic partner a one hundred percent continuance benefit in cases where the retired member has died prior to receiving their first retirement allowance payment.

PORTFOLIO PERFORMANCE REVIEW

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM



Quarter Ending December 31, 2020



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

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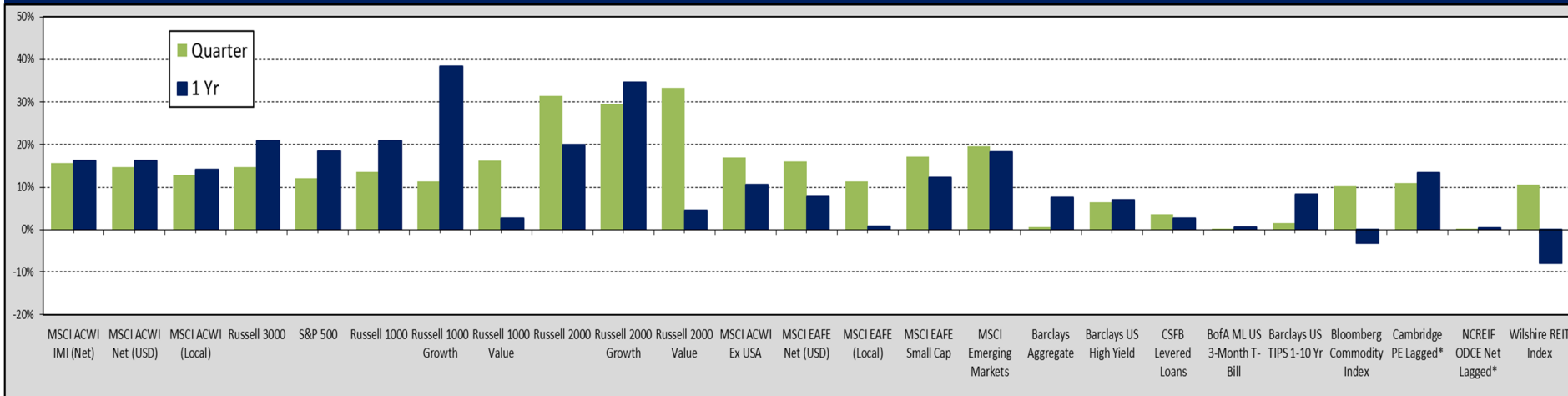


EXECUTIVE SUMMARY

NEPC, LLC

PERFORMANCE OVERVIEW

Q4 Market Summary – Risk Assets Rallied Significantly



	Market Value	3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	10 Yrs	Rank	15 Yrs	Rank	Inception	Inception Date
LACERS Master Trust	\$20,927,260,089	10.16%	54	11.89%	44	11.89%	44	8.29%	39	9.90%	39	8.81%	26	7.33%	31	8.43%	Oct-94
Policy Index		10.84%	36	14.06%	21	14.06%	21	9.40%	21	10.74%	14	9.01%	20	7.45%	23	8.50%	Oct-94
InvMetrics Public DB \$1-50B Gross Median		10.41%		11.41%		11.41%		7.85%		9.41%		8.26%		6.91%		8.09%	Oct-94

Note: Performance is gross of fees

Risk assets rallied significantly as global fiscal and monetary stimulus buoys markets and investors cheered vaccination projections

- The U.S. Equity composite outperformed due to manager selection and the Non-U.S. Equity composite underperformed due to manager selection.

Credit spreads of investment-grade and high-yield debt tightened in the fourth quarter with some segments of the market reaching pre-pandemic levels

- The Core Fixed Income composite outperformed due to manager performance.

Private Equity and Private Real Estate underperformed their benchmark and detracted from relative returns versus Policy Index



MARKET OUTLOOK

NEPC, LLC

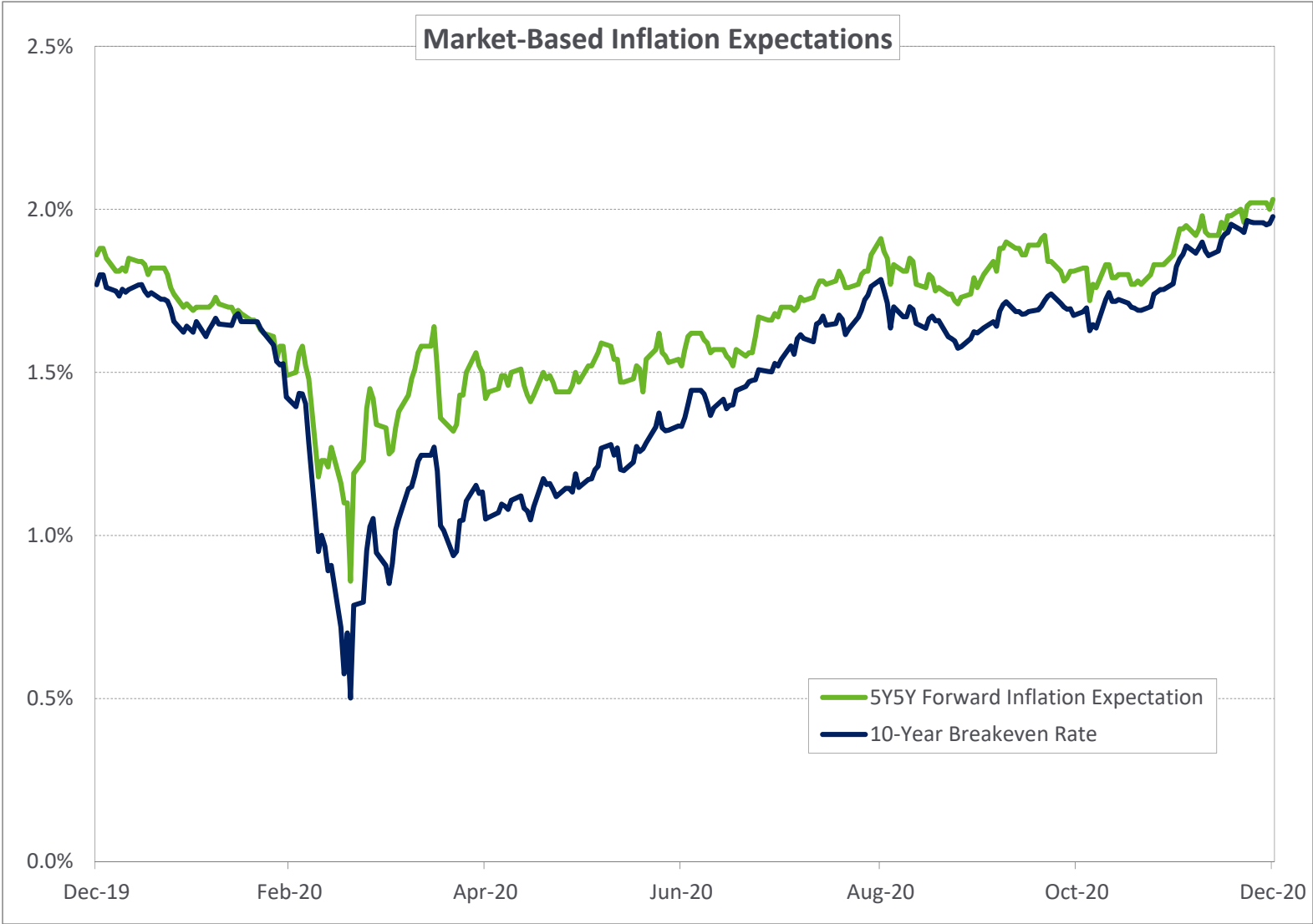
THE WORLD ECONOMY SHRANK IN 2020



Q4 2020 real GDP figure represents IMF forecast for 2020
GDP figures are seasonally adjusted and chained to 2005 dollars
Source: IMF, FactSet



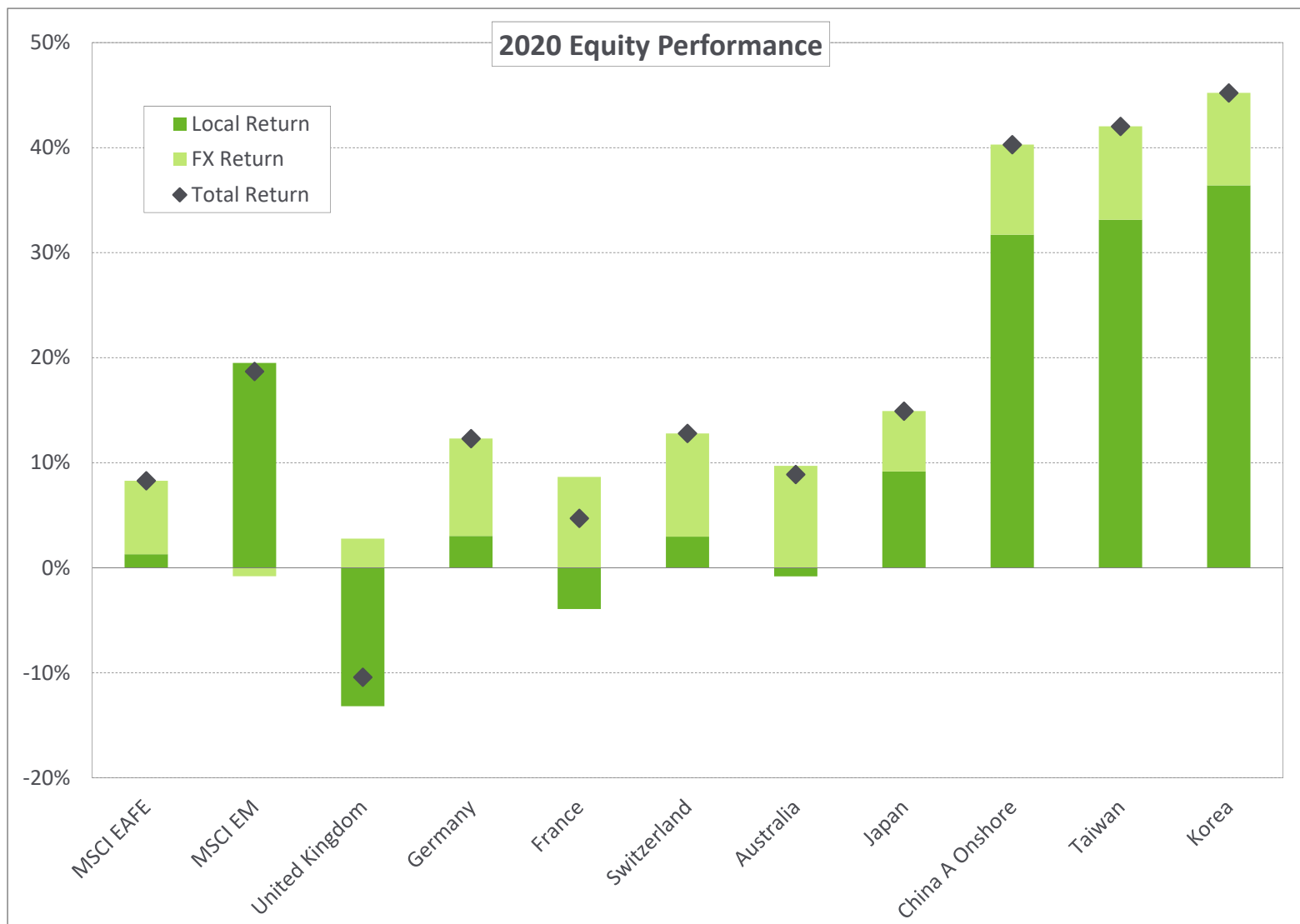
INFLATION EXPECTATIONS RECOVERED



Source: FactSet



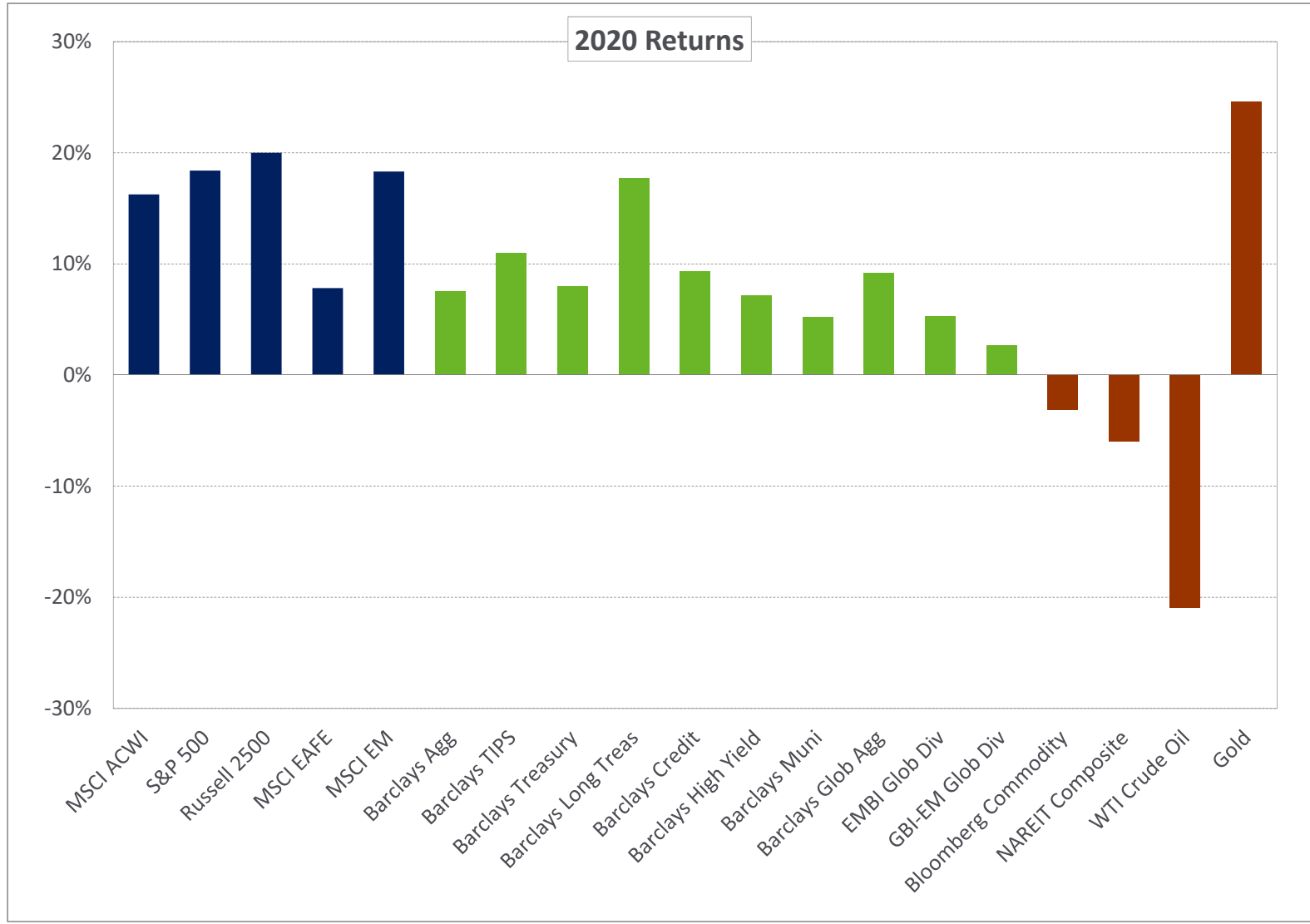
DOLLAR WEAKNESS SUPPORTED NON-US EQUITY



Source: MSCI, FactSet



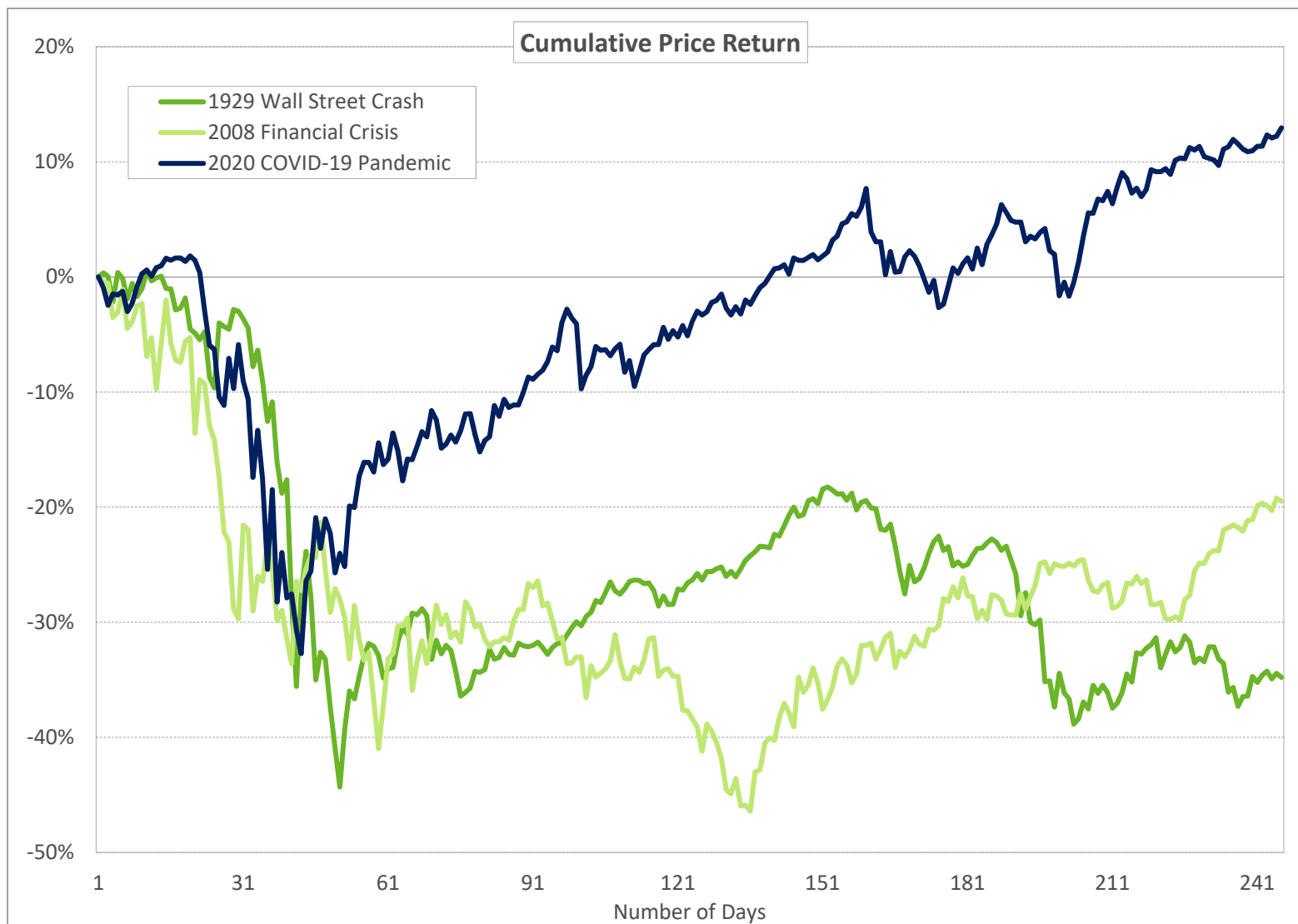
US AND EMERGING EQUITIES OUTPERFORMED



Source: S&P, Russell, MSCI, JPM, Bloomberg, FactSet



THE SHORTEST BEAR MARKET IN HISTORY

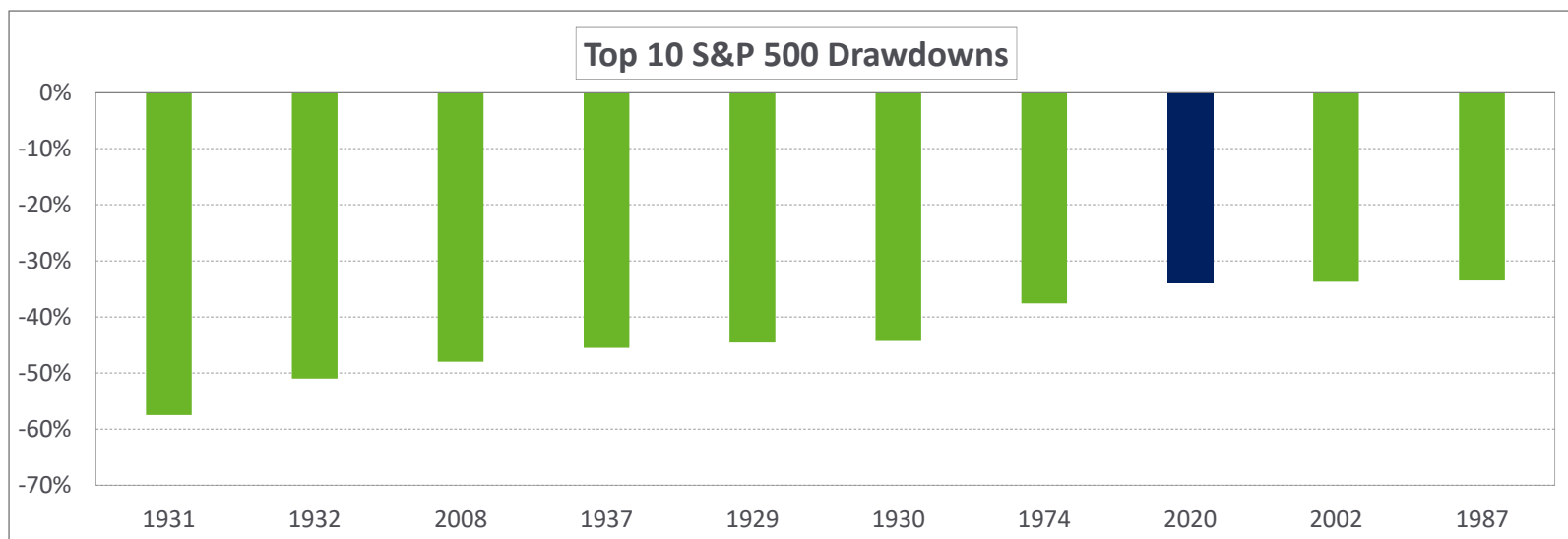
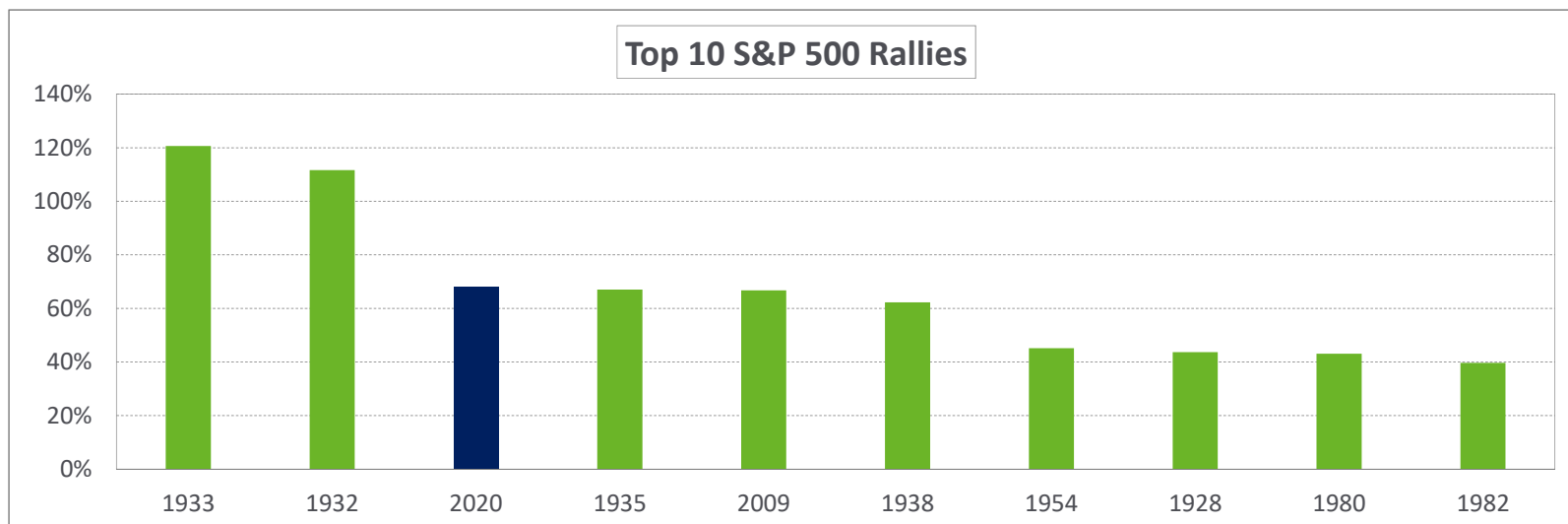


Source: S&P, FactSet

Financial Crisis represents S&P returns from 9/1/2008 – 8/10/2009; Wall Street Crash represents Dow Jones returns from 8/30/1929 – 8/25/1930; COVID-19 represents S&P returns from 1/23/2020 (representing the start of the Wuhan, China lockdown) – 12/31/2020



THE LARGEST EQUITY SWINGS SINCE 1932

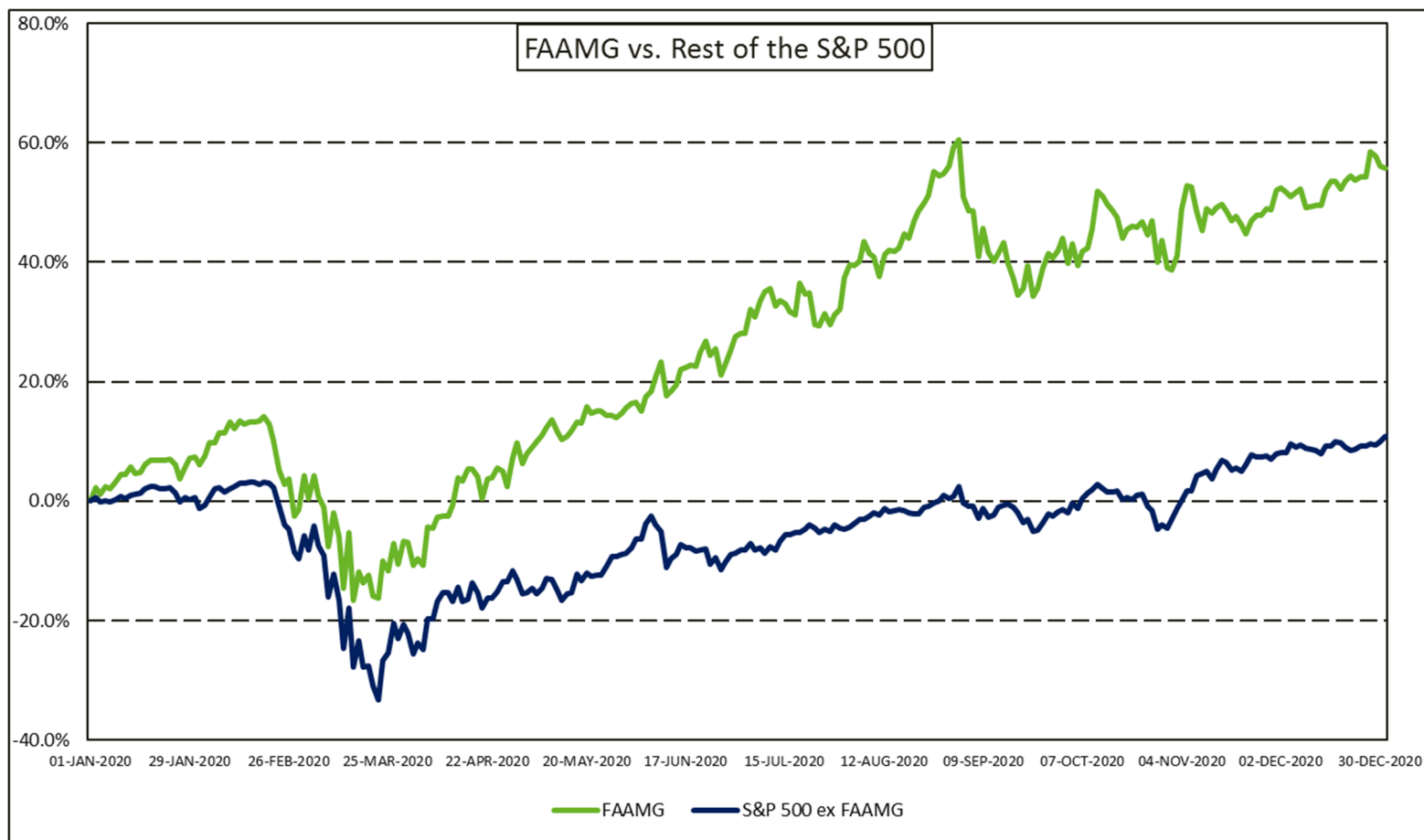


Source: S&P, FactSet

Rallies and drawdowns represent the largest trough-to-peak and peak-to-trough within a calendar year



FAAMG DROVE US EQUITY RETURNS HIGHER



FAAMG is an acronym for Facebook, Apple, Amazon, Microsoft, Google



QE PUSHED YIELDS INTO NEGATIVE TERRITORY

Government Bond Yields	6M	1Y	2Y	3Y	5Y	7Y	10Y	15Y	30Y
Germany	-0.7%	-0.7%	-0.7%	-0.8%	-0.7%	-0.7%	-0.6%	-0.4%	-
Netherlands	-	-0.7%	-0.7%	-0.7%	-0.7%	-0.6%	-0.5%	-0.4%	-0.1%
France	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	-0.6%	-0.3%	-0.2%	0.4%
Austria	-0.6%	-0.7%	-0.7%	-0.7%	-0.7%	-0.6%	-0.4%	-	0.1%
Switzerland	-	-0.8%	-0.8%	-0.8%	-0.7%	-0.6%	-0.5%	-	-0.3%
Belgium	-	-0.7%	-0.7%	-0.7%	-0.7%	-0.6%	-0.4%	-0.2%	0.3%
Japan	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	0.0%	0.2%	0.6%
Finland	-0.7%	-0.7%	-0.7%	-0.7%	-	-0.6%	-	-	0.0%
Portugal	-0.9%	-0.8%	-0.7%	-0.5%	-0.4%	-0.2%	0.0%	-	-
Italy	-0.6%	-0.6%	-0.4%	-0.3%	-0.0%	0.2%	0.5%	0.9%	1.4%
United Kingdom	-0.0%	-0.2%	-0.2%	-0.1%	-0.1%	0.0%	0.2%	0.4%	0.7%
Sweden	-0.2%	-	-0.4%	-	-0.2%	-0.2%	0.0%	-	-
Denmark	-	-	-0.6%	-0.6%	-0.6%	-	-0.5%	-	-
Spain	-	-	-0.6%	-0.6%	-0.4%	-0.3%	0.0%	-	0.9%
Australia	-	0.0%	0.1%	0.1%	0.3%	0.6%	1.0%	1.3%	2.0%
Canada	0.1%	0.2%	0.2%	0.3%	0.4%	0.5%	0.7%	-	1.2%
Hong Kong	0.0%	0.1%	0.1%	0.2%	0.3%	0.5%	0.8%	-	-
New Zealand	0.3%	-	0.3%	0.3%	0.4%	0.7%	1.0%	-	-
Norway	0.0%	-	0.3%	-	0.7%	0.7%	0.9%	-	-
Singapore	0.3%	0.4%	0.3%	0.3%	0.5%	0.8%	0.8%	-	1.1%
United States	0.1%	0.1%	0.1%	0.2%	0.4%	0.6%	0.9%	-	1.6%

Source: FactSet

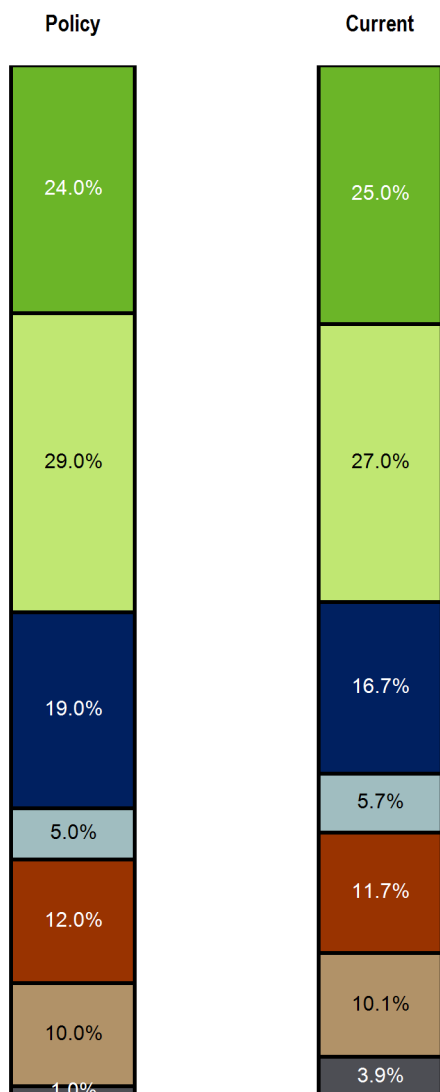


ASSET CLASS POLICY OVERVIEW

NEPC, LLC

Los Angeles City Employees' Retirement System

TOTAL FUND ASSET ALLOCATION VS. POLICY



Asset Allocation vs. Target						
	Current	Policy	Current Difference*	Policy Range	Within Range	
U.S. Equity	\$5,232,935,095	24.00%	25.01%	1.01%	19.00% - 29.00%	Yes
Non-US Equity	\$5,646,534,233	29.00%	26.98%	-2.02%	24.00% - 34.00%	Yes
Core Fixed Income	\$3,486,448,653	19.00%	16.66%	-2.34%	15.00% - 22.00%	Yes
Opportunistic Credit	\$1,198,630,373	5.00%	5.73%	0.73%	0.00% - 10.00%	Yes
Private Equity	\$2,449,519,629	12.00%	11.70%	-0.30%	0.00% - 100.00%	Yes
Real Assets	\$2,105,856,735	10.00%	10.06%	0.06%	7.00% - 13.00%	Yes
Cash	\$807,335,371	1.00%	3.86%	2.86%	0.00% - 2.00%	No ¹
Total	\$20,927,260,089	100.00%	100.00%			

*Difference between Policy and Current Allocation

1 - LACERS has a temporary policy of being able to hold cash outside of the stated bound

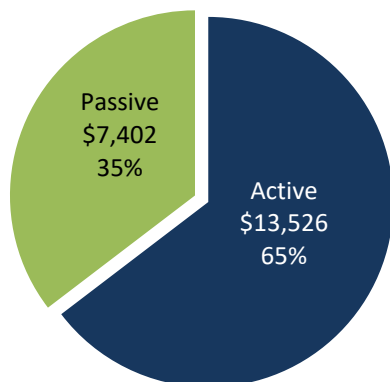
Note: Policy Target Asset Allocation does not reflect the new target asset allocation adopted on April 10, 2018. Implementation of the new asset allocation is currently in progress.



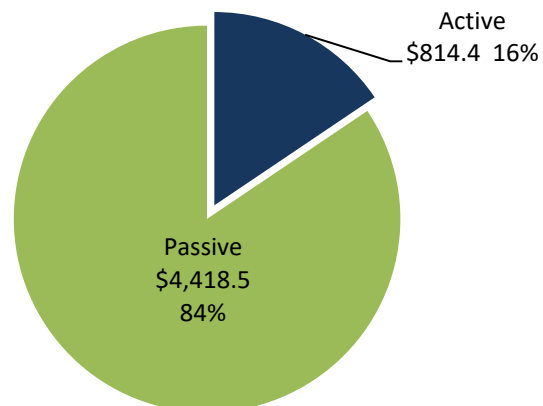
ACTIVE VS. PASSIVE MANAGER BREAKDOWN

Note: Market values shown in millions.

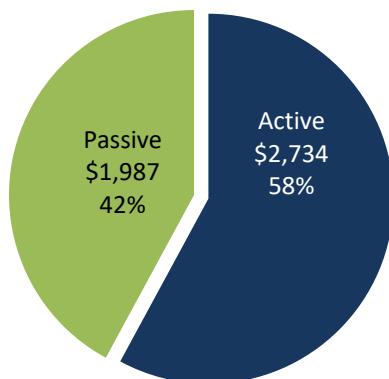
Total Fund



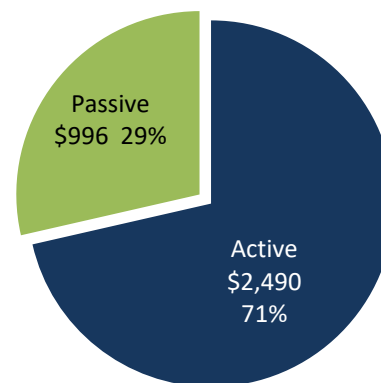
U.S. Equity



Non-U.S. Equity



Core Fixed Income



- LACERS allocated 65% to active managers and 35% to passive managers.
- Credit Opportunities, Private Equity, and Real Assets programs are active and therefore are not shown.



PERFORMANCE OVERVIEW

NEPC, LLC

TOTAL FUND PERFORMANCE SUMMARY (GROSS OF FEES)

	Market Value	3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	10 Yrs	Rank	15 Yrs	Rank	Inception	Inception Date
LACERS Master Trust	\$20,927,260,089	10.16%	54	11.89%	44	11.89%	44	8.29%	39	9.90%	39	8.81%	26	7.33%	31	8.43%	Oct-94
Policy Index		10.84%	36	14.06%	21	14.06%	21	9.40%	21	10.74%	14	9.01%	20	7.45%	23	8.50%	Oct-94
InvMetrics Public DB \$1-50B Gross Median		10.41%		11.41%		11.41%		7.85%		9.41%		8.26%		6.91%		8.09%	Oct-94

Over the past five years, the Fund returned 9.90% and outperformed the actuarial rate of return but underperformed the policy index by 0.84%. This return ranks in the 39th percentile within the Public Funds \$1 Billion- \$50 Billion universe. The Fund's volatility of 8.98% ranked in the 52nd percentile over this period. The Fund's risk-adjusted performance, as measured by the Sharpe Ratio, ranks in the 45th percentile and the Sortino Ratio ranks in the 33rd percentile; indicating that active management benefited the Plan.

Over the past three years, the Fund return of 8.29% underperformed the policy index by 1.11% and ranked in the 39th percentile in its peer group. The Fund's volatility ranks in the 55th percentile, the Sharpe Ratio of 0.62 ranks in the 46th percentile and the Sortino Ratio of 0.79 ranks in the 35th percentile.

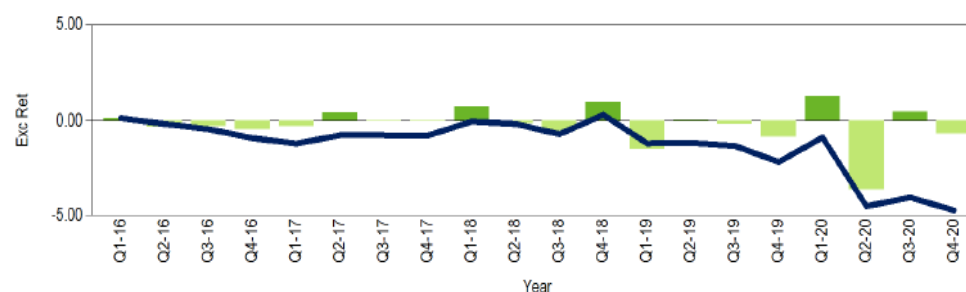
In the one-year ended December 31, 2020, assets increased from \$18.87 billion twelve months ago to \$20.93 billion. The Fund returned 11.89% and underperformed the policy index by 2.17%. The Fund's return ranks in the 44th percentile in its peer group.

All asset classes were within policy range as of December 31, 2020.

The InvMetrics Public Funds \$1 Billion- \$50 Billion Universe contains 89 observations for the period ending December 31, 2020.

Please refer to page 64 in the appendix for a comparison versus InvMetrics Public Funds DB \$5-\$50B universe.

Quarterly and Cumulative Excess Performance



5 Years Ending December 31, 2020

	Annualized Return (%)	Rank	Annualized Standard Deviation	Rank	Sharpe Ratio	Rank	Sortino Ratio RF	Rank
LACERS Master Trust	9.90%	39	8.98%	52	0.98	45	1.08	33
Policy Index	10.74%	14	10.30%	86	0.93	54	1.06	37
InvMetrics Public DB \$1-50B Gross Median	9.41%	--	8.95%	--	0.96	--	0.99	--

3 Years Ending December 31, 2020

	Annualized Return (%)	Rank	Annualized Standard Deviation	Rank	Sharpe Ratio	Rank	Sortino Ratio RF	Rank
LACERS Master Trust	8.29%	39	10.91%	55	0.62	46	0.79	35
Policy Index	9.40%	21	12.58%	86	0.63	45	0.83	31
InvMetrics Public DB \$1-50B Gross Median	7.85%	--	10.78%	--	0.61	--	0.73	--



Los Angeles City Employees' Retirement System

TOTAL FUND PERFORMANCE DETAIL (GROSS)

	Market Value (\$)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
LACERS Master Trust	20,927,260,089	100.00	10.16	11.89	11.89	8.29	9.90	8.81	8.43	Oct-94
<i>Policy Index</i>			<u>10.84</u>	<u>14.06</u>	<u>14.06</u>	<u>9.40</u>	<u>10.74</u>	<u>9.01</u>	<u>8.50</u>	<i>Oct-94</i>
Over/Under			-0.68	-2.17	-2.17	-1.11	-0.84	-0.20	-0.07	
U.S. Equity	5,232,935,095	25.01	15.29	19.07	19.07	13.74	14.92	13.42	11.00	Oct-94
<i>U.S. Equity Blend</i>			<u>14.68</u>	<u>20.89</u>	<u>20.89</u>	<u>14.49</u>	<u>15.43</u>	<u>13.79</u>	<u>10.06</u>	<i>Oct-94</i>
Over/Under			0.61	-1.82	-1.82	-0.75	-0.51	-0.37	0.94	
Non-U.S. Equity	5,646,534,233	26.98	17.72	14.23	14.23	6.33	10.22	6.31	5.75	Nov-94
<i>MSCI ACWI ex USA</i>			<u>17.01</u>	<u>10.65</u>	<u>10.65</u>	<u>4.88</u>	<u>8.93</u>	<u>4.92</u>	<u>5.43</u>	<i>Nov-94</i>
Over/Under			0.71	3.58	3.58	1.45	1.29	1.39	0.32	
Core Fixed Income	3,486,448,653	16.66	1.17	9.09	9.09	5.93	5.08		4.13	Jul-12
<i>Core Fixed Income Blend</i>			<u>0.67</u>	<u>7.51</u>	<u>7.51</u>	<u>5.34</u>	<u>4.44</u>		<u>3.44</u>	<i>Jul-12</i>
Over/Under			0.50	1.58	1.58	0.59	0.64		0.69	
Credit Opportunities	1,198,630,373	5.73	6.01	4.99	4.99	5.45	7.69		5.88	Jun-13
<i>Credit Opportunities Blend</i>			<u>6.22</u>	<u>6.45</u>	<u>6.45</u>	<u>5.83</u>	<u>8.07</u>		<u>6.20</u>	<i>Jun-13</i>
Over/Under			-0.21	-1.46	-1.46	-0.38	-0.38		-0.32	
Real Assets	2,105,856,735	10.06	2.94	2.75	2.75	4.58	5.59	7.69	6.18	Nov-94
<i>CPI + 5% (Unadjusted)</i>			<u>1.30</u>	<u>6.42</u>	<u>6.42</u>	<u>6.94</u>	<u>7.04</u>	<u>6.82</u>	<u>7.25</u>	<i>Nov-94</i>
Over/Under			1.64	-3.67	-3.67	-2.36	-1.45	0.87	-1.07	
Public Real Assets	1,296,377,277	6.19	4.30	7.04	7.04	4.88	5.11		2.90	Jun-14
<i>Public Real Assets Blend</i>			<u>6.95</u>	<u>4.74</u>	<u>4.74</u>	<u>3.31</u>	<u>4.07</u>		<u>0.63</u>	<i>Jun-14</i>
Over/Under			-2.65	2.30	2.30	1.57	1.04		2.27	
Private Real Estate	791,188,233	3.78	0.89	-3.59	-3.59	3.50	5.53	8.49	6.47	Oct-94
<i>Real Estate Blend</i>			<u>1.49</u>	<u>1.98</u>	<u>1.98</u>	<u>5.75</u>	<u>7.06</u>	<u>10.16</u>	<u>9.49</u>	<i>Oct-94</i>
Over/Under			-0.60	-5.57	-5.57	-2.25	-1.53	-1.67	-3.02	
Private Equity	2,449,519,629	11.70	9.39	13.71	13.71	12.63	11.79	12.43	10.54	Nov-95
<i>Private Equity Blend</i>			<u>15.50</u>	<u>24.47</u>	<u>24.47</u>	<u>17.89</u>	<u>18.86</u>	<u>17.34</u>	<u>13.70</u>	<i>Nov-95</i>
Over/Under			-6.11	-10.76	-10.76	-5.26	-7.07	-4.91	-3.16	
Cash	807,335,371	3.86								



Los Angeles City Employees' Retirement System

TOTAL FUND PERFORMANCE DETAIL (NET)

	Market Value (\$)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
LACERS Master Trust	20,927,260,089	100.00	10.10	11.70	11.70	8.11	9.71	8.61	--	Oct-94
<i>Policy Index</i>			<u>10.84</u>	<u>14.06</u>	<u>14.06</u>	<u>9.40</u>	<u>10.74</u>	<u>9.01</u>	<u>8.50</u>	<i>Oct-94</i>
Over/Under			-0.74	-2.36	-2.36	-1.29	-1.03	-0.40		
U.S. Equity	5,232,935,095	25.01	15.27	19.02	19.02	13.68	14.85	13.28		Oct-94
<i>U.S. Equity Blend</i>			<u>14.68</u>	<u>20.89</u>	<u>20.89</u>	<u>14.49</u>	<u>15.43</u>	<u>13.79</u>		<i>Oct-94</i>
Over/Under			0.59	-1.87	-1.87	-0.81	-0.58	-0.51		
Non-U.S. Equity	5,646,534,233	26.98	17.62	13.84	13.84	5.94	9.82	5.96		Nov-94
<i>MSCI ACWI ex USA</i>			<u>17.01</u>	<u>10.65</u>	<u>10.65</u>	<u>4.88</u>	<u>8.93</u>	<u>4.92</u>		<i>Nov-94</i>
Over/Under			0.61	3.19	3.19	1.06	0.89	1.04		
Core Fixed Income	3,486,448,653	16.66	1.15	8.98	8.98	5.82	4.97		4.02	Jul-12
<i>Core Fixed Income Blend</i>			<u>0.67</u>	<u>7.51</u>	<u>7.51</u>	<u>5.34</u>	<u>4.44</u>		<u>3.44</u>	<i>Jul-12</i>
Over/Under			0.48	1.47	1.47	0.48	0.53		0.58	
Credit Opportunities	1,198,630,373	5.73	5.94	4.70	4.70	5.14	7.35		5.54	Jun-13
<i>Credit Opportunities Blend</i>			<u>6.22</u>	<u>6.45</u>	<u>6.45</u>	<u>5.83</u>	<u>8.07</u>		<u>6.20</u>	<i>Jun-13</i>
Over/Under			-0.28	-1.75	-1.75	-0.69	-0.72		-0.66	
Real Assets	2,105,856,735	10.06	2.90	2.60	2.60	4.42	5.42	7.55		Nov-94
<i>CPI + 5% (Unadjusted)</i>			<u>1.30</u>	<u>6.42</u>	<u>6.42</u>	<u>6.94</u>	<u>7.04</u>	<u>6.82</u>		<i>Nov-94</i>
Over/Under			1.60	-3.82	-3.82	-2.52	-1.62	0.73		
Public Real Assets	1,296,377,277	6.19	4.26	6.83	6.83	4.66	4.86		2.70	Jun-14
<i>Public Real Assets Blend</i>			<u>6.95</u>	<u>4.74</u>	<u>4.74</u>	<u>3.31</u>	<u>4.07</u>		<u>0.63</u>	<i>Jun-14</i>
Over/Under			-2.69	2.09	2.09	1.35	0.79		2.07	
Private Real Estate	791,188,233	3.78	0.86	-3.68	-3.68	3.41	5.45	8.38		Oct-94
<i>Real Estate Blend</i>			<u>1.49</u>	<u>1.98</u>	<u>1.98</u>	<u>5.75</u>	<u>7.06</u>	<u>10.16</u>		<i>Oct-94</i>
Over/Under			-0.63	-5.66	-5.66	-2.34	-1.61	-1.78		
Private Equity	2,449,519,629	11.70	9.39	13.71	13.71	12.64	11.81	12.44		Nov-95
<i>Private Equity Blend</i>			<u>15.50</u>	<u>24.47</u>	<u>24.47</u>	<u>17.89</u>	<u>18.86</u>	<u>17.34</u>		<i>Nov-95</i>
Over/Under			-6.11	-10.76	-10.76	-5.25	-7.05	-4.90		
Cash	807,335,371	3.86								



Los Angeles City Employees' Retirement System

TOTAL FUND RISK STATISTICS (NET)

3 Years Ending December 31, 2020													
	% of Total MV (%)	Annualized Return (%)	Rank	Annualized Standard Deviation	Rank	Annualized Alpha Jensen (%)	Rank	Information Ratio	Rank	Sortino Ratio RF	Rank	Tracking Error	Rank
LACERS Master Trust	100.00%	8.11%	43	10.92%	55	-0.21%	54	-0.62	85	0.77	38	2.08%	68
Total Equity	51.99%	9.42%	59	18.84%	67	-0.29%	57	-0.34	66	0.55	59	0.88%	9
U.S. Equity	25.01%	13.68%	36	19.68%	46	-0.80%	40	-0.95	58	0.80	39	0.86%	16
Non-U.S. Equity	26.98%	5.94%	41	18.72%	57	0.97%	34	0.74	29	0.34	44	1.43%	16
Developed ex-U.S.	20.02%	5.78%	57	18.96%	72	1.40%	54	0.65	54	0.32	57	2.32%	34
Emerging Markets	6.96%	5.49%	37	20.07%	62	-0.71%	37	-0.45	53	0.30	32	1.52%	11
Core Fixed Income	16.66%	5.82%	36	3.41%	11	0.54%	27	0.79	5	3.02	9	0.62%	13
Credit Opportunities	5.73%	5.14%	--	10.74%	--	-1.14%	--	-0.41	--	0.29	--	1.70%	--
Real Assets	10.06%	4.42%	47	3.76%	11	1.22%	63	-0.66	92	0.91	30	3.80%	15
Public Real Assets	6.19%	4.66%	--	6.37%	--	2.02%	--	0.33	--	0.59	--	4.12%	--
Private Real Estate	3.78%	3.41%	85	2.78%	65	2.09%	14	-0.58	89	0.81	89	4.02%	89
Private Equity	11.70%	12.64%	52	9.15%	60	11.55%	24	-0.24	67	1.65	65	22.14%	86

5 Years Ending December 31, 2020													
	% of Total MV (%)	Annualized Return (%)	Rank	Annualized Standard Deviation	Rank	Annualized Alpha Jensen (%)	Rank	Information Ratio	Rank	Sortino Ratio RF	Rank	Tracking Error	Rank
LACERS Master Trust	100.00%	9.71%	42	8.98%	52	0.25%	51	-0.61	88	1.06	37	1.69%	62
Total Equity	51.99%	12.11%	53	15.48%	58	-0.04%	46	-0.06	46	0.81	53	0.76%	5
U.S. Equity	25.01%	14.85%	44	16.08%	42	-0.62%	37	-0.74	66	0.95	32	0.79%	14
Non-U.S. Equity	26.98%	9.82%	36	15.77%	55	0.73%	44	0.70	17	0.72	50	1.28%	9
Developed ex-U.S.	20.02%	8.91%	54	15.89%	62	1.30%	47	0.74	41	0.64	67	1.98%	27
Emerging Markets	6.96%	12.46%	18	17.83%	72	-0.48%	24	-0.26	30	0.92	18	1.32%	6
Core Fixed Income	16.66%	4.97%	54	3.13%	12	0.62%	52	0.92	5	2.09	1	0.58%	17
Credit Opportunities	5.73%	7.35%	--	8.71%	--	-1.29%	--	-0.49	--	0.57	--	1.50%	--
Real Assets	10.06%	5.42%	32	3.18%	4	1.11%	72	-0.51	92	1.50	30	3.17%	6
Public Real Assets	6.19%	4.86%	--	5.56%	--	1.79%	--	0.24	--	0.85	--	3.35%	--
Private Real Estate	3.78%	5.45%	76	2.37%	34	4.62%	8	-0.41	86	1.80	74	3.97%	83
Private Equity	11.70%	11.81%	49	7.36%	48	10.94%	22	-0.40	66	1.87	73	17.85%	79

Sortino Ratio RF = Sortino Ratio Risk Free. The risk free rate is the Citi 91 Day T-Bill Index.

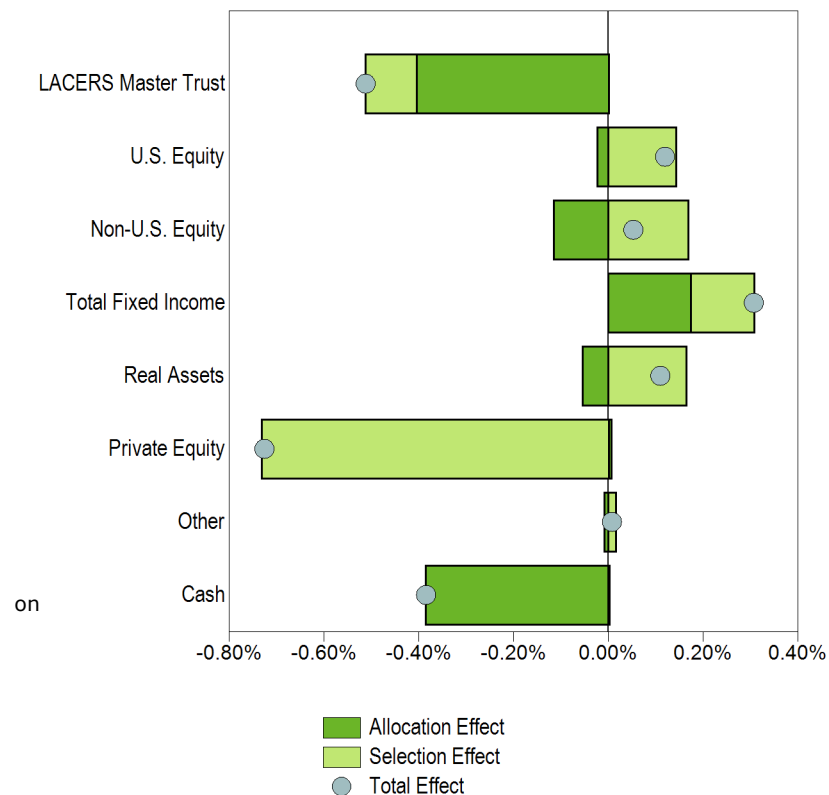
Note: Analysis uses InvMetrics Public DB \$1B-\$50B universe. Please refer to the appendix, page 65, for a comparison against the InvMetrics Public Funds DB \$5-\$50B universe



Los Angeles City Employees' Retirement System

TOTAL FUND ATTRIBUTION ANALYSIS (NET)

Attribution Effects
3 Months Ending December 31, 2020



Attribution Summary								
3 Months Ending December 31, 2020								
	Policy Wtd. Weight	Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects	
U.S. Equity	24.00%	15.27%	14.68%	0.59%	0.14%	-0.02%	0.12%	
Non-U.S. Equity	29.00%	17.62%	17.01%	0.61%	0.15%	-0.18%	-0.03%	
Total Fixed Income	24.00%	2.40%	1.81%	0.59%	0.14%	0.12%	0.26%	
Real Assets	10.00%	2.90%	1.30%	1.60%	0.16%	-0.05%	0.11%	
Private Equity	12.00%	9.39%	15.50%	-6.10%	-0.72%	0.00%	-0.72%	
Other					-0.05%	-0.06%	-0.11%	
Cash	1.00%	0.04%	0.02%	0.02%	0.00%	-0.38%	-0.38%	
Total	100.00%	10.09%	10.84%	-0.75%	-0.18%	-0.57%	-0.75%	

Wtd. = Weighted

Note: Policy Target Asset Allocation does not reflect the new target asset allocation adopted April 10, 2018. Implementation of the new asset allocation is currently in progress.

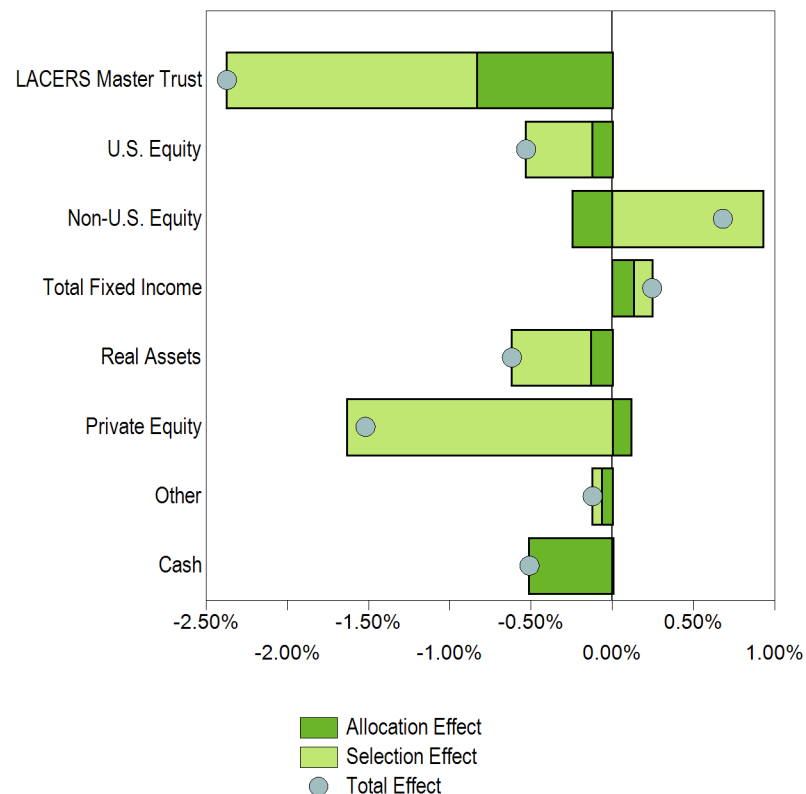
Other composite is comprised of securities lending income, tax reclaims and other miscellaneous transactions.



Los Angeles City Employees' Retirement System

TOTAL FUND ATTRIBUTION ANALYSIS (NET)

Attribution Effects
1 Year Ending December 31, 2020



Attribution Summary							
1 Year Ending December 31, 2020							
	Policy Wtd. Weight	Actual Wtd. Return	Index Wtd. Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
U.S. Equity	24.00%	19.02%	20.89%	-1.86%	-0.40%	-0.13%	-0.53%
Non-U.S. Equity	29.00%	13.84%	10.65%	3.19%	0.92%	-0.24%	0.68%
Total Fixed Income	24.00%	8.11%	7.47%	0.63%	0.11%	0.14%	0.25%
Real Assets	10.00%	2.60%	6.42%	-3.83%	-0.48%	-0.13%	-0.62%
Private Equity	12.00%	13.71%	24.47%	-10.75%	-1.63%	0.11%	-1.52%
Other					-0.05%	-0.07%	-0.12%
Cash	1.00%	0.61%	0.45%	0.16%	0.00%	-0.51%	-0.51%
Total	100.00%	11.69%	14.06%	-2.37%	-1.54%	-0.84%	-2.37%

Wtd. = Weighted

Note: Policy Target Asset Allocation does not reflect the new target asset allocation adopted on April 10, 2018. Implementation of the new asset allocation is currently in progress.

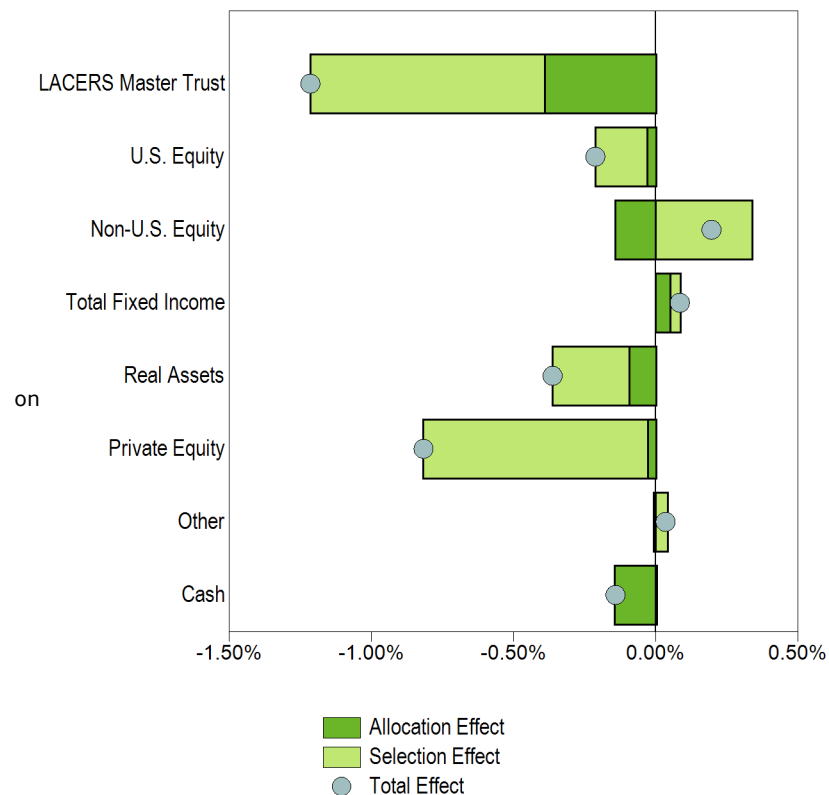
Other composite is comprised of securities lending income, tax reclaims and other miscellaneous transactions.



Los Angeles City Employees' Retirement System

TOTAL FUND ATTRIBUTION ANALYSIS (NET)

Attribution Effects
3 Years Ending December 31, 2020



Attribution Summary							
3 Years Ending December 31, 2020							
	Policy Weight	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
U.S. Equity	24.00%	13.68%	14.49%	-0.82%	-0.18%	-0.02%	-0.20%
Non-U.S. Equity	29.00%	5.94%	4.88%	1.06%	0.33%	-0.16%	0.17%
Total Fixed Income	24.00%	5.73%	5.52%	0.21%	0.03%	0.05%	0.08%
Real Assets	10.00%	4.42%	6.94%	-2.52%	-0.27%	-0.09%	-0.36%
Private Equity	12.00%	12.64%	17.89%	-5.26%	-0.79%	-0.03%	-0.82%
Other					0.02%	-0.03%	-0.01%
Cash	1.00%	1.66%	1.48%	0.18%	0.00%	-0.14%	-0.14%
Total	100.00%	8.12%	9.40%	-1.28%	-0.85%	-0.43%	-1.28%

Wtd. = Weighted

Note: Policy Target Asset Allocation does not reflect the new target asset allocation adopted April 10, 2018. Implementation of the new asset allocation is currently in progress.

Other composite is comprised of securities lending income, tax reclaims and other miscellaneous transactions.



PRIVATE MARKETS PERFORMANCE AS OF SEPTEMBER 30, 2020

Private Equity	10 Year IRR	Since Inception IRR	Since Inception Multiple
Aggregate Portfolio	12.5%	11.2%	1.57x
Core Portfolio	13.2%	11.8%	1.59x
Specialized Portfolio	3.9%	1.8%	1.12x
Russell 3000 + 300 bps	16.5%	12.2%	N/A

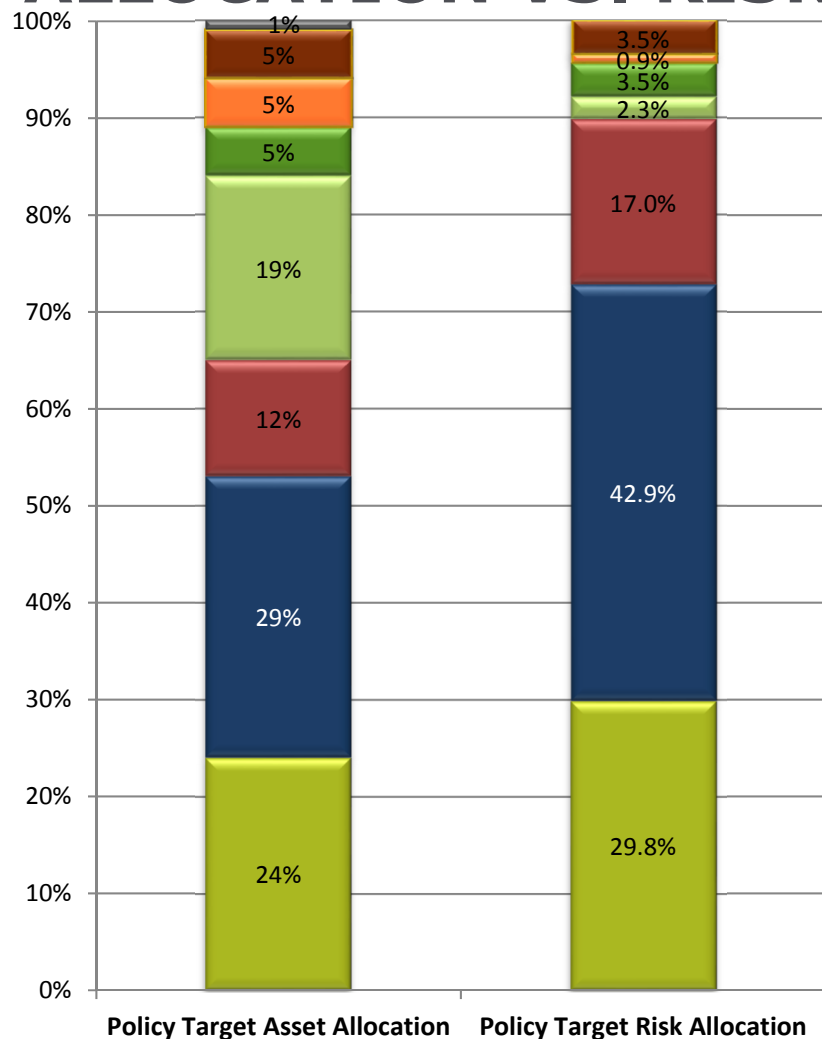
Real Estate	10 Year Return (Net)	Since Inception Return (Net)
Total Portfolio (TWR) ¹	8.4%	5.7%
NFI-ODCE + 80 basis points (TWR)	10.1%	6.9%

Note: The Total Value to Paid-In Ratio (TVPI) is a multiple that relates the current value of the private equity portfolio plus all distributions received to date with the total amount of capital contributed.

1 - IRR is not available for the Real Estate portfolio and therefore only time weighted returns (TWR) are reported.



TOTAL FUND RISK ALLOCATION – ASSET ALLOCATION VS. RISK ALLOCATION



- Cash
- Private Real Estate
- Public Real Assets
- Credit Opportunities
- Core Fixed Income
- Private Equity
- Non-U.S. Equity
- U.S. Equity

- Public and Private Equity policy target asset allocation is 65%; accounts for 89.7% of the policy target portfolio risk.
- Core Fixed Income and Credit Opportunities policy allocation is 24%, accounting for 5.8% of the policy target portfolio risk.
- Real Assets (Private Real Estate and Public Real Assets) policy allocation is 10%, accounting for 4.4% of policy target portfolio risk.

Note: Policy Target Asset Allocation does not reflect the new target asset allocation adopted on April 10, 2018. Implementation of the new asset allocation is currently in progress.



PUBLIC MARKETS RISK BUDGET COMPARISON AS OF DECEMBER 31, 2020

Public Markets Asset Class	Target Risk Budget	Actual 3 Yr Tracking Error
U.S. Equity	0.50%	0.86%
Non-U.S. Equity	1.20%	1.43%
Core Fixed Income	1.00%	0.62%
Credit Opportunities	1.50%	1.70%
Public Real Assets*	3.00%	4.12%

- Current public market asset class composite tracking error statistics are compared to asset class target risk budgets to ensure active risks are within expectations.
- Risk budgets are to be evaluated over three-year periods, at minimum, to reflect a full market cycle.
- All equity public markets asset classes are within an appropriately narrow range of their respective risk budgets.
- Both Core Fixed Income and Credit Opportunities have exhibited lower than expected active risk.
- The Public Real Assets composite is not at its target strategy allocation.
- Note: A new Target Risk Budget was approved by the Board on August 14, 2018, and is not reflected in the table above. Implementation of the new asset allocation is in progress.

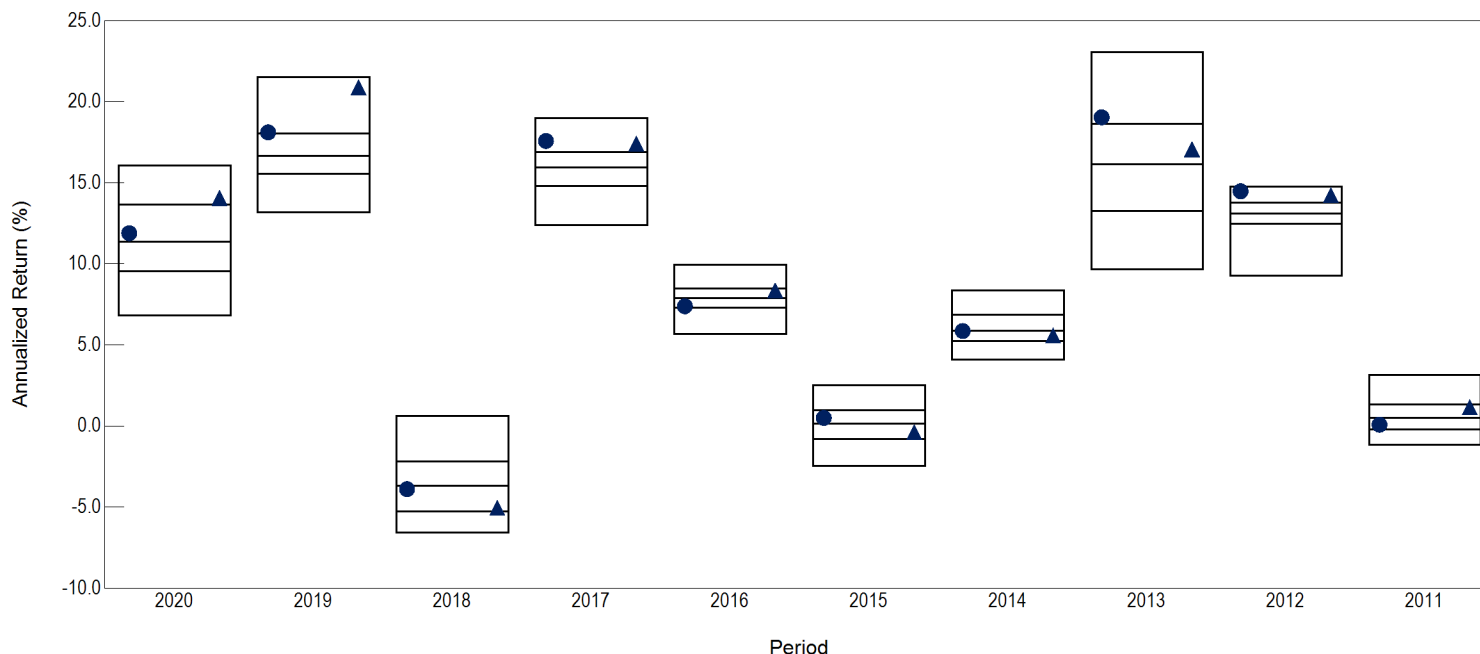
* The benchmark for the Public Real Assets composite is a custom policy benchmark that is comprised of the target weights of the public real asset components. The public real asset benchmark weights are 60% TIPS, 20% Commodities, 10% REITs, and 10% MLPs.



Los Angeles City Employees' Retirement System

TOTAL FUND RETURN SUMMARY VS. PEER UNIVERSE

LACERS Master Trust vs. InvMetrics Public DB \$1-50B Gross



	Return (Rank)																			
5th Percentile	16.05	21.49	0.60	19.00	9.95	2.50	8.38	23.05	14.75	3.13										
25th Percentile	13.67	18.08	-2.13	16.94	8.51	1.00	6.90	18.67	13.81	1.37										
Median	11.41	16.68	-3.64	15.99	7.91	0.20	5.93	16.17	13.15	0.53										
75th Percentile	9.59	15.61	-5.22	14.83	7.34	-0.77	5.28	13.30	12.50	-0.16										
95th Percentile	6.87	13.20	-6.53	12.43	5.71	-2.43	4.12	9.70	9.31	-1.14										
# of Portfolios	89	77	78	78	78	77	77	76	75	74										
● LACERS Master Trust	11.89	(44)	18.10	(25)	-3.89	(60)	17.57	(15)	7.38	(72)	0.49	(35)	5.85	(53)	19.03	(23)	14.47	(10)	0.08	(68)
▲ Policy Index	14.06	(21)	20.88	(9)	-5.04	(71)	17.41	(16)	8.35	(35)	-0.39	(68)	5.58	(61)	17.06	(35)	14.23	(18)	1.17	(32)

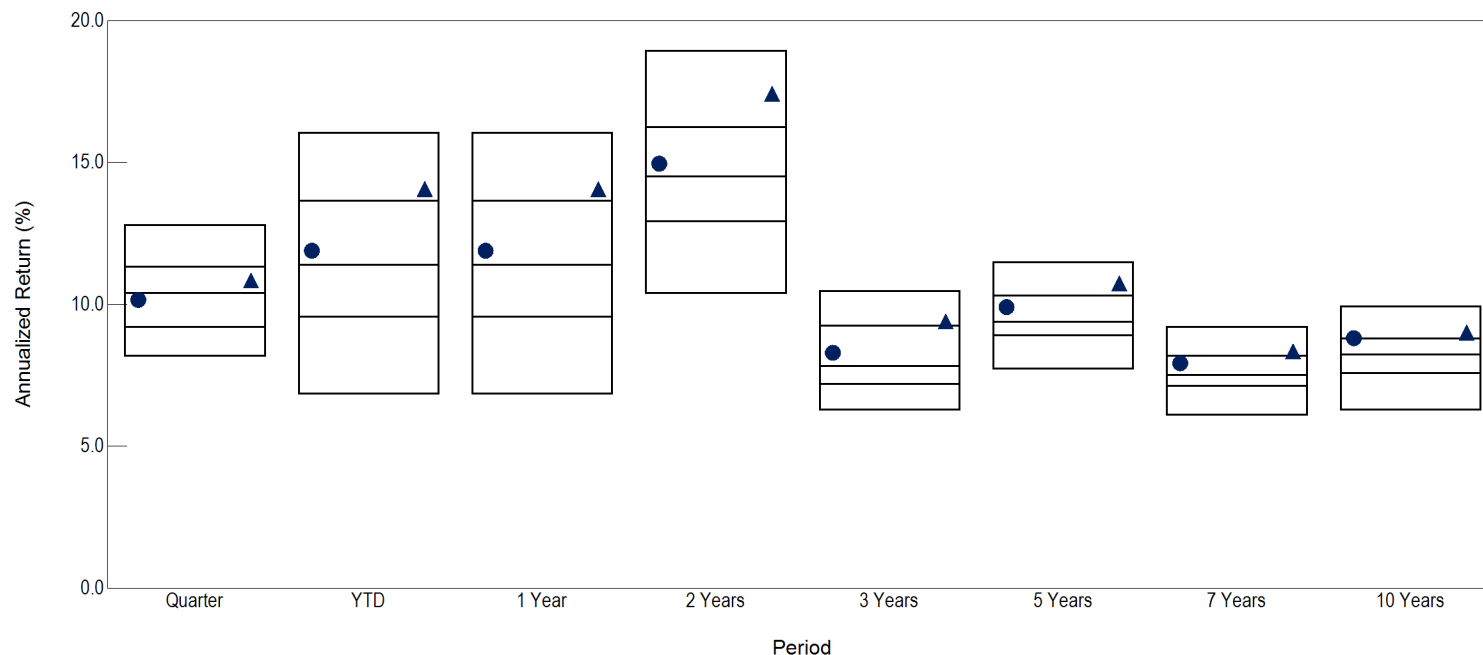


Please refer to page 66 in the appendix for a comparison versus InvMetrics Public DB \$5-50B universe.

