



Investment Committee Agenda

REGULAR MEETING

TUESDAY, FEBRUARY 10, 2026

**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 YouTube streaming at the following link: [LACERS Livestream](#).

Disclaimer to Participants

Please be advised that all LACERS Committee meetings are recorded.

LACERS Website Address/link:
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, 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.

Chair: Thuy Huynh
 Committee Members: Susan Liem
 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. For assistance, please contact the Ethics Commission at (213) 978-1960 or ethics.commission@lacity.org.

Request for Services

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

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

[**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 ON JANUARY 13, 2026 AND POSSIBLE COMMITTEE ACTION](#)
- III. CHIEF INVESTMENT OFFICER VERBAL REPORT
- IV. [INVESTMENT MANAGER CONTRACT WITH PRINCIPAL GLOBAL INVESTORS, LLC REGARDING THE MANAGEMENT OF AN ACTIVE U.S. MID CAP CORE EQUITIES PORTFOLIO AND POSSIBLE COMMITTEE ACTION](#)
- V. [INVESTMENT MANAGER CONTRACT WITH DIMENSIONAL FUND ADVISORS LP REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. EMERGING MARKETS VALUE EQUITIES PORTFOLIO AND POSSIBLE COMMITTEE ACTION](#)
- VI. OTHER BUSINESS
- VII. NEXT MEETING: The next Regular meeting of the Investment Committee is scheduled for Tuesday, March 10, 2026, 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, FEBRUARY 10, 2026

**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 Huynh
 Susan Liem
 Thomas Moutes
 Gaylord "Rusty" Roten
 Sung Won Sohn

Manager-Secretary: Todd Bouey

Executive Assistant: Ani Ghoukassian

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

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[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 ON JANUARY 13, 2026 AND POSSIBLE COMMITTEE ACTION
- III. CHIEF INVESTMENT OFFICER VERBAL REPORT
- IV. INVESTMENT MANAGER CONTRACT WITH PRINCIPAL GLOBAL INVESTORS, LLC REGARDING THE MANAGEMENT OF AN ACTIVE U.S. MID CAP CORE EQUITIES PORTFOLIO AND POSSIBLE COMMITTEE ACTION
- V. INVESTMENT MANAGER CONTRACT WITH DIMENSIONAL FUND ADVISORS LP REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. EMERGING MARKETS VALUE EQUITIES PORTFOLIO AND POSSIBLE COMMITTEE ACTION
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- VII. NEXT MEETING: The next Regular meeting of the Investment Committee is scheduled for Tuesday, March 10, 2026, 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

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

January 13, 2026

1:21 P.M.

PRESENT:	Chair:	Thuy Huynh
	Committee Members:	Susan Liem Gaylord "Rusty" Roten
	Commissioner:	Thomas Moutes
	Legal Counselor:	Miguel Bahamon
	Manager-Secretary:	Todd Bouey
	Executive Assistant:	Ani Ghoukassian

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

Commissioner Moutes joined the Investment Committee, and any votes were taken by the 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 Huynh 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 9, 2025 AND POSSIBLE COMMITTEE ACTION – Committee Member Roten moved approval, and adopted by the following vote: Ayes, Committee Members Liem, Roten, and Chair Huynh -3; Nays, None.

III

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

- The one-year unaudited LACERS portfolio gross return is 14.66% and 14.46% net of fees.
- Distribution of Investment Committee Forward Calendar.
- Distribution and review of the revised Public Markets Manager Watch List Report.

IV

PRESENTATION BY AKSIA LLC OF THE PRIVATE CREDIT PROGRAM 2026 STRATEGIC PLAN AND POSSIBLE COMMITTEE ACTION – Clark Hoover, Investment Officer I, Trevor Jackson, Managing Director, and Rahul Desai, Director, with Aksia, LLC, presented and discussed this item with the Committee for 30 minutes. Committee Member Roten moved approval, and adopted by the following vote: Ayes, Committee Members Liem, Roten, and Chair Huynh -3; Nays, None.

