

## **Investment Committee Agenda**

### **REGULAR MEETING**

**TUESDAY, MARCH 11, 2025**

**TIME: 10:30 A.M. OR IMMEDIATELY FOLLOWING THE REGULAR BOARD MEETING**

### **MEETING LOCATION:**

LACERS Boardroom  
977 N. Broadway  
Los Angeles, California 90012

**Important Message to the Public**

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

Members of the public who do not wish to attend the meeting in person may listen to the live meeting via one-way audio on Council Phone by calling (213) 621-CITY (Metro), (818) 904-9450 (Valley), (310) 471-CITY (Westside) or (310) 547-CITY (San Pedro Area).

**Disclaimer to Participants**

Please be advised that all LACERS Committee meetings are recorded.

**LACERS Website Address/link:**  
[www.LACERS.org](http://www.LACERS.org)

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

Chair: Elizabeth Lee

Committee Members: Thuy Huynh  
Gaylord "Rusty" Roten

Manager-Secretary: Todd Bouey

Executive Assistant: Ani Ghokassian

Legal Counselor: 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](http://ethics.lacity.org/lobbying). For assistance, please contact the Ethics Commission at (213) 978-1960 or [ethics.commission@lacity.org](mailto: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, Communications Access Real-Time Transcription, Assisted Listening Devices, or other auxiliary aids and/or services may be provided upon request. To ensure availability, please 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 (800) 779-8328 or RTT (888) 349-3996.

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

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

**[CLICK HERE TO ACCESS BOARD REPORTS](#)**

- I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA
- II. [APPROVAL OF MINUTES FOR THE MEETING OF JANUARY 14, 2025 AND POSSIBLE COMMITTEE ACTION](#)
- III. CHIEF INVESTMENT OFFICER VERBAL REPORT
- IV. [INVESTMENT MANAGER CONTRACT WITH MFS INSTITUTIONAL ADVISORS, INC. REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. EQUITIES DEVELOPED MARKETS GROWTH PORTFOLIO AND POSSIBLE COMMITTEE ACTION](#)
- V. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER A COMMITMENT TO LBA LOGISTICS VALUE FUND X, L.P. AND POSSIBLE COMMITTEE ACTION**
- VI. OTHER BUSINESS
- VII. NEXT MEETING: The next Regular meeting of the Investment Committee is scheduled for Tuesday, April 8, 2025, at 10:30 a.m., or immediately following the Board Meeting in the LACERS Boardroom at 977 N. Broadway, Los Angeles, CA 90012-1728.
- VIII. ADJOURNMENT



## **Board of Administration Agenda**

### **SPECIAL MEETING**

**TUESDAY, MARCH 11, 2025**

**TIME: 10:30 A.M. OR IMMEDIATELY FOLLOWING THE REGULAR BOARD MEETING**

### **MEETING LOCATION:**

LACERS Boardroom  
977 N. Broadway  
Los Angeles, California 90012

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President: Annie Chao  
Vice President: Janna Sidley

Commissioners: Thuy T. Huynh  
Elizabeth Lee  
Gaylord "Rusty" Roten  
Sung Won Sohn  
Michael R. Wilkinson

Manager-Secretary: Todd Bouey

Executive Assistant: Ani Ghokassian

Legal Counsel: City Attorney's Office  
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- VIII. ADJOURNMENT

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

January 14, 2025

12:44 p.m.

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PRESENT:	Chair:	Elizabeth Lee
	Committee:	Thuy Huynh Gaylord "Rusty" Roten
	Legal Counselor:	Miguel Bahamon
	Manager-Secretary:	Todd Bouey
	Executive Assistant:	Ani Ghoukassian

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

President Chao joined the Investment Committee meeting, and this was a Special Meeting of the Board of Administration. Any votes were taken by Investment Committee members only.

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – Chair Lee asked if any persons wished to speak on matters within the Committee's jurisdiction, to which there were no public comment cards submitted.

II

APPROVAL OF MINUTES FOR THE MEETING OF DECEMBER 10, 2024 AND POSSIBLE COMMITTEE ACTION – Committee Member Roten moved approval, and adopted by the following vote: Ayes, Committee Members Huynh, Roten, and Chair Lee -3; Nays, None.

