Investment Committee Agenda

REGULAR MEETING

TUESDAY, JANUARY 13, 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 Ghoukassian
Legal Counselor:	City Attorney's Office Public Pensions General Counsel Division

Notice to Paid Representatives

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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 DECEMBER 9, 2025 AND POSSIBLE COMMITTEE ACTION

III. CHIEF INVESTMENT OFFICER VERBAL REPORT

IV. PRESENTATION BY AKSIA LLC OF THE PRIVATE CREDIT PROGRAM 2026 STRATEGIC PLAN AND POSSIBLE COMMITTEE ACTION

V. PRIVATE CREDIT CONSULTING CONTRACT WITH AKSIA LLC AND POSSIBLE COMMITTEE ACTION

VI. SECURITIES LENDING PROGRAM GUIDELINES MODIFICATIONS AND POSSIBLE COMMITTEE ACTION

VII. 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

Board of Administration Agenda

SPECIAL MEETING

TUESDAY, JANUARY 13, 2026

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

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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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IX. ADJOURNMENT

Agenda of: Jan. 13, 2026

Item No: II

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

December 9, 2025

1:20 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 meeting at 1:22 P.M. 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 OCTOBER 14, 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:

- 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 EQUITY PROGRAM 2026 STRATEGIC PLAN AND POSSIBLE COMMITTEE ACTION – Thomas Martin, Partner, and Trevor Jackson, Managing Director, with Aksia LLC, presented and discussed this item with the Committee for 35 minutes. Committee Member Roten moved approval, and adopted by the following vote: Ayes, Committee Members Liem, Roten, and Chair Huynh -3; Nays, None.

V

LIMITED TERM RETIREMENT PLAN INVESTMENT OPTION CHANGES AND POSSIBLE COMMITTEE ACTION – Todd Bouey, General Manager, Rod June, Chief Investment Officer, and Wilkin Ly, Investment Officer III, presented and discussed this item with the Committee for 9 minutes. Committee Member Roten moved approval, and adopted by the following vote: Ayes, Committee Members Liem, Roten, and Chair Huynh -3; Nays, None.

VI

BROKERAGE ACTIVITY REPORT FOR THE PERIOD JULY 1, 2024 TO JUNE 30, 2025 – Wendy Norman, Investment Officer I, presented and discussed this item with the Committee for 7 minutes. This report was received by the Committee and filed.

VII

OTHER BUSINESS – There was no other business.

VIII

NEXT MEETING: The next Regular Meeting of the Investment Committee is scheduled for Tuesday, January 13, 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 2:16 P.M.

Thuy Huynh
Chair

Todd Bouey
Manager-Secretary

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO INVESTMENT COMMITTEE **MEETING: JANUARY 13, 2026**
From: Todd Bouey, General Manager **ITEM: IV**

SUBJECT: **PRESENTATION BY AKSIA LLC OF THE PRIVATE CREDIT PROGRAM 2026 STRATEGIC PLAN AND POSSIBLE COMMITTEE ACTION**

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

Recommendation

That the Committee recommend to the Board the adoption of the Private Credit Program 2026 Strategic Plan.

Discussion

Aksia LLC (Aksia), LACERS' Private Credit Consultant, with input from staff, has developed the proposed Private Credit Program 2026 Strategic Plan, which considers strategic objectives and investment plan recommendations for calendar year 2026. Staff has reviewed the plan and recommends its adoption. Aksia will present the proposed plan.

Prepared By: Clark Hoover, Investment Officer I, Investment Division

TB:RJ:WL:RM:EC:CH

Attachment: 1. LACERS Private Credit Program 2026 Strategic Plan – Aksia LLC

Aksia LLC

LACERS Private Credit Program
2026 Strategic Plan

January 13, 2026

Aksia
New York • London • Tokyo

www.aksia.com

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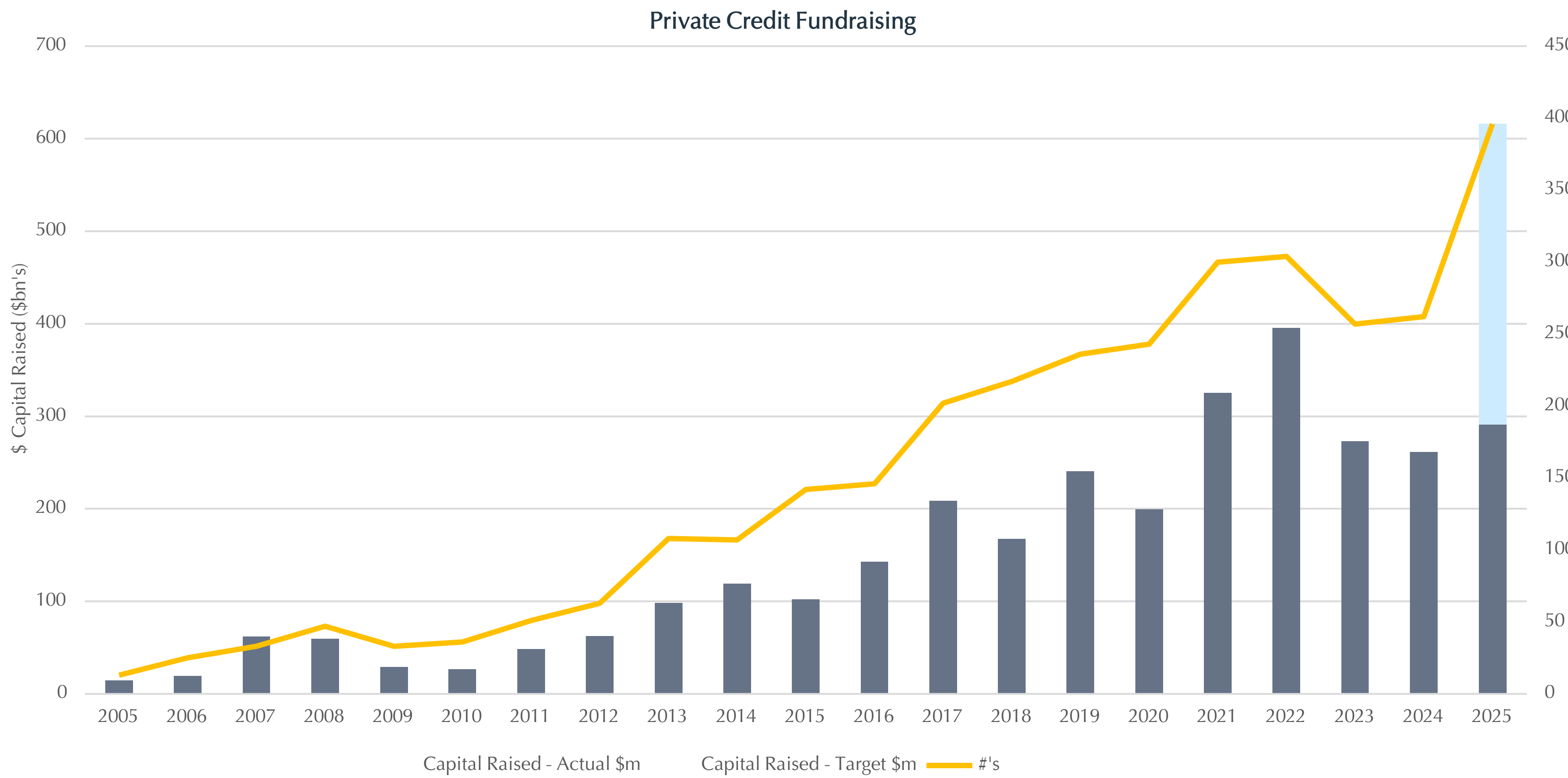
i. Private Credit Overview

LACERS PRIVATE CREDIT PROGRAM - 2026 STRATEGIC PLAN

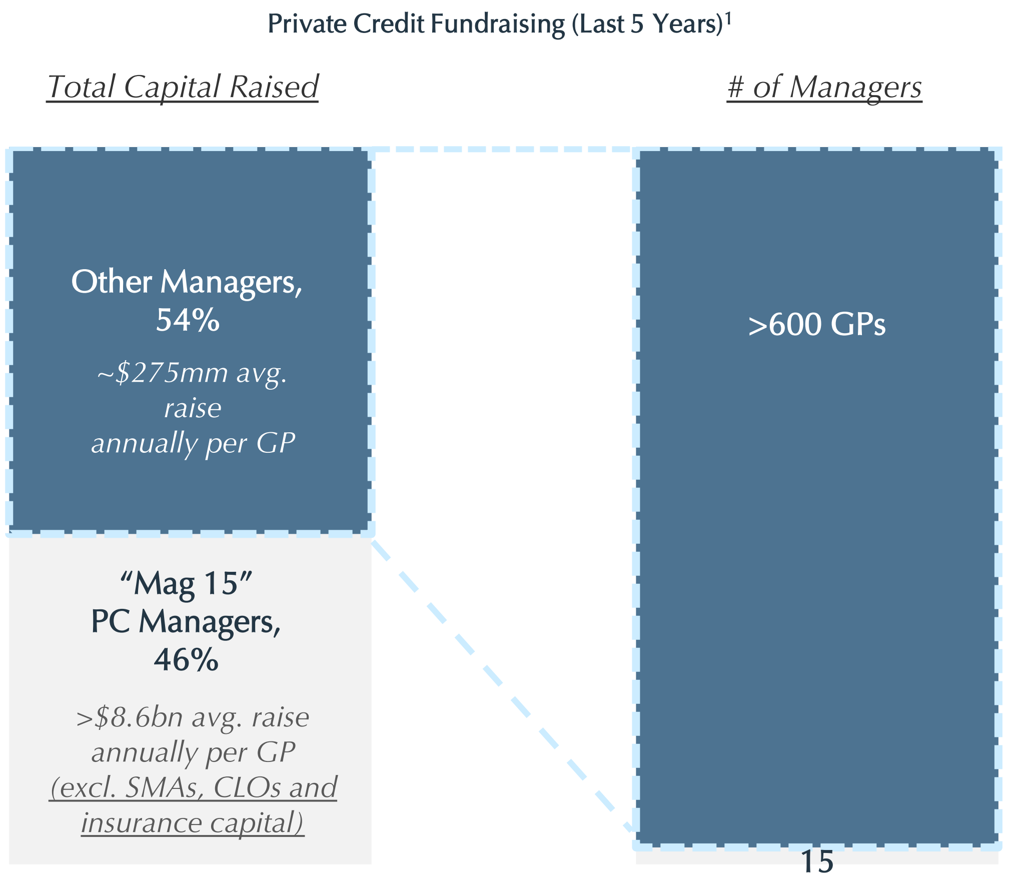
Aksia



Private credit fundraising appears to be normalizing at an annual pace of roughly $300bn. This may signal the end of the exceptional growth trend that has persisted since the early 2010s. However, it could also reflect a temporary slowdown driven by fewer private equity realizations, which may be limiting LPs' ability to recycle capital into private credit.

