

Investment Committee Agenda

REGULAR MEETING

TUESDAY, SEPTEMBER 14, 2021

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

MEETING LOCATION:

In conformity with the Governor's Executive Order N-08-21 (June 11, 2021) and due to the concerns over COVID-19, the LACERS Investment Committee's September 14, 2021, meeting will be conducted via telephone and/or videoconferencing.

Important Message to the Public

Information to call-in to listen and/or participate:

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

Meeting ID# 898 8049 8581

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 Committee Meetings can be heard at: (213) 621-CITY (Metro), (818) 904-9450 (Valley), (310) 471-CITY (Westside), and (310) 547-CITY (San Pedro Area).

Chair: Sung Won Sohn

Committee Members: Elizabeth Lee
Nilza R. Serrano

Manager-Secretary: Neil M. Guglielmo

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

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

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

Disclaimer to Participants

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

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

- II. [APPROVAL OF MINUTES FOR THE MEETING OF AUGUST 10, 2021 AND POSSIBLE COMMITTEE ACTION](#)
- III. CHIEF INVESTMENT OFFICER VERBAL REPORT
- IV. [PRESENTATION BY MFS INSTITUTIONAL ADVISORS, INC. REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. EQUITIES DEVELOPED MARKETS GROWTH PORTFOLIO](#)
- V. [PRIVATE EQUITY PACING IMPLEMENTATION PLAN AND POSSIBLE COMMITTEE ACTION](#)
- VI. [PROXY VOTING ACTIVITY REPORT FOR THE PERIOD JULY 1, 2020 TO JUNE 30, 2021](#)
- VII. [BROKERAGE ACTIVITY REPORT FOR THE PERIOD JULY 1, 2020 TO JUNE 30, 2021](#)
- VIII. OTHER BUSINESS
- IX. NEXT MEETING: The next Regular meeting of the Investment Committee is scheduled for Tuesday, October 12, 2021, at 10:30 a.m., or immediately following the Board Meeting, at Edward R. Roybal BPW Session Room, 200 N. Spring Street, Room 350 City Hall, Los Angeles, CA 90012 and/or via telephone and/or videoconferencing. Please continue to view the LACERS website for updated information on public access to Board/Committee meetings while response to public health concerns relating to the novel coronavirus continue.
- X. ADJOURNMENT



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



Board of Administration Agenda

SPECIAL MEETING

TUESDAY, SEPTEMBER 14, 2021

**TIME: 10:30 A.M. OR IMMEDIATELY
FOLLOWING THE REGULAR
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In conformity with the Governor's Executive Order N-08-21 (June 11, 2021) and due to the concerns over COVID-19, the LACERS Investment Committee's September 14, 2021, meeting will be conducted via telephone and/or videoconferencing.

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President: Cynthia M. Ruiz
Vice President: Sung Won Sohn

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

Manager-Secretary: Neil M. Guglielmo

Executive Assistant: Ani Ghoukassian

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

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- X. ADJOURNMENT

MINUTES OF THE REGULAR MEETING
INVESTMENT COMMITTEE
 LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

In conformity with the Governor's Executive Order N-08-21 (June 11, 2021)
 and due to the concerns over COVID-19, the
 LACERS Investment Committee
 August 10, 2021, Regular meeting was conducted
 via telephone and/or videoconferencing

August 10, 2021

12:01 p.m.

PRESENT via Videoconferencing: Chair:		Sung Won Sohn
	Committee Member:	Elizabeth Lee Nilza R. Serrano
	Manager-Secretary:	Todd Bouey
	Legal Counselor:	James Napier
PRESENT at LACERS offices:	Executive Assistant:	Ani Ghokassian

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

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'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** – Chair Sohn asked if any persons wished to speak on matters within the Committee's jurisdiction, to which there was no response.

II

APPROVAL OF MINUTES FOR THE MEETING OF JULY 13, 2021 AND POSSIBLE COMMITTEE ACTION – Committee Member Serrano moved approval, and adopted by the following vote: Ayes, Committee Members Elizabeth Lee, Serrano and Chair Sohn -3; Nays, None.

III

CHIEF INVESTMENT OFFICER VERBAL REPORT – Bryan Fujita, Investment Officer III, discussed the following items:

- Investment Committee Meeting Forward Calendar

- Today's agenda items: Presentation by Lazard Asset Management LLC, action item on a proposed Asset Allocation and Performance Report for posting to LACERS' website, and a receive and file report on LACERS Emerging Investment Manager Program.

IV

PRESENTATION BY LAZARD ASSET MANAGEMENT LLC REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. EQUITIES DEVELOPED MARKETS CORE PORTFOLIO – Michael Bennett, Managing Director, Portfolio Manager/Analyst, Thomas Franzese, CPA, Director, Marketing Representative, and Nina Osenbroch, Vice President, presented and discussed this item with the Committee for one hour.

Item VI was taken out of order.

VI

ANNUAL REPORT ON LACERS EMERGING INVESTMENT MANAGER PROGRAM – Bryan Fujita, Investment Officer III, presented and discussed this item with the Committee for 15 minutes.

V

ASSET ALLOCATION AND PERFORMANCE REPORTS FOR POSTING ON LACERS WEBSITE AND POSSIBLE COMMITTEE ACTION - Bryan Fujita, Investment Officer III, presented and discussed this item with the Committee for 5 minutes. Committee Member Elizabeth Lee moved approval, and adopted by the following vote: Ayes, Committee Members Elizabeth Lee, Serrano, and Chair Sohn -3; Nays, None.

VII

OTHER BUSINESS – Committee Member Elizabeth Lee asked if the September 14th Investment Committee will be held in-person at the Board of Public Works (BPW) Session Room. Todd Bouey, Executive Officer, stated at this time the September 14th Meeting will be held at BPW Session Room with LACERS staff only and the September 28th Board Meeting will be held at the BPW Session Room with the Commissioners and staff included. The Governor's Executive Order on public meetings is expected to expire at the end of September and therefore the first public LACERS Board Meeting would be held on October 12th at the BPW Session Room. The Commissioners will be advised if there are any changes to these plans.

VIII

NEXT MEETING: The next Regular Meeting of the Investment Committee is scheduled for Tuesday, September 14, 2021, at 10:30 a.m. or immediately following the Board Meeting, at Edward R. Roybal BPW Session Room, 200 N. Spring Street, Room 350 City Hall, Los Angeles, CA 90012, and/or via telephone and/or videoconferencing. Please continue to view the LACERS website for updated information on public access to Board/Committee meetings while responding to public health concerns relating to the novel coronavirus continue.

IX

ADJOURNMENT – There being no further business before the Committee, Chair Sohn adjourned the meeting at 1:15 p.m.

Sung Won Sohn
Chair

Todd Bouey
Manager-Secretary



MFS® International Growth Equity

Presented to

Los Angeles City Employees' Retirement System

14 September 2021

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Presenters



Matthew Barrett, ASIP



- Investment Officer
- Equity Portfolio Manager
- As a Non-U.S. Equity Portfolio Manager, responsible for final buy and sell decisions, portfolio construction, risk and cash management. Participates in the research process and strategy discussions.
- Joined MFS in 2000; previous positions include Global Equity Research Analyst
- Previous experience includes 4 years as Associate Director at Newport Capital Ltd.
- Affiliations include Associate of the Society of Investment Professionals (ASIP), CFA Society of the U.K
- London Business School, MBA
- University College London, BSc

Carolyn Lucey, CIMA



- Managing Director, Relationship Management
- As a Managing Director, Relationship Management, responsible for the overall client experience in their regions, including communicating portfolio positioning, strategy and performance attribution to ensure clients' ongoing service needs are met.
- Joined MFS in 1998; previous positions include Relationship Manager; Investment Director for Private Portfolio Services; Vice President, Director of Product Management; Assistant Vice President, Domestic Equity Product Manager
- Previous experience includes 1 year as Product Manager at Van Kampen American Capital; 6 years as Product Manager at John Hancock Funds; 2 years as Associate at Putnam Investments
- Affiliations include Investment & Wealth Institute
- Manhattanville College, BA

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Business Profile (USD)

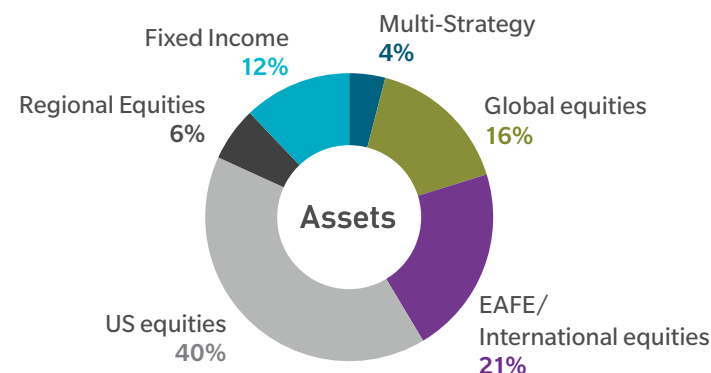
661 billion total MFS® AUM



Diversified Client and Asset Base¹

Assets

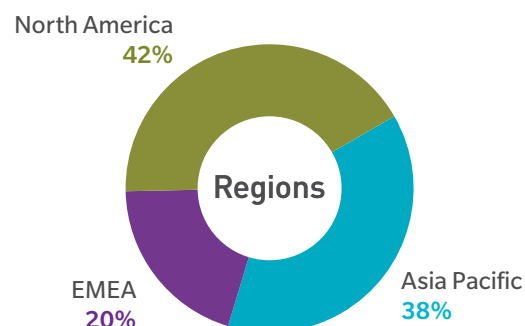
Global equities	104.8 billion
EAFE/international equities	141.0 billion
US equities	264.3 billion
Regional equities	41.4 billion
Fixed Income ²	81.1 billion
Multi-strategy/other	28.8 billion



Institutional Business by Client Type and Region³

Client Types

Defined benefit/defined contribution
Endowment and foundation
Sovereign wealth fund/government agency
Institutional platform/insurance subadvisory



As of 30-Jun-21.

¹ Data is rounded to the nearest figure.

² Total fixed income assets, including non-dedicated fixed income mandates are 113 billion USD.

³ Represents global clients in institutional vehicles only.

41718.12

Well-diversified business across clients, regions, and investment strategies

Responsible Active Management



We create long-term value by
allocating capital responsibly
for investors



COLLECTIVE EXPERTISE

- Engagement
- Diversity and collaboration
- Integrated research



LONG-TERM DISCIPLINE

- Conviction and longer time horizons
- Sustainable investing
- Continuity/Succession planning

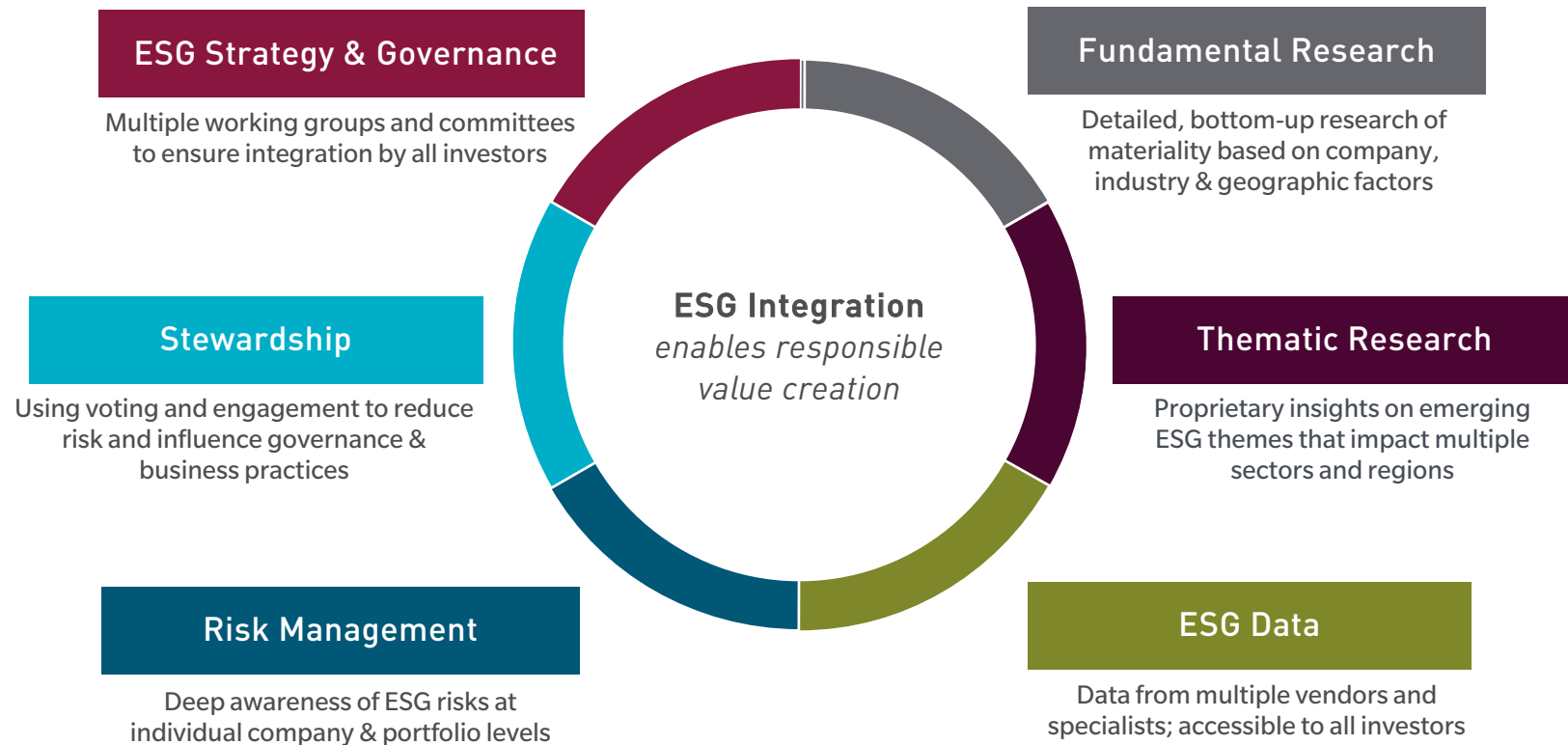


RISK MANAGEMENT

- Risk-aware culture
- Understanding material risks
- Capacity management

Sustainable Investing Framework

Collaboration across departments and functions



Please keep in mind that a sustainable investing approach does not guarantee positive results.