V

PRIVATE CREDIT CONSULTING CONTRACT WITH AKSIA LLC AND POSSIBLE COMMITTEE ACTION – Rod June, Chief Investment Officer, Clark Hoover, Investment Officer I, Trevor Jackson, Managing Director, with Aksia LLC, presented and discussed this item with the Committee for 15 minutes. Committee Member Roten moved approval and requested Aksia to negotiate fees and bring back to the Board, and adopted by the following vote: Ayes, Committee Members Liem, Roten, and Chair Huynh -3; Nays, None.

VI

SECURITIES LENDING PROGRAM GUIDELINES MODIFICATIONS AND POSSIBLE COMMITTEE ACTION – Rod June, Chief Investment Officer, and Jeremiah Paras, Investment Officer II, presented and discussed this item with the Committee for 23 minutes. Committee Member Liem moved approval, and adopted by the following vote: Ayes, Committee Members Liem, Roten, and Chair Huynh -3; Nays, None.

VII

OTHER BUSINESS – There was no other business.

VIII

NEXT MEETING: The next Regular Meeting of the Investment Committee is scheduled for Tuesday, February 10, 2026, at 10:30 A.M., or immediately following the Board Meeting in the LACERS Boardroom at 977 N. Broadway, Los Angeles, CA 90012-1728.

IX

ADJOURNMENT – There being no further business before the Committee, Chair Huynh adjourned the meeting at 2:34 P.M.

Thuy Huynh
Chair

Todd Bouey
Manager-Secretary



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO INVESTMENT COMMITTEE
From: Todd Bouey, General Manager

MEETING: FEBRUARY 10, 2026
ITEM: IV

T. Bouey

SUBJECT: INVESTMENT MANAGER CONTRACT WITH PRINCIPAL GLOBAL INVESTORS, LLC REGARDING THE MANAGEMENT OF AN ACTIVE U.S. MID CAP CORE EQUITIES PORTFOLIO AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Committee recommend to the Board a three-year contract renewal with Principal Global Investors, LLC for management of an active U.S. mid cap core equities portfolio.

Executive Summary

Principal Global Investors, LLC (Principal) has managed an active U.S. mid cap core equities portfolio for LACERS since July 2014. LACERS' portfolio was valued at approximately \$421 million as of December 31, 2025. Principal 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

Principal manages an active U.S. mid cap core equities portfolio for LACERS benchmarked to the Russell Midcap Index. Principal's investment strategy is driven by fundamental research and seeks companies with strong competitive advantages trading at discounts to intrinsic values, as determined by free cash flows. The portfolio is managed by Bill Nolin, Chief Investment Officer, and Thomas Rozycki, Head of Research, who are supported by a team of seven research analysts. LACERS' portfolio was valued at approximately \$421 million as of December 31, 2025.

The Board hired Principal through the 2013 Active U.S. Mid Cap Core Equities manager search process and authorized a three-year contract on January 28, 2014; the contract became effective on July 1, 2014. Subsequently, the Board authorized three-year contract renewals on January 24, 2017, January 28, 2020 and January 24, 2023. The current contract expires on June 30, 2026.

Organization

Principal is headquartered in Des Moines, Iowa and has approximately 1,957 employees of which 681 are investment personnel. The firm is the wholly-owned global investment management business of Principal Financial Group, Inc., a publicly traded financial services company (NASDAQ ticker symbol

PFG). As of September 30, 2025, Principal managed approximately \$601 million in total assets, with \$511 million in the mid cap equities strategy.

Due Diligence

Principal's organization, investment philosophy, strategy, and process have not changed materially over the contract period. In 2024 Kamal Bhatia was named president and chief executive officer of Principal Asset Management. This appointment followed the decision of Pat Halter to retire after 40 years with the company. Staff conducted an on-site visit in December 2025. Staff and NEPC have no concerns about Principal's ability to manage assets for LACERS.

Performance

As of December 31, 2025, Principal outperformed its benchmark, net-of-fees, over the 3-year, 10-year, and since inception time periods and underperformed in more recent time periods as presented in the table below. Periods of underperformance primarily occur when style is out of favor, lower-quality assets led the Index, and in times of uncertainty and volatility, such as tariff uncertainty.