Source: Aksia, August 13, 2025. Note: open-ended funds and those with incomplete fundraising profiles excluded.

LACERS PRIVATE CREDIT PROGRAM - 2026 STRATEGIC PLAN

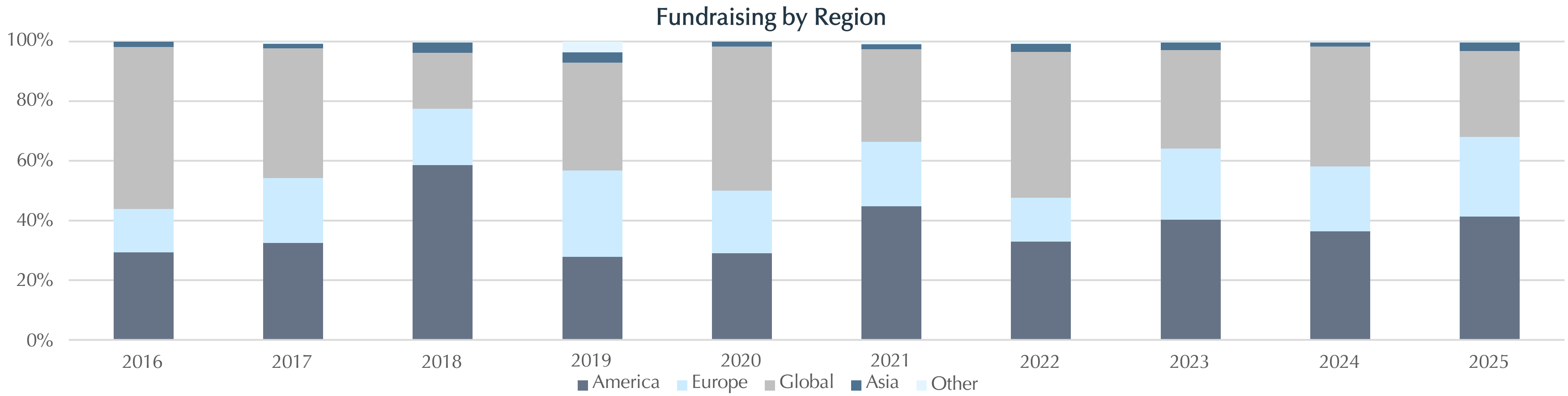


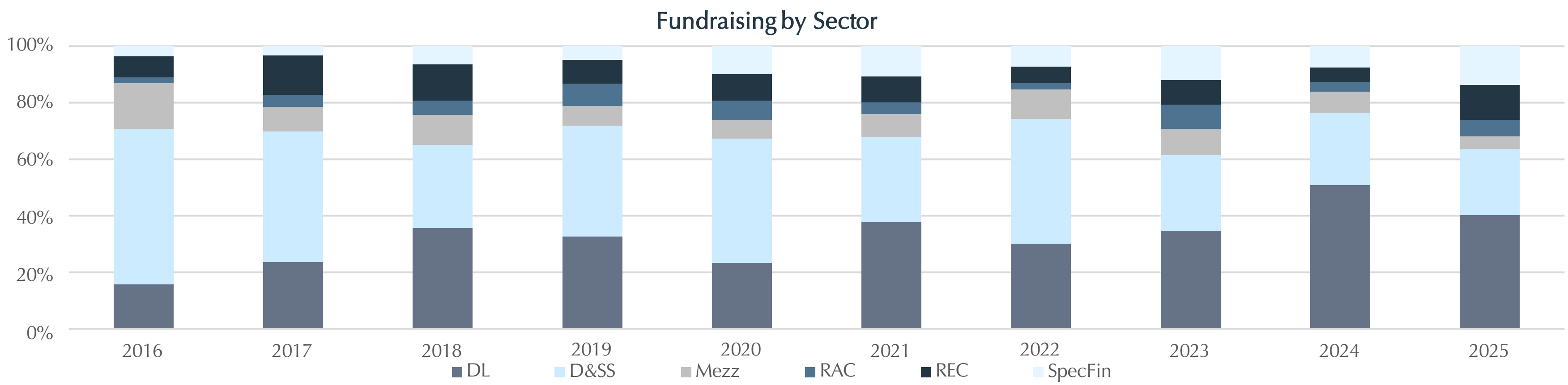
Capital raise dynamics considerably different for "smaller managers" featuring more niche strategies and limited access to global institutions, wealth or insurance channels.

Source: Aksia as of March 31, 2025. [1]Fundraising information based on Aksia proprietary fundraising data on Private Credit funds since 2020.

LACERS PRIVATE CREDIT PROGRAM - 2026 STRATEGIC PLAN

Aksia



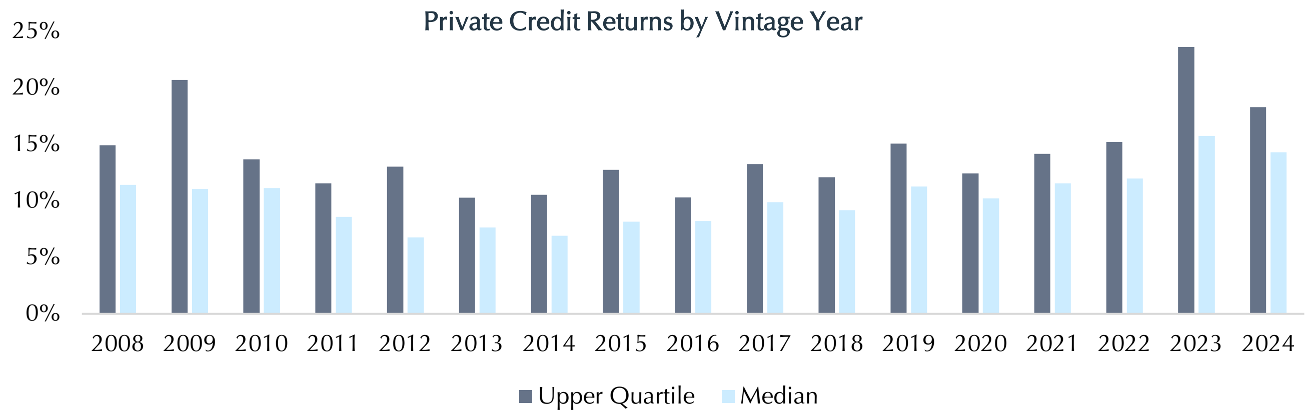


Private credit remains a market characterized by a highly diversified group of underlying strategies – potentially more so than any other private markets asset class.

Source: Aksia, August 13, 2025. Note: open-ended funds and those with incomplete fundraising profiles excluded.

LACERS PRIVATE CREDIT PROGRAM - 2026 STRATEGIC PLAN

Private Credit Returns by Sector	5 Year	10 Year	15 Year
Subordinated Capital	12.9%	10.8%	11.4%
Credit Opportunities	11.1%	8.2%	9.5%
Senior Debt	9.1%	8.1%	7.9%
Control-Oriented Distressed	14.1%	10.4%	11.5%
Total	**11.8%**	**9.2%**	**10.2%**



From a returns standpoint, performance across the private credit asset class remains strong and is supported by elevated interest rates across the U.S. and Europe. At the same time, returns vary by vintage year and managers, making vintage diversification and manager selection important to overall performance.

Source: Cambridge Associates Pooled IRR: Subordinated Capital, Credit Opportunities, Senior Debt, Control-Oriented Distressed for the United States, Canada, Europe and Global as of June 30, 2025.