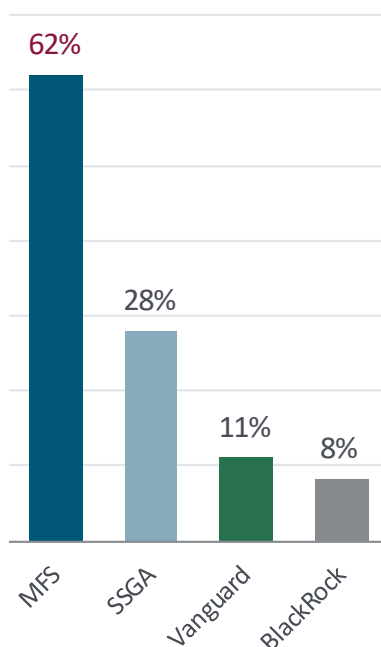
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Integrating ESG factors with an emphasis on financial materiality

ESG Scorecard

A strong record of support for “climate critical” shareholder proposals



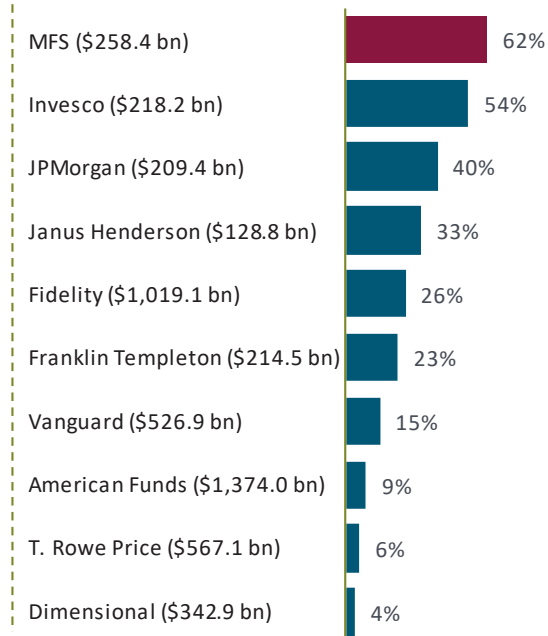
PRI Signatory Assessment Scores for the Past Five Years

Module	2016		2017		2018		2019		2020	
	MFS	Median	MFS	Median	MFS	Median	MFS	Median	MFS	Median
Strategy and Governance	A	B	A+	A	A+	A	A+	A	A+	A
Listed Equity - Incorporation	A	A	A	A	A+	B	A+	B	A+	A
Listed Equity - Active Ownership	A	B	A	B	A	B	A+	B	A+	B
Fixed Income - SSA	A	C	A	B	A+	B	A+	B	A+	B
Fixed Income - Corp. Financial	B	C	B	B	A	B	A+	B	A+	B
Fixed Income - Corp. Non-Financial	B	C	B	B	A	B	A+	B	A+	B
Fixed Income - Securitized	B	E	B	E	A	C	A	C	A	B

Blue shaded scores indicate where MFS scored higher than the median

Top 10 US active equity fund managers by sustainable assets

% of AUM in funds with “high” or “above average” Morningstar Sustainability Ratings



Sources: Left chart: <https://www.majorityaction.us/asset-manager-report-2020>. Middle chart: PRI. To request a copy of MFS’ assessment and transparency reports, please contact DLISGSustainability@mfs.com. Right chart: Morningstar Direct, as of 31 December 2020. **Based on the U.S. domiciled open end equity funds, excluding fund of funds and index funds and these funds are not available for sale outside the U.S.** ©2021 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Please keep in mind that a sustainable investing approach does not guarantee positive results. 45840.5

Building Conviction Through Diverse Viewpoints and Active Debate



Pillars of Diversity & Inclusion



Communication & Education



Leadership



Recruitment



Data & Analytics



Focus Areas

- Focus on increasing:
 - Global consciousness
 - Demographic diversity
 - Diverse leadership
 - Our competitiveness by enhancing our brand visibility and diversity profile

Representative MFS Institutional Client List¹

Serving over 800 institutional clients globally



Corporate Funds

- American Airlines
- Bristol-Myers Squibb
- CenturyLink
- Manulife Financial, Canada
- PepsiCo Inc.
- Robert Bosch GmbH
- Soka-Bau-Zusatzversorgungskasse des Baugewerbes AG
- Telstra Super, Australia

Sub-advised Accounts

- ANZ New Zealand Investments
- Financière des professionnels, Canada
- NTUC Income Insurance, Singapore

Non-profit and Other

- Archdiocese of New York
- Children's Hospital of Pittsburgh
- Furman University
- National Gallery of Art
- Northwell Health System, Inc.
- REST Industry Super, Australia
- Texas A&M Foundation
- Trinity University
- UFCW Tri-State Pension
- University of British Columbia, Canada
- University of Western Ontario, Canada

Public Funds

- Andra AP-Fonden
- Bureau of Labor Funds, Taiwan
- Canada Post Corporation, Canada
- County of Los Angeles
- Federation of National Public Service Workers Personnel Mutual Aid Associations, Japan
- Government Pension Investment Fund of Japan
- Government Pension Fund, Thailand
- Kapitalforeningen Lærernes Pension Invest, Denmark
- LSR, The Pension Fund for State Employees in Iceland
- Nebraska Investment Council
- Parliamentary Contributory Pension Fund

¹ As of 30-Jun-21. This does not represent a complete list of MFS' institutional clients. The selection of clients represents a sampling of those who have agreed to the use of their names. It is not known whether the listed clients approve or disapprove of MFS Institutional Advisors Inc. or the advisory service provided. The criteria used to include the above listed clients are a mix of investment style, type of client, and other considerations.

Commitment to world class client service results in enduring relationships

MFS® International Growth Equity

What we believe makes us different from other strategies



Invest with long-term horizon

- Assess investment opportunities in context of 5 –10+ year time horizon

Focus on high quality companies

- Seeks to invest in “blue chip” companies with durable and sustainable business models

Aim to benefit from long-term above-average growth potential across full market cycles

- Seek to invest in companies that have the potential to compound above average growth at high returns

Maintain strong valuation discipline

- Utilize patient and contrarian approach

Collaborate closely with MFS integrated global research platform

- Benefit from the MFS global research analysts located around the world

High-quality approach with long-term investment horizon

MFS® Global Research Platform



Collaborative Research Environment

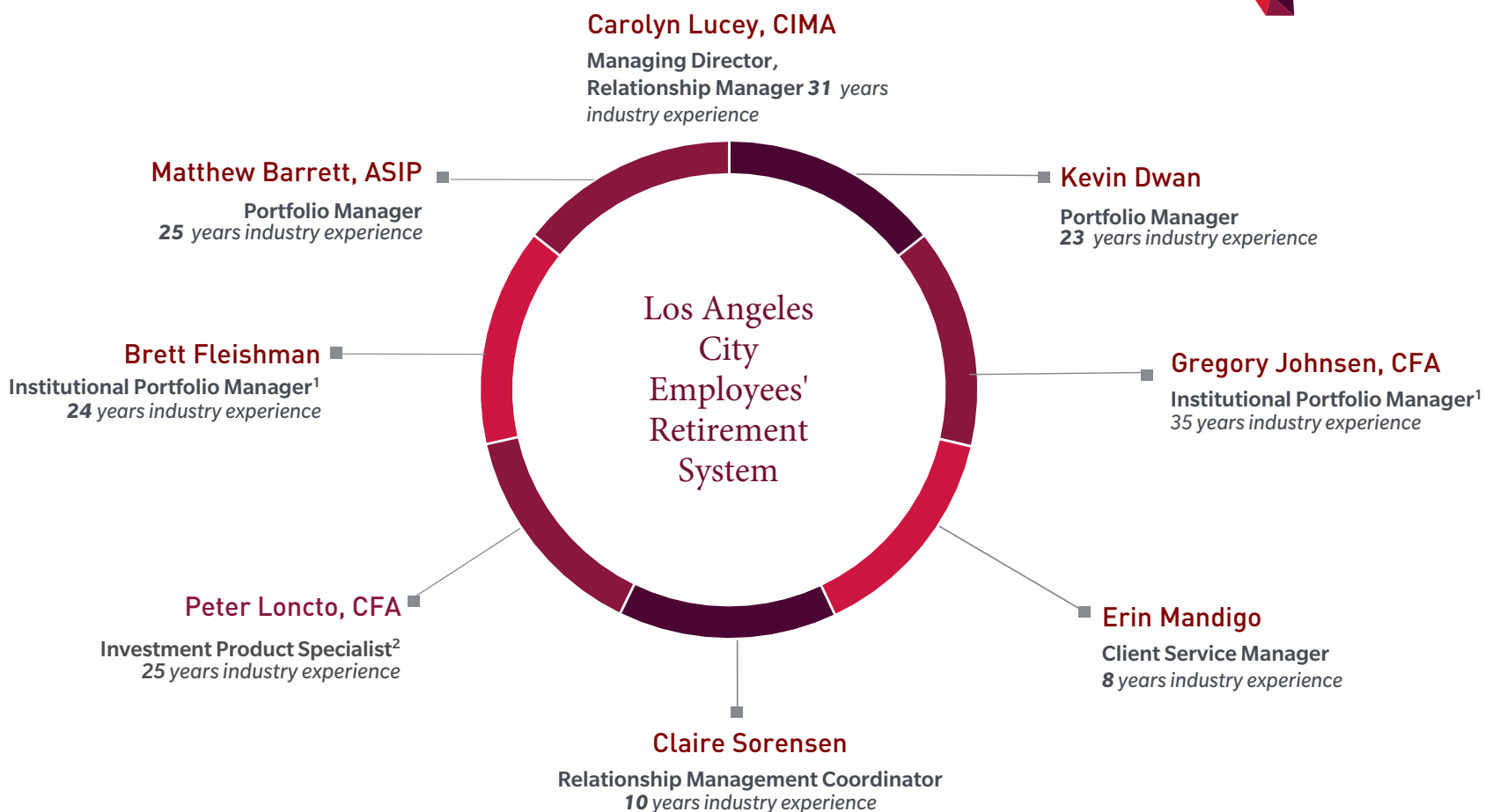


As of 30-Jun-21.

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We believe a fully integrated global research platform provides competitive advantages

Relationship Team

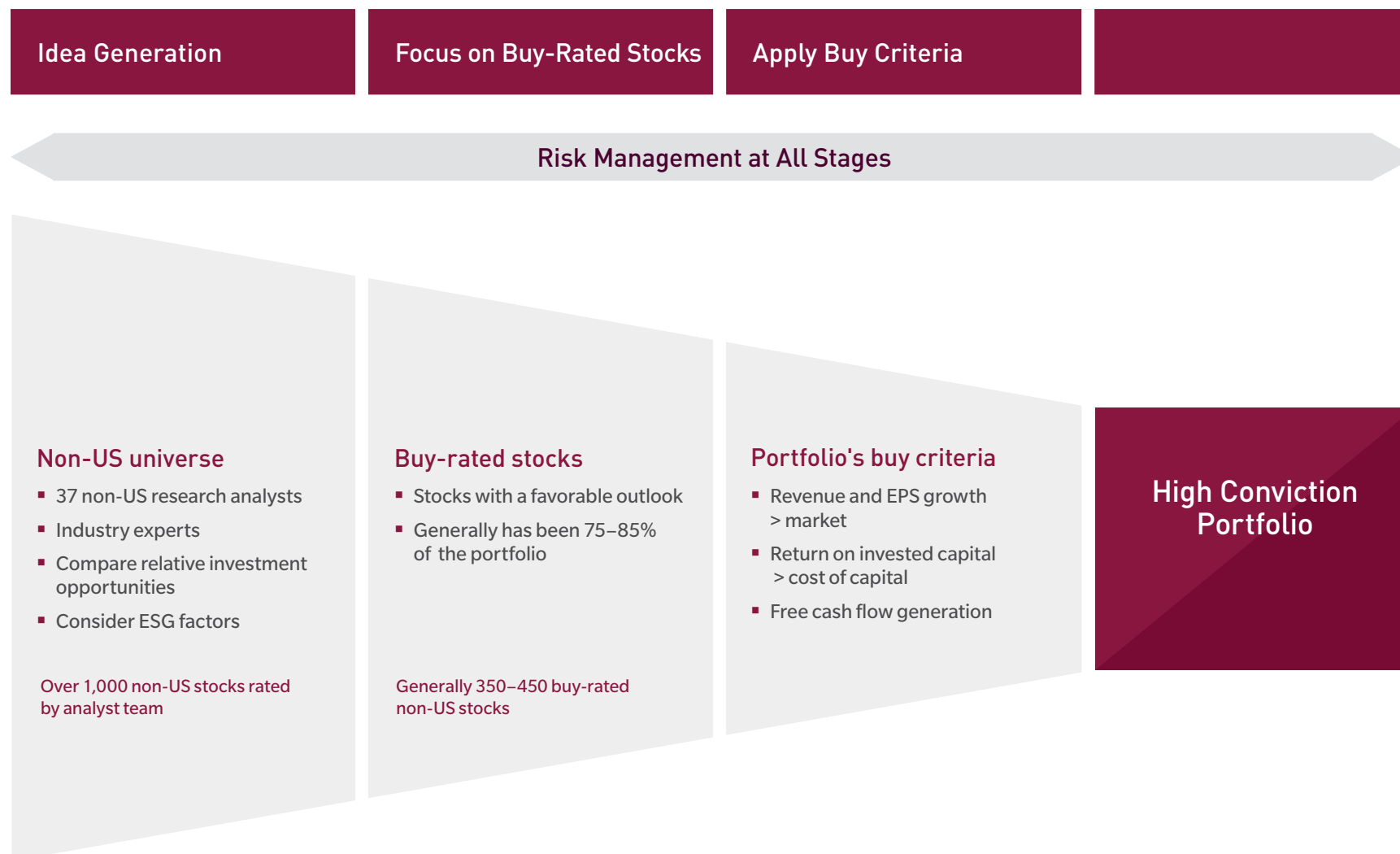


¹ As an Institutional Portfolio Manager, communicates investment policy, strategy, and positioning. Participates in the research process and strategy discussions. Assesses portfolio risk, customizes portfolio objectives and policies, and manages daily cash flows.

² As an Investment Product Specialist, communicates investment policy, strategy and tactics, performs portfolio analysis and leads product development.

Tested by market experience, backed by depth

Investment Process Overview



The information listed above is current as of the date of the material, and any additions, modifications, or deletions that have occurred since that date are not reflected.

Process focused on best ideas that meet portfolio buy criteria

Portfolio Construction



Entry Points

- Relative valuation opportunity
- New investment idea
- Change in thesis

Portfolio Construction

- Objective: stock selection drives alpha
- Conviction determines position size
- Semi-annual in-depth risk review to ensure no unintended risks

Exit Points

- Stock reaches full valuation
- Change in thesis
- More appealing alternative

Historically well-diversified portfolio with emphasis on stock selection

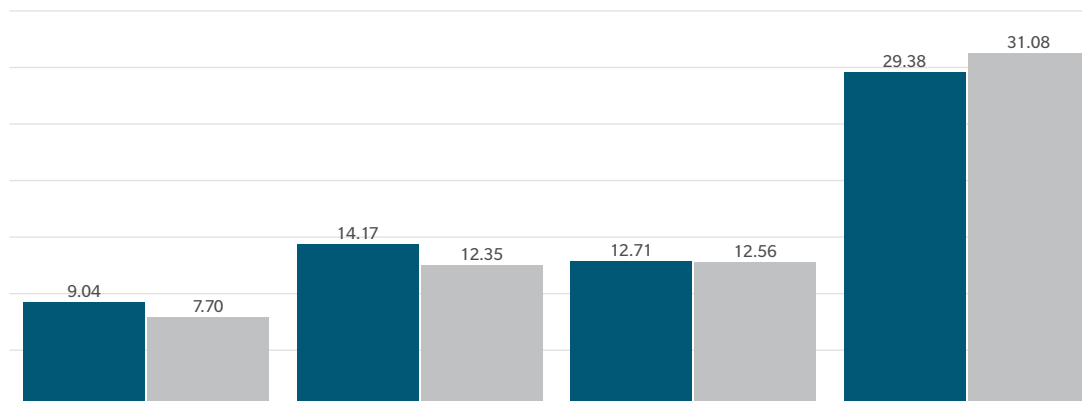
Los Angeles City Employees' Retirement System (USD)

Performance as of 30 June 2021



Annualized Returns (%)

■ Los Angeles City Employees' Retirement System - Gross ■ MSCI World (ex-US) Growth Index (net div)



Excess Returns (%)	Since Inception (31-Oct-13)	5 Years	3 Years	1 Year
Gross vs. MSCI World (ex-US) Growth Index (net div)	1.34	1.82	0.15	-1.70

	2014	2015	2016	2017	2018	2019	2020
■ Los Angeles City Employees' Retirement System - Gross	-4.23	2.34	2.43	32.60	-8.51	28.12	14.72
■ MSCI World (ex-US) Growth Index (net div)	-3.26	1.65	-1.87	27.61	-13.14	27.92	18.41
Excess Returns (%)							
Gross vs. MSCI World (ex-US) Growth Index (net div)	-0.97	0.69	4.30	4.99	4.63	0.20	-3.69

Source: Benchmark performance from SPAR, FactSet Research Systems Inc. It is not possible to invest directly in an index.

Past performance is no guarantee of future results.

