



LACERS

LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM



Board of Administration Agenda

REGULAR MEETING

TUESDAY, JULY 28, 2020

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 July 28, 2020, meeting will be conducted via telephone and/or videoconferencing.

Important Message to the Public

Information to call-in to participate:

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

Meeting ID# 983 1963 0825

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: Michael R. Wilkinson

Commissioners: Annie Chao
Elizabeth Lee
Sandra Lee
Nilza R. Serrano
Sung Won Sohn

Manager-Secretary: Neil M. Guglielmo

Executive Assistant: Ani Ghoukassian

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

Notice to Paid Representatives

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

Request for services

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

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

[CLICK HERE TO ACCESS BOARD REPORTS](#)

- I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – *THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT - PRESS *9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD*
- II. [APPROVAL OF MINUTES FOR REGULAR BOARD MEETING OF JULY 14, 2020 AND POSSIBLE BOARD ACTION](#)
- III. BOARD PRESIDENT VERBAL REPORT
- IV. GENERAL MANAGER VERBAL REPORT
 - A. REPORT ON DEPARTMENT OPERATIONS
 - B. UPCOMING AGENDA ITEMS
 - C. RECEIPT OF CITY'S CONTRIBUTION FOR FISCAL YEAR 2020-21
- V. RECEIVE AND FILE ITEMS
 - A. [MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR JUNE 2020](#)
- VI. COMMITTEE REPORT(S)
 - A. INVESTMENT COMMITTEE VERBAL REPORT ON THE MEETING OF JULY 14, 2020
 - B. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT ON THE MEETING OF JULY 28, 2020
- VII. DISABILITY RETIREMENT APPLICATION(S)
 - A. RECONSIDERATION OF RETURN TO WORK REQUEST FOR DISABILITY RETIREE HAGOP TCHAKERIAN AND LOS ANGELES WORLD AIRPORTS OBJECTION TO SUBPOENA AND MOTION TO QUASH AND POSSIBLE BOARD ACTION (HEARING)
 - B. CONSIDER THE DISABILITY RETIREMENT APPLICATION OF RICHARD CARDENAS AND POSSIBLE BOARD ACTION
 - C. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF PAUL AGUILAR AND POSSIBLE BOARD ACTION**
- VIII. CLOSED SESSION

**A. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b)(1):
GENERAL MANAGER 2019-20 PERFORMANCE EVALUATION AND POSSIBLE
BOARD ACTION**

IX. BOARD/DEPARTMENT ADMINISTRATION

- A. CONSIDERATION OF 2019-20 GENERAL MANAGER'S MERIT PAY AND POSSIBLE BOARD ACTION
- B. ELECTION OF BOARD OFFICERS FOR FISCAL YEAR 2020-21 AND POSSIBLE BOARD ACTION
- C. [YEAR-END REPORT OF BUSINESS PLAN INITIATIVES FOR THE PERIOD ENDING JUNE 30, 2020](#)

X. INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT
- B. [APPROVAL OF AMENDMENT TO CONTRACT WITH NOSSAMAN LLP FOR INVESTMENT COUNSEL SERVICES AND POSSIBLE BOARD ACTION](#)
- C. [INVESTMENT MANAGER CONTRACT WITH AXIOM INTERNATIONAL INVESTORS, LLC REGARDING THE MANAGEMENT OF AN ACTIVE EMERGING MARKETS GROWTH EQUITIES PORTFOLIO AND POSSIBLE BOARD ACTION](#)
- D. [FINALIST FIRMS OF THE ACTIVE EMERGING MARKETS SMALL CAP EQUITIES INVESTMENT MANAGER SEARCH AND POSSIBLE BOARD ACTION](#)
- E. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER A COMMITMENT TO CERBERUS INSTITUTIONAL REAL ESTATE PARTNERS V, L.P. AND POSSIBLE BOARD ACTION**

XI. OTHER BUSINESS

- XII. NEXT MEETING:** The next Regular meeting of the Board is scheduled for Tuesday, August 11, 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 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
July 14, 2020, meeting was conducted
via telephone and/or videoconferencing.

Agenda of: July 28, 2020

Item No: II

July 14, 2020

10:00 a.m.

PRESENT via Zoom Meeting:	President:	Cynthia M. Ruiz
	Vice President:	Michael R. Wilkinson
	Commissioners:	Annie Chao Elizabeth Lee Nilza R. Serrano Sung Won Sohn
	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 one response. Lawrence Nash, member of the public, asked about allowing public to access the Zoom video link for Board Meetings. Neil M. Guglielmo, General Manager, stated that with direction from ITA, the Zoom video link is password protected for security purposes. He stated that he will look into this request and provide an update at the next Board Meeting. He also asked Mr. Nash to email LACERS and provide his contact information so that staff can respond to his request directly.

II

APPROVAL OF MINUTES FOR THE REGULAR BOARD MEETING OF JUNE 23, 2020 AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval of the minutes for the Regular Meeting of June 23, 2020, seconded by Commissioner Elizabeth Lee and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -6; Nays, None.

III

BOARD PRESIDENT VERBAL REPORT – President Ruiz thanked all staff who work on the Zoom Board meeting process and thanked the Commissioners for their patience and participation.

IV

GENERAL MANAGER VERBAL REPORT

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

- Experience Study/Actuarial Assumption changes
- Commissioner Serrano Sworn In
- City Separation Incentive Program (CSIP)
- Member Services Center (MSC) stats
- Retirement videos
- Hiring for CSIP
- Financial Resilience Workshop
- Retiree Check-In calls
- Summer Wellness Newsletter
- LACERS YouTube Channel
- Amazon Connect or Live Member Service Center
- LAWA SIP
- Side A Fiduciary Insurance Policy
- Unconscious Bias Training
- New Employee Orientation Guidebook
- ERIP Liability Payments – QE 6/30/2020

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

- Board: Receipt of City Contribution
- Board: Business Plan Initiatives Fiscal year-end report
- Board: FY 19/20 Customer Service Report
- BAC 07/28/20: Review Health Plan Renewal numbers as well as plan design information
- BAC 07/28/20: Discuss Keenan contract
- BAC 07/28/20: Get to know the Wellness Program Manager
- BAC 07/28/20: Review Year-End Accounting

- BAC 07/28/20: Discuss potential changes to the way Open Enrollment will operate

V

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.

VI

COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL REPORT ON THE SPECIAL MEETING OF JULY 8, 2020 – Investment Committee Chair Sohn reported out that the Committee was presented with the Finalist Firms of the Active Emerging Markets Small Cap Equities Investment Manager Search and the Committee provided their recommendation for the search.

VII

BOARD/DEPARTMENT ADMINISTRATION

- A. CITY SEPARATION INCENTIVE PROGRAM AND PRELIMINARY SUPPLEMENTAL BUDGET AND POSSIBLE BOARD ACTION – Neil M. Guglielmo, General Manager, Todd Bouey, Assistant General Manager, and Dale Wong-Nguyen, Chief Benefits Analyst, presented this item to the Board. After a robust 45 minute discussion with staff, Commissioner Elizabeth Lee moved approval of the following Resolutions:

**SUPPLEMENTAL BUDGET IN PREPARATION FOR THE
CITY'S SEPARATION INCENTIVE PROGRAM**

RESOLUTION 200714-A

WHEREAS, on June 30, 2020 the City Council approved implementation of a Separation Incentive Program (CSIP) in hopes of retiring at least 1,300 LACERS members within a relatively short period of time as an alternative to mandatory furloughs and strategy to balance the City budget;

WHEREAS, the City Administrative Office will accept CSIP applications between July 6, 2020 and August 3, 2020; and applicants have a seven day application rescission period ending on August 10, 2020 and if the minimum threshold of 1,300 eligible employees is met, SIP will be implemented;

WHEREAS, LACERS recognizes the difficult financial situation of the City and the importance to the City of LACERS processing this large volume of retirement applications as expeditiously as possible. In order to meet this need, advanced positioning of resources such as hiring and training temporary staff is necessary;

WHEREAS, pursuant to the City Charter the Board has full control of LACERS budget,

NOW, THEREFORE, BE IT RESOLVED, that the Board

1. Authorize a transfer of \$109,400 from the Office and Administrative Account to the Contractual Services Account to fund the Retirement Application Portal
2. Approve a Supplemental Appropriation of \$2,408,000, to Fund 800, LACERS Administrative Budget, which follows; and,
3. Authorize the General Manager to correct any clerical or typographical errors in this document.

FISCAL YEAR 2020-21 – SUPPLEMENTAL BUDGET APPROPRIATION FOR PREPARATIONS FOR THE SEPARATION INCENTIVE PROGRAM

LACERS FUND 800

	Supplemental Budget Appropriation
	2020-21
SALARIES	
General	\$ 1,500,000
As Needed	400,000
Overtime	100,000
Total Salaries	<u>\$ 2,000,000</u>
EXPENSE	
Contractual Services	\$ 249,400
Employee Benefits	193,000
Office and Administrative	(109,400)
Total Expense	<u>\$ 333,000</u>
EQUIPMENT	
Furniture, Office and Technical Equipment	\$ 75,000
Total Equipment	<u>\$ 75,000</u>
Total Administrative Expense	<u>\$ 2,408,000</u>

**CONTRACT WITH BOX, INC.
FOR CUSTOM CONSULTING SERVICES
TO PROVIDE A RETIREMENT APPLICATION PORTAL**

RESOLUTION 200714-A

WHEREAS, LACERS is in the midst of implementing a Separation Incentive Program for the Los Angeles World Airports, which will retire 340 applicants between August and December 2020; and will soon be engage in processing at least 1,300 retirements under the City Separation Incentive Program (CSIP);

WHEREAS, the current pandemic environment, limits in-person interaction with Members, and digital transformation of business functions have become a necessity;

WHEREAS, LACERS desires to engage the services of Box Consulting ("Box") to deliver a custom portal accessible through the LACERS' website to collect documents and retirement data from applicants. Box will configure, customize and implement their commercial-off-the-shelf document exchange product into the LACERS' business environment in an accelerated time frame, in order to meet upcoming demands of CSIP.

NOW, THEREFORE BE IT RESOLVED, that the Board:

1. Find that competitive bidding is "undesirable and impractical" for these services as the selection of Box as the service provider will result in the following benefits:
 - Ability to meet LACERS' accelerated timeframe in preparedness for CSIP and further implementation of cloud content management objectives in a post-COVID environment
 - Minimize time for development by another vendor
 - Minimize time for staff to be trained on learning a new product as LACERS is already utilizing Box
 - Minimize the potential issues with integration with another product
 - Minimize the cost for the development because it would be a one-time, non-recurring fee, ongoing usage of which is included in the purchase of Box Business Suite licenses already owned by LACERS
 - Meets LACERS' security standards within the existing Box environment
2. Authorize the General Manager to execute the necessary documents, within the following terms, subject to City Attorney review:

FIRM: BOX, INC. also known as BOX Consulting
TERM: Not to exceed 12-months
AMOUNT: Not to exceed \$95,975 fix fee plus 10% for contingency for out-of-scope work

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

VIII

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value, \$18 billion as of July 13, 2020. Mr. June discussed the following items:
- City contribution of \$542 million arriving this week
 - Investment Manager search report indicates status of manager search
 - RFP/RFI Notification Service is up and running on the updated LACERS website
 - Upcoming Board items: Finalist Firms of the Emerging Manager Small Cap Investment Manager Search and Contract Amendment for legal services
 - Jeremiah Paras, Investment Officer I, completed the work experience requirement for the CFA and is now a CFA Charterholder.

IX

OTHER BUSINESS – No other business was discussed.

X

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, July 28, 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 public health concerns relating to the novel coronavirus continue.

XI

ADJOURNMENT – There being no further business before the Board, President Ruiz adjourned the Meeting at 11:18 a.m.

Cynthia M. Ruiz
President

Neil M. Guglielmo
Manager-Secretary

Agenda of: JULY 28, 2020

Item No: V-A

**MONTHLY REPORT ON SEMINARS AND CONFERENCES
ATTENDED BY BOARD MEMBERS ON BEHALF OF LACERS
(FOR THE MONTH OF JUNE 2020)**

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

BOARD MEMBER:

President Cynthia M. Ruiz
Vice President Michael R. Wilkinson

Commissioner Annie Chao
Commissioner Elizabeth Lee
Commissioner Sandra Lee
Commissioner Nilza R. Serrano
Commissioner Sung Won Sohn

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

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

MEETING: JULY 28, 2020
ITEM: IX – C

Neil M. Guglielmo

**SUBJECT: YEAR-END REPORT OF BUSINESS PLAN INITIATIVES FOR THE PERIOD ENDING
JUNE 30, 2020**

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

Recommendation

That the Board receive and file this report.

Executive Summary

The LACERS Strategic Plan approved by the Board in February 2019, establishes strategic goals and direction for the organization for three to five years into the future. Progress toward meeting the strategic goals are achieved through initiatives, which receive funding through the annual budget in May. The highest priority initiatives for the year are included in the Annual Business Plan and undergo regular performance management reviews. The attached year-end report of the 2019-20 Business Plan highlights the six high priority initiatives. Based on plans, one Business Plan Initiative (BPI) is completed, one moves into on-going operations, and four continue as BPIs into Fiscal Year 2020-21. Two new BPIs are added to the 2020-21 work plan: the Separation Incentive Programs and the Mobile Workforce Initiatives. These initiatives are discussed in the body of the report.

Strategic Plan Goals (Five of seven reflected)	Business Plan Initiatives	
	2019-20	2020-21
Outstanding Customer Service	<ul style="list-style-type: none"> Multi-Channel Outreach – <i>continuing as Member Experience</i> Website Redesign - <i>completed</i> 	<ul style="list-style-type: none"> Member Experience
Timely & Accurate Benefit Delivery		<ul style="list-style-type: none"> Separation Incentive Program
Investments	<ul style="list-style-type: none"> Asset Allocation – <i>continuing</i> 	<ul style="list-style-type: none"> Asset Allocation
Organizational Efficiency, Effectiveness, Resiliency	<ul style="list-style-type: none"> Headquarters Move - <i>continuing</i> Emergency Preparedness - <i>on-going</i> 	<ul style="list-style-type: none"> Mobile Workforce Headquarters Move
High Performing Workforce	<ul style="list-style-type: none"> Recruitment and Retention - <i>continuing</i> 	<ul style="list-style-type: none"> Recruitment and Retention

Discussion

The Business Plan Initiatives represent LACERS' highest priority initiatives for the year. The attached year-end report details the progress made on the BPIs. A number of achievements by the Board and staff have contributed to furthering strategic plan goals. Of particular note is the purchase of LACERS Headquarters Building and a number of business continuity solutions implemented in the last quarter of Fiscal Year 2019-20. The pandemic hastened LACERS need to restructure many facets of operations from Information Technology (IT) infrastructure to adding additional channels of communications to establishing new ways to serve Members. The global health crisis provided a unique circumstance which completely changed LACERS' IT model. In a few short weeks, LACERS went from a wholly on-premises computing environment to virtual environment, enabling all full-time employees the ability to securely access critical systems from home. Emergency procedures were implemented and the Business Continuity Plan was activated, resulting in successful execution of mission critical function to pay Retirees on time. While in-person services are still on hold, LACERS continues to add ways of reaching out to Members. For example, LACERS has launched a new modern and user friendly website and has just launched a new cloud based call center system allowing Member Services staff to take Member calls remotely. For employees that must report to the office, LACERS promotes a high standard of workplace health and safety, limiting the on-site workforce through telecommuting and staggering work shifts. Despite the numerous challenges, LACERS has been highly successful in delivering on the 2019-20 BPIs along with other accomplishments.

BUSINESS PLAN INITIATIVES AND ACHIEVEMENTS FOR FISCAL YEAR 2019-20

Highlights of 2019-20 Achievements toward LACERS Strategic Goals:

Accurate and Timely Delivery of Benefits

- ✓ Retired 983 Members in Fiscal Year 2019-20
- ✓ Launched a collaborative effort with Los Angeles World Airports (LAWA) to retire 330 LAWA employees through a post-COVID Separation Incentive Program

Outstanding Customer Service

- ✓ Realized a number of Member Experience improvements including Planning for Retirement Seminar On-Demand and a new YouTube channel
- ✓ Launched a new cloud based call center system with enhanced capabilities and remote operation
- ✓ Launched a new, modern redesigned website

Value Health and Wellness Benefits

- ✓ Health Plan renewal costs decreased by 0.10% versus the Medical trend rate of 7.00%
- ✓ Launched the multi-year campaign of Purposeful Living
- ✓ Conducted online three-week Financial Resilience Workshop for Retirees

Superior Investments

- ✓ The Board approved temporary measures to address volatile market conditions associated with COVID-19 including increased cash holdings, as-needed deferment of total fund portfolio rebalancing, and de-risking of the Securities Lending Program.

Good Governance

- ✓ Secured LACERS' permanent headquarters facility and a long-term strategic asset of the Plan having purchased a five-story office building
- ✓ Benchmarked LACERS' Investment Management Fees and Administrative Costs against other peer public pension systems
- ✓ Published our first Popular Annual Financial Report as a companion to our Comprehensive Annual Financial Report
- ✓ Conducted an independent actuarial audit of our Actuarial Valuations and Experience Study
- ✓ Conducted an Actuarial Experience Study with the LACERS Board adopting new Actuarial Assumptions of 7% Investment Return and 2.75% inflation
- ✓ Conducted LACERS first Actuarial Risk Assessment Report
- ✓ Completed a comprehensive review and update of all Board Governance Policies
- ✓ Instituted Board Meetings in a virtual environment and ensuring public access

Organizational Effectiveness, Efficiency, and Resiliency

- ✓ Moved 25 staff members to the new building, with the balance of staff set to move in 2021
- ✓ Launched a virtual IT environment for 100% of the full-time staff, from a completely on-premises IT infrastructure, to enable remote work for the vast majority of work functions
- ✓ Instituted the use of collaborative software applications including Box.com, Monday.com, Microsoft Teams, Business Intelligence, and Zoom Meetings
- ✓ Completed an all-day earthquake simulation drill with departmental primary and secondary responders

High-Performing Workforce

- ✓ Continued organizational realignment, with formation of a Member Stewardship Unit to advocate LACERS' needs in the Citywide HRP Project and to strengthen our payroll functions and protection of Member benefits
- ✓ Established a new Benefits Analyst and Senior Benefits Analyst classification effective July 1, 2020
- ✓ Hired five employees from the Targeted Local Hire Program this year for a total of 14 since program inception

Delivery of several BPIs, particularly Asset Allocation and the Workforce Initiative, were disrupted by the unexpected pandemic crisis followed by preparations for the Separation Incentive Programs. Manager searches and due diligence reviews were halted as Safer-At-Home directives and safety concerns took priority over travel. Additionally staffing resources were diverted from the Workforce Initiatives toward crisis response priorities.

2019-20 Business Plan Initiatives are further detailed in the attached BPI Dashboards.

BUSINESS PLAN INITIATIVES FOR FISCAL YEAR 2020-21

Six major initiatives have been funded by the Board for Fiscal Year 2020-21 and work has started on all initiatives.

Separation Incentive Programs Los Angeles World Airports and the City

The priority for the fiscal year, and majority of resources will go toward implementation and completion of the retirements under the Separation Incentive Programs (SIP). Retirement processing will be based on estimated calculations. Temporary staff may be retained for the entire year to assist with auditing, reconciling, and clearing of backlogs created or complicated by SIP.

- **Augment Staffing** - Aggressive hiring efforts are underway to increase temporary staffing for LACERS for the City Separation Incentive Program inclusive of both vacant and new positions. Part of the hiring strategy includes use of the Mayor's transfer authority to bring back former LACERS employees now at other departments, use of 120-day employment to bring back retired LACERS employees, hiring of part-time staff, filling vacancies, activating substitute authority positions, and recruiting Targeted Local Hire (TLH) participants for clerical positions.
- **Preparation of Office Space** –Continue work from home status to make additional office space available for new hires. Implement the highest standard of health and safety protocols within available resources. Continue the employee education campaign on health and safety protocols, including mandatory short training videos.
- **Preparation of Computing Environment** – Procure necessary equipment for staff to be productive both in the office and while working remotely.

Member Experience Improvements

LACERS strives to improve the Member experience by broadening communications through expanded channels. This initiative will develop a comprehensive content management structure to efficiently manage information for newsletters, the website, and other communication avenues such as LACERS' wiki page and open data platforms. Self-service options for Members will be developed to include retirement seminars via webinars, the ability to video conference with retirement counselors, the ability to utilize on-line benefit calculators from their mobile devices, and the option to complete forms and submit documents electronically.

Improvements will also be made to the contact center system. As part of the migration to the new Headquarters building, a new contact center system will be built with expanded service tools and new administrative features. The new system will also incur lower operational costs.

Mobile Workforce Initiative

The recent State and local orders to stay-at-home propelled the implementation of remote work solutions on an expedited timeline. Originally planned concurrent to our move to the new headquarters building, access to necessary enterprise applications and mobile phones have been deployed to staff who perform mission essential functions. This will be expanded so that every staff member is equipped with a laptop and docking station in-lieu of a desktop computer, and mobile phones in lieu of desk phones. Software to facilitate remote work such as Office 365 and tools such as Zoom.com for virtual meetings will be deployed, as well as software and hardware to enhance IT security.

Headquarters Project

LACERS acquired an office building in October 2019 and hired an Asset Manager to assist with managing operations and developing a capital improvement plan for the building, inclusive of seismic reinforcements, a new roof, implementing LEED, and incorporating the WELL building standard. The building work plan schedule may be impacted pending confirmation of whether staff occupancy in this space is needed to accommodate CSIP implementation or whether CSIP impacts staff resources, materials and supplies, and construction necessary to progress the Headquarters Work Plan. Prior to COVID and CSIP, the Headquarters Project was LACERS top priority for Fiscal Year 2019-20.

Asset Allocation

There are three remaining searches: Emerging Markets Small Cap Equities, Emerging Markets Debt Blended Currency, and Core Fixed Income. These searches are in various stages of the competitive bidding process and will continue having been delayed by several months due to the COVID-19 pandemic.

Recruitment and Retention Initiative

For Fiscal Year 2020-21, a compensation study for Investment staff will be completed. The consultant has been identified. Salary surveys in 12 or more labor markets will be conducted in July, with an analysis and report to follow.

Staff will return to the Board in January/February 2021 with a semi-annual report on the progress of these BPIs.

Strategic Plan Impact Statement

The purpose of the Business Plan Initiative Program is to meet Strategic Plan Goals by designating the highest priority projects for the fiscal year as initiatives under the program. The department leadership actively engages in collaborative efforts toward successful outcomes for this initiative.

Prepared By: Dale Wong-Nguyen, Chief Benefits Analyst, Administration Division

NMG/TB/DWN

Attachment: Business Plan Initiatives Fiscal Year 2019-2020 Dashboards for the Reporting Period Ending June 2020



LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

BOARD Meeting: 07/28/20
Item IX - C
Attachment

Reporting Period Ending June 2020

A wide horizontal banner with a dark blue background. It features a network of white dots connected by thin white lines, creating a web-like pattern. The text 'BUSINESS PLAN INITIATIVES' and 'FISCAL YEAR 2019-2020' is overlaid in large, white, bold, sans-serif font with a slight drop shadow.

BUSINESS PLAN INITIATIVES

FISCAL YEAR 2019-2020

Prepared for

LACERS BOARD OF ADMINISTRATION

JULY 28, 2020

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20	APPENDIX A – BUSINESS PLAN INITIATIVE TEMPLATE

LACERS GOALS

1

CUSTOMER SERVICE

To provide outstanding customer service.

2

BENEFITS DELIVERY

To deliver accurate and timely Member benefits.

3

HEALTH AND WELLNESS

To improve the value and minimize costs of Members' health and wellness benefits.

4

INVESTMENT

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

5

GOVERNANCE

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

6

ORGANIZATION

To increase organizational effectiveness, efficiency, and resiliency.

7

WORKFORCE

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

EXECUTIVE SUMMARY DASHBOARD

	COMPLETED
	ON TRACK
	OFF TRACK
	NEEDS INTERVENTION

INITIATIVES, GOALS & EXECUTIVE SPONSORS		JUNE STATUS	INITIATIVE LEADS
1	ASSET ALLOCATION ACHIEVE INVESTMENT PERFORMANCE/RISK OBJECTIVES Executive Sponsor: Rod June		Lead: Bryan Fujita
2	WEB REDESIGN OUTSTANDING CUSTOMER SERVICE Executive Sponsor: Lita Payne		Lead: Taneda Larios & Thomas Ma
3	EMERGENCY PREPAREDNESS & BCP ORGANIZATION RESILIENCY Executive Sponsor: Todd Bouey		Lead: Isaias Cantú, John Koontz & Dan Goto
4	MULTI-CHANNEL OUTREACH EXPANSION OUTSTANDING CUSTOMER SERVICE/ TIMELY & ACCURATE BENEFITS Executive Sponsor: Lita Payne		Lead: Gabriel Perez & Nathan Herkelrath Tenah Johnson-Taylor & Delia Hernandez
5	RECRUITMENT & RETENTION HIGH PERFORMING WORKFORCE Executive Sponsor: Neil Guglielmo		Lead: Lin Lin
6	HEADQUARTERS MOVE WORKFORCE & ORGANIZATION Executive Sponsor: Todd Bouey		Lead: Isaias Cantú, Horacio Arroyo & Thomas Ma

INITIATIVE SUMMARY

The Investment Division implements the Asset Allocation Policy approved by the Board. The Board seeks to achieve its return target of 7.00% over long periods of time by assuming prudent levels of risk as prescribed in the Risk Budget. The key priorities are:

- Conduct appropriate investment manager searches
 - Issue RFPs and manage the selection process pursuant to Investment Policy
 - Negotiate contract terms and conditions
 - Fund managers and rebalance the portfolio
 - Monitor investment managers pursuant to Investment Policy
 - Report search and manager status to the Investment Committee and Board
- Evaluate and monitor active versus passive exposure

BUDGET

Appropriation:	\$62,200
Expense:	(\$18,169)
Unspent:	\$44,031

KEY DEPENDENCIES/ASSUMPTIONS

- Board and Investment Committee priorities
- Sufficiency of staffing and consultant resources
- Qualified investment managers respond to RFPs
- Selection process pursuant to Manager Search and Selection Policy remains substantially unchanged

MILESTONES / DELIVERABLES

Q1/FY20

- ✓ Complete Private Credit RFP – Jul
- ✓ Complete transition of Active Large Cap Value Equities to Passive Large Cap Equities – Jul
- ✓ Launch Core Fixed Income RFP – Aug

Q2/FY20

- Complete U.S. Small Cap Equities RFP – Deferred

Q3/FY20

- ✓ Complete U.S. Small Cap Equities RFP – Jan
- Execute Private Credit Contracts – ~~Jan~~ Deferred
- Fund Private Credit – ~~Feb~~ Deferred
- ✓ Complete High Yield/Bank Loans RFP – Feb
- Complete Emerging Mkt Small Cap RFP – ~~Mar~~ Deferred

Q4/FY20

All items anticipated to be completed were deferred to Q1, Q2, and Q3 of FY21 in light of COVID-19 pandemic

Q1/FY21

- Execute Private Credit Contracts – ~~Jan~~ Jul
- Execute U.S. Small Cap Equities Contracts – ~~Apr~~ Jul
- Execute High Yield/Bank Loans Contracts – ~~May~~ Jul
- Complete Emerging Mkt Small Cap RFP – ~~Mar~~ Jul
- Fund Private Credit – ~~Feb~~ Aug
- Fund U.S. Small Cap Equities – ~~May~~ Aug
- Fund High Yield/Bank Loans – ~~Jun~~ Aug
- Complete Emerging Mkt Debt RFP – ~~Apr~~ Aug

Q2/FY21

- Execute Emerging Mkt Small Cap Contracts – ~~Jun~~ Oct
- Complete Core Fixed Income RFP – ~~May~~ Oct
- Fund Emerging Mkt Small Cap Equities – ~~Jul~~ Nov
- Execute Emerging Mkt Debt Contracts – ~~Jul~~ Nov
- Fund Emerging Market Debt – ~~Aug~~ Dec

Note: Strikethrough of month indicates previously anticipated completion date. Month in red font indicates currently anticipated completion date.

Q3/FY21

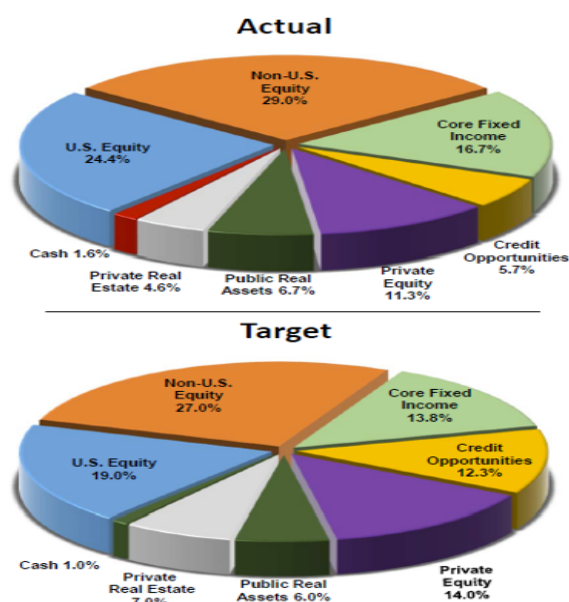
- Execute Core Fixed Income Contracts – ~~Aug~~ Jan
- Fund Core Fixed Income – ~~Sep~~ Feb

KEY INDICATORS

Refer to attached exhibits:

- Exhibit A – Investment Manager Search Schedule
- Exhibit B - Asset Class Exposure Actual versus Target
- Exhibit C - Asset Class Exposure Trend Past 12 Months
- Exhibit D - Active vs. Passive Trend Past 12 Months

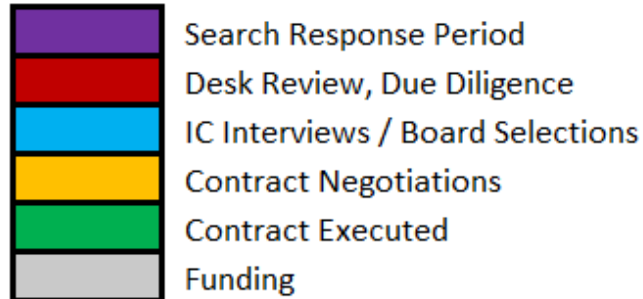
LACERS Asset Class by Market Value & Allocation
 June 30, 2020



BUSINESS PLAN INITIATIVE FY 2019-20 - DASHBOARD

Investment Manager Search Schedule
LACERS
June 30, 2020

EXHIBIT A

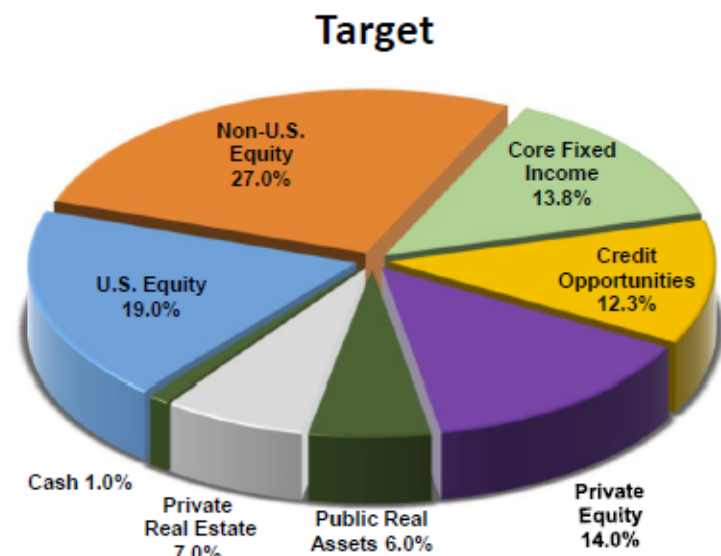
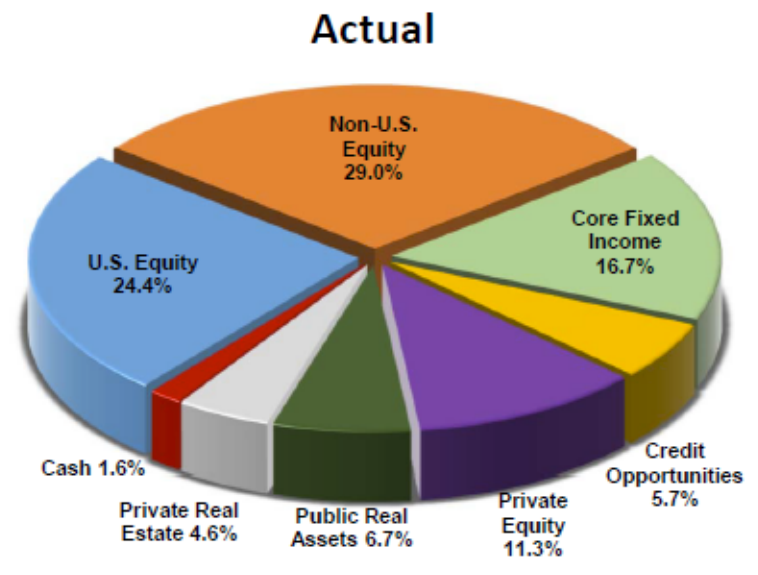


	Q4 FYE 20	Q1 FY 20-21			Q2 FY 20-21			Q3 FY 20-21	
Search	2020 JUN	2020 JUL	2020 AUG	2020 SEP	2020 OCT	2020 NOV	2020 DEC	2021 JAN	2021 FEB
Private Credit									
U.S. Small Cap Equities									
High Yield/Bank Loans									
Emerging Markets Small Cap Equities									
Emerging Market Debt									
Core Fixed Income									

LACERS Investment Portfolio

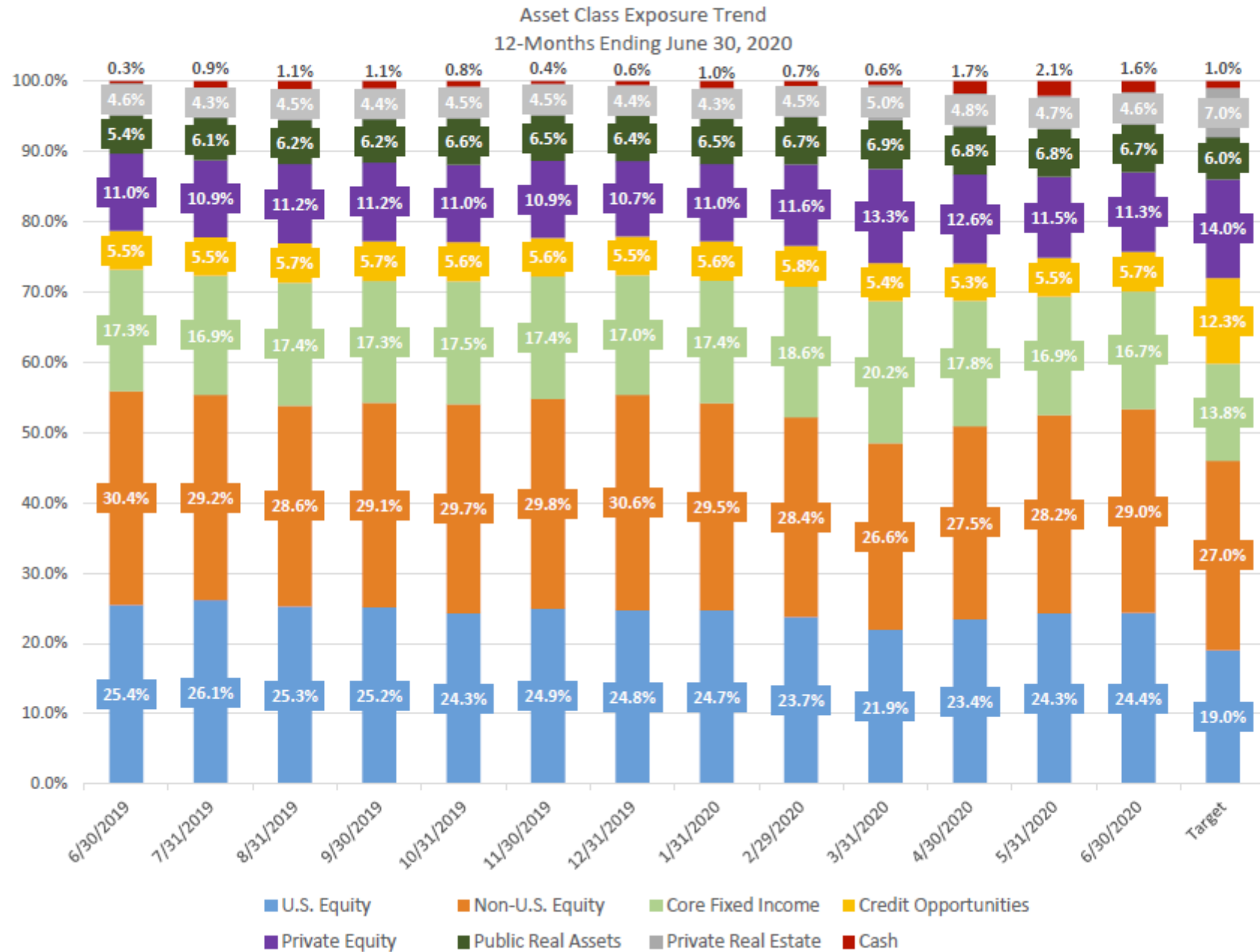
ASSET CLASS BY MARKET VALUE & ALLOCATION						
Asset Class	as of ► June 30, 2020					
	Actual (\$ B)	Actual (%)	Target (%)	Actual-Target*	Min (%)	Max (%)
U.S. Equity	4.32	24.4%	19.0%	5.4%	12.0%	26.0%
Non-U.S. Equity	5.13	29.0%	27.0%	2.0%	18.0%	36.0%
Core Fixed Income	2.96	16.7%	13.8%	3.0%	10.8%	16.8%
Credit Opportunities	1.00	5.7%	12.3%	-6.6%	8.3%	16.3%
Private Equity	1.99	11.3%	14.0%	-2.7%	N/A	N/A
Public Real Assets	1.20	6.7%	6.0%	0.7%	4.0%	8.0%
Private Real Estate	0.82	4.6%	7.0%	-2.4%	N/A	N/A
Cash	0.28	1.6%	1.0%	0.6%	0.0%	2.0%
TOTAL FUND	17.70	100.0%	100.0%	-0.1%	N/A	N/A

*Current asset allocation targets approved in April 2018. Transition to new targets in progress.



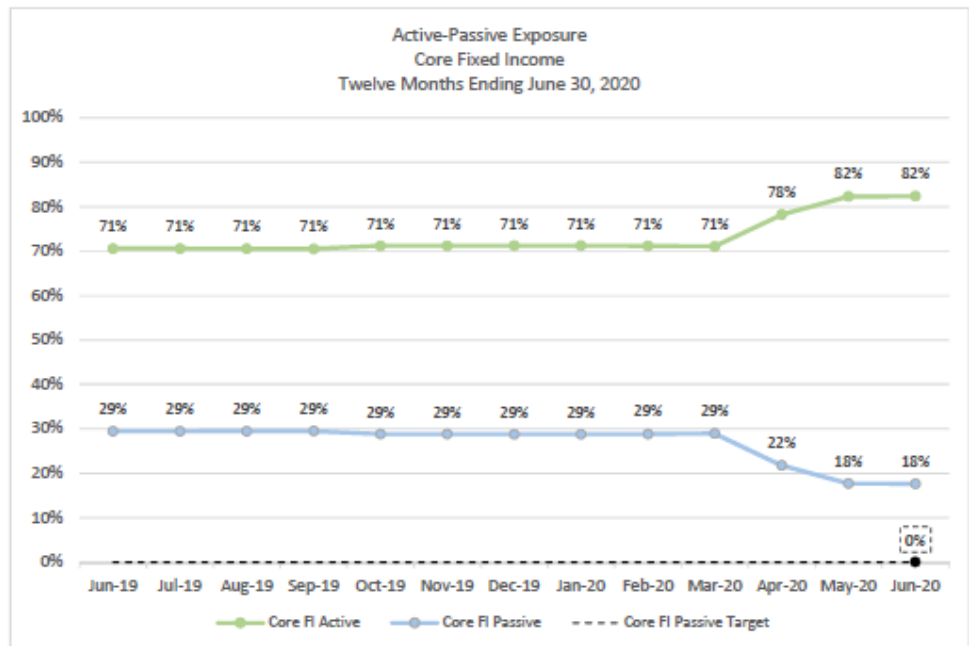
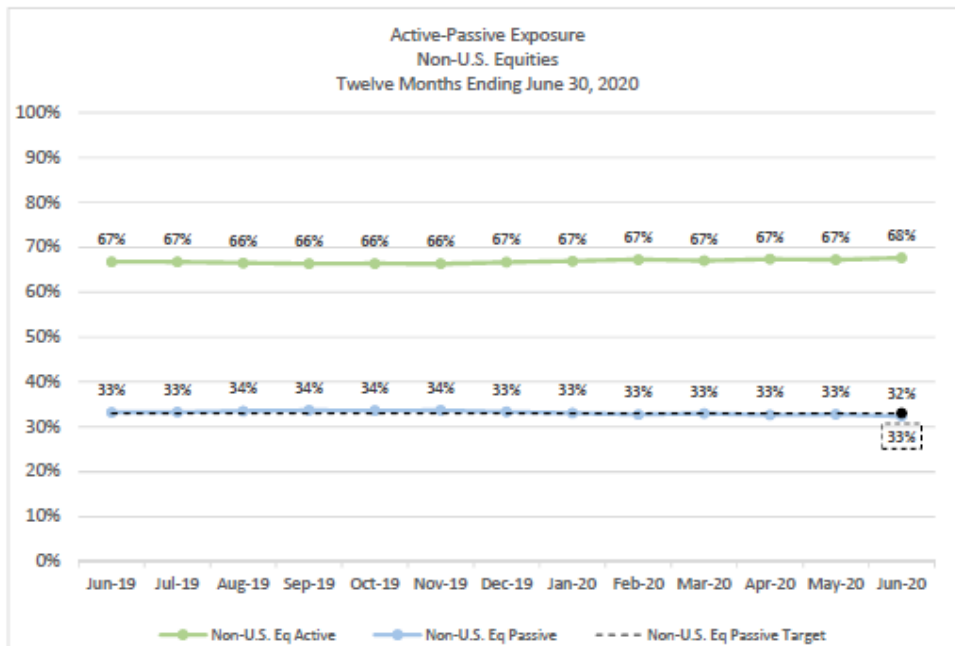
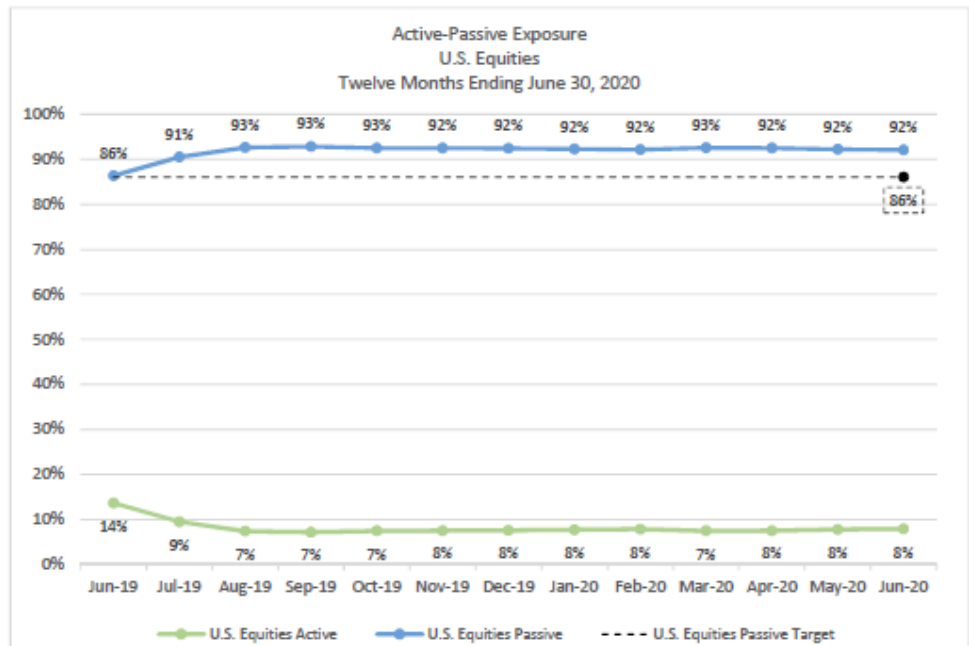
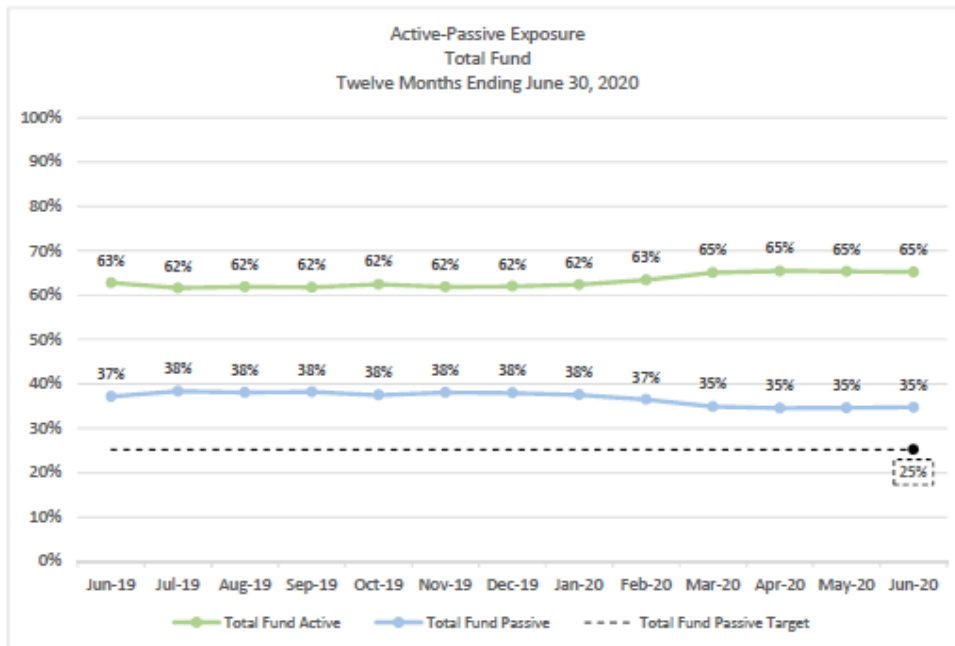
BUSINESS PLAN INITIATIVE FY 2019-20 - DASHBOARD

EXHIBIT C



BUSINESS PLAN INITIATIVE FY 2019-20 - DASHBOARD

EXHIBIT D



FISCAL YEAR END SUMMARY

2019-2020

ASSET ALLOCATION

Accomplishments

During Fiscal Year 2019-20, six investment manager searches were launched to implement the Asset Allocation Policy. Three searches were completed: Private Credit, Small Cap Equities, and High Yield and Hybrid High Yield/Bank Loans. These searches resulted in the award of contracts to 11 firms. There are three remaining searches: Emerging Markets Small Cap Equities, Emerging Markets Debt Blended Currency, and Core Fixed Income. These searches are in various stages of the competitive bidding process and have been delayed by several months due to the COVID-19 pandemic.

Pandemic Challenges & Opportunities

During the early weeks of the Mayor's Stay-at-Home Order and telecommuting, efforts were refocused from conducting searches to performing mission critical investment functions, protecting the liquidity of the investment portfolio, and identifying opportunistic investments in a volatile market. Such efforts resulted in Board approval of temporary modifications to the Investment Policy, including an increased limit on cash holdings, deferment of total fund portfolio rebalancing, and de-risking of the Securities Lending Program. The Board also approved a commitment to a Term Asset-Backed Securities Loan Facility (TALF) fund to capitalize on a temporarily dislocated asset-backed securities market.

Additionally, travel restrictions and health precautions prevented staff from conducting planned on-site due diligence meetings with semi-finalists candidates of the emerging markets equities and emerging markets debt searches. This required reconsideration of the on-site due diligence process, resulting in the implementation of video conferencing as a necessary substitute. The challenges arising from the COVID-19 pandemic have ultimately delayed completion of the Asset Allocation initiative to Fiscal Year 2020-21.

Next Steps

In light of LACERS long-term investment horizon, the delay in completion of the asset allocation is expected to have minimal impact on the total fund portfolio and the Investment Goal of optimizing the long-term expected rate of return of the Plan. Further, as required by the Board's Investment Policy, a routine asset allocation study is planned for mid-Fiscal Year 2020-21 to reassess and optimize the total fund portfolio under more recent capital market assumptions and risk-return expectations.

INITIATIVE SUMMARY

Systems and Member Engagement are co-leads on technical and business requirements/development of a new LACERS internet site focused on the following key priorities:

- A New Website with Prevailing Design
- Functionality and Usability
- Scalability (Desktop/Mobile)
- Ease of Use/Approachability
- Integration of Social Media Platforms
- Content Management System
- Supportability

BUDGET

Appropriation:	\$221,000
Expense:	(\$166,700)
Unspent:	\$54,300

KEY DEPENDENCIES/ASSUMPTIONS

- Fund availability
- Staffing resources
- Leverage existing agreement

MILESTONES / DELIVERABLES

Q1/FY20

- ✓ Design Prototype – Jul 18
- ✓ Board Presentation – Jul 23
- ✓ Design Selection – Aug 8
- ✓ Mobile & Interior Page Development – Aug 15
- ✓ Content Planning – Aug 22
- ✓ Sitemap & Information Architecture – Aug 30

Q2/FY20

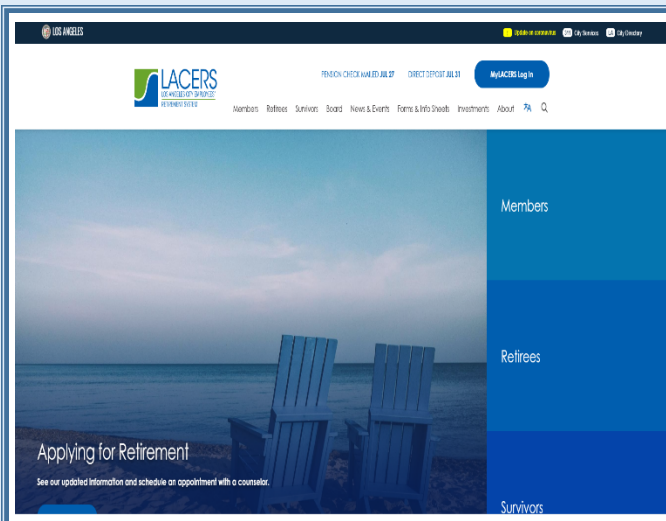
- ✓ Video Sharing Interface – Sep 1
- ✓ Marketing Platform Interface – Oct 3
- ✓ Content Review & Prioritization – Nov 25
- ✓ Content Migration & Data Conversion – Dec 31

Q3/FY20

- ✓ Train Internal Staff on New Site – Jan 8
- ✓ Sandbox Site – Jan 9
- ✓ Soft Launch – Feb 12
- ✓ User and Member Testing – Feb 12
- ✓ Surveys & Fine Tuning – Feb 19
- ✓ Penetration Testing – Feb 27
- ✓ Go Live of New Internet Site – Mar 13

Q4/FY20 – Enhanced Internet Site

- ✓ Homepage Carousel – May 1
- ✓ Content Retention & Archive – Jun 30



KEY INDICATORS

- **Refer to attached Exhibit A**
- Web Analytics (Comparison of Legacy)
 - Total Visitors
 - Most Access Pages
 - Unique Users
- Operational Efficiencies
 - Service Center Reports
 - User Administration & Maintenance
- Member Satisfaction & Ratings
 - Accessibility
 - Ease of Use
- Compliance
 - 508 & ADA
 - Penetration Testing & Security



FISCAL YEAR END SUMMARY

2019-2020

WEBSITE REDESIGN

Accomplishments

Fiscal Year 2019-20 was a year of major milestone achievements leading to the successful launch of the much-anticipated website redesign on March 13, 2020. A team of ten subject matter experts collaborated with our website vendor to take the project from prototype to production. These milestones include delivery of the design, information architecture, video streaming interface, and content publishing technology.

As part of the Strategic Goal, Customer Service, the new website provides an effective communication tool for our members. The new modernized platform improves outreach to all members agnostic of devices utilized, combined with efficiency in publishing content. Since the launch on March 13, 2020, the new website has shown an average increase of 2,380 visits per month or 23% as compared to pre-launch. Additionally, the administrative tasks have improved greatly by eliminating the manual process needed for coding and archiving web content.

The website project was well planned and took into account many of the possible issues and concerns. Primarily, there were two main challenges the project faced. The first is the

considerable efforts required to convert over five hundred (500) content pages during the busy cyclical period of the year-end and open enrollment. The second involves competing project deadlines in which members of the working teams participated in. These projects were inclusive of the initial headquarter migration, mobile deployment, cloud-based content implementation, member outreach, and cybersecurity initiatives. To overcome these challenges, staff worked diligently and initiated the content review early to minimize impact to the website project.

Overall, the new website met all key objectives and exceeded expectations from the working team. This new modernized content website has greatly increased member usage providing accessibility to all computing devices in a timely fashion considering the pandemic and the greater need for electronic information. The great partnership with the website vendor was essential toward the long-term support and enhancements of the website.

Pandemic Challenges & Opportunities

The new website was launched ahead of schedule, steering clear of any impacts from the COVID-19 pandemic. As related to the Mayor of Los Angeles City “Safer At Home” public order announced mid-March 2020, the website launch provided many benefits during

this unprecedented circumstance. With modern cloud-based technology, our web team can remotely publish content efficiently and effectively providing timely communication to members during this crisis.

Next Steps

In Fiscal Year 2020-21, LACERS shall continue to advance the website with online communication tools for our Members. These features to be explored include live webinars, virtual assistants, and SMS messaging interfaces.

Additionally, LACERS plans to deploy online calculators for benefit, health, and service buyback.

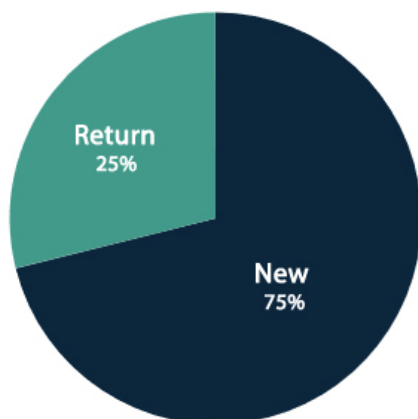
BUSINESS PLAN INITIATIVE FY 2019-20

Exhibit A

June 2020 Website Metrics

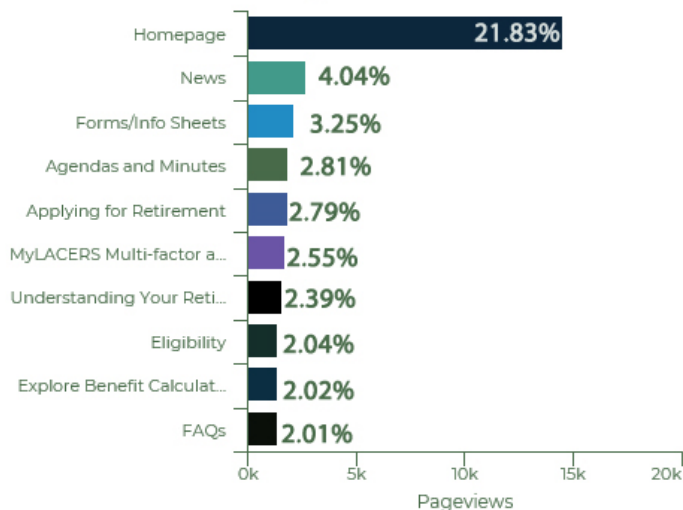
WEBSITE USERS

Total Visitors: 14,937



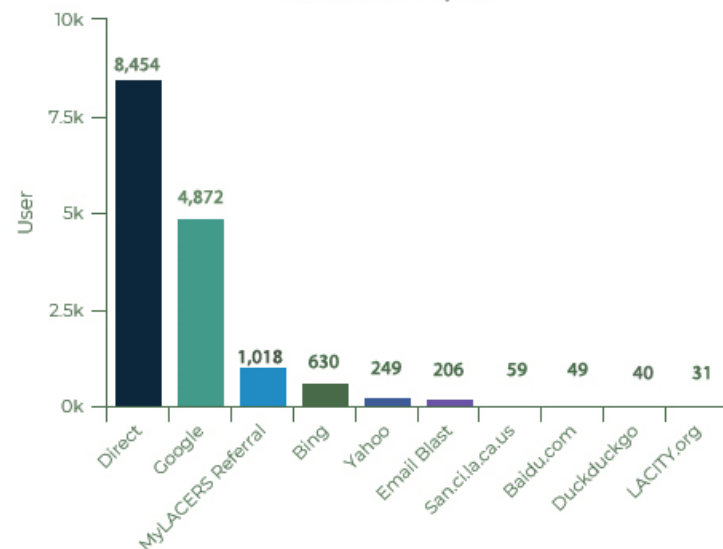
TOP ACCESS PAGES

Total Pageviews: 66,822



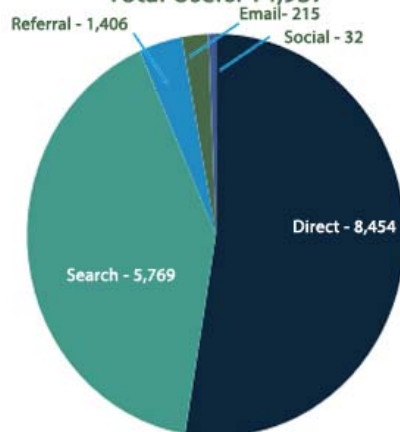
TRAFFIC SOURCE

Total Users: 14,937



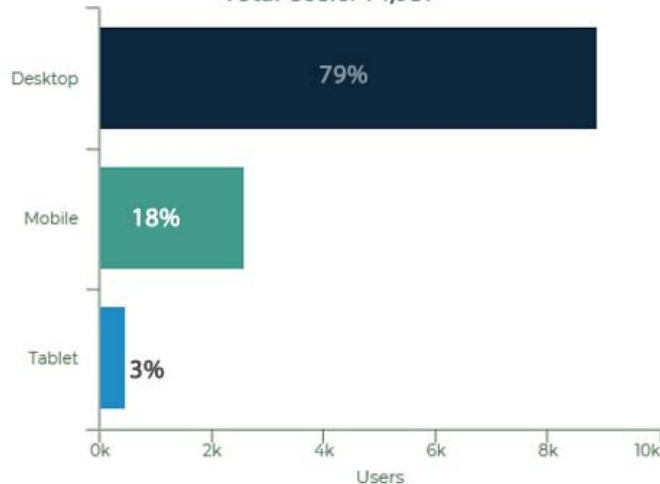
CHANNELS

Total Users: 14,937



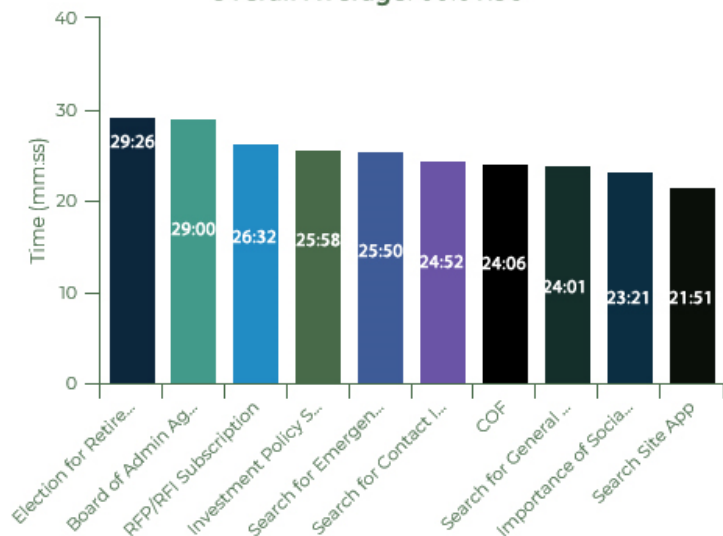
DEVICES

Total Users: 14,937



AVERAGE TIME ON PAGE

Overall Average: 00:01:36



INITIATIVE SUMMARY

Encompassing both Life Safety and Business Continuity concerns, this initiative drives LACERS' investment in emergency planning and disaster recovery, and staff's ongoing training and exercises of those plans.