Los Angeles City Employees' Retirement System

TOTAL FUND RETURN SUMMARY VS. PEER UNIVERSE

LACERS Master Trust vs. InvMetrics Public DB \$1-50B Gross



	Return (Rank)															
5th Percentile	12.79	16.05	16.05	18.94	10.46	11.49	9.20	9.92								
25th Percentile	11.35	13.67	13.67	16.27	9.27	10.34	8.22	8.83								
Median	10.41	11.41	11.41	14.53	7.85	9.41	7.52	8.26								
75th Percentile	9.22	9.59	9.59	12.95	7.22	8.94	7.15	7.59								
95th Percentile	8.21	6.87	6.87	10.41	6.32	7.76	6.13	6.31								
# of Portfolios	89	89	89	89	89	89	87	83								
● LACERS Master Trust	10.16	(54)	11.89	(44)	11.89	(44)	14.95	(41)	8.29	(39)	9.90	(39)	7.93	(38)	8.81	(26)
▲ Policy Index	10.84	(36)	14.06	(21)	14.06	(21)	17.42	(14)	9.40	(21)	10.74	(14)	8.34	(21)	9.01	(20)

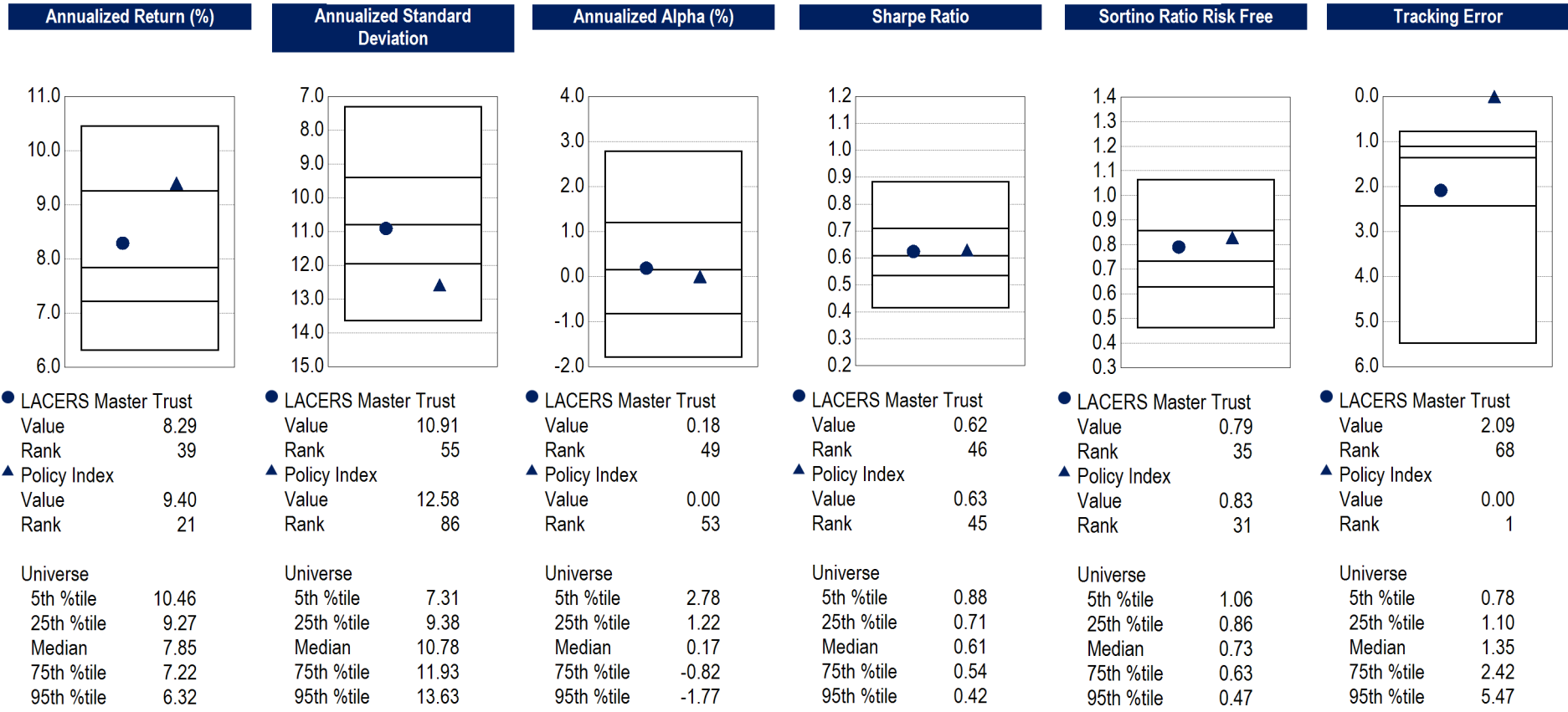
Please refer to page 67 in the appendix for a comparison versus InvMetrics Public DB \$5-50B universe.



Los Angeles City Employees' Retirement System

TOTAL FUND RISK STATISTICS VS. PEER UNIVERSE

LACERS Master Trust vs. InvMetrics Public DB \$1-50B Gross 3 Years



Please refer to page 68 in the appendix for a comparison versus InvMetrics Public DB \$5-50B universe.

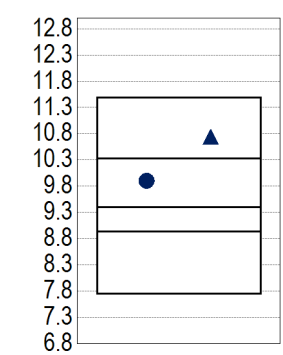


Los Angeles City Employees' Retirement System

TOTAL FUND RISK STATISTICS VS. PEER UNIVERSE

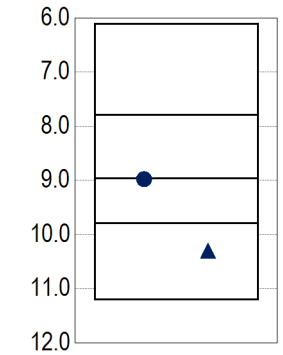
LACERS Master Trust vs. InvMetrics Public DB \$1-50B Gross 5 Years

Annualized Return (%)	Annualized Standard Deviation	Annualized Alpha (%)	Sharpe Ratio	Sortino Ratio Risk Free	Tracking Error
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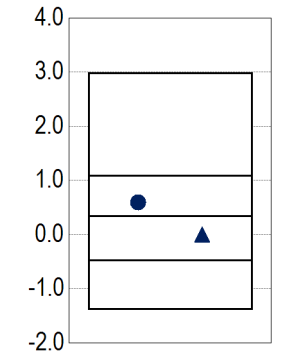
● LACERS Master Trust
Value 9.90
Rank 39
▲ Policy Index
Value 10.74
Rank 14

Universe
5th %tile 11.49
25th %tile 10.34
Median 9.41
75th %tile 8.94
95th %tile 7.76



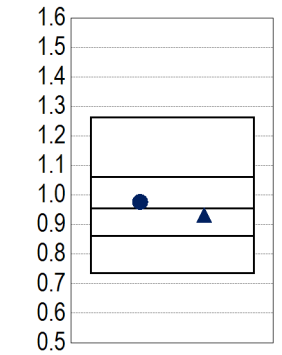
● LACERS Master Trust
Value 8.98
Rank 52
▲ Policy Index
Value 10.30
Rank 86

Universe
5th %tile 6.11
25th %tile 7.77
Median 8.95
75th %tile 9.78
95th %tile 11.19



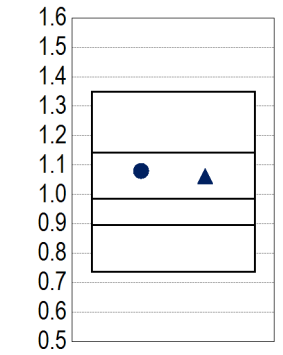
● LACERS Master Trust
Value 0.59
Rank 41
▲ Policy Index
Value 0.00
Rank 56

Universe
5th %tile 2.98
25th %tile 1.10
Median 0.35
75th %tile -0.46
95th %tile -1.36



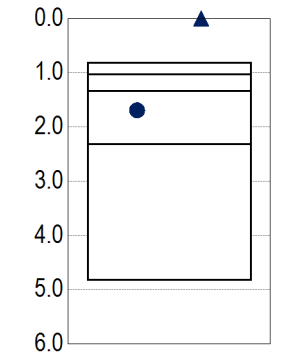
● LACERS Master Trust
Value 0.98
Rank 45
▲ Policy Index
Value 0.93
Rank 54

Universe
5th %tile 1.26
25th %tile 1.06
Median 0.96
75th %tile 0.86
95th %tile 0.74



● LACERS Master Trust
Value 1.08
Rank 33
▲ Policy Index
Value 1.06
Rank 37

Universe
5th %tile 1.35
25th %tile 1.14
Median 0.99
75th %tile 0.90
95th %tile 0.74



● LACERS Master Trust
Value 1.69
Rank 62
▲ Policy Index
Value 0.00
Rank 1

Universe
5th %tile 0.82
25th %tile 1.02
Median 1.32
75th %tile 2.31
95th %tile 4.80

Please refer to page 69 in the appendix for a comparison versus InvMetrics Public DB \$5-50B universe.

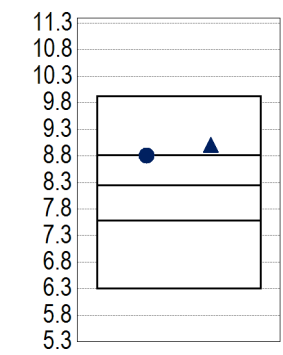


Los Angeles City Employees' Retirement System

TOTAL FUND RISK STATISTICS VS. PEER UNIVERSE

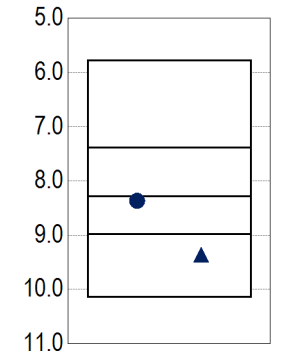
LACERS Master Trust vs. InvMetrics Public DB \$1-50B Gross 10 Years

Annualized Return (%)	Annualized Standard Deviation	Annualized Alpha (%)	Sharpe Ratio	Sortino Ratio Risk Free	Tracking Error
-----------------------	-------------------------------	----------------------	--------------	-------------------------	----------------



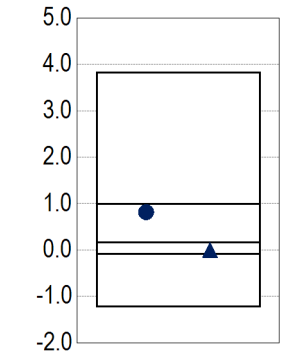
● LACERS Master Trust	Value	8.81
	Rank	26
▲ Policy Index	Value	9.01
	Rank	20

Universe	
5th %tile	9.92
25th %tile	8.83
Median	8.26
75th %tile	7.59
95th %tile	6.31



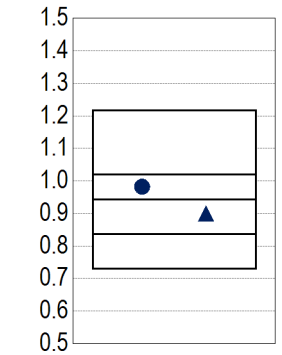
● LACERS Master Trust	Value	8.37
	Rank	59
▲ Policy Index	Value	9.36
	Rank	84

Universe	
5th %tile	5.78
25th %tile	7.37
Median	8.27
75th %tile	8.97
95th %tile	10.12



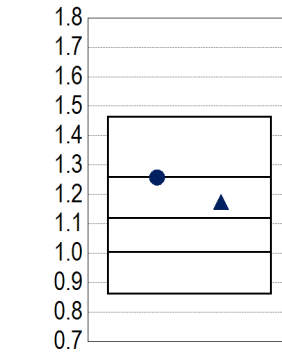
● LACERS Master Trust	Value	0.81
	Rank	28
▲ Policy Index	Value	0.00
	Rank	67

Universe	
5th %tile	3.82
25th %tile	1.01
Median	0.17
75th %tile	-0.07
95th %tile	-1.20



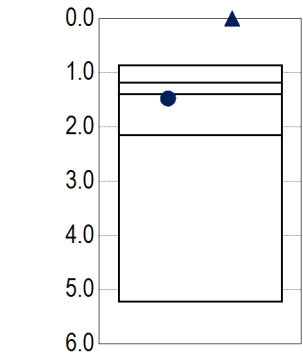
● LACERS Master Trust	Value	0.98
	Rank	39
▲ Policy Index	Value	0.90
	Rank	59

Universe	
5th %tile	1.22
25th %tile	1.02
Median	0.94
75th %tile	0.84
95th %tile	0.73



● LACERS Master Trust	Value	1.26
	Rank	27
▲ Policy Index	Value	1.18
	Rank	45

Universe	
5th %tile	1.46
25th %tile	1.26
Median	1.12
75th %tile	1.01
95th %tile	0.87



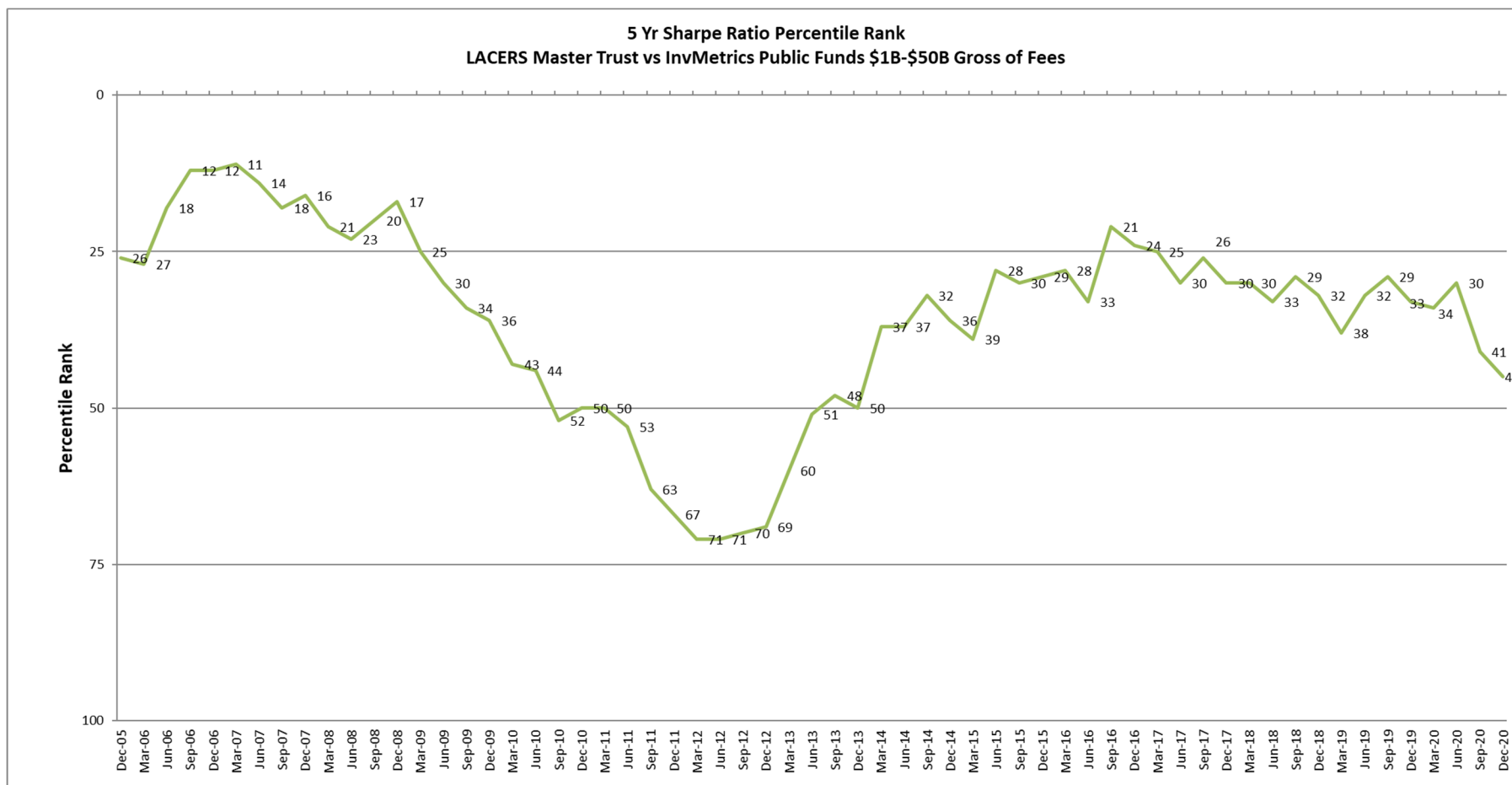
● LACERS Master Trust	Value	1.48
	Rank	54
▲ Policy Index	Value	0.00
	Rank	1

Universe	
5th %tile	0.86
25th %tile	1.17
Median	1.38
75th %tile	2.13
95th %tile	5.20

Please refer to page 70 in the appendix for a comparison versus InvMetrics Public DB \$5-50B universe.



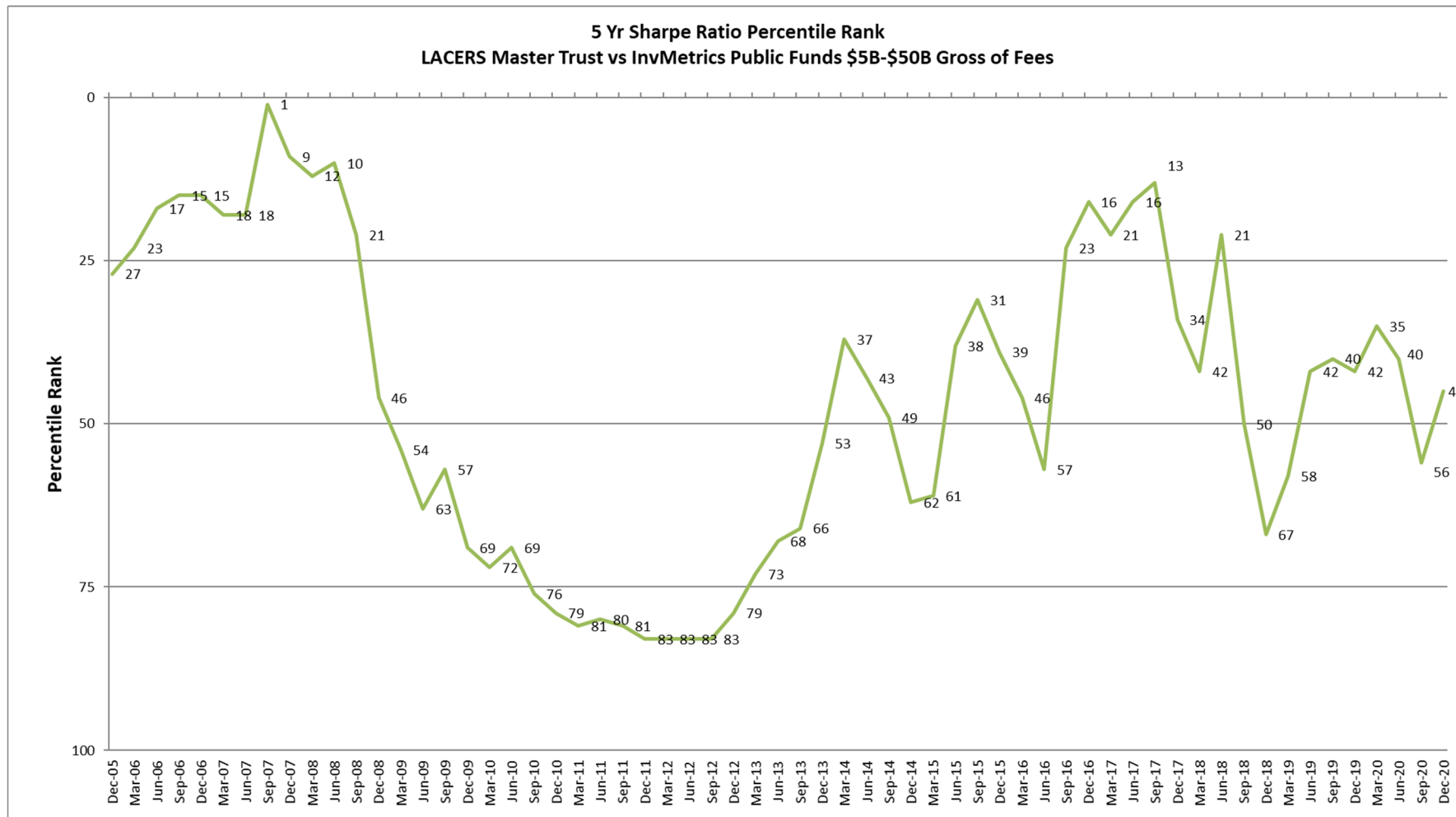
HISTORICAL RISK ADJUSTED RETURN UNIVERSE COMPARISON



- Total Plan ranks in the 45th percentile versus other large public plans on a Sharpe Ratio basis.
 - Use of passive investment strategies within U.S. Equity has contributed to the overall Sharpe Ratio rank (38th percentile rank is higher than median).
 - Non-U.S. Equity detracted from Sharpe Ratio Rank on a relative basis.
 - Core Fixed Income detracted from Sharpe Ratio rank due to passive exposure.



HISTORICAL RISK ADJUSTED RETURN UNIVERSE COMPARISON



U.S. EQUITY

NEPC, LLC

Los Angeles City Employees' Retirement System

U.S. EQUITY (GROSS)

	Market Value (\$)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
U.S. Equity	5,232,935,095	100.00	15.29	19.07	19.07	13.74	14.92	13.42	11.00	Oct-94
<i>U.S. Equity Blend¹</i>			<u>14.68</u>	<u>20.89</u>	<u>20.89</u>	<u>14.49</u>	<u>15.43</u>	<u>13.79</u>	<u>10.06</u>	<i>Oct-94</i>
Over/Under			0.61	-1.82	-1.82	-0.75	-0.51	-0.37	0.94	
RhumbLine Advisers Russell 2000 ²	240,094,713	4.59	31.32	20.06	20.06	10.31	13.27	--	9.70	Apr-15
<i>Russell 2000</i>			<u>31.37</u>	<u>19.96</u>	<u>19.96</u>	<u>10.25</u>	<u>13.26</u>	<u>11.20</u>	<u>9.75</u>	<i>Apr-15</i>
Over/Under			-0.05	0.10	0.10	0.06	0.01		-0.05	
Rhumblne Advisers Russell 2000 Value	164,134,783	3.14								Dec-20
<i>Russell 2000 Value</i>										<i>Dec-20</i>
Over/Under										
EAM Investors	141,577,006	2.71	28.17	45.07	45.07	24.29	20.16		19.48	Sep-15
<i>Russell 2000 Growth</i>			<u>29.61</u>	<u>34.63</u>	<u>34.63</u>	<u>16.19</u>	<u>16.36</u>		<u>16.46</u>	<i>Sep-15</i>
Over/Under			-1.44	10.44	10.44	8.10	3.80		3.02	
Principal Global Investors ²	250,696,022	4.79	15.50	19.06	19.06	17.70	18.03		15.76	Aug-14
<i>Russell MidCap</i>			<u>19.91</u>	<u>17.10</u>	<u>17.10</u>	<u>11.61</u>	<u>13.40</u>		<u>11.09</u>	<i>Aug-14</i>
Over/Under			-4.41	1.96	1.96	6.09	4.63		4.67	
RhumbLine Advisers S&P 500	4,014,289,320	76.71	12.24	18.23	18.23	14.05	15.10	13.84	10.28	Feb-93
<i>S&P 500</i>			<u>12.15</u>	<u>18.40</u>	<u>18.40</u>	<u>14.18</u>	<u>15.22</u>	<u>13.88</u>	<u>10.14</u>	<i>Feb-93</i>
Over/Under			0.09	-0.17	-0.17	-0.13	-0.12	-0.04	0.14	
Copeland Capital Management ²	217,656,704	4.16	21.12						21.12	Oct-20
<i>Russell 2000</i>			<u>31.37</u>						<u>31.37</u>	<i>Oct-20</i>
Over/Under			-10.25						-10.25	
Granahan Investment Management ²	111,279,479	2.13	37.35						37.35	Oct-20
<i>Russell 2000 Growth</i>			<u>29.61</u>						<u>29.61</u>	<i>Oct-20</i>
Over/Under			7.74						7.74	
Segall, Bryant & Hamill ²	92,983,586	1.78	28.20						28.20	Oct-20
<i>Russell 2000 Value</i>			<u>33.36</u>						<u>33.36</u>	<i>Oct-20</i>
Over/Under			-5.16						-5.16	

1 - U.S. Equity Blend = Russell 3000 from 1/1/2000 to present; 33.75% S&P 500/ 35% Russell 1000 Value/ 12.50% Russell 1000 Growth/ 12.50% Russell 2000 Value/ 6.25% Russell 2000 Growth prior to 1/1/2000.

2- Portfolio has a mid-month inception date. Since inception return is calculated from the first full month of performance.

eA = eVestment Alliance



Los Angeles City Employees' Retirement System

U.S. EQUITY (NET)

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
U.S. Equity	5,232,935,095	100.00	15.27	65	19.02	43	19.02	43	13.68	36	14.85	44	13.28	39		Oct-94
<i>U.S. Equity Blend¹</i>			<u>14.68</u>	81	<u>20.89</u>	19	<u>20.89</u>	19	<u>14.49</u>	16	<u>15.43</u>	19	<u>13.79</u>	12		Oct-94
Over/Under			0.59		-1.87		-1.87		-0.81		-0.58		-0.51			
<i>InvMetrics Public DB > \$1 Billion US Equity Net Median</i>			16.06		18.93		18.93		13.33		14.76		13.09			Oct-94
RhumblLine Advisers Russell 2000 ²	240,094,713	4.59	31.32	24	20.05	40	20.05	40	10.31	41	13.26	42			9.69	Apr-15
<i>Russell 2000</i>			<u>31.37</u>	24	<u>19.96</u>	40	<u>19.96</u>	40	<u>10.25</u>	41	<u>13.26</u>	42			<u>9.75</u>	Apr-15
Over/Under			-0.05		0.09		0.09		0.06		0.00				-0.06	
<i>eV US Small Cap Equity Net Median</i>			27.81		14.22		14.22		7.92		11.93				8.87	Apr-15
RhumblLine Advisers Russell 2000 Value	164,134,783	3.14														Dec-20
<i>Russell 2000 Value</i>																
Over/Under																
<i>eV US Small Cap Value Equity Net Median</i>																
EAM Investors	141,577,006	2.71	27.95	39	44.11	45	44.11	45	23.44	39	19.28	49			18.65	Sep-15
<i>Russell 2000 Growth</i>			<u>29.61</u>	24	<u>34.63</u>	66	<u>34.63</u>	66	<u>16.19</u>	73	<u>16.36</u>	73			<u>16.46</u>	Sep-15
Over/Under			-1.66		9.48		9.48		7.25		2.92				2.19	
<i>eV US Small Cap Growth Equity Net Median</i>			26.70		41.25		41.25		20.92		19.20				18.99	Sep-15
Principal Global Investors ²	250,696,022	4.79	15.41	87	18.68	47	18.68	47	17.29	34	17.59	28			15.35	Aug-14
<i>Russell MidCap</i>			<u>19.91</u>	49	<u>17.10</u>	49	<u>17.10</u>	49	<u>11.61</u>	50	<u>13.40</u>	48			<u>11.09</u>	Aug-14
Over/Under			-4.50		1.58		1.58		5.68		4.19				4.26	
<i>eV US Mid Cap Equity Net Median</i>			19.69		16.68		16.68		11.23		12.80		12.00		10.19	Aug-14
RhumblLine Advisers S&P 500	4,014,289,320	76.71	12.24	53	18.23	40	18.23	40	14.05	36	15.09	32	13.83	33		Feb-93
<i>S&P 500</i>			<u>12.15</u>	55	<u>18.40</u>	39	<u>18.40</u>	39	<u>14.18</u>	36	<u>15.22</u>	32	<u>13.88</u>	32		Feb-93
Over/Under			0.09		-0.17		-0.17		-0.13		-0.13		-0.05			
<i>eV US Large Cap Equity Net Median</i>			12.49		13.96		13.96		11.25		13.03		12.52			Feb-93

1 - U.S. Equity Blend = Russell 3000 from 1/1/2000 to present; 33.75% S&P 500/ 35% Russell 1000 Value/ 12.50% Russell 1000 Growth/ 12.50% Russell 2000 Value/ 6.25% Russell 2000 Growth prior to 1/1/2000.

2- Portfolio has a mid-month inception date. Since inception return is calculated from the first full month of performance.

eA = eVestment Alliance



Los Angeles City Employees' Retirement System

U.S. EQUITY (NET)

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
Copeland Capital Management ¹	217,656,704	4.16	21.12	92											21.12	Oct-20
<i>Russell 2000</i>			<u>31.37</u>	24											<u>31.37</u>	Oct-20
Over/Under <i>eV US Small Cap Equity Net Median</i>			-10.25												-10.25	
27.81			27.81												27.81	Oct-20
Granahan Investment Management ¹	111,279,479	2.13	37.35	3											37.35	Oct-20
<i>Russell 2000 Growth</i>			<u>29.61</u>	24											<u>29.61</u>	Oct-20
Over/Under <i>eV US Small Cap Growth Equity Net Median</i>			7.74												7.74	
26.70			26.70												26.70	Oct-20
Segall, Bryant & Hamill ¹	92,983,586	1.78	28.20	60											28.20	Oct-20
<i>Russell 2000 Value</i>			<u>33.36</u>	25											<u>33.36</u>	Oct-20
Over/Under <i>eV US Small Cap Value Equity Net Median</i>			-5.16												-5.16	
29.79			29.79												29.79	Oct-20

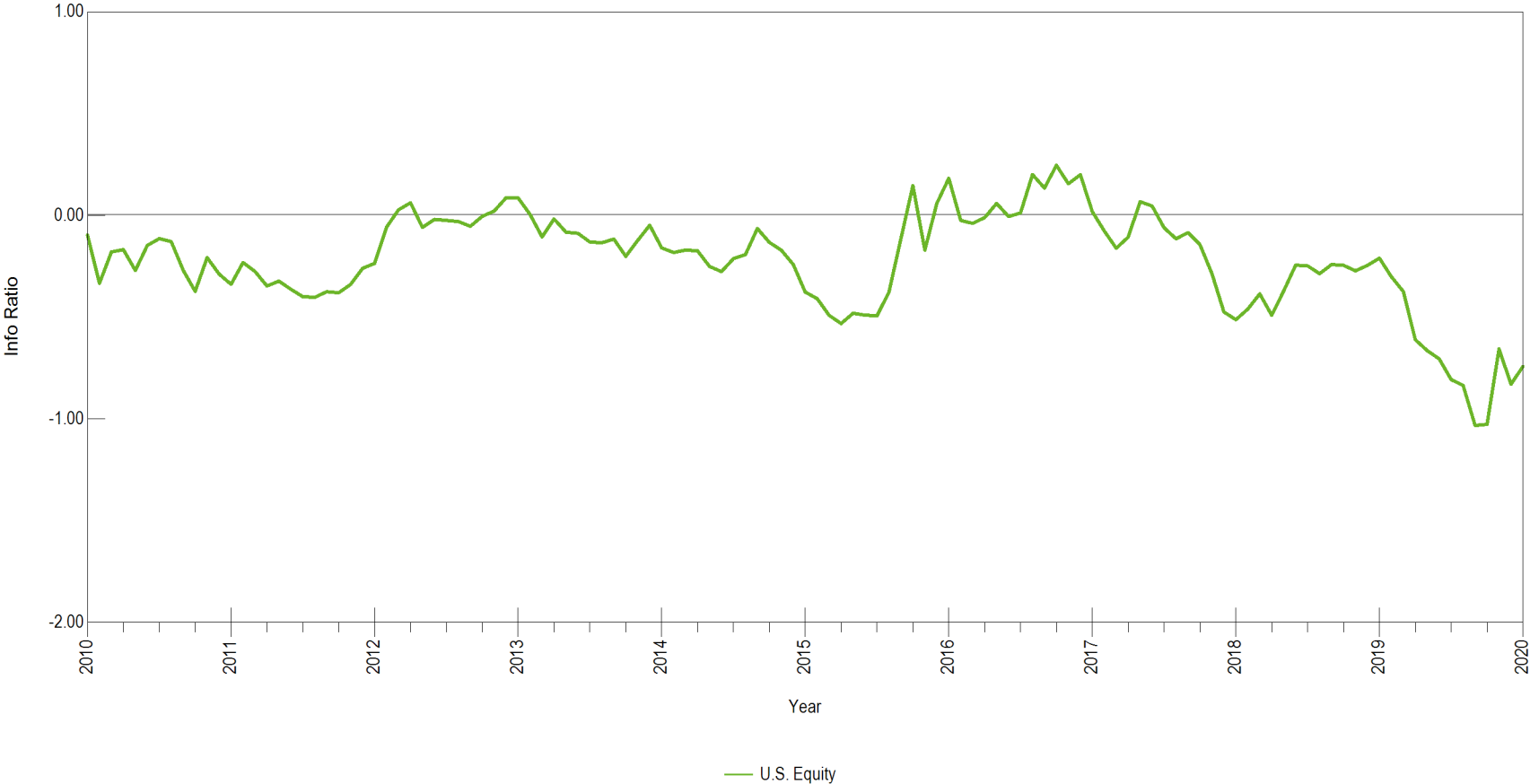
1- Portfolio has a mid-month inception date. Since inception return is calculated from the first full month of performance.
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Los Angeles City Employees' Retirement System

U.S. EQUITY ROLLING 5 YEAR INFORMATION RATIO

Rolling 5 Year Information Ratio



*Returns are net of fees.



MANAGER REPORT CARD

U.S. Equity Managers	Inception Date	Mandate	Current Quarter (Net)		One Year (Net)		Three Years (Net)		Five Years (Net)		Since Inception (Net)	Annual Mgt Fee Paid \$ (000)	Comments
			Index	Universe	Index	Universe	Index	Universe	Index	Universe	Index		
Principal Global Investors	Jul-14	Mid Cap	* *	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓	703.0	Performance compliant with LACERS' Manager Monitoring Policy	
EAM Investors	Sep-15	Small Cap Growth	* ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓	908.5	Performance compliant with LACERS' Manager Monitoring Policy	
Copeland	Oct-20	Small Cap Core	* *	N/A N/A	N/A N/A	N/A N/A	N/A N/A	N/A N/A	N/A N/A	N/A	N/A		
Granahan	Oct-20	Small Cap Growth	✓ ✓	N/A N/A	N/A N/A	N/A N/A	N/A N/A	N/A N/A	N/A N/A	N/A	N/A		
Segall Byrant & Hamill	Oct-20	Small Cap Value	* ✓	N/A N/A	N/A N/A	N/A N/A	N/A N/A	N/A N/A	N/A N/A	N/A	N/A		
Rhumblin (Passive)	Feb-93	S&P 500	✓ *	* ✓	* ✓	* ✓	* ✓	* ✓	* ✓	✓✓	186.9	Performance compliant with LACERS' Manager Monitoring Policy	
Rhumblin (Passive)	Jun-15	R2000	* ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	*	13.5	Performance compliant with LACERS' Manager Monitoring Policy	

Note: Managers are placed on Watch List for concerns with organization, process and performance. Managers are normally on the Watch List for 12 months though may be longer if manager issues remain but not severe enough to warrant termination recommendation.

- Annual Management Fee Paid as of fiscal year ending June 30, 2020.
- * Where net of fees performance is not available gross of fee returns are evaluated.

Legend	
✓	Outperformed
*	Underperformed
=	Equal to
✓✓	Gross Return



NON-U.S. EQUITY

NEPC, LLC

Los Angeles City Employees' Retirement System

NON-U.S. EQUITY (GROSS)

	Market Value (\$)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Non-U.S. Equity	5,646,534,233	100.00	17.72	14.23	14.23	6.33	10.22	6.31	5.75	Nov-94
MSCI ACWI ex USA			<u>17.01</u>	<u>10.65</u>	<u>10.65</u>	<u>4.88</u>	<u>8.93</u>	<u>4.92</u>	<u>5.43</u>	<u>Nov-94</u>
Over/Under			0.71	3.58	3.58	1.45	1.29	1.39	0.32	
Developed ex-U.S.	4,188,973,650	74.19	15.98	12.22	12.22	6.12	9.25	--	9.19	Jun-12
MSCI EAFE			<u>16.05</u>	<u>7.81</u>	<u>7.81</u>	<u>4.28</u>	<u>7.45</u>	<u>5.51</u>	<u>7.78</u>	<u>Jun-12</u>
Over/Under			-0.07	4.41	4.41	1.84	1.80		1.41	
AQR Capital	2,275,492	0.04								
Barrow Hanley ¹	448,268,592	7.94	20.71	4.21	4.21	2.82	6.90		3.99	Nov-13
MSCI EAFE Value			<u>19.20</u>	<u>-2.63</u>	<u>-2.63</u>	<u>-1.24</u>	<u>4.20</u>		<u>1.50</u>	<u>Nov-13</u>
Over/Under			1.51	6.84	6.84	4.06	2.70		2.49	
Lazard Asset Management ¹	575,937,225	10.20	16.24	12.03	12.03	6.79	8.28		6.33	Nov-13
MSCI EAFE			<u>16.05</u>	<u>7.81</u>	<u>7.81</u>	<u>4.28</u>	<u>7.45</u>		<u>4.56</u>	<u>Nov-13</u>
Over/Under			0.19	4.22	4.22	2.51	0.83		1.77	
MFS Institutional Advisors	565,585,459	10.02	11.05	14.57	14.57	10.38	12.82		8.81	Oct-13
MSCI World ex USA Growth NR USD			<u>12.63</u>	<u>18.41</u>	<u>18.41</u>	<u>9.57</u>	<u>10.50</u>		<u>7.32</u>	<u>Oct-13</u>
Over/Under			-1.58	-3.84	-3.84	0.81	2.32		1.49	
Oberweis Asset Mgmt ¹	318,909,187	5.65	22.69	65.81	65.81	17.33	17.14		14.41	Jan-14
MSCI EAFE Small Cap			<u>17.27</u>	<u>12.34</u>	<u>12.34</u>	<u>4.85</u>	<u>9.40</u>		<u>7.58</u>	<u>Jan-14</u>
Over/Under			5.42	53.47	53.47	12.48	7.74		6.83	
SSgA World ex US IMI	1,986,807,450	35.19	16.96	9.46	9.46	5.04	8.51	5.94	6.02	Aug-93
MSCI World ex USA IMI NR USD ²			<u>16.10</u>	<u>8.32</u>	<u>8.32</u>	<u>4.34</u>	<u>7.92</u>	<u>5.43</u>	<u>5.71</u>	<u>Aug-93</u>
Over/Under			0.86	1.14	1.14	0.70	0.59	0.51	0.31	
State Street EAFE SC	291,190,245	5.16								Dec-20
MSCI EAFE Small Cap										
Over/Under										

1 Portfolio has a mid-month inception date. Since inception return is calculated from the first full month of performance.

2 Since inception return sourced from SSgA

eA = eVestment



Los Angeles City Employees' Retirement System

NON-U.S. EQUITY (GROSS)

	Market Value (\$)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Emerging Markets	1,457,560,583	25.81	21.02	18.38	18.38	6.03	13.03		6.24	Jun-12
<i>MSCI Emerging Markets</i>			<u>19.70</u>	<u>18.31</u>	<u>18.31</u>	<u>6.17</u>	<u>12.81</u>		<u>6.33</u>	<i>Jun-12</i>
Over/Under			1.32	0.07	0.07	-0.14	0.22		-0.09	
Axiom Emerging Markets	412,043,196	7.30	21.33	33.20	33.20	11.52	16.47		9.95	May-14
<i>MSCI Emerging Markets</i>			<u>19.70</u>	<u>18.31</u>	<u>18.31</u>	<u>6.17</u>	<u>12.81</u>		<u>6.50</u>	<i>May-14</i>
Over/Under			1.63	14.89	14.89	5.35	3.66		3.45	
<i>MSCI Emerging Markets Growth NR USD</i>			16.83	31.33	31.33	10.33	16.23		9.88	<i>May-14</i>
DFA Emerging Markets ¹	409,844,102	7.26	22.80	4.98	4.98	0.74	10.01		2.10	Aug-14
<i>MSCI Emerging Markets Value NR USD</i>			<u>22.98</u>	<u>5.47</u>	<u>5.47</u>	<u>1.77</u>	<u>9.18</u>		<u>1.64</u>	<i>Aug-14</i>
Over/Under			-0.18	-0.49	-0.49	-1.03	0.83		0.46	
QMA Emerging Markets	750,071	0.01								
State Street Emerging Markets	365,007,501	6.46								Dec-20
<i>MSCI Emerging Markets</i>										<i>Dec-20</i>
Over/Under										
Wasatch Global Investors	269,915,713	4.78								Dec-20
<i>MSCI Emerging Markets Small Cap</i>										<i>Dec-20</i>
Over/Under										

¹ Portfolio has a mid-month inception date. Since inception return is calculated from the first full month of performance.

eA = eVestment



Los Angeles City Employees' Retirement System

NON-U.S. EQUITY (NET)

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
Non-U.S. Equity	5,646,534,233	100.00	17.62	47	13.84	40	13.84	40	5.94	41	9.82	36	5.96	43		Nov-94
MSCI ACWI ex USA			<u>17.01</u>	56	<u>10.65</u>	67	<u>10.65</u>	67	<u>4.88</u>	71	<u>8.93</u>	75	<u>4.92</u>	94		Nov-94
Over/Under			0.61		3.19		3.19		1.06		0.89		1.04			
Developed ex-U.S.	4,188,973,650	74.19	15.90	76	11.89	57	11.89	57	5.78	57	8.91	54			8.89	Jun-12
MSCI EAFE			<u>16.05</u>	72	<u>7.81</u>	88	<u>7.81</u>	88	<u>4.28</u>	80	<u>7.45</u>	85			<u>7.78</u>	Jun-12
Over/Under			-0.15		4.08		4.08		1.50		1.46				1.11	
InvMetrics Public DB > \$1 Billion Dev Mkt ex-US Eq Net Median			16.38		11.98		11.98		6.05		9.18				9.61	Jun-12
AQR Capital ¹	2,275,492	0.04														
eV EAFE Small Cap Equity Net Median																Feb-14
Barrow Hanley ¹	448,268,592	7.94	20.60	37	3.75	46	3.75	46	2.33	21	6.37	34			3.48	Nov-13
MSCI EAFE Value			<u>19.20</u>	49	<u>-2.63</u>	91	<u>-2.63</u>	91	<u>-1.24</u>	78	<u>4.20</u>	75			<u>1.50</u>	Nov-13
Over/Under			1.40		6.38		6.38		3.57		2.17				1.98	
eV EAFE Value Equity Net Median			19.15		3.47		3.47		0.77		5.57				3.18	Nov-13
Lazard Asset Management ¹	575,937,225	10.20	16.11	36	11.50	34	11.50	34	6.25	27	7.72	48			5.78	Nov-13
MSCI EAFE			<u>16.05</u>	37	<u>7.81</u>	53	<u>7.81</u>	53	<u>4.28</u>	52	<u>7.45</u>	54			<u>4.56</u>	Nov-13
Over/Under			0.06		3.69		3.69		1.97		0.27				1.22	
eV All EAFE Equity Net Median			14.95		8.02		8.02		4.40		7.60				5.28	Nov-13
MFS Institutional Advisors	565,585,459	10.02	10.96	96	14.13	87	14.13	87	9.90	57	12.30	41			8.31	Oct-13
MSCI World ex USA Growth NR USD			<u>12.63</u>	78	<u>18.41</u>	72	<u>18.41</u>	72	<u>9.57</u>	58	<u>10.50</u>	56			<u>7.32</u>	Oct-13
Over/Under			-1.67		-4.28		-4.28		0.33		1.80				0.99	
eV EAFE All Cap Growth Net Median			14.17		22.14		22.14		10.92		12.07				7.99	Oct-13

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eA = eVestment



Los Angeles City Employees' Retirement System

NON-U.S. EQUITY (NET)

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
Oberweis Asset Mgmt ¹	318,909,187	5.65	22.47	9	64.55	1	64.55	1	16.37	1	16.21	4			13.47	Jan-14
MSCI EAFE Small Cap			<u>17.27</u>	34	<u>12.34</u>	40	<u>12.34</u>	40	<u>4.85</u>	40	<u>9.40</u>	43			<u>7.58</u>	Jan-14
Over/Under			5.20		52.21		52.21		11.52		6.81				5.89	
eV EAFE Small Cap Equity Net Median			15.19		9.28		9.28		3.31		8.75				7.20	Jan-14
SSgA World ex US IMI	1,986,807,450	35.19	16.96	19	9.43	47	9.43	47	5.02	41	8.49	35	5.91	73	6.02	Aug-93
MSCI World ex USA IMI NR USD ²			<u>16.10</u>	28	<u>8.32</u>	54	<u>8.32</u>	54	<u>4.34</u>	54	<u>7.92</u>	49	<u>5.43</u>	83	<u>5.71</u>	Aug-93
Over/Under			0.86		1.11		1.11		0.68		0.57		0.48		0.31	
eV EAFE Core Equity Net Median			14.77		8.85		8.85		4.49		7.74		6.64		7.00	Aug-93
State Street EAFE SC	291,190,245	5.16														Dec-20
MSCI EAFE Small Cap																Dec-20
Over/Under																
eV EAFE Small Cap Equity Net Median																Dec-20
Emerging Markets	1,457,560,583	25.81	20.89	27	17.83	37	17.83	37	5.49	37	12.46	18			5.61	Jun-12
MSCI Emerging Markets			<u>19.70</u>	37	<u>18.31</u>	21	<u>18.31</u>	21	<u>6.17</u>	17	<u>12.81</u>	14			<u>6.33</u>	Jun-12
Over/Under			1.19		-0.48		-0.48		-0.68		-0.35				-0.72	
InvMetrics Public DB > \$1 Billion Emg Mkt Eq Net Median			19.44		15.90		15.90		4.92		10.63				5.01	Jun-12
Axiom Emerging Markets	412,043,196	7.30	21.18	38	32.46	14	32.46	14	10.80	14	15.69	17			9.25	May-14
MSCI Emerging Markets			<u>19.70</u>	53	<u>18.31</u>	49	<u>18.31</u>	49	<u>6.17</u>	46	<u>12.81</u>	44			<u>6.50</u>	May-14
Over/Under			1.48		14.15		14.15		4.63		2.88				2.75	
MSCI Emerging Markets Growth NR USD			16.83	84	31.33	15	31.33	15	10.33	17	16.23	14			9.88	May-14
eV Emg Mkts Equity Net Median			19.88		18.05		18.05		5.85		12.37				6.68	May-14

1 Portfolio has a mid-month inception date. Since inception return is calculated from the first full month of performance.

2 Since inception index return sourced from SSgA and since inception return is gross of fees.

eA = eVestment



Los Angeles City Employees' Retirement System

NON-U.S. EQUITY (NET)

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
DFA Emerging Markets ¹	409,844,102	7.26	22.68	23	4.48	92	4.48	92	0.24	93	9.50	81			1.61	Aug-14
MSCI Emerging Markets Value NR USD			<u>22.98</u>	21	<u>5.47</u>	90	<u>5.47</u>	90	<u>1.77</u>	85	<u>9.18</u>	82			<u>1.64</u>	Aug-14
Over/Under			-0.30		-0.99		-0.99		-1.53		0.32				-0.03	
eV Emg Mkts Equity Net Median			19.88		18.05		18.05		5.85		12.37				5.68	Aug-14
QMA Emerging Markets	750,071	0.01														
eV Emg Mkts Equity Net Median																May-14
State Street Emerging Markets	365,007,501	6.46														Dec-20
MSCI Emerging Markets																Dec-20
Over/Under																
eV Emg Mkts Equity Net Median																Dec-20
Wasatch Global Investors	269,915,713	4.78														Dec-20
MSCI Emerging Markets Small Cap																Dec-20
Over/Under																
eV Emg Mkts Small Cap Equity Net Median																Dec-20

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2 Since inception index return sourced from SSgA.

eA = eVestment



Los Angeles City Employees' Retirement System

NON-U.S. EQUITY COUNTRY ALLOCATION

Versus MSCI ACWI ex USA - Quarter Ending December 31, 2020		
	Manager Ending Allocation (USD)	Index Ending Allocation (USD)
Europe		
Austria	0.0%	0.1%
Belgium	0.0%	0.6%
Croatia**	0.0%	0.0%
Czech Republic*	0.0%	0.0%
Denmark	1.3%	1.6%
Estonia**	0.0%	0.0%
Finland	2.0%	0.7%
France	12.3%	6.9%
Germany	6.7%	5.9%
Greece*	0.0%	0.0%
Hungary*	0.1%	0.1%
Ireland	2.0%	0.4%
Italy	1.6%	1.5%
Lithuania**	0.0%	0.0%
Luxembourg	0.3%	0.0%
Netherlands	2.2%	2.4%
Norway	0.5%	0.4%
Poland*	0.0%	0.2%
Portugal	0.2%	0.1%
Romania**	0.0%	0.0%
Russia*	0.4%	0.8%
Serbia**	0.0%	0.0%
Slovenia**	0.0%	0.0%
Spain	1.8%	1.5%
Sweden	2.5%	2.1%
Switzerland	5.9%	6.0%
United Kingdom	11.2%	8.8%
Total-Europe	51.0%	40.2%

Versus MSCI ACWI ex USA - Quarter Ending December 31, 2020		
	Manager Ending Allocation (USD)	Index Ending Allocation (USD)
Americas		
Argentina*	0.2%	0.0%
Brazil*	0.9%	1.6%
Canada	4.6%	6.3%
Colombia*	0.4%	0.1%
Mexico*	1.1%	0.5%
United States	1.8%	0.0%
Total-Americas	9.0%	8.8%
AsiaPacific		
Australia	0.5%	4.4%
China*	6.2%	12.2%
Hong Kong	3.5%	2.0%
India*	2.0%	2.9%
Indonesia*	0.3%	0.4%
Japan	13.8%	15.9%
Korea*	3.5%	4.2%
Philippines*	0.2%	0.2%
Singapore	1.1%	0.7%
Taiwan*	3.3%	4.0%
Thailand*	0.2%	0.6%
Total-AsiaPacific	34.6%	48.1%
Other		
Israel	1.0%	0.4%
Other Countries	1.6%	0.0%
South Africa*	0.6%	1.1%
Turkey*	0.1%	0.1%
Total-Other	3.4%	2.9%
Totals		
Developed	76.9%	68.9%
Emerging*	19.5%	31.1%
Other	1.6%	
Cash	2.1%	

* = Emerging Market

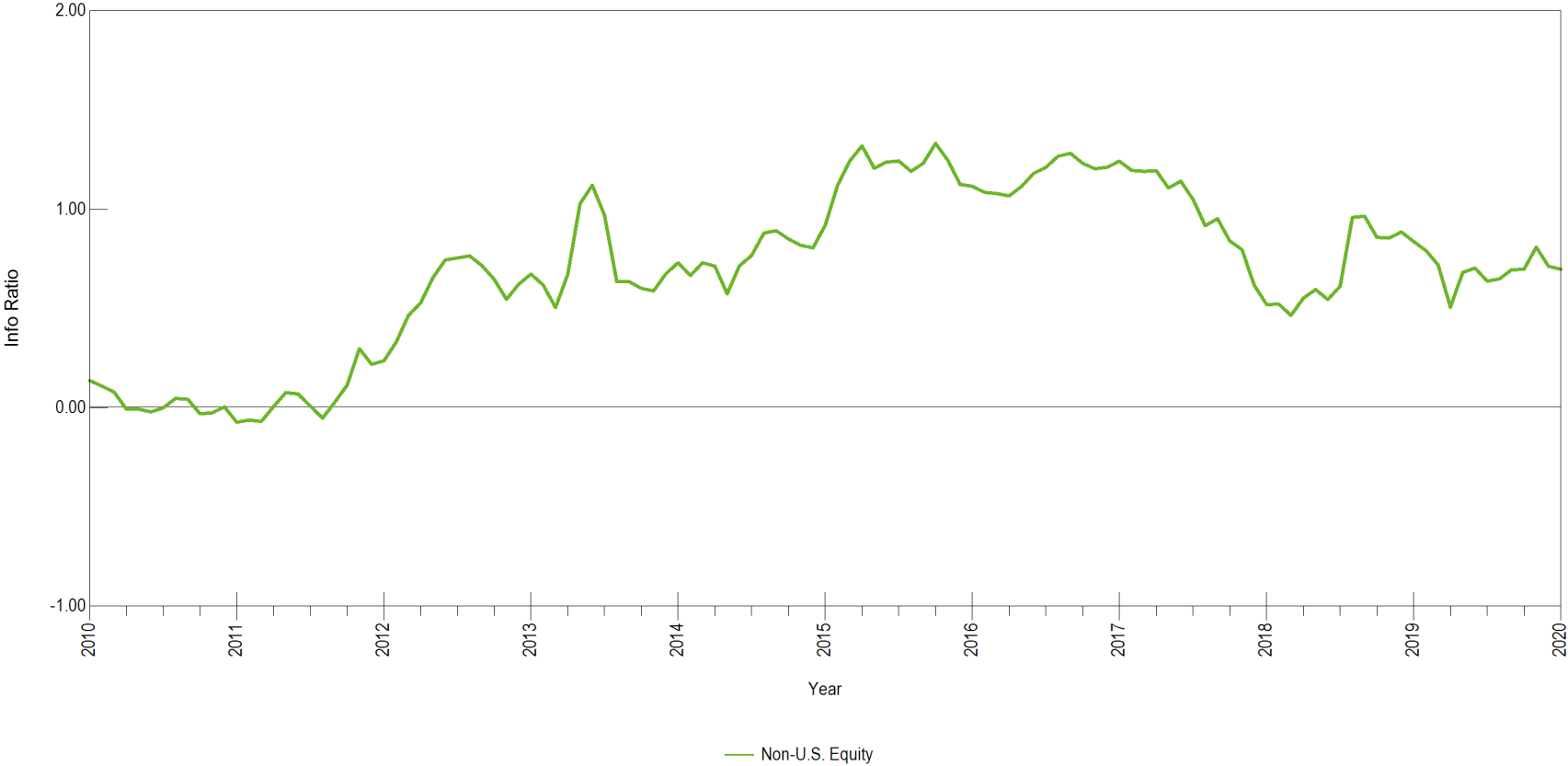
** = Frontier Market



Los Angeles City Employees' Retirement System

NON-U.S. EQUITY ROLLING 5 YEAR INFORMATION RATIO

Rolling 5 Year Information Ratio



*Returns are net of fees



MANAGER REPORT CARD

Non-U.S. Equity Managers	Inception Date	Mandate	Current Quarter (Net)		One Year (Net)		Three Years (Net)		Five Years (Net)		Since Inception (Net)	Annual Mgt Fee Paid \$ (000)	Comments
			Index	Universe	Index	Universe	Index	Universe	Index	Universe			
SsgA (Passive)	Dec-20	Emerging Markets	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Axiom International	Mar-14	Emerging Markets	✓	✓	✓	✓	✓	✓	✓	✓	✓	2,645.8	On watch on August 2020 due to benchmark change
DFA Emerging Markets	Jul-14	Emerging Markets	✗	✓	✗	✗	✗	✗	✓	✗	✗	1,931.9	Performance compliant with LACERS' Manager Monitoring Policy
Oberweis Asset Mgt.	Jan-14	Non-U.S. Developed	✓	✓	✓	✓	✓	✓	✓	✓	✓	2,015.3	Performance compliant with LACERS' Manager Monitoring Policy
Barrow, Hanley, Mewhinney & Strauss	Nov-13	Non-U.S. Developed	✓	✓	✓	✓	✓	✓	✓	✓	✓	2,308.5	On Watch since August 2020 due to organizational change
Lazard Asset Mgt.	Nov-13	Non-U.S. Developed	✓	✓	✓	✓	✓	✓	✓	✓	✓	2,929.5	Performance compliant with LACERS' Manager Monitoring Policy
MFS Institutional Advisors	Oct-13	Non-U.S. Developed	✗	✗	✗	✗	✗	✗	✓	✓	✓	2,535.9	Performance compliant with LACERS' Manager Monitoring Policy
Wasatch	Dec-20	Emerging Markets Small Cap	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
SsgA (Passive)	Dec-20	Non-U.S. Developed Small Cap	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
SsgA (Passive)	Aug-93	Non-U.S. Developed	✗	✗	✓	✗	✓	=	✓	✓	✓✓	380.5	Performance compliant with LACERS' Manager Monitoring Policy

Note: Managers are placed on Watch List for concerns with organization, process and performance. Managers are normally on the Watch List for 12 months though may be longer if manager issues remain but not severe enough to warrant termination recommendation.

- Annual Management Fee Paid as of fiscal year ending June 30, 2020.
- * Where net of fees performance is not available gross of fee returns are evaluated.

Legend	
✓	Outperformed
✗	Underperformed
=	Equal to
✓✓	Gross Return



CORE FIXED INCOME

NEPC, LLC

Los Angeles City Employees' Retirement System

CORE FIXED INCOME (GROSS)

	Market Value (\$)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Core Fixed Income	3,486,448,653	100.00	1.17	9.09	9.09	5.93	5.08		4.13	Jul-12
Core Fixed Income Blend			<u>0.67</u>	<u>7.51</u>	<u>7.51</u>	<u>5.34</u>	<u>4.44</u>		<u>3.44</u>	Jul-12
Over/Under			0.50	1.58	1.58	0.59	0.64		0.69	
Baird Advisors	360,030,658	10.33	0.76	7.30	7.30	5.20	4.37	3.95	4.55	Mar-05
BBgBarc US Govt/Credit Int TR			<u>0.48</u>	<u>6.43</u>	<u>6.43</u>	<u>4.67</u>	<u>3.64</u>	<u>3.11</u>	<u>3.88</u>	Mar-05
Over/Under			0.28	0.87	0.87	0.53	0.73	0.84	0.67	
LM Capital ¹	359,490,214	10.31	1.65	9.63	9.63	5.80	4.99	4.32	4.96	Mar-05
LM Custom Benchmark			<u>0.67</u>	<u>7.51</u>	<u>7.51</u>	<u>5.34</u>	<u>4.44</u>	<u>3.85</u>	<u>4.35</u>	Mar-05
Over/Under			0.98	2.12	2.12	0.46	0.55	0.47	0.61	
Loomis Sayles & Co. Core Fixed Income	895,770,227	25.69	1.37	10.49	10.49	6.64	6.06	5.07	9.07	Jul-80
Loomis Custom Benchmark			<u>0.67</u>	<u>7.51</u>	<u>7.51</u>	<u>5.34</u>	<u>4.44</u>	<u>3.94</u>	<u>7.58</u>	Jul-80
Over/Under			0.70	2.98	2.98	1.30	1.62	1.13	1.49	
Neuberger Berman	874,977,219	25.10	1.27	9.26	9.26	5.93	4.97	4.52	5.91	Sep-01
Core Fixed Income Blend			<u>0.67</u>	<u>7.51</u>	<u>7.51</u>	<u>5.34</u>	<u>4.44</u>	<u>3.94</u>	<u>4.79</u>	Sep-01
Over/Under			0.60	1.75	1.75	0.59	0.53	0.58	1.12	
SSgA U.S. Aggregate Bond ¹	996,180,334	28.57	0.69	7.57	7.57	5.39	4.46	--	3.91	Jul-14
BBgBarc US Aggregate TR			<u>0.67</u>	<u>7.51</u>	<u>7.51</u>	<u>5.34</u>	<u>4.44</u>	<u>3.84</u>	<u>3.88</u>	Jul-14
Over/Under			0.02	0.06	0.06	0.05	0.02		0.03	

1 Portfolio has a mid-month inception date. Since inception return is calculated from the first full month of performance.
BBgBarc = Bloomberg Barclays



Los Angeles City Employees' Retirement System

CORE FIXED INCOME (NET)

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
Core Fixed Income	3,486,448,653	100.00	1.15	71	8.98	32	8.98	32	5.82	36	4.97	54			4.02	Jul-12
<i>Core Fixed Income Blend</i>			<u>0.67</u>	89	<u>7.51</u>	68	<u>7.51</u>	68	<u>5.34</u>	62	<u>4.44</u>	92			<u>3.44</u>	<i>Jul-12</i>
<i>Over/Under</i>			0.48		1.47		1.47		0.48		0.53				0.58	
<i>InvMetrics Public DB > \$1 Billion US Fixed Income Net Median</i>			1.87		8.16		8.16		5.46		5.07				3.94	<i>Jul-12</i>
Baird Advisors	360,030,658	10.33	0.74	47	7.19	28	7.19	28	5.08	13	4.24	15	3.83	15	4.41	Mar-05
<i>BBgBarc US Govt/Credit Int TR</i>			<u>0.48</u>	77	<u>6.43</u>	56	<u>6.43</u>	56	<u>4.67</u>	44	<u>3.64</u>	54	<u>3.11</u>	62	<u>3.88</u>	<i>Mar-05</i>
<i>Over/Under</i>			0.26		0.76		0.76		0.41		0.60		0.72		0.53	
<i>eV US Interm Duration Fixed Inc Net Median</i>			0.68		6.55		6.55		4.62		3.66		3.19		4.04	<i>Mar-05</i>
LM Capital¹	359,490,214	10.31	1.63	10	9.53	13	9.53	13	5.70	36	4.89	37	4.19	45	4.82	Mar-05
<i>LM Custom Benchmark</i>			<u>0.67</u>	81	<u>7.51</u>	75	<u>7.51</u>	75	<u>5.34</u>	70	<u>4.44</u>	75	<u>3.85</u>	73	<u>4.35</u>	<i>Mar-05</i>
<i>Over/Under</i>			0.96		2.02		2.02		0.36		0.45		0.34		0.47	
<i>eV US Core Fixed Inc Net Median</i>			1.03		8.15		8.15		5.56		4.72		4.11		4.70	<i>Mar-05</i>
Loomis Sayles & Co. Core Fixed Income	895,770,227	25.69	1.34	26	10.36	5	10.36	5	6.52	3	5.93	3	4.94	6		Jul-80
<i>Loomis Custom Benchmark</i>			<u>0.67</u>	81	<u>7.51</u>	75	<u>7.51</u>	75	<u>5.34</u>	70	<u>4.44</u>	75	<u>3.94</u>	65		<i>Jul-80</i>
<i>Over/Under</i>			0.67		2.85		2.85		1.18		1.49		1.00			
<i>eV US Core Fixed Inc Net Median</i>			1.03		8.15		8.15		5.56		4.72		4.11			<i>Jul-80</i>
Neuberger Berman	874,977,219	25.10	1.24	32	9.13	23	9.13	23	5.79	32	4.82	42	4.35	35	5.75	Sep-01
<i>Core Fixed Income Blend</i>			<u>0.67</u>	81	<u>7.51</u>	75	<u>7.51</u>	75	<u>5.34</u>	70	<u>4.44</u>	75	<u>3.94</u>	65	<u>4.79</u>	<i>Sep-01</i>
<i>Over/Under</i>			0.57		1.62		1.62		0.45		0.38		0.41		0.96	
<i>eV US Core Fixed Inc Net Median</i>			1.03		8.15		8.15		5.56		4.72		4.11		4.80	<i>Sep-01</i>
SSgA U.S. Aggregate Bond¹	996,180,334	28.57	0.68	79	7.52	74	7.52	74	5.34	71	4.42	76			3.87	Jul-14
<i>BBgBarc US Aggregate TR</i>			<u>0.67</u>	81	<u>7.51</u>	75	<u>7.51</u>	75	<u>5.34</u>	70	<u>4.44</u>	75			<u>3.88</u>	<i>Jul-14</i>
<i>Over/Under</i>			0.01		0.01		0.01		0.00		-0.02				-0.01	
<i>eV US Core Fixed Inc Net Median</i>			1.03		8.15		8.15		5.56		4.72				4.05	<i>Jul-14</i>

1 Portfolio has a mid-month inception date. Since inception return is calculated from the first full month of performance.

BBgBarc = Bloomberg Barclays

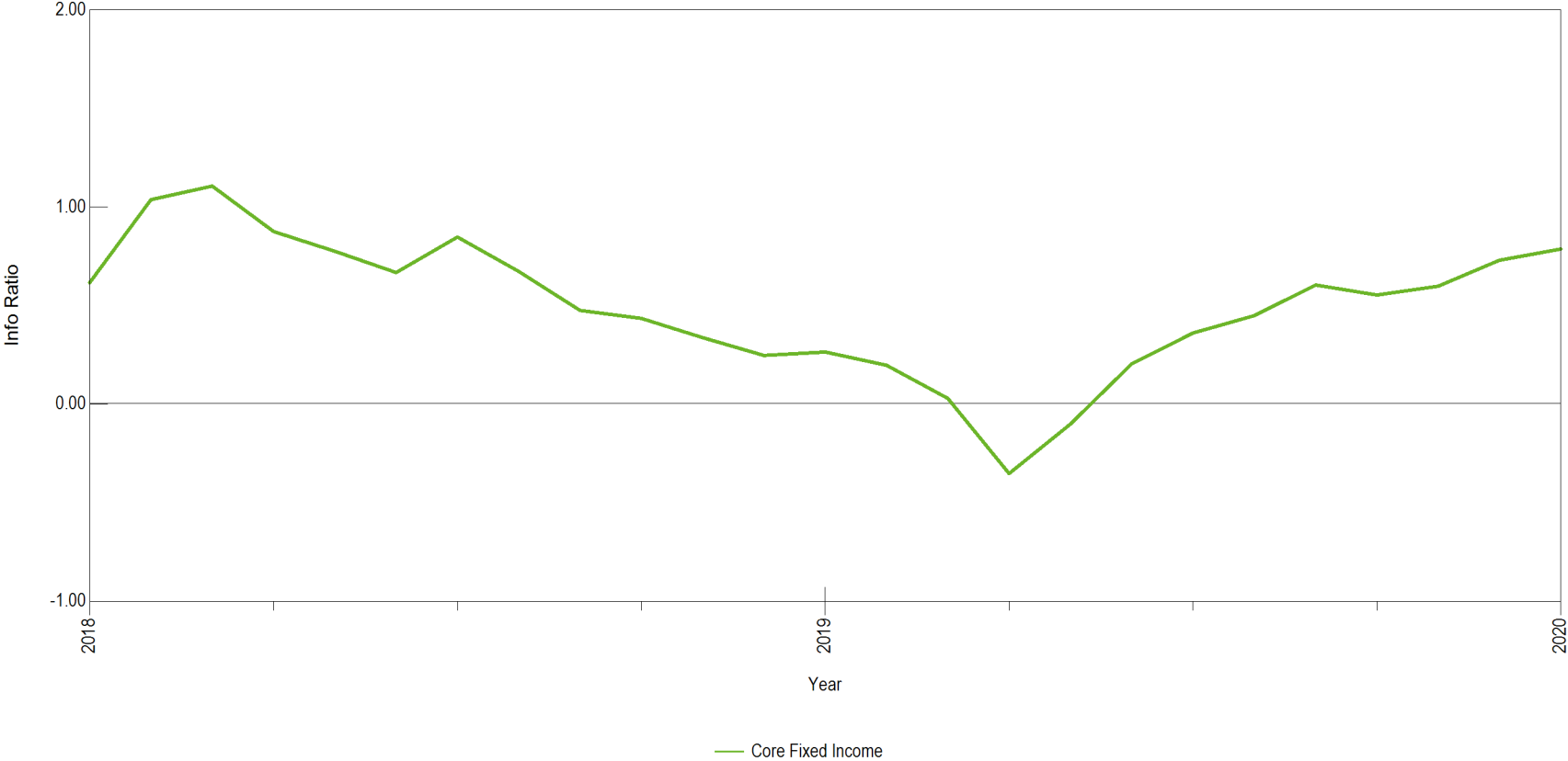
eV = eVestment



Los Angeles City Employees' Retirement System

CORE FIXED INCOME 3 YEAR INFORMATION RATIO

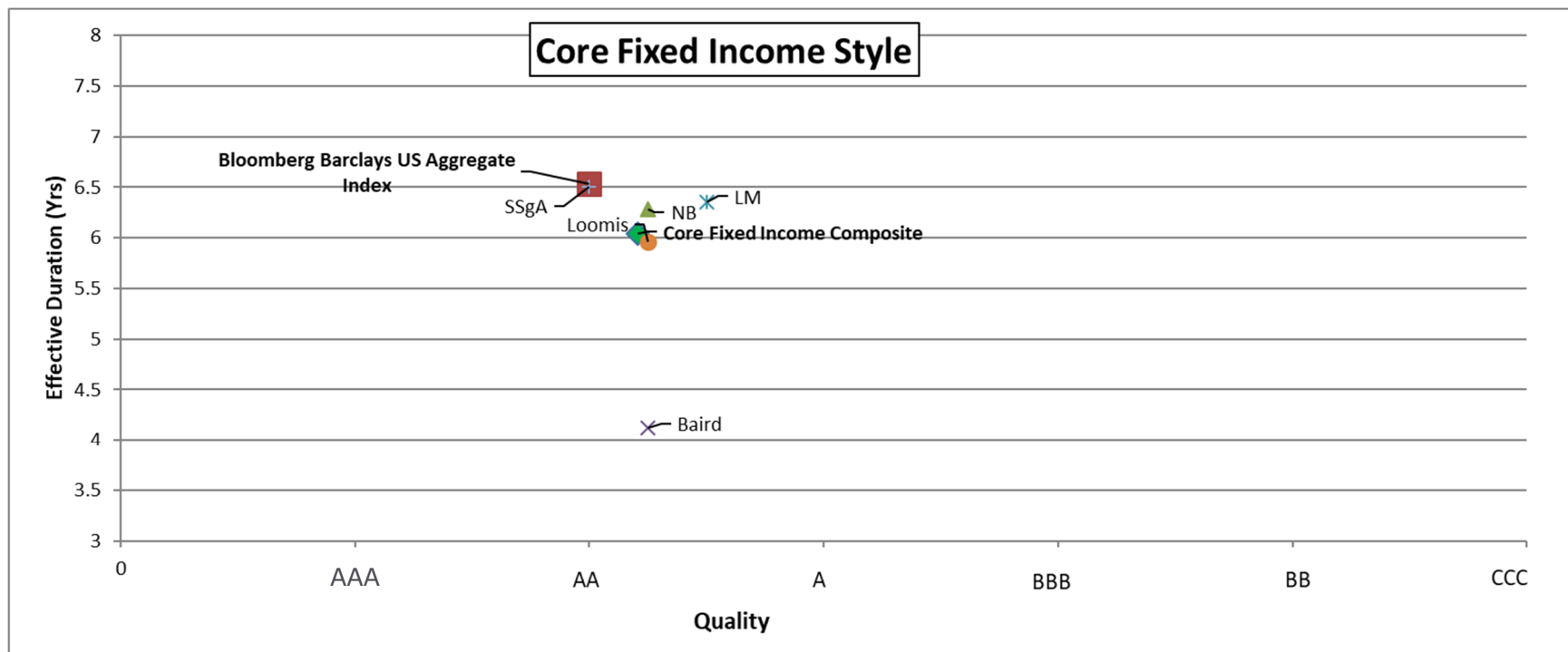
Rolling 3 Year Information Ratio



*Returns are net of fees



CORE FIXED INCOME STYLE ANALYSIS



- LACERS Core Fixed Income Composite has a slightly lower duration (interest rate risk) than its benchmark.
- The Core Fixed Income Composite has slightly lower average quality rating than its benchmark.



MANAGER REPORT CARD

Core Fixed Income Managers	Inception Date	Mandate	Current Quarter (Net)		One Year (Net)		Three Years (Net)		Five Years (Net)		Since Inception (Net)	Annual Mgt Fee Paid \$ (000)	Comments
			Inde Univer	x se	x se	x se	x se	x se	Index				
Neuberger Berman	Sep-01	Core	✓	✓	✓	✓	✓	✓	✓	✓	1,093.7	On Watch since May 2019 due to performance; Watch extended in April 2020	
Loomis Sayles	Jul-80	Core	✓	✓	✓	✓	✓	✓	✓	✓✓	1,029.2	Performance compliant with LACERS' Manager Monitoring Policy	
Baird Advisors	Mar-05	Intermediate	✓	✓	✓	✓	✓	✓	✓	✓	372.7	Performance compliant with LACERS' Manager Monitoring Policy	
LM Capital Group	Mar-05	Core	✓	✓	✓	✓	✗	✓	✓	✓	317.4	On Watch since May 2019 due to performance; Watch extended in April 2020	
SSgA (Passive)	Jul-14	Core	✓	✗	✓	✗	✗	✗	✗	✗	347.4	Performance compliant with LACERS' Manager Monitoring Policy	

Note: Managers are placed on Watch List for concerns with organization, process and performance. Managers are normally on the Watch List for 12 months though may be longer if manager issues remain but not severe enough to warrant termination recommendation.

- Annual Management Fee Paid as of fiscal year ending June 30, 2020.
- * Where net of fees performance is not available gross of fee returns are evaluated.

Legend	
✓	Outperformed
✗	Underperformed
=	Equal to
✓✓	Gross Return



CREDIT OPPORTUNITIES

NEPC, LLC

Los Angeles City Employees' Retirement System

CREDIT OPPORTUNITIES (GROSS)

	Market Value (\$)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Credit Opportunities	1,198,630,373	100.00	6.01	4.99	4.99	5.45	7.69		5.88	Jun-13
<i>Credit Opportunities Blend</i>			<u>6.22</u>	<u>6.45</u>	<u>6.45</u>	<u>5.83</u>	<u>8.07</u>		<u>6.20</u>	<i>Jun-13</i>
Over/Under			-0.21	-1.46	-1.46	-0.38	-0.38		-0.32	
Prudential Emerging Markets	463,616,299	38.68	8.03	6.83	6.83	6.21	8.42		6.42	May-14
<i>JP Morgan EMBI Global Diversified</i>			<u>5.80</u>	<u>5.26</u>	<u>5.26</u>	<u>5.05</u>	<u>7.08</u>		<u>5.41</u>	<i>May-14</i>
Over/Under			2.23	1.57	1.57	1.16	1.34		1.01	
Bain Capital Senior Loan Fund, LP*	228,551,152	19.07	4.62	4.95	4.95	4.42	5.45		4.22	Jun-15
<i>Credit Suisse Leveraged Loans</i>			<u>3.64</u>	<u>2.78</u>	<u>2.78</u>	<u>3.99</u>	<u>5.19</u>		<u>4.10</u>	<i>Jun-15</i>
Over/Under			0.98	2.17	2.17	0.43	0.26		0.12	
SLC Mgmt Talf	12,439,077	1.04							-0.28	Jun-20
<i>Credit Suisse Leveraged Loan</i>									<u>9.37</u>	<i>Jun-20</i>
Over/Under									-9.65	
DDJ Capital Management ¹	237,578,641	19.82							4.14	Nov-20
<i>50% BBgBarc US High Yield 2% Issuer Cap / 50% Credit Suisse</i>									<u>4.69</u>	<i>Nov-20</i>
<i>Leveraged Loan Index</i>										
Over/Under									-0.55	
Loomis Sayles & Co. High Yield ¹	251,495,043	20.98							6.80	Nov-20
<i>BBgBarc US High Yield 2% Issuer Cap TR</i>									<u>5.92</u>	<i>Nov-20</i>
Over/Under									0.88	
Benefit Street Partners LLC	4,950,005	0.41							0.00	Dec-20

1 Portfolio has a mid-month inception date. Since inception return is calculated from the first full month of performance.