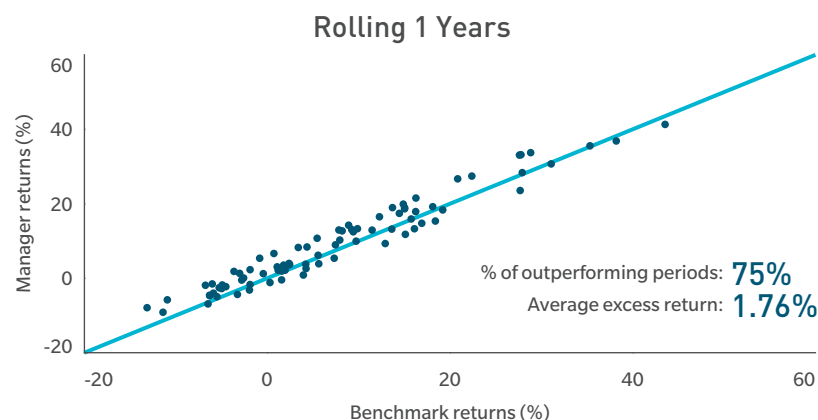
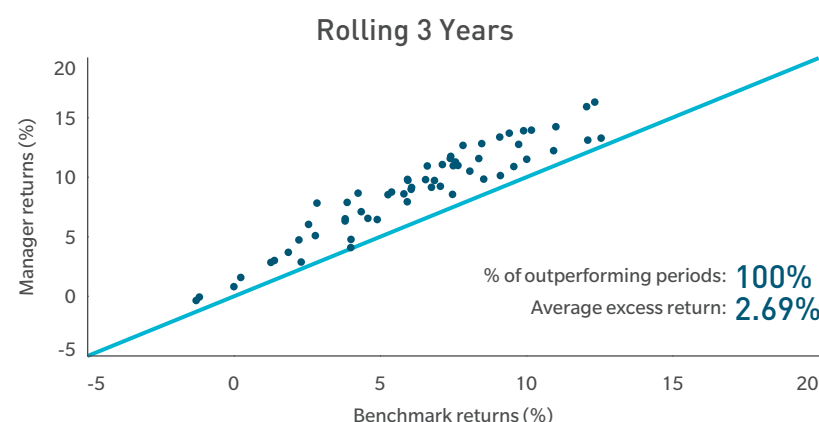
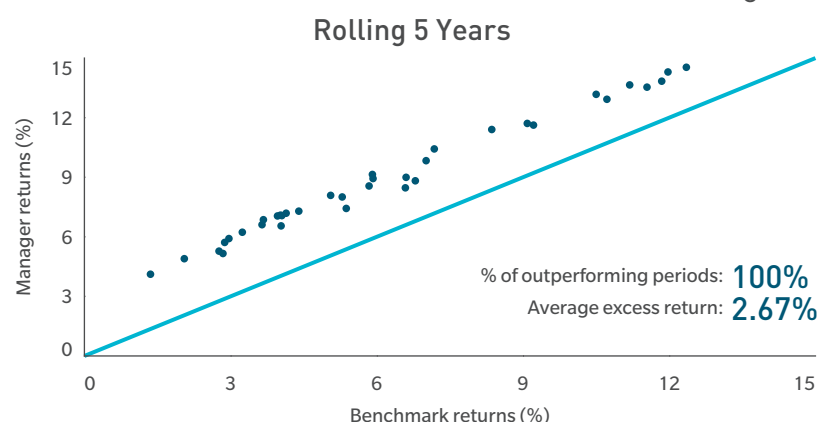
Periods less than one year are actual not annualized.

Consistency of Historical Relative Outperformance Over Rolling Periods

Gross of fees (USD)



MFS International Growth Equity - Limited EM Exposure Co vs. MSCI World (ex-US) Growth Index (net div)
August 2013–June 2021



The strategy outperformed 36 out of 36 rolling 5 year periods, 60 out of 60 rolling 3 year periods and 63 out of 84 rolling 1 year periods.

Source: Benchmark performance from SPAR, FactSet Research Systems Inc. See the GIPS Composite Report at the end of this presentation for performance methodology and other information. It is not possible to invest directly in an index.

Past performance is not a reliable indicator for future results. All financial investments involve an element of risk. The value of investments may rise and fall so you may get back less than originally invested. Investors should consider the risks, including lower returns, related to currency movements between their investing currency and the portfolio's base currency, if different.

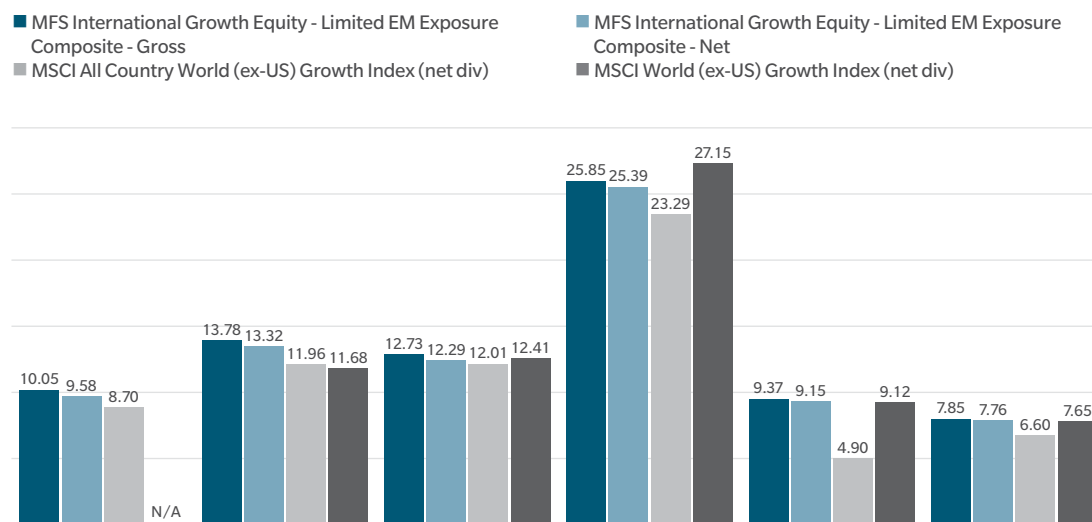
For all time periods, results were calculated on a rolling basis, measured monthly. All returns are annualized.

MFS International Growth Equity - Limited EM Exposure Composite

Performance as of 31 July 2021 (USD)



Annualized Returns (%)



Excess Returns (%)	Since Inception (01-Aug-13)	5 Years	3 Years	1 Year	YTD	2021
Gross vs. MSCI All Country World (ex-US) Growth Index (net div)	1.35	1.82	0.72	2.56	4.47	1.25
Net vs. MSCI All Country World (ex-US) Growth Index (net div)	0.88	1.36	0.28	2.10	4.25	1.16
Gross vs. MSCI World (ex-US) Growth Index (net div)	—	2.10	0.32	-1.30	0.25	0.20
Net vs. MSCI World (ex-US) Growth Index (net div)	—	1.64	-0.12	-1.76	0.03	0.11

	2014	2015	2016	2017	2018	2019	2020
MFS International Growth Equity - Limited EM Exposure Composite - Gross	-4.34	2.01	2.30	33.08	-7.91	28.37	15.36
MFS International Growth Equity - Limited EM Exposure Composite - Net	-4.79	1.55	1.86	32.51	-8.29	27.87	14.90
MSCI All Country World (ex-US) Growth Index (net div)	-2.65	-1.25	0.12	32.01	-14.43	27.34	22.20
MSCI World (ex-US) Growth Index (net div)	-3.26	1.65	-1.87	27.61	-13.14	27.92	18.41

Source: Benchmark performance from SPAR, FactSet Research Systems Inc. It is not possible to invest directly in an index. See the GIPS Composite Report at the end of this presentation for performance methodology and other information.

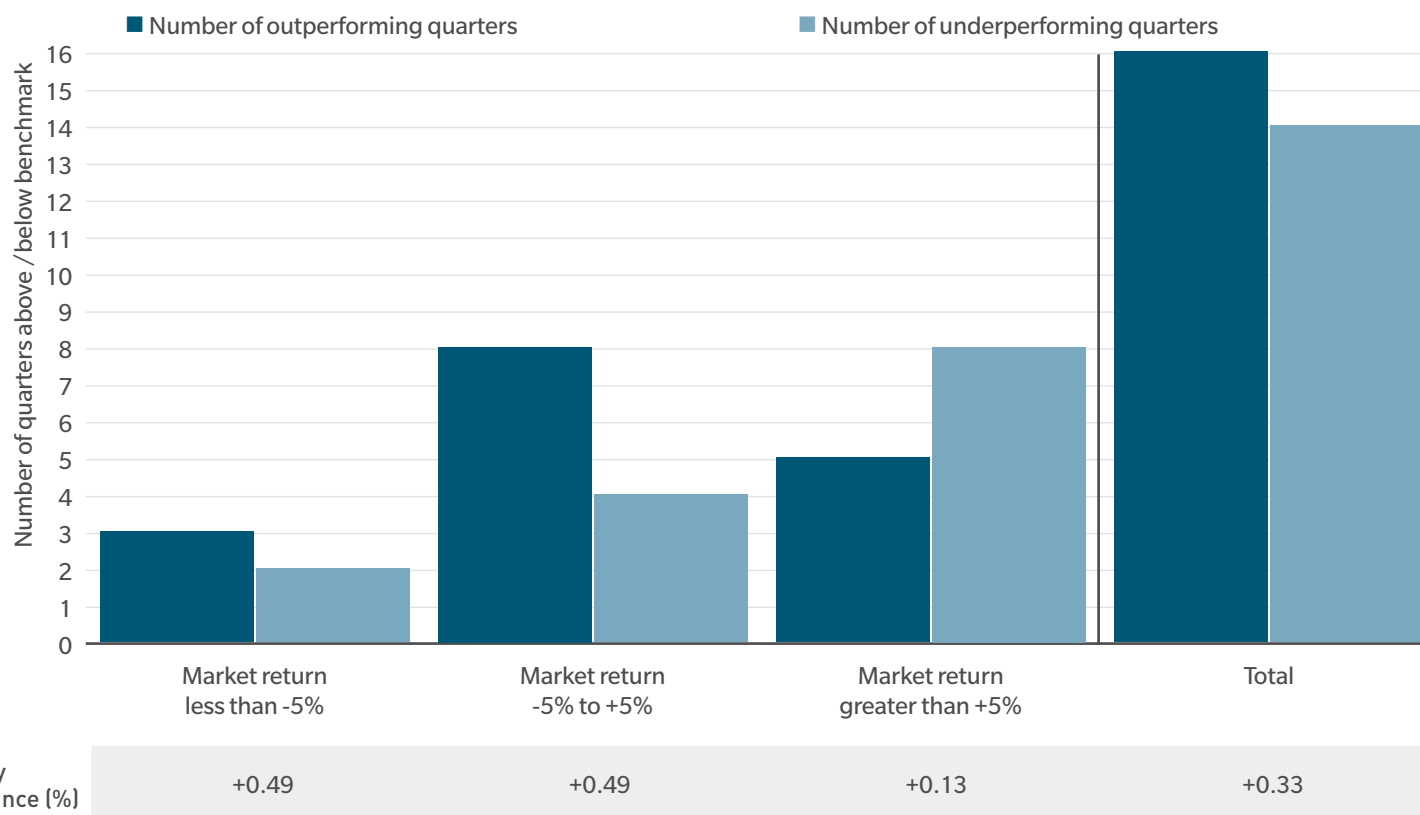
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Historical Relative Performance in Diverse Markets

Gross of fees (USD)



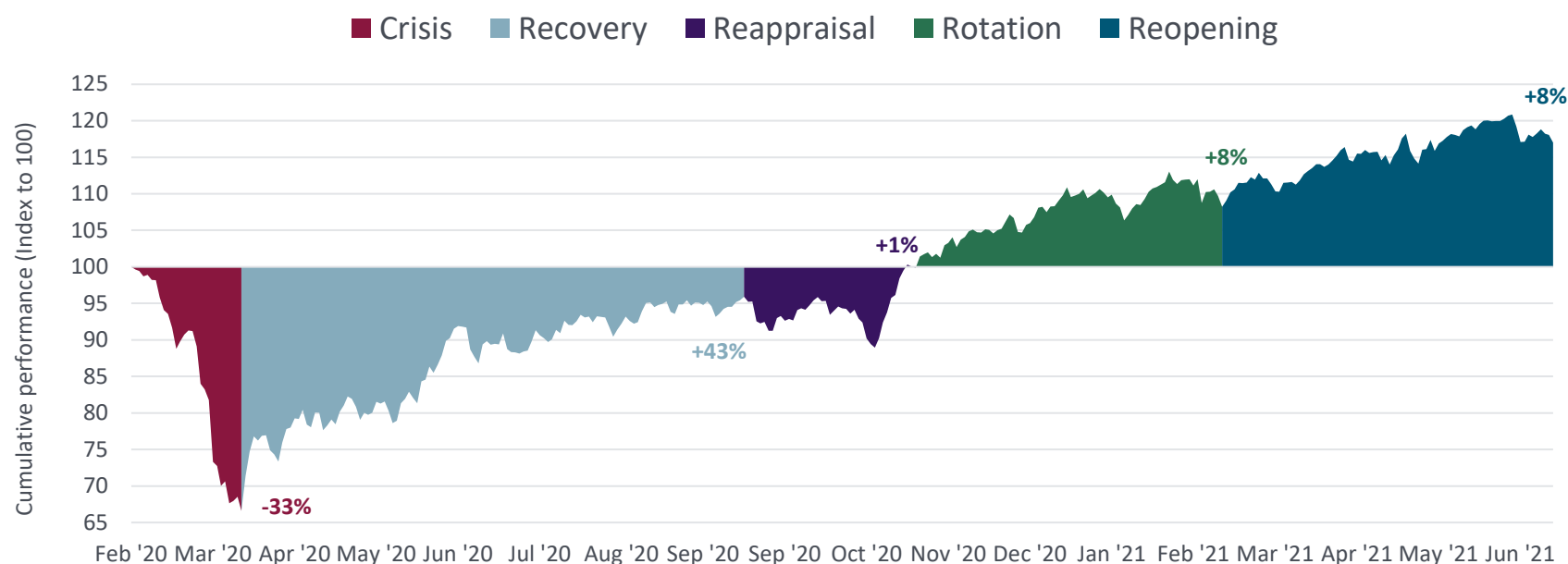
Los Angeles City Employees' Retirement System vs. MSCI World (ex-US) Growth Index (net div)
January 2014-June 2021



Source: Benchmark performance from SPAR, FactSet Research Systems Inc. It is not possible to invest directly in an index.
Past performance is no guarantee of future results.

Phases of the Crisis

Five phases of international equity performance during the pandemic



CRISIS 12 Feb – 23 Mar	RECOVERY 23 Mar – 16 Sep	REAPPRAISAL 16 Sep – 13 Nov	ROTATION 13 Nov – 5 March	REOPENING Since 5 th of March
<ul style="list-style-type: none"> Global pandemic and lockdowns Broad market sell-off Cyclicals trashed 	<ul style="list-style-type: none"> Unprecedented stimulus and partial reopening Narrow market Technology rally 	<ul style="list-style-type: none"> Uncertainty – 2nd wave concerns, hope of vaccine, US election Broadening market Pullback in technology 	<ul style="list-style-type: none"> Positive news on vaccines, US election outcome more certain Strong equity rally Rotation into cyclicals and from growth to value 	<ul style="list-style-type: none"> Vaccine rollout gathers momentum Broadening rotation, earnings in focus Moderation in low-quality, beta leadership

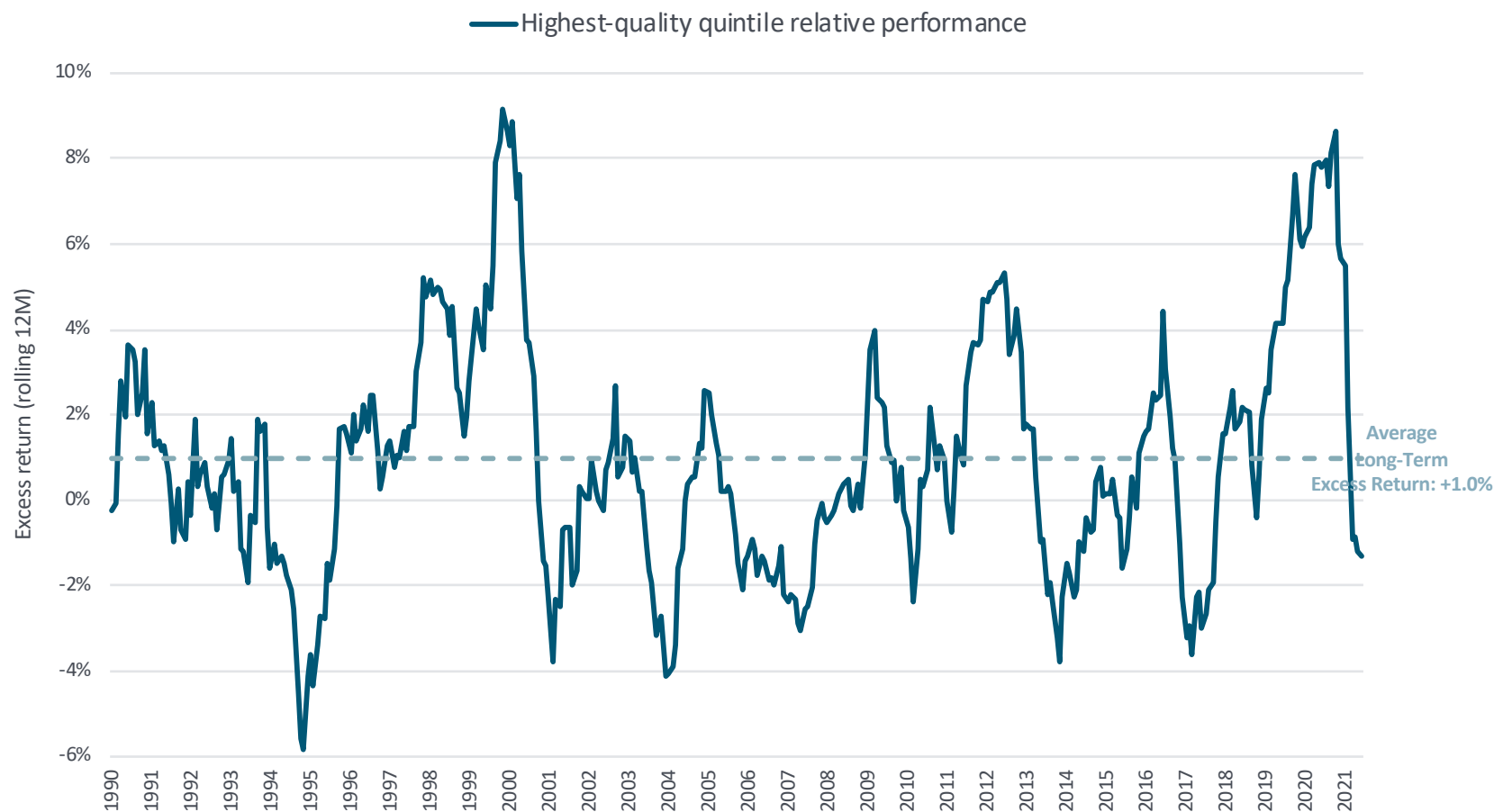
Source: FactSet, MSCI. Daily data as of 12 February 2020 to 30 June 2021. Total returns for the MSCI EAFE index are net of foreign withholding taxes and in US dollars. Percentage labels at the end of each phase are the returns from start to end of each phase – not cumulative returns since 12 February 2020. Chart rebased to 100 at the start of the analysis.