BUDGET

Appropriation:	\$67,500
Expense:	(\$21,021)
Unspent:	\$46,479

KEY DEPENDENCIES/ASSUMPTIONS

- Identification of sufficient staff hours in light of the demands associated with the HQ buildout and relocation project
- Staff participants availability to attend training

MILESTONES / DELIVERABLES

Q1/FY20

- ✓ Staff Emergency Response Team CERT certification training – July
- ✓ Coop Agreement w/SFERS for server hosting – July
- ✓ Fire Evacuation Drill – Aug
- ✓ Coop Agreement w/LAFPP for alt. facilities – Aug
- ✓ Earthquake Tabletop Exercise – Sep
- ✓ Emergency payroll procedures - annual review w/Custodian bank- Sep

Q2/FY20

- ✓ Annual Earthquake Drill – Oct
- ✓ Established priority wireless cell service for key staff through Govt GETS/WPS program – Oct
- ✓ Monthly Emergency Management Team Meetings – Oct, Nov, Dec

Q3/FY20 and Q4/FY20

- ✓ Annual Submittal of Emergency Preparedness Plan to Emergency Management Dept – Jan
- ✓ MOU with Transportation and Sanitation Depts for services to Contingency Trailer site – Jan
- ✓ Performed Threat Assessment of 977 with LAPD - May

Activated the Business Continuity Plan for Pandemic Response - Mar

- ✓ Board meetings - enabled virtual meeting platform and alternate space at 977 for presenters
- ✓ Enabled Work-from-Home through implementation of major technology infrastructure & business tools
- ✓ Activated the Emergency Credit Card - Mar
- ✓ Weekly COVID-19 COOP Report to EOC
- ✓ Bi-Weekly COVID Expenditure Reports to CAO
- ✓ Prepared and submitted COVID-19 Reconstitution Plan to EMD – May & June
- ✓ Procured and deployed supplies needed for staff to work due to COVID-19
 - 800 PPEs
 - 137 Cellphones
 - 68 Laptops
 - 15 Desktops
- ✓ Sent out 15 MIR3 messages to personnel
- ✓ COVID-19 staff education – 10 instructional flyers

KEY INDICATORS

1) Evacuate all LACERS employees from Suite 500 within 4 minutes

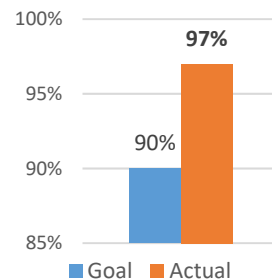
TRACKING.
 Staff was evacuated from the building in **4:09 minutes.**



2) Attendance of 2 hours of Emergency Preparedness (EP) Training by 90% of LACERS staff

ACHIEVED!

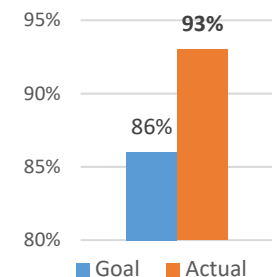
97% of staff met goal as of 6/30/20



3) Response to annual MIR3 notification test by 86% of LACERS staff

ACHIEVED!

93% of staff responded to June 2020 notice



4) Quarterly Issuance of Emergency Preparedness Tips to Staff

ACHIEVED!

ASO has distributed Tips in all 4 Quarters
 Q1: Evacuations
 Q2: Earthquakes
 Q3: LACERS Emergency Procedures
 Q4: 8 Steps to Cleaning Your Office Space

FISCAL YEAR END SUMMARY

2019-2020

EMERGENCY PREPAREDNESS

Accomplishments

Major accomplishments in FY20 include advancement of the Alternate Facilities plan with the establishment of disaster recovery agreements with Los Angeles Fire and Police Pensions (LAFPP), San Francisco Employees' Retirement System (SFERS), Los Angeles Department of Transportation (LADOT), and Los Angeles Sanitation (LASan). These agencies play a vital role in our recovery should LACERS ever be physically displaced from its brick and mortar facilities. Our mobile recovery site capabilities were expanded from one trailer with 48 workstations to two trailers with a total of 88 workstations.

In addition, LACERS developed an Emergency Plan for the building at 977 N. Broadway Building (977) purchased in October 2019. Twenty-five LACERS employee occupants received the plan inclusive of the evacuation protocol, how to respond to potential emergencies in the building, and contact information for key staff, first responders, and vendors providing services to the building.

A security assessment of 977 with Los Angeles Police Department occurred on May 20, 2020.

Ways to enhance safety at the building will be incorporated in the architectural design of the work space. A second security assessment will be performed as the construction to the building is finalized.

Pandemic Challenges & Opportunities

The importance of emergency preparedness and business continuity has been magnified in light of the COVID-19 pandemic and proven itself to be vital both to our strategic goals and to our Members who rely on our services. Planned milestones established for this initiative were replaced by urgent priorities implemented on an expedited timeline out of necessity.

New focus on the criticality of communications during an emergency motivated staff to fully engage with emergency communication protocols by actively supplying and updating their personal contact information. Further, new software and applications were introduced to help staff collaborate on-line and keep all teams informed of plans in progress while the Safer-At-Home order was in place. Department-issued cell phones were issued to all staff to facilitate communications with Members and allow for access to work emails.

Within a few weeks, remote access was made available to staff to enable the use of the pension administration system, various other enterprise applications, and documents contained in network folders.

Additional challenges due to the breadth of the crisis caused supply chain disruptions, backorders of laptops, personal protective equipment, and disinfecting supplies; time-consuming requirements to prepare reports to the Mayor, Emergency Management Department, and the City Administrative Officer.

Next Steps

While we remain in the Pandemic Crisis, health safety and social distancing will continue as the priority. Other emergency preparedness high priority activities for FY21: 1) further development of an Emergency Preparedness Plan for 977 in preparation for full staff occupancy of the new headquarters and 2) based on our pandemic experience, condensing LACERS business continuity plan into a more usable roadmap should another significant disruption to our business processes come our way.

INITIATIVE: **Multi-Channel Outreach Expansion**
 DIVISION(S)/SECTIONS: **Member Engagement, Member Service Center, Retirement Services and Health Divisions**
 STRATEGIC GOAL(S): **Customer Service and Benefits Delivery**

STATUS: **On Track**
 REPORT MONTH: **June 2020**
 LEAD(S): **Gabriel Perez/Nathan Herkelrath
Tenah Johnson-Taylor/Delia Hernandez**

INITIATIVE SUMMARY

Expand the channels that LACERS utilizes to educate and counsel Members about their retirement and benefits by:

- Multi-Channel Outreach
Leads: *Perez/Herkerlath*
 - Webinars
 - Videos
 - Podcasts
- Web Based Counseling
Leads: *Johnson-Taylor/Hernandez*
 - Additional Path of Communication in real life
 - Option for Members with Mobility Challenges
 - Available to Members in Remote Locations

BUDGET

Appropriation:	\$6,030
Expense:	(\$6,030)
Unspent:	\$0

KEY DEPENDENCIES/ASSUMPTIONS

Multi-Channel Outreach

- Staff & time resources to lead this effort
- Divisions meet timelines
- Access to Director of Innovation

Web Based Counseling

- Staff & time resources to lead this effort
- Members' use of Service
- Software Procurement

MILESTONES / DELIVERABLES

Q1/FY20 and Q2/FY20

Multi-Channel Outreach

- ✓ Kickoff Meeting with Team Members
- ✓ Team Member Survey
- ✓ Review Potential Channels and Costs

Web Based Counseling

- ✓ Assemble Team - Sep
- ✓ Core Team Meetings
- ✓ Subject Matter Expert Team Meeting – Initial
- ✓ Test Various Web Based Meeting Software
- ✓ Subject Matter Expert Team Meeting – Follow-up
- ✓ Select Software Vendor

Q3/FY20 and Q4/FY20

Multi-Channel Outreach

- ✓ Selection of Channels to Utilize
 - Webinars, Videos, Podcasts
- ✓ Prioritization of Content and Channels to Utilize

Web Based Counseling

- ✓ Core Team Meetings
- ✓ Acquiring Web Based Meeting Software – Zoom Webinar Software

Q1/FY21

Multi-Channel Outreach

- ✓ 1st Creation of Content Posted
- ✓ Post Mortem Review with Team Members

Web Based Counseling

- Core and Subject Matter Expert Team Meetings
- Develop Business Processes and Survey Mechanism
- Staff Training
- Soft Launch Campaign
- Soft Launch

Q2/FY21

Web Based Counseling

- Go Live Campaign
- Go Live

KEY INDICATORS -TBD

Multi-Channel Outreach

- Media produced for each unit within LACERS
- Engagement tracking and goals
- Ongoing surveys and improvement
- Reduction in time and cost to produce

Web Based Counseling

- Response to Surveys
- Counseling Sessions by Unit
- Appointments Scheduled
- Number of Participants
- Length of the Sessions

Multi-Channel Outreach LACERS YouTube Launched Q4/FY20

Engagement Tracking - Videos



FISCAL YEAR END SUMMARY 2019-2020

MULTI-CHANNEL OUTREACH EXPANSION

Accomplishments

Key Fiscal Year 2019-20 milestones of our BPI were reached and even accelerated forward by the COVID-19 pandemic. After selection of the ZOOM webinar software, creation of content was made available quicker than originally anticipated. Today, Members have access to both Medicare and Planning for Retirement seminars 24/7 at www.lacers.org.

Pandemic Challenges & Opportunities

Our team also adapted to the new normal brought about by COVID-19 to allow for a group webinar format which should prove useful with the Separation Incentive Program being offered by the City alongside the need for social distancing. Implementing ZOOM health and retirement counseling is a near term deliverable with practice sessions coming soon. Individual ZOOM counseling has been moved to Fiscal Year 2020-21 to place more focus on reaching larger amounts of members.

Next Steps

In alignment with the strategic plan of enhancing service to Members, we have brought additional means of communication to reality. Members have more options than ever before to learn about LACERS. As we move forward to Fiscal Year 2020-21, we will continue to bring new channels into production and provide more videos on more topics. As we continue to evolve, we may require more ZOOM accounts depending on demand for remote counseling, recording of topics, and other uses by LACERS.

INITIATIVE SUMMARY

Recruit, Retain, Mentor, Empower, and Promote a High Performing Workforce by:

- Career Path
- Recruitment Web Page
- LACERS Training Vision
- Compensation Study RFP

BUDGET

Appropriation:	\$50,000
Expense:	(\$19,999)
Unspent:	\$30,001

KEY DEPENDENCIES/ASSUMPTIONS

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

MILESTONES / DELIVERABLES

Q1/FY20 and Q2/FY20

Career Path

- ✓ Work with Personnel Department
- ✓ Benefits Specialist Bulletin change – Oct
 - Added college units and work experience
 - Changed to continuous exam, 6 month interval on trial basis
- ✓ Benefits Analyst & Senior Benefits Analyst
 - Office of the City Administrative Officer approved salary correction

LACERS Training Vision

- ✓ Revised New Employee Orientation (NEO) Kick off meeting – Nov
 - 11/25/19
 - 12/9/19
 - 12/23/19

Q3/FY20

Career Path

- ✓ Benefits Specialist exam
 - Advisory essay – Jan
 - Interview – Feb

Recruitment Web Page

- Target web content – Feb

LACERS Training Vision

- ✓ Feedback re: New NEO – Jan
- ✓ Review and update Tuition Reimbursement

Compensation Study RFP

- ✓ Develop contract for Investment staff on salary surveys in Labor Markets – Mar

Q4/FY20

Career Path

- ✓ Benefits Specialist assessment – Apr
 - 10 appointments in June/July 2020
- ✓ Benefits Analyst & Senior Benefits Analyst – Jun
 - Civil Service Commission approved the new classifications
 - Successfully transitioned 15 Management Analysts, 10 Sr. Management Analysts, and 1 Sr. Personnel Analyst II to the new classification

Recruitment Web Page

- Launch web content – May
 - Pending due to COVID & City Separation Incentive Program (CSIP)

LACERS Training Vision

- ✓ Assess changes to NEO – Apr

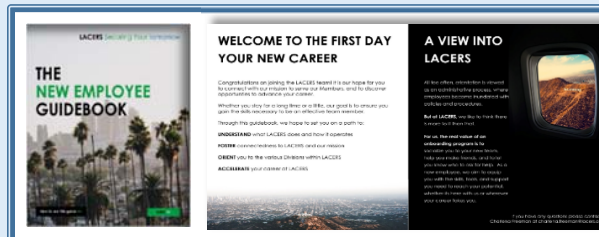
Compensation Study RFP

- ✓ Complete Study – May/June 2020
 - 12 Labor Markets identified
 - Will complete in FY 20-21

KEY INDICATORS

- Quality candidates from Benefits Specialist bulletin change resulted in 10 appointments
- New Employee Orientation (NEO): December 19, 2019 to January 9, 2020 meeting feedback results received excellent ratings
- Five out of Nine employees completed all division meetings via new NEO format 1/9/2020

	PRIOR NEO		NEW NEO		
	Q1 Day 1	Q1 Day 2	Q2	Q3	Q4
Scheduled	10	10	9	7	2
Attended	8	7	9	7	2
%	80%	70%	100%	100%	100%



FISCAL YEAR END SUMMARY

2019-2020

RECRUITMENT & RETENTION

Accomplishments

On June 25, 2020 the Civil Service Commission approved the Benefits Analyst and Senior Benefits Analyst positions for reallocation, representing the complete implementation of an effort begun in 2015 to create a special Benefits series to recruit and retain the special skillsets required for LACERS.

In addition, a career path for part-time LACERS staff into the entry-level Benefit Specialist classification was developed in collaboration with the Personnel Department. LACERS successfully added a new bulletin requirement to allow a combination of work hours and education to qualify for the Benefits Specialist exam. This change will afford as-needed employees an opportunity to compete and possibly transition into a Civil Service position once they met the minimum work hours requirement.

A candidate pool for Benefits Specialist was established in April 2020 with the certification of a new eligible list of Benefit Specialists. LACERS completed interviews in June 2020. LACERS will continue to communicate with the Personnel Department to ensure an on-going eligible list. This initiative will have a positive impact to the recruitment goal because we will be able to establish a candidate pool with specific LACERS knowledge for future Benefits Specialist exams.

Another accomplishment in Fiscal Year 2020-21, is enhancement of the New Employee Orientation (NEO) training program. The two half-day presentation was condensed to informal small group discussions with each Division accompanied by a user friendly electronic guidebook for self-study. Initial feedback indicates the new format increases participant interest and engagement, and meets the goals of socialization of new staff particularly to the culture of the organization and emphasis on the LACERS Guiding Principles.

Pandemic Challenges & Opportunities

In spite of COVID, LACERS made 10 job offers in June/July by conducting interviews via Zoom video conferencing, revamping rating sheets into electronic workbooks and utilizing a cloud-based document storage for sharing interview materials. The candidate pool came from the initial batch of applicants collected in November 2019, and established on the eligible list in April 2020. This delay was due to the pandemic. The next batch of applicants from April will most likely experience a delay in their test administration due to COVID.

The COVID pandemic placed a halt on in-person meetings. This has created challenges for coordinating group NEO. Moving forward, meetings will be conducted via Zoom. However, LACERS' role in implementing the City-wide Separation Incentive Program (CSIP) may limit staff availability to complete the NEO.

LACERS expected to launch a new Recruitment Web Page to highlight the benefits of working with the Department. The CSIP implementation will also cause a delay of this project and will be implemented in Fiscal Year 2020-21 instead.

Next Steps

For Fiscal Year 2020-21, a compensation study for Investment staff will be completed. The consultant has been identified. Salary surveys in 12 or more labor markets will be conducted in July, with an analysis and report to follow.

While the budget for training was reduced in light of the evolution of training opportunities due to the pandemic, LACERS continues to fund the Tuition Reimbursement Program.

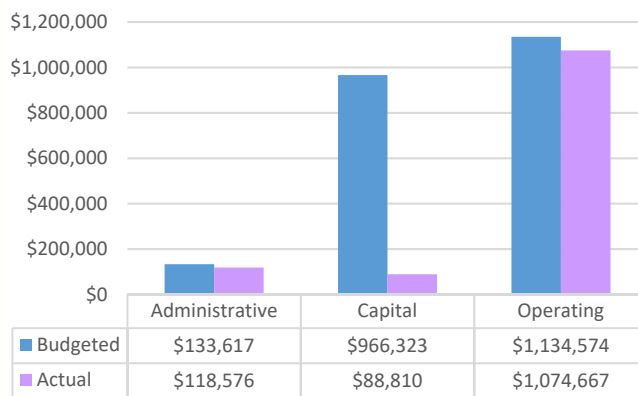
INITIATIVE SUMMARY

On October 23, 2019, 977 N. Broadway was acquired to serve as LACERS' permanent headquarters. This initiative tracks the development and implementation of the building Capital, Operating, and Occupancy Plans to remain within budget and schedule:

- Phase I – Move-in of 25 staff by 3/31/2020
- Phase II – Move-in of remaining staff

BUDGET

HQ Expenses - FY 2019-20



KEY DEPENDENCIES/ASSUMPTIONS

- Reliance on Advisors and consultants for their expertise to establish a reasonable budget and timeline
- Staffing resources & funding availability
- Board delegates budget authority to GM

MILESTONES / DELIVERABLES

Q3/FY20

Phase I Move

- ✓ Space & technology plan preparedness, specifications, procurement, installation, and policies
- ✓ Connectivity of network for necessary services
- ✓ Data migration to Box.com
- ✓ Deployment of mobile equipment
- ✓ Approval of 2nd floor design plans
- ✓ Complete Furniture procurement and set-up – Mar
- ✓ Invesco & LACERS Asset management contract – Feb
- ✓ Establishment of Parking Policy
- ✓ Move coordination and execution
- ✓ Investments & Member Engagement (ME) Divisions complete relocation – Mar 16
- ✓ Board Approval of the stub budget for expenditures through June 30, 2020 – Mar 10
- ✓ Invesco & LACERS FY20, 3rd Quarter Report – Apr 28

Q4/FY20

- ✓ Board approval of FY 2020-21 Admin, Operating, and Capital budget – Jun 9
- ✓ Begin Phase Two Planning and timeline
- ✓ Contract a building architect
- ✓ Preliminary LAPD Security Assessment
- ✓ Reconfiguration of the Loading Zone to increase loading area for vendors

KEY INDICATORS



- ✓ Complete by March 31, 2020, Phase 1 of the HQ Move to transition Investment & Member Engagement Divisions to the building
- ✓ Secure delegated authority for the GM to administer Capital and Operating budgets
- ✓ FY 2020-21 Admin, Operating, and Capital Budget approved



FISCAL YEAR END SUMMARY

2019-2020

HEADQUARTERS MOVE

Accomplishments

Since the purchase of 977 N. Broadway (977), preparations for LACERS' full occupancy have been underway beginning with installation of the information technology infrastructure and network equipment.

Phase I of the move transitioned 25 staff from the Investment and Member Engagement Divisions to 977. Efforts consisted of procurement of the equipment and supplies for the network build out, purchase of laptops and cell phones, designing furniture layouts, and leasing of furniture.

Staff transitioned to 977 on March 23, 2020, without significant interruptions to their work and the transition was on schedule and under budget. Employees experienced seamless integration with the network environment at the LACERS Times Building offices. Feedback from Investments and Member Engagement on their occupancy experience will contribute to improvements for the remainder of the staff.

Phase II of the move consists of completing various improvements under the Building Capital, Operational, and Occupancy Plans prior to occupancy by all LACERS staff. Asset

Management Advisor, Invesco, presented a Fiscal Year 2020-21 Budget to the Board in May 2020. Approval by the Board also authorized Invesco to move forward on the Building Plans. A request for proposal was conducted to select an architectural firm. Interior design will be followed by construction work to the building in FY21.

Pandemic Challenges & Opportunities

COVID-19 has also affected the project's momentum. During the initial quarantine period, supply chains were interrupted, causing equipment we ordered to take longer to receive, thereby delaying the completion of several projects at the building. Moreover, the quarantine also affected contractors' ability to find personnel to perform the work.

Moving forward, COVID-19 preventative measures have inserted itself into the design of the work space. Discussions with the team of consultants and experts aim to create a workspace that is COVID-19 resilient.

Next Steps

Phase I provided an opportunity for LACERS to gain experience in the management of various property, construction, and real estate vendors. Experience with large office space buildout is atypical to the knowledge needed at LACERS, however, after the success of Phase I, the next phase in the 977 buildout can be approached with confidence.

The coming fiscal year will be critical for this initiative as there are a great number of tasks to accomplish in order for staff to move over to 977. FY21 shall comprise of extensive architectural design efforts, inclusive of major technological activities. LACERS intends to build-out the computing infrastructure, electrical cabling, datacenter, and network environment.

APPENDIX A – BUSINESS PLAN INITIATIVE TEMPLATE

INITIATIVE: **Name of Business Plan Initiative**
 DIVISION(S)/SECTIONS: **[Division/Section Name]**
 STRATEGIC GOAL(S): **[Associated Strategic Goal Area]**

Shade the cells according to status:

Completed
 On Track
 Off Track
 Intervention Needed

STATUS: **[On Track] [Off Track]**
 REPORT MONTH: **[Reporting Month][Year]**
 LEAD(S): **[First and Last Names]**

INITIATIVE SUMMARY

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

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

BUDGET

Appropriation:	\${Whole Dollars}
Expense:	\${Whole Dollars}
Unspent:	\${Whole Dollars}

[Add budget notes here]

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

KEY DEPENDENCIES/ASSUMPTIONS

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

MILESTONES / DELIVERABLES

Q1/FY20

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

Q2/FY20

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

Q3/FY20

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

Q4/FY20

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

ISSUES/CHALLENGES

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

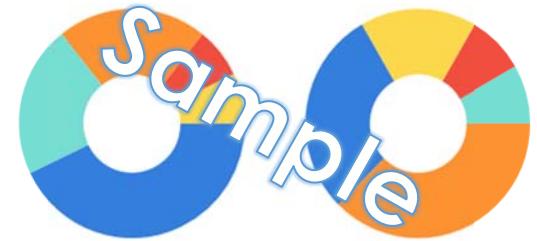
KEY INDICATORS

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

Survey Feedback

"How helpful was this medical section for you?"

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



EXECUTIVE ACTION ITEMS

- Sitemap review and approval
- Content administration roles & responsibilities

Side bar represents the status over the months in the FY. Change the color accordingly.

SEP

OCT

NOV

DEC

JAN

FEB

MAR

APR

MAY

JUN

REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guglielmo, General Manager

MEETING: JULY 28, 2020

ITEM: X – B

Neil M. Guglielmo

**SUBJECT: APPROVAL OF AMENDMENT TO CONTRACT WITH NOSSAMAN LLP FOR
INVESTMENT COUNSEL SERVICES AND POSSIBLE BOARD ACTION**

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

Recommendation

That the Board:

1. Approve an amendment to the contract with Nossaman LLP to increase the authorized expenditure by an additional \$750,000 for the final year of the two-year contract.
2. Authorize the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Executive Summary

On May 28, 2019, the Board approved a two-year extension of the investment and real estate counsel contract with Nossaman LLP. This extension, beginning on June 16, 2019 and ending on June 15, 2021, allows a maximum annual expenditure of \$200,000 (a total of \$400,000 for the two-year term of the extension). During the first year of the extension, LACERS' demand for specialized legal services was significantly higher than expected due to multiple unanticipated items, including the acquisition of the new LACERS headquarters, private credit contract negotiations, lease negotiations for the current headquarters, higher transaction volume and increasing complexity of private investments, and an increased level of contract amendments from existing private equity relationships. The requested increase is needed to cover unpaid expenses incurred in the first year of the contract and projected expenses for the second year.

Discussion

Pursuant to City Charter Section 275, the City Attorney's Office has utilized specialized outside counsel for many years to assist in providing expert real estate and investment advice to LACERS and the other City pension plans. Nossaman LLP (Nossaman) has served as outside investment and real estate counsel to the Board for over a decade. Expenditures for these legal services are necessary in order complete the contracts necessary to consummate the aforementioned investments.

The contract review process is conducted on a project basis, and initiated by a staff request to outside legal counsel for a not-to-exceed estimate (or fee cap). The City Attorney's Office approves the scope of work and bid estimate prior to work being initiated by outside legal counsel. In some cases, legal costs are shared among the City pension plans investing in the same fund or strategy.

On June 14, 2016, the Board authorized the General Manager to approve and execute a contract with Nossaman for a three-year term beginning on June 16, 2016 and ending on June 15, 2019 for annual expenditures of \$325,000.

Prior to the June 15, 2019 expiration of the contract, the Board at their meeting of May 28, 2019 approved the extension of Nossaman's contract for a two-year term beginning on June 16, 2019 and ending on June 15, 2021. In light of the average annual legal expense incurred during the first three years of the contract, the extension authorized a \$200,000 annual spending limit equaling \$400,000 over the two-year term.

Despite the two-year contract extension, LACERS' demand for investment and real estate legal counsel services has been higher than originally anticipated as a result of the following transpired events and transactions:

- The acquisition of the new LACERS headquarters building at 977 N. Broadway and lease negotiations for the current headquarters at 202 W. First Street.
- Higher transaction volume in the real estate and private equity asset classes resulting from an increased 2% allocation to the target ranges approved by the Board on April 10, 2018.
- Increasing complexity of transactions related to international private equity and real estate transactions.
- An elevated level of contract amendments from existing private equity relationships, particularly for funds nearing end-of-life.

During the first year of the extension period (June 16, 2019 to June 15, 2020), legal expenses totalled approximately \$433,000, exceeding the contract's annual expenditure limit by \$233,000 and the total two-year expenditure limit by \$33,000.

Further review of anticipated real estate and investment events and transactions reflect additional legal counsel expenditures for the remainder of the contract period:

- Contracts relating to capital projects and lease negotiations at 977 N. Broadway.
- Negotiation of contracts with the three managers hired for the private credit mandate.
- Increasing focus on real estate and private equity contracts resulting in a higher overall volume.
- Fewer opportunities to share private equity legal expenses with other City pension plans due to private equity consultant change.

A revised total spending limit has been calculated based on a budget of future real estate and investment-related transactions as presented in the following table:

Category	Anticipated Expenses
Private Equity Funds (20 funds at \$17,500 each & Most Favored Nation review)	\$380,000
Real Estate Funds (3 funds at \$20,000 each)	\$60,000
Private Credit Funds (3 funds at \$40,000 each)	\$120,000
977 N. Broadway	\$114,000
Outstanding FY 19-20 Expenses	\$33,000
Buffer	\$43,000
Total	\$750,000

In order to pay Nossaman the remaining balance of \$33,000 for work performed during the first year of the contract extension and for billable work performed during the remaining term of the contract ending on June 15, 2021, and anticipated legal expenses through June 15, 2021, staff requests Board approval to amend the contract extension by an additional \$750,000.

Strategic Plan Impact Statement

The additional funds for legal expenses will allow LACERS to effectively manage legal and operational risks for private market investments (private equity, private real estate, and private credit), which is expected to help LACERS optimize long-term risk adjusted investment returns (Goal IV).

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

RJ/BF/WL/CH/RK:jp

Attachment: 1. Proposed Resolution

CONTRACT AMENDMENT
NOSSAMAN LLP
INVESTMENT LEGAL SERVICES

PROPOSED RESOLUTION

WHEREAS, the current two-year extension contract with Nossaman LLP (Nossaman) for investment legal services became effective on June 16, 2019 and expires on June 15, 2021; and,

WHEREAS, the current two-year extension contract with Nossaman allows an annual expenditure of \$200,000; and,

WHEREAS, legal expenditures were approximately \$433,000 during the first year of the contract term and are expected to increase significantly in the second year of the contract term due to unanticipated demand for specialized legal services such as the acquisition of the new LACERS' headquarters and increased private markets activity; and,

WHEREAS, a contract amendment with Nossaman will allow for continued investment legal services for LACERS' headquarters and private markets investments; and,

WHEREAS, on July 28, 2020, the Board approved an amendment to the contract with Nossaman to increase authorized expenditures by an additional \$750,000 for the final year of the two-year contract.

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

<u>Company Name:</u>	Nossaman LLP
<u>Service Provided:</u>	Investment Legal Services
<u>Effective Dates:</u>	June 16, 2020 through June 15, 2021
<u>Maximum Expenditure Amount:</u>	\$750,000

July 28, 2020



REPORT TO BOARD OF ADMINISTRATION

From: Investment Committee

Sung Won Sohn, Chair
Elizabeth Lee
Nilza R. Serrano

MEETING: JULY 28, 2020

ITEM: X – C

SUBJECT: INVESTMENT MANAGER CONTRACT WITH AXIOM INTERNATIONAL INVESTORS, LLC REGARDING THE MANAGEMENT OF AN ACTIVE EMERGING MARKETS GROWTH EQUITIES PORTFOLIO AND POSSIBLE BOARD ACTION

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

Recommendation

That the Board:

1. Approve a change in Axiom International Investors, LLC's benchmark from the MSCI Emerging Markets Growth Index to the MSCI Emerging Markets Index.
2. Approve a one-year contract extension with Axiom International Investors, LLC for management of an active emerging markets growth equities portfolio.
3. Authorize the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Discussion

On July 14, 2020, the Investment Committee considered the attached staff report (Attachment 1) recommending a benchmark change and a one-year contract extension with Axiom International Investors, LLC (Axiom). Axiom has managed an active emerging markets growth equities portfolio for LACERS since April 2014; the current contract expires on December 31, 2020. As of June 30, 2020, LACERS' portfolio was valued at \$464 million. Axiom is currently on "On Watch" status for underperformance relative to the benchmark, pursuant to the LACERS Manager Monitoring Policy. Based on an analysis presented by staff, Axiom's current benchmark, the MSCI Emerging Markets Growth (MSCI EM Growth) Index, is highly concentrated in three stocks, which collectively represent about 34% of the index; this concentration drives benchmark performance and increases risk. Staff and NEPC, LLC (NEPC) recommend changing the benchmark to a more diversified benchmark, the MSCI

Emerging Markets (MSCI EM) Index. This benchmark would better reflect the risk-return profile of Axiom's strategy as governed by LACERS' investment management guidelines.

The Committee inquired about the history of the MSCI EM Growth Index's concentration as well as Axiom's fees. Based on the discussion and responses by staff and NEPC, the Committee concurs with the staff recommendations. Should the Board approve the benchmark change and the contract extension, staff would implement the benchmark change effective as of close of business on July 31, 2020. Staff and NEPC would also extend Axiom's watch status to July 31, 2021 in order to monitor Axiom for consistency with its stated growth strategy and the portfolio's performance in light of the benchmark change.

Strategic Plan Impact Statement

A contract extension with Axiom will allow the fund to maintain a diversified exposure to emerging markets growth equities, which is expected to help optimize long-term risk adjusted investment returns (Goal IV). The discussion of the investment manager's profile, strategy, performance, and management fee structure is consistent with Goal V (uphold good governance practices which affirm transparency, accountability, and fiduciary duty).

Prepared By: Ellen Chen, Investment Officer I, Investment Division

RJ/BF/EC:jp

Attachments: 1. Investment Committee Recommendation Report dated July 14, 2020
 2. Proposed Resolution



LACERS
LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM

Board Meeting: 07/28/20
Item X-C
Attachment 1



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

MEETING: JULY 14, 2020
ITEM: IV

Neil M. Guglielmo

SUBJECT: INVESTMENT MANAGER CONTRACT WITH AXIOM INTERNATIONAL INVESTORS, LLC REGARDING THE MANAGEMENT OF AN ACTIVE EMERGING MARKETS GROWTH EQUITIES PORTFOLIO AND POSSIBLE COMMITTEE ACTION

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

Recommendation

That the Committee recommend to the Board:

1. A change in Axiom International Investors, LLC's benchmark from the MSCI Emerging Markets Growth Index to the MSCI Emerging Markets Index.
2. A one-year contract extension with Axiom for management of an active emerging markets growth equities portfolio.

Executive Summary

Axiom International Investors, LLC (Axiom) has managed an active emerging markets growth equities portfolio for LACERS since April 2014. LACERS' portfolio is currently valued at \$424 million as of May 31, 2020. Axiom was placed "On Watch" for an initial one-year period effective April 17, 2019 due to performance. Due to a high concentration in three stocks in the existing MSCI Emerging Markets Growth (MSCI EM Growth) Index, which skews benchmark performance and increases risk, staff and NEPC, LLC (NEPC) recommend changing the benchmark to the MSCI Emerging Markets (MSCI EM) Index. In light of Axiom's continued "On Watch" status and consistent with the LACERS Manager Monitoring Policy, staff and NEPC recommend a one-year contract extension.

Discussion

Background

Axiom has managed an active emerging markets growth equities portfolio for LACERS since April 2014, and is benchmarked against the MSCI EM Growth Index. Axiom uses a fundamental research-based investment strategy that focuses on companies exhibiting key growth drivers, such as company-specific improvements and favorable macroeconomic and political factors. Such drivers tend to be indicators of positive company financial and stock price performance. The investment team consists of six

professionals including co-portfolio managers Christopher Lively and Don Elefson, who have 33 and 37 years of experience, respectively.

Axiom was hired through the 2013 Active Emerging Market Growth Equities manager search process and a three-year contract was authorized by the Board on July 23, 2013. Axiom was awarded a contract renewal on September 27, 2016 and a one-year extension on July 23, 2019. The current contract expires on December 31, 2020.

Organization

Axiom is 100% employee-owned, with 50 employees, and is headquartered in Greenwich, Connecticut. As of May 31, 2020, Axiom managed over \$13 billion in total assets with \$5.9 billion in the emerging markets growth equities strategy.

Due Diligence

Axiom's organizational structure, investment philosophy, strategy, and process have not changed over the one-year contract extension period.

Performance

As of May 31, 2020, Axiom has underperformed the MSCI EM Growth Index over all time periods as presented in the table below.

Annualized Performance as of 5/31/20 (Net-of-Fees)						
	3-Month	1-Year	2-Year	3-Year	5-Year	Since Inception ¹
Axiom	-4.07	4.12	-3.43	2.43	2.73	2.85
MSCI EM Growth Index	-3.42	7.45	-2.67	3.72	3.91	3.84
% of Excess Return	-0.65	-3.33	-0.76	-1.29	-1.18	-0.99

¹Inception Date: 4/11/14

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

Calendar Year Performance as of 5/31/20 (Net-of-Fees)							
	1/1/20 - 5/31/20	2019	2018	2017	2016	2015	4/11/14- 12/31/14
Axiom	-11.35	24.70	-17.64	40.56	8.40	-12.44	-2.01
MSCI EM Growth Index	-9.95	25.10	-18.26	46.80	7.59	-11.34	-2.24
% of Excess Return	-1.40	-0.40	0.62	-6.24	0.81	-1.10	0.23

Pursuant to the LACERS Manager Monitoring Policy (Policy), Axiom was placed on "On Watch" status for an initial one-year period effective April 17, 2019. The following Policy watch list criteria triggered the "On Watch" status based on the performance as of March 31, 2019.

1. Annualized net underperformance relative to its benchmark for trailing 3 years.
2. Annualized net underperformance relative to its benchmark for trailing 5 years.
3. Annualized net Information Ratio trailing 5 years relative to its benchmark is below .20.

Based on performance as of March 31, 2020, Axiom continued to trigger the same three Policy criteria. Accordingly, staff and NEPC extended Axiom's "On Watch" status for another one-year period effective April 18, 2020.

Benchmark Concentration and Risk

To further understand Axiom's underperformance relative to the MSCI EM Growth Index, staff and NEPC conducted an attribution analysis which revealed a high benchmark concentration in three secular growth stocks: Alibaba Group, Tencent, and Taiwan Semiconductor. Of the 551 stocks in the benchmark, these three stocks collectively comprise about a 34% weight in the benchmark and have driven 99% of benchmark's cumulative three-year performance return (i.e., these stock have produced 11.56% of the benchmark's 11.63% total return, while the remaining stocks in the index have produced 0.07% of the benchmark return, as presented in the following attribution table). LACERS' investment management guidelines specifically limit individual stock holdings to 5% of the portfolio's market value at time of purchase to control risk and ensure sufficient diversification among holdings. This guideline has required Axiom to limit total exposure to Alibaba Group, Tencent, and Taiwan Semiconductor to about half of their current total benchmark weight as illustrated in the table below. As of May 31, 2020, Axiom's total exposure to these three stocks was about 18% of the portfolio, whereas the same three stocks represented about 34% of the index. Over the time period presented in the table, Axiom's underweight to these stocks has contributed a -3.73% cumulative excess return relative to the benchmark, which is more than the cumulative portfolio underperformance of -1.54%. Alternatively stated, Axiom's compliance with LACERS' guidelines has accounted for all of Axiom's underperformance relative to the benchmark.

Los Angeles City Employees' Retirement System vs. MSCI Emerging Markets Growth Attribution of 3 stocks where guideline restriction accounted for more than the overall fund underperformance 3/31/2017-5/31/2020

	LACERS			MSCI EM Growth			Variation			Attribution Analysis		
	Ending Weight	Total Return	Contrib. To Return	Ending Weight	Total Return	Contrib. To Return	Variation in Ending Weight	Total Return Difference	Contrib. To Return Difference	Allocation Effect	Selection + Interaction	Total Effect
Total	100.00	10.10	10.10	100.00	11.63	11.63	—	-1.54	-1.54	-0.21	-1.32	-1.54
Alibaba	6.32	69.46	2.70	14.35	69.35	4.71	-8.03	0.11	-2.01	-1.58	0.00	-1.57
Tencent	6.41	55.32	2.40	11.18	55.39	3.89	-4.77	-0.06	-1.49	-1.30	-0.01	-1.31
Taiwan Semiconductor	5.45	56.92	2.08	8.83	59.25	2.96	-3.37	-2.32	-0.88	-0.54	-0.31	-0.85
Sum	18.18			34.36			-16.17					-3.73

Portfolio guidelines limit each stock to a max 5% position at time of purchase.

3 highly concentrated stocks
Compose more than 34% of MSCI
EMG benchmark.

Relative underweight per guideline restrictions.

Relative underperformance due to
the 3 stocks.

Source: Factset

At the time of Axiom's hiring in 2014, the MSCI EM Growth Index was sufficiently diversified to be a suitable benchmark by which to gauge Axiom's performance. The following table illustrates the growing concentration of Alibaba Group, Tencent, and Taiwan Semiconductor in the LACERS account and the MSCI EM Growth Index, since inception of the account.

	6/30/2014	5/31/2020
Axiom LACERS Account	8.89%	18.18%
MSCI EM Growth	15.86%	31.48%

Staff, NEPC, and Axiom agree that the benchmark's current three stock concentration exposes the benchmark to an imprudent level of risk and that LACERS' guidelines continue to provide appropriate diversification risk controls for Axiom's strategy. To properly reflect the risk-return profile of Axiom's strategy imposed by LACERS guidelines, staff and NEPC recommend changing Axiom's benchmark to the MSCI Emerging Markets (MSCI EM) Index, a diversified index consisting of 1,403 emerging market stocks (the MSCI EM Growth Index is a subset of this index). Such a change would reduce the benchmark concentration risk; the aforementioned stocks account for only 17% of the MSCI EM Index versus 34% for the MSCI EM Growth benchmark. A benchmark change would have no impact on Axiom's process for identifying growth stock opportunities. In fact, it would more accurately reflect Axiom's approach of finding opportunities across a broad range of sectors as Axiom's process begins with the MSCI EM Index as the universe from which to source ideas. Exhibit 1 of Attachment 1 compares the sector allocations of the LACERS account relative to the MSCI EM and EM Growth Indices.

Comparing Axiom's performance to the more diversified MSCI EM Index, Axiom has outperformed over all annualized time periods and most calendar year periods as presented in the tables below. Axiom's performance relative to the MSCI EM Index does not trigger the watch criteria of the Policy.

Annualized Performance as of 5/31/20 (Net-of-Fees)						
	3-Month	1-Year	2-Year	3-Year	5-Year	Since Inception ¹
Axiom	-4.07	4.12	-3.43	2.43	2.73	2.85
MSCI EM Growth Index	-3.42	7.45	-2.67	3.72	3.91	3.84
% of Excess Return	-0.65	-3.33	-0.76	-1.29	-1.18	-0.99
MSCI EM Index	-6.95	-4.39	-6.55	-0.15	0.87	0.98
% of Excess Return	2.88	8.51	3.12	2.58	1.86	1.87

¹Inception Date: 4/11/14

Calendar Year Performance as of 5/31/20 (Net-of-Fees)							
	1/1/20 - 5/31/20	2019	2018	2017	2016	2015	4/11/14- 12/31/14
Axiom	-11.35	24.70	-17.64	40.56	8.40	-12.44	-2.01
MSCI EM Growth Index	-9.95	25.10	-18.26	46.80	7.59	-11.34	-2.24
<i>% of Excess Return</i>	<i>-1.40</i>	<i>-0.40</i>	<i>0.62</i>	<i>-6.24</i>	<i>0.81</i>	<i>-1.10</i>	<i>0.23</i>
MSCI EM Index	-15.96	18.42	-14.57	37.28	11.15	-14.92	-3.89
<i>% of Excess Return</i>	<i>4.61</i>	<i>6.28</i>	<i>-3.07</i>	<i>3.28</i>	<i>-2.75</i>	<i>2.48</i>	<i>1.88</i>

Further, with the exception of LACERS, all of Axiom's Emerging Markets Equity clients use either the MSCI EM Index or a custom index based off the MSCI EM Index. None use the MSCI EM Growth Index due to the concentration issue. As of June 25, 2020, Axiom currently has 11 other public fund clients invested in the strategy, totaling \$2.3 billion in AUM.

Should the Committee and Board approve a benchmark change and contract extension, staff would implement the benchmark change effective as of close of business on July 31, 2020. Staff and NEPC would also extend Axiom's watch status to July 31, 2021 in order to monitor Axiom for consistency with its stated growth strategy and the portfolio's performance in light of the benchmark change.

Fees

LACERS pays Axiom an effective fee of 62 basis points (0.62%), which is approximately \$2.6 million annually based on the value of LACERS' assets as of May 31, 2020. This fee ranks in the 23rd percentile among its peers in the eVestment Global Emerging Markets All Cap Growth Equity Universe (i.e. Axiom's fee is lower than 77% of peers).

General Fund Consultant Opinion

NEPC concurs with these recommendations.

Strategic Plan Impact Statement

A benchmark change and contract extension with Axiom will allow the fund to maintain a diversified exposure to the non-U.S. equities emerging markets, which is expected to help optimize long-term risk adjusted investment returns (Goal IV). The discussion of the investment manager's profile, strategy, performance, and management fee structure are consistent with Goal V (uphold good governance practices which affirm transparency, accountability, and fiduciary duty).

Prepared by: Ellen Chen, Investment Officer I, Investment Division

RJ/BF/EC:jp

Attachments: 1. Consultant Recommendation – NEPC, LLC



To: Los Angeles City Employees' Retirement System Investment Committee
From: NEPC, LLC
Date: July 14, 2020
Subject: Axiom Investors - Contract extension and benchmark change

Recommendation

NEPC recommends the Los Angeles City Employees' Retirement System ('LACERS') change the portfolio's benchmark to the MSCI Emerging Markets Index from the MSCI Emerging Markets Growth Index. NEPC also recommends that LACERS extend the contract that is currently in place with Axiom Investors ('Axiom') for a period of one year from the date of contract expiry.

Background

Axiom was hired on April 11, 2014 to provide the Plan with public equity exposure across emerging markets. The portfolio's strategy is benchmarked against the MSCI Emerging Markets Growth Index and has a performance inception date of May 1, 2014.

As of May 31, 2020, Axiom managed \$424.3 million, or 2.4% of Plan assets in an international emerging markets separately managed account. The performance objective is to outperform the benchmark, net of fees, annualized over a full market cycle (normally three-to-five years). The account is currently on Watch due to performance under the LACERS' Manager Monitoring Policy.

Axiom has requested a benchmark change from the MSCI Emerging Markets Growth Index to the broader MSCI Emerging Markets Index. Axiom lists the preferred benchmark for the portfolio as the broader MSCI Emerging Markets Index and uses the broader index as the starting point in constructing the portfolio. Axiom's investment process identifies stocks based on positive earnings growth, positive earnings estimate revisions, positive price movement and favorable valuation characteristics which results in a 'growth' oriented portfolio.

As of March 31, 2020, Axiom's portfolio weights compared to the MSCI Emerging Markets Index and the MSCI Emerging Markets Growth Index are shown in Exhibit 1 below.



Exhibit 1

GICS Sector	Portfolio Weight	MSCI EM Index	Excess Weight	MSCI EM Growth Index Weight	Excess Weight
Energy	6.7%	7.4%	-0.7%	2.5%	4.2%
Materials	3.7%	7.3%	-3.7%	4.2%	-0.5%
Industrials	6.2%	5.3%	0.9%	4.6%	1.5%
Consumer Discretionary	16.6%	14.3%	2.3%	22.0%	-5.4%
Consumer Staples	7.4%	6.2%	1.2%	9.3%	-1.8%
Health Care	2.6%	2.7%	-0.1%	3.9%	-1.4%
Financials	24.5%	24.5%	0.0%	14.9%	9.7%
Information Technology	20.0%	15.6%	4.3%	20.4%	-0.4%
Communication Services	10.2%	11.0%	-0.8%	14.9%	-4.8%
Utilities	0.0%	2.6%	-2.6%	2.0%	-2.0%
Real Estate	2.0%	3.0%	-1.0%	1.4%	0.6%
Unclassified	0.2%	0.0%	0.2%	0.0%	0.2%

When Axiom was hired, the MSCI Emerging Markets Growth index was much less concentrated than it is today and therefore it was more acceptable as a performance benchmark for the Axiom portfolio. To demonstrate how the benchmark has changed over time, Exhibit 2 provides a list of the top ten names in the MSCI Emerging Markets Growth at the time LACERS hired Axiom versus today. As of 3/31/2014, the top ten names in the index represented 27% of the total index, while as of April 30, 2020 the top ten names represented 44.5% of the index. In comparison, the concentration in the top ten names in the broader index for similar time periods was 16.4% and 28.1%.

We first started discussing the concentration in the benchmark with Axiom in 2017. Given that the concentration in the growth index has become much worse and our belief that the restriction in LACERS' investment guidelines (i.e., maximum amount in any one stock to be less than 5%) should remain in place to ensure reasonable diversification, we believe that a benchmark change is warranted for the portfolio. We do not believe that Axiom will change their investment style just because the benchmark is different.

Exhibit 2:

31-Mar-14		April 30 2020	
Asset Name	Weight (%)	Asset Name	Weight (%)
SAMSUNG ELECTRONICS CO LTD	7.26%	ALIBABA GROUP HOLDING	12.47%
TAIWAN SEMICONDUCTOR MANUI	4.99%	TENCENT HOLDINGS LTD	10.92%
TENCENT HOLDINGS LTD	3.70%	TAIWAN SEMICONDUCTOR MANUFACT (8.93%
NASPERS	2.27%	SAMSUNG ELECTRONICS CO LTD	4.51%
ITAU UNIBANCO HOLDING SA	1.96%	NASPERS	2.49%
AMBEV SA	1.84%	SK HYNIX INC	1.33%
CNOOC LTD	1.40%	JD.COM INC	1.13%
SBERBANK ROSSII PAO	1.34%	SBERBANK ROSSII PAO	1.02%
HOUSING DEVELOPMENT FINANCE	1.14%	NETEASE INC	0.87%
CHINA LIFE INSURANCE CO LTD	1.10%	ICICI BANK LTD	0.86%



We believe that by changing Axiom's benchmark, you will have a benchmark that is fair and not overly concentrated in a few names. Additionally, Axiom will have the ability to express a positive view on a large benchmark-weighted name and remain in-line with LACERS' guidelines. Some of the drawbacks of continuing to use the growth benchmark is that Axiom's performance relative to the benchmark will be primarily determined by the performance of a handful of names (i.e., Alibaba Group, Tencent, and Taiwan Semiconductor). There may be times when there is meaningful dispersion in the Axiom portfolio versus the benchmark and it will have nothing to do with Axiom's skill as an investment manager and everything to do with poor benchmark construction. To our knowledge, LACERS is the only client who has requested that Axiom use the growth version of the emerging markets benchmark. We do not want the firm to manage your account any differently than how they manage their other clients' portfolios.

Axiom is an independent employee-owned investment management firm founded in 1998 by Andrew Jacobson. As of March 31, 2020 the firm had \$11.1 billion in assets under management and had 50 employees. Prior to forming Axiom, the investment team was responsible for developing and managing the international equity strategy at Columbus Circle Investors, a division of PIMCO Advisors LP. The Axiom Emerging Markets team is led by Chris Lively and co-portfolio manager Donald Elefson. José Morales joined the firm in 2017 as a portfolio manager. The portfolio managers split the emerging markets by region. Chris Lively retains final buy and sell authority, and ultimately decides portfolio positioning and stock weightings. The team also leverages a shared research platform across all of Axiom's non-U.S. equity products.

The Axiom investment philosophy is to invest in quality companies that are growing and evolving better and more rapidly than expected. Critical to the investment process is the ability to identify these changes in growth, prior to them being reflected in expectations or market valuations. Axiom employs a bottom-up, growth-oriented investment discipline that relies on detailed fundamental stock analysis to identify companies that are improving more quickly than generally expected. The primary emphasis is to isolate those companies that are likely to exceed expectations, which they do by identifying and monitoring the key business drivers of each stock. Key business drivers are essentially the leading indicators of stock price performance. Key drivers can include company specific, industry, macroeconomic and political factors. For each of these drivers, they survey a wide variety of sources to determine investor expectations.

The universe is defined as securities that have a minimum market cap of \$1.0 billion, are covered by 1 or more brokerage analysts and have liquidity of over \$5 MM/day. About 80% of Axiom's new ideas are typically identified as a consequence of specific, positive, fundamental developments in a company's operations (e.g., favorable sales of a new product, a significant restructuring initiative or a change in industry conditions). Axiom also screens the investment universe on a variety of financial and technical factors to help identify new ideas for further detailed fundamental analysis. These factors include positive earnings growth, positive earnings estimate revisions, positive price movement and favorable valuation characteristics.



Performance

Referring to Exhibit 3, as of May 31, 2020, since the portfolio's inception date of May 1, 2014, the portfolio has underperformed its benchmark by 1.10% (3.11% vs 4.21%). Over the past year, ended May 31, 2020, the portfolio has underperformed the benchmark by 3.33% (4.12% vs. 7.45%). Referring to Exhibit 4, since inception of the Axiom portfolio ended March 31, 2020, the portfolio ranked in the 18th percentile among its peers and underperformed the benchmark by 1.21%. In the trailing one-year ended March 31, 2020, the portfolio ranked in the 8th percentile in its peer group underperforming its benchmark by 1.35%. Since inception, ended March 31, 2020, the information ratio was -0.47 and active risk, as measured by tracking error was 2.56%. Please note that the portfolio's performance exceeds the broader emerging market index for time periods ending March 31, 2020.

Referring to Exhibit 5, since inception, historical cumulative performance has been negative when compared to the growth benchmark. Security selection in the Information Technology, Industrials and Communication Services sectors have been responsible for cumulative negative returns since the first quarter of 2017. Referring to Exhibit 6, Axiom's style box analysis, since inception ending March 31, 2020, reveals that the portfolio is aligned closer to a core portfolio than to a Growth portfolio. This is not surprising given the diversification of the Axiom portfolio and the concentration in names in the MSCI Emerging Markets Growth Index.

Fees

The portfolio has an asset-based fee of 0.62% annually. This fee ranks in the 23rd percentile among its peers in the eVestment Global Emerging Markets All Cap Growth Equity Universe. In other words, 77% of the 48 products included in the peer universe have a higher fee than the LACERS account.

Conclusion

As of this writing, Axiom has struggled to outperform the MSCI Emerging Markets Growth benchmark over all trailing periods. Much of the underperformance can be attributed to their investment process and focus on diversification versus what has become a significantly concentrated style benchmark since March 31, 2014. We believe in the long-term efficacy of a strategy that focuses on understanding the business fundamentals of companies that are growing faster than markets anticipate. NEPC recommends changing Axiom's benchmark to the MSCI Emerging Markets Index from the MSCI Emerging Markets Growth Index. In addition, NEPC recommends a contract extension for a period of one-year from the period of contract expiry.