Annualized Performance as of 12/31/25 (Net-of-Fees)							
	3-Month	1-Year	2-Year	3-Year	5-Year	10-Year	Since Inception ¹
Principal	-3.20	2.76	10.21	15.28	8.55	12.98	12.10
Russell Midcap Index	0.16	10.60	12.95	14.36	8.67	11.01	9.73
% of Excess Return	-3.36	-7.84	-2.74	0.92	-0.12	1.97	2.37

¹Performance inception date: 7/24/14. Strategy was funded after contract inception date of 7/1/14.

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

Calendar Year Performance as of 12/31/25 (Net-of-Fees)												
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	7/24/14-12/31/14
Principal	2.76	18.20	26.14	-22.34	26.67	18.68	43.96	-5.56	25.56	10.96	2.35	6.65
Russell Midcap Index	10.60	15.34	17.23	-17.32	22.58	17.10	30.54	-9.06	18.52	13.80	-2.44	4.40
% of Excess Return	-7.84	2.86	8.91	-5.02	4.09	1.58	13.42	3.50	7.04	-2.84	4.79	2.25

Principal is in compliance with the LACERS Manager Monitoring Policy.

Fees

LACERS pays Principal an effective fee of 37 basis points (0.37%), which is approximately \$1.1 million annually based on the value of LACERS' assets as of November 30, 2022. This fee ranks in the 5th

percentile among its peers in the eVestment U.S. Mid Cap Universe (i.e., 95% of like-managers have higher fees). From contract inception in July 2014 to September 30, 2025, LACERS has paid Principal a total of \$9.6 million in investment fees.

General Fund Consultant Opinion

NEPC concurs with this recommendation.

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

TB:RJ:WL:BS:RM

Attachment: 1. Consultant Recommendation – NEPC



To: Los Angeles City Employees' Retirement System Investment Committee

From: NEPC, LLC

Date: February 10, 2026

Subject: Principal Global Investors, LLC – Contract Renewal

Recommendation

NEPC recommends Los Angeles City Employees' Retirement System (LACERS) renew the contract with Principal Asset Management ('Principal') for a period of three years from the date of contract expiry.

Background

Principal was funded in the LACERS Pension Plan on July 24, 2014 to provide the Plan with exposure to middle capitalization equity exposure within the U.S. Equity asset class. As of December 31, 2025, Principal managed \$421.0 million, or 1.6% of Plan assets. The performance objective is to outperform the Russell MidCap Index, net of fees, annualized over a full market cycle (normally three-to-five years). The account is currently in good standing based on LACERS' Manager Monitoring Policy.

Principal is a wholly-owned, indirect subsidiary of Principal Financial Group, Inc., a public company listed on the Nasdaq. Principal Financial Group, Inc. was founded in 1879, began managing retirement assets in 1941, and today operates four primary business segments: Principal Asset Management, Retirement and Investor Services, Principal International, and Insurance Solutions. Principal Global Investors, LLC was formed as a Delaware Limited Liability Company in 1998 and became a registered investment advisor with the SEC on October 26, 1998, relaunching in 2022 as Principal Asset Management. The portfolio is managed by a team led by Bill Nolin and supported by Thomas Rozycki, who are both supported by a team of equity research professionals within a subsidiary of Principal Global Investors named Aligned Investors. As of September 30, 2025, Principal managed \$601.6 billion in assets.

Principal's investment philosophy believes that individual stock selection based on in-depth original fundamental research results in superior investment returns over market cycles. They believe in long-term, low turnover, purely bottom-up fundamental investing. The firm's strategy focuses on the following four pillars of investing:

- 1) High quality companies with sustainable competitive advantages – The focus is on fundamental research and investing in companies that possess sustainable competitive advantages, such as: industry leadership, innovation, low-cost production, barriers to entry, and efficient capital allocation.
- 2) Owner-operator management and culture – Through understanding who is managing the companies in prospective investments and a preference toward management teams with CEOs that

have substantial ownership stakes, Principal believes they can identify alpha opportunities. Their belief is that owner-operators have incentives that are aligned with outside shareholders and run efficient organizations allocating capital in a counter-cyclical fashion. Principal prefers management teams that clearly exhibit an owner-operator mentality. For example, one metric considered with every prospective name for the portfolio is the 'Aligned Ratio' which compares the CEO's ownership stake in the company's stock to the amount of cash compensation they receive per year.