- Credit Opportunities Blend = 65% BBgBarc US High Yield 2% Issuer Cap TR / 35% JP Morgan EMBI Global Diversified 7/01/2014 to present; BBgBarc US High Yield 2% Issuer Cap TR prior to

eA = eVestment Alliance

BBgBarc = Bloomberg Barclays

*Net of fee return since vehicle is commingled.



Los Angeles City Employees' Retirement System

CREDIT OPPORTUNITIES (NET)

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
Credit Opportunities	1,198,630,373	100.00	5.94		4.70		4.70		5.14		7.35				5.54	Jun-13
<i>Credit Opportunities Blend</i>			<u>6.22</u>		<u>6.45</u>		<u>6.45</u>		<u>5.83</u>		<u>8.07</u>				<u>6.20</u>	<i>Jun-13</i>
Over/Under			-0.28		-1.75		-1.75		-0.69		-0.72				-0.66	
Prudential Emerging Markets	463,616,299	38.68	7.95	29	6.44	57	6.44	57	5.82	21	7.99	18			5.99	May-14
<i>JP Morgan EMBI Global Diversified</i>			<u>5.80</u>	90	<u>5.26</u>	68	<u>5.26</u>	68	<u>5.05</u>	46	<u>7.08</u>	64			<u>5.40</u>	<i>May-14</i>
Over/Under			2.15		1.18		1.18		0.77		0.91				0.59	
<i>eV Emg Mkts Fixed Inc - Hard Currency Net Median</i>			7.19		6.57		6.57		4.87		7.29				4.95	<i>May-14</i>
Bain Capital Senior Loan Fund, LP*	228,551,152	19.07	4.62	8	4.95	4	4.95	4	4.42	4	5.45	5			4.22	Jun-15
<i>Credit Suisse Leveraged Loans</i>			<u>3.64</u>	34	<u>2.78</u>	25	<u>2.78</u>	25	<u>3.99</u>	18	<u>5.19</u>	8			<u>4.10</u>	<i>Jun-15</i>
Over/Under			0.98		2.17		2.17		0.43		0.26				0.12	
<i>eV US Float-Rate Bank Loan Fixed Inc Net Median</i>			3.36		1.99		1.99		3.36		4.47				3.58	<i>Jun-15</i>
SLC Mgmt Talf	12,439,077	1.04													-0.28	Jun-20
<i>Credit Suisse Leveraged Loan</i>																
Over/Under																
DDJ Capital Management ¹	237,578,641	19.82													4.14	Nov-20
<i>50% BBgBarc US High Yield 2% Issuer Cap / 50% Credit Suisse Leveraged Loan Index</i>															<u>4.69</u>	<i>Nov-20</i>
Over/Under															-0.55	
Loomis Sayles & Co. High Yield ¹	251,495,043	20.98													6.80	Nov-20
<i>BBgBarc US High Yield 2% Issuer Cap TR</i>															<u>5.92</u>	<i>Nov-20</i>
Over/Under															0.88	
Benefit Street Partners LLC	4,950,005	0.41													0.00	Dec-20

1 Portfolio has a mid-month inception date. Since inception return is calculated from the first full month of performance.

- Credit Opportunities Blend = 65% BBgBarc US High Yield 2% Issuer Cap TR / 35% JP Morgan EMBI Global Diversified 7/01/2014 to present; BBgBarc US High Yield 2% Issuer Cap TR prior to

eA = eVestment Alliance

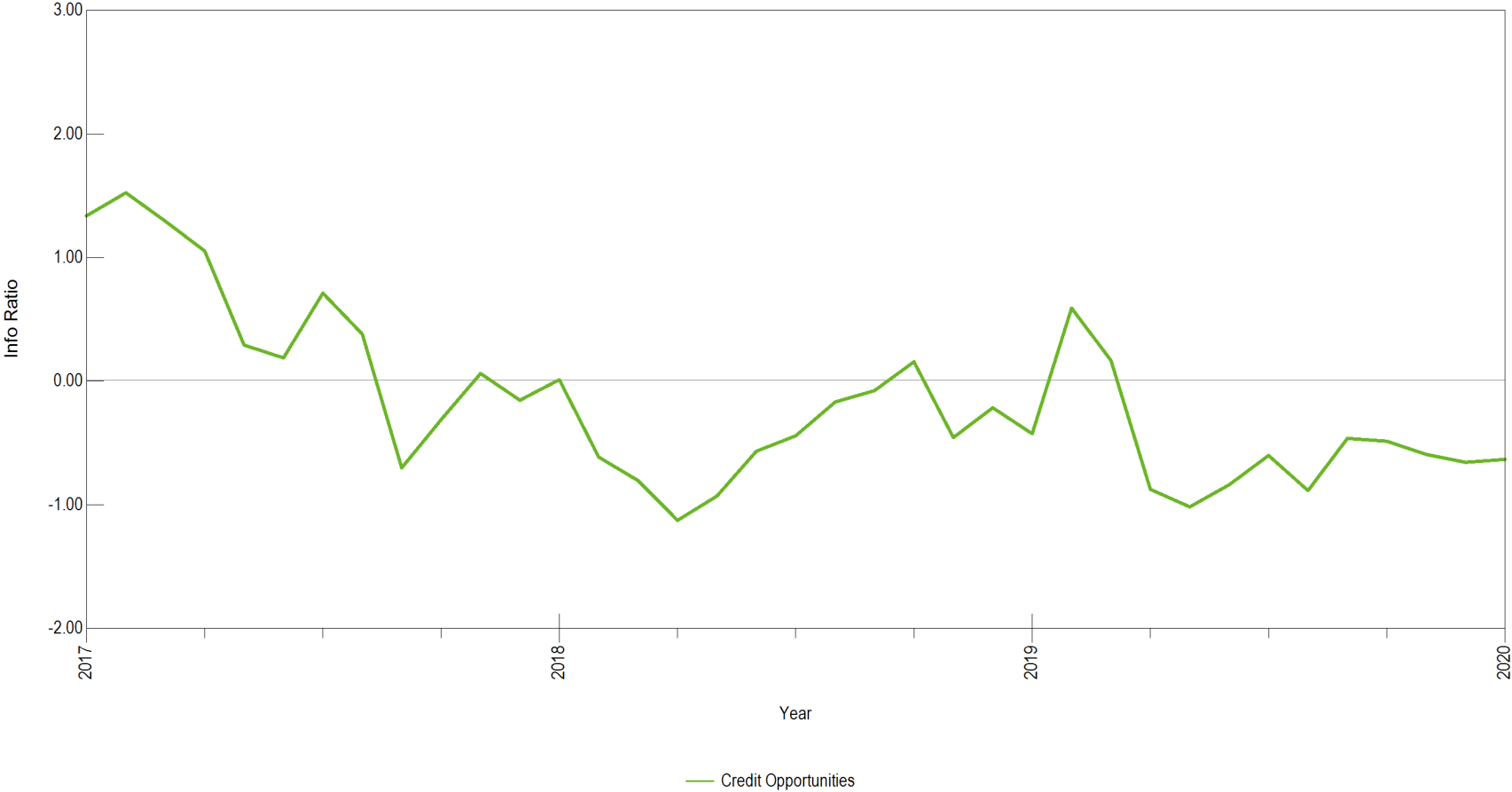
BBgBarc = Bloomberg Barclays



Los Angeles City Employees' Retirement System

CREDIT OPPORTUNITIES ROLLING 1 YEAR

Rolling 1 Year Information Ratio



*Returns are net of fees



MANAGER REPORT CARD

Credit Opportunities Managers	Inception Date	Mandate	Current Quarter (Net)		One Year (Net)		Three Years (Net)		Five Years (Net)		Since Inception (Net)	Annual Mgt Fee Paid \$ (000)	Comments
			Index	Index	Index	Index	Index	Index					
Prudential	May-14	Emerging Market Debt	✓	✓	✓	✓	✓	✓	✓	✓	✓	1,538.5	On Watch since May 2020 due to performance
Bain	Jun-15	Bank Loans	✓	✓	✓	✓	✓	✓	✓	✓	✓	885.4	On Watch since July 2020 due to performance
Benefit Street Partners	Dec-20	Private Credit	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Loomis Sayles	Nov-20	High Yield	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
DDJ	Nov-20	High Yield/Bank Loan	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

Note: Managers are placed on Watch List for concerns with organization, process and performance. Managers are normally on the Watch List for 12 months though may be longer if manager issues remain but not severe enough to warrant termination recommendation.

- Annual Management Fee Paid as of fiscal year ending June 30, 2020.
- * Where net of fees performance is not available gross of fee returns are evaluated.

Legend	
✓	Outperformed
✗	Underperformed
=	Equal to
✓✓	Gross Return



REAL ASSETS

NEPC, LLC

Los Angeles City Employees' Retirement System

REAL ASSETS (GROSS)

	Market Value (\$)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Real Assets	2,105,856,735	100.00	2.94	2.75	2.75	4.58	5.59	7.69	6.18	Nov-94
<i>CPI + 5% (Unadjusted)</i>			<u>1.30</u>	<u>6.42</u>	<u>6.42</u>	<u>6.94</u>	<u>7.04</u>	<u>6.82</u>	<u>7.25</u>	<i>Nov-94</i>
Over/Under			1.64	-3.67	-3.67	-2.36	-1.45	0.87	-1.07	
Public Real Assets	1,296,377,277	61.56	4.30	7.04	7.04	4.88	5.11		2.90	Jun-14
<i>Public Real Assets Blend</i>			<u>6.95</u>	<u>4.74</u>	<u>4.74</u>	<u>3.31</u>	<u>4.07</u>		<u>0.63</u>	<i>Jun-14</i>
Over/Under			-2.65	2.30	2.30	1.57	1.04		2.27	
TIPS	847,921,562	40.26	1.68	12.02	12.02	6.36	5.38		3.52	Jul-14
<i>BBgBarc US TIPS TR</i>			<u>1.62</u>	<u>10.99</u>	<u>10.99</u>	<u>5.92</u>	<u>5.08</u>		<u>3.36</u>	<i>Jul-14</i>
Over/Under			0.06	1.03	1.03	0.44	0.30		0.16	
DFA US TIPS ¹	847,921,562	40.26	1.68	12.02	12.02	6.36	5.50		3.63	Aug-14
<i>BBgBarc US TIPS TR</i>			<u>1.62</u>	<u>10.99</u>	<u>10.99</u>	<u>5.92</u>	<u>5.08</u>		<u>3.36</u>	<i>Aug-14</i>
Over/Under			0.06	1.03	1.03	0.44	0.42		0.27	
REITS	232,223,596	11.03	8.90	-0.16	-0.16	7.53	8.22		7.66	Mar-15
<i>FTSE NAREIT All Equity REIT</i>			<u>8.14</u>	<u>-5.12</u>	<u>-5.12</u>	<u>5.29</u>	<u>6.62</u>		<u>5.53</u>	<i>Mar-15</i>
Over/Under			0.76	4.96	4.96	2.24	1.60		2.13	
CenterSquare US Real Estate ¹	232,223,596	11.03	8.90	-0.16	-0.16	7.53	8.22		8.36	May-15
<i>FTSE NAREIT All Equity REIT</i>			<u>8.14</u>	<u>-5.12</u>	<u>-5.12</u>	<u>5.29</u>	<u>6.62</u>		<u>6.56</u>	<i>May-15</i>
Over/Under			0.76	4.96	4.96	2.24	1.60		1.80	
Commodities	216,232,118	10.27	10.45	-2.30	-2.30	-2.00	1.78		-3.29	Jun-15
<i>Bloomberg Commodity Index TR USD</i>			<u>10.19</u>	<u>-3.12</u>	<u>-3.12</u>	<u>-2.53</u>	<u>1.03</u>		<u>-3.85</u>	<i>Jun-15</i>
Over/Under			0.26	0.82	0.82	0.53	0.75		0.56	
CoreCommodity Mgmt ¹	216,232,118	10.27	10.45	-2.30	-2.30	-2.00	1.78		-3.29	Jul-15
<i>Bloomberg Commodity Index TR USD</i>			<u>10.19</u>	<u>-3.12</u>	<u>-3.12</u>	<u>-2.53</u>	<u>1.03</u>		<u>-3.85</u>	<i>Jul-15</i>
Over/Under			0.26	0.82	0.82	0.53	0.75		0.56	
Private Real Estate	791,188,233	37.57	0.89	-3.59	-3.59	3.50	5.53	8.49	6.47	Oct-94
<i>Real Estate Blend</i>			<u>1.49</u>	<u>1.98</u>	<u>1.98</u>	<u>5.75</u>	<u>7.06</u>	<u>10.16</u>	<u>9.49</u>	<i>Oct-94</i>
Over/Under			-0.60	-5.57	-5.57	-2.25	-1.53	-1.67	-3.02	
Timber	18,291,225	0.87	-1.81	2.55	2.55	2.26	2.68	5.26	8.82	Sep-99

¹ Portfolio has a mid-month inception date. Since inception return is calculated from the first full month of performance.

- Public Real Assets Custom Benchmark = 60% BBgBarc US TIPS TR / 20% Bloomberg Commodity Index TR USD / 10% Alerian MLP TR USD / 10% FTSE NAREIT All REIT

- Real Estate Blend = NCREIF-ODCE + 80bps 7/1/2014 to present; NCREIF Property Index 1 Qtr Lag plus 100bps 7/1/2012 - 6/30/2014; NCREIF Property Index prior to

eA = eVestment Alliance



Los Angeles City Employees' Retirement System

REAL ASSETS (NET)

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
Real Assets	2,105,856,735	100.00	2.90	56	2.60	47	2.60	47	4.42	47	5.42	32	7.55	29		Nov-94
CPI + 5% (Unadjusted)			<u>1.30</u>	79	<u>6.42</u>	24	<u>6.42</u>	24	<u>6.94</u>	22	<u>7.04</u>	19	<u>6.82</u>	32		Nov-94
Over/Under			1.60		-3.82		-3.82		-2.52		-1.62		0.73			
InvMetrics Public DB > \$1 Billion																
Real Assets/Commodities Gross Median			3.50		0.97		0.97		3.06		5.08		4.86			Nov-94
Public Real Assets	1,296,377,277	61.56	4.26		6.83		6.83		4.66		4.86				2.70	Jun-14
Public Real Assets Blend			<u>6.95</u>		<u>4.74</u>		<u>4.74</u>		<u>3.31</u>		<u>4.07</u>				<u>0.63</u>	Jun-14
Over/Under			-2.69		2.09		2.09		1.35		0.79				2.07	
TIPS	847,921,562	40.26	1.67		11.97		11.97		6.31		5.32				3.46	Jul-14
BBgBarc US TIPS TR			<u>1.62</u>		<u>10.99</u>		<u>10.99</u>		<u>5.92</u>		<u>5.08</u>				<u>3.36</u>	Jul-14
Over/Under			0.05		0.98		0.98		0.39		0.24				0.10	
DFA US TIPS ¹	847,921,562	40.26	1.67	64	11.97	16	11.97	16	6.31	15	5.45	20			3.58	Aug-14
BBgBarc US TIPS TR			<u>1.62</u>	69	<u>10.99</u>	37	<u>10.99</u>	37	<u>5.92</u>	45	<u>5.08</u>	49			<u>3.36</u>	Aug-14
Over/Under			0.05		0.98		0.98		0.39		0.37				0.22	
eV US TIPS / Inflation Fixed Inc Net Median			1.85		10.61		10.61		5.87		5.06				3.23	Aug-14
REITS	232,223,596	11.03	8.79		-0.58		-0.58		7.08		7.74				7.21	Mar-15
FTSE NAREIT All Equity REIT			<u>8.14</u>		<u>-5.12</u>		<u>-5.12</u>		<u>5.29</u>		<u>6.62</u>				<u>5.53</u>	Mar-15
Over/Under			0.65		4.54		4.54		1.79		1.12				1.68	
CenterSquare US Real Estate ¹	232,223,596	11.03	8.79	75	-0.58	26	-0.58	26	7.08	35	7.74	20			7.90	May-15
FTSE NAREIT All Equity REIT			<u>8.14</u>	87	<u>-5.12</u>	70	<u>-5.12</u>	70	<u>5.29</u>	49	<u>6.62</u>	38			<u>6.56</u>	May-15
Over/Under			0.65		4.54		4.54		1.79		1.12				1.34	
eV US REIT Net Median			10.67		-3.55		-3.55		5.20		5.86				6.03	May-15
Commodities	216,232,118	10.27	10.31		-2.86		-2.86		-2.61		1.07				-3.95	Jun-15
Bloomberg Commodity Index TR USD			<u>10.19</u>		<u>-3.12</u>		<u>-3.12</u>		<u>-2.53</u>		<u>1.03</u>				<u>-3.85</u>	Jun-15
Over/Under			0.12		0.26		0.26		-0.08		0.04				-0.10	
CoreCommodity Mgmt ¹	216,232,118	10.27	10.31		-2.86		-2.86		-2.61		1.07				-3.95	Jul-15
Bloomberg Commodity Index TR USD			<u>10.19</u>		<u>-3.12</u>		<u>-3.12</u>		<u>-2.53</u>		<u>1.03</u>				<u>-3.85</u>	Jul-15
Over/Under			0.12		0.26		0.26		-0.08		0.04				-0.10	

1 Portfolio has a mid-month inception date. Since inception return is calculated from the first full month of performance. No universe is available.

- Public Real Assets Custom Benchmark = 60% BBgBarc US TIPS TR / 20% Bloomberg Commodity Index TR USD / 10% Alerian MLP TR USD / 10% FTSE NAREIT All REIT

eA = eVestment Alliance



Los Angeles City Employees' Retirement System

REAL ASSETS (NET)

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
Private Real Estate	791,188,233	37.57	0.86	66	-3.68	95	-3.68	95	3.41	85	5.45	76	8.38	64		Oct-94
Real Estate Blend			1.49	61	1.98	4	1.98	4	5.75	9	7.06	9	10.16	11		Oct-94
Over/Under			-0.63		-5.66		-5.66		-2.34		-1.61		-1.78			
InvMetrics Public DB Real Estate			1.64		0.45		0.45		4.70		6.15		8.79			Oct-94
Priv Net Median																
Timber	18,291,225	0.87	-1.81		2.55		2.55		2.26		2.68		5.06			Sep-99

- Real Estate Blend = NCREIF-ODCE + 80bps 7/1/2014 to present; NCREIF Property Index 1 Qtr Lag plus 100bps 7/1/2012 - 6/30/2014; NCREIF Property Index prior to eA = eVestment Alliance



MANAGER REPORT CARD

Real Assets Managers	Inception Date	Mandate	Current Quarter (Net)		One Year (Net)		Three Years (Net)		Five Years (Net)		Since Inception (Net)	Annual Mgt Fee Paid \$ (000)	Comments
			Index	Universe	Index	Universe	Index	Universe	Index	Universe	Index		
DFA	Jul-14	U.S. TIPS	✓	✘	✓	✓	✓	✓	✓	✓	✓	383.6	Performance compliant with LACERS' Manager Monitoring Policy
CenterSquare	Apr-15	REITS	✓	✘	✓	✓	✓	✓	✓	✓	✓	923.6	Performance compliant with LACERS' Manager Monitoring Policy
CoreCommodity Mgt.	Jul-15	Commodities	✓	N/A	✓	N/A	✘	N/A	✓	N/A	✘	1,141.2	On Watch since September 2020 due to performance

Note: Managers are placed on Watch List for concerns with organization, process and performance. Managers are normally on the Watch List for 12 months though may be longer if manager issues remain but not severe enough to warrant termination recommendation.

- Annual Management Fee Paid as of fiscal year ending June 30, 2020.
- * Where net of fees performance is not available gross of fee returns are evaluated.

Legend	
✓	Outperformed
✘	Underperformed
=	Equal to
✓✓	Gross Return



APPENDIX

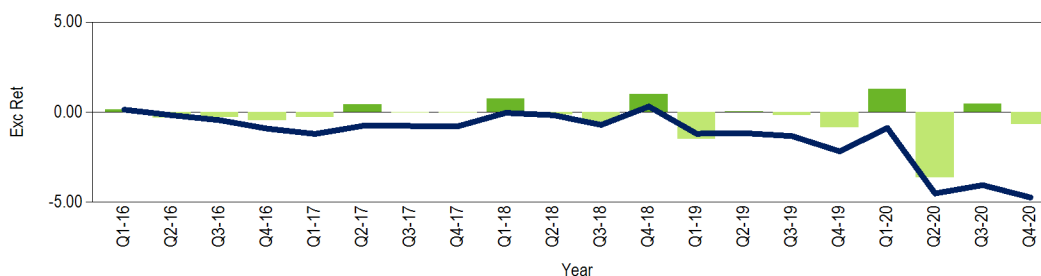
NEPC, LLC

Los Angeles City Employees' Retirement System

TOTAL FUND PERFORMANCE SUMMARY (GROSS)

	Market Value	3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	10 Yrs	Rank	15 Yrs	Rank	Inception	Inception Date
LACERS Master Trust	\$20,927,260,089	10.16%	55	11.89%	46	11.89%	46	8.29%	42	9.90%	42	8.81%	26	7.33%	30	8.43%	Oct-94
Policy Index		10.84%	33	14.06%	19	14.06%	19	9.40%	21	10.74%	9	9.01%	17	7.45%	16	8.50%	Oct-94
InvMetrics Public DB \$5-50B Gross Median		10.42%		11.01%		11.01%		7.90%		9.47%		8.43%		6.91%		8.23%	Oct-94

Quarterly and Cumulative Excess Performance



5 Years Ending December 31, 2020

	Annualized Return (%)	Rank	Annualized Standard Deviation	Rank	Sharpe Ratio	Rank	Sortino Ratio RF	Rank
LACERS Master Trust	9.90%	42	8.98%	59	0.98	67	1.08	55
Policy Index	10.74%	9	10.30%	93	0.93	76	1.06	62
InvMetrics Public DB \$5-50B Gross Median	9.47%	--	8.62%	--	1.01	--	1.11	--

3 Years Ending December 31, 2020

	Annualized Return (%)	Rank	Annualized Standard Deviation	Rank	Sharpe Ratio	Rank	Sortino Ratio RF	Rank
LACERS Master Trust	8.29%	42	10.91%	60	0.62	65	0.79	52
Policy Index	9.40%	21	12.58%	93	0.63	63	0.83	44
InvMetrics Public DB \$5-50B Gross Median	7.90%	--	10.54%	--	0.68	--	0.80	--



Los Angeles City Employees' Retirement System

TOTAL FUND RISK STATISTICS (NET)

3 Years Ending December 31, 2020

	% of Total MV (%)	Annualized Return (%)	Rank	Annualized Standard Deviation	Rank	Annualized Alpha Jensen (%)	Rank	Information Ratio	Rank	Sortino Ratio RF	Rank	Tracking Error	Rank
LACERS Master Trust	100.00%	8.11%	45	10.92%	60	-0.21%	58	-0.62	88	0.77	58	2.08%	46
Total Equity	51.99%	9.42%	59	18.84%	67	-0.29%	57	-0.34	66	0.55	59	0.88%	9
U.S. Equity	25.01%	13.68%	36	19.68%	46	-0.80%	40	-0.95	58	0.80	39	0.86%	16
Non-U.S. Equity	26.98%	5.94%	41	18.72%	57	0.97%	34	0.74	29	0.34	44	1.43%	16
Developed ex-U.S.	20.02%	5.78%	57	18.96%	72	1.40%	54	0.65	54	0.32	57	2.32%	34
Emerging Markets	6.96%	5.49%	37	20.07%	62	-0.71%	37	-0.45	53	0.30	32	1.52%	11
Core Fixed Income	16.66%	5.83%	36	3.41%	11	0.55%	27	0.79	5	3.02	9	0.62%	13
Credit Opportunities	5.73%	5.14%	--	10.74%	--	-1.14%	--	-0.41	--	0.29	--	1.70%	--
Real Assets	10.06%	4.42%	47	3.76%	11	1.22%	63	-0.66	92	0.91	30	3.80%	15
Public Real Assets	6.19%	4.66%	--	6.37%	--	2.02%	--	0.33	--	0.59	--	4.12%	--
Private Real Estate	3.78%	3.41%	85	2.78%	65	2.09%	14	-0.58	89	0.81	89	4.02%	89
Private Equity	11.70%	12.64%	52	9.15%	60	11.55%	24	-0.24	67	1.65	65	22.14%	86

5 Years Ending December 31, 2020

	% of Total MV (%)	Annualized Return (%)	Rank	Annualized Standard Deviation	Rank	Annualized Alpha Jensen (%)	Rank	Information Ratio	Rank	Sortino Ratio RF	Rank	Tracking Error	Rank
LACERS Master Trust	100.00%	9.71%	47	8.98%	59	0.25%	51	-0.61	92	1.06	62	1.69%	40
Total Equity	51.99%	12.11%	53	15.48%	58	-0.04%	46	-0.06	46	0.81	53	0.76%	5
U.S. Equity	25.01%	14.85%	44	16.08%	42	-0.62%	37	-0.74	66	0.95	32	0.79%	14
Non-U.S. Equity	26.98%	9.82%	36	15.77%	55	0.73%	44	0.70	17	0.72	50	1.28%	9
Developed ex-U.S.	20.02%	8.91%	54	15.89%	62	1.30%	47	0.74	41	0.64	67	1.98%	27
Emerging Markets	6.96%	12.46%	18	17.83%	72	-0.48%	24	-0.26	30	0.92	18	1.32%	6
Core Fixed Income	16.66%	4.97%	54	3.13%	12	0.62%	52	0.93	5	2.09	1	0.58%	17
Credit Opportunities	5.73%	7.35%	--	8.71%	--	-1.29%	--	-0.49	--	0.57	--	1.50%	--
Real Assets	10.06%	5.42%	32	3.18%	4	1.11%	72	-0.51	92	1.50	30	3.17%	6
Public Real Assets	6.19%	4.86%	--	5.56%	--	1.79%	--	0.24	--	0.85	--	3.35%	--
Private Real Estate	3.78%	5.45%	76	2.37%	34	4.62%	8	-0.41	86	1.80	74	3.97%	83
Private Equity	11.70%	11.81%	49	7.36%	48	10.94%	22	-0.40	66	1.87	73	17.85%	79

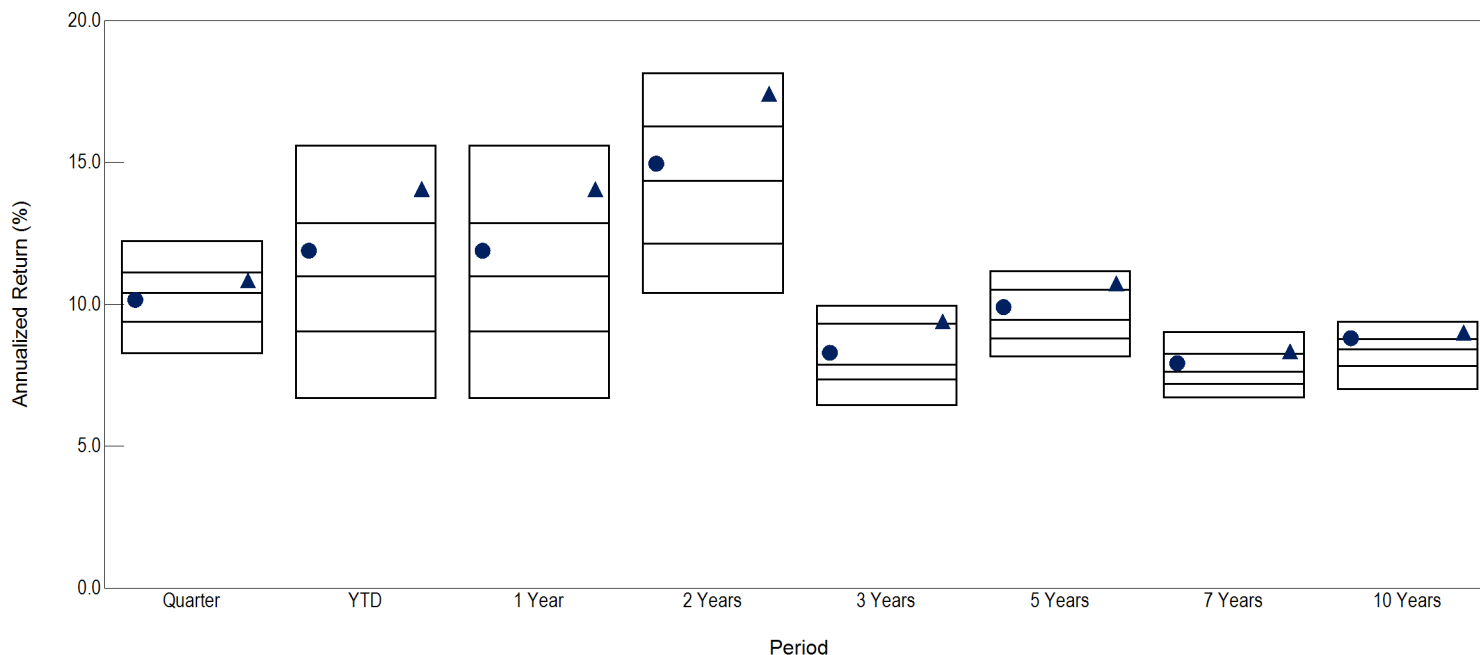
Sortino Ratio RF = Sortino Ratio Risk Free. The risk free rate is the Citi 91 Day T-Bill Index.
Peer universe: InvMetrics Public DB \$5-50B Gross (USD)



Los Angeles City Employees' Retirement System

TOTAL FUND RETURN SUMMARY VS. PEER UNIVERSE

LACERS Master Trust vs. InvMetrics Public DB \$5-50B Gross



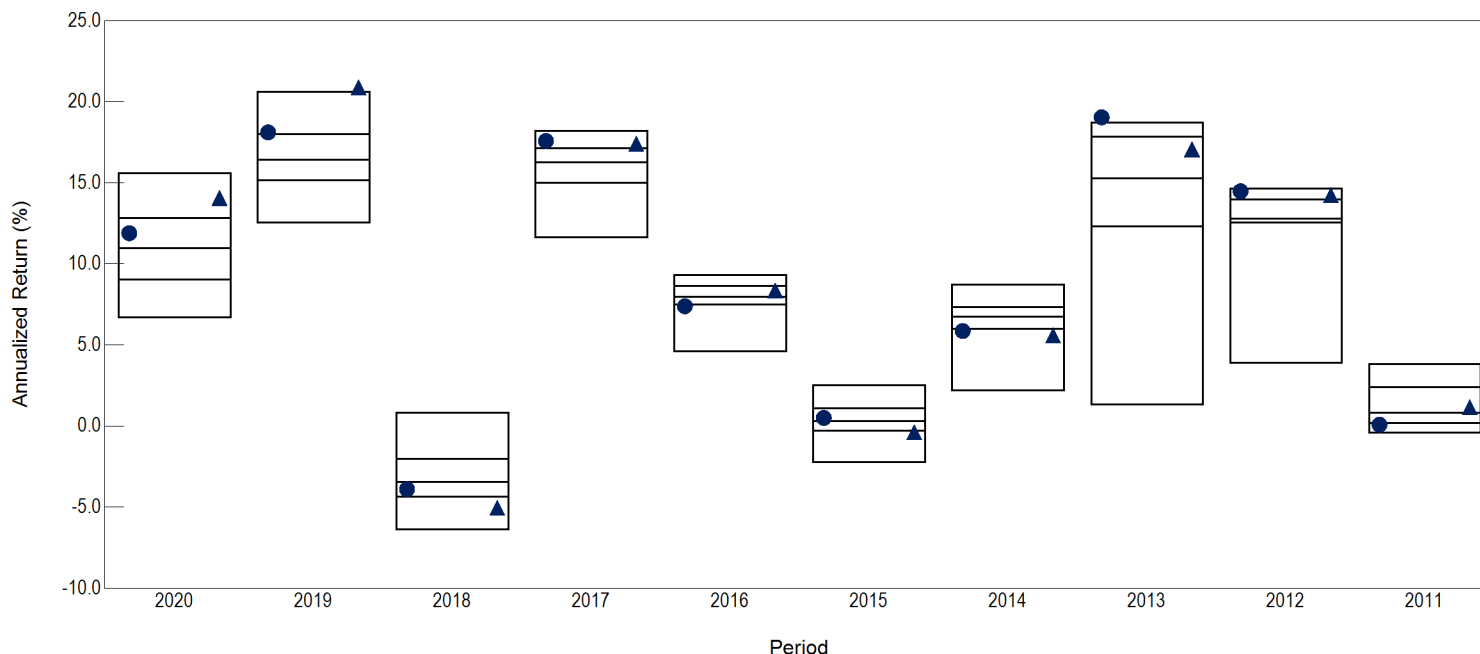
	Return (Rank)															
5th Percentile	12.24	15.58	15.58	18.14	9.95	11.16	9.03	9.38								
25th Percentile	11.15	12.88	12.88	16.28	9.33	10.53	8.28	8.81								
Median	10.42	11.01	11.01	14.38	7.90	9.47	7.65	8.43								
75th Percentile	9.41	9.06	9.06	12.15	7.36	8.82	7.21	7.84								
95th Percentile	8.29	6.73	6.73	10.42	6.46	8.18	6.74	7.04								
# of Portfolios	32	32	32	32	32	32	30	29								
● LACERS Master Trust	10.16	(55)	11.89	(46)	11.89	(46)	14.95	(39)	8.29	(42)	9.90	(42)	7.93	(45)	8.81	(26)
▲ Policy Index	10.84	(33)	14.06	(19)	14.06	(19)	17.42	(14)	9.40	(21)	10.74	(9)	8.34	(24)	9.01	(17)



Los Angeles City Employees' Retirement System

TOTAL FUND RETURN SUMMARY VS. PEER UNIVERSE

LACERS Master Trust vs. InvMetrics Public DB \$5-50B Gross



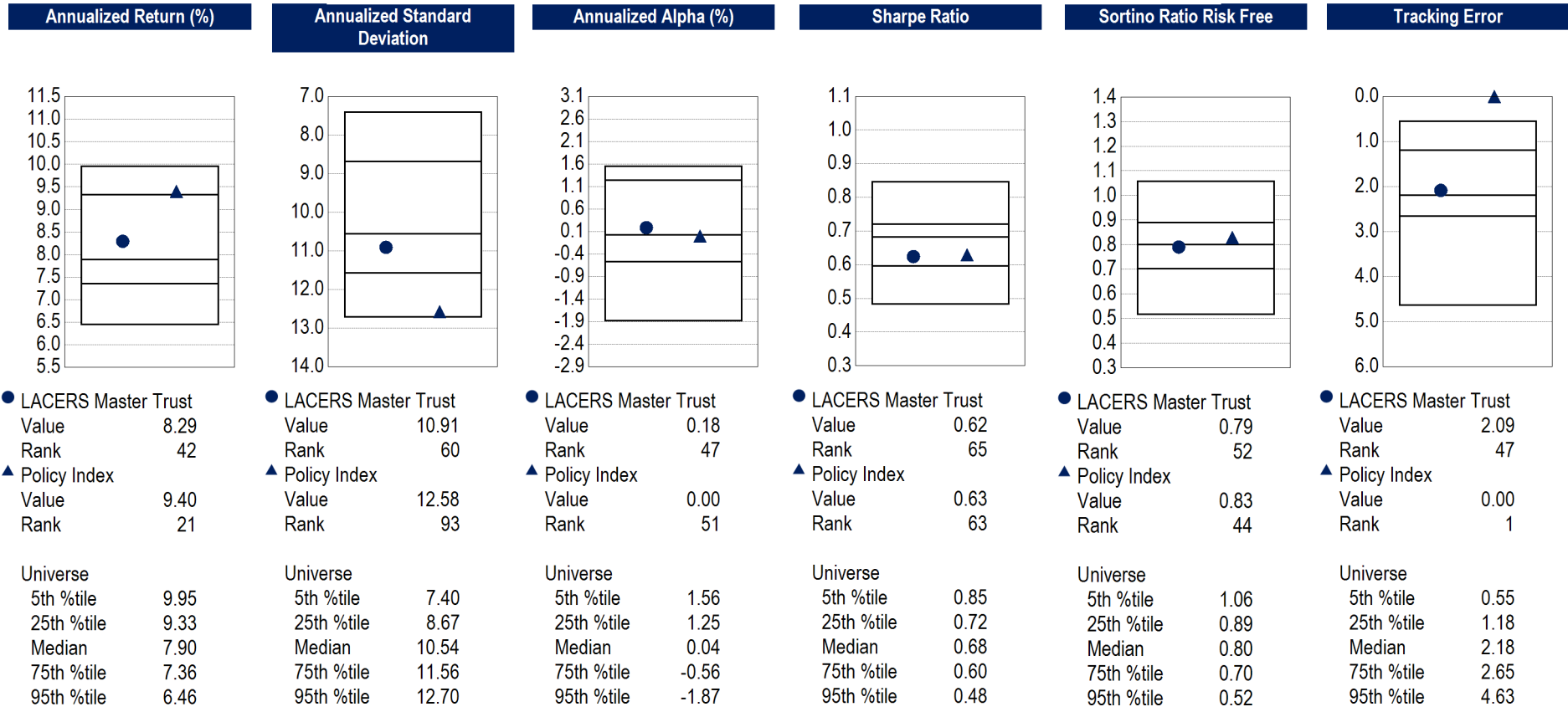
	Return (Rank)																			
5th Percentile	15.58	20.62	0.81	18.21	9.30	2.50	8.72	18.69	14.65	3.83										
25th Percentile	12.88	18.02	-1.99	17.15	8.68	1.12	7.38	17.86	14.01	2.41										
Median	11.01	16.46	-3.40	16.29	7.99	0.35	6.79	15.31	12.83	0.86										
75th Percentile	9.06	15.18	-4.32	15.05	7.51	-0.24	6.04	12.36	12.58	0.21										
95th Percentile	6.73	12.57	-6.33	11.68	4.65	-2.20	2.25	1.36	3.92	-0.37										
# of Portfolios	32	27	25	46	30	24	24	23	16	16										
● LACERS Master Trust	11.89	(46)	18.10	(23)	-3.89	(67)	17.57	(12)	7.38	(78)	0.49	(41)	5.85	(81)	19.03	(4)	14.47	(7)	0.08	(89)
▲ Policy Index	14.06	(19)	20.88	(5)	-5.04	(84)	17.41	(14)	8.35	(41)	-0.39	(77)	5.58	(87)	17.06	(31)	14.23	(21)	1.17	(44)



Los Angeles City Employees' Retirement System

TOTAL FUND RISK STATISTICS VS. PEER UNIVERSE

LACERS Master Trust vs. InvMetrics Public DB \$5-50B Gross 3 Years

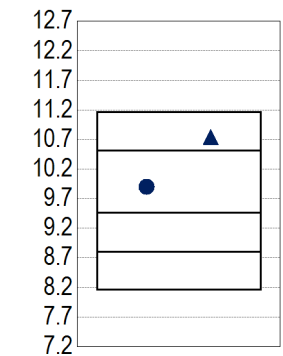


Los Angeles City Employees' Retirement System

TOTAL FUND RISK STATISTICS VS. PEER UNIVERSE

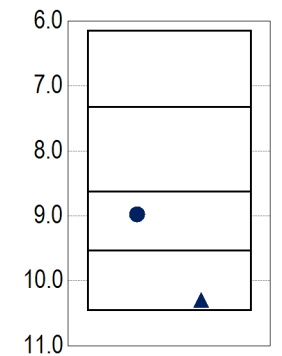
LACERS Master Trust vs. InvMetrics Public DB \$5-50B Gross 5 Years

- Annualized Return (%)
- Annualized Standard Deviation
- Annualized Alpha (%)
- Sharpe Ratio
- Sortino Ratio Risk Free
- Tracking Error



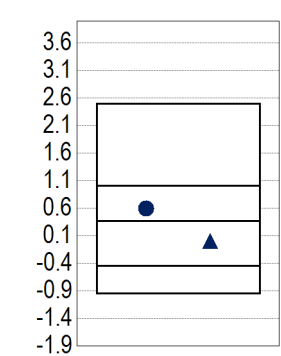
● LACERS Master Trust
Value 9.90
Rank 42
▲ Policy Index
Value 10.74
Rank 9

Universe
5th %tile 11.16
25th %tile 10.53
Median 9.47
75th %tile 8.82
95th %tile 8.18



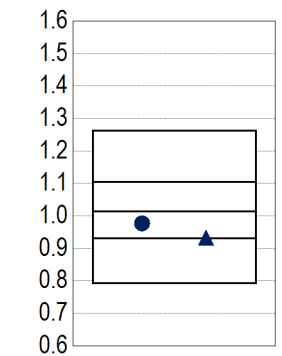
● LACERS Master Trust
Value 8.98
Rank 59
▲ Policy Index
Value 10.30
Rank 93

Universe
5th %tile 6.15
25th %tile 7.31
Median 8.62
75th %tile 9.53
95th %tile 10.44



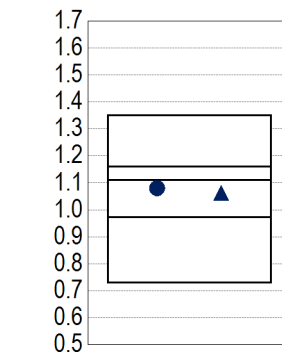
● LACERS Master Trust
Value 0.59
Rank 47
▲ Policy Index
Value 0.00
Rank 58

Universe
5th %tile 2.49
25th %tile 1.01
Median 0.37
75th %tile -0.44
95th %tile -0.94



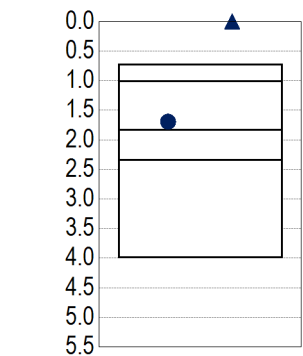
● LACERS Master Trust
Value 0.98
Rank 67
▲ Policy Index
Value 0.93
Rank 76

Universe
5th %tile 1.26
25th %tile 1.11
Median 1.01
75th %tile 0.93
95th %tile 0.79



● LACERS Master Trust
Value 1.08
Rank 55
▲ Policy Index
Value 1.06
Rank 62

Universe
5th %tile 1.35
25th %tile 1.16
Median 1.11
75th %tile 0.98
95th %tile 0.73



● LACERS Master Trust
Value 1.69
Rank 41
▲ Policy Index
Value 0.00
Rank 1

Universe
5th %tile 0.73
25th %tile 1.00
Median 1.82
75th %tile 2.33
95th %tile 3.97

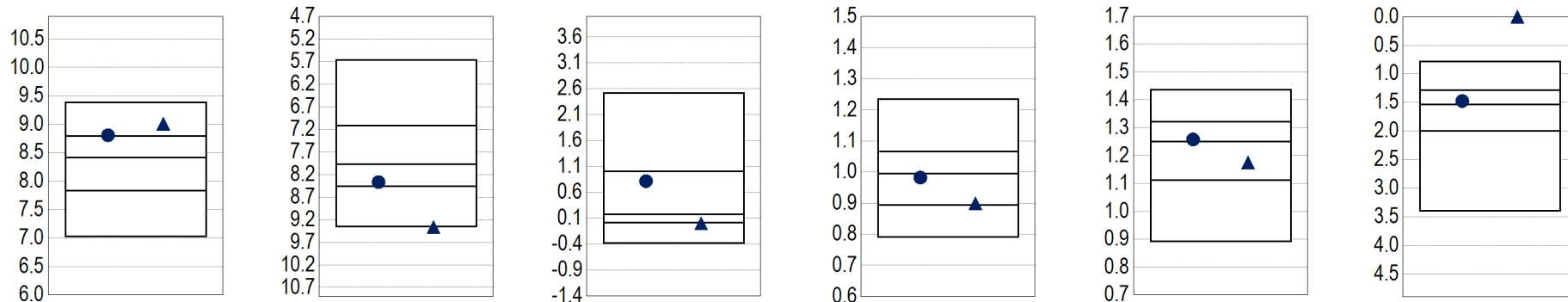


Los Angeles City Employees' Retirement System

TOTAL FUND RISK STATISTICS VS. PEER UNIVERSE

LACERS Master Trust vs. InvMetrics Public DB \$5-50B Gross 10 Years

Annualized Return (%)	Annualized Standard Deviation	Annualized Alpha (%)	Sharpe Ratio	Sortino Ratio Risk Free	Tracking Error
-----------------------	-------------------------------	----------------------	--------------	-------------------------	----------------



	Value	Rank	Value	Rank	Value	Rank	Value	Rank	Value	Rank	Value	Rank
● LACERS Master Trust	8.81	26	8.37	70	0.81	36	0.98	58	1.26	47	1.48	43
▲ Policy Index	9.01	17	9.36	97	0.00	78	0.90	75	1.18	71	0.00	1
Universe												
5th %tile	9.38		5.66		2.51		1.23		1.44		0.79	
25th %tile	8.81		7.10		1.01		1.07		1.32		1.28	
Median	8.43		7.96		0.19		1.00		1.25		1.52	
75th %tile	7.84		8.45		0.03		0.90		1.11		1.99	
95th %tile	7.04		9.34		-0.37		0.79		0.89		3.38	



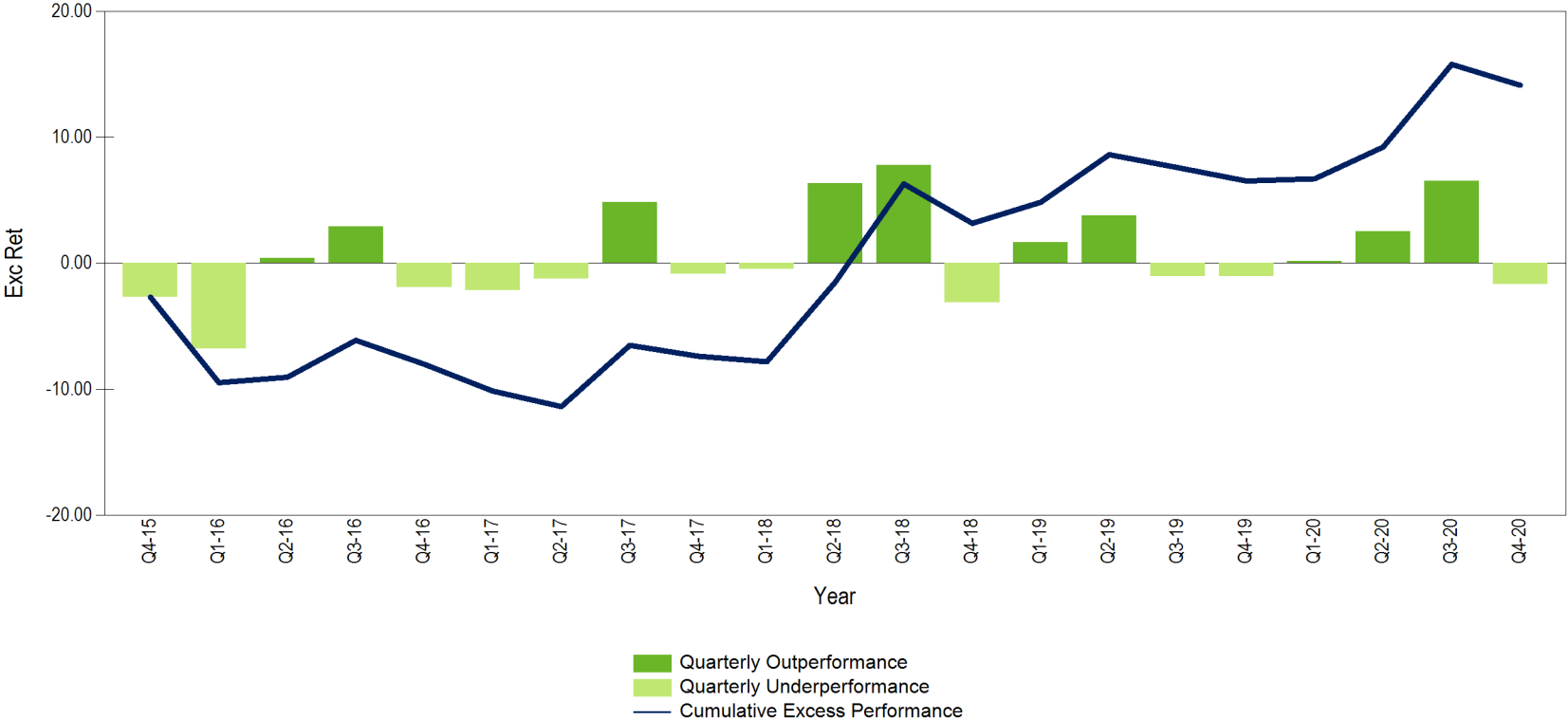
U.S. EQUITY MANAGER PERFORMANCE

NEPC, LLC

Los Angeles City Employees' Retirement System

EAM INVESTORS

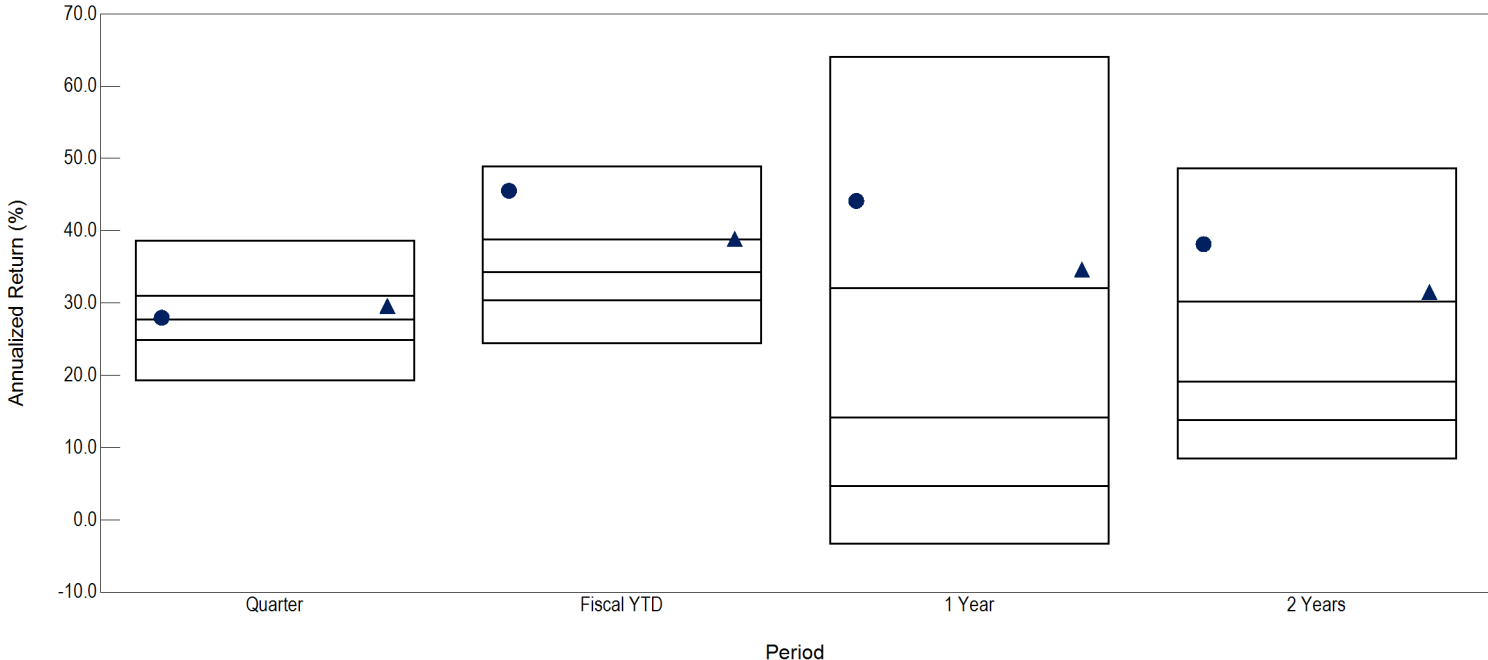
Quarterly and Cumulative Excess Performance



Los Angeles City Employees' Retirement System

EAM INVESTORS

EAM Investors vs. eV US Small Cap Equity Net



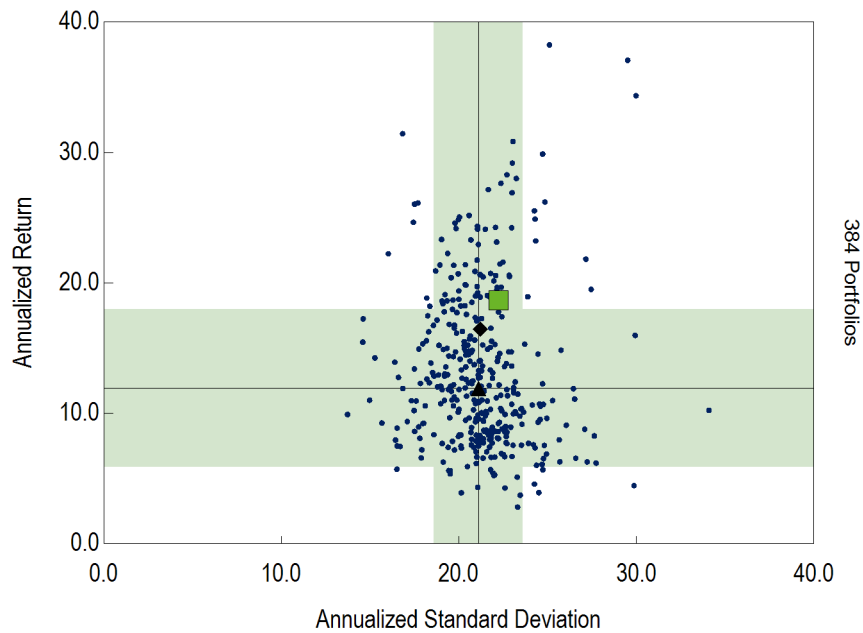
	Return (Rank)							
5th Percentile	38.59		48.85		64.04		48.65	
25th Percentile	31.05		38.91		32.16		30.29	
Median	27.81		34.39		14.22		19.19	
75th Percentile	24.93		30.50		4.72		13.90	
95th Percentile	19.34		24.48		-3.21		8.53	
# of Portfolios	421		421		421		415	
● EAM Investors	27.95	(49)	45.50	(10)	44.11	(15)	38.13	(14)
▲ Russell 2000 Growth	29.61	(38)	38.88	(26)	34.63	(23)	31.52	(22)



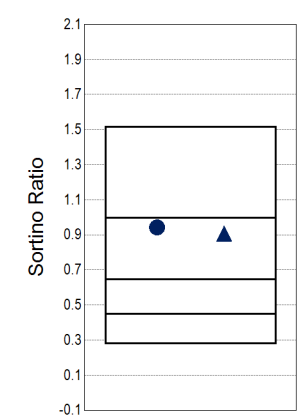
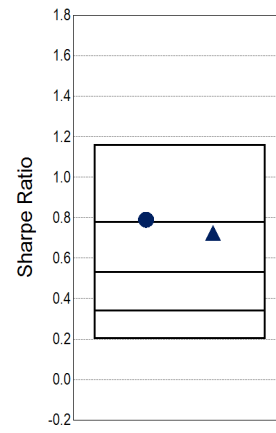
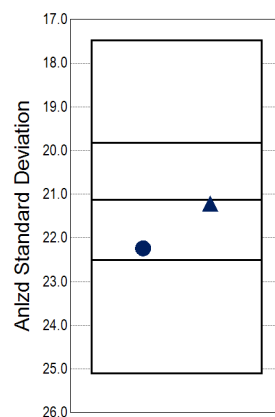
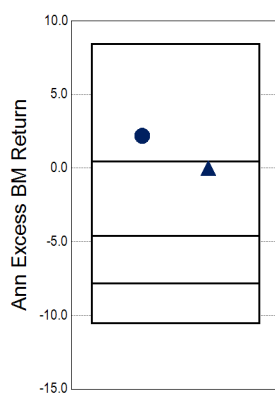
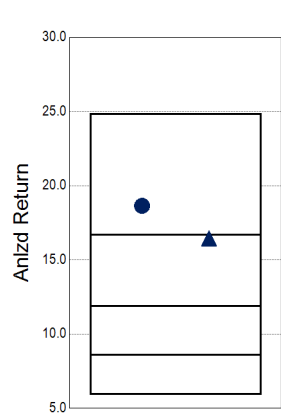
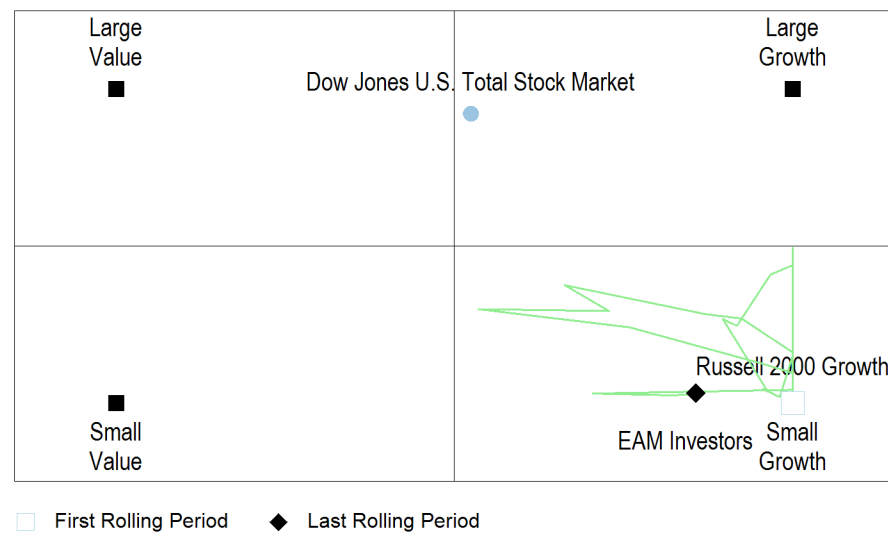
Los Angeles City Employees' Retirement System

EAM INVESTORS

Since Inception Risk Return



Since Inception Style Map



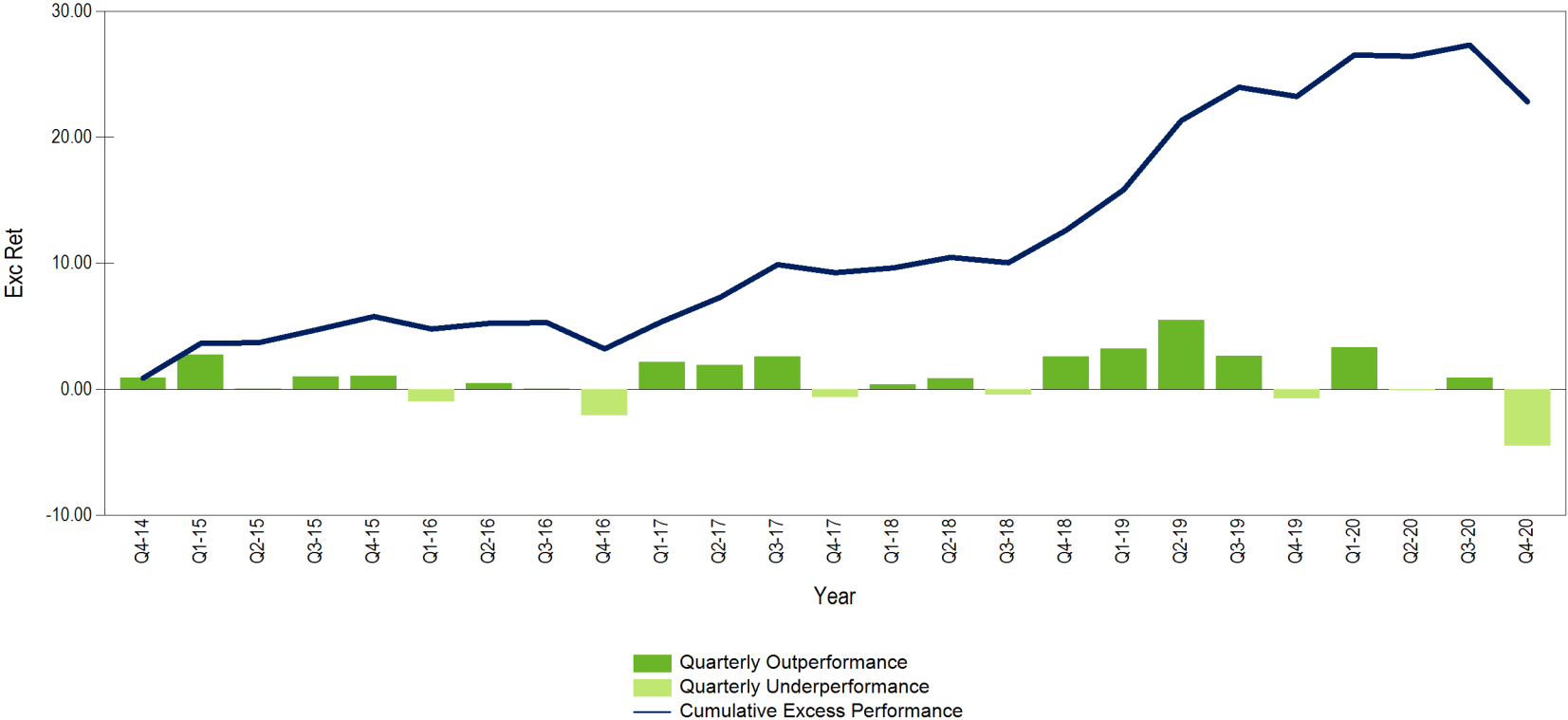
- EAM Investors
- ▲ Russell 2000 Growth
- 5th to 25th Percentile
- 25th to Median
- Median to 75th Percentile
- 75th to 95th Percentile



Los Angeles City Employees' Retirement System

PRINCIPAL GLOBAL INVESTORS

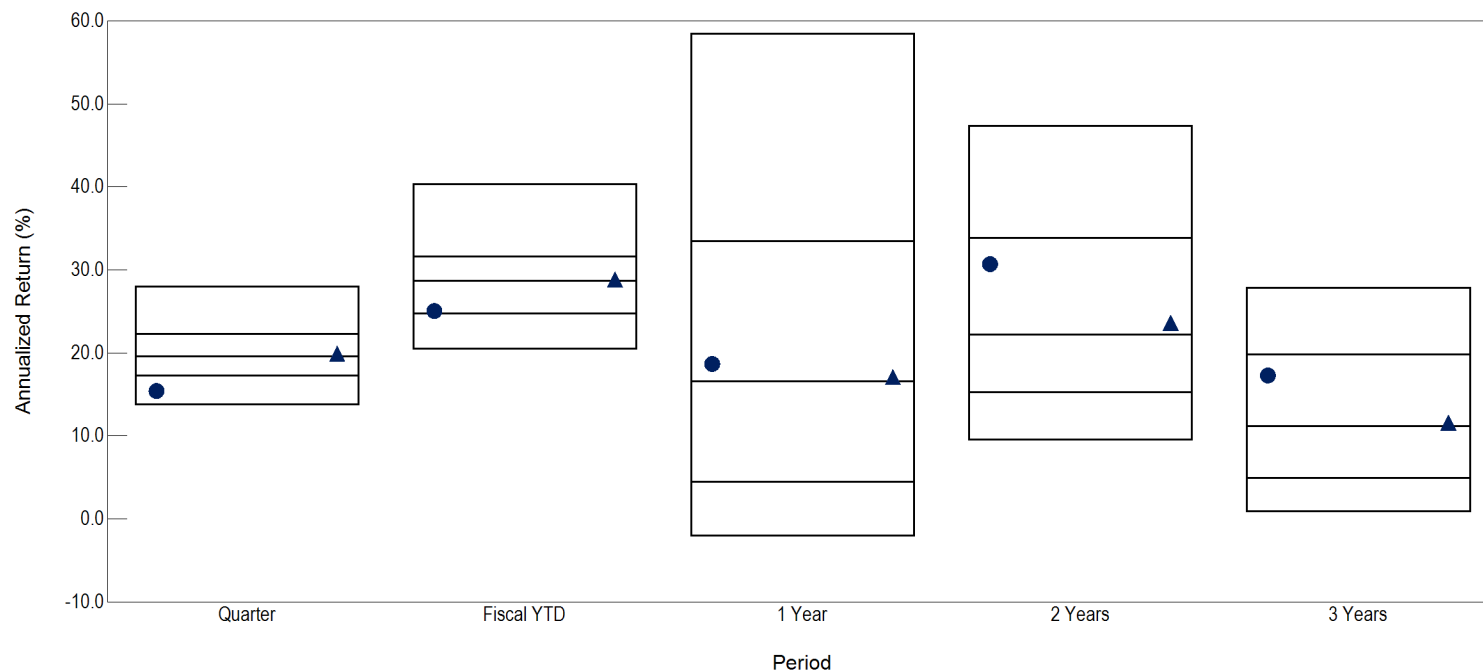
Quarterly and Cumulative Excess Performance



Los Angeles City Employees' Retirement System

PRINCIPAL GLOBAL INVESTORS

Principal Global Investors vs. eV US Mid Cap Equity Net



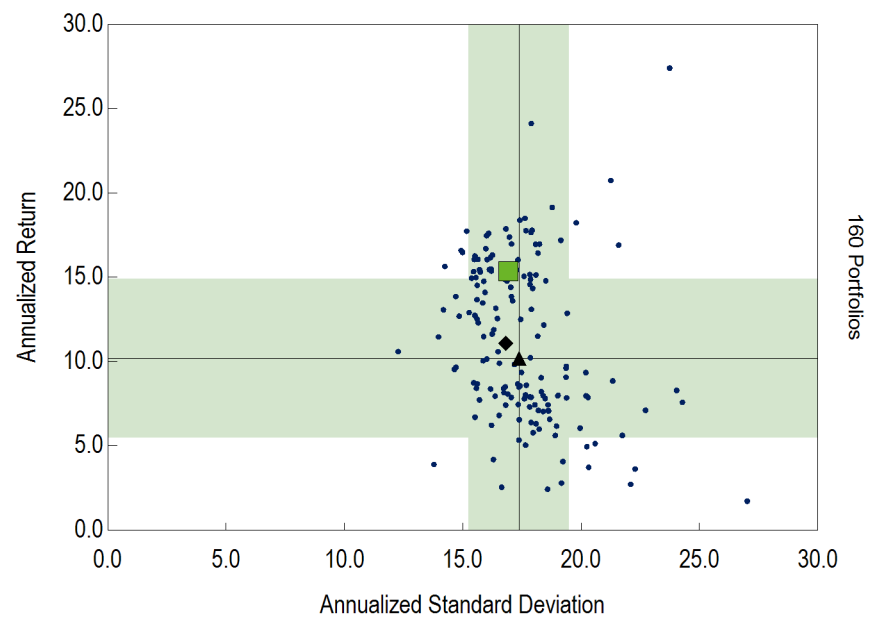
	Return (Rank)									
5th Percentile	28.01		40.34		58.47		47.38		27.83	
25th Percentile	22.35		31.70		33.54		33.96		19.93	
Median	19.69		28.78		16.68		22.26		11.23	
75th Percentile	17.36		24.88		4.55		15.34		5.05	
95th Percentile	13.92		20.62		-1.94		9.68		1.01	
# of Portfolios	179		179		178		176		175	
● Principal Global Investors	15.41	(87)	25.05	(74)	18.68	(47)	30.71	(36)	17.29	(34)
▲ Russell MidCap	19.91	(49)	28.86	(49)	17.10	(49)	23.64	(49)	11.61	(50)



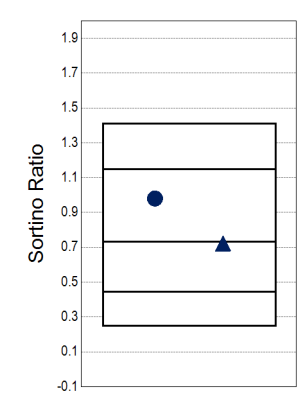
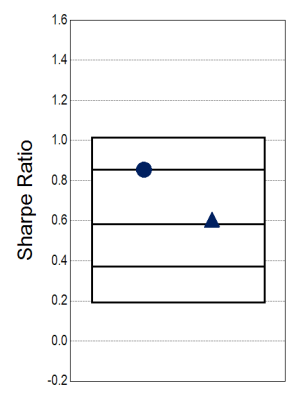
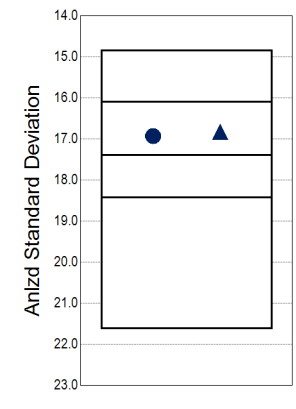
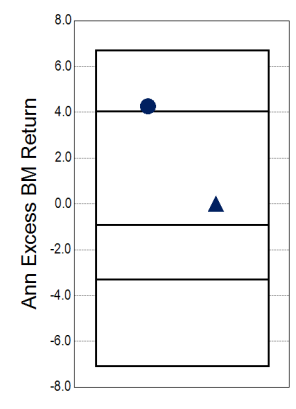
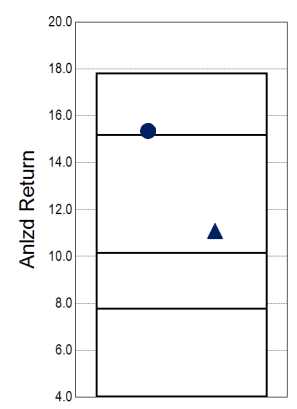
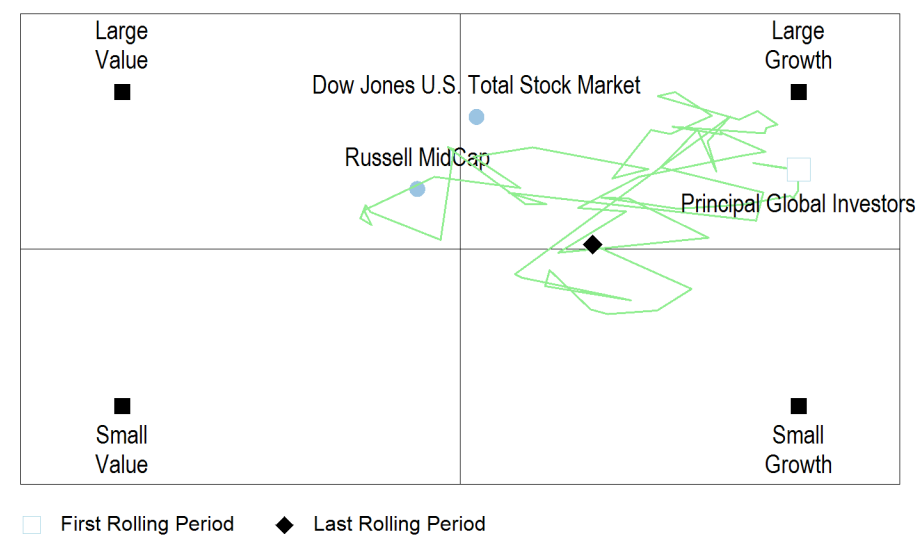
Los Angeles City Employees' Retirement System

PRINCIPAL GLOBAL INVESTORS

Since Inception Risk Return



Since Inception Style Map



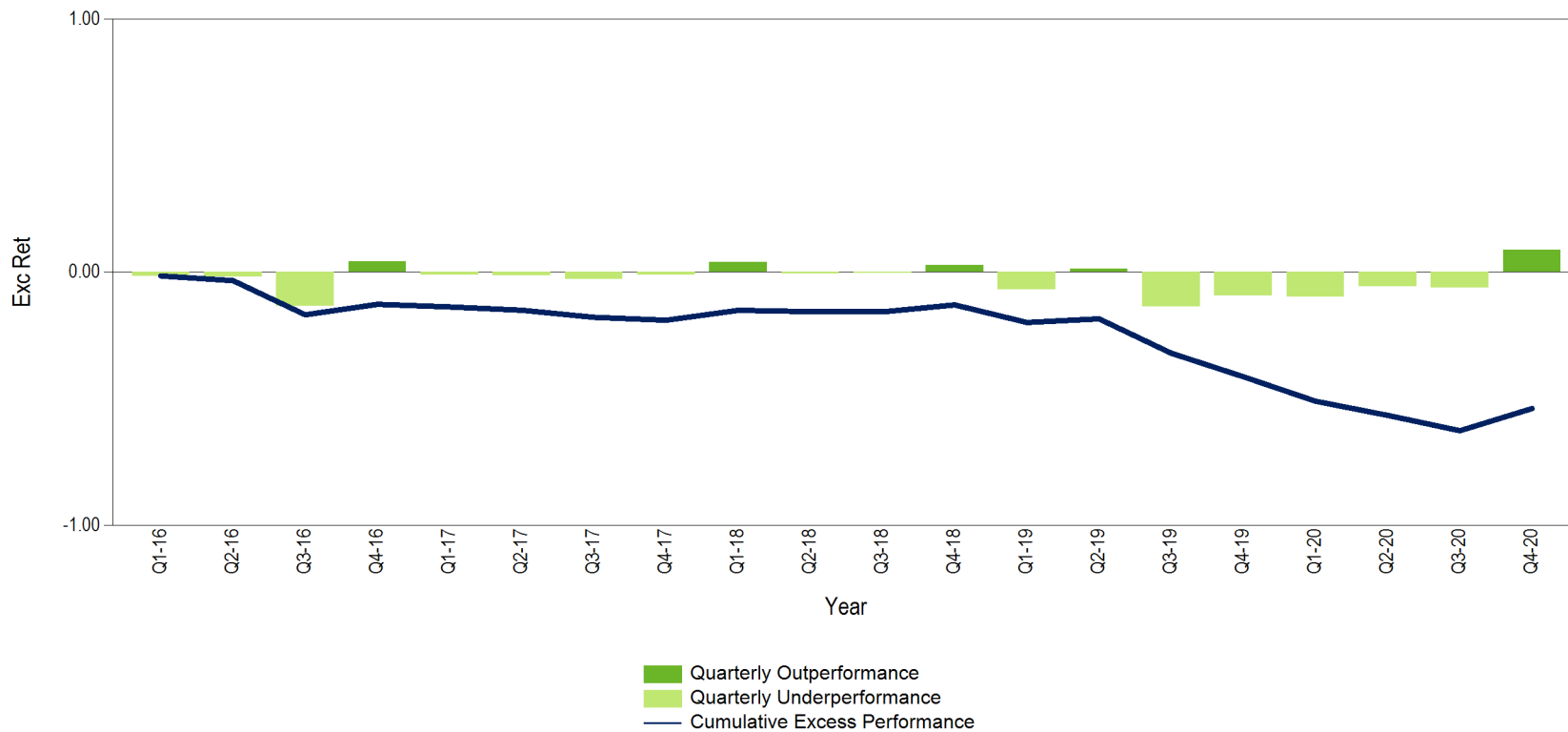
- Principal Global Investors
- ▲ Russell MidCap
- 5th to 25th Percentile
- 25th to Median
- Median to 75th Percentile
- 75th to 95th Percentile