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

Exhibit 3

Ending May 31, 2020											
	Market Value(\$)	1 Mo(%)	3 Mo(%)	YTD(%)	Fiscal YTD(%)	1 Yr(%)	3 Yrs(%)	5 Yrs(%)	10 Yrs(%)	Inception (%)	Inception Date
Axiom Emerging Markets	424,319,079	2.43	-4.07	-11.51	-2.87	4.12	2.43	2.73	--	3.11	14-May
MSCI Emerging Markets Growth NR USD		1.72	-3.42	-9.95	0.28	7.45	3.72	3.91	4.8	4.21	14-May
MSCI Emerging Markets		0.77	-6.95	-15.96	-10	-4.39	-0.15	0.88	2.47	1.29	14-May



Exhibit 4

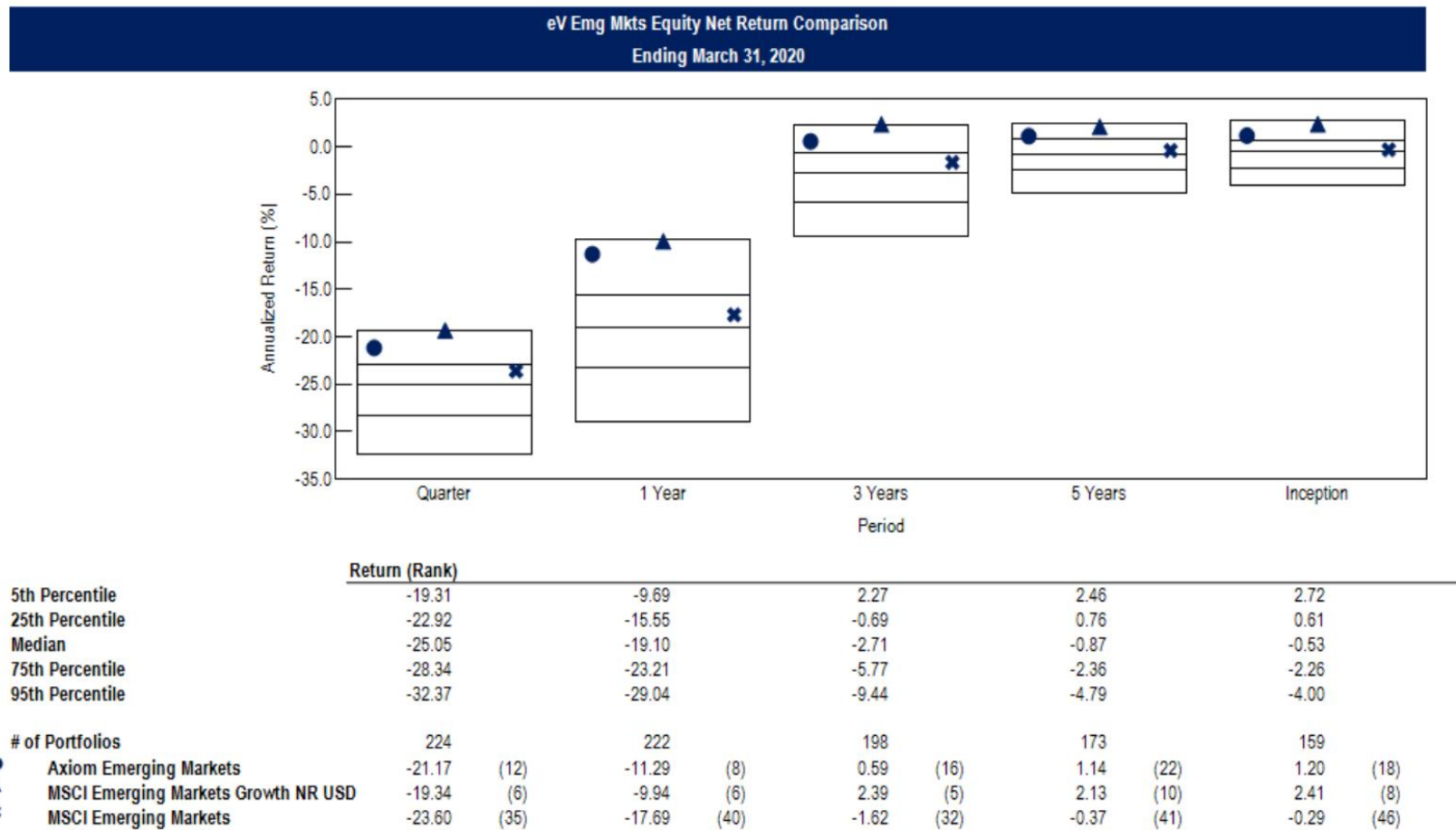


Exhibit 5

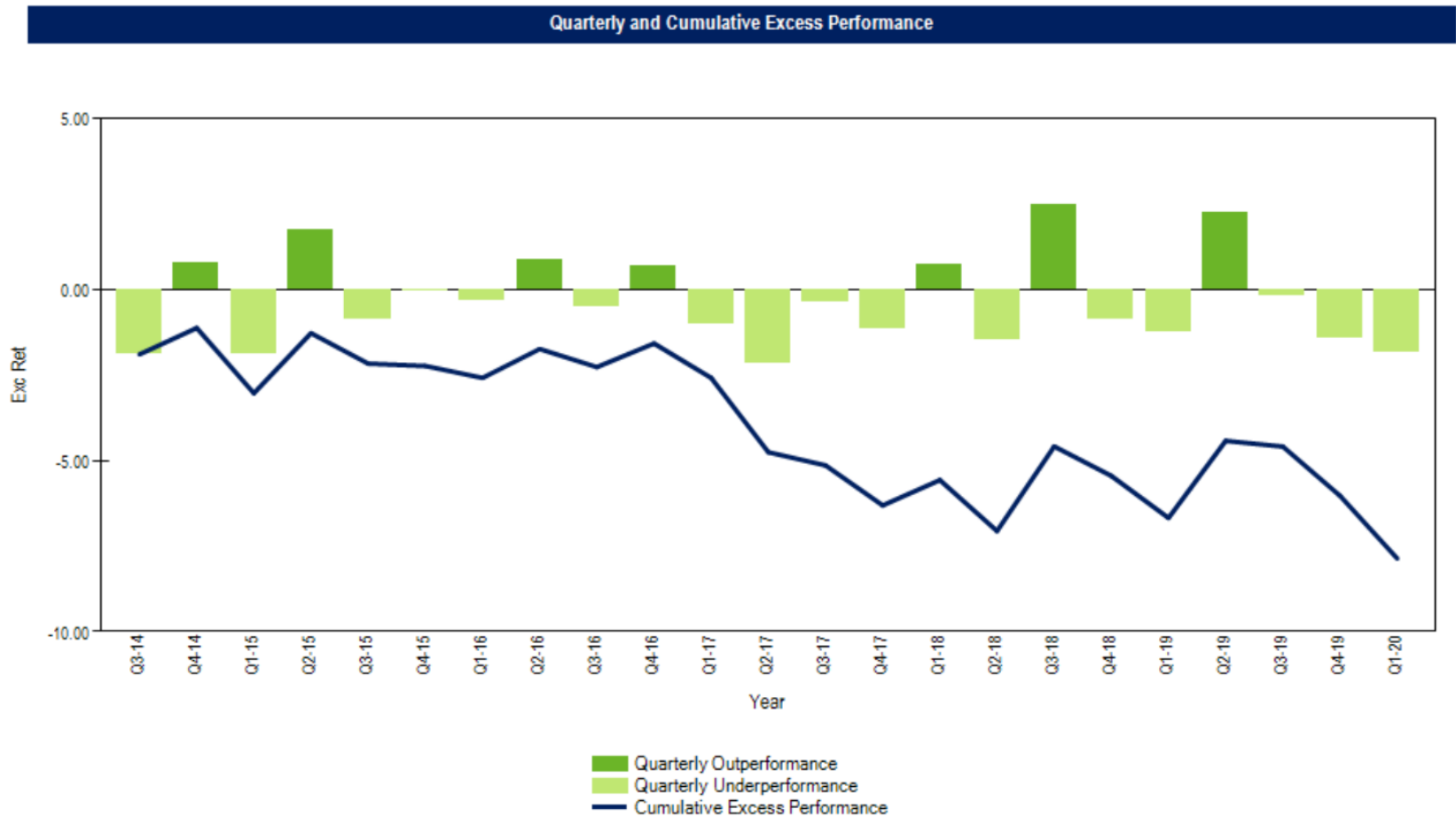
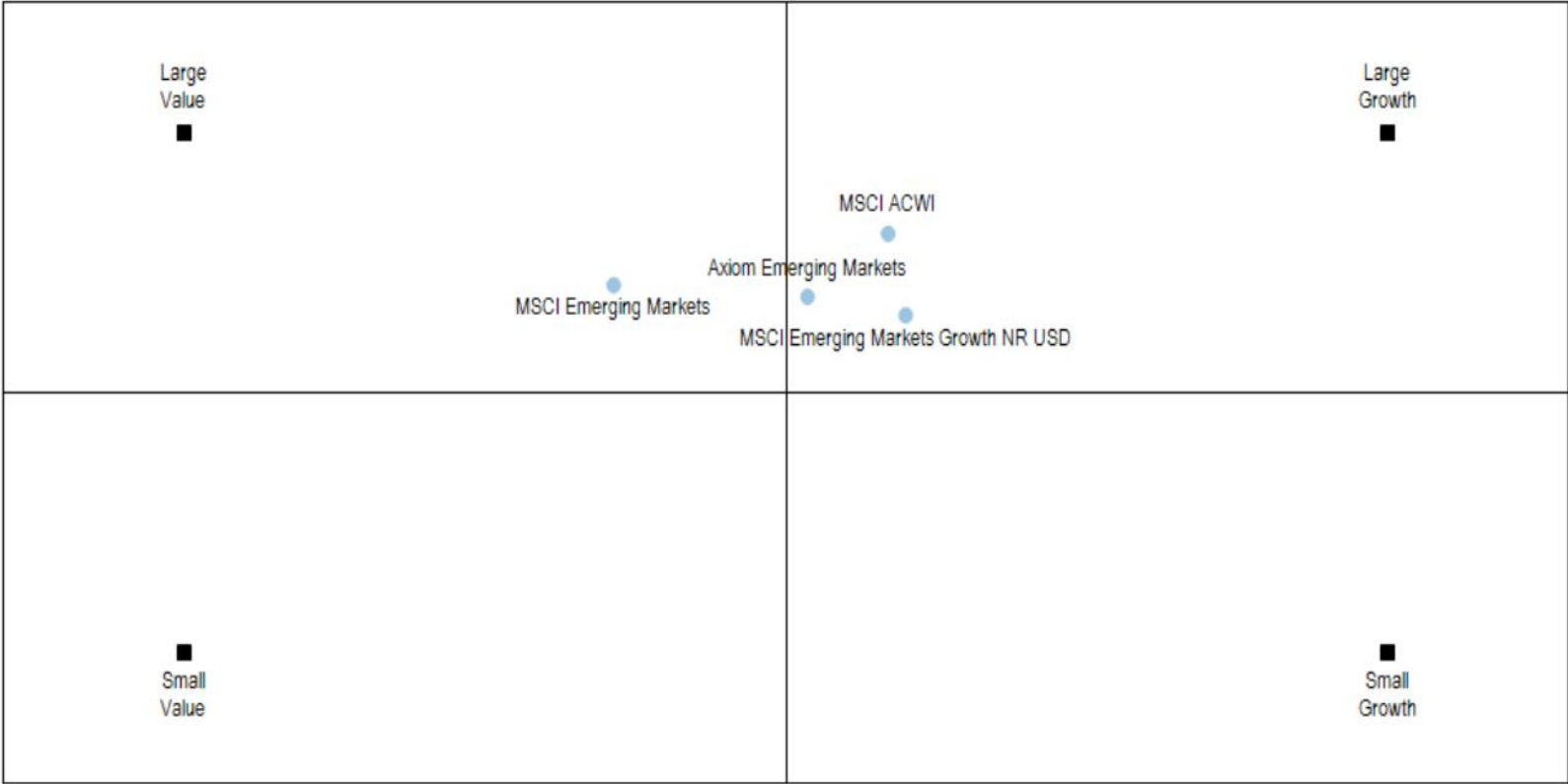


Exhibit 6

Non U.S. Effective Style Map vs. EAFE
5 Years 11 Months Ending March 31, 2020



CONTRACT EXTENSION
AXIOM INTERNATIONAL INVESTORS, LLC
ACTIVE EMERGING MARKETS GROWTH EQUITIES
PORTFOLIO MANAGEMENT

PROPOSED RESOLUTION

WHEREAS, LACERS' current one-year contract extension with Axiom International Investors, LLC (Axiom) for active emerging markets growth equities portfolio management expires on December 31, 2020; and,

WHEREAS, Axiom is currently "On Watch" for performance pursuant to the LACERS Manager Monitoring Policy; and,

WHEREAS, Axiom's current benchmark, the MSCI Emerging Markets Growth Index, is concentrated in three stocks and does not properly reflect the diversification and risk-return profile of Axiom's strategy, as governed by LACERS' investment management guidelines; and,

WHEREAS, the MSCI Emerging Markets Index will serve as a more suitable benchmark by which to measure Axiom's performance and risk; and,

WHEREAS, a one-year contract extension will provide the necessary time to evaluate Axiom for consistency with its stated growth strategy relative to a new benchmark; and,

WHEREAS, on July 28, 2020, the Board approved the Investment Committee's recommendations to approve a one-year contract extension with Axiom and to approve a benchmark change to the MSCI Emerging Market Index effective end of business day July 31, 2020.

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>	Axiom International Investors, LLC
<u>Service Provided:</u>	Active Emerging Markets Growth Equities Portfolio Management
<u>Effective Dates:</u>	January 1, 2021 through December 31, 2021
<u>Duration:</u>	One year
<u>Benchmark:</u>	MSCI Emerging Markets Index
<u>Allocation as of June 30, 2020:</u>	\$464 million

July 28, 2020

REPORT TO BOARD OF ADMINISTRATION

From: Investment Committee

Sung Won Sohn, Chair

Elizabeth Lee

Nilza R. Serrano

MEETING: JULY 28, 2020

ITEM: X – D

**SUBJECT: FINALIST FIRMS OF THE ACTIVE EMERGING MARKETS SMALL CAP EQUITIES
INVESTMENT MANAGER SEARCH AND POSSIBLE BOARD ACTION**

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

Recommendation

That the Board:

1. Award a contract for a three-year term to Wasatch Advisors Inc. for the Active Emerging Market Small Cap Equities Mandate; and
2. Authorize the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Executive Summary

On July 8, 2020, the Committee interviewed three finalist firms for the Active Emerging Markets Small Cap Equities Mandate Search: Macquarie Investment Management Advisers (Macquarie); RBC Global Asset Management (U.S.) Inc. (RBC); and Wasatch Advisors Inc. (Wasatch). In concurrence with staff and NEPC, LLC (NEPC), LACERS' General Fund Consultant, the Committee recommends that the entire mandate of approximately \$230 million be awarded to Wasatch.

Discussion

The Board-approved request for proposal (RFP) for active emerging markets small cap equities investment managers opened on June 10, 2019, and closed on July 22, 2019. A total of 19 proposals were received, representing 19 firms, including two emerging investment managers. Following review of the proposals by staff and NEPC, 18 of 19 firms met the minimum qualifications to participate in the search. The Committee advanced four firms as semi-finalists on January 14, 2020. Staff and NEPC

conducted further due diligence on each semi-finalist and recommended Macquarie, RBC, and Wasatch as finalists.

On July 8, 2020, the Committee interviewed the three finalist firms. After hearing the presentations and having a discussion with staff and NEPC, the Committee determined that Wasatch was the best fit candidate for LACERS due to its organizational strength, depth of investment resources, and consistent track record of adding value. The Committee recommends the entire mandate of approximately \$230 million be awarded to Wasatch for a contract term of three years.

Strategic Plan Impact Statement

The RFP for active emerging markets small cap equities investment managers assists LACERS with optimizing long-term risk adjusted investment returns (Goal IV). Implementing a competitive bidding process by issuing an RFP upholds good governance practices which affirm transparency, accountability, and fiduciary duty (Goal V).

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

RJ/BF/EP:jp

Attachments: 1. Investment Committee Recommendation Report dated July 8, 2020
 2. Proposed Resolution



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

MEETING: JULY 8, 2020
ITEM: II

Neil M. Guglielmo

**SUBJECT: FINALIST FIRMS OF THE ACTIVE EMERGING MARKETS SMALL CAP EQUITIES
INVESTMENT MANAGER SEARCH AND POSSIBLE COMMITTEE ACTION**

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

Recommendation

That the Committee:

1. Interview the following three firms as finalists for the Active Emerging Markets Small Cap Equities Mandate Search:
 - Macquarie Investment Management Advisers
 - RBC Global Asset Management (U.S.) Inc.
 - Wasatch Advisors Inc
2. Recommend one or more finalists to the Board for contract award.

Executive Summary

The Board-approved request for proposal (RFP) for active emerging markets small cap equities investment managers opened on June 10, 2019, and closed on July 22, 2019. A total of 19 proposals were received, representing 19 firms, including two emerging investment managers. Following review of the proposals by staff and NEPC, LLC (NEPC), LACERS General Fund Consultant, 18 of 19 firms met the minimum qualifications and four firms were recommended to advance as semi-finalists. Staff and NEPC conducted further due diligence on each semi-finalist. Of the four semi-finalists, three firms are recommended to advance as finalists.

Discussion

Background

The Board approved an RFP process to evaluate the current marketplace for active emerging markets small cap equities investment managers on October 23, 2018. Based upon the asset allocation targets approved by the LACERS Board on April 10, 2018, approximately \$230 million (1.35% of total fund assets) will be allocated to this mandate. LACERS seeks one or more qualified investment

management firms to actively manage a publicly-traded emerging markets small cap equities investment strategy. LACERS will consider separately managed accounts and fund-of-funds.

The search opened on June 10, 2019, and closed on July 22, 2019. The search was advertised in the Pensions and Investments and Emerging Manager Monthly publications. The RFP was published on LACERS' website and the websites of NEPC, Association of Asian American Investment Managers, and New America Alliance. Further, the RFP was emailed to all contacts within the LACERS Investment RFP/RFI Notification System database.

Search Results

A total of 19 proposals were received, representing 19 firms, including two emerging investment managers. Following a review of the minimum qualifications (MQs) required to participate in the search, 18 of 19 proposals met the MQs, including the proposals of the two emerging investment managers.

On January 14, 2020, the Committee reviewed NEPC's candidate evaluation report and concurred with the staff recommendation to advance the following four firms as semi-finalists in the search:

- Copper Rock Capital Partners LLC
- Macquarie Investment Management Advisers
- RBC Global Asset Management (U.S.) Inc.
- Wasatch Advisors Inc

Additional Due Diligence Activities

Staff and NEPC conducted due diligence meetings with all four firms to obtain a better understanding of potential investment and organizational risks. Staff and NEPC interviewed various professionals on topics including, but not limited to, overall business strategy and growth, organization and reporting structure, staffing and compensation, investment philosophy and strategy, trading, risk management, compliance and controls, and technology. Staff also conducted reference checks and conferred with NEPC's manager research team.

Based upon these due diligence activities, staff recommends the following three firms as the proposed finalists to consider for hire:

- Macquarie Investment Management Advisers
- RBC Global Asset Management (U.S.) Inc.
- Wasatch Advisors Inc

These firms exhibit organizational stability, strong management teams, well-articulated investment strategies consistent with LACERS' objectives, well-defined risk management and compliance practices, and track records of adding value. Staff also received positive feedback from references for these firms. NEPC concurs with staff's recommendation.

Strategic Plan Impact Statement

The RFP for active emerging markets small cap equities investment managers assists LACERS with optimizing long-term risk adjusted investment returns (Goal IV). Implementing a competitive bidding process by issuing an RFP upholds good governance practices which affirm transparency, accountability, and fiduciary duty (Goal V).

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

RJ/BF/EP:jp

- Attachments:
1. Finalist Information Matrix and Performance Returns
 2. Presentation by RBC Global Asset Management (U.S.) Inc.
 3. Presentation by Wasatch Advisors Inc
 4. Presentation by Macquarie Investment Management Advisers

FINALISTS OF THE ACTIVE EMERGING MARKET SMALL CAP EQUITIES INVESTMENT MANAGER SEARCH

FINALIST INFORMATION MATRIX as of 5/31/20

Firm Name	Macquarie Investment Management Advisers	RBC Global Asset Management (U.S.) Inc.	Wasatch Advisors Inc
Fund Strategy	Macquarie Emerging Markets Small Cap Equity	RBC Emerging Markets Small Cap Equity	Wasatch Emerging Markets Small Cap
Main Office	Philadelphia, PA	Toronto, Canada	Salt Lake City, UT
Year Founded	1929	1959	1975
Ownership Structure	Subsidiary of Macquarie Group Ltd., an Australian publicly traded company.	Wholly-owned subsidiary of RBC GAM Group	100% employee owned
Emerging Manager	No	No	No
Firm Assets	\$362 billion	\$328 billion*	\$21 billion
Strategy Assets	\$301 million	\$378 million	\$1.2 billion
Number of Firm's Employees	1600+	1,473	80
Number of Professionals on Strategy	7	13	15
Key Team Members	Joseph Devine, CIO & PM Stephan Maikkula, PM Gabriel Wallach, PM	Phillippe Langham, Head of Emerging Market Equities & Lead PM Zeena Dahdaleh, PM	Ajay Krishnan, Lead PM Dan Chace, PM Scott Thomas, PM Kevin Unger, PM
Strategy Description	The team believes that investing in companies that are experiencing improving earnings due to a positive fundamental change offers superior results over time. The belief is that positive fundamental change leads to stronger earnings growth and that stronger earnings growth will significantly drive outperformance. The market frequently misprices the magnitude and duration of change-driven growth, offering a significant opportunity to those who can correctly identify and capture these opportunities in a portfolio of equity securities.	The process begins with evaluating long-term secular forces including demographic trends, political and fiscal considerations, and economic growth prospects to focus on sectors and industries with strong growth potential. The team believes companies with a high cash flow return on investment will produce better returns over time. They look for companies with strong management, quality franchises, and sustainability, incorporating a growth-at-a-reasonable price investment style.	The strategy is based on the belief that earnings growth drives stock prices. The team seeks market inefficiencies in order to pay a reasonable price for earnings growth. The team looks for high quality growth companies with strong operating cash flow, tight linkage between operating cash flow and net income, high return on capital and strong balance sheets. They believe these types of companies will provide consistent, steady growth while providing protection in market downturns.
Target Company Size (Market Cap)	Below \$5 billion	Below \$5 billion	\$500 million - \$5 billion
Typical Number of Stocks	75-125	40-80	50-80
Portfolio Turnover	90%-110%	20%	30%-60%
Investment Vehicle	Separate Account	Separate Account	Separate Account
PRI Signatory/Year Signed	Yes / 2015	Yes / 2015	Yes / 2018
Proposed Fee	65 bps	First \$100m: 80bps Next \$150m: 75bps Balance: 70bps	First \$100m: 80bps Next \$100m: 75bps Balance: 70bps
Max Allowable Mandate Allocation (LACERS represents less than 25% of strategy assets)	\$100 million	\$126 million	\$400 million
Effective Fee (based on max mandate allocation)	65 bps	79 bps	74 bps

*As of 3/31/20

FINALISTS OF THE ACTIVE EMERGING MARKET SMALL CAP EQUITIES INVESTMENT MANAGER SEARCH
Annualized Returns and Risk as of May 31, 2020
Gross of Fees

Firm Name	Inception Date	1 Year	3 Years	5 Years	10 Years	Since Inception	5 Year Tracking Error	5 Year Information Ratio
Macquarie Investment Management Advisers	1/31/2012	-3.59	-1.79	1.64	-	5.80	5.87	0.90
RBC Global Asset Management (U.S.) Inc.	7/1/2013	-18.13	-6.28	-1.33	-	0.71	6.39	0.16
Wasatch Advisors Inc	10/1/2007	14.18	6.37	4.27	7.91	6.09	7.90	0.83
MSCI Emerging Market Small Cap Index	-	-13.07	-5.46	-3.97	1.05	-	-	-

FINALISTS OF THE ACTIVE EMERGING MARKETS SMALL CAP EQUITIES INVESTMENT MANAGER SEARCH

Calendar Year Returns as of May 31, 2020

Gross of Fees

Firm Name	Inception Date	2012	2013	2014	2015	2016	2017	2018	2019	YTD 2020
Macquarie Investment Management Advisers	1/31/2012	17.82	7.86	4.55	-2.16	10.09	46.61	-23.39	15.94	-14.17
RBC Global Asset Management (U.S.) Inc.	7/1/2013	-	1.65	7.63	-5.77	6.56	26.52	-9.01	2.34	-18.83
Wasatch Advisors Inc	10/1/2007	30.10	-1.03	2.63	-7.29	-1.90	39.84	-17.04	31.07	-4.53
MSCI Emerging Market Small Cap Index	-	22.22	1.04	1.01	-6.85	2.28	33.84	-18.59	11.50	-19.95

Los Angeles City Employees' Retirement System

July 8, 2020

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and Institutional Sales
RBC GAM-US
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RBC Emerging Markets Equity

Your portfolio management team

Board Meeting: 07/28/20

Item X-D

Attachment 1

IC Meeting: 07/08/20

Item II

Attachment 2



Philippe Langham, ACA

Your Lead Portfolio Manager

Head of RBC Emerging Markets Equity, RBC GAM-UK

Philippe is Head of the Emerging Markets Equity Team in London and lead manager for the Emerging Markets Equity and Emerging Markets Small Cap Equity Strategies. Philippe joined RBC Global Asset Management (RBC GAM) in 2009 to establish and lead the Emerging Markets Equity Team in London. He has worked in the investment industry since 1992 and prior to joining RBC GAM, Philippe was the Head of Global Emerging Markets at Société Générale Asset Management in London. Previously, Philippe managed the Global Emerging Markets, Asian, Latin American and US portfolios at the Kuwait Investment Office in London, and was Director and Head of Asia and Emerging Markets at Credit Suisse in Zurich. Philippe obtained a BSc in Economics from the University of Manchester in England, and is a Chartered Accountant.



Zeena Dahdaleh, CFA

Portfolio Manager, RBC Emerging Markets Equity,
RBC GAM-UK

Zeena is a Portfolio Manager in the Emerging Markets Equity team and has been with the Emerging Markets team since inception. Before joining RBC Global Asset Management, Zeena worked as an Investment Banking Analyst for Lehman Brothers, which subsequently became Nomura. Zeena began her investment career in 2007 and during her time as an Analyst Zeena's coverage has included a number of emerging markets regions. Zeena holds a BSc (Econ) from the London School of Economics and is a CFA charterholder.



Michael Poremba

Your Sales Contact

Managing Director, Consultant Relations and Institutional Sales,
RBC GAM-US

Mike Poremba is a member of RBC GAM-US' Consultant Relations team where he develops and maintains the firm's relationships with investment consulting organizations. Prior to joining RBC GAM in 2016, Mike worked in consultant relations with Neuberger Berman and Franklin Templeton. Additionally, he worked for Wilshire Associates, SunAmerica and Segal Rogerscasey. He has worked in the investment industry since 1997. Mike earned a BA in economics from Trinity College and holds FINRA Series 7 and 63 licenses. He is also registered as an Associated Person with the National Futures Association.

Strong and Supportive Ownership

- Core commitment to asset management
- 100% of revenues are earned from clients' assets

Distinctive and Repeatable Investment Process

- Experienced investment team dedicated to proprietary research
- Blend of top down thematic and bottom-up fundamental stock selection
- Proven track record of strong investment performance combined with low volatility

Los Angeles City Employees' Retirement System

Client Focused and Investment Led

- Equally committed to investment & service excellence
- Investment autonomy to deliver client performance
- Alignment of interests in delivering client expectations
- Separate account with customized guidelines

Emerging Markets Small Cap Equity

	EM Small Cap Equity
Lead Manager	Philippe Langham
AUM	\$339m
Benchmark	MSCI Emerging Markets Small Cap Net Index
Objectives	3% outperformance of benchmark before fees
Strategy Launch	July 2013
Team Location	London

As of 3.31.20

Emerging Markets Small Cap Equity team

Investment team

Centralized, research-focused

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Philippe Langham
Head of Emerging Markets Equity
28 years of experience



Laurence Bensafi
Deputy Head of Emerging Markets Equity
22 years of experience



Guido Giammattei
Head of Research, Portfolio Manager
Taiwan & CEE¹
22 years of experience



Veronique Erb
Portfolio Manager
India subcontinent
20 years of experience



Zeena Dahdaleh
Portfolio Manager
Latin America & MENA²
13 years of experience



Richard Farrell
Portfolio Manager
China
13 years of experience



Christoffer Enemaerke
Portfolio Manager
Korea & Malaysia
10 years of experience



Ashna Yarashi-Shah
Associate Portfolio Manager
South East Asia & South Africa
8 years of experience



James Bateson
Portfolio Engineer
3 years of experience



Angel Su
Analyst
1 year of experience



Dijana Jelic
Product Specialist
9 years of experience



Alissa Howard
Institutional Portfolio Manager
9 years of experience



Alex Eckles
Associate Institutional Portfolio Manager
4 years of experience

As of 3.31.20. Note: Industry Experience is updated annually.

¹Central & Eastern Europe. ²Middle East & Northern Africa

Geographical specialization, sector research rotation

	Weekly & monthly meetings	Geographic coverage fixed	Sector / themes rotated
Philippe Langham	✓	Global EM	Financials
Laurence Bensafi	✓	Global EM	Deep cyclicals
Guido Giammattei	✓	Taiwan & CEE ¹	Mining
Veronique Erb	✓	India subcontinent	Future of food
Zeena Dahdaleh	✓	Latin America & MENA ²	Education
Richard Farrell	✓	China	Future of energy
Christoffer Enemaerke	✓	Korea & Malaysia	Infrastructure
Ashna Yarashi-Shah	✓	South East Asia & South Africa	Brands
Angel Su	✓	Global EM	Chile

As of 3.31.20

¹Central & Eastern Europe. ²Middle East & Northern Africa

Investment philosophy, process and research

Emerging Markets Equity overview

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Philosophy, style, process and construction

Investment philosophy

- Companies with sustainably high cash flow return on investment (CFROI®) have the ability to produce superior returns

Investment style

- Emphasis on quality and growth at a reasonable price
- Fundamental research-focused approach drives decision making

Investment process

- Distinctive and thorough top-down thematic research drives sector views
- In-depth and rigorous company-level research drives security selection

Portfolio construction

- High conviction portfolio
- Focus on position sizing, client guidelines and risk management
- 60%-80% contribution from stock selection: 20%-40% from top down themes

CFROI® is an approximation of the economic return, or an estimate of the average real internal rate of return, earned by a firm on the portfolio of projects that constitute its operating assets.
HOLT® and CFROI® are trademarks of Credit Suisse Group AG or its affiliates.

Why is a high CFROI® so important?

Six steps to identify sustainably high CFROI®

Strong management team

Industry dominance

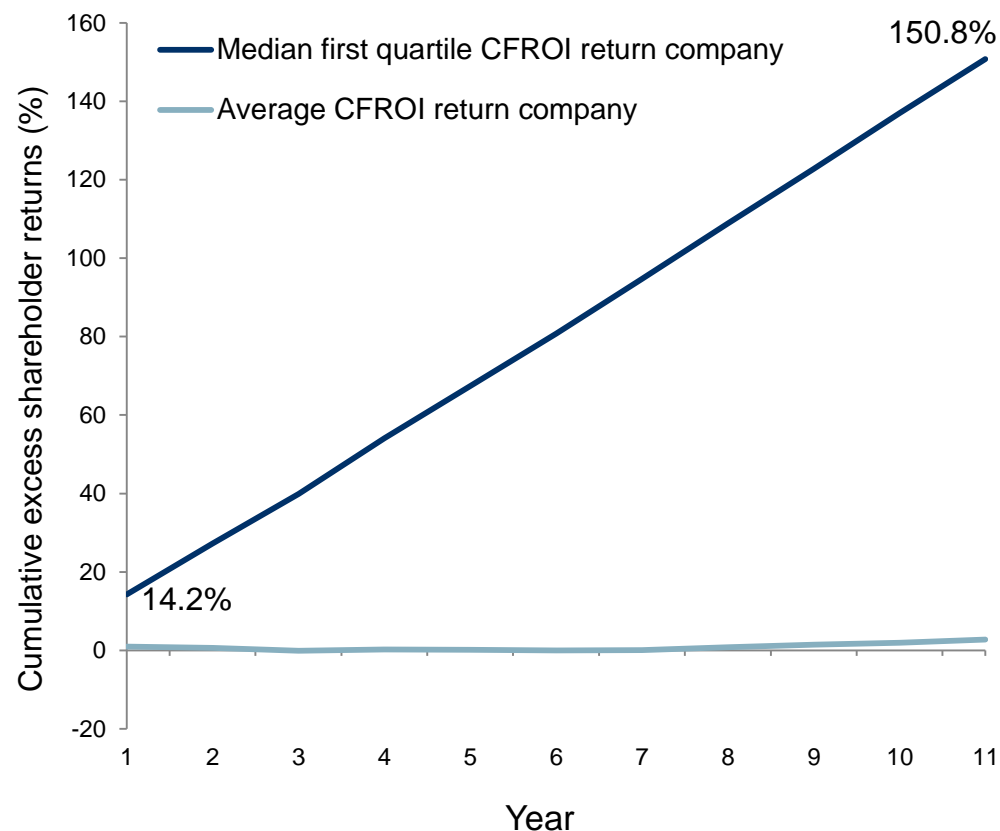
Strong balance sheet

High free cash flow generation

High profitability

ESG¹ considerations

High CFROI® produces high shareholder returns



11-year period ending 4.6.18. Source: Credit Suisse HOLT®, RBC Global Asset Management UK Ltd.

¹Environmental, Social and Corporate Governance

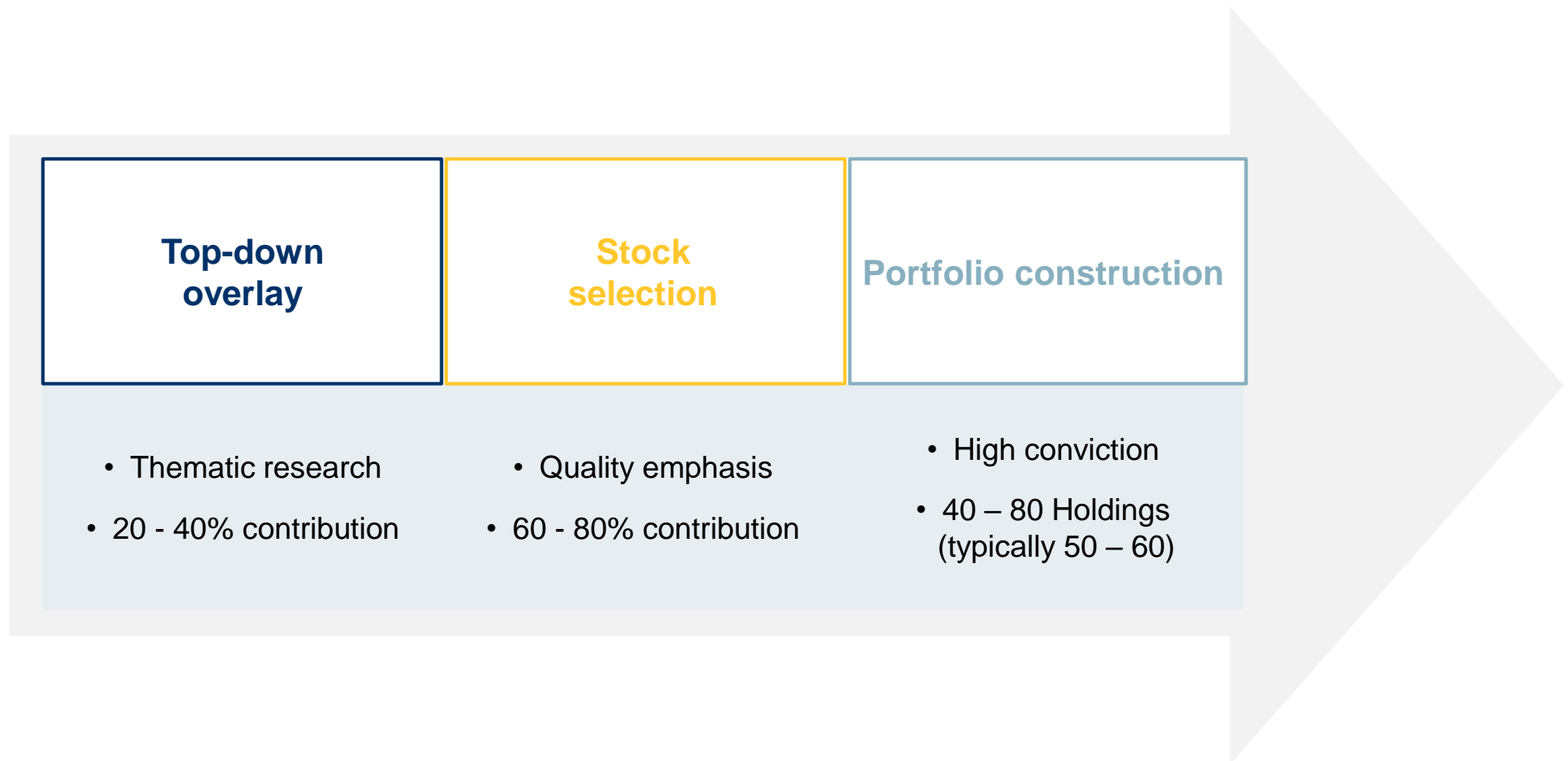
Excess Shareholder Return is the excess cash return generated by a company over the cost of capital and was calculated based on a universe of the companies in the Credit Suisse HOLT® database with a market cap above \$1B. The graph shows the median excess shareholder return of those companies who achieved top quartile CFROI® in all 11 years against the median excess shareholder return of those companies in the middle tercile of companies CFROI® over the 11 year period.

Investment process

Integrated approach

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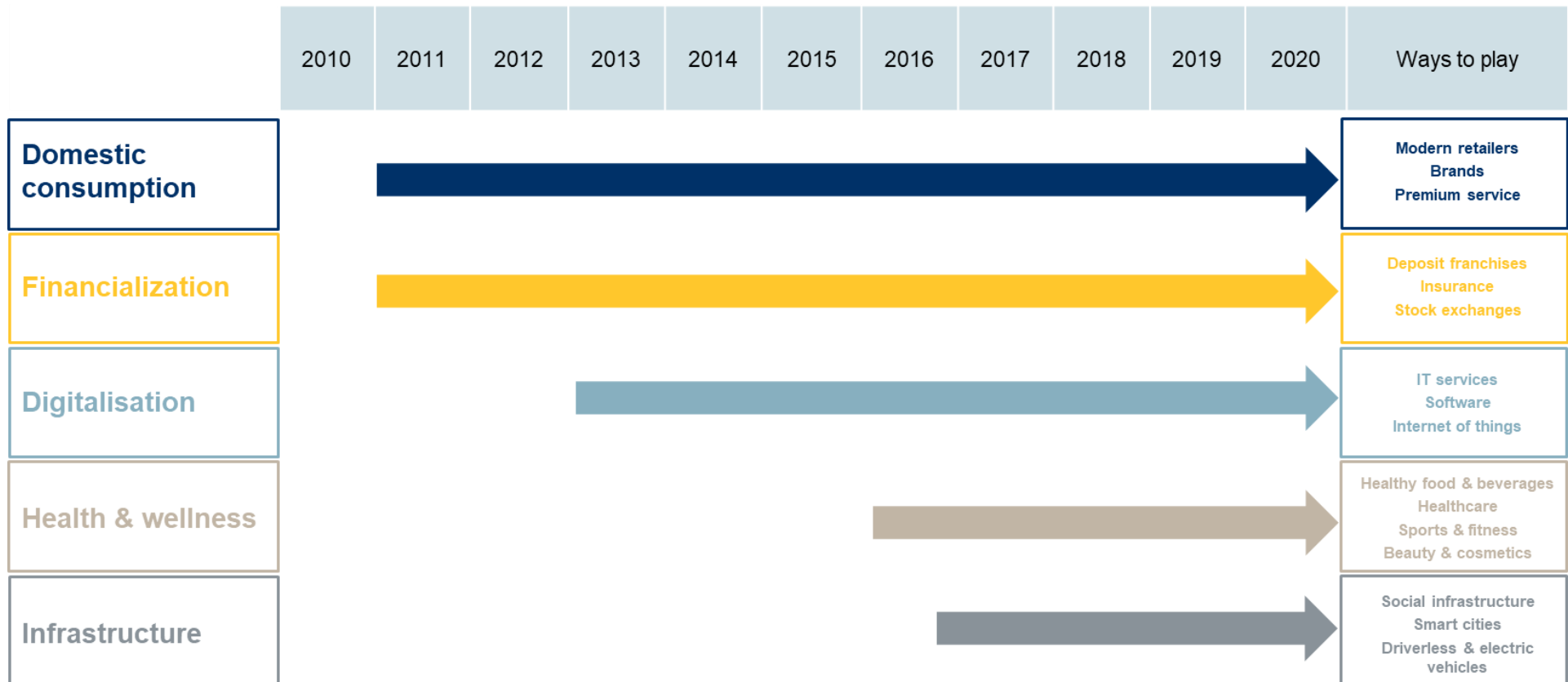


Portfolio construction

Long-term thematic research drives top-down views

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As of 3.31.20

Investment process – bottom up stock selection

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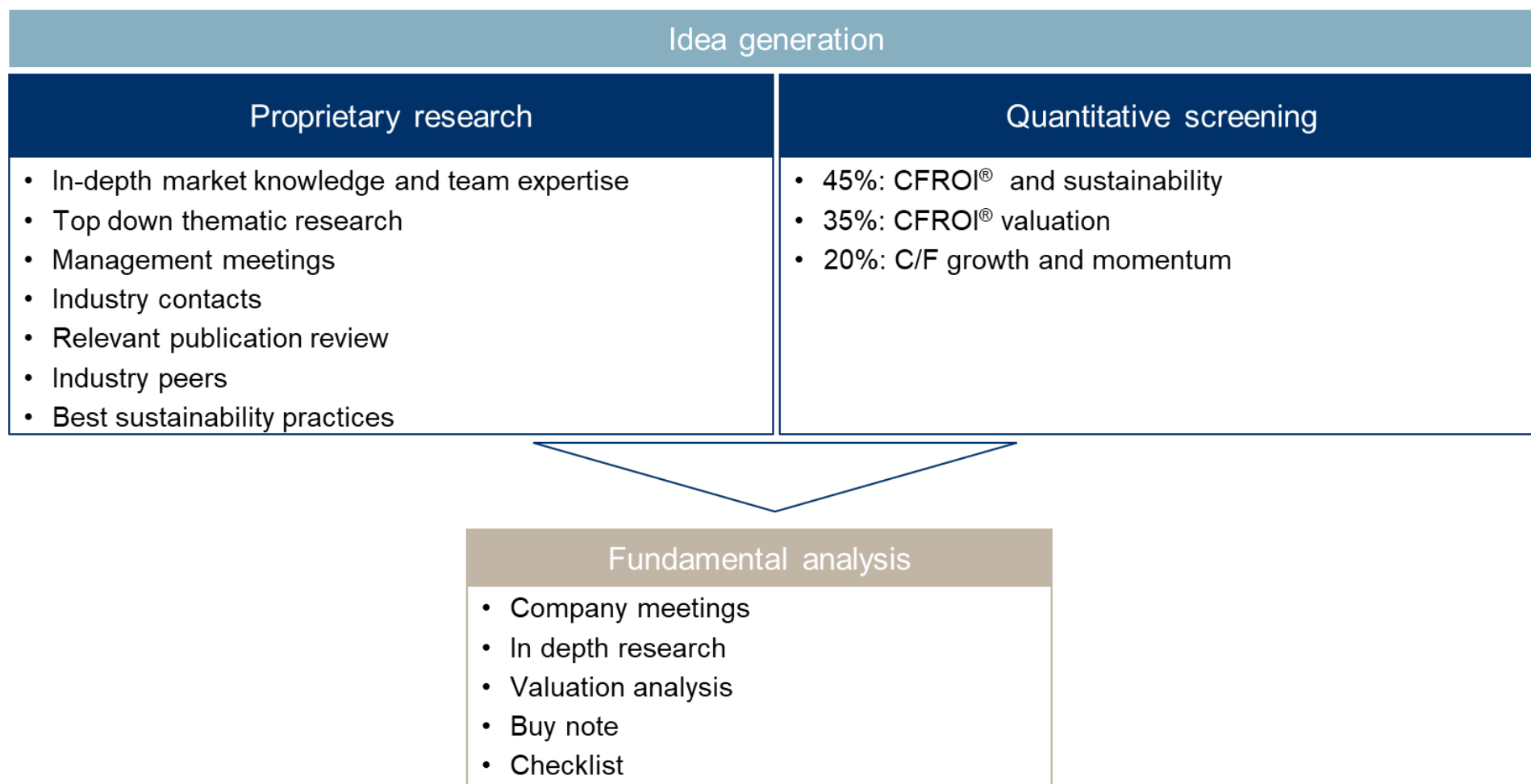
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Idea generation and fundamental analysis



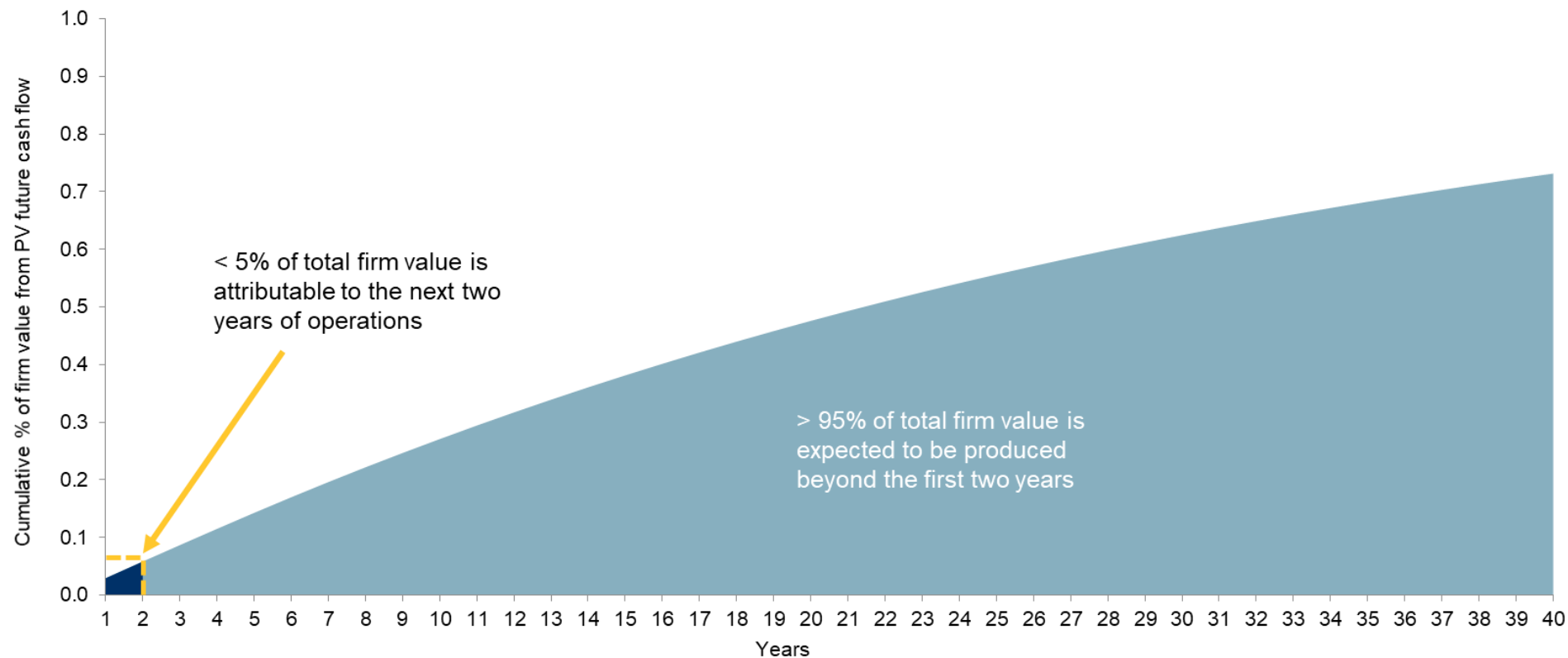
Investment process – valuation

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Only 5% of fair value typically attributable to next two years

Firm value as a function of future cash flow



Source: Credit Suisse HOLT®

As of 3.31.20. Based on the average of 20,000 firms in the Credit Suisse HOLT® universe. Percent of firm value derived from the cash flow of a typical company from the Credit Suisse HOLT® universe with 25% working capital, asset life of 10 years, growth of 2.5% and CFROI® equal to its cost of capital at 6%. CFROI® is an approximation of the economic return, or an estimate of the average real internal rate of return, earned by a firm on the portfolio of projects that constitute its operating assets.

Emerging Markets Equity research process

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Independent, in-house research

Research process supports our
investment philosophy & process

Long term

- Take a long term perspective (sell side analysts usually base their analysis on short-term drivers)

Global

- Take a global perspective
- Identify investable themes
- Leverage knowledge and expertise as a global team through ongoing team discussions

Management

- Focus on the quality of management
- Checklist approach focuses on management's integrity and corporate governance issues

ESG factors

- Focus on key aspects of a business that are often overlooked

Emerging Markets Equity research process

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Bottom-up fundamental research

1

Initial company research / preparation

Annual reports

Competitors

Industry publications

Supplier relationships

Regulators

Customer perception

The information provided is to illustrate the investment process for the Emerging Markets Equity strategy and is not a recommendation of any security or other financial instrument.

Bottom-up fundamental research

2

Company meeting

Sample questions for management

Franchise

- What is the company's long-term vision and strategy for the China and Taiwan businesses? How should we view the revenue breakdown between China and Taiwan in the long-term?
- How do you view the competitive environment in both of these markets? How do you differentiate yourself from competitors? How high are the barriers to entry?
- Could you discuss the company's strategy in terms of launching new products and innovation in general? How do you decide which opportunities to pursue and where to commit capital (specific return requirements, hurdle rates etc.)?
- How do you think about R&D and how much will be spent on this area in the future?
- Returns on capital have been strong and stable for many years; what are the key reason behind this? What is likely to happen to returns on capital for the company in the long run?
- How much do you see the company benefitting from the health and wellness trends in Asia?
- Does the company have an e-commerce strategy? Do you see it as an opportunity or as a threat?

Management

- What is the culture like? How is it different to competitors?
- Does the company have a succession plan in place? Your son is running the China operations; how much communication is there between you and your son? Is your son likely to eventually be your successor?
- How do you think about the importance of stakeholder relationships, in particular when it comes to suppliers and distributors? How dependent are these relationships on the founder and the key senior management?
- What is the company's strategy when it comes to sustainability and ESG?
- How do you attract and engage employees/talent? How loyal are the employees to the company and to the founder of the company?
- How is senior management incentivized? What are the key management KPIs?
- What do you view as the biggest risks for the company's performance longer-term? Do you see any regulatory risks? Have you experienced delays in approval for product launches?
- Have you made any mistakes in the past? What have you learned from these?

Competitive advantage

Long-term strategic direction

Employee engagement

Competitive environment

Management remuneration

Importance of sustainability

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Bottom-up fundamental research

3 Portfolio buy notes

Company A

Portfolio Buy Note

Company Description

Company A is an Indian company and a global leader in outsourced IT services. It has around 400,000 employees in more than 55 countries, and a global delivery footprint that covers over 150 solution centers across 20 countries. The company is among the world's top 10 IT service providers. It operates with industry-leading operating margins. Founded in 1968, it is headquartered in Mumbai, India.

Buy Decision Rationale

- Market leader in Indian IT services with industry leading margins/returns, superior scale and efficiency compared to peers
- Management has a strong track record and is considered the best quality management in the sector
- The company's stakeholder engagement is best in class. For example, over 90% of revenues every year come from repeat customers showing the strong relationships. And employee attrition is lowest in the industry since the company pays above industry average and provides the highest quality training.
- Continuously invests in capabilities to transform its business and stay leading edge; this has enabled them to have a strong position in newer technologies such as automation and digital solutions

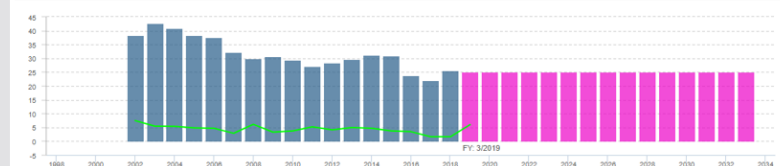
Bespoke Discounted CFROI Valuation

	2012	2013	2014	2015	2016	2017	2018	T+1	T+15
CFROI % (Economic Return)	28.39	29.76	31.27	31.09	23.89	22.12	25.74	25.00	25.00
Real Asset Growth %	19.38	22.43	-3.24	21.95	30.26	-0.69	1.67	10.00	10.00
Discount Rate %	4.11	4.96	4.69	3.76	3.45	1.62	1.61	6.00	Details

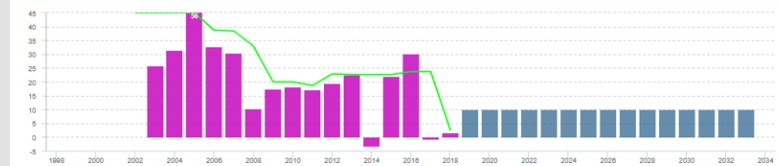
CALCULATE

Warranted Valuation [SHOW DETAILS](#) 2,565.00 INR 25% upside

CFROI (%) (Economic Return)



Asset Growth (%) (Change in Inv. Capital)



The information provided is to illustrate the investment process for the Emerging Markets Equity strategy and is not a recommendation of any security or other financial instrument.

Emerging Markets Equity research process

Bottom-up fundamental research

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4

Checklist and scoring

Ticker:	Company A Ticker			
Name:	Company A			
Date:	28/09/2018			
FYE:				
Acc. Std.:				
Filled by:				

80 - 100	Excellent
60 - 80	Good
40 - 60	Neutral
0 - 40	Poor

Overall Score
87.4

Strength and sustainability of franchise		88
1	Will the company be around in 20 years time?	
2	Are there any issues with the business model or risks in general?	
3	Does the country generate sector/industry leading returns?	
4	What's the projected trajectory of returns? Is there any potential for return expansion or contraction?	
5	What is the source and how sustainable is the competitive advantage?	
6	Do the company's products or services have a positive impact on society?	
7	Do the product and services have a negative impact on the environment?	
8	Do the company's products and/or services represent good value for money to the consumer?	
A) Strength and sustainability of the franchise (40%)		
33 questions		

Management quality		87
1	What is management's track record of integrity?	
2	What is the management's track in terms of creating shareholders value?	
3	What are the management KPIs? Are incentives aligned to support shareholder returns	
4	How have they handled negative issues in the past and how quickly have they identified and rectified challenges?	
5	What is management's execution track record through cycles?	
6	How innovative is the culture of the firm and management?	
7	Is the company addressing stakeholders in the business?	
8	How does the company engage employees?	
B) Management quality (30%)		
15 questions		

Corporate governance		87
Track Record		Red Flag?
1	Short Track Record Less than 7 years of track record	No
2	Short Listing History Less than 3 years	No
3	Extreme Price Movement 1-day price fall of more than 15% in the last 5 years.	No
Conflict of Interests		Red Flag?
4	Concentration of Family Ownership Family control >30%	Yes
5	Change of Senior Management Recent or frequent change in CEO/CFO	No
6	Significant Related Party Transactions Related party transactions >10% of sales/COGs, or related party receivables >10% of assets	No
7	Related Party M&A Activity	No
C) Corporate governance (30%)		
30 questions		

Overall score

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Portfolio construction

Robust and high conviction process

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Decision making process

- Strong emphasis on team communication
- Stocks analysed across both country and sector
- Long-term view

Portfolio construction

- Concentrated portfolio (typically 50-60 holdings)
- Position sizes driven by conviction level, overall strategy and fit with portfolio
- Sell discipline

Risk management & monitoring

- Model portfolio rebalancing
- Construction guidelines:
 - Diversified by country, sector and theme
 - 7% stock maximum
- Stock picking:
 - Strong balance sheet
 - High cash flow generation
 - Valuation discipline
 - Absolute return mindset
- Pre/Post-trade checks

Sell discipline – three reasons to sell

Emerging Markets Small Cap Equity

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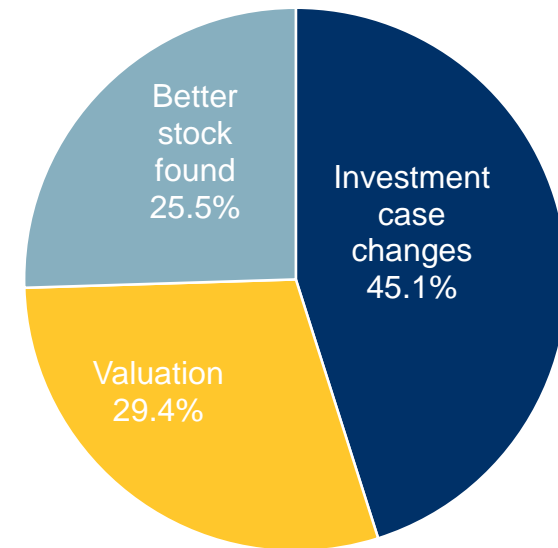
Reasons to sell

Investment case changes

Valuation

A better stock is found

Breakdown of decisions since launch



Since strategy inception through 3.31.20

Supplemental information on this page complements the Emerging Markets Small Cap Equity composite and is derived from a representative account of this strategy.

Sell discipline

Sell-decision review and valuation analysis

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Portfolio sell notes

Company B

Portfolio Sell Note

Company Description

- Company B is a Chilean consumer staples company with a dominant market position in the beverages segment.
- The company has a diversified portfolio, producing a wide range of beers, soft drinks and juices.

Sell Decision Rationale

- We sold out of Company B due to a change in the investment case.
- We became concerned over the long-term growth prospects for the sector in Chile.
- The company has been making significant investments outside of its core market, and in other geographies where there is strong competition. The competitive environment is becoming increasingly intense.

Bespoke Discounted CFROI Valuation

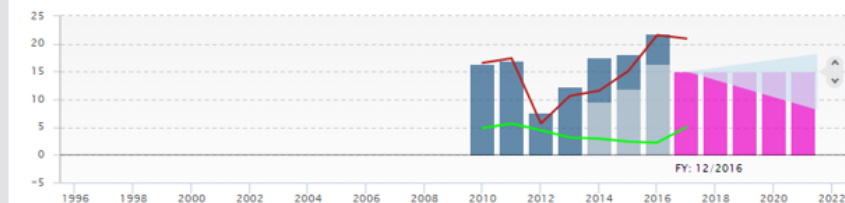
Warranted Valuation	Amount (MM)	Per Share	Warranted Price
Warranted Equity Value ⓘ	399,576	137.88	-10%

[Show Details](#)

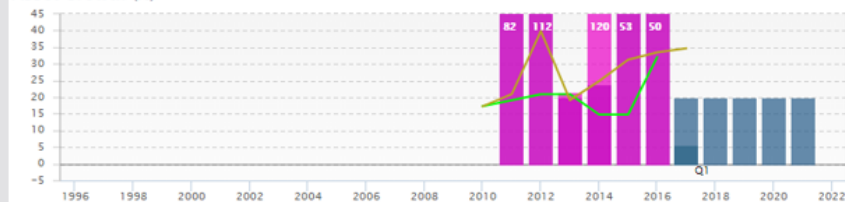
Economic Return (CFROI %)

Conditional Probability Scenarios ⓘ

25% Optimistic	75% Pessimistic	38% User Scenario
CFROI: 18% Warranted Price: 167.97	CFROI: 8% Warranted Price: 87.37	CFROI: 15% Warranted Price: 137.88



Asset Growth (%)



The information provided is to illustrate the investment process for the Emerging Markets Equity strategy and is not a recommendation of any security or other financial instrument.

Characteristics and performance

Portfolio characteristics

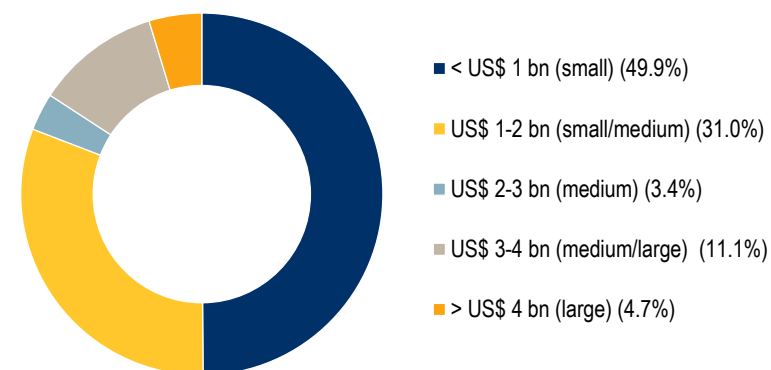
Emerging Markets Small Cap Equity

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	EM Small Cap Equity	MSCI EM Small Cap Net
<u>Valuation</u>		
EBITDA Margin (ex Financials)	15.8%	13.2%
<u>Profitability</u>		
Return on Equity (Trailing 12 Months)	11.8%	5.7%
Return on Assets (Trailing 12 Months)	2.4%	1.7%
<u>Risk</u>		
Net Debt/EBITDA (ex Financials)	1.0x	2.7x
<u>Other</u>		
Turnover (12-Month)	18.7%	-
Number of Holdings (ex Cash)	55	1,645
Active Share	93.5%	-
Weighted Median Market Cap (Millions)	\$952	\$821
Weighted Average Market Cap (Millions)	\$1,489	\$961

Market cap distribution



As of 3.31.20

Source: RBC Global Asset Management, Rimes. Past performance is not a guarantee of future results. Supplemental information on this page complements the Emerging Markets Small Cap Equity Composite presentation as provided in the "GIPS® Compliant Presentation" appendix to these materials. Portfolio characteristics are based on a representative account and are subject to change. Such data may vary for each client in the strategy due to asset size, market conditions, client guidelines and diversity of portfolio holdings.

Sector & country weights

Emerging Markets Small Cap Equity

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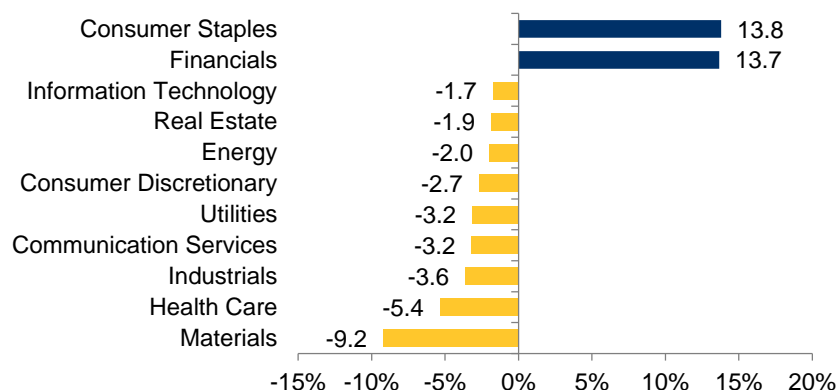
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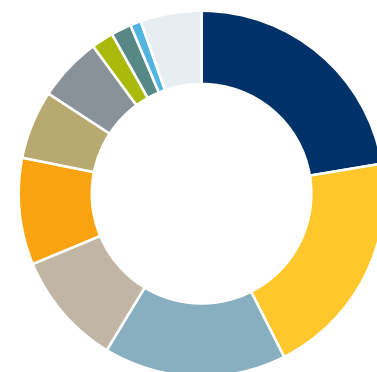
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Relative sector weights

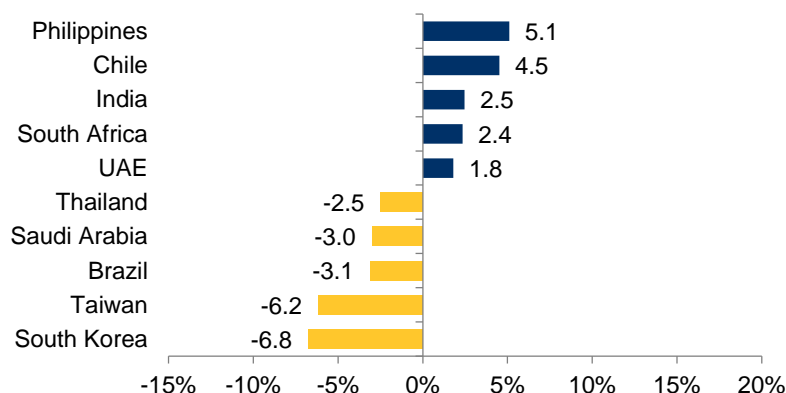


Sector

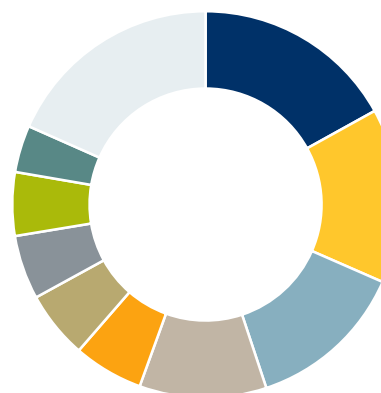


	Portfolio (%)
Financials	22.4
Consumer Staples	20.2
Information Technology	16.1
Consumer Discretionary	10.0
Industrials	9.4
Real Estate	6.1
Health Care	5.7
Materials	2.0
Utilities	1.8
Communication Services	1.0
Cash	5.4

Relative benchmark country weights¹



Country



	Portfolio (%)
Taiwan	17.2
India	14.8
China/HK	13.5
South Korea	10.8
Philippines	5.9
South Africa	5.7
Chile	5.4
Brazil	4.0
Bangladesh	3.9
Other ²	18.6

As of 3.31.20

Source: RBC Global Asset Management, Rimes. Benchmark: MSCI EM Small Cap Net Index. ¹Top and bottom 5 relative weights for benchmark countries. Hong Kong is included as part of the overall China allocation although not all Hong Kong companies are MSCI EM index constituents. ²Other includes cash and all other country weightings in the portfolio. As of 1.10.18 MSCI has retroactively renamed the Telecommunication Services sector to the Communication Services sector under the GICS classification. Supplemental information on this page complements the Emerging Markets Small Cap Equity Composite presentation as provided in the "GIPS® Compliant Presentation" appendix to these materials and is derived from a representative account of this strategy.

