LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

Investment Committee Agenda

REGULAR MEETING

TUESDAY, JUNE 13, 2023

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

MEETING LOCATION:

LACERS Boardroom
977 N. Broadway
Los Angeles, California 90012

Important Message to the Public

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

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

Disclaimer to Participants

Please be advised that all LACERS Committee meetings are recorded.

LACERS Website Address/link:
www.LACERS.org

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 non-exempt record related to an item on the agenda, please call (213) 855-9348 or email at lacers.board@lacers.org.

Chair:	Elizabeth Lee
Committee Members:	Thuy Huynh Janna Sidley
Manager-Secretary:	Neil M. Guglielmo
Executive Assistant:	Ani Ghoukassian
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 ***lacers.board@lacers.org.***

CLICK HERE TO ACCESS BOARD REPORTS

I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA

II. APPROVAL OF MINUTES FOR THE MEETING OF MAY 9, 2023 AND POSSIBLE COMMITTEE ACTION

III. CHIEF INVESTMENT OFFICER VERBAL REPORT

IV. PRESENTATION BY CENTERSQUARE INVESTMENT MANAGEMENT LLC REGARDING THE MANAGEMENT OF AN ACTIVE U.S. REITS PORTFOLIO

V. INVESTMENT MANAGER CONTRACT WITH LAZARD ASSET MANAGEMENT LLC REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. EQUITIES DEVELOPED MARKETS CORE PORTFOLIO AND POSSIBLE COMMITTEE ACTION

VI. CONTINUED DISCUSSION OF INVESTMENT MANAGER CONTRACT WITH POLEN CAPITAL CREDIT, LLC REGARDING THE MANAGEMENT OF AN ACTIVE HYBRID HIGH YIELD FIXED INCOME/U.S. FLOATING RATE BANK LOAN PORTFOLIO AND POSSIBLE COMMITTEE ACTION

VII. PRIVATE EQUITY CONSULTANT CONTRACT WITH AKSIA CA LLC AND POSSIBLE COMMITTEE ACTION

VIII. OTHER BUSINESS

IX. NEXT MEETING: The next Regular meeting of the Investment Committee is scheduled for Tuesday, July 11, 2023, at 10:30 a.m., or immediately following the Board Meeting in the LACERS Boardroom at 977 N. Broadway, Los Angeles, CA 90012-1728.

X. ADJOURNMENT

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

Board of Administration Agenda

SPECIAL MEETING

TUESDAY, JUNE 13, 2023

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

MEETING LOCATION:

LACERS Boardroom
977 N. Broadway
Los Angeles, California 90012

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President: Vacant
Vice President: Elizabeth Lee

Commissioners: Annie Chao
Thuy T. Huynh
Janna Sidley
Sung Won Sohn
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

Agenda of:	**<u>June 13, 2023</u>**
Item No:	**<u>II</u>**

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

May 9, 2023

11:19 a.m.

PRESENT:	Chair	Elizabeth Lee
	Committee Members:	Thuy Huynh Janna Sidley
	Legal Counselor:	Anya Freedman
	Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Ani Ghoukassian

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

I

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

II

APPROVAL OF MINUTES FOR THE MEETING OF APRIL 11, 2023 AND POSSIBLE COMMITTEE ACTION – Chair Lee noted one correction to the minutes start time. Committee Member Huynh moved approval with the correction, and adopted by the following vote: Ayes, Committee Members Huynh, Sidley and Chair Lee -3; Nays, None.

III

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

- Investment Committee Forward Calendar

IV

PRESENTATION BY PGIM, INC. REGARDING THE MANAGEMENT OF AN ACTIVE EMERGING MARKET DEBT PORTFOLIO – Mariusz Banasiak, Managing Director, and Peter Taggart, Principal, with PGIM, Inc., presented and discussed this item with the Committee for 30 minutes.

V

PRESENTATION BY TOWNSEND HOLDINGS LLC OF THE REAL ESTATE FISCAL YEAR 2023-24 STRATEGIC PLAN AND POSSIBLE COMMITTEE ACTION – Chae Hong, Partner, and Felix Fels, Associate Partner, with The Townsend Group, presented and discussed this item with the Committee for 40 minutes. After discussion, Committee Member Sidley moved approval, and adopted by the following vote: Ayes, Committee Members Huynh, Sidley and Chair Lee -3; Nays, None.

VI

INVESTMENT MANAGER CONTRACT WITH LOOMIS, SAYLES & COMPANY, L.P. REGARDING THE MANAGEMENT OF AN ACTIVE HIGH YIELD FIXED INCOME PORTFOLIO AND POSSIBLE COMMITTEE ACTION – Jeremiah Paras, Investment Officer I, presented and discussed this item with the Committee for 30 minutes. After discussion, Committee Member Sidley moved approval, and adopted by the following vote: Ayes, Committee Members Huynh, Sidley and Chair Lee -3; Nays, None.

VII

INVESTMENT MANAGER CONTRACT WITH POLEN CAPITAL CREDIT, LLC REGARDING THE MANAGEMENT OF AN ACTIVE HYBRID HIGH YIELD FIXED INCOME/U.S. FLOATING RATE BANK LOAN PORTFOLIO AND POSSIBLE COMMITTEE ACTION - Jeremiah Paras, Investment Officer I, presented and discussed this item with the Committee for one hour. After discussion, Chair Lee directed staff to go back to Polen Capital and discuss lowering the fees and bring this item back to the Investment Committee for review.

IX

OTHER BUSINESS – There was no other business.

X

NEXT MEETING: The next Regular Meeting of the Investment Committee is scheduled for Tuesday, June 13, 2023, at 10:30 a.m. or immediately following the Board Meeting, in the LACERS Boardroom at 977 N. Broadway, Los Angeles, CA 90012-1728.

XI

ADJOURNMENT – There being no further business before the Committee, Chair Lee adjourned the meeting at 1:47 p.m.

Elizabeth Lee
Chair

Neil M. Guglielmo
Manager-Secretary

CenterSquare
REAL ASSET INVESTMENT LEADERSHIP

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

MANAGER PRESENATION
LACERS INVESTMENT COMMITTEE

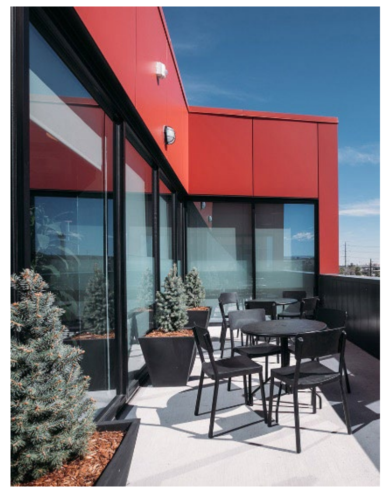
Today's Participants

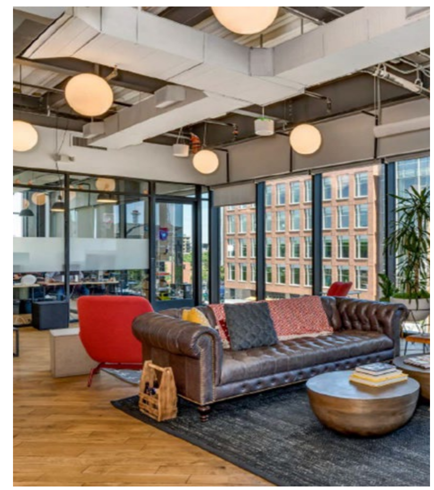
Eric Rothman, CFA, *Portfolio Manager, Real Estate Securities*

Mr. Rothman serves as Portfolio Manager for CenterSquare Investment Management's real estate securities group. He joined the firm in 2006, and is responsible for market research, sector allocations, and financial modeling across the U.S. real estate securities universe. Mr. Rothman also manages a REIT preferred stock separate account mandate. He has over 25 years of REIT and real estate investment experience. Prior to joining CenterSquare, he spent more than six years as a sell-side REIT analyst at Wachovia Securities and three years as an analyst at AEW Capital Management, LP. Mr. Rothman graduated cum laude from Boston University with a B.A. in Economics, International Relations and French. He is a CFA charterholder and member of the CFA Institute.

Deborah Considine, *Director, Capital Markets*

Deborah Considine is a Director, Capital Markets, at CenterSquare, with more than two decades of experience in the commercial real estate investment industry. She is responsible for business development initiatives and relationship management across the CenterSquare real assets platform with a focus on institutional investors in Western North America, Southern U.S. and APAC. Prior to joining CenterSquare, Deborah served as a Managing Director for Nuveen Institutional Advisory Services where she was responsible for the US west region distribution of private real estate and real assets investment products to large market institutional investors across all segments. She previously held leadership, relationship management and business development positions at TIAA Global Asset Management and UBS Realty Investors. Deborah holds a Master of Science (MS), Real Estate Development, from the Massachusetts Institute of Technology, and a Bachelor of Arts (BA) in the History of Art from Yale University.





I. ORGANIZATIONAL OVERVIEW

Differentiated Global Real Asset Management Platform

CenterSquare is an independent, employee-owned real estate asset manager.

Listed Real Estate

- Global and U.S. Core
- Global and U.S. Concentrated
- New Economy
- U.S. Preferreds
- REIT Completion
- ESG Focused
- Long Short Market Neutral

Private Real Estate

- Core-Plus Equity
- Value-Added Equity
- Service Property
- Core-Plus Debt
- High-Yield Debt

Strategic Capital

- Pre-IPO Equity
- PIPE / Preferred Equity

$13B[1] Assets Under Management	**35 Years** of Investing in Real Estate	**~100** Professionals	**40+** Employee Owners

Global Platform

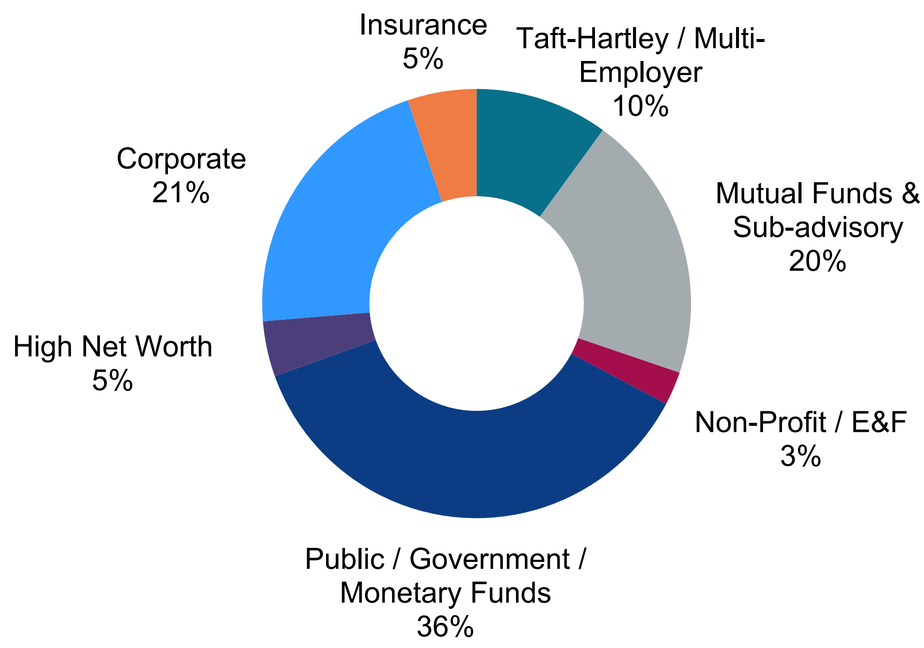
Representative REIT Clients[2]

- Arizona State Retirement System
- California State Teachers' Retirement System
- Dallas Employee Retirement Fund
- East Bay Municipal Utility District (CA)
- Kansas Public Employees Retirement System
- Los Angeles City Employees' Retirement System
- Massachusetts Pension Reserves Investment Management
- Public Employees' Retirement System of Mississippi
- Commander, Navy Installations Command Retirement Trust
- New York Power Authority
- Commissioners of the Land Office of the State of Oklahoma
- Pennsylvania State Employees' Retirement System
- South Carolina Retirement System Investment Commission
- Tennessee Valley Authority Asset Retirement Trust

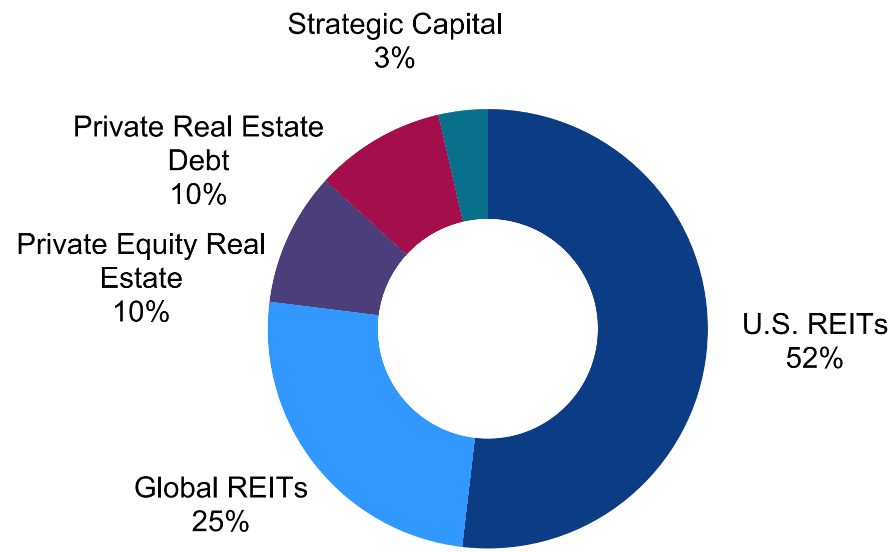
[1]Assets under management ("AUM") includes CenterSquare and its subsidiaries as of March 31, 2023. Fair value of public real estate securities are based on last sale prices listed on worldwide established exchanges. Private debt and equity AUM represents regulatory assets under management which for funds includes investment fair values plus unfunded capital commitments. [2]Please refer to representative client list disclosure at the end of this document.

Assets Under Management Composition

Investor Base (AUM%)



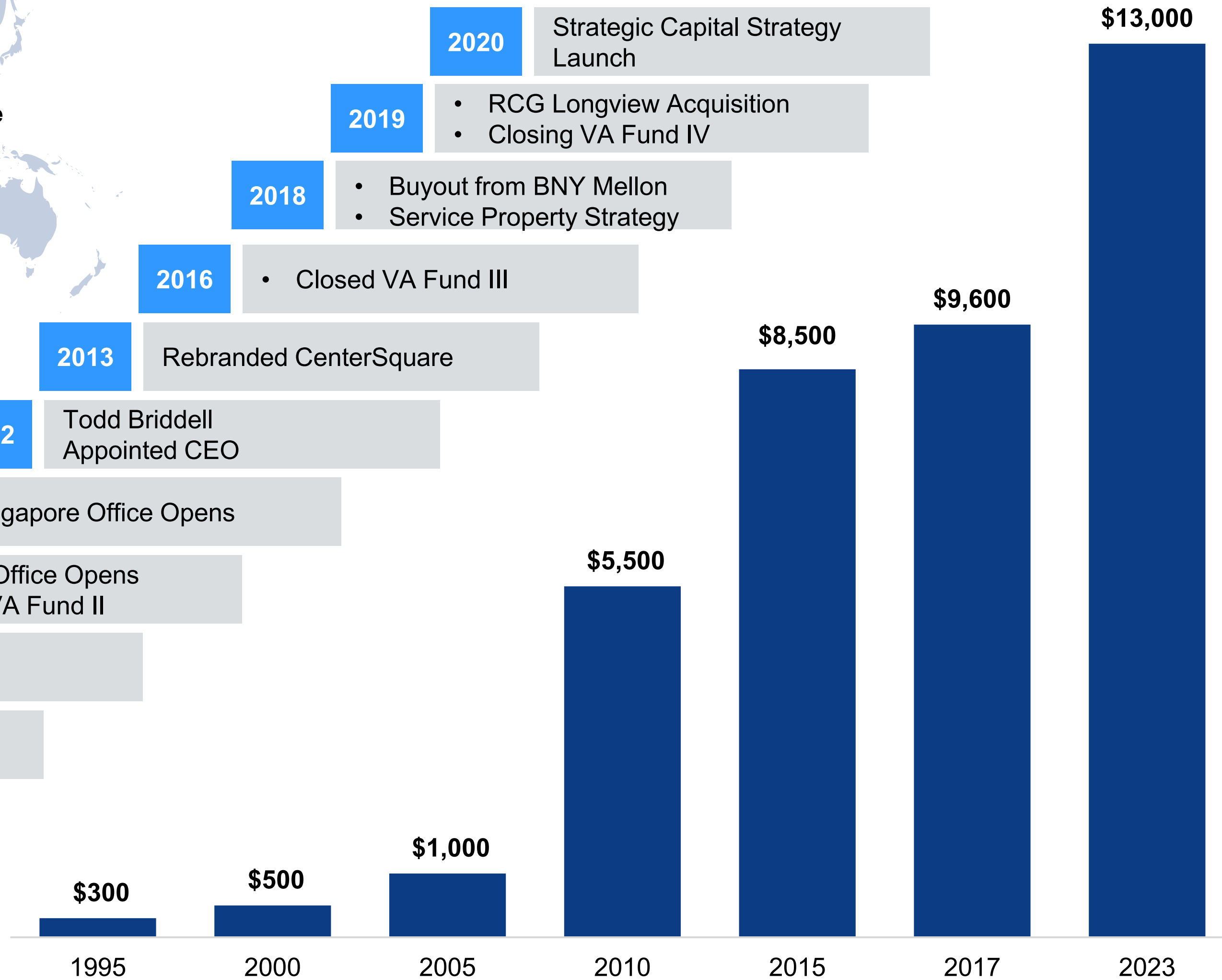
Product / Platform (AUM%)



Source: CenterSquare Investment Management, March 31, 2023.

A History of Growth and Innovation

- **1987** Firm Founded
- **1995** Launched Listed Real Estate Strategy
- **2003**
  - Los Angeles Office Opens
  - Closed VA Fund I
- **2006** Joined BNY
- **2007**
  - London Office Opens
  - Closed VA Fund II
- **2008** Singapore Office Opens
- **2012** Todd Briddell Appointed CEO
- **2013** Rebranded CenterSquare
- **2016**
  - Closed VA Fund III
- **2018**
  - Buyout from BNY Mellon
  - Service Property Strategy
- **2019**
  - RCG Longview Acquisition
  - Closing VA Fund IV
- **2020** Strategic Capital Strategy Launch
- **2021** 1st Close VA and HYD Funds
- **2022** Closed VA Fund V and SFR Co-Investment Vehicle



Source: CenterSquare Investment Management, March 31, 2023 AUM (millions) includes CenterSquare, RCG Longview and all subsidiaries.

Differentiated Public & Private Platform

Highly complementary strategies across real estate assets and the capital spectrum, powered by our proprietary research and investment processes

Listed Real Estate	Private Real Estate Equity	Private Real Estate Debt	Strategic Capital

Disciplined | Research-Based | Data Driven

Public and Private Market Synergies

- Possessing both private and public market knowledge and investing experience is essential in establishing strong conviction and making informed strategic capital allocation decisions.

Global Market Presence

- Global perspective and local market expertise allow CenterSquare to identify global trends and understand how they drive relative value locally, making us better investors.

Thematic Investors

- Our unique market perspective and proprietary research platform, robust with real-time information, powers the development of investment themes and a demonstrated approach across strategies.

Experienced and Cohesive Team

- 35 years of real estate experience and decades of working together brings a cycle-tested team to drive performance on behalf of a growing client base.

Listed Real Estate Investment Team

E. Todd Briddell, CFA
Chief Executive Officer
Chief Investment Officer

Dean Frankel, CFA
Managing Director, Head of Real Estate Securities

Scott Crowe
President & Chief Investment Strategist

Eric Rothman, CFA
Portfolio Manager, Real Estate Securities
Coverage: U.S.