Los Angeles City Employees' Retirement System

RHUMBLINE ADVISORS S&P 500

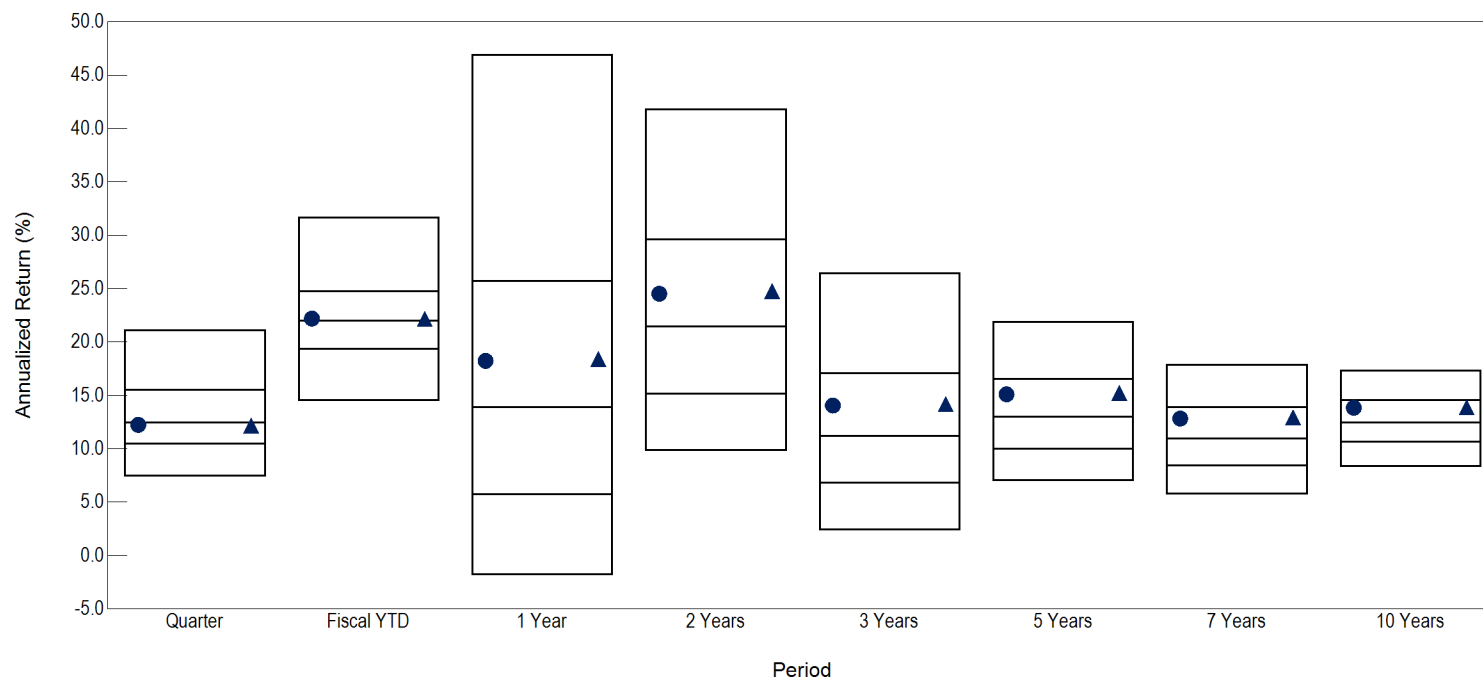
Quarterly and Cumulative Excess Performance



Los Angeles City Employees' Retirement System

RHUMBLINE ADVISORS S&P 500

RhumbLine Advisers S&P 500 vs. eV US Large Cap Equity Net



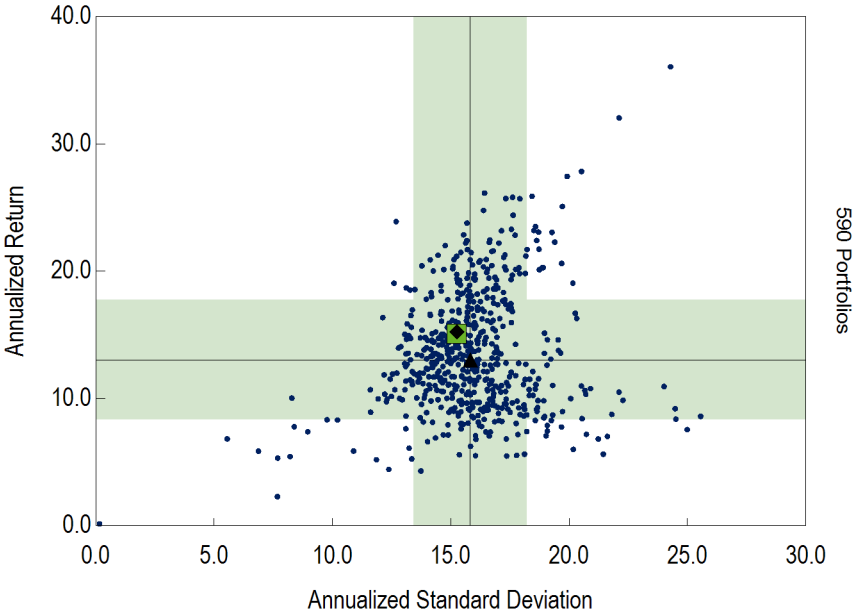
	Return (Rank)															
5th Percentile	21.09	31.67	46.90	41.78	26.41	21.88	17.85	17.32								
25th Percentile	15.57	24.80	25.80	29.70	17.11	16.59	13.97	14.61								
Median	12.49	22.07	13.96	21.49	11.25	13.03	11.04	12.52								
75th Percentile	10.52	19.42	5.77	15.19	6.88	10.03	8.51	10.71								
95th Percentile	7.52	14.64	-1.73	9.92	2.47	7.13	5.87	8.46								
# of Portfolios	654	654	653	641	629	590	551	473								
● RhumbLine Advisers S&P 500	12.24	(53)	22.19	(49)	18.23	(40)	24.51	(39)	14.05	(36)	15.09	(32)	12.82	(31)	13.83	(33)
▲ S&P 500	12.15	(55)	22.16	(49)	18.40	(39)	24.77	(38)	14.18	(36)	15.22	(32)	12.91	(31)	13.88	(32)



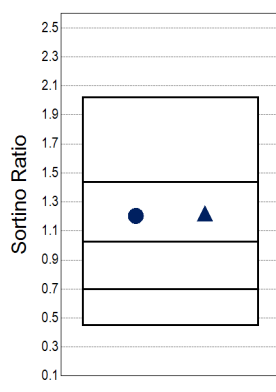
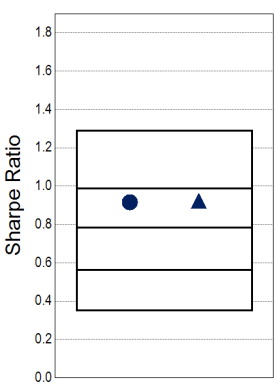
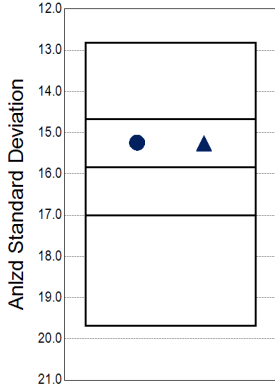
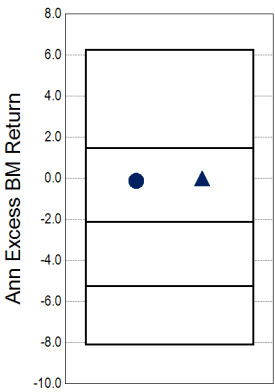
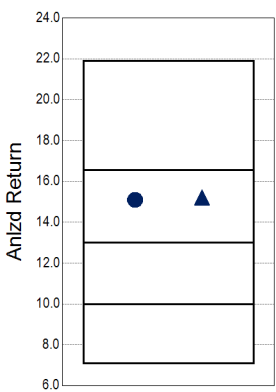
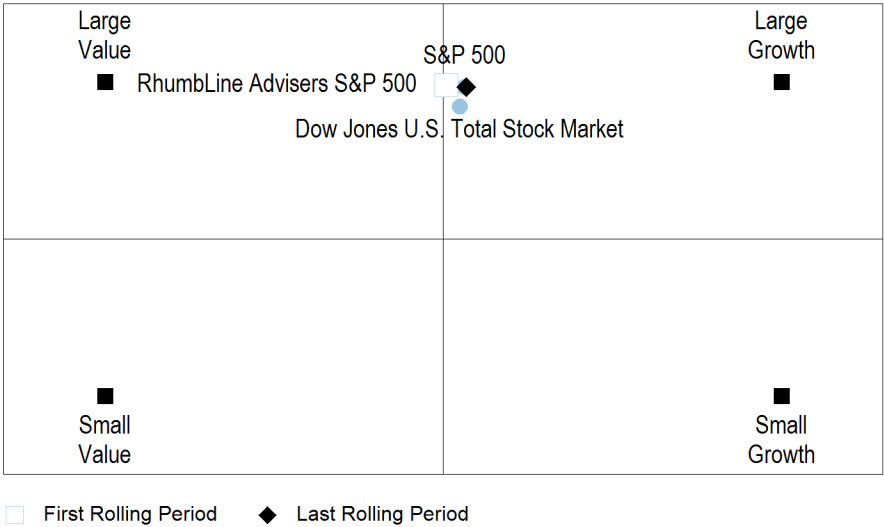
Los Angeles City Employees' Retirement System

RHUMBLINE ADVISORS S&P 500

5 Year Risk Return



5 Year Style Map



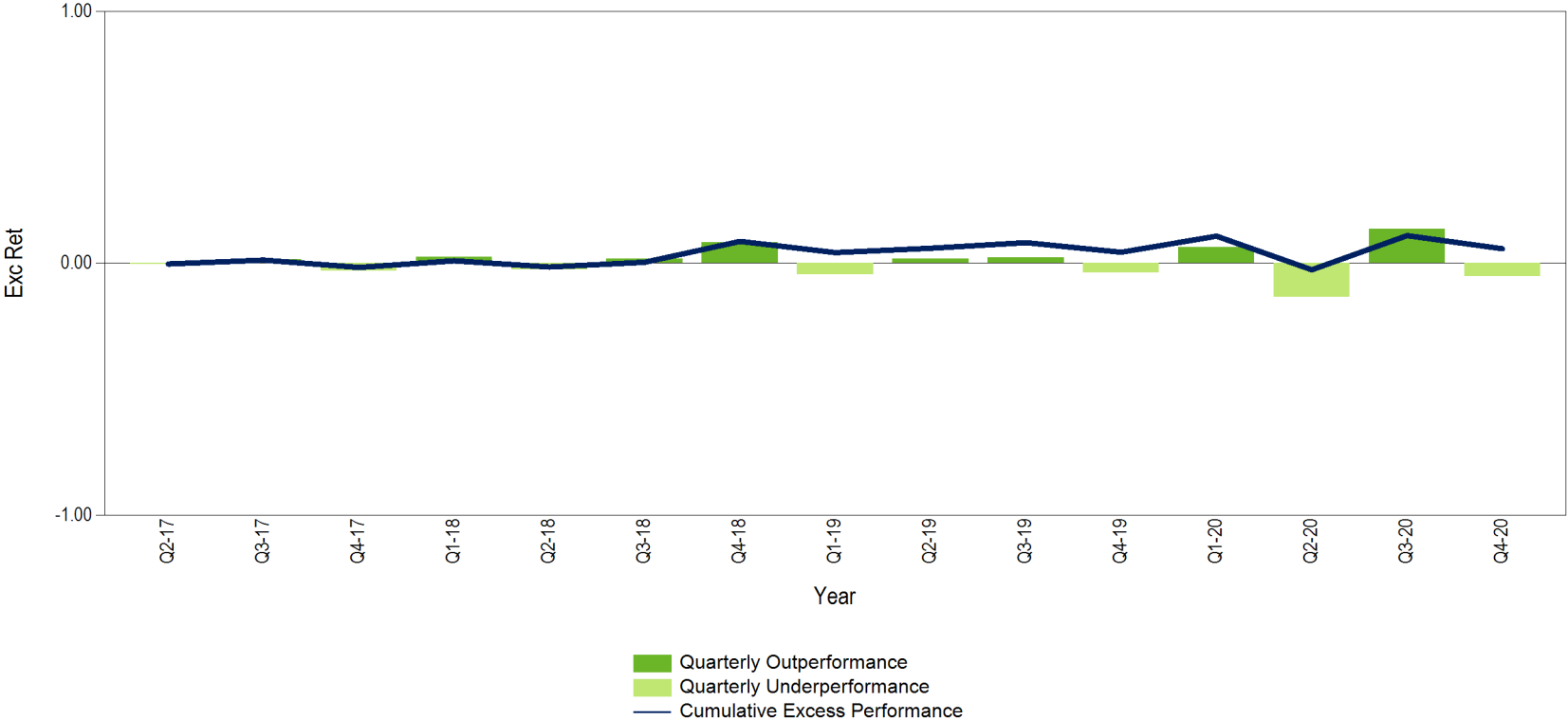
- RhumbLine Advisers S&P 500
- ▲ S&P 500
- 5th to 25th Percentile
- 25th to Median
- Median to 75th Percentile
- 75th to 95th Percentile



Los Angeles City Employees' Retirement System

RHUMBLINE ADVISORS RUSSELL 2000

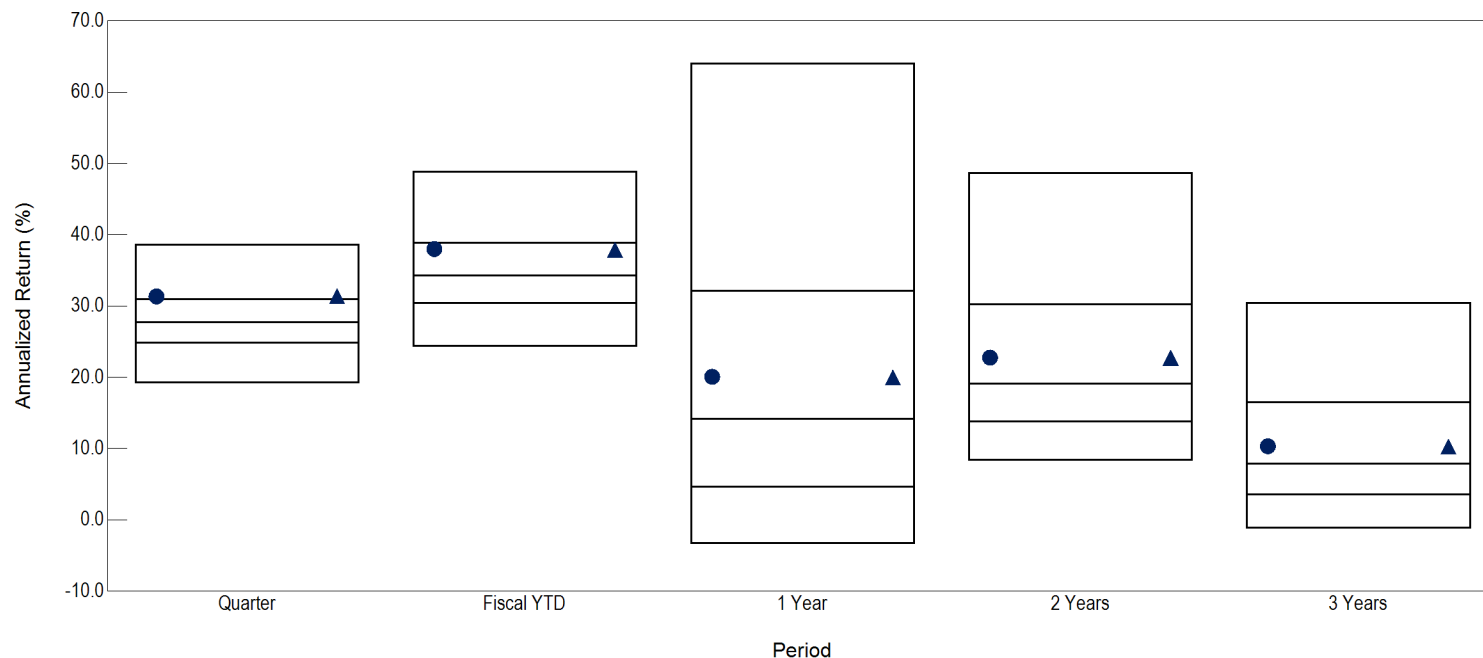
Quarterly and Cumulative Excess Performance



Los Angeles City Employees' Retirement System

RHUMBLINE ADVISORS RUSSELL 2000

RhumbLine Advisers Russell 2000 vs. eV US Small Cap Equity Net



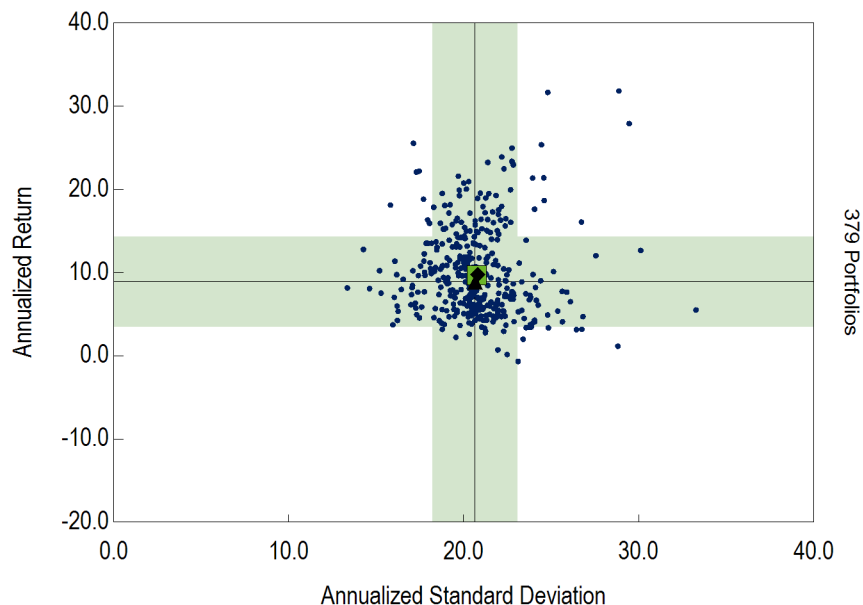
	Return (Rank)									
5th Percentile	38.59		48.85		64.04		48.65		30.42	
25th Percentile	31.05		38.91		32.16		30.29		16.58	
Median	27.81		34.39		14.22		19.19		7.92	
75th Percentile	24.93		30.50		4.72		13.90		3.65	
95th Percentile	19.34		24.48		-3.21		8.53		-1.06	
# of Portfolios	421		421		421		415		412	
● RhumbLine Advisers Russell 2000	31.32	(24)	37.97	(31)	20.05	(40)	22.74	(40)	10.31	(41)
▲ Russell 2000	31.37	(24)	37.85	(31)	19.96	(40)	22.71	(40)	10.25	(41)



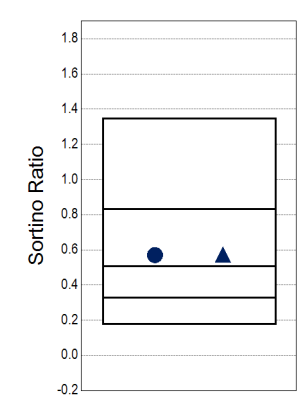
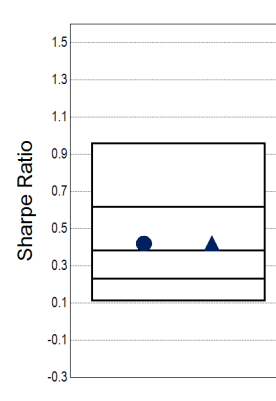
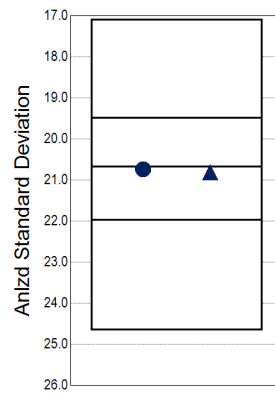
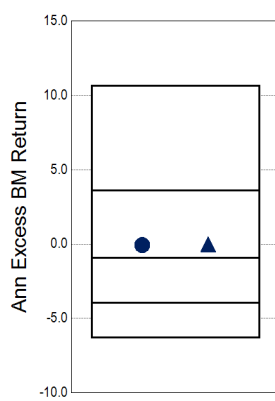
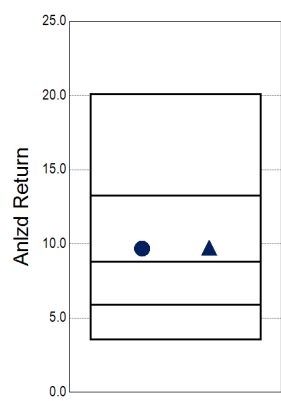
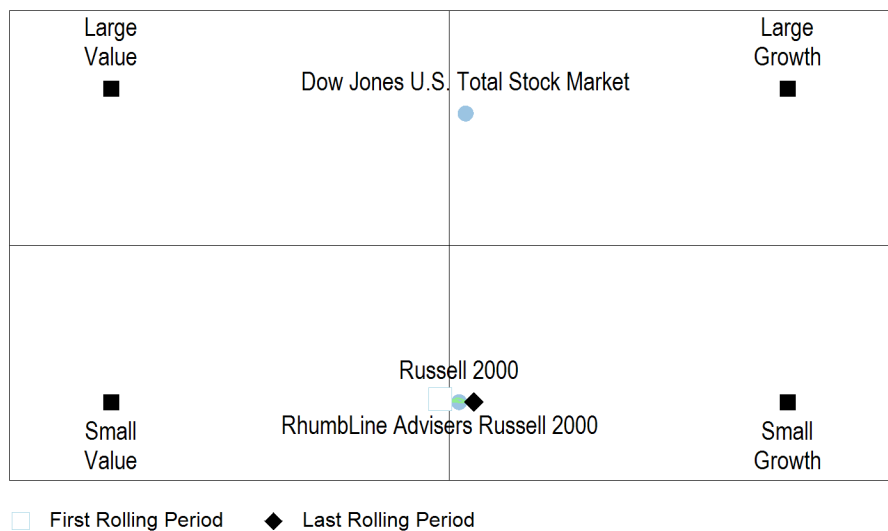
Los Angeles City Employees' Retirement System

RHUMBLINE ADVISORS RUSSELL 2000

Since Inception Risk Return



Since Inception Style Map



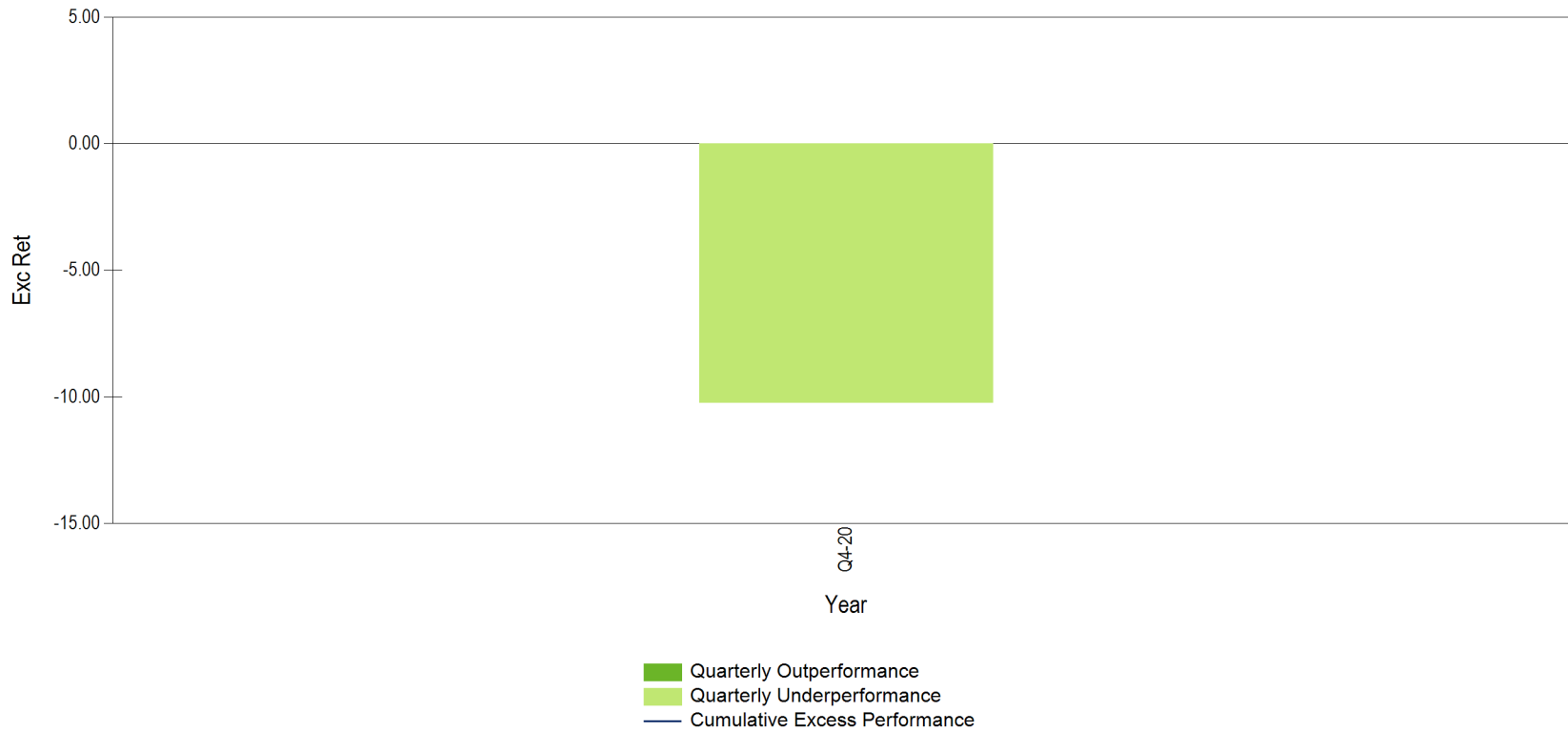
- RhumbLine Advisers Russell 2000
- ▲ Russell 2000
- 5th to 25th Percentile
- 25th to Median
- Median to 75th Percentile
- 75th to 95th Percentile



Los Angeles City Employees' Retirement System

COPELAND CAPITAL MANAGEMENT

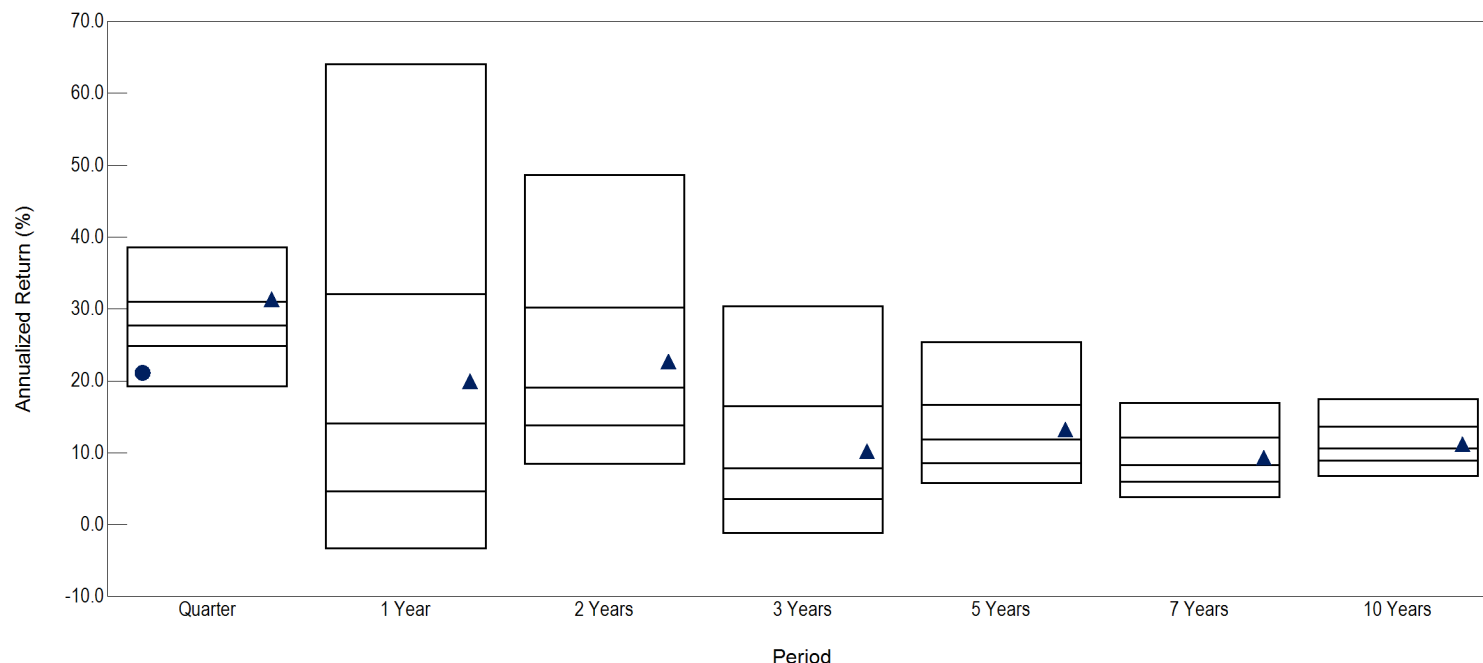
Quarterly and Cumulative Excess Performance



Los Angeles City Employees' Retirement System

COPELAND CAPITAL MANAGEMENT

Copeland Capital Management vs. eV US Small Cap Equity Net



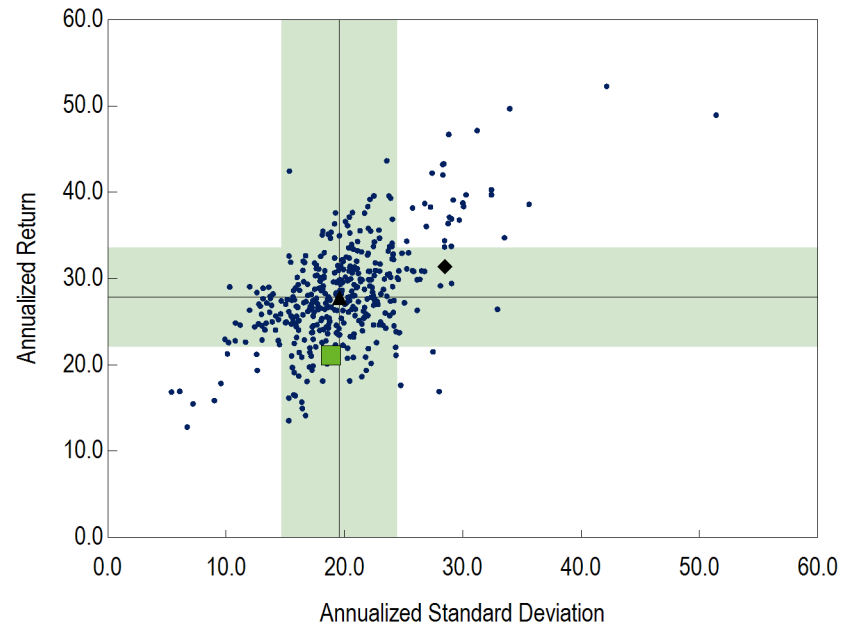
	Return (Rank)													
5th Percentile	38.59	64.04	48.65	30.42	25.41	16.93	17.46							
25th Percentile	31.05	32.16	30.29	16.58	16.76	12.23	13.74							
Median	27.81	14.22	19.19	7.92	11.93	8.35	10.67							
75th Percentile	24.93	4.72	13.90	3.65	8.62	6.05	9.03							
95th Percentile	19.34	-3.21	8.53	-1.06	5.90	3.98	6.83							
# of Portfolios	421	421	415	412	391	365	329							
● Copeland Capital Management	21.12	(92)	--	(--)	--	(--)	--	(--)	--	(--)	--	(--)	--	(--)
▲ Russell 2000	31.37	(24)	19.96	(40)	22.71	(40)	10.25	(41)	13.26	(42)	9.34	(43)	11.20	(45)



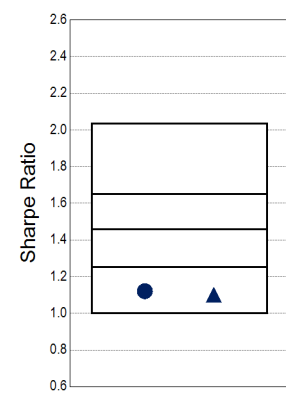
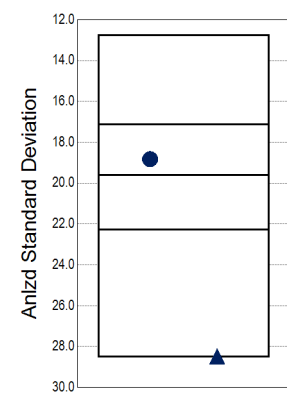
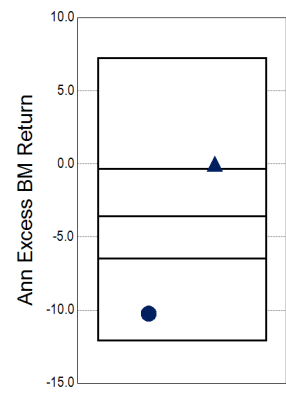
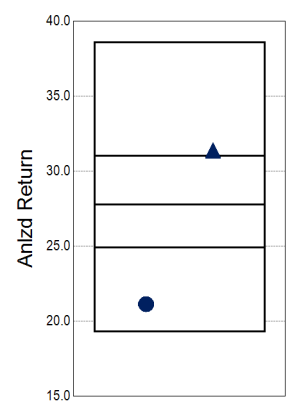
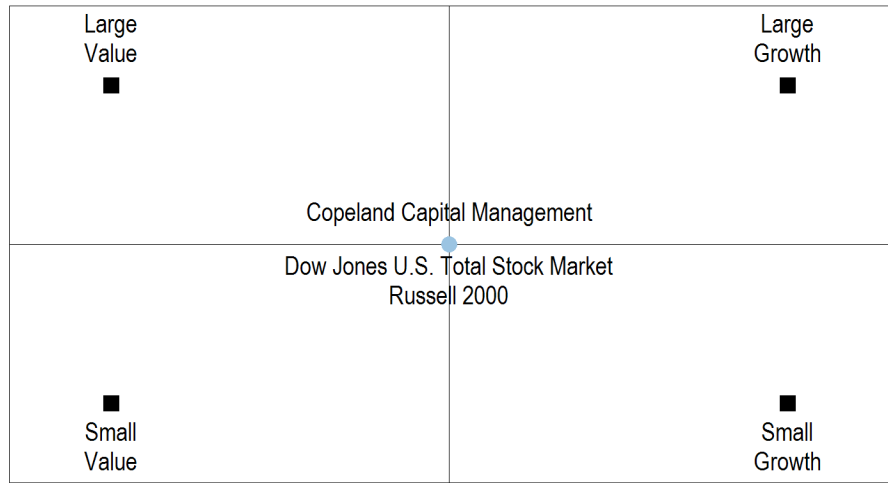
Los Angeles City Employees' Retirement System

COPELAND CAPITAL MANAGEMENT

Since Inception Risk Return



U.S. Effective Style Map
3 Months Ending December 31, 2020



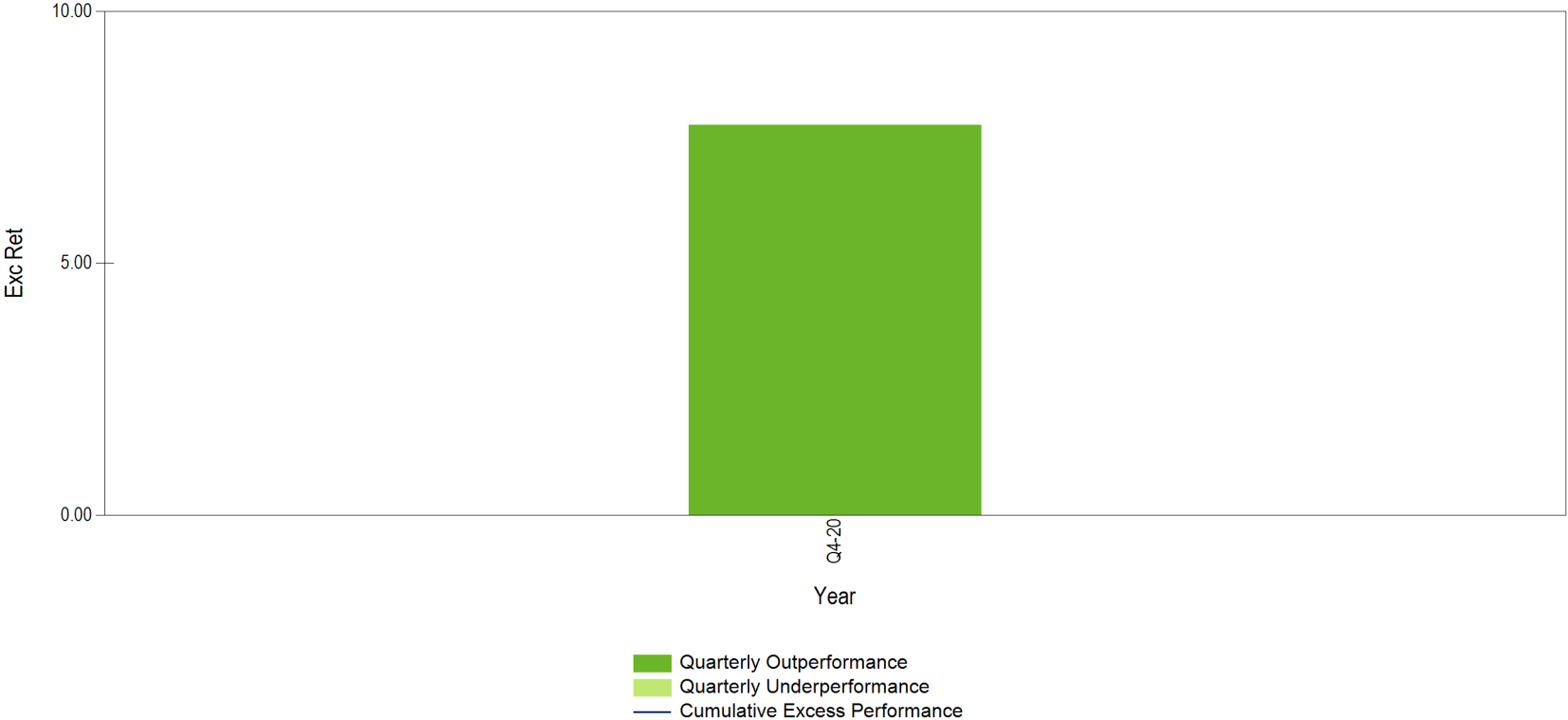
- Copeland Capital Management
- ▲ Russell 2000
- 5th to 25th Percentile
- 25th to Median
- Median to 75th Percentile
- 75th to 95th Percentile



Los Angeles City Employees' Retirement System

GRANAHAN INVESTMENT MANAGEMENT

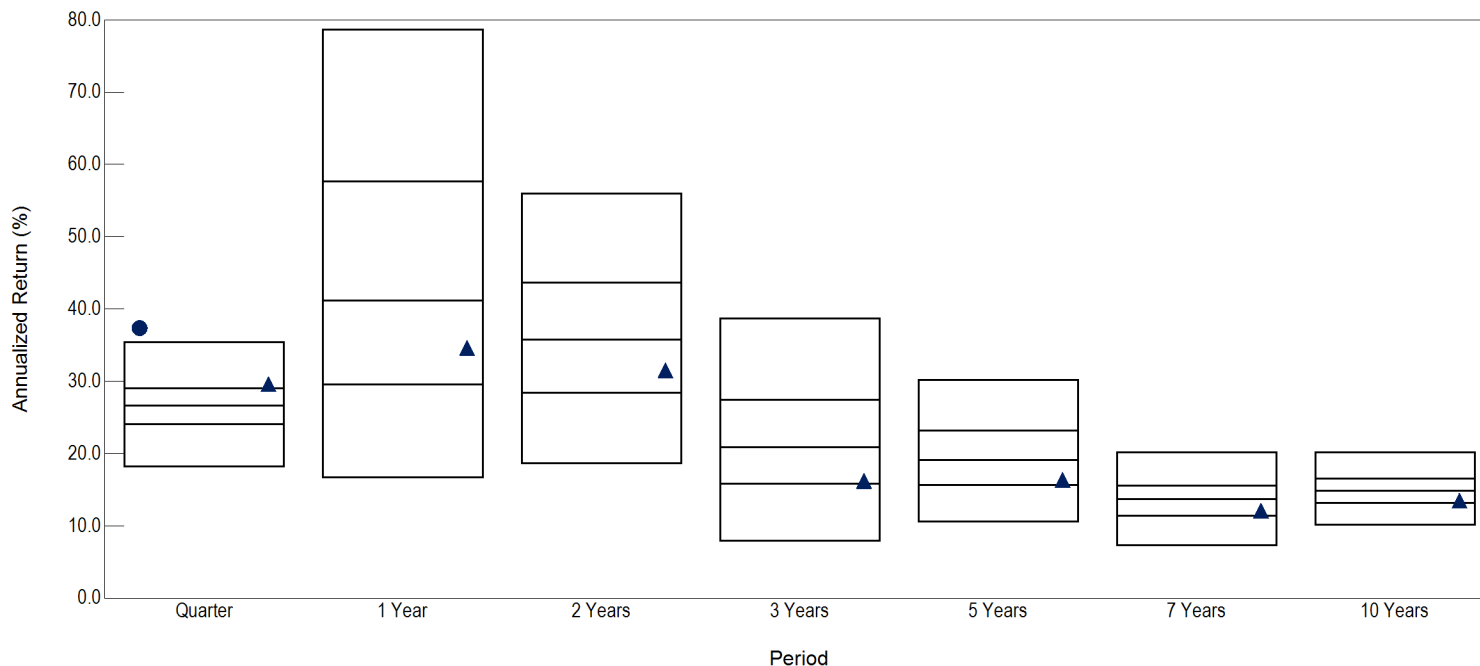
Quarterly and Cumulative Excess Performance



Los Angeles City Employees' Retirement System

GRANAHAN INVESTMENT MANAGEMENT

Granahan Investment Management vs. eV US Small Cap Growth Equity Net



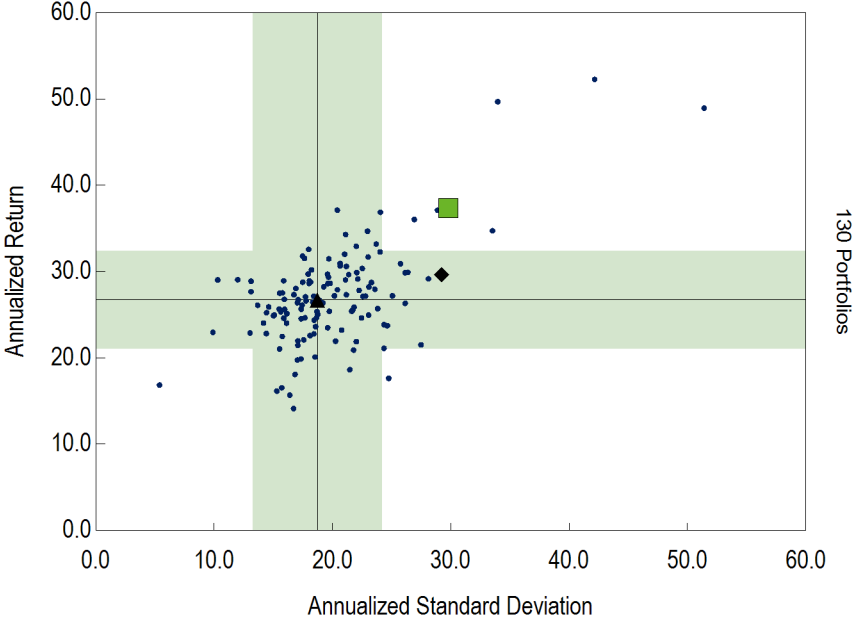
	Return (Rank)													
5th Percentile	35.44		78.62		55.98		38.67		30.18		20.18		20.15	
25th Percentile	29.15		57.70		43.75		27.49		23.31		15.67		16.63	
Median	26.70		41.25		35.83		20.92		19.20		13.76		14.94	
75th Percentile	24.11		29.63		28.53		15.90		15.72		11.50		13.26	
95th Percentile	18.32		16.83		18.77		8.02		10.68		7.39		10.24	
# of Portfolios	130		130		130		130		122		112		105	
● Granahan Investment Management	37.35	(3)	--	(--)	--	(--)	--	(--)	--	(--)	--	(--)	--	(--)
▲ Russell 2000 Growth	29.61	(24)	34.63	(66)	31.52	(63)	16.19	(73)	16.36	(73)	12.08	(71)	13.48	(73)



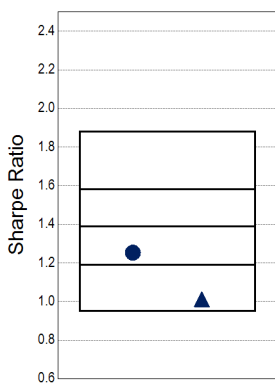
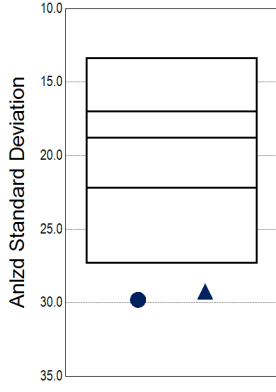
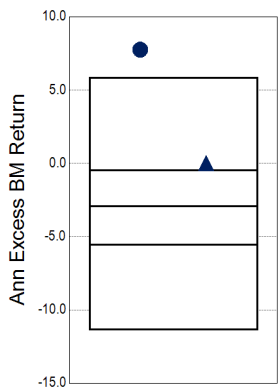
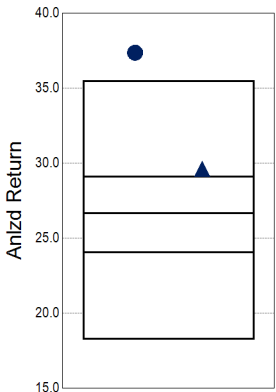
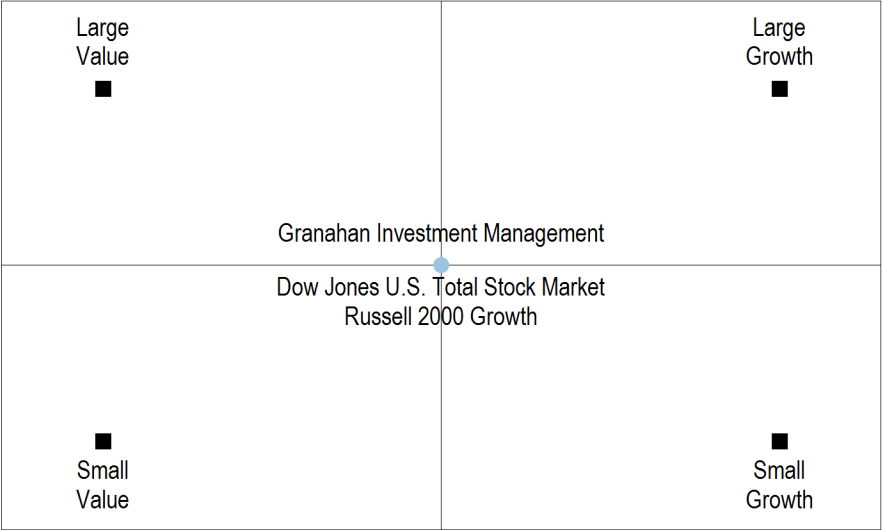
Los Angeles City Employees' Retirement System

GRANAHAN INVESTMENT MANAGEMENT

Since Inception Risk Return



U.S. Effective Style Map



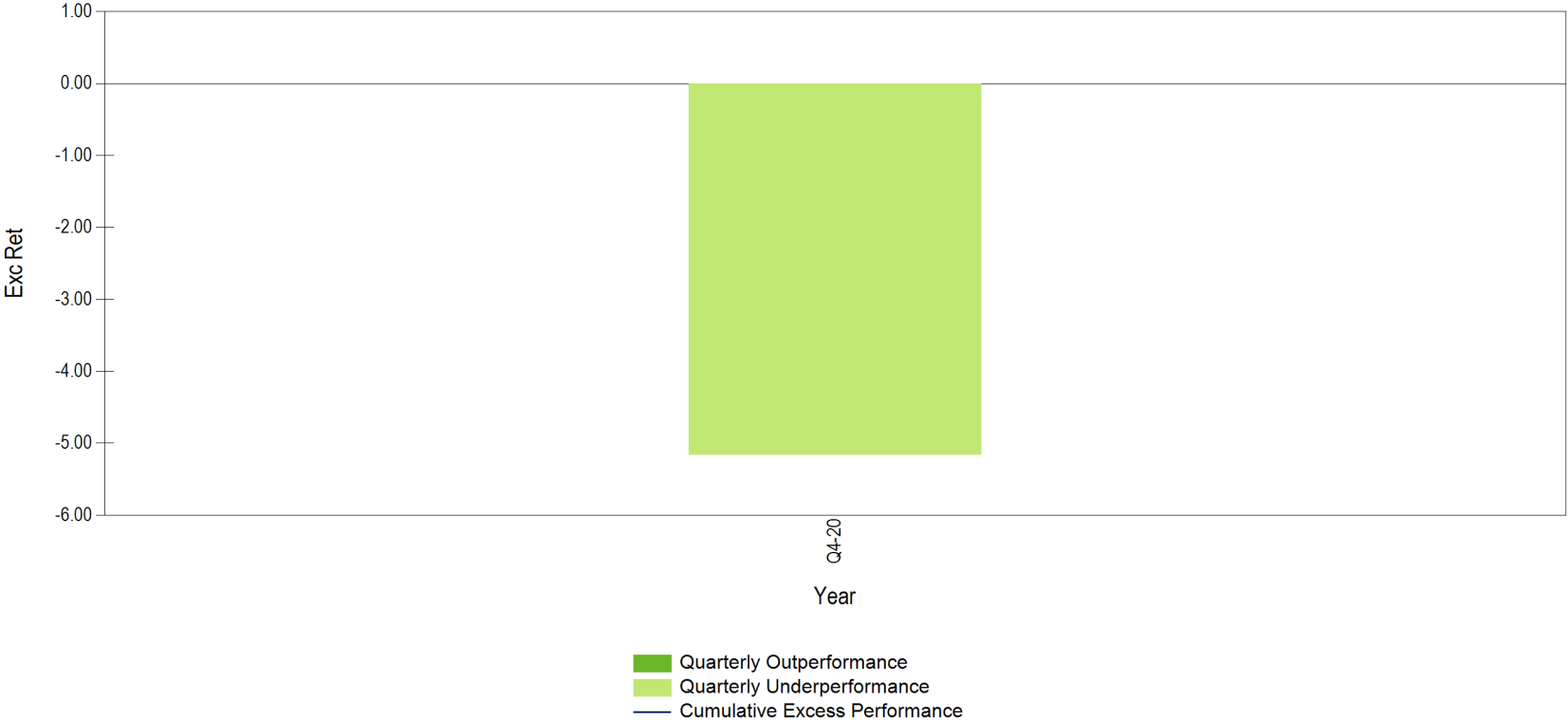
- Granahan Investment Mana...
- ▲ Russell 2000 Growth
- 5th to 25th Percentile
- 25th to Median
- Median to 75th Percentile
- 75th to 95th Percentile



Los Angeles City Employees' Retirement System

SEGALL, BRYANT & HAMILL

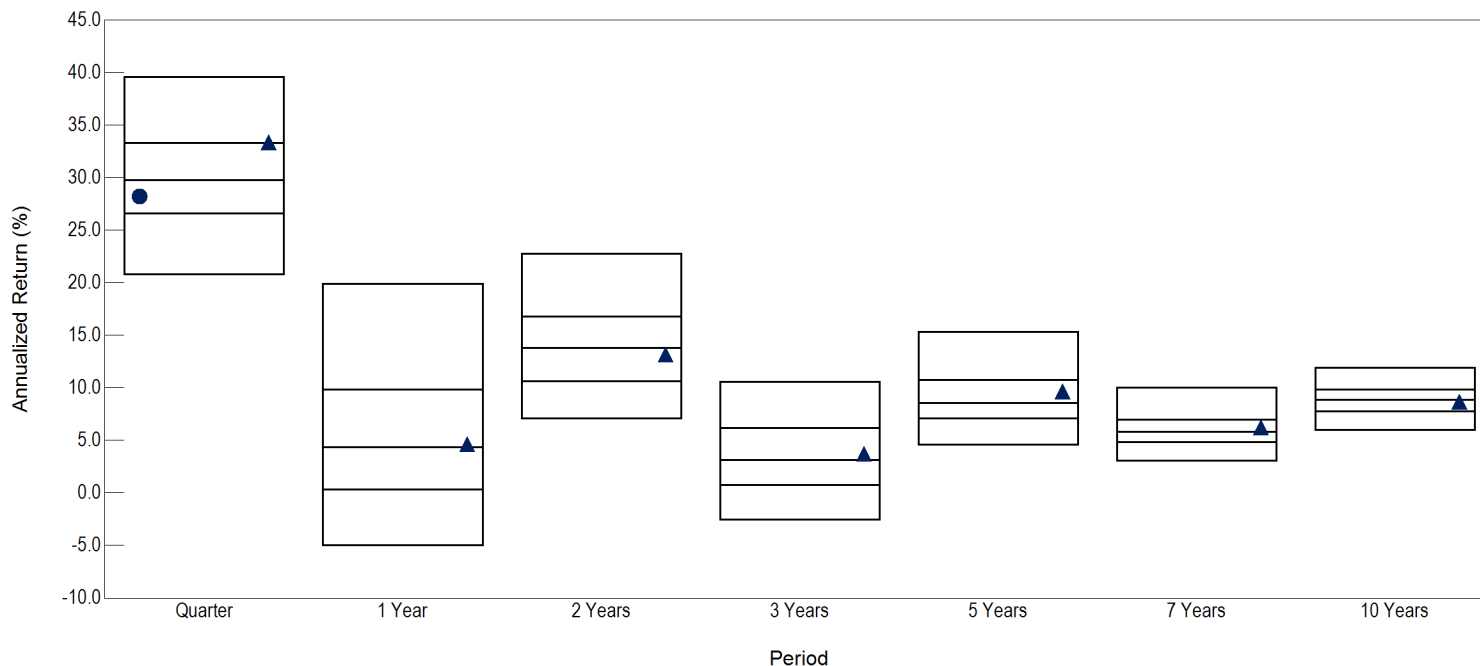
Quarterly and Cumulative Excess Performance



Los Angeles City Employees' Retirement System

SEGALL, BRYANT & HAMILL

Segall, Bryant & Hamill vs. eV US Small Cap Value Equity Net



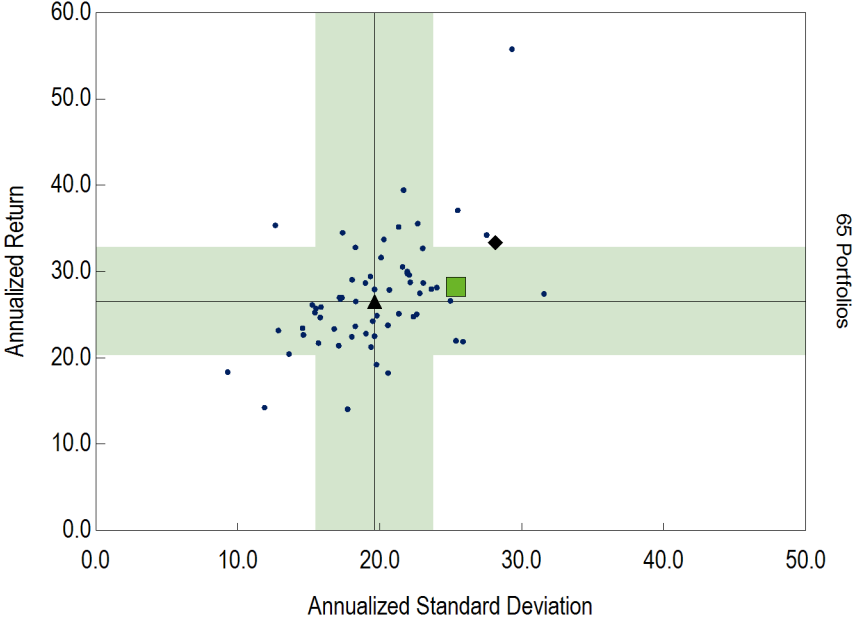
	Return (Rank)													
5th Percentile	39.59	19.88	22.72	10.56	15.32	9.99	11.92							
25th Percentile	33.33	9.89	16.84	6.25	10.79	7.05	9.87							
Median	29.79	4.42	13.86	3.19	8.62	5.90	8.93							
75th Percentile	26.67	0.41	10.70	0.80	7.17	4.89	7.84							
95th Percentile	20.87	-4.93	7.14	-2.49	4.68	3.16	6.07							
# of Portfolios	178	178	174	171	165	155	142							
● Segall, Bryant & Hamill	28.20	(60)	--	(--)	--	(--)	--	(--)	--	(--)	--	(--)	--	(--)
▲ Russell 2000 Value	33.36	(25)	4.63	(50)	13.17	(57)	3.72	(47)	9.65	(37)	6.25	(43)	8.66	(56)



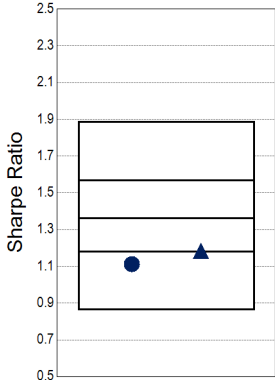
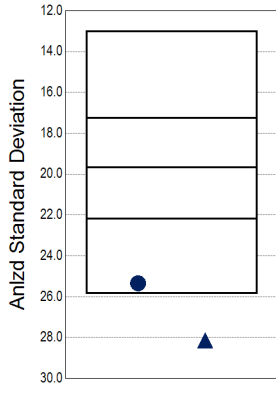
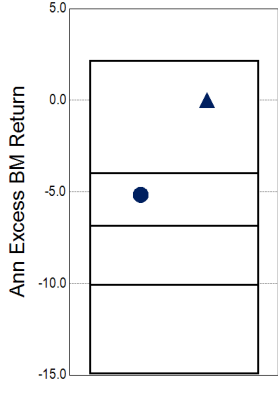
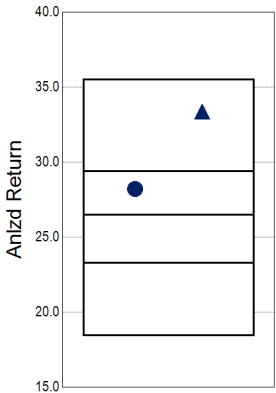
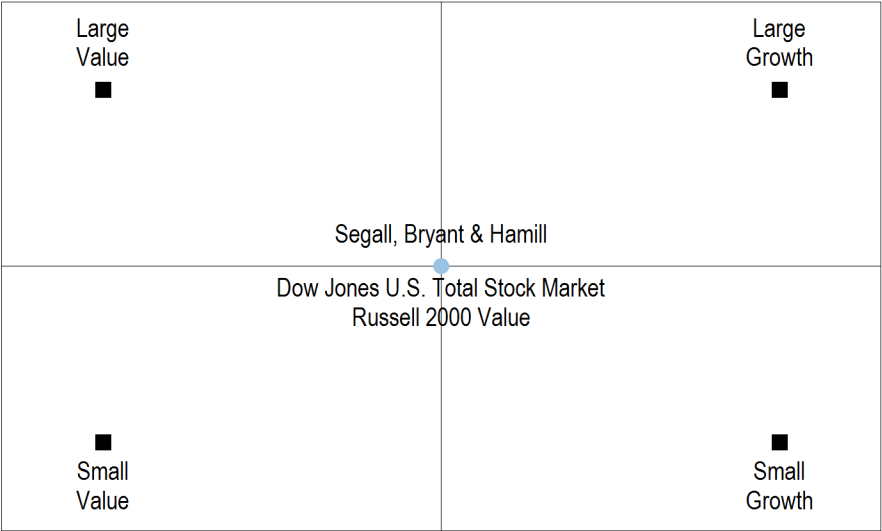
Los Angeles City Employees' Retirement System

SEGALL, BRYANT & HAMILL

Since Inception Risk Return



U.S. Effective Style Map



- Segall, Bryant & Hamill
- ▲ Russell 2000 Value
- 5th to 25th Percentile
- 25th to Median
- Median to 75th Percentile
- 75th to 95th Percentile



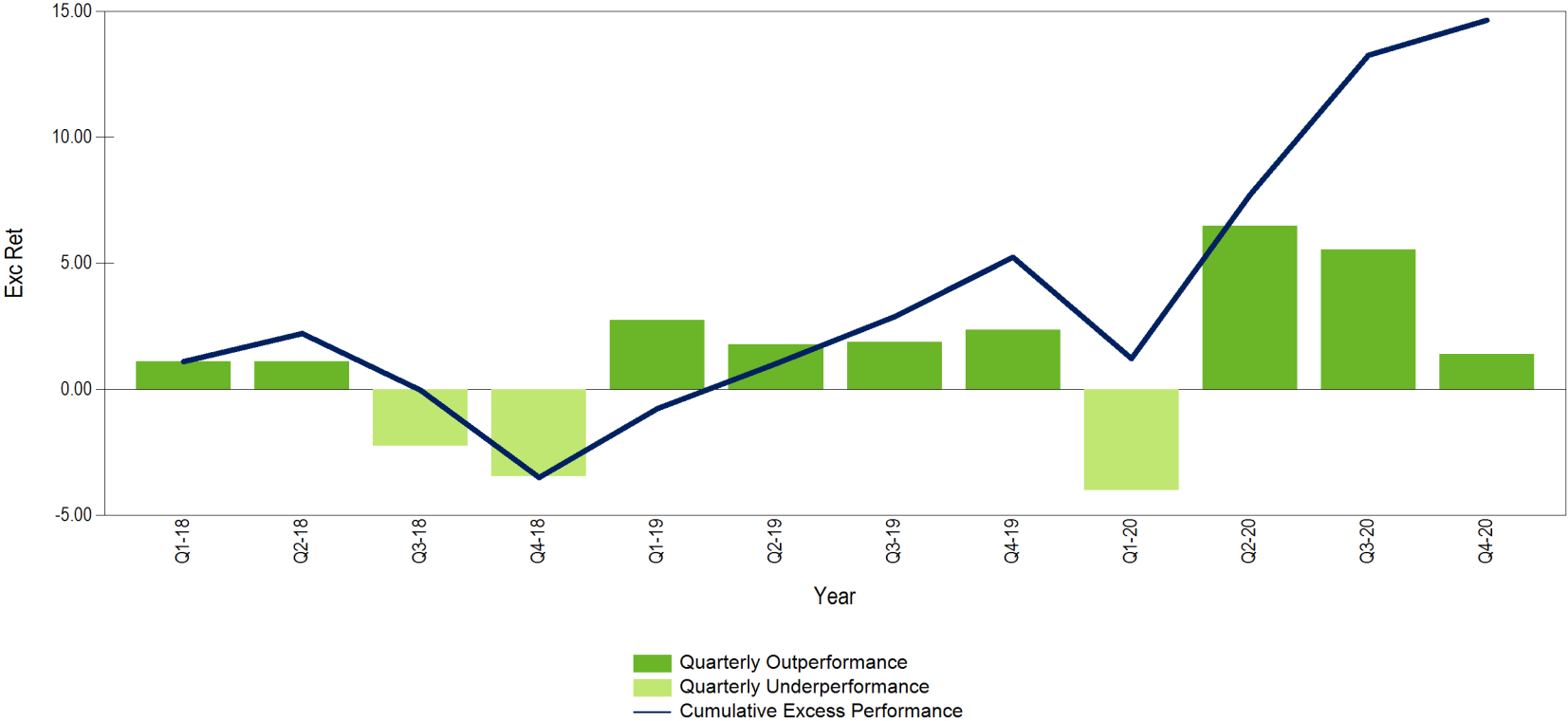
NON-U.S. EQUITY MANAGER PERFORMANCE

NEPC, LLC

Los Angeles City Employees' Retirement System

BARROW HANLEY

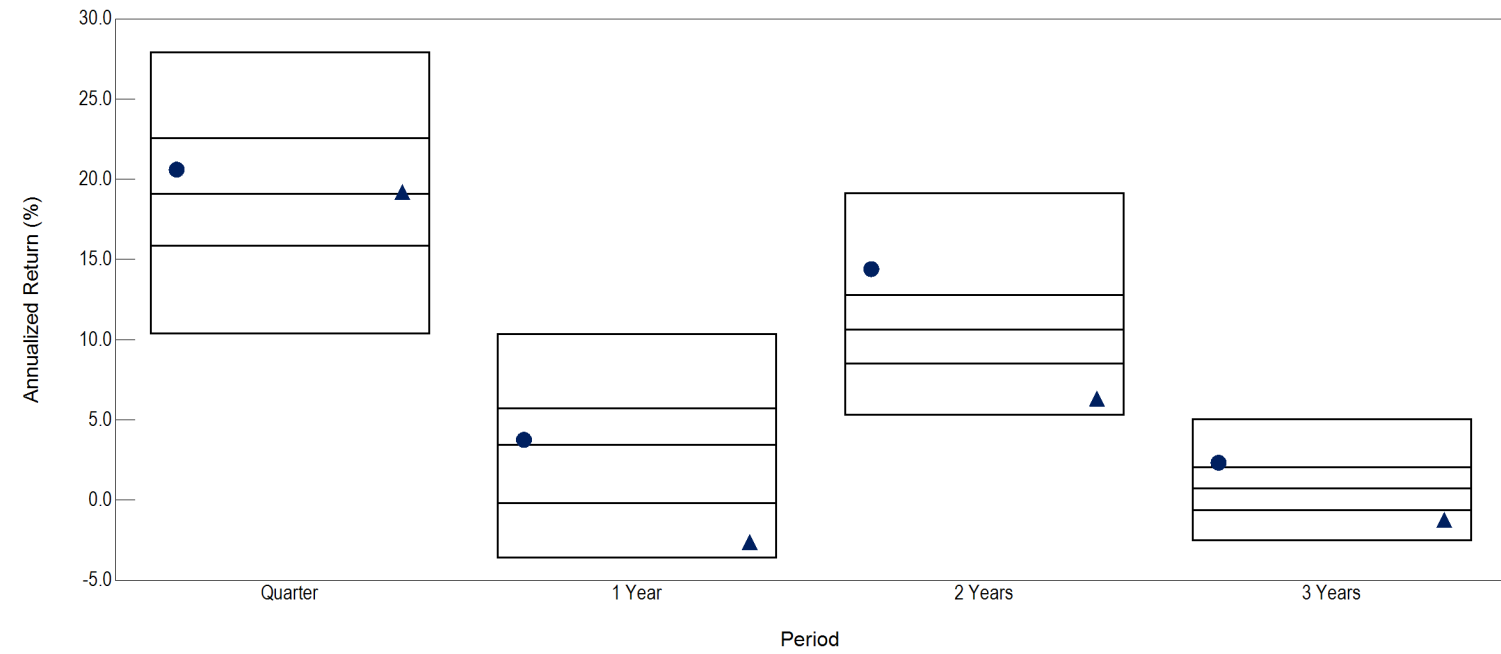
Quarterly and Cumulative Excess Performance



Los Angeles City Employees' Retirement System

BARROW HANLEY

Barrow Hanley vs. eV EAFE Value Equity Net



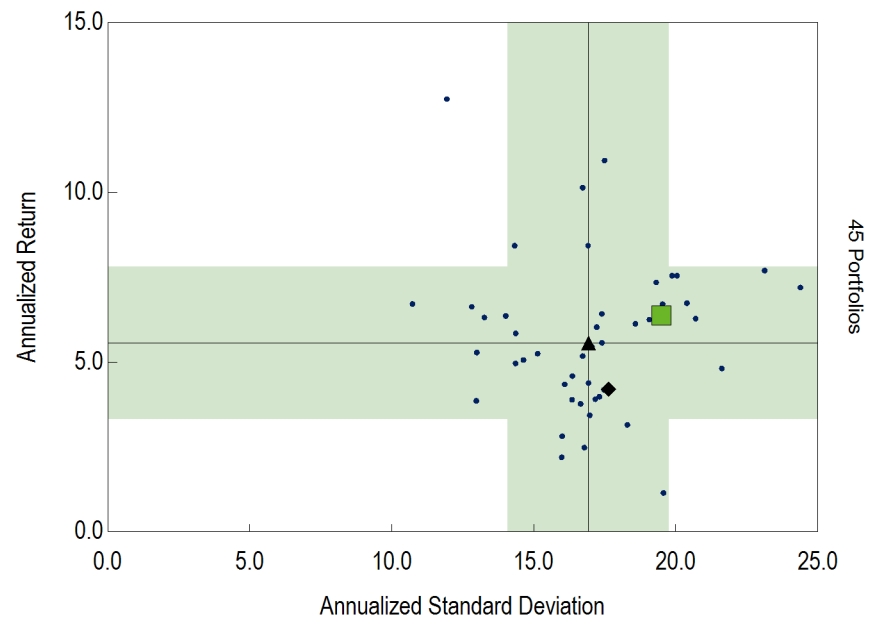
	Return (Rank)		Quarter		1 Year		2 Years		3 Years	
5th Percentile			27.91		10.35		19.14		5.06	
25th Percentile			22.59		5.74		12.82		2.08	
Median			19.15		3.47		10.66		0.77	
75th Percentile			15.91		-0.13		8.56		-0.59	
95th Percentile			10.42		-3.55		5.38		-2.45	
# of Portfolios			59		59		54		51	
● Barrow Hanley			20.60	(37)	3.75	(46)	14.39	(16)	2.33	(21)
▲ MSCI EAFE Value			19.20	(49)	-2.63	(91)	6.32	(91)	-1.24	(78)



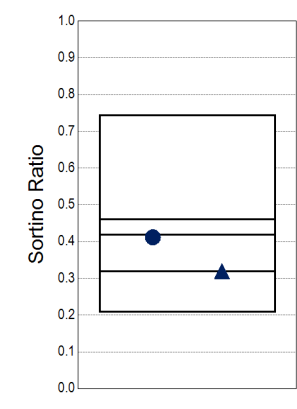
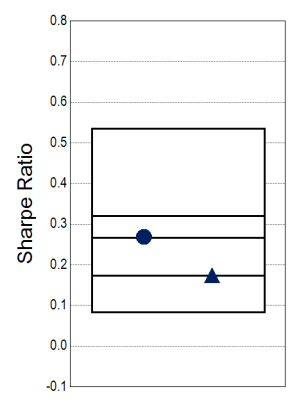
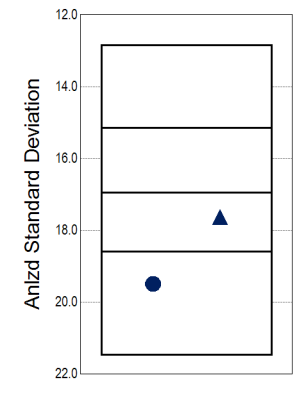
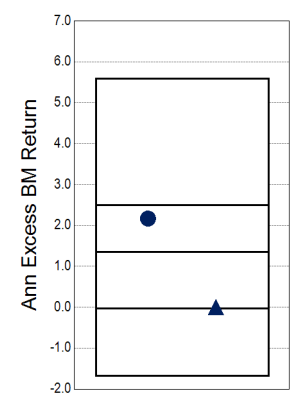
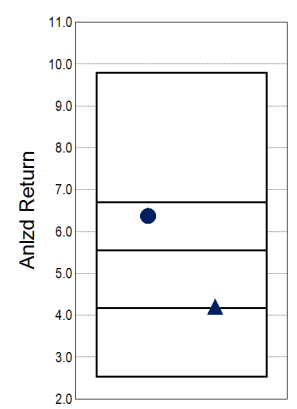
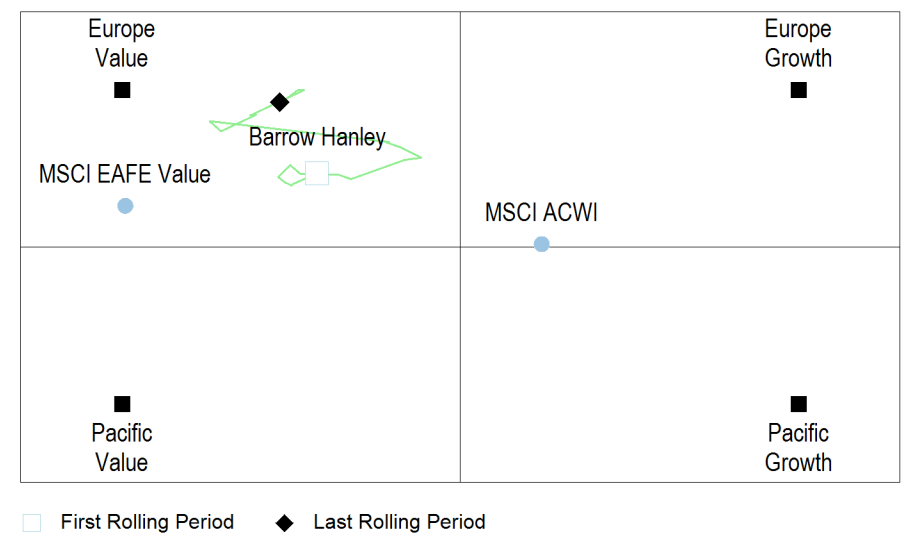
Los Angeles City Employees' Retirement System

BARROW HANLEY

5 Year Risk Return



5 Year Style Map



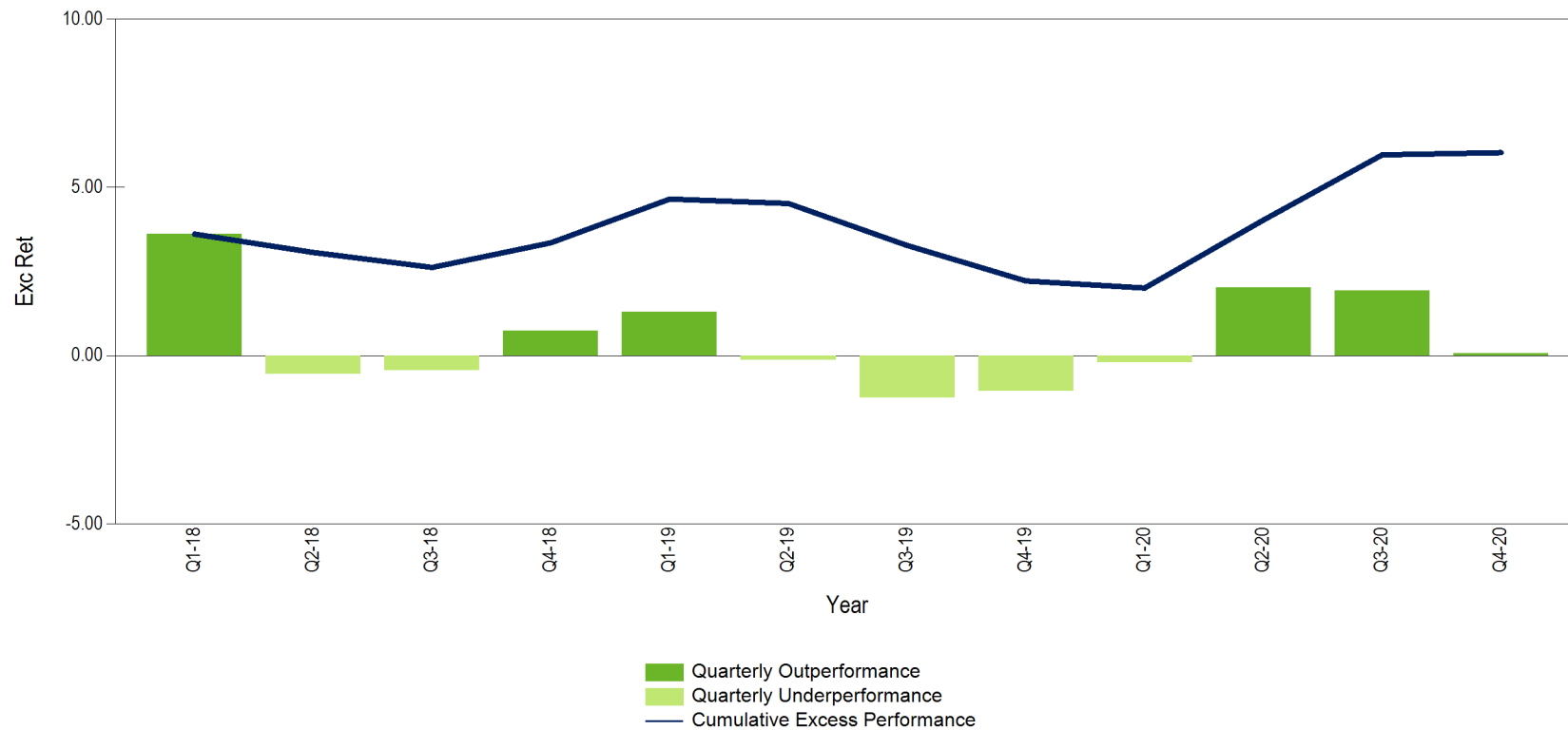
- Barrow Hanley
- ▲ MSCI EAFE Value
- 5th to 25th Percentile
- 25th to Median
- Median to 75th Percentile
- 75th to 95th Percentile