Since vaccine news, rotation into cyclicals has been rapid

44232.12

Highest-quality Stocks Have Underperformed Since Vaccine

Non-US equity relative performance by top-quality quintile



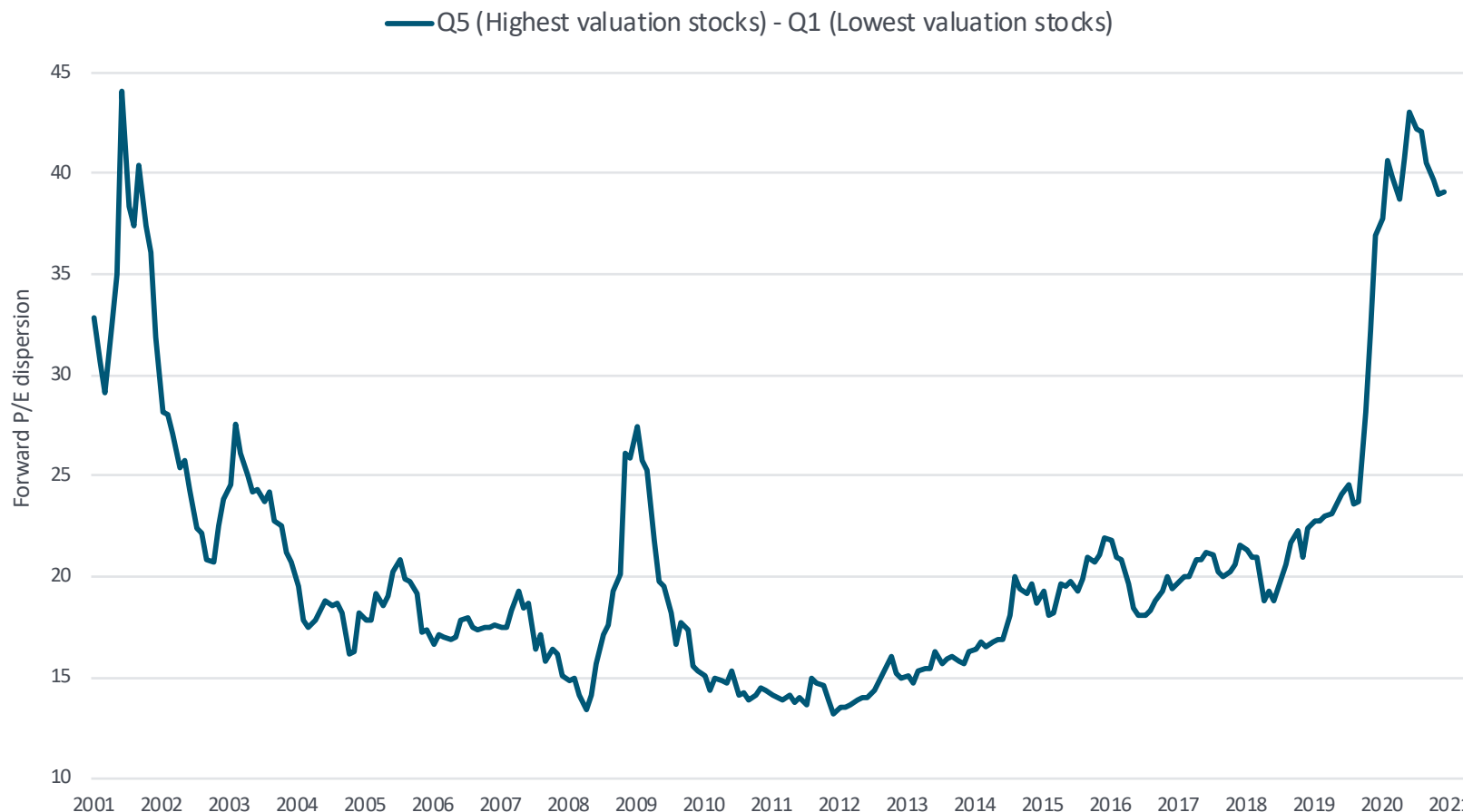
Source: Style Analytics. Monthly data as of 31 January 1990 to 30 June 2021. Style Analytics custom equity universes per MFS specification. The non-US universe includes approximately the 2,800 largest stocks in both developed and emerging countries. Equal weighted composite for Quality based on the following: (1) Return on Equity, (2) Net profit margin, (3) ROIC, (4) Return on Assets, (5) Gross profit margin, (6) gross profits to assets, and; (7) operating profit margin. Rolling excess return over the broader universe. Dashed line indicates the long-term average of the data series.

Post-vaccine rotation favored lower quality

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Most Expensive Stocks Got Even More Expensive During Pandemic

Valuation dispersion within MSCI ACWI ex-US



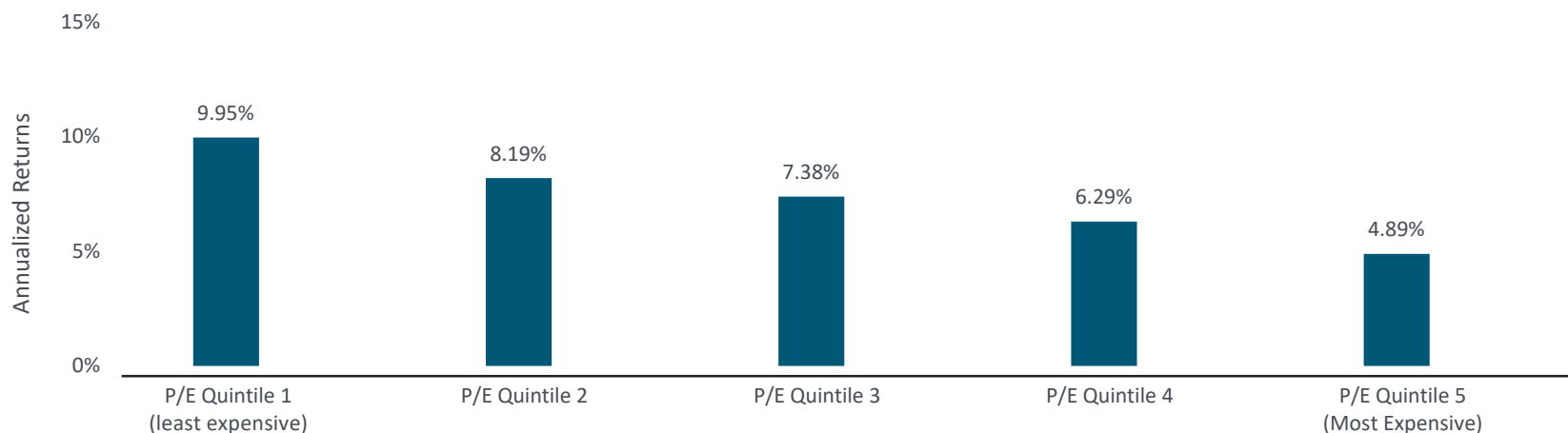
Source: FactSet Portfolio Analysis. Monthly data as of 31 July 2001 to 30 June 2021 for the MSCI All-Country World ex-US Index (ACWI ex-US). Data series shows the difference (spread) in forward price-to-earnings (P/E) for Quintile 5 (Q5 = most expensive) and Quintile 1 (Q1 = least expensive). Quintiles were constructed each month using a weighted average of earnings yield (EY) - the inverse of P/E - and by excluding negative earners. Quintiles were based on having an equal weight. Forward earnings are next-twelve-months using mean broker estimates.

Valuation differential near highs not seen since "Dotcom" bubble

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Valuations Matter Over the Long Term

Long-term Annualized returns of trailing global non-US equity P/E quintiles (2/28/95-12/31/20)



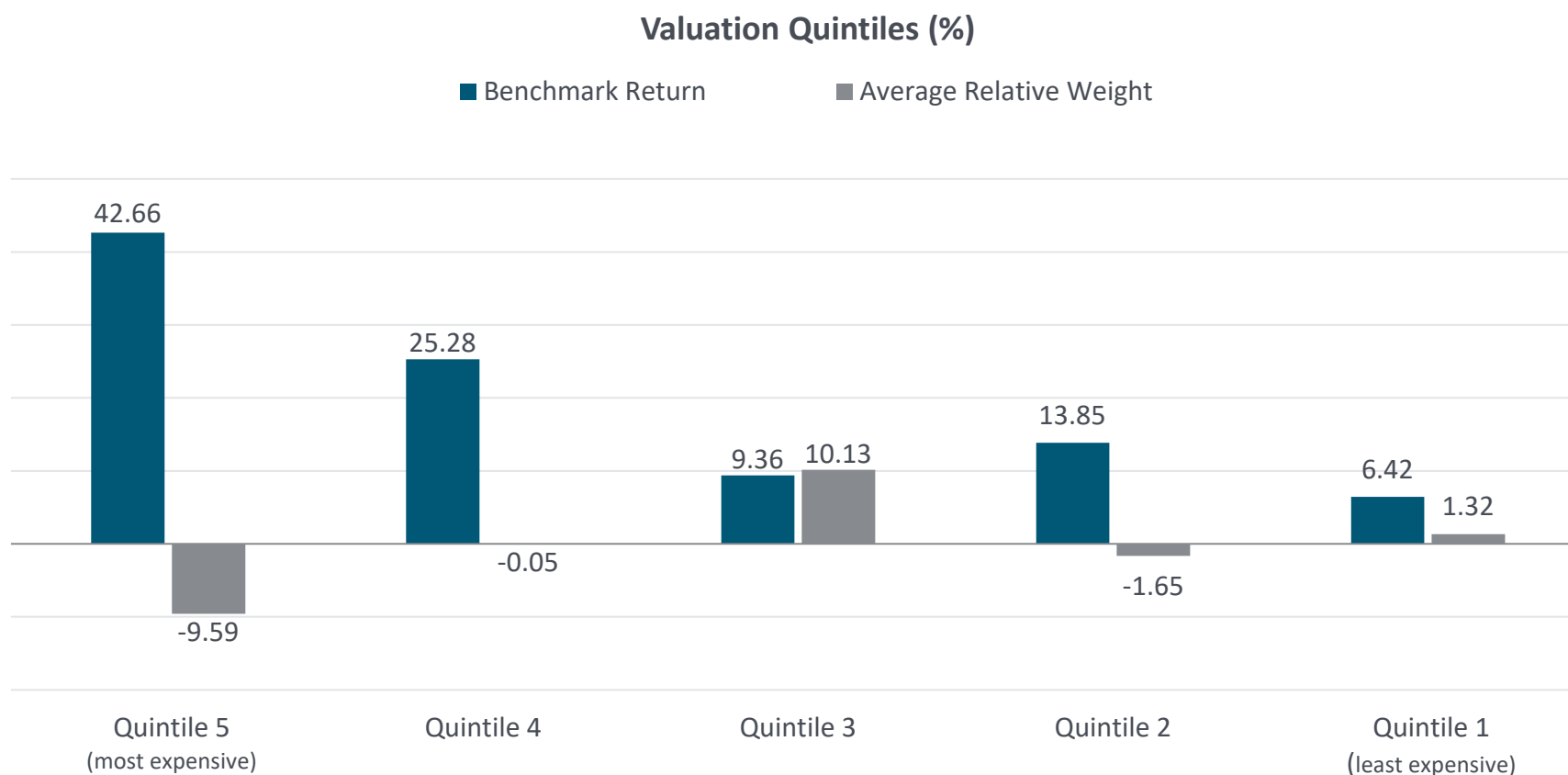
Source: Style Analytics. Data from 28 February 1995 to 31 December 2020. The exhibit above is intended to illustrate factor performance trends in the market, and not intended to represent factor performance in MFS' quantitative models or investment portfolios. The style performance data are hypothetical returns calculated by Style Analytics based on stock returns within the Style Analytics international equity universe for MSCI All-Country World ex-USA Index (ACWI ex-USA). The universe consists of approximately 2,800 of the largest stocks globally, based on equal-weighting each stock at each month-end. For the factor, in this case earnings yield (E/P), stocks with available factor value data are sorted by their factor value within each country and GICS sector, and then grouped into equal-weighted quintiles at the end of each month. The earnings yield factor is defined as annual earnings (adjusted for amortizations of intangibles, extraordinary charges and credits) per share divided by the share price. This factor measures the worth of a company's shares according to the company's ability to support each share with after tax earnings. The universe is reconstructed and returns are calculated each month, and the monthly returns are linked geometrically into cumulative returns. The returns of the hypothetical factor quintile portfolios are displayed in the exhibit. While the data are based on sources believed to be reliable, MFS does not represent that it is accurate or complete and should not be relied on as such or be the basis for an investment decision. As discussed, the factor analyzed for the exhibit is earnings yield (E/P) – which is the simple inverse of price-to-earnings (P/E), which are more commonly used to discuss company valuations. Above, we label the quintiles as P/E for ease of recognition.