Patrick Wilson, CFA
Portfolio Manager, Real Estate Securities
Coverage: U.S.

Matthew Goulding, CFA
Portfolio & Regional Manager, Real Estate Securities
Coverage: Europe, UK

Joachim Kehr
Portfolio & Regional Manager, Real Estate Securities
Coverage: Asia Pacific

Ken Carey
Director of Risk Management and Quantitative Research

Rob Goldstein, CFA
Portfolio Manager, Real Estate Securities
Coverage: U.S.

Alexander Snyder, CFA
Portfolio Manager, Real Estate Securities
Coverage: U.S.

Xiaoxiao Fu, CFA
Asst. Portfolio Manager, Real Estate Securities
Coverage: Europe, UK

Chaw Meng Tan, CFA
Asst. Portfolio Manager, Real Estate Securities
Coverage: Singapore, Hong Kong

Uma Moriarity, CFA
Senior Investment Strategist and Global ESG Lead

Analyst Team

Adrian Chua, Senior Analyst, Real Estate Securities
Carmen Tay, Senior Analyst, Real Estate Securities
Thomas Levy, CPA, Senior Analyst, Real Estate Securities
Ritwik Rudra, Analyst, Real Estate Securities

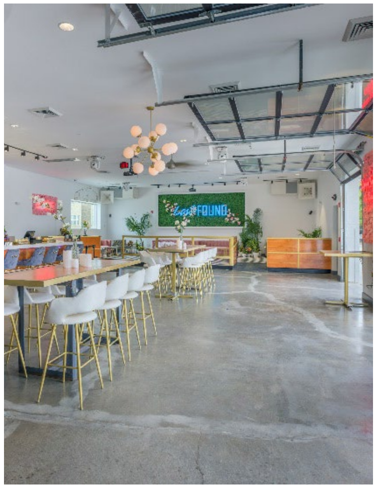
Jared Keim, Analyst, Real Estate Securities
Robert DeBovis, Data Analytics Developer
Anika Ali, Quantitative Investment Analyst
Mark Krupitskiy, Analyst, Real Estate Securities

Practices for Cultivating and Retaining Talented Staff

Training and Professional Development

- Training
  - On-boarding process unique to functional areas
  - Employees encouraged to attend conferences and seminars in field throughout the year
  - Cross organizational stretch projects encouraged for high performers
  - Firm-wide mentorship program
- Continuing Education
  - Support for business- or job-related undergraduate or master's level degree or certificate programs taken through an accredited institution
  - Team members directly involved with investments and clients encouraged to earn Series 7, CFA and/or CAIA designation
  - Emerging leaders offered opportunities to attend executive development programs at universities such as The Wharton School and Harvard University
  - Support for formal programs offered through tuition reimbursement and paid time off
- 2023 Training & Development Programs
  - Writing & Communicating Performance Review
  - Interviewing & Selecting Talent
  - Facilitating Meetings
  - Managing & Developing Talent
  - ESG Training

CenterSquare




II. ACCOUNT REVIEW & PERFORMANCE

Relationship Overview

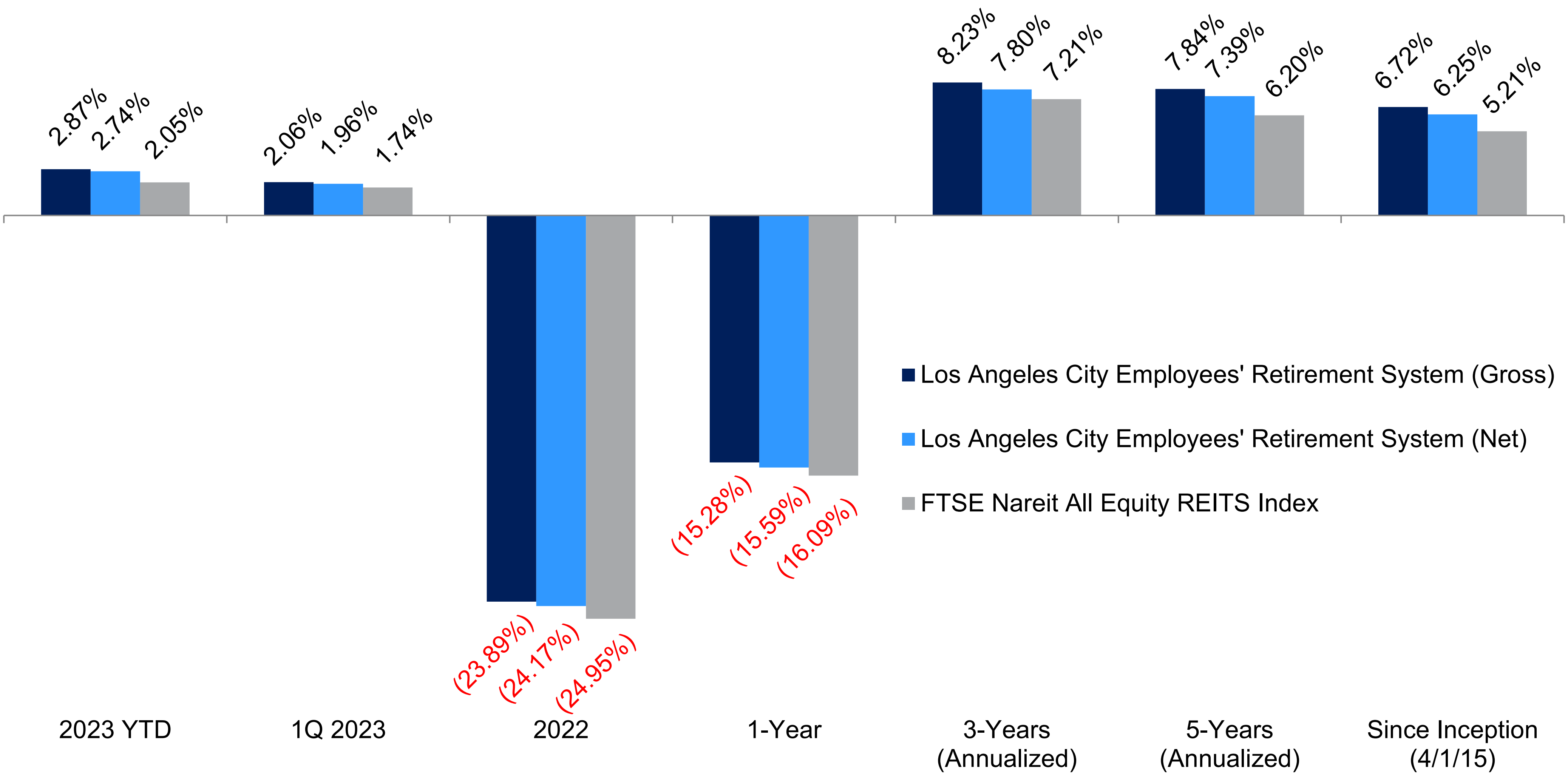
- Inception
  - CenterSquare Investment Management hired April 2015
  - Mandate funded with approximately $69.3 million
- Current Portfolio Value as of 04/30/2023: $486,301,809
- Notable Cash Flows:
  - $85 million inflow in July 2022
- Cumulative Gross Return Since Inception as of 04/30/23: 68.78%
- Benchmark: FTSE Nareit All Equity REITs Index

2023 Year-to-Date Summary		
Initial Funding	$	69,300,865
Portfolio Value on 12-31-2021	**$**	**473,189,653**
Net Additions/Withdrawals		-
Realized Gains		2,910,518
Unrealized Gains		5,060,570
Income		5,605,733
Expenses		(464,664)
Portfolio Value on 04-30-2023	**$**	**486,301,809**

2022 Summary		
Initial Funding	$	69,300,865
Portfolio Value on 12-31-2021	**$**	**520,587,919**
Net Additions/Withdrawals		85,000,000
Realized Gains		(19,665,910)
Unrealized Gains		(127,522,942)
Income		16,570,034
Expenses		(1,779,449)
Portfolio Value on 12-31-2022	**$**	**473,189,653**

Performance History

As of April 30, 2023



Performance Attribution

Year to Date as of April 30, 2023

Sector Performance	Los Angeles City Employees' Retirement System			FTSE Nareit All Equity REITS Index			Attribution		
	Average Weight	Ending Weight	Total Return	Average Weight	Ending Weight	Total Return	Sector	Stock	Total
Alt Housing	7.31	7.51	6.40	4.88	5.05	6.80	0.11	(0.03)	0.08
Apartment	9.80	9.44	8.64	9.76	10.08	5.99	(0.01)	0.25	0.24
Data Center	8.21	8.52	6.07	7.76	7.96	7.54	0.03	(0.11)	(0.08)
Diversified	0.00	0.00	0.00	0.42	0.41	(13.40)	0.07	0.00	0.07
Health Care	12.57	13.41	2.31	10.17	10.22	1.94	0.00	0.05	0.05
Hotel	2.71	2.62	(0.14)	2.91	2.83	1.74	0.00	(0.05)	(0.05)
Industrial	13.09	13.34	10.28	13.37	13.75	9.38	(0.01)	0.11	0.10
Net Lease	8.62	7.50	(0.60)	7.76	7.43	(2.12)	(0.02)	0.14	0.12
Office	3.04	3.18	(17.57)	3.28	2.81	(20.59)	0.11	0.09	0.20
Regional Mall	2.50	2.46	(2.06)	3.55	3.48	(1.86)	0.04	(0.01)	0.03
Self Storage	7.18	7.29	13.59	7.43	7.60	10.01	(0.02)	0.23	0.21
Shopping Center	4.89	5.23	(2.19)	4.64	4.56	(3.56)	0.00	0.07	0.07
Specialty	2.20	2.52	6.83	6.19	6.54	7.22	(0.18)	(0.01)	(0.19)
Timber	1.86	1.79	(0.27)	2.59	2.52	(0.12)	0.02	0.00	0.02
Towers	15.38	14.68	(5.12)	15.27	14.75	(5.29)	(0.01)	0.03	0.02
Subtotal			2.86			2.00	0.13	0.76	0.89
Cash	0.63	0.50							(0.03)
Other*									(0.04)
Total	**100.0**	**100.0**	**2.87**	**100.0**	**100.0**	**2.05**			**0.82**

* "Other" represents the difference between the account's actual return and that calculated by our attribution measurement system. The small variance relative to the actual return stems from calculation limitations of the attribution software that misses the effects of intraday trading profits and losses, withdrawals and capital inflows, rounding, and other factors.

Performance Attribution

Calendar Year 2022

Sector Performance	Los Angeles City Employees' Retirement System			FTSE Nareit All Equity REITS Index			Attribution		
	Average Weight	Ending Weight	Total Return	Average Weight	Ending Weight	Total Return	Sector	Stock	Total
Alt Housing	8.73	7.73	(28.46)	5.22	4.80	(27.75)	(0.07)	(0.06)	(0.12)
Apartment	11.11	9.73	(31.13)	10.70	9.68	(33.05)	(0.02)	0.23	0.21
Data Center	7.41	7.77	(28.53)	7.31	7.50	(27.58)	0.13	(0.07)	0.06
Diversified	0.00	0.00	0.00	0.46	0.50	(24.34)	(0.00)	0.00	(0.00)
Health Care	10.44	11.72	(20.61)	10.34	10.10	(24.25)	0.06	0.39	0.45
Hotel	2.87	2.60	(14.67)	2.88	2.82	(15.28)	0.06	0.01	0.07
Industrial	12.97	12.90	(26.36)	12.45	12.66	(28.58)	(0.02)	0.30	0.28
Net Lease	5.80	8.60	(5.81)	7.15	8.29	(7.69)	(0.22)	(0.02)	(0.24)
Office	3.93	3.32	(37.56)	4.52	3.63	(39.84)	0.21	0.08	0.30
Regional Mall	2.25	2.58	(21.91)	3.20	3.62	(22.15)	(0.00)	0.00	0.00
Self Storage	7.43	6.91	(26.10)	7.36	7.03	(26.73)	(0.01)	0.05	0.04
Shopping Center	4.89	5.07	(14.54)	4.40	4.83	(12.88)	0.05	(0.05)	0.01
Specialty	2.77	1.69	2.55	5.18	6.12	(0.20)	(0.49)	0.09	(0.41)
Timber	2.20	1.91	(20.35)	2.65	2.61	(19.42)	(0.02)	(0.01)	(0.03)
Towers	16.59	16.43	(27.57)	16.17	15.80	(28.57)	0.00	0.18	0.19
Subtotal			(23.97)			(24.89)	(0.33)	1.14	0.81
Cash	0.61	1.04							0.11
Other*									0.14
Total	**100.0**	**100.0**	**(23.89)**	**100.0**	**100.0**	**(24.95)**			**1.06**

* "Other" represents the difference between the account's actual return and that calculated by our attribution measurement system. The small variance relative to the actual return stems from calculation limitations of the attribution software that misses the effects of intraday trading profits and losses, withdrawals and capital inflows, rounding, and other factors.

Performance Attribution

Cumulative Performance, Three Years Ended December 31, 2022

Sector Performance	Los Angeles City Employees' Retirement System			FTSE Nareit All Equity REITS Index			Attribution		
	Average Weight	Ending Weight	Total Return	Average Weight	Ending Weight	Total Return	Sector	Stock	Total
Alt Housing	8.76	7.72	11.92	5.08	4.80	6.93	0.38	0.35	0.73
Apartment	10.73	9.73	(3.73)	10.35	9.68	(7.80)	0.13	0.49	0.62
Data Center	8.64	7.77	6.34	9.07	7.50	10.03	0.52	(0.02)	0.50
Diversified	0.28	0.00	37.17	0.46	0.50	(20.23)	0.26	0.09	0.35
Health Care	9.86	11.72	(16.63)	10.67	10.10	(16.23)	0.21	0.36	0.57
Hotel	2.80	2.60	(4.24)	2.80	2.82	(27.09)	0.34	0.57	0.91
Industrial	12.08	12.90	35.41	11.76	12.66	29.71	0.05	0.56	0.61
Net Lease	5.77	8.60	15.22	6.59	8.29	1.92	(0.16)	0.69	0.53
Office	5.80	3.32	(43.15)	5.59	3.63	(48.02)	(0.30)	0.65	0.35
Regional Mall	1.51	2.58	(25.64)	3.11	3.62	(7.00)	(0.40)	0.38	(0.02)
Self Storage	5.84	6.91	70.78	6.27	7.03	48.34	(0.30)	0.82	0.52
Shopping Center	4.72	5.07	(0.87)	3.85	4.83	4.74	0.88	(0.06)	0.82
Specialty	2.52	1.69	42.83	4.47	6.12	30.43	(0.90)	0.25	(0.65)
Timber	1.88	1.91	(9.38)	2.56	2.61	14.59	(0.52)	(0.03)	(0.55)
Towers	18.17	16.43	7.73	17.37	15.80	3.26	0.29	0.72	1.01
Subtotal			6.75			0.72	**0.48**	**5.82**	**6.30**
Cash	0.62	1.06							(0.27)
Other*									0.39
Total	**100.0**	**100.0**	**7.05**	**100.0**	**100.0**	**0.62**			**6.42**

* “Other” represents the difference between the account’s actual return and that calculated by our attribution measurement system. The small variance relative to the actual return stems from calculation limitations of the attribution software that misses the effects of intraday trading profits and losses, withdrawals and capital inflows, rounding, and other factors.

Portfolio Guidelines and Characteristics

As of April 30, 2023

Portfolio Performance Objective	Generate 100+bps relative to the FTSE Nareit All Equity REITs Index on an annual basis

Portfolio Guidelines	Restrictions	Compliance Check
Maximum Allocation to One Security*	7.5%	✓
Maximum Cash Allocation	5%	✓
Expected # Holdings	50-85	✓
Sector Active Exposure	+/- 6.5%	✓
Maximum Allocation to Non-Benchmark Securities (Single Security)	3%	✓
Maximum Allocation to Non-Benchmark Securities (Total, at purchase)	20%	✓

Portfolio Characteristics	As of April 30, 2023		As of December 31, 2022	
	LACERS Portfolio	FTSE Nareit All Equity REITs Index	LACERS Portfolio	FTSE Nareit All Equity REITs Index
Weighted Average Market Cap	$38.0B	$39.1B	$36.6B	$36.8B
# of stocks	58	145	53	147
Dividend Yield	3.96%	4.09%	3.79%	3.99%
P/FFO	18.5x	18.5x	18.6x	18.4x

Source: Bloomberg. *Allocation limit raised to 10% if security weight in the benchmark is >6%.

Risk & Performance Metrics

LACERS Risk and Performance vs. FTSE Nareit All Equity REITs Index
(As of March 31, 2023)

Risk and Performance Metrics	One Year		Three Year		Five Year	
	LACERS	Benchmark	LACERS	Benchmark	LACERS	Benchmark
Standard Deviation	24.18	24.21	20.10	20.15	19.11	19.73
Sharpe Ratio	-0.88	-0.91	0.50	0.46	0.34	0.25
Tracking Error	1.26	—	1.37	—	1.80	—
Information Ratio	0.55	—	0.59	—	0.89	—
Batting Average	0.67	—	0.58	—	0.63	—

LACERS Risk and Performance vs. FTSE Nareit All Equity REITs Index
(As of December 31, 2022)

Risk and Performance Metrics	One Year		Three Year		Five Year	
	LACERS	Benchmark	LACERS	Benchmark	LACERS	Benchmark
Standard Deviation	23.19	23.33	21.67	22.50	18.85	19.45
Sharpe Ratio	-1.09	-1.13	0.07	-0.02	0.25	0.16
Tracking Error	1.36	—	2.12	—	1.80	—
Information Ratio	0.81	—	1.00	—	0.88	—
Batting Average	0.58	—	0.58	—	0.62	—

All metrics are for the CenterSquare U.S. All REIT Strategy Composite using monthly returns through March 31, 2023. Benchmark uses monthly returns for the FTSE Nareit All Equity REITs Index through March 31, 2023.

Competitive Positioning Metrics

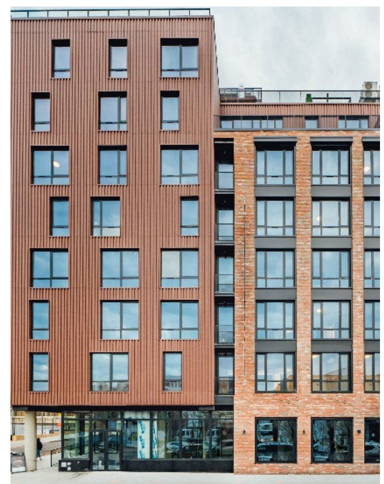
U.S. All REIT Strategy Competitive Positioning

Returns - Percentile Ranking						
	As of March 31, 2023			As of December 31, 2022		
Strategy	1 Year	3 Years	5 Years	1 Year	3 Years	5 Years
US All REIT	25	56	16	27	9	10

Excess Returns - Percentile Ranking						
	As of March 31, 2023			As of December 31, 2022		
Strategy	1 Year	3 Years	5 Years	1 Year	3 Years	5 Years
US All REIT	22	34	28	24	15	40

Source: eVestment as of March 31, 2023.

CenterSquare



III. STATE OF THE REIT MARKET

Earnings Growth

– REIT earnings growth expectations for 2023 and 2024 reflect the durability of real estate income, favorable operating environment with low vacancy and low new construction, and the tailwind from inflation.

– Expense growth acceleration could partially offset revenue growth, in low-margin sectors and property-types that lack pricing power, but top-line revenue growth should be sufficient to generate positive earnings growth.

– A recession will take a toll on occupancy and rental rates, but the affect will vary greatly by sector and will be a function of the recession's severity and length.