Los Angeles City Employees' Retirement System

LAZARD ASSET MANAGEMENT

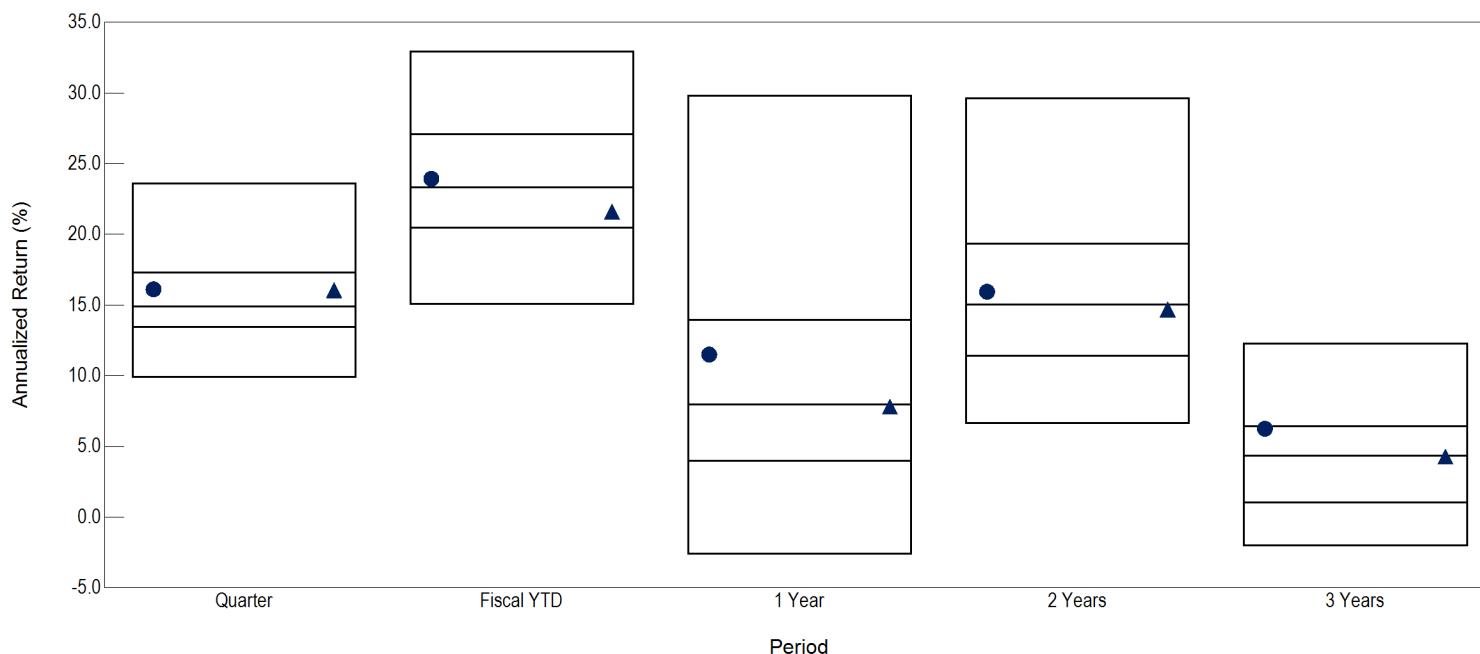
Quarterly and Cumulative Excess Performance



Los Angeles City Employees' Retirement System

LAZARD ASSET MANAGEMENT

Lazard Asset Management vs. eV All EAFE Equity Net



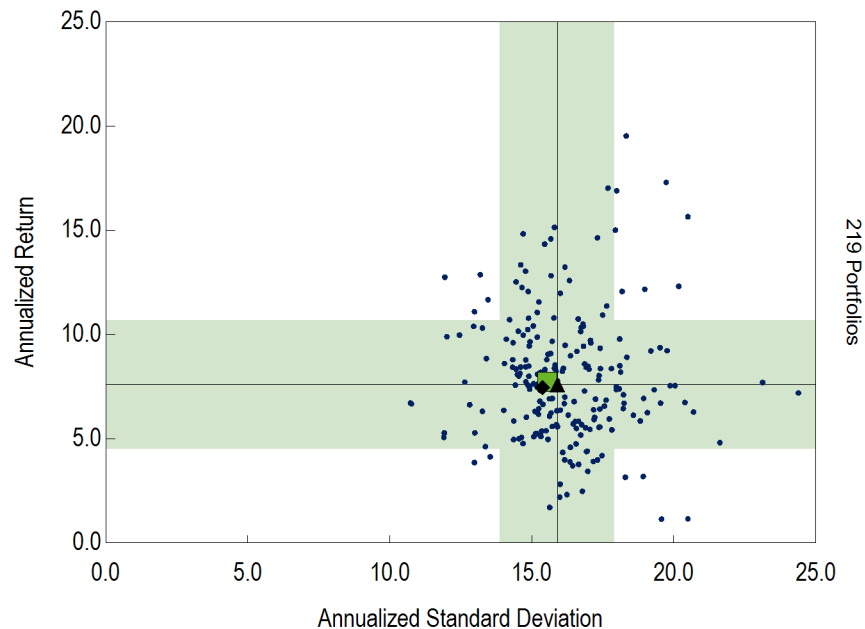
	Return (Rank)		Return (Rank)		Return (Rank)		Return (Rank)		Return (Rank)	
5th Percentile	23.60	(36)	32.94	(46)	29.81	(34)	29.62	(43)	12.27	(27)
25th Percentile	17.36	(37)	27.11	(64)	14.00	(53)	19.38	(56)	6.48	(52)
Median	14.95		23.36		8.02		15.07		4.40	
75th Percentile	13.51		20.50		4.02		11.45		1.07	
95th Percentile	9.97		15.12		-2.56		6.70		-1.95	
# of Portfolios	255		255		255		248		243	
● Lazard Asset Management	16.11	(36)	23.93	(46)	11.50	(34)	15.94	(43)	6.25	(27)
▲ MSCI EAFE	16.05	(37)	21.61	(64)	7.81	(53)	14.70	(56)	4.28	(52)



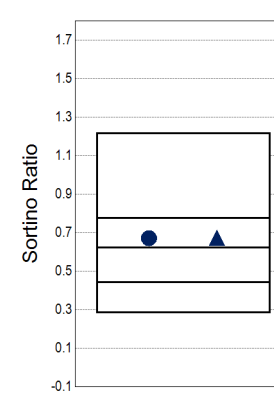
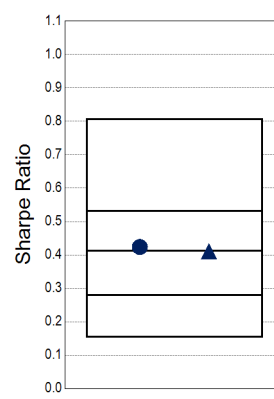
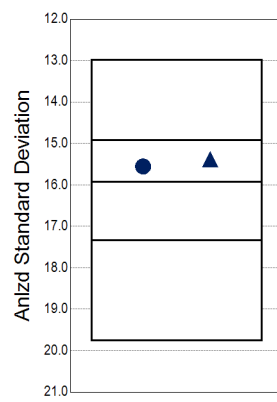
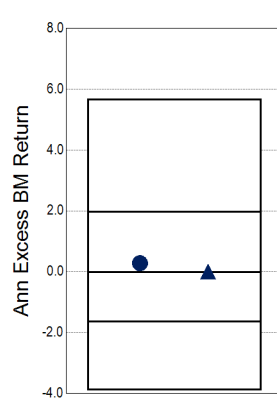
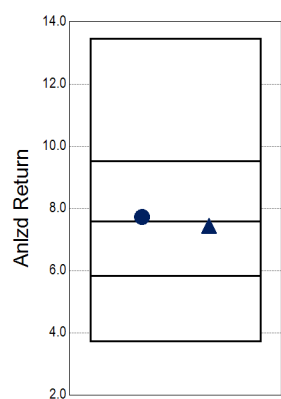
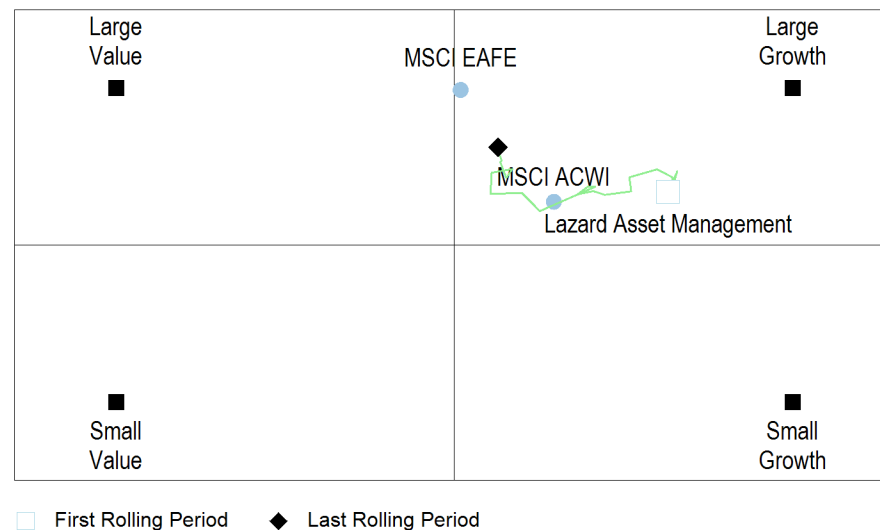
Los Angeles City Employees' Retirement System

LAZARD ASSET MANAGEMENT

5 Year Risk Return



5 Year Style Map



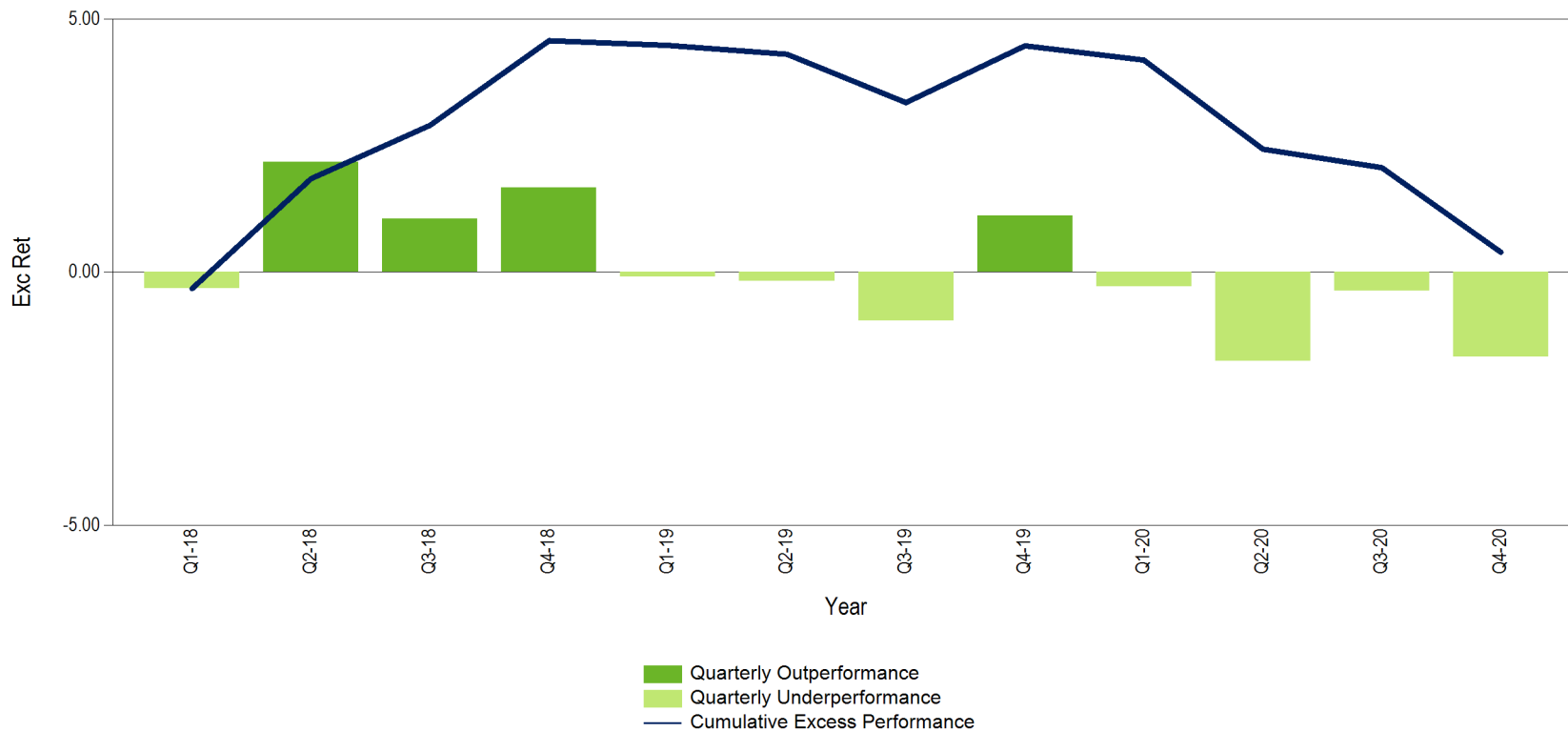
- Lazard Asset Management
- ▲ MSCI EAFE
- 5th to 25th Percentile
- 25th to Median
- Median to 75th Percentile
- 75th to 95th Percentile



Los Angeles City Employees' Retirement System

MFS INSTITUTIONAL ADVISORS

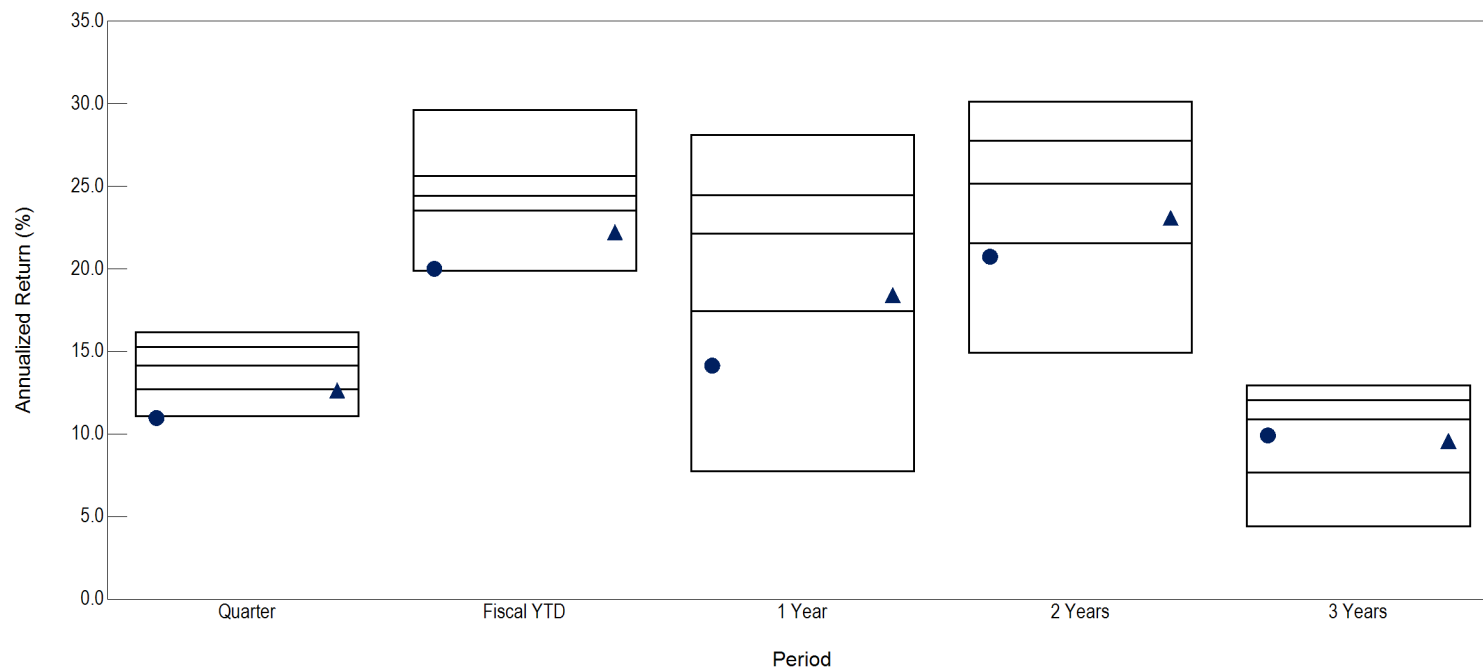
Quarterly and Cumulative Excess Performance



Los Angeles City Employees' Retirement System

MFS INSTITUTIONAL ADVISORS

MFS Institutional Advisors vs. eV EAFE All Cap Growth Net



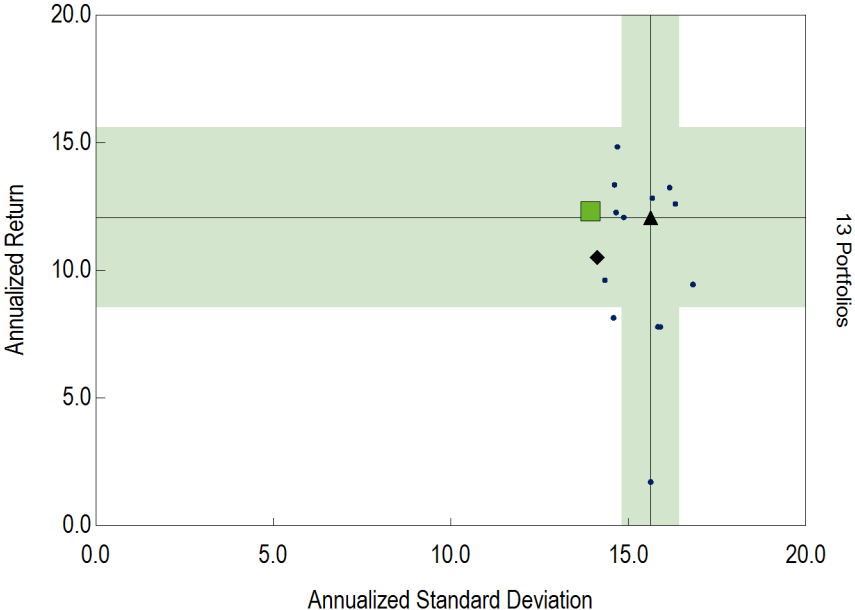
	Return (Rank)									
5th Percentile	16.16		29.59		28.09		30.09		12.95	
25th Percentile	15.30		25.64		24.47		27.76		12.07	
Median	14.17		24.44		22.14		25.18		10.92	
75th Percentile	12.75		23.55		17.48		21.56		7.68	
95th Percentile	11.12		19.92		7.79		14.93		4.46	
# of Portfolios	14		14		14		14		14	
● MFS Institutional Advisors	10.96	(96)	19.99	(95)	14.13	(87)	20.72	(85)	9.90	(57)
▲ MSCI World ex USA Growth NR USD	12.63	(78)	22.21	(90)	18.41	(72)	23.07	(67)	9.57	(58)



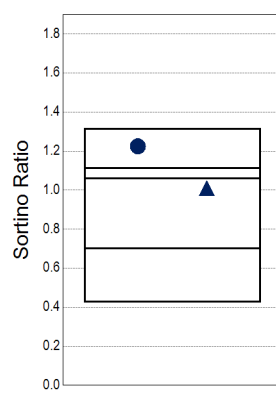
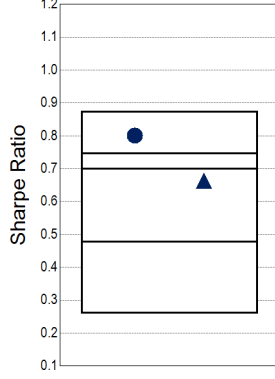
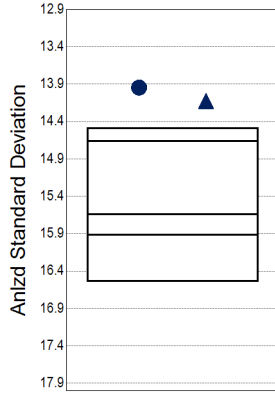
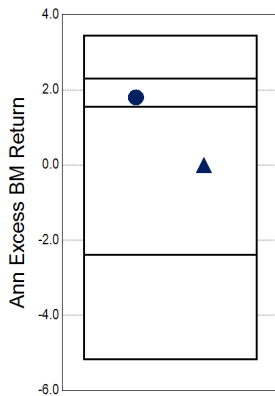
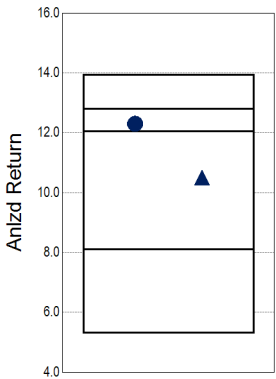
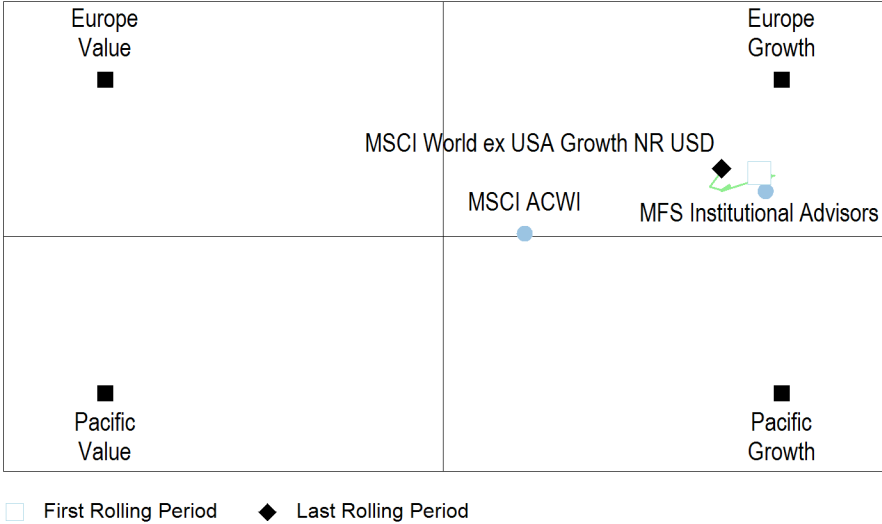
Los Angeles City Employees' Retirement System

MFS INSTITUTIONAL ADVISORS

5 Year Risk Return



5 Year Style Map



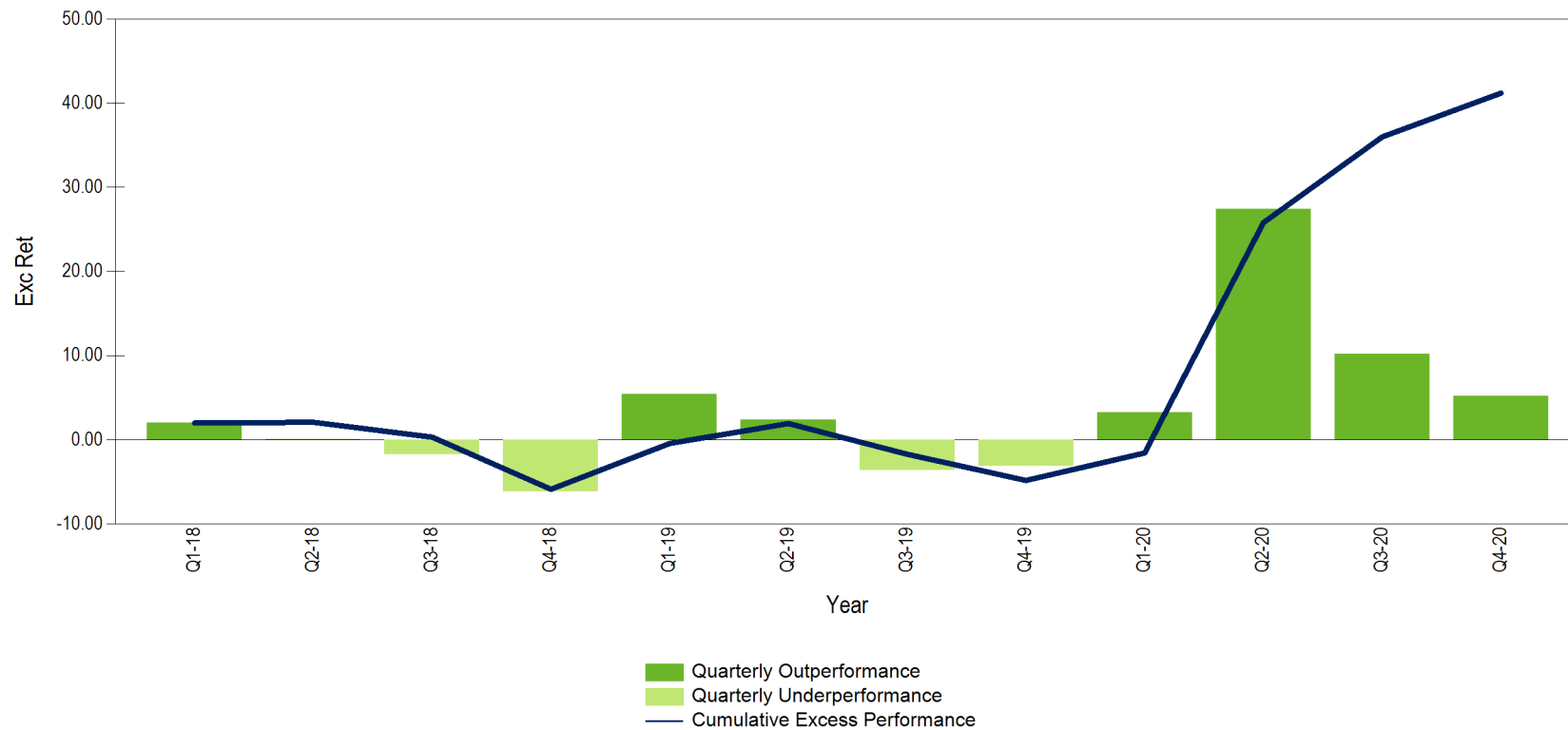
- MFS Institutional Advisors
- ▲ MSCI World ex USA Growth NR USD
- 5th to 25th Percentile
- 25th to Median
- Median to 75th Percentile
- 75th to 95th Percentile



Los Angeles City Employees' Retirement System

OBERWEIS ASSET MGMT

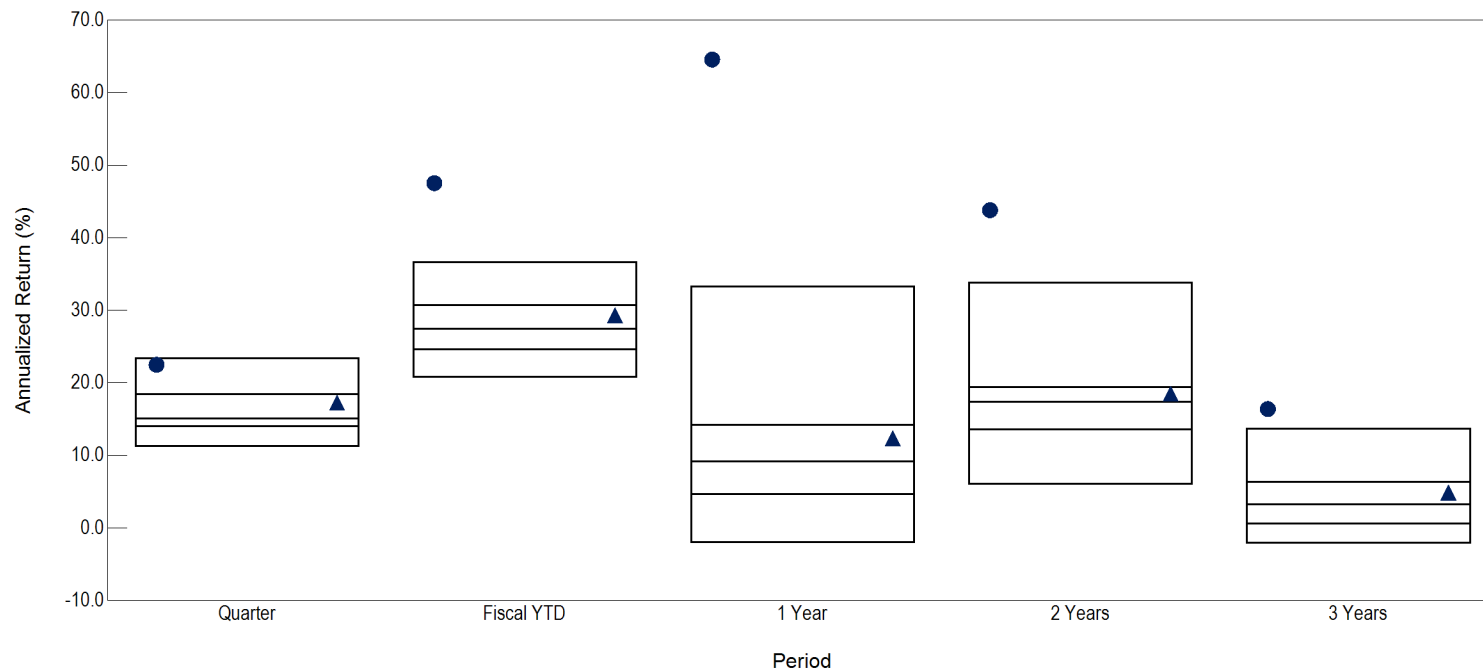
Quarterly and Cumulative Excess Performance



Los Angeles City Employees' Retirement System

OBERWEIS ASSET MGMT

Oberweis Asset Mgmt vs. eV EAFE Small Cap Equity Net

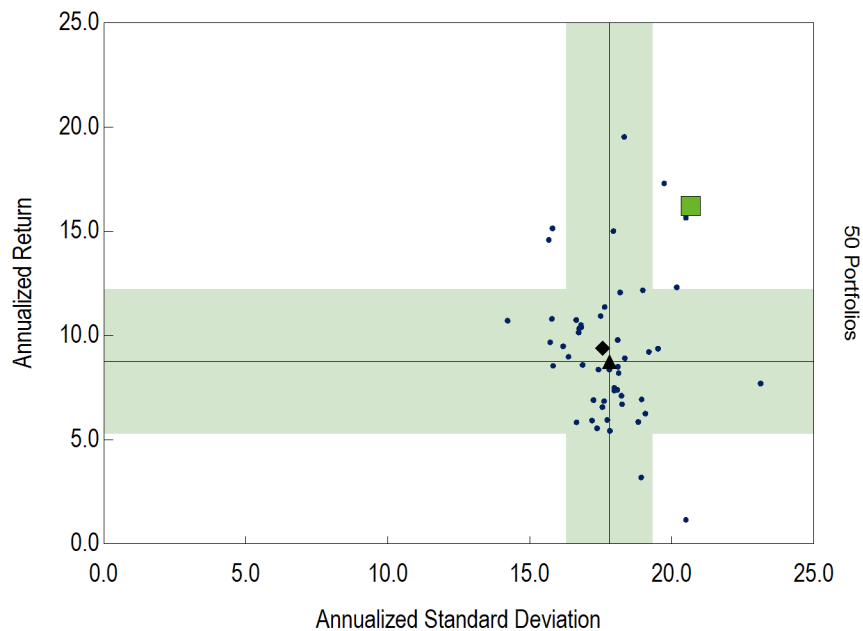


	Return (Rank)									
5th Percentile	23.41		36.62		33.28		33.79		13.68	
25th Percentile	18.55		30.77		14.29		19.52		6.47	
Median	15.19		27.55		9.28		17.48		3.31	
75th Percentile	14.11		24.72		4.73		13.64		0.67	
95th Percentile	11.40		20.95		-1.91		6.14		-1.99	
# of Portfolios	63		63		63		61		59	
● Oberweis Asset Mgmt	22.47	(9)	47.51	(1)	64.55	(1)	43.78	(1)	16.37	(1)
▲ MSCI EAFE Small Cap	17.27	(34)	29.29	(37)	12.34	(40)	18.49	(37)	4.85	(40)

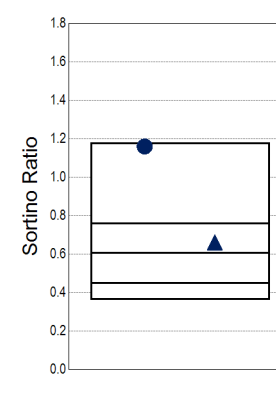
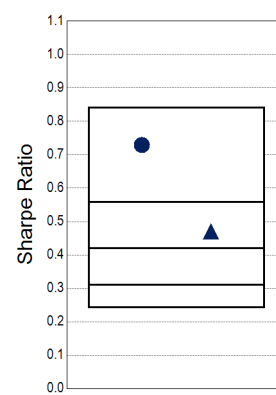
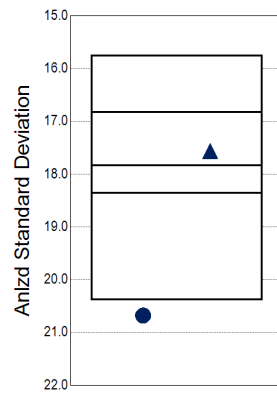
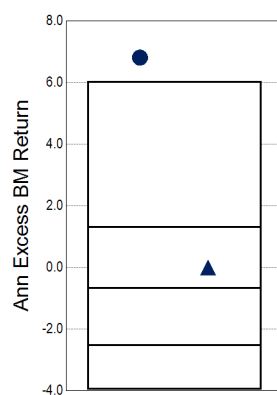
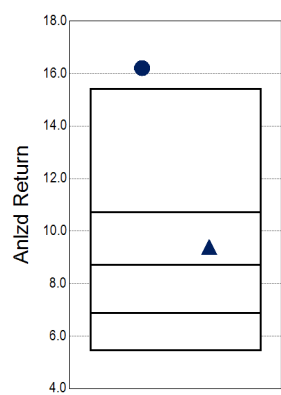
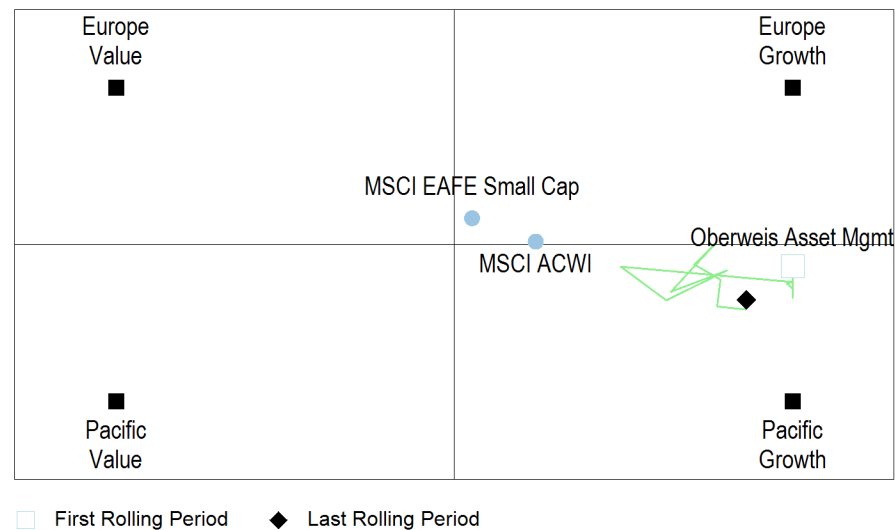


Los Angeles City Employees' Retirement System OBERWEIS ASSET MGMT

5 Year Risk Return



5 Year Style Map



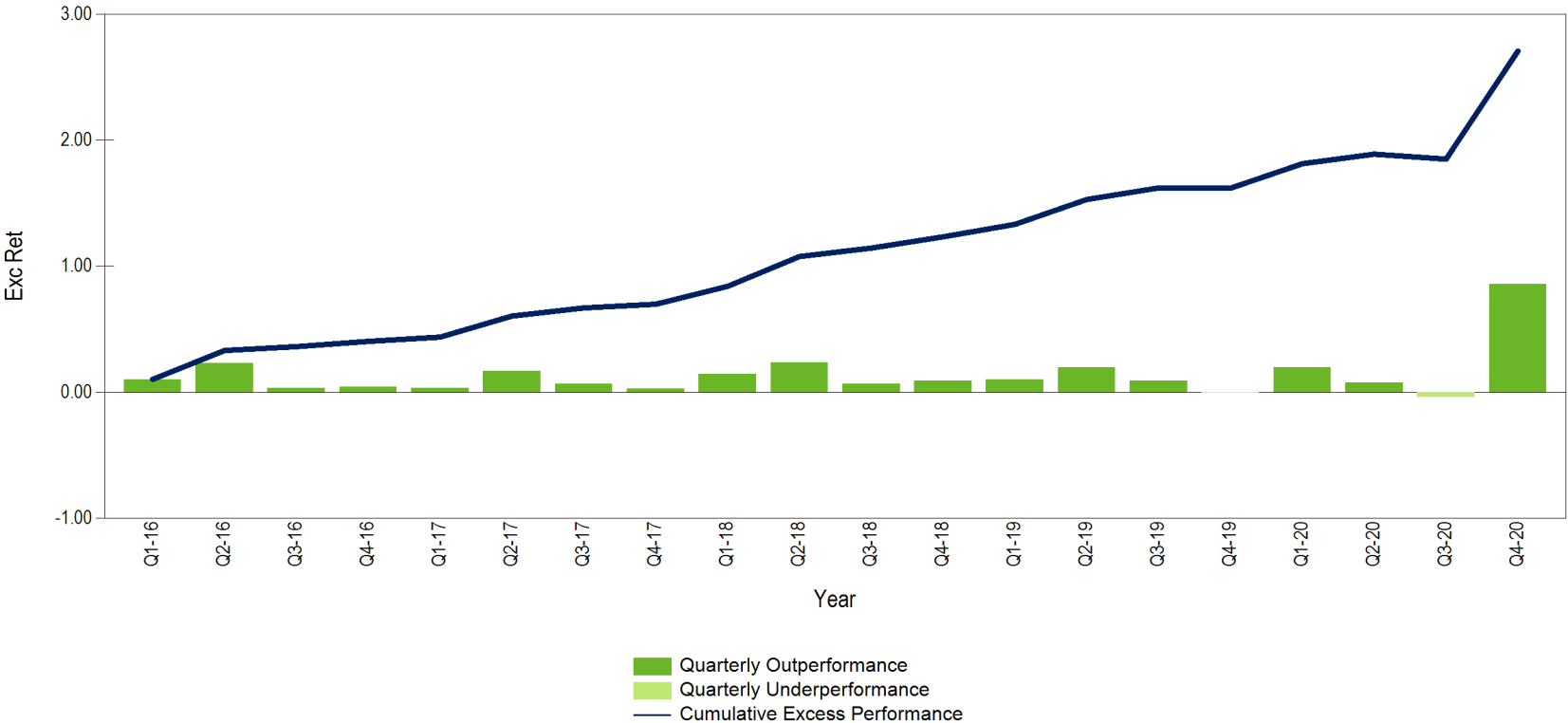
- Oberweis Asset Mgmt
- ▲ MSCI EAFE Small Cap
- 5th to 25th Percentile
- 25th to Median
- Median to 75th Percentile
- 75th to 95th Percentile



Los Angeles City Employees' Retirement System

SSGA WORLD EX US IMI

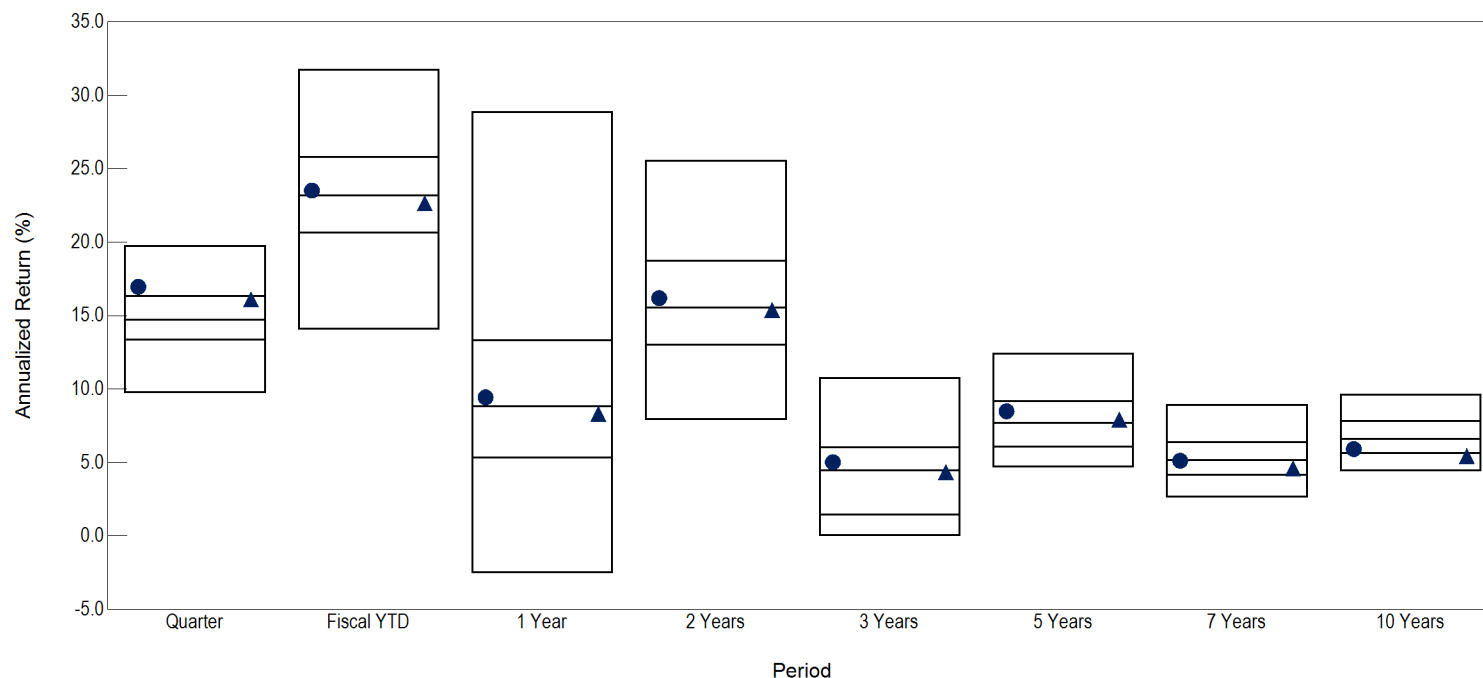
Quarterly and Cumulative Excess Performance



Los Angeles City Employees' Retirement System

SSGA WORLD EX US IMI

SSgA World ex US IMI vs. eV EAFE Core Equity Net



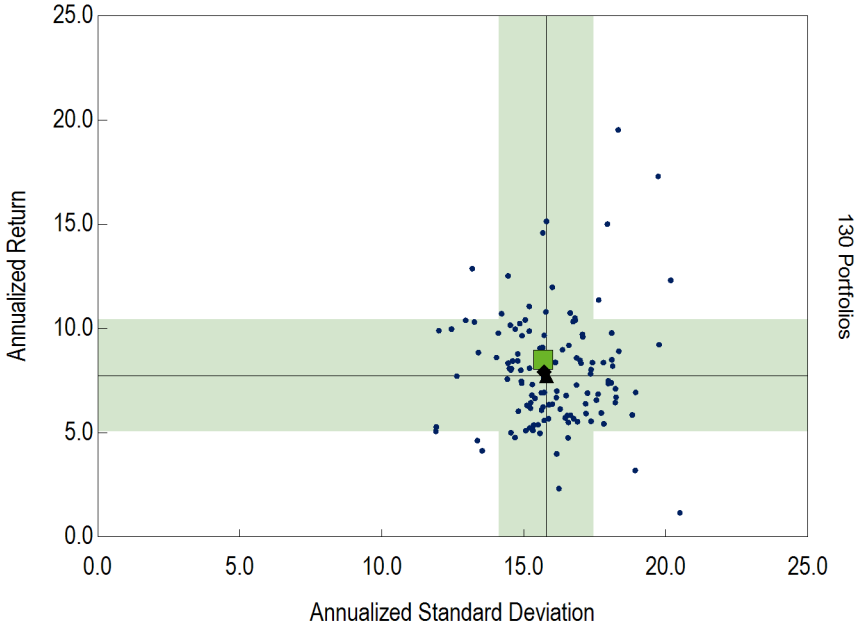
	Return (Rank)															
5th Percentile	19.74	(19)	31.72	(47)	28.87	(47)	25.54	(41)	10.73	(41)	12.43	(35)	8.93	(54)	9.61	(73)
25th Percentile	16.37	(28)	25.84	(54)	13.36	(54)	18.79	(53)	6.10	(54)	9.21	(49)	6.45	(64)	7.88	(83)
Median	14.77		23.22		8.85		15.61		4.49		7.74		5.20		6.64	
75th Percentile	13.39		20.69		5.38		13.05		1.51		6.14		4.21		5.71	
95th Percentile	9.83		14.16		-2.43		8.00		0.09		4.76		2.74		4.53	
# of Portfolios	145		145		145		144		142		130		111		83	
● SSGA World ex US IMI	16.96	(19)	23.51	(47)	9.43	(47)	16.19	(41)	5.02	(41)	8.49	(35)	5.12	(54)	5.91	(73)
▲ MSCI World ex USA IMI NR USD	16.10	(28)	22.65	(54)	8.32	(54)	15.38	(53)	4.34	(54)	7.92	(49)	4.61	(64)	5.43	(83)



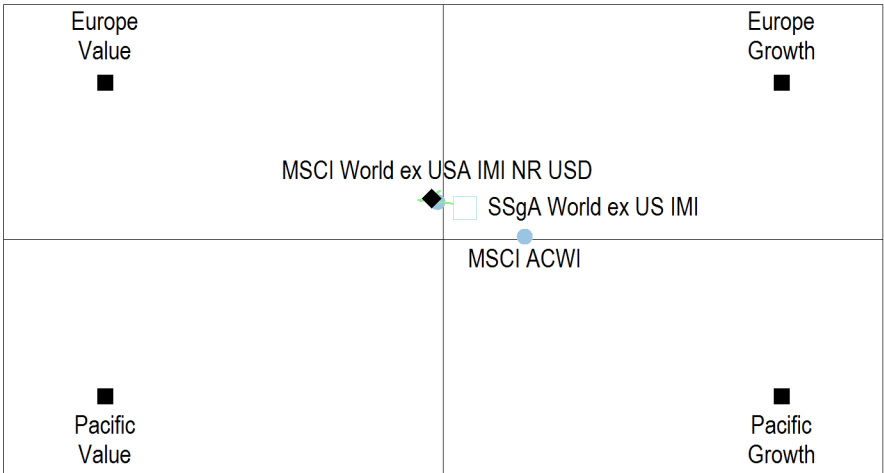
Los Angeles City Employees' Retirement System

SSGA WORLD EX US IMI

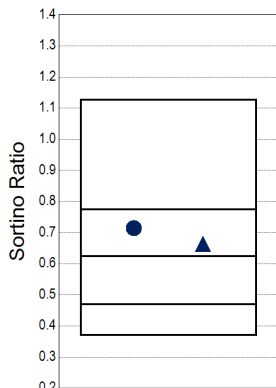
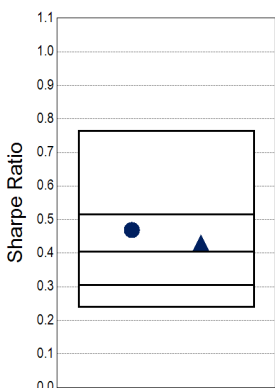
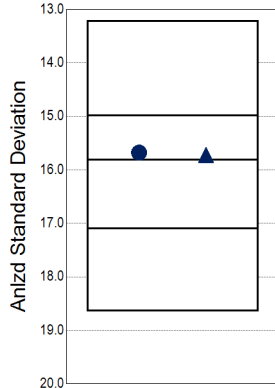
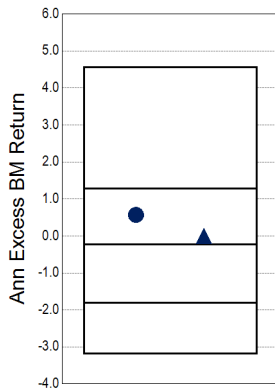
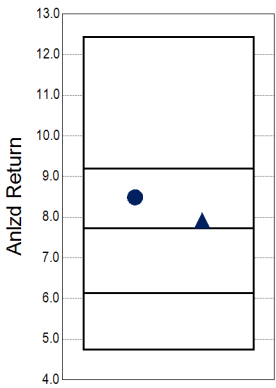
5 Year Risk Return



5 Year Style Map



□ First Rolling Period ◆ Last Rolling Period



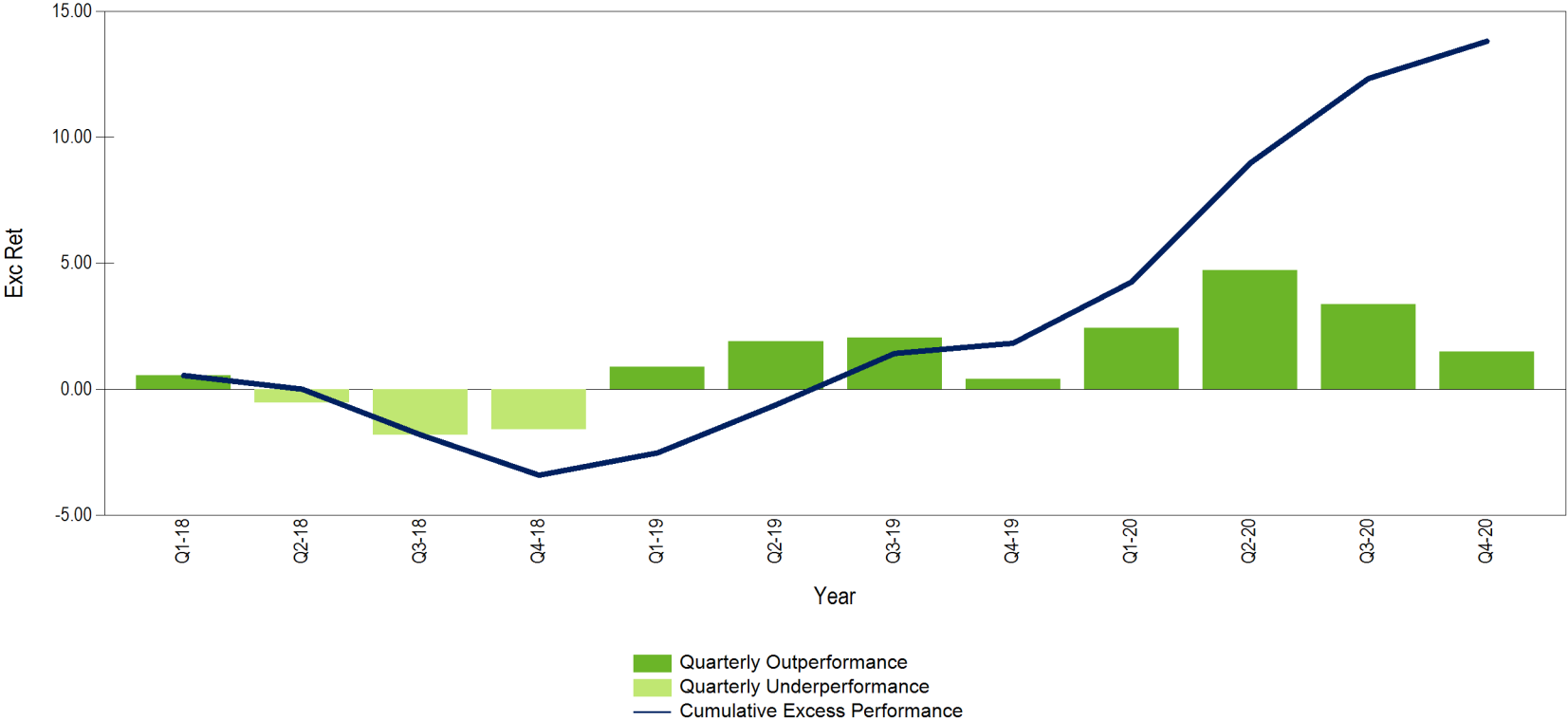
- SSGA World ex US IMI
- ▲ MSCI World ex USA IMI NR USD
- 5th to 25th Percentile
- 25th to Median
- Median to 75th Percentile
- 75th to 95th Percentile



Los Angeles City Employees' Retirement System

AXIOM EMERGING MARKETS

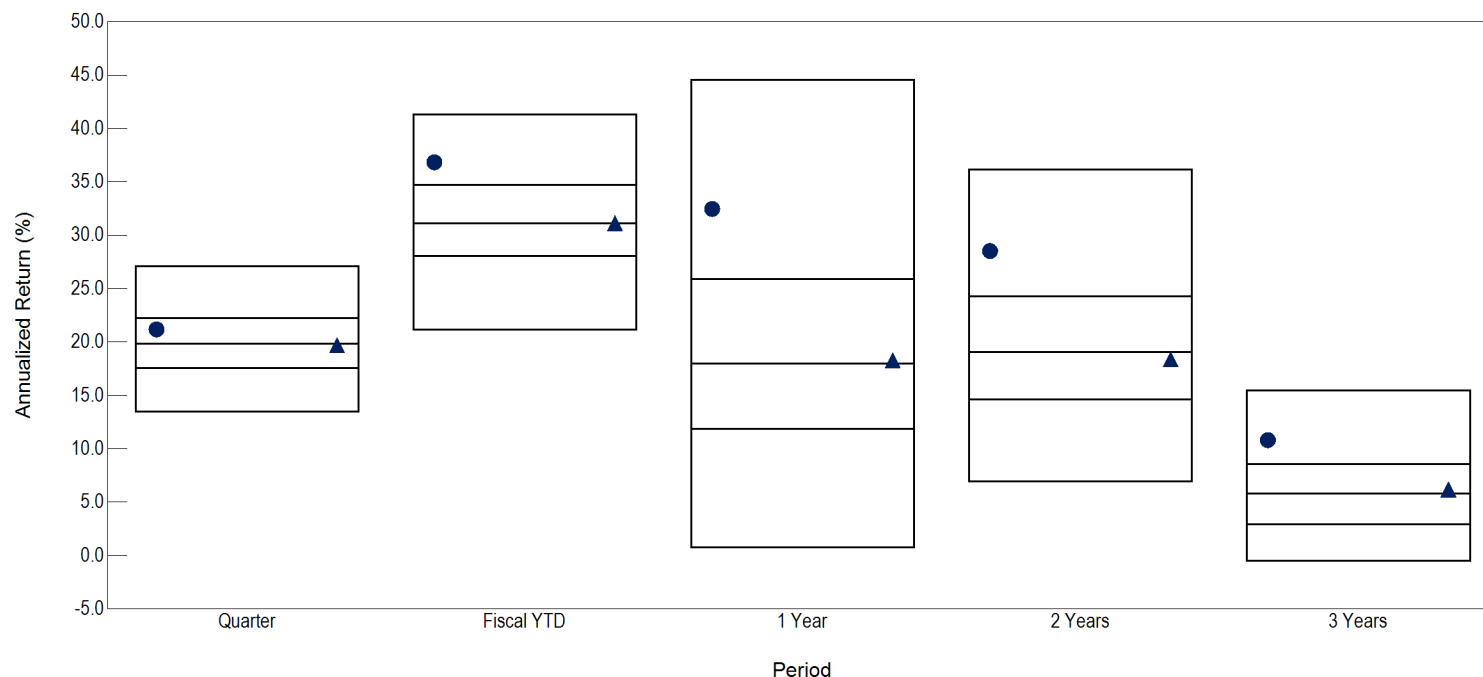
Quarterly and Cumulative Excess Performance



Los Angeles City Employees' Retirement System

AXIOM EMERGING MARKETS

Axiom Emerging Markets vs. eV Emg Mkts Equity Net



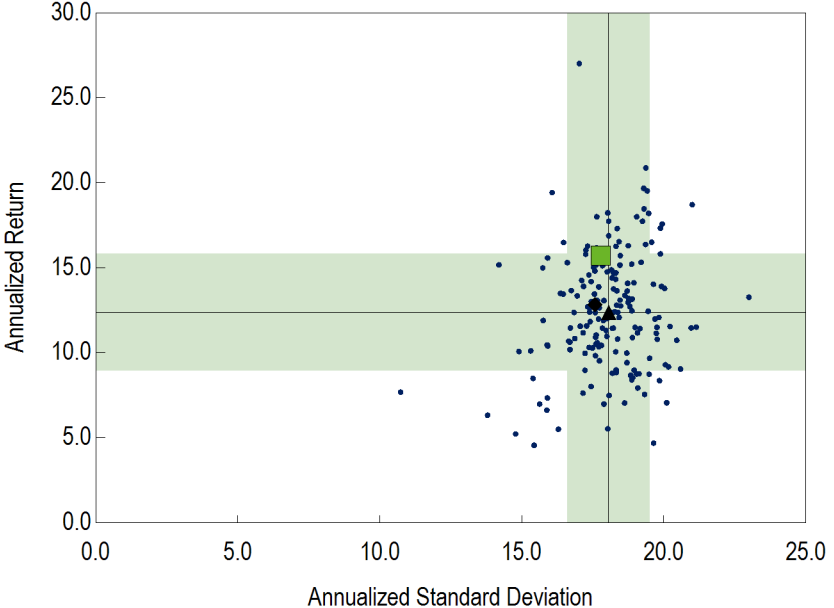
	Return (Rank)									
5th Percentile	27.10		41.34		44.57		36.15		15.47	
25th Percentile	22.31		34.80		25.94		24.35		8.60	
Median	19.88		31.18		18.05		19.12		5.85	
75th Percentile	17.62		28.12		11.94		14.67		2.98	
95th Percentile	13.53		21.20		0.83		6.99		-0.43	
# of Portfolios	231		231		231		220		206	
● Axiom Emerging Markets	21.18	(38)	36.84	(15)	32.46	(14)	28.52	(15)	10.80	(14)
▲ MSCI Emerging Markets	19.70	(53)	31.14	(52)	18.31	(49)	18.37	(56)	6.17	(46)



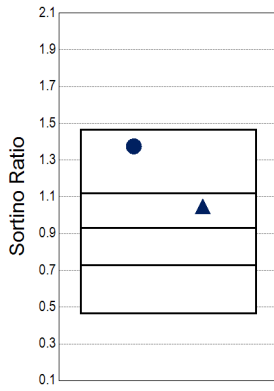
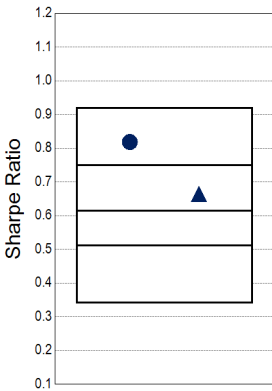
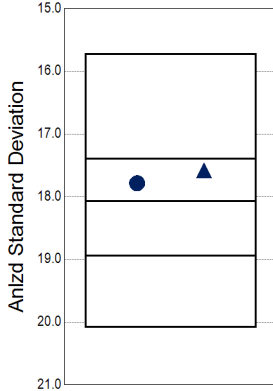
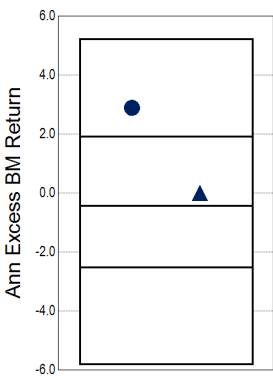
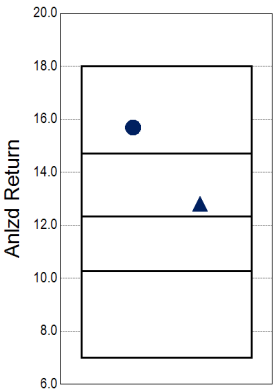
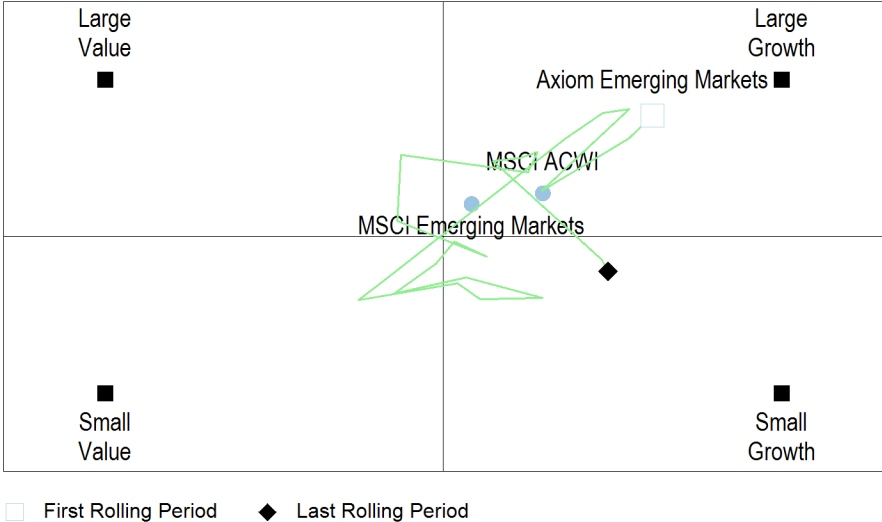
Los Angeles City Employees' Retirement System

AXIOM EMERGING MARKETS

5 Year Risk Return



5 Year Style Map



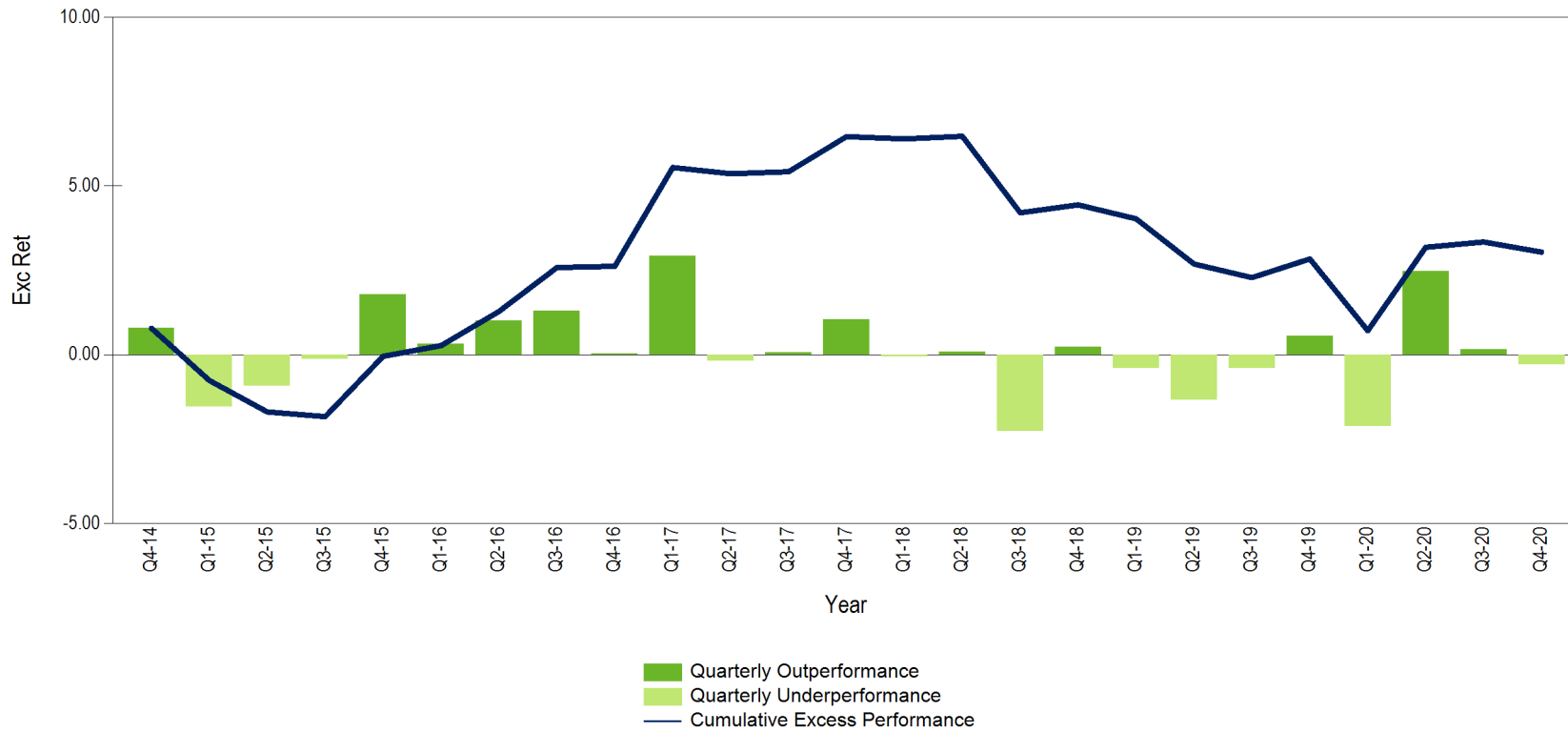
- Axiom Emerging Markets
- ▲ MSCI Emerging Markets
- 5th to 25th Percentile
- 25th to Median
- Median to 75th Percentile
- 75th to 95th Percentile



Los Angeles City Employees' Retirement System

DFA EMERGING MARKETS

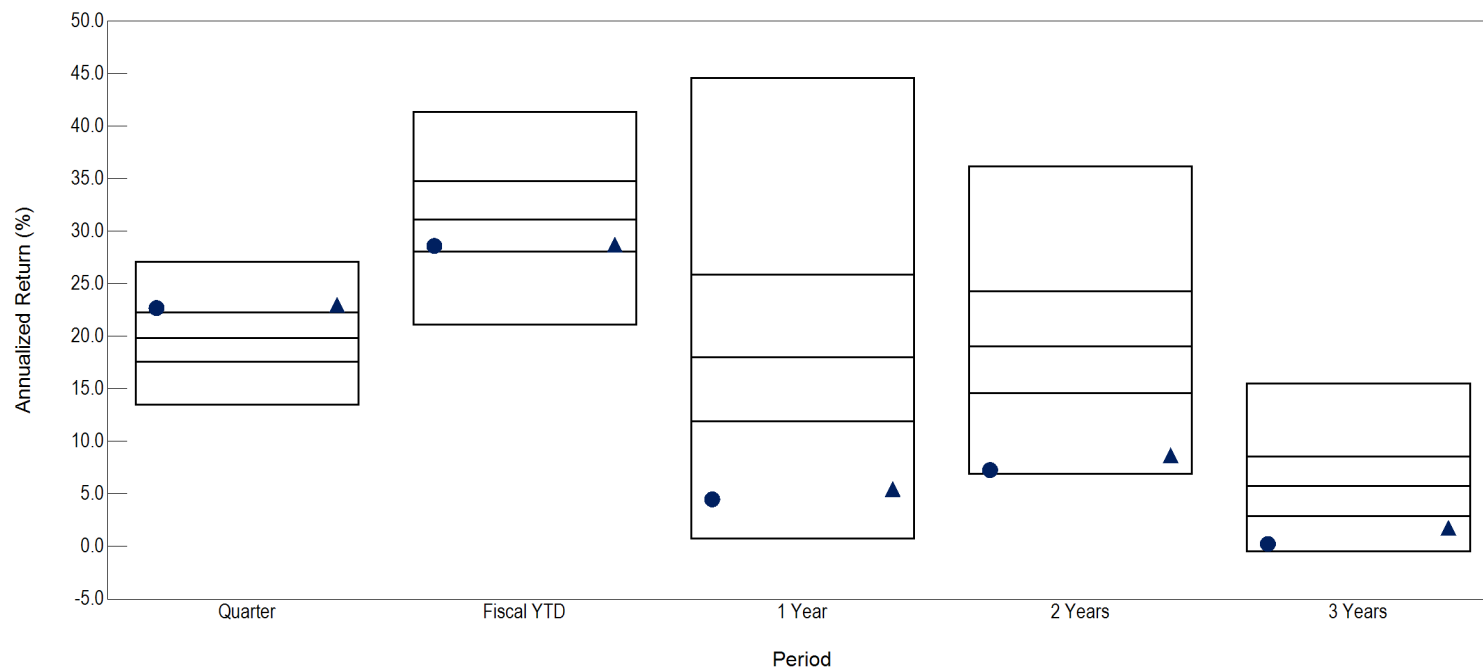
Quarterly and Cumulative Excess Performance



Los Angeles City Employees' Retirement System

DFA EMERGING MARKETS

DFA Emerging Markets vs. eV Emg Mkts Equity Net



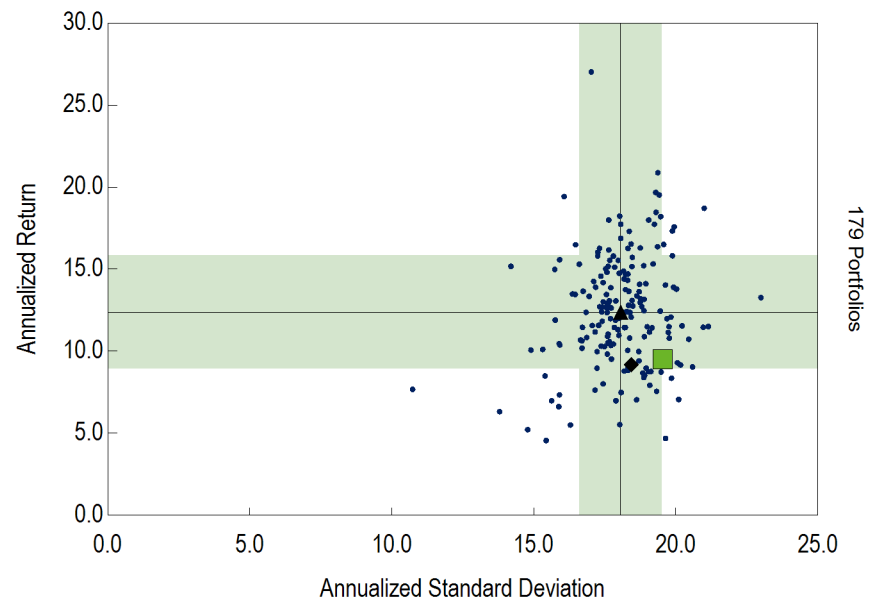
	Return (Rank)									
5th Percentile	27.10		41.34		44.57		36.15		15.47	
25th Percentile	22.31		34.80		25.94		24.35		8.60	
Median	19.88		31.18		18.05		19.12		5.85	
75th Percentile	17.62		28.12		11.94		14.67		2.98	
95th Percentile	13.53		21.20		0.83		6.99		-0.43	
# of Portfolios	231		231		231		220		206	
● DFA Emerging Markets	22.68	(23)	28.58	(73)	4.48	(92)	7.27	(94)	0.24	(93)
▲ MSCI Emerging Markets Value NR USD	22.98	(21)	28.70	(73)	5.47	(90)	8.67	(91)	1.77	(85)



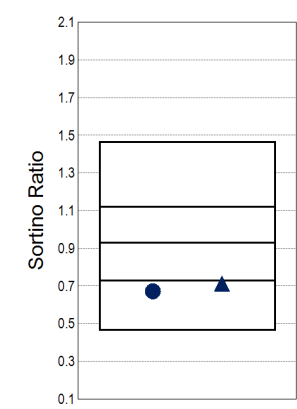
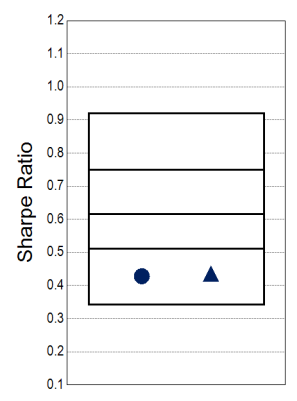
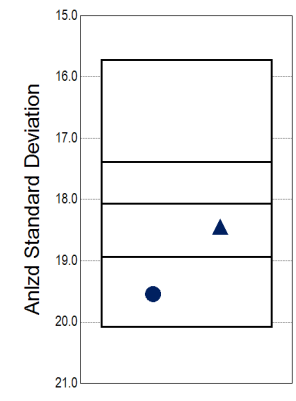
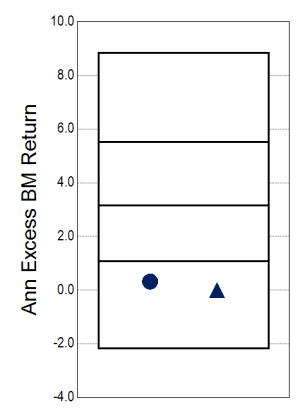
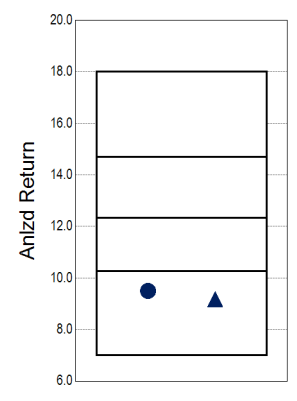
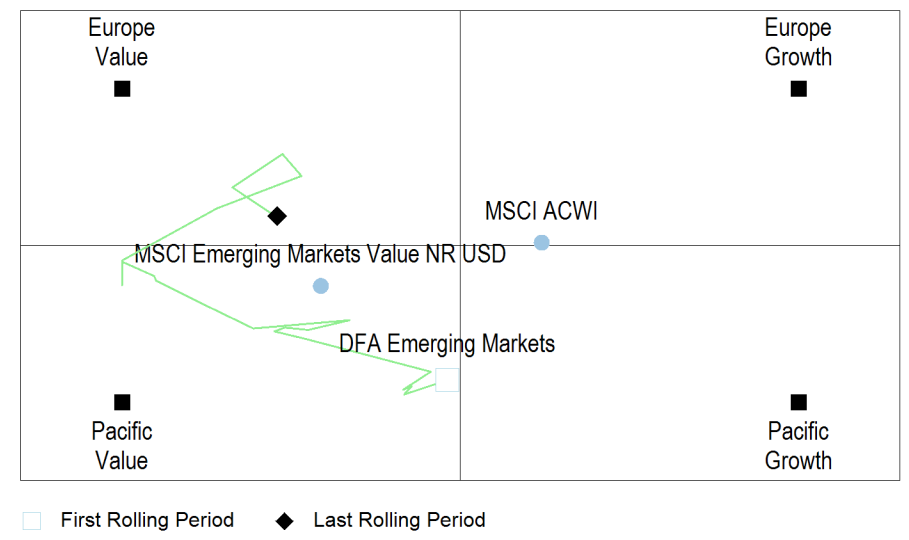
Los Angeles City Employees' Retirement System

DFA EMERGING MARKETS

5 Year Risk Return



5 Year Style Map



- DFA Emerging Markets
- ▲ MSCI Emerging Markets Value NR USD
- 5th to 25th Percentile
- 25th to Median
- Median to 75th Percentile
- 75th to 95th Percentile