3) Valuation discipline builds a margin of safety – Principal relies on a discounted cash flow assessment process whereby the goal is to identify companies selling at a discount to long term intrinsic value, thereby providing not only appreciation potential, but also a margin of safety to dampen potential volatility relative to the market.

4) Focus on risk reduction – Principal seeks to reduce risk through company selection, that is, through owning companies with sustainable competitive advantages that have lower business risk, less financial risk and less accounting risk.

Performance

Referring to Exhibits 1 and 2, since inception as of December 31, 2025, the portfolio has outperformed its benchmark by 2.3% and ranked in the 6th percentile in its peer group of midcap managers. In the past five-years, ended December 31, 2025, the portfolio underperformed its benchmark by 0.1% and ranked in the 46th percentile in its peer group. Over the past one-year, the portfolio underperformed its benchmark by 7.8% and ranked in the 79th percentile among peers. Underperformance in the portfolio in the near-term was driven by stock selection, primarily in the technology and financial services sectors. Over the longer-run, the portfolio's emphasis on high quality companies that have a sustainable business model has provided excess returns to LACERS.

Fees

The portfolio has an asset-based fee of 0.36% annually. This fee ranks in the 8th percentile among its peers in the eVestment US MidCap universe. In other words, 92% of the products included in the peer universe have a higher fee than the LACERS account.

Conclusion

LACERS has experienced strong outperformance from the Principal portfolio as compared to its benchmark index since inception ended December 31, 2025. The firm's research-driven bottom-up approach to middle capitalization domestic equities investing is supported by a large stable organization while executing the investment strategy through a small and focused team environment. NEPC recommends a three-year contract renewal.

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

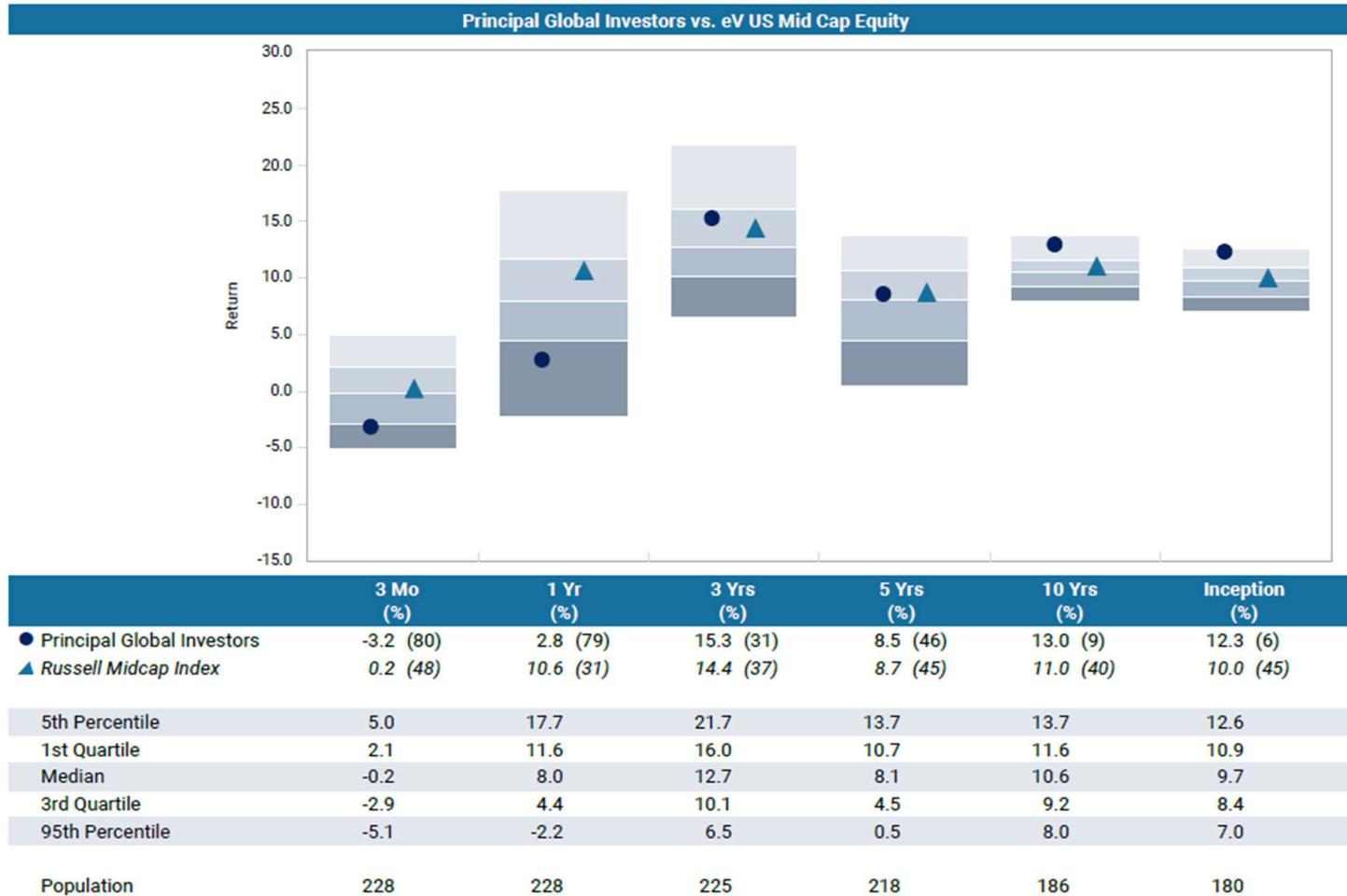
Exhibit 1: Performance Comparison Net of Fees as of December 31, 2025