Investing in the most expensive stocks has worked recently...but not over time

44232.8

Performance Drivers – Valuation Quintiles

Relative to MSCI World ex US Growth Index (USD) — 2020

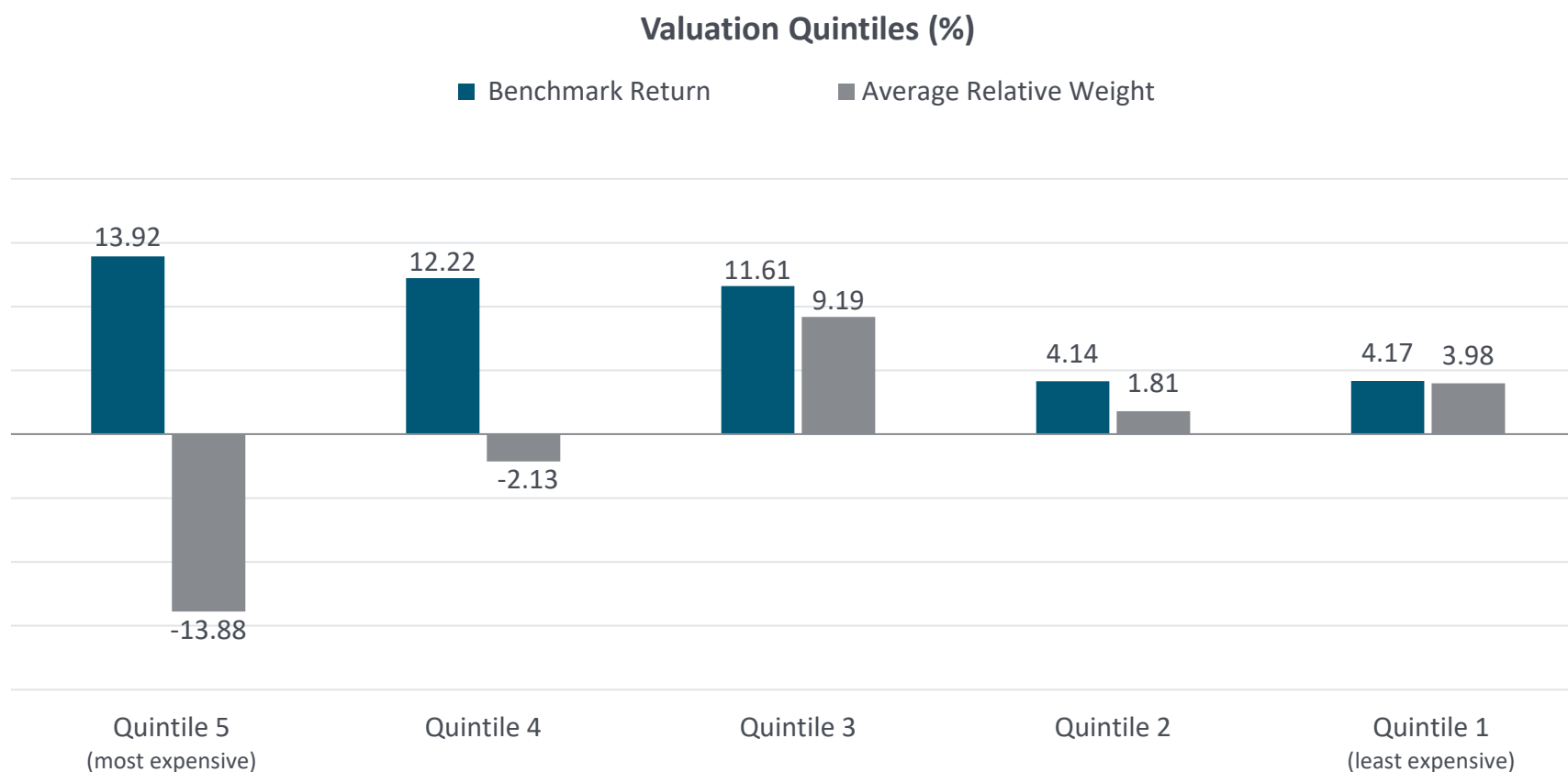


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Underweight to the most expensive stocks in the benchmark presented a headwind to performance

Performance Drivers – Valuation Quintiles

Relative to MSCI World ex US Growth Index (USD) — YTD as of 31 July 2021



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Underweight to the most expensive stocks in the benchmark presented a headwind to performance

Sector Weights

Relative to MSCI World ex US Growth Index



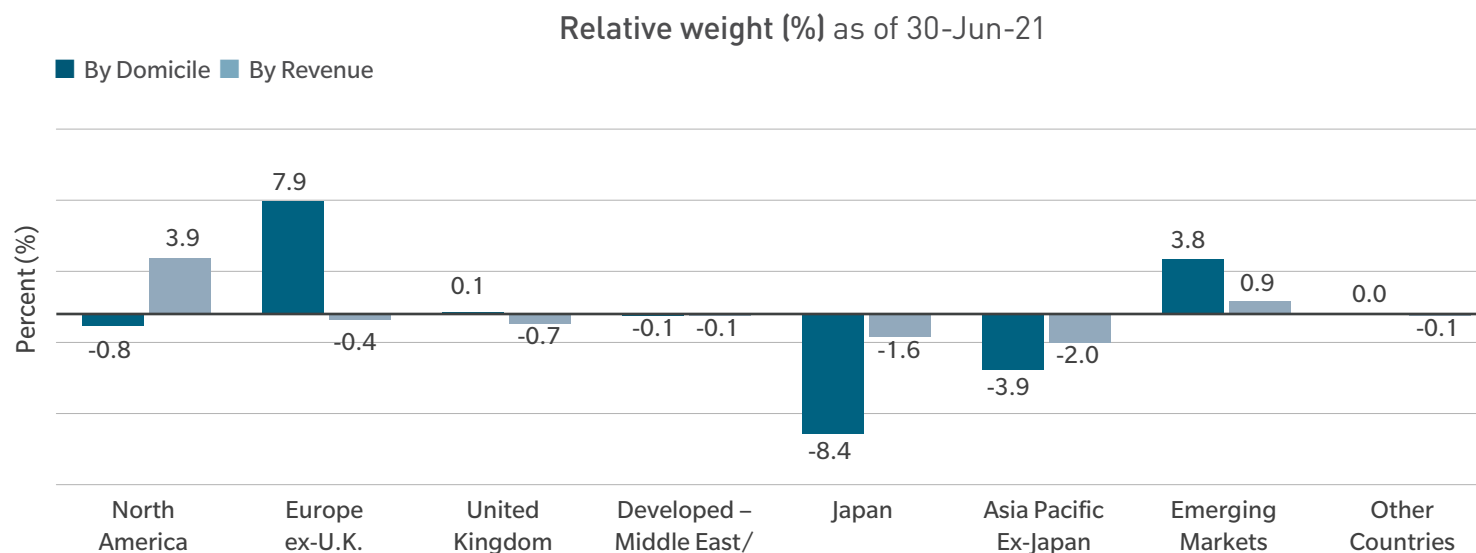
As of 31-Jul-21	Portfolio (%)	Benchmark (%)	Underweight/Overweight (%)	Largest Holdings
Consumer Staples	19.7	13.3	6.4	NESTLE SA, DIAGEO PLC, RECKITT BENCKISER GROUP PLC
Financials	10.8	7.5	3.3	AIA GROUP LTD, DBS GROUP HOLDINGS LTD, ELEMENT FLEET MANAGEMENT CORP (EQ)
Materials	10.5	7.9	2.6	AIR LIQUIDE SA (EQ), AKZO NOBEL NV, SYMRIS AG (EQ)
Industrials	19.6	19.2	0.4	HITACHI LTD, SCHNEIDER ELECTRIC SE, CANADIAN NATIONAL RAILWAY CO
Energy	0.6	0.7	-0.1	OIL SEARCH LTD
Utilities	—	0.7	-0.7	
Real Estate	—	1.0	-1.0	
Health Care	13.5	14.7	-1.2	ROCHE HOLDING AG, NOVARTIS AG, NOVO NORDISK A/S
Communication Services	1.8	3.2	-1.4	NAVER CORP
Consumer Discretionary	13.2	15.4	-2.2	LVMH MOET HENNESSY LOUIS VUITTON SE, ESSILORLUXOTTICA SA, FLUTTER ENTERTAINMENT PLC
Information Technology	8.8	16.3	-7.5	SAP SE, TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD

1.4% Cash & Cash Equivalents.

The Global Industry Classification Standard (GICS®) was developed by and/or is the exclusive property of MSCI, Inc. and S&P Global Market Intelligence Inc. ("S&P Global Market Intelligence"). GICS is a service mark of MSCI and S&P Global Market Intelligence and has been licensed for use by MFS. MFS has applied its own internal sector/industry classification methodology for equity securities and non-equity securities that are unclassified by GICS.

Regional Exposures — Domicile vs. Revenue

Portfolio relative to MSCI World ex US Growth Index (net div) Index



By Domicile				By Revenue			
	LACERs (%)	MSCI World ex US Growth Index (%)	Relative Weight (%)		LACERs (%)	MSCI World ex US Growth Index (%)	Relative Weight (%)
North America	9.3	10.1	-0.8	North America	32.3	28.3	3.9
Europe Ex-U.K.	56.2	48.3	7.9	Europe Ex-U.K.	18.1	18.5	-0.4
United Kingdom	10.5	10.4	0.1	United Kingdom	4.2	4.9	-0.7
Developed – Middle East/Africa	0.5	0.5	-0.1	Developed – Middle East/Africa	0.2	0.4	-0.1
Japan	11.7	20.2	-8.4	Japan	10.4	12.0	-1.6
Asia Pacific Ex-Japan	6.5	10.4	-3.9	Asia Pacific Ex-Japan	5.0	7.0	-2.0
Emerging Markets	3.9	0.1	3.8	Emerging Markets	26.7	25.7	0.9
Other Countries	0.0	0.0	0.0	Other Countries	3.1	3.1	-0.1

Source: MSCI, FactSet. For companies not covered by the MSCI database, regional exposure was allocated based on country of domicile. All portfolio calculations exclude cash. The "Other Countries" category consists of countries not followed by MSCI.

Characteristics and Top 10 Holdings

Gross of fees (USD)



As of 31-Jul-21	Portfolio	MSCI World ex US Growth Index	Top 10 Holdings	Portfolio (%)	MSCI World ex US Growth Index (%)
Fundamentals - weighted average			NESTLE SA	5.3	3.7
IBES long-term EPS growth ¹	14.4%	17.1%	HITACHI LTD	4.6	0.2
Price/earnings (12 months forward)	22.0x	24.7x	AIR LIQUIDE SA (EQ)	4.1	0.4
Return on invested capital	10.2%	12.5%	ROCHE HOLDING AG	4.0	2.9
Market capitalization			LVMH MOET HENNESSY LOUIS VUITTON SE	4.0	2.3
Market capitalization (USD) ²	122.2 bn	97.4 bn	AIA GROUP LTD	3.9	1.5
Diversification			SAP SE	3.8	1.0
Number of holdings	59	524	SCHNEIDER ELECTRIC SE	3.5	0.6
Turnover			DIAGEO PLC	3.2	1.2
Trailing 1 year turnover ³	18%	—	NOVARTIS AG	3.1	—
Risk profile (current)					
Barra predicted tracking error ⁴	3.78%	—			

¹ Source: Ibbotson

² Weighted average.

³ US Turnover Methodology: (Lesser of Purchase or Sales)/Average Month End Market Value

⁴ Source Barra. The Barra information may not be redistributed, may not be reproduced or disseminated in any form and may not be used to create any financial instruments or products or any indices. The Barra 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. Barra, each of its affiliates and each other person involved in or related to compiling, computing or creating any Barra information (collectively, the "Barra Parties") expressly disclaims all warranties (including, without limitation, any warranties of 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 Barra Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages.

Past performance is no guarantee of future results. No forecasts can be guaranteed.

Summary

We are long term investors focused on fundamental outcomes



We seek to invest in companies that have the potential to compound above average growth at high rates of returns

We believe the strategy is positioned to benefit from :

- Mean reversion of valuation agnostic market
- Positioning in companies with higher returns on invested capital and pricing power
- Growth of emerging markets middle class
- Aging demographics across the developed world

Appendix



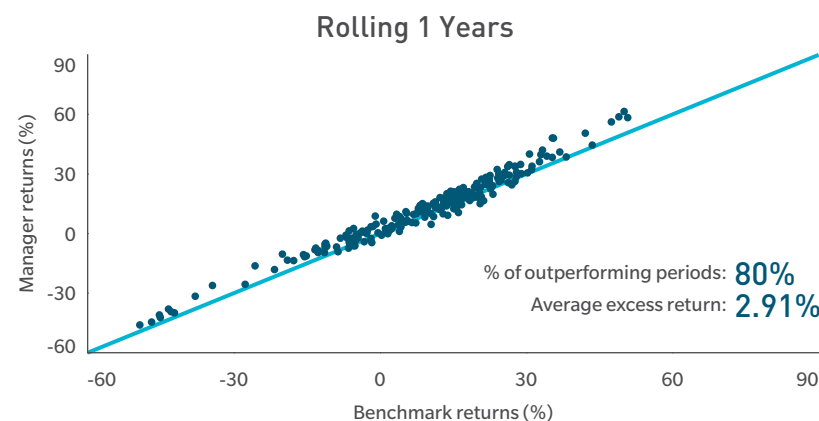
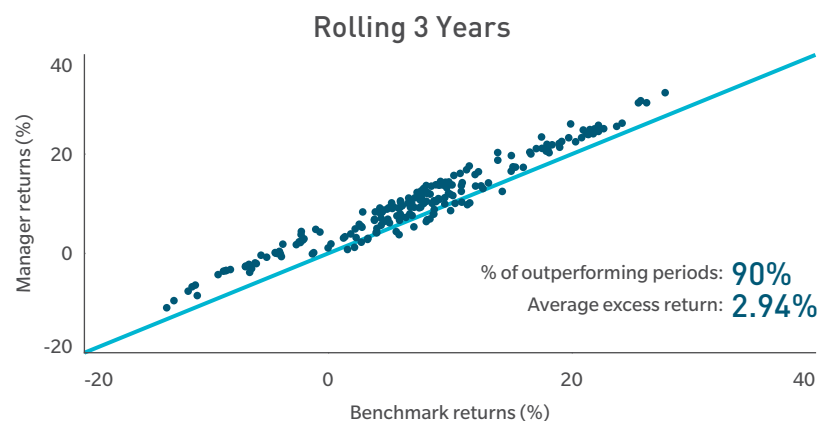
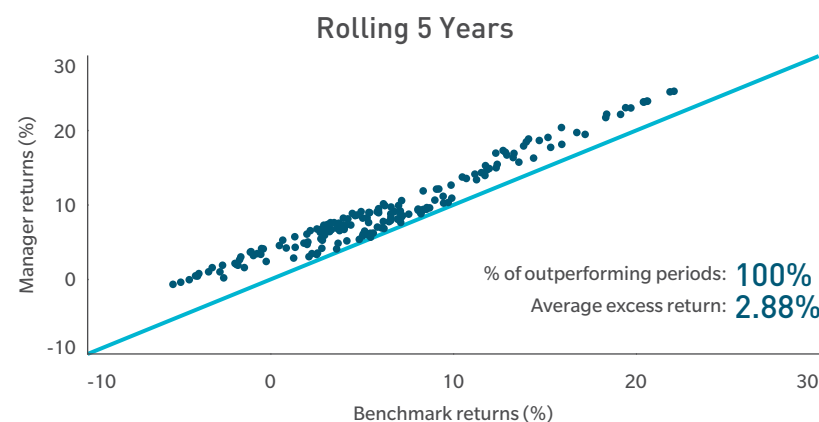
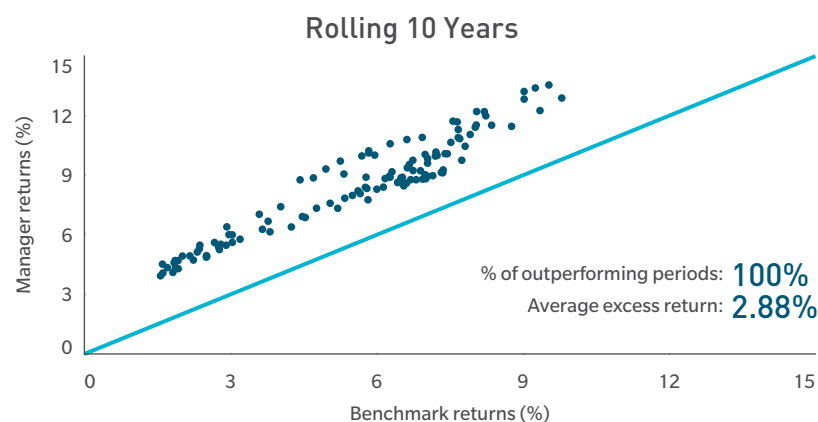
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MFS International Growth Equity Composite	28
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Performance Drivers — Since Inception	31
Portfolio Holdings	33
Performance Results — Gross and Net of Fees	35
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Consistency of Historical Relative Outperformance Over Rolling Periods

Gross of fees (USD)



MFS International Growth Equity Composite vs. MSCI World (ex-US) Growth Index (net div)
October 2001–June 2021



The exhibit above reflects the performance of the fully discretionary composite and not the performance of the restricted composite; individual portfolio results will vary. This performance information is supplemental to the composite's compliant presentation. Please see appendix for composite report, and other information.

The strategy outperformed 118 out of 118 rolling 10 year periods, 178 out of 178 rolling 5 year periods, 183 out of 202 rolling 3 year periods and 183 out of 226 rolling 1 year periods.