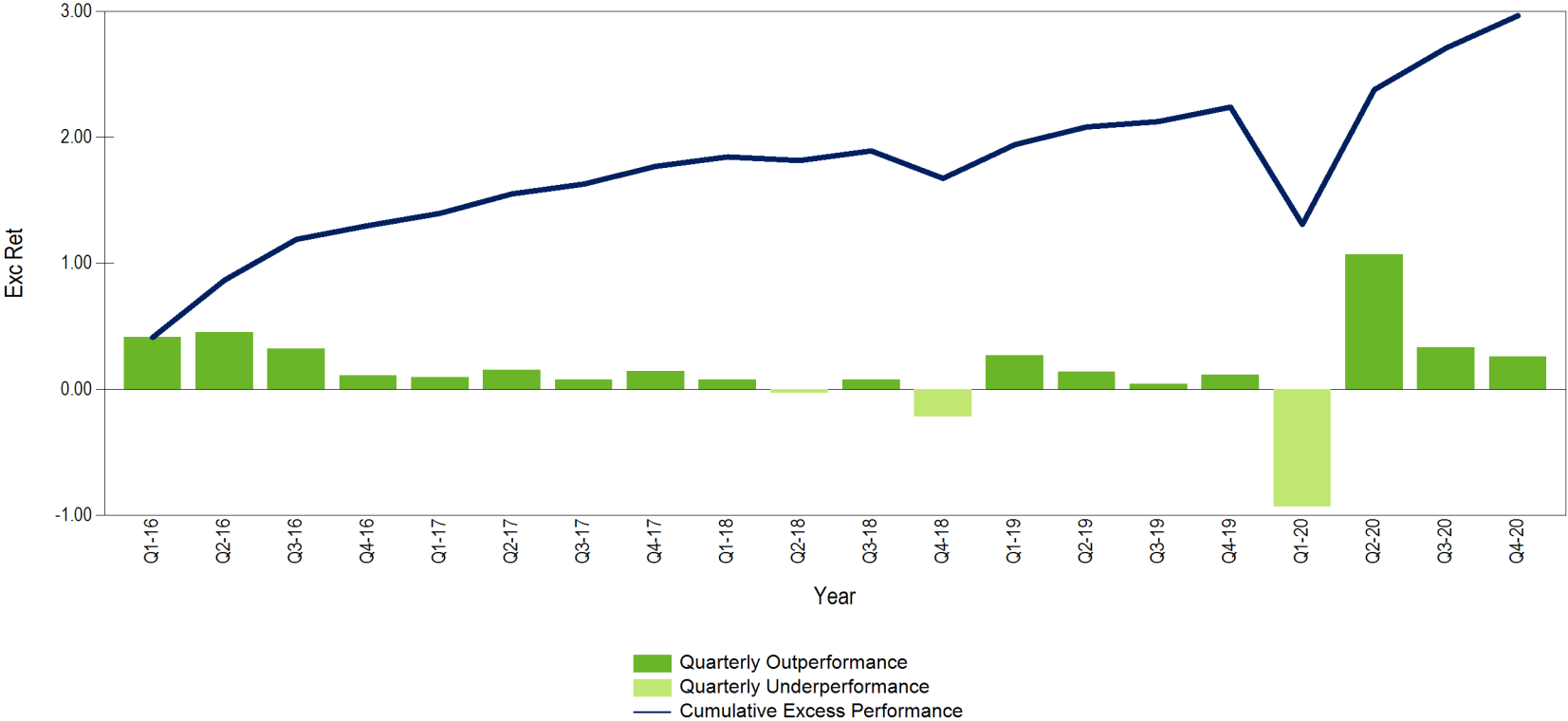
CORE FIXED INCOME MANAGER PERFORMANCE

NEPC, LLC

Los Angeles City Employees' Retirement System

BAIRD ADVISORS

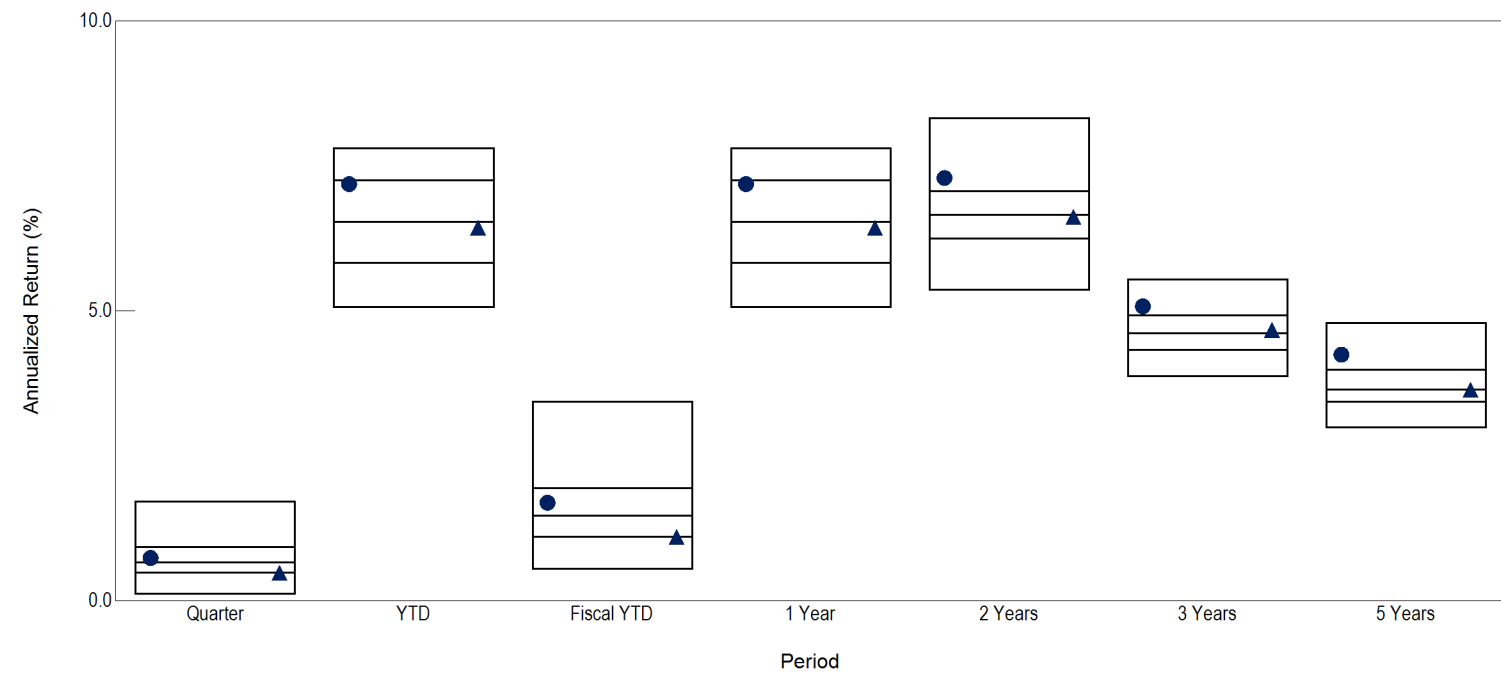
Quarterly and Cumulative Excess Performance



Los Angeles City Employees' Retirement System

BAIRD ADVISORS

Baird Advisors vs. eV US Interm Duration Fixed Inc Net



	Return (Rank)													
5th Percentile	1.71	7.81	3.43	7.81	8.32	5.54	4.79							
25th Percentile	0.94	7.26	1.96	7.26	7.08	4.93	4.00							
Median	0.68	6.55	1.48	6.55	6.67	4.62	3.66							
75th Percentile	0.50	5.84	1.11	5.84	6.26	4.34	3.45							
95th Percentile	0.13	5.08	0.56	5.08	5.38	3.89	3.01							
# of Portfolios	122	122	122	122	119	118	116							
● Baird Advisors	0.74	(47)	7.19	(28)	1.69	(43)	7.19	(28)	7.29	(18)	5.08	(13)	4.24	(15)
▲ BBgBarc US Govt/Credit Int TR	0.48	(77)	6.43	(56)	1.10	(78)	6.43	(56)	6.62	(56)	4.67	(44)	3.64	(54)



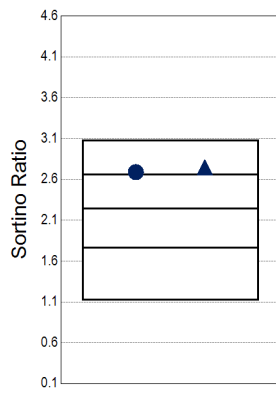
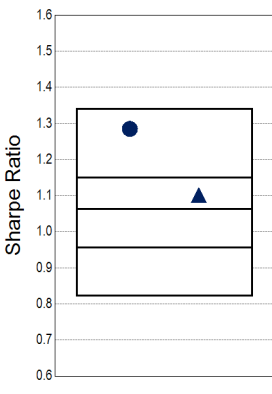
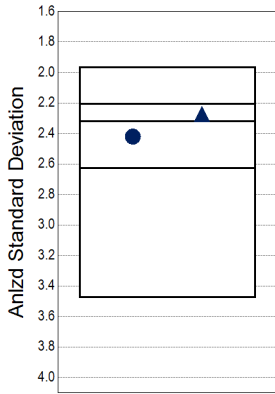
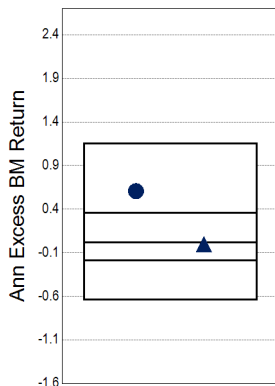
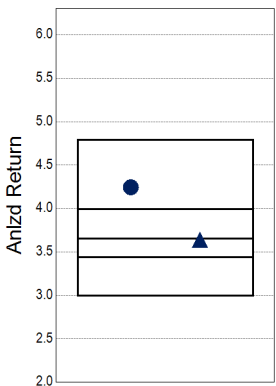
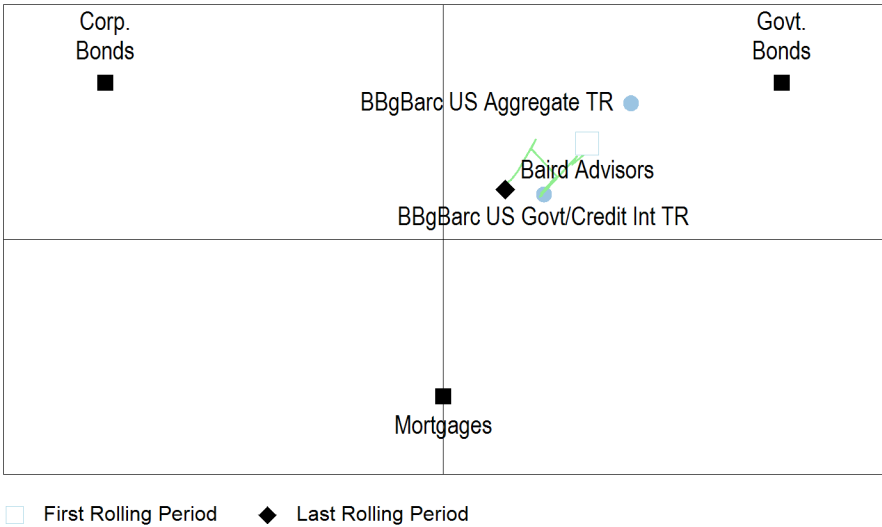
Los Angeles City Employees' Retirement System

BAIRD ADVISORS

5 Year Risk Return



5 Year Style Map



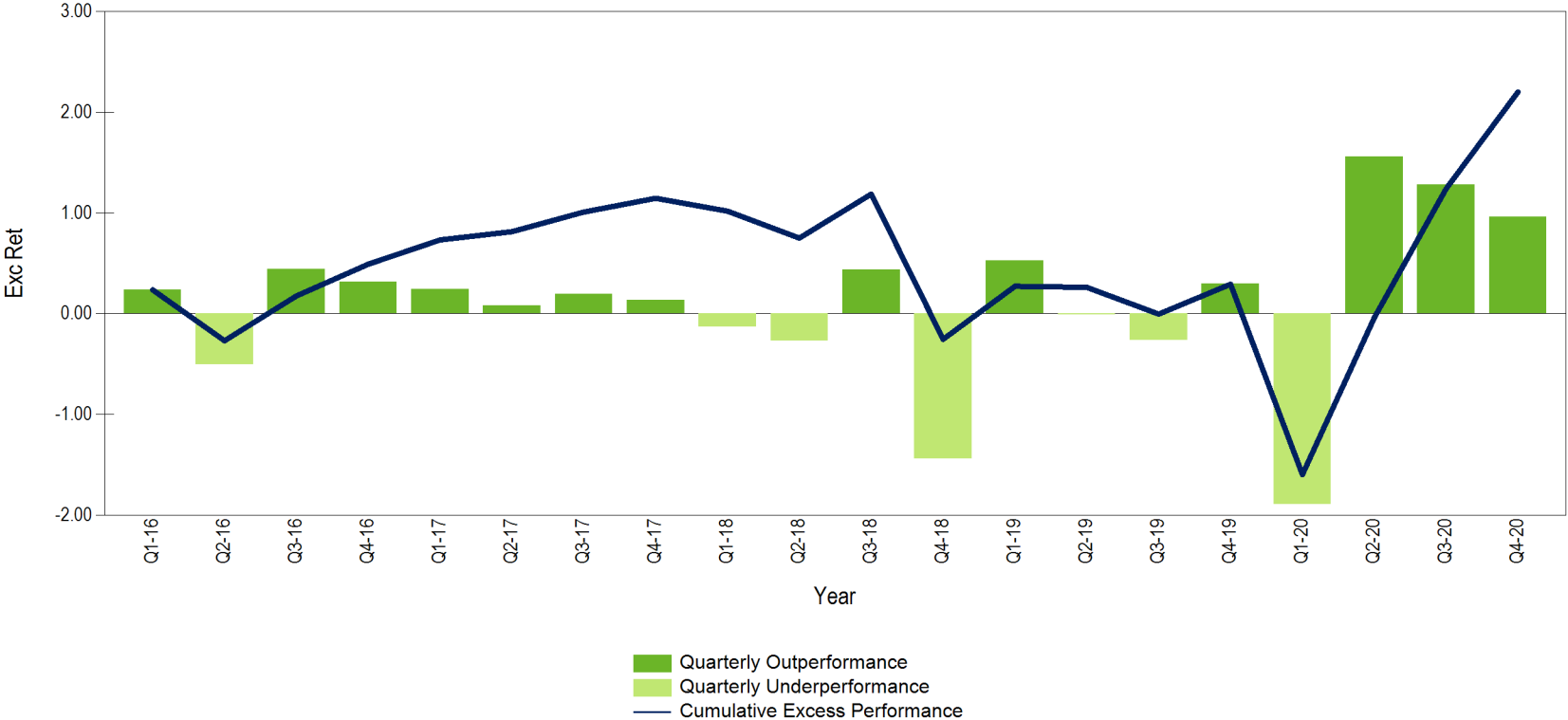
- Baird Advisors
- ▲ BgBarc US Govt/Credit Int TR
- 5th to 25th Percentile
- 25th to Median
- Median to 75th Percentile
- 75th to 95th Percentile



Los Angeles City Employees' Retirement System

LM CAPITAL

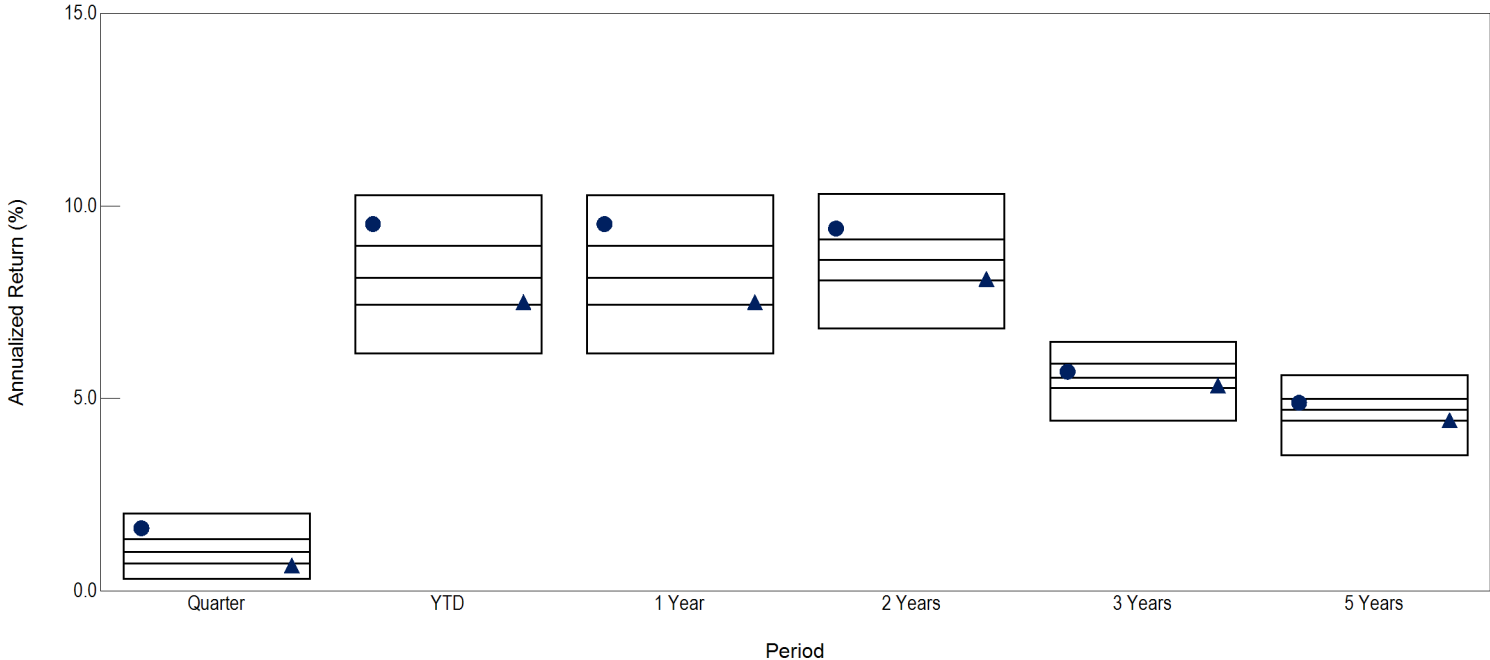
Quarterly and Cumulative Excess Performance



Los Angeles City Employees' Retirement System

LM CAPITAL

Core Fixed Income Managers vs. eV US Core Fixed Inc Net



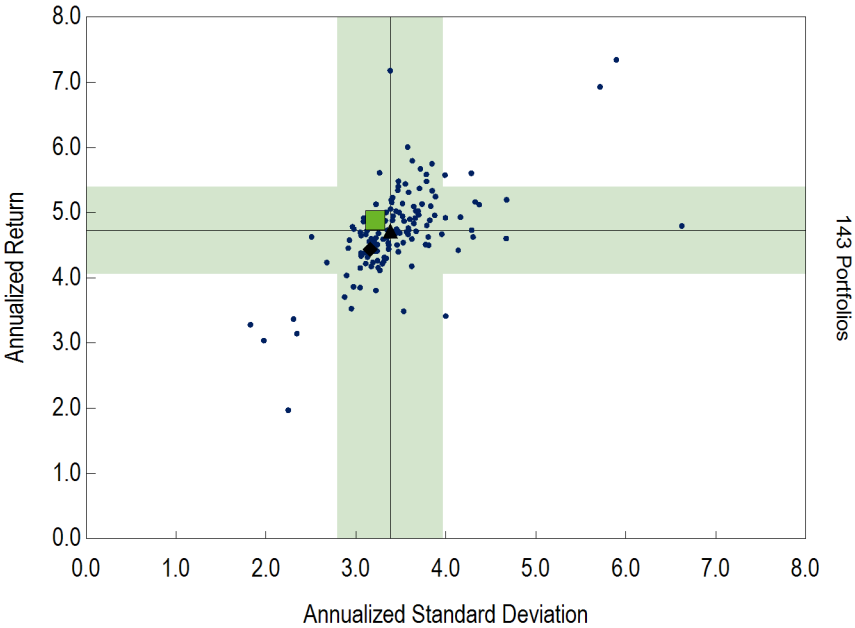
	Return (Rank)		YTD		1 Year		2 Years		3 Years		5 Years	
5th Percentile	2.02		10.28		10.28		10.32		6.46		5.61	
25th Percentile	1.36		8.98		8.98		9.16		5.92		5.00	
Median	1.03		8.15		8.15		8.62		5.56		4.72	
75th Percentile	0.73		7.45		7.45		8.09		5.29		4.43	
95th Percentile	0.34		6.19		6.19		6.83		4.44		3.55	
# of Portfolios	150		149		149		147		145		143	
● LM Capital	1.63	(10)	9.53	(13)	9.53	(13)	9.42	(18)	5.70	(36)	4.89	(37)
▲ LM Custom Benchmark	0.67	(81)	7.51	(75)	7.51	(75)	8.11	(74)	5.34	(70)	4.44	(75)



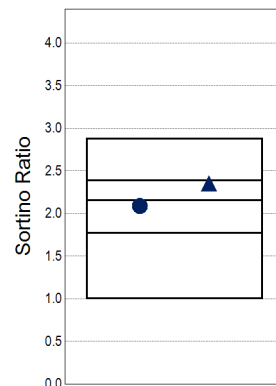
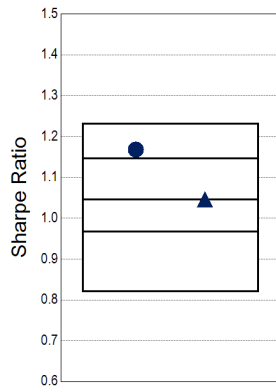
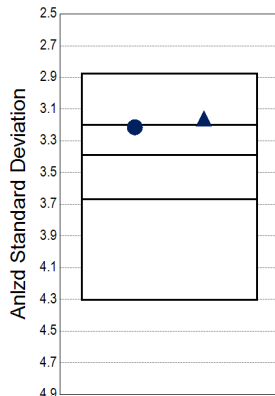
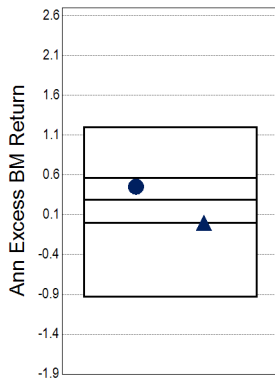
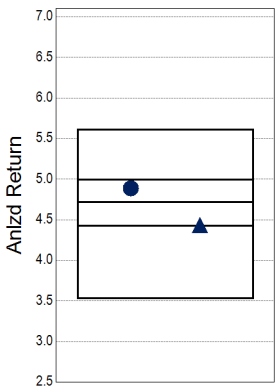
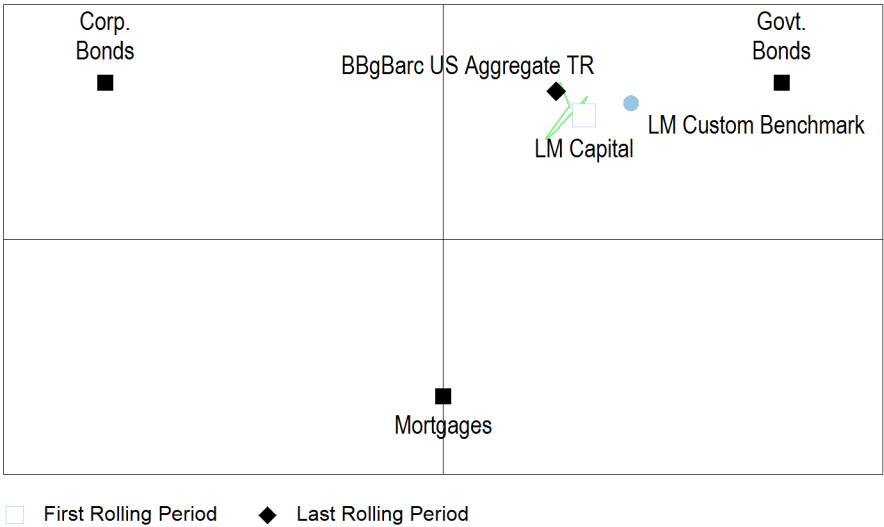
Los Angeles City Employees' Retirement System

LM CAPITAL

5 Year Risk Return



5 Year Style Map



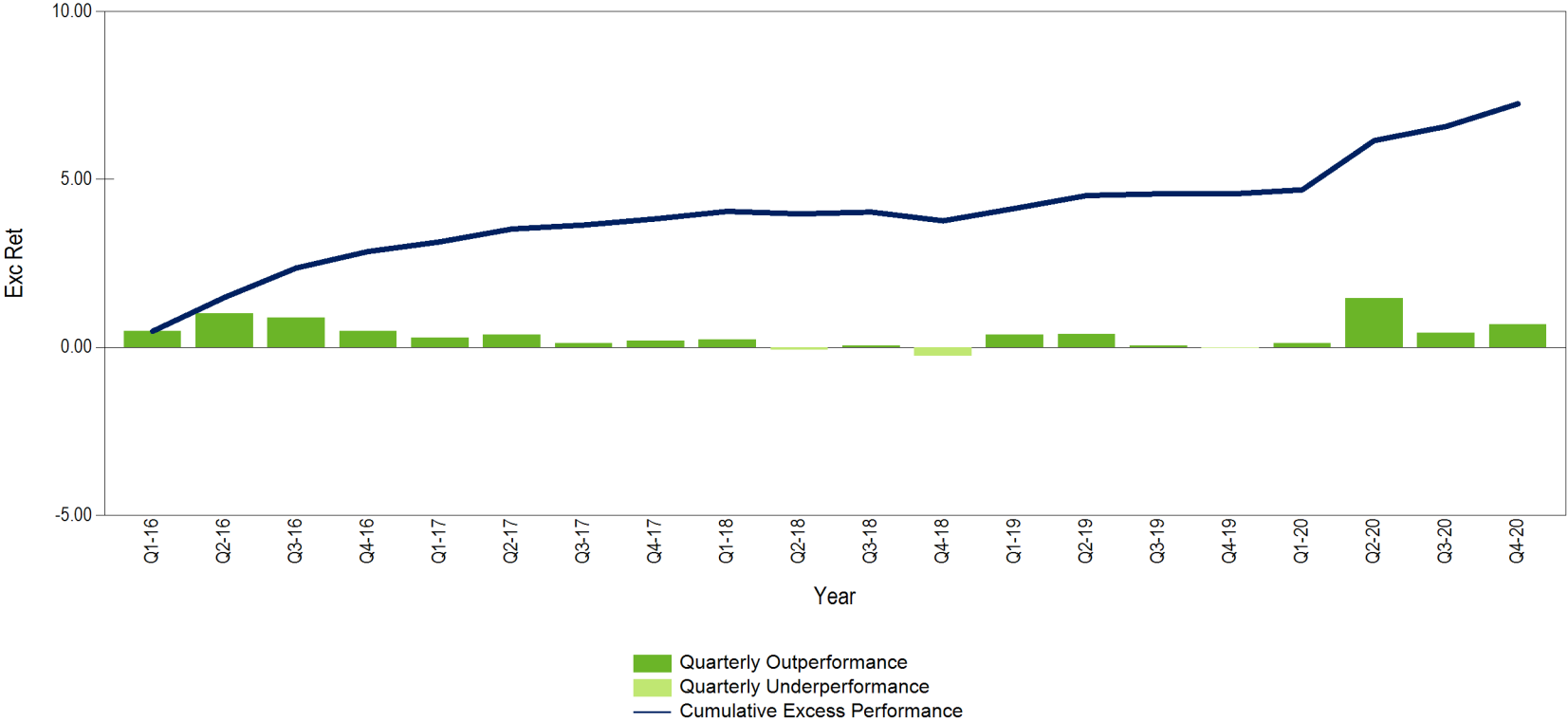
- LM Capital
- ▲ LM Custom Benchmark
- 5th to 25th Percentile
- 25th to Median
- Median to 75th Percentile
- 75th to 95th Percentile



Los Angeles City Employees' Retirement System

LOOMIS SAYLES

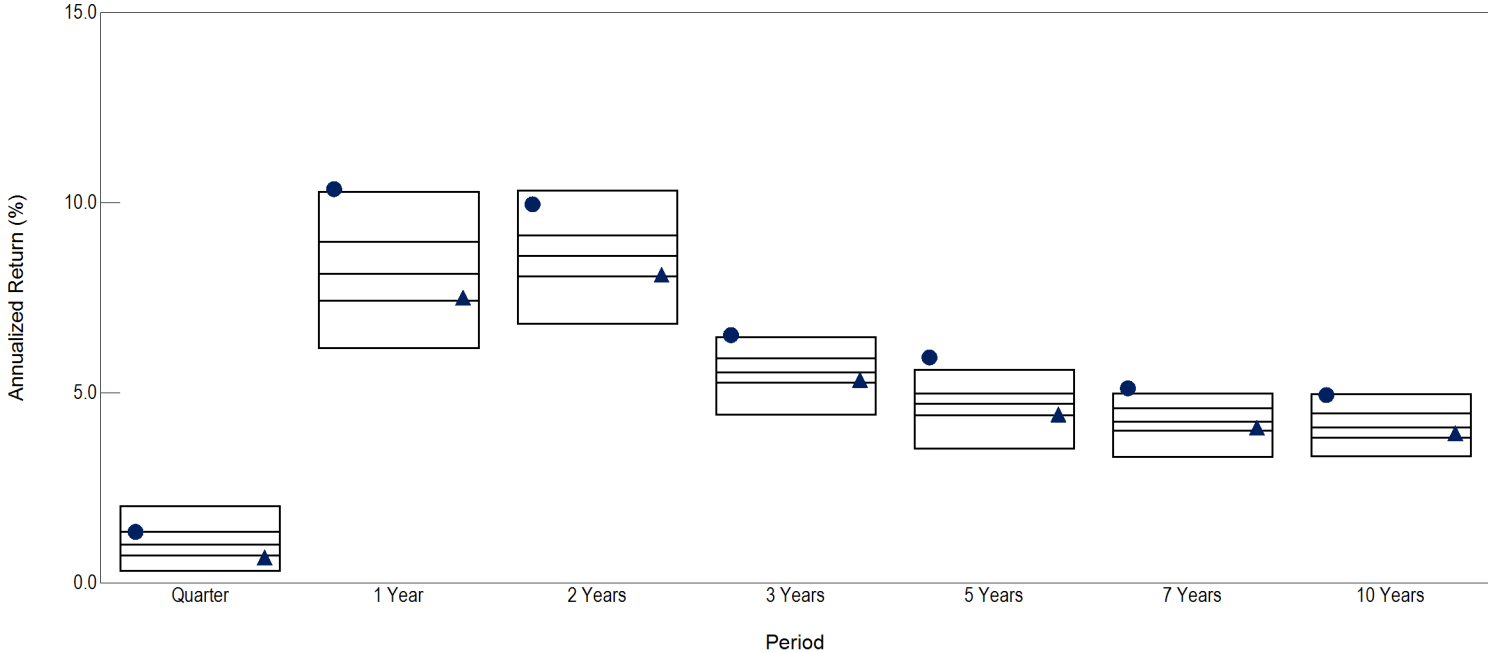
Quarterly and Cumulative Excess Performance



Los Angeles City Employees' Retirement System

LOOMIS SAYLES

Loomis Sayles vs. eV US Core Fixed Inc Net



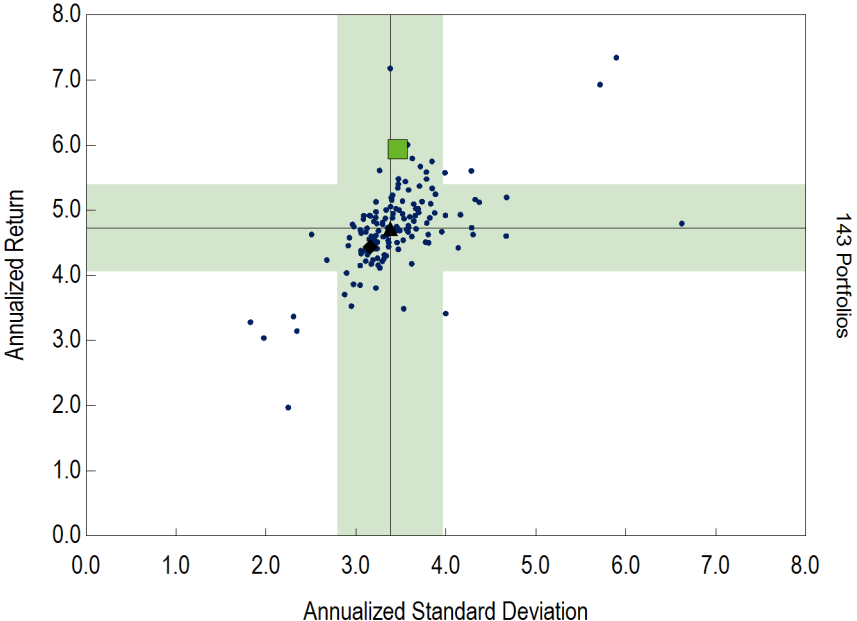
	Return (Rank)													
5th Percentile	2.02	10.28	10.32	6.46	5.61	4.98	4.97							
25th Percentile	1.36	8.98	9.16	5.92	5.00	4.62	4.48							
Median	1.03	8.15	8.62	5.56	4.72	4.25	4.11							
75th Percentile	0.73	7.45	8.09	5.29	4.43	4.03	3.83							
95th Percentile	0.34	6.19	6.83	4.44	3.55	3.33	3.34							
# of Portfolios	150	149	147	145	143	139	128							
● Loomis Sayles	1.34	(26)	10.36	(5)	9.96	(7)	6.52	(3)	5.93	(3)	5.12	(3)	4.94	(6)
▲ Loomis Custom Benchmark	0.67	(81)	7.51	(75)	8.11	(74)	5.34	(70)	4.44	(75)	4.09	(71)	3.94	(65)



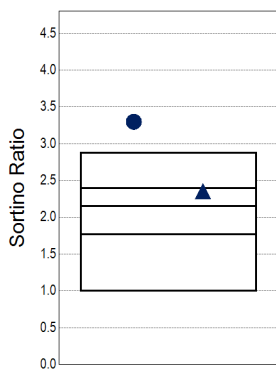
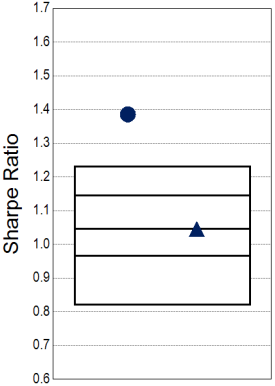
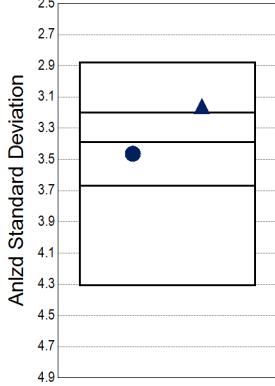
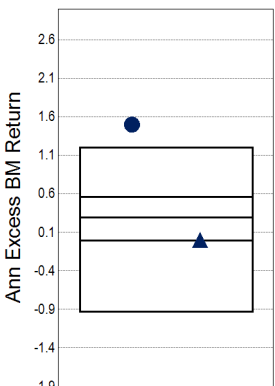
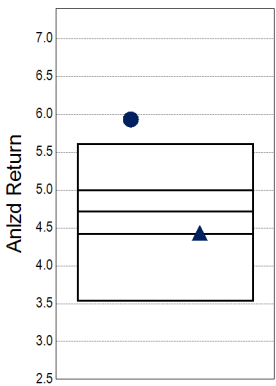
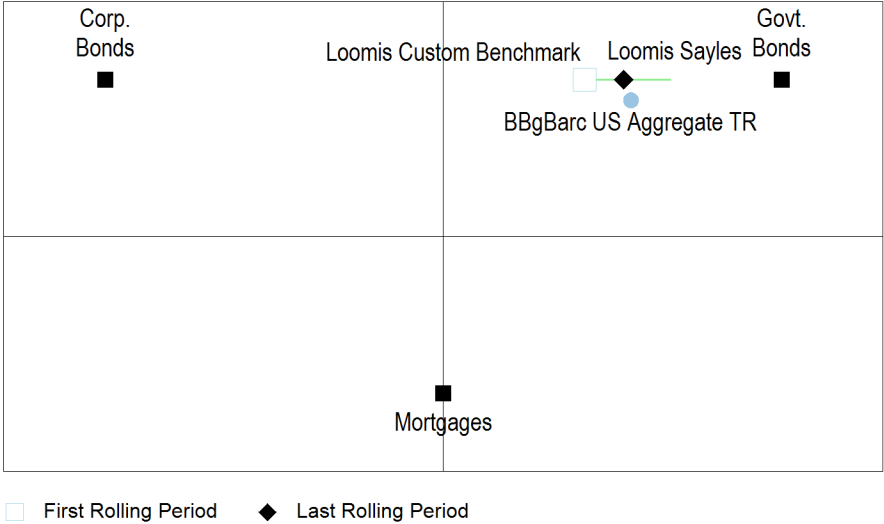
Los Angeles City Employees' Retirement System

LOOMIS SAYLES

5 Year Risk Return



5 Year Style Map



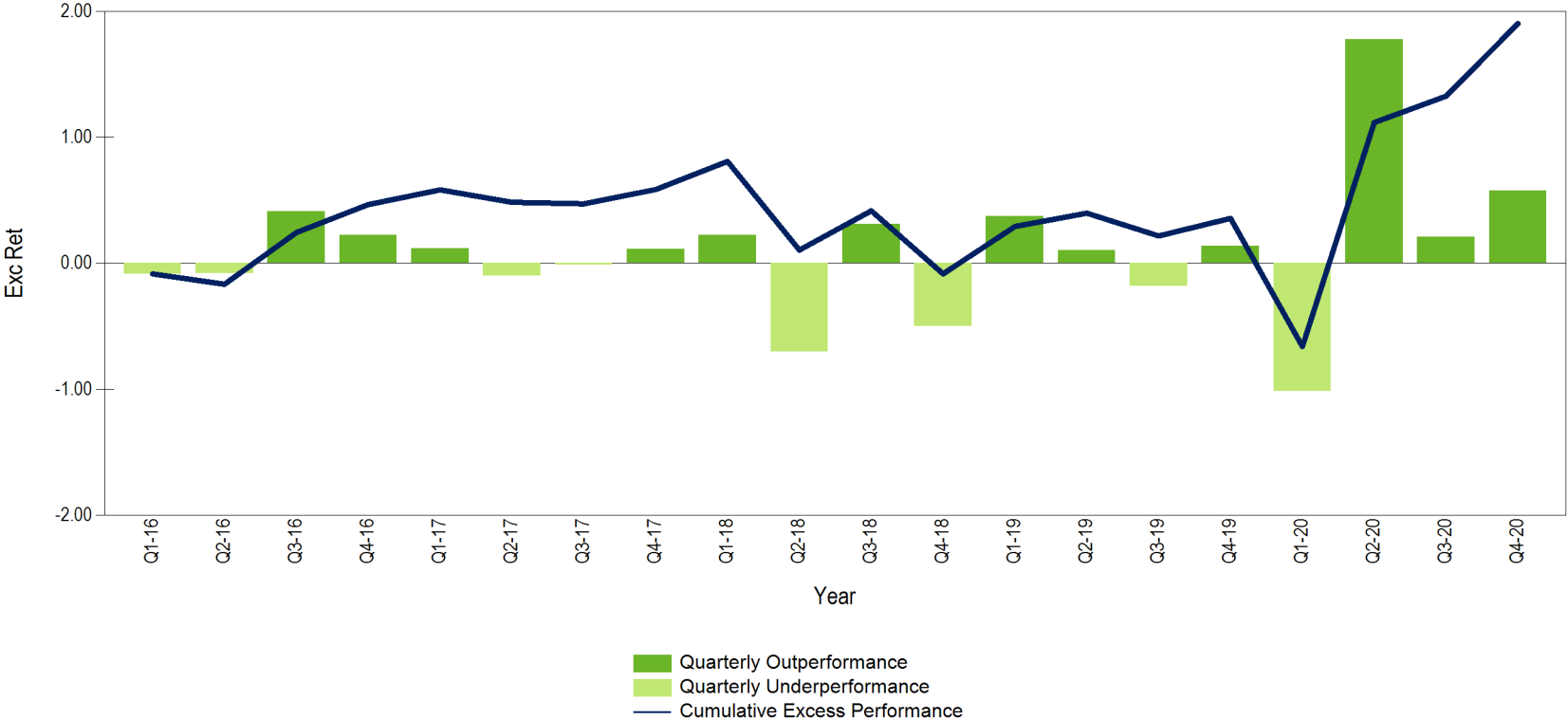
- Loomis Sayles
- ▲ Loomis Custom Benchmark
- 5th to 25th Percentile
- 25th to Median
- Median to 75th Percentile
- 75th to 95th Percentile



Los Angeles City Employees' Retirement System

NEUBERGER BERMAN

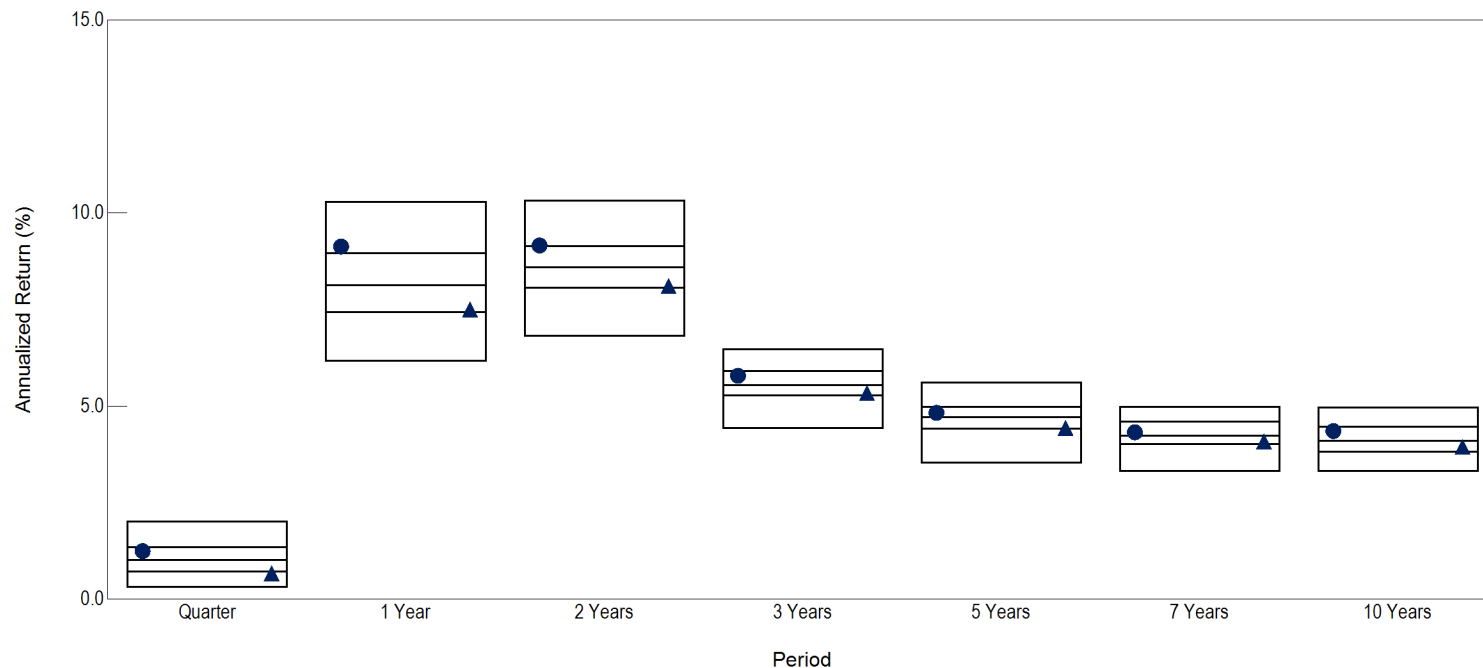
Quarterly and Cumulative Excess Performance



Los Angeles City Employees' Retirement System

NEUBERGER BERMAN

Neuberger Berman vs. eV US Core Fixed Inc Net



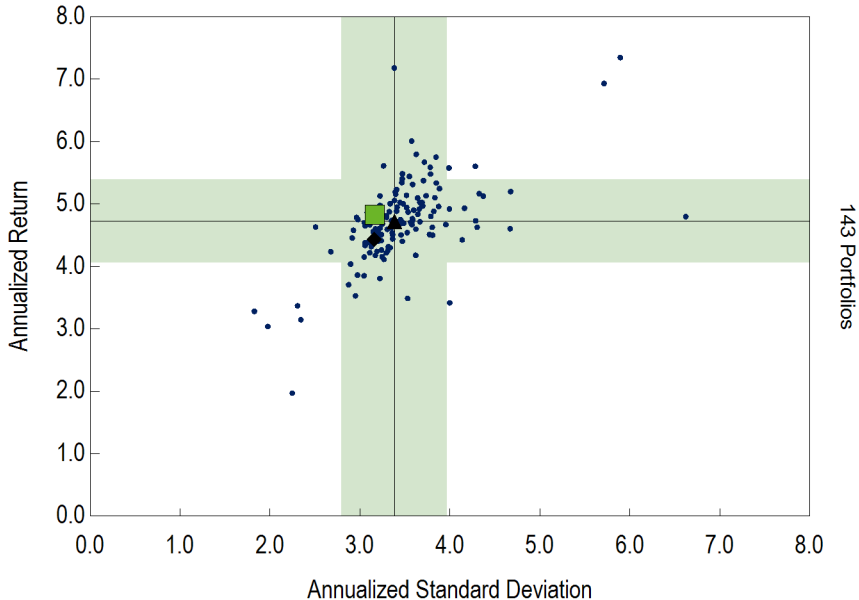
	Return (Rank)													
5th Percentile	2.02	10.28	10.32	6.46	5.61	4.98	4.97							
25th Percentile	1.36	8.98	9.16	5.92	5.00	4.62	4.48							
Median	1.03	8.15	8.62	5.56	4.72	4.25	4.11							
75th Percentile	0.73	7.45	8.09	5.29	4.43	4.03	3.83							
95th Percentile	0.34	6.19	6.83	4.44	3.55	3.33	3.34							
# of Portfolios	150	149	147	145	143	139	128							
● Neuberger Berman	1.24	(32)	9.13	(23)	9.16	(25)	5.79	(32)	4.82	(42)	4.32	(46)	4.35	(35)
▲ Core Fixed Income Blend	0.67	(81)	7.51	(75)	8.11	(74)	5.34	(70)	4.44	(75)	4.09	(71)	3.94	(65)



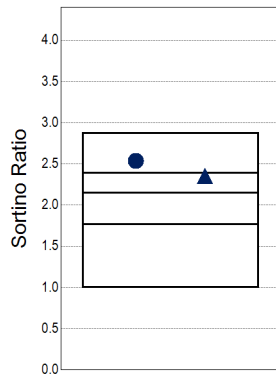
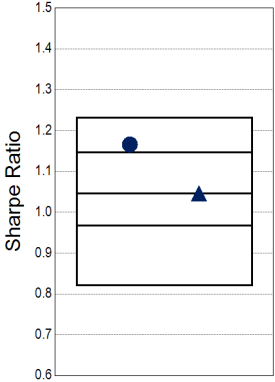
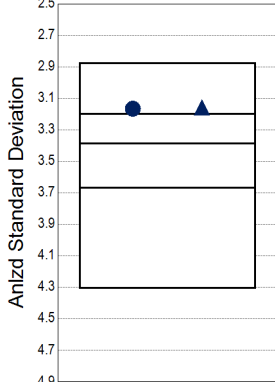
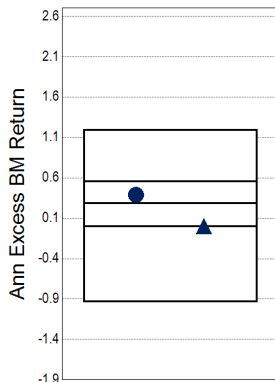
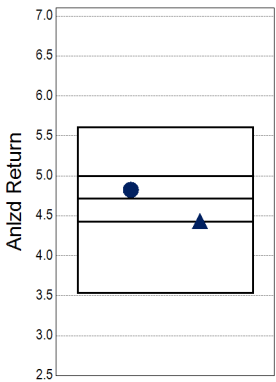
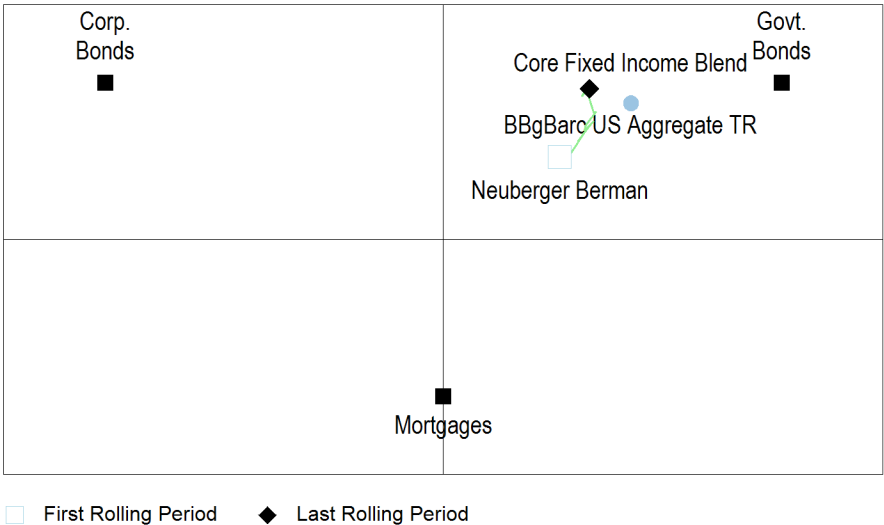
Los Angeles City Employees' Retirement System

NEUBERGER BERMAN

5 Year Risk Return



5 Year Style Map



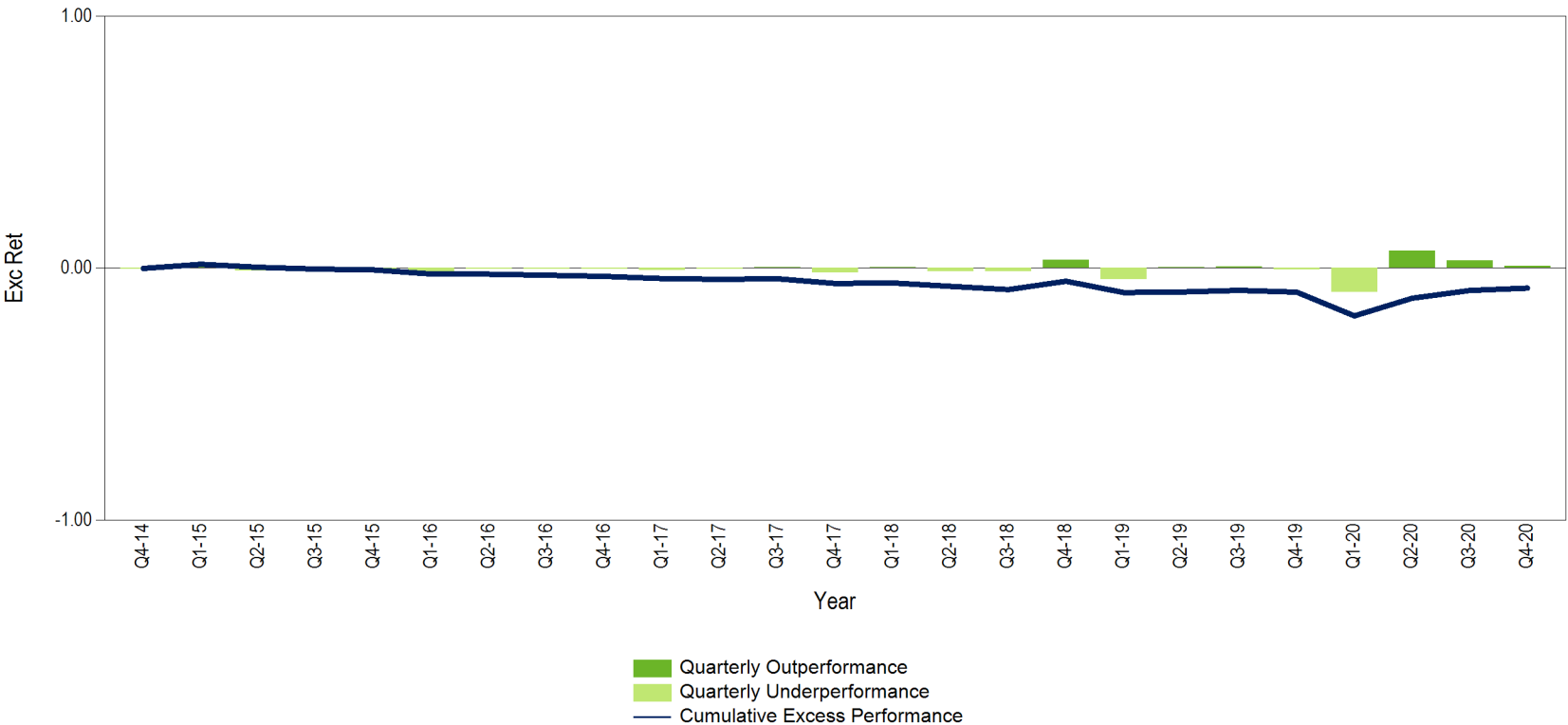
- Neuberger Berman
- ▲ Core Fixed Income Blend
- 5th to 25th Percentile
- 25th to Median
- Median to 75th Percentile
- 75th to 95th Percentile



Los Angeles City Employees' Retirement System

SSGA U.S. AGGREGATE BOND

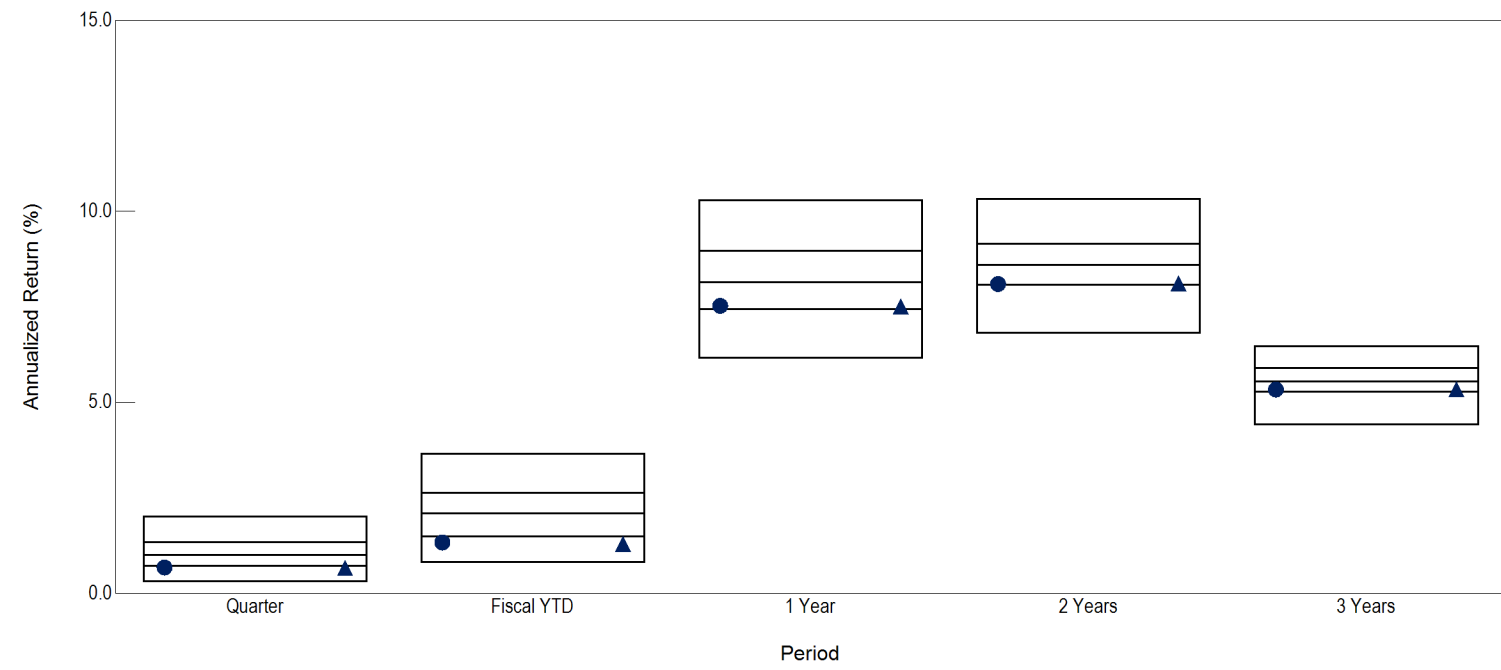
Quarterly and Cumulative Excess Performance



Los Angeles City Employees' Retirement System

SSGA U.S. AGGREGATE BOND

SSgA U.S. Aggregate Bond vs. eV US Core Fixed Inc Net



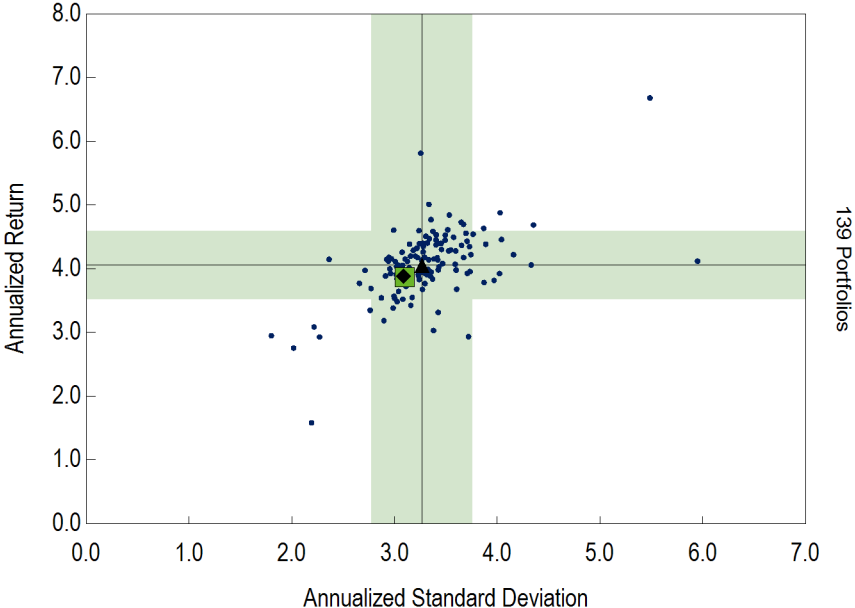
	Return (Rank)									
5th Percentile	2.02		3.66		10.28		10.32		6.46	
25th Percentile	1.36		2.64		8.98		9.16		5.92	
Median	1.03		2.10		8.15		8.62		5.56	
75th Percentile	0.73		1.52		7.45		8.09		5.29	
95th Percentile	0.34		0.84		6.19		6.83		4.44	
# of Portfolios	150		149		149		147		145	
● SSGA U.S. Aggregate Bond	0.68	(79)	1.33	(84)	7.52	(74)	8.10	(75)	5.33	(71)
▲ BBgBarc US Aggregate TR	0.67	(81)	1.29	(86)	7.51	(75)	8.11	(74)	5.34	(70)



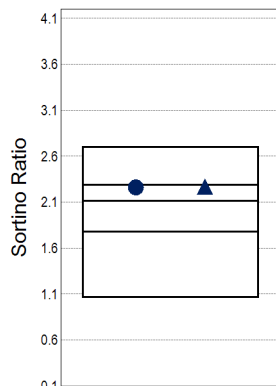
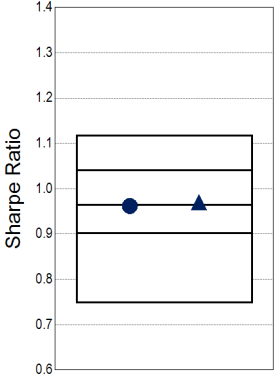
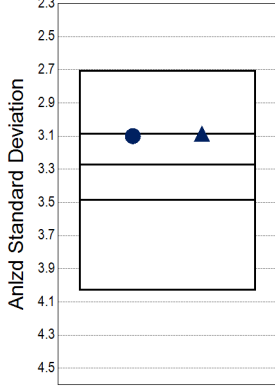
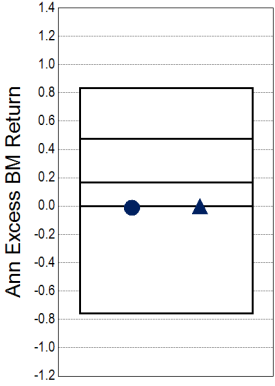
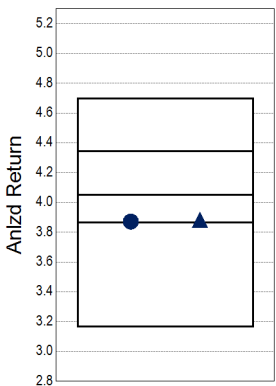
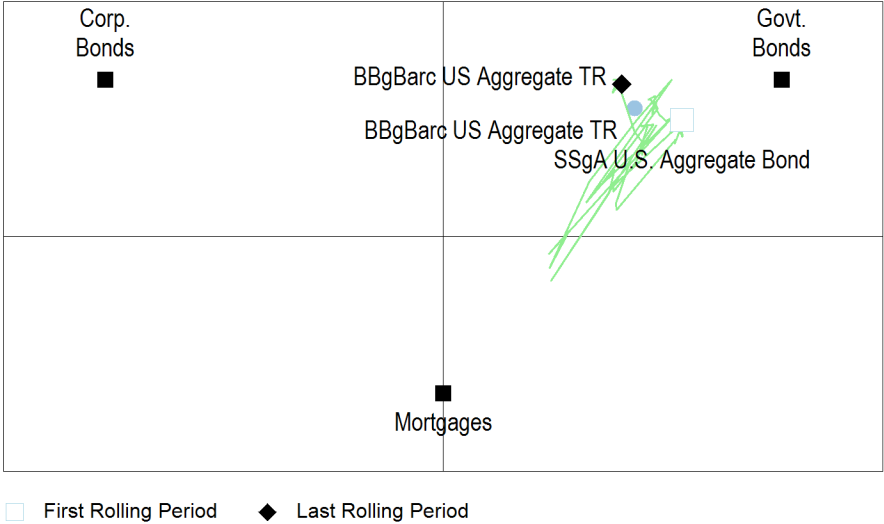
Los Angeles City Employees' Retirement System

SSGA U.S. AGGREGATE BOND

Since Inception Risk Return



Since Inception Style Map



- SSGA U.S. Aggregate Bond
- ▲ BBgBarc US Aggregate TR
- 5th to 25th Percentile
- 25th to Median
- Median to 75th Percentile
- 75th to 95th Percentile



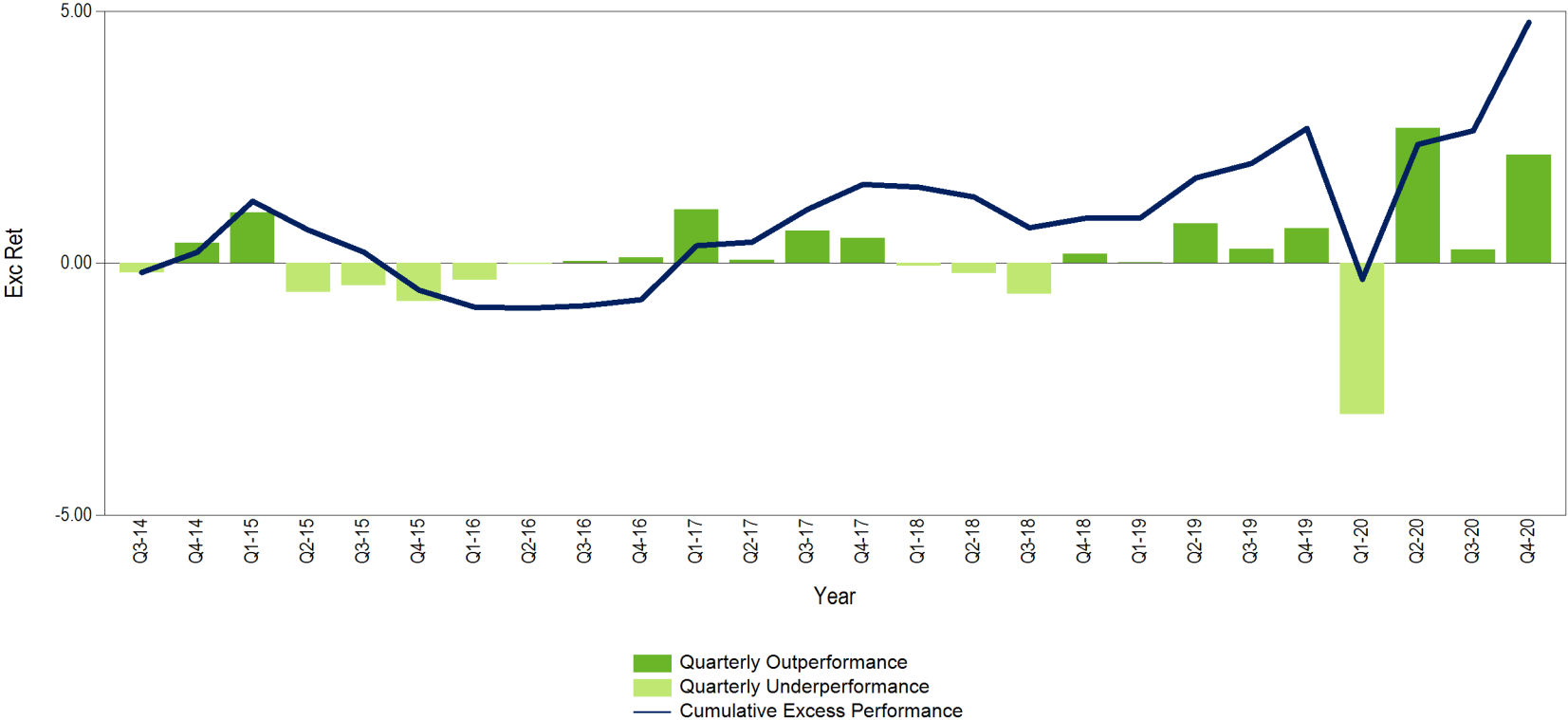
CREDIT OPPORTUNITIES MANAGER PERFORMANCE

NEPC, LLC

Los Angeles City Employees' Retirement System

PRUDENTIAL EMERGING MARKETS

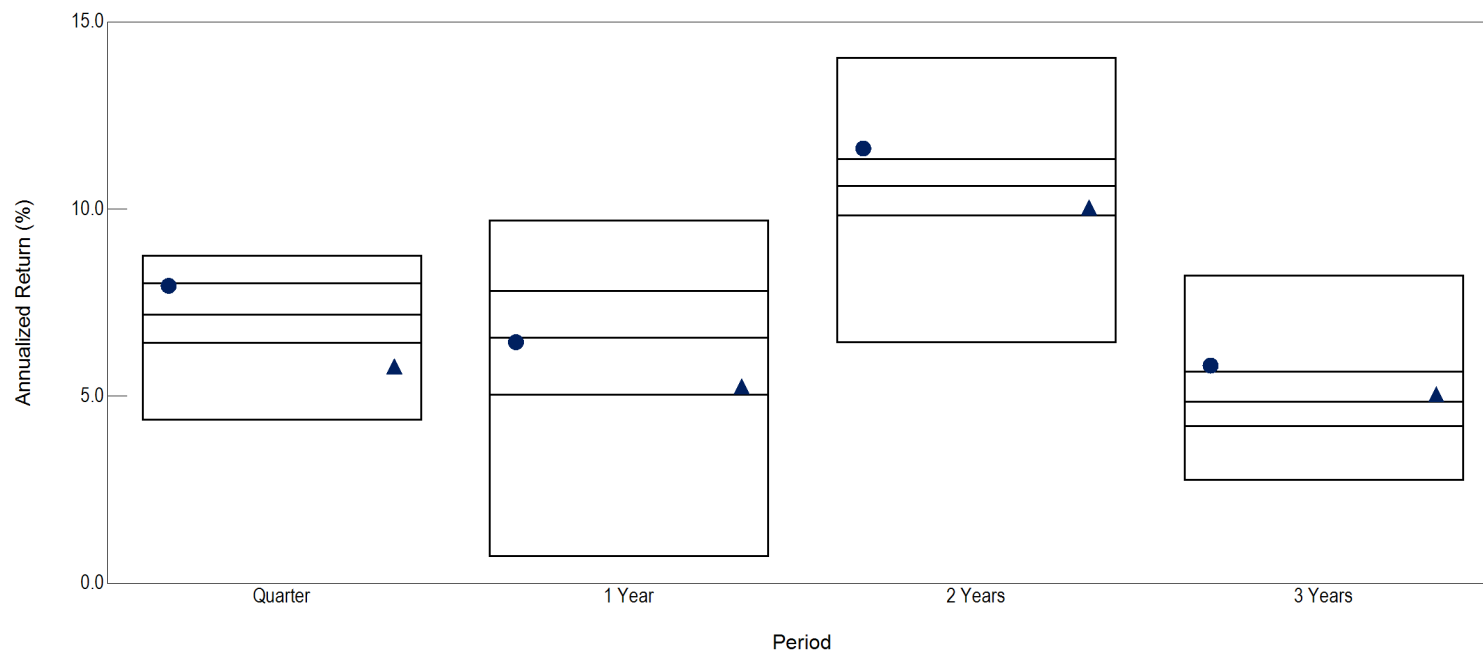
Quarterly and Cumulative Excess Performance



Los Angeles City Employees' Retirement System

PRUDENTIAL EMERGING MARKETS

Prudential Emerging Markets vs. eV Emg Mkts Fixed Inc - Hard Currency Net



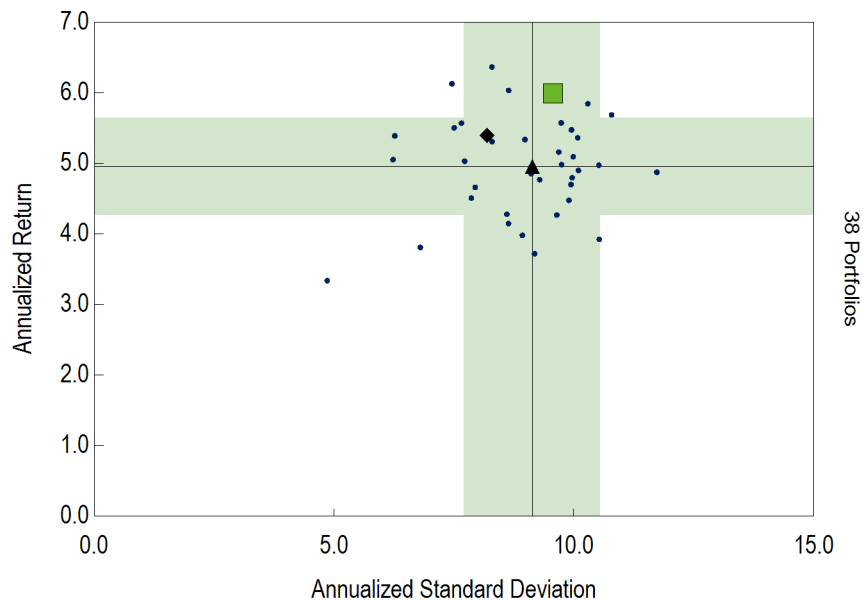
	Return (Rank)							
5th Percentile	8.76		9.69		14.03		8.23	
25th Percentile	8.03		7.83		11.35		5.66	
Median	7.19		6.57		10.64		4.87	
75th Percentile	6.45		5.05		9.85		4.21	
95th Percentile	4.38		0.75		6.46		2.78	
# of Portfolios	48		47		45		43	
● Prudential Emerging Markets	7.95	(29)	6.44	(57)	11.62	(21)	5.82	(21)
▲ JP Morgan EMBI Global Diversified	5.80	(90)	5.26	(68)	10.04	(65)	5.05	(46)



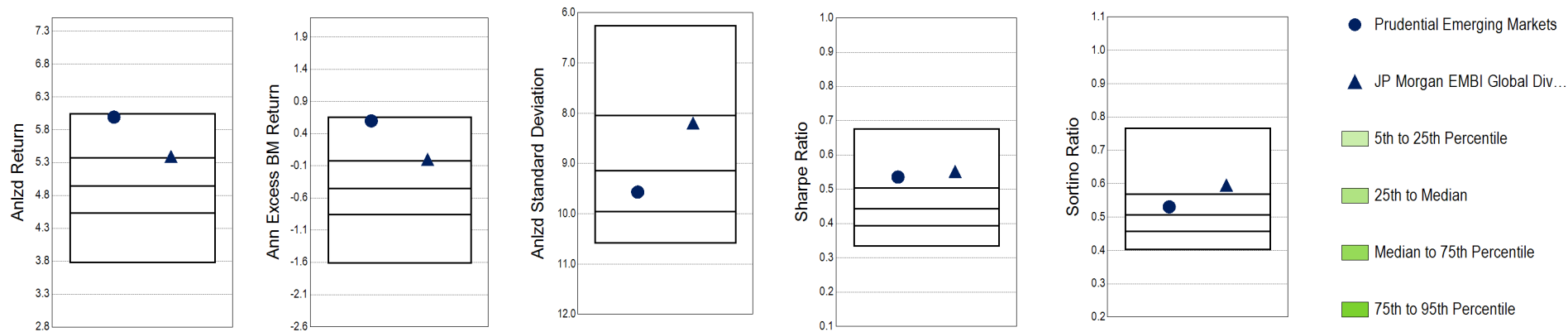
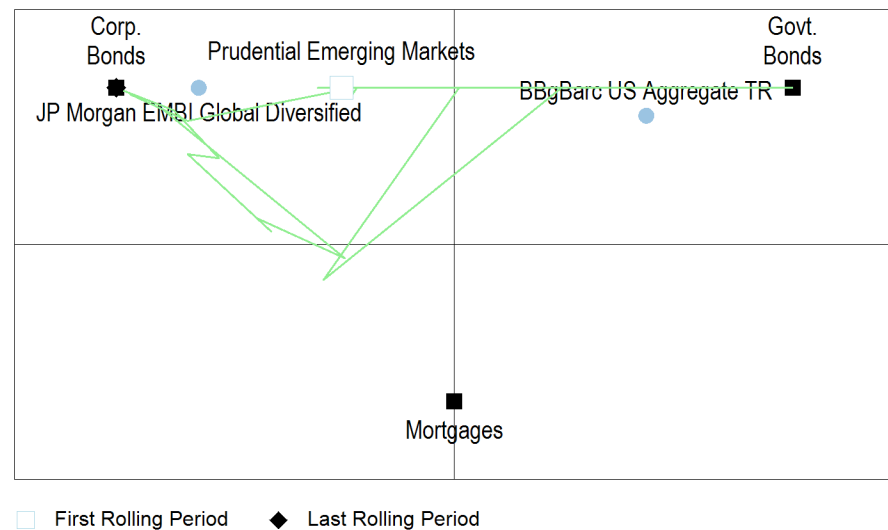
Los Angeles City Employees' Retirement System