ii. Portfolio Pacing

LACERS PRIVATE CREDIT PROGRAM - 2026 STRATEGIC PLAN

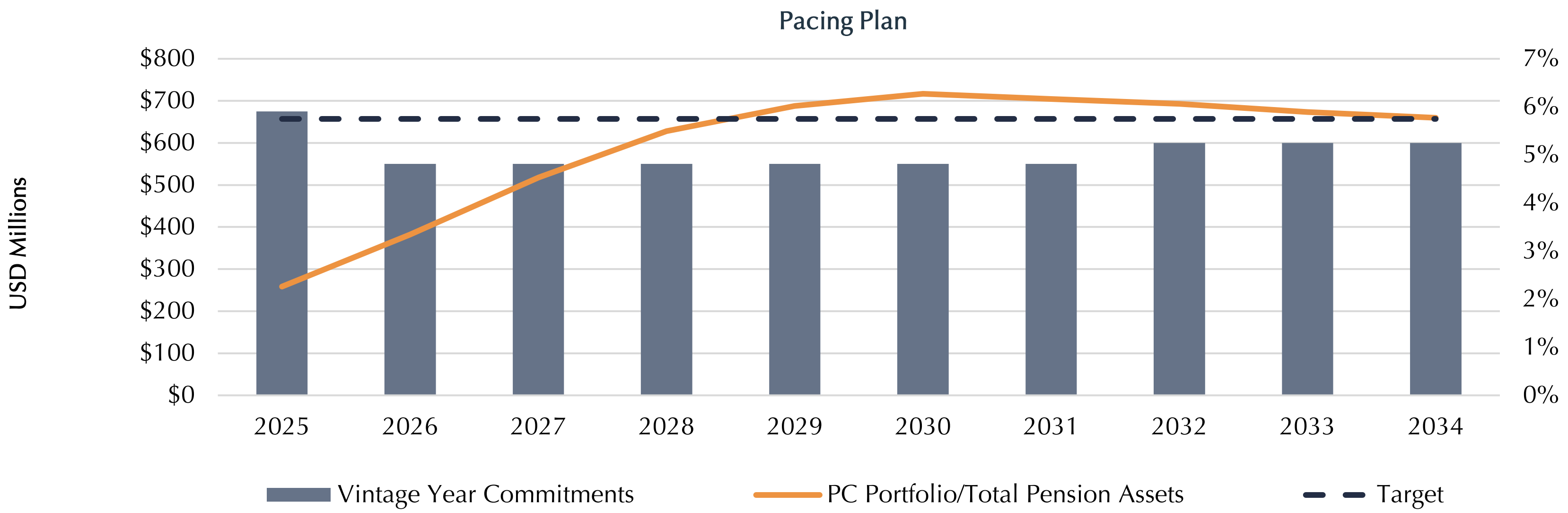
Pacing Analysis Summary

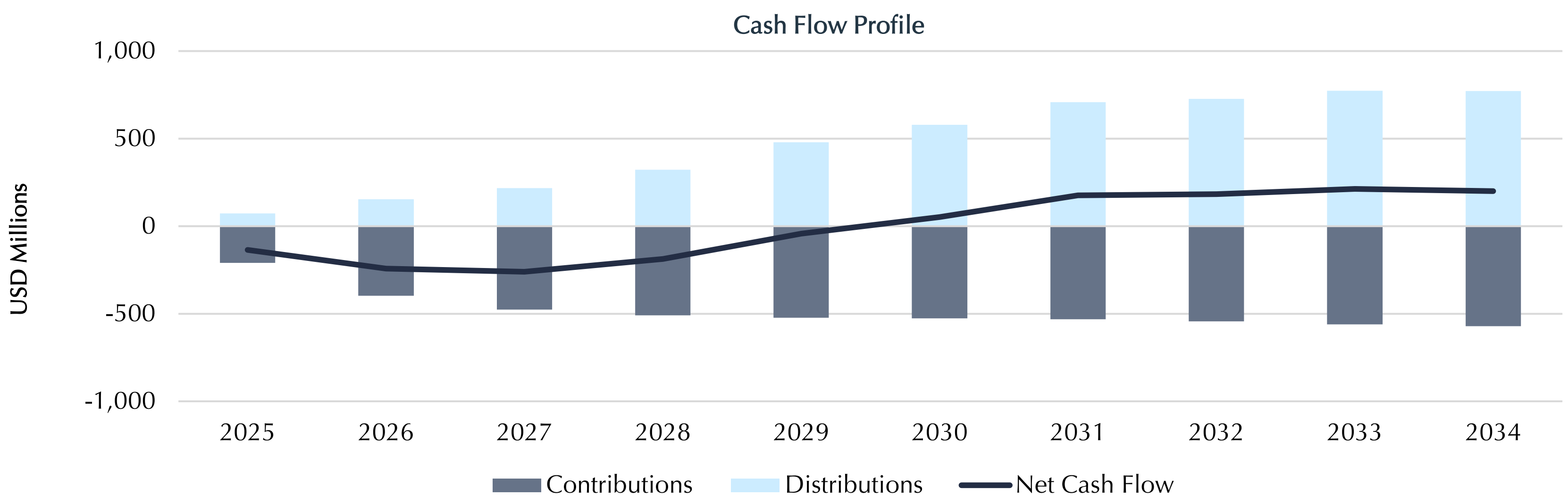
- Aksia recommends LACERS commit approximately $500 million to $600 million for 2026, with an expected target of $550 million
- Aksia believes it is reasonable to consider a five-year aggregate total commitment target of $2.7 billion as a base case scenario to achieve and maintain the target allocation of 5.75%
- LACERS is expected to hit the 5.75% allocation target by 2029

Key Assumptions

- $25.2bn plan value as June 30, 2025
- 4.0% long-term pension growth rate
- Incorporate LACERS' fund-level holdings information and Aksia's proprietary private credit assumptions and scenarios

Pacing Model (Base Case)





Data as of June 30, 2025

LACERS PRIVATE CREDIT PROGRAM - 2026 STRATEGIC PLAN

Aksia

2026 Commitment Recommendations | $ in Millions

Strategy	Total Exposure[1]	Target	Annual Allocation	Commitment Range[2]
Core	**84%**	**70%-100%**	**$400-$550**	**$50-$150**
Direct Lending	79%	40%-70%		
Real Estate/Real Asset Credit	6%	20%-40%		
Satellite	**16%**	**0%-30%**	**$0-$165**	**$25-$100**
Specialty Finance	7%	0%-25%		
Distressed/Special Situations	9%	0%-30%		
Geography	**Total Exposure[1]**	**Target**	**Annual Allocation**	**Commitment Range[2]**
Core	**100%**	**75%-100%**	**$400-$550**	**$50-$150**
North America	65%	40%-70%		
Global	19%			
Europe	16%	20%-40%		
Satellite	**0%**	**0%-25%**	**$0-$140**	**$25-$75**
Asia	0%	0%-25%		
Rest-of-World	0%	0%-25%		
Emerging Managers	**Total Exposure[1]**	**Target**	**Annual Allocation**	**Commitment Range[2]**
Emerging Managers	6%	10%+	**$50-$60**	**$20-$30**
Total			**$500-$600**	

[1]Data as of June 30, 2025. Total Exposure represents NAV plus unfunded commitments. [2]Emerging Manager commitment sizes will likely be smaller.

iii. Portfolio Overview

Portfolio Objectives and Guidelines

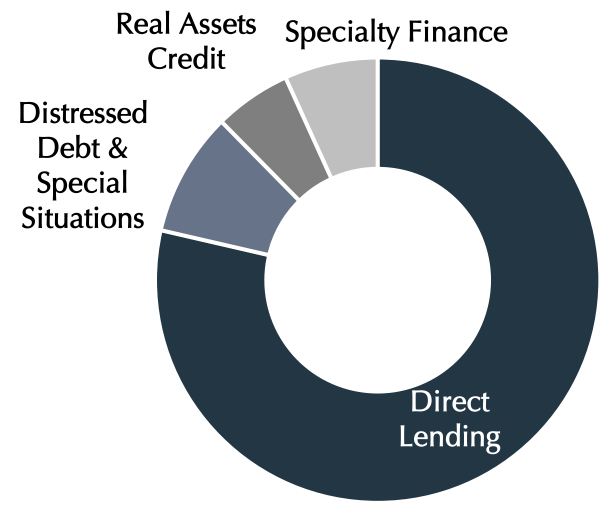
Asset/Strategy Mix	Diversified exposure to Private Credit strategies including: • Corporate Lending (Senior Focus) • Real Estate & Real Assets Lending • Distressed & Special Situations • Specialty Finance
Target Portfolio Size	5.75% of LACERS's plan assets
Target Commitment Size	\$20m - \$150m allocation sizes to 7-10 active GPs
Fund Structures	Commingled and Evergreen structures
Net Return Target	8-10%
Benchmark	S&P UBS Leveraged Loan TR USD + 200bps
Geographic Diversity	Primarily U.S./North America, some Europe
Other Considerations	• Complement existing private credit exposure • Take advantage of first close discounts and aggregation discounts • Source and evaluate emerging managers (target at least 10% of portfolio over time)

LACERS PRIVATE CREDIT PROGRAM - 2026 STRATEGIC PLAN

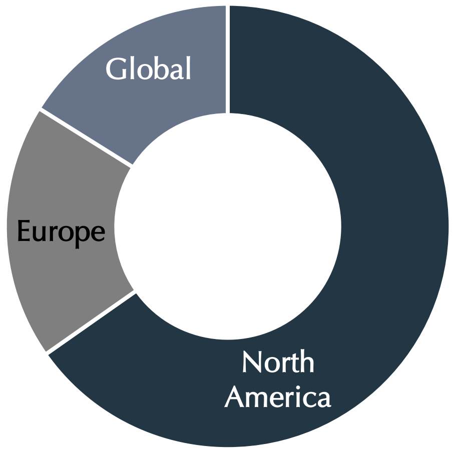
LACERS Private Credit Portfolio Actuals

	Strategy	Target %	Actual Portfolio %
Core	Direct Lending	40-70%	**79%**
	Real Assets Credit / Real Estate Credit	20-40%	**6%**
Satellite	Distressed/Special Situations	0-30%	**9%**
	Specialty Finance	0-25%	**7%**

Actual Portfolio*



	Geography	Target %	Actuals %
Core	U.S./North America	40-70%	**65%**
	Global		**19%**
	Europe	20-40%	**16%**
Satellite	Asia/Rest-of-World	0-25%	**0%**



*Data as of June 30, 2025. Actual Portfolio % represents NAV plus unfunded commitments.

LACERS PRIVATE CREDIT PROGRAM - 2026 STRATEGIC PLAN

Aksia

Direct Lending

U.S. Direct Lending
- Senior
- Opportunistic
- LMM (sponsored)
- LMM (non-sponsored)
- Private BDCs
- Industry Focused
- Revolvers

European Direct Lending
- Senior
- Opportunistic
- LMM
- Country-Specific Funds

Emerging Markets Lending
- Asian
- African
- CEE/Middle East
- Latin American
- Pan-EM

Global Direct Lending

Distressed Debt & Special Situations

Corporate Distressed
- Stress / Distressed Trading
- Influence / Control
- Diversified Distressed

Opportunistic Structured Credit
- 3rd Party CLO Equity
- Captive CLO Equity
- CLO Debt
- CLO Multi
- Consumer ABS
- CMBS/CRE
- Esoteric ABS
- European Structured Credit
- RMBS
- Structured Credit Multi-Sector

Real Estate Distressed

NPLs

Capital Solutions

PC Special Situations

PC Secondaries

Specialty Finance

Consumer & SME Lending
- Marketplace Finance
- Lender/Platform Finance

Rediscount Lending

Factoring & Receivables

Regulatory Capital Relief

Music/Film/Media Royalties

Oil & Gas Minerals Royalties

Metals Royalties

Healthcare Lending & Royalties
- Healthcare Lending
- Healthcare Royalties

Venture Lending

Technology Lending

Financial Services Credit

Insurance Linked Credit
- Diversified
- Life Insurance
- Non-Life

Litigation Finance
- Litigation Finance
- Merger Appraisal Rights

PE Portfolio Finance

Stretch ABL

Diversified Specialty Finance

Real Estate Credit

U.S. CRE Core Lending

U.S. CRE Transitional Lending
- Large Loan
- Middle Market
- Small Balance
- Opportunistic

U.S. CRE Bridge Lending
- Large Loan
- Middle Market
- Small Balance

European CRE Lending
- Bridge
- Transitional
- Core

Emerging Markets CRE Lending

CRE Structured Credit
- Agency CRE B-Piece
- Non-Agency CRE B-Piece

Residential Mortgages
- Residential NPLs
- Single Family Rental
- Mortgage Servicing Rights
- Residential Origination

Real Assets Credit

Infrastructure Lending
- Senior Focus
- Sub-IG Focus
- Mezz Focus

Energy Credit
- Energy Lending
- Energy Mezzanine Lending
- Opportunistic

Trade Finance

Metals & Mining Finance

Agricultural Credit

Transportation
- Aviation Lending
- Maritime Lending
- Road & Rail Lending
- Transportation Lending (Multi)