Top ten holdings

Emerging Markets Small Cap Equity

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Company	Country	Portfolio (%)
Voltronic Power Technology	Taiwan	4.9
Century Pacific Food	Philippines	4.8
Chroma	Taiwan	4.4
AVI	South Africa	3.6
Koh Young Technology	South Korea	3.4
Marico	India	3.3
China Overseas Property	China/ HK	3.1
Delta Brac Housing Finance	Bangladesh	2.5
Bajaj Holdings & Investment	India	2.5
LEENO Industrial	South Korea	2.5
Total		35.1

As of 3.31.20

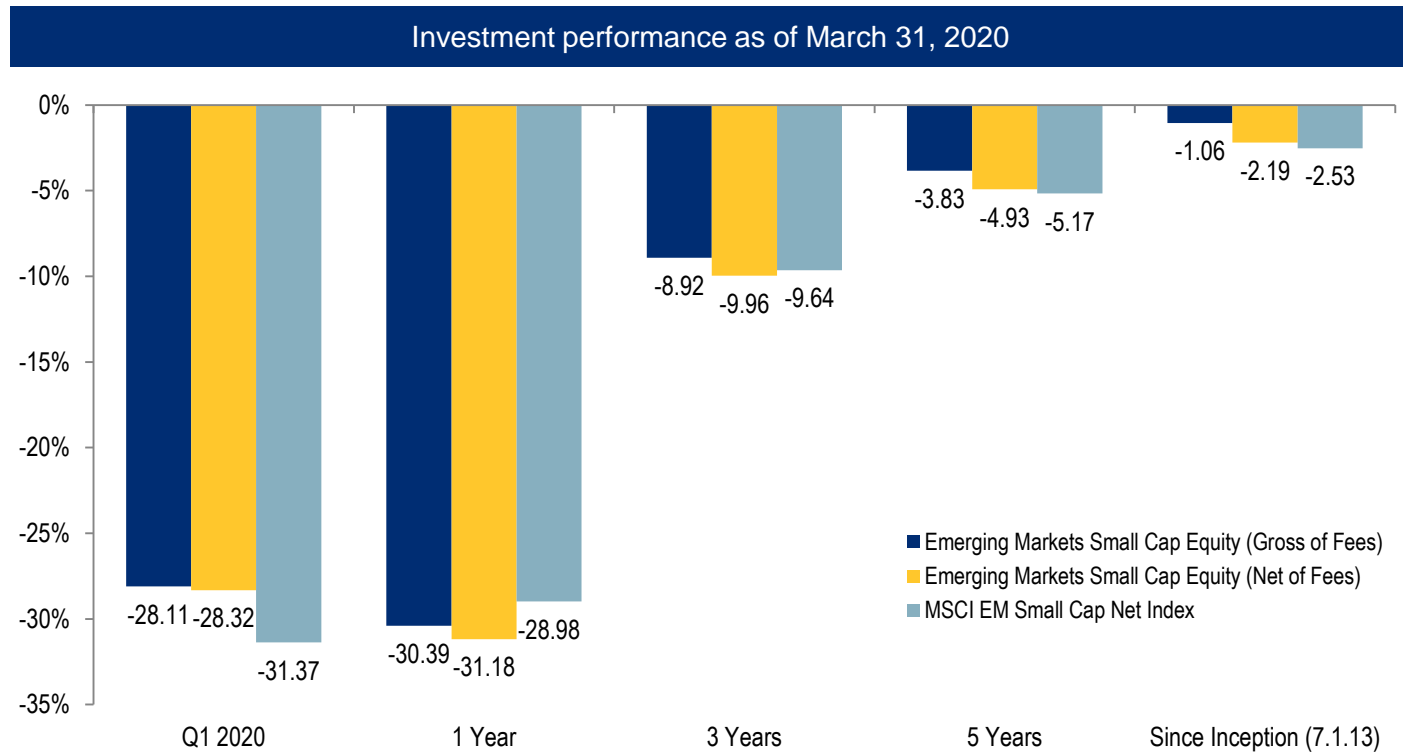
Source: RBC Global Asset Management, Rimes. Portfolio holdings are based on the representative account, are subject to change, and should not be considered a recommendation to buy or sell any security. Such data may vary for each client in the strategy due to asset size, market conditions, client guidelines and diversity of portfolio holdings. Supplemental information on this page complements the Emerging Markets Small Cap Equity Composite presentation as provided in the "GIPS® Compliant Presentation" appendix to these materials.

Investment performance and risk

Emerging Markets Small Cap Equity

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Risk characteristics (5 Years)

Return

Composite -3.8%

Benchmark -5.2%

Standard Deviation

Composite 14.5%

Benchmark 18.1%

Sharpe Ratio

Composite -0.3

Benchmark -0.3

Information Ratio

Composite 0.2

Value Added

Gross	+3.26%	-1.41%	+0.72%	+1.34%	+1.47%
Net	+3.05%	-2.20%	-0.32%	+0.24%	+0.34%

As of 3.31.20

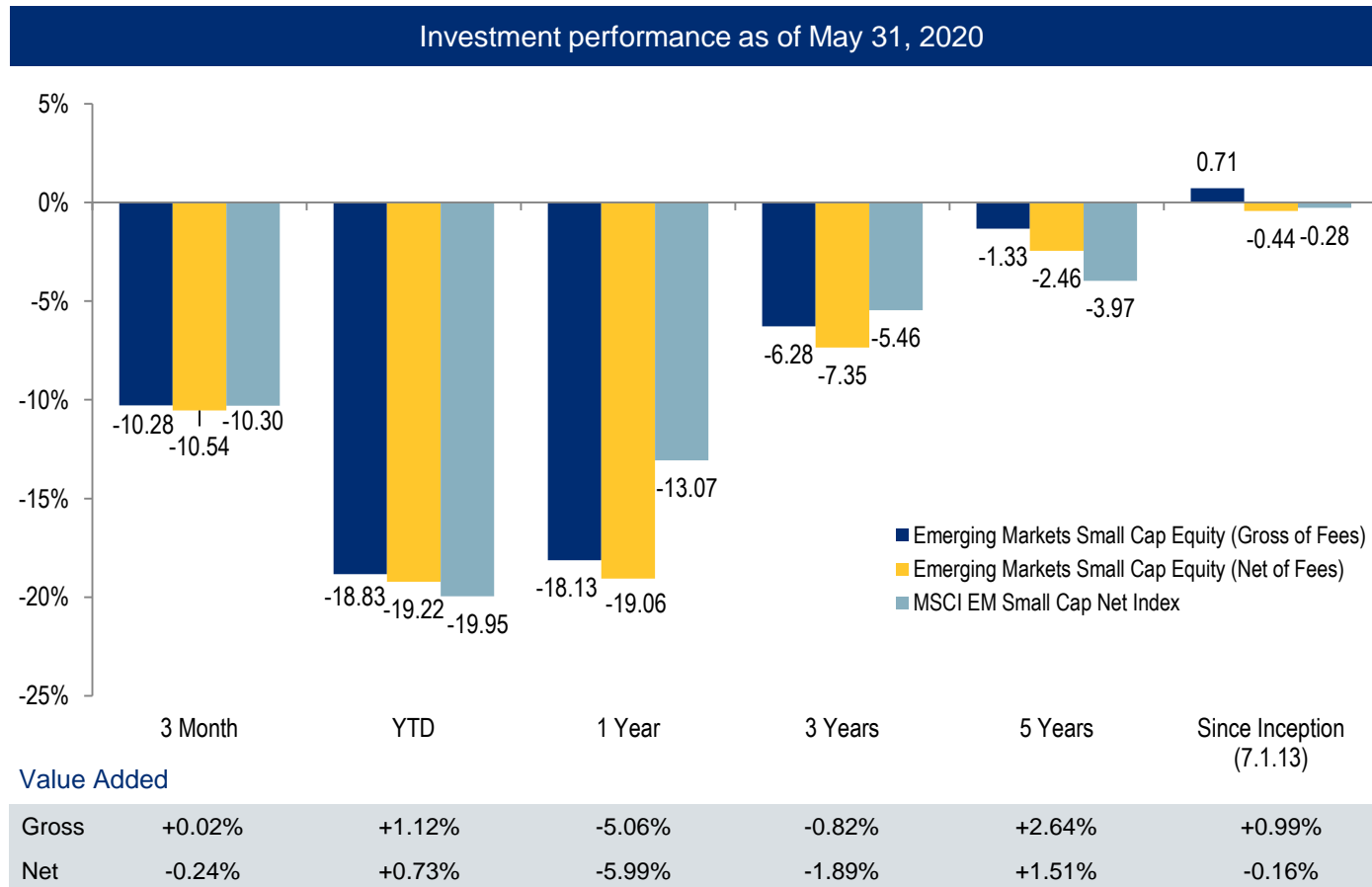
Source: RBC Global Asset Management, Rimes. Inception of the performance record is 7.1.13. Benchmark: MSCI EM Small Cap Net Index. Past performance is not a guarantee of future results. Returns are presented in gross and net of management fees and include the reinvestment of all income. All returns for periods greater than one year are shown on an annualized basis. The Emerging Markets Small Cap Equity composite is presented as supplemental to the "GIPS® Compliant Presentation" appendix to these materials. The appendix contains additional disclosures and important information regarding calculation of performance data and includes net of fees performance returns.

Investment performance and risk

Emerging Markets Small Cap Equity

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As of 5.31.20

Source: RBC Global Asset Management, Rimes. Inception of the performance record is 7.1.13. Benchmark: MSCI EM Small Cap Net Index. Past performance is not a guarantee of future results. Returns are presented in gross and net of management fees and include the reinvestment of all income. All returns for periods greater than one year are shown on an annualized basis. The Emerging Markets Small Cap Equity composite is presented as supplemental to the "GIPS® Compliant Presentation" appendix to these materials. The appendix contains additional disclosures and important information regarding calculation of performance data and includes net of fees performance returns.

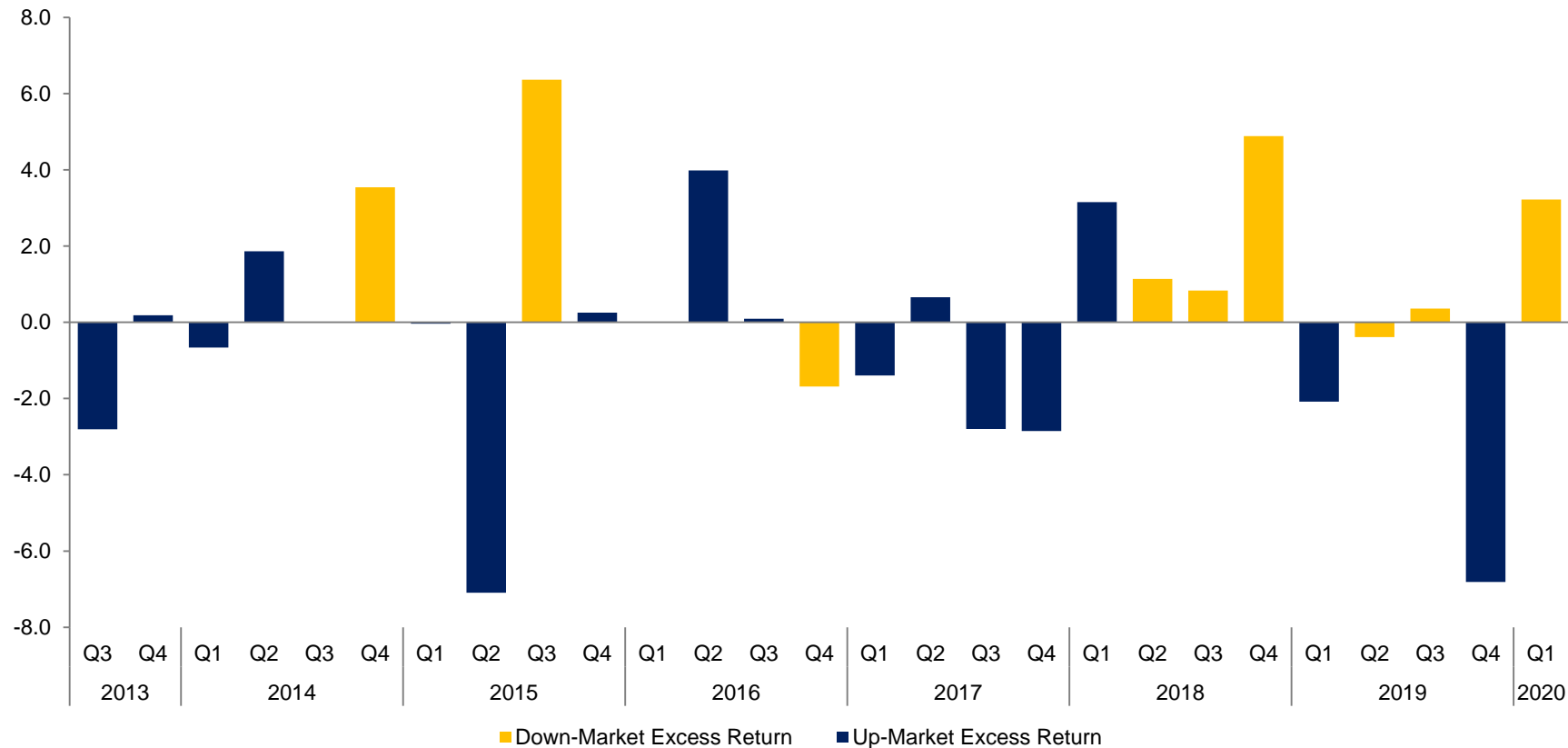
Excess returns in up and down markets

Emerging Markets Small Cap Equity

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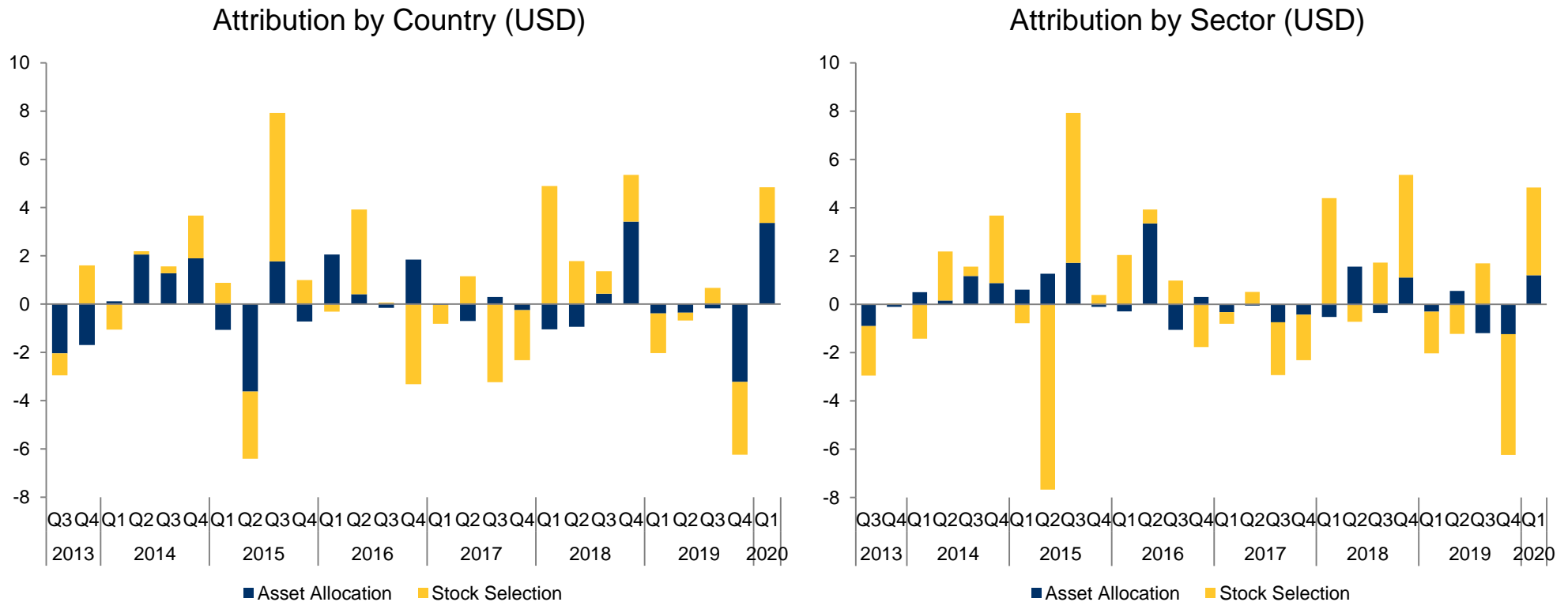
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Quarterly Excess Returns in Up/Down Markets (USD)



Source: Bloomberg, RBC Global Asset Management as of 3.31.20. Excess returns are against the MSCI EM Small Cap Equity Index, and are shown quarterly since inception, gross of fees and in USD.
Past performance is not indicative of future results.

Emerging Markets Small Cap Equity



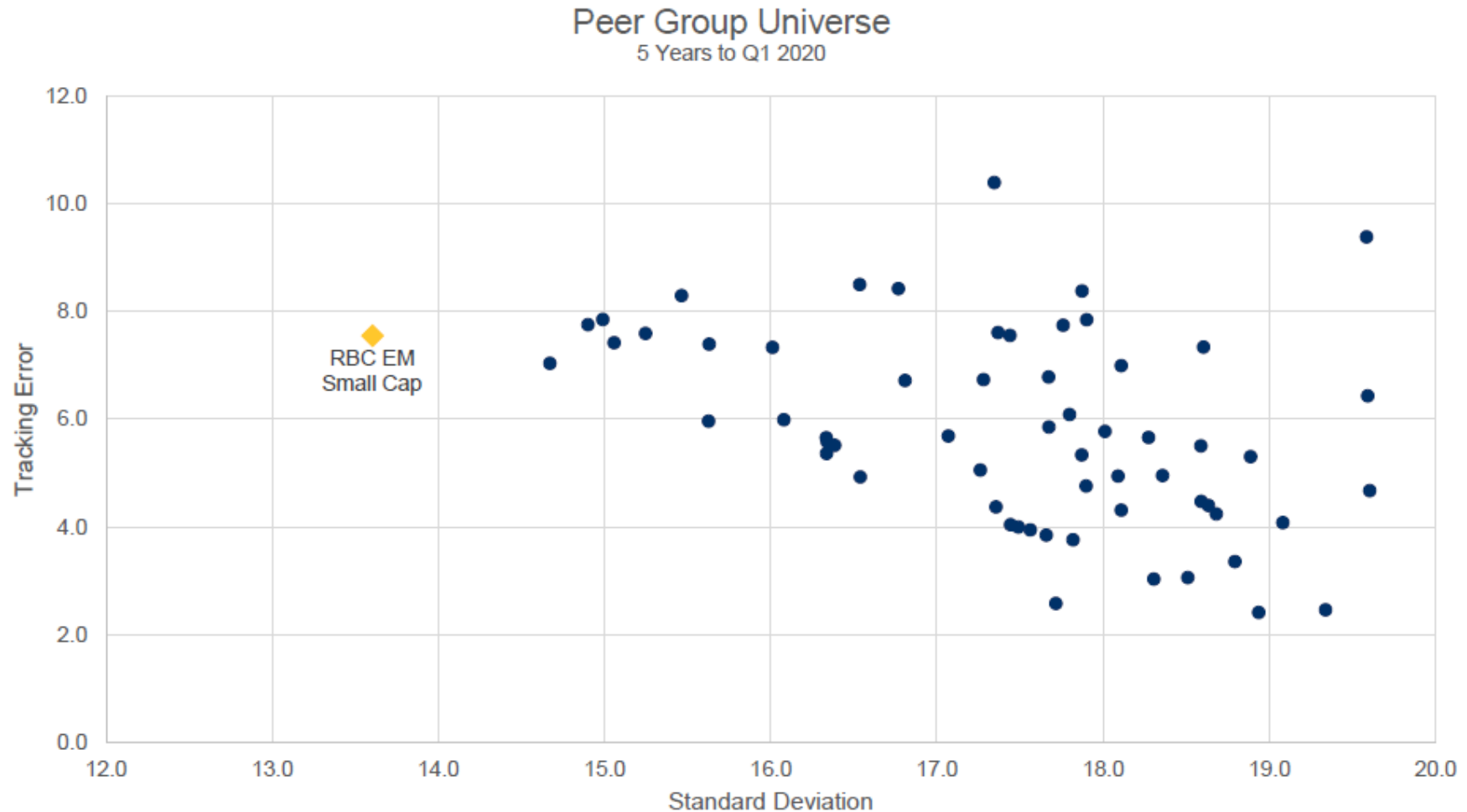
Source: Brinson, RBC Global Asset Management as of 3.31.20. Attribution is shown quarterly since inception, gross of fees and in USD. **Past performance is not indicative of future results.**

Peer group analysis – trailing 5-year risk statistics

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Emerging Markets Small Cap Equity



Source: eVestment, RBC Global Asset Management as of 3.31.20. Based on the eVestment Global Emerging Markets Small Cap Equity universe consisting of 84 investment strategies and the MSCI EM Small Cap Equity Index. Data is in USD. **Past performance is not indicative of future results.**

Summary

- Distinctive approach
 - A focus on sustainably high CFROI[®] companies
 - Distinctive blend of top down thematic and fundamental company research
 - Centralized team dedicated to proprietary and differentiated research
 - ESG built into the process
 - High conviction, quality-biased, long-term portfolio

Appendix

	EM Equity	EM Small Cap Equity	EM Value Equity	EM Equity Focus
Lead manager	Philippe Langham	Philippe Langham	Laurence Bensafi	Philippe Langham
AUM	\$8,057m	\$339m	\$700m	\$219m
Benchmark	MSCI Emerging Markets Net Index	MSCI Emerging Markets Small Cap Net Index	MSCI Emerging Markets Net Index	MSCI Emerging Markets Net Index
Objectives	3% outperformance of benchmark before fees	3% outperformance of benchmark before fees	3% outperformance of benchmark before fees	3.5% outperformance of benchmark before fees
Strategy launch	April 2010	July 2013	July 2013	December 2018
Team location	London	London	London	London

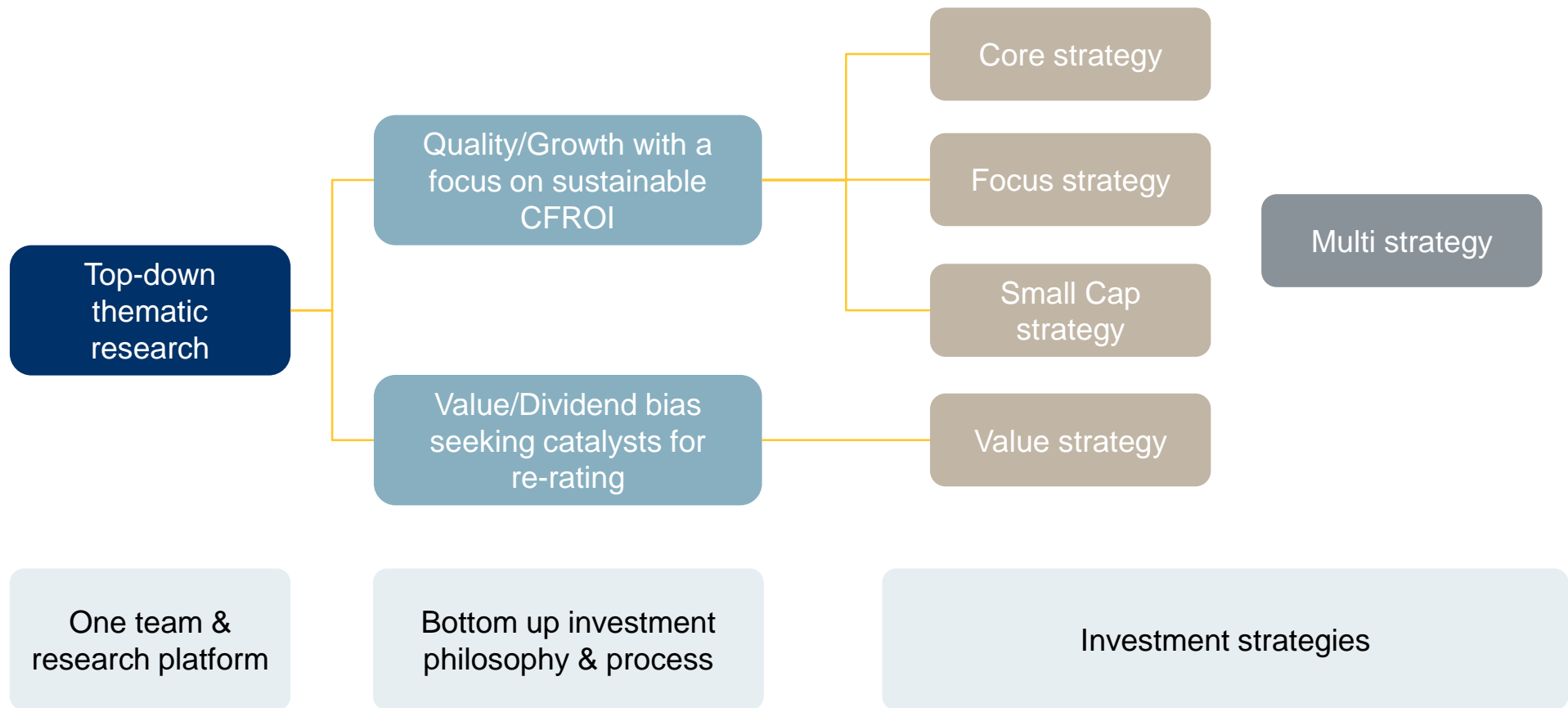
As of 3.31.20

RBC Emerging Markets Equity capabilities

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Our team and research platform



Portfolio holdings by sector

Emerging Markets Small Cap Equity

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Communication Services

AfreecaTV

Consumer Discretionary

Bermaz Auto
Giant
Goodbaby
Grendene
Luthai Textile
Nexteer
Poya
Samsonite
Selamat Sempurna
Tube Investments

Consumer Staples

Amorepacific
AVI
Century Pacific
InRetail
Marico
Standard Foods
Tata
Vitasoy

Financials

Aeon Thana Sinsap
Bajaj Holdings & Investment
Bolsa Mexicana de Valores
Brac Bank
Cholamandalam
Delta Brac
DGB Financial
Hatton National Bank
Inversiones La Construcción
JSE
LPI Capital
Macquarie Korea Infrastructure
Security Bank
Sundaram Finance

Health Care

Fleury
Innocare Pharma
Integrated Diagnostics
Pacific Hospital

Industrials

Aramex
Precision Tsugami
Voltronic Power
Wilson Sons

Information Technology

Chroma
Cyient
Integrated Micro-Electronics
Koh Young Technology
Leeno Industrial
Silergy
Wistron Neweb

Materials

China Bluechemical
Greatview Aseptic
Packages

Real Estate

China Overseas Property
Parque Arauco
VESTA

Utilities

Aguas Metropolitanas

As of 3.31.20

Source: RBC Global Asset Management, Rimes. Portfolio holdings are based on a representative account. Such data may vary for each client in the strategy due to asset size, market conditions, client guidelines and diversity of portfolio holdings. The representative account is the account in the composite that most closely reflects the current portfolio management style for this strategy. Holdings less than 5 bps are not included in the above.

Portfolio holdings by country

Emerging Markets Small Cap Equity

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Bangladesh

Brac Bank
Delta Brac

Brazil

Fleury
Grendene
Wilson Sons

Chile

Aguas Metropolitanas
Inversiones La Construccion
Parque Arauco

China/HK

China Bluechemical
China Overseas Property
Goodbaby
Greatview Aseptic
Innocare Pharma
Luthai Textile
Nexteer
Precision Tsugami
Samsonite
Vitasoy

Egypt

Integrated Diagnostics

India

Bajaj Holdings & Investment
Cholamandalam
Cyient
Marico
Sundaram Finance
Tata
Tube Investments

Indonesia

Selamat Sempurna

Malaysia

Bermaz Auto
LPI Capital

Mexico

Bolsa Mexicana de Valores
VESTA

Pakistan

Packages

Peru

InRetail

Philippines

Century Pacific
Integrated Micro-Electronics
Security Bank

South Africa

AVI
JSE

South Korea

AfreecaTV
Amorepacific
DGB Financial
Koh Young Technology
Leeno Industrial
Macquarie Korea Infrastructure

Sri Lanka

Hatton National Bank

Taiwan

Chroma
Giant
Pacific Hospital
Poya
Silergy
Standard Foods
Voltronic Power
Wistron Neweb

Thailand

Aeon Thana Sinsap

United Arab Emirates

Aramex

As of 3.31.20

Source: RBC Global Asset Management, Rimes. Portfolio holdings are based on a representative account. Such data may vary for each client in the strategy due to asset size, market conditions, client guidelines and diversity of portfolio holdings. The representative account is the account in the composite that most closely reflects the current portfolio management style for this strategy. Holdings less than 5 bps are not included in the above.

Portfolio holdings by theme

Emerging Markets Small Cap Equity

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Digitalization

Chroma
Cyient
Delta Brac
Integrated Micro-Electronics
Koh Young Technology
Leeno Industrial
Precision Tsugami
Silergy
Voltronic Power
Wistron Neweb

Domestic Consumption

Aeon Thana Sinsap
AfreecaTV
Amorepacific
Aramex
AVI
Bermaz Auto
Century Pacific
China Bluechemical
Goodbaby
Greatview Aseptic
Grendene
InRetail

Domestic Consumption (cont.)

Luthai Textile
Marico
Packages
Parque Arauco
Poya
Samsonite
Tata
Tube Investments

Financialization

Bajaj Holdings & Investment
Bolsa Mexicana de Valores
Brac Bank
DGB Financial
Hatton National Bank
Inversiones La Construcción
JSE
LPI Capital
Security Bank
Sundaram Finance

Health and Wellness

Cholamandalam
Fleury
Giant
Innocare Pharma
Integrated Diagnostics
Pacific Hospital
Standard Foods
Vitasoy

Infrastructure

China Overseas Property
Macquarie Korea Infrastructure
Nexteer
VESTA
Wilson Sons

No Theme

Aguas Metropolitanas
Selamat Sempurna

As of 3.31.20

Source: RBC Global Asset Management, Rimes. Themes are determined by the portfolio manager as part of the top-down overlay of the fundamental research process. They are subject to change at any given time. Portfolio holdings are based on a representative account. Such data may vary for each client in the strategy due to asset size, market conditions, client guidelines and diversity of portfolio holdings. The representative account is the account in the composite that most closely reflects the current portfolio management style for this strategy. Holdings less than 5 bps are not included in the above.

Checklist scores

Emerging Markets Small Cap Equity

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Name	Franchise	Management quality	Corporate governance	Total
Nexteer	90	85	85	97.0
AVI	94	95	88	92.5
Century Pacific	96	95	85	91.8
Aramex	92	91	88	90.5
Chroma	96	86	86	90.0
Voltronic Power	94	85	88	89.5
Poya	86	90	90	88.4
JSE	87	90	88	88.2
Marico	84	92	90	88.2
Aguas Metropolitanas	82	91	93	88.0
Fleury	80	87	90	87.1
Cyient	87	89	85	87.0
Wistron Neweb	90	85	85	87.0
Bermaz Auto	85	90	85	86.5
Bajaj Holdings & Investment	86	83	80	86.3
Macquarie Korea Infrastructure	83	87	90	86.3
Giant	84	85	90	86.1
Koh Young Technology	83	87	89	86.0
Samsonite	85	85	88	85.9
Hatton National Bank	86	86	84	85.4
InRetail	86	85	85	85.4
Innocare Pharma	85	90	80	85.0
Parque Arauco	85	85	85	85.0
Precision Tsugami	85	85	85	85.0
Silergy	85	85	85	85.0
Cholamandalam	84	84	87	84.9
Tube Investments	84	84	87	84.9
DGB Financial Group	86	83	85	84.8

Name	Franchise	Management quality	Corporate governance	Total
Leeno Industrial	88	82	83	84.7
Amorepacific	78	93	85	84.6
Integrated Diagnostics	88	86	78	84.4
Pacific Hospital	83	85	85	84.2
Inversiones La Construcción	89	75	85	83.6
Standard Foods	80	85	87	83.6
Aeon Thana Sinsap	80	82	89	83.5
China Overseas Property	85	85	80	83.5
LPI Capital	85	75	90	83.5
Security Bank	78	86	88	83.4
Bolsa Mexicana de Valores	86	80	83	83.3
VESTA	83	85	82	83.3
Sundaram Finance	78	87	86	83.1
AfreecaTV	87	80	80	82.8
Brac Bank	82	82	84	82.7
Delta Brac	83	81	84	82.7
Goodbaby	78	82	90	82.7
Vitasoy	78	83	87	82.2
Luthai Textile	77	86	85	82.1
Packages	81	83	83	82.1
Tata	82	78	86	82.0
Greatview Aseptic	80	80	85	81.5
Integrated Micro-Electronics	81	85	79	81.3
Selamat Sempurna	80	82	82	81.2
Grendene	82	85	75	80.8
China Bluechemical	75	82	80	78.6
Wilson Sons	75	80	80	78.0

As of 3.31.20

Source: RBC Global Asset Management, Rimes. Portfolio holdings are based on a representative account. Such data may vary for each client in the strategy due to asset size, market conditions, client guidelines and diversity of portfolio holdings. The representative account is the account in the composite that most closely reflects the current portfolio management style for this strategy. Holdings less than 5 bps are not included in the above. Checklist scores are for discussion purposes only and not provided as a basis for investment decision-making.

ESG – a differentiated approach

What difference does ESG make?

Board Meeting: 07/28/20

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Item X-D

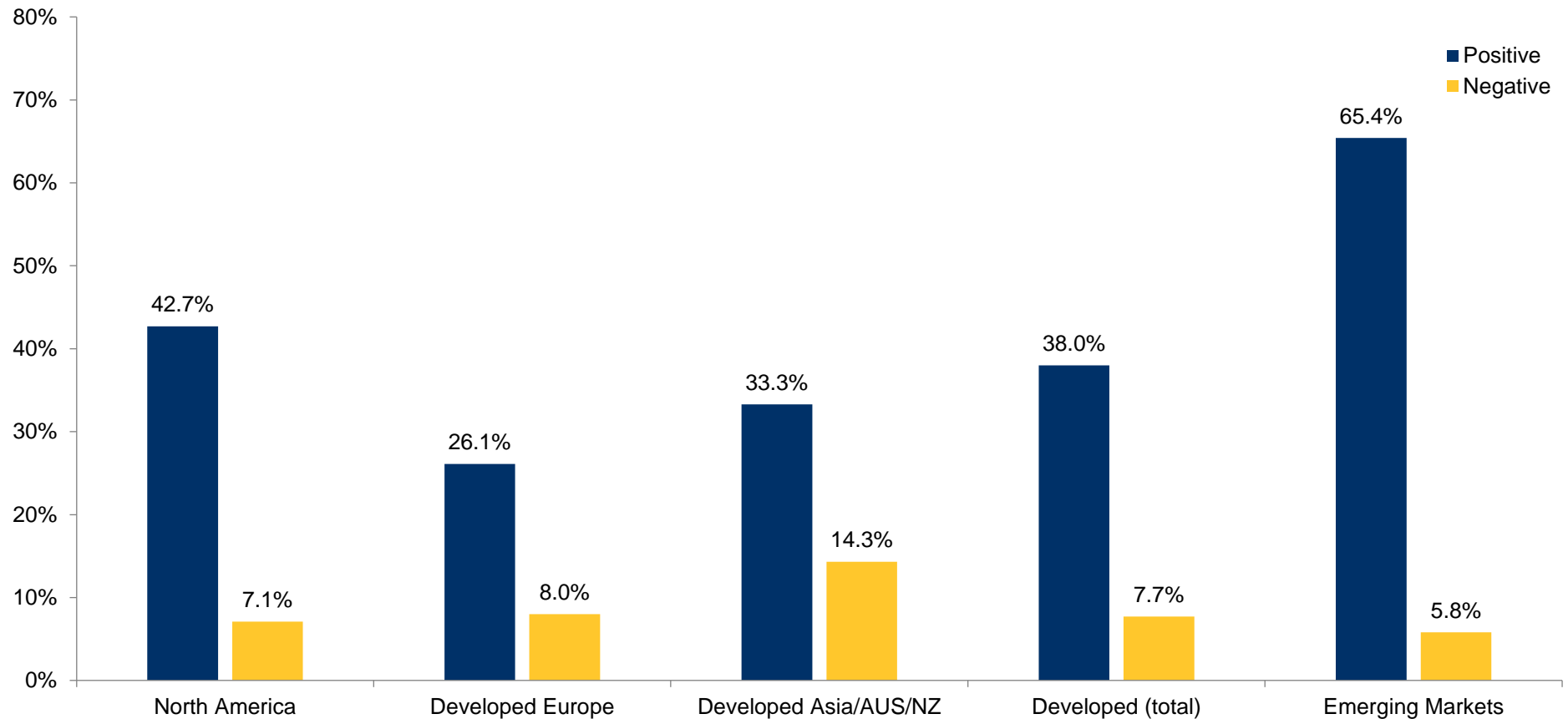
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Research shows positive correlation between ESG and financial performance

Tracking the link between ESG & corporate financial performance



As of December 2015

Source: Friede, Busch, Bassen. Based on studies conducted between 1970 and 2014. The Y-axis indicates the percentage of studies that find a positive or negative relationship between ESG factors and corporate financial performance, split by different regions

How are ESG factors incorporated into the investment process?

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ESG is fully integrated into the investment process



Research process

Bottom-up fundamental research

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Checklist and scoring

Ticker: Company A Ticker
Name: Company A
Date: 28/09/2018
FYE:
Acc. Std.:
Filled by:

80 - 100	Excellent
60 - 80	Good
40 - 60	Neutral
0 - 40	Poor

Overall Score
87.4

Strength and sustainability of franchise		88	Management quality		87	Corporate governance		87
1	Will the company be around in 20 years time?		1	What is management's track record of integrity?		Track Record		Red Flag?
2	Are there any issues with the business model or risks in general?		2	What is the management's track in terms of creating shareholders value?		1	Short Track Record Less than 7 years of track record	No
3	Does the country generate sector/industry leading returns?		3	What are the management KPIs? Are incentives aligned to support shareholder returns		2	Short Listing History Less than 3 years	No
4	What's the projected trajectory of returns? Is there any potential for return expansion or contraction?		4	How have they handled negative issues in the past and how quickly have they identified and rectified challenges?		3	Extreme Price Movement 1-day price fall of more than 15% in the last 5 years.	No
5	What is the source and how sustainable is the competitive advantage?		5	What is management's execution track record through cycles?		Conflict of Interests		Red Flag?
6	Do the company's products or services have a positive impact on society?		6	How innovative is the culture of the firm and management?		4	Concentration of Family Ownership Family control >30%	Yes
7	Do the product and services have a negative impact on the environment?		7	Is the company addressing stakeholders in the business?		5	Change of Senior Management Recent or frequent change in CEO/CFO	No
8	Do the company's products and/or services represent good value for money to the consumer?		8	How does the company engage employees?		6	Significant Related Party Transactions Related party transactions >10% of sales/COGs, or related party receivables >10% of assets	No
A) Strength and sustainability of the franchise (40%)			B) Management quality (30%)			C) Corporate governance (30%)		
33 questions			15 questions			30 questions		

Overall score

ESG integration

Stakeholder management is a crucial element

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Company engagement enhances outcomes

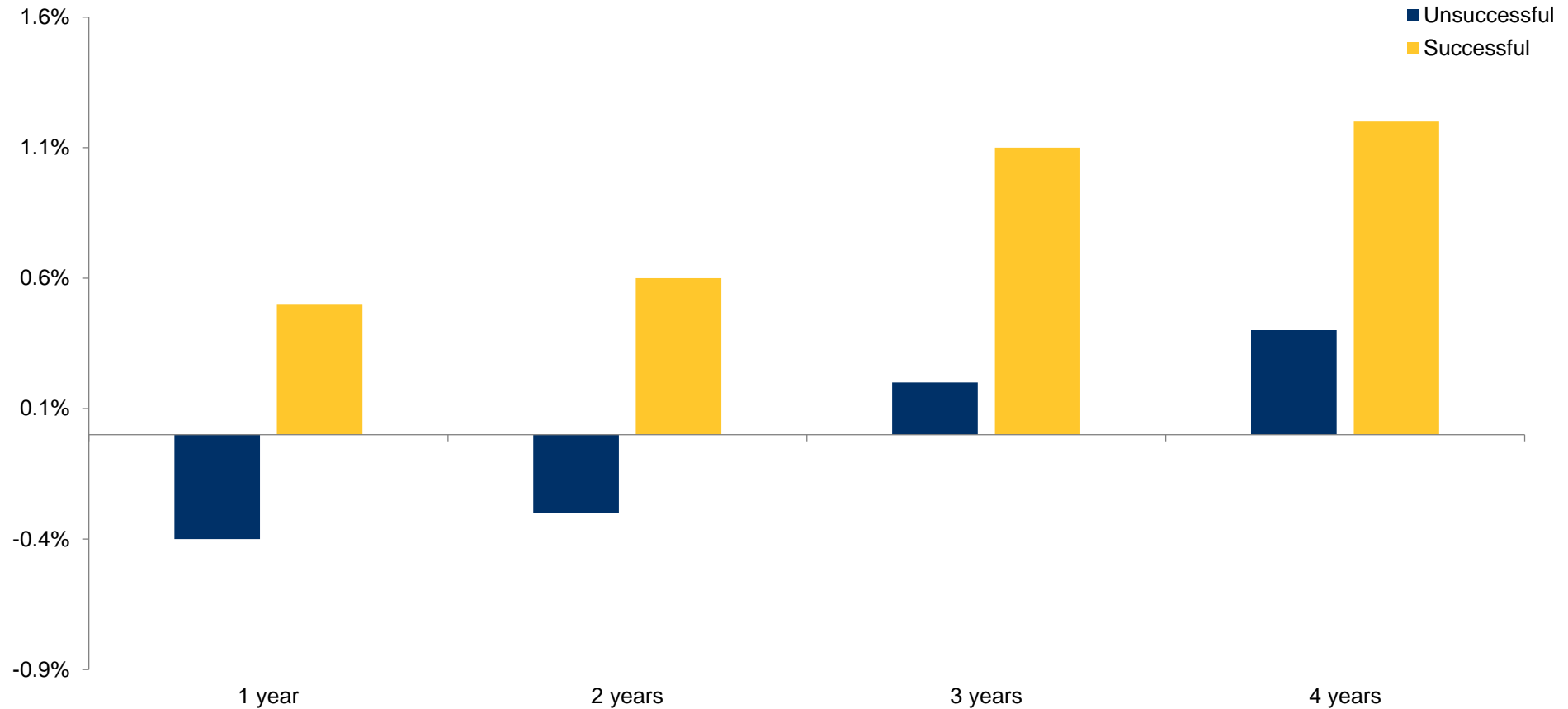
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Change in ROA relative to pre-engagement



Source: UN PRI, "Coordinated Engagements" by Elroy Dimson, Oğuzhan Karakaş and Xi Li. As of May 2018. The United Nations' Principles for Responsible Investing (PRI) is one of the leading networks for investors with a commitment to responsible ownership and long-term returns. The study is based on a proprietary dataset of the PRI's collaborative engagements from 2007 to mid-2017. The study examines 1,671 engagement sequences undertaken by 252 investment organizations from 24 countries. They target 964 listed companies located in 63 countries globally.

The case for Emerging Markets Small Cap

The case for Small Cap

Emerging Markets Small Cap Equity

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Undiscovered opportunities

- 69% of large cap stocks have ten or more analysts covering them while almost half of small cap stocks have no analyst coverage at all
- Range of returns of small cap has been much wider than the range of returns of large cap, providing more opportunities

Wider choice

- The EM Small Cap Index has approximately 10 times more securities than the large cap universe
- Companies with a market cap below \$5bn account for 93% of the 7951 stocks

Domestic bias

- Emerging Market Small Cap stocks offer a much larger exposure to the exciting domestic demand and consumption secular themes
- Weighting of Consumer and Industrials in the MSCI Small Cap Index is approximately 45% vs 25% for broad index

Higher growth potential

- EM small caps have higher growth potential, outperforming their larger counterparts over the longer term

Risk diversification

- Smaller companies offer significant diversification benefits
- The share price of smaller companies behaves differently to larger companies because they tend to operate in niche areas that have the potential to deliver strong earnings growth, regardless of what is happening in the wider economy

Faster growing

- Emerging Market small caps are showing faster earnings growth than larger cap stocks over the last eight years

Valuations

- EM small caps trade at a substantial valuation discount to EM large caps in price-to-book terms
- This presents an additional investment opportunity as valuation ratios between the two are likely to converge over time

Higher family ownership

- Many EM small caps are family or founder businesses
- Since the early 1990s, family businesses have consistently achieved returns above those of their larger counterparts

As of December 2018

Source: RBC Global Asset Management, Rimes, Credit Suisse Research Institute and JPMorgan. Large Cap: market capitalization > USD 5.0 billion, Small Cap: market capitalization < USD 5.0 billion

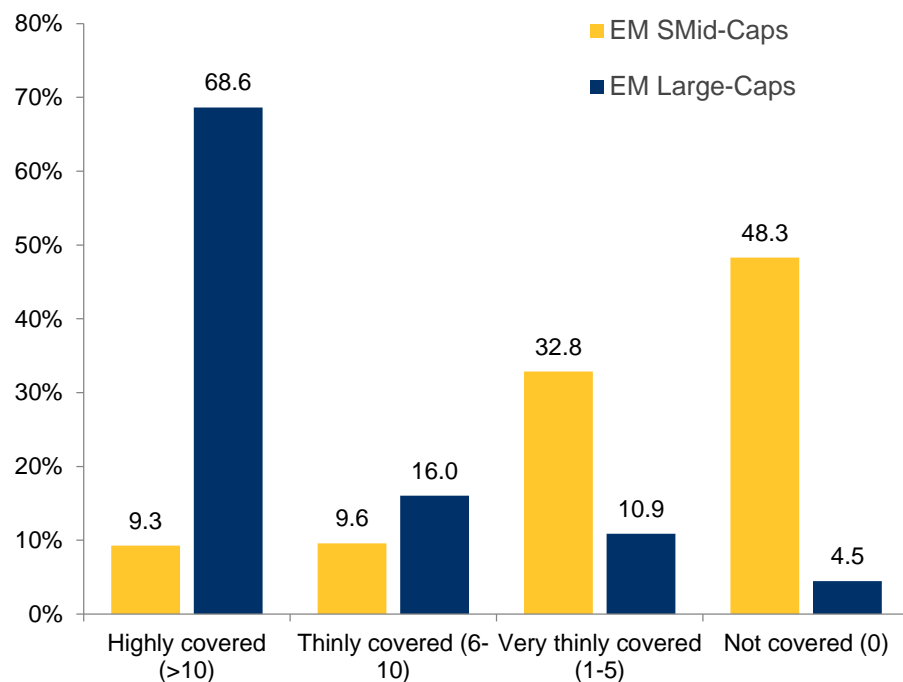
Past performance is not indicative of future results.

#1 – Undiscovered opportunities

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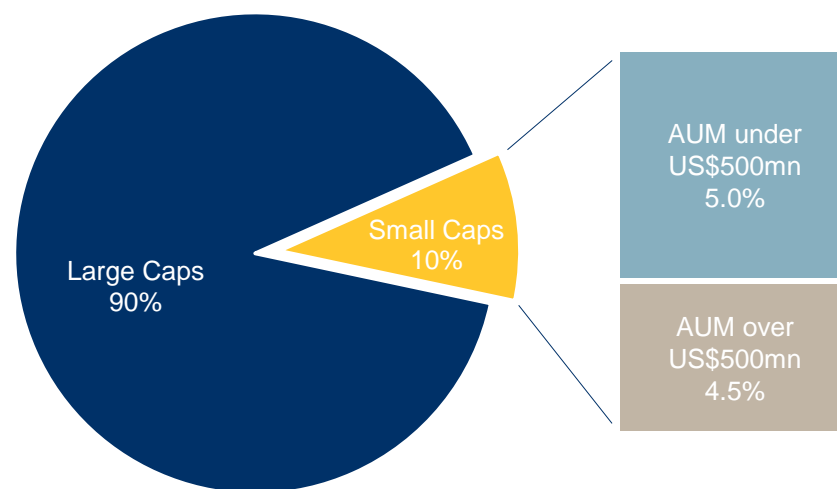
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Emerging Markets universe – coverage by analysts



Source: JPMorgan, as of October 2018
Large Caps: market capitalization >USD 5.0 billion
Small Caps: market capitalization <USD 5.0 billion

Breakdown of Emerging Markets Equity strategies



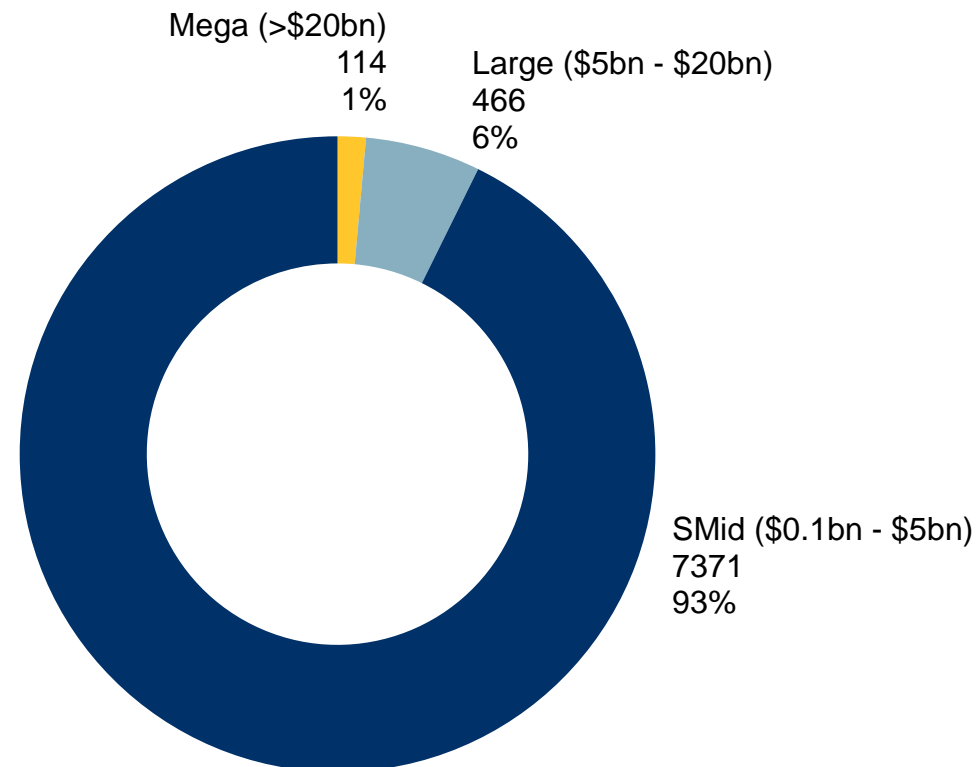
Source: eVestment, as of 10.30.18

#2 – Wider choice

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Breakdown of Emerging Markets Universe



As of November 2018

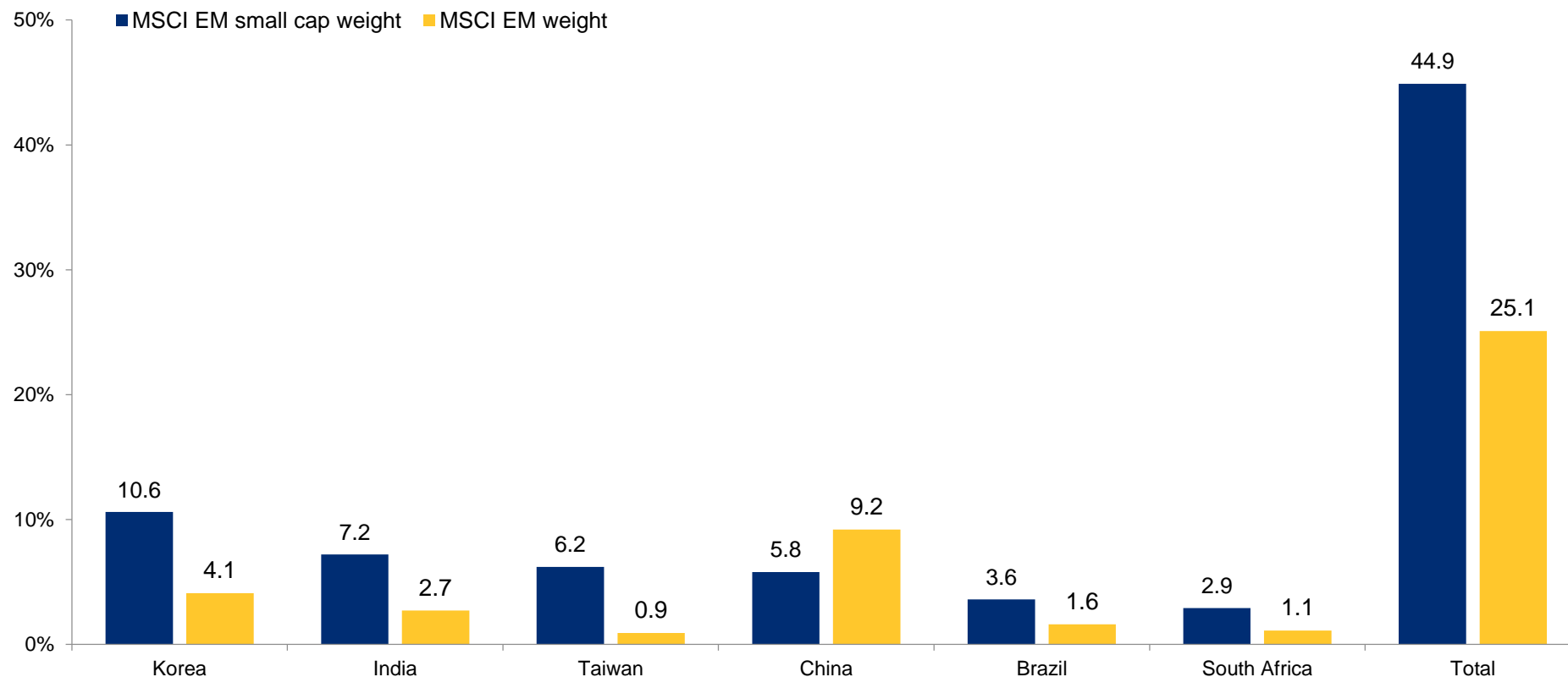
Source: JPMorgan Research. EM small caps market capitalization <USD 5bn, equally weighted. EM large caps markets capitalization >USD 5bn, equally weighted.

#3 – Domestic bias

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Domestic demand exposure: Consumer + health care + industrials



As of 12.31.18

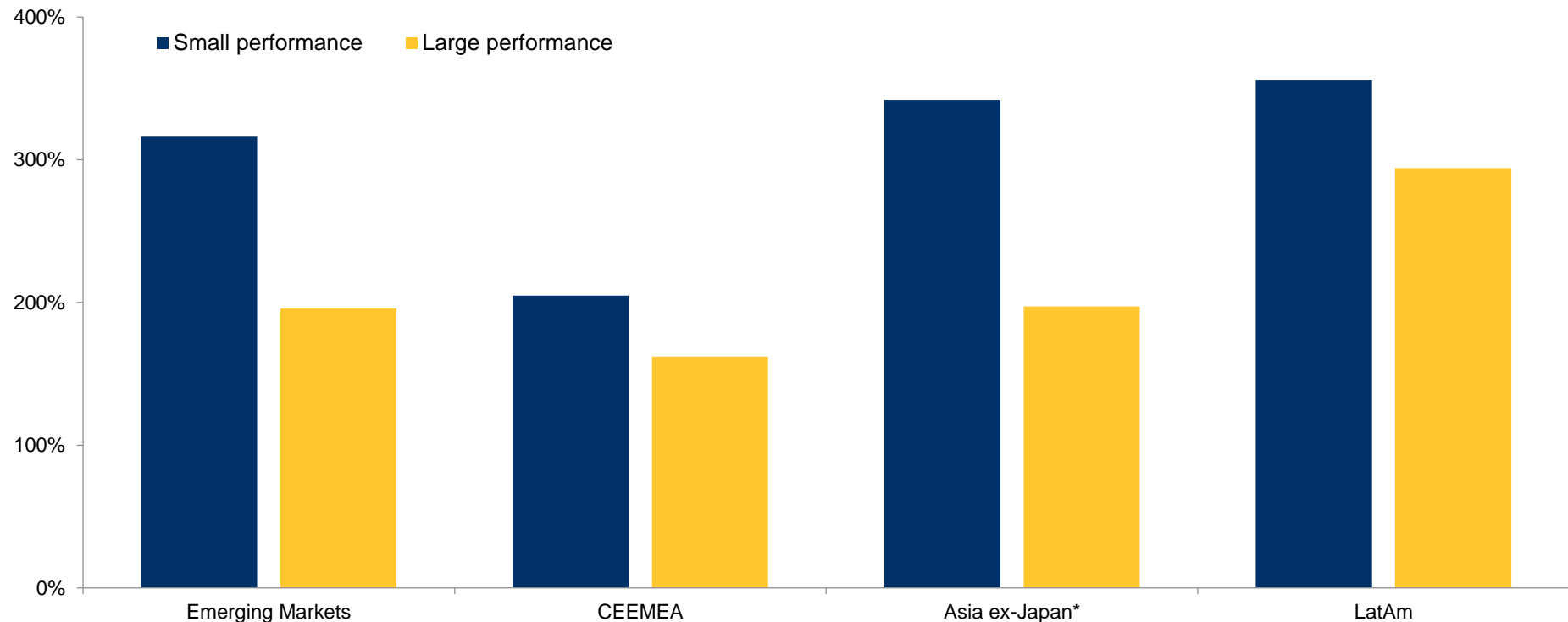
Source: MSCI, Factset, JP Morgan. All figures are computed on a equal weighted basis, excluding outliers (top and bottom 5%).