	Market Value (\$)	3 Months	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Principal Global Investors	421,022,753	-3.2	2.8	15.3	8.5	13.0	12.3	Aug-14
Russell MidCap Index		0.2	10.6	14.4	8.7	11.0	10.0	
Over/Under		-3.4	-7.8	0.9	-0.1	2.0	2.3	





Exhibit 2: Universe Performance Comparison Net of Fees Ending December 31, 2025





LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO INVESTMENT COMMITTEE
From: Todd Bouey, General Manager

MEETING: FEBRUARY 10, 2026
ITEM: V

T. Bouey

SUBJECT: INVESTMENT MANAGER CONTRACT WITH DIMENSIONAL FUND ADVISORS LP REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. EMERGING MARKETS VALUE EQUITIES PORTFOLIO AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Committee recommend to the Board a three-year contract renewal with Dimensional Fund Advisors LP for management of an active emerging markets value equities portfolio.

Executive Summary

Dimensional Fund Advisors LP (DFA) has managed an active emerging markets value equities portfolio for LACERS since July 2014. LACERS' portfolio was valued at approximately \$743.7 million as of December 31, 2025. DFA is in compliance with the LACERS Manager Monitoring Policy. Staff and NEPC, LLC (NEPC), LACERS' General Fund Consultant, recommend a three-year contract renewal.

Discussion

Background

DFA manages an active emerging markets value equities portfolio for LACERS benchmarked to the MSCI Emerging Markets Value Index. DFA's strategy provides diversified exposure to deep value emerging markets stocks and invests across all market capitalizations with a tilt to small capitalization stocks. DFA believes consistent exposure to the market, value, and size risk premiums are compensated with increased expected returns. The portfolio is managed by a team of over 40 equity portfolio management professionals led by Jed Fogdall, Head of Portfolio Management and Chairman of the Investment Committee, who has 21 years of industry experience. LACERS' portfolio was valued at approximately \$743.7 million as of December 31, 2025.

The Board hired DFA through the 2013 Active Non-U.S. Equity Emerging Markets Value manager search process and authorized a three-year contract on February 25, 2014; the contract became effective on July 1, 2014. Subsequently, the Board authorized three-year contract renewals on January 24, 2017, January 28, 2020, and January 24, 2023. The current contract expires on June 30, 2026.

DFA also manages a U.S. Treasury Inflation Protected Securities portfolio for LACERS currently benchmarked against the Bloomberg U.S. TIPS Index. As of December 31, 2025, this portfolio was valued at \$881.4 million.