Mezzanine

U.S. Mezzanine
- Upper Middle Market
- Middle Market
- Lower Middle Market

European Mezzanine

Structured Equity

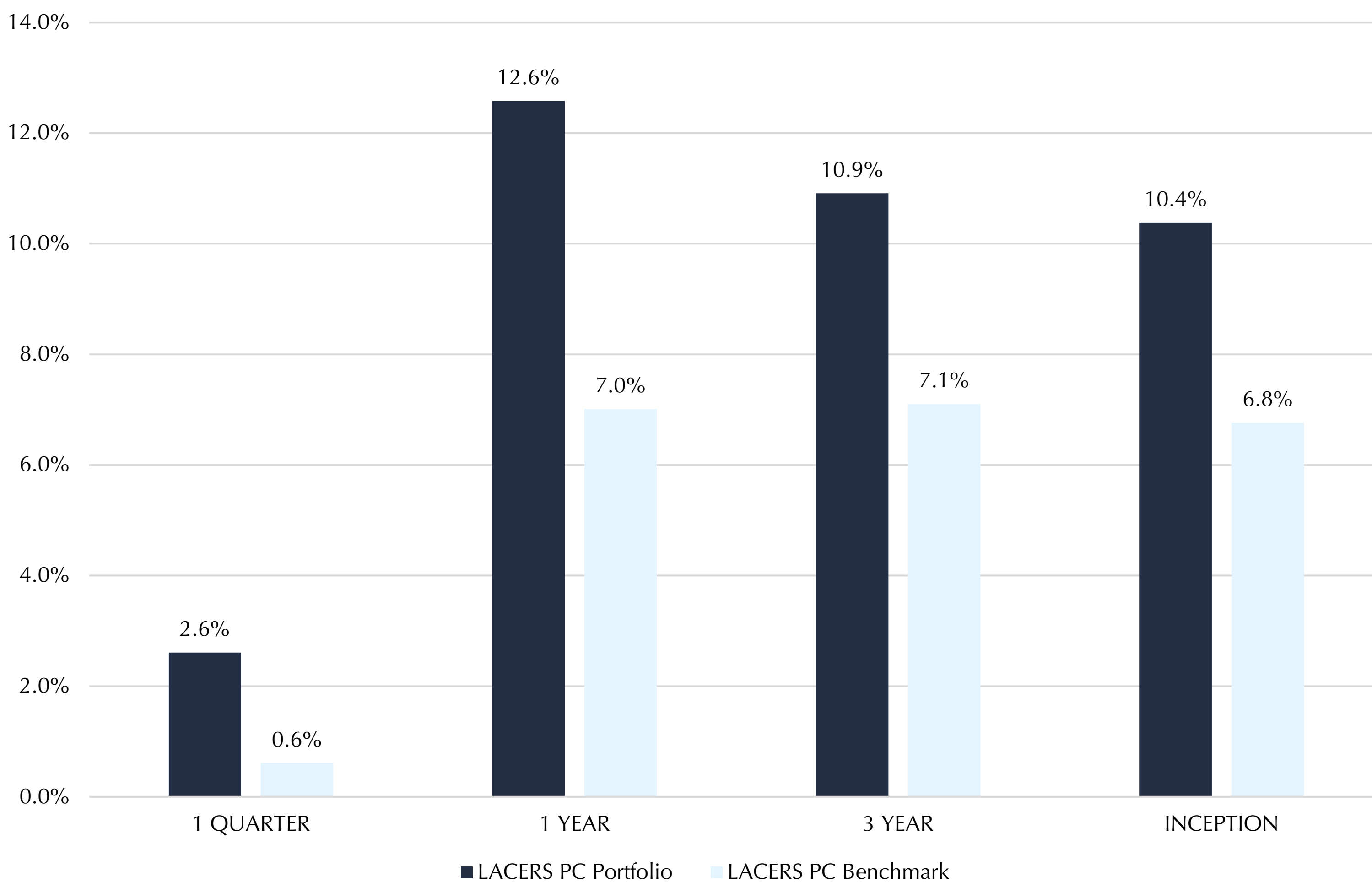
LACERS Finalized commitments

LACERS Pending commitments

LACERS Legacy commitments

LACERS PRIVATE CREDIT PROGRAM - 2026 STRATEGIC PLAN

LACERS PC Portfolio vs Benchmark*



Data as of June 2025. *LACERS benchmark: S&P UBS LL index (Inception-6/30/2025) and S&P UBS LL index + 200bps (starting 7/1/2025). Benchmark data provided by Northern Trust.

LACERS PRIVATE CREDIT PROGRAM - 2026 STRATEGIC PLAN

Aksia

	Fund	Region	Sub-Strategy	Target Net IRR	LACERS Close
2025 Commitments	Mavik Real Estate Special Opportunities VS2 LP	North America	Real Estate Distressed	14-16%	Jan-25
	Dawson Portfolio Finance 6 LP	North America	PE Portfolio Finance	11-13%	Apr-25
	TPG Twin Brook Direct Lending Fund VI LP	North America	U.S. LMM Lending (Sponsor)	10-12%	Jun-25
	TPG TBDL Co-Invest Fund VI LP	North America	U.S. LMM Lending (Sponsor)	10-12%	Jun-25
	Sixth Street Opportunities Partners Fund VI	Global	PC Special Situations	13-15%	Jul-25
	Nuveen Energy & Power Infrastructure Credit - Cayman LP - Fund II	Global	Sub-IG Infrastructure Lending	11-13%	Jul-25
Pending	Real Estate Credit	North America	U.S. CRE Transitional Lending	11-13%	*Pending*
	U.S. Direct Lending	North America	U.S. Opportunistic Lending	10-13%	*Pending*
	Specialty Finance	North America	Stretch ABL	12-14%	*Pending*

Source: Manager-provided information. As of October 2025. Investment period and fund life do not include potential extensions to investment or harvest periods. Certain fund information may be based on latest commingled raise if not currently in market. Please see page 24 for important disclaimers which are integral to reviewing this data.

2026 Long-Term Strategic Plan Recommendations

- **Pacing**
    - Maintain relatively consistent longer-term pacing despite market volatility
    - Commitment plan of approximately $500 - $600 million proposed for 2026, with an expected target of $550 million
    - Commitments to 7-10 funds with a target size of $20-$150 million per commitment
    - 2-4 investments to Emerging Managers representing at least 10% of total annual commitments

- **Broad Portfolio Considerations**
    - Focus on direct lending to take advantage of the relatively higher base rates over the last few years
    - Continue to build out complementary satellite and specialty exposures
    - Evaluate and take advantage of distressed and opportunistic strategies in dislocated markets and key sectors
    - Deploy at least 10% of commitments to emerging managers
    - Diversify portfolio overall by size, strategy, geography in line with target exposures
    - Consider a five-year aggregate total commitment target of $2.7 billion as a base case scenario to achieve and maintain the target allocation of 5.75%

iv. Appendix

SWOT Analysis

Strengths

- Portfolio is comprised of high quality legacy managers and new targeted strategies
- Small number of relationships in legacy portfolio allows for high degree of selectivity in onboarding new manager relationships.

Weaknesses

- Private credit program is nascent and will require increased expertise in the asset class to further develop the program.
- Lack of deep and long relationships in private credit space relative to other asset classes such as private equity.

Opportunities

- Slowdown in debt capital markets and bank financing is leading more corporate and non-traditional borrowers to private credit to raise capital.
- Higher base rates have improved risk-adjusted returns across the risk spectrum in private credit.
- Attractive entry point for dislocated market segments including real estate and certain corporate sectors.

Threats

- Potential for significant spread changes and higher default risk as companies battle historically higher financing costs and pressure on margins and top-line revenue.
- Risk of increased prepayment rates eroding returns in the shorter-term given a cooling interest rate environment.
- Significant capital being raised in the private credit market and the expansion of the retail channel in private markets which will lead to more competition for deals.

PACING CONSIDERATIONS

There are a multiple factors to consider around annual commitment pacing

- A program of sustained and consistent commitments to private market strategies over time enhances vintage year diversification and leads to better performance versus attempts to market-time.
- The long-term nature of private market strategies, typically ten or more years, allows fund managers to not be forced sellers at low valuations or buyers at high valuations.
- Commitment pacing also drives future cash flows, and significant over-commitment to private markets followed by a retreat from the market will cause distortions in subsequent cash flows, including negative cash flows, if commitments are suspended or reduced for a number of periods.

PACING MODEL ASSUMPTIONS – PRIVATE CREDIT

- Aksia's model uses actual holding level historical cash flows and then employs multiple variables as inputs to project future capital calls, distributions and net asset values, allowing for the projection of an annual pacing commitment target.

- Existing investments incorporate actual investment and harvest periods and other terms (when available). For new and existing investments, the model generally uses default sector-level assumptions for forward-looking annual growth, cash interest, and annual contribution and distribution percentages. Additional adjustments may be made on a fund-by-fund basis.

- Aksia stands ready to run this pacing analysis using other assumptions upon request.

Private Credit Sector	Annual Growth	Cash Interest	Investment Period	Harvest Period
Direct Lending (Unlevered)	1.0%	9.0%	4 years	4 years
Direct Lending (Levered – 1.0x Debt/Equity)	2.0%	11.0%	4 years	4 years
Real Estate Credit	2.0%	11.0%	4 years	4 years
Specialty Finance	4.0%	11.0%	4 years	4 years
Junior Capital	7.0%	7.0%	5 years	7 years
Real Assets Credit	2.0%	9.0%	4 years	5 years
Distressed Debt & Special Situations	14.0%	0.0%	4 years	6 years

Private Credit Sector	Annual % Contribution[1]	Annual % Distribution[2]
Direct Lending (Unlevered)	25, 35, 40	0, 10, 15, 25, 30, 40
Direct Lending (Levered – 1.0x Debt/Equity)	25, 35, 40	0, 10, 15, 25, 30, 40
Real Estate Credit	25, 35, 40	0, 10, 10, 25, 40, 40
Specialty Finance	35, 45	10, 20, 35, 40, 40
Junior Capital	15, 25, 30	0, 5, 10, 15, 20, 30
Real Assets Credit	25, 35, 40	0, 10, 10, 15, 35, 35
Distressed Debt & Special Situations	25, 30	0, 5, 15, 20, 30, 30

[1] Annual contribution rates are expressed as a percentage of unfunded capital. Annual contribution rates assume a continuation of the last value shown until the end of the term.
[2] Annual distribution rates are expressed as a percentage of unrealized value. Following the last value shown, annual distribution rates assume a steady rise to 100% at the end of the term.