III

CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, discussed the following item:

- Distribution of Investment Committee Forward Calendar

IV

PRESENTATION BY AKSIA LLC OF THE PRIVATE CREDIT PROGRAM 2025 STRATEGIC PLAN AND POSSIBLE COMMITTEE ACTION – Clark Hoover, Investment Officer I, Trevor Jackson,

Managing Director, and Mike Krems, Partner, with Aksia LLC, presented and discussed this item with the Committee for 28 minutes. Committee Member Roten moved approval, and adopted by the following vote: Ayes, Committee Members Huynh, Roten, and Chair Lee -3; Nays, None.

V

REAL ESTATE INVESTMENT POLICY AMENDMENTS AND POSSIBLE COMMITTEE ACTION – Rod June, Chief Investment Officer, Felix Fels, Associate Partner, and Dan Stenger, Partner, with The Townsend Group, presented and discussed this item with the Committee for 23 minutes. Staff and Townsend Group were directed to bring this item back to a future meeting.

VI

OTHER BUSINESS – There was no other business.

VII

NEXT MEETING: The next Regular Meeting of the Investment Committee is scheduled for Tuesday, February 11, 2025, at 10:30 a.m. or immediately following the Board Meeting, in the LACERS Boardroom at 977 N. Broadway, Los Angeles, CA 90012-1728.

VIII

ADJOURNMENT – There being no further business before the Chair Lee, adjourned the meeting at 1:39 p.m.

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Elizabeth Lee  
Chair

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Todd Bouey  
Manager-Secretary



**LACERS**  
LA CITY EMPLOYEES'  
RETIREMENT SYSTEM



**REPORT TO INVESTMENT COMMITTEE**  
**From: Todd Bouey, Acting General Manager**

**MEETING: MARCH 11, 2025**  
**ITEM: IV**

*T. Bouey*

**SUBJECT: INVESTMENT MANAGER CONTRACT WITH MFS INSTITUTIONAL ADVISORS, INC. REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. EQUITIES DEVELOPED MARKETS GROWTH PORTFOLIO AND POSSIBLE COMMITTEE ACTION**

ACTION:  CLOSED:  CONSENT:  RECEIVE & FILE:

**Recommendation**

That the Committee recommend to the Board a three-year contract renewal with MFS Institutional Advisors, Inc. for the management of an active non-U.S. equities developed markets growth portfolio.

**Executive Summary**

MFS Institutional Advisors, Inc. (MFS) has managed an active non-U.S. equities developed markets growth portfolio for LACERS since October 2013. LACERS' portfolio was valued at \$653 million as of January 31, 2025. MFS is in compliance with the LACERS Manager Monitoring Policy. Staff and NEPC, LLC (NEPC), LACERS' General Fund Consultant, recommend a three-year contract renewal.

**Discussion**

*Background*

MFS manages an active non-U.S. equities developed markets growth portfolio for LACERS benchmarked against the MSCI World ex-U.S. Growth Index. MFS employs a research-based investment strategy that focuses on companies with long-term, above-average growth. The portfolio is managed by a team of portfolio managers including Matthew Barrett (29 years of experience), Kevin Dwan (27 years of experience), Brett Fleishman (28 years of experience), Gregory Johnsen (38 years of experience), and Peter Loncto, CFA (29 years of experience). LACERS' portfolio was valued at \$653 million as of January 31, 2025.

The Board hired MFS through the 2013 Active Non-U.S. Equities Developed Markets investment manager search process and authorized a three-year contract on June 11, 2013; the contract became effective on October 2, 2013. The Board has authorized three-year contract renewals on June 28, 2016, June 11, 2019, and February 22, 2022. The current contract expires on September 30, 2025.

### Organization

MFS is a global investment management firm with offices in Boston, Hong Kong, London, Sao Paulo, Singapore, Sydney, Tokyo, and Toronto. MFS Investment Management formed MFS Institutional Advisors, Inc. as a separate subsidiary in 1994. The firm is majority owned by Sun Life Financial of Canada (U.S.) Financial Services Holdings, Inc. (a subsidiary of Sun Life Financial, Inc.) and has over 2,115 employees, with 325 investment professionals. As of January 31, 2025, the firm managed over \$622.9 billion in total assets with over \$32.7 billion in the non-U.S. growth equity strategy.