Organization

DFA is headquartered in Austin, Texas, and has more than 1,600 employees globally. As of December 31, 2025, the firm managed approximately \$944 billion in total assets, with \$17.8 billion in the emerging markets value strategy.

Due Diligence

DFA’s organization, investment philosophy, strategy, and process have not changed materially over the contract period. Senior leadership has been reinforced over the last three years, most notably with the appointment of Savina Rizova as Co-Chief Investment Officer in February 2024, serving alongside Co-CEOs Gerard O’Reilly and Dave Butler. More recently, in January 2026, firm leadership supporting the Emerging Markets Value strategy was strengthened with the promotions of Wei Dai to Global Head of Research and Peter Dillard to Global Head of Investment Engineering. These long-tenured leaders oversee the systematic research and implementation analytics central to the strategy.

Staff and NEPC consider these leadership transitions to have no material impact to the firm or investment strategy. DFA’s investment philosophy, strategy, and process have not changed over the contract period. Staff last conducted an on-site visit in November 2025 and do not have any concerns about DFA’s ability to manage assets for LACERS.

Performance

As of December 31, 2025, DFA has outperformed the benchmark, net-of-fees, for the time periods three years and longer, as presented in the table below.

Annualized Performance as of 12/31/25 (Net-of-Fees)							
	3-Month	1-Year	3-Year	5-Year	7-Year	10-Year	Since Inception ¹
DFA Emg Mkts Value	4.47	28.77	16.87	9.79	9.07	9.65	5.03
MSCI EM Value Index	6.37	32.74	16.58	6.76	7.30	7.96	3.77
<i>% of Excess Return</i>	-1.90	-3.97	0.29	3.03	1.77	1.69	1.26

¹Performance inception date: 7/28/14. Strategy was funded after contract inception date of 7/1/14.

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

Calendar Year Performance as of 12/31/25 (Net-of-Fees)												
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	7/28/14-12/31/14
DFA EM Value	28.77	6.19	16.75	-10.78	12.01	4.48	10.13	-12.46	32.59	17.86	-19.26	-13.57
MSCI EM Value Index	32.74	4.51	14.21	-15.83	4.00	5.48	11.94	-10.72	28.07	14.90	-18.57	-12.89
% of Excess Return	-3.97	1.68	2.54	5.05	8.01	-1.00	-1.81	-1.74	4.52	2.96	-0.69	-0.68

DFA is in compliance with the LACERS Manager Monitoring Policy.

Fees

LACERS pays DFA an effective fee of 38 basis points (0.38%), which is approximately \$2.82 million annually based on the value of LACERS' assets as of December 31, 2025. This fee ranks in the 13th percentile among its peers in the eVestment U.S. Global Emerging Markets All Cap Value Equity Universe (i.e., 87% of like-managers have higher fees). From contract inception in July 2014 to September 30, 2025, LACERS has paid DFA a total of \$20.7 million in investment fees.

General Fund Consultant Opinion

NEPC concurs with staff recommendation.

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

TB:RJ:WL:JP:JW

Attachment: 1. Consultant Recommendation – NEPC



To: Los Angeles City Employees' Retirement System Investment Committee

From: NEPC, LLC

Date: February 10, 2026

Subject: Dimensional Fund Advisors LP – Emerging Market Value Contract Renewal

Recommendation

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

Background

DFA was funded in the LACERS Pension Plan on July 28, 2014 to provide emerging markets exposure within the Public Equity asset class. As of December 31, 2025, DFA managed \$743.7 million, or 2.7% of Plan assets. The performance objective is to outperform the MSCI Emerging Markets Value Index, net of fees, annualized over a full market cycle (normally three-to-five years). The account is currently in good standing based on LACERS' Manager Monitoring Policy.