Aksia

PACING MODEL SCENARIOS DETAIL

	Aksia Upside Scenario	Aksia Downside Scenario
Total Portfolio Asset Growth		
Growth rate beginning 1 year from start of current quarter	20%	-10%
Growth rate beginning 2 years from start of current quarter	Base Assumption	-10%
Growth rate beginning 3 years from start of current quarter	Base Assumption	Base Assumption
Contribution Rate (Multiple of Base Assumption)		
Beginning 1 year from start of current quarter	1.25x	0.75x
Beginning 2 years from start of current quarter	1.50x	0.50x
Beginning 3 years from start of current quarter	1.00x	1.00x
Distribution Rate (Multiple of Base Assumption)		
Beginning 1 year from start of current quarter	1.25x	0.50x
Beginning 2 years from start of current quarter	1.50x	0.75x
Beginning 3 years from start of current quarter	1.00x	1.00x
Annual Growth (Multiple of Base Assumption)		
Beginning 1 year from start of current quarter	1.00x	0.00x
Beginning 2 years from start of current quarter	1.50x	-0.25x
Beginning 3 years from start of current quarter	1.00x	1.00x

This model is for illustrative purposes only and should not be relied upon as a guarantee of future results. Projections are based on assumptions and historical data we believe to be reasonable but are subject to change. Actual outcomes may differ materially due to market conditions or other factors not accounted for in the model. These results are intended to provide insights, not conclusions, and should not be the sole basis for investment decisions. Client-specific assumptions may materially impact results. Past performance is not indicative of future outcomes. Neither Aksia nor its representatives guarantees the accuracy of the model or accepts liability for its use.

Disclaimers

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RECOMMENDATIONS: Any Aksia recommendation or opinion contained in these materials is a statement of opinion provided in good faith by Aksia and based upon information which Aksia reasonably believes to be true. Recommendations or opinions expressed in these materials reflect Aksia's judgment as of the date shown, and are subject to change without notice. Except as otherwise agreed between Aksia and the Intended Recipient, Aksia is under no future obligation to review, revise or update its recommendations or opinions.

LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

REPORT TO INVESTMENT COMMITTEE **MEETING: JANUARY 13, 2026**
From: Todd Bouey, General Manager **ITEM: V**

SUBJECT: **PRIVATE CREDIT CONSULTING CONTRACT WITH AKSIA LLC AND POSSIBLE COMMITTEE ACTION**

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

Recommendation

That the Investment Committee recommend to the Board a five-year contract renewal with Aksia LLC for private credit consulting services.

Executive Summary

Aksia LLC (Aksia) has served as LACERS private credit consultant since April 1, 2023; the current contract expires on March 31, 2026. Since inception of the contract, Aksia has provided value-added consulting services to LACERS; their investment recommendations have been developed thoughtfully based on a solid understanding of LACERS' objectives and Investment Policy. Staff is satisfied with Aksia's services and recommend a five-year contract renewal for private credit consulting services.

Discussion

Background
Aksia provides private credit consulting services to LACERS. The Board hired Aksia through the 2021-2022 Private Credit Consultant search process and authorized a three-year contract with Aksia on October 25, 2022. The contract became effective on April 1, 2023, and expires on March 31, 2026. Since inception, LACERS has paid a total of $975,000 in private credit consulting fees to Aksia.

Organization
Aksia is an alternative asset specialist investment consulting firm and is 100% employee owned. The firm was founded in 2006 and has eight global offices including New York (headquarters), San Diego, Chicago, London, Tokyo, Hong Kong, Dubai, and Athens. Aksia has more than 450 employees including 180 investment professionals, 56 operational due diligence professionals, and 47 risk management professionals.[1] Aksia advises on over $395 billion in client assets under supervision.[2]

[1] Number of professionals as of November 30, 2025.

[2] As of September 30, 2025. Assets under supervision includes $362.4 billion of assets under advisory ("AUA") and $33.2 billion in assets under management ("AUM"). AUA is the sum of NAV and unfunded commitments of advisory clients' underlying investments. AUM is the sum of NAV, unfunded commitments of investment management clients' underlying investments, and amounts committed to Aksia-managed vehicles but not yet committed to underlying investments. AUA & AUM are assets advised/managed by Aksia and tracked by Aksia's client operations team; does not include assets of research clients or of clients for which Aksia does not track assets. AUM includes all accounts where Aksia is investment manager and provides continuous and regular supervisory or management services.

Primary Consulting Team Assigned to LACERS
LACERS' primary consulting team currently consists of three individuals: Trevor Jackson, Managing Director, Pan-Alts, and LACERS' primary relationship manager; Rahul Desai, CFA, Director, Private Credit; and Melisa Zarate, Senior Associate, Pan-Alts.

Members of the consulting team bring deep private market experience and specializations around manager sourcing and selection, industry and manager research, operational due diligence, and portfolio construction. Collectively, they help guide LACERS long-term private credit strategy and program.

Consulting Approach and Accomplishments
Aksia's consulting approach is research-driven and centered on building a customized portfolio for LACERS, providing performance focused solutions to optimize LACERS' risk-adjusted returns. Since being hired, Aksia has provided value-added services to LACERS including:

- Underwriting and recommending $1.46 billion in new commitments to 22 funds, including approximately $115 million in commitments to 5 emerging manager funds[3]
- Advising on numerous contract amendments for existing LACERS managers
- Preparing and presenting the annual strategic plan and pacing studies
- Assisting with LACERS' Investment Policy review and developing new policies
- Providing Board and staff with investment education on topics such as private credit portfolio construction and manager due diligence
- Participating in LACERS initiatives such as the Emerging Manager Symposium and Networking Forum

Askia's recommendations and deliverables have been developed thoughtfully based on a solid understanding of LACERS' objectives and Investment Policy. Based on the high quality of services that Aksia has provided to LACERS, staff recommends a five-year contract renewal with Aksia.

Fees
The current contract with Aksia, which spans from April 1, 2023 to March 30, 2026, specifies the following fee structure:

Year	Fee
1	$325,000
2	$325,000
3	$325,000
Total	$975,000

For the next five-year contract term, Aksia has proposed a fee structure which reflects adjustments for current and projected inflation, additional staffing resources, as well as the increased size and complexity of LACERS' private credit program. The proposed fee schedule includes escalations each

[3] As of December 31, 2025

year, starting from the current annual fee of $325,000:

Year	Fee	% Increase
1	$360,000	10.8%
2	$375,000	4.2%
3	$390,000	4.0%
4	$400,000	2.6%
5	$425,000	6.3%
Total	$1,950,000	

Aksia also currently provides Private Equity Consulting Services to LACERS under a separate contract. In the renewal proposal submitted to LACERS, Aksia points out that the coordinated delivery of both private equity and private credit creates synergies which are reflected in the current pricing. For the proposed contract renewal, Aksia states that if LACERS terminates the Private Equity mandate during the proposed Private Credit contract term, Private Credit Consulting Services will be subject to an additional annual fee of $75,000, effective from the termination date of the Private Equity mandate.

Prepared By: Clark Hoover, Investment Officer I, Investment Division

TB:RJ:WL:RM:EC:CH

LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

REPORT TO INVESTMENT COMMITTEE | **MEETING: JANUARY 13, 2026**
From: Todd Bouey, General Manager | **ITEM: VI**

SUBJECT: **SECURITIES LENDING PROGRAM GUIDELINES MODIFICATIONS AND POSSIBLE COMMITTEE ACTIONS**

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

Recommendation

That the Committee recommend to the Board staff's proposed revisions to the Cash Collateral Guidelines of the Securities Lending Program.

Executive Summary

Staff is proposing modifications to the Securities Lending Program (SLP) Cash Collateral Guidelines. The recommended guideline changes largely restore the guidelines to a pre-2020 risk-return profile based on derisking cash collateral reinvestment program guidelines.

Discussion

On April 28, 2020, the Board authorized temporary modifications to the SLP in response to the extreme market volatility and uncertain economic outlook brought about by the onset of the COVID-19 pandemic. Staff pursued revisions to the SLP Cash and Non-Cash Collateral Guidelines to reduce risk exposure and protect investment program liquidity. Staff negotiated the guideline revisions with The Northern Trust Company (Northern Trust), LACERS' Master Custodian Bank, which also serves as the SLP agent and Cash Collateral investment portfolio manager.

The revisions to the Cash Collateral Guidelines aimed to improve the liquidity and credit quality of the Cash Collateral investment portfolio, as well as to provide further limits to counterparty exposure. The revisions to the Non-Cash Collateral Guidelines not only further limited counterparty exposure as well, but also narrowed the acceptable forms of non-cash collateral backing securities loans.

On June 22, 2021, the Board approved the permanent adoption of the temporary modifications to the SLP Non-Cash Collateral Guidelines, with staff noting that the revised guidelines already align with Northern Trust's stricter internal standards regarding non-cash collateral, which feature a balanced approach to income generation and the presence of essential risk-management features. At the same meeting, the Board also affirmed staff's recommendation to have the temporary revisions to the Cash Collateral Guidelines to remain in effect for an indefinite period of time, which at that time it was thought that the near-term markets would experience a rising interest rate environment that could cause increased risk within the Cash Collateral investment portfolio.

As a result of the implementation of the de-risked guideline revisions, SLP loan volumes and earnings declined. Loan volume and earnings information pre- and post-modification of the SLP are summarized in the following table.

Period	Average Monthly On Loan ($)	Average Monthly Available To Loan ($)	Utilization Rate	Average Monthly Net Earnings ($)
Pre-Modification Jul-15 - Jun-20	1,823,146,076	11,027,346,466	16.5%	565,759
Post-Modification Jul-20 - Jun-25	1,104,789,516	13,128,939,169	8.4%	295,499
% Change	-39.4%	19.1%	-49.1%	-47.8%

Comparing the five-year periods before and after the guideline revisions, the loan volume and utilization rate (value of securities on loan as a percentage of value of securities available to loan) decreased by 39% and 49%, respectively. The average monthly net earnings declined by approximately 48%. Staff and Northern Trust acknowledge SLP income declines due to holding higher quality securities and decreased maturity duration but also affirm that such reduced income levels were within the expected range.