	U.S. Equity REITs	S&P 500 Index
2022A P/FFO Multiple*	17.0x	18.4x
2023E P/FFO Multiple*	16.4x	18.7x
2024E P/FFO Multiple*	15.4x	17.0x
2022A Earnings Growth	10.9%	15.4%
2023E Earnings Growth	4.1%	(1.9%)
2024E Earnings Growth	6.3%	10.0%
Dividend Yield	4.25%	1.68%

	2011A	2012A	2013A	2014A	2015A	2016A	2017A	2018A	2019A	2020A	2021A	2022A	2023E	2024E
Apartment	10.0%	15.4%	8.7%	8.1%	9.3%	3.2%	3.6%	3.8%	5.4%	(5.1%)	(0.2%)	18.3%	6.5%	5.0%
Data Center	20.6%	11.1%	11.1%	14.1%	10.4%	13.3%	11.5%	9.7%	4.6%	3.4%	3.1%	0.9%	5.1%	7.2%
Office	7.5%	2.2%	3.2%	5.2%	4.7%	3.9%	2.5%	3.3%	4.4%	(2.4%)	2.3%	9.2%	(0.7%)	5.3%
Industrial	15.5%	10.5%	(1.5%)	9.2%	11.9%	10.9%	7.5%	5.9%	12.9%	10.6%	10.6%	23.6%	7.0%	3.9%
Mall	8.7%	13.9%	11.2%	2.0%	9.7%	8.7%	3.9%	3.3%	(2.2%)	(24.5%)	21.3%	2.4%	1.2%	3.2%
Shopping Center	6.0%	5.7%	8.8%	6.3%	6.0%	6.7%	2.9%	(0.8%)	(2.0%)	(22.8%)	20.7%	11.6%	0.8%	4.4%
Self Storage	18.1%	18.0%	16.8%	13.3%	9.5%	16.8%	6.5%	4.0%	2.7%	(2.7%)	27.0%	22.8%	5.3%	5.4%
Net Lease	-	-	-	-	-	-	17.7%	8.6%	(0.4%)	(4.0%)	10.4%	7.5%	3.9%	8.9%
Hotel	21.9%	18.5%	16.1%	20.9%	8.3%	9.5%	(7.0%)	4.0%	0.0%	NM	NM	NM	NM	10.2%
Healthcare	14.1%	7.5%	7.9%	7.1%	3.7%	2.3%	2.6%	(3.2%)	(1.9%)	(5.5%)	(4.2%)	0.5%	0.2%	8.3%
Weighted Average**	10.5%	10.2%	8.2%	7.6%	7.5%	6.0%	3.6%	3.0%	4.2%	(2.6%)	9.3%	10.9%	4.1%	6.3%

Notes
We removed the Hotel sector growth rates from 2020 to 2023 in the above table due to the outsized impact on the overall weighted average. In many cases hotel companies had negative or extremely low FFO for 2020 as a result of the pandemic and therefore 2020, 2021, 2022 and 2023 growth rates that we believe to be non-representative of the true growth in earnings for the hotel sector and combined weighted average. Hotels would show -109% FFO growth in 2020, 206% FFO growth in 2021, 443% FFO growth in 2022 and 7% FFO growth in 2023 based on most recent estimates. Data as of March 31, 2023.
*The S&P 500 multiple is based on EPS. The REIT multiple is based on FFO per share.
**Net Lease was separated out as a separate sector for the purpose of this table beginning in 2017.
***Weighted average includes smaller sectors such as alternative housing, specialty and diversified in addition to those listed.
Sources: Bloomberg, SNL, CenterSquare Investment Management

REIT Outlook: Relative Valuation and Yields are Attractive

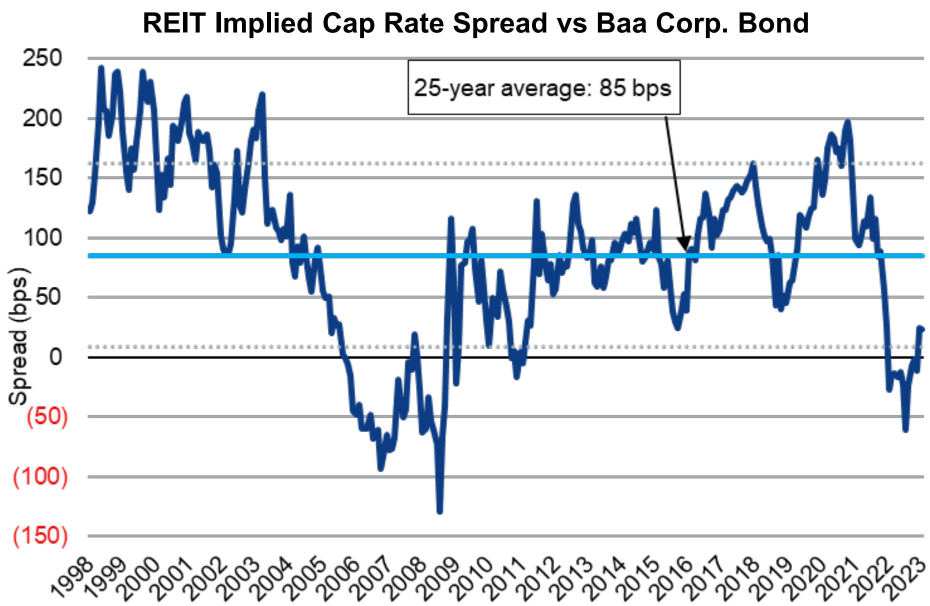
We believe REITs should generate 8-12% annual total returns over the medium-term

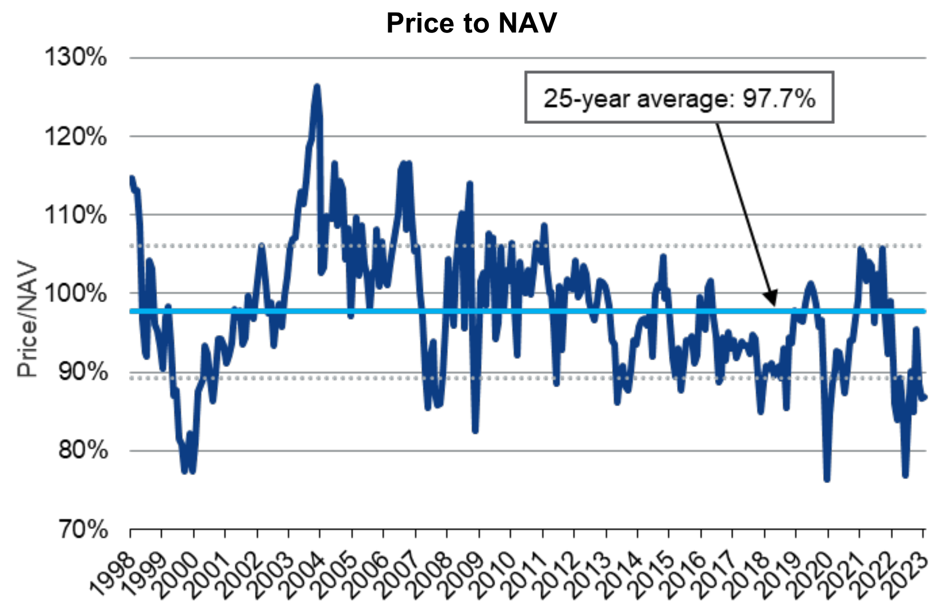
- **Constrained supply –** In the aggregate, new supply as a percent of stock is very low with further declines expected.
- **Durable cash flow –** Operating fundamentals are generating good cash flow growth and REIT dividends are well-covered.
- **External growth –** More attractive new investment yields will result in enhanced future external growth.
- **Balance sheet capacity –** Leverage levels are low, average duration is long, and credit metrics are strong. We expect REITs to employ their better balance sheets, better access to capital and superior cost of capital to fund future external growth.

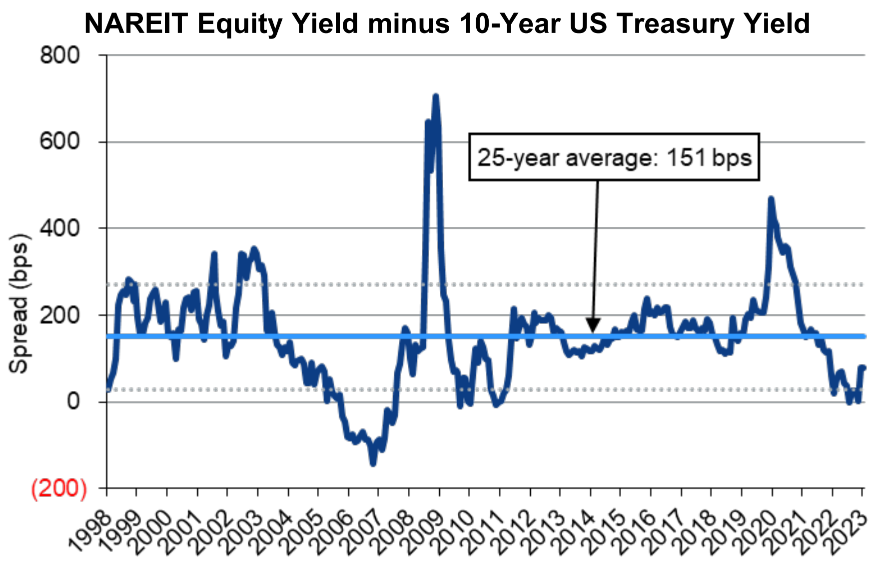
Favorable Valuations

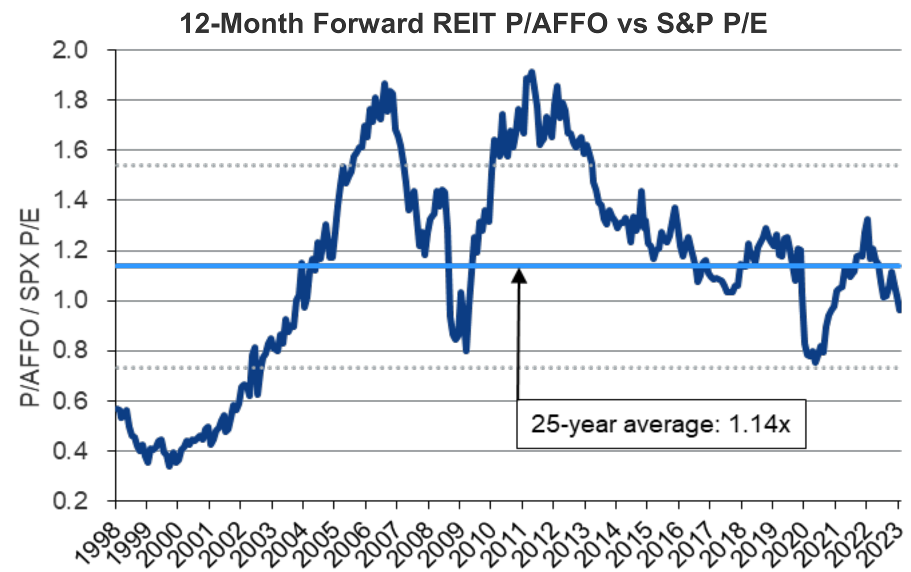
- **Price-to-NAV** – REITs trade at roughly a 15% discount to NAV today indicating very strong relative value to the private real estate market and at a level that is both well below historical averages and rarely sustained for long before recovering.
- **Yields –**The REIT dividend yield of 4.25% is 78bps above the 10-year U.S. Treasury yield but below the historical spread of 151bps. The REIT dividend yield is well covered and growing. Thus far in 2023 there have been 32 dividend increase announcements at an average increase of 12.6% and the AFFO payout ratio is estimated to be less than 70%.
- **Spreads** - The spread between the Baa corporate bond yield and the REIT implied capitalization rate (cash flow yield) improved to positive 24bps at quarter end as REIT implied capitalization rates rose more than corporate bond yields.
- **Earnings multiples** – Signaling favorable valuations relative to broader equities, the ratio of the forward 12-month REIT P/AFFO to the S&P500 earnings multiple ratio is 1.01x, below the 25-yr average of 1.14x, indicating REITs are cheap relative to broad stock market valuations.

Valuation Metrics



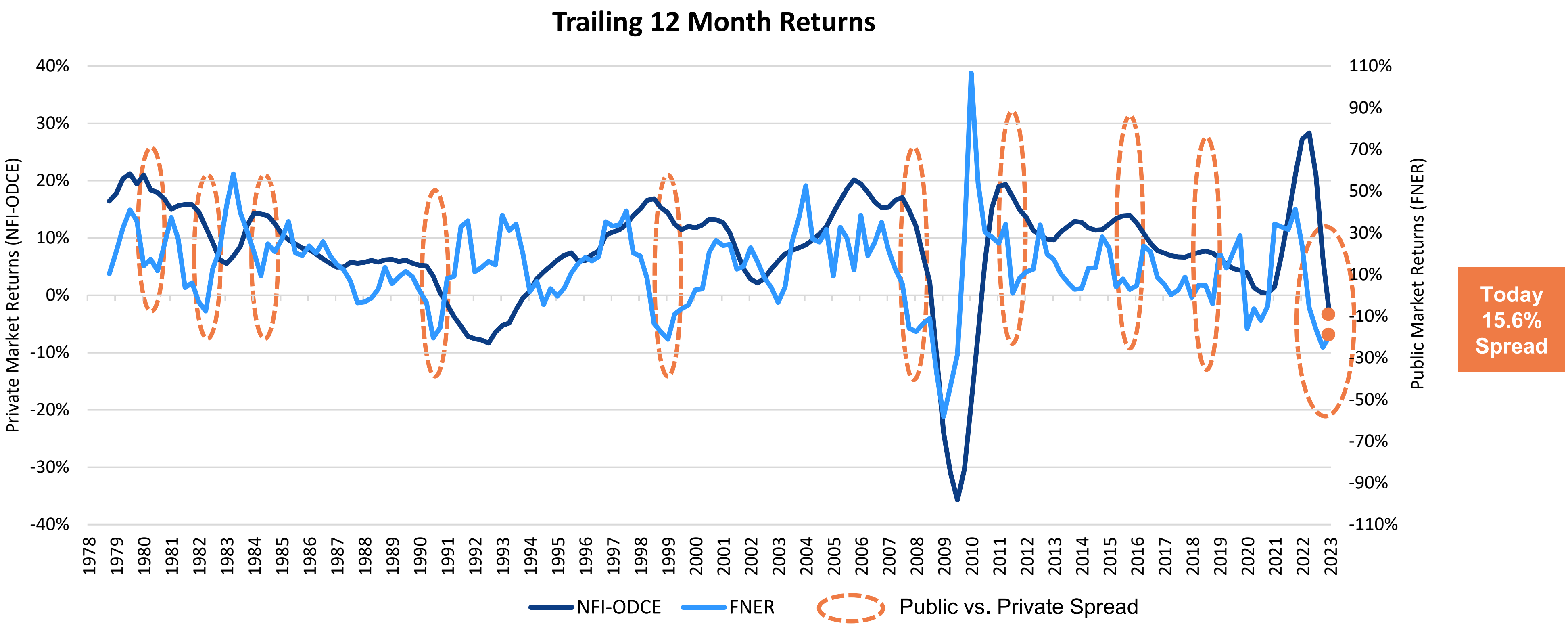






Sources: Bloomberg, Evercore ISI, Bank of America, NAREIT, CenterSquare Investment Management as of April 30, 2023.

Private markets peak when REITs bottom

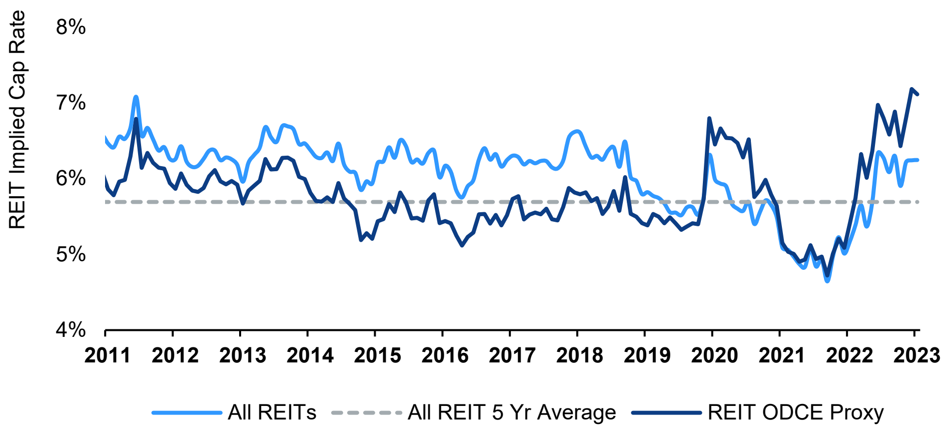


- While the REIT market rapidly incorporated the reality of capital markets and looming risks into valuations in real-time, the ODCE index has just begun to reflect this reality as the returns over the trailing 12 months just turned negative as of the first quarter of 2023.
- Total returns since 1978 show that after the REIT market bottoms, the historical outperformance of REITs versus ODCE funds in the following year has been 42.8%. Even excluding the outsized impact of the GFC, the outperformance of REITs versus ODCE funds in the following year after the bottom has been 26.2%.

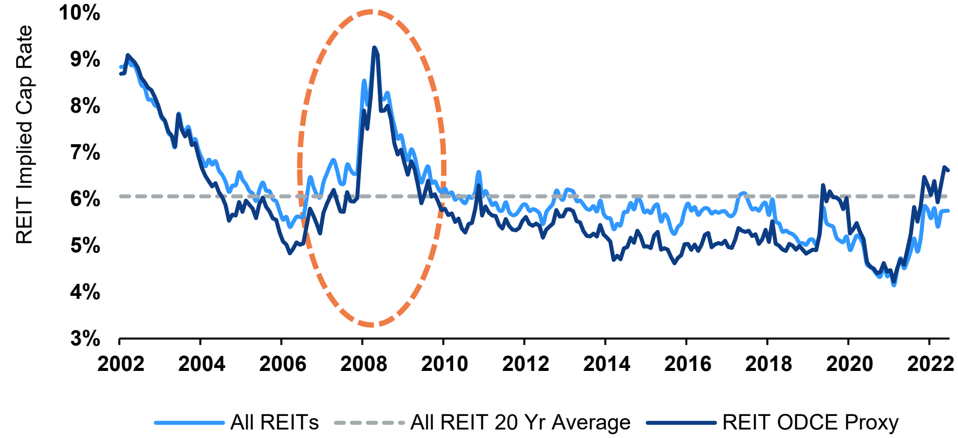
Source: Bloomberg, CenterSquare as of March 31, 2022. Private Real Estate represented by NFI-ODCE Index; REITs represented by FTSE Nareit All Equity REITs (FNER) Index.

REIT valuations are generally more accurate than Private Real Estate.

REITs have likely priced in the correction...



...unless it's the GFC 2.0 (unlikely)



REITs are on the cheap side of fair today while private markets have not adjusted valuations to reflect reality of today's debt markets.

Sector	REIT Implied Cap Rate			CSIM NAV Cap Rate			ODCE 4Q22 Cap Rates	
	Current	3 Mo. Change (bps)	12 Mo. Change (bps)	1Q23	4Q21	1Q23 REIT GAV Discount	Appraisal Cap Rate	Transaction Cap Rate
Apartment	5.80%	41	171	4.92%	3.57%	-18%	3.83%	4.16%
Industrial	3.78%	14	75	4.20%	3.20%	11%	3.63%	4.59%
Office	8.46%	114	251	6.10%	5.02%	-28%	4.92%	7.30%
Retail	7.24%	59	89	7.19%	5.83%	-1%	4.95%	5.77%
All REITs	5.75%	34	107	5.42%	4.47%	-6%		
REIT ODCE Proxy	6.61%	68	170	5.53%	4.37%	-17%	4.07%	5.30%

254 bps Δ between REITS and ODCE

CenterSquare Cap Rates +116 bps from peak

123 bp Δ between transactions and appraisals in ODCE Funds

Sources: CenterSquare REIT Cap Rate data, April 30, 2023. Please refer to cap rate methodology at the end of this presentation.