PRUDENTIAL EMERGING MARKETS

Since Inception Risk Return



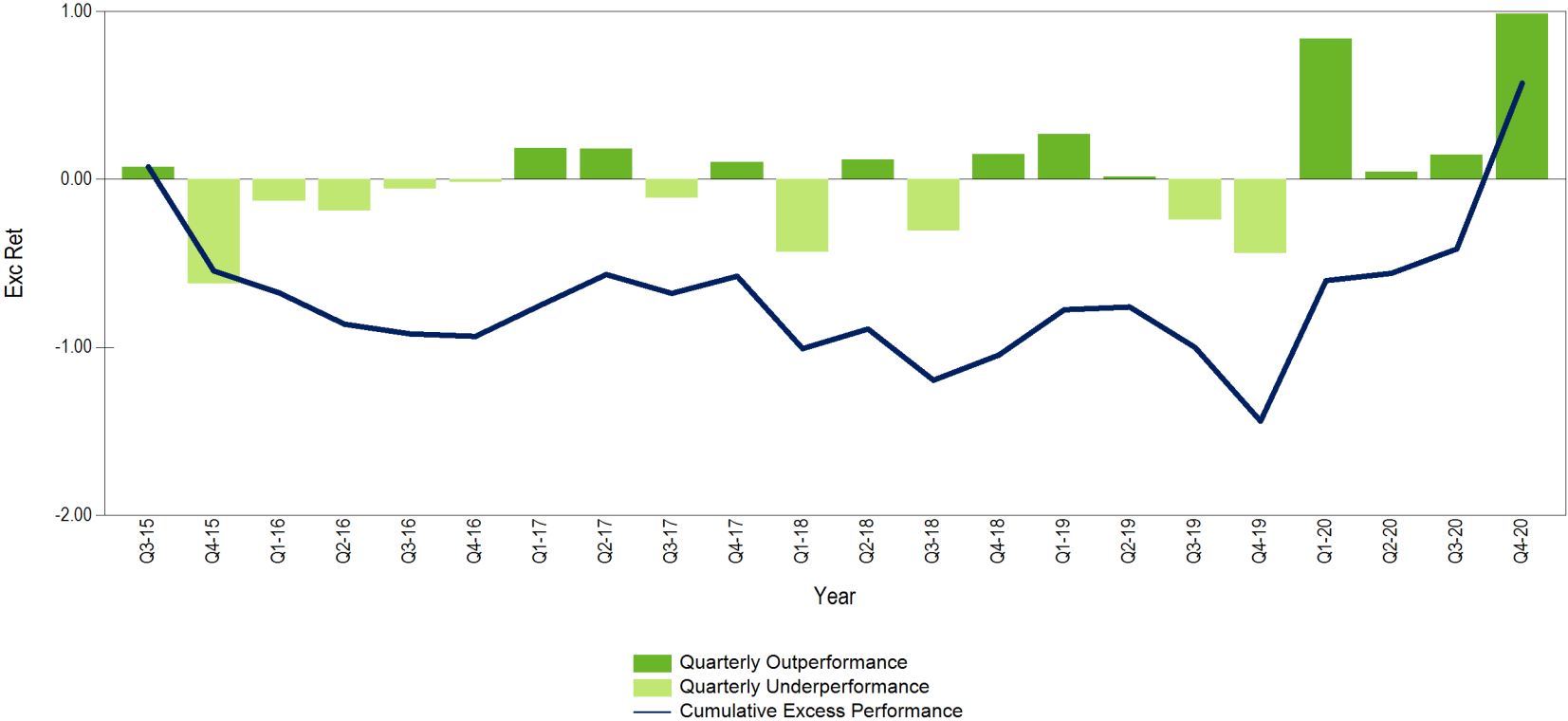
Since Inception Style Map



Los Angeles City Employees' Retirement System

BAIN CAPITAL SENIOR LOAN FUND, LP

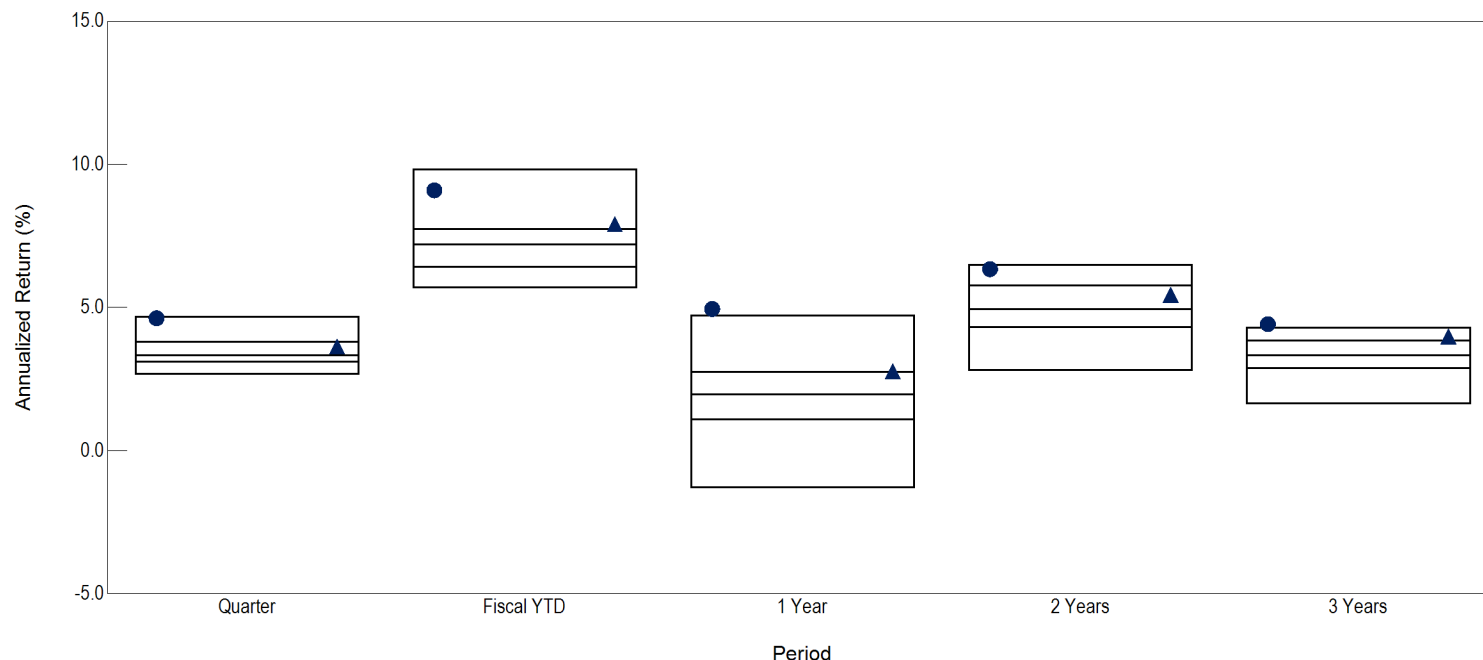
Quarterly and Cumulative Excess Performance



Los Angeles City Employees' Retirement System

BAIN CAPITAL SENIOR LOAN FUND, LP

Bain Capital Senior Loan Fund, LP vs. eV US Float-Rate Bank Loan Fixed Inc Net



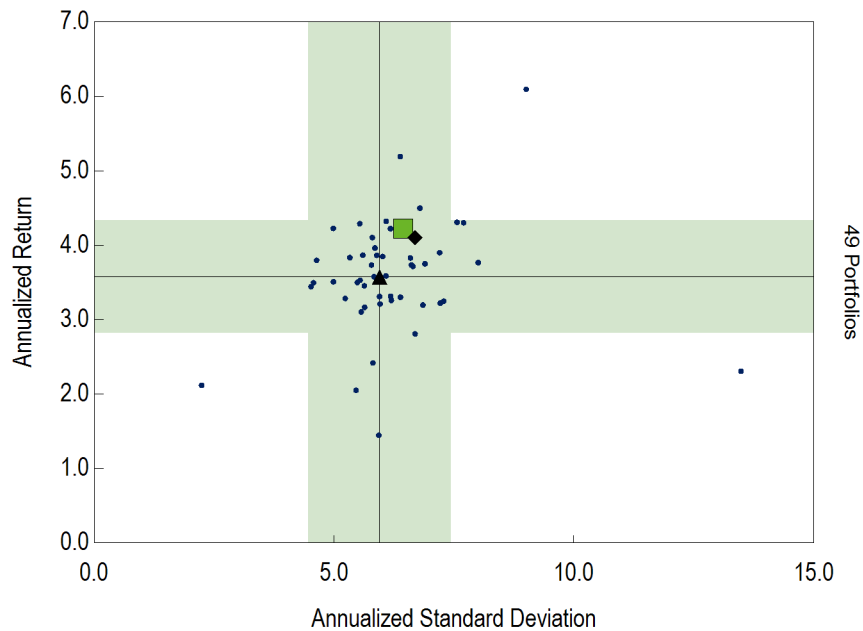
	Return (Rank)									
5th Percentile	4.69		9.83		4.72		6.48		4.29	
25th Percentile	3.82		7.77		2.77		5.80		3.87	
Median	3.36		7.22		1.99		4.96		3.36	
75th Percentile	3.12		6.45		1.12		4.34		2.91	
95th Percentile	2.70		5.72		-1.25		2.85		1.68	
# of Portfolios	54		54		54		54		53	
● Bain Capital Senior Loan Fund, LP	4.62	(8)	9.09	(13)	4.95	(4)	6.34	(10)	4.42	(4)
▲ Credit Suisse Leveraged Loans	3.64	(34)	7.91	(23)	2.78	(25)	5.44	(39)	3.99	(18)



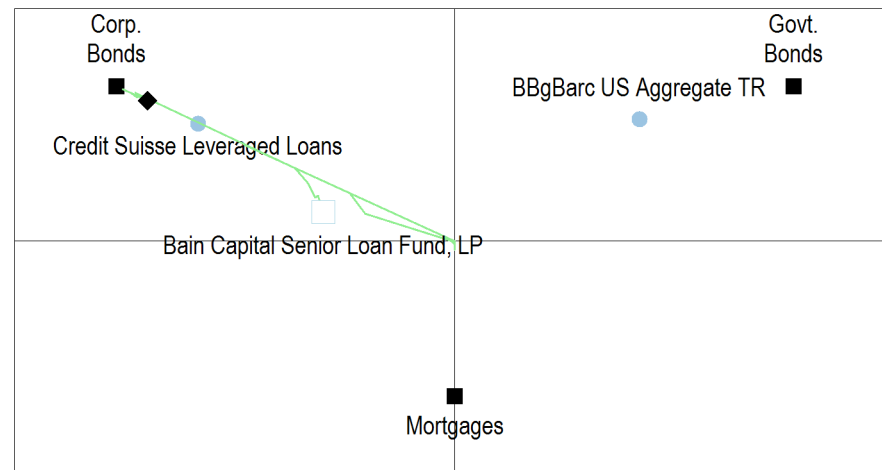
Los Angeles City Employees' Retirement System

BAIN CAPITAL SENIOR LOAN FUND, LP

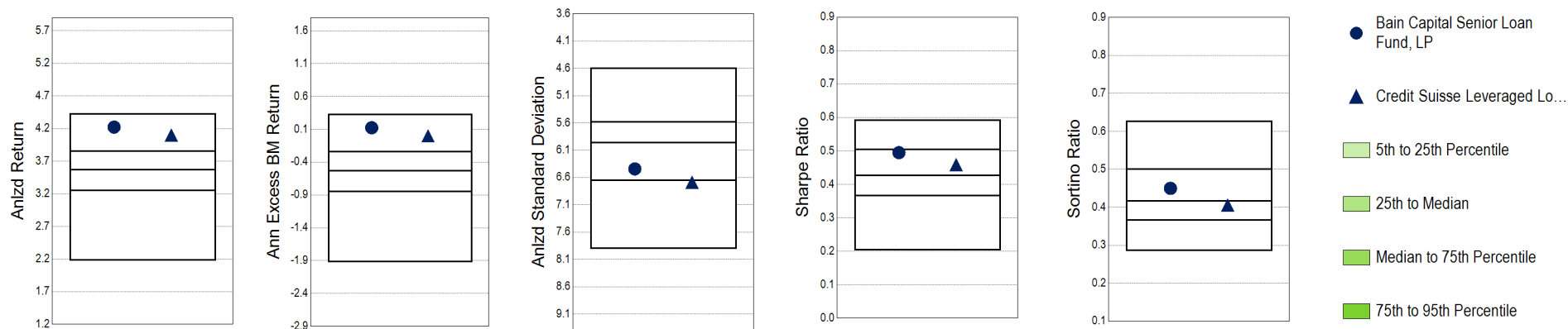
Since Inception Risk Return



Since Inception Style Map



□ First Rolling Period ◆ Last Rolling Period



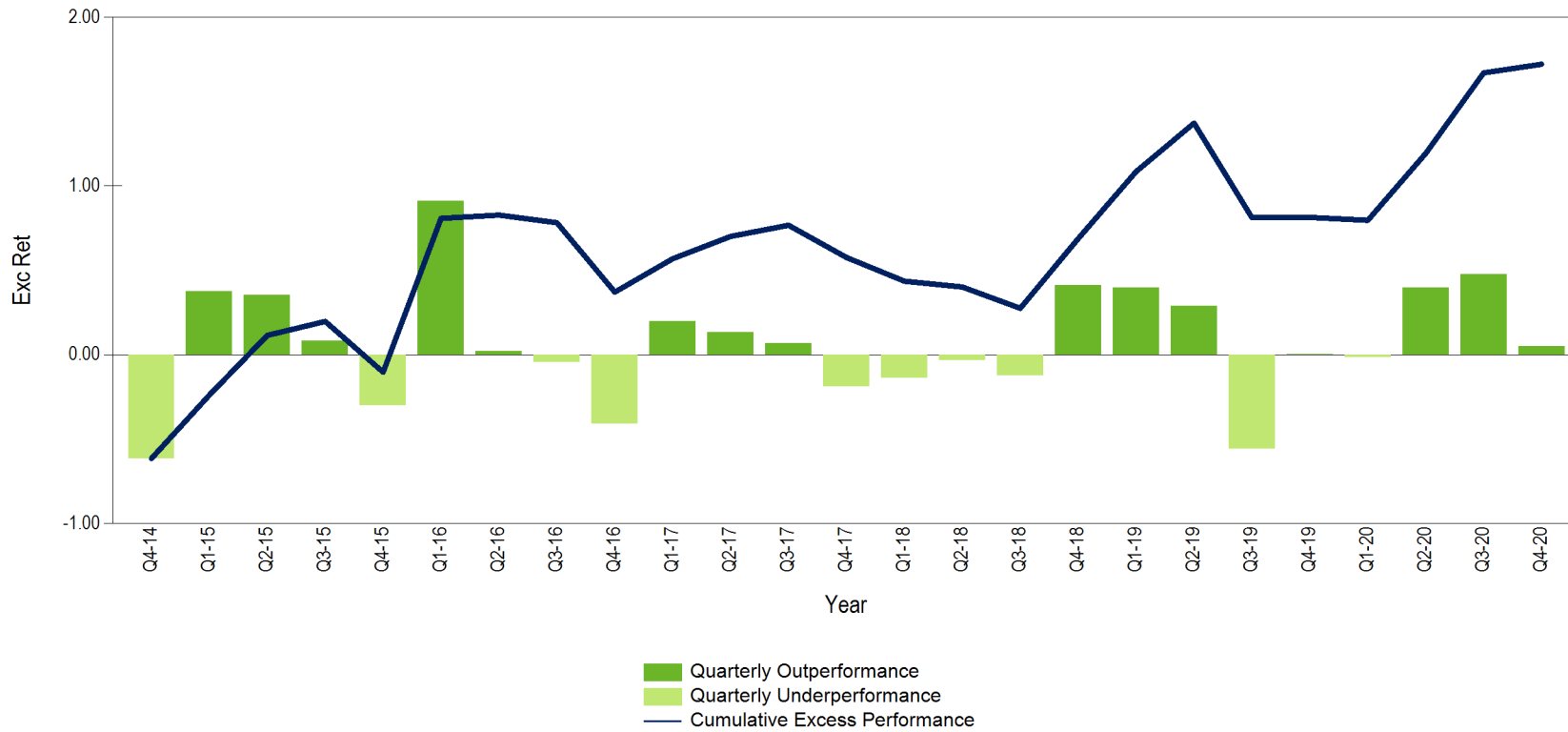
REAL ASSETS MANAGER PERFORMANCE

NEPC, LLC

Los Angeles City Employees' Retirement System

DFA US TIPS

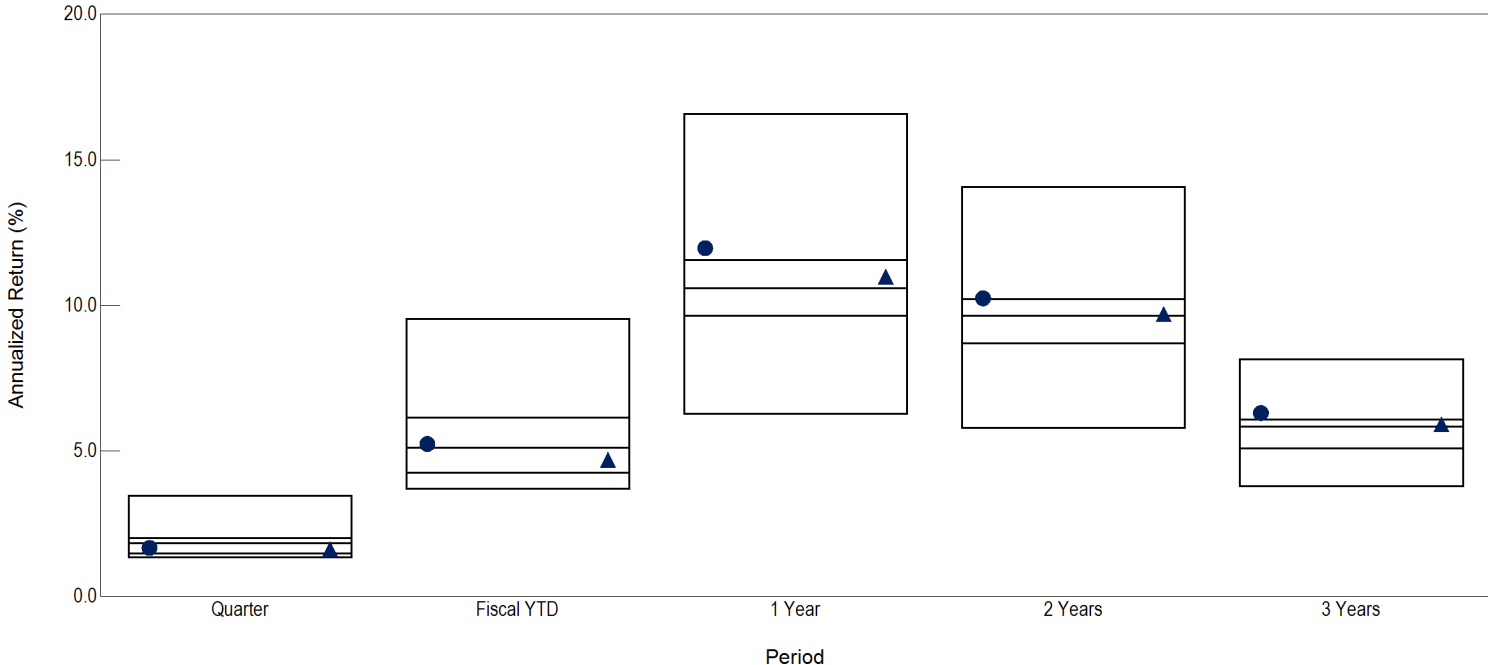
Quarterly and Cumulative Excess Performance



Los Angeles City Employees' Retirement System

DFA US TIPS

DFA US TIPS vs. eV US TIPS / Inflation Fixed Inc Net



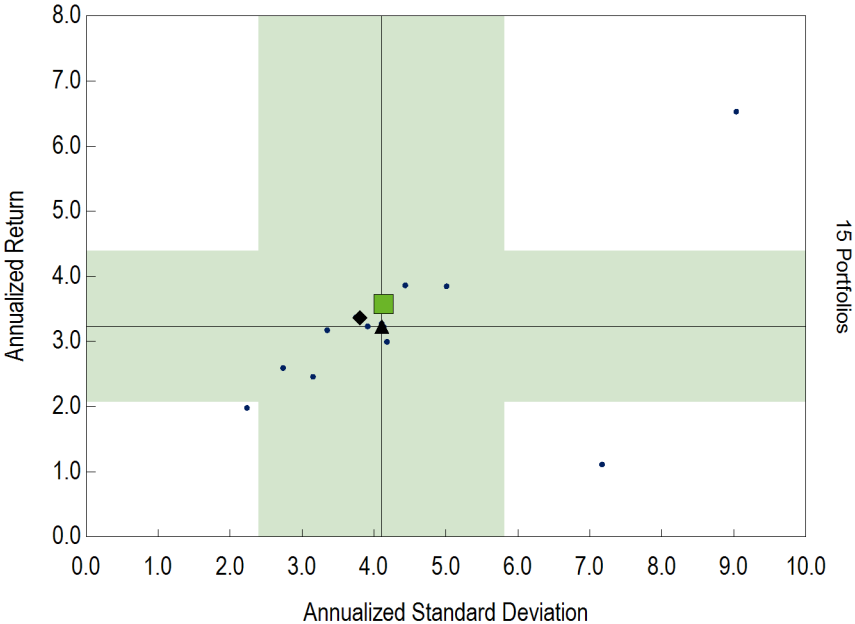
	Return (Rank)									
5th Percentile	3.46		9.55		16.58		14.07		8.15	
25th Percentile	2.02		6.18		11.58		10.25		6.11	
Median	1.85		5.13		10.61		9.68		5.87	
75th Percentile	1.51		4.28		9.66		8.72		5.11	
95th Percentile	1.37		3.73		6.31		5.81		3.82	
# of Portfolios	17		17		17		16		16	
● DFA US TIPS	1.67	(64)	5.24	(44)	11.97	(16)	10.24	(26)	6.31	(15)
▲ BBgBarc US TIPS TR	1.62	(69)	4.70	(62)	10.99	(37)	9.70	(46)	5.92	(45)



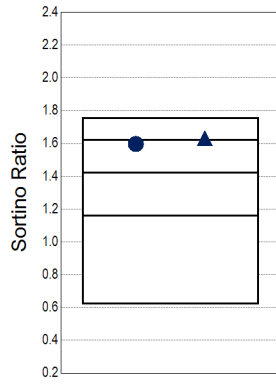
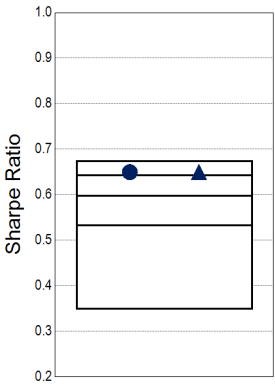
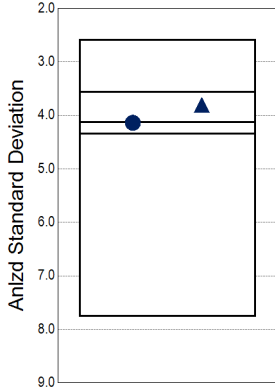
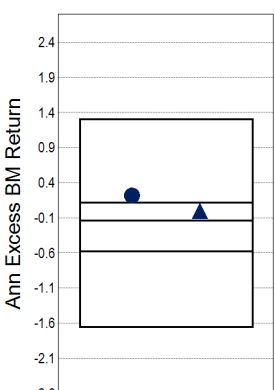
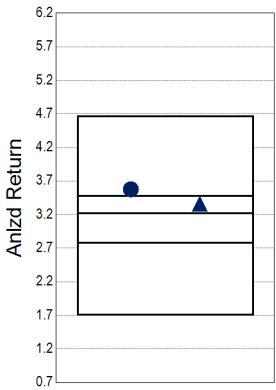
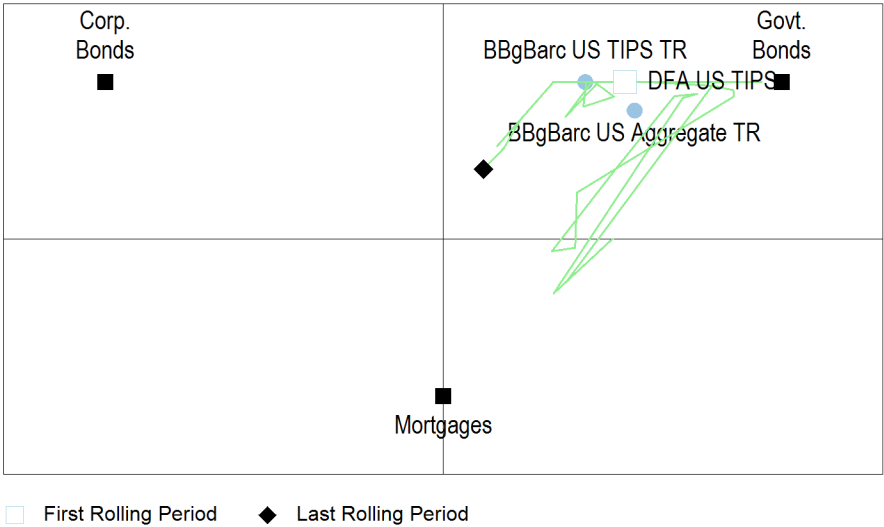
Los Angeles City Employees' Retirement System

DFA US TIPS

Since Inception Risk Return



Since Inception Style Map



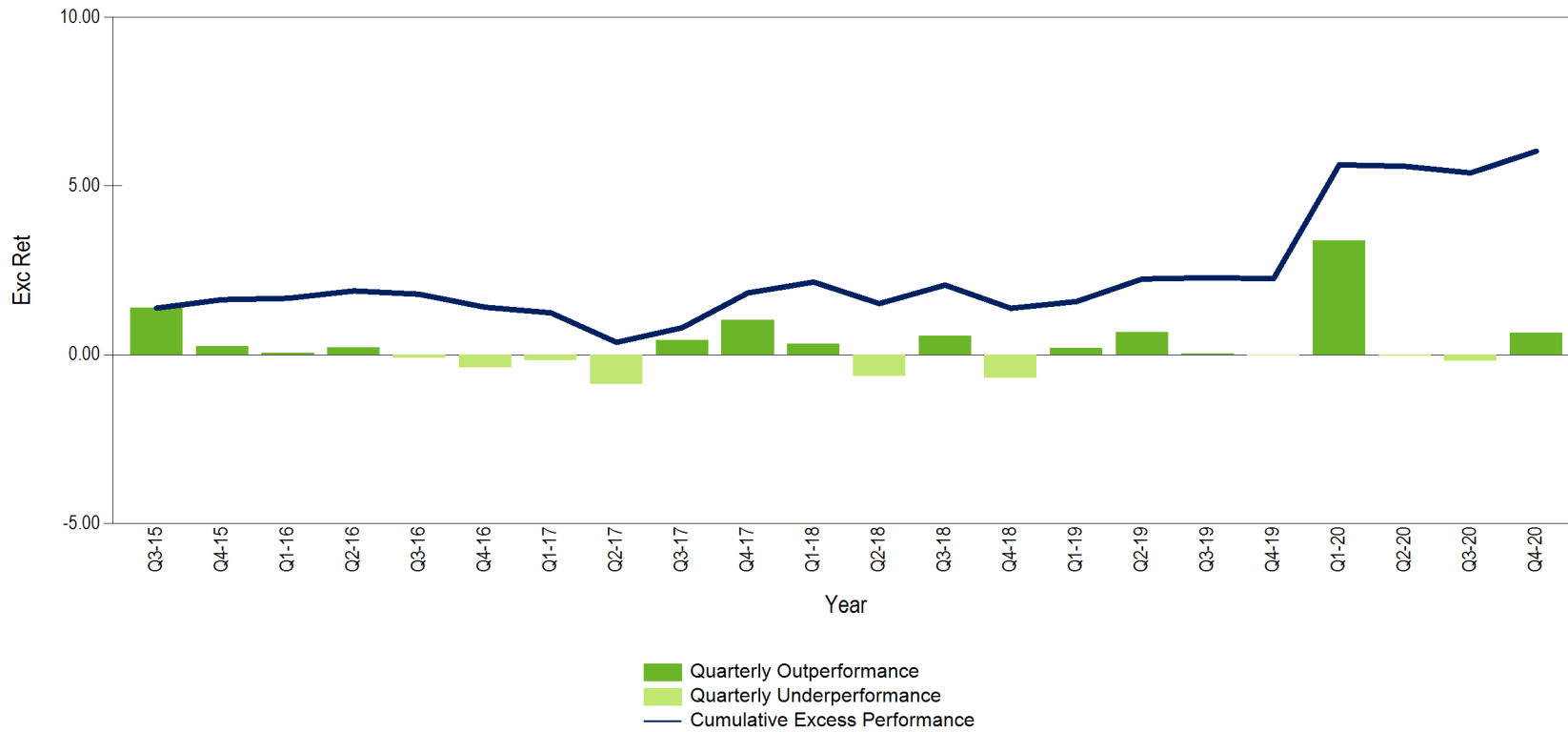
- DFA US TIPS
- ▲ BBgBarc US TIPS TR
- 5th to 25th Percentile
- 25th to Median
- Median to 75th Percentile
- 75th to 95th Percentile



Los Angeles City Employees' Retirement System

CENTERSQUARE US REAL ESTATE

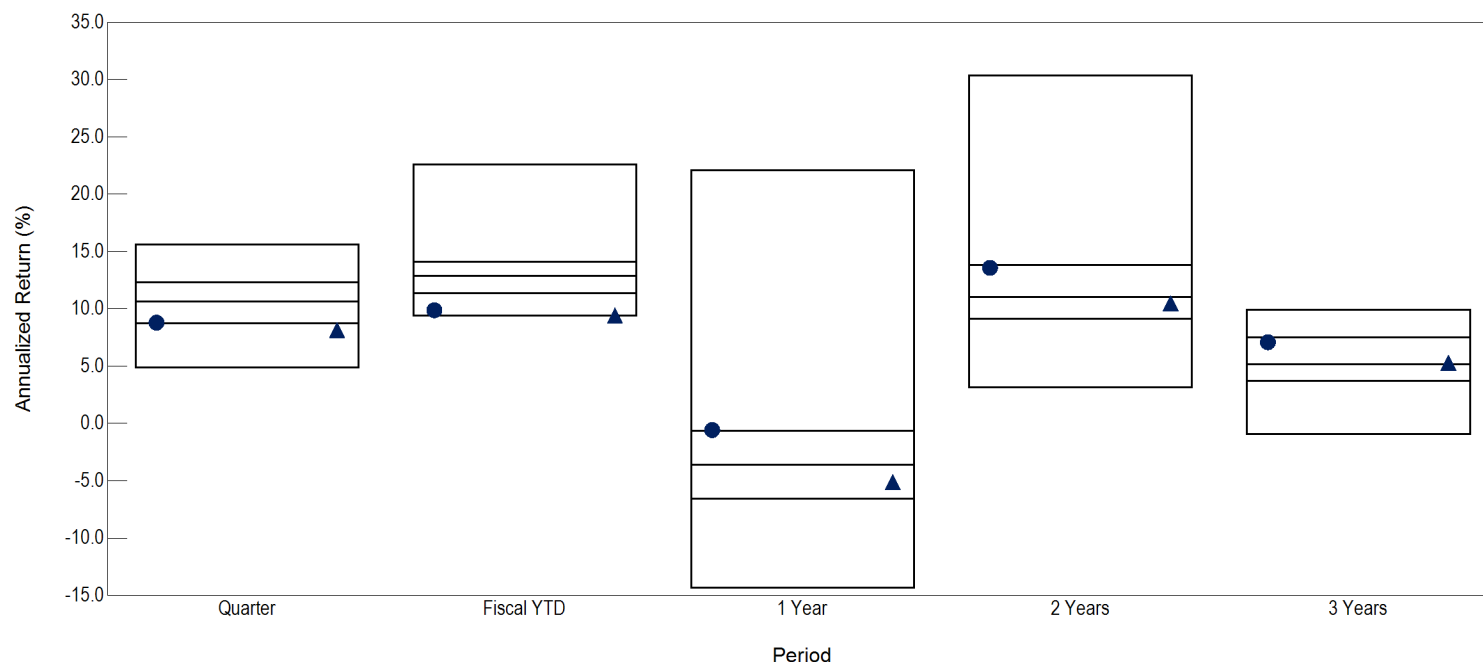
Quarterly and Cumulative Excess Performance



Los Angeles City Employees' Retirement System

CENTERSQUARE US REAL ESTATE

CenterSquare US Real Estate vs. eV US REIT Net



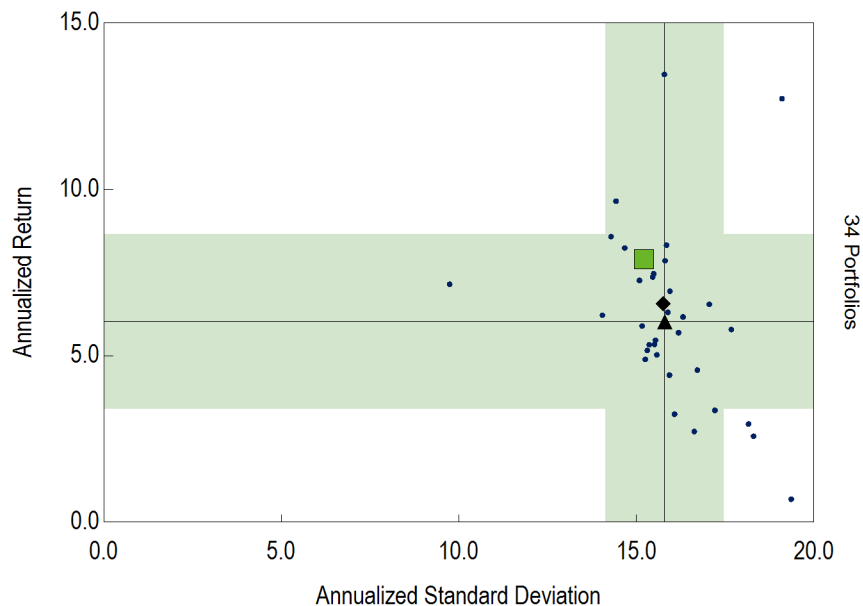
	Return (Rank)									
5th Percentile	15.59		22.60		22.06		30.35		9.92	
25th Percentile	12.39		14.15		-0.58		13.89		7.58	
Median	10.67		12.90		-3.55		11.10		5.20	
75th Percentile	8.78		11.41		-6.53		9.16		3.75	
95th Percentile	4.93		9.47		-14.28		3.23		-0.88	
# of Portfolios	37		37		37		36		35	
● CenterSquare US Real Estate	8.79	(75)	9.87	(95)	-0.58	(26)	13.57	(30)	7.08	(35)
▲ FTSE NAREIT All Equity REIT	8.14	(87)	9.43	(96)	-5.12	(70)	10.49	(56)	5.29	(49)



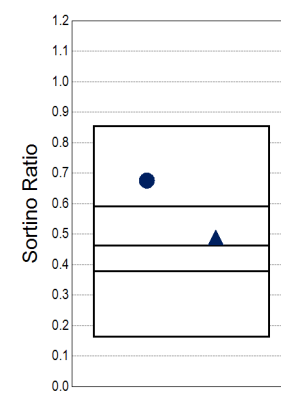
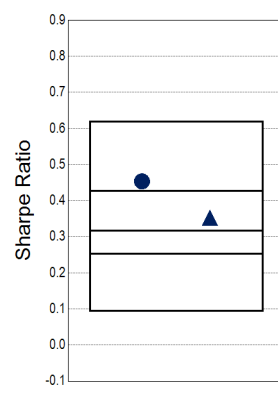
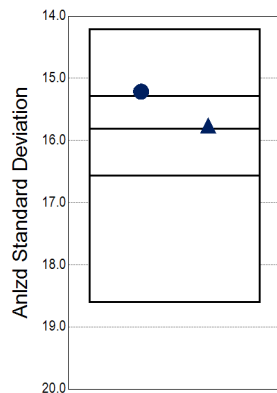
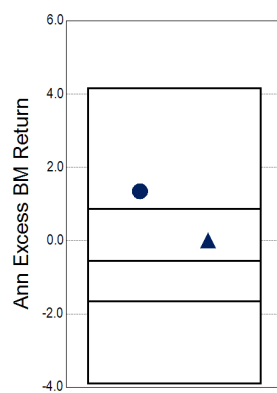
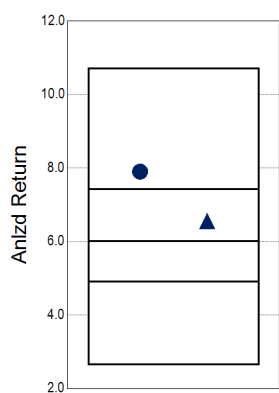
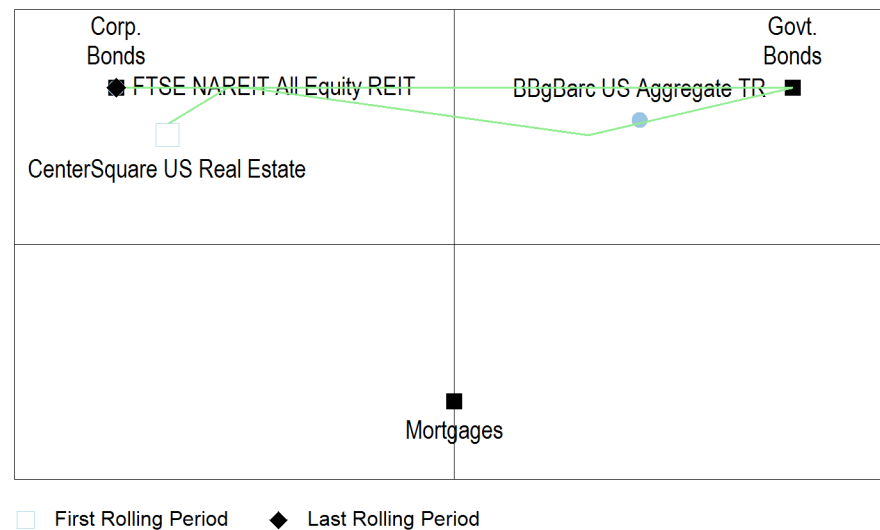
Los Angeles City Employees' Retirement System

CENTERSQUARE US REAL ESTATE

Since Inception Risk Return



Since Inception Style Map



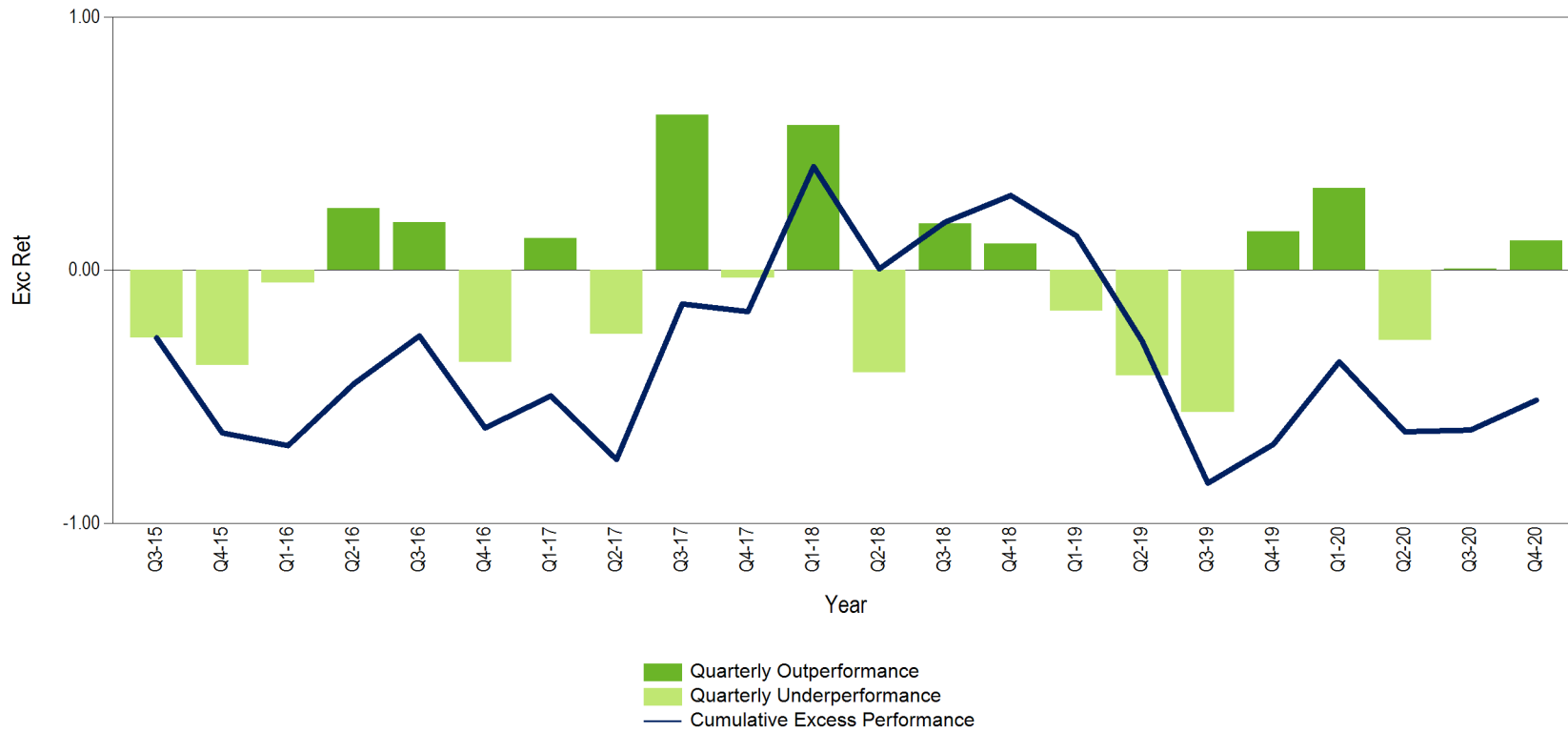
- CenterSquare US Real Estate
- ▲ FTSE NAREIT All Equity REIT
- 5th to 25th Percentile
- 25th to Median
- Median to 75th Percentile
- 75th to 95th Percentile



Los Angeles City Employees' Retirement System

CORE COMMODITY MGMT

Quarterly and Cumulative Excess Performance



DEFINITIONS

NEPC, LLC

POLICY INDEX DEFINITIONS

Policy Index: Current (adopted January 10, 2012) 24% Russell 3000 Index, 29% MSCI ACWI ex USA Net Index, 19% Bbg Barclays U.S. Aggregate Bond Index, 5% Credit Opportunities Blend, 10% Real Assets Blend, 12% Private Equity Blend, 1% Citi 3 Month T-Bill Index

U.S. Equity Blend: July 1, 2011 - Current: Russell 3000 Index; September 30, 1994 - December 31, 1999 S&P 500 Index 33.75, Russell 1000 Value Index 35%, Russell 1000 Growth 12.5%, Russell 2000 Value 12.5%, Russell 2000 Growth 6.25%

Core Fixed Income Blend: July 1, 2013 – Current: Bbg Barclays U.S. Aggregate Bond Index

Credit Opportunities Blend: 65% Bbg Barclays U.S. HY 2% Cap Index, 35% JPM EMBIGD Index

Public Real Assets Blend: 60% Bbg Barclays U.S. TIPS Index, 20% Bbg Commodity Index, 10% FTSE NAREIT All Equity Index, 10% Alerian MLP Index

Real Estate Blend: July 1, 2014 - Current NCREIF ODCE + 0.80%; July 1, 2012 - June 30, 2014 NCREIF Property Index Lagged +1%; October 1, 1994 - June 30, 2012 NCREIF Property Index Lagged

Private Equity Blend: February 1, 2012 – current: Russell 3000 + 3%; Inception – January 31, 2012: Russell 3000 + 4%

Note: Policy index definitions do not reflect the updated target asset allocation adopted on April 10, 2018.

Note: See Investment Policy for a full description of the indices listed.



GLOSSARY OF INVESTMENT TERMINOLOGY

Of Portfolios/Observations¹ - The total number of data points that make up a specified universe

Allocation Index³ - The allocation index measures the value added (or subtracted) to each portfolio by active management. It is calculated monthly: The portfolio asset allocation to each category from the prior month-end is multiplied by a specified market index.

Asset Allocation Effect² - Measures an investment manager's ability to effectively allocate their portfolio's assets to various sectors. The allocation effect determines whether the overweighting or underweighting of sectors relative to benchmark contributes positively or negatively to the overall portfolio return. Positive allocation occurs when the portfolio is over weighted in a sector that outperforms the benchmark and underweighted in a sector that underperforms the benchmark. Negative allocation occurs when the portfolio is over weighted in a sector that underperforms the benchmark and under weighted in a sector that outperforms the benchmark.

Agency Bonds (Agencies)³ - The full faith and credit of the United States government is normally not pledged to payment of principal and interest on the majority of government agencies issuing these bonds, with maturities of up to ten years. Their yields, therefore, are normally higher than government and their marketability is good, thereby qualifying them as a low risk-high liquidity type of investment. They are eligible as security for advances to the member banks by the Federal Reserve, which attests to their standing.

Asset Backed Securities (ABS)³ - Bonds which are similar to mortgage-backed securities but are collateralized by assets other than mortgages; commonly backed by credit card receivables, auto loans, or other types of consumer financing.

Attribution³ - Attribution is an analytical technique that allows us to evaluate the performance of the portfolio relative to the benchmark. A proper attribution tells us where value was added or subtracted as a result of the manager's decisions.

Average Effective Maturity⁴ - For a single bond, it is a measure of maturity that takes into account the possibility that a bond might be called back to the issuer.

For a portfolio of bonds, average effective maturity is the weighted average of the maturities of the underlying bonds. The measure is computed by weighing each bond's maturity by its market value with respect to the portfolio and the likelihood of any of the bonds being called. In a pool of mortgages, this would also account for the likelihood of prepayments on the mortgages.

Batting Average¹ - A measurement representing an investment manager's ability to meet or beat an index.

Formula: Divide the number of days (or months, quarters, etc.) in which the manager beats or matches the index by the total number of days (or months, quarters, etc.) in the period of question and multiply that factor by 100.

Brinson Fachler (BF) Attribution¹ - The BF methodology is a highly accepted industry standard for calculating the allocation, selection, and interaction effects within a portfolio that collectively explains a portfolio's underlying performance. The main advantage of the BF methodology is that rather than using the overall return of the benchmark, it goes a level deeper than BHB and measures whether the benchmark sector, country, etc. outperformed/or underperformed the overall benchmark.

Brinson Hood Beebower (BHB) Attribution¹ - The BHB methodology shows that excess return must be equal to the sum of all other factors (i.e., allocation effect, selection effect, interaction effect, etc.). The advantage to using the BHB methodology is that it is a highly accepted industry standard for calculating the allocation, selection, and interaction effects within a portfolio that collectively explains a portfolio's underlying performance.

Corporate Bond (Corp)⁴ - A debt security issued by a corporation and sold to investors. The backing for the bond is usually the payment ability of the company, which is typically money to be earned from future operations. In some cases, the company's physical assets may be used as collateral for bonds.

Correlation¹ - A range of statistical relationships between two or more random variables or observed data values. A correlation is a single number that describes the degree of relationship between variables.

Data Source: ¹InvestorForce, ²Interaction Effect Performance Attribution, ³NEPC, LLC, ⁴Investopedia, ⁵Hedgeco.net



GLOSSARY OF INVESTMENT TERMINOLOGY

Coupon⁴ – The interest rate stated on a bond when it is issued. The coupon is typically paid semiannually. This is also referred to as the "coupon rate" or "coupon percent rate."

Currency Effect¹ – Is the effect that changes in currency exchange rates over time affect excess performance.

Derivative Instrument² – A financial obligation that derives its precise value from the value of one or more other instruments (or assets) at the same point of time. For example, the relationship between the value of an S&P 500 futures contract (the derivative instrument in this case) is determined by the value of the S&P 500 Index and the value of a U.S. Treasury bill that matures at the expiration of the futures contract.

Downside Deviation¹ – Equals the standard deviation of negative return or the measure of downside risk focusing on the standard deviation of negative returns.

Formula:

Annualized Standard Deviation (Fund Return - Average Fund Return) where average fund return is greater than individual fund returns, monthly or quarterly.

Duration³ – Duration is a measure of interest rate risk. The greater the duration of a bond, or a portfolio of bonds, the greater its price volatility will be in response to a change in interest rates. A bond's duration is inversely related to interest rates and directly related to time to maturity.

Equity/Debt/Cash Ratio¹ – The percentage of an investment or portfolio that is in Equity, Debt, and/or Cash (i.e. A 7/89/4 ratio represents an investment that is made up of 7% Equity, 89% Debt, and 4% Cash).

Foreign Bond³ – A bond that is issued in a domestic market by a foreign entity, in the domestic market's currency. A foreign bond is most often issued by a foreign firm to raise capital in a domestic market that would be most interested in purchasing the firm's debt. For foreign firms doing a large amount of business in the domestic market, issuing foreign bonds is a common practice.

Hard Hurdle⁵ – is a hurdle rate that once beaten allows a fund manager to charge a performance fee on only the funds above the specified hurdle rate.

High-Water Mark⁴ – The highest peak in value that an investment fund/account has reached. This term is often used in the context of fund manager compensation, which is performance based. Some performance-based fees only get paid when fund performance exceeds the high-water mark. The high-water mark ensures that the manager does not get paid large sums for poor performance.

Hurdle Rate⁴ – The minimum rate of return on an investment required, in order for a manager to collect incentive fees from the investor, which is usually tied to a benchmark.

Interaction Effects² – The interaction effect measures the combined impact of an investment manager's selection and allocation decisions within a sector. For example, if an investment manager had superior selection and over weighted that particular sector, the interaction effect is positive. If an investment manager had superior selection, but underweighted that sector, the interaction effect is negative. In this case, the investment manager did not take advantage of the superior selection by allocating more assets to that sector. Since many investment managers consider the interaction effect to be part of the selection or the allocation, it is often combined with the either effect.

Median³ – The value (rate of return, market sensitivity, etc.) that exceeds one-half of the values in the population and that is exceeded by one-half of the values. The median has a percentile rank of 50.

Modified Duration³ – The percentage change in the price of a fixed income security that results from a change in yield.

Mortgage Backed Securities (MBS)³ – Bonds which are a general obligation of the issuing institution but are also collateralized by a pool of mortgages.

Municipal Bond (Muni)⁴ – A debt security issued by a state, municipality or county to finance its capital expenditures.

Net Investment Change¹ – Is the change in an investment after accounting for all Net Cash Flows.

Performance Fee⁴ – A payment made to a fund manager for generating positive returns. The performance fee is generally calculated as a percentage of investment profits, often both realized and unrealized.

Data Source: ¹InvestorForce, ²Interaction Effect Performance Attribution, ³NEPC, LLC, ⁴Investopedia, ⁵Hedgeco.net



GLOSSARY OF INVESTMENT TERMINOLOGY

Policy Index³ - A custom benchmark designed to indicate the returns that a passive investor would earn by consistently following the asset allocation targets set forth in this investment policy statement.

Price to Book (P/B)⁴ - A ratio used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share, also known as the "price-equity ratio".

Price to Earnings (P/E)³ - The weighted equity P/E is based on current price and trailing 12 months earnings per share (EPS).

Price to Sales (P/S)⁴ - A ratio for valuing a stock relative to its own past performance, other companies, or the market itself. Price to sales is calculated by dividing a stock's current price by its revenue per share for the trailing 12 months.

Return on Equity (ROE)⁴ - The amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.

Selection (or Manager) Effect² - Measures the investment manager's ability to select securities within a given sector relative to a benchmark. The over or underperformance of the portfolio is weighted by the benchmark weight, therefore, selection is not affected by the manager's allocation to the sector. The weight of the sector in the portfolio determines the size of the effect—the larger the sector, the larger the effect is, positive or negative.

Soft Hurdle rate⁵ - is a hurdle rate that once beaten allows a fund manager to charge a performance fee based on the entire annualized return.

Tiered Fee¹ - A fee structure that is paid to fund managers based on the size of the investment (i.e. 1.00% fee on the first \$10M invested, 0.90% on the next \$10M, and 0.80% on the remaining balance).

Total Effects² - The active management (total) effect is the sum of the selection, allocation, and interaction effects. It is also the difference between the total portfolio return and the total benchmark return. You can use the active management effect to determine the amount the investment manager has added to a portfolio's return.

Total Return¹ - The actual rate of return of an investment over a specified time period. Total return includes interest, capital gains, dividends, and distributions realized over a defined time period.

Universe³ - The list of all assets eligible for inclusion in a portfolio.

Upside Deviation¹ - Standard Deviation of Positive Returns

Weighted Avg. Market Cap.⁴ - A stock market index weighted by the market capitalization of each stock in the index. In such a weighting scheme, larger companies account for a greater portion of the index. Most indexes are constructed in this manner, with the best example being the S&P 500.

Yield (%)³ - The current yield of a security is the current indicated annual dividend rate divided by current price.

Yield to Maturity³ - The discount rate that equates the present value of cash flows, both principal and interest, to market price.

Data Source: ¹InvestorForce, ²Interaction Effect Performance Attribution, ³NEPC, LLC, ⁴Investopedia, ⁵Hedgeco.net



DISCLOSURES

NEPC, LLC

Information Disclaimer

- Past performance is no guarantee of future results.
- All investments carry some level of risk. Diversification and other asset allocation techniques are not guaranteed to ensure profit or protect against losses.
- NEPC's source for portfolio pricing, calculation of accruals, and transaction information is the plan's custodian bank. Information on market indices and security characteristics is received from other 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.
- Some index returns displayed in this report or used in calculation of a policy, allocation or custom benchmark may be preliminary and subject to change.
- This report is provided as a management aid for the client's internal use only. Information contained in this report does not constitute a recommendation by NEPC.
- This report may contain confidential or proprietary information and may not be copied or redistributed to any party not legally entitled to receive it.

Reporting Methodology

- The client's custodian bank is NEPC's preferred data source unless otherwise directed. NEPC generally reconciles custodian data to manager data. If the custodian cannot provide accurate data, manager data may be used.
- Trailing time period returns are determined by geometrically linking the holding period returns, from the first full month after inception to the report date. Rates of return are annualized when the time period is longer than a year. Performance is presented gross and/or net of manager fees as indicated on each page.
- For managers funded in the middle of a month, the "since inception" return will start with the first full month, although actual inception dates and cash flows are taken into account in all Composite calculations.
- This report may contain forward-looking statements that are based on NEPC's estimates, opinions and beliefs, but NEPC cannot guarantee that any plan will achieve its targeted return or meet other goals.



ASSET/LIABILITY STUDY UPDATE

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

March 23, 2021



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

EXECUTIVE SUMMARY

- **Mixes D and E are new and included at the request of the Board**
- **All of the proposed asset mixes meet the goals as outlined below:**
 - Higher expected returns
 - Better diversification and tail-risk protection
 - Sufficient liquidity to meet cashflow needs
- **The expected funded status (50th percentile) is projected to improve versus the current mix under all proposed asset mixes**
- **Contribution rates are projected to be lower than the current target with all proposed mixes**
- **Focusing on liquidity, all mixes look favorable under the expected and stressed environments**



PROPOSED ASSET ALLOCATIONS

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

- **Mix D**

- Similar to Mix B, except instead of increasing Private Equity and Private Debt by 4%, increases REITs and Non-Core Real Estate by 2% each

- **Mix E**

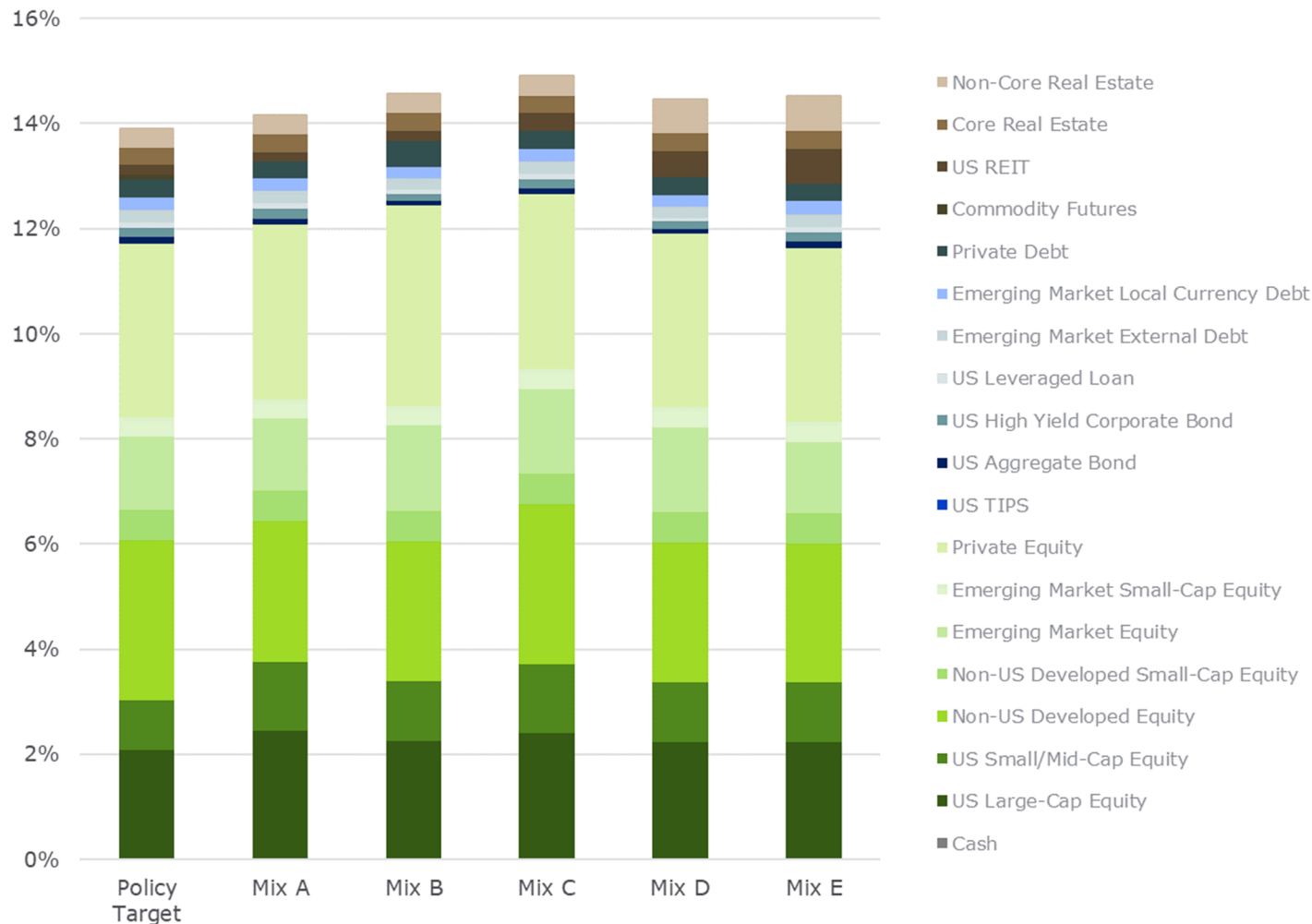
- Introduces 5% plan leverage to fund an additional 4% to Real Assets; Eliminate dedicated commodities exposure and transfer 1.2% to REITs; No change to fixed income allocation and minor shifts in equity allocation



ALTERNATE ALLOCATIONS

	Current Policy	Mix A	Mix B	Mix C	Mix D	Mix E
Cash	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Total Cash	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
US Large-Cap Equity	14.0%	16.2%	15.0%	16.0%	15.0%	15.0%
US Small/Mid-Cap Equity	5.0%	7.0%	6.0%	7.0%	6.0%	6.0%
Non-US Developed Equity	17.0%	15.0%	15.0%	17.0%	15.0%	15.0%
Non-US Developed Small-Cap Equity	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Emerging Market Equity	5.67%	5.67%	6.67%	6.67%	6.67%	5.67%
Emerging Market Small-Cap Equity	1.33%	1.33%	1.33%	1.33%	1.33%	1.33%
Private Equity	14.0%	14.0%	16.0%	14.0%	14.0%	14.0%
Total Equity	60.0%	62.2%	63.0%	65.0%	61.0%	60.0%
Core Bonds	13.75%	13.75%	11.25%	13.75%	11.25%	13.75%
High Yield	2.0%	2.0%	1.5%	2.0%	1.5%	2.0%
Bank Loans	2.0%	2.0%	1.5%	2.0%	1.5%	2.0%
EMD (External Currency)	2.25%	2.25%	2.0%	2.25%	2.0%	2.25%
EMD (Local Currency)	2.25%	2.25%	2.0%	2.25%	2.0%	2.25%
Private Debt	3.75%	3.75%	5.75%	3.75%	3.75%	3.75%
Total Fixed Income	26.0%	26.0%	24.0%	26.0%	22.0%	26.0%
TIPS	3.6%	2.6%	3.6%	3.6%	3.6%	4.6%
Commodities	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%
REITS	1.2%	1.2%	1.4%	2.4%	3.4%	4.4%
Core Real Estate	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%
Non-Core Real Estate	2.8%	2.8%	2.8%	2.8%	4.8%	4.8%
Total Real Assets	13.0%	10.8%	12.0%	13.0%	16.0%	18.0%
Expected Return 10 yrs	5.83%	5.91%	6.11%	6.13%	6.05%	6.08%
Expected Return 30 yrs	6.83%	6.89%	7.09%	7.10%	7.04%	7.08%
Standard Dev	13.89%	14.14%	14.54%	14.88%	14.44%	14.49%
Sharpe Ratio (10 years)	0.36	0.36	0.37	0.36	0.36	0.36
Sharpe Ratio (30 years)	0.36	0.35	0.36	0.35	0.36	0.36
Probability of Reaching 7.0% (1 year)	46.7%	46.9%	47.6%	47.7%	47.4%	47.5%
Probability of Reaching 7.0% (10 years)	39.5%	40.4%	42.3%	42.6%	41.7%	42.1%
Probability of Reaching 7.0% (30 years)	47.3%	48.3%	51.3%	51.4%	50.5%	51.2%

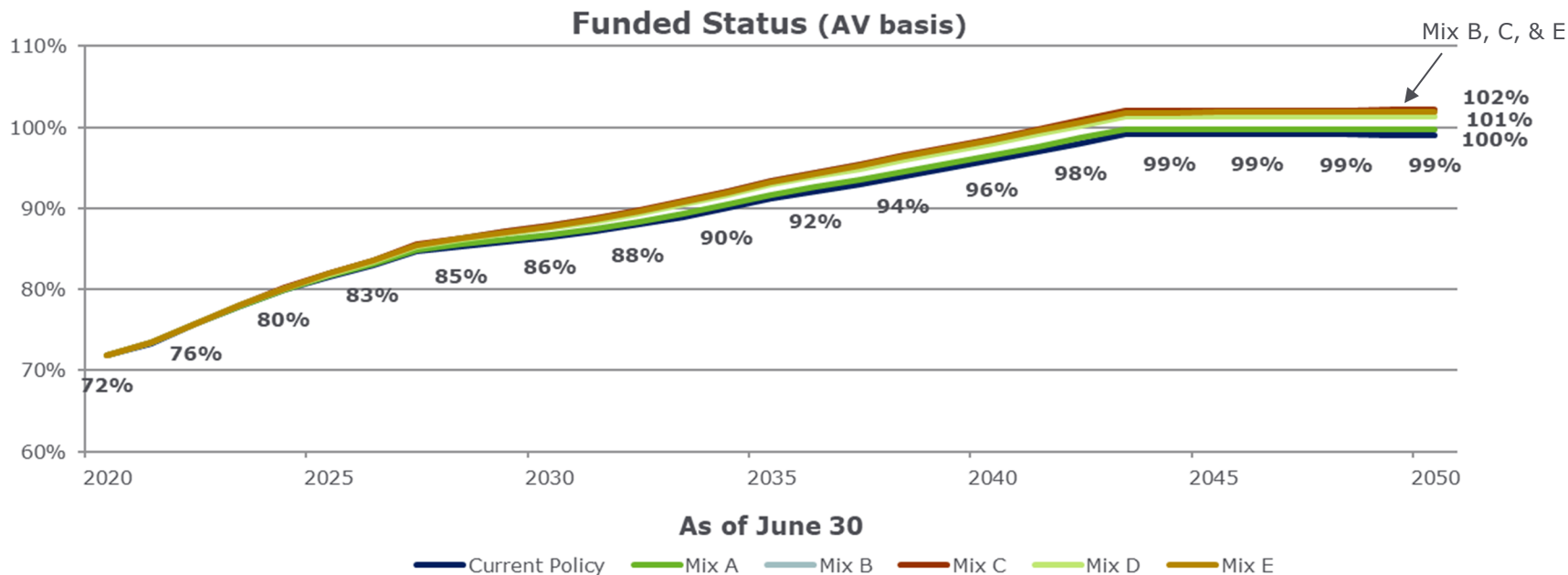
CONTRIBUTION TO RISK ANALYSIS



- **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

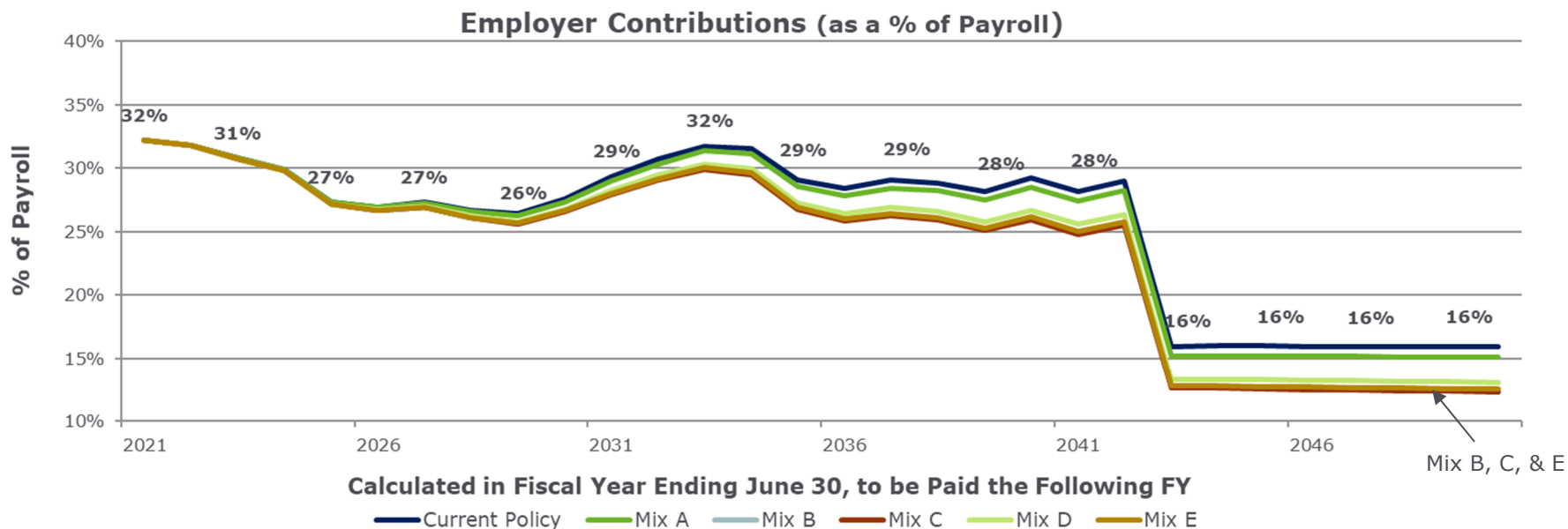


- **Mixes B, C and E result in higher funding ratios than the Current Policy due to their higher expected return**
 - Results in an approximately 2% higher funded status than Current Policy over 30 years, but also add more risk
- **Mix A tracks closely to the Current Policy, with lower funding ratios than the other alternate mixes**
- **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.

LONG-TERM EXPECTATIONS



- **The Current Policy results in the highest contributions over the projection period**
- **Mixes B, C, D and E 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.

LIQUIDITY ANALYSIS

NEPC, LLC

LIQUIDITY ANALYSIS BACKGROUND

Investment programs can benefit from a portion of assets in illiquid investments

- Capital calls on illiquid investments can be the foundation for future outperformance
- Correlations can be low to publicly traded assets

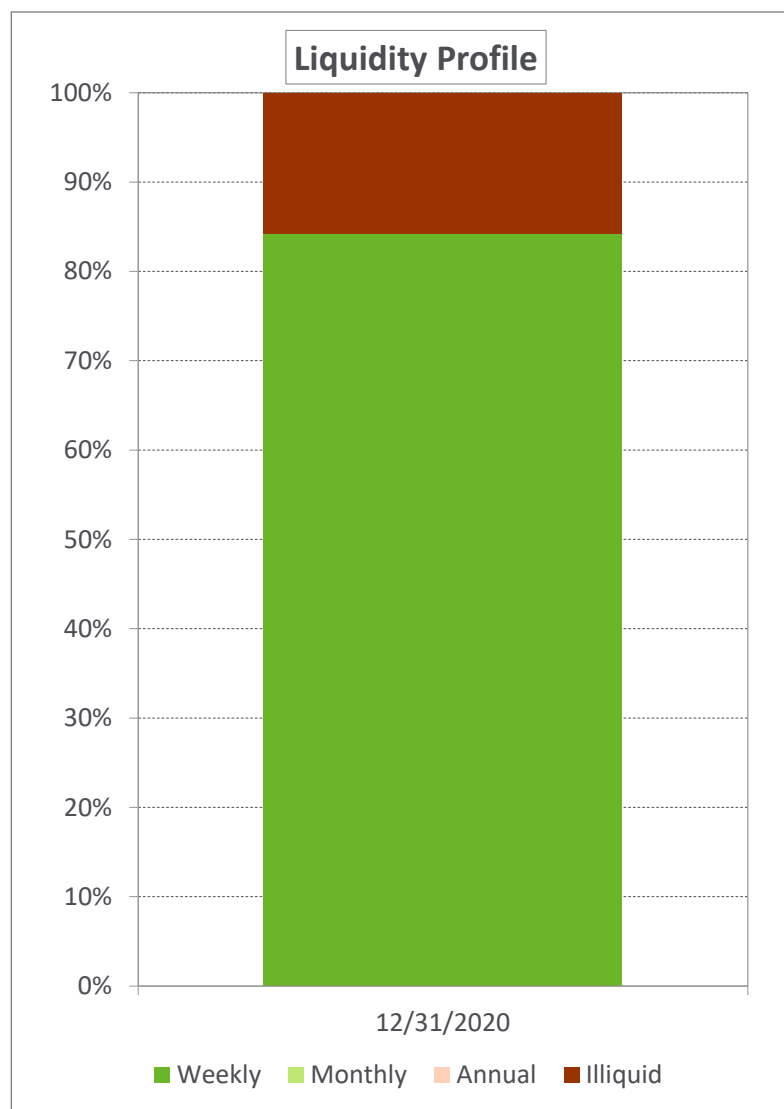
Investing in illiquid assets, however, adds another dimension to liquidity management

- Will there be enough liquidity to manage future cash flows?
 - Will asset losses decrease total asset base to the extent that there is a liquidity problem?
 - What if capital is called more rapidly in the illiquid program?
- Will there need to be forced sales of distressed assets?
 - Will assets believed to be liquid be less so when liquidity is most needed?