Following a Request for Proposal search process, LACERS recently entered into a new five-year contract with Northern Trust for custodial and securities lending services effective August 1, 2025. While the SLP Cash and Non-Cash Collateral Guidelines were carried over into the new mandate, staff and Northern Trust revisited the guidelines and reviewed their suitability against the current market environment and LACERS' SLP return objectives and risk constraints. Staff and Northern Trust believe that restoring relevant parts of the Cash Collateral guidelines to their pre-2020 form will increase earnings with an acceptable degree of SLP marginal risk. This is because while Northern Trust indemnifies LACERS against securities loan borrower defaults; LACERS bears the risk of investing cash collateral, exposing LACERS to potential principal losses as a tradeoff to generating income from cash collateral. NEPC, LLC, LACERS' General Fund Consultant, is supportive of the proposed guideline changes and affirms that the proposed changes would result in guidelines that are appropriate for LACERS and also very similar to those of NEPC's other clients (memo attached).

Guidelines focused on liquidity/maturity, for which reversion to pre-2020 form is requested, include the following:

- Lengthening the maximum allowable maturity of any variable or floating rate security to two years, the maximum allowable maturity of a fixed rate security to 13 months, and the maximum weighted maturity of the portfolio to 120 days
- Allowing a maximum of 25% of the value of the portfolio to be invested in securities or instruments which have a maturity exceeding 97 days

Guidelines specifying eligible investments, for which reversion to pre-2020 form is requested, include the following:

- Asset-backed commercial paper
- Obligations of foreign commercial paper banks from issuers domiciled in countries with a sovereign credit rating of A+ or higher by at least two Nationally Recognized Statistical Rating Organizations

A guideline focused on diversification for which reversion to pre-2020 form is requested, specifies the following:

- Allowing a maximum of 50% of the value of the total assets of the portfolio to be held under the daily sweep vehicle without written permission from the client

The Cash Collateral Guidelines for which reversion to pre-2020 form is requested are summarized in the table below:

	Pre-2020 Modification	Post-2020 Modification/ Current	Proposed
Section: Liquidity/Maturity			
Maximum allowable maturity of any variable or floating rate security	Two years	60 days	Two years
Maximum allowable maturity of a fixed rate security	13 months	60 days	13 months
Maximum weighted maturity of the portfolio	180 days	60 days	120 days
Maximum value of the portfolio to be invested in securities or instruments which have a maturity exceeding 97 days	25%	0%	25%
Section: Eligible Investments			
Asset-backed commercial paper	Eligible	Ineligible	Eligible
Obligations of foreign commercial paper banks from issuers domiciled in countries with a sovereign credit rating of A+ or higher	Eligible, no minimum rating required	Ineligible, minimum credit rating of AA required	Eligible, minimum credit rating of A+ required
Section: Diversification			
Maximum value of the portfolio to be held under the daily sweep vehicle without written permission from the client	50%	25%	50%

Aside from these aforementioned guideline changes, staff concurs with Northern Trust to two additional expansionary guideline changes, which bring the magnitude of portfolio diversification to current market standards:

- Allowing a maximum of 25% of the value the total assets of the portfolio to be invested in repurchase agreements with one counterparty

- Clarification stating that issuances out of U.S. branches of non-U.S. parent entities do not count toward non-U.S. entities exposure

Staff also requests several administrative updates to the Cash Collateral guidelines documents:
- Removing LIBOR as a reference rate
- Updating references to the document as "Exhibit II" following the labels set forth in the new contract

To summarize, staff's proposed changes to the SLP Cash Collateral Guidelines align the cash reinvestment portfolio's risk parameters with current industry standards to expand earnings potential and optimize the risk-adjusted return profile of the SLP cash reinvestment program. Staff and NEPC recommend that the Investment Committee consider the proposed guideline changes presented in this report and recommend to the Board approval of these proposed revisions to the SLP Cash Collateral Guidelines.

Prepared By: Jeremiah Paras, Investment Officer II, Investment Division

TB:RJ:WL:JP

Attachments:
1. Securities Lending Program Cash Collateral Guidelines – Redline Version
2. Securities Lending Program Cash Collateral Guidelines – Clean Version
3. Securities Lending Program Cash Collateral Guidelines – Pre-2020 Version
4. NEPC Memo

EXHIBIT II TO APPENDIX B SECURITIES LENDING AUTHORIZATION AGREEMENT
(the "Agreement")
BETWEEN THE BOARD OF ADMINISTRATION OF THE LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM ("System") AND THE NORTHERN TRUST COMPANY (the "Agent")

INVESTMENT MANAGER OBJECTIVES AND GUIDELINES FOR CUSTOM CASH COLLATERAL ACCOUNT / COLLATERAL ACCOUNT ('THE SHORT TERM INVESTMENT ACCOUNT')

INVESTMENT OBJECTIVE

To seek to maximize current income to the extent consistent with safety of principal, maintenance of liquidity and the investment standards set forth below. The Short Term Investment Account (the "Fund") is intended as a separate account for the investment of U.S.-dollar based cash Collateral received by Agent.

Upon the effective date of these guidelines, the Lender and Agent hereby acknowledge that there may be certain assets in the Fund that would not meet these guidelines if newly purchased at this time ("Transition Assets"), though these assets were in compliance with the relevant guidelines at the time of purchase. The Lender and Agent hereby agree that Agent may, at its sole discretion, hold Transition Assets until maturity, unless otherwise directed by Lender.

Cash Collateral Guidelines

Listed below are the cash Collateral guidelines specifying eligible investments, credit quality standards, and diversification, maturity and liquidity requirements. Subject to the above, all requirements, including diversification, listed in these guidelines are effective at the time of purchase of any security or instrument as a cash Collateral investment. Agent will make use of market standard settlement methods for cash investments including the use of a tri-party custodian as approved by Agent's appropriate risk committee. Settlement through a tri-party custodian may result in cash collateral.

INVESTMENT GUIDELINES

1. Eligible Investments:

(a) Obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities and custodial receipts with respect thereto.

(b) Obligations of domestic or foreign commercial banks, including Agent (or branches thereof where deposits with branches are general obligations of the parent bank) and bank holding companies, including, but not limited to, commercial paper, bankers' acceptances, certificates of deposit, time deposits, notes and bonds. Obligations of foreign commercial banks shall only be acceptable from issuers domiciled in countries with a sovereign credit rating of ~~AA-~~A+ or higher (or the equivalent) by at least two Nationally Recognized Statistical Rating Organizations ("NRSRO").

(c) Obligations of U.S. and foreign corporations, including, but not limited to, commercial paper, notes, bonds and debentures. ~~Asset backed commercial paper is excluded from eligible investments.~~Asset backed commercial paper must carry 100% liquidity support.

(d) Obligations issued by foreign governments. The issuing country shall have a sovereign credit rating of AA- or higher (or the equivalent) by at least two Nationally Recognized Statistical Rating Organizations ("NRSRO").

(e) Units of the Northern Institutional Liquid Assets Portfolio.

(f) Repurchase agreements with counterparties approved by the Agent's appropriate credit committee at the time of purchase where the Collateral is held by Agent or for the account of Agent by an agent or subcustodian of Agent or a central bank, depository, or a third party custodian, and which is fully collateralized by investments described in paragraph (a) above and having a market value, including accrued interest, equal to or greater than the amount invested in the repurchase agreement. Initial collateralization will be at 102%, except cash collateral shall be collateralized at 100%.

(g) In the case of each investment (a) through (f) above: (i) All investments shall be denominated in U.S. dollars, and (ii) investments may include variable and floating rate instruments. Variable and floating rate instruments will be limited to those securities with reference indexes of Federal Funds Effective, Federal Funds Open, SOFR, OBFR, ~~1 Month LIBOR and 3 Month LIBOR~~ and other relevant money market indices and which are structured such that the spread relationship between the security coupon rate and index reference rate is constant.

2. Credit Quality:

(a) Investments and reinvestments in commercial paper and other short-term obligations shall be limited to obligations (or issuers) with a rating of A1/P1/F1 or higher (or the equivalent) at the time of purchase by any two of the Nationally Recognized Statistical Rating Organizations ("NRSROs") that have assigned a rating to such security (or issuer).

(b) With respect to bonds and other long-term obligations, investments and reinvestments shall be limited to obligations rated at the time of purchase in one of the two highest rating categories (within which there may be sub-categories or gradations indicating relative standing) by the NRSROs that have assigned a rating to such security.

(c) Notwithstanding (a) and (b) above, Agent may invest assets of the Fund in the Northern Institutional Liquid Assets Portfolio.

3. Diversification:

(a) Except for repurchase agreements and obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities, a maximum of 3% of the value of the total assets of the Fund may be invested in securities of any one issuer. With respect to the Northern Institutional Liquid Assets Portfolio, holdings in excess of 3% of the value oftotal assets of the Fund are permitted, but should not exceed ~~25%~~ 50% without written permission from the client.

(b) A maximum of ~~15%~~ 25% of the value of the total assets of the Fund may be invested in repurchase agreements with one counterparty.

(c) A maximum of 15% of the value of the total assets of the Fund may be exposed to the risks of any one foreign country and a maximum of 25% of the value of the total assets of the Fund may be exposed to the risks of non-U.S. entities. ~~This limitation is applicable to the obligations of all foreign issuers~~. For the avoidance of doubt, non-U.S. entities that issue out of U.S. branches (also known as Yankee Bank issuance are not considered as exposure to non-U.S. entities). ~~Only entities domiciled in countries with a sovereign credit rating of AA- or higher (or the equivalent) by at least two Nationally Recognized Statistical Rating Organizations ("NRSRO") are eligible for investment, subject to that restriction outlined in 1 (b) above.~~

(d) Except for the banking industry, a maximum of 25% of the value of the total assets of the Fund may be invested in obligations of issuers having their principal business in the same industry. For such purposes, personal and business finance companies are considered to be in separate industries. Finance companies which are wholly-owned will be considered to be in the industries of their parents if there activities are primarily related to financing the operations of their parents.

(e) Compliance with the credit quality and diversification requirements of these guidelines shall be determined on the basis of values or ratings at the time of acquisition of any security.

4. Liquidity/Maturity:

(a) A minimum of 20% of the value of the assets of the Fund should mature daily. Holdings of the Northern Institutional Liquid Assets Portfolio will be included in this calculation.

(b) A minimum of 35% of the value of the assets of the Fund will mature within one month.

(c) The interest rate sensitivity (as defined in section h below) of the Fund will be limited to a maximum of 60 days.