### Due Diligence

MFS' investment philosophy, strategy, and process have not changed over the contract period. In January 2025, Ted Maloney became the firm's Chief Executive Officer and Alison O'Neill became Chief Investment Officer. Carol Geremia, President and Co-head of Global Distribution, will retire in 2026 after 40 years with the firm. Following Carol's retirement, Ted Maloney will assume the role of President, in addition to his position as CEO. Staff and NEPC determined these changes are consistent with MFS' succession planning, team-based approach to portfolio management, and experience of the current portfolio managers.

### Performance

As of January 31, 2025, MFS has outperformed the benchmark over the 1-year, 2-year, 3-year, 5-year, 10-year, since inception periods, and had slight underperformance in the 3-month period as presented in the table below. MFS is in compliance with the LACERS Manager Monitoring Policy.

Annualized Performance as of 1/31/25 (Net-of-Fees)							
	3-Month	1-Year	2-Year	3-Year	5-Year	10-Year	Since Inception <sup>1</sup>
MFS	1.77	12.45	10.94	6.59	7.77	8.55	7.32
MSCI World ex-U.S. Growth	2.34	6.97	8.26	3.04	5.42	6.21	5.46
<i>% of Excess Return</i>	<i>-0.57</i>	<i>5.48</i>	<i>2.68</i>	<i>3.55</i>	<i>2.35</i>	<i>2.34</i>	<i>1.86</i>

<sup>1</sup>Performance inception date: 10/31/13

Calendar year performance is presented in the following tables as supplemental information.

Calendar Year Performance as of 1/31/25 (Net-of-Fees)													
	1/01/25-1/31/25	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	10/31/13 - 12/31/13
MFS	5.26	7.60	16.67	-14.48	10.58	14.13	27.69	-8.91	32.00	1.93	1.90	-4.52	1.97
MSCI World ex-U.S. Growth	5.22	2.82	17.45	-22.68	11.57	18.41	27.92	-13.14	27.61	-1.87	1.65	-3.26	2.39
<i>% of Excess Return</i>	<i>0.04</i>	<i>4.78</i>	<i>-0.78</i>	<i>8.20</i>	<i>-0.99</i>	<i>-4.28</i>	<i>-0.23</i>	<i>4.23</i>	<i>4.39</i>	<i>3.80</i>	<i>0.25</i>	<i>-1.26</i>	<i>-0.42</i>



*Fees*

LACERS pays MFS an effective fee of 38 basis points (0.38%), which is approximately \$2,482,811 annually based on the value of LACERS' assets as January 31, 2025. This fee ranks in the 1st percentile of fees charged by similar managers in the eVestment database (i.e., 99% of like-managers have higher fees). Since inception, LACERS has paid MFS a total of \$26.8 million in investment management fees as of December 31, 2024.

*General Fund Consultant Opinion*

NEPC concurs with this recommendation.

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

TB/RJ/WL/BS:jp

Attachment: 1. Consultant Recommendation – NEPC, LLC



**To: Los Angeles City Employees' Retirement System Investment Committee**

**From: NEPC, LLC**

**Date: March 11, 2025**

**Subject: MFS Investment Management – Contract Extension**

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### **Recommendation**

NEPC recommends Los Angeles City Employees' Retirement System (LACERS) extend the contract that is currently in place with MFS Investment Management ('MFS') for a period of three years from the date of contract expiry.

### **Background**

MFS was hired into the Non-U.S. Equity asset class in 2013 to provide the Plan with public equity exposure across international developed countries/markets. The portfolio's strategy is benchmarked against the MSCI World ex USA Growth Index and has a performance inception date of October 31, 2013. As of December 31, 2024, MFS managed \$620.7 million, 2.6% of Plan assets in an international developed markets separately managed account. The performance objective is to outperform the MSCI World ex USA Growth Index, net of fees, annualized over a full market cycle (normally three-to-five years). The MFS account is currently in good standing according to LACERS' manager monitoring policy.