Balance Sheet and Valuation Metrics Comparisons Across Time

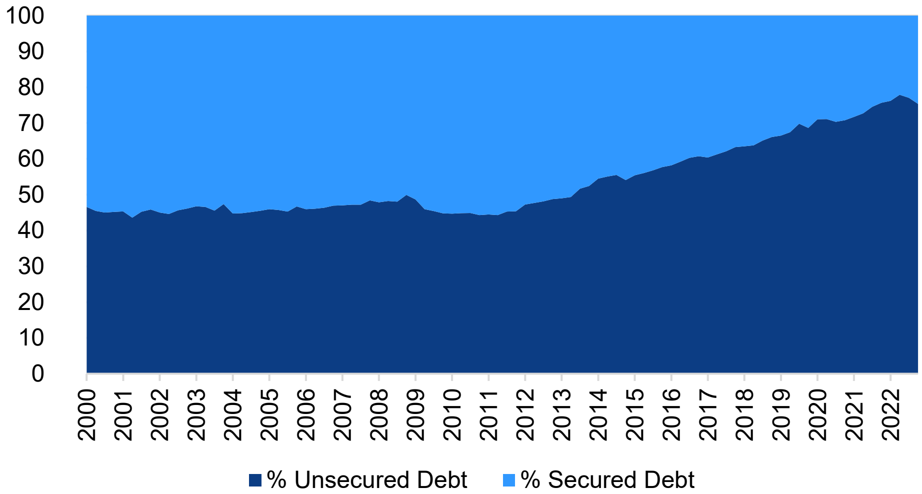
- REIT balance sheets are better positioned today than prior to previous financial crisis and recessions.
- REIT's dividend yield premium and spread cap rate premium relative to the 10-year U.S. Treasury yield is far better today than it was prior to the GFC.

REIT Metrics	May 1998	June 2000	February 2007	December 2019	March 2023
Leverage					
Debt to Asset Value	33%	44%	46%	31%	30%
Debt to EBITDA	6.3x	5.5x	8.0x	5.4x	5.8x
Dividend					
Dividend Yield	5.55%	7.61%	3.60%	4.00%	4.25%
Dividend yield spread (10 year bonds)	-0.16%	1.58%	-1.05%	1.80%	0.78%
Real Estate Pricing					
Cap rate	9.27%	9.06%	5.70%	5.50%	5.83%
Cap rate spread (10 year bonds)	3.56%	3.03%	1.05%	3.30%	2.36%
Equity Pricing					
AFFO multiple	12.5x	8.2x	22.9x	21.1x	18.8x
Ratio of REIT P/AFFO multiple to the S&P P/E	0.57x	0.39x	1.72x	1.07x	1.00x

Sources: CSIM and Bloomberg, March 31, 2023.

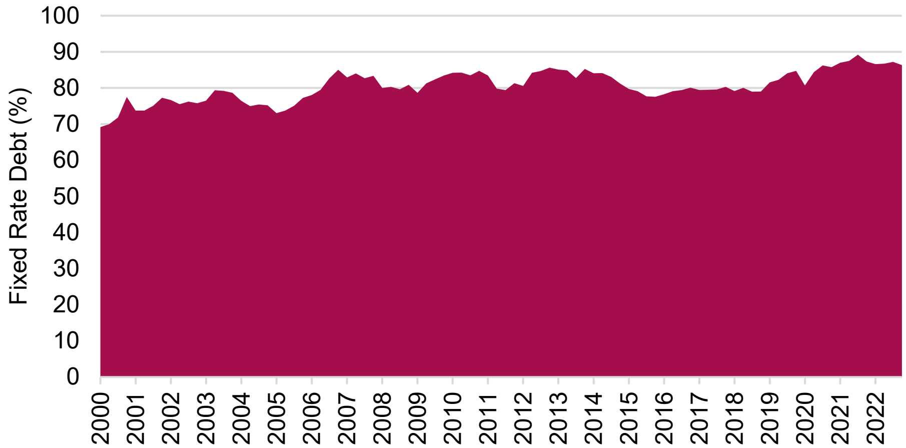
REIT balance sheets are well-positioned to withstand credit crisis and rising rates

REITs largely utilize unsecured debt



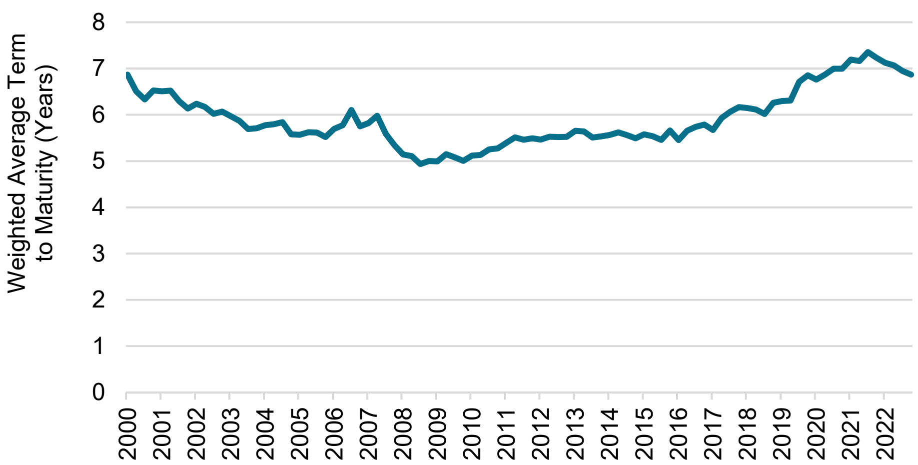
Source: Nareit, February 2023.

Over 86% of debt outstanding is fixed rate



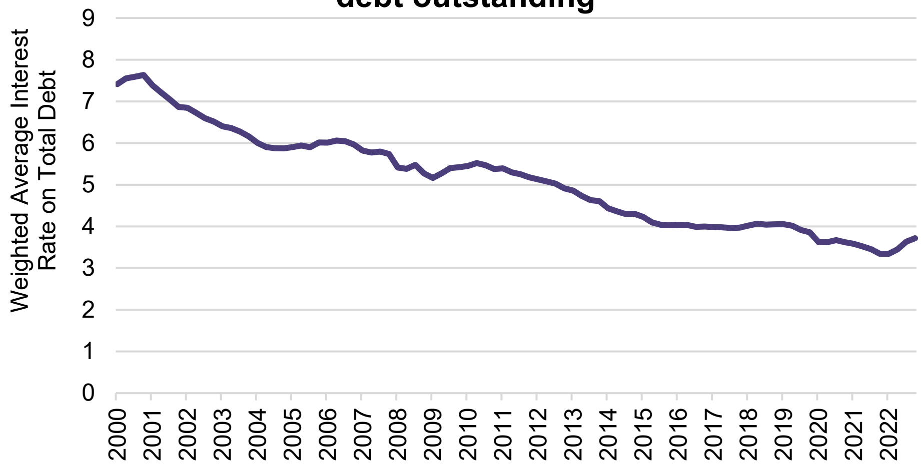
Source: Nareit, February 2023.

The average term to maturity is 7 years



Source: Nareit, February 2023.

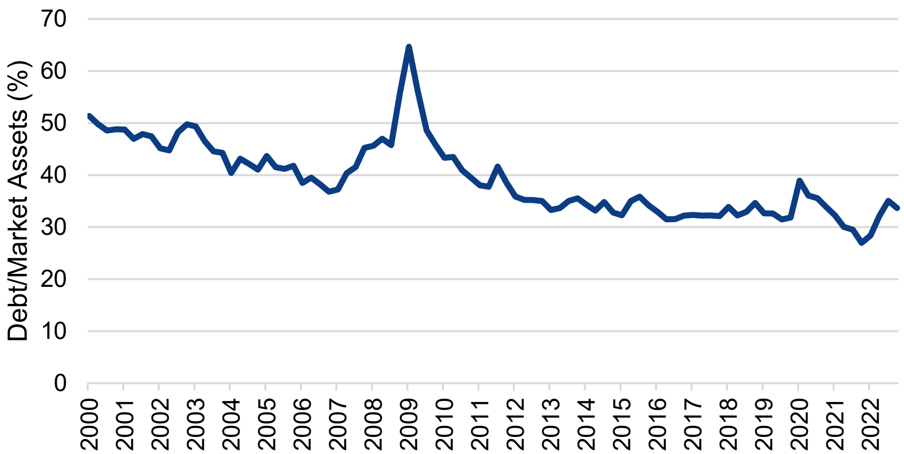
The weighted average interest rate is 3.7% for all debt outstanding



Source: Nareit, February 2023.

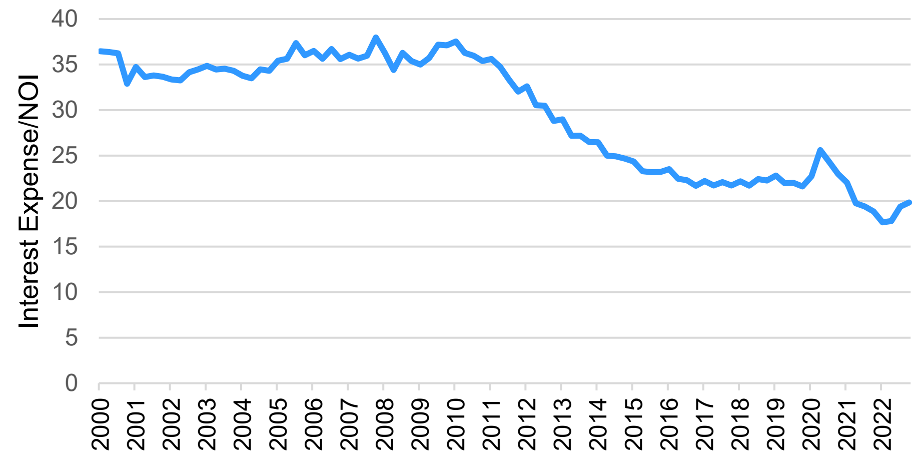
REIT leverage is better positioned than going into GFC

Leverage levels are much lower today than going into GFC



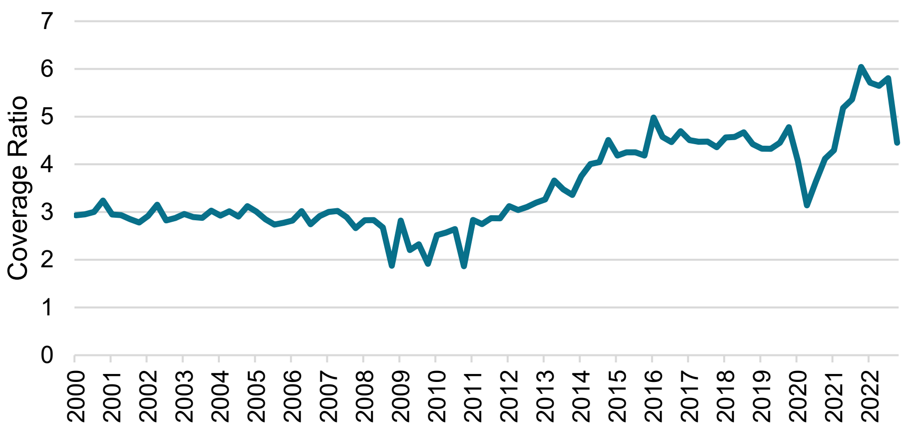
Source: Nareit, February 2023.

Interest expense as a percent of NOI is at near-lows in this century



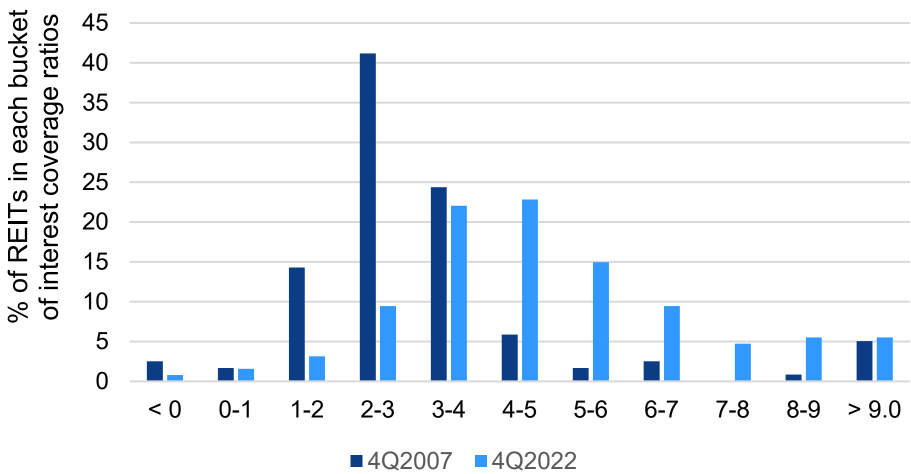
Source: Nareit, February 2023.

Interest coverage is at much better levels today than going pre-GFC



Source: Nareit, February 2023.

Improvement in interest coverage is broad-based across the REIT industry vs. pre-GFC

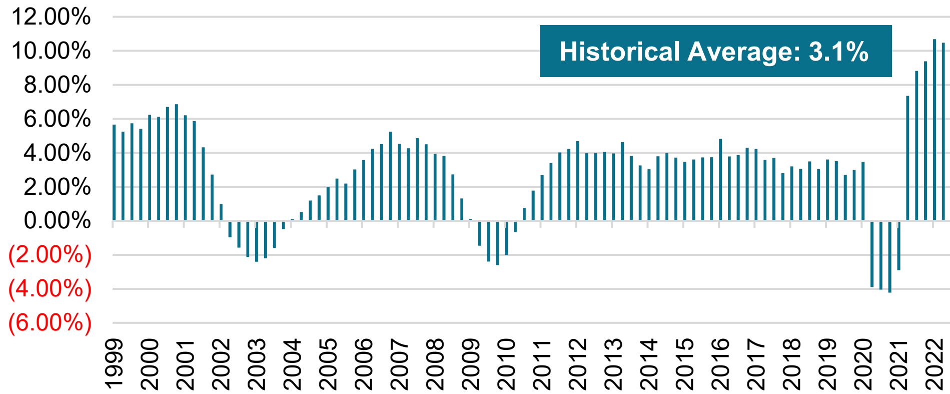


Source: Nareit, February 2023.

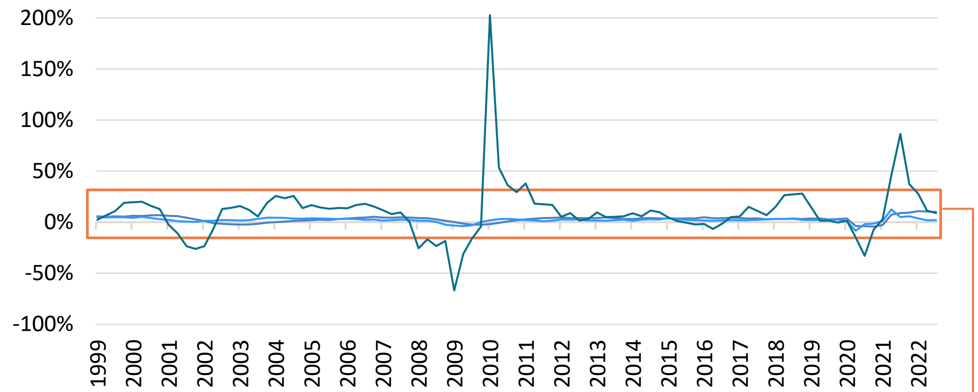
Durability of Income

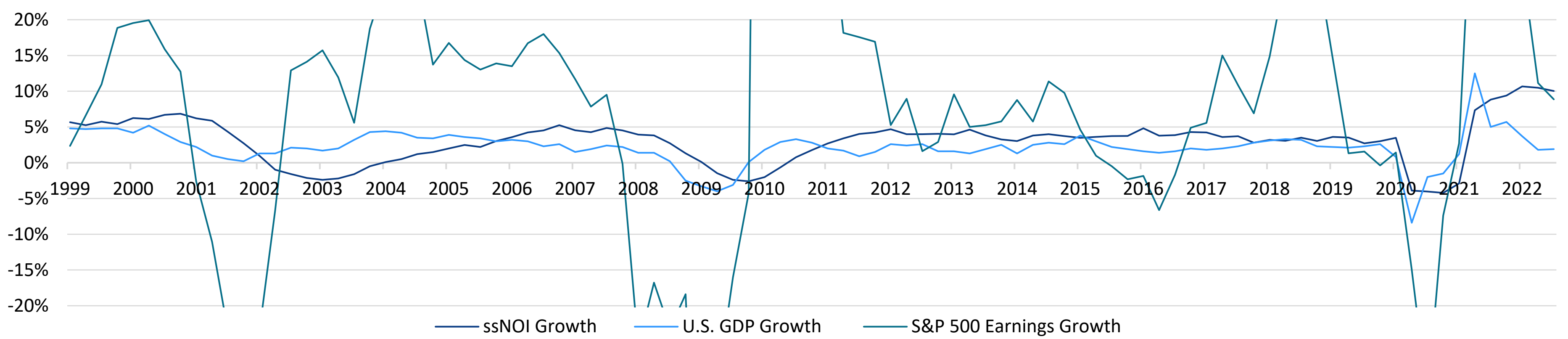
- Long-term leases bridge short-term volatility in economic conditions.
- As such real estate cash flow varies little from year-to-year even during recessions particularly relative to earnings of broad equities.

REIT SSNOI Growth, Year Over Year



REIT SSNOI vs GDP and S&P Adjusted EPS Growth

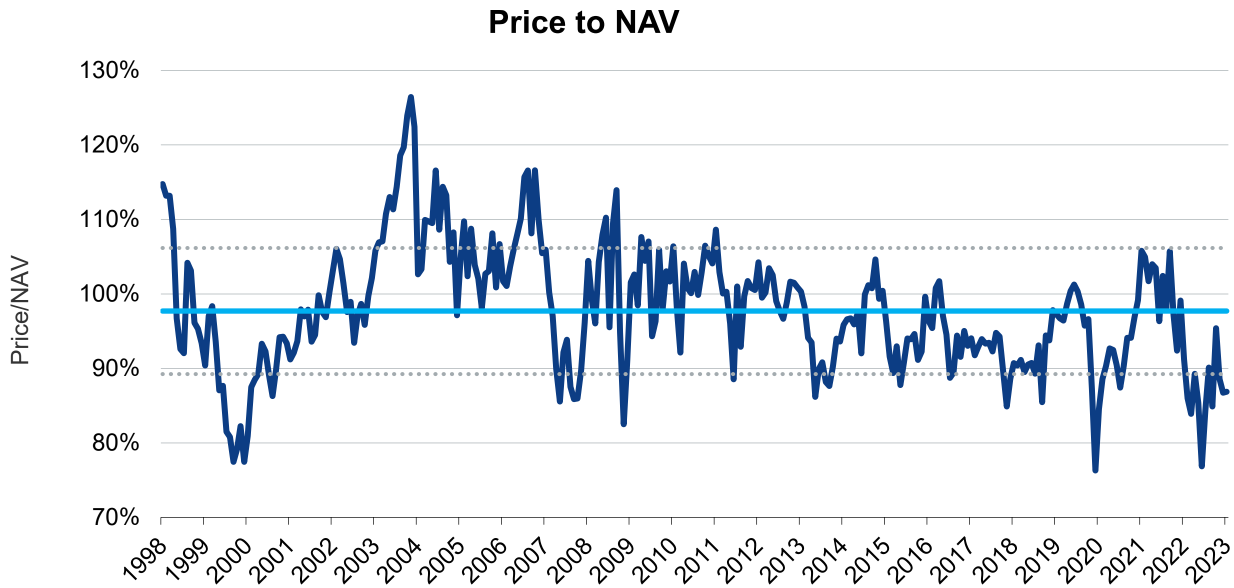




Source: Citi Research, Bloomberg and Bureau of Economic Analysis, September 2022.