#4 – Growth potential

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Small Cap versus Large Cap indices cumulative performance



Cumulative performance from 1.1.05 to 10.9.18

Source: MSCI, Bloomberg

LatAm – Latin America

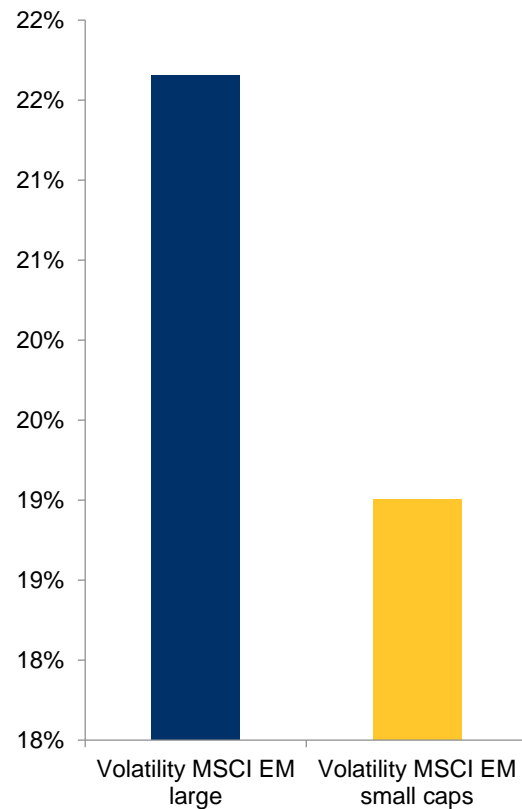
CEEMEA – Central & Eastern Europe, Middle East & Africa

*Asia ex-Japan excludes China A shares from 2013 onwards. Past performance is not indicative of future results. Large Cap: market capitalization > USD 5.0 billion, Small Cap: market capitalization < USD 5.0 billion

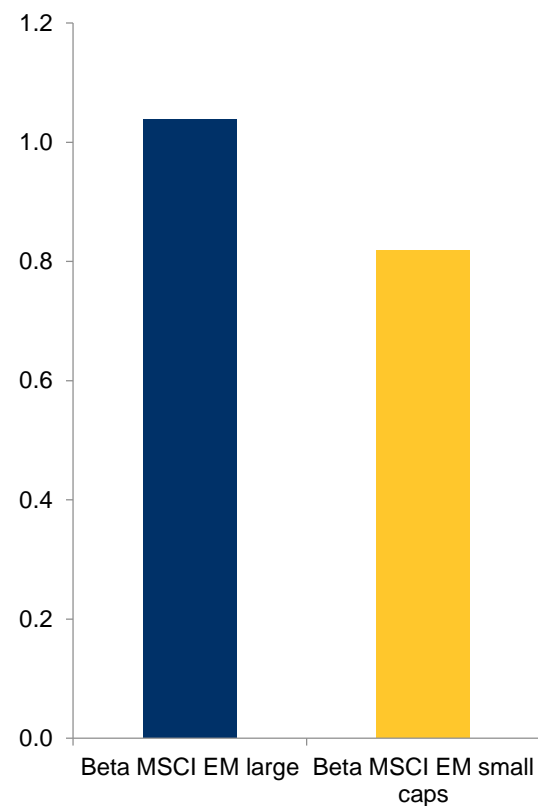
Information based on the EM universe, including all companies listed with a market cap >\$100m USD. All numbers based on equal weighted average of universe excluding outliers (bottom/top 5%).

#5 – Risk diversification

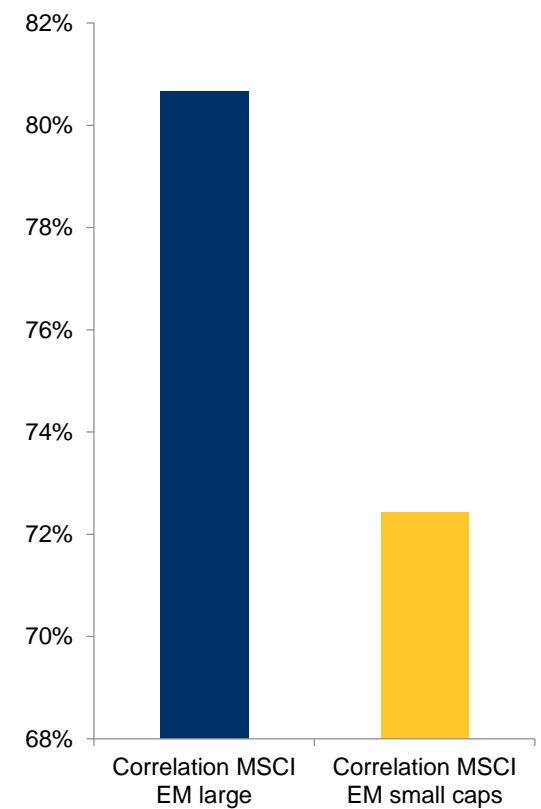
Lower volatility



Lower beta



Lower correlation with MSCI World



Five years through October 2018.

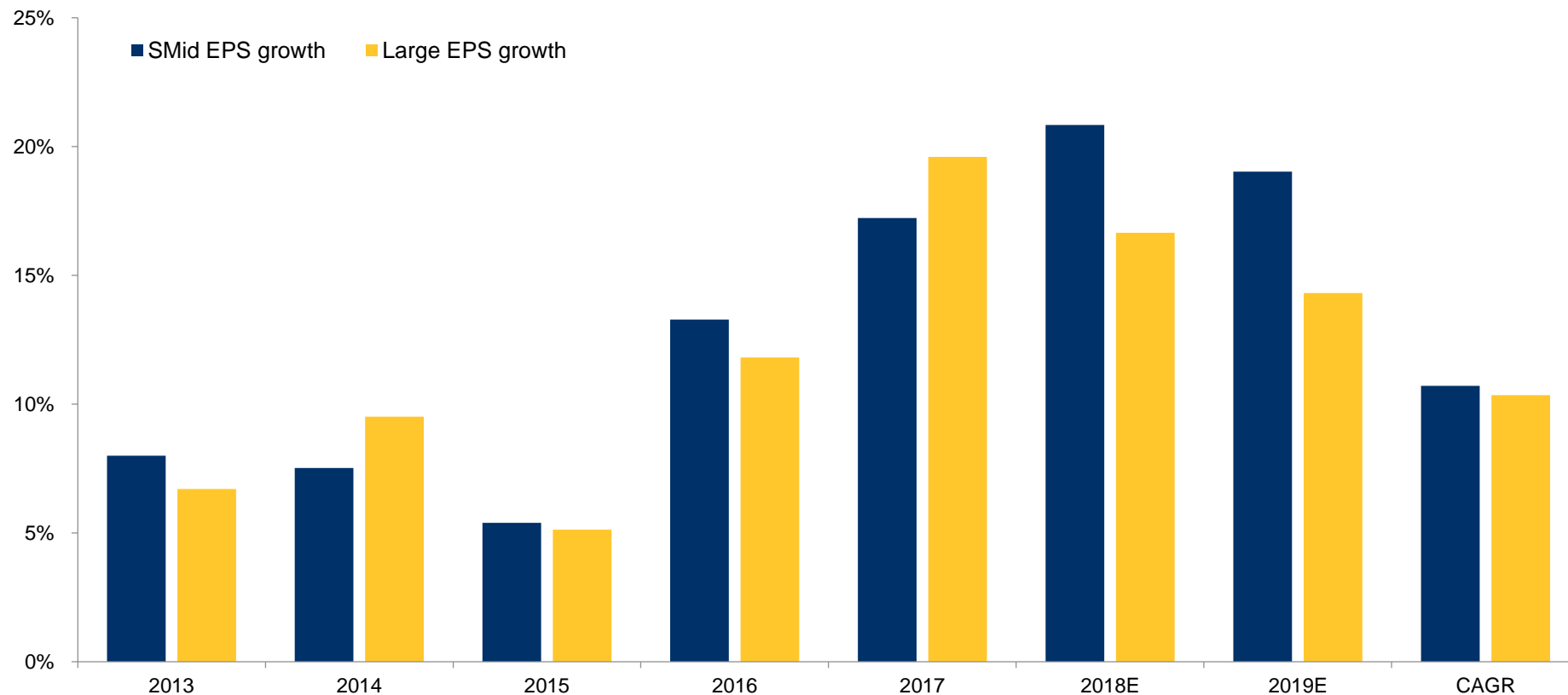
Source: MSCI, JP Morgan Research. Volatility measured by standard deviation of returns.

#6 – Faster growing

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Emerging Markets EPS growth – Small Cap versus Large Cap



As of November 2018

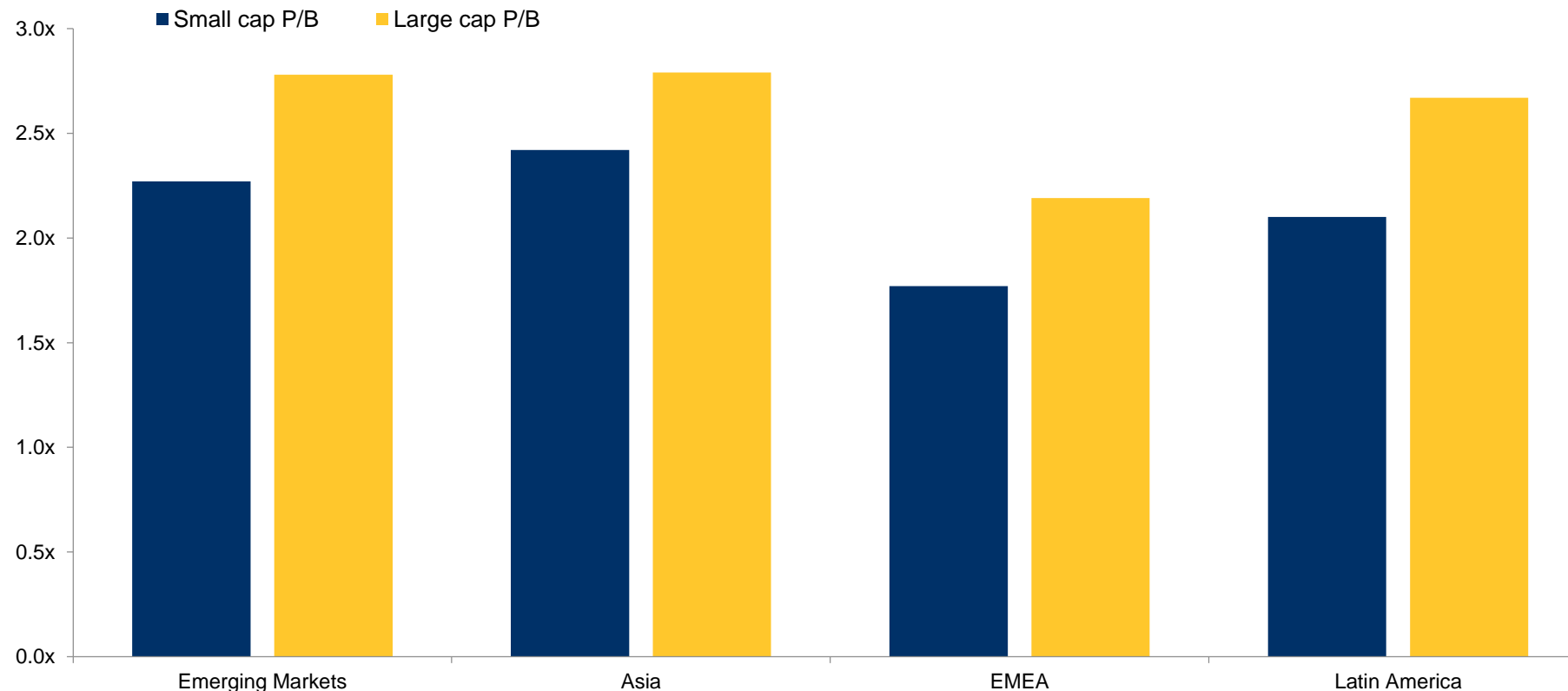
Source: JPMorgan Research. EM small caps market capitalization <USD 5bn, equally weighted. EM large caps markets capitalization >USD 5bn, equally weighted.

#7 – Valuations

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Emerging Markets price to book value – Large Caps versus Small Caps



As of November 2018

Source: JPMorgan Research. EM small caps market capitalization <USD 5bn, equally weighted. EM large caps markets capitalization >USD 5bn, equally weighted. CEEMEA – Central & Eastern Europe, Middle East & Africa.

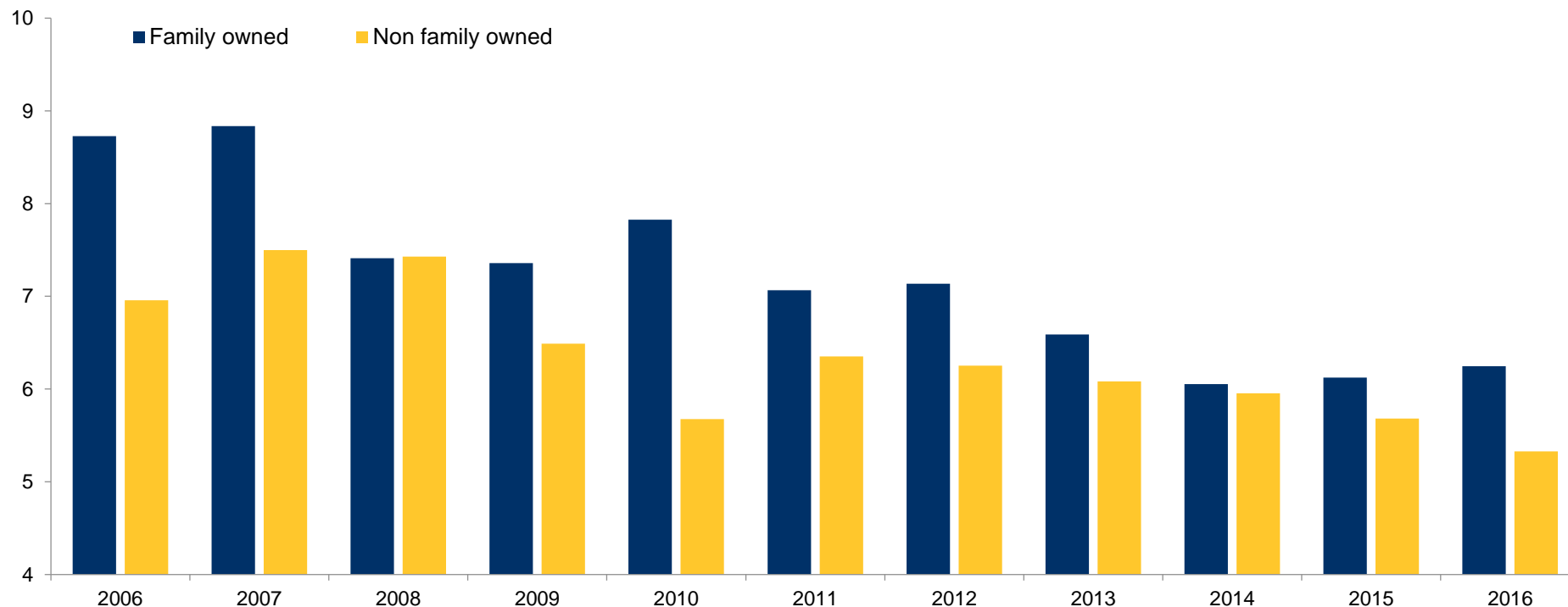
All figures are computed on a equal weighted basis, excluding outliers (top and bottom 5%).

#8 – High family ownership

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Cash flow returns for family-owned companies are superior to non-family-owned companies



As of September 2017

Source: Credit Suisse Research Institute. Family-owned is defined as either the founder or descendants of the founder owning at least 20% of the shareholding and voting rights of the company. The “non-family” control group consists of approximately 8,000 companies globally that are classified by Credit Suisse as not meeting the family owned criteria.



Philippe Langham, ACA

Senior Portfolio Manager, Head, Emerging Markets Equity

28 years of experience

Philippe is Head of the Emerging Markets Equity team in London and lead manager for the Emerging Markets Equity and Emerging Markets Small Cap Equity strategies. He has worked in the investment industry since 1992. Before joining the RBC Global Asset Management in 2009 to establish the Emerging Markets Equity team, Philippe was the Head of Global Emerging Markets at Société Générale Asset Management in London. Previous experience includes roles at the Kuwait Investment Office in London where Philippe managed the Global Emerging Markets, Asian, Latin American and U.S. portfolios and Credit Suisse in Zurich where he was Director and Head of Asia and Emerging Markets. Philippe holds a BSc in Economics from the University of Manchester, and is a Chartered Accountant.



Laurence Bensafi, CFA

Senior Portfolio Manager, Deputy Head, Emerging Markets Equity

22 years of experience

Laurence is Deputy Head of Emerging Markets Equity in London and lead portfolio manager for the Emerging Markets Value Equity Strategy. Before joining RBC Global Asset Management in 2013 Laurence was the Head of Aviva Investors' Emerging Markets team where she was responsible for managing Global Emerging Markets income funds, and for developing quantitative stock selection & analysis models. Laurence began her investment career as a Quantitative Analyst at Société Générale Asset Management, supporting European and Global Equity portfolio management by developing quantitative models to assist in the portfolio construction and security selection process. Laurence holds a Magistère d'Économiste Statisticien & D.E.S.S. Statistique et Économétrie from Toulouse University in France and is a CFA charterholder.



Guido Giammattei

Head of Research, Portfolio Manager, Emerging Markets Equity

22 years of experience

Guido is Head of Research and a Portfolio Manager for the Emerging Markets Equity team in London. Before joining RBC Global Asset Management in 2010, Guido was an Emerging Markets Portfolio Manager at Rexiter Capital Management. Previous experience includes roles as an Emerging Markets Equities Analyst at Rexiter and Securities Analyst then Junior Portfolio Manager at HSBC Asset Management. Guido began his career in the investment industry in 1998 as an Equity and Derivatives Trader for BSI in Italy. Guido holds a BSc from Università Cattolica Del Sacro Cuore and an MBA from Carroll Graduate School of Management, Boston College.

Note: Industry Experience is updated annually.



Veronique Erb

Portfolio Manager, Emerging Markets Equity

20 years of experience

Veronique is a Portfolio Manager in the Emerging Markets Equity team. Veronique began her investment career in 2000 and joined RBC Global Asset Management in 2015. Prior to joining the firm, Veronique was at CLSA Asia Pacific Markets where she was responsible for Asian ex-Japan equities covering geopolitical, macro-economic and fundamental analysis of the region for 15 years. Veronique grew up in Hong Kong, and obtained a BSc in Economics and German from the University of Surrey and an MSc in Finance from Cass Business School, London.



Zeena Dahdaleh, CFA

Portfolio Manager, Emerging Markets Equity

13 years of experience

Zeena is a Portfolio Manager in the Emerging Markets Equity team and has been with the Emerging Markets team since inception. Before joining RBC Global Asset Management, Zeena worked as an Investment Banking Analyst for Lehman Brothers, which subsequently became Nomura. Zeena began her investment career in 2007 and during her time as an Analyst Zeena's coverage has included a number of emerging markets regions. Zeena holds a BSc (Econ) from the London School of Economics and is a CFA charterholder.



Richard Farrell, CFA

Portfolio Manager, Emerging Markets Equity

13 years of experience

Richard is a Portfolio Manager in the Emerging Markets Equity team. Before joining RBC Global Asset Management as an Equity Analyst in 2013, Richard worked at Aviva Investors providing fundamental equity analysis in the energy and materials sectors within Global Emerging Markets. Richard began his career in the investment industry in 2005 as an Analyst in HSBC's Corporate Finance Department. In 2005, Richard obtained a BSc in Business and Finance from King's College, London. In 2009 he obtained an MSc in Investment Management from Cass Business School in London. Richard is a CFA charterholder.

Note: Industry Experience is updated annually.



Christoffer Enemaerke, CFA

Portfolio Manager, Emerging Markets Equity

10 years of experience

Christoffer is a Portfolio Manager in the Emerging Markets Equity team in London having joined RBC Global Asset Management in 2013. Before joining RBC Global Asset Management, Christoffer was a Research Associate at Nordea Investment Management in Copenhagen. He was responsible for the bottom-up fundamental analysis of companies in the Asia ex-Japan region. In 2010, Christoffer obtained a BSc in Business Administration and Economics and in 2012 he obtained an MSc in Finance and Accounting from Copenhagen Business School. Christoffer is a CFA charterholder.



Ashna Yarashi-Shah

Associate Portfolio Manager, Emerging Markets Equity

8 years of experience

Ashna is an Associate Portfolio Manager on the Emerging Markets Equity team in London. Ashna joined the RBC Global Asset Management team in 2017 as Emerging Markets Equity Product Specialist after starting her career in the investment industry in 2012. Before joining RBC Global Asset Management in 2017, Ashna was an Equity Salesperson at Morgan Stanley covering the Asia Pacific region. During her time at Morgan Stanley, Ashna was also a member of the content development team for Europe and EMEA regions, responsible for commercialising the research product. Ashna holds a BSc (Hons) in Statistics, Economics and Finance from University College London. Ashna has passed the CFA Level 2 exam and is a candidate for the Level 3 exam.

Note: Industry Experience is updated annually.



James Bateson

Portfolio Engineer, Emerging Markets Equity

3 years of experience

James is the Portfolio Engineer for the Emerging Markets Equity team in London, responsible for enhancing the team's data analysis, portfolio construction and risk management capabilities. James initially joined RBC in 2016 as a Summer Intern and then again in 2017 on the Graduate Rotational Program. Over the two years on the program James completed rotations with RBC Wealth Management, BlueBay Asset Management and the RBC GAM Global Equity team before joining the Emerging Market Team as a Portfolio Engineer. James holds a Master's Degree in Geography with Quantitative Research Methods (MSci) from the University of Bristol and has passed Level 1 of the CFA Exam.



Angel Su

Analyst, Emerging Markets Equity

1 year of experience

Angel is an Equity Analyst for the Emerging Markets Equity team in London. Angel works closely with the Portfolio Managers to support both top-down and bottom-up research. Before joining RBC Global Asset Management in 2019, Angel completed a number of internships in Hong Kong including Financial Services Consulting at PwC in 2018, Research and Information at McKinsey in 2016, and M&A at Bank of China International in 2016. Angel holds a double masters' degree in International Management from London School of Economics and the University of St. Gallen, Switzerland. Angel also holds an MA (Hons) in Finance and Business from the University of Edinburgh. Angel is a CFA Level I candidate.

Note: Industry Experience is updated annually.



Dijana Jelic

Product Specialist, Emerging Markets Equity

9 years of experience

Dijana is the Product Specialist for the Emerging Markets Equity team in London. Prior to joining RBC Global Asset Management in 2018, Dijana was Vice President at Citi Private Bank where she spent six years across the Managed Investments and Investment Marketing businesses, focusing on the positioning of investment capabilities and thought leadership respectively. Dijana began her investments career at KPMG Investment Advisory, and prior to that worked in the Old Masters department at Christie's Auction House.

Dijana holds a BA (Hons) in the History of Art from the University of Warwick. She has completed the CFA Level 1 exam and holds the CFA UK Investment Management Certificate.

Note: Industry Experience is updated annually.

Investment team

RBC GAM-US

Board Meeting: 07/28/20

IC Meeting: 07/08/20

Item X-D

Item II

Attachment 1

Attachment 2



Alissa K. Howard, CAIA

Vice President, Institutional Portfolio Manager

9 years of experience

Alissa Howard communicates with emerging markets equity strategy clients on an ongoing basis and ensures the professionals working on an account understand and pursue the client's objectives. Alissa joined RBC GAM in 2020. She was previously a research consultant at NEPC, LLC, an investment consulting firm based in Boston. There she was responsible for conducting manager due diligence on hedge fund and multi-asset strategies for institutional investors while aiding in thematic research and client portfolio construction. She began her career in the investment industry in 2011 and earned a BA in economics from Hobart and William Smith Colleges. She is a Chartered Alternative Investment Analyst (CAIA).



Alexandra Eckles

Associate Institutional Portfolio Manager

4 years of experience

Alex Eckles is a key member of our team responsible for servicing the firm's equity clients. She serves as the day-to-day point of contact for our institutional equity clients and works closely with institutional portfolio managers and the investment team to meet each client's needs. Alex joined RBC GAM and the investment industry in 2016; she was a Project Coordinator until 2018. Prior to joining RBC GAM, Alex was a project manager at the marketing research firm Lightspeed and was the day-to-day contact for all marketing research clients, responsible for coordination and implementation of business to business marketing research studies. She earned a BA in business marketing from the Saint Leo University.



Michael Poremba

Managing Director, Consultant Relations and Institutional Sales

23 years of experience

Mike Poremba is a member of RBC GAM-US' Consultant Relations team where he develops and maintains the firm's relationships with investment consulting organizations. Prior to joining RBC GAM in 2016, Mike worked in consultant relations with Neuberger Berman and Franklin Templeton. Additionally, he worked for Wilshire Associates, SunAmerica and Segal Rogerscasey. He has worked in the investment industry since 1997. Mike earned a BA in economics from Trinity College and holds FINRA Series 7 and 63 licenses. He is also registered as an Associated Person with the National Futures Association.

Note: Industry Experience is updated annually.

RBC GAM Emerging Markets Small Cap Equity – as of March 31, 2020

Inception Date: July 1, 2013

Benchmark: MSCI Emerging Markets Small-Cap Total Return Net Index

Currency: USD

Annual Returns

Year End	Composite Gross Return (%)	Composite Net Return (%)	Benchmark Return (%)	Composite 3-Yr St Dev (%)	Benchmark 3-Yr St Dev (%)	Number of Portfolios	Internal Dispersion (%)	Composite Assets (millions)	Firm Assets (millions)
2013/07 - 2013/12	1.65	1.06	4.79	n/a	n/a	1	-	59.6	296,003.0
2014	7.63	6.40	1.01	n/a	n/a	2	1.15	178.4	302,064.4
2015	-5.77	-6.85	-6.85	n/a	n/a	3	0.87	242.6	276,979.3
2016	6.56	5.35	2.28	11.44	14.33	3	0.24	302.7	289,538.6
2017	26.52	25.07	33.84	10.84	14.36	3	0.39	418.3	331,885.2
2018	-9.01	-10.05	-18.59	11.92	14.01	3	0.19	447.9	305,983.2
2019	2.34	1.17	11.50	9.99	12.97	3	0.08	465.7	361,400.0
YTD 2020	-28.11	-28.32	-31.37	15.46	18.66	3	1.07	338.5	328,176.0

Annualized Returns (%)

Composite and/or Benchmark	QTD	YTD	1 Year	3 Year	5 Year	Since Inception 2013/07
Composite - Gross of Fees	-28.11	-28.11	-30.39	-8.92	-3.83	-1.06
Composite - Net of Fees	-28.32	-28.32	-31.18	-9.96	-4.93	-2.19
Benchmark	-31.37	-31.37	-28.98	-9.64	-5.17	-2.53

The GIPS® Compliant Presentation is incomplete without the full disclosures, continued on the next page

n/a = not applicable

St Dev = Standard Deviation

(GIPS® Compliant Presentation continued on the next page)

RBC GAM Emerging Markets Small Cap Equity – as of March 31, 2020

Inception Date: July 1, 2013

Benchmark: MSCI Emerging Markets Small-Cap Total Return Net Index

Currency: USD

Description of the Firm: For the purposes of Global Investment Performance Standards (GIPS®), RBC Global Asset Management is the asset management division of Royal Bank of Canada (RBC), operating under the following brands: RBC Global Asset Management (RBC GAM) in Canada, the U.S. (institutional), the U.K. and Hong Kong; PH&N Institutional; and BlueBay Asset Management (institutional). With offices around the world, RBC GAM offers a full range of global investment solutions in cash management and fixed income, equity, balanced, alternative and specialty investment strategies through mutual funds, hedge funds, pooled funds and separately managed accounts. The RBC GAM group of companies has more than C\$489 billion (US\$361 billion) in assets under management as at December 31, 2019. RBC purchased Phillips, Hager & North Investment Management, including the assets of BonaVista Asset Management, on May 1, 2008, and BlueBay Asset Management on December 17, 2010. A complete list and description of the firm's composites and performance results is available upon request.

Compliance Statement: RBC GAM claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. RBC GAM has been independently verified for the periods January 1, 2002 through December 31, 2018. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS® standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. The Emerging Markets Equity - Small Cap (USD) composite has been examined for the periods July 1, 2013 - December 31, 2018. The verification and performance examination reports are available upon request.

Composite Description: The Emerging Market Equity - Small Cap (USD) Composite includes all portfolios that invest in emerging markets equities of small-cap companies managed by RBC GAM directly.

Benchmark: The benchmark is the MSCI Emerging Market Small-Cap (net of taxes) index. The Index is designed to measure the equity market performance of emerging markets with a focus on small market capitalization companies. Index returns are provided for comparison purposes to represent the investment environment existing during the time periods shown. An index is fully invested, includes the reinvestment of dividends and capital gains, but does not include any transaction costs, management fees, or other costs. Holdings of each separately managed account in a composite will differ from the index. An investor may not invest directly in an index.

Gross of Fees: Gross of fees performance is presented gross of all fees, but after all trading expenses. Returns are presented net of withholding taxes on dividends, interest income and capital gains where applicable.

Net of Fees: Net of fee performance is calculated using the maximum stated annual fee of 1.15% calculated and applied monthly.

Performance Calculations: Results are based on all fully discretionary accounts meeting the composite definition, including those accounts no longer with the firm. Returns are shown in U.S. Dollars, and include the reinvestment of all income. Performance shown for the Emerging Markets Equity Small Cap Composite is based on information generated by RBC Global Asset Management's internal performance systems, which may differ from the performance shown in official books and records of certain investment funds which form a part of the composite. Official books and records for certain investment funds which form a part of the composite include the impact of a fair value for market timing that is applied to certain securities as of the close of trading for the fund. For the purposes of calculating the Emerging Markets Equity Small Cap Composite, we prepare a separate performance stream for such funds that eliminates the impact of this fair value adjustment. This second performance stream is used to calculate performance of the composite in an effort to better align the methodology for calculating composite performance with the methodology applied to calculate the benchmark. Additional information regarding policies for valuing portfolios, calculating performance, and preparing presentations is available upon request. Past performance is not indicative of future results.

Composite Dispersion: The composite dispersion of annual returns is indicated by the performance of individual accounts representing the equal weighted standard deviation of returns. Dispersion of returns is calculated for portfolios included in the composite for the full year.

3-Year Standard Deviation: Periods with less than 3 years of data will show "n/a".

Derivatives, Leverage and Short Positions: The portfolios may use derivatives for hedging purposes, and may also use derivatives such as options, futures, forwards and swaps for non-hedging purposes as a substitute for direct investment, as long as the portfolio's use of derivatives is consistent with its investment objectives. Currency hedging is used primarily as a risk management tool to limit the volatility of portfolio returns and may be used tactically to enhance returns. Currency hedge ratios can range between 0-100%, depending on asset class and mandate. No leverage has been used in any of the portfolios contained in the composite.

Fee Schedule: The management fee schedule is as follows: For U.S. clients: 1.15% for the first US\$50mm, 1.05% on the next US \$50mm, and 1.00% for all assets over US\$100m. Advisory fees are described on this page and on Form ADV Part 2A. RBC GAM reserves the right to negotiate all advisory fees.

Minimum Account Size: Currently there is no minimum account size in order to be included in this composite.

Creation Date: This composite was created on July 1, 2013 and has an inception date of July 1, 2013.

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Discount Spread – Discount Rate Spread is defined as the difference between a company return on capital and the company cost of capital.

CFROI® – CFROI® (Cash Flow Return on Investment) is an approximation of the economic return, or an estimate of the average real internal rate of return, earned by a firm on the portfolio of projects that constitute its operating assets.

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Board Meeting: 07/28/20
Item X-D
Attachment 1

IC Meeting: 07/08/20
Item II
Attachment 3

JULY 8, 2020

Los Angeles City Employees' Retirement System

Wasatch Emerging Markets Small Cap Portfolio

Ajay Krishnan, CFA
Lead Portfolio Manager

Dan Chace, CFA
Portfolio Manager

Dustin McCarty, AIF®
Vice President of Institutional
Business Development

Wasatch Global Investors Advantages

- Small-Cap Specialist with Global Reach
- Independent and 100% Employee-Owned
- "Multiple Eyes" Investment Culture
- Repeatable, Disciplined Investment Philosophy and Process
- Proven and Consistent Performance Profile
- 40+ Years of Institutional Investment Experience

Pillars for Success

Independence

100% employee-owned

Alignment of interests with clients
allows for long-term perspective

Continuity of investment process
and personnel

Commitment to independence
through equity recycling

Culture

Long-term perspective

Teamwork

Learning organization

Ownership mentality

Integrity

Gratitude

Investment Approach

Time tested, repeatable,
fundamental, bottom-up process

Collaborative, Multiple Eyes approach

Long-term focus on high-
quality companies

Proprietary research and
institutional memory

Small-cap specialists

Wasatch Corporate Strategy

- Remain 100% employee-owned
- Focus on performance for clients – no firmwide asset goal
- Commitment to close portfolios before assets inhibit performance
- Protect our flat, collaborative investment culture
- Remain a premier destination for diverse, talented investment professionals
- Improve diversity of employees through industry and academic engagement

Stable Organization

Independent and 100% Employee-Owned

INVESTMENT PROFESSIONAL COMPENSATION

- No equity linked bonus or dividend
- Compensation determined by performance for clients

COMPONENTS

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

100% EMPLOYEE-OWNED

- Committed to remaining independent

BROAD EQUITY DISTRIBUTION

- 35 equity owners
- Broad ownership encourages teamwork

OWNERSHIP STRUCTURED TO PERPETUATE WASATCH BEYOND THE 1ST GENERATION

- Equity recycling program

Portfolio managers Ajay Krishnan and Dan Chace have significant personal investments in the strategy

Firm Profile

AS OF MAY 31, 2020

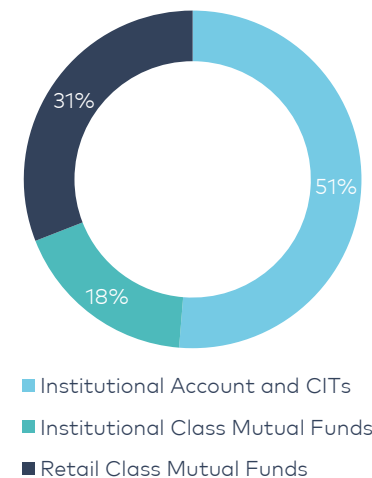


\$21.1 billion AUM

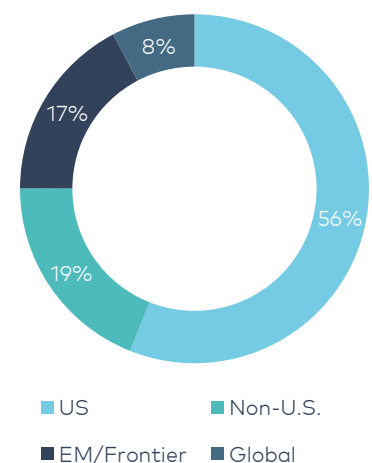
Our Employees



AUM by Investment Vehicle



AUM by Strategy Regional Focus



Investment Philosophy

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

High-quality,
long-duration
growth

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

Small-Cap Specialists





89% of firm assets are in small and micro cap strategies.



Assets Under Management


\$21.1 billion in assets under management

AS OF MAY 31, 2020

-  Large Cap
-  All Cap "Select" \$3-30 billion focus
-  Small Cap
-  Micro Cap





U.S. Strategies

\$12.2 BILLION

	Small Cap Core Growth	\$4.8 billion
	Small Cap Growth	\$3.6 billion
	Small Cap Value	\$1.1 billion
	Small Cap Ultra Growth	\$1.3 billion
	Micro Cap Growth	\$635 million
	Micro Cap Value	\$449 million




EM and Frontier Strategies

\$3.4 BILLION

	Emerging Markets Select	\$1.7 billion
	Emerging Markets Small Cap	\$1.2 billion
	Emerging India	\$465 million
	Frontier Emerging Small Countries	\$75 million




Non-U.S. Developed Strategies

\$3.6 BILLION

	International Small Cap Growth	\$2.6 billion
	International Micro Cap	\$1.0 billion
	International Select	\$4 million

Global Strategies

\$1.8 BILLION

	Global Small Cap	\$1.7 billion
	Global Value	\$108 million
	Global Select	\$11 million

Representative Client List

BASF Corporation

Colgate University

Girl Scouts of the USA

International Paper Company

Iowa Judicial Retirement System

Laborers and Retirement
Board of Chicago

Macy's Inc.

Massachusetts Pension Reserves
Investment Management Board

Metropolitan Water
Reclamation District

Morningstar

Pennsylvania Public School
Employees' Retirement System

Public Employees Retirement
System of Ohio

Sanofi

Star Tribune Retirement
Plans Master Trust

Teachers' Retirement
System of Oklahoma

Teachers' Retirement System
of the State of Illinois

Texas Municipal
Retirement System

The Employees Retirement Plan
of Mid-South Transportation

The New York City Employees'
Retirement System

University of Wisconsin Foundation

Utah State Retirement System

Wells Fargo & Company

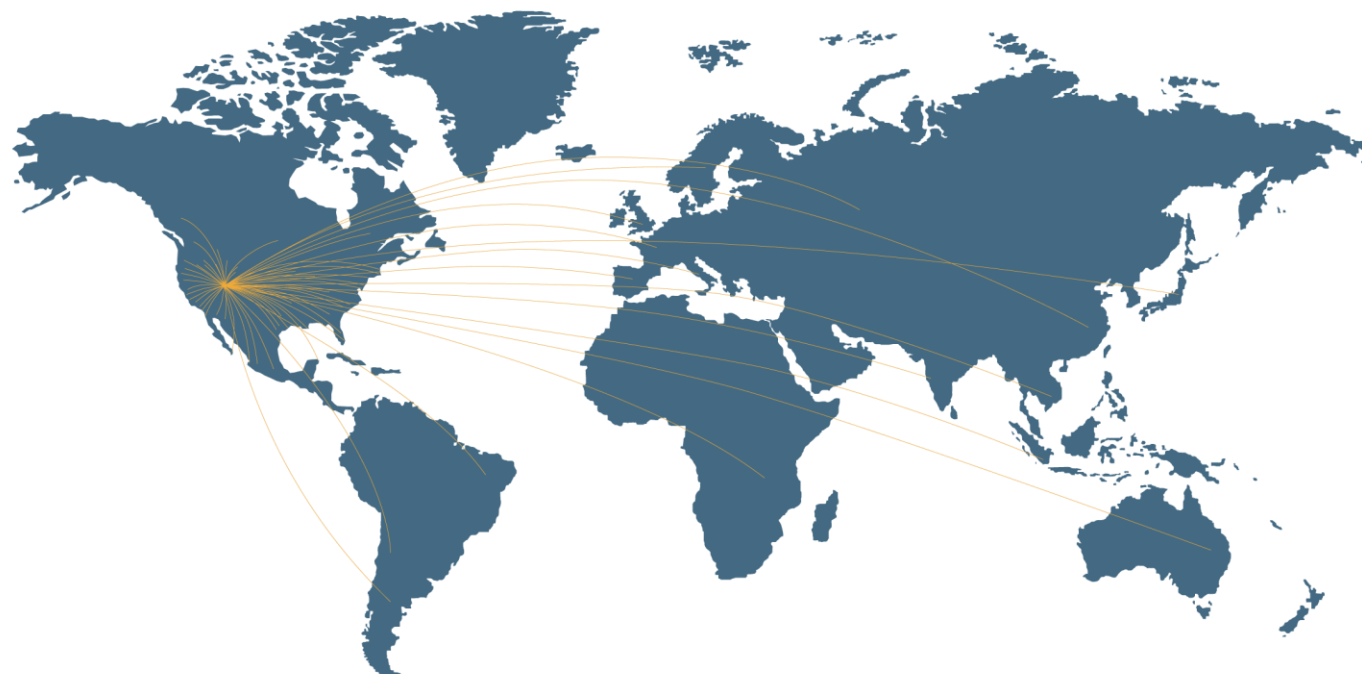
PUBLIC PLANS ARE SHOWN IN BOLDED FONT

Global Perspective

Extensive travel is a hallmark of the Wasatch investment process

During the past two years,
our research team has:

- Conducted over 1500 face-to-face meetings with management teams
- Completed over 800 on-site company visits
- Participated in hundreds of conference calls and emails with CEOs, CFOs, managers, and investor relations representatives
- Visited 24 countries



Diverse Team

21

born outside
of the U.S.

43

countries
lived in

24

languages
spoken

Cantonese
Danish
Dutch
English
Finnish
French

Georgian
German
Hindi
Hungarian
Japanese
Lithuanian

Malagasy
Malayalam
Mandarin
Norwegian
Polish
Portuguese

Punjabi
Russian
Spanish
Swedish
Thai
Vietnamese

Diversity and Inclusion at Wasatch

- We believe our "Multiple Eyes" culture is a competitive advantage and requires a diverse employee base
- The Diversity and Inclusion Committee reports directly to the Board of Directors
- 41% of our Global Research Team and 53% of our Emerging Markets Team are women or minorities
- 60% of investment research hires over the past five years are women or minorities
- Increased focus on creating a pipeline of diverse candidates

"Our best decisions result from intense collaboration among talented and experienced team members. Our "Multiple Eyes" collaborative approach demands a diversity of thought to be effective, and we aim to assemble teams with diverse backgrounds and experiences. Wasatch seeks to be the premier workplace for world-class talent, which requires a culture of inclusiveness regarding age, gender, sexual orientation, race, nationality, ethnicity, military status, and other protected and self-identified classes."

-JB Taylor, Chief Executive Officer

Wasatch Research Team

33

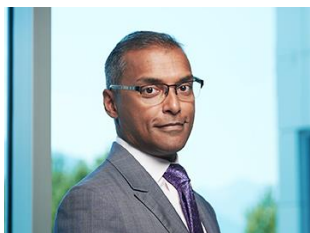
INVESTMENT PROFESSIONALS

Portfolio Managers	Years of Experience	Years at Wasatch
Ajay Krishnan, CFA	25	25
Brian Bythrow, CFA	26	17
Dan Chace, CFA	21	17
David Powers, CFA, CAIA, CPA	24	6
Jagjit Sahota	21	6
JB Taylor	23	23
Jim Larkins	24	24
John Malooly, CFA	24	22
Ken Applegate, CFA, CMT	25	5
Ken Korngiebel, CFA	24	4
Linda Lasater, CFA	19	13
Matthew Dreith, CFA	13	8
Mike Valentine	13	3
Paul Lambert	21	20
Roger Edgley, CFA	28	17
Ryan Snow	21	20
Scott Thomas, CFA, CPA	15	8
Average	22	14

Associate Portfolio Managers	Years of Experience	Years at Wasatch
Allison He, CFA	15	7
Austin Bone	6	3
Derrick Tzau, CFA	12	2
Kevin Unger, CFA	7	4
Average	10	4

Research Analysts	Years of Experience	Years at Wasatch
Anh Hoang, CFA	7	7
Ben Errico	3	1
Candace Dechant, CFA	4	2
Chris Leikhim, CFA	9	0
Jill Wahleithner, PhD	14	6
Kai Pan, PhD	15	0
Marta Larsen, CFA	6	4
Mick Rasmussen, CFA	5	5
Natalie Pesque, CFA	4	4
Pedro Huerta, CFA	9	3
Rob Foltynowicz, PhD, CFA	10	6
Thomas Bradley	5	5
Average	7	3

Strategy Research Team



Ajay Krishnan, CFA

Lead Portfolio Manager

25 / Years of
experience

25 / Years at
Wasatch



Dan Chace, CFA

Portfolio Manager

21 / Years of
experience

17 / Years at
Wasatch



Scott Thomas, CFA, CPA

Associate Portfolio Manager

15 / Years of
experience

8 / Years at
Wasatch



Kevin Unger, CFA

Associate Portfolio Manager

7 / Years of
experience

4 / Years at
Wasatch

PORTFOLIO MANAGERS

Ajay Krishnan, CFA (Lead)*

Dan Chace, CFA*

Scott Thomas, CFA, CPA*

Kevin Unger, CFA*

PM ANALYSTS

Allison He, CFA*

Derrick Tzau, CFA

Ken Applegate, CFA, CMT

Linda Lasater, CFA

Matthew Dreith, CFA*

Roger Edgley, CFA

ANALYSTS

Anh Hoang, CFA*

Chris Leikhim, CFA

Kai Pan, PhD*

Marta Larsen, CFA

Pedro Huerta, CFA*

*Team members who specialize in emerging markets research

Strategy Overview

PHILOSOPHY

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

INVESTMENT APPROACH

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

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

Features

Large and inefficient asset class

Experienced and tenured investment team

High-quality companies with significant growth potential

Thoughtful risk management

Long-term investment horizon

High active share, alpha oriented portfolio

Extensive fundamental, bottom-up research

Repeatable investment process refined over 40+ years

Strategy Facts

\$1.2

billion in total
strategy assets

15

investment
professionals

17

years average
PM experience

50-80

holdings

Investment Strategy

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

LONG-TERM, SUSTAINABLE EARNINGS GROWTH

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

SUSTAINABLE COMPETITIVE ADVANTAGE

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

FINANCIAL QUALITY

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

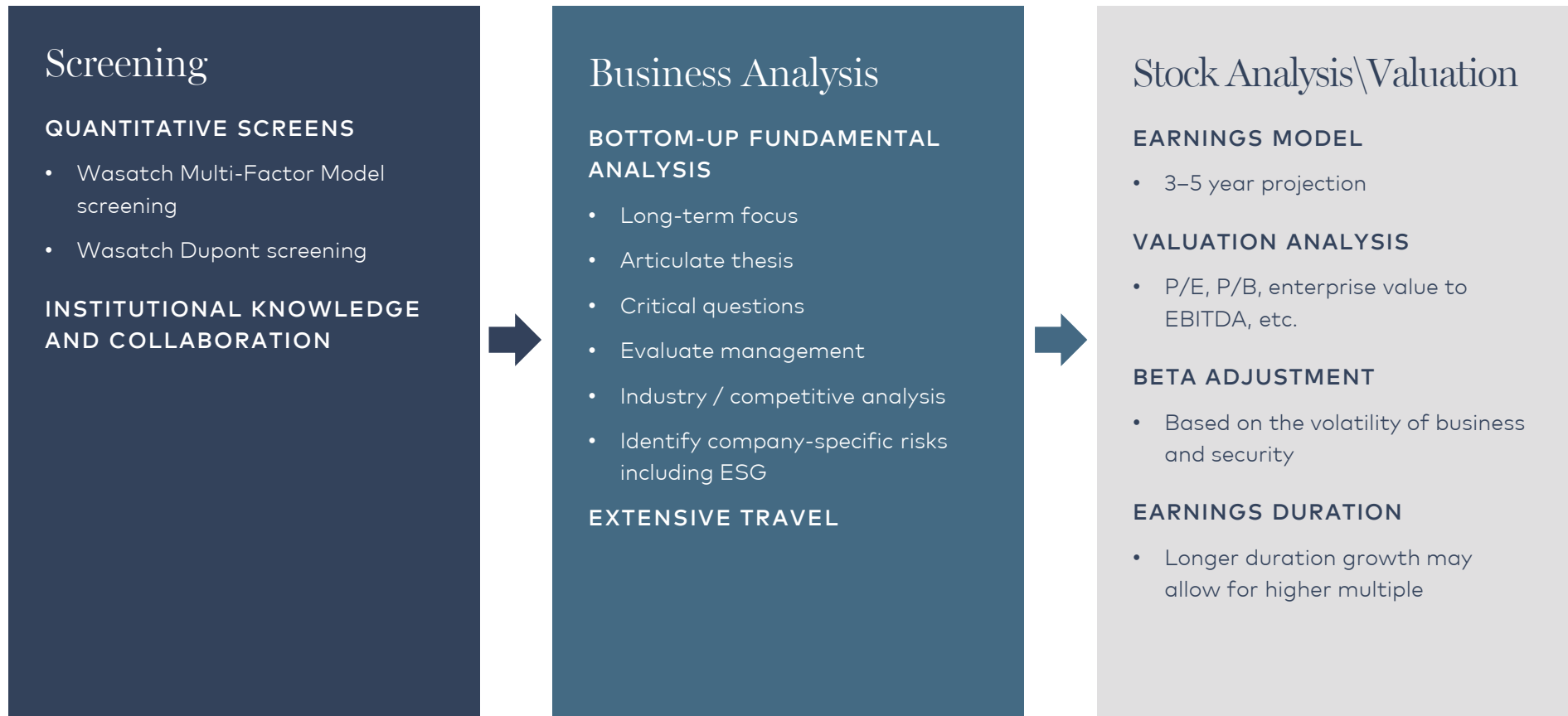
EXCEPTIONAL MANAGEMENT TEAM

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

Investment Process

FOCUS Deliver alpha through stock selection

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



Multi-Factor Model

The Wasatch Multi-Factor Model is a flexible, yet systematic tool we use to narrow the global universe of potential investments to those with the highest quality and growth prospects.

Financial Quality

Returns on Capital

Cash Flow

Financial Risk

Growth

Historical Growth

Estimated Growth

Basic Info		Historical Scores															Totals			
		Fundamental													Technical					
Ticker	Name	Quality Score	ROE Score	CF Score	Cash Cycle	GPA Score	GPA TLM	Growth Score	3yr EPS Growth	Value Score	Trailing PE	Price Book	Cash & MS / EV	FCF Yield	Piotroski Score	Technical Score	Risk Score	Total History Score	Total Score	Total Forward Score
000848CH Equity	Hebei Chengde LOLO CO-A	9.3	8.5	9.5	26.0	10.0	95%	10.0	17.1	1.0	31.9	9.6	6%	3.0	7.0	5.1	4.0	74.7	73.2	65.0
CAB MK Equity	Carlsberg Brewery Malaysia B	8.8	10.0	8.9	10.0	8.8	—	10.0	38.4	3.0	21.6	11.3	1%	4.0	9.0	1.4	6.0	68.6	61.6	22.3
SKB IN Equity	GlaxoSmithKline Consumer Health	9.2	8.5	9.3	—	5.0	—	10.0	23.4	0.0	37.5	12.0	10%	3.4	6.0	4.7	6.0	70.3	68.5	58.7
ULEVER PA Equity	Unilever Pakistan LTD	8.3	8.5	8.9	57.0	10.0	122%	10.0	22.0	1.0	38.9	33.2	0%	1.2	9.0	5.9	8.0	75.7	68.5	28.0
VNM VN Equity	Viet Nam Dairy Products JSC	7.8	8.5	7.5	45.0	9.2	57%	10.0	33.4	2.0	17.3	6.5	5%	4.2	8.0	7.7	6.0	73.6	69.0	43.0
DLM MK Equity	Dutch Lady Milk Inds BHD	8.6	8.5	8.9	(10.0)	10.0	198%	8.3	29.7	2.0	22.8	12.1	7%	4.4	7.0	1.5	8.0	67.6	63.6	41.3
NEST SL Equity	Nestle Lanka PLC	8.2	7.7	8.6	16.0	10.0	123%	10.0	24.0	1.0	31.9	42.8	0%	3.1	7.0	7.4	2.0	71.4	66.4	38.0
GUIN MK Equity	Guinness Anchor BHD	8.9	9.2	9.1	56.0	7.6	—	6.7	12.7	2.0	23.5	14.0	1%	4.0	7.0	1.2	6.0	63.7	59.9	38.0
MLBI IJ Equity	Multi Bintang Indonesia PT	8.1	7.7	8.9	66.0	8.8	—	6.7	32.6	0.0	—	34.0	1%	—	9.0	6.7	2.0	67.9	62.0	28.0
COLG PA Equity	Colgate Palmolive Pakistan	6.4	7.2	5.7	67.0	8.7	79%	8.3	12.7	0.0	47.4	12.6	1%	2.1	0.0	1.4	8.0	51.2	46.9	23.0
CLGT IN Equity	Colgate Palmolive India	8.6	8.5	9.1	(120.0)	10.0	138%	8.3	44.0	1.0	38.2	50.2	2%	2.4	10.0	1.4	8.0	69.6	63.4	28.0
NESZ MK Equity	Nestle (Malaysia) Berhad	8.6	8.5	9.1	(4.0)	10.0	89%	5.0	13.0	2.0	28.7	25.6	0%	4.2	9.0	2.9	8.0	68.6	66.9	57.3
PIP PM Equity	Pepsi-Cola Products Philippines	6.9	4.9	7.3	(7.0)	9.2	47%	5.0	39.5	2.0	22.5	2.9	2%	(4.8)	6.0	5.0	6.0	59.6	60.1	63.0
IGCD QD Equity	Industries Qatar	8.4	7.7	9.1	—	7.2	23%	10.0	20.5	6.0	10.4	3.1	6%	4.5	9.0	1.8	4.0	64.7	59.9	33.0
ROR LN Equity	Rotork PLC	8.4	7.7	8.6	96.0	10.0	72%	8.3	11.6	0.0	25.0	7.9	3%	3.6	3.0	1.3	6.0	61.6	62.7	68.7
DABUR IN Equity	Dabur India LTD	8.6	7.7	8.9	—	5.0	—	10.0	14.7	0.0	35.7	12.8	3%	2.4	8.0	5.6	8.0	72.0	67.7	43.0
HMN IN Equity	Emami LTD	7.6	8.5	7.5	—	5.0	—	10.0	21.6	0.0	29.1	11.8	5%	2.9	8.0	3.9	8.0	65.1	61.7	42.7
200596 CH Equity	Anhui Gujing Distillery CO-B	8.3	5.1	8.9	152.0	10.0	90%	10.0	73.7	7.0	8.8	1.9	31%	15.5	5.0	1.8	2.0	61.7	60.4	53.0
002251 CH Equity	Better Life Commercial CHA-A	6.8	6.7	7.0	(8.0)	9.2	40%	6.7	29.2	8.0	15.5	2.0	8%	3.0	6.0	1.9	6.0	55.8	55.5	54.0
AALI IJ Equity	Astra Agro Lestari TBK PT	7.6	7.7	8.0	26.0	9.2	33%	6.7	13.6	6.0	13.1	3.2	1%	(0.8)	3.0	4.4	6.0	61.0	57.3	36.7
AMRT IJ Equity	Sumber Alfaria Trijaya TBK P	7.5	7.7	7.7	(7.0)	10.0	61%	10.0	33.7	2.0	41.1	10.4	5%	(2.1)	3.0	2.2	4.0	58.5	55.8	40.3
900923 CH Equity	Shanghai Friendship Group-B	6.5	1.3	7.5	(18.0)	9.2	40%	10.0	24.6	10.0	10.9	1.0	242%	20.0	6.0	3.0	6.0	58.7	57.5	50.7
MAIN IJ Equity	Malindo Feedmill TBK PT	5.0	5.1	5.0	34.0	6.7	38%	10.0	66.3	4.0	14.0	5.1	2%	(5.5)	7.0	4.5	0.0	48.0	47.2	42.7
MALEE TB Equity	Malee Sampran Public CO LTD	6.0	6.2	6.1	16.0	10.0	60%	6.7	93.0	6.0	7.8	3.9	2%	3.6	7.0	1.6	0.0	48.5	49.5	55.0
AXSB IN Equity	Axis Bank LTD	7.2	7.7	8.4	—	5.0	—	10.0	23.2	9.0	6.9	1.2	—	21.6	7.0	1.5	2.0	53.8	52.6	46.3
BLNX LN Equity	Blinkx PLC	4.7	3.6	3.6	—	10.0	82%	3.3	—	0.0	44.0	5.3	8%	2.4	8.0	6.9	0.0	48.6	49.4	54.0

Research Template

Our research process is focused on assessing a company's ability to sustain earnings growth over the long-term by evaluating its competitive advantages, business model and quality of management.

DISCOVERY

- How big is the idea?
- How good is this business?
- What is the competitive advantage?
- How does Wasatch rate management?
- What would cause the business to underperform its current trajectory?
- ESG related risks and opportunities

WORKING THESIS

- The business — requires an earnings model
- The stock — understanding market expectations

CRITICAL QUESTIONS

- What questions does Wasatch have that if an answer was known would cause the team to significantly increase or decrease the position in the stock?

EXTENSIVE TRAVEL

- Company visits and management meetings

ESG at Wasatch

Wasatch Global Investors is a signatory to the United Nations Principals for Responsible Investment.

PHILOSOPHY

- ESG factors are key elements of long-term returns and risk
- Wasatch seeks to identify companies with exceptional management teams who focus on creating value for all stakeholders
- Evaluate material ESG risks and opportunities and where relevant incorporate these into the overall investment thesis

AREAS OF FOCUS

- Governance: focus on long-term shareholder value creation, transparency, oversight, and accounting practices
- Environmental: focus on resource management, sustainability of operations, pollution and reporting
- Social: focus on human rights, labor relations, product safety, privacy, workplace conditions and reporting

IMPLEMENTATION

- Wasatch has adopted an ESG policy and procedures as a part of its standard investment decision making process
- Portfolio managers and analysts are tasked with identifying material ESG factors for each company and monitoring them over time
- The implementation into each portfolio varies based on the investment professional's judgment on materiality and availability of information
- To promote consistency across portfolios, Wasatch also provides third-party ESG research and scoring to the portfolio managers on a quarterly basis

Valuation Discipline

Rigorous valuation analysis is a crucial consideration in our process. We use the following components to assess valuation and long-term expectations discounted in the stock price.

USE VALUATION METRIC APPROPRIATE FOR THE INDUSTRY OR SECTOR

- Price to earnings, price to book, enterprise value to EBITDA, etc.

PROPRIETARY EARNINGS MODEL PROJECTION

- 3–5 year horizon
- Assign an earnings multiple based upon the earnings projection
- Typically assumes a compression in valuation

BETA ADJUSTMENT

- Adjust valuation based upon volatility of the business model and security

EARNINGS DURATION

- Longer duration growth may allow for a higher multiple

Portfolio Construction

Portfolio construction is a bottom-up process that focuses on companies first, countries and sectors second. While benchmark aware, we do not seek to replicate benchmark exposures. The portfolio is constructed stock by stock based on the fundamental strength of each company. As a result, over or underweights relative to the benchmark are typical. However, the portfolio seeks to be both a country and sector diverse portfolio.

We view portfolio construction as an inter-related group of stocks, not a portfolio of individual stocks. Position size, stock/sector/region exposure and sell disciplines are continually reviewed.

Construction Guidelines

Fully Invested (typically less than 5% cash)	No derivatives or currency hedging
Broad sector exposure	Benchmark aware but not driven
Typical market cap range \$500 million – \$5 billion	Expected turnover range 20% - 40%
Broad country exposure — based on bottom-up opportunities	Max sector/country exposure: greater of 35% or 5% above the benchmark

Parameters

1%	6%	50–80
initial position size	max position size	holdings

Macro Risk Framework

The portfolio is constructed using a bottom-up process which focuses on companies first and countries/sectors second. Extensive bottom-up research and screening informs our macro view.