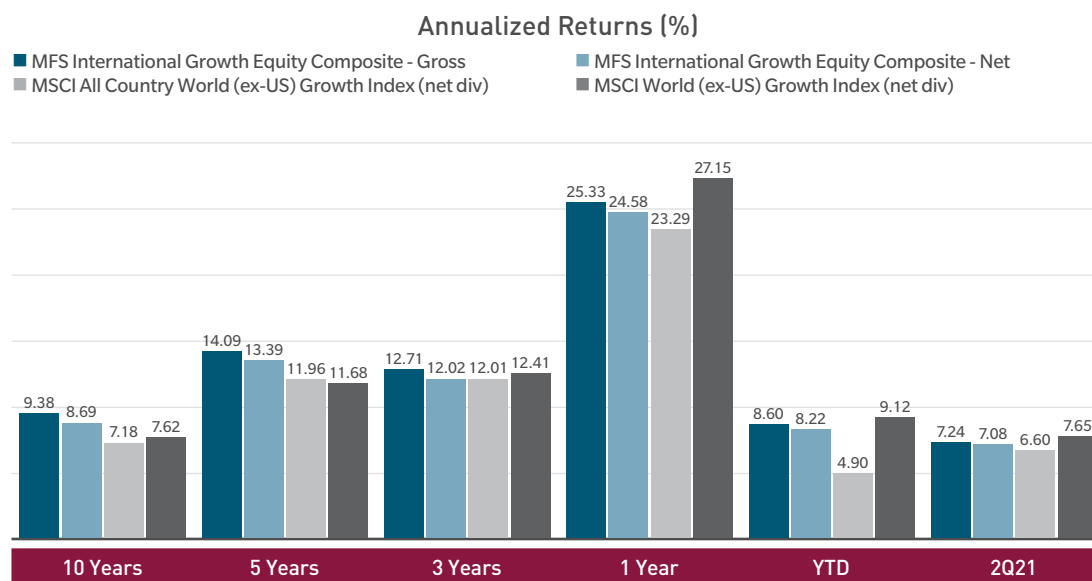
Source: Benchmark performance from SPAR, FactSet Research Systems Inc. See the GIPS Composite Report at the end of this presentation for performance methodology and other information. It is not possible to invest directly in an index.

Past performance is not a reliable indicator for future results. All financial investments involve an element of risk. The value of investments may rise and fall so you may get back less than originally invested. Investors should consider the risks, including lower returns, related to currency movements between their investing currency and the portfolio's base currency, if different.

For all time periods, results were calculated on a rolling basis, measured monthly. All returns are annualized.

MFS International Growth Equity Composite (USD)

Performance as of 31 July 2021



The exhibit above reflects the performance of the fully discretionary composite and not the performance of the restricted composite; individual portfolio results will vary. This performance information is supplemental to the composite's compliant presentation. Please see appendix for composite report, and other information.

Excess Returns (%)	10 Years	5 Years	3 Years	1 Year	YTD	2Q21
Gross vs. MSCI All Country World (ex-US) Growth Index (net div)	2.20	2.13	0.70	2.04	3.70	0.64
Net vs. MSCI All Country World (ex-US) Growth Index (net div)	1.51	1.43	0.01	1.29	3.32	0.48
Gross vs. MSCI World (ex-US) Growth Index (net div)	1.76	2.41	0.30	-1.82	-0.52	-0.41
Net vs. MSCI World (ex-US) Growth Index (net div)	1.07	1.71	-0.39	-2.57	-0.90	-0.57

Source: Benchmark performance from SPAR, FactSet Research Systems Inc. It is not possible to invest directly in an index. See the GIPS Composite Report at the end of this presentation for performance methodology and other information.

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
MFS International Growth Equity Composite - Gross	-9.54	20.92	15.07	-4.12	1.30	3.43	33.90	-8.14	28.39	16.64
MFS International Growth Equity Composite - Net	-10.17	20.15	14.35	-4.74	0.66	2.78	33.10	-8.71	27.59	15.92
MSCI All Country World (ex-US) Growth Index (net div)	-14.21	16.67	15.49	-2.65	-1.25	0.12	32.01	-14.43	27.34	22.20
MSCI World (ex-US) Growth Index (net div)	-12.71	15.48	20.53	-3.26	1.65	-1.87	27.61	-13.14	27.92	18.41

Performance Drivers – Sectors

Relative to MSCI World ex US Growth Index (USD) — one year as of 31 July 2021



		Average Relative Weighting (%)	Portfolio Returns (%)	Benchmark Returns (%)	Sector Allocation (%) ¹ +	Stock Selection (%) ² +	Currency Effect (%)	= Relative Contribution [%]
Contributors	Consumer Discretionary	-0.9	52.3	44.2	0.1	0.7	0.2	1.0
	Industrials	1.2	44.0	39.7	0.2	0.7	0.0	1.0
	Communication Services	-1.9	38.1	13.3	0.1	0.3	0.2	0.6
	Financials	1.5	42.9	36.7	0.1	0.5	-0.1	0.5
	Utilities	-0.8	19.9	7.9	0.2	0.0	-0.0	0.2
	Health Care	-2.7	14.5	16.5	0.4	-0.3	-0.1	0.1
Detractors	Information Technology	-6.4	16.5	38.2	-0.8	-2.1	0.1	-2.8
	Consumer Staples	6.9	11.5	12.0	-0.8	-0.2	0.1	-0.9
	Materials	2.9	10.9	15.1	-0.5	-0.5	0.0	-0.9
	Cash	1.8	0.1	—	-0.6	—	0.0	-0.6
	Energy	-0.2	33.9	46.3	-0.0	-0.1	-0.0	-0.1
	Real Estate	-1.4	—	32.7	-0.0	—	-0.0	-0.1
Total			25.4	27.4	-1.5	-0.8	0.4	-1.9

¹ Sector allocation is calculated based upon each security's price in local currency.

² Stock selection is calculated based upon each security's price in local currency and included interaction effect. Interaction effect is the portion of the portfolio's relative performance attributable to combining allocation decisions with stock selection decisions. This effect measures the relative strength of the manager's convictions. The interaction effect is the weight differential times the return differential. The Global Industry Classification Standard (GICS®) was developed by and/or is the exclusive property of MSCI, Inc. and S&P Global Market Intelligence Inc. ("S&P Global Market Intelligence"). GICS is a service mark of MSCI and S&P Global Market Intelligence and has been licensed for use by MFS. MFS has applied its own internal sector/industry classification methodology for equity securities and non-equity securities that are unclassified by GICS.

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Performance Drivers – Stocks

Relative to MSCI World ex US Growth Index (USD) — one year as of 31 July 2021



		Average Weighting (%)		Returns (%)		Relative Contribution (%)
		Portfolio	Benchmark	Portfolio ¹	Benchmark	
Top Contributors	Hitachi Ltd	3.8	0.2	97.2	97.2	2.0
	LVMH Moet Hennessy Louis Vuitton SE	4.3	2.0	86.2	86.2	1.2
	Schneider Electric SA	3.4	0.1	47.1	5.3	0.6
	DBS Group Holdings	1.7	0.3	60.2	20.8	0.5
	AstraZeneca PLC	—	1.7	—	5.5	0.4
Top Detractors	Asml Holding Nv	—	2.6	—	115.2	-1.7
	Reckitt Benckiser Group PLC	2.6	0.5	-22.1	-22.1	-1.4
	SAP AG	3.9	1.6	-7.9	-7.9	-0.9
	Agnico Eagle Mines Ltd	1.5	0.2	-17.0	-17.0	-0.8
	Air Liquide Sa (Eq)	4.3	0.8	7.4	7.4	-0.7

¹ Represents performance for the time period stock was held in portfolio.

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Performance Drivers — Sectors

Relative to MSCI World ex US Growth Index (USD) — since inception (31 October 2013)
through 31 July 2021



		Average Relative Weighting (%)	Portfolio Returns (%)	Benchmark Returns (%)	Sector Allocation (%) ¹ +	Stock Selection (%) ² +	Currency Effect (%) =	Relative Contribution (%)
Contributors	Consumer Discretionary	-1.0	183.3	95.0	0.7	8.6	-0.4	8.9
	Materials	0.5	186.2	77.9	0.7	7.7	-0.5	7.9
	Information Technology	2.7	269.8	231.3	1.6	1.0	1.8	4.5
	Real Estate	-2.0	-19.1	20.9	1.9	0.0	-0.1	1.8
	Utilities	-1.2	99.1	34.3	0.8	0.2	-0.1	0.9
Detractors	Health Care	-0.6	92.6	102.5	-0.9	-1.7	-0.4	-3.0
	Cash	1.3	5.9	—	-2.5	—	0.2	-2.3
	Consumer Staples	3.5	64.6	70.2	-0.5	-1.0	0.3	-1.2
	Industrials	-2.0	76.5	92.0	0.3	-1.8	0.5	-1.0
	Financials	1.3	54.2	65.7	0.6	-2.7	1.7	-0.5
	Communication Services	-1.7	84.9	39.4	0.7	-1.3	0.1	-0.4
	Energy	-0.7	-51.8	3.5	1.1	-1.1	-0.2	-0.2
Total			99.6	84.2	4.4	8.0	3.0	15.4

¹ Sector allocation is calculated based upon each security's price in local currency.

² Stock selection is calculated based upon each security's price in local currency and included interaction effect. Interaction effect is the portion of the portfolio's relative performance attributable to combining allocation decisions with stock selection decisions. This effect measures the relative strength of the manager's convictions. The interaction effect is the weight differential times the return differential. The Global Industry Classification Standard (GICS®) was developed by and/or is the exclusive property of MSCI, Inc. and S&P Global Market Intelligence Inc. ("S&P Global Market Intelligence"). GICS is a service mark of MSCI and S&P Global Market Intelligence and has been licensed for use by MFS. MFS has applied its own internal sector/industry classification methodology for equity securities and non-equity securities that are unclassified by GICS.

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Performance Drivers — Stocks

Relative to MSCI World ex US Growth Index (USD) — since inception (31 October 2013)
through 31 July 2021



		Average Weighting (%)		Returns (%)		Relative Contribution (%)
		Portfolio	Benchmark	Portfolio ¹	Benchmark	
Top Contributors	Taiwan Semiconductor	1.5	—	658.5	—	4.1
	LVMH Moet Hennessy Louis Vuitton SE	3.0	1.1	433.6	433.6	4.1
	Accenture Plc	1.8	—	283.4	—	3.3
	Nice Ltd	1.3	0.1	621.9	619.6	3.1
	OBIC Co Ltd	0.9	0.1	610.6	240.0	2.9
Top Detractors	Asml Holding Nv	—	1.0	—	765.7	-4.9
	Rolls-Royce Holdings Plc	1.2	0.2	-72.3	-61.2	-3.6
	Bayer	2.0	0.9	-39.4	6.0	-3.6
	Shopify Inc	—	0.3	—	1,504.1	-2.7
	Novartis AG	2.2	1.1	27.6	35.7	-2.1

¹ Represents performance for the time period stock was held in portfolio.

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Portfolio Holdings



As of 31-Jul-21	Country	Equivalent Exposure (%)
Cash & Cash Equivalents		1.4
Communication Services		1.8
NAVER Corp	South Korea	1.2
Z Holdings Corp	Japan	0.7
Consumer Discretionary		13.2
LVMH Moet Hennessy Louis Vuitton SE	France	4.0
EssilorLuxottica SA	France	2.8
Flutter Entertainment PLC	Ireland	1.7
Kering SA	France	1.5
Burberry Group PLC	United Kingdom	1.1
Koito Manufacturing Co Ltd	Japan	0.8
Prosus NV	Netherlands	0.5
Just Eat Takeaway.com NV	Netherlands	0.4
Ocado Group PLC	United Kingdom	0.3
Consumer Staples		19.7
Nestle SA	Switzerland	5.3
Diageo PLC	United Kingdom	3.2
Reckitt Benckiser Group PLC	United Kingdom	2.7
Pernod Ricard SA	France	2.3
L'Oreal SA	France	1.9
Kao Corp	Japan	1.3
Kose Corp	Japan	1.1
Swedish Match AB	Sweden	1.0
Sugi Holdings Co Ltd	Japan	1.0
Energy		0.6
Oil Search Ltd	Australia	0.6

As of 31-Jul-21	Country	Equivalent Exposure (%)
Financials		10.8
AIA Group Ltd	Hong Kong	3.9
DBS Group Holdings Ltd	Singapore	1.8
Element Fleet Management Corp	Canada	1.5
Deutsche Boerse AG	Germany	1.4
London Stock Exchange Group PLC	United Kingdom	0.7
AEON Financial Service Co Ltd	Japan	0.7
HDFC Bank Ltd ADR	India	0.7
Health Care		13.5
Roche Holding AG	Switzerland	4.0
Novartis AG	Switzerland	3.1
Novo Nordisk AS	Denmark	1.8
Terumo Corp	Japan	1.6
QIAGEN NV	Germany	1.5
Bayer AG	Germany	1.2
Alcon Inc	Switzerland	0.3
Industrials		19.6
Hitachi Ltd	Japan	4.6
Schneider Electric SE	France	3.5
Canadian National Railway Co	Canada	2.7
Ritchie Bros Auctioneers Inc	Canada	1.8
Experian PLC	United Kingdom	1.6
GEA Group AG	Germany	1.4
Prysmian SpA	Italy	1.2
Assa Abloy AB	Sweden	1.1
Rolls-Royce Holdings PLC	United Kingdom	0.9

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Portfolio Holdings

Continued...



As of 31-Jul-21	Country	Equivalent Exposure (%)
INGERSOLL-RAND INC	United States	0.8
Information Technology		8.8
SAP SE	Germany	3.8
Taiwan Semiconductor Manufacturing Co Ltd ADR	Taiwan	1.7
Capgemini SE	France	0.9
Dassault Systemes SE	France	0.8
Amadeus IT Group SA	Spain	0.7
Nice Ltd ADR	Israel	0.5
Kingsoft Corp Ltd	China	0.4
WiseTech Global Ltd	Australia	0.1
Materials		10.5
Air Liquide SA	France	4.1
Akzo Nobel NV	Netherlands	1.4
Symrise AG	Germany	1.3
Agnico Eagle Mines Ltd	Canada	1.3
Franco-Nevada Corp	Canada	1.3
Sika AG	Switzerland	1.1

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Performance Results – Gross and Net of Fees (USD)

Relative to MSCI World (ex-US) Growth Index (net div)



As of 31-Jul-21	Period	Portfolio Gross (%)	Portfolio Net (%)	Benchmark (%)
Quarterly returns	3Q20	8.25	8.13	8.51
	4Q20	11.20	11.09	12.63
	1Q21	-0.23	-0.32	-0.36
	2Q21	7.72	7.62	7.65
Annual returns	2018	-8.51	-8.96	-13.14
	2019	28.12	27.56	27.92
	2020	14.72	14.24	18.41
	2021 year to date	8.77	8.52	9.12
Annualized returns	Since inception (31-Oct-13)	9.11	8.57	7.85
	7 years	9.86	9.33	8.15
	5 years	13.35	12.83	11.68
	3 years	12.18	11.70	12.41
	1 year	25.15	24.65	27.15

Source: Benchmark performance from SPAR, FactSet Research Systems Inc. It is not possible to invest directly in an index.
Past performance is no guarantee of future results. For periods of less than one-year returns are not annualized.

Disclosure



Gross performance does not reflect the deduction of investment advisory fees. Returns will be reduced by advisory fees and any other expenses incurred in the management of the account. Investment advisory fees are described in Part II of the MFS Institutional Advisors, Inc. Form ADV. Hypothetical illustration of impact of fees: If USD 1,000,000 was invested and experienced a 10% annual return compounded monthly for ten years, its ending value would be USD 2,707,041.49. If an advisory fee of 1% of net assets was deducted monthly, based upon the initial investment for the first 12 months and the prior year end for every month thereafter, the ending value would be USD 2,461,120.35.

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GIPS Composite Report

2020



Composite: MFS International Growth Equity Composite

Benchmark: MSCI AC World Index ex USA Growth - Net Return

Creation Date: 13-Nov-2001

Inception Date: 01-Oct-2001

Composite Description: The MFS International Growth Equity Composite includes all discretionary portfolios managed to the MFS International Growth Equity strategy that do not have extensive guideline restrictions or geographic constraints. The strategy seeks long-term capital appreciation by investing principally in a diversified portfolio of stocks in developed and emerging economies of companies whose primary activities lie outside the United States. Portfolios in this strategy seek companies with higher sustainable earnings growth and returns than their industry, and whose stock valuations do not fully reflect their long-term growth prospects. Investments in certain markets can involve greater risk and volatility because of adverse market, currency, economic, industry, political, regulatory, geopolitical, or other conditions. Stock markets and investments in individual stocks are volatile and can decline significantly in response to or investor perception of, issuer, market, economic, industry, political, regulatory, geopolitical, and other conditions. Investments in growth companies can be more sensitive to the company's earnings and more volatile than the stock market in general. Emerging markets can have less market structure, depth, and regulatory, custodial or operational oversight and greater political, social, geopolitical and economic instability than developed markets.