Discounted REIT market historically produces strong returns

- Over the last 25 years, when REITs have been priced below 85% Price/NAV, they have delivered strong positive returns over nearly all subsequent 1- and 3-year periods.
- The one exception was during the Global Financial Crisis due to dilutive equity issuances.
- The average total return, following hitting a 15% discount, was 32.5% after 1 year and 58.7% after 3 years.



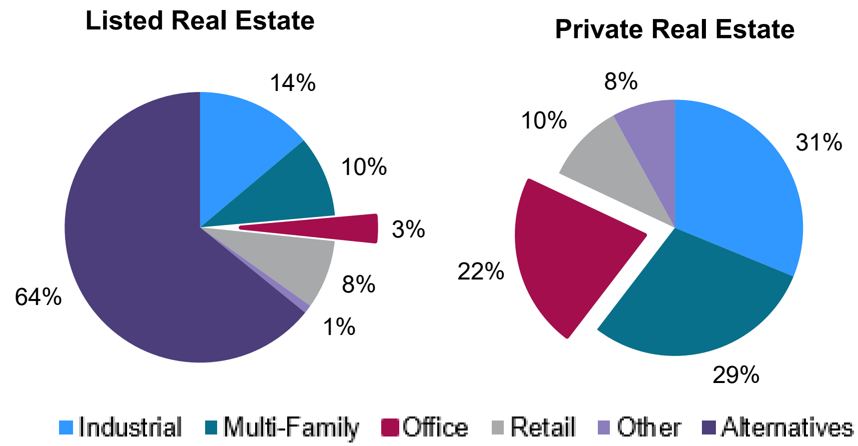
Return Summary of REIT P/NAV less than 85%

	Duration of Discount in Months	FTSE Nareit Equity REITs Index Total Return (1 year)	FTSE Nareit Equity REITs Index Cumulative Total Return (3 years)
October 1999	7 months	17.63%	44.03%
August 2007	1 month	(7.04%)	(17.92%)
February 2009	1 month	95.19%	187.51%
September 2011	1 month	32.61%	58.84%
August 2015	1 month	25.47%	31.82%
December 2018	1 month	26.00%	66.04%
March 2020	2 months	37.78%	40.78%
June 2022	9 months	N.A.	N.A.
March 2023	2 months	N.A.	N.A.
Average		**32.52%**	**58.73%**

Source: CenterSquare, Bloomberg, BAML estimates, April 30, 2023. Past performance is not a guarantee of any future results.

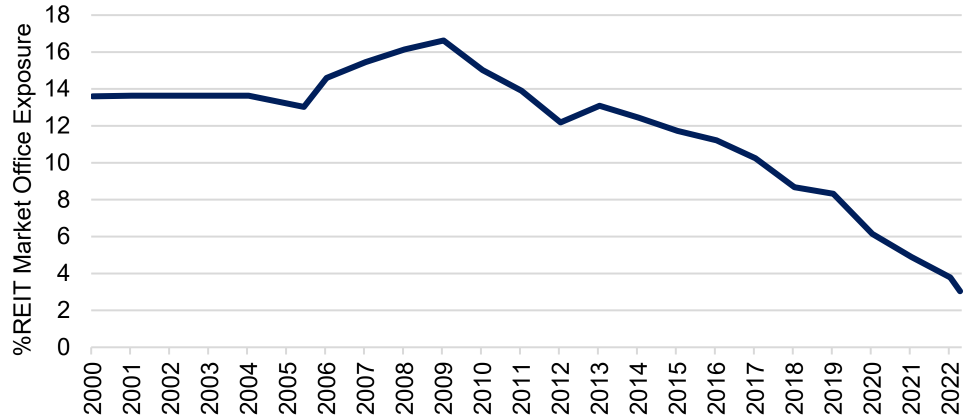
Office ≠ REITs

U.S. Office exposure differs between public and private markets



Source: CenterSquare, Bloomberg, March 31, 2023. Listed Real Estate Based on the FTSE/Nareit All Equity REITs Index; Private Real estate based on NFI-ODCE Index.

REIT market Office sector exposure has drastically diminished over time



Source: CenterSquare, Bloomberg, March 31, 2023. Based on the FTSE/Nareit All Equity REITs Index

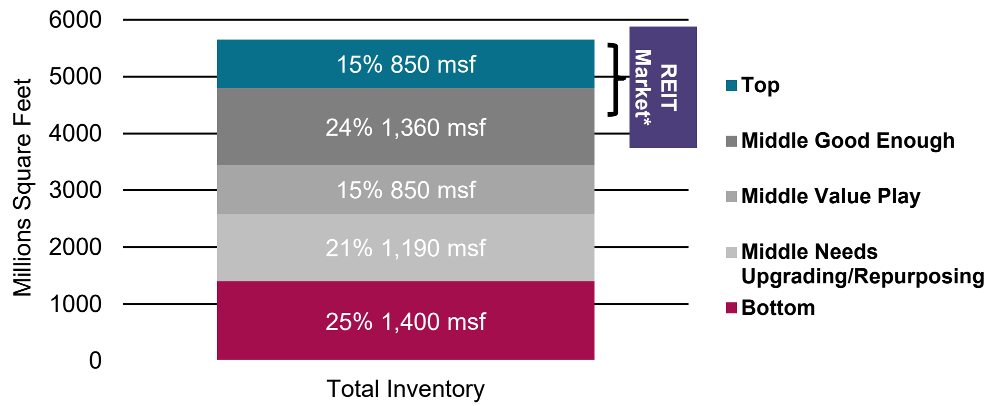
There are 7 REITs and 10 listed property sectors that outweigh the U.S. Office sector

Companies
- Prologis
- Equinix
- Public Storage
- Realty Income
- Simon
- Welltower
- VICI

Sectors
- Apartment
- Healthcare
- Industrial
- Mall
- Net Lease
- Towers
- Data Centers
- Gaming
- Storage
- Shopping Centers

Source: CenterSquare, Bloomberg, March 31, 2023.

High quality Office space is poised to emerge as a relative winner



*REIT Market Estimate
Source: Cushman & Wakefield Research, February 23, 2023.

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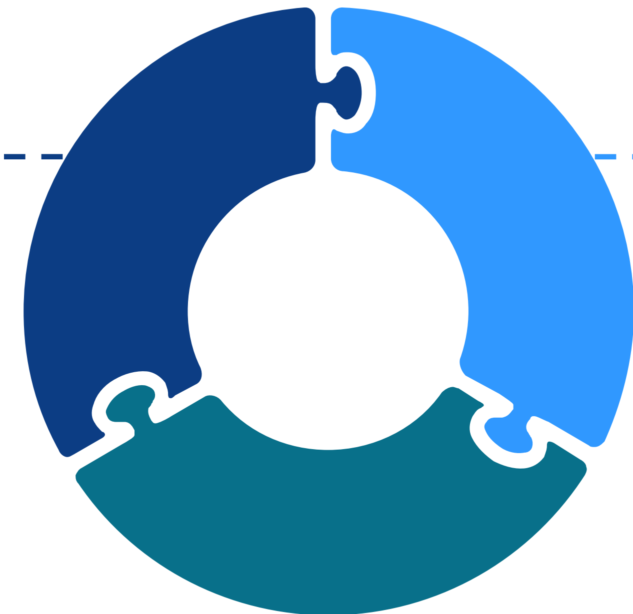
IV. INVESTMENT STRATEGY AND PROCESS

Investment Strategy



Top Down

Regional, property type and thematic allocations

Bottom Up

Best-in-class valuation techniques informed by full quantitative and qualitative analysis on each company in the universe

Risk Management

Proprietary analytics seek to ensure active risk is deployed to achieve goal of consistent alpha

Investment Process: Top Down

Fundamentals	Capital Markets	Government Policy
▪ Supply and Demand ▪ Occupancy ▪ Rental Rates ▪ Cash Flow ▪ Growth	▪ Interest Rates ▪ Equity Availability ▪ Debt Availability	▪ Fiscal ▪ Monetary ▪ Regulatory

Establish Initial Top-down Positioning

	Regional	Property Type	Thematic
Examples:	Overweight West Coast Underweight Northeast	Overweight Industrial Underweight Regional Malls	Overweight Strong Balance Sheets Underweight Development Strategies

Overweight and underweight refer to CenterSquare portfolio positioning relative to stated benchmarks.

Investment Process: Bottom-Up

The Valuation Problem

The Problem

- GAAP accounting does not fit REITs well
- Noise from non-core items obscures true value
- Difficult to systematically compare stocks on an apples to apples basis

Popular but Limited Solutions

Discounted Cash Flow

- Overdependence on analyst assumptions
- Fictional value for perpetual development and acquisitions
- Unable to offset or predict inflation points

NAV

- Highly levered (small changes make a big difference)
- Premiums or discounts can be static with wide deviations existing for long periods
- There maybe disconnect between public and private market prices

P/E

- Not all income is created equal
- Multiples are effected by leverage
- Quality and source of earnings affects multiples
- Misses non-income producing assets

Investment Process: Bottom-Up

CenterSquare's Approach to Valuation

GAAP Accounting Does Not Fit

- Straight line rent, lease termination fees, tenant improvement and leasing commission smoothing, differing accounting treatment for expense vs. capitalized items, nonrecurring items

Noise from Noncore Items

- Separate valuation approach for non-income producing real estate assets
  - Development in progress
  - Land on balance sheet
  - Joint ventures
  - Management contracts and fee revenue
  - Asset sales
  - Mark to market debt
  - Cash

Difficult to Systematically Compare Stocks

- Innovative approach for making adjustments to P/E ratio, NAV and Implied Cap Rate
- CenterSquare's proprietary relative value model compares companies inter- and intra-sector

- **Valuation philosophy grounded in 20+ years of market-tested experience**
  - Seek to provide consistent approach over time and across sectors and markets
  - Focus on comparing companies based on recurring cash flow from core real estate
  - Build and maintain models based on exhaustive review of public filings, never based on data streamed from database
  - Build in flexibility to run sensitivity analysis to macro-based assumptions

Investment Process: Bottom-Up

Qualitative Ranking Framework

Companies are scored (0 to 10) on ten qualitative factors. Enhancement provides for a more thorough analysis of investment universe and adds to risk management framework.

Management & Strategy

- Capital Allocation
- Operational Excellence
- Balance Sheet Management
- Strategy

Governance

- Board Independence & Alignment
- Disclosure Quality

Assets

- Quality
- Location
- Environmental Factors
- Supply

Qualitative Ranking Score

Investment Process: Risk Management

Comprehensive Risk Optimization Process

GOAL: Outperform the benchmark while maximizing the information ratio

Active Exposures

- Sector & Sub-Sector
- Intra-Sector
- Geography
- Stock
- Market Cap

Fundamentals

- Growth Rates
- Earnings Multiples
- Yields
- Payout Ratios
- Net Asset Value
- Implied Capitalization Rate
- Financial Leverage
- EBITDA Coverage

Factors

Proprietary
- Quality
- ESG
- Valuation
- Leverage

Market
- Momentum
- Market Cap

Risk Metrics

- Standard Deviation
- Beta
- Volatility
- Ex-Ante Tracking Error
- Performance Attribution
- Correlation

Liquidity

- Days-to-Trade
- Daily Volume
- Minimum Size

Establishes consistent management style, identifies unintended exposures, downside risks, upside opportunities and provides independent perspective.

A Commitment to ESG Integration

ESG considerations are embedded in our overall investment process and broader engagement with the global market.

Companies are scored (0 to 10) on ten factors specific to environmental stewardship, social responsibility and corporate governance. This process provides for an expanded analysis of key ESG factors.

Environment	Social	Governance
▪ Policy ▪ Action ▪ Leadership ▪ Disclosure	▪ Employee Engagement ▪ Community Involvement	▪ Alignment with Shareholders ▪ Board Independence ▪ Disclosure Quality & Transparency ▪ Strategy

ESG Ranking Score

Signatory of:

PRI Principles for Responsible Investment

GRESB

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

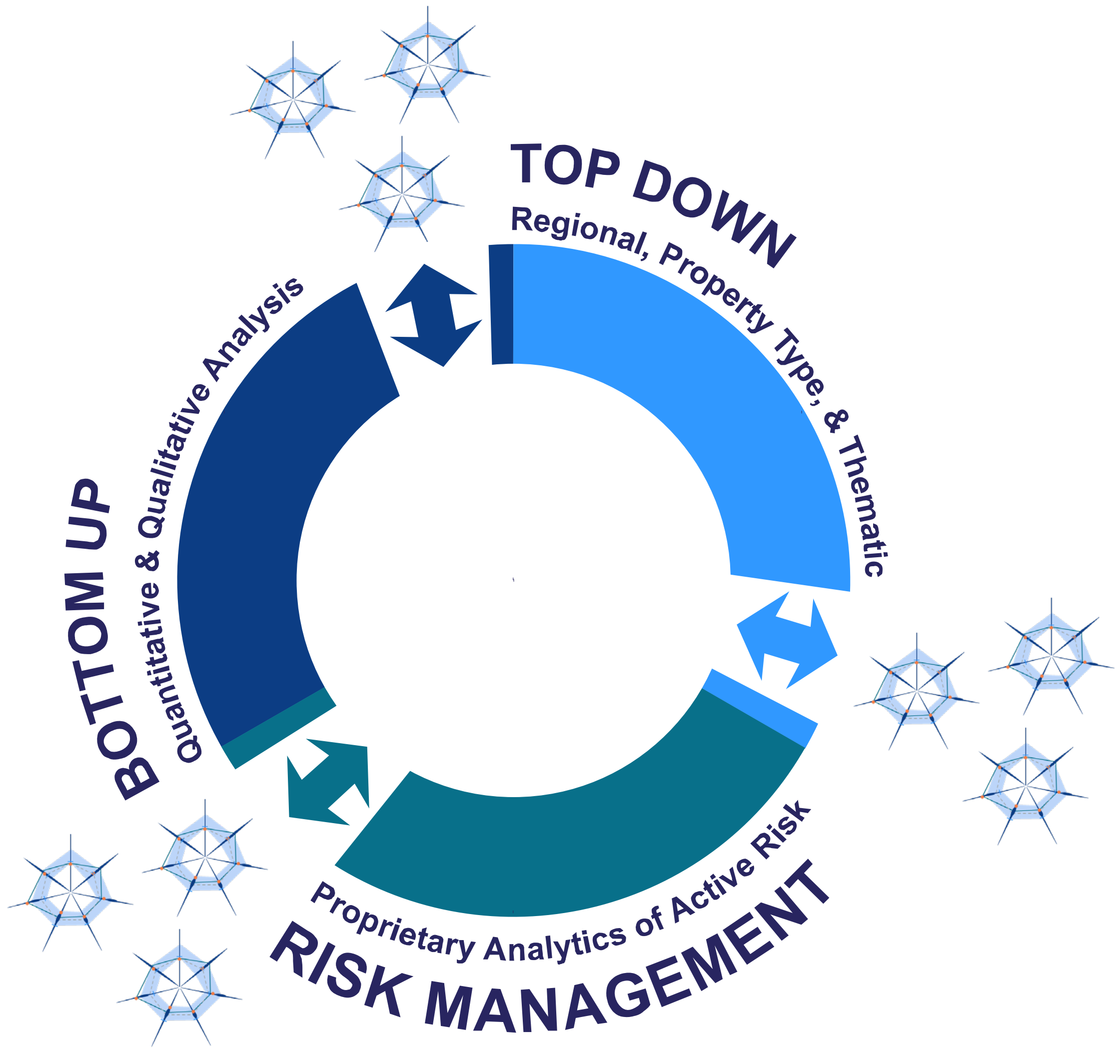
Climate Action 100+ Global Investors Driving Business Transition

GREEN Global Real Estate Engagement Network

Portfolio Construction

Company Specific Decision Context

- Maintained simultaneously and perpetually for every company in the universe
- Paints a holistic bottom-up picture of a company's attractiveness



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V. DISCLOSURES & DEFINITION OF INDICES

Disclosure Statements

General Disclosures & Definition of Indices

Material in this publication is for general information only and is not intended to provide specific investment advice or recommendations for any purchase or sale of any specific security or commodity. Due to, among other things, the volatile nature of the markets and the investment areas discussed herein, investments may only be suitable for certain investors.

Parties should independently investigate any investment area or manager, and should consult with qualified investment, legal, and tax professionals before making any investment. Some information contained herein has been obtained from third party sources and has not been independently verified by CenterSquare Investment Management LLC ("CenterSquare"). This material is not to be reproduced in whole or in part or used for any other purpose.

This presentation may contain forward-looking statements within the meaning of the federal securities laws. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In some cases, you can identify forward-looking statements by the use of forward-looking terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," or "potential" or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and contingencies, many of which are beyond the CenterSquare's control, and may cause the CenterSquare's actual results to differ significantly from those expressed in any forward-looking statement.

Past performance is no guarantee of future results.

Many factors affect portfolio performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment. Past performance in not a guide to or indicative of future results. Future returns are not guaranteed, and a loss of principal may occur. In addition foreign investments may be less liquid, more volatile and less subject to governmental supervision than in the United States. The values of foreign securities can be affected by changes in currency rates, application of foreign tax laws, changes in governmental administration and economic and monetary policy.

General Real Estate Risks

Because the investment strategies concentrate their assets in the real estate industry, an investment is closely linked to the performance of the real estate markets. Investing in the equity securities of real estate companies entails certain risks and uncertainties. These companies experience the risks of investing in real estate directly. Real estate is a cyclical business, highly sensitive to general and local economic developments and characterized by intense competition and periodic overbuilding. Real estate income and values may also be greatly affected by demographic trends, such as population shifts or changing tastes and values. Companies in the real estate industry may be adversely affected by environmental conditions. Government actions, such as tax increases, zoning law changes or environmental regulations, may also have a major impact on real estate. Changing interest rates and credit quality requirements will also affect the cash flow of real estate companies and their ability to meet capital needs.

Representative Client List

The representative client list on slide 4 includes current institutional CenterSquare Public Securities clients or investors that have provided approval for disclosure. It is not known whether the listed clients or investors approve or disapprove of CenterSquare or the advisory services provided. This representative list is considered confidential proprietary information of CenterSquare and cannot be used for unauthorized purposes.

CenterSquare REIT Cap Rate Perspective Methodology

CenterSquare REIT Implied Cap Rates are based on a proprietary calculation that divides a company's reporting net operating income ("NOI") adjusted for non-recurring items by the value of its equity and debt less the value of non-income producing assets. The figures above are based on 4Q22 earnings reported in December 2022.

The universe of stocks used to aggregate the data presented is based on CenterSquare's coverage universe of approximately 200 U.S. listed real estate companies. Sector cap rates are market cap weighted. Sectors and market classifications are defined by the following:
Apartment: REITs that own and manage multifamily residential rental properties; Industrial: REITs that own and manage industrial facilities (i.e. warehouses, distribution centers); Office – REITs that own and manage commercial office properties; Retail – REITs that own and manage retail properties (i.e. malls, shopping centers); Hotel – REITs that own and manage lodging properties; Healthcare – REITs that own properties used by healthcare service tenants (i.e. hospitals, medical office buildings); Gateway – REITs with portfolios primarily in the Boston, Chicago, LA, NYC, SF, and DC markets; Non-Gateway – REITs without a presence in the gateway markets.