(d) The maximum final ~~or average~~ maturity (as defined in section g below) of any variable or floating rate security will be limited to ~~60 days~~ two years; the maximum final ~~or average~~ maturity of a fixed rate security will be limited to ~~60 days~~ 13 months; and the maximum weighted average maturity ~~(as herein defined)~~ of the Fund will be limited to ~~60~~ 120 days.

~~(d)~~(e) A maximum of 25% of the value of the assets of the Fund may be invested in securities or instruments which have a maturity (as herein defined) exceeding 97 days.

~~(e)~~(f) Compliance with the liquidity and maturity requirements of these guidelines shall be determined on the basis of values or ratings at the time of acquisition of any security.

~~(f)~~(g) For the purposes of this ~~Attachment 1~~ Exhibit II, the "maturity" of a security or instrument shall be defined as the date when final payment is due, with these exceptions: (a) instruments issued or guaranteed by the U.S. Government or any agency or instrumentality thereof which have a variable rate of interest shall be deemed to have a maturity equal to the period remaining until the next readjustment of the interest rate, (b) variable rate instruments (other than those described in (a) above) shall be deemed to have a maturity equal to the longer of the period of time remaining until either, (i) the next readjustment of the interest rate or (ii) the principal amount can be recovered through demand or maturity, (c) floating rate instruments which incorporate a demand feature shall be deemed to have a maturity equal to the period of time remaining until the principal amount can be recovered through demand, (d) a repurchase agreement shall be deemed to have a maturity equal to the period of time remaining until the date on which the repurchase is scheduled to occur, or, if no date is specified but the agreement is subject to demand, the notice period applicable to a demand for the repurchase of the securities.

~~(g)~~(h) For the purposes of this ~~Attachment 1~~ Exhibit II, the "interest rate sensitivity" of a security or instrument shall mean (a) in the case of a fixed rate security or instrument (i) the date on which final payment is due or (ii) the principal amount can be recovered through demand (if applicable) or (b) in the case of a floating or variable rate security or instrument, the shorter of the period of time remaining until either (i) the next readjustment of the interest rate or (ii) the principal amount can be recovered through demand (if applicable).

5. Trading Policy

Although the Fund will generally not engage in short-term trading, the Agent may dispose of any portfolio security prior to its maturity if, on the basis of a revised credit evaluation of the issuer or other considerations, Agent believes such disposition is in the best interest of the fund. Subsequent to its purchase, a portfolio security or issuer thereof may be assigned a lower rating or cease to be rated. Such an event would not necessarily require the disposition of the security, if the continued holding of the security is determined to be in the best interest of the Fund. In any event, Lender will be notified within five business days when any security is downgraded below the minimum requirements set forth in these investment guidelines

EXHIBIT II TO APPENDIX B SECURITIES LENDING AUTHORIZATION AGREEMENT (the "Agreement") BETWEEN THE BOARD OF ADMINISTRATION OF THE LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM ("System") AND THE NORTHERN TRUST COMPANY (the "Agent")

INVESTMENT MANAGER OBJECTIVES AND GUIDELINES FOR CUSTOM CASH COLLATERAL ACCOUNT / COLLATERAL ACCOUNT ('THE SHORT TERM INVESTMENT ACCOUNT')

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Upon the effective date of these guidelines, the Lender and Agent hereby acknowledge that there may be certain assets in the Fund that would not meet these guidelines if newly purchased at this time ("Transition Assets"), though these assets were in compliance with the relevant guidelines at the time of purchase. The Lender and Agent hereby agree that Agent may, at its sole discretion, hold Transition Assets until maturity, unless otherwise directed by Lender.

Cash Collateral Guidelines

Listed below are the cash Collateral guidelines specifying eligible investments, credit quality standards, and diversification, maturity and liquidity requirements. Subject to the above, all requirements, including diversification, listed in these guidelines are effective at the time of purchase of any security or instrument as a cash Collateral investment. Agent will make use of market standard settlement methods for cash investments including the use of a tri-party custodian as approved by Agent's appropriate risk committee. Settlement through a tri-party custodian may result in cash collateral.

INVESTMENT GUIDELINES

1. Eligible Investments:

(a) Obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities and custodial receipts with respect thereto.

(b) Obligations of domestic or foreign commercial banks, including Agent (or branches thereof where deposits with branches are general obligations of the parent bank) and bank holding companies, including, but not limited to, commercial paper, bankers' acceptances, certificates of deposit, time deposits, notes and bonds. Obligations of foreign commercial banks shall only be acceptable from issuers domiciled in countries with a sovereign credit rating of A+ or higher (or the equivalent) by at least two Nationally Recognized Statistical Rating Organizations ("NRSRO").

(c) Obligations of U.S. and foreign corporations, including, but not limited to, commercial paper, notes, bonds and debentures. Asset backed commercial paper must carry 100% liquidity support.

(d) Obligations issued by foreign governments. The issuing country shall have a sovereign credit rating of AA- or higher (or the equivalent) by at least two Nationally Recognized Statistical Rating Organizations ("NRSRO").

(e) Units of the Northern Institutional Liquid Assets Portfolio.

(f) Repurchase agreements with counterparties approved by the Agent's appropriate credit committee at the time of purchase where the Collateral is held by Agent or for the account of Agent by an agent or subcustodian of Agent or a central bank, depository, or a third party custodian, and which is fully collateralized by investments described in paragraph (a) above and having a market value, including accrued interest, equal to or greater than the amount invested in the repurchase agreement. Initial collateralization will be at 102%, except cash collateral shall be collateralized at 100%.

(g) In the case of each investment (a) through (f) above: (i) All investments shall be denominated in U.S. dollars, and (ii) investments may include variable and floating rate instruments. Variable and floating rate instruments will be limited to those securities with reference indexes of Federal Funds Effective, Federal Funds Open, SOFR, OBFR, and other relevant money market indices and which are structured such that the spread relationship between the security coupon rate and index reference rate is constant.

2. Credit Quality:

(a) Investments and reinvestments in commercial paper and other short-term obligations shall be limited to obligations (or issuers) with a rating of A1/P1/F1 or higher (or the equivalent) at the time of purchase by any two of the Nationally Recognized Statistical Rating Organizations ("NRSROs") that have assigned a rating to such security (or issuer).

(b) With respect to bonds and other long-term obligations, investments and reinvestments shall be limited to obligations rated at the time of purchase in one of the two highest rating categories (within which there may be sub-categories or gradations indicating relative standing) by the NRSROs that have assigned a rating to such security.

(c) Notwithstanding (a) and (b) above, Agent may invest assets of the Fund in the Northern Institutional Liquid Assets Portfolio.

3. Diversification:

(a) Except for repurchase agreements and obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities, a maximum of 3% of the value of the total assets of the Fund may be invested in securities of any one issuer. With respect to the Northern Institutional Liquid Assets Portfolio, holdings in excess of 3% of the value oftotal assets of the Fund are permitted, but should not exceed 50% without written permission from the client.

(b) A maximum of 25% of the value of the total assets of the Fund may be invested in repurchase agreements with one counterparty.

(c) A maximum of 15% of the value of the total assets of the Fund may be exposed to the risks of any one foreign country and a maximum of 25% of the value of the total assets of the Fund may be exposed to the risks of non-U.S. entities.. For the avoidance of doubt, non-U.S. entities that issue out of U.S. branches (also known as Yankee Bank issuance are not considered as exposure to non-U.S. entities).

(d) Except for the banking industry, a maximum of 25% of the value of the total assets of the Fund may be invested in obligations of issuers having their principal business in the same industry. For such purposes, personal and business finance companies are considered to be in separate industries. Finance companies which are wholly-owned will be considered to be in the industries of their parents if there activities are primarily related to financing the operations of their parents.

(e) Compliance with the credit quality and diversification requirements of these guidelines shall be determined on the basis of values or ratings at the time of acquisition of any security.

4. Liquidity/Maturity:

(a) A minimum of 20% of the value of the assets of the Fund should mature daily. Holdings of the Northern Institutional Liquid Assets Portfolio will be included in this calculation.

(b) A minimum of 35% of the value of the assets of the Fund will mature within one month.

(c) The interest rate sensitivity (as defined in section h below) of the Fund will be limited to a maximum of 60 days.

(d) The maximum final maturity (as defined in section g below) of any variable or floating rate security will be limited to two years; the maximum final maturity of a fixed rate security will be limited to 13 months; and the maximum weighted average maturity of the Fund will be limited to 120 days.

(e) A maximum of 25% of the value of the assets of the Fund may be invested in securities or instruments which have a maturity (as herein defined) exceeding 97 days.

(f) Compliance with the liquidity and maturity requirements of these guidelines shall be determined on the basis of values or ratings at the time of acquisition of any security.

(g) For the purposes of this Exhibit II, the "maturity" of a security or instrument shall be defined as the date when final payment is due, with these exceptions: (a) instruments issued or guaranteed by the U.S. Government or any agency or instrumentality thereof which have a variable rate of interest shall be deemed to have a maturity equal to the period remaining until the next readjustment of the interest rate, (b) variable rate instruments (other than those described in (a) above) shall be deemed to have a maturity equal to the longer of the period of time remaining until either, (i) the next readjustment of the interest rate or (ii) the principal amount can be recovered through demand or maturity, (c) floating rate instruments which incorporate a demand feature shall be deemed to have a maturity equal to the period of time remaining until the principal amount can be recovered through demand, (d) a repurchase agreement shall be deemed to have a maturity equal to the period of time remaining until the date on which the repurchase is scheduled to occur, or, if no date is specified but the agreement is subject to demand, the notice period applicable to a demand for the repurchase of the securities.

(h) For the purposes of this Exhibit II, the "interest rate sensitivity" of a security or instrument shall mean (a) in the case of a fixed rate security or instrument (i) the date on which final payment is due or (ii) the principal amount can be recovered through demand (if applicable) or (b) in the case of a floating or variable rate security or instrument, the shorter of the period of time remaining until either (i) the next readjustment of the interest rate or (ii) the principal amount can be recovered through demand (if applicable).