Liquidity analysis attempts to imagine a stressed scenario to see how the investment program would respond

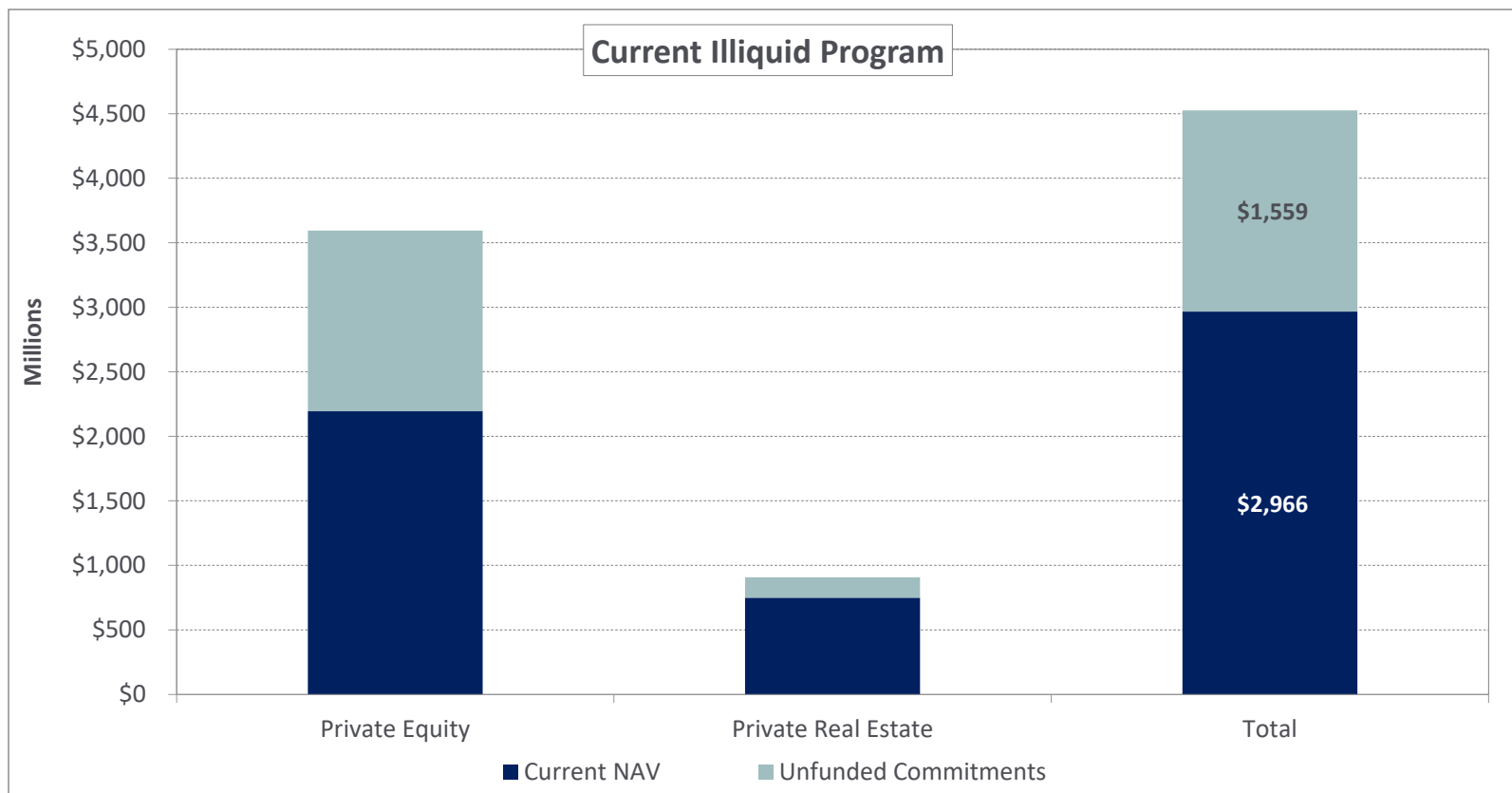


EXISTING LIQUIDITY PROFILE



- **84.3% of total assets are available on at least a monthly basis to meet regular liquidity needs**
 - Benefit payments
 - Rebalancing
 - Capital calls
- **Due to heavy use of separately managed accounts, none of the Plan's assets have an annual liquidity constraint**
 - Can be part of planned rebalancing but much less reliable for regular liquidity needs
- **Remaining 15.7% of assets are relatively illiquid**
 - Intermittent distributions - hard to plan around
 - Could be sold in secondary markets, but likely at steep discount

ILLIQUID PROGRAM SNAPSHOT



Based on data as of 6/30/2020

- **Because of uncalled capital commitments the allocation to illiquid investments can rise even without any additional commitments**
 - Currently ≈\$1,559M in uncalled private market commitments



FORECAST ASSUMPTIONS – CURRENT POLICY

- **Base Case**

- Returns: Based on NEPC's 10-year capital market assumptions as of 12/31/2020
 - Total portfolio expected to return 5.8% per year
- Benefit Payments and Expenses: based on NEPC projections, averaging \$1,420M per year
- Contributions: based on NEPC projections, averaging \$1,114M per year
- Commitments: based on sample pacing plan
 - Private Equity¹: averaging \$820M per year for the next five years
 - Private Debt: averaging \$350M per year for the next five years
 - Private Real Estate²: \$213M per year for the next five years
- Capital Calls and Distributions: based on standard industry averages

- **Stressed Case**

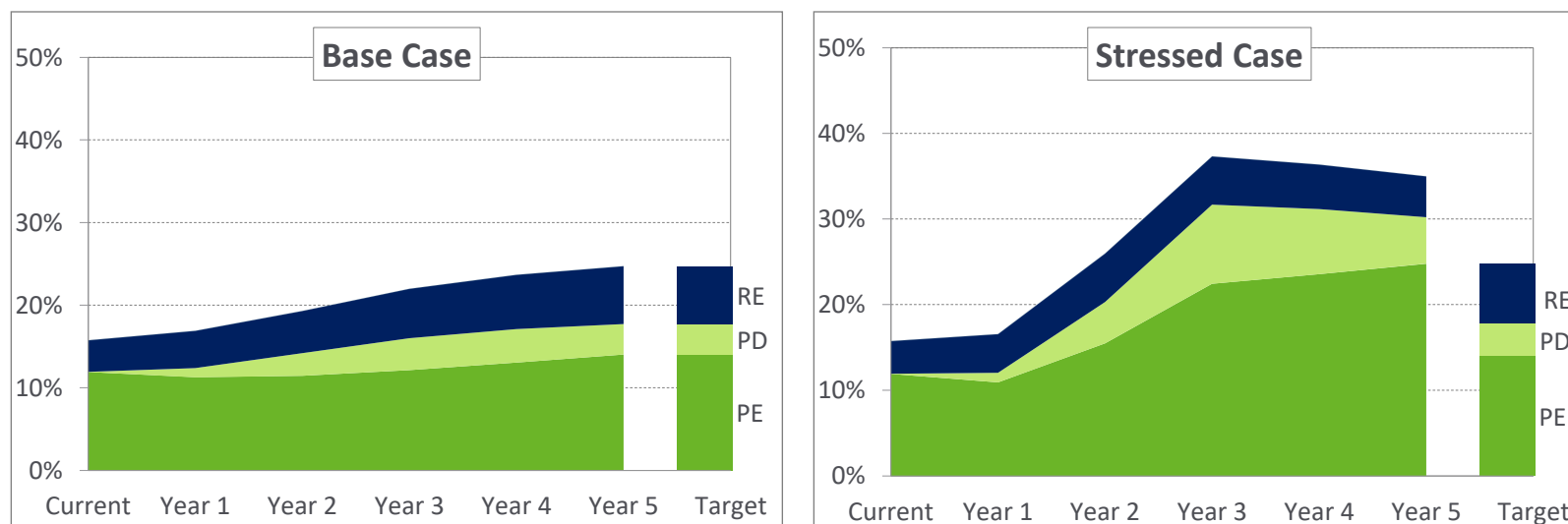
- Returns: 0.0% in Year 1, -21.9% in Year 2 (-2 standard deviations), -8.1% in Year 3 (-1 standard deviation), 5.8% in Year 4 (expected return), and -8.1% in Year 5 (-1 standard deviation)
- Benefit Payments and Expenses: Same as base case
- Contributions: Same as base case
- Commitments: Same as base case
- Capital Calls and Distributions: Same as base case except capital calls are doubled in Year 2 and distributions are halved in Year 2 and Year 3

¹Private Equity pacing plan provided by client's PE consultant

²Private Real Estate sample pacing assumes commitments are made based on strategic allocation weights and assumes commitments made to Core Real Estate are called immediately



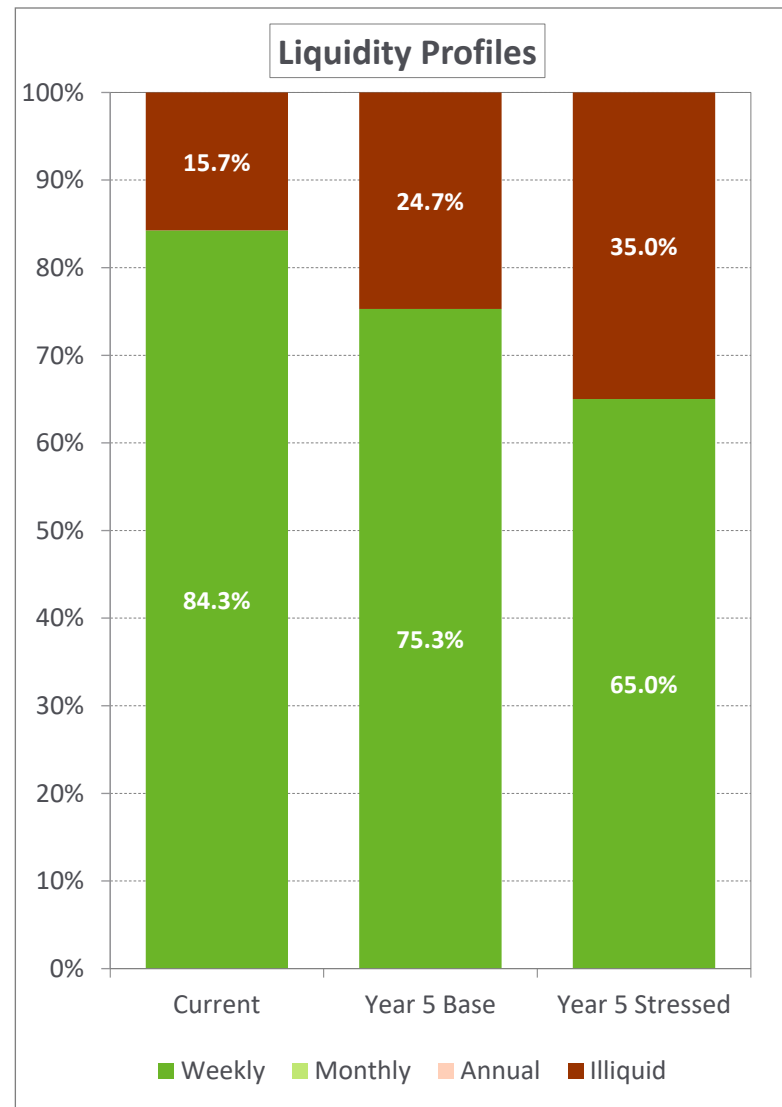
ILLIQUID ALLOCATION – CURRENT POLICY



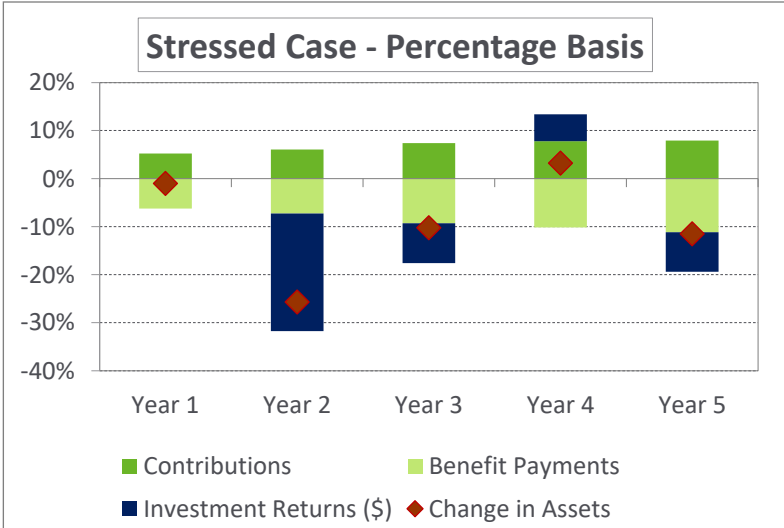
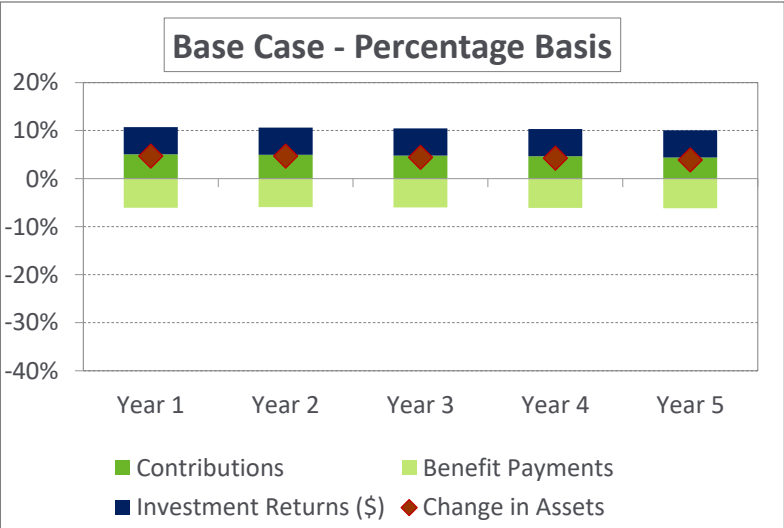
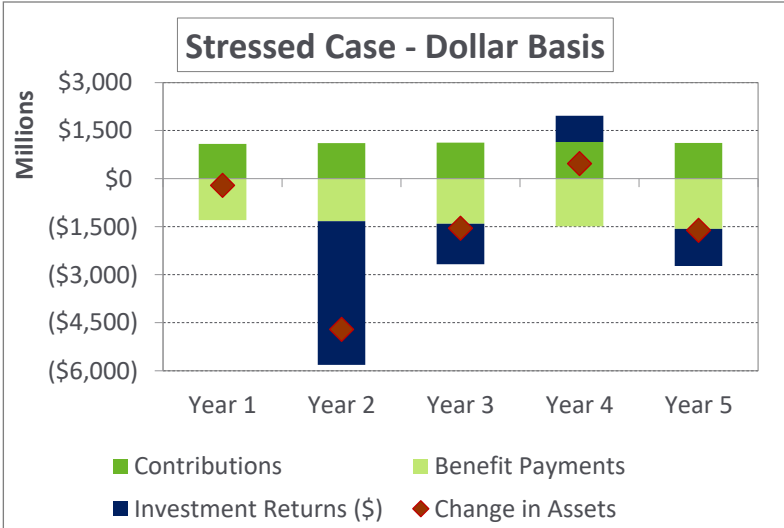
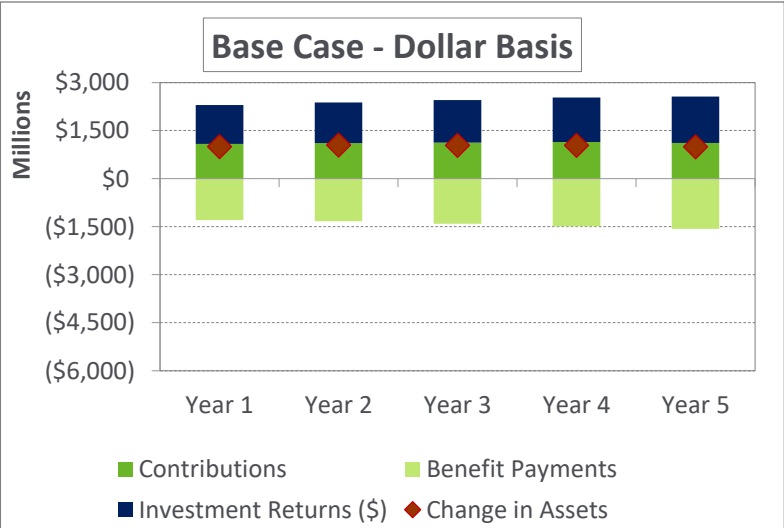
*7% target for Real Estate represents both Core and Non-Core Real Estate
Future commitments to Private Debt (averaging \$350M per year) and Real Estate (averaging \$260M per year) included for illustrative purposes*

- **Allocation to illiquid assets is expected to increase over the next five years in base case**
 - Steady growth as the fund makes commitments averaging \$1,430M per year, per the current pacing plan
- **In the stressed case, an increase in capital calls and a reduction in distributions combine with negative asset returns (denominator effect) to raise allocations to private markets slightly above targets**
 - It is possible to mitigate this issue by slowing pace of future commitments and adjusting the pacing plan

CHANGE IN LIQUIDITY PROFILE – CURRENT POLICY



ANNUAL CHANGE IN ASSETS ATTRIBUTION – CURRENT POLICY



ASSUMPTIONS – ALTERNATIVE MIXES

- **Base Case**

- Returns: Based on NEPC’s 10-year capital market assumptions as of 12/31/2020

	Policy	Mix A	Mix B	Mix C	Mix D	Mix E
Expected Return	5.8%	5.9%	6.1%	6.1%	6.0%	6.1%

- Benefit Payments and Expenses: based on NEPC projections, averaging \$1,420M per year
- Contributions: based on NEPC projections, averaging \$1,114M per year
- Capital Calls and Distributions: based on standard industry averages
- Commitments: based on sample pacing plan

	Policy	Mix A	Mix B	Mix C	Mix D	Mix E
Private Equity	\$820	\$820	\$950	\$835	\$820	\$820
Private Debt	\$350	\$350	\$500	\$355	\$350	\$350
Private Real Estate	\$213	\$213	\$218	\$218	\$213	\$213

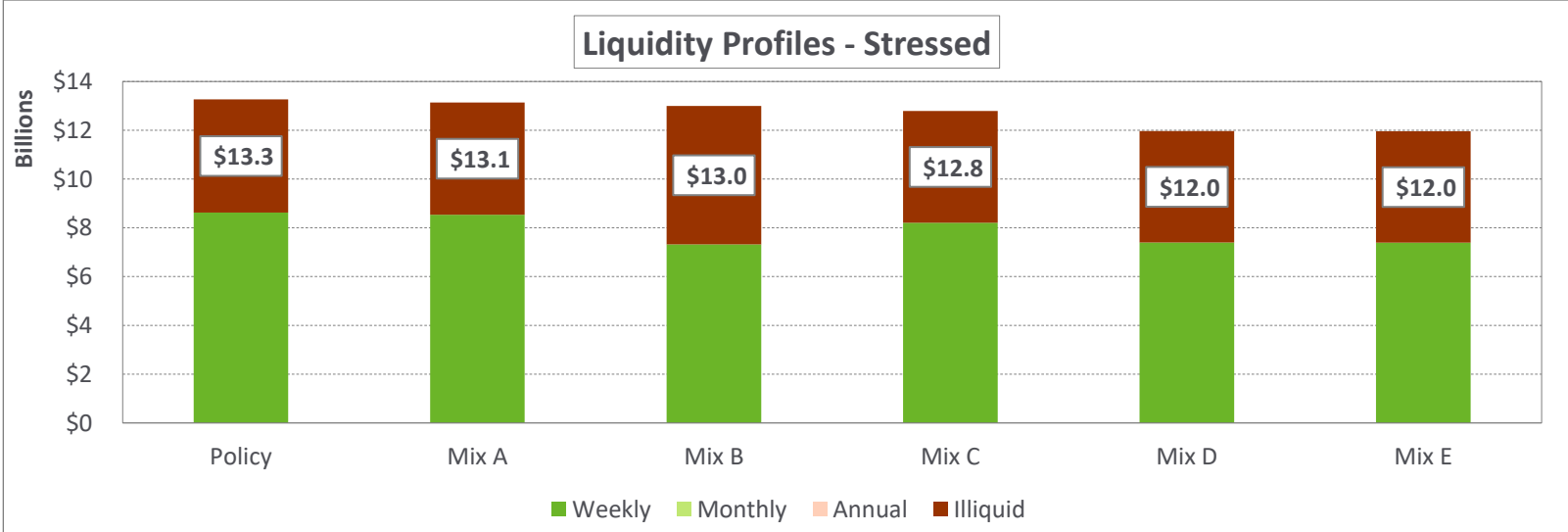
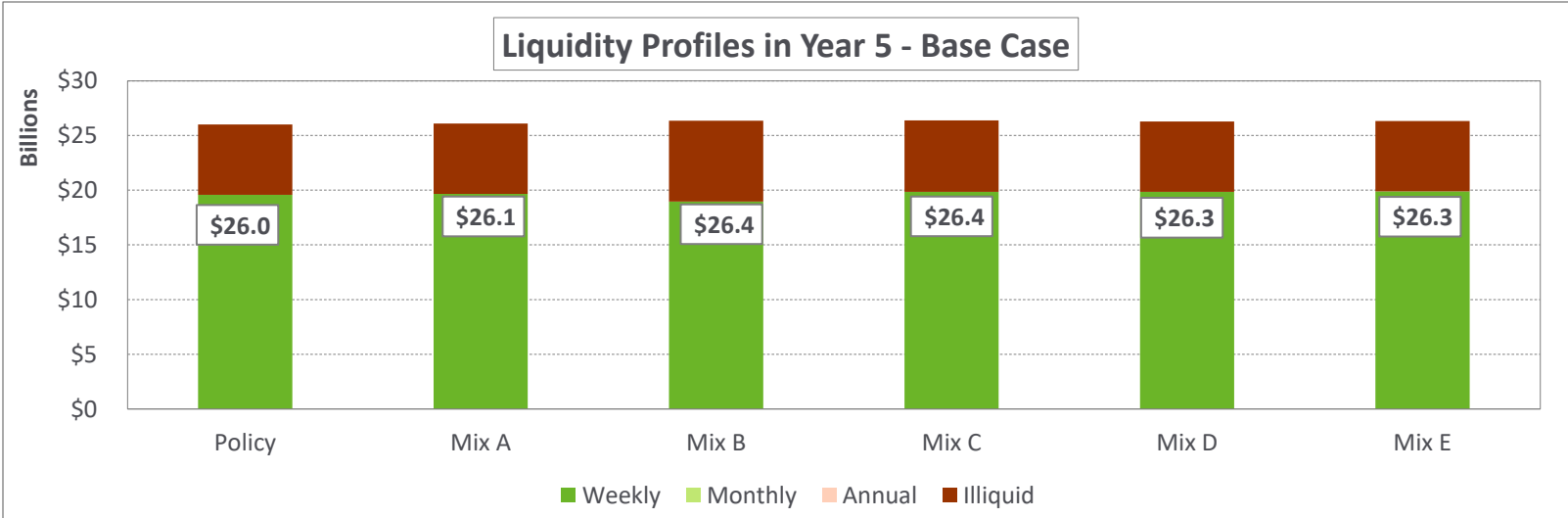
Values represent average annual commitments in millions over the next five years

- **Stressed Case**

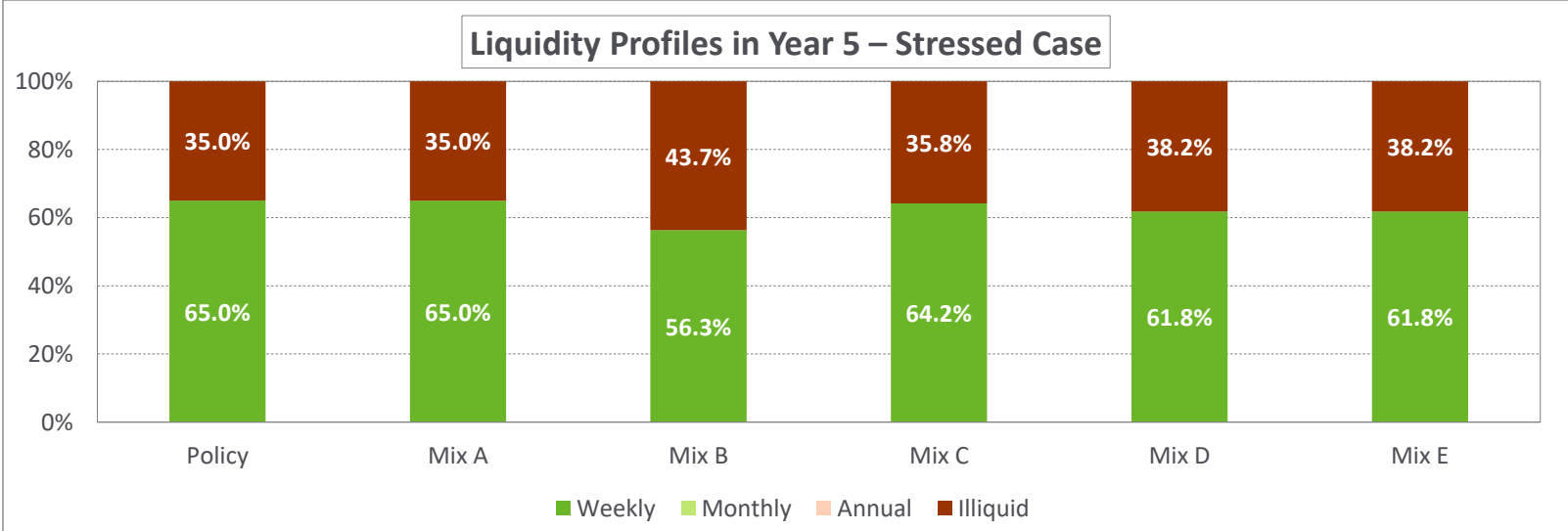
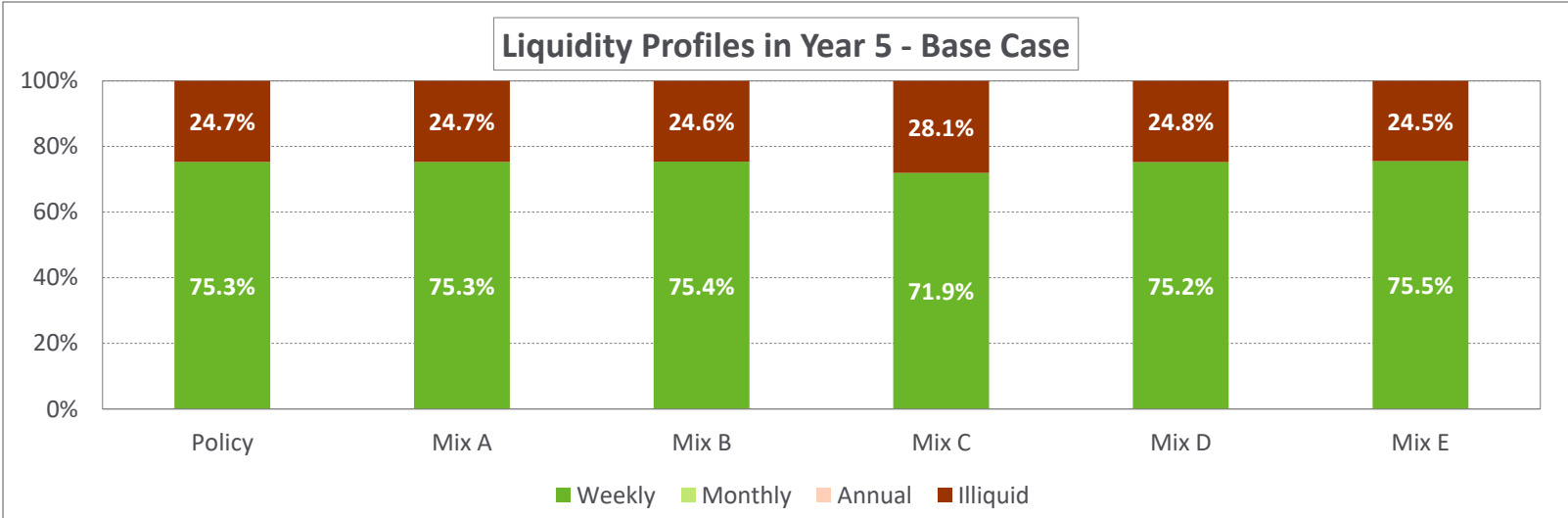
- Returns: 0.0% in Year 1, -2 standard deviations in Year 2, -1 standard deviation in Year 3, 0 standard deviation in Year 4, and -1 standard deviation in Year 5
- Benefit Payments and Expenses: Same as base case
- Contributions: Same as base case
- Commitments: Same as base case
- Capital Calls and Distributions: Same as base case except capital calls are doubled in Year 2 and distributions are halved in Year 2 and Year 3



CHANGE IN LIQUIDITY PROFILE



CHANGE IN LIQUIDITY PROFILE



SUMMARY

- **The fund is projected to run net negative cash flows \$306.1M per year in the base case**
 - Returns are expected to offset this imbalance, affording some flexibility
 - Private investments are expected to provide returns in excess of public markets

- **While true that some liquid assets must be sold in a stressed environment...**
 - The fund currently has 84.3% of assets with weekly or better liquidity
 - Mature illiquid programs can provide distributions that are additive to liquidity

- **Both the current and most illiquid allocations appear well-positioned to build and maintain a diversified allocation to private markets**
 - As such, the fund can be flexible in allocating additional capital should opportunities or market conditions dictate



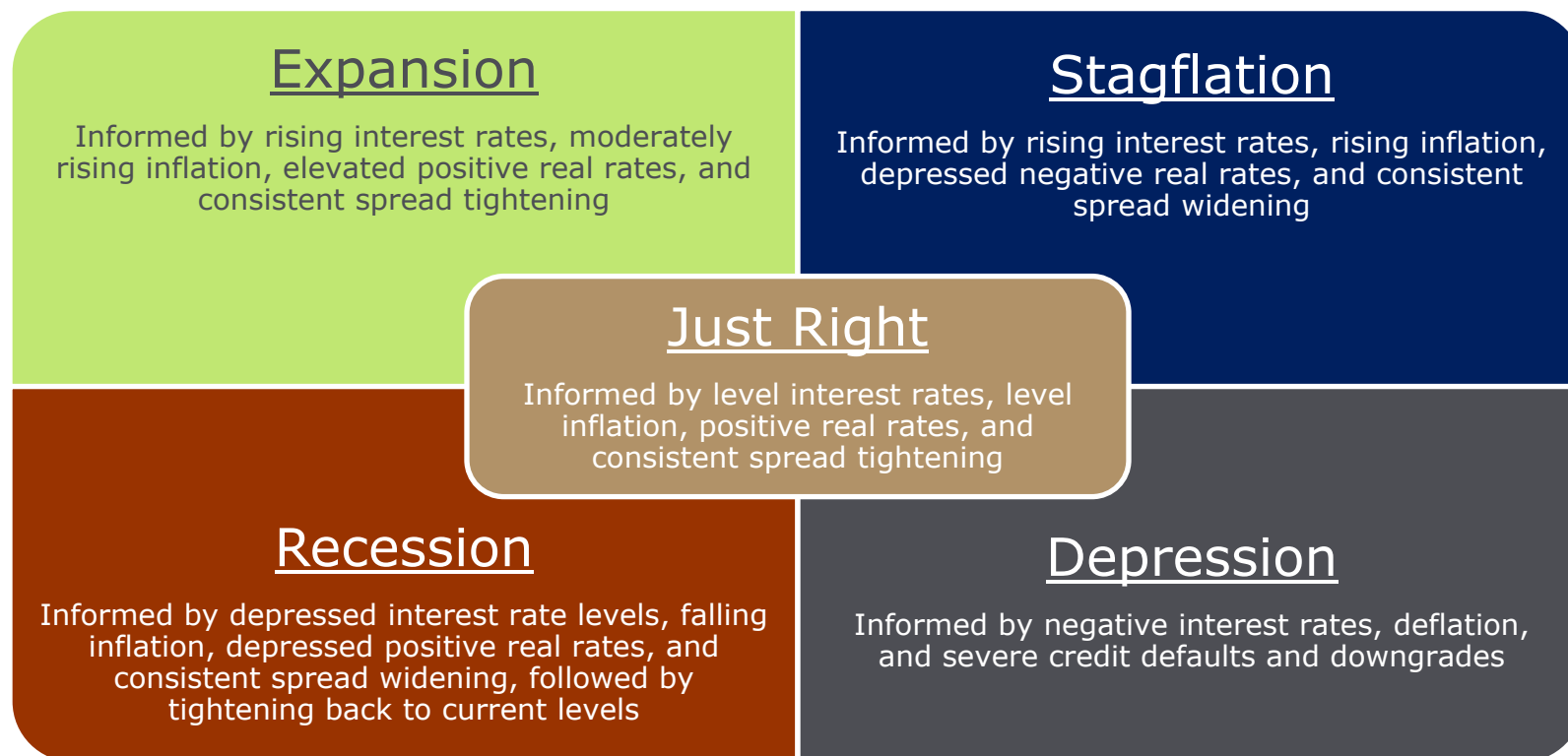
SCENARIO ANALYSIS

NEPC, LLC

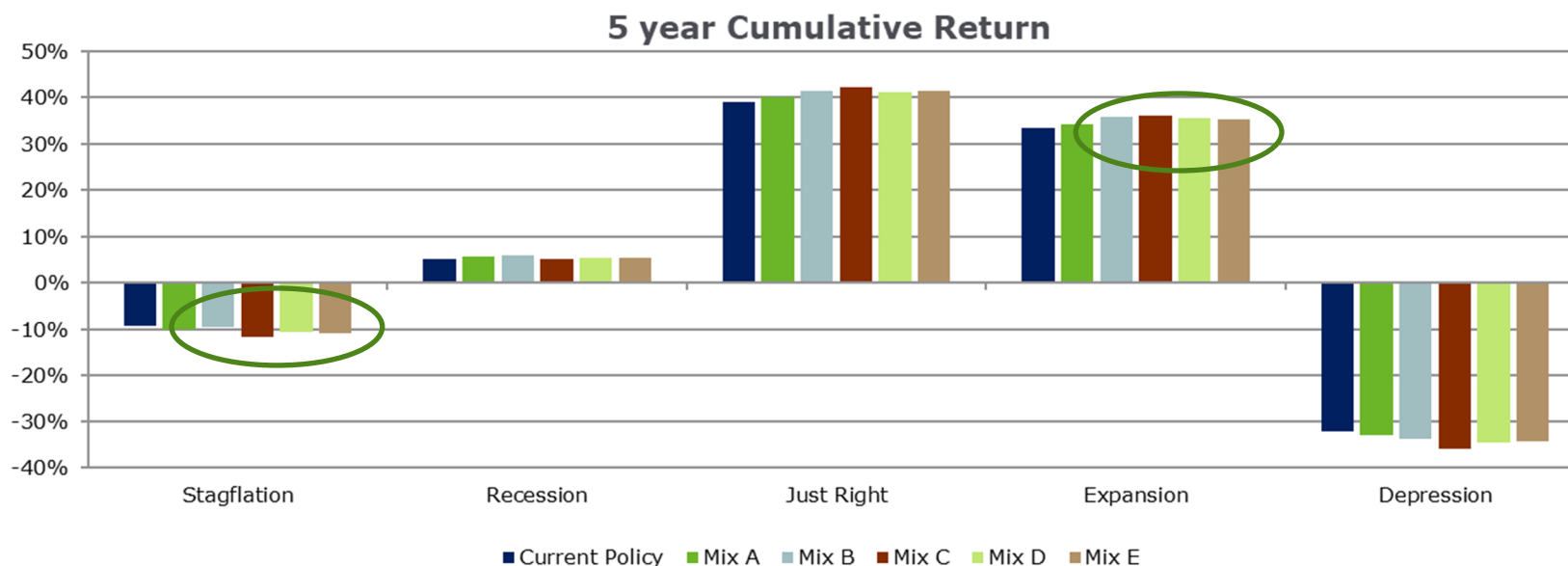
SCENARIO ANALYSIS: REGIME CHANGES

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

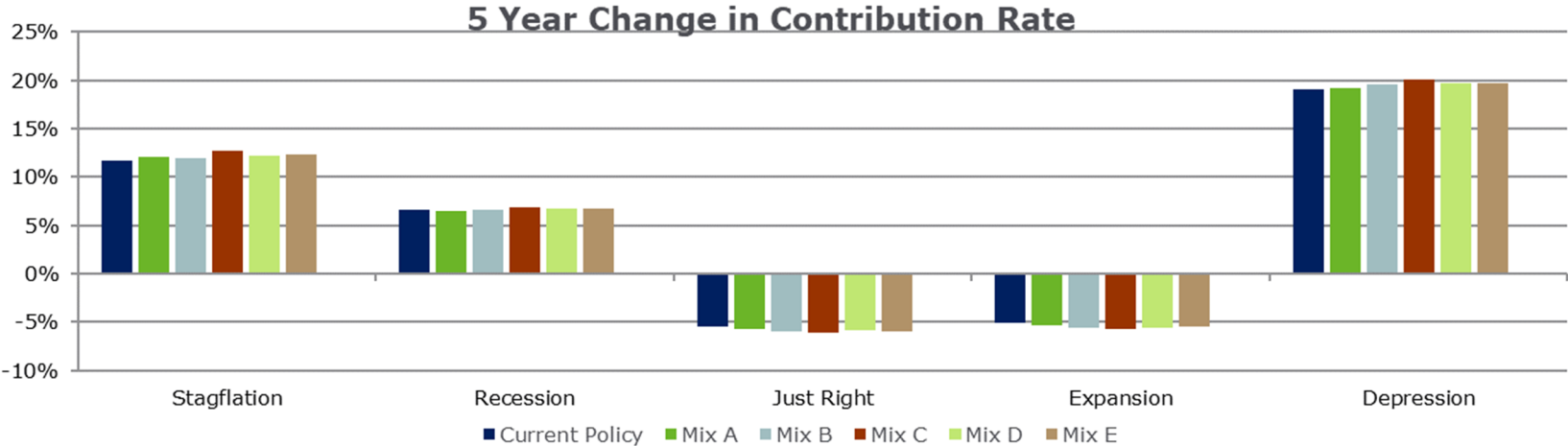
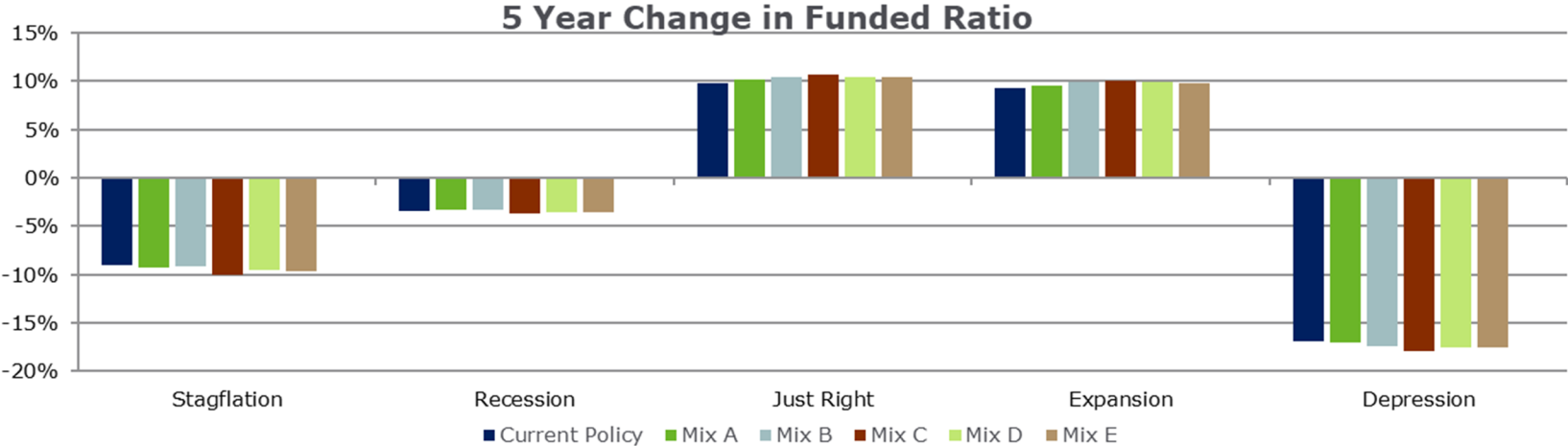


ECONOMIC SCENARIOS



- **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, D, and E hold up well in inflationary environments such as Stagflation and Expansion**
 - Outperforms Mix C in the negative Stagflation scenario, while keeping pace with Mix C under the Expansionary scenario

ECONOMIC SCENARIOS

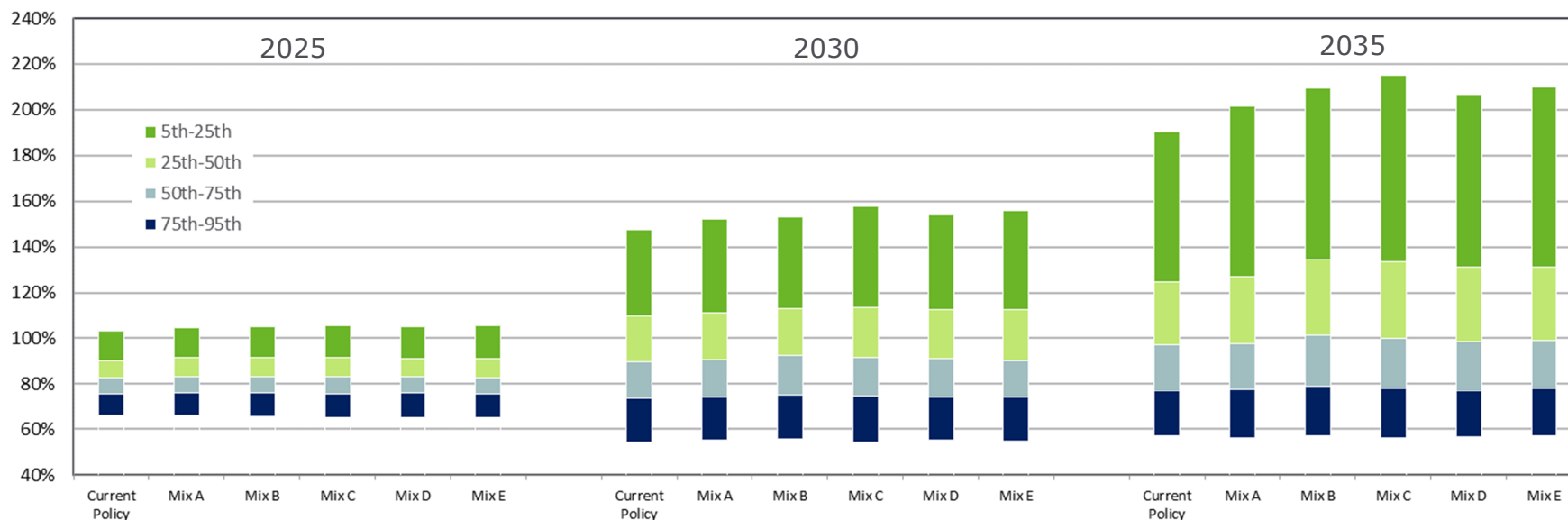


Funded Ratio = Actuarial Value of Assets/Accrued Liability

STOCHASTIC ANALYSIS

NEPC, LLC

STOCHASTIC ANALYSIS FUNDED STATUS

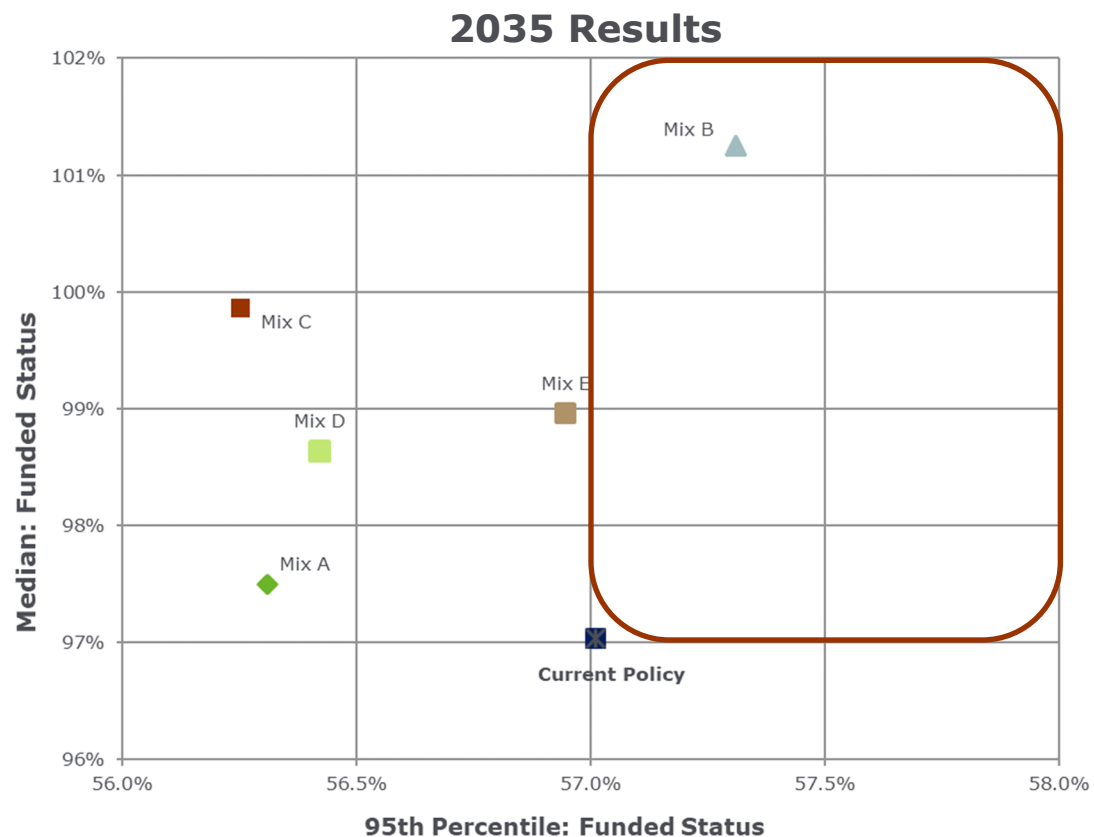


- **Mix B results in the highest funded status at the median in 5, 10 and 15 years, as well as the highest funded status at the 95th percentile**
- **Each of the other mixes has a higher median funded status than the Current Policy, while increasing the range of outcomes to the upside, as contributions 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

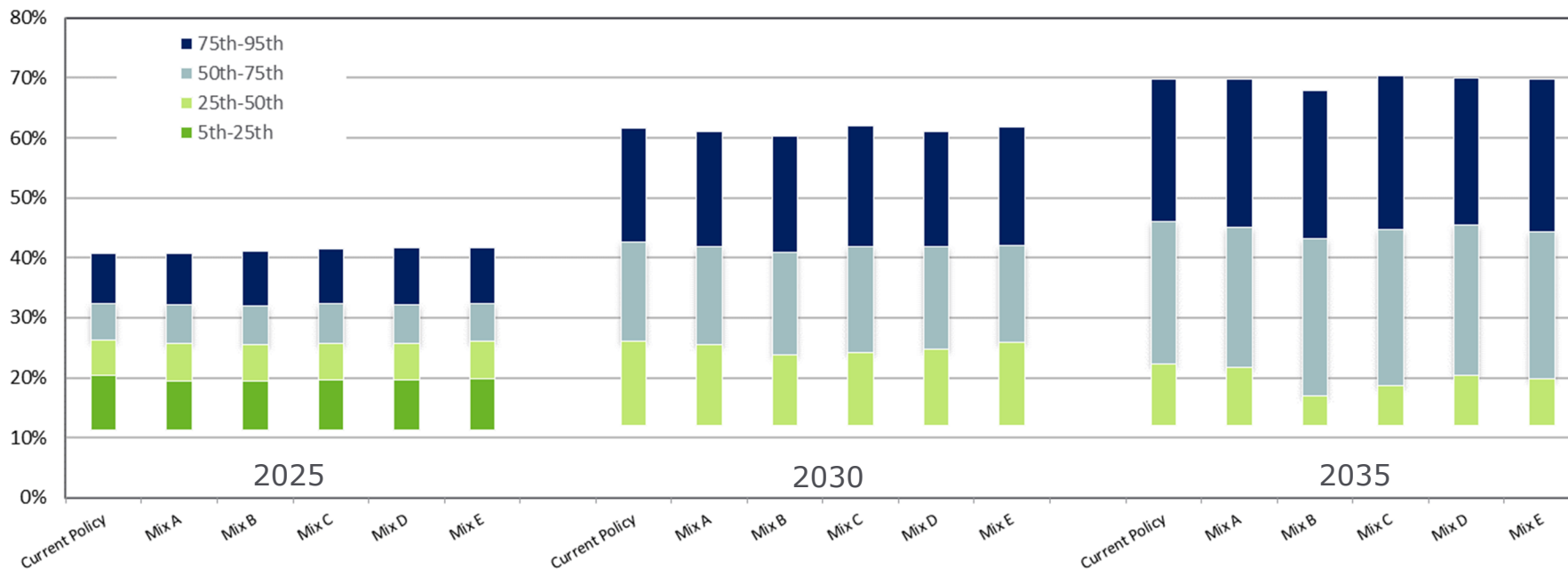


- **Looking at the results from year 2035, all of the mixes result in a higher median funded status, with Mix B achieving the highest median funded status**
- **Mix B also achieves the highest funded status when looking at the 95th percentile, or worst case scenario**



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



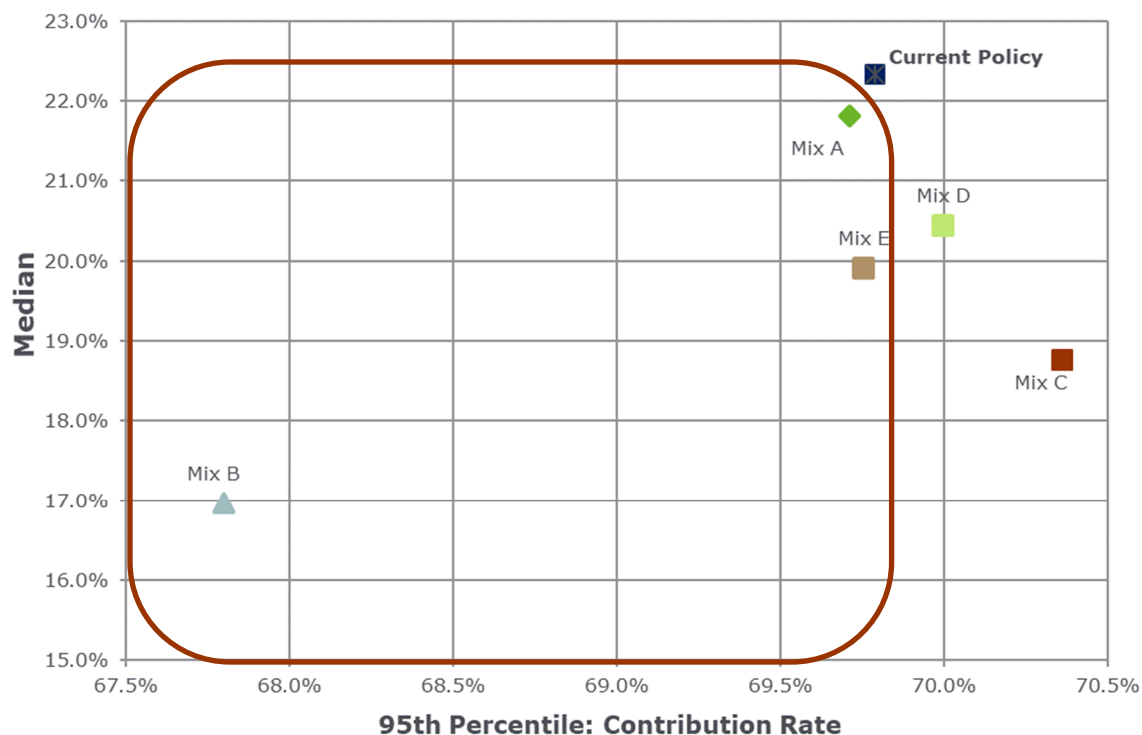
- **Most of the mixes have similar results, allocation changes will have a small effect overall**
- **Mix B has the lowest contributions at the median in each year, and has the lowest contributions at the 95th percentile in 2030 and 2035**
- **Contributions have a floor of the Normal Cost, around 12% 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	Mix D	Mix E
5th	103.3%	104.5%	105.1%	105.5%	105.0%	105.4%
25th	90.4%	91.5%	91.5%	91.5%	91.3%	91.0%
Median	82.6%	83.3%	83.3%	83.2%	83.2%	82.7%
75th	75.5%	75.7%	75.8%	75.2%	75.7%	75.3%
95th	66.1%	65.9%	65.7%	65.0%	65.0%	64.8%

2030						
	Current Policy	Mix A	Mix B	Mix C	Mix D	Mix E
5th	147.4%	152.2%	153.2%	157.9%	154.1%	156.0%
25th	109.9%	111.1%	113.1%	113.6%	112.6%	112.5%
Median	89.9%	90.5%	92.5%	91.8%	91.1%	90.2%
75th	73.4%	74.0%	75.0%	74.3%	74.0%	73.8%
95th	54.4%	55.4%	55.8%	54.4%	55.5%	54.7%

2035						
	Current Policy	Mix A	Mix B	Mix C	Mix D	Mix E
5th	190.3%	201.6%	209.3%	214.9%	206.7%	210.1%
25th	124.9%	126.9%	134.5%	133.4%	131.4%	131.1%
Median	97.0%	97.5%	101.3%	99.9%	98.6%	99.0%
75th	76.6%	77.4%	78.8%	78.1%	76.7%	77.9%
95th	57.0%	56.3%	57.3%	56.3%	56.4%	56.9%

STOCHASTIC RESULTS

Contributions (% of payroll)

2025						
	Current Policy	Mix A	Mix B	Mix C	Mix D	Mix E
95th	40.7%	40.7%	41.2%	41.5%	41.7%	41.7%
75th	32.3%	32.1%	32.0%	32.5%	32.1%	32.4%
Median	26.2%	25.6%	25.6%	25.7%	25.8%	26.1%
25th	20.3%	19.5%	19.5%	19.5%	19.6%	19.8%
5th	11.3%	11.3%	11.3%	11.3%	11.3%	11.3%

2030						
	Current Policy	Mix A	Mix B	Mix C	Mix D	Mix E
95th	61.6%	61.1%	60.3%	62.0%	61.1%	61.8%
75th	42.5%	41.9%	40.8%	41.9%	41.8%	42.1%
Median	26.1%	25.5%	23.8%	24.3%	24.8%	25.9%
25th	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%
5th	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%

2035						
	Current Policy	Mix A	Mix B	Mix C	Mix D	Mix E
95th	69.8%	69.7%	67.8%	70.4%	70.0%	69.8%
75th	46.1%	45.1%	43.2%	44.6%	45.4%	44.3%
Median	22.3%	21.8%	17.0%	18.8%	20.4%	19.9%
25th	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%
5th	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%

APPENDIX

NEPC, LLC

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.**



ALTERNATIVE INVESTMENT DISCLOSURES

It is important that investors understand the following characteristics of non-traditional investment strategies including hedge funds and private equity:

- 1. Performance can be volatile and investors could lose all or a substantial portion of their investment**
- 2. Leverage and other speculative practices may increase the risk of loss**
- 3. Past performance may be revised due to the revaluation of investments**
- 4. These investments can be illiquid, and investors may be subject to lock-ups or lengthy redemption terms**
- 5. A secondary market may not be available for all funds, and any sales that occur may take place at a discount to value**
- 6. These funds are not subject to the same regulatory requirements as registered investment vehicles**
- 7. Managers may not be required to provide periodic pricing or valuation information to investors**
- 8. These funds may have complex tax structures and delays in distributing important tax information**
- 9. These funds often charge high fees**
- 10. Investment agreements often give the manager authority to trade in securities, markets or currencies that are not within the manager's realm of expertise or contemplated investment strategy**





LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



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

MEETING: MARCH 23, 2021
ITEM: X – D

Neil M. Guglielmo

**SUBJECT: CONTRACT WITH SLC MANAGEMENT TALF PARTNERS FUND 2, L.P. REGARDING
TERM ASSET-BACKED SECURITIES LOAN FACILITY INVESTMENT AND WIND
DOWN**

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board receive and file this report on the closure of SLC Management TALF Partners Fund 2, L.P.

Executive Summary

Based on a recommendation from staff and LACERS' General Fund Consultant, NEPC, LLC (NEPC), on May 12, 2020, the Board approved an investment of up to \$50 million in SLC Management TALF Partners Fund 2, L.P. (SLC TALF Fund 2), managed by Sun Life Capital Management (U.S.), LLC (SLC). This investment was intended to provide LACERS acceptable risk-adjusted returns while also supporting the Federal Reserve's efforts to ensure availability of credit to businesses and consumers. The Term Asset-Backed Securities Loan Facility (TALF) and other government interventions resulted in an unprecedented recovery of asset prices, which led to the U.S. Treasury Department effectively ending the TALF program on December 31, 2020.

SLC was able to deploy only a small fraction of fund assets, and therefore closed the fund at the conclusion of the TALF program and returned LACERS' called capital. A small gain was realized on fund investments and SLC waived management fees and agreed to cover some expenses; however, LACERS paid a proportional share of the remaining expenses resulting in a net return of -0.41%.

Discussion

Background

In response to the economic challenges triggered by the COVID-19 pandemic, the Federal Reserve announced on March 23, 2020 that it would revive the TALF program. The intention of the TALF program was to boost consumer and business spending to help jumpstart the economy and ensure credit availability. This was achieved by increasing the flow of credit to businesses and consumers by

facilitating the issuance of asset-backed securities (ABS) including but not limited to student loans, automobile loans, credit card loans, and Small Business Administration loans. The targeted returns of this strategy were projected to be mostly in mid-to-high single digits with the earliest entrants possibly realizing double digit returns.

NEPC evaluated the marketplace for investment management firms with dedicated TALF strategies. After a thorough vetting process, NEPC selected SLC (general partner of SLC TALF Fund 2) as the investment manager of this mandate. Staff reviewed NEPC's recommendation, held an independent due diligence meeting with the investment team of SLC, and concurred that the team was fully capable of executing the TALF strategy based on due diligence findings.

On May 12, 2020, the Board approved, in closed session, a commitment of up to \$50 million to the SLC TALF Fund 2. After completion of the standard review and approval process, including review by LACERS' external investment counsel Nossaman, LLP, all required legal documents were executed and submitted by staff to SLC on May 18, 2020.

SLC TALF Fund 2 Investments

SLC called \$25 million of LACERS' \$50 million commitment on June 1, 2020 to make small purchases of two non-agency commercial mortgage backed securities that met the fund's investment criteria. Combined, these purchases represented about 1.7% of total commitments and 3.4% of called capital. While SLC was actively searching for additional investments, the success of the TALF program and other government efforts resulted in a sharp decline in credit spreads. As a result, despite ongoing efforts, SLC was unable to purchase additional securities that met the fund's investment criteria.

Conclusion of the TALF Program

U.S. Treasury Secretary Steven Mnuchin requested in a November 19, 2020 letter¹ to the Federal Reserve that the unused portion of the funding approved under the Coronavirus, Aid, Relief, and Economic Security (CARES) Act for TALF and other programs be returned by December 31, 2020. This letter noted that "*the spread on investment grade bonds has fallen from a peak of 4.06% above U.S. Treasury bonds to 1.40%, while high-yield borrowers have seen their spread reduced from 10.78% to 4.94%.*" The most recent periodic update² by the Federal Reserve on the TALF program to Congress stated that only \$3.6 billion of the program's maximum of \$100 billion in loans were outstanding as of December 31, 2020. These statements by the U.S. Treasury and Federal Reserve indicate that the TALF program was successful in reducing credit spreads and increasing credit availability for businesses and consumers; however, few market participants were able to find eligible investments that could be pledged to the TALF.

Fund Closure and Fees

SLC informed staff on December 15, 2020 that the SLC TALF Fund 2 would be closing at the conclusion of the TALF program on December 31, 2020, and that LACERS' remaining capital would be returned

¹ <https://home.treasury.gov/system/files/136/letter11192020.pdf>

² <https://www.federalreserve.gov/publications/files/pdcf-mmlf-cpff-pmccf-smccf-talf-mlf-ppplf-msnlf-mself-msplf-nonlf-noelf-01-11-21.pdf#page=5>

in January 2021. While the fund realized a small gain on the investments made in early June, and SLC agreed to waive all management fees and absorb some organizational expenses, per the terms of the limited partnership agreement, LACERS' proportional responsibility for the remaining fund expenses through year-end 2020 resulted in an overall loss of \$61,630.78 for a net return of -0.41%. The remaining balance of LACERS' capital was returned in January 2021.

Strategic Alignment

Investment in the SLC Management TALF Partners Fund 2, L.P. allowed LACERS to maintain a diversified exposure to Credit Opportunities, and aligned with the Strategic Plan Goal to optimize long-term risk adjusted returns (Goal IV).

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

NMG/RJ/BF/WL/RK:jp



REPORT TO BOARD OF ADMINISTRATION

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

MEETING: MARCH 23, 2021
ITEM: X – E

SUBJECT: TACTICAL ASSET ALLOCATION POLICY STATUS UPDATE AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board renew the Tactical Asset Allocation Policy for Fiscal Year 2021-2022.

Executive Summary

This report provides an annual update on tactical rebalancing pursuant to the LACERS Rebalancing Policy and Tactical Asset Allocation Plan (TAAP) under Sections V.G and V.H of the Investment Policy Manual. No tactical rebalances have been initiated through February of Fiscal Year 2020-2021. The Committee recommends renewal of the TAAP for Fiscal Year 2021-2022.

Discussion

The LACERS Rebalancing Policy and TAAP (Sections V.G and V.H of the Investment Policy Manual) authorize staff to conduct tactical rebalancing. The TAAP, initially adopted by the Board on May 28, 2019, addresses the goals and objectives of tactical asset allocation, roles and responsibilities of parties involved, decision-making and implementation framework, and reporting requirements. Prior to the beginning of each fiscal year, the Board must review and approve, modify, or repeal the TAAP based on recommendations of the Committee.

On March 9, 2021, the Committee considered the attached TAAP status update and renewal recommendation report and discussed the report with staff and NEPC, LLC, LACERS' General Consultant. Through February of Fiscal Year 2020-2021, staff has not identified any opportunities to invoke the TAAP and no tactical rebalances have been initiated. The Committee inquired whether staff increased equity exposure during the height of the pandemic in March of 2020 to take advantage of low equity valuations. Staff responded that no additional funds were contributed to U.S. equities at that time; the U.S. equities allocation had not met the threshold allocation required to initiate a tactical rebalance under the TAAP. The Committee further inquired whether the TAAP requires revision to allow

staff greater flexibility to take advantage of market dislocations. Staff stated that it will explore making such revisions to the TAAP and possibly draft a new policy, separate from the TAAP, to expeditiously make opportunistic investments across the portfolio; the appropriate policy recommendations will be presented at a future meeting. Staff requested the current TAAP be renewed in the event that staff sees a tactical rebalancing opportunity prior to the Board and Committee's consideration of these policy recommendations. The Committee concurred with the staff's recommendation to renew the current TAAP.

Strategic Alignment

Renewing the Tactical Asset Allocation Plan aligns with the Strategic Plan Goals to optimize long-term risk adjusted investment returns (Goal IV) and to uphold good governance practices which affirm transparency, accountability, and fiduciary duty (Goal V).

Prepared By: James Wang, Investment Officer I, Investment Division

NMG/RJ/BF/JW:jp

Attachment: Investment Committee Recommendation Report dated March 9, 2021



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

MEETING: MARCH 9, 2021
ITEM: IV

Neil M. Guglielmo

SUBJECT: TACTICAL ASSET ALLOCATION POLICY AND STATUS REPORT AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Investment Committee recommend to the Board a renewal of the Tactical Asset Allocation Plan for Fiscal Year 2021-2022.

Executive Summary

This report provides an annual update on tactical rebalancing pursuant to the LACERS Rebalancing Policy and Tactical Asset Allocation Plan (TAAP) under Sections V.G and V.H of the Investment Policy Manual. No tactical rebalances have been initiated through February of fiscal year 2020-2021. Staff recommends renewal of the TAAP for fiscal year 2021-2022.

Discussion

The LACERS Rebalancing Policy and TAAP (Sections V.G and V.H of the Investment Policy Manual) authorize staff to conduct tactical rebalancing. The TAAP, initially adopted by the Board on May 28, 2019, addresses the goals and objectives of tactical asset allocation, roles and responsibilities of parties involved, decision-making and implementation framework, and reporting requirements.

Pursuant to Section VII of the TAAP, the CIO must provide an annual report to the Investment Committee of all tactical rebalances initiated in the current fiscal year and provide recommendations to modify, continue, or cease the TAAP. Through February of fiscal year 2020-2021, staff has not identified any opportunities to invoke the TAAP and no tactical rebalances have been initiated. Staff will continue to monitor market conditions and the investment portfolio for opportunities to tactically rebalance and recommends a renewal of the TAAP in its current form for fiscal year 2021-2022.

Strategic Alignment

Renewing the Tactical Asset Allocation Plan aligns with the Strategic Plan Goals to optimize long-term risk adjusted investment returns (Goal IV) and to uphold good governance practices which affirm transparency, accountability, and fiduciary duty (Goal V).

Prepared By: James Wang, Investment Officer I, Investment Division

NMG/RJ/BF/JW:jp

Attachment: 1. Tactical Asset Allocation Plan

TACTICAL ASSET ALLOCATION PLAN

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- I. Purpose and Scope
- II. Roles and Responsibilities
- III. Terminology
- IV. Tactical Asset Allocation Considerations
- V. Implementation
- VI. Risk Management Guidelines
- VII. Annual Review of the TAAP
- VIII. Appendix

I. Purpose and Scope

The Tactical Asset Allocation Plan (TAAP) is an addendum to Section I.V.G of the Investment Policy.

On February 12, 2019, the Board of Administration (“Board”) of the Los Angeles City Employees’ Retirement System (LACERS) approved revisions to the Investment Policy, which included a revision to the Rebalancing Policy (Section I.V.G). Specifically, a provision was added for Tactical Asset Allocation (TAA). Under the TAA section, staff is authorized to initiate tactical rebalancing pursuant to the Tactical Asset Allocation Plan (TAAP).

The Board believes that LACERS Total Fund (Total Fund) is best managed when additional tools are available for staff to address a dynamic and rapidly changing investment market. Tactical Asset Allocation, pursuant to the Rebalancing Policy and procedures found in the TAAP, is designed to supplement and complement the Rebalancing Policy by adding flexibility to rebalancing decisions within a prudent, decision-making framework based on market and/or internal operational conditions. Rebalancing decisions – strategic and tactical – will be based on the principles of prudence, care, and risk mitigation.

More specifically, the TAAP provides additional approaches to the rebalancing of asset classes within established asset class policy target ranges. Rebalancing under the TAAP must achieve at least one of the following objectives: 1) Enhance Total Fund value; 2) Protect Total Fund value; or 3) Enhance the risk/return profile of the Total Fund pursuant to the Asset Allocation Policy and Risk Budget.

II. Roles and Responsibilities

The Board of Administration

The Board authorizes, provides oversight, and approves amendments to the TAAP. The Board delegates to staff the implementation of TAA within the adopted Rebalancing Policy, Asset Allocation Policy, and Risk Budget. The Board will review and approve the TAAP on or before July 1 of each year.

Investment Committee

The Investment Committee reviews TAAP status reports if applicable, conducts an annual performance evaluation of the TAAP, and recommends amendments to the Board.

Chief Investment Officer

The Chief Investment Officer (CIO) is responsible for the implementation of a Tactical Asset Allocation rebalancing pursuant to the TAAP. The CIO will review recommendations from staff and the General Fund Consultant to determine if a Tactical Rebalance is appropriate. The CIO is also responsible for unwinding any previously-initiated Tactical Actions as may be necessary. The CIO along with staff is responsible for observing economic and market indicators, assessing internal operational conditions, and working with the General Fund Consultant (and seeking advisement of other Investment Consultants under contract may be as necessary) to seek concurrence with a Tactical Action Proposal. The CIO will apprise the Board within 30 days of initiating a Tactical Rebalance.

General Fund Consultant

The General Fund Consultant reviews the CIO's proposed Tactical Action, and either concurs, amends, or disagrees with the proposed decision within seven business days of presentation of the Tactical Rebalance Proposal.

Internal Auditor

The Internal Auditor shall review the CIO's annual TAAP report, as provided in Section VII of this plan, prior presenting the report to the Investment Committee.

III. Terminology

Tactical Factors – External landscape observations that include economic, market, and valuation factors plus internal operational factors, all of which are to be considered when developing a Tactical Rebalance Proposal (see Appendix A).

Tactical Objectives – The driving force that underpins justification for a Tactical Rebalance. Objectives may include: 1) Enhance Total Fund value; 2) Protect Total Fund value; and 3) Enhance the Risk/Return Profile of the Total Fund.

Tactical Rebalance Proposal – A written Tactical Rebalance plan to address one specific Tactical Asset Allocation (TAA) Rebalance project. The Tactical Rebalance Proposal shall consider the provisions found in TAAP Sections IV, V, VI, and VII.

Tactical Rebalance – One or more individual tactical movements of capital between or among asset classes to achieve one or more Tactical Objectives. A Tactical Rebalance may take one to 12 months to implement; up to an additional 12 months may be provided if a Tactical Reversal is included in a Tactical Rebalance Proposal.

Tactical Action – One specific, individual movement of capital that adjusts asset holdings due to movements of cash, in-kind asset transfers, or use of derivatives. Derivatives may be used as an alternative to cash or in-kind asset transfers to obtain the equivalent changes in exposure(s), if derivatives are expected to produce more favorable economic and/or risk enhancements. Derivatives may not be used as a form of leverage.

Tactical Reversal – An optional component of a Tactical Rebalance Proposal, a Tactical Reversal is a specific and time-bound plan to partially or fully unwind a Tactical Rebalance once economic or market conditions, or internal operations, stabilize. A Tactical Reversal can be an integral component of a Tactical Rebalance Proposal and may take up to 12 additional months to achieve full implementation.

IV. Tactical Asset Allocation Considerations

LACERS is a long-term strategic investor and implements the Asset Allocation Policy. TAA allows LACERS flexibility to adjust exposures to established asset classes to achieve one of several aforementioned TAA Objectives. TAA Factors that are considered when contemplating a Tactical Rebalance include (but are not restricted to): stage of the economic cycle; abrupt or trending market or capital dislocations; excessive or deep under valuations of specific or broad asset types within the Total Fund or in the market; and internal operational factors.

V. Implementation

Implementation of a Tactical Action will comply with the following procedures, as they may apply:

1. External Landscape Evaluation – Economic market outlook, including economic indicators, monetary and fiscal policies, geo-political events, Federal Reserve Bank actions, interest rates, inflation, etc.
2. Internal Operational Evaluation – Actual asset allocation of the Total Fund compared to policy targets, asset class movements and trends, portfolio valuations, operational cash, future, pending, or existing RFP manager searches and hiring of investment managers, pending investment manager terminations, market and economic landscape commentary or information from investment managers, and compliance with existing Investment Policy

3. General Fund Consultant Discussion and Concurrence (and discussion with other contracted Investment Consultants as warranted)
4. Written Tactical Rebalance Proposal should include the following decision considerations (as appropriate):
 - External Landscape and Internal Operational Evaluations;
 - Projected Impact on Asset Allocation and Asset Classes;
 - Projected Impact on Total Fund addressing Tactical Objectives:
 - Enhancement to Total Fund Value; and/or
 - Protection of Total Fund Value; and/or
 - Enhanced Risk/Return Profile and Compliance to Risk Budget
 - Projected Quantitative Outcomes including measurable Performance and Risk Metric improvements and Capital Preservation amounts;
 - Financial Considerations - Funds directly impacted by a Tactical Rebalance; Proposed Implementation Timing and Transactional Costs; Benchmark to evaluate performance; Monitoring Schedule
 - Tactical Reversal (Partial or Full) as needed
5. Implementation of Tactical Action pursuant to the written Tactical Rebalance Proposal and TAAP Risk Management Guidelines.
6. Report to the Board within 30 days of initiating a Tactical Rebalance
7. Quarterly Status Reporting of Tactical Rebalancing implementation
8. Internal Monthly Rebalancing and Compliance Staff Reviews per the Rebalancing Policy (Section I.V.G of the LACERS Investment Policy)
9. Annual Investment Committee Review of TAAP based on CIO Report as provided in Section VII of this plan
10. Annual Board Renewal, Modification, or Repeal of TAAP based on Investment Committee Report as provided in Section VII of this plan

VI. Risk Management Guidelines

The following guidelines are designed to help the CIO manage the implementation of the TAA Policy within a prudent risk-management framework.

1. A Tactical Rebalance may be initiated when the actual weighting of an asset class exceeds 70% of the range from its target weighting to its established bands.
2. A Tactical Rebalance Proposal shall not exceed 50% of the excess valuation that is over- or under-weight to its policy target at the time the decision to rebalance is made.

3. A Tactical Rebalance should be completed within 12-24 months of initiation, except in the case of a partial or full reversal of the original Tactical Rebalance, which may extend the Tactical Rebalance up to an additional 12 months.
4. A Tactical Rebalance may be suspended after the first Tactical Action is completed if such single Tactical Action or subsequent Tactical Actions achieves the Tactical Objective(s) within the Tactical Rebalance Proposal pursuant to a Tactical Rebalancing Proposal.
5. A Tactical Rebalance Proposal may be modified or suspended by the CIO upon the concurrence of the General Fund Consultant if market conditions or other external landscape factors change or strategic asset class rebalances are necessary that disrupt the orderly implementation of the Tactical Rebalance Proposal, or when internal operations such as liquidity needs would have a material impact on the Tactical Rebalance Proposal such that the Tactical Objectives are no longer achievable within the established Tactical Rebalance Proposal timeframe due to material changes in the original market assumptions, operational factors, or risk levels.
6. The General Fund Consultant must concur with the Tactical Rebalance Proposal prior to initiation.

VII. Annual Review of the TAAP

Annual TAAP Review by the Investment Committee

The CIO will prepare an annual report of all Tactical Rebalance Proposals that were initiated in the current fiscal year, the current status of Tactical Rebalances and Tactical Actions, and the projected and actual impact of the Tactical Rebalance(s) including (but not restricted to) performance, capital preservation, and/or risk factors. Staff may also include recommendations to modify, continue or cease the TAAP. The Annual TAAP Review will be presented to the Investment Committee no later than the month of April of each year.

The Investment Committee will determine if the TAAP requires any modifications including repeal. The Investment Committee recommendations will be then sent to the Board of Administration for approval.

Annual TAAP Approval or Repeal by the Board of Administration

The Board of Administration shall review and approve, modify, or repeal the TAAP prior to the beginning of each Fiscal Year.

If the TAAP is repealed, staff may not enter any new Tactical Rebalances; except Tactical Reversals that were contemplated in the Tactical Rebalance Proposal may be implemented according to the implementation sequence of the Tactical Actions.

VIII. APPENDIX

External Landscape and Internal Operational Considerations

- I. *Economic Cycle Consideration* - A Tactical Action may be appropriate based on the economic cycle, as illustrated below:

Early Stage Phase - The early stage of the economic cycle is characterized by recovering growth in the gross domestic product (GDP), profit margins, and consumer confidence. Credit and inflation in the economy are typically flat while interest rates start to rise. Stocks tend to be trading at more attractive levels compared to longer term historical averages.

Early to Mid-Cycle Stage Phase - During the early and mid-cycle phases, equities have the potential to outperform. TAA may attempt to take advantage of expansion stages by shifting exposure to public equities and reducing exposures to core fixed income assets.

Later and Recession Stage Phases - During late and recession stages, equities have potential to underperform risk-off assets. TAA may attempt to protect the Total Fund by reducing public equities and increasing fixed income assets.

- II. *Market Stages Consideration*

The economy oscillates between stages of expansion (early and middle stages) and contraction (late and recession stages). The early stage of the economic cycle is characterized by recovering growth in the gross domestic product (GDP), profit margins, and consumer confidence. Credit and inflation in the economy are typically flat while interest rates start to rise. Stocks tend to be trading at more attractive levels compared to longer term historical averages.

During the mid-cycle period of the economic cycle, the economy generally experiences expansion in GDP, credit growth, profit margins, and consumer confidence. Interest rates and inflation are typically stable during this period. Stocks tend to recover to levels in-line with long term average valuations.

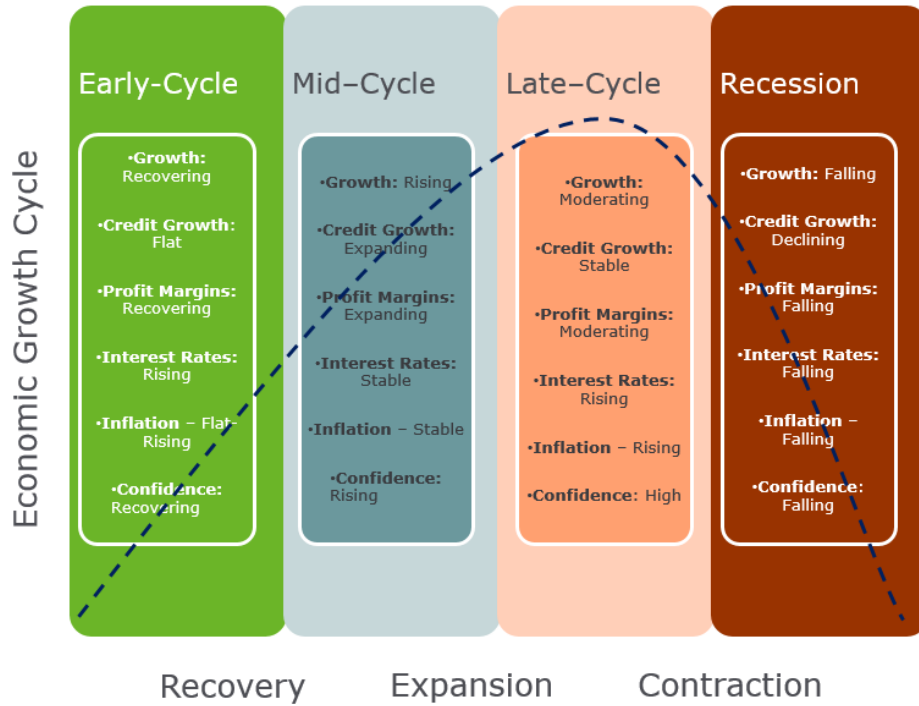
In the late-cycle period of the economic cycle, the economy typically experiences moderation in GDP growth, profit margins, and credit expansion. Consumer confidence is high and both interest rates and inflation are on the rise. Stocks trade at the higher band of long term averages while volatility tends to be higher than the earlier parts of the cycle.

Finally, during the recession stage of the economic cycle, excesses are purged from the system. GDP, credit, profit margins, interest rates, inflation and consumer confidence are all falling. During this phase of the market, volatility in the stock market increases dramatically while prices tend to fall to below average valuations.

III. *Assessment of Market Conditions*

Staff will evaluate and assess if the market is Early-Cycle, Mid-Cycle, Late-Cycle or in a Recession on a quarterly basis.

This assessment will be based on the factors listed in the chart below.



*chart provided by NEPC, LLC

IV. *Economic and Market Risk Assessment*

Staff will address one or more of the economic, financial, and market indicators.

- Growth: Year-over-year growth in GDP
- Credit Growth: Year-over-year growth in total credit
- Profit Margins: Corporate profit margins
- Interest Rates: Short, Long, Yield Curve
- Inflation: Consumer Price Index
- Confidence Levels: Consumer Sentiment Index
- Additional factors such as commodity and currency trends, unemployment statistics, building permits, sales, and manufacturing statistics.

V. *Asset Valuations*

Staff will address the relevant market valuation indicators to include (but not restricted to):

- Current to Long-Term Historical Valuations reflected in Price to Earnings, Price to Book, and Dividend Yields
- Interest rate spreads, duration
- Growth versus Value

VI. *Internal Operational Considerations*

Staff will evaluate factors to include (but not restricted to):

- Benefits and Consequences of initiating a Tactical Action versus strategic rebalancing against asset allocation upper and lower policy target thresholds
- Liquidity Impact