The REIT ODCE Proxy is a universe of REIT stocks built to resemble the NCREIF Fund Index – Open End Diversified Core Equity (ODCE). The ODCE, short for NCREIF Fund Index - Open End Diversified Core Equity, is the first of the NCREIF Fund Database products and is an index of investment returns reporting on both a historical and current basis the results of 36 open-end commingled funds pursuing a core investment strategy, some of which have performance histories dating back to the 1970s. The REIT ODCE Proxy is proprietary to CenterSquare and uses gateway/infill names in apartments, retail, industrial and office, and then weights them according to the ODCE index to create a proxy.
Private Market Cap Rates represent the cap rate achievable in the private market for the property portfolio owned by each company, and are based on estimates produced by CenterSquare's investment team informed by various market sources including broker estimates.

Disclosure Statements

Definition of Indices

<u>Definition of Indices</u>

S&P 500 Index
The S&P 500 is an index that is considered to be a gauge of the U.S. equities market. The index includes 500 leading companies spread across the major sectors of the U.S. economy. The index focuses on the larger cap segment of the U.S. market and represents approximately 75% of the market capitalization of U.S. securities. The index is the most notable of the many indices owned and maintained by Standard & Poor's, a division of McGraw-Hill Companies.

NFI ODCE: NCREIF Open End Diversified Core Equity (ODCE) Index
The ODCE, short for NCREIF Fund Index - Open End Diversified Core Equity, is the first of the NCREIF Fund Database products and is an index of investment returns reporting on both a historical and current basis the results of 36 open-end commingled funds pursuing a core investment strategy, some of which have performance histories dating back to the 1970s.

These benchmarks are broad-based indices which are used for illustrative purposes only and have been selected as they are well known and are easily recognizable by investors. However, the investment activities and performance of an actual portfolio may be considerably more volatile than and have material differences from the performance of any of the referenced indices. Unlike these benchmarks, the portfolios portrayed herein are actively managed. Furthermore, the portfolios invest in substantially fewer securities than the number of securities comprising each of these benchmarks. There is no guarantee that any of the securities invested in by the portfolios comprise these benchmarks. Also, performance results for benchmarks may not reflect payment of investment management/incentive fees and other expenses. Because of these differences, benchmarks should not be relied upon as an accurate measure of comparison.

FTSE Nareit Equity REITs Index (FNRE)
The FTSE Nareit U.S. Real Estate Index includes all tax-qualified real estate investment trusts ("REITs") that are listed on the New York Stock Exchange, the American Stock Exchange and the NASDAQ National Market List. The index constituents span the commercial real estate space across the US economy and provides investors with exposure to all investment and property sectors. The performance presented is based on total return calculations which adds the income a stock's dividend provides to the performance of the index, and is gross of investment management fees. Effective December 20, 2010 the ticker for the FTSE Nareit U.S. Real Estate Index changed from FNERTR (total return) to FNRETR (total return). The old ticker (FNERTR) has been reassigned to newly established FTSE Nareit All Equity REIT Index which is similar to the existing benchmark in all regards except that timber REITS will comprise approximately 7% of the new index and 0% in the FTSE Nareit Equity Real Estate Index.

FTSE Nareit All Equity REITs Index (FNER)
The FTSE Nareit All Equity REITs Index is a free-float adjusted, market capitalization-weighted index of U.S. equity REITs. Constituents of the index include all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property.

These benchmarks are broad-based indices which are used for illustrative purposes only and have been selected as they are well known and are easily recognizable by investors. However, the investment activities and performance of an actual portfolio may be considerably more volatile than and have material differences from the performance of any of the referenced indices. Unlike these benchmarks, the portfolios portrayed herein are actively managed. Furthermore, the portfolios invest in substantially fewer securities than the number of securities comprising each of these benchmarks. There is no guarantee that any of the securities invested in by the portfolios comprise these benchmarks. Also, performance results for benchmarks may not reflect payment of investment management/incentive fees and other expenses. Because of these differences, benchmarks should not be relied upon as an accurate measure of comparison.
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A direct investment an in index is not possible.

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LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

REPORT TO INVESTMENT COMMITTEE **MEETING: JUNE 13, 2023**
From: Neil M. Guglielmo, General Manager **ITEM: V**

SUBJECT: **INVESTMENT MANAGER CONTRACT WITH LAZARD ASSET MANAGEMENT LLC REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. EQUITIES DEVELOPED MARKETS CORE PORTFOLIO AND POSSIBLE COMMITTEE ACTION**

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

Recommendation

That the Committee recommend to the Board a three-year contract renewal with Lazard Asset Management LLC (Lazard) for management of an active non-U.S. equities developed markets core portfolio.

Executive Summary

Lazard has managed an active non-U.S. equities developed markets core portfolio for LACERS since November 2013. LACERS' portfolio was valued at $559 million as of April 30, 2023. The firm was placed on "On Watch" status as of August 27, 2021, for an initial one-year period for breaching the performance criteria of the LACERS Manager Monitoring Policy (based on performance as of June 30, 2021). Staff and NEPC, LLC (NEPC), LACERS' General Fund Consultant continued to monitor Lazard's performance and removed Lazard from "On Watch" status on September 26, 2022, based on performance as of June 30, 2022. Staff and NEPC recommend a three-year contract renewal.

Discussion

Background
Lazard has managed an active non-U.S. equities developed markets core portfolio for LACERS since November 2013, and is benchmarked against the MSCI EAFE Index. Lazard employs a fundamental research-driven investment strategy to identify companies with strong or improving financial productivity at attractive valuations. The strategy is co-led by Mark Little, Managing Director, who has 31 years of industry experience and by Robin Jones, Managing Director, who has 21 years of experience. The three other members of the team include John Reinsberg, Deputy Chairman, International and Global Strategies (42 years of experience); Michael Bennett, Managing Director (37 years of experience); and Jimmie Bork, Director (12 years of experience). LACERS portfolio was valued at $559 million as of April 30, 2023.

Lazard was hired through the 2013 Active Non-U.S. Equities Developed Markets Manager search process and an initial three-year contract was authorized by the Board on June 11, 2013. The contract became effective on October 1, 2013, and was renewed for three-year terms on June 28, 2016, and on June 11, 2019. The contract was extended on May 24, 2022, and the current contract expires on September 30, 2023. Lazard representatives Thomas Franzese and Michael Bennett most recently presented a portfolio review to the Committee on August 10, 2021.

Organization
Lazard, an indirect subsidiary of Lazard Ltd (NYSE: LAZ), manages approximately $197.4 billion across various equity and fixed income strategies for institutional and individual clients as of March 31, 2023. Lazard has offices in 17 countries across North America, Europe, Asia Pacific, and the Middle East, with over 900 employees including over 300 investment professionals. As of March 31, 2023, the firm managed over $120.6 billion in total non-U.S. equity assets, with $17.1 billion in the International Strategic Equity strategy (Lazard's product name for the strategy LACERS is invested in).

Due Diligence
Staff conducts routine due diligence of the manager. Since inception of the contract, quarterly due diligence meetings have been conducted in person and virtually. The most recent comprehensive onsite due diligence meeting at Lazard's headquarters was conducted in September 2022; staff and NEPC found no adverse findings as result of this meeting.

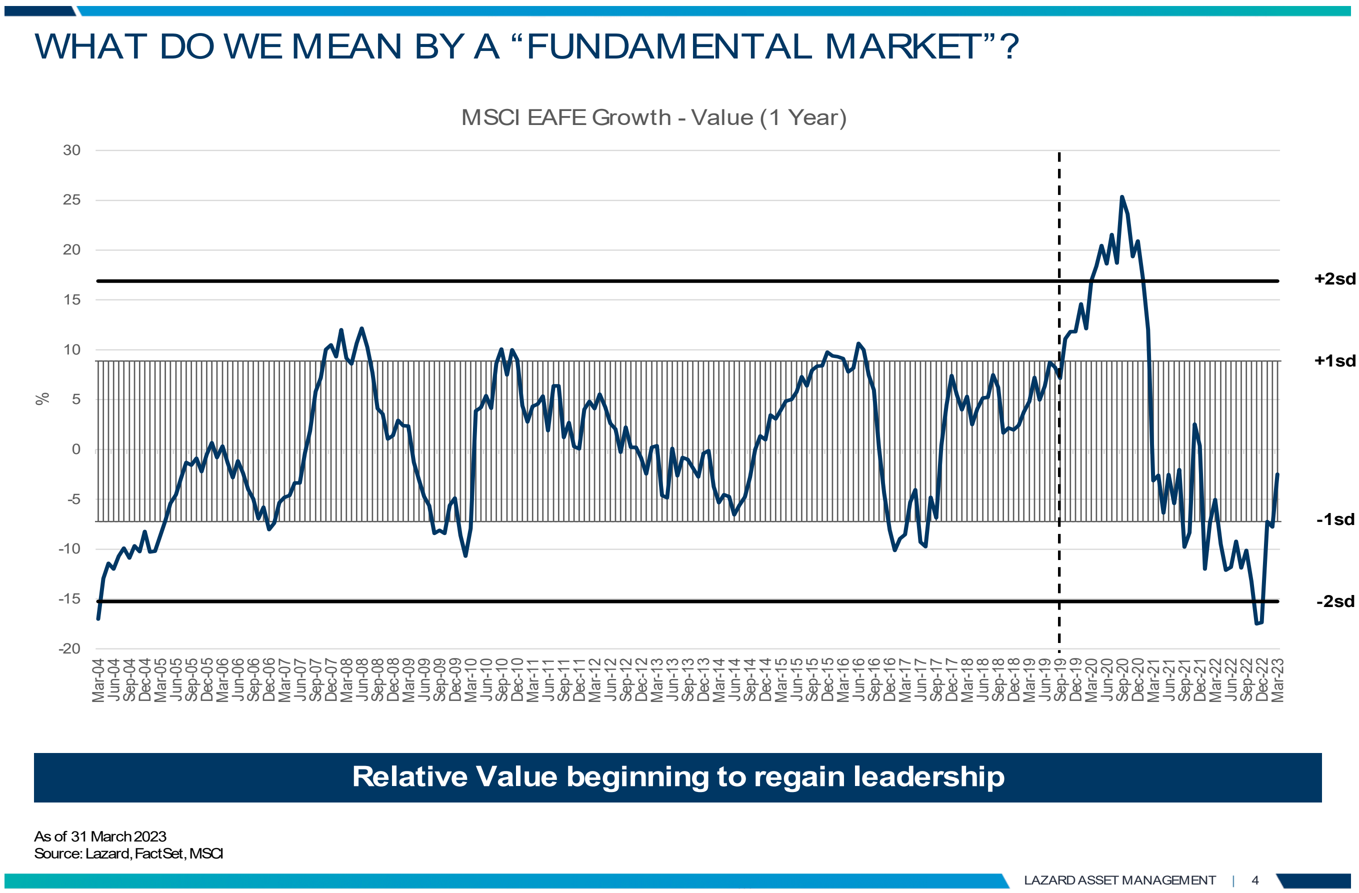
In March 2023, Lazard acquired Truvvo Partners, a US-based firm with $3.8 billion of assets under management dedicated to wealth planning and investment solutions to families. In April 2023, Lazard announced plans to cut 10% of its workforce in a cost-cutting effort. There was no impact to the portfolio management team for LACERS' account and the strategy continues to be well-resourced. In addition, Lazard announced in May 2023 that Lazard Ltd's CEO, Ken Jacobs, will be retiring effective October 1, 2023, and will be succeeded by Peter Orszag, the current CEO of Financial Advisory at Lazard. Evan Russo continues to be the CEO of Lazard. Staff and NEPC do not anticipate these organizational changes to have material impact on the portfolio Lazard manages for LACERS.

Performance
As of April 30, 2023, Lazard has underperformed the benchmark over all periods, as presented in the table below.

Annualized Performance as of 4/30/23 (Net-of-Fees)							
	3-Month	1-Year	2-Year	3-Year	5-Year	7-Year	Since Inception*
Lazard	1.65	3.86	-5.21	9.41	2.48	4.87	4.15
MSCI EAFE	3.17	8.42	-0.21	11.68	3.63	6.20	4.22
% of Excess Return	*-1.52*	*-4.56*	*-5.00*	*-2.27*	*-1.15*	*-1.33*	*-0.07*

**Since Inception Date: November 5, 2013*

Lazard's relative value approach of identifying companies with high financial productivity at attractive valuations performs best when markets are fundamentally driven and reward higher quality companies like those held in Lazard's portfolio. The strategy generally lags in markets dominated by style extremes when the markets strongly favor growth stocks over value stocks and vice versa. Such market environments may occur when investors preference expensive growth stocks or low-quality stocks. The chart below depicts the instances of style extremes between March 2004 and March 2023. When the blue trend is above the horizontal +1sd (+1 standard deviation) line, growth stocks are strongly favored; when the blue trend line is below the horizontal -1sd (-1 standard deviation) line, value stocks are strongly favored. The shaded area between the +1sd and -1sd lines indicates a more balanced, fundamentally driven market and tends to be Lazard's sweet spot for generating excess returns over its benchmark.



As shown in the chart, extreme style biases have become more influential on the market since the Covid-19 pandemic. Two extreme periods of low-quality stock rallies in late 2020 and 2022 due to factors tied primarily to Covid, the Russia-Ukraine war, and high inflation and government actions to address these issues, presented significant headwinds to Lazard's performance.

Looking forward, Lazard believes the portfolio is positioned to outperform the benchmark. Policymakers are now focused on maintaining a balance between avoiding economic and financial stress and containing inflation, which should result in a less extreme market that is favorable to Lazard's strategy.

While LACERS' account has slightly underperformed the benchmark by 7 basis points annualized and net of fees since inception in November 2013, Lazard's composite (aggregate of all client accounts managed in the strategy), has outperformed the benchmark by 167 basis points annualized and net of fees since inception in October 2001 and has demonstrated long-term value added over various market cycles.

Calendar year performance of LACERS' account is presented in the table below as supplemental information.

Calendar Year Performance as of 12/31/22 (Net-of-Fees)										
	2022	2021	2020	2019	2018	2017	2016	2015	2014	11/5/13-12/31/13
Lazard	-16.48	7.30	11.50	20.56	-10.77	27.25	-4.95	0.48	-0.25	4.24
MSCI EAFE ND	-14.45	11.26	7.82	22.01	-13.79	25.03	1.00	-0.81	-4.90	3.23
% of Excess Return	*-2.03*	*-3.96*	*3.68*	*-1.45*	*3.02*	*2.22*	*-5.95*	*1.29*	*4.65*	*1.01*

Fees

LACERS pays Lazard an effective fee of 47 basis points (0.47%), which is approximately $2.6 million annually based on the value of LACERS' assets as of April 30, 2023. The fee ranks in the 35th percentile of fees charged by similar managers in the eVestment database (i.e., 65% of like-managers have higher fees). Staff is currently in negotiations with Lazard to obtain a more favorable fee structure. Since inception, LACERS has paid Lazard a total of $24.7 million in investment management fees for the period ending December 31, 2022.

General Fund Consultant Opinion

NEPC concurs with this recommendation.

Strategic Plan Impact Statement

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

Prepared by: Ellen Chen, ESG Risk Officer, Investment Officer II, Investment Division.

NMG/RJ/BF/EC:jp

Attachment: 1. Consultant Recommendation – NEPC, LLC

To: Los Angeles City Employees' Retirement System Investment Committee

From: NEPC, LLC

Date: June 13, 2023

Subject: Lazard Asset Management, LLC

Recommendation

NEPC recommends the Los Angeles City Employees' Retirement System ('LACERS') renew the contract that is currently in place with Lazard Asset Management, LLC . ('Lazard') for a period of three years from the date of contract expiry.

Background

Lazard was hired into the Non-U.S. Equity asset class in 2013 to provide the Plan with public equity exposure across international developed countries/markets. The portfolio has a performance inception date of December 1, 2013. As of March 31, 2023, Lazard managed $553.9 million, or 2.6% of Plan assets. The performance objective is to outperform the MSCI EAFE Index, net of fees, annualized over a full market cycle (normally three-to-five years). The account is currently in good standing based on LACERS' Manager Monitoring Policy.

Lazard Asset Management is a wholly-owned subsidiary of Lazard Ltd, which went public in 2005. Lazard has $197.4 billion in assets (as of March 31, 2023). About 30% of the firm is owned by Lazard employees and the rest is publicly owned. Lazard has more than 300 investment personnel and offices in over 20 cities around the globe. They offer investment solutions across the public and alternative investments landscape. In March 2023, Lazard Asset Management acquired Truvvo Partners, a US-based firm with $3.8 billion of assets under management dedicated to providing strategic advice, wealth planning, and investment management solutions to families. The addition of Truvvo expands Lazard's existing private client business, forming Lazard Family Office Partners, which combined manages approximately $8 billion in assets, and provides advice and investment solutions across public and private markets. NEPC is currently evaluating the business impact on Lazard in relation to the Tuvvo acquisition. While we do not believe this acquisition will impact the portfolio that Lazard manages for LACERS, we will report back once our evaluation is complete. In April, 2023 Lazard announced plans to cut 10% of its workforce in a cost-cutting effort. NEPC will continue to monitor Lazard for any negative effects on the international equity business line that may impact the LACERS relationship. In May 2023, Lazard announced that Lazard Ltd.'s CEO, Ken Jacobs, will be retiring effective October 1, 2023 and he will be succeeded by Peter Orszag, currently CEO of Financial Advisory at Lazard. Evan Russo continues to be the CEO of Lazard Asset Management. NEPC expects that there will be no impact to the International Equity portfolio as a result of this change.

The LACERS account sits within the Lazard International Strategic Equity product, which is a multi-capitalization strategy. The strategy typically invests in 50-70 securities of non-US companies, including those from emerging markets. The benchmark is the MSCI EAFE Index. The portfolio is managed by four portfolio managers, however, day-to-day, the portfolio is overseen by Lead

Portfolio Manager Robin Jones and Jimmie Bork, Director, Portfolio Manager/ Analyst. Mark Little, who was in charge of the day-to-day management of the portfolio moved to an oversight role within the firm's international and global equity lines of business effective December 31, 2022. Mr. Little is therefore still involved in the product. Messrs. Jones and Bork are supported by Michael Bennett, Portfolio Manager/Analyst and John Reinsberg, Deputy Chairman International and Global Strategies, who act in client facing roles on the strategy and work from the firm's New York City office.

Lazard employs a bottom-up approach to equity investing. The process seeks to invest in companies that exhibit three characteristics of financial productivity: high and compounding free cash flow, high return on equity, and low valuation. The research process focuses on 1) understanding a company's path to profitability and management's role in sustaining it, and 2) validating the company's accounting statements to verify profitability. Idea generation can come from a variety of sources. Dedicated analysts research industry trends and the long-term impact on profitability. They assess the impact of strategic or management change and seek to identify companies that are earning less than their potential or that have valuations that imply a significant change in returns. In addition, screens on pricing multiples are used by the strategy team to identify ideas at the sector and industry levels. Depending on the groups, different valuation metrics are emphasized. For non-cyclical stocks, they look at Price/Earnings, for financials Price/Book, for capital intensive Price/Cash Flow, and for deep cyclical Price/Sales. They will consider absolute cheapness and relative cheapness.

Portfolio construction is driven by stock selection. The portfolio management team builds the portfolio by selecting one stock at a time. Inclusion of a stock in the portfolio is primarily dependent on a new idea's attractiveness relative to existing portfolio holdings. Sector and regional exposures are a residual of the investment process.

Performance

Referring to Exhibit 1 Performance Summary Net of Fees Ended March 31, 2023, since December 1, 2013, the strategy has outperformed the MSCI EAFE Index by 0.1%, returning 3.9%, net of fees. The portfolio ranked in the 61st percentile in its peer universe since inception. In the five-year period ended March 31, 2023, the portfolio underperformed the index by 1.0% and ranked in the 63rd percentile in its peer universe. Over the last three-year period the portfolio has underperformed its benchmark by 1.3% and ranked in the 71st percentile in its peer group. Over the past one-year period ended March 31, 2023, the portfolio has underperformed its benchmark by 0.9% and ranked in the 50th percentile. Broadly, underperformance across time periods ended March 31, 2023, has been driven by stock selection and the value style tilt in the portfolio. The portfolio tends to underperform in market environments where there are large differences in performance between growth and value stocks. On a regional basis the portfolio has been overweight North America and emerging markets and underweight the United Kingdom, Japan and Asia ex-Japan. On an economic sector basis, stock selection across the Consumer Discretionary, Consumer Staples and Utilities sectors detracted from performance.