5. Trading Policy

Although the Fund will generally not engage in short-term trading, the Agent may dispose of any portfolio security prior to its maturity if, on the basis of a revised credit evaluation of the issuer or other considerations, Agent believes such disposition is in the best interest of the fund. Subsequent to its purchase, a portfolio security or issuer thereof may be assigned a lower rating or cease to be rated. Such an event would not necessarily require the disposition of the security, if the continued holding of the security is determined to be in the best interest of the Fund. In any event, Lender will be notified within five business days when any security is downgraded below the minimum requirements set forth in these investment guidelines

ATTACHMENT 1 TO SCHEUDLE B
SECURITIES LENDING AUTHORIZATION AGREEMENT
(the "Agreement")
BETWEEN THE BOARD OF ADMINISTRATION OF THE CITY EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF LOS ANGELES ("System")
AND THE NORTHERN TRUST COMPANY ("Agent")

INVESTMENT MANAGER OBJECTIVES AND GUIDELINES FOR CUSTOM CASH COLLATERAL ACCOUNT / COLLATERAL ACCOUNT ('THE SHORT TERM INVESTMENT ACCOUNT')

INVESTMENT OBJECTIVE

To seek to maximize current income to the extent consistent with safety of principal, maintenance of liquidity and the investment standards set forth below. The Short Term Investment Account (the "Fund") is intended as a separate account for the investment of U.S.-dollar based cash Collateral received by Agent..

Upon the effective date of these guidelines, the Lender and Agent hereby acknowledge that there may be certain assets in the Fund that would not meet these guidelines if newly purchased at this time ("Transition Assets"), though these assets were in compliance with the relevant guidelines at the time of purchase. The Lender and Agent hereby agree that Agent may, at its sole discretion, hold Transition Assets until maturity, unless otherwise directed by Lender.

Cash Collateral Guidelines

Listed below are the cash Collateral guidelines specifying eligible investments, credit quality standards, and diversification, maturity and liquidity requirements. Subject to the above, all requirements, including diversification, listed in these guidelines are effective at the time of purchase of any security or instrument as a cash Collateral investment. Agent will make use of market standard settlement methods for cash investments including the use of a tri-party custodian as approved by Agent's appropriate risk committee. Settlement through a tri-party custodian may result in cash collateral.

INVESTMENT GUIDELINES

1. **Eligible Investments**:

   (a) Obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities and custodial receipts with respect thereto.

(b) Obligations of domestic or foreign commercial banks, including Agent, (or branches thereof where deposits with branches are general obligations of the parent bank) and bank holding companies, including, but not limited to, commercial paper, bankers' acceptances, certificates of deposit, time deposits, notes and bonds. Certificates of deposit and time deposits shall not be acceptable from issuers domiciled in Portugal, Italy, Ireland, Greece or Spain.

(c) Obligations of U.S. and foreign corporations, including, but not limited to, commercial paper, asset backed commercial paper, notes, bonds and debentures. Asset backed commercial paper must carry 100% liquidity support.

(d) Obligations issued by foreign governments or political subdivisions thereof, and their agencies or instrumentalities.

(e) Units of the NTGI Collective Short Term Investment Fund.

(f) Repurchase agreements with counterparties approved by the Agent's appropriate credit committee at the time of purchase where the Collateral is held by Agent or for the account of Agent by an agent or subcustodian of Agent or a central bank, depository, or a third party custodian, and which is fully collateralized by investments described in paragraph (a) above and having a market value, including accrued interest, equal to or greater than the amount invested in the repurchase agreement. Initial collateralization will be at 102%, except cash collateral shall be collateralized at 100%.

(g) In the case of each investment (a) through (f) above: (i) All investments shall be denominated in U.S. dollars, and (ii) investments may include variable and floating rate instruments. Variable and floating rate instruments will be limited to those securities with reference indexes of Federal Funds Effective, Federal Funds Open, 1 Month LIBOR and 3 Month LIBOR and which are structured such that the spread relationship between the security coupon rate and index reference rate is constant.

2. Credit Quality:

(a) With respect to commercial paper and other short-term obligations, investments and reinvestments shall be limited to obligations rated (or issued by an issuer that has been rated) at the time of purchase in the highest rating category (within which there may be sub-categories or gradations indicating relative standing) by any two of the Nationally Recognized Statistical Rating Organizations ("NRSROs") that have assigned a rating to such security (or issuer).

(b) With respect to bonds and other long-term obligations, investments and reinvestments shall be limited to obligations rated at the time of purchase in one of the two highest rating categories (within which there may be sub-categories or gradations indicating relative standing) by the NRSROs that have assigned a rating to such security.

(c) Notwithstanding (a) and (b) above, Agent may invest assets of the Fund in the NTGI Collective Short Term Investment Fund which is deemed to be of equal or superior credit quality.

3. Diversification:

(a) Except for repurchase agreements and obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities, a maximum of 3% of the value of the total assets of the Fund may be invested in securities of any one issuer. With respect to the NTGI Collective Short Term Investment Fund, holdings in excess of 3% of the value of total assets of the Fund are permitted, but should not exceed 50% without written permission from the client.

(b) A maximum of 15% of the value of the total assets of the Fund may be invested in repurchase agreements with one counterparty.

(c) A maximum of 15% of the value of the total assets of the Fund may be exposed to the risks of any one foreign country and a maximum of 25% of the value of the total assets of the Fund may be exposed to the risks of non-U.S. entities. This limitation is applicable to the obligations of all foreign issuers. Only entities domiciled in large industrialized and politically stable countries which have been assigned a sovereign long-term rating of AA- or higher by each NRSRO monitored by Lender may be used, subject to that restriction outlined in 1 (b) above.

(d) Except for the banking industry, a maximum of 25% of the value of the total assets of the Fund may be invested in obligations of issuers having their principal business in the same industry. For such purposes, personal and business finance companies are considered to be in separate industries. Finance companies which are wholly-owned will be considered to be in the industries of their parents if there activities are primarily related to financing the operations of their parents.

(e) Compliance with the credit quality and diversification requirements of these guidelines shall be determined on the basis of values or ratings at the time of acquisition of any security.

4. Liquidity/Maturity:

(a) A minimum of 20% of the value of the assets of the Fund should mature daily. Holdings of the NTGI Collective Short Term Investment Fund will be included in this calculation.

(b) A minimum of 35% of the value of the assets of the Fund will mature within one month.

(c) The interest rate sensitivity of the Fund will be limited to a maximum of 60 days.

(d) The maximum final or average maturity of any variable or floating rate security will be two years. The maximum final or average maturity of a fixed rate security will be 13 months. The maximum weighted average maturity (as herein defined) of the Fund will be limited to 180 days.

(e) A maximum of 25% of the value of the assets of the Fund may be invested in securities or instruments which have a maturity (as herein defined) exceeding 97 days.

(f) Compliance with the liquidity and maturity requirements of these guidelines shall be determined on the basis of values or ratings at the time of acquisition of any security.

(g) For the purposes of this Annex 1, the "maturity" of a security or instrument shall be defined as the date when final payment is due, with these exceptions: (a) instruments issued or guaranteed by the U.S. Government or any agency or instrumentality thereof which have a variable rate of interest shall be deemed to have a maturity equal to the period remaining until the next readjustment of the interest rate, (b) variable rate instruments (other than those described in (a) above) shall be deemed to have a maturity equal to the longer of the period of time remaining until either, (i) the next readjustment of the interest rate or (ii) the principal amount can be recovered through demand or maturity, (c) floating rate instruments which incorporate a demand feature shall be deemed to have a maturity equal to the period of time remaining until the principal amount can be recovered through demand, (d) a repurchase agreement shall be deemed to have a maturity equal to the period of time remaining until the date on which the repurchase is scheduled to occur, or, if no date is specified but the agreement is subject to demand, the notice period applicable to a demand for the repurchase of the securities.

(h) For the purposes of this Annex 1, the "interest rate sensitivity" of a security or instrument shall mean (a), in the case of a fixed rate security or instrument (i) the date on which final payment is due or (ii) the principal amount can be recovered through demand (if applicable) or

(b) in the case of a floating or variable rate security or instrument, the shorter of the period of time remaining until either (i) the next readjustment of the interest rate or (ii) the principal amount can be recovered through demand (if applicable).

5. Trading Policy

Although the Fund will generally not engage in short-term trading, the Agent may dispose of any portfolio security prior to its maturity if, on the basis of a revised credit evaluation of the issuer or other considerations, Agent believes such disposition is advisable. Subsequent to its purchase, a portfolio security or issuer thereof may be assigned a lower rating or cease to be rated. Such an event would not necessarily require the disposition of the security, if the continued holding of the security is determined to be in the best interest of the Fund. In any event, Lacers will be notified within 5 business days when any security is downgraded below the minimum requirements set forth in these investment guidelines.

Dated: 8/24/15

THE BOARD OF ADMINISTRATION OF THE LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

By: ______________________

Name: Thomas Moutes
Title: General Manager

ACCEPTED:

THE NORTHERN TRUST COMPANY

By:________________________________
Name:______________________________
Title:_______________________________

To: Los Angeles City Employees' Retirement System Investment Committee

From: NEPC, LLC

Date: January 13, 2026

Subject: Securities Lending Guidelines

In April of 2020, LACERS elected to reduce the risk within their securities lending program due to increased market volatility as the result of the COVID-19 health crisis and its impact on the economy and capital markets. Risk was reduced by instituting a temporary reduction in the volume of loans and a revision of the investment guidelines for the cash collateral portfolio. The investment guidelines were modified to shorten the duration, increase credit quality, and restrict certain security types. It was recognized that with the reduced loan volume, increased credit quality and liquidity, the overall program would not be able to generate the same level of income as it had in the past.

At this point in time, we are supportive of LACERS reverting the maturity and liquidity portion of the guidelines back to the pre-2020 language. In addition, we are comfortable with LACERS adopting Northern Trust's proposed guideline changes.

LACERS' guidelines are generally more detailed in nature compared to other NEPC clients, but the criteria specified in the cash collateral guidelines are not an outlier compared to peers. Our research team does check in periodically with clients and their securities lending agents to keep apprised of recent activity and trends. In 2025 we saw increased securities lending activity, which is common post-election year. With that said, we have not seen clients make material changes to their securities lending programs recently.

The following table provides a comparison of LACERS' maturity and liquidity provisions with other Plans.

	LACERS Pre-2020	LACERS Current	Others
Minimum amount invested in daily maturity	20%	20%	20%, but some also allow US Treasury securities to count toward the minimum amount
Percentage of portfolio that will mature within 30 days	35%	35%	Typically 35-40%
Interest rate sensitivity of the Fund	60 days	60 days	Up to 90 days

Maximum average maturity of variable rate securities	2 years	60 days	2 years
Maximum average maturity of fixed rate securities	13 months	60 days	13 months
Maximum average maturity of the Fund	180 days	60 days	120 days