DFA was founded in 1981 by University of Chicago MBA students David Booth and Rex Sinquefeld, whose intention was to start a fund management firm that would rely fully on academic theories of efficient markets. Papers from Finance Professors Eugene Fama and Kenneth French framed their thinking. Eugene Fama and Kenneth French remain Directors and Consultants to the company today, and the firm maintains its ties to the University of Chicago. Current and former Board Members include George Constantinides of the University of Chicago, Robert Merton of Harvard University, Myron Scholes of Stanford University, and Roger Ibbotson of Yale. Mr. Booth remains at the firm as Founder and Executive Chairman and Mr. Sinquefeld retired in 2005. Headquartered in Austin, Texas, the firm has offices around the globe and as of December 31, 2025, the firm had approximately \$944 billion in assets under management ('AUM') with over 1,600 employees.

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

The strategy is designed to cost-effectively target premiums along the dimensions of expected returns. The strategy invests in value stocks across all market capitalizations within eligible emerging markets and offers broad diversification across and within countries. Within the value universe, securities with smaller market caps or higher profitability trading at lower relative prices are emphasized. Country weights are based broadly on the free-float adjusted market capitalization of the eligible universe (index). Exposure to individual countries may be capped, subject to the discretion of the firm's Investment Committee. The strategy invests across the entire size spectrum including large, mid, small and micro-cap stocks in approved countries; with a minimum market

capitalization of \$50 million (USD). Within each eligible country, relative price screens are applied to capture approximately the lowest third of the universe by price-to-book ratio. Within the small cap portion of the selected emerging markets stocks with low profitability trading at high relative prices are excluded from purchase. Over time, DFA has been relaxing their limit on their allowable allocation to China. The original limit of 12.5% started in the 1990s and was increased in 2010 and 2016 to 15% and 17.5% respectively. In the third quarter of 2019 the limit was removed, allowing exposures to be more in line with the benchmark, as DFA has become more comfortable with China market risks from trading and market mechanisms related to accounting and fundamentals. Within the large cap portion, securities with higher expected returns, that is, lower relative price, higher profitability and lower market capitalization are emphasized relative to their respective market weights. To ensure portfolios remain broadly diversified and fully invested, holdings in a single industry are generally limited to a maximum of 25% and individual security weights are based on free-float adjusted market capitalization and eligibility criteria. The current maximum security weight is 5% at time of purchase. Cash is kept at nominal levels with the goal of remaining fully invested.

DFA uses a team approach to investment management. The Investment Policy Committee focuses on any changes to long-term investment strategy through the combined contributions of Portfolio Research, Portfolio Management, and Trading. The Investment Committee supervises day-to-day investment management operations for all portfolios. They do not employ a traditional portfolio manager / research analyst structure. Investment Associates and Portfolio Analysts are part of the team that assists Portfolio Managers in the implementation of policies and procedures for the strategies. DFA's internal research team is comprised of research professionals engaged in academic research and product development.

Performance

Referring to Exhibits 1 and 2, since inception as of December 31, 2025, the portfolio has outperformed its benchmark by 1.3% and ranked in the 66th percentile in its peer group of emerging markets managers. In the past five-years, ended December 31, 2025, the portfolio outperformed its benchmark by 3.0% and ranked in the 17th percentile in its peer group. Over the past one-year, the portfolio underperformed its benchmark by 4.0% and ranked in the 68th percentile among peers. The portfolio's value, size and profitability bias contributed positively to excess returns in the long run as markets have rewarded DFA's fundamentals-driven factor-based investing strategy.

Fees

The portfolio has an asset-based fee of 0.38% annually. This fee ranks in the 13th percentile among its peers in the eVestment Global Emerging Markets Equity universe. In other words, 87% of the products included in the peer universe have a higher fee than the LACERS account.

Conclusion

DFA has outperformed its benchmark index over the past five years and since inception ended December 31, 2025. The team has been stable in the past three years. The firm's understandable systematic approach to fundamental investing has resulted in relative gains for LACERS. NEPC recommends a three-year contract renewal.

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



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

	Market Value (\$)	3 Months	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
DFA Emerging Markets	743,725,495	4.5	28.8	16.9	9.8	9.6	5.1	Aug-14
MSCI Emerging Markets Value Index		6.4	32.7	16.6	6.8	8.0	3.9	
Over/Under		-1.9	-4.0	0.3	3.0	1.7	1.3	





Exhibit 2: Universe Performance Comparison Net of Fees Ending December 31, 2025