On a routine basis, the team evaluates country risk scores to see if a given country is improving or deteriorating with a special focus on larger weight and/or overweight countries. We also evaluate and adjust expected returns based on currency risks for each country.

MACRO RISK FRAMEWORK

- Financial risk
- Economic risk
- Political risk
- Country specific risk factors such as political turmoil, commodity sensitivity, etc.

CURRENCY RISKS

- Citi Early Warning Signal Risk Index
- Fair value of currency
- FX reserves
- Inflation expectations
- Currency volatility

Sell Discipline

OVERVALUED

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

FUNDAMENTAL, LONGER TERM DETERIORATION OCCURRING IN THE BUSINESS

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

INCORRECT ASSESSMENT OF MANAGEMENT QUALITY

- Management deviates from expectations
- Departure of key management team

Characteristics and Holdings

AS OF MAY 31, 2020

Characteristics	Portfolio	MSCI Emerging Markets Small Cap
Est. LT EPS Growth (%)	25.7	15.6
LT Debt/Capital (%)	16.1	20.6
ROE (%)	23.5	11.7
ROA (%)	12.3	6.6
EBIT ROA (%)	16.8	8.0
P/E (forward)	26.6	11.8
Weighted Average Market Cap	\$4.6B	\$1.2B
Median Market Cap	\$2.8B	\$561.5M
Number Of Holdings	52	1,640
Active Share (%)	96.4	—

AS OF MARCH 31, 2020

Top 10 Holdings	Country	Percentage
Silergy Corp.	Taiwan	5.5
Voltronic Power Technology Corp.	Taiwan	4.3
Raia Drogasil SA	Brazil	4.2
Globant SA	Argentina	3.7
Microport Scientific Corp.	Hong Kong	3.5
ASPEED Technology Inc.	Taiwan	3.3
Magazine Luiza SA	Brazil	3.1
Berger Paints India Ltd.	India	2.8
Vitasoy International Holdings Ltd.	Hong Kong	2.7
AU Small Finance Bank Ltd.	India	2.4
Total		35.5

The data shown above is for a representative account. Top Ten Holdings are subject to change and risk. Current and future holdings are subject to change and risk. You cannot invest directly in an index.

Estimated Long Term Earnings Per Share (EPS) Growth is the average estimate for the next 3-5 years by analysts covering a given company. EPS is a calculation based on a company's net income divided by common shares outstanding. A company that earns \$1 million for the year and has a million shares outstanding has an EPS of \$1. This EPS figure, which represents how much of earnings each share is entitled to, is important as the basis for various calculations an investor might make in assessing a stock's relative value.

Source: FactSet/Russell/Internal Models. Please see disclosures in the appendix. Past performance is not indicative of future results.

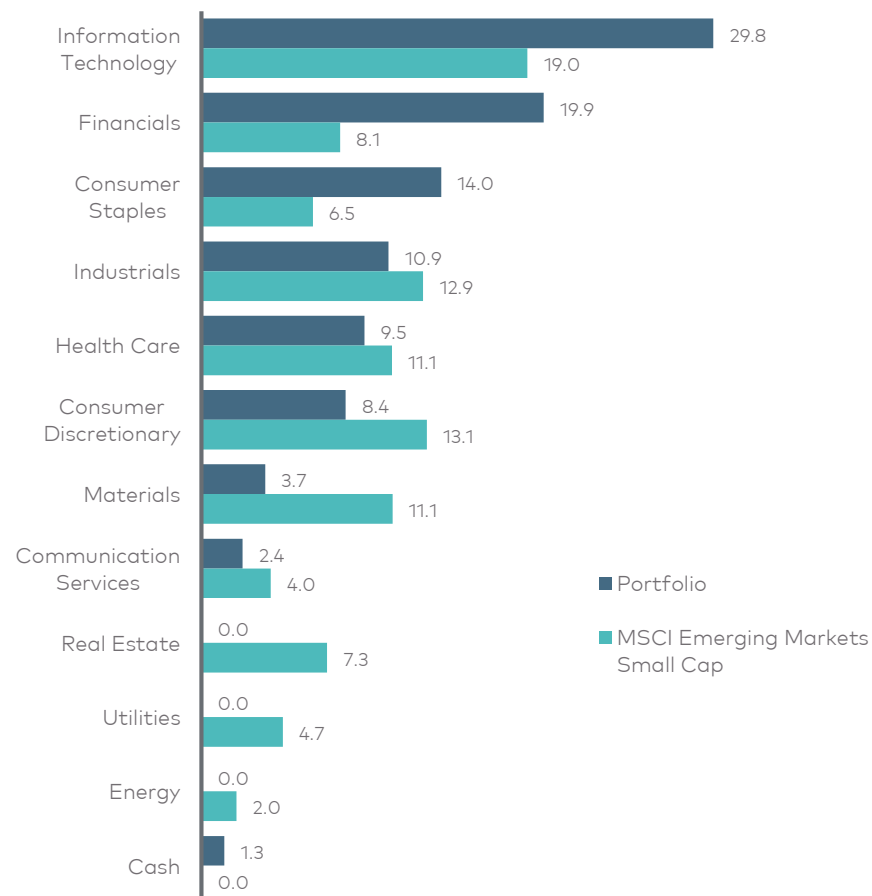
Country and Sector Allocations

AS OF MAY 31, 2020

Country Allocation (%)

	Portfolio	MSCI Emerging Markets Small Cap
Taiwan	22.9	24.5
India	22.5	12.0
Brazil	8.6	7.0
China	7.4	11.4
Korea	7.1	18.3
Mexico	5.3	2.4
Hong Kong	4.9	--
Argentina	4.8	0.6
Thailand	3.9	4.1
Indonesia	3.4	1.4
Other	7.9	18.3

Sector Allocation (%)



Performance

PERIODS ENDED MAY 31, 2020 (GROSS OF FEES)

	Average Annual Total Returns (%)					
	YTD	1 Year	3 Years	5 Years	10 Years	Inception (9/30/07)
Emerging Markets Small Cap Composite	-4.53	14.18	6.37	4.27	7.91	6.09
MSCI Emerging Markets Small Cap	-19.95	-13.07	-5.46	-3.97	1.05	-0.46
MSCI Emerging Markets	-15.96	-4.39	-0.15	0.88	2.47	0.32

	Calendar Year Returns (%)									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Emerging Markets Small Cap Composite	45.64	-12.38	30.10	-1.03	2.63	-7.29	-1.90	39.84	-17.04	31.07
MSCI Emerging Markets Small Cap	27.17	-27.18	22.22	1.04	1.01	-6.85	2.28	33.84	-18.59	11.50
MSCI Emerging Markets	18.88	-18.42	18.22	-2.60	-2.19	-14.92	11.19	37.28	-14.57	18.42

Performance

PERIODS ENDED MARCH 31, 2020 (GROSS OF FEES)

	Average Annual Total Returns (%)						
	1Q20	YTD	1 Year	3 Years	5 Years	10 Years	Inception (9/30/07)
Emerging Markets Small Cap Composite	-22.26	-22.26	-8.21	2.25	1.21	5.28	4.44
MSCI Emerging Markets Small Cap	-31.37	-31.37	-28.98	-9.64	-5.17	-1.34	-1.68
MSCI Emerging Markets	-23.60	-23.60	-17.69	-1.62	-0.37	0.69	-0.44

	Calendar Year Returns (%)									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Emerging Markets Small Cap Composite	45.64	-12.38	30.10	-1.03	2.63	-7.29	-1.90	39.84	-17.04	31.07
MSCI Emerging Markets Small Cap	27.17	-27.18	22.22	1.04	1.01	-6.85	2.28	33.84	-18.59	11.50
MSCI Emerging Markets	18.88	-18.42	18.22	-2.60	-2.19	-14.92	11.19	37.28	-14.57	18.42

Sector Attribution

3-YEAR SECTOR ATTRIBUTION

5/31/17 through 5/31/20 (Gross of Fees)

	Emerging Markets Small Cap Representative Account			MSCI Emerging Markets Small Cap			Variation		
	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return
Information Technology	18.8	98.9	16.6	15.4	20.0	2.9	3.4	78.9	13.8
Consumer Discretionary	15.2	36.6	4.3	14.7	-17.4	-2.9	0.6	54.0	7.2
Consumer Staples	12.2	22.5	2.4	6.6	-20.5	-1.1	5.6	43.0	3.5
Materials	5.7	23.7	1.6	11.5	-13.4	-1.5	-5.7	37.2	3.1
Communication Services	1.6	68.9	1.5	4.0	-29.6	-1.1	-2.5	98.5	2.5
Health Care	8.3	16.5	1.0	8.7	8.9	1.2	-0.3	7.6	-0.2
Industrials	17.0	-4.7	0.1	14.0	-34.3	-4.9	3.0	29.6	5.0
Real Estate	0.7	9.2	0.1	8.4	-21.6	-2.0	-7.6	30.8	2.1
Energy	0.4	21.5	0.0	2.2	-35.7	-0.8	-1.8	57.2	0.8
Utilities	0.0	0.0	0.0	4.4	-16.3	-0.7	-4.4	16.3	0.7
Financials	17.7	-15.7	-5.0	9.6	-37.6	-4.6	8.2	21.9	-0.4
Unassigned	0.0	0.0	0.0	0.7	20.9	0.1	-0.7	-20.9	-0.1
Cash	2.3	3.9	0.1	0.0	0.0	0.0	2.3	3.9	0.1
Total	100.0	22.6	22.6	100.0	-15.4	-15.4	0.0	38.0	38.0

Country Attribution

3-YEAR COUNTRY ATTRIBUTION

5/31/17 through 5/31/20 (Gross of Fees)

	Emerging Markets Small Cap Representative Account			MSCI Emerging Markets Small Cap			Variation		
	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return
Taiwan	16.6	79.9	13.4	19.3	25.8	4.0	-2.7	54.1	9.4
Brazil	7.1	95.9	6.9	6.5	-8.3	-1.5	0.6	104.2	8.4
China	10.3	38.6	4.3	14.5	-9.5	0.3	-4.1	48.1	4.0
Argentina	1.6	145.6	3.3	0.2	-48.9	-0.4	1.4	194.5	3.8
Thailand	4.9	55.6	2.7	4.0	-17.6	-0.6	0.9	73.2	3.2
Hong Kong	4.5	48.0	1.8	0.3	-71.8	-0.3	4.1	119.8	2.1
United Kingdom	0.4	62.5	0.8	0.0	0.0	0.0	0.4	62.5	0.8
Russia	1.8	49.9	0.4	0.9	-27.5	-0.2	1.0	77.4	0.6
Israel	0.4	25.0	0.3	0.0	0.0	0.0	0.4	25.0	0.3
Czech Republic	0.2	23.3	0.2	0.1	4.6	0.0	0.1	18.7	0.2
Canada	0.4	30.0	0.1	0.0	0.0	0.0	0.4	30.0	0.1
Chile	0.7	8.9	0.1	1.3	-41.1	-0.5	-0.6	50.0	0.5
Colombia	0.0	0.0	0.0	0.3	-59.0	-0.2	-0.3	59.0	0.2
Greece	0.0	0.0	0.0	0.8	38.7	0.4	-0.8	-38.7	-0.4

Country Attribution

3-YEAR COUNTRY ATTRIBUTION

5/31/17 through 5/31/20 (Gross of Fees)

	Emerging Markets Small Cap Representative Account			MSCI Emerging Markets Small Cap			Variation		
	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return
Hungary	0.0	0.0	0.0	0.1	-33.0	0.0	-0.1	33.0	0.0
Pakistan	0.0	0.0	0.0	0.7	-57.5	-0.6	-0.7	57.5	0.6
Peru	0.0	0.0	0.0	0.1	-49.3	0.0	-0.1	49.3	0.0
Qatar	0.0	0.0	0.0	0.8	-15.0	0.0	-0.8	15.0	0.0
Saudi Arabia	0.0	0.0	0.0	0.8	1.2	-0.1	-0.8	-1.2	0.1
South Africa	2.9	-6.9	-0.1	5.2	-46.5	-2.5	-2.3	39.6	2.4
Egypt	0.6	-16.0	-0.1	0.5	-23.4	-0.1	0.1	7.4	0.0
Indonesia	1.2	-32.2	-0.1	2.3	-62.8	-1.9	-1.1	30.6	1.8
Turkey	0.2	-16.8	-0.2	1.2	-31.9	-0.2	-1.0	15.1	0.1
United States	0.8	-19.0	-0.3	0.0	0.0	0.0	0.8	-19.0	-0.3
United Arab Emirates	0.7	-30.0	-0.3	0.6	-31.0	-0.2	0.1	1.0	-0.2
Malaysia	0.5	-21.1	-0.6	3.3	-7.3	-0.3	-2.8	-13.8	-0.3
Poland	0.9	-35.6	-0.7	1.1	-29.1	-0.2	-0.1	-6.4	-0.5
Philippines	1.4	-38.5	-0.9	0.9	-54.9	-0.6	0.5	16.4	-0.2

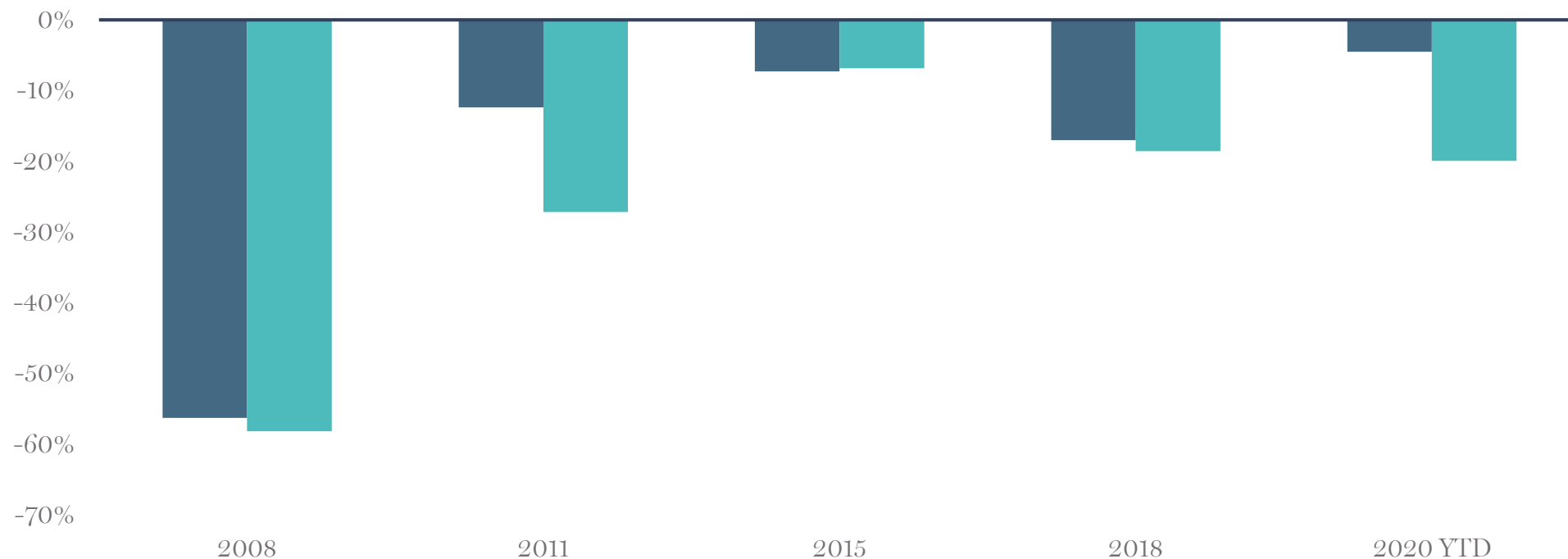
Country Attribution

3-YEAR COUNTRY ATTRIBUTION
5/31/17 through 5/31/20 (Gross of Fees)

	Emerging Markets Small Cap Representative Account			MSCI Emerging Markets Small Cap			Variation		
	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return
India	21.8	-4.2	-1.9	14.3	-35.3	-6.6	7.5	31.1	4.7
Mexico	5.8	-36.6	-3.3	2.9	-27.6	-1.1	2.9	-9.0	-2.2
Korea	12.1	-17.5	-3.5	16.8	-18.2	-2.0	-4.7	0.7	-1.5
Unassigned	0.0	0.0	0.0	0.3	25.3	0.0	-0.3	-25.3	0.0
Cash	2.3	3.9	0.1	0.0	0.0	0.0	2.3	3.9	0.1
Total	100.0	22.6	22.6	100.0	-15.4	-15.4	0.0	38.0	38.0

Outperformance in Down Markets

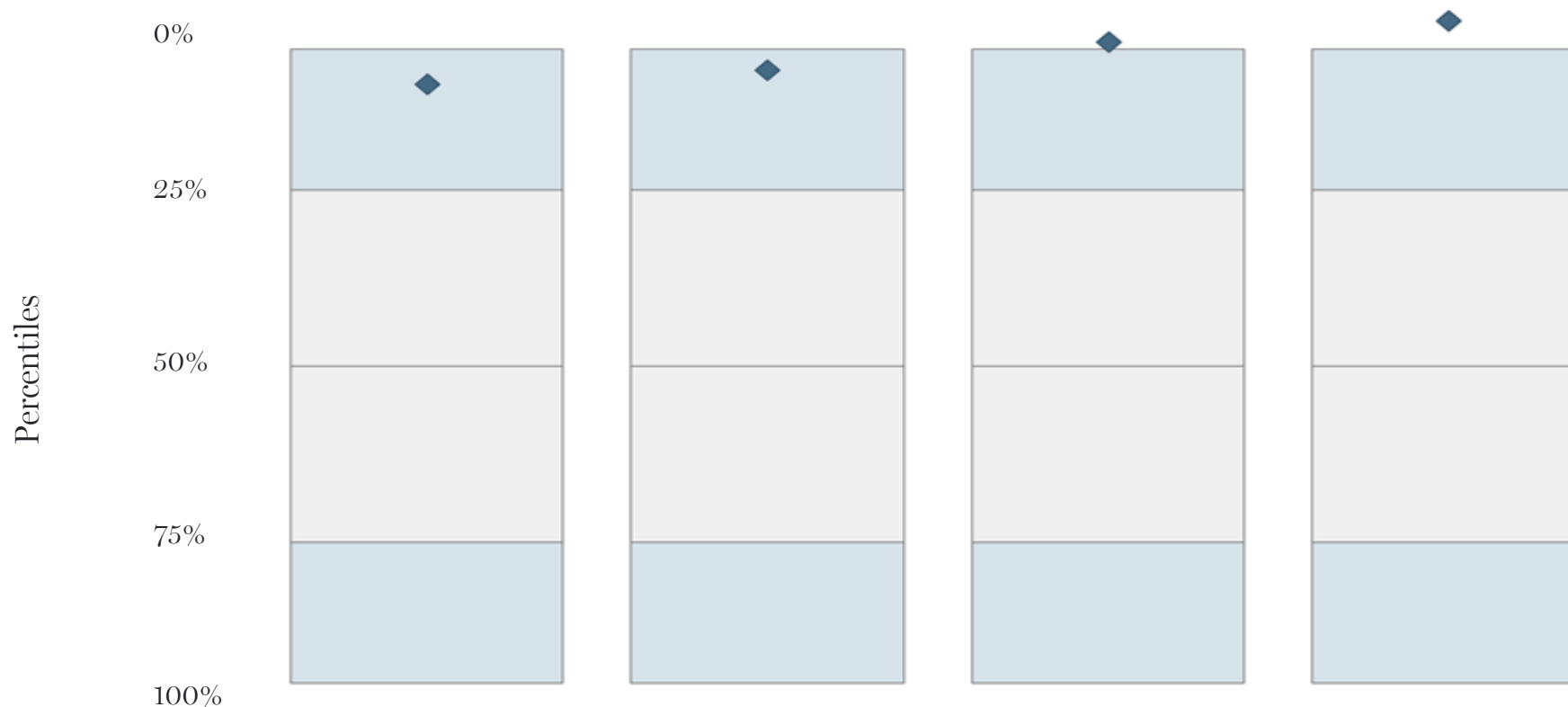
ANNUAL RETURNS AS OF MAY 31, 2020 (GROSS OF FEES)



	2008	2011	2015	2018	2020 YTD
Emerging Markets Small Cap Composite	-56.31	-12.38	-7.29	-17.04	-4.53
MSCI Emerging Markets Small Cap	-58.23	-27.18	-6.85	-18.59	-15.96

Risk/Return Statistics

AS OF MARCH 31, 2020



Universe: eVestment Global Emerging Markets Small Cap Equity		Downside Capture 3 Years ¹		Information Ratio 3 Years ¹		Sharpe Ratio 3 Years ²		Alpha 3 Years ¹	
		Value	Rank	Value	Rank	Value	Rank	Value	Rank
◆	Wasatch Emerging Markets Small Cap	78.82	10	1.59	8	0.03	4	12.26	1
	Universe Median	92.09	50	0.59	50	-0.45	50	2.71	50
	Products in Universe	72		72		72		72	

Benchmark:

¹ MSCI Emerging Markets Small Cap

² FTSE 3-Month T-Bill

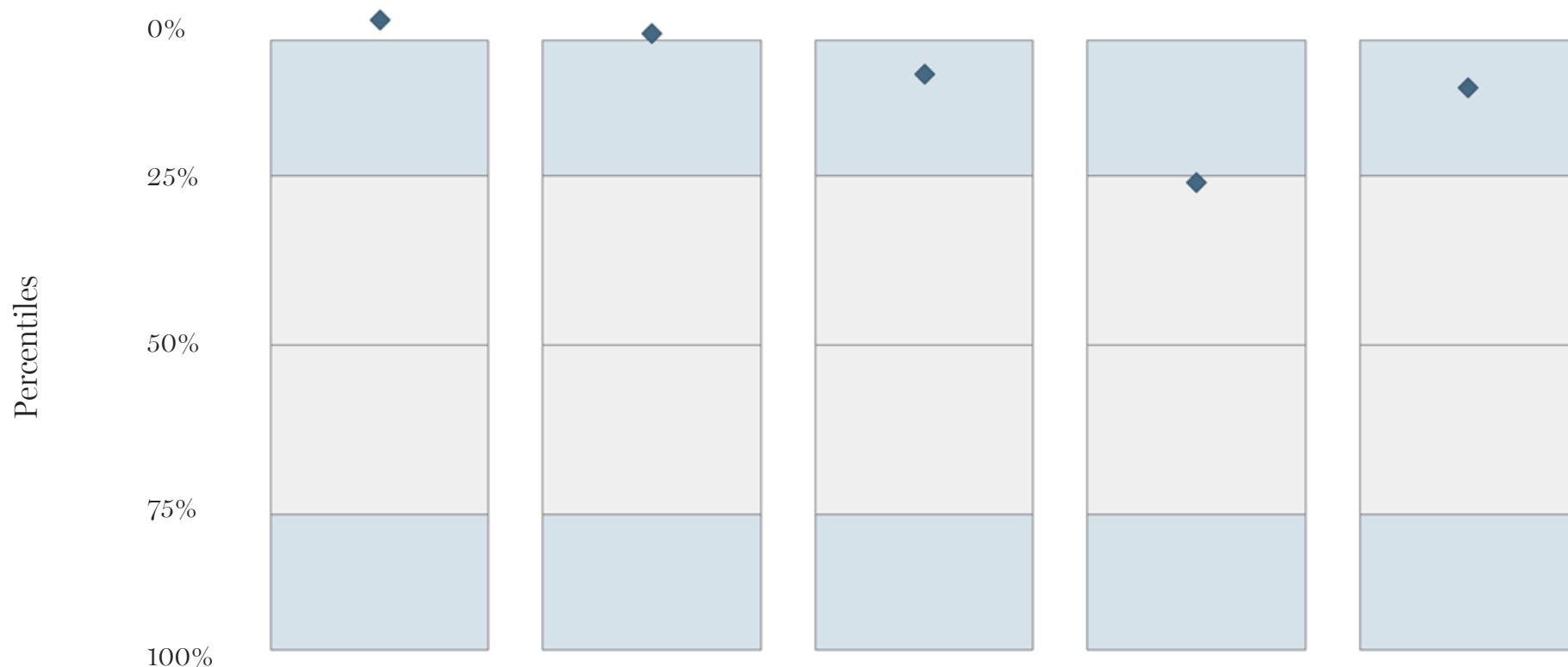


The Wasatch Emerging Markets Small Cap Composite was ranked respectively against 72 composites in the eVestment Alliance Global Emerging Markets Small Cap Universe using data collected on 5/18/20. The percentile rank is the rank of a composite among its category peers, where rank is based on a comparison of a composite's performance and risk statistics to its peers over a 3-year time period ending 3/31/20. The percentile rank for the various statistics were 10, 8, 4, 1 and 59 respectively. Performance shown is gross of fees. eVestment Alliance (eA) is a web-based provider of comprehensive investment information and analytic technology. Through its online eASE Database, eA captures the most comprehensive dataset in the industry and distributes all information via its fully web-based eASE Analytics system.

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

Returns Relative to Peers

AS OF MARCH 31, 2020



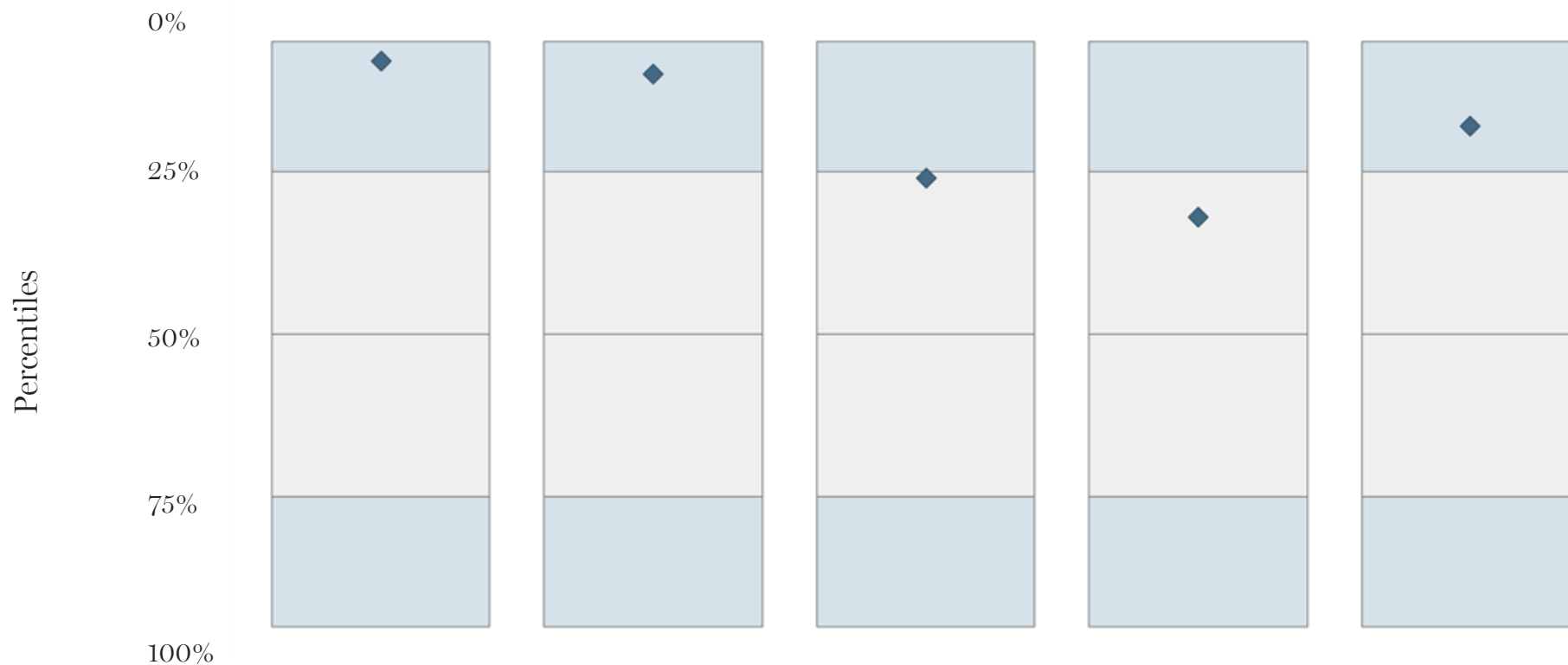
Universe: eVestment Global Emerging Markets Small Cap Equity	Return 1 Year		Return 3 Years		Return 5 Years		Return 7 Years		Return 10 Years	
	Value	Rank	Value	Rank	Value	Rank	Value	Rank	Value	Rank
◆ Wasatch Emerging Markets Small Cap	-8.23	2	2.23	4	1.20	10	0.52	26	5.28	12
Universe Median	-25.05	50	-6.61	50	-2.40	50	-0.94	50	2.52	50
Products in Universe	81		72		60		39		18	

The percentile rank is the rank of a composite among its category peers, where rank is based on a comparison of a composite's total return to its peers over 1, 3, 5, 7, & 10 year time periods ending 3/31/20. The Wasatch Emerging Markets Small Cap Composite was ranked respectively against: 1-yr: 81, 3-yr: 72, 5-yr: 60, 7-yr: 39, & 10-yr: 18 composites in the eVestment Alliance Global Emerging Markets Small Cap Universe using data collected on 5/18/20. The percentile ranks for the respective time periods were 2, 4, 10, 26 and 12 respectively. Performance shown is gross of fees. eVestment Alliance (eA) is a web-based provider of comprehensive investment information and analytic technology. Through its online eASE Database, eA captures the most comprehensive dataset in the industry and distributes all information via its fully web-based eASE Analytics system.

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

Downside Capture

AS OF MARCH 31, 2020



Universe: eVestment Global Emerging Markets Small Cap Equity	Downside Capture 1 Year		Downside Capture 3 Years		Downside Capture 5 Years		Downside Capture 7 Years		Downside Capture 10 Years	
	Value	Rank	Value	Rank	Value	Rank	Value	Rank	Value	Rank
◆ Wasatch Emerging Markets Small Cap	72.21	8	78.82	10	84.35	26	88.29	32	82.25	18
Universe Median	94.27	50	92.09	50	88.86	50	91.45	50	87.10	50
Products in Universe	81		72		60		39		18	

Benchmark:
MSCI Emerging Markets Small Cap



The percentile rank is the rank of a composite among its category peers, where rank is based on a comparison of a composite's downside capture to its peers over 1, 3, 5, 7, & 10 year time periods ending 3/31/20. The Wasatch Emerging Markets Small Cap Composite was ranked respectively against: 1-yr: 81, 3-yr: 72, 5-yr: 60, 7-yr: 39, & 10-yr: 18 composites in the eVestment Alliance Global Emerging Markets Small Cap Universe using data collected on 5/18/20. The percentile ranks for the respective time periods were 8, 10, 26, 32 and 18 respectively. Performance shown is gross of fees. eVestment Alliance (eA) is a web-based provider of comprehensive investment information and analytic technology. Through its online eASE Database, eA captures the most comprehensive dataset in the industry and distributes all information via its fully web-based eASE Analytics system.

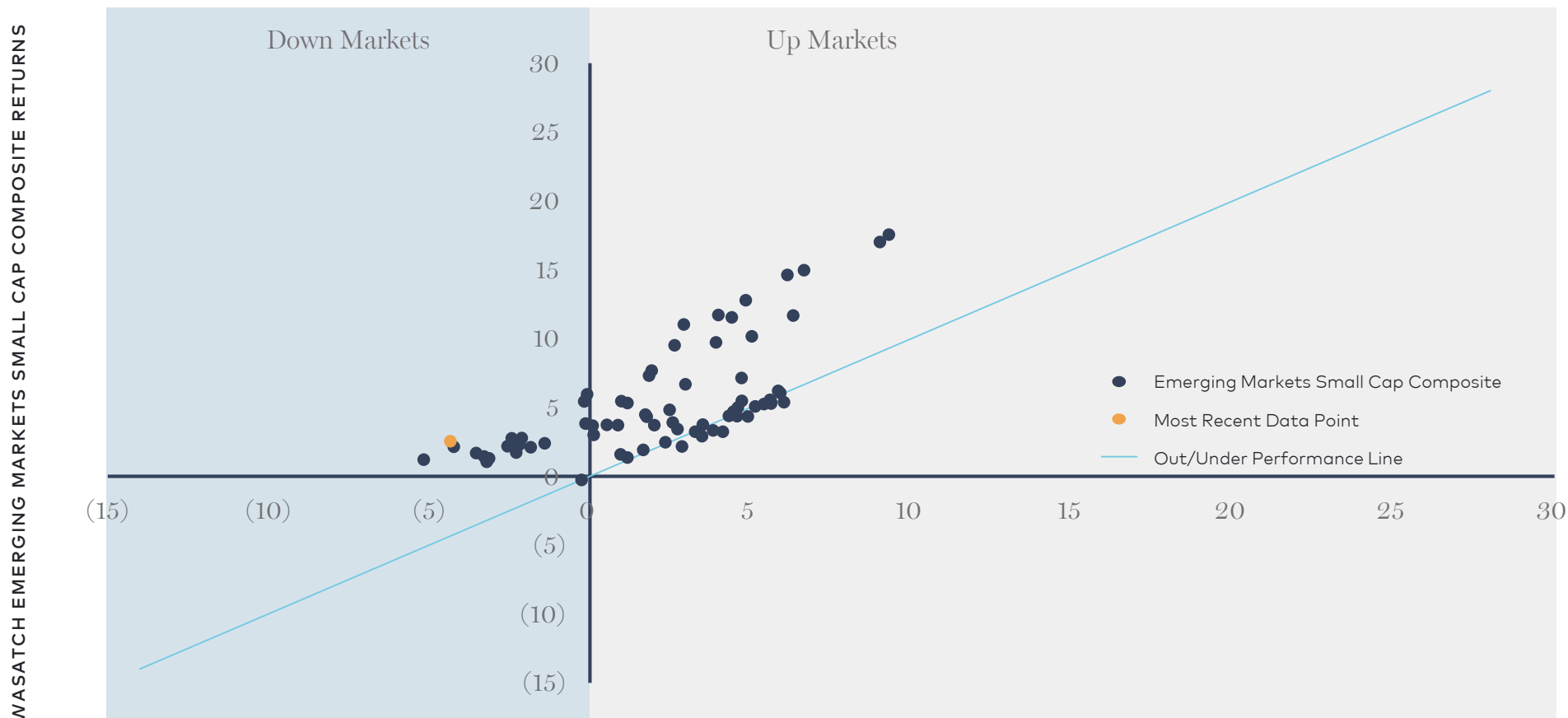
Past performance is not indicative of future results. Please see disclosures in the appendix and a GIPS compliant composite presentation.

Long-Term Performance

ROLLING 5-YEAR RETURNS – QUARTERLY OBSERVATIONS

9/30/12 through 3/31/20 (Gross of Fees)

- Wasatch Emerging Markets Small Cap Composite outperformed 85% of the time
- Down markets - outperformed 95% of the time



MSCI EMERGING MARKETS SMALL CAP RETURNS



Please see disclosures in the appendix and a GIPS compliant composite presentation.
Past performance is not indicative of future results. Performance is preliminary

YTD Performance Review and Outlook

- The Wasatch Emerging Markets Small Cap strategy declined, but outperformed its benchmark as markets were sent lower due to the Covid-19 pandemic
- In the majority of countries, our stocks held up better than those in the MSCI Emerging Markets Small Cap Index as global concerns moved to the forefront
 - The companies we own tend to focus more on domestic demand not cyclical factors
 - Our companies typically have stronger earnings growth, higher return on equity and return on assets, and less debt than the average company in the Index
 - The Wasatch international team spent several weeks re-analyzing every company we own and scanning for new opportunities
 - Portfolio turnover remains low as holdings are well positioned for long-term growth
- We believe the Covid-19 pandemic will have short- to medium-term earnings impacts on businesses, particularly those connected to global supply chains
 - Opportunities in supply chain restructuring and localization
- “New EM” stocks (technology, financials, & healthcare) continue to gain importance relative to “old EM” stocks (materials, manufacturing, & energy)
 - EM no longer just a component of global supply chains: domestic demand represents a large opportunity set
 - Domestic innovation in healthcare and technology is accelerating
 - Financial services are increasingly tech oriented with significant headroom for growth
- China’s economic ecosystem is strong enough to sustain itself if reversal in globalization occurs
 - Focused on removing reliance on developed markets

Proposed Fee

Separate Account	
Investment	Proposed Fee
First \$100m	80 bps
Next \$100m	75 bps
Balance	70 bps

Wasatch Global Investors Advantages

- Small-Cap Specialist with Global Reach
- Independent and 100% Employee-Owned
- "Multiple Eyes" Investment Culture
- Repeatable, Disciplined Investment Philosophy and Process
- Proven and Consistent Performance Profile
- 40+ Years of Institutional Investment Experience

Appendix

Wasatch ex-U.S. Team

DEDICATED RESOURCES – EMERGING MARKETS

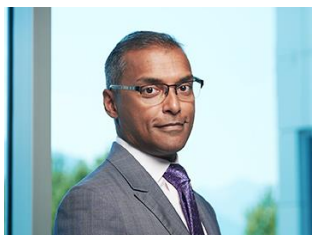
		Financials	Consumer	Info. Tech.	Health Care	Materials and Energy	Industrials
		Scott Thomas	Kevin Unger	Ajay Krishnan	Matt Dreith	Dan Chace	Kai Pan Pedro Huerta
China/Hong Kong		Scott Thomas Kai Pan	Kevin Unger Allison He Kai Pan	Pedro Huerta Allison He Kai Pan	Matt Dreith Allison He Kai Pan	Dan Chace Kai Pan	Kai Pan
India		Scott Thomas Ajay Krishnan	Matt Dreith Ajay Krishnan	Pedro Huerta Ajay Krishnan	Matt Dreith Ajay Krishnan	Dan Chace Ajay Krishnan	Ajay Krishnan
North Asia	Taiwan, Korea	Scott Thomas	Kevin Unger Allison He	Allison He Pedro Huerta	Matt Dreith	Dan Chace	Kai Pan
South East Asia	Philippines	Scott Thomas Anh Hoang Kai Pan	Anh Hoang	Ajay Krishnan	Matt Dreith	Dan Chace	Anh Hoang
	Indonesia						
	Malaysia						
	Thailand						
Asia - Other	Bangladesh	Anh Hoang					
	Pakistan						
	Sri Lanka	Anh Hoang					
	Vietnam						
Latin America	Argentina	Pedro Huerta	Pedro Huerta		Matt Dreith	Dan Chace	Pedro Huerta
	Brazil						
	Chile, Peru, Colombia						
		Mexico	Scott Thomas Pedro Huerta				
Eastern Europe	Russia	Scott Thomas	Matt Dreith				
	Poland						
Middle East and North Africa	Egypt					Dan Chace	Anh Hoang
	Middle East						
Sub-Saharan Africa	Ghana	Scott Thomas	Anh Hoang				Anh Hoang
	Tanzania						
	Nigeria						
	Kenya		Dan Chace				
South Africa			Kevin Unger			Dan Chace	

Wasatch ex-U.S. Team

DEDICATED RESOURCES – DEVELOPED MARKETS

Financials	Consumer	Info. Tech.	Health Care	Materials and Energy	Industrials
Ken Applegate Chris Leikhim	Linda Lasater Ken Applegate	Linda Lasater Chris Leikhim	Derrick Tzau	Marta Larsen Ken Applegate	Marta Larsen Derrick Tzau

Biographies



Ajay Krishnan, CFA

Lead Portfolio Manager

25 / Years of
experience

25 / Years at
Wasatch

Mr. Krishnan joined Wasatch Global Investors in 1994 and serves on the Board of Directors. He is also a Portfolio Manager, the head of emerging markets investing and a member of the global research team.

Mr. Krishnan earned a Master of Business Administration from Utah State University, where he also worked as a graduate assistant. He completed his undergraduate degree at Bombay University, earning a Bachelor of Science in Physics with a minor in Mathematics.

Mr. Krishnan is a CFA charterholder and a member of the Salt Lake City Society of Financial Analysts.

Ajay is a native of Mumbai, India and speaks Hindi and Malayalam. He enjoys traveling and cycling. He is also a budding vintage-car enthusiast and an amateur horologist.



Dan Chace, CFA

Portfolio Manager

21 / Years of
experience

17 / Years at
Wasatch

Mr. Chace is a Portfolio Manager on the emerging markets, international micro cap and U.S. micro cap research teams. He joined Wasatch Global Investors as a Senior Analyst in 2002.

Mr. Chace has been in the finance industry since 1996, working in the New York offices of J.P. Morgan Securities, SG Cowen Securities, Merrill Lynch, and Oppenheimer & Co. His work in New York was as an equities analyst following Latin American financial institutions.

Mr. Chace earned a Master of Business Administration from Harvard University. He completed his undergraduate studies at Pomona College, receiving a Bachelor of Arts in Cultural Anthropology. He is also a CFA charterholder.

Mr. Chace spent two years in Paraguay with the United States Peace Corps, where he was a volunteer working on water sanitation and health infrastructure projects in rural communities.

Dan is a New Jersey native and speaks Spanish. He enjoys competitive sports and the outdoors, especially trail running.

Biographies



Dustin McCarty, AIF®
Vice President of Institutional Business
Development

9 / Years of
experience

9 / Years at
Wasatch

Mr. McCarty is Vice President of Institutional Business Development for Wasatch Global Investors. In this role, he works closely with institutional investors, consultants and retirement plans.

In addition to working at Wasatch prior to business school, Mr. McCarty was a financial analyst at a start-up technology company—Omniture, which is now part of Adobe.

Mr. McCarty earned a Master of Business Administration from Georgetown University, where he graduated with honors, and a Bachelor of Science in Business Administration from the University of Utah.

Mr. McCarty earned the AIF® designation from the Center for Fiduciary Studies in 2014. The AIF designation certifies that he has specialized knowledge of fiduciary standards of care and their application to the investment-management process.

Dustin enjoys hiking, traveling, competitive sports, and is an avid Georgetown and University of Utah sports fan.

Disclosures

Where gross of fees performance is shown, the results do not reflect the deduction of investment advisory fees. Actual returns will be reduced by the investment advisory fees and other expenses that may be incurred in the management of the account. See Wasatch Global Investors' Form ADV, Part 2 for a description of investment advisory fees. The following representative example shows the effect a 1% advisory fee, compounded over a period of years, would have on returns. Past performance is not indicative of future results.

Cumulative Total Return (%)			
	Gross	Net	Basis Points Differential
1 Year	12.68	11.57	111
5 Years	81.67	72.88	879
10 Years	230.04	198.89	3115

The MSCI Emerging Markets and Emerging Markets Small Cap Indices are free float-adjusted market capitalization indexes that are designed to measure the equity market performance of emerging markets. The small cap index is composed of stocks which are categorized as small capitalization stocks by MSCI.

The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties or originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msci.com)

You cannot invest in these indexes.

Current and future holdings are subject to change and risk. Wasatch analysts closely monitor the companies held in the portfolio. If a company's underlying fundamentals or valuation measures change, Wasatch will reevaluate its position and may sell part or all of its holdings. The characteristics for the Top Ten Holdings and the portfolio weighted averages are calculated by Wasatch using data obtained from FactSet, Bloomberg and internal models. Index characteristics are obtained from MSCI and FactSet.

Estimated Long Term Earnings Per Share (EPS) Growth is the average estimate for the next 3-5 years by analysts covering a given company. EPS is a calculation based on a company's net income divided by common shares outstanding. A company that earns \$1 million for the year and has a million shares outstanding has an EPS of \$1. This EPS figure, which represents how much of earnings each share is entitled to, is important as the basis for various calculations an investor might make in assessing a stock's relative value.

CFA® is a registered trademark of the CFA Institute

Disclosures

WASATCH GLOBAL INVESTORS EMERGING MARKETS SMALL CAP COMPOSITE ANNUAL DISCLOSURE PRESENTATION

Year End	Total Firm Assets (millions)	Composite Assets		Annual Performance Results							
		U.S. Dollars (millions)	Number of Accounts	Composite		MSCI Emerging Markets Small Cap Index	MSCI Emerging Markets Index	Internal Dispersion	Composite 3-Yr St Dev	MSCI Emerging Markets Small Cap Index 3-Yr St Dev	MSCI Emerging Markets Index 3-Yr St Dev
				Gross	Net						
2019	20,853	1,340	8	31.07%	29.78%	11.50%	18.42%	N.A.	13.53%	12.97%	14.17%
2018	14,281	928	7	-17.04%	-18.07%	-18.59%	-14.57%	0.3%	14.97%	14.01%	14.60%
2017	16,585	1,688	8	39.84%	38.27%	33.84%	37.28%	N.A.	13.20%	14.36%	15.35%
2016	15,070	2,413	10	-1.90%	-3.08%	2.28%	11.19%	0.3%	13.04%	14.33%	16.07%
2015	17,109	2,765	9	-7.29%	-8.45%	-6.85%	-14.92%	0.3%	12.22%	13.48%	14.06%
2014	18,847	2,505	8	2.63%	1.21%	1.01%	-2.19%	0.4%	13.73%	14.04%	15.00%
2013	19,278	2,859	7	-1.03%	-2.43%	1.04%	-2.60%	N.A.	18.07%	19.64%	19.04%
2012	13,368	2,343	Five or fewer	30.10%	28.16%	22.22%	18.22%	N.A.	19.53%	22.00%	21.50%
2011	10,327	1,008	Five or fewer	-12.38%	-13.78%	-27.18%	-18.42%	N.A.	25.93%	28.81%	25.76%
2010	9,944	1,079	Five or fewer	45.64%	43.76%	27.17%	18.88%	N.A.	34.46%	36.82%	32.58%

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

Wasatch Global Investors is an independent registered investment adviser. Registration does not imply a certain level of skill or training. A complete list of composite descriptions is available upon request.

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

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

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

Disclosures continued on the next slide.

Disclosures

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

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

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

Depending on the account and the investment style, clients may pay an annual fee up to 2.00%. Actual investment advisory fees incurred by clients may vary.

The annual composite dispersion is an equal-weighted standard deviation calculated for the accounts in the composite the entire year.

Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

All portfolios within the composite are valued using WM/Reuters 4 p.m. GMT exchange rates except mutual funds within the composite which use the WM Company/Reuters 4 p.m. EST exchange rates. Fair value factors are applied to the local closing price of foreign holdings under various circumstances. The benchmark is valued using the local close prices and WM Company/Reuters 4 p.m. GMT exchange rates.

The Emerging Markets Small Cap portfolios are managed by a team led by Ajay Krishnan, CFA since January 31, 2019. Roger Edgley, CFA led the team from inception to January 31, 2019 and was a portfolio manager through January 31, 2020. Dan Chace, CFA is also a portfolio manager from January 31, 2019. Laura Geritz, CFA also led the team from January 31, 2009 to January 31, 2011 and was a portfolio manager through January 31, 2015.

The Emerging Markets Small Cap Composite was created November 20, 2007. Prior to January 1, 2009 the Emerging Markets Small Cap Composite was named the Emerging Markets Composite.

Wasatch Global Investors claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Wasatch Global Investors has been independently verified for the periods January 1, 1995 through December 31, 2019. The verification report(s) is/are available upon request.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

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Macquarie Investment Management

Emerging Markets Small Cap Equity

Presentation to:



July 8, 2020

Emerging Markets Small Cap 20Q1

Important notice



Other than Macquarie Bank Limited (MBL), none of the entities noted in this document are authorised deposit-taking institutions for the purposes of the Banking Act 1959 (Commonwealth of Australia). The obligations of these entities do not represent deposits or other liabilities of MBL. MBL does not guarantee or otherwise provide assurance in respect of the obligations of these entities, unless noted otherwise.

Please see the end of this document for further important information.

(1194889 – 5/2020)



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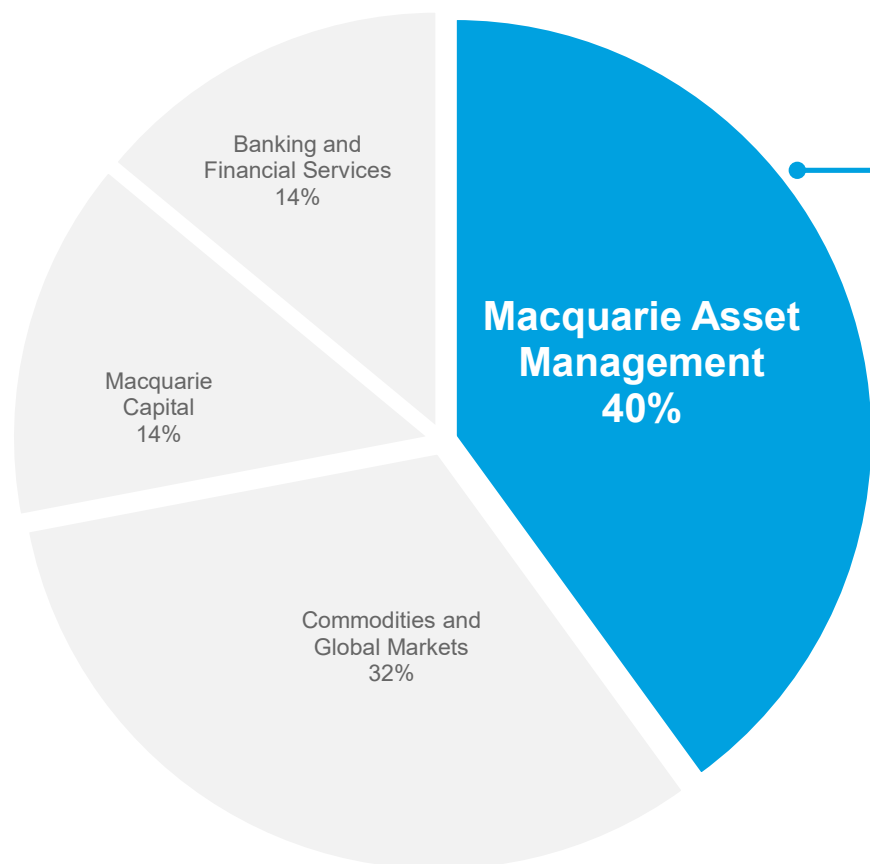
Firm overview

Emerging Markets Small Cap 20Q1

Macquarie Group



Diversified global business with 51 years of unbroken profitability



Macquarie Investment Management
Equities / Fixed income / Listed alternatives

\$225.2B

Macquarie Infrastructure and Real Assets
Direct investments in infrastructure / Energy /
Real estate / Agriculture

\$136.9B

Asset information as of March 31, 2020.
Assets under management (AUM) is calculated as the proportional ownership interest in the underlying assets of funds and mandated assets that Macquarie actively manages or advises for the purpose of wealth creation, adjusted to exclude cross-holdings in funds and reflect Macquarie's proportional ownership interest of the fund manager. AUM excludes uninvested equity in MIRA.
All dollar figures are in US dollars, unless denoted otherwise.

Split based on FY20 net profit contribution, calculated as management accounting profit before unallocated corporate costs, profit share and income tax. As of March 31, 2020.

**Asset management is a significant
contributor to firm results**

Asset management at Macquarie

Benefit from the advantages of a global partner



Research-driven **active manager**



Independent investment teams, 1,600+ employees in 26 countries



Top 50 global asset manager¹



Top 10 global insurance manager¹



World's largest infrastructure manager²

Asset and personnel data as of March 31, 2020.

1. Pensions & Investments, The Largest Money Managers (May 2019).

2. Real Assets IPE, Top 50 infrastructure investment managers (July/August 2019).

Emerging Markets Small Cap 20Q1
Los Angeles City Employees' Retirement System

Strength of a global leader

Affiliations and accreditations



Macquarie is convinced that the push towards resilience and sustainability will profoundly change the infrastructure landscape. Macquarie is committed to resilience and has embarked on a journey to sustainability leadership.”

Shemara Wikramanayake, Macquarie Group CEO

Macquarie Group



GLOBAL
CENTER ON
ADAPTATION

Global Commission on Adaptation

“GCA” – chaired by Ban Ki Moon / Bill Gates. Macquarie CEO is a commissioner



Climate Finance Leadership Initiative

“CFLI” – UN Special Envoy Bloomberg; Macquarie CEO is commissioner



GREEN
CLIMATE
FUND

Macquarie has an accredited entity



TASK FORCE ON CLIMATE-RELATED
FINANCIAL DISCLOSURES

Supporter since 2019

Macquarie Asset Management



Principles for
Responsible
Investment

Signatory since 2015



G R E S B

Member since 2016



Member since 2017



Ceres

Member since 2010



Diversity and Inclusion at Macquarie

A longstanding commitment to workforce diversity and inclusion



	Diverse Workforce	Increased representation of women and other traditionally under-represented groups at all levels in the Macquarie workforce.
	Inclusive Workplace	An inclusive workplace in which individuals can reach their full potential.
	Robust Meritocracy	Equity and Transparency embedded in remuneration, promotion and development practices.
	Integration & Awareness	Workforce diversity and inclusion is an integral part of the way Macquarie does business.



Composition of workforce and female representation

As of 31 March	2015 %	2016 %	2017 %	2018 %	2019%
Board of Directors	30.0	30.0	30.0	30.0	36.4
Executive Committee	23.1	23.1	25.0	25.0	25.0
Division Head ¹	16.8	18.5	21.6	23.5	23.9
Senior Executive ²	13.9	14.3	15.2	16.7	18.5
Macquarie Workforce	37.5	37.8	38.2	38.8	39.1



(1) Division Head refers to critical roles across Macquarie. It typically includes executives two layers down from the CEO. (2) Senior Executive refers to Macquarie's combined Division Director and Executive Director population.



What we stand for

The way we do business with you defines us. It is based on three long-held Macquarie principles:



Opportunity

- Identify and realise opportunities for our clients
- Bring innovative and actionable investment insights to clients



Accountability

- Accountable to our clients for all our actions
- Provide transparency including access to investment professionals



Integrity

- Act with honesty and never compromise our standards
- Support the communities in which we live and work

Finding opportunities that matter for clients



A global investment platform

Equities

\$74.4 billion

Geography

- Global
- US
- Asia ex Japan
- Australia
- Emerging markets
- China
- Japan
- Korea

Style

- Value
- Growth
- Core
- Quant

Specialty

- Global listed infrastructure
- Healthcare
- Natural resources
- Real estate

Market cap

- Large cap
- Mid cap
- Small cap

Fixed income

\$144.7 billion

Geography

- Global
- US
- Europe
- Emerging markets
- Australia
- Korea

Specialty

- Absolute return
- Liability-driven investing
- Private placements
- Asset-backed
- Municipals (taxable and tax-exempt)
- Currency
- Convertibles

Total Return

- Core
- Core plus
- Multi-sector
- Short/Intermediate

Insurance

Credit-based

- Corporate bond
- Long duration
- High yield
- Bank loans

Multi-asset

\$4.9 billion

Geography

- Global
- US

Style

- Absolute return
- Relative return
- Income

Specialty

- Protection
- Real assets

Alternatives

\$138.1 billion

Direct infrastructure¹

- North America
- Australia
- Europe
- Emerging markets

Real estate¹

Agriculture¹

Energy¹

Hedge funds

Macquarie Investment Management asset totals are:

Total \$225.2 billion, Equities \$74.4 billion, Fixed Income \$144.7 billion, Multi-asset \$4.9 billion, and Alternatives \$1.2 billion.

Macquarie Investment Management strategies unless noted below:

1. Managed by Macquarie Infrastructure and Real Assets. AUM as of March 31, 2020.

A competitive range of
conviction-driven solutions



Emerging Markets Small Cap Equity

Emerging Markets Small Cap 20Q1



Emerging Markets Small Cap Equity at a Glance

Culture

Experienced, dedicated, hands-on professionals, team has been organically growing for 17 years.

Philosophy

Positive fundamental change leads to earnings growth; markets underestimate the magnitude and duration of change.

Process

One key to success in inefficient markets is a disciplined approach. Our process is honed over nearly two decades.

Investment goals

- Seek to outperform MSCI Emerging Markets Small Cap Index (benchmark) by 250-350 basis points gross of fees per annum over the course of a market cycle¹

Portfolio Characteristics

- Emerging markets small cap equities
- Equities under \$5B market cap at purchase
- Typical holdings 75 -125 securities

¹ Market cycle is typically 3-5 years.

The MSCI Emerging Markets Small Cap Index includes small-cap representation across 24 emerging market countries, covering approximately 14% of the free float-adjusted market capitalization in each country. The small-cap segment tends to capture more local economic and sector characteristics relative to larger emerging market capitalization segments.

Indices are unmanaged, and one cannot invest directly in an index.

We identify small companies able to capitalize on positive change.

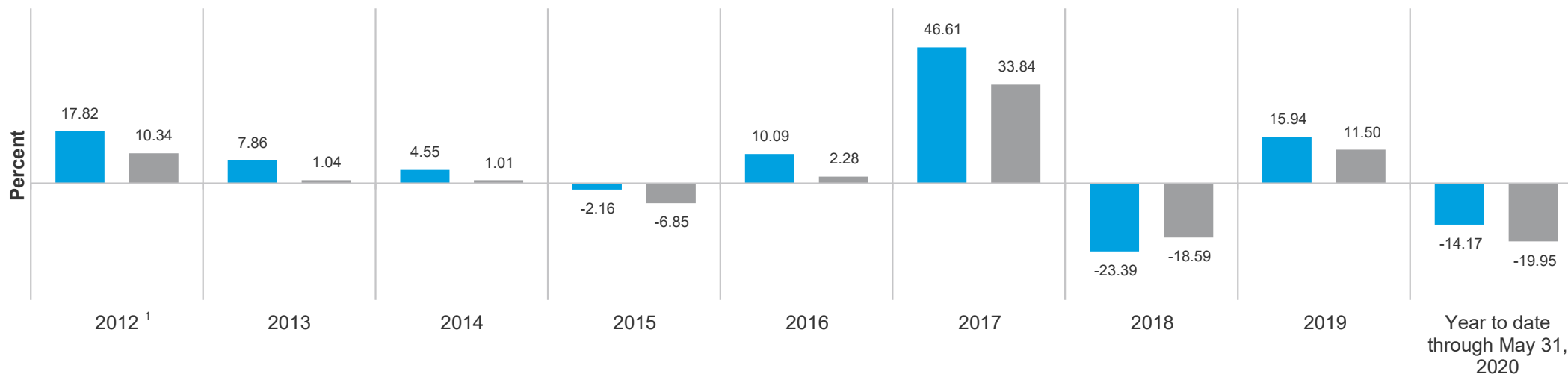


Composite performance

Emerging Markets Small Cap Equity

Calendar year returns

■ Emerging Markets Small Cap Equity (gross of fees) ■ MSCI Emerging Markets Small Cap Index (net)



Relative performance

7.48	6.82	3.54	4.69	7.81	12.77	-4.80	4.44	5.78
------	------	------	------	------	-------	-------	------	------

Since inception 1/31/12 to 12/31/12.

¹Returns for less than one year are not annualized.

The performance data quoted represents past performance; past performance does not guarantee future results.

See performance, benchmark, and fee disclosures on page titled "Composite statistics and performance."