Institutional Separate Accounts Fee Schedule

Asset Breakpoints (USD)	Fee
For Assets Up To 50 MM	75 bp
For Assets From 50 MM To 100 MM	60 bp
For Assets Over 100 MM	50 bp

Accounts are eligible for inclusion in the composite if they have assets greater than 2 MM USD. Accounts are included as of their first full month of performance.

Period	Composite and Benchmark Return %			Composite Dispersion	Accounts in Composite at End of Period	Annualized 3-Year Standard Deviation		Assets (USD million)	
	Gross of fees	Net of fees^	Benchmark			Composite	Benchmark	Composite	Firm
2020	16.64	15.92	22.20	0.34	16	16.07	16.71	\$20,842.9	\$598,837.3
2019	28.39	27.59	27.34	0.31	15	10.98	11.66	\$18,114.7	\$518,568.9
2018	-8.14	-8.71	-14.43	0.21	14	10.98	11.72	\$12,957.6	\$426,543.5
2017	33.90	33.10	32.01	0.23	15	11.28	11.73	\$12,601.3	\$491,012.9
2016	3.43	2.78	0.12	0.26	14	11.96	12.19	\$8,975.1	\$425,539.8
2015	1.30	0.66	-1.25	0.17	14	11.77	11.55	\$8,952.1	\$412,412.4
2014	-4.12	-4.74	-2.65	0.17	15	12.22	12.23	\$8,989.9	\$430,214.0
2013	15.07	14.35	15.49	0.16	13	15.76	16.26	\$9,331.2	\$412,240.5
2012	20.92	20.15	16.67	0.22	12	18.76	19.37	\$7,210.5	\$321,350.9
2011	-9.54	-10.17	-14.21	0.46	9	22.20	22.05	\$4,321.4	\$223,660.6

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Total Gross-of-fee returns in USD (includes both capital appreciation and income) are net of transaction costs, withholding taxes and direct expenses, but before management fees, custody and other indirect expenses. Certain institutional accounts hold Canadian trusts subject to custody and other indirect expenses. Typical separate accounts utilize 4:00 PM (London Time) foreign exchange rates; retail products will use rates deemed most appropriate for daily NAV per share calculations. The possibility exists for performance dispersion between otherwise similarly managed accounts and also with the benchmark.

^Net-of-fee returns presented in this table are gross-of-fee returns reduced by management fees and performance fees if applicable (actual fees). For certain accounts where the actual fees are unavailable or for periods prior to 2009, the maximum applicable annual institutional separate account fees were applied (model fees). For periods prior to 2019, net returns within the table have been retroactively presented using this methodology. Prior to 2019, the table presented net returns that were calculated by subtracting model fees. Net returns based on this method are as follows - 2011: -10.22 ; 2012: 20.03 ; 2013: 14.22 ; 2014: -4.84 ; 2015: 0.54 ; 2016: 2.66 ; 2017: 32.93 ; 2018: -8.83. Net returns shown for periods prior to January 1, 2009 were calculated using the model fee. Prior to 2019 Net returns that are presented in the table have not been examined by an independent verifier.

Total returns of the benchmark are provided for each period depicted, expressed in USD. Source of Benchmark Performance: FACTSET®.

MSCI AC World Index ex USA Growth - Net Return - a market capitalization-weighted index that is designed to measure equity market performance for growth securities in the global developed and emerging markets, excluding the USA.

Composite Dispersion is measured by the asset-weighted standard deviation of gross-of-fees account returns for all accounts in the composite for the full period. For composites containing less than six accounts for the full period, dispersion is deemed not meaningful and is not presented. The three-year annualized ex post standard deviation measures the variability of the gross-of-fees composite returns and the benchmark returns over the preceding 36-month period.

For purposes of GIPS compliance, the firm is defined as MFS Investment Management (MFS), which is comprised of Massachusetts Financial Services Company and MFS Institutional Advisors, Inc. (MFSI), each of which is a registered investment advisor, MFS Heritage Trust Company, a New Hampshire Trust company, and MFS Investment Management Canada Limited. Total firm assets include assets managed by Massachusetts Financial Services Company, MFSI, MFS Heritage Trust Company and MFS Investment Management Canada Limited as well as assets managed by Massachusetts Financial Services Company and MFSI in a sub-advisory capacity on behalf of affiliated investment advisors that may or may not be registered under the United States Investment Advisers Act of 1940, such as MFS International (U.K.), Ltd. (MIL UK) and MFS Investment Management K.K. (MIMKK), MFS International Singapore Pte. Ltd and MFS International Australia Pty Ltd as well as assets managed by Massachusetts Financial Services Company and MFSI on behalf of unaffiliated investment advisors that are not registered under the United States Investment Advisers Act of 1940.

The firm's list of composite descriptions, list of pooled fund descriptions for limited distribution pooled funds, and list of broad distribution pooled funds are available upon request. Additionally, policies for valuing investment, calculating performance, and preparing GIPS Reports are available upon request.

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GIPS Composite Report

2020



Limited Distribution Pooled Fund Fees and Expenses

Fund Name	Vehicle	Max Management Fee	Other Expense	Total Expenses
MFS Heritage Trust Company Collective Investment Trust - MFS International Growth Fund II	Collective Investment Trust	75	5	80
MFS Heritage Trust Company Collective Investment Trust - MFS International Growth Fund	Collective Investment Trust	75	5	80
MFS International Growth LLC	Limited Liability Company	80	0	80
MFS International Growth LLC II	Limited Liability Company	80	10	90

GIPS Composite Report

2020



Composite: MFS International Growth Equity - Limited EM Exposure Composite

Benchmark: MSCI AC World Index ex USA Growth - Net Return

Creation Date: 19-Aug-2020

Inception Date: 01-Aug-2013

Composite Description: The MFS International Growth Equity - Limited EM Exposure Composite includes all discretionary portfolios managed to the MFS International Growth Equity strategy that limit investing in securities issued by companies domiciled in emerging markets to 10% of portfolio assets or less. The strategy seeks long-term capital appreciation by investing principally in a diversified portfolio of stocks of companies whose primary activities lie outside the United States. Portfolios in this strategy seek companies with higher sustainable earnings growth and returns than their industry, and whose stock valuations do not fully reflect their long-term growth prospects. Stock markets and investments in individual stocks are volatile and can decline significantly in response to or investor perception of, issuer, market, economic, industry, political, regulatory, geopolitical, and other conditions. Investments in certain markets can involve greater risk and volatility because of adverse market, currency, economic, industry, political, regulatory, geopolitical, or other conditions. Investments in growth companies can be more sensitive to the company's earnings and more volatile than the stock market in general.

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For Assets Over 100 MM	50 bp

Accounts are eligible for inclusion in the composite if they have assets greater than 2 MM USD. Accounts are included as of their first full month of performance.

Period	Composite and Benchmark Return %			Composite Dispersion	Accounts in Composite at End of Period	Annualized 3-Year Standard Deviation		Assets (USD million)	
	Gross of fees	Net of fees^	Benchmark			Composite	Benchmark	Composite	Firm
2020	15.36	14.90	22.20	n/a	<6	16.10	16.71	\$2,141.0	\$598,837.3
2019	28.37	27.87	27.34	n/a	<6	10.84	11.66	\$2,264.1	\$518,568.9
2018	-7.91	-8.29	-14.43	n/a	<6	10.84	11.72	\$1,981.9	\$426,543.5
2017	33.08	32.51	32.01	n/a	<6	11.38	11.73	\$2,164.1	\$491,012.9
2016	2.30	1.86	0.12	n/a	<6	11.95	12.19	\$1,452.1	\$425,539.8
2015	2.01	1.55	-1.25	n/a	<6	n/a	n/a	\$1,726.6	\$412,412.4
2014	-4.34	-4.79	-2.65	n/a	<6	n/a	n/a	\$1,373.5	\$430,214.0
2013**	8.55	8.34	9.85	n/a	<6	n/a	n/a	\$1,153.6	\$412,240.5

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** Indicates partial period.

Total Gross-of-fee returns in USD (includes both capital appreciation and income) are net of transaction costs, withholding taxes and direct expenses, but before management fees, custody and other indirect expenses. Certain institutional accounts hold Canadian trusts subject to custody and other indirect expenses. Typical separate accounts utilize 4:00 PM (London Time) foreign exchange rates; retail products will use rates deemed most appropriate for daily NAV per share calculations. The possibility exists for performance dispersion between otherwise similarly managed accounts and also with the benchmark.

^Net-of-fee returns presented in this table are gross-of-fee returns reduced by management fees and performance fees if applicable (actual fees). For certain accounts where the actual fees are unavailable, the maximum applicable annual institutional separate account fees were applied.

Total returns of the benchmark are provided for each period depicted, expressed in USD. Source of Benchmark Performance: FACTSET ®.

MSCI AC World Index ex USA Growth - Net Return - a market capitalization-weighted index that is designed to measure equity market performance for growth securities in the global developed and emerging markets, excluding the USA.

Composite Dispersion is measured by the asset-weighted standard deviation of gross-of-fees account returns for all accounts in the composite for the full period. For composites containing less than six accounts for the full period, dispersion is deemed not meaningful and is not presented. The three-year annualized ex post standard deviation measures the variability of the gross-of-fees composite returns and the benchmark returns over the preceding 36-month period.

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LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



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

MEETING: SEPTEMBER 14, 2021
ITEM: V

Neil M. Guglielmo

SUBJECT: PRIVATE EQUITY PACING IMPLEMENTATION PLAN AND POSSIBLE COMMITTEE ACTION

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

Recommendation

That the Committee recommend to the Board the adoption of the Private Equity Pacing Implementation Plan.

Executive Summary

The Board adopted a new target allocation to the private equity asset class on May 11, 2021. Accordingly, Aksia TorreyCove Partners LLC (Aksia), LACERS' Private Equity Consultant, has prepared the attached presentation recommending a pacing implementation plan as the private equity portfolio is transitioned to the new long-term target. Staff concurs with Aksia's recommendations.

Discussion

At its meeting of May 11, 2021, the Board adopted a new target asset allocation policy as part of the asset allocation study led by NEPC, LLC (NEPC), LACERS' General Fund Consultant. The new asset allocation policy increased the private equity policy target by 2% to a new target exposure of 16% of the LACERS total fund. Currently, the private equity portfolio is underweight relative to the new target exposure; staff and Aksia anticipate that it may take several years to deploy sufficient capital in the private equity asset class to reach the 16% target allocation. Accordingly, Aksia recommends a calculated pacing approach, which accounts for capital calls, distributions, and LACERS total fund growth (see attachment).

Additionally, the plan provides a pacing scenario with a 5-year time horizon in order to achieve a 16% target allocation to private equity. The proposed pacing plan presents an analysis with various growth rates of the LACERS total fund. As the market values of the private equity portfolio and LACERS total fund change year-by-year from 2021 to 2025, the annual projected commitments to the private equity asset class will also change. Staff and Aksia will provide updates and recommended pacing adjustments to the Board and Committee via the annual Private Equity Strategic Plan as pacing conditions change.

Historically, the private equity portfolio has been underweight relative to the private equity policy target. Accordingly, staff and Aksia are recommending a 5-year pacing plan in order to reach the 16% private equity policy target by 2025.

Strategic Plan Impact Statement

The Private Equity Pacing Implementation Plan assists the Board in building a diversified private equity and total fund portfolio and aligns with the Strategic Plan Goals of optimizing long-term risk adjusted investment returns (Goal IV).

Prepared By: Wilkin Ly, Investment Officer III, Investment Division

NMG/RJ/WL:rm

Attachment: 1. Private Equity Pacing Analysis Presentation by Aksia TorreyCove Partners LLC

Aksia LLC

Los Angeles City Employees' Retirement System Private Equity Pacing Analysis

September 2021



www.aksia.com



The goal of a pacing plan is to provide estimates for the amount of capital that should be deployed on an annual basis to achieve LACERS' target private equity allocation as a percentage of total plan assets



No long-term pacing model has a high degree of precision, but the exercise produces projections and serves as a useful forecasting and planning tool



While market convention is to utilize an extended time period for a pacing study, the top-down allocation decisions are focused on a 12-month basis



Aksia recommends revisiting assumptions and allocation guidelines on an annual basis

Recommendation

Aksia recommends LACERS commit approximately \$1.1 billion in 2021 to private equity to achieve its target allocation of 16.0% by 2025. This recommendation assumes a base case net plan growth rate of 4.0%.

Methodology & Assumptions

The pacing model projects cash flows based on these primary assumptions: individual investment net asset growth, timing of capital calls and timing of distributions.

A per annum pacing commitment is estimated by using assumed future total plan growth in addition to the output of the pacing model.

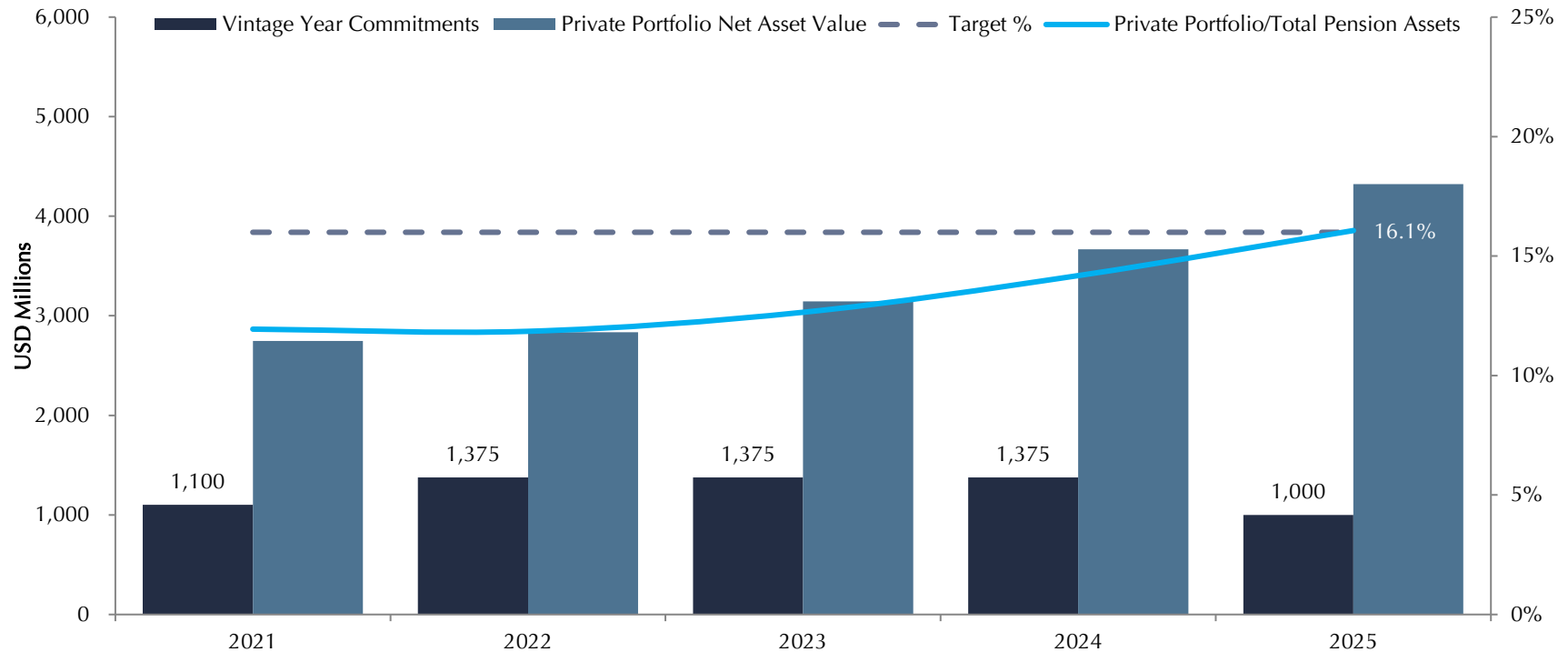
Current Allocation

LACERS' private equity target allocation is 16.0% of total plan assets with a current allocation of approximately 13.3% as of 12/31/2020.