Fees

The portfolio has an asset-based fee of 0.47% annually. This fee ranks in the 35th percentile among its peers in the eVestment All EAFE Universe. In other words, 65% of the products in the peer universe have a higher fee than the LACERS account.

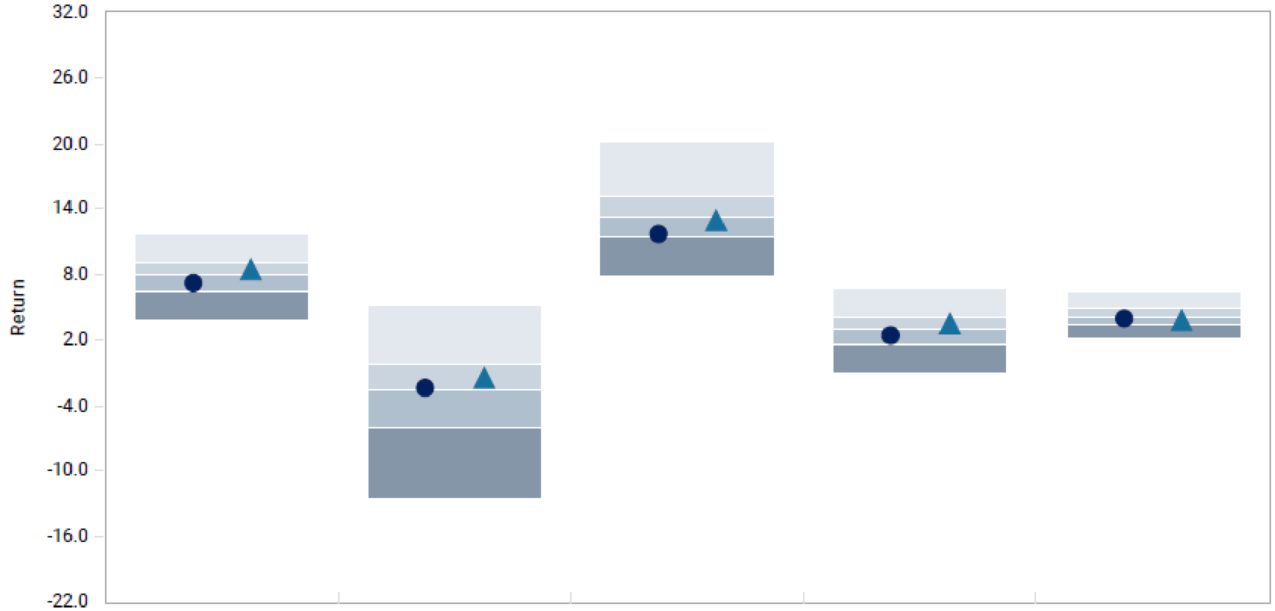
Conclusion

Lazard has performed as expected in a market environment that has favored growth and lower quality stocks. The firm has had a well-established, stable team in place, in addition to executing well against its stated investment objectives. With an investment process and philosophy that prioritizes financially productive and inexpensively valued companies, the portfolio is subject to periods of underperformance when the performance disparity between growth and value stocks is wide. NEPC will continue to monitor recent events at Lazard for any impact to products and clients. NEPC recommends renewing the contract with Lazard for a period of three years from the period of contract expiry.

The following table provides specific net of fees performance information, as referenced above.

Exhibit 1: Performance Summary Net of Fees Ended March 31, 2023

Lazard Asset Management vs. eV All EAFE Equity



	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Inception (%)
● Lazard Asset Management	7.3 (61)	-2.3 (50)	11.7 (71)	2.5 (63)	3.9 (61)
▲ *MSCI EAFE (Net)*	*8.5 (41)*	*-1.4 (41)*	*13.0 (57)*	*3.5 (40)*	*3.8 (65)*
5th Percentile	11.8	5.2	20.2	6.7	6.4
1st Quartile	9.1	-0.1	15.2	4.1	4.9
Median	8.0	-2.4	13.3	3.1	4.1
3rd Quartile	6.5	-6.1	11.4	1.7	3.4
95th Percentile	3.8	-12.5	7.9	-1.0	2.1
Population	416	413	396	372	291

LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

REPORT TO INVESTMENT COMMITTEE **MEETING: JUNE 13, 2023**
From: Neil M. Guglielmo, General Manager **ITEM: VI**

SUBJECT: **CONTINUED DISCUSSION OF INVESTMENT MANAGER CONTRACT WITH POLEN CAPITAL CREDIT, LLC REGARDING THE MANAGEMENT OF AN ACTIVE HYBRID HIGH YIELD FIXED INCOME/U.S. FLOATING RATE BANK LOAN PORTFOLIO AND POSSIBLE COMMITTEE ACTION**

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

Recommendation

That the Committee recommend to the Board a one-year contract extension with Polen Capital Credit, LLC (Polen Credit) for management of an active hybrid high yield fixed income/U.S. floating rate bank loan portfolio.

Executive Summary

Polen Credit has managed an active hybrid high yield fixed income/U.S. floating rate bank loan portfolio for LACERS since October 2020. LACERS' portfolio was valued at $231 million as of April 30, 2023. At the Investment Committee meeting held on May 9, 2023, staff presented a recommendation for a three-year contract renewal. The Committee found the level of the manager's investment management fees unsuitable considering underperformance of the strategy and instructed staff to negotiate with the manager for a lower fee structure. Polen Credit presented staff with three alternative fee options, each with its own financial, legal, and administrative considerations. Staff recommends a one-year extension of the Polen Credit contract under the current asset-based fee structure to allow staff sufficient time to fully evaluate these options.

Discussion

Background
At the Investment Committee meeting held on May 9, 2023, the Committee received a recommendation from staff for a three-year contract renewal for Polen Credit for the management an active hybrid high yield fixed income/U.S. floating rate bank loan portfolio for LACERS benchmarked against a custom blend of 50% of the Bloomberg U.S. Corporate High Yield 2% Issuer Capped Index and 50% of the Credit Suisse Leveraged Loan Index. LACERS' portfolio was valued at $231 million as of April 30, 2023.

Staff noted that while Polen Credit is currently compliant with the LACERS Manager Monitoring Policy, the manager is registering underperformance against its benchmark over the 1-year, 2-year, and since inception time periods. Staff upheld that the short performance track record of the LACERS account is insufficient to cover a conventional market cycle and therefore does not provide adequate time to fully evaluate the effectiveness of the manager. Also highlighted during the report, the composite's net excess returns for longer time periods remain positive. The Committee directed staff to maintain its due diligence efforts and continue to closely monitor the manager and strategy pursuant to policy.

Further, the Committee expressed its reservations about the investment management fees. In particular, the Committee found the effective fee of 52 basis points (0.52%), which ranks in the 86th percentile of fees charged by managers in the peer universe, to be unsuitable considering underperformance of the strategy. Staff explained that the premium to the manager's fee comes from the strategy's structural allocation to bank loans, whereas the peer universe is mostly comprised of managers focused on high yield fixed income. The Committee instructed staff to negotiate with the manager and push for a lower fee structure as a condition for contract renewal.

Performance

As an update to performance, of April 30, 2023, Polen Credit still underperformed the benchmark over the 1-year, 2-year, and since inception time periods. The manager delivered a positive net excess return over the 3-month time period, as presented in the table below.

Annualized Performance as of 4/30/2023 (Net-of-Fees)				
	3-Month	1-Year	2-Year	Since Inception 10/28/2020
Polen Credit	1.66	-1.35	-1.67	1.72
50% Bloomberg U.S. Corporate High Yield 2% Issuer Capped Index/50% Credit Suisse Leveraged Loan Index	1.13	2.16	0.46	3.05
% of Excess Return	*0.53*	*-3.51*	*-2.13*	*-1.33*

The performance over the quarter was buoyed by the results for the month of April 2023, which saw an 88 basis points outperformance against the benchmark. This was also additive to the strategy's calendar year-to-date outperformance against the benchmark, as presented in the table below.

Calendar Year Performance as of 4/30/2023 (Net-of-Fees)				
	1/01/2023-4/30/2023	2022	2021	10/28/2020-12/31/2020
Polen Credit	5.28	-10.27	5.31	4.90
50% Bloomberg U.S. Corporate High Yield 2% Issuer Capped Index/50% Credit Suisse Leveraged Loan Index	4.36	-6.14	5.34	4.61
% of Excess Return	*0.92*	*-4.13*	*-0.03*	*0.29*

The composite's trailing returns, updated as of April 30, 2023, are presented as supplemental information in the following table.

Composite Trailing Returns as of 4/30/2023 (Net-of-Fees)									
	3-Month	1-Year	3-Year	5-Year	7-Year	10-Year	15-Year	20-Year	Since Inception 3/31/1998
Polen Credit	1.50	-0.67	9.63	3.35	6.01	4.95	6.89	7.53	6.84
Benchmark	1.13	2.16	5.99	3.49	4.56	3.97	5.51	5.77	5.28
% of Excess Return	*0.37*	*-2.83*	*3.64*	*-0.14*	*1.45*	*0.98*	*1.38*	*1.76*	*1.56*

Fee Structure Options

Staff discussed the Committee's desire for lower management fees with Polen Credit, which readily expressed a willingness to work with LACERS to optimize fees. The manager ruled out a further reduction to the current asset-based fee structure because this would require extending the reduction to other separately managed client accounts pursuant to most favored nations contract provisions. Instead, Polen Credit presented staff with three other options, each with its own financial, legal and administrative considerations. The first option is a performance-based fee. Under this fee structure, LACERS pays the manager a base fee of 25 basis points and 15% of the performance share. The primary advantage of this structure would be the ease of implementation – LACERS would not need to transition out of its separately management account (SMA) as the process will only require an amendment to the existing contract. The drawback to this fee structure is the possibility that LACERS ends up paying the manager a higher total fee relative to the current asset-based fee structure should the manager deliver strong relative performance, in either up or down markets. Other technical considerations include setting a performance cap and determining the performance calculation timing.

As a second option, Polen Credit is willing to create a new Commingled Investment Trust (CIT) fund exclusive to LACERS. It would be structured as a fund-of-one and as such, LACERS would maintain the flexibility to tailor its own investment management guidelines. Under the tiered management fee of this proposed structure and the current market value of the LACERS portfolio, LACERS would pay approximately 42 basis points in management fees plus administrative fees capped at seven basis points with Polen Credit subsidizing the remainder of the administrative fees. LACERS may lose the holdings transparency it currently has with its SMA and would be subject to the liquidity/withdrawal window provisions of the CIT. The manager estimates that it would require 90-120 days to launch this vehicle should LACERS pursue this option. LACERS may potentially incur legal costs should outside investment counsel be required to assist with review and negotiation of the CIT contract.

The third option would be transitioning to Polen Credit's Opportunistic High Yield Private Fund, a private commingled vehicle. The fund is already established, and the share class currently being offered sets cost at 45 basis points, which is comprised of 32 basis points management fees and 13 basis points administrative fees. Unlike the fund-of-one, LACERS would have to adopt the private fund's investment management guidelines. Although very similar, LACERS' current guidelines and the private fund's guidelines do have differences which may be deemed material. LACERS will also need to consider the fund's liquidity restrictions as well as potential policy implications surrounding the fund's legal and regulatory status. As with the CIT option, LACERS may potentially incur legal costs should outside investment counsel be required to assist with review and negotiation of the private commingled vehicle contract.

Recommendation
In light of the contract expiration on August 31, 2023, staff recommends a one-year extension of the Polen Credit contract under the current asset-based fee structure. Within the next year, staff and NEPC aim to fully evaluate each of the proposed options to determine if any of the proposed options provide a distinct advantage over the existing fee structure and investment vehicle. As LACERS prepares for another asset allocation study in 2024, staff will also aim to utilize the additional year to evaluate potential changes to the Credit Opportunities asset class under which the Polen Credit active hybrid high yield fixed income/U.S. floating rate bank loan portfolio falls.

Strategic Plan Impact Statement

A contract extension with Polen Credit will allow the fund to maintain a diversified exposure to the active high yield fixed income and U.S. floating rate bank loan markets, which is expected to help optimize long-term risk adjusted investment returns (Goal IV). The discussion of the investment manager's performance and management fee structure aligns with the Strategic Plan Goal to uphold good governance practices that affirm transparency, accountability, and fiduciary duty (Goal V).

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

NMG/RJ/BF/JP:rm

Attachment: 1. Investment Committee Recommendation Report dated May 9, 2023

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO INVESTMENT COMMITTEE **MEETING: MAY 9, 2023**
From: Neil M. Guglielmo, General Manager **ITEM: VII**

SUBJECT: **INVESTMENT MANAGER CONTRACT WITH POLEN CAPITAL CREDIT, LLC REGARDING THE MANAGEMENT OF AN ACTIVE HYBRID HIGH YIELD FIXED INCOME/U.S. FLOATING RATE BANK LOAN PORTFOLIO AND POSSIBLE COMMITTEE ACTION**

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

Recommendation

That the Committee recommend to the Board a three-year contract renewal with Polen Capital Credit, LLC for management of an active hybrid high yield fixed income/U.S. floating rate bank loan portfolio.

Executive Summary

Polen Capital Credit, LLC (Polen Credit) has managed an active hybrid high yield fixed income/U.S. floating rate bank loan portfolio for LACERS since October 2020. LACERS' portfolio was valued at $227 million as of March 31, 2023. Polen Credit is in compliance with the LACERS Manager Monitoring Policy. Staff and NEPC, LLC (NEPC), LACERS' General Fund Consultant, recommend a three-year contract renewal.

Discussion

Background
Polen Credit manages an active hybrid high yield fixed income/U.S. floating rate bank loan portfolio for LACERS benchmarked against a custom blend of 50% of the Bloomberg U.S. Corporate High Yield 2% Issuer Capped Index and 50% of the Credit Suisse Leveraged Loan Index. With an active bias toward small-to-mid cap issues, Polen Credit's strategy seeks to exploit inefficiencies in the credit markets by adhering to a disciplined, bottom-up, fundamentally oriented investment process with a strict adherence to downside protection. The strategy is opportunistic and has the flexibility to invest in both high yield bonds (target range generally 50% to 95% of portfolio market value) and bank loans (allowable range typically 0% to 50% of portfolio market value); the strategy is not required, nor expected, to maintain an even allocation between high yield bonds and bank loans like its benchmark pursuant to its approved investment management guidelines. LACERS' portfolio was valued at $227 million as of March 31, 2023.

The strategy has three named co-portfolio managers: Dave Breazzano (43 years of experience/26 years with Polen Credit), Ben Santonelli (19 years of experience/18 years with Polen Credit), and John

Sherman (19 years of experience/15 years with Polen Credit), who all form part of a larger 17-member investment team.

The Board hired Polen Credit through the 2019-2020 Active Hybrid High Yield Fixed Income/U.S. Floating Rate Bank Loan search process and authorized a three-year contract on February 11, 2020; the contract became effective on September 1, 2020. The current contract expires on August 31, 2023. Representatives of Polen Credit most recently presented a portfolio review to the Investment Committee on October 11, 2022.

Organization
Polen Credit is headquartered in Waltham, Massachusetts. There are 43 employees working primarily in support of the credit business, 17 of whom are investment personnel. At the time of its hiring, Polen Credit, formerly known as DDJ Capital Management, LLC prior to rebranding, was 100% employee-owned. In January 2022, Florida-based growth equity asset management firm Polen Capital Management, LLC (Polen Capital) acquired Polen Credit as a wholly owned subsidiary. Polen Credit continues to operate autonomously from its parent Polen Capital. As of March 31, 2023, the firm managed over $6.9 billion in total assets with over $4.4 billion in their U.S. Opportunistic High Yield strategy. LACERS' capital comprises approximately 5.2% of this strategy.

Due Diligence
Staff conducts routine due diligence of the manager. In addition to meeting virtually for quarterly portfolio reviews and ad hoc investment discussions, LACERS staff conducted an onsite meeting at Polen Credit's headquarters on April 12, 2023 to interview key personnel across the organization. Based upon these due diligence activities as well as staff's and NEPC's continuous monitoring, it has been noted that Polen Credit's investment philosophy, strategy, and process have not changed materially over the contract period.

As to the aforementioned change in Polen Credit's ownership, staff placed Polen Credit under watch status in December 2021 pursuant to the LACERS Manager Monitoring Policy following the announcement of Polen Capital's planned acquisition of Polen Credit. During this evaluation period, staff and NEPC closely monitored the firm's integration progress and performance against specific standards set forth by policy. In February 2023, staff removed Polen Credit from watch status upon determining that the change in ownership did not detrimentally impact the firm's investment capabilities.

Staff and NEPC continue to deem Polen Credit capable of managing assets for LACERS under its hybrid high yield fixed income/U.S. floating rate bank loan strategy.

Performance
As of March 31, 2023, Polen Credit has underperformed the benchmark over the 1-year, 2-year, and since time periods, and delivered a marginal positive net excess return over the 3-month time period, as presented in the following table.

Annualized Performance as of 3/31/2023 (Net-of-Fees)				
	3-Month	1-Year	2-Year	Since Inception 10/28/2020
Polen Credit	3.36	-5.47	-2.13	1.01
50% Bloomberg U.S. Corporate High Yield 2% Issuer Capped Index/50% Credit Suisse Leveraged Loan Index	3.35	-0.54	0.37	2.75
% of Excess Return	*0.01*	*-4.93*	*-2.50*	*-1.74*

Most of Polen Credit's cumulative underperformance relative to its benchmark can be traced to the strategy's significant underperformance during the calendar year 2022, as presented in the table below.

Calendar Year Performance as of 3/31/2023 (Net-of-Fees)				
	1/01/2023-3/31/2023	2022	2021	10/28/2020-12/31/2020
Polen Credit	3.36	-10.27	5.31	4.90
50% Bloomberg U.S. Corporate High Yield 2% Issuer Capped Index/50% Credit Suisse Leveraged Loan Index	3.35	-6.14	5.34	4.61
% of Excess Return	*0.01*	*-4.13*	*-0.03*	*0.29*

The 2022 underperformance was driven by three primary factors. First, the portfolio maintains an underweight allocation to bank loans relative to the benchmark. (As discussed in the Background section, the portfolio is not required to be evenly allocated between high yield bonds and bank loans like its benchmark.) Floating rate bank loans outperformed fixed rate high yield fixed income by over 1,000 basis points in 2022 due to the rising interest rate environment, causing the strategy to lag the benchmark. Second, the strategy holds a sizable overweight to CCC-rated instruments relative to the benchmark. Polen Credit believes that the lower rated segments of the market are poised for a multi-year stretch of outperformance driven by attractive valuations and healthy fundamentals. In 2022, concerns over rising rates and an impending downturn led lower rated credits to meaningfully underperform higher rated instruments, which the portfolio had an underweight to. Third, the portfolio's structural underweight to the energy sector detracted from performance with the energy sector outperforming since the inception of portfolio. Polen Credit's structural underweight to energy is deliberate as the manager believes that the sector is heavily driven by the price of oil, which is volatile and difficult to predict and therefore does not lend itself well to Polen Credit's bottom-up fundamental research-based approach.