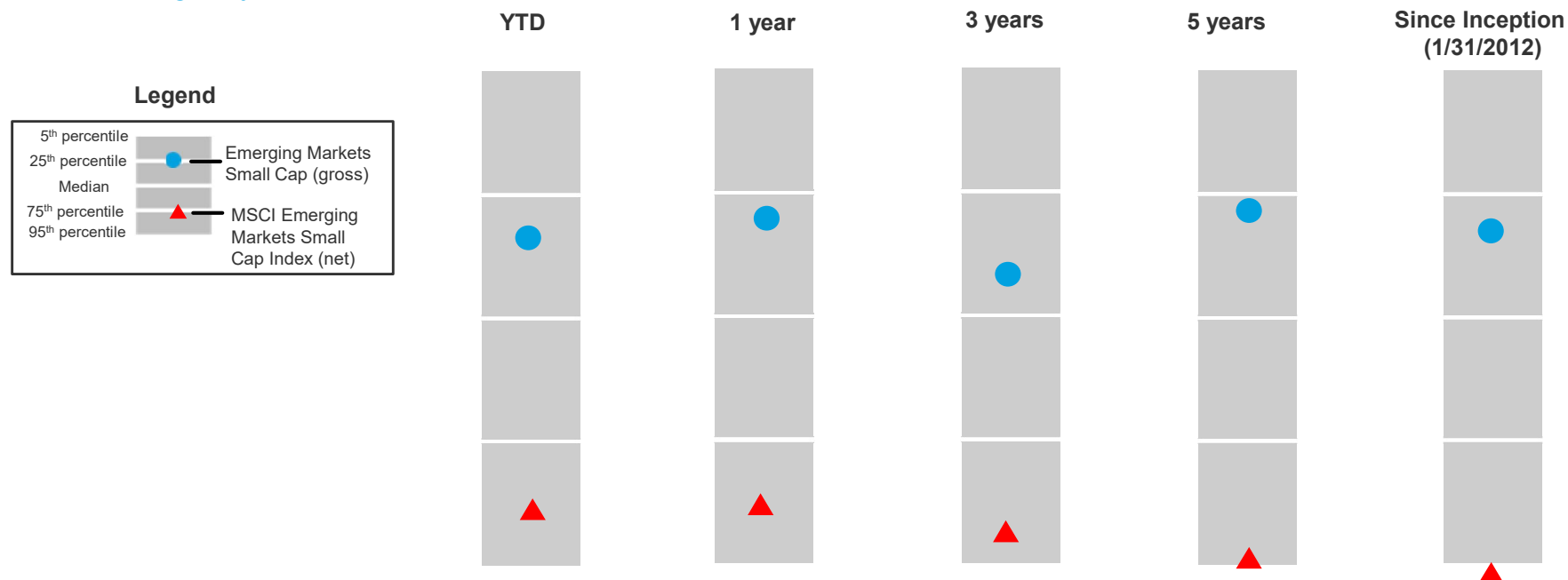
The net of fees performance was 15.59% (2012), 5.61% (2013), 2.38% (2014), -4.19% (2015), 8.92% (2016), and 45.14% (2017), -23.77% (2018), 15.37% (2019), -14.35% (Year to date through May 31, 2020).



Performance Peer Analysis (supplemental)

Emerging Markets Small Cap Portfolio

Periods ending May 31, 2020



5th percentile	-1.14	12.95	6.89	4.60	8.70
25th percentile	-12.70	-0.01	0.98	1.71	6.06
Median	-16.46	-6.80	-2.60	-0.19	3.95
75th percentile	-19.03	-11.09	-4.34	-1.42	3.12
95th percentile	-22.17	-17.17	-6.37	-2.48	1.84

Source: eVestment
Data extracted on June 30, 2020

As of May 31, 2020, the universe contains 63 Emerging Markets Small Cap competitors. Statistics were calculated using monthly returns.

See performance, benchmark, and fee disclosures on page titled "Composite statistics and performance." **Past performance does not guarantee future results.**



Portfolio characteristics* (supplemental)

Emerging Markets Small Cap Equity

As of May 31, 2020

	3 years	5 years	Since Inception (1/31/12)
Tracking error (%)	5.85	5.79	5.87
Information ratio	0.63	0.97	0.90

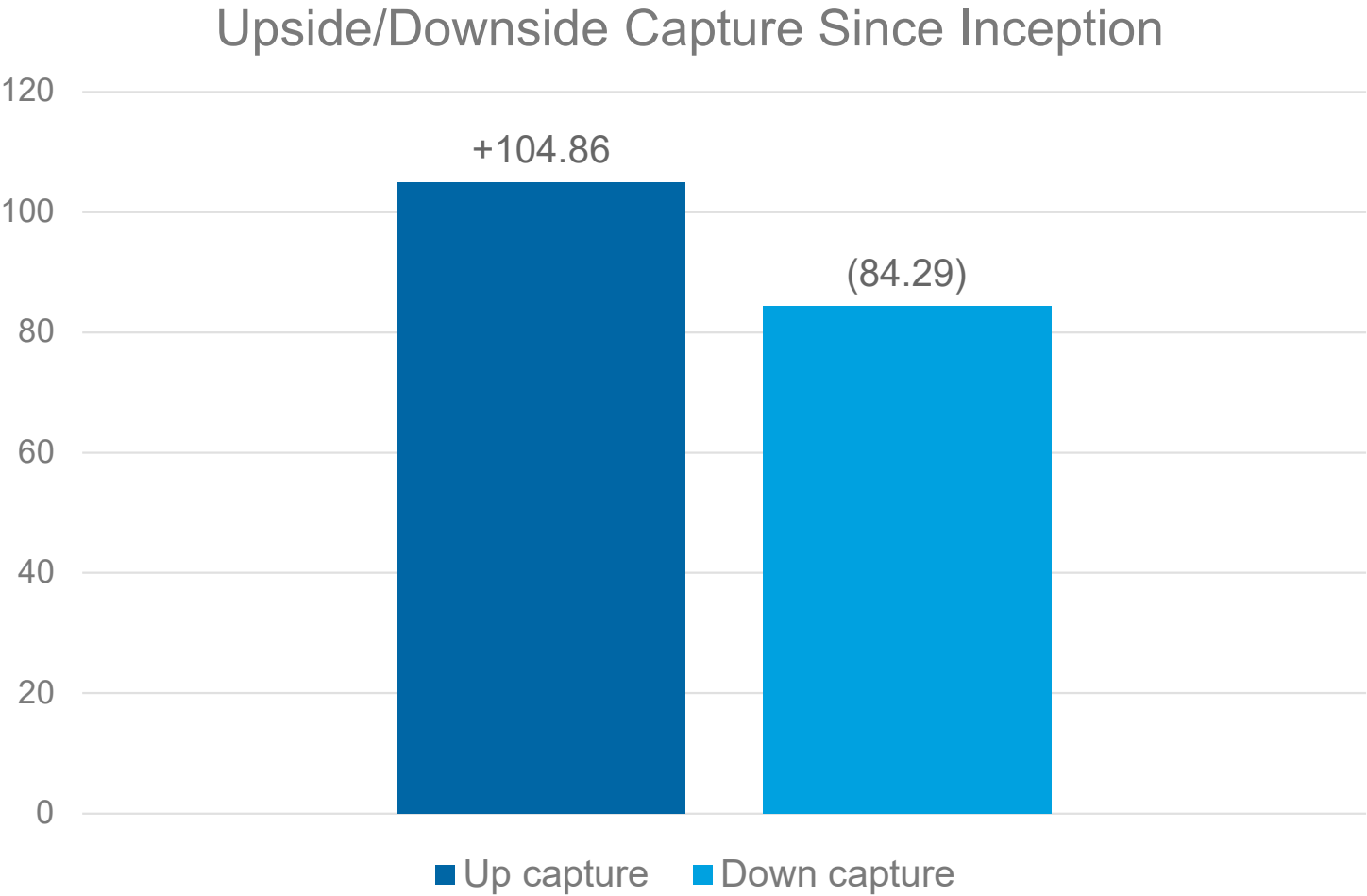
*The portfolio characteristics shown above are that of an Emerging Markets Small Cap Equity representative portfolio. Characteristics are as of the day indicated and subject to change.

Past performance does not guarantee future results.

See performance, benchmark, and fee disclosures on page titled "Composite statistics and performance."

Source: eVestment.

Upside/Downside Capture (supplemental)





Past performance does not guarantee future results.
See performance, benchmark, and fee disclosures on page titled “Composite statistics and performance.”
Source: Evestment for period from 2/2012 through 3/2020 for Macquarie Emerging Markets Small Cap Equity relative to the MSCI EM Small Cap Index.



Our team

Global Ex-U.S. Equity Team

Role

Joseph J. Devine / 26 years in industry / 20 years on team		Chief Investment Officer Portfolio Manager
Stephan Maikkula, CFA, CMT / 22 years in industry / 13 years on team		Portfolio Manager
Gabriel Wallach / 27 years in industry / Joined team 2016		Portfolio Manager
Portfolio Manager avg yrs of experience 25 years Analyst avg yrs of experience 26 years Average years on team 12 years		

Global Ex-U.S. Equity Team

Role

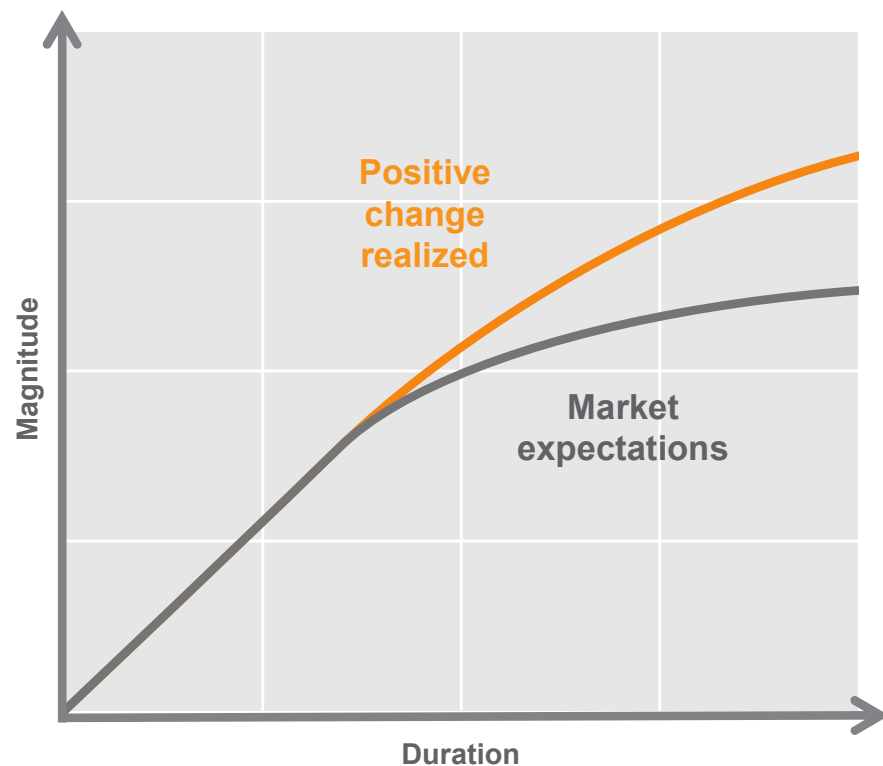
James Brandt, CFA / 32 years in industry / 9 years on team		Senior Equity Analyst Asia
Barry J. Kendall / 22 years in industry / 20 years on team		Senior Equity Analyst Europe & Canada
Thomas Pak / 25 years in industry / 11 years on team		Senior Equity Analyst Asia
Jay Su Erickson / 25 years in industry / 12 years on team		Portfolio Analyst

*As of March 31, 2020

A nimble, experienced team, committed to a disciplined process.



The investment philosophy



- Positive fundamental change leads to stronger earnings growth.
- Stronger earnings growth helps drive outperformance.
- Investment process focuses on identifying positive fundamental change in companies with significant growth potential.

Chart is for illustrative purposes only. The views expressed represent the investment team's assessment of the portfolio and market environment as of March 31, 2020, and should not be considered a recommendation to buy, hold, or sell any security, and should not be relied on as research or investment advice.

Markets underestimate the magnitude and duration of change.



Process overview

Step /1

Narrow the investible universe

Earnings growth
Relative strength
Earnings revisions

Step /2

Fundamental research

Identify drivers of positive change:

- Sustainability
- Potential risks
- Valuation
- Time horizon

Step /3

Portfolio construction

Debate ideas
Peer review
Macro considerations
Risk considerations
Initiate position

Step /4

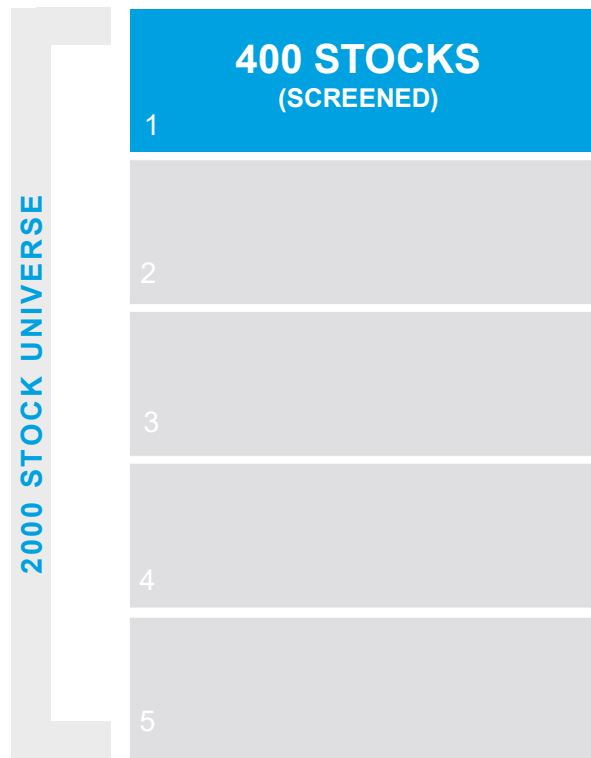
Ongoing monitoring and risk management

Continual review of thesis
Monitor fundamental metrics
Monitor industry changes
Monitor relative performance

A repeatable process, consistently applied.

Narrow the investible universe

01 / Screening tool limits to top quintile



2000 stock universe:
< \$5B market cap,
liquidity and transparency

Focus on 400 top
scoring names
based on

- Earnings growth
- Relative strength
- Earnings revisions

02 / Fundamental screening



Look for new ideas

- Analysts know this narrowed universe well; most top candidates are already researched
- “Surfacing” companies are often those affected by positive change and thus good candidates

Disciplined screening builds a manageable focus list.



Fundamental Analysis

Understanding the positive change and the fundamental risks

Opportunity set of 100 companies

Drivers of
positive
change



What's really behind
the upward movement
in earnings?

Valuation



Is the positive
change already
priced into the
stock?

Are change
and growth
sustainable?



Can the company
continue at this pace
or even accelerate?

Time
horizon



How far out can we
forecast the investment
thesis?

Potential
risks



Are there factors that
could derail the
investment thesis?

Focused on the key drivers of positive change.



What is positive change?

Key drivers of positive change

New market



Is the company willing to enter or focus on more advantageous and profitable markets?

New geography



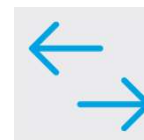
Has the company begun to tap demand from a new country or region?

New product



Is there a new product or service that will drive future revenue and earnings growth?

Macro change



Is the macro environment shift favoring the company's business model?

New management



Is the company making necessary leadership changes in order to achieve better success?

Consolidation



Is the company exiting unsuccessful ventures in order to focus on profitability?

B2W CIA DIGITAL (BTOW3 BZ)

Company Description

B2W Companhia Digital is an e-commerce company. The Company offers technology, logistics, distribution, customer service, and consumer financing services.



Investment Thesis

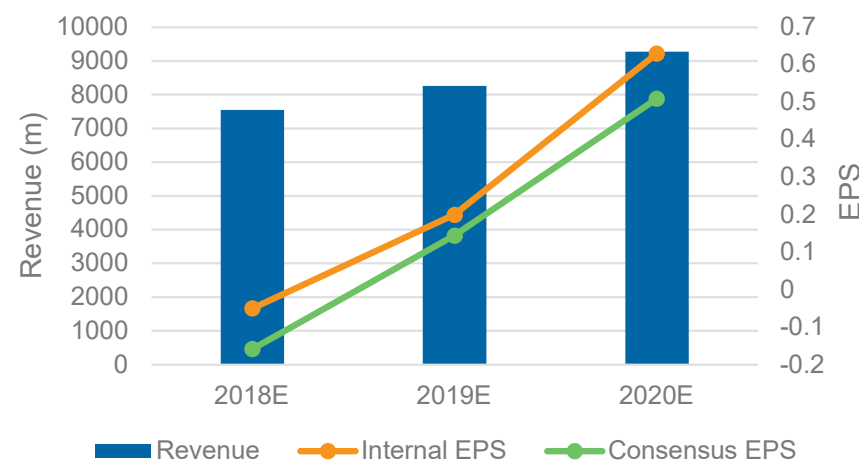
B2W has transitioned well from a traditional e-commerce model to a digital platform, which includes 1P, 3P, payments and fulfillment, where it has a significant advantage over MercadoLibre and Amazon. B2W is currently growing at over twice the rate of the e-commerce market in Brazil and has also become FCF positive. The drivers for the e-commerce market in Brazil remain in place, with a recent acceleration in growth for the sector, and B2W is well positioned with unparalleled logistics and fulfillment.

Quant Scores

	RS	ER	EPS	COMP
	8	90	15	24
Statistics				
Country				Brazil
Sector				Consumer Discretionary
Market Capitalization (USD)				3,706m
3m avg turnover (USDm)				16.0
Shrs Out/Float				454.0M/199.8M
Capital Structure (Millions of BRL)				
Market Cap			13,079.6	67.69%
ST Debt			1,564.0	8.09%
LT Debt			4,678.0	24.22%
Pref. Eqty			0.0	0.00%
Total			19,321.6	100.00%
			-1M	-3M
				-12M
Absolute (% , USD)			5.78	25.18
Relative to Index (% , USD)			7.05	25.01
				78.03

Source: Bloomberg 3/30/18, 4/30/18, MSC: Emerging Markets Small Cap (Net)

Revenue and Earnings Growth (BRL)



Financial Drivers

- The company has now passed a lengthy period of cash burn and capital raising to invest in the business, keeping its leadership position in e-commerce
- B2W continues to invest in the transition from traditional e-commerce to a marketplace which generates high margin growth with lower capital intensity and inventory risk
- The launch of AME digital will provide on platform and off platform financial solutions including payments
- On the logistics front, the main highlights of LET'S in 2018, the shared management platform for the logistics assets of B2W and Lojas Americanas, was the roll-out of several O2O initiatives, such as Click-and-Collect, available in 580 B&M stores

Catalysts

- There is a meaningful acceleration in online retail in 2018, as investments in logistics and fulfillment allow for faster delivery
- B2W continues to add sellers to its platform increasing to 15,400 from 1000 in 2015, and doubling 3P GMV over the last twelve months
- The launch of AME, a digital payments platform which also offers cash and transfer functions, reached 300,000 accounts in the first 60 days

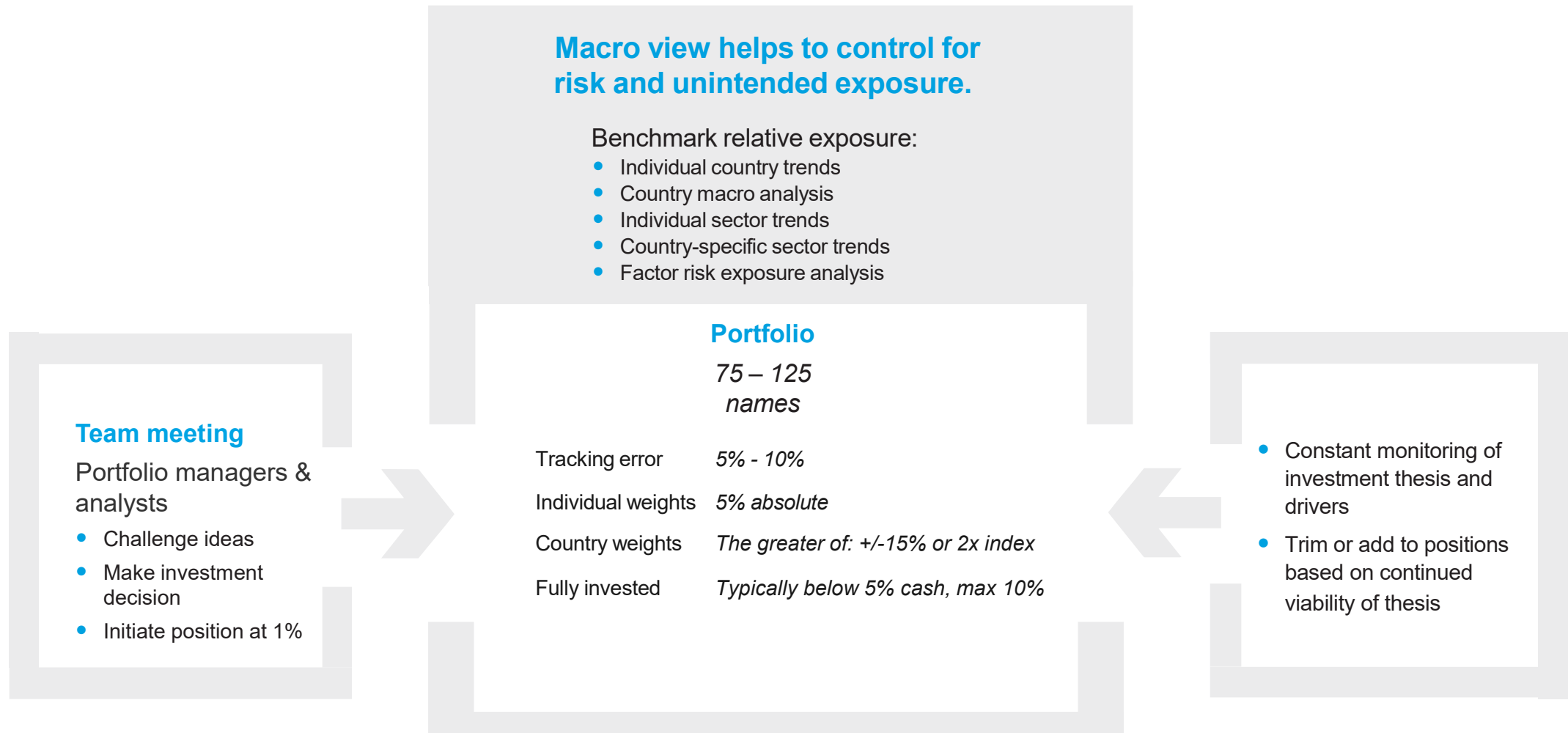
Risks

- B2W competes with other retailers including MercadoLibre, Magazine Luiza and Amazon, which are growing rapidly in similar categories and are investing aggressively
- Key industry risks include changes to the Brazilian macroeconomic outlook, such as level of employment and income, credit availability, and interest rates

Example was selected to illustrate the investment team's research processes and factor analysis only. This is not a recommendation to buy or sell any security. The opinions of the manager may change at any time. The securities discussed should not be construed as investment recommendations and may or may not be held in the portfolio. Examples provided for illustrative purposes only and their characteristics are not indicative of securities in which portfolio will invest. Further case studies are available upon reasonable request.



Portfolio construction



Bottom-up investment decisions, top down portfolio controls.



ESG framework

Firm

- Macquarie* a signatory to UNPRI (2015) and a member of SASB Alliance
- MIM ESG Oversight Committee: representation from each investment team; sharing of best practices
- Access to ESG data and resources; incorporated in portfolio management system

Portfolio

- Monitor companies for changes in ESG risk factors and discuss as a team
- View ESG ratings relative to benchmark, including carbon footprint
- Maintain a focus on seeking companies with sustainable earnings growth

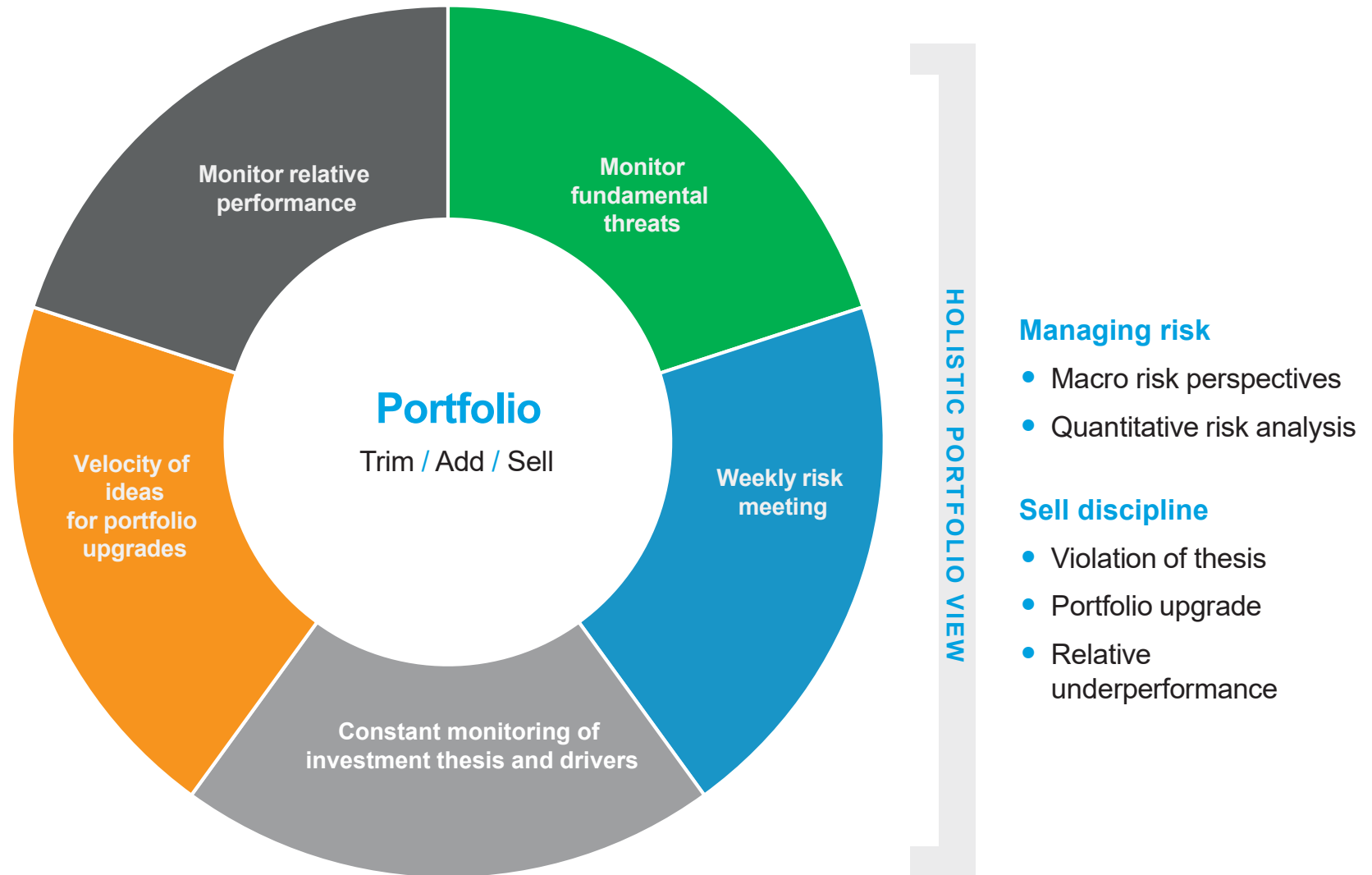


Team

- Identify material ESG risks as part of fundamental analysis
- Analyze companies to identify opportunities and discuss ESG issues when relevant
- Assess issues material to each company by utilizing firm resources and discussing as a team

*Macquarie Asset Management (MAM) signatory to UNPRI (2015); Macquarie Investment Management (MIM) member of SASB Alliance.

Monitoring and risk management



Continuous multi-level review and focus on sustainability.



Emerging Markets Small Cap – Recap

Culture

Experienced, dedicated, hands-on professionals, team has been organically growing for 17 years.

Philosophy

Positive fundamental change leads to earnings growth; markets underestimate the magnitude and duration of change.

Process

One key to success in inefficient markets is a disciplined approach. Our process is honed over nearly two decades.

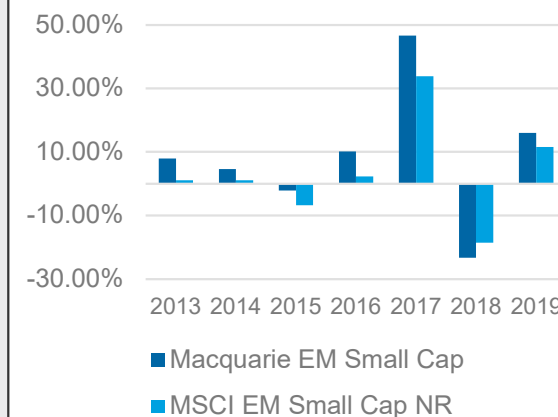
Industry experience

- Joseph J. Devine, 26 years
- Stephan Maikkula, 22 years
- Gabriel Wallach, 27 years
- James Brandt, 32 years
- Barry J. Kendall, 22 years
- Thomas Pak, 25 years
- Jay Su Erickson, 25 years

SEP



Calendar Year Performance (Gross)



The performance data quoted represents past performance; past performance does not guarantee future results.

See performance, benchmark, and fee disclosures on page titled "Composite statistics and performance."

Investing in small companies able to capitalize on positive change.



APPENDIX



Presenter biographies



Joseph Devine

Senior Vice President, Chief Investment Officer — Global Ex-US Equity

Joseph Devine joined Macquarie Investment Management (MIM) in March 2016 as head of the Global Ex-US Equity team. Previously, he worked at UBS Asset Management from July 2007 to February 2016, first as senior portfolio manager and then as head of the Global ex-US Growth Equities team. Prior to UBS, Devine worked at Nicholas-Applegate Capital Management from July 2005 to July 2007 as lead portfolio manager for the Emerging Markets and Pacific Rim portfolios of the International Growth team. Prior to that, he was an Asian equity analyst at Duncan-Hurst Capital Management. Devine was also responsible for the firm's Global Emerging Markets portfolio. He previously held trading positions at Peregrine Investment Holdings in the Philippines and Singapore, and at Credit Suisse First Boston in Hong Kong and Singapore. Devine earned a bachelor's degree at the University of Southern California and an MBA at the Marshall School of Business at the University of Southern California.



Stephan Maikkula, CFA, CMT

Vice President, Portfolio Manager

Stephan Maikkula joined Macquarie Investment Management (MIM) in March 2016 as a portfolio manager for the Global Ex-US Equity team. Previously, he worked at UBS Asset Management from July 2007 to February 2016 in various investment roles, leaving the firm as a portfolio manager on the Global ex-US Growth Equities team. Prior to UBS, Maikkula worked at Nicholas-Applegate Capital Management as a generalist on the firm's International Growth team, where he covered Europe. Previously, he was an analyst and portfolio manager with the Employees Retirement System of Texas. Prior to that, Maikkula was a portfolio manager for the MBA Investment Fund and an investment analyst intern at the Teacher Retirement System of Texas. He also worked for Cargill for six years in various commodity merchandising roles, providing fundamental and technical analysis of commodity markets. Maikkula earned a bachelor's degree at St. John's University and an MBA at the University of Texas at Austin. He is a member of the CFA Institute and the Market Technicians Association.



Presenter biographies



Trevor M. Blum, CFA

Senior Vice President — Consultant Relations

Based in Portland, Ore., Trevor M. Blum's responsibilities include consultant relations and institutional sales in the western United States. Prior to joining Macquarie Investment Management (MIM) in 2004, he was employed for five years at Columbia Management Group as a vice president in the institutional sales and marketing group. Before that, he spent five years as a research analyst at the Frank Russell Company. Blum earned his bachelor's degree in finance and economics from the University of Puget Sound and is a member of the Portland Society of Financial Analysts.



Who We Are

Firm's Vision and Growth Plans

Macquarie Investment Management (MIM) has plans for continued, measured growth that will reinforce and enhance our position as a top-tier global asset manager.

Overall business goals are focused in five key strategic areas. One is **investment excellence**. We believe that creating an environment where investment professionals can thrive will lead to excellence. Two is **talent management**. We understand that organizations are their people so we have invested in talent development that will allow us to grow and succeed.

A third strategic area for our firm is **global platform strategy**, where we are investing considerably in global systems to support our business endeavours in all areas from investments to back office, via information technology platforms. Fourth, we intend to be a **disciplined acquirer**, expecting to make small acquisitions over time that can enhance our investment capabilities and offerings. Lastly, we are striving for **adjacency innovation**, seeking to leverage past business or investment successes across global regions.

Organizational Structure

MIM is part of Macquarie Asset Management (MAM), which in turn is one of four operating businesses within Macquarie Group Limited. MAM is the full-service asset management business of Macquarie Group. MAM is Macquarie's largest group by revenue, Australia's largest global asset manager, and a world top 50 asset manager. MAM was formed in 2008 from the merger of the funds and fund-based structured products businesses within Macquarie's Funds Management Group, Equity Markets Group, and Macquarie Capital Products Division.

MIM is a subsidiary of Macquarie Group Limited. As the parent company and an Australian publicly held company (ASX: MQG), Macquarie Group Limited indirectly holds substantially all of the stock (>95%) of MIM, with the exception of shares of stock that are owned by participants in the company's incentive compensation plan. Approximately 5% of total MQG shares are held by employees of Macquarie.

Practices for Cultivating and Retaining Talented Staff

At MIM, we provide an environment that enables our employees to reach their full potential. Our philosophy of empowering employees is exemplified by the environment we create for investment professionals: They are given autonomy to follow their convictions and to define their unique approaches to investing.

In keeping with MIM's emphasis on fostering an entrepreneurial culture that rewards outstanding performance, the firm seeks to retain its investment professionals through a number of highly attractive incentive programs rather than through restrictive measures.

Of utmost importance is MIM's structure in which all of the firm's investment teams operate with autonomy with respect to the implementation of their respective investment strategies, while supported by an extensive infrastructure that handles all non-investment related activities. This autonomy is enhanced financially by a revenue sharing relationship with the firm, wherein investment teams participate directly in the success of their businesses.

This structure promotes a performance-first culture, encourages the prudent growth of a teams' business, and discourages unrestrained asset gathering. This revenue sharing structure has been instrumental in the firm's attracting and retaining talented investment teams.

Additionally, employees are provided with numerous tools and opportunities to assist in planning, developing and managing their careers, across all levels. Professional development and job-specific training programs are widely available and focus on three key pillars – personal impact and effectiveness, leadership and team management and business skills. In addition to the in-person and online training offerings, employees are encouraged to continue their professional development through external sources as well, including leadership training, higher education, professional designations (such as the CFA), or all three. In most cases, some (if not all) associated costs are assumed by MIM.



Competitive Advantage

Multi-Investment Boutiques

At the heart of Macquarie Investment Management's model is our multi-investment boutique system. The principal focus of our investment teams is to serve our clients and find opportunities to help them achieve their investment goals. We do this through a combination of:

- Autonomy. Independent teams operate with a singular focus on achieving client objectives.
- Expertise. Deep domain knowledge and experience inform investment decisions.
- Conviction. Research-driven active managers deliver differentiated portfolios.

These attributes of our investment teams are a differentiator in the financial services industry. However, it is the strong client focus and commitment to active management of our teams, combined with the entrepreneurial spirit and extensive global reach of the larger Macquarie organization that helps to truly set MIM apart.

Our Principles

MIM is rooted in an environment where opportunity through an entrepreneurial culture, accountability such as a strong adherence to risk management, and a keen focus on integrity and ethics are encouraged and valued. These core Macquarie values of Opportunity, Accountability, and Integrity give our firm as a whole a distinguishing culture and mindset that imbues all that we do.

Other core elements of our approach are:

- The encouragement of high ethical and professional standards
- Commitment to clients
- Commitment to growth
- The recruitment, retention, and motivation of quality staff
- The alignment of staff rewards with those of shareholders
- Transparent and comprehensive reporting including financial reporting and risk reporting



Representative Client List

As of March 2020

Corporate Employee Benefit

A.O. Smith Corporation
Hawaiian Electric
Johnson Controls
NiSource
ONE Gas
USAA

Sub-advisory

Aberdeen Asset Management
AssetMark
Mid-Atlantic
Lincoln National Corporation
Northern Trust
Mercer
Russell Investment Company
SEI
VALIC

Nuclear Decommissioning / VEBA

Arizona Public Service
Connecticut Yankee
Dominion Resources
Duke Energy
Entergy
NextEra Energy
Southern Company
Maine Yankee
Portland General
Sempra Energy
Yankee Atomic

Public Funds

California State Teachers Retirement System
Commonwealth of Pennsylvania
Ohio Police and Fire Pension Fund
Teachers' Retirement System of Louisiana
City of New Orleans MERS
City of Atlanta Police Pension
Minnesota State Board of Investment

Taft-Hartley

Roofers and Waterproofers Local #30
Teamsters Local #557 Pension Fund
Bakery & Confectionary Union & Industry
International Pension Fund

This representative client list includes separately managed accounts and is not a complete list of all of Macquarie Investment Management's (MIM's) clients. The clients not subject to confidentiality limitations are chosen by size (largest to smallest) and reflect the main categories of our client base. It is therefore not a complete list of all MIM's clients. It is not known whether the listed clients approve or disapprove of MIM or the services provided. Updated: March 2020



Portfolio Characteristics and Attribution

Emerging Markets Small Cap 20Q1



Objectives

Emerging Markets Small Cap Equity

Investment goals

- Seek to outperform MSCI Emerging Markets Small Cap Index (benchmark) by 250-350 basis points gross of fees per annum over the course of a market cycle¹

Investment universe

- All emerging markets
- Market cap limits; New buys: up to \$5b, adds up to \$10b
- Approximately 2,000 stocks

How we aim to achieve this goal:

Active share:	Typically greater than 90%
Ex ante tracking error:	Normal range 5% - 10%
Number of equity holdings:	Approximately 75 to 125
Individual stock weights:	Maximum 5% absolute at time of purchase
Country weights:	Greater of: +/-15% or 2x index
Fully invested:	Typically below 5% cash, max 10%

¹ Market cycle is typically 3-5 years.

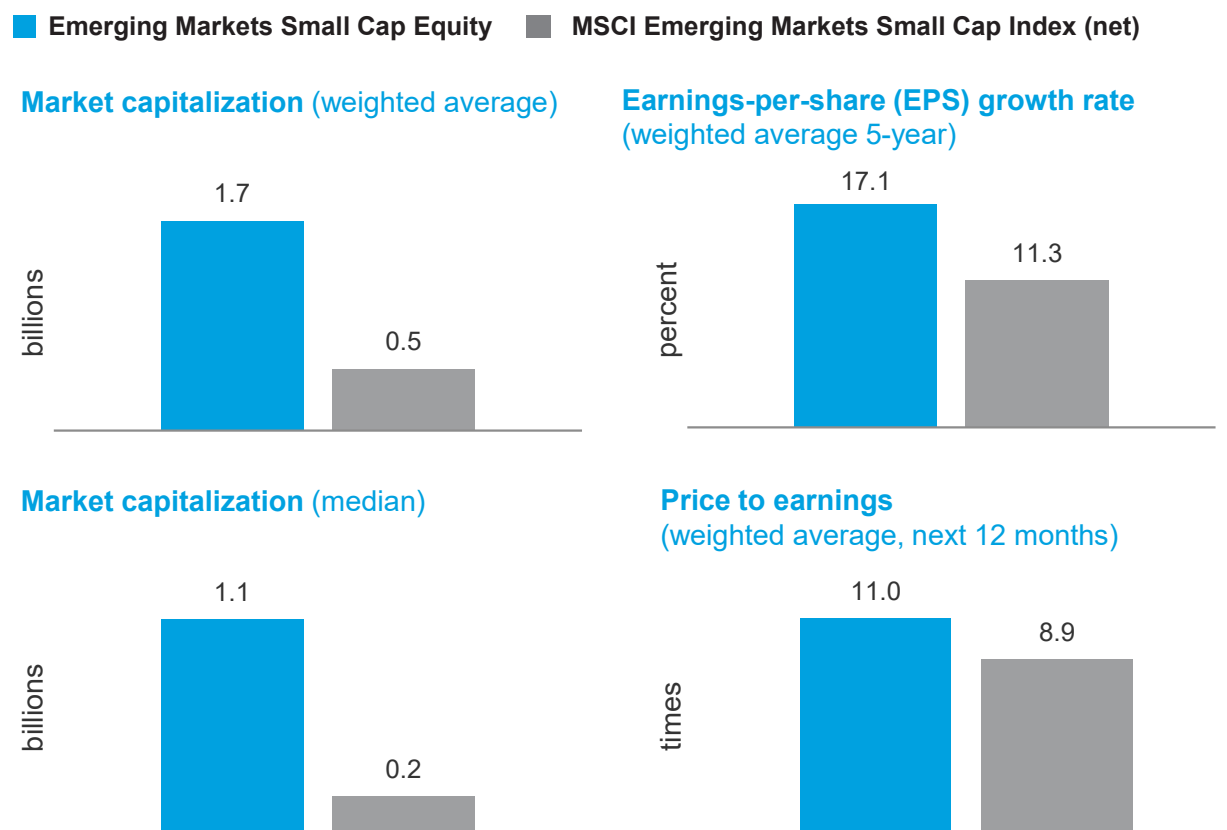
The MSCI Emerging Markets Small Cap Index includes small-cap representation across 24 emerging market countries, covering approximately 14% of the free float-adjusted market capitalization in each country. The small-cap segment tends to capture more local economic and sector characteristics relative to larger emerging market capitalization segments. Indices are unmanaged, and one cannot invest directly in an index.



Portfolio characteristics* (supplemental)

Emerging Markets Small Cap Equity

As of March 31, 2020



*The portfolio characteristics shown above are that of an Emerging Markets Small Cap Equity representative portfolio. Characteristics are as of the day indicated and subject to change.

Past performance does not guarantee future results.

See performance, benchmark, and fee disclosures on page titled "Composite statistics and performance."

Source: FactSet.



Top 10 representative holdings* (supplemental)

Emerging Markets Small Cap Equity

As of March 31, 2020

Security	Country	Portfolio weight %
Highland Gold Mining Limited	United Kingdom	2.99
B2W Companhia Digital	Brazil	2.87
Douzone Bizon Co.Ltd	South Korea	2.61
BYD Electronic (International) Co., Ltd.	China	2.46
Times China Holdings Ltd.	China	2.45
CIFI Holdings (Group) Co. Ltd.	China	2.43
Accton Technology Corp.	Taiwan	2.35
Vanguard International Semiconductor Co.	Taiwan	2.29
Clicks Group Limited	South Africa	2.24
King Yuan Electronics Co., Ltd.	Taiwan	2.20

* The holdings information shown above is that of a representative Emerging Markets Small Cap Equity portfolio. Holdings are current as of the day indicated and subject to change.



Portfolio holdings — country* (supplemental)

Emerging Markets Small Cap Equity

As of March 31, 2020

Argentina	1.16	Hong Kong	1.89
MSCI Emerging Markets Small Cap Index	0.63	MSCI Emerging Markets Small Cap Index	0.00
Globant SA	1.16	Comba Telecom Systems Holdings Limited	1.89
Brazil	12.10	India	9.06
MSCI Emerging Markets Small Cap Index	7.10	MSCI Emerging Markets Small Cap Index	12.36
Arco Platform Ltd. Class A	1.19	Dr. Lal PathLabs Limited	0.96
Arezzo Industria e Comercio S.A.	1.36	Info Edge India Ltd.	1.04
B2W Companhia Digital	2.87	Jubilant Foodworks Limited	0.87
Construtora Tenda SA	0.91	Obero Realty Limited	0.82
Cyrela Brazil Realty SA Empreendimentos e Participacoes	1.12	United Breweries Limited	0.92
Cyrela Commercial Properties SA Empreendimentos Participacoes	0.75	UPL Limited	0.72
Even Construtora E Incorporadora S.A.	1.03	Varun Beverages Ltd.	1.56
Linx SA	0.27	Voltas Limited	2.17
Localiza Rent A Car S.A.	0.17	Indonesia	1.05
Minerva S.A.	0.89	MSCI Emerging Markets Small Cap Index	1.37
Natura & Co Holding SA	1.05	PT Bank Tabungan Pensiunan Nasional Syariah Tbk	1.05
TOTVS S.A.	0.49	Malaysia	0.87
Chile	0.94	MSCI Emerging Markets Small Cap Index	3.15
MSCI Emerging Markets Small Cap Index	0.92	Serba Dinamik Holdings Bhd	0.87
GeoPark Ltd	0.94	Mexico	0.66
China	19.66	MSCI Emerging Markets Small Cap Index	2.38
MSCI Emerging Markets Small Cap Index	13.12	Grupo Aeroportuario del Centro Norte SAB de CV Class B	0.66
BYD Electronic (International) Co., Ltd.	2.46	Philippines	0.33
China Conch Venture Holdings Ltd.	1.61	MSCI Emerging Markets Small Cap Index	0.82
China Resources Cement Holdings Limited	1.85	Megaworld Corp.	0.33
CIFI Holdings (Group) Co. Ltd.	2.43		
Greentown Service Group Co. Ltd.	2.19		
Hua Hong Semiconductor Ltd.	1.63		
Kingdee International Software Group Co., Ltd.	0.96		
KWG Group Holdings Limited	1.97		
Lonking Holdings Limited	1.10		
Sany Heavy Equipment International Holdings	1.01		
Times China Holdings Ltd.	2.45		
Times Neighborhood Holdings Ltd.	0.00		

Poland	1.51
MSCI Emerging Markets Small Cap Index	1.04
Dino Polska S.A.	1.51
Russia	3.41
MSCI Emerging Markets Small Cap Index	1.09
Detsky mir PJSC	1.07
Headhunter Group Plc Sponsored ADR	1.37
TCS Group Holding Plc Sponsored GDR Class A RegS	0.97
South Africa	2.83
MSCI Emerging Markets Small Cap Index	3.37
Capitec Bank Holdings Limited	0.59
Clicks Group Limited	2.24
South Korea	8.79
MSCI Emerging Markets Small Cap Index	17.55
DOUZONE BIZON CO.LTD	2.61
GS Retail Co., Ltd.	1.44
HOTEL SHILLA CO., LTD.	0.16
LG Innotek Co., Ltd	1.17
Lotte Chilsung Beverage Co., Ltd	0.80
NHN KCP Corp.	1.42
PARTRON Co., Ltd.	0.59
Shinsegae Co., Ltd	0.16
WONIK IPS CO., LTD.	0.44

Taiwan	16.51
MSCI Emerging Markets Small Cap Index	23.38
Accton Technology Corp.	2.35
Eclat Textile Co., Ltd.	1.04
Feng Tay Enterprise Co., Ltd.	1.20
Giant Manufacturing Co., Ltd.	0.80
Kindom Construction Corp.	1.44
King Yuan Electronics Co., Ltd.	2.20
Merida Industry Co., Ltd.	0.78
Silergy Corp.	1.45
SinoPac Financial Holdings Co., Ltd.	1.97
Unimicron Technology Corp.	0.99
Vanguard International Semiconductor Co.	2.29
Thailand	2.90
MSCI Emerging Markets Small Cap Index	3.46
Com7 Public Company Limited(Alien Mkt)	0.45
Muangthai Capital Public Co. Ltd.(Alien Mkt)	1.87
WHA Corporation Public Company Limited(Alien Mkt)	0.58
Turkey	3.03
MSCI Emerging Markets Small Cap Index	1.34
BIM Birlesik Magazalar A.S.	1.61
Coca-Cola Icecek A.S.	1.42
United Kingdom	2.99
MSCI Emerging Markets Small Cap Index	0.00
Highland Gold Mining Limited	2.99
Cash	10.31

*The holdings information shown above is that of a representative Emerging Markets Small Cap Equity portfolio. Holdings are current as of the day indicated and subject to change.

Source: FactSet.

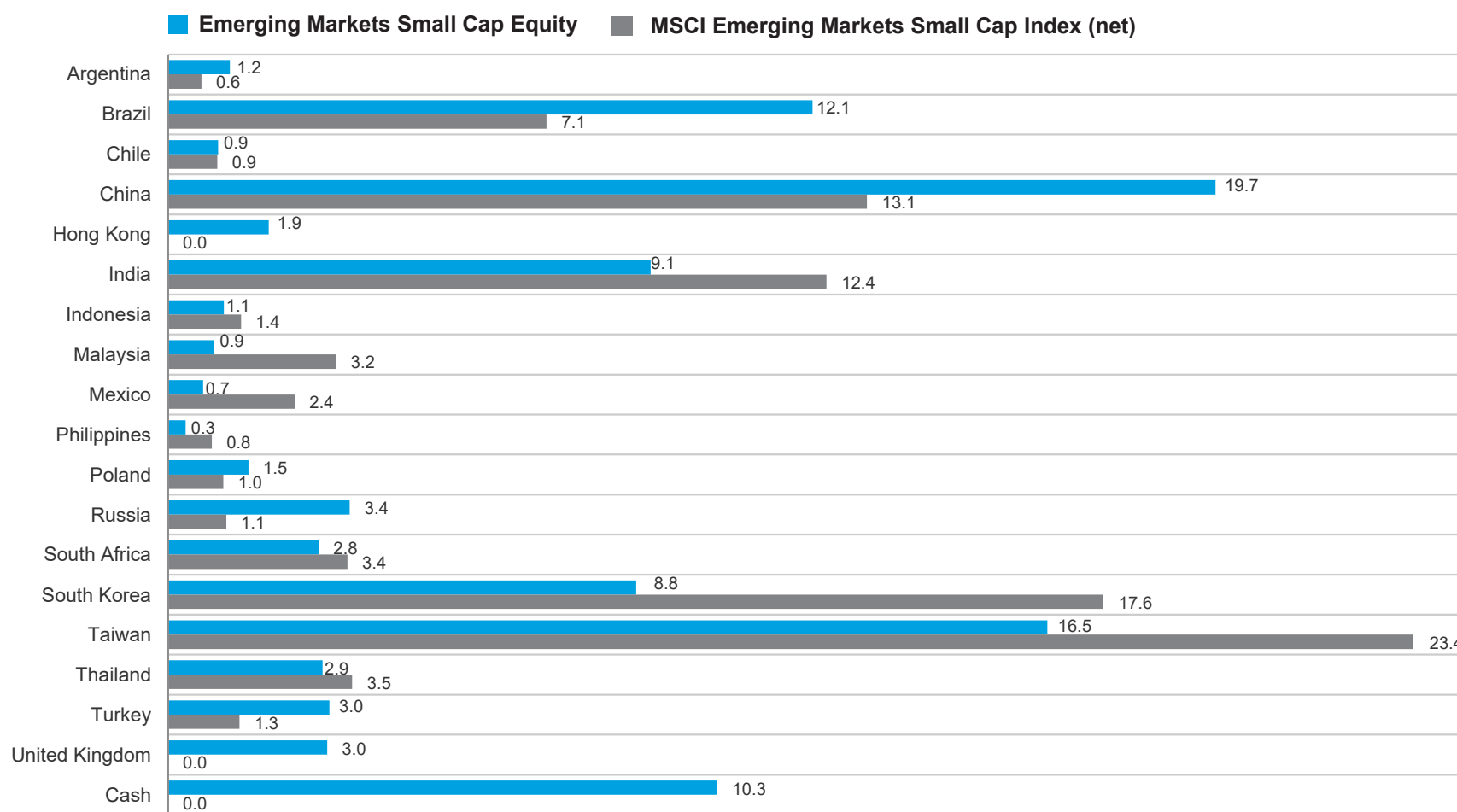
See performance, benchmark, and fee disclosures on page titled "Composite statistics and performance."



Country allocations* (supplemental)

Emerging Markets Small Cap Equity

As of March 31, 2020



* The portfolio information shown above is that of a representative Emerging Markets Small Cap Equity portfolio. Weightings are current as of the day indicated and subject to change.

Source: FactSet

See performance, benchmark, and fee disclosures on page titled "Composite statistics and performance."



Portfolio holdings — sector* (supplemental)

Emerging Markets Small Cap Equity

As of March 31, 2020

Communication Services	1.04
MSCI Emerging Markets Small Cap Index	4.15
Info Edge India Ltd.	1.04
Consumer Discretionary	15.01
MSCI Emerging Markets Small Cap Index	12.82
Arco Platform Ltd. Class A	1.19
Arezzo Industria e Comercio S.A.	1.36
B2W Companhia Digital	2.87
Com7 Public Company Limited(Alien Mkt)	0.45
Construtora Tenda SA	0.91
Cyrela Brazil Realty SA Empreendimentos e Participacoes	1.12
Detsky mir PJSC	1.07
Eclat Textile Co., Ltd.	1.04
Even Construtora E Incorporadora S.A.	1.03
Feng Tay Enterprise Co., Ltd.	1.20
Giant Manufacturing Co., Ltd.	0.80
HOTEL SHILLA CO., LTD.	0.16
Jubilant Foodworks Limited	0.87
Merida Industry Co., Ltd.	0.78
Shinsegae Co., Ltd	0.16

Consumer Staples	13.44
MSCI Emerging Markets Small Cap Index	6.38
BIM Biresik Magazalar A.S.	1.61
Clicks Group Limited	2.24
Coca-Cola Icecek A.S.	1.42
Dino Polska S.A.	1.51
GS Retail Co., Ltd.	1.44
Lotte Chilsung Beverage Co., Ltd	0.80
Minerva S.A.	0.89
Natura & Co Holding SA	1.05
United Breweries Limited	0.92
Varun Beverages Ltd.	1.56
Energy	1.81
MSCI Emerging Markets Small Cap Index	1.96
GeoPark Ltd	0.94
Serba Dinamik Holdings Bhd	0.87
Financials	6.45
MSCI Emerging Markets Small Cap Index	8.67
Capitec Bank Holdings Limited	0.59
Muangthai Capital Public Co. Ltd.(Alien Mkt)	1.87
PT Bank Tabungan Pensiunan Nasional Syariah Tbk	1.05
SinoPac Financial Holdings Co., Ltd.	1.97
TCS Group Holding Plc Sponsored GDR Class A RegS	0.97
Times Neighborhood Holdings Ltd.	0.00
Healthcare	0.96
MSCI Emerging Markets Small Cap Index	11.00
Dr. Lal PathLabs Limited	0.96

Industrials	10.28
MSCI Emerging Markets Small Cap Index	12.85
China Conch Venture Holdings Ltd.	1.61
Greentown Service Group Co. Ltd.	2.19
Grupo Aeroportuario del Centro Norte SAB de CV Class B	0.66
Headhunter Group Plc Sponsored ADR	1.37
Localiza Rent A Car S.A.	0.17
Lonking Holdings Limited	1.10
Sany Heavy Equipment International Holdings Co., Ltd.	1.01
Voltas Limited	2.17
Information Technology	24.37
MSCI Emerging Markets Small Cap Index	18.17
Accton Technology Corp.	2.35
BYD Electronic (International) Co., Ltd.	2.46
Comba Telecom Systems Holdings Limited	1.89
DOUZONE BIZON CO.LTD	2.61
Globant SA	1.16
Hua Hong Semiconductor Ltd.	1.63
King Yuan Electronics Co., Ltd.	2.20
Kingdee International Software Group Co., Ltd.	0.96
LG Innotek Co., Ltd	1.17
Linx SA	0.27
NHN KCP Corp.	1.42
PARTRON Co., Ltd.	0.59
Silergy Corp.	1.45
TOTVS S.A.	0.49
Unimicron Technology Corp.	0.99
Vanguard International Semiconductor Co.	2.29
WONIK IPS CO., LTD.	0.44

Materials	5.56
MSCI Emerging Markets Small Cap Index	11.12
China Resources Cement Holdings Limited	1.85
Highland Gold Mining Limited	2.99
UPL Limited	0.72
Real Estate	10.77
MSCI Emerging Markets Small Cap Index	7.94
CIFI Holdings (Group) Co. Ltd.	2.43
Cyrela Commercial Properties SA Empreendimentos Participacoes	0.75
Kindom Construction Corp.	1.44
KWG Group Holdings Limited	1.97
Megaworld Corp.	0.33
Obero Realty Limited	0.82
Times China Holdings Ltd.	2.45
WHA Corporation Public Company Limited(Alien Mkt)	0.58
Cash	10.31

* The holdings information shown above is that of a representative Emerging Markets Small Cap Equity portfolio. Holdings are current as of the day indicated and subject to change.

Source: FactSet.

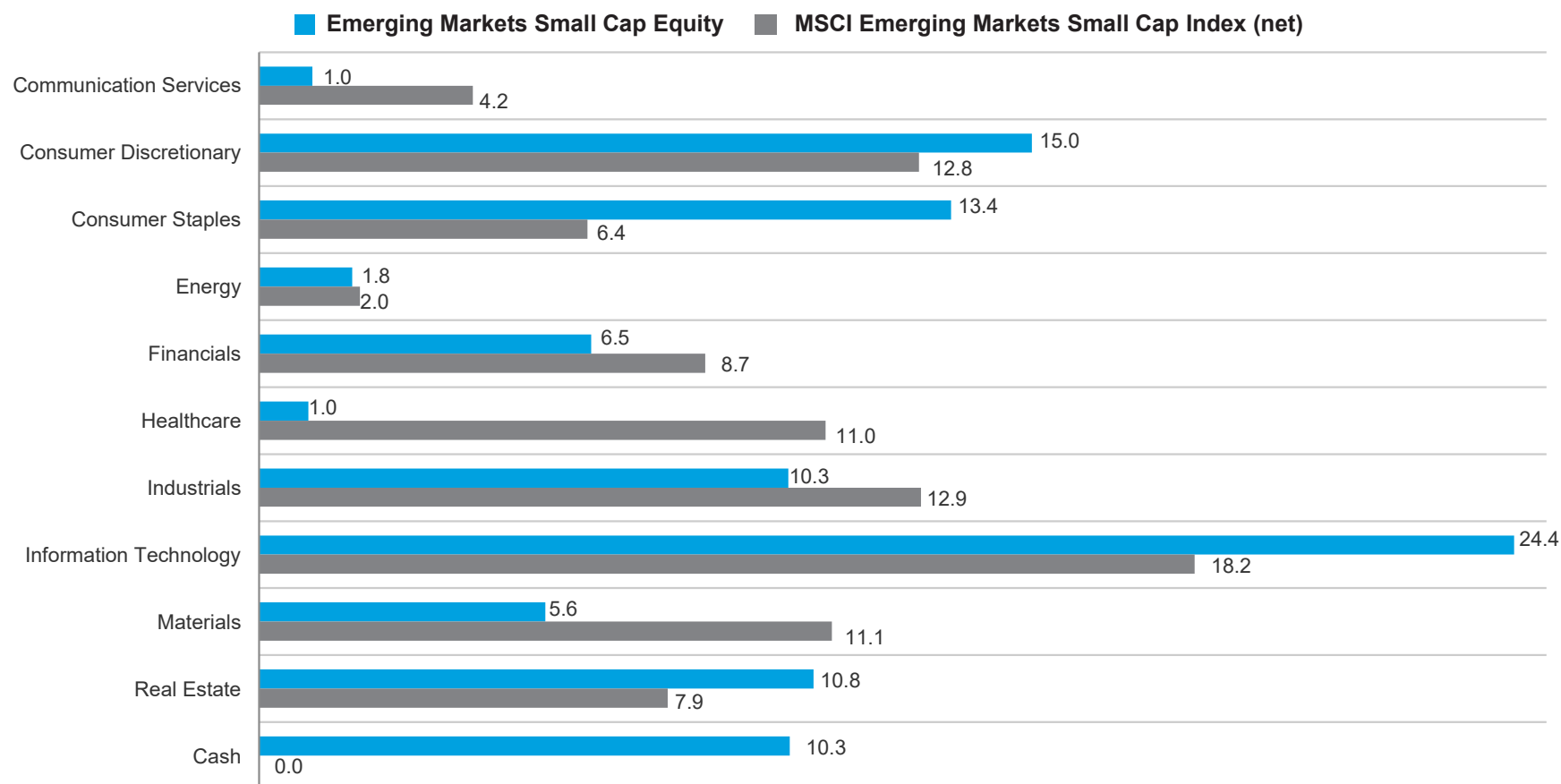
See performance, benchmark, and fee disclosures on page titled "Composite statistics and performance."