Massachusetts Financial Services Company, commonly known as MFS Investment Management or MFS, has a history of money management dating back to 1924, when it created the first open-end U.S. mutual fund, Massachusetts Investors Trust. In 1932, MFS established one of the first in-house research departments in the investment management business. MFS and its predecessor organizations have been registered as an investment adviser under the Investment Advisers Act of 1940 (the "Advisers Act") since 1969, and began managing its first tax-exempt account in 1970. MFS subsequently formed a separate subsidiary, MFS Institutional Advisors, Inc., which registered as an investment adviser under the Advisers Act in 1994. MFS is a majority owned subsidiary of Sun Life of Canada (U.S.) Financial Services Holdings, Inc., which in turn is an indirect majority-owned subsidiary of Sun Life Financial, Inc. (a diversified financial services organization). MFS has been a subsidiary of Sun Life since 1982. While MFS operates with considerable autonomy, this partnership offers additional resources as it continues to expand its global research presence. As of December 31, 2024 the firm's assets under management totaled \$605.06 billion.

In 1996 MFS initiated an equity compensation program. The equity compensation program provides for the grant of long-term incentive awards to MFS senior management, investment personnel and other key employees who assist in the growth and financial success of the firm. The program permits the issuance of both restricted stock and stock options as equity-based awards up to a maximum of 20% of the fully diluted capital stock of MFS, and 2.5% of the fully diluted capital stock of MFS' immediate parent entity, Sun Life of Canada (US) Financial Services Holdings, Inc.

The International Growth Equity team includes Portfolio Managers Matthew Barrett, Kevin Dwan, and Institutional Portfolio Managers Brett Fleishman and Greg Johnsen. Matthew joined MFS in 2000 as an equity research analyst and joined the International Growth Equity team as a portfolio manager in 2015. Kevin joined MFS in 2005 as an equity research analyst and became a portfolio manager for International Growth Equity in 2012. Brett joined MFS in 2001 as a research analyst and has worked on the International Growth Equity strategy as an investment product specialist since 2002 and as an institutional portfolio manager since 2008. Greg Johnsen joined MFS in 2019 as an institutional portfolio manager and joined the International Growth team in 2020.

The International Growth Equity team's investment process encompasses three critical steps: idea generation, fundamental research and analysis and portfolio construction. Idea generation reduces the investable universe to approximately 70-90 companies and is supported by the firm's global research platform. The analysts on the platform are organized into eight international sector teams that include capital goods, consumer cyclicals, consumer staples, energy, financial services, health care, technology, and telecommunications & cable. The sector-team structure facilitates the sharing of information across geographies, as well as asset classes, resulting process that aims to be highly collaborative and integrated leveraging all the research by MFS. The portfolio construction process is conducted based on bottom-up, fundamental research. MFS determines position size in the portfolio based on the security's upside potential as compared to its downside risk and level of conviction in the idea. Sector, industry, country and regional weightings are the residual of the bottom-up stock selection process, rather than the result of any top-down, macroeconomic outlook.

### **Performance**

Referring to Exhibit 1, since inception, the MFS portfolio outperformed the MSCI World ex USA Growth Index by 1.9%, returning 7.3%, net of fees, ending January 31, 2025. For 5 years ended January 31, 2025, the portfolio outperformed the benchmark by 2.4%, returning 7.8%. Referring to Exhibit 2, since inception ended December 31, 2024, the portfolio outperformed the index by 1.86% and ranked in the 13<sup>th</sup> percentile in its peer group. Over the past five-years, ending December 31, 2024, the portfolio outperformed the index by 1.97% and ranked in the 16<sup>th</sup> percentile among its peers. Referring to Exhibit 3, the strategy has historically outperformed the benchmark at a healthy level.

### **Fees**

The MFS portfolio has an asset-based fee schedule of 40 basis points on the 1<sup>st</sup> \$250 million, 37.5 basis points on the next \$250 million, and 35 basis points over \$500 million. This brings the estimated annual fee as of December 31, 2024 to 38 basis points annually. The fee ranks in the 1<sup>st</sup> percentile among its peers in the eVestment EAFE All Cap Growth universe. In other words, 99% products included in the peer universe have a higher fee than the LACERS account.

### **Conclusion**

MFS has performed well against its benchmark since inception and over the trailing 5 years. The firm has a well-established, stable team in place, in addition to executing well against its stated investment objectives. The portfolio's investment process and philosophy prioritizes quality, growth and fundamental research, which we believe can be well suited for long-term success. NEPC recommends a contract extension for a period of three years from the period of contract expiry.