As presented in the table below, even with a significant underperformance in the most recent year, net excess return for the composite (all accounts managed in the strategy) remains positive for all time periods seven years and longer. Polen Credit believes that the portfolio is positioned to outperform the benchmark going forward for several reasons. First, Polen Credit expects a mean reversion to occur, resulting in high yield bonds outperforming bank loans over the next two to three years. Second, the manager believes that the portfolio's yield premium, which is higher relative to the benchmark, will largely be realized with the expectation of only a few credit impairments in the portfolio over the intermediate term. Third, Polen Credit considers the volatility in the current environment as an opportunity to add significant excess returns through superior security selection.

Composite Trailing Returns as of 3/31/2023 (Net-of-Fees)									
	3-Month	1-Year	3-Year	5-Year	7-Year	10-Year	15-Year	20-Year	Since Inception 3/31/1998
Polen Credit	3.46	-4.15	9.72	2.96	6.23	4.92	6.99	7.77	6.80
Benchmark	3.35	-0.54	7.18	3.41	4.85	4.00	5.70	5.91	5.26
% of Excess Return	*0.11*	*-3.61*	*2.54*	*-0.45*	*1.38*	*0.92*	*1.29*	*1.86*	*1.54*

Polen Credit is currently compliant with the LACERS Manager Monitoring Policy; however, the short performance track record of the LACERS account is insufficient to cover a conventional market cycle and therefore does not provide adequate time to fully evaluate the effectiveness of the manager under this particular strategy. Staff and NEPC recommend renewing Polen Credit's contract for another three-year period and will continue to monitor the manager and strategy pursuant to policy.

Fees
LACERS pays Polen Credit an effective fee of 52 basis points (0.52%), which is approximately $1,190,000 annually based on the value of LACERS' assets as of March 31, 2023. This fee ranks in the 86th percentile of fees charged by similar managers in the eVestment database (i.e., 86% of like-managers have lower fees). Since inception, LACERS has paid Polen Credit a total of $2.9 million in investment management fees as of March 31, 2023.

General Fund Consultant Opinion
NEPC concurs with this recommendation.

Strategic Plan Impact Statement

A contract renewal with Polen Credit will allow the fund to maintain a diversified exposure to the active high yield fixed income and U.S. floating rate bank loan markets, which is expected to help optimize long-term risk adjusted investment returns (Goal IV). The discussion of the investment manager's organization, strategy, performance, and management fee structure aligns with the Strategic Plan Goal to uphold good governance practices that affirm transparency, accountability, and fiduciary duty (Goal V).

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

NMG/RJ/BF/JP:rm

Attachment: 1. Consultant Recommendation – NEPC, LLC

To: Los Angeles City Employees' Retirement System Investment Committee

From: NEPC, LLC

Date: May 9, 2023

Subject: Polen Capital Management, LLC - Contract Renewal

Recommendation

NEPC recommends Los Angeles City Employees' Retirement System (LACERS) renew the contract with Polen Capital Management, LLC ('Polen' or 'Polen Capital') for a period of three years from the date of contract expiry.

Background

Polen has been an investment manager for LACERS since October 28, 2020 managing a high yield/ bank loans strategy within the Credit Opportunities asset class. As of February 28, 2023, Polen managed $227.8 million, or 1.1% of Plan assets. The portfolio is benchmarked against a 50:50 split between the Bloomberg U.S. High Yield 2% Issuer Cap Index and the Credit Suisse Leveraged Loan Index. The portfolio has a performance objective of outperforming the benchmark, net of fees, annualized over a full market cycle (normally three-to-five years). The Polen portfolio is currently compliant with LACERS' manager monitoring policy.

DDJ Capital Management was founded by Dave Breazzano in 1996. In December 2021 it was announced that Polen Capital Management, LLC, a privately held growth equity investment firm, would be acquiring DDJ, with the deal ultimately closing in January 2022. The transaction saw DDJ founder Dave Breazzano take an equity interest in Polen's holding company and become a member of the firm's Operating Committee. Other equity owners in DDJ, including departed partners who still held equity interest, were paid out 2/3rds up front, with the last 1/3rd expected to be paid out over three years based on certain business metrics. The senior investment team members of legacy DDJ received phantom equity in the Polen Capital Credit franchise business based on revenue share and will have the opportunity to become equity partners in the Polen holding company over time. DDJ has officially been rebranded as Polen Credit. There are three other growth equity teams at Polen, all bringing different expertise. Each group functions separately, but takes advantage of centralized operational and marketing resources. Polen Credit is now the fourth team under Polen Capital and is the only fixed income manager.

Polen Capital Management was founded in 1979 by David M. Polen, who was the sole owner until July 2007. In July 2007, employee ownership was broadened to 10% with David Polen owning 90%. David Polen passed away in June 2012 and his ownership interest passed to Polen Family Holdings (formerly the Polen Family Trust). In December 2012, an employee group led by Stan Moss, Dan Davidowitz and Damon Ficklin assumed majority ownership of the firm. From 2012 to 2015, employees owned 51% of the firm and Polen Family Holdings owned 49% as a passive owner. At year-end 2015, iM Global Partner (formerly iM Square), a London-based investment and development platform dedicated to the asset management business, acquired a 20% passive equity stake in Polen Capital. iM Global Partner purchased 20% directly from Polen Family Holdings. Polen

IC Meeting: 5/9/23
Item VII
Attachment 1

Family Holdings was further diluted by 9% as a result of new equity interests granted to Polen Capital employees. This increased employee ownership from 51% to 60%. On January 4, 2019, Polen Capital purchased 11% of equity from Polen Family Holdings. This increased employee ownership from 60% to 71%. Polen Capital is an independently controlled, employee-managed firm. The current ownership structure is 72% employees (Polen Capital Holdings LP), 20% iM Global Partner (passive interest) and 8% Polen Family Holdings (passive interest). Importantly, Polen Capital employees control 100% of the firm.

As of March 31, 2023, Polen Capital Management had approximately $61.3 billion in assets under management ('AUM'). As of December 31, 2022 total AUM for the Polen Credit team specifically was $6.9 billion, of which the Opportunistic High Yield strategy represented $4.3 billion. The firm has been trying to diversify strategies using the same basic credit platform and introduced the BB/B Upper Tier High Yield in 2012, Bank Loan in 2013 as well as higher octane Total Return Credit in 2010.

Polen focuses on the smaller issue size and lower-rated parts of the high yield and loan market. They believe the rating agencies have a size bias and will rate securities lower due to smaller size. Polen relies on in-depth enterprise analysis, with a loan to value lens. They want companies that generate cash flow and have enterprise value/asset value to help secure their positions. There is also a strong focus on the covenant/legal aspects to help them understand and protect value when credit events arise. Generally, their perspective is that of a long-term lender and they enter positions expecting to be a long-term holder and earn the coupon. Polen does not have a dedicated risk management team. Given the nature of the investments and the focus on lower tier high yield (and bank loans), risk management effectively comes in the underwriting and monitoring of investments. Polen's focused style does lead to larger position sizes in relatively less liquid markets, so investors should be aware of the portfolio's limited liquidity during stressful times. It is also not unusual for Polen to be involved in creditor battles and dealing with bankruptcies and restructurings where positions may become restricted.

Dave Breazzano is the head of the high yield team at Polen. He has been leading the group since DDJ's inception in 1996. Around him is a slightly younger generation. John Sherman (19 years industry/16 years Polen) and Ben Santonelli (19 years industry/19 years Polen) are co-PMs with Mr. Breazzano on the Opportunistic High Yield strategy. In addition to the portfolio managers, on the Investment Review Committee is the Associate General Counsel, Elizabeth Duggan. Jason Rizzo is the head trader. Supporting the Investment Review Committee is a nine-person research group, broken out by industry coverage.

Performance

Referring to Exhibit 1, as of February 28, 2023, since the portfolio's inception date of November 1, 2020, the portfolio has underperformed its benchmark by 1.8%. Over the past year, the portfolio has underperformed the benchmark by 4.4% and year-to-date the portfolio has outperformed by 0.8%. Referring to Exhibit 1A, over longer periods of time, Polen clients in the U.S. Opportunistic High Yield product have experienced outperformance over longer periods of time with 1% and 1.4% over 10 year and seven years respectively. Over the last five years the product has underperformed by 0.2% and over three years has outperformed by 1.2%.

Referring to Exhibit 2, as of December 31, 2022, since inception the portfolio has underperformed its benchmark's return by 2.3% and ranked in the 73rd percentile in its peer group. In the past year, ended December 31, 2022, the portfolio also underperformed its benchmark return 4.2% and ranked in the 54th percentile in its peer group.

Referring to Exhibit 3, underperformance over the course of 2022 has pulled the since inception cumulative results below benchmark returns. The portfolio underperformed in the second, third, and fourth quarter of 2022. Underperformance in the portfolio can be attributed to sector allocation and credit positioning. The portfolio's overweight to bonds and loans across the lower-rated spectrum and underweight to bonds across the higher-rated spectrum detracted significantly from total returns. Sector allocation detracted from relative performance primarily driven by the portfolio's overweight to bonds in the Brokerage/Asset Managers sector and underweight to bonds in the Electric and Energy sectors.

Fees

The portfolio has an asset-based fee of 0.52% annually. This fee ranks in the 86th percentile among its peers in the eVestment U.S. High Yield Fixed Income universe. In other words, 86% of the products included in the peer universe have a lower fee than the LACERS account.

Conclusion

Polen has underperformed its benchmark index since November 1, 2020. The portfolio is designed to invest in the smaller sized and lower-rated parts of the U.S. High Yield and bank loans investment universe and this area of the market has not been in favor. The firm managing the LACERS portfolio has exhibited some instability at the firm-level after having been purchased, though NEPC sees this as a net positive which provides long-term stability in firm operations. Polen's investment process, investment team, strategy and philosophy have been stable. NEPC recommends a contract renewal for a period of three years from the period of contract expiry.

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

Exhibit 1: Performance Comparison Net of Fees as of February 28, 2023

	1 Month	YTD	1 Year	3 Years	5 Years	10 Years	Inception	Inception Date
Polen Capital	0.1	3.7	-6.0				0.9	Nov-20
50% BBgBarc US High Yield 2% Issuer Cap / 50% Credit Suisse Leveraged Loan Index	-0.3	2.9	-1.6				2.7	
Over/Under	0.4	0.8	-4.4				-1.8	

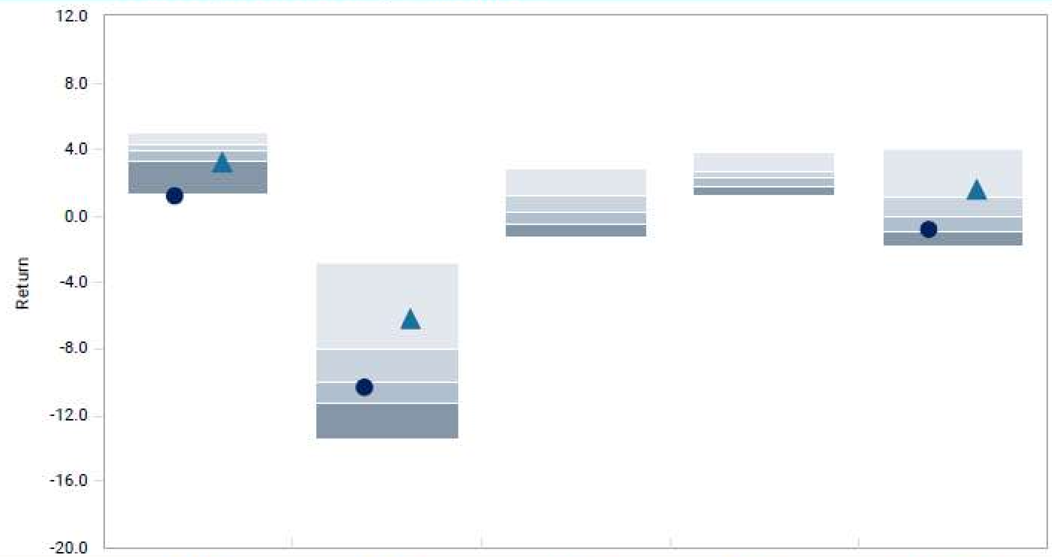
Exhibit 1A: Performance Comparison Net of Fees Polen U.S. Opportunistic High Yield Separately Managed Accounts Composite as of February 28, 2023

Product Name	YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Returns - Since Inception 24.92 Years 04/1998 - 02/2023
Polen Capital	3.7	-4.0	3.8	3.1	6.7	5.1	6.8
50% BBgBarc US High Yield 2% Issuer Cap / 50% Credit Suisse Leveraged Loan Index	2.9	-1.6	2.6	3.3	5.3	4.1	--
Over/Under	0.8	-2.4	1.2	-0.2	1.4	1.0	--

*Source: eVestment, Polen Capital U.S. Opportunistic High Yield separately managed account composite

Exhibit 2: Universe Performance Comparison Net of Fees Ending December 31, 2022

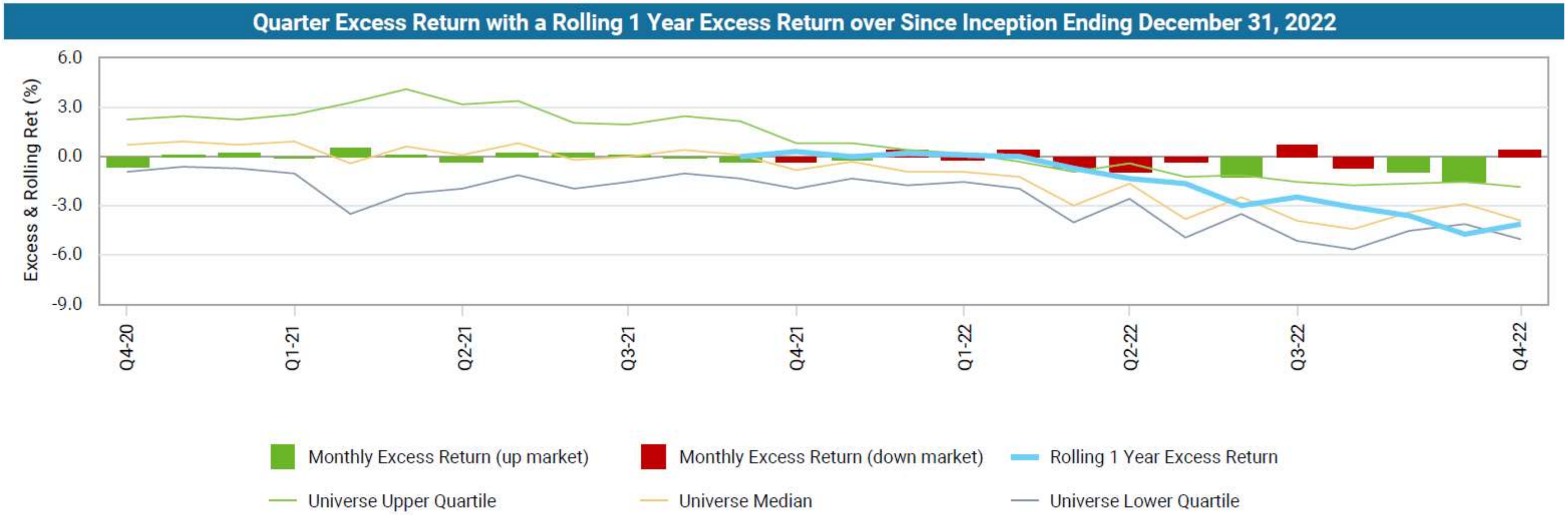
Polen Capital vs. eV US High Yield Fixed Inc



	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Inception (%)
● Polen Capital	1.2 (96)	-10.3 (54)			-0.7 (73)
▲ *50% BBgBarc US High Yield 2% Issuer Cap / 50% Credit Suisse Leveraged Loan Index*	*3.3 (78)*	*-6.1 (19)*			*1.6 (20)*
5th Percentile	4.9	-2.8	2.9	3.9	4.0
1st Quartile	4.4	-8.0	1.2	2.7	1.1
Median	3.9	-10.0	0.3	2.3	0.0
3rd Quartile	3.3	-11.2	-0.5	1.8	-0.9
95th Percentile	1.3	-13.3	-1.3	1.3	-1.8
Population	231	228	225	217	226

IC Meeting: 5/9/23
Item VII
Attachment 1

Exhibit 3: Cumulative Excess Performance Net of Fees Ending December 31, 2022



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

REPORT TO INVESTMENT COMMITTEE **MEETING: JUNE 13, 2023**
From: Neil M. Guglielmo, General Manager **ITEM: VII**

SUBJECT: **PRIVATE EQUITY CONSULTANT CONTRACT WITH AKSIA CA LLC AND POSSIBLE COMMITTEE ACTION**

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

Recommendation

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

Executive Summary

Aksia CA LLC (Aksia) has served as LACERS private equity consultant since July 25, 2018; the current contract expires on July 24, 2023. 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 equity consulting services.

Discussion

Background
Aksia provides private equity consulting services to LACERS. The Board hired Aksia through the 2017-2018 Private Equity Consultant search process and authorized a five-year contract with Aksia on June 26, 2018. The contract became effective on July 25, 2018, and expires on July 24, 2023. Since inception, LACERS has paid a total of $3,312,500 in private equity consulting fees to Aksia. Additionally, Aksia was hired on April 1, 2023, to provide private credit consulting services to LACERS under a separate contract.

Organization
Aksia is an alternative asset specialist investment consulting firm and is 100% employee owned. The firm was founded in 2006 and has seven global offices including New York (Headquarters), San Diego, Chicago, London, Tokyo, Hong Kong, and Athens. Aksia has 394 employees including 84 investment research, 60 operational due diligence, and 42 risk management professionals. Aksia advises on over $265 billion of client assets.

Primary Consulting Team Assigned to LACERS
LACERS' primary consulting team currently consists of four individuals: Tom Martin, Partner, Global Head of Private Equity & Real Assets; Heidi Poon, Managing Director, Head of Asian Private Equity and Growth Equity & Venture; Jeff Goldberger, Managing Director, Head of U.S. Middle Market Buyouts; and Trevor Jackson, Managing Director, Portfolio Advisory, and LACERS' primary relationship manager. Each of the Aksia team members are senior level team leaders who 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 equity 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 more than $3.5 billion in new commitments to over 100 funds, including approximately $319 million in commitments to 17 emerging manager funds
- 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 equity valuations and co-investments
- Participating in LACERS initiatives such as the Emerging Manager Symposium

Askia's recommendations and deliverables have been developed thoughtfully based on a solid understanding of LACERS' objectives and Investment Policy. Additionally, staff conducted an onsite due diligence visit at Aksia's headquarters to get an update on their resources and capabilities. Staff interviewed various professionals on topics including, but not limited to, overall business strategy and growth, organization and reporting structure, staffing, consulting philosophy and strategy, deal sourcing and due diligence process, risk management, compliance and controls, and technology. Accordingly, staff recommends a five-year contract renewal with Aksia.

Fees
The current contract with Aksia, which spans from July 25, 2018, to July 24, 2023, specifies the following fee structure:

Year 1:	$725,000
Year 2:	$737,500
Year 3:	$750,000
Year 4:	$762,500
Year 5:	$775,000
Total Fees:	$3,750,000

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 equity program. The proposed fee schedule includes escalations each year. Starting with the current fee of $775,000, each successive year results in the following percentage increases: Year 1 = 9.7%; Year 2 = 5.3%; Year 3 = 5.0%; Year 4 = 4.8%; and Year 5 = 5.1%.

Year 1:	$850,000
Year 2:	$895,000
Year 3:	$940,000
Year 4:	$985,000
Year 5:	$1,035,000
Total Fees:	$4,705,000

Strategic Plan Impact Statement

A contract renewal with Aksia CA LLC will assist the fund in maintaining a diversified portfolio, which is expected to help optimize long-term risk adjusted investment returns (Goal IV). The discussion of the consultant's profile, approach, and fee structure are consistent with Goal V (uphold good governance practices which affirm transparency, accountability, and fiduciary duty).

Prepared By: Robert King, CPA, Investment Officer II, Investment Division

NMG/RJ/BF/WL/RK:jp