Sector allocations* (supplemental)

Emerging Markets Small Cap Equity

As of March 31, 2020



* The portfolio information shown above is that of a representative Emerging Markets Small Cap Equity portfolio. Weightings are current as of the day indicated and subject to change.

Source: FactSet.

See performance, benchmark, and fee disclosures on page titled "Composite statistics and performance."



Performance attribution - country

Emerging Markets Small Cap vs. MSCI Emerging Markets Small Cap Index

Quarter ended March 31, 2020

	Emerging Markets Small Cap			MSCI Emerging Markets Small Cap Index			Variation			Attribution Analysis		
	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Allocation Effect	Selection + Interaction Effect	Total Effect
Total	100.00	-28.57	-28.57	100.00	-31.37	-31.37	0.00	2.80	2.80	1.80	2.24	4.08
Cash	6.71	-1.32	-0.17	0.00	0.00	0.00	6.71	-1.32	-0.17	2.70	0.00	2.70
China	15.77	-7.46	-0.97	11.37	-13.19	-1.26	4.40	5.73	0.28	1.23	1.08	2.33
South Africa	2.99	-25.54	-0.69	4.34	-51.81	-2.60	-1.35	26.27	1.90	0.43	1.12	1.56
Hong Kong	1.25	35.64	0.20	0.00	0.00	0.00	1.25	35.64	0.20	0.96	0.00	0.96
India	9.92	-31.40	-3.74	13.93	-35.55	-6.08	-4.01	4.15	2.34	0.29	0.63	0.93
Turkey	2.77	-10.81	-0.35	1.34	-28.06	-0.32	1.43	17.25	-0.03	0.10	0.57	0.67
United Kingdom	1.50	-5.54	0.02	0.00	0.00	0.00	1.50	-5.54	0.02	0.57	0.00	0.57
Poland	1.20	2.64	0.06	1.03	-33.66	-0.31	0.16	36.30	0.37	0.01	0.54	0.55
Argentina	1.15	-17.13	-0.23	0.75	-50.47	-0.39	0.39	33.34	0.16	-0.10	0.55	0.45
Indonesia	1.74	-57.34	-1.28	1.88	-55.46	-1.26	-0.14	-1.88	-0.02	0.05	0.06	0.11
Colombia	0.00	0.00	0.00	0.27	-50.41	-0.13	-0.27	50.41	0.13	0.09	0.00	0.09
Greece	0.00	0.00	0.00	0.78	-35.28	-0.19	-0.78	35.28	0.19	0.05	0.00	0.05
Philippines	0.40	-42.18	-0.19	0.88	-40.16	-0.39	-0.49	-2.02	0.20	0.06	-0.02	0.04
Egypt	0.00	0.00	0.00	0.41	-34.55	-0.14	-0.41	34.55	0.14	0.02	0.00	0.02
United Arab Emirates	0.00	0.00	0.00	0.62	-33.53	-0.19	-0.62	33.53	0.19	0.02	0.00	0.02
Pakistan	0.00	0.00	0.00	0.60	-31.90	-0.23	-0.60	31.90	0.23	0.00	0.00	0.00
Hungary	0.00	0.00	0.00	0.13	-32.80	-0.04	-0.13	32.80	0.04	0.00	0.00	0.00
Czech Republic	0.00	0.00	0.00	0.09	-25.39	-0.02	-0.09	25.39	0.02	-0.01	0.00	-0.01
Malaysia	0.97	-34.91	-0.38	3.23	-31.57	-1.01	-2.26	-3.35	0.64	0.00	-0.04	-0.04
Russia	2.73	-34.30	-0.86	1.15	-32.20	-0.33	1.58	-2.11	-0.53	-0.03	-0.05	-0.08
Qatar	0.00	0.00	0.00	1.02	-21.54	-0.19	-1.02	21.54	0.19	-0.14	0.00	-0.14
Mexico	2.12	-54.50	-1.05	2.78	-40.67	-1.28	-0.67	-13.83	0.22	0.21	-0.44	-0.23
Thailand	3.98	-47.96	-2.28	3.70	-40.35	-1.55	0.28	-7.60	-0.74	-0.04	-0.41	-0.45
Saudi Arabia	0.00	0.00	0.00	2.67	-18.38	-0.41	-2.67	18.38	0.41	-0.48	0.00	-0.48
Chile	1.64	-67.67	-1.28	0.94	-37.82	-0.35	0.70	-29.84	-0.93	-0.09	-0.90	-0.98
Taiwan	16.62	-23.50	-3.83	21.05	-21.98	-4.46	-4.43	-1.53	0.62	-0.69	-0.34	-1.03
Brazil	16.97	-52.57	-9.15	9.87	-54.37	-5.62	7.10	1.80	-3.53	-2.38	0.70	-1.69
South Korea	9.61	-29.17	-2.38	15.15	-23.11	-2.62	-5.55	-6.05	0.24	-0.96	-0.82	-1.77

Source: FactSet

*The portfolio attribution shown is that of an Emerging Markets Small Cap representative portfolio.

Internal Macquarie Investment Management sector classification. List does exchanged-traded funds (ETFs) that are used for cash management purposes. See performance, benchmark, and fee disclosures on page titled "Composite statistics and performance." Performance results are presented before the deduction of management fees which are disclosed in Part 2A of MIMBT's Form ADV. Management fees and any other expenses incurred in the management of the account will reduce your return. **Past performance is not a reliable indicator of future results.

Emerging Markets Small Cap 20Q1

Los Angeles City Employees' Retirement System



Performance attribution - sector

Emerging Markets Small Cap vs. MSCI Emerging Markets Small Cap Index

Quarter ended March 31, 2020

	Emerging Markets Small Cap			MSCI Emerging Markets Small Cap Index			Variation			Attribution Analysis		
	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Allocation Effect	Selection + Interaction Effect	Total Effect
Total	100.00	-28.57	-28.57	100.00	-31.37	-31.37	0.00	2.80	2.80	1.72	2.32	4.08
Information Technology	22.92	-15.84	-3.38	16.85	-23.80	-3.81	6.08	7.96	0.43	0.69	2.22	2.93
Cash	6.71	-1.32	-0.17	0.00	0.00	0.00	6.71	-1.32	-0.17	2.70	0.00	2.70
Industrials	11.48	-25.92	-3.02	13.50	-36.65	-4.99	-2.02	10.73	1.97	0.13	1.85	1.98
Real Estate	9.88	-25.93	-2.44	8.30	-35.24	-3.02	1.59	9.31	0.58	-0.10	1.36	1.25
Materials	3.73	-17.21	-0.55	11.09	-31.57	-3.54	-7.36	14.36	2.99	0.02	0.83	0.85
Consumer Staples	13.64	-27.10	-3.72	6.10	-25.00	-1.38	7.54	-2.10	-2.34	0.67	-0.37	0.30
Utilities	0.00	0.00	0.00	5.02	-33.55	-1.67	-5.02	33.55	1.67	0.16	0.00	0.16
Communication Services	2.02	-29.62	-0.64	4.00	-27.89	-1.06	-1.98	-1.73	0.43	-0.13	-0.06	-0.19
Financials	8.34	-43.76	-4.07	9.52	-38.92	-4.17	-1.18	-4.84	0.10	0.24	-0.52	-0.29
Energy	2.61	-57.35	-1.66	2.18	-40.86	-0.89	0.43	-16.49	-0.77	-0.09	-0.72	-0.80
Healthcare	0.04	0.28	-0.03	9.29	-13.40	-0.83	-9.24	13.68	0.80	-2.22	-0.10	-2.32
Consumer Discretionary	18.61	-46.94	-8.89	14.17	-39.42	-6.01	4.45	-7.52	-2.88	-0.31	-2.09	-2.40

Source: FactSet

*The portfolio attribution shown is that of an Emerging Markets Small Cap representative portfolio.

Internal Macquarie Investment Management sector classification. List does not show exchanged-traded funds (ETFs) that are used for cash management purposes. See performance, benchmark, and fee disclosures on page titled "Composite statistics and performance." Performance results are presented before the deduction of management fees which are disclosed in Part 2A of MIMBT's Form ADV. Management fees and any other expenses incurred in the management of the account will reduce your return. **Past performance is not a reliable indicator of future results.



Performance attribution - country

Emerging Markets Small Cap vs. MSCI Emerging Markets Small Cap Index

1 year ended March 31, 2020

	Emerging Markets Small Cap			MSCI Emerging Markets Small Cap Index			Variation			Attribution Analysis		
	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Allocation Effect	Selection + Interaction Effect	Total Effect
Total	100.00	-23.04	-23.04	100.00	-28.98	-28.98	0.00	5.94	5.94	2.21	3.73	5.94
Cash	2.21	1.09	-0.15	0.00	0.00	0.00	2.21	1.09	-0.15	2.00	0.00	2.00
China	12.20	-5.99	-2.27	11.24	-19.89	-2.04	0.96	13.91	-0.23	1.08	0.79	1.87
Brazil	15.92	-24.38	-3.49	8.69	-35.20	-3.37	7.24	10.82	-0.11	-0.44	2.02	1.58
South Africa	3.94	-11.47	-0.15	5.26	-44.09	-2.03	-1.32	32.63	1.88	0.23	1.07	1.30
Hong Kong	0.82	85.56	0.41	0.02	43.20	0.03	0.80	42.37	0.38	1.30	-0.41	0.89
Poland	2.62	18.01	0.40	1.03	-32.49	-0.30	1.59	50.50	0.70	-0.06	0.82	0.76
India	13.13	-38.49	-5.04	14.31	-41.16	-7.02	-1.18	2.67	1.98	0.52	0.19	0.71
Argentina	1.42	5.06	0.03	0.58	-54.42	-0.43	0.84	59.47	0.46	-0.05	0.70	0.65
Thailand	4.54	-25.89	-1.19	4.34	-40.61	-1.57	0.20	14.72	0.38	-0.24	0.70	0.47
Turkey	2.01	8.93	-0.13	1.26	-13.77	-0.15	0.75	22.70	0.02	0.13	0.26	0.39
Indonesia	2.85	-54.79	-1.30	2.23	-60.43	-1.46	0.63	5.64	0.16	-0.04	0.25	0.21
United Kingdom	1.25	-32.67	-0.35	0.00	0.00	0.00	1.25	-32.67	-0.35	0.10	0.00	0.10
Russia	1.64	-10.38	-0.47	1.08	-19.35	-0.20	0.57	8.97	-0.27	-0.06	0.14	0.08
Pakistan	0.00	0.00	0.00	0.59	-33.22	-0.25	-0.59	33.22	0.25	0.06	0.00	0.06
Egypt	0.00	0.00	0.00	0.52	-41.66	-0.17	-0.52	41.66	0.17	0.06	0.00	0.06
Colombia	0.00	0.00	0.00	0.29	-44.46	-0.11	-0.29	44.46	0.11	0.04	0.00	0.04
United Arab Emirates	0.00	0.00	0.00	0.62	-31.65	-0.18	-0.62	31.65	0.18	0.01	0.00	0.01
Hungary	0.00	0.00	0.00	0.14	-38.33	-0.05	-0.14	38.33	0.05	0.01	0.00	0.01
Malaysia	1.05	-24.75	-0.29	3.21	-27.83	-0.91	-2.16	3.08	0.63	-0.02	0.02	0.00
Czech Republic	0.00	0.00	0.00	0.09	-17.98	-0.01	-0.09	17.98	0.01	-0.02	0.00	-0.02
Mexico	3.48	-46.80	-0.86	2.87	-33.79	-1.04	0.62	-13.01	0.18	0.27	-0.36	-0.08
Peru	0.47	-7.20	-0.05	0.01	-25.74	-0.01	0.46	18.54	-0.04	-0.02	-0.08	-0.10
Qatar	0.00	0.00	0.00	1.07	-20.79	-0.19	-1.07	20.79	0.19	-0.11	0.00	-0.11
Chile	1.85	-58.58	-0.91	1.28	-53.32	-0.63	0.58	-5.27	-0.27	-0.18	0.00	-0.17
Greece	0.00	0.00	0.00	0.84	-5.13	0.05	-0.84	5.13	-0.05	-0.28	0.00	-0.28
Philippines	1.47	-57.61	-0.72	0.96	-43.88	-0.44	0.51	-13.73	-0.28	0.03	-0.46	-0.43
Saudi Arabia	0.00	0.00	0.00	1.81	-3.45	-0.19	-1.81	3.45	0.19	-0.44	0.00	-0.44
South Korea	10.82	-30.19	-2.69	15.55	-30.04	-3.82	-4.73	-0.15	1.14	-0.66	0.00	-0.66
Taiwan	16.30	-23.97	-3.82	20.14	-10.06	-2.46	-3.84	-13.91	-1.37	-1.02	-1.92	-2.94

Source: FactSet

*The portfolio attribution shown is that of an Emerging Markets Small Cap representative portfolio.

Internal Macquarie Investment Management sector classification. List does exchanged-traded funds (ETFs) that are used for cash management purposes. See performance, benchmark, and fee disclosures on page titled "Composite statistics and performance." Performance results are presented before the deduction of management fees which are disclosed in Part 2A of MIMBT's Form ADV. Management fees and any other expenses incurred in the management of the account will reduce your return. **Past performance is not a reliable indicator of future results.

Emerging Markets Small Cap 20Q1

Los Angeles City Employees' Retirement System



Performance attribution - sector

Emerging Markets Small Cap vs. MSCI Emerging Markets Small Cap Index

1 year ended March 31, 2020

	Emerging Markets Small Cap			MSCI Emerging Markets Small Cap Index			Variation			Attribution Analysis		
	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Allocation Effect	Selection + Interaction Effect	Total Effect
Total	100.00	-23.04	-23.04	100.00	-28.98	-28.98	0.00	5.94	5.94	-0.62	6.56	5.94
Industrials	13.78	-8.29	-0.55	13.96	-37.46	-5.13	-0.18	29.17	4.58	0.11	4.10	4.21
Cash	2.21	1.09	-0.15	0.00	0.00	0.00	2.21	1.09	-0.15	1.99	0.00	1.99
Information Technology	16.00	-7.15	-2.37	15.74	-10.64	-2.00	0.25	3.49	-0.38	0.15	1.48	1.63
Financials	9.00	-33.05	-2.89	10.08	-41.90	-4.57	-1.08	8.85	1.68	0.22	1.00	1.22
Consumer Staples	15.34	-18.53	-2.46	6.37	-26.60	-1.53	8.97	8.07	-0.93	0.11	0.92	1.03
Real Estate	7.45	-28.01	-2.43	8.41	-32.80	-2.79	-0.96	4.78	0.36	-0.19	1.04	0.85
Consumer Discretionary	24.05	-39.93	-6.51	14.21	-38.01	-5.82	9.83	-1.92	-0.69	-0.46	0.47	0.02
Utilities	0.00	0.00	0.00	4.92	-25.37	-1.27	-4.92	25.37	1.27	-0.19	0.00	-0.19
Materials	4.38	-25.23	-1.09	11.59	-25.65	-2.81	-7.21	0.42	1.72	-0.32	0.06	-0.26
Energy	3.43	-53.03	-1.45	2.21	-43.65	-0.96	1.21	-9.38	-0.49	-0.16	-0.23	-0.39
Communication Services	2.84	-55.42	-2.52	4.08	-29.99	-1.16	-1.23	-25.43	-1.36	-0.03	-1.85	-1.88
Healthcare	1.53	-22.07	-0.63	8.41	-15.68	-0.95	-6.89	-6.38	0.32	-1.85	-0.42	-2.27

Source: FactSet

*The portfolio attribution shown is that of an Emerging Markets Small Cap representative portfolio.

Internal Macquarie Investment Management sector classification. List does not show exchanged-traded funds (ETFs) that are used for cash management purposes. See performance, benchmark, and fee disclosures on page titled "Composite statistics and performance." Performance results are presented before the deduction of management fees which are disclosed in Part 2A of MIMBT's Form ADV. Management fees and any other expenses incurred in the management of the account will reduce your return. **Past performance is not a reliable indicator of future results.



Performance attribution - country

Emerging Markets Small Cap vs. MSCI Emerging Markets Small Cap Index 3 years ended March 31, 2020

	Emerging Markets Small Cap			MSCI Emerging Markets Small Cap Index			Variation			Attribution Analysis		
	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Allocation Effect	Selection + Interaction Effect	Total Effect
Total	100.00	-4.17	-4.17	100.00	-9.60	-9.60	0.00	5.42	5.42	-0.45	6.48	6.00
China	16.50	19.36	1.90	15.06	-4.72	-0.14	1.44	24.08	2.04	0.44	3.74	4.19
Brazil	11.35	9.77	0.73	6.54	-6.59	-0.70	4.81	16.36	1.43	0.30	1.80	2.10
Cash	0.91	1.51	-0.05	0.00	0.00	0.00	0.91	1.51	-0.05	1.57	0.00	1.57
South Africa	4.66	1.29	0.17	5.26	-22.11	-0.85	-0.61	23.40	1.02	0.18	0.90	1.08
Turkey	1.82	12.81	0.20	1.19	-13.53	-0.10	0.63	26.35	0.31	-0.09	0.58	0.49
Poland	2.09	17.67	0.33	1.07	-15.76	-0.11	1.02	33.42	0.44	0.03	0.45	0.48
India	11.94	-13.63	-1.21	14.42	-15.72	-2.24	-2.48	2.08	1.03	0.20	0.22	0.41
Hong Kong	1.80	36.23	0.02	0.34	-31.60	-0.06	1.46	67.83	0.08	-0.17	0.59	0.41
Indonesia	4.05	-20.89	-0.35	2.32	-32.91	-0.63	1.72	12.02	0.28	-0.23	0.61	0.38
Pakistan	0.00	0.00	0.00	0.70	-30.16	-0.22	-0.70	30.16	0.22	0.20	0.00	0.20
Malaysia	2.28	2.66	0.02	3.27	-8.09	-0.27	-0.98	10.75	0.29	-0.08	0.28	0.20
Argentina	1.97	3.57	0.12	0.20	-54.42	-0.43	1.77	57.98	0.55	-0.37	0.46	0.08
Colombia	0.00	0.00	0.00	0.32	-25.41	-0.06	-0.32	25.41	0.06	0.06	0.00	0.06
United Arab Emirates	0.00	0.00	0.00	0.57	-17.86	-0.08	-0.57	17.86	0.08	0.05	0.00	0.05
Egypt	0.00	0.00	0.00	0.51	-11.66	-0.05	-0.51	11.66	0.05	0.01	0.00	0.01
Hungary	0.00	0.00	0.00	0.13	-16.21	-0.02	-0.13	16.21	0.02	0.01	0.00	0.01
Czech Republic	0.00	0.00	0.00	0.08	2.57	0.00	-0.08	-2.57	0.00	-0.01	0.00	-0.01
Qatar	0.00	0.00	0.00	0.79	-12.15	-0.07	-0.79	12.15	0.07	-0.03	0.00	-0.03
Russia	1.35	-15.90	-0.29	0.88	-15.53	-0.12	0.48	-0.37	-0.18	-0.14	0.06	-0.08
Philippines	1.96	-23.13	-0.14	0.94	-22.47	-0.17	1.02	-0.67	0.04	-0.15	0.06	-0.09
United Kingdom	0.79	-25.29	-0.33	0.00	0.00	0.00	0.79	-25.29	-0.33	-0.09	0.00	-0.09
Ukraine	0.10	-4.10	-0.04	0.00	0.00	0.00	0.10	-4.10	-0.04	-0.10	0.00	-0.10
Peru	0.20	-8.80	-0.08	0.08	-28.94	-0.01	0.12	20.14	-0.07	-0.05	-0.08	-0.14
Saudi Arabia	0.00	0.00	0.00	0.61	-3.45	-0.19	-0.61	3.45	0.19	-0.17	0.00	-0.17
Chile	1.12	-41.96	-0.64	1.34	-20.81	-0.19	-0.22	-21.15	-0.45	-0.14	-0.08	-0.22
Thailand	4.16	-30.16	-0.70	3.98	-15.96	-0.55	0.18	-14.20	-0.15	-0.29	0.01	-0.28
Luxembourg	0.13	-42.15	-0.38	0.00	0.00	0.00	0.13	-42.15	-0.38	-0.46	0.00	-0.46
Mexico	2.95	-30.28	-0.59	2.90	-14.40	-0.39	0.05	-15.88	-0.20	-0.26	-0.29	-0.55
United States	0.53	-28.60	-0.49	0.00	0.00	0.00	0.53	-28.60	-0.49	-0.57	0.00	-0.57
Greece	0.69	-16.39	-0.39	0.81	12.49	0.10	-0.12	-28.88	-0.49	-0.57	-0.12	-0.69
South Korea	12.56	-13.51	-1.81	16.78	-9.86	-1.33	-4.23	-3.65	-0.48	-0.20	-0.73	-0.93
Taiwan	14.09	-9.72	-1.39	18.94	1.32	-0.31	-4.86	-11.04	-1.08	-0.65	-1.84	-2.48

Source: FactSet

*The portfolio attribution shown is that of an Emerging Markets Small Cap representative portfolio.

Internal Macquarie Investment Management sector classification. List does exchanged-traded funds (ETFs) that are used for cash management purposes. See performance, benchmark, and fee disclosures on page titled "Composite statistics and performance." Performance results are presented before the deduction of management fees which are disclosed in Part 2A of MIMBT's Form ADV. Management fees and any other expenses incurred in the management of the account will reduce your return. **Past performance is not a reliable indicator of future results.



Performance attribution - sector

Emerging Markets Small Cap vs. MSCI Emerging Markets Small Cap Index 3 years ended March 31, 2020

	Emerging Markets Small Cap			MSCI Emerging Markets Small Cap Index			Variation			Attribution Analysis		
	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Allocation Effect	Selection + Interaction Effect	Total Effect
Total	100.00	-4.17	-4.17	100.00	-9.60	-9.60	0.00	5.42	5.42	0.14	5.85	6.00
Industrials	15.64	6.75	0.57	14.27	-17.17	-2.01	1.37	23.92	2.58	-0.09	3.57	3.47
Consumer Discretionary	21.61	-2.79	0.53	14.77	-11.08	-1.48	6.84	8.28	2.01	-0.14	2.22	2.08
Cash	0.91	1.51	-0.05	0.00	0.00	0.00	0.91	1.51	-0.05	1.57	0.00	1.57
Financials	9.41	-7.65	-0.36	9.71	-15.72	-1.46	-0.30	8.06	1.10	-0.02	0.76	0.74
Consumer Staples	9.65	-6.51	-0.92	6.62	-10.75	-0.58	3.04	4.24	-0.34	-0.02	0.56	0.54
Real Estate	5.67	-0.32	-0.48	8.47	-9.46	-0.71	-2.80	9.14	0.22	-0.13	0.54	0.41
Materials	8.05	-6.24	-0.36	11.52	-9.20	-0.96	-3.47	2.96	0.60	-0.27	0.30	0.03
Utilities	0.00	0.00	0.00	4.33	-9.70	-0.39	-4.33	9.70	0.39	-0.02	0.00	-0.02
Energy	3.80	-25.11	-0.76	2.22	-18.54	-0.35	1.59	-6.57	-0.41	-0.17	-0.32	-0.50
Information Technology	16.22	-4.96	-1.49	15.22	0.00	-0.29	1.00	-4.96	-1.19	-0.21	-0.39	-0.60
Communication Services	1.86	-33.14	-0.95	4.21	-15.08	-0.50	-2.34	-18.06	-0.45	0.15	-0.75	-0.60
Healthcare	4.26	-15.75	-0.84	8.59	-1.09	-0.11	-4.33	-14.66	-0.73	-0.84	-0.89	-1.72

Source: FactSet

*The portfolio attribution shown is that of an Emerging Markets Small Cap representative portfolio.

Internal Macquarie Investment Management sector classification. List does not show exchanged-traded funds (ETFs) that are used for cash management purposes. See performance, benchmark, and fee disclosures on page titled "Composite statistics and performance." Performance results are presented before the deduction of management fees which are disclosed in Part 2A of MIMBT's Form ADV. Management fees and any other expenses incurred in the management of the account will reduce your return. **Past performance is not a reliable indicator of future results.



Performance attribution - country

Emerging Markets Small Cap vs. MSCI Emerging Markets Small Cap Index 5 years ended March 31, 2020

	Emerging Markets Small Cap			MSCI Emerging Markets Small Cap Index			Variation			Attribution Analysis		
	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Allocation Effect	Selection + Interaction Effect	Total Effect
Total	100.00	0.93	0.93	100.00	-5.15	-5.15	0.00	6.08	6.08	-0.44	6.88	6.41
China	15.47	14.18	1.51	17.72	-2.34	-0.13	-2.24	16.52	1.64	0.19	2.77	2.97
Brazil	8.13	9.13	1.14	5.19	1.96	-0.20	2.94	7.17	1.34	0.36	1.33	1.70
Cash	2.73	1.00	-0.03	0.00	0.00	0.00	2.73	1.00	-0.03	1.07	0.00	1.07
Thailand	5.61	-2.37	1.06	3.90	-8.45	-0.25	1.71	6.08	1.31	-0.13	1.17	1.04
South Africa	4.04	4.66	0.22	5.33	-12.65	-0.42	-1.28	17.31	0.64	0.10	0.58	0.68
Hong Kong	2.53	5.50	-0.14	0.61	-25.57	-0.12	1.91	31.07	-0.02	-0.39	0.79	0.40
Turkey	1.37	15.66	0.20	1.22	-12.97	-0.11	0.15	28.63	0.31	-0.08	0.48	0.39
Poland	1.95	22.15	0.37	1.07	-4.06	-0.02	0.88	26.21	0.39	0.06	0.29	0.35
Argentina	1.85	13.58	0.36	0.12	-54.42	-0.43	1.73	67.99	0.79	-0.03	0.27	0.24
Indonesia	4.03	-11.70	-0.21	2.39	-23.49	-0.44	1.64	11.80	0.23	-0.24	0.40	0.16
Malaysia	2.52	6.88	0.00	3.36	-5.76	-0.18	-0.83	12.65	0.18	-0.04	0.19	0.15
Pakistan	0.00	0.00	0.00	0.42	-30.19	-0.22	-0.42	30.19	0.22	0.12	0.00	0.12
Egypt	0.00	0.00	0.00	0.56	-17.87	-0.10	-0.56	17.87	0.10	0.09	0.00	0.09
Mexico	5.16	-17.71	-0.10	2.96	-10.50	-0.27	2.20	-7.21	0.18	-0.20	0.29	0.08
United Arab Emirates	0.00	0.00	0.00	0.68	-12.30	-0.06	-0.68	12.30	0.06	0.05	0.00	0.05
Colombia	0.00	0.00	0.00	0.28	-22.59	-0.02	-0.28	22.59	0.02	0.03	0.00	0.03
Hungary	0.00	0.00	0.00	0.12	-7.30	-0.01	-0.12	7.30	0.01	0.00	0.00	0.00
Qatar	0.00	0.00	0.00	0.69	-8.82	-0.05	-0.69	8.82	0.05	-0.01	0.00	0.00
Czech Republic	0.00	0.00	0.00	0.09	9.32	0.01	-0.09	-9.32	-0.01	-0.01	0.00	-0.01
Canada	0.20	24.80	-0.07	0.00	0.00	0.00	0.20	24.80	-0.07	-0.08	0.00	-0.08
Saudi Arabia	0.00	0.00	0.00	0.36	-3.45	-0.19	-0.36	3.45	0.19	-0.10	0.00	-0.10
United Kingdom	0.78	-27.71	-0.35	0.00	0.00	0.00	0.78	-27.71	-0.35	-0.11	0.00	-0.11
United States	0.92	-0.52	0.03	0.00	0.00	0.00	0.92	-0.52	0.03	-0.12	0.00	-0.12
South Korea	12.69	-10.10	-1.25	17.62	-7.47	-1.17	-4.93	-2.63	-0.08	0.21	-0.37	-0.16
Peru	0.40	6.51	0.09	0.06	-26.56	-0.01	0.34	33.07	0.10	-0.13	-0.06	-0.19
India	11.05	-6.75	-0.96	13.14	-6.03	-1.01	-2.09	-0.72	0.04	0.04	-0.23	-0.19
Panama	0.14	-13.45	-0.28	0.00	0.00	0.00	0.14	-13.45	-0.28	-0.21	0.00	-0.21
Philippines	2.68	-14.86	-0.09	1.09	-16.85	-0.14	1.58	1.99	0.06	-0.34	0.13	-0.22
Chile	0.67	-42.00	-0.64	1.20	-9.10	-0.07	-0.53	-32.90	-0.57	-0.24	-0.08	-0.31
Russia	1.00	-12.04	-0.21	0.79	7.98	0.04	0.21	-20.01	-0.26	-0.27	-0.07	-0.35
Greece	0.67	4.78	-0.03	0.73	12.24	0.08	-0.06	-7.45	-0.11	-0.40	0.04	-0.36
Luxembourg	0.08	-42.15	-0.38	0.00	0.00	0.00	0.08	-42.15	-0.38	-0.46	0.00	-0.46
Taiwan	13.33	-1.39	-0.35	18.31	2.59	0.19	-4.98	-3.98	-0.54	-0.43	-0.85	-1.27

*The portfolio attribution shown is that of an Emerging Markets Small Cap representative portfolio.

Internal Macquarie Investment Management sector classification. List does exchanged-traded funds (ETFs) that are used for cash management purposes. See performance, benchmark, and fee disclosures on page titled "Composite statistics and performance." Performance results are presented before the deduction of management fees which are disclosed in Part 2A of MIMBT's Form ADV. Management fees and any other expenses incurred in the management of the account will reduce your return. **Past performance is not a reliable indicator of future results. Source: FactSet



Performance attribution - sector

Emerging Markets Small Cap vs. MSCI Emerging Markets Small Cap Index 5 years ended March 31, 2020

	Emerging Markets Small Cap			MSCI Emerging Markets Small Cap Index			Variation			Attribution Analysis		
	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Allocation Effect	Selection + Interaction Effect	Total Effect
Total	100.00	0.93	0.93	100.00	-5.15	-5.15	0.00	6.08	6.08	0.38	6.00	6.41
Consumer Discretionary	21.20	8.87	1.94	15.30	-5.82	-0.77	5.89	14.69	2.71	-0.09	3.20	3.11
Industrials	15.77	7.28	0.72	14.72	-11.18	-1.32	1.06	18.46	2.03	-0.08	2.89	2.81
Cash	2.73	1.00	-0.03	0.00	0.00	0.00	2.73	1.00	-0.03	1.07	0.00	1.07
Financials	10.17	-2.12	-0.16	9.33	-7.30	-0.72	0.84	5.18	0.56	-0.04	0.50	0.46
Consumer Staples	7.84	-6.64	-0.65	6.89	-7.08	-0.40	0.95	0.44	-0.25	-0.04	0.30	0.25
Real Estate	3.84	-17.89	-0.49	8.83	-5.49	-0.38	-4.98	-12.41	-0.11	-0.04	0.16	0.11
Information Technology	15.48	1.57	-0.30	14.87	1.62	0.08	0.61	-0.05	-0.38	-0.23	0.20	-0.03
Materials	8.48	-2.49	-0.22	11.14	-3.99	-0.38	-2.66	1.50	0.16	-0.28	0.21	-0.07
Energy	3.03	-12.45	-0.27	2.05	-13.88	-0.25	0.98	1.43	-0.02	-0.03	-0.07	-0.11
Utilities	0.49	-24.06	-0.60	3.88	-3.65	-0.16	-3.39	-20.41	-0.44	-0.17	-0.40	-0.57
Communication Services	1.35	-40.69	-0.94	4.39	-9.45	-0.31	-3.04	-31.24	-0.64	0.15	-0.74	-0.59
Healthcare	4.90	-10.11	-0.51	8.60	0.21	-0.11	-3.69	-10.32	-0.40	-0.34	-0.77	-1.11

Source: FactSet

*The portfolio attribution shown is that of an Emerging Markets Small Cap representative portfolio.

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Performance attribution - country

Emerging Markets Small Cap vs. MSCI Emerging Markets Small Cap Index since inception ended March 31, 2020

	Emerging Markets Small Cap			MSCI Emerging Markets Small Cap Index			Variation			Attribution Analysis		
	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Allocation Effect	Selection + Interaction Effect	Total Effect
Total	100.00	5.09	5.09	100.00	-1.31	-1.31	0.00	6.41	6.41	-1.09	7.67	6.49
Brazil	7.84	7.31	1.13	5.51	-8.06	-0.48	2.33	15.37	1.61	0.33	1.39	1.73
Thailand	5.96	15.98	2.10	3.98	0.74	0.03	1.98	15.24	2.07	-0.22	1.86	1.64
China	13.79	12.52	1.30	17.31	3.78	0.61	-3.52	8.74	0.70	-0.13	1.57	1.44
South Africa	4.25	11.78	0.73	6.38	-5.96	-0.08	-2.13	17.74	0.81	0.08	0.65	0.73
Hong Kong	3.85	13.70	0.39	0.88	-14.85	-0.13	2.96	28.55	0.52	0.04	0.60	0.64
Cash	4.08	0.63	-0.01	0.00	0.00	0.00	4.08	0.63	-0.01	0.56	0.00	0.56
Malaysia	2.93	11.22	0.22	3.98	-3.22	-0.09	-1.05	14.44	0.31	-0.05	0.38	0.33
Philippines	3.33	2.60	0.58	1.25	-7.28	-0.03	2.08	9.88	0.61	-0.15	0.46	0.31
Mexico	5.40	-4.77	0.23	2.70	-6.97	-0.17	2.71	2.20	0.40	-0.32	0.57	0.25
Poland	1.61	16.94	0.24	1.21	-1.92	0.01	0.40	18.86	0.24	0.01	0.22	0.23
Argentina	1.26	2.65	0.20	0.07	-54.42	-0.43	1.18	57.06	0.63	-0.13	0.22	0.09
Pakistan	0.00	0.00	0.00	0.26	-30.19	-0.22	-0.26	30.19	0.22	0.07	0.00	0.07
Turkey	2.09	7.88	0.11	1.63	-7.84	-0.04	0.47	15.73	0.15	-0.25	0.31	0.07
United Arab Emirates	0.00	0.00	0.00	0.49	-16.93	-0.09	-0.49	16.93	0.09	0.06	0.00	0.06
Indonesia	4.33	-6.56	-0.37	3.04	-17.27	-0.40	1.29	10.72	0.03	-0.38	0.43	0.05
Chile	0.91	-25.53	-0.05	1.33	-8.93	-0.09	-0.42	-16.60	0.04	0.02	0.03	0.04
Colombia	0.00	0.00	0.00	0.21	-27.28	-0.02	-0.21	27.28	0.02	0.03	0.00	0.03
Egypt	0.00	0.00	0.00	0.63	-5.34	-0.02	-0.63	5.34	0.02	0.02	0.00	0.02
Panama	0.92	16.80	0.19	0.00	0.00	0.00	0.92	16.80	0.19	0.02	0.00	0.02
Qatar	0.00	0.00	0.00	0.48	-8.41	-0.05	-0.48	8.41	0.05	0.00	0.00	0.00
United Kingdom	0.75	-18.95	-0.14	0.00	0.00	0.00	0.75	-18.95	-0.14	-0.01	0.00	-0.01
Peru	0.24	6.51	0.09	0.14	-19.99	-0.02	0.10	26.50	0.11	0.00	-0.06	-0.06
Saudi Arabia	0.00	0.00	0.00	0.22	-3.45	-0.19	-0.22	3.45	0.19	-0.06	0.00	-0.06
Ireland	0.23	-4.11	-0.22	0.00	0.00	0.00	0.23	-4.11	-0.22	-0.08	0.00	-0.08
Canada	0.26	8.91	-0.02	0.00	0.00	0.00	0.26	8.91	-0.02	-0.10	0.00	-0.10
Cyprus	0.16	0.65	-0.02	0.00	0.00	0.00	0.16	0.65	-0.02	-0.10	0.00	-0.10
India	9.32	-3.15	-0.22	10.73	1.75	-0.34	-1.41	-4.91	0.13	0.23	-0.34	-0.11
Greece	0.64	-2.64	-0.01	0.58	-0.85	0.01	0.06	-1.79	-0.02	-0.34	0.19	-0.14
United States	0.72	-4.71	-0.03	0.00	0.00	0.00	0.72	-4.71	-0.03	-0.16	0.00	-0.16
Russia	0.72	-27.95	-0.44	0.76	-7.94	-0.05	-0.04	-20.01	-0.39	-0.02	-0.22	-0.24
South Korea	11.86	-3.67	-0.50	17.18	-2.20	-0.34	-5.32	-1.47	-0.16	0.02	-0.27	-0.25
Luxembourg	0.05	-42.15	-0.38	0.00	0.00	0.00	0.05	-42.15	-0.38	-0.46	0.00	-0.46
Taiwan	12.49	1.45	0.20	18.80	4.86	0.61	-6.30	-3.41	-0.40	-0.58	-0.26	-0.83

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Performance attribution - sector

Emerging Markets Small Cap vs. MSCI Emerging Markets Small Cap Index since inception ended March 31, 2020

	Emerging Markets Small Cap			MSCI Emerging Markets Small Cap Index			Variation			Attribution Analysis		
	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Allocation Effect	Selection + Interaction Effect	Total Effect
Total	100.00	5.09	5.09	100.00	-1.31	-1.31	0.00	6.41	6.41	-0.09	6.59	6.49
Industrials	15.12	12.55	1.67	15.03	-6.96	-0.80	0.09	19.51	2.48	-0.02	2.75	2.73
Consumer Discretionary	20.92	12.23	2.42	15.43	-1.36	-0.17	5.49	13.59	2.59	-0.02	2.75	2.73
Financials	10.47	4.44	0.69	9.14	-1.65	-0.21	1.33	6.09	0.91	0.00	0.71	0.71
Communication Services	2.40	-9.01	0.98	4.25	-3.25	-0.10	-1.86	-5.76	1.08	0.04	0.55	0.58
Cash	4.08	0.63	-0.01	0.00	0.00	0.00	4.08	0.63	-0.01	0.56	0.00	0.56
Materials	7.32	-1.81	0.00	11.29	-2.73	-0.24	-3.97	0.92	0.24	-0.09	0.24	0.15
Energy	2.95	-9.54	-0.12	2.27	-15.32	-0.30	0.69	5.78	0.18	0.01	0.10	0.11
Consumer Staples	7.20	-5.61	-0.45	7.35	-2.58	-0.10	-0.15	-3.03	-0.35	0.00	-0.03	-0.03
Real Estate	4.99	-3.21	-0.22	9.41	-0.30	0.03	-4.43	-2.91	-0.26	-0.21	0.08	-0.13
Information Technology	14.73	2.79	0.00	14.66	4.17	0.38	0.06	-1.38	-0.38	-0.25	0.06	-0.19
Utilities	0.58	-11.95	-0.31	3.61	-0.09	-0.05	-3.03	-11.85	-0.26	-0.22	-0.10	-0.32
Healthcare	4.57	0.00	-0.07	7.55	6.98	0.28	-2.98	-6.98	-0.34	-0.29	-0.56	-0.84

Source: FactSet

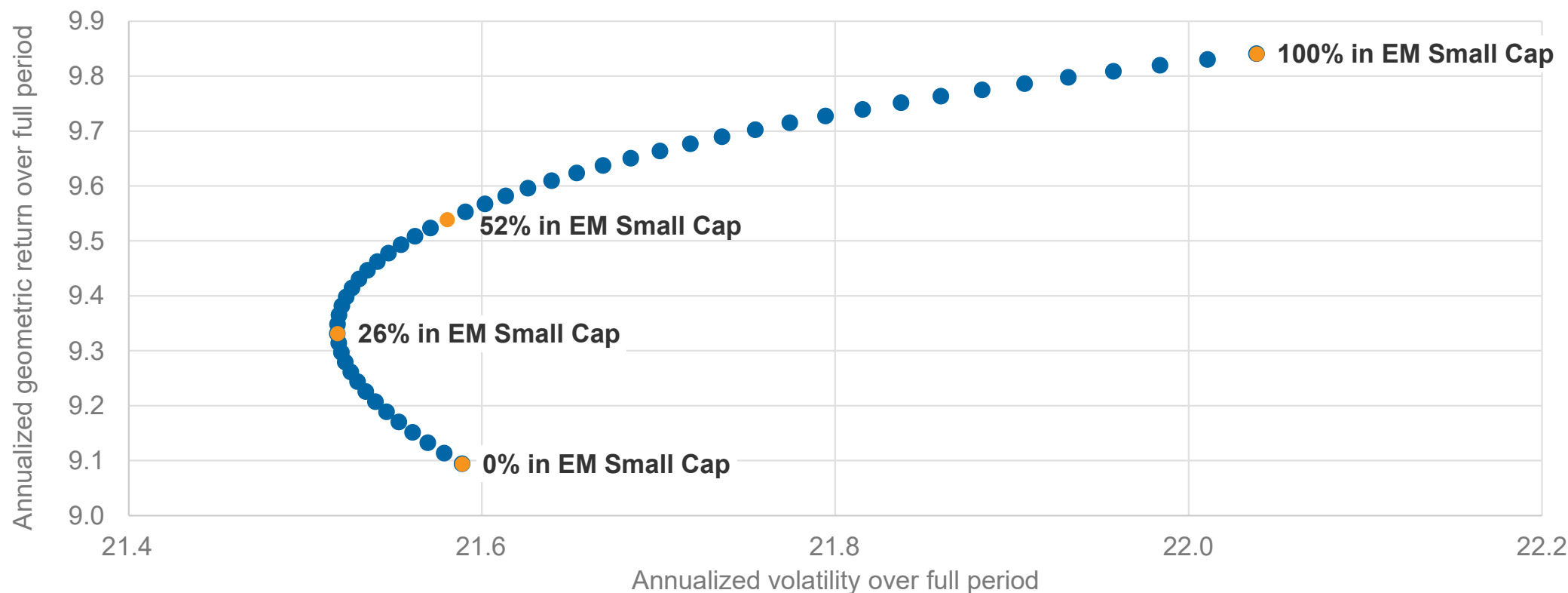
*The portfolio attribution shown is that of an Emerging Markets Small Cap representative portfolio.

Internal Macquarie Investment Management sector classification. List does not show exchanged-traded funds (ETFs) that are used for cash management purposes. See performance, benchmark, and fee disclosures on page titled "Composite statistics and performance." Performance results are presented before the deduction of management fees which are disclosed in Part 2A of MIMBT's Form ADV. Management fees and any other expenses incurred in the management of the account will reduce your return. **Past performance is not a reliable indicator of future results.



Investment case

Combinations of MSCI EM and MSCI EM Small Cap, Jan 2001 to Mar 2019



Potential for increased returns while reducing risk

The performance quoted above represents past performance and does not guarantee future results.

The hypothetical returns are based solely on the published monthly net returns of MSCI Emerging Markets and MSCI Emerging Markets Small Cap indices for the period 1/1/2001 to 3/31/2019. Indices are unmanaged and one cannot invest directly in an index. The analysis does not include any fees, commissions, or market impact that might be involved in the creation or maintenance of a portfolio. The results are presented for discussion purposes only, and no representation is made that such performance could have been achieved. Past performance is no guarantee of future performance.



Composite statistics and performance

Emerging Markets Small Cap Equity

Period end	Composite return gross-of-fees (%)	Composite return net-of-fees (%)	MSCI Emerging Markets Small Cap Index (net) return (%)	Composite internal dispersion (%)	3-year annualized standard deviation (%)		As of December 31		
					Composite	MSCI Emerging Markets Small Cap Index (net)	Number of portfolios	Composite assets (\$mm)	Total firm assets (\$mm)
2018	-23.4	-23.8	-18.6	n/a	14.7	14.2	<5	304	234,263
2017	46.6	45.1	33.8	n/a	13.7	14.6	<5	126	251,743
2016	10.1	8.9	2.3	n/a	13.7	14.5	<5	5	172,360
2015	-2.2	-4.2	-6.9	n/a	13.2	13.7	<5	115	n/a
2014	4.5	2.4	1.0	n/a	n/a	n/a	<5	138	n/a
2013	7.9	5.6	1.0	n/a	n/a	n/a	<5	127	n/a
2012*	17.8	15.6	10.3	n/a	n/a	n/a	<5	4	n/a

*2012 Performance from inception (February 1) through December 31.

Macquarie Investment Management (MIM) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. MIM has been independently verified for the periods from January 1, 2017 through December 31, 2017. The verification reports are available upon request.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

As part of an internal corporate restructure, on April 3, 2017, the firm was redefined to reflect our global rebranding as Macquarie Investment Management (MIM). MIM now incorporates the previously independent firms, including MIM in the Americas, Macquarie Investment Management Global Limited (MIMGL), Macquarie Capital Investment Management Limited (MCIM), Macquarie Funds Management Hong Kong Limited (MFMHKL), Macquarie Investment Management Australia Limited (MIMAL), Macquarie Investment Management Austria Kapitalanlage AG, and Macquarie Investment Management Korea.

Macquarie Investment Management (MIM) is a global asset manager with offices throughout the United States, Europe, Asia, and Australia. Our conviction-based, long-term approach guides us in managing assets on behalf of institutional and individual investors worldwide, across fixed income, equities, listed real estate, listed infrastructure, hedge funds and multi-asset solutions.

In connection with the redefinition, firm assets prior to 2017 were not restated.

Prior to April 3, 2017, the firm was defined as Delaware Investments. Delaware Investments has been independently verified for the periods January 1, 1992 through December 31, 2016. The verification reports are available upon request. Verification does not ensure the accuracy of any specific composite presentation.

Macquarie Investment Management Business Trust (MIMBT), formerly known as Delaware Management Business Trust (DMBT), is a US-registered investment advisor offering a comprehensive array of diversified investment management strategies across all major asset classes. MIMBT, an asset management division of Macquarie Group, refers to Macquarie Management Holdings, Inc. (MMHI), formerly known as Delaware Management Holdings, Inc. (DMHI), and its subsidiaries. Macquarie Group refers to Macquarie Group Limited (MGL) and its subsidiaries and affiliates worldwide. Managed accounts advisory services are provided by Delaware Capital Management (DCM), a series of MIMBT. Managed accounts advisory services are referred through Delaware Capital Management Advisers, Inc., an SEC-registered investment advisor.

The Emerging Markets Small Cap Equity Composite ("Composite"), formerly known as the Emerging Markets Small-Cap Composite, invests globally in emerging markets equities of smaller sized companies, broadly diversified across countries and sectors. While many emerging markets large caps are export oriented, emerging markets small caps generate most of their revenues in their domestic home market. The focus is on companies with promising earnings growth potential. We believe that the most important driver for this growth is domestic demand growth. This composite was created in 2016. The Composite includes all discretionary, fee paying accounts, including pooled funds and excluding wrap-fee accounts, managed in this strategy. Performance results are shown as total returns, net of dividend withholding taxes, assume reinvestment of dividends and capital gains, are presented before and after the deduction of actual investment advisory fees, and are calculated in US dollars. The returns of some accounts in the composite may include income from securities lending. The investment advisory fees are disclosed in Part 2A of Macquarie Investment Management Business Trust's Form ADV. The Emerging Markets Small Cap Equity fee schedule is as follows: first \$50 million, 1.10%; next \$50 million, 1.00%; amounts over \$100 million, 0.95%. Prior to March 1, 2016, net of fee performance typically reflects the deduction of the highest fee charged. The highest fee charged for accounts of this type was 2.10%. As of March 1, 2016, net returns are calculated using actual management fees, which includes performance fees, if applicable. Some clients may utilize a performance-based fee, therefore actual fees paid may be higher or lower than the maximum fixed fee. Management fees, and any other expenses incurred in the management of the account, will reduce your return. The actual fee schedule may vary. Policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request. **Past performance is not an indicator of future results.**

Internal dispersion is calculated using the asset-weighted standard deviation of the annual returns of all the portfolios that were included in the composite for the entire year. Internal dispersion is only shown if the composite has at least six accounts that were managed for the full calendar year.

The three-year annualized standard deviation measures the variability of the composite and the benchmark over the preceding 36-month period. This measure is not required to be presented for annual periods ended prior to 2011 or when 36 monthly composite returns are not yet available.

Performance from past firms have been linked to the performance of the Firm. Performance results for the period February 1, 2012 to February 29, 2016, occurred while members of the portfolio management team were affiliated with UBS Global Asset Management prior to the acquisition of its assets by Delaware Investments. Accordingly, composite assets prior to February 29, 2016, constituted a portion of the total firm assets of other firms.

The benchmark for the composite is the MSCI Emerging Markets Small Cap Index (net). The MSCI Emerging Markets Small Cap Index represents small-cap stocks across 26 emerging market countries. The small-cap segment tends to capture more local economic and sector characteristics relative to larger emerging market capitalization segments. The index covers approximately 14% of the free float-adjusted market capitalization in each country. Index "net" return approximates the minimum possible dividend reinvestment, after deduction of withholding tax at the highest possible rate. For comparison purposes, the index is fully invested and includes the reinvestment of income. Index returns do not reflect management fees, transaction costs, or expenses. Indices are unmanaged, and one cannot invest directly in an index. Benchmark information contained herein has been obtained from third party sources believed to be reliable, but we cannot guarantee its accuracy or completeness. All third-party marks are the property of their respective owners.

Emerging market investments carry risk that foreign securities (particularly in emerging markets) may be adversely affected by political instability; changes in currency exchange rates; inefficient markets and higher transaction costs; foreign economic conditions; the imposition of economic or trade sanctions; or inadequate or different regulatory and accounting standards.

Investments in small and/or medium-sized companies typically exhibit greater risk and higher volatility than larger, more established companies.

Some accounts within the composite may invest up to 15% of its net assets in illiquid securities, which may include securities with contractual restrictions on resale, securities exempt from registration under Rule 144A of the Securities Act of 1933, as amended, and other securities which may not be readily marketable. The use of illiquid securities are strictly constrained by client investment policy.

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It is not intended and should not be construed to be a presentation of information concerning any US mutual fund.



Investment team biographies

Joseph Devine

Senior Vice President, Chief Investment Officer — Global Ex-US Equity

Joseph Devine joined Macquarie Investment Management (MIM) in March 2016 as head of the Global Ex-US Equity team. Previously, he worked at UBS Asset Management from July 2007 to February 2016, first as senior portfolio manager and then as head of the Global ex-US Growth Equities team. Prior to UBS, Devine worked at Nicholas-Applegate Capital Management from July 2005 to July 2007 as lead portfolio manager for the Emerging Markets and Pacific Rim portfolios of the International Growth team. Prior to that, he was an Asian equity analyst at Duncan-Hurst Capital Management. Devine was also responsible for the firm's Global Emerging Markets portfolio. He previously held trading positions at Peregrine Investment Holdings in the Philippines and Singapore, and at Credit Suisse First Boston in Hong Kong and Singapore. Devine earned a bachelor's degree at the University of Southern California and an MBA at the Marshall School of Business at the University of Southern California.

Stephan Maikkula, CFA, CMT

Vice President, Portfolio Manager

Stephan Maikkula joined Macquarie Investment Management (MIM) in March 2016 as a portfolio manager for the Global Ex-US Equity team. Previously, he worked at UBS Asset Management from July 2007 to February 2016 in various investment roles, leaving the firm as a portfolio manager on the Global ex-US Growth Equities team. Prior to UBS, Maikkula worked at Nicholas-Applegate Capital Management as a generalist on the firm's International Growth team, where he covered Europe. Previously, he was an analyst and portfolio manager with the Employees Retirement System of Texas. Prior to that, Maikkula was a portfolio manager for the MBA Investment Fund and an investment analyst intern at the Teacher Retirement System of Texas. He also worked for Cargill for six years in various commodity merchandising roles, providing fundamental and technical analysis of commodity markets. Maikkula earned a bachelor's degree at St. John's University and an MBA at the University of Texas at Austin. He is a member of the CFA Institute and the Market Technicians Association.

Gabriel Wallach

Vice President, Portfolio Manager

Gabriel Wallach joined Macquarie Investment Management (MIM) in August 2016 as a portfolio manager for the Global Ex-US Equity team. Previously, Wallach was a portfolio manager at North Grove Capital, a company he founded in August 2014 focused on emerging markets equities. From April 2004 to May 2014, he was chief investment officer, global emerging markets equities at BNP Paribas Investment Partners managing several strategies, including global emerging markets equities, frontier markets equities, and regional funds investing in Latin America, Asia, and Europe, the Middle East, and Africa (EMEA), respectively. Before that, Wallach worked at Baring Asset Management from 1997 to 2003, first as head of Latin American equities and left the firm as a senior portfolio manager with the US Equity team. Previously, he was a senior analyst at Fiduciary Trust Company, where he primarily focused on Latin America. Wallach earned his bachelor's degree in economics from Hampshire College.



Investment team biographies

Barry Kendall

Vice President, Senior Equity Analyst

Barry Kendall joined Macquarie Investment Management (MIM) in March 2016 as a member of the Global Ex-US Equity team, where he provides generalist research coverage within Europe and Canada. Previously, he worked at UBS Asset Management from July 2007 to February 2016, leaving the firm as a senior equity research analyst on the Global ex-US Growth Equities team. Prior to UBS, Kendall worked at Nicholas-Applegate Capital Management as an analyst on the International Growth team, covering Europe and Canada. Previously, Kendall worked at Duncan-Hurst Capital Management as a research analyst and equity trader on the firm's International team. He earned a bachelor's degree at Tulane University and a master of health sciences from Duke University.

Thomas Pak

Vice President, Senior Equity Analyst

Thomas Pak joined Macquarie Investment Management (MIM) in March 2016 as a member of the Global Ex-US Equity team, where he provides generalist research coverage within Asia. Previously, he worked at UBS Asset Management from October 2008 to February 2016, leaving the firm as an investment analyst on the Global ex-US Growth Equities team. Prior to UBS, he worked for 10 years as an analyst and portfolio manager, focused on Asian equities, at Mastholm Asset Management in Seattle, Washington. Prior to that, Pak worked as an analyst with The Crabbe Huson Group in Portland, Oregon. He earned a bachelor's degree from the University of California at Berkeley.

James Brandt, CFA

Vice President, Senior Equity Analyst

Jim Brandt joined Macquarie Investment Management (MIM) in March 2016 as a member of the Global Ex-US Equity team, where he provides generalist research coverage within Asia. Previously, he worked at UBS Asset Management from November 2010 to February 2016, leaving the firm as an investment analyst on the Global ex-US Growth Equities team. Prior to UBS, he worked for Miller Tabak & Company as an equity research sales representative covering institutional investment managers. Prior to that, Brandt worked for 10 years at Duncan-Hurst Capital Management where he traded and was a lead equity analyst focusing on micro-, small-, and mid-cap growth investment research. He earned a bachelor's degree from the University of Southern California. Brandt is a member of the CFA Institute and the Financial Analysts Society of San Diego.

Jay Su Erickson

Portfolio Analyst

Jay Su Erickson joined Macquarie Investment Management (MIM) in March 2016 as a member of the Global Ex-US Equity team, where she is responsible for portfolio manager assistance, research team support, and team trade review and allocation. Previously, she worked at UBS Asset Management from October 2007 to February 2016, leaving the firm as an associate portfolio manager on the Global ex-US Growth Equities team. Prior to UBS, Erickson worked with GlobeFlex Capital as a senior account administrator. Prior to that, she worked for six years at Duncan-Hurst Capital Management, where she led the operations team. Erickson earned a bachelor's degree from the University of California at San Diego.



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Before acting on any information, you should consider the appropriateness of it having regard to your particular objectives, financial situation and needs and seek advice.

Diversification may not protect against market risk.

The MSCI Emerging Markets Small Cap Index represents small-cap stocks across 26 emerging market countries. The small-cap segment tends to capture more local economic and sector characteristics relative to larger emerging market capitalization segments. The index covers approximately 14% of the free float-adjusted market capitalization in each country.

Index performance returns do not reflect and management fees, transaction costs, or expenses. Indices are unmanaged, and one cannot invest directly in an index.

Investments in small and/or medium-sized companies typically exhibit greater risk and higher volatility than larger, more established companies.

International investments entail risks not ordinarily associated with U.S. investments including fluctuation in currency values, differences in accounting principles, or economic or political instability in other nations. Investing in emerging markets can be riskier than investing in established foreign markets due to increased volatility and lower trading volume.

Standard deviation - shows how much variation or dispersion from the average exists.

Tracking error - shows the standard deviation of the difference between the returns of an investment and its benchmark.

Information ratio - measures the active return of the manager's portfolio divided by the amount of risk that the manager takes relative to the benchmark.



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CONTRACT AUTHORIZATION
WASATCH ADVISORS INC.
ACTIVE EMERGING MARKETS SMALL CAP EQUITIES
PORTFOLIO MANAGEMENT

PROPOSED RESOLUTION

WHEREAS, on June 10, 2019, the Board of Administration (Board) authorized a Request for Proposal for the Emerging Markets Small Cap Equities Mandate investment manager search pursuant to the asset allocation policy approved by the Board on April 10, 2018; and,

WHEREAS, staff and NEPC, LLC (NEPC), LACERS' General Fund Consultant, performed an evaluation of the 19 proposals submitted; and,

WHEREAS, on January 14, 2020, the Investment Committee reviewed NEPC's evaluation report of the proposals and concurred with the staff recommendation to advance four firms as semi-finalists in the search; and,

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

WHEREAS, on July 8, 2020, the Investment Committee interviewed three finalists recommended by staff: RBC Global Asset Management (U.S.) Inc., Wasatch Advisors Inc. (Wasatch), and Macquarie Investment Management Advisers, and recommended Wasatch to the Board for consideration for hire; and,

WHEREAS, on July 28, 2020, the Board approved the Investment Committee's recommendation to award a contract to Wasatch.

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

<u>Company Name:</u>	Wasatch Advisors Inc.
<u>Service Provided:</u>	Active Emerging Markets Small Cap Equities Portfolio Management
<u>Estimated Effective Date:</u>	October 1, 2020 through September 30, 2023
<u>Duration:</u>	Three years
<u>Benchmark:</u>	MSCI Emerging Markets Small Cap
<u>Estimated Allocation:</u>	\$230 million

July 28, 2020