- In order to conduct the pacing analysis, Aksia’s model uses actual fund level historical cash flows and then employs multiple variables as key inputs to project future capital calls, distributions and net asset values, allowing for projection of annual pacing commitment target
- Key assumptions include:
 - Rate of capital calls and distribution by sub-sector strategy
 - Life of the fund or vehicle in years
 - Annual growth rates by sub-sector strategy
 - Capital commitments by sub-sector strategy
 - Fund fees and expenses by sub-sector strategy
 - Annual growth in total pension assets less projected pension expenses

Aksia analyzed the impact to the annual pacing target given the varying assumptions for overall LACERS Plan growth rate and a 16.0% target allocation to private equity

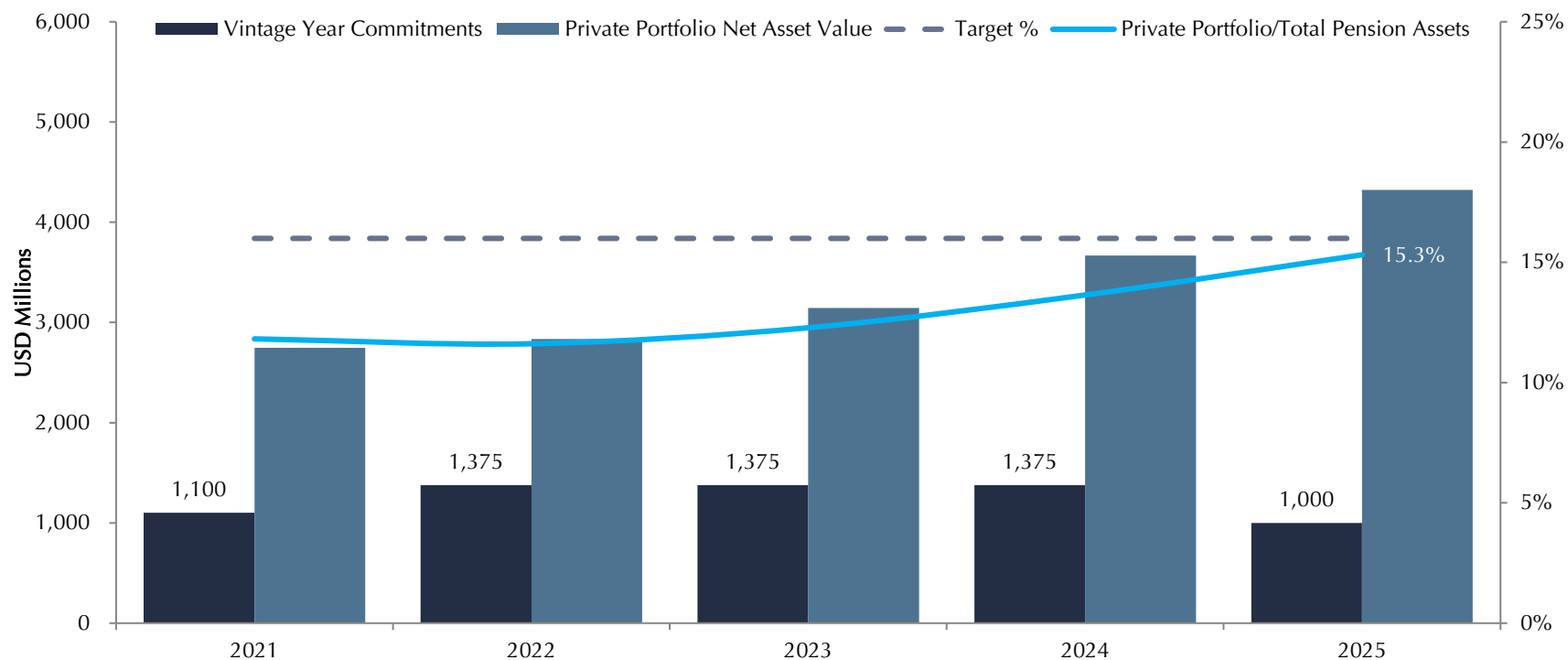
5-Year Target – Assuming 4.0% LACERS Total Plan Growth Rate



Total Plan Assets were \$22.6 billion as of June 30, 2021. PE portfolio valuations as of December 31, 2020. The pacing model above assumes a compounded annual growth rate of 4.0%.

Aksia analyzed the impact to the annual pacing target given the varying assumptions for overall LACERS Plan growth rate and a 16.0% target allocation to private equity

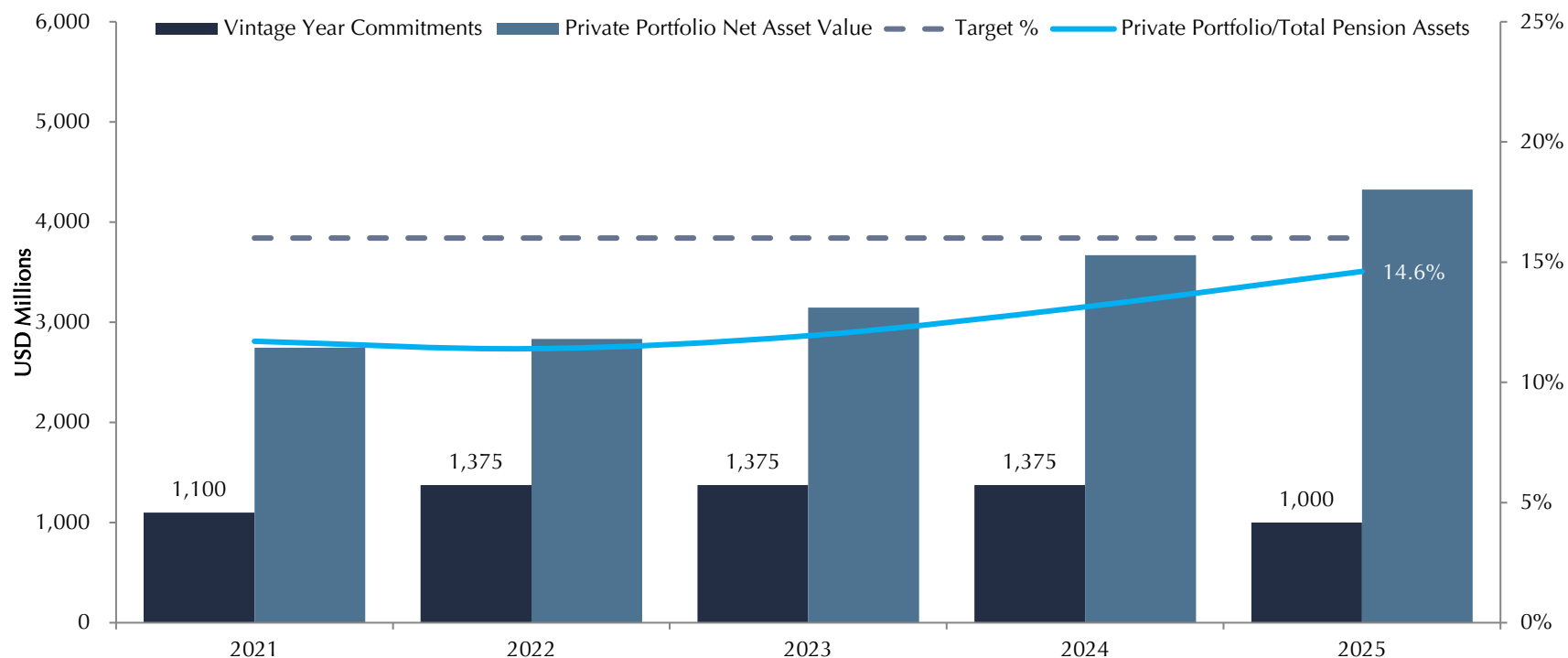
5-Year Target – Assuming 5.0% LACERS Total Plan Growth Rate



Total Plan Assets were \$22.6 billion as of June 30, 2021. PE portfolio valuations as of December 31, 2020. The pacing model above assumes a compounded annual growth rate of 5.0%.

Aksia analyzed the impact to the annual pacing target given the varying assumptions for overall LACERS Plan growth rate and a 16.0% target allocation to private equity

5-Year Target – Assuming 6.0% LACERS Total Plan Growth Rate



Total Plan Assets were \$22.6 billion as of June 30, 2021. PE portfolio valuations as of December 31, 2020. The pacing model above assumes a compounded annual growth rate of 6.0%.

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RELIANCE ON THIRD PARTY DATA: These materials reflect and rely upon information provided by fund managers and other third parties which Aksia reasonably believes to be accurate and reliable. Such information may be used by Aksia without independent verification of accuracy or completeness, and Aksia makes no representations as to its accuracy and completeness. For the avoidance of doubt, these materials have not been produced, reviewed, verified or approved by the fund managers and other third parties to which the materials relate. As such, they do not necessarily reflect the views or opinions of such fund managers and third parties. Furthermore, any reference to EBITDA (or ratios using EBITDA as a component) included in the report, reflect Adjusted EBITDA provided by the fund manager. Adjusted EBITDA may be higher than EBITDA figures calculated based on GAAP or IFRS compliant financial statements, which may result in relatively lower debt/EBITDA and higher interest coverage ratios.

RATING DOWNGRADES: Aksia client assets, in aggregate, may represent a large percentage of a manager's or fund's assets under management, and, as such, a rating downgrade by Aksia's research teams could result in redemptions or withdrawals that may have an adverse effect on the performance of a fund.

CONFLICTS OF INTEREST DISCLOSURE: Family members of Aksia personnel may from time to time be employed by managers that Aksia recommends to its clients. While this may pose a potential conflict of interest, we monitor such relationships to seek to minimize any impact of such potential conflict.

PRIVATE INVESTMENT FUND DISCLOSURE: Investments in private investment funds and other similar investment opportunities involve a high degree of risk and you could lose all or substantially all of your investment. Any person or institution making such investments must fully understand and be willing to assume the risks involved. Some private investment funds and opportunities described herein may not be suitable for all investors. Such investments or investment vehicles may use leverage, hold significant illiquid positions, suspend redemptions indefinitely, provide no opportunity to redeem, modify investment strategy and documentation without notice, short sell securities, incur high fees and contain conflicts of interests. Such private investment funds or opportunities may also have limited operating history, lack transparency, manage concentrated portfolios, exhibit high volatility, depend on a concentrated group or individual for investment management or portfolio management and lack any regulatory oversight.

For a description of the risks associated with a specific private investment fund or investment opportunity, investors and prospective investors are strongly encouraged to review each private investment fund or opportunity's offering materials which contain a more specific description of the risks associated with each investment. Offering materials may be obtained from the fund manager.



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



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

MEETING: SEPTEMBER 14, 2021
ITEM: VI

Neil M. Guglielmo

SUBJECT: PROXY VOTING ACTIVITY REPORT FOR THE PERIOD JULY 1, 2020 TO JUNE 30, 2021

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

Recommendation

That the Committee receive and file this report.

Executive Summary

This report summarizes LACERS' proxy votes cast for the period of July 1, 2020, to June 30, 2021.

Discussion

Institutional Shareholder Services Inc. (ISS), LACERS' proxy voting agent, voted a total of 11,363 proxy ballots for 9,342 U.S. and non-U.S. company meetings for the period of July 1, 2020, to June 30, 2021. These totals comprise 3,726 ballots for 2,324 U.S. company meetings and 7,637 ballots for 7,018 non-U.S. company meetings.

Staff confirmed that all votes cast were in accordance with the LACERS Proxy Voting Policy. However, 220 proxy ballots (1.94%) were missed for reasons provided in the table below:

Number of Missed Ballots	Explanation
172	No Power of Attorney (POA) on file at local sub-custodian
22	Ballots received after cutoff & meeting changes
4	Advance registration required
5	Do Not Vote instructions
2	Local sub-custodian did not provide proxy voting services
9	Voting requirement not met due to nationality
6	Miscellaneous
220	Total missed ballots

Of the 220 total missed ballots, 172 were missed due to POAs not being on file at the local sub-custodians in Brazil, Finland, Luxembourg, Malta, and Sweden. Staff is currently working with Northern Trust, LACERS' custodian bank, to execute new POAs in these countries. In addition, staff is implementing an internal POA tracking system to better monitor POA filings and minimize missed ballots in the future.

Strategic Plan Impact Statement

The review of proxy voting information aligns with the Strategic Plan Goal to optimize long-term risk adjusted investment returns (Goal IV).

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

NMG/RJ/BF/EC:rm



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



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

Neil M. Guaglielmo

MEETING: SEPTEMBER 14, 2021
ITEM: VII

SUBJECT: BROKERAGE ACTIVITY REPORT FOR THE PERIOD JULY 1, 2020 TO JUNE 30, 2021

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

Recommendation

That the Committee receive and file this report.

Executive Summary

This report summarizes LACERS' brokerage activity for the period of July 1, 2020 to June 30, 2021.

Discussion

The LACERS Investment Policy, Section 1.V.C, states:

Brokerage Policy

The Board directs all investment managers trading public securities to utilize brokers who shall fulfill brokerage transactions for System assets in accordance with best execution. Subsequently, all LACERS public equity managers are to utilize commission recapture brokers on a best efforts basis. Commission recapture is a program designed to reduce fund expenses and increase cash flow by returning a portion of the commissions that external investment managers pay to brokers. Staff will provide to the Board an annual report summarizing commission and recapture activity for the fiscal year. The report will be presented within four months following the end of the fiscal year.

LACERS' investment managers are directed by policy and contract to use brokerage services that reduce trading costs and paid commissions that impact net performance. Commission recapture brokers are utilized to the extent that such brokers' costs are equal or less than the net cost of non-recapture broker. Pursuant to policy, LACERS' brokerage commissions paid and amounts recaptured for the period July 1, 2020 to June 30, 2021, are presented in Attachment 1 to this report.

Strategic Plan Impact Statement

Reviewing brokerage commissions is required by the LACERS Investment Policy and aligns with the Strategic Plan Goal to uphold good governance practices, which affirm transparency, accountability and fiduciary duty (Goal V).

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

NMG/RJ/BF/BS:rm

Attachment: 1. LACERS' Commissions Paid and Recaptured, July 1, 2020 to June 30, 2021

LACERS' COMMISSIONS PAID AND RECAPTURED
July 1, 2020 to June 30, 2021

Asset Class/Manager	Strategy	Total Commissions Paid (\$)	Recaptured Commissions (\$)
Domestic Equities			
Bernzott Capital Advisors	Small Cap Value	\$18,275.00	
Copeland Capital Management, LLC	Small Cap Growth	94,624.76	
EAM Investors, LLC	Small Cap Growth	324,136.75	
Granahan Investment Management, Inc.	Small Cap Growth	47,513.23	
Principal Global Investors, LLC	Mid Cap Core	20,621.35	
RhumbLine Advisers Limited Partnership	S&P 500 Index	50,000.88	
	Russell 2000 Index	11,151.14	
	Russell 2000 Growth Index	477.32	
	Russell 2000 Value Index	8,022.32	
Segall, Bryant, & Hamill, LLC	Small Cap Value	64,890.15	8,021.36
Sub-total		\$639,712.90	\$8,021.36
Non-U.S Equities			
AQR Capital Management, LLC	Small Cap Core	22,441.80	
Axiom Investors, LLC	Emerging Markets Growth	584,219.32	7,038.94
Barrow, Hanley, Mewhinney & Strauss, LLC	Developed Markets Value	326,566.64	
Dimensional Fund Advisors LP	Emerging Markets Value	61,996.35	
Lazard Asset Management LLC	Developed Markets Core	257,635.99	
MFS Institutional Advisors, Inc.	Developed Markets Growth	93,672.43	
Oberweis Asset Management, Inc.	Small Cap Core	953,406.30	
Quantitative Management Associates, LLC	Emerging Markets Core	210,073.83	
State Street Global Advisors Trust Company	MSCI World ex-U.S. Index	90,526.83	
Wasatch Advisors, Inc.	Emerging Markets Small Cap	144,237.15	
Sub-total		\$2,744,776.64	\$7,038.94

Asset Class/Manager	Strategy	Total Commissions Paid (\$)	Recaptured Commissions (\$)
Credit Opportunities			
Aegon USA Investment Management, LLC	U.S. High Yield	87.12	
Loomis, Sayles & Company, L.P.	High Yield Fixed Income	1,039.56	
Sub-total		\$1,126.68	
Public Real Assets			
CenterSquare Investment Management LLC	U.S. REITS	244,895.49	
Sub-total		\$244,895.49	
Other			
Liquidation of Stock Distributions		37,487.12	
Portfolio Transitions/Restructurings		2,049,684.52	
Sub-total		\$2,087,171.64	
Combined total		\$5,717,683.35	\$15,060.30