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



Exhibit 1: Performance Comparison Net of Fees as of January 31, 2025

Portfolio Name	1 Month	FYTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception	Inception Date
MFS Institutional Advisors	5.3	8.2	12.4	6.6	7.8	8.5	7.3	October 2013
MSCI World ex USA Growth NR USD	5.2	2.1	7.0	3.0	5.4	6.2	5.5	
Over/Under	0.0	6.1	5.5	3.6	2.4	2.3	1.9	

Exhibit 2: Universe Performance Comparison Net of Fees Ending December 31, 2024

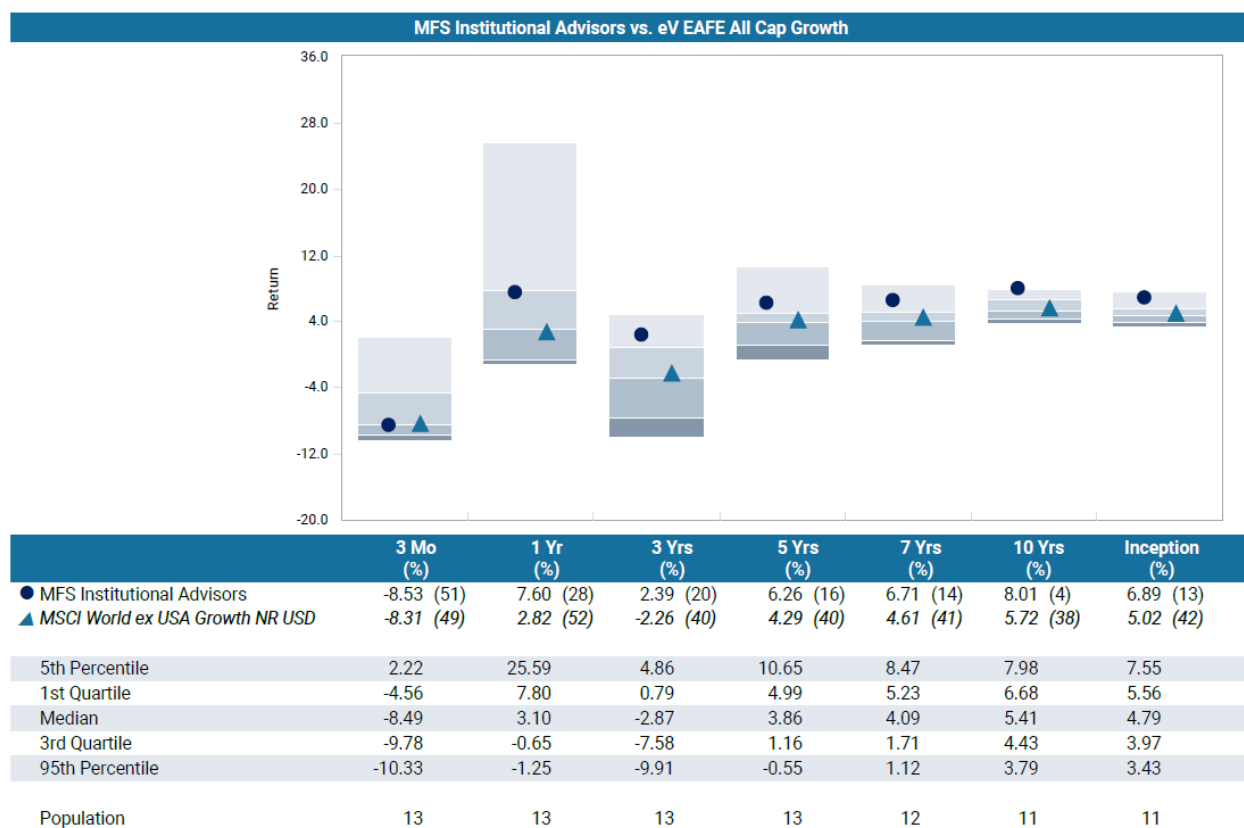


Exhibit 3: Cumulative Excess Performance Net of Fees Ending December 31, 2024

