



Investment Committee Agenda

REGULAR MEETING

TUESDAY, JULY 11, 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 Ghokassian

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

Notice to Paid Representatives

If you are compensated to monitor, attend, or speak at this meeting, City law may require you to register as a lobbyist and report your activity. See Los Angeles Municipal Code §§ 48.01 *et seq.* More information is available at ethics.lacity.org/lobbying. For assistance, please contact the Ethics Commission at (213) 978-1960 or ethics.commission@lacity.org.

Request for Services

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

Sign Language Interpreters, Communication Access Real-Time Transcription, Assistive Listening Devices, Telecommunication Relay Services (TRS), or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in securing Sign Language Interpreters, five or more business days' notice is strongly recommended. For additional information, please contact: Board of Administration Office at (213) 855-9348 and/or email at 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 JUNE 13, 2023 AND POSSIBLE COMMITTEE ACTION](#)
- III. CHIEF INVESTMENT OFFICER VERBAL REPORT
- IV. [PRESENTATION BY LOOMIS, SAYLES & COMPANY, L.P. REGARDING THE MANAGEMENT OF AN ACTIVE CORE FIXED INCOME PORTFOLIO MANAGEMENT](#)
- V. [PRESENTATION BY GARCIA HAMILTON & ASSOCIATES REGARDING THE MANAGEMENT OF AN ACTIVE CORE FIXED INCOME PORTFOLIO MANAGEMENT](#)
- VI. [INVESTMENT MANAGER CONTRACT WITH BARROW, HANLEY, MEWHINNEY & STRAUSS, LLC REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. DEVELOPED MARKETS VALUE EQUITIES PORTFOLIO AND POSSIBLE COMMITTEE ACTION](#)
- VII. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER A COMMITMENT TO WATERTON RESIDENTIAL PROPERTY VENTURE XV, L.P. AND POSSIBLE COMMITTEE ACTION**
- VIII. OTHER BUSINESS
- IX. NEXT MEETING: The next Regular meeting of the Investment Committee is scheduled for Tuesday, August 8, 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



Board of Administration Agenda

SPECIAL MEETING

TUESDAY, JULY 11, 2023

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 FOLLOWING THE REGULAR
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LACERS Boardroom
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 Los Angeles, California 90012

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President: Vacant
 Vice President: Elizabeth Lee

Commissioners: Annie Chao
 Thuy T. Huynh
 Gaylord "Rusty" Roten
 Janna Sidley
 Sung Won Sohn
 Michael R. Wilkinson

Manager-Secretary: Neil M. Guglielmo

Executive Assistant: Ani Ghokassian

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

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- X. ADJOURNMENT

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

June 13, 2023

12:57 p.m.

PRESENT:	Chair	Elizabeth Lee
	Committee Members:	Thuy Huynh Janna Sidley
	Legal Counselor:	Joshua Geller
	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 MAY 9, 2023 AND POSSIBLE COMMITTEE ACTION – Chair Lee noted one correction to the minutes start time. Committee Member Huynh moved approval, 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
- Large number of agenda items over the next 12 months

IV

PRESENTATION BY CENTERSQUARE INVESTMENT MANAGEMENT LLC REGARDING THE MANAGEMENT OF AN ACTIVE U.S. REITS PORTFOLIO – Eric Rothman, CFA, with CenterSquare Investment Management LLC, presented and discussed this item with the Committee for 25 minutes.

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 – Ellen Chen, Investment Officer II, presented and discussed this item with the Committee for five minutes. After discussion, Committee Member Huynh moved approval, and adopted by the following vote: Ayes, Committee Members Huynh, Sidley and Chair Lee -3; Nays, None.

VI

CONTINUED DISCUSSION ON 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 – Rod June, Chief Investment Officer, Bryan Fujita, Investment Officer III, and Jeremiah Paras, Investment Officer I, presented and discussed this item with the Committee for 30 minutes. Committee Member Huynh moved approval, Committee Member Sidley asked “can I abstain” and Chair Lee stated “sure”, and adopted by the following vote: Ayes, Committee Members Huynh, Sidley and Chair Lee -3; Nays, None.

Committee Member Sidley left the meeting at 2:03 p.m.

VII

PRIVATE EQUITY CONSULTANT CONTRACT WITH AKSIA CA LLC AND POSSIBLE COMMITTEE ACTION – Robert King, Investment Officer II, presented and discussed this item with the Committee. Committee Member Huynh moved approval, and adopted by the following vote: Ayes, Committee Member Huynh and Chair Lee -2; Nays, None.

VIII

OTHER BUSINESS – There was no 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 – There being no further business before the Committee, Chair Lee adjourned the meeting at 2:12 p.m.

Elizabeth Lee
Chair

Neil M. Guglielmo

Manager-Secretary

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

JULY 11, 2023

Presented By

John Hyll
Vice President, Portfolio Manager

Stephanie S. Lord, CFA, CIC
Vice President, Director,
Relationship Management



THINK BROADLY.
ACT DECISIVELY.

presented by:



JOHN HYLL
Vice President, Portfolio Manager

John Hyll is a vice president of Loomis, Sayles & Company and portfolio manager for the Loomis Sayles fixed income group. John co-manages long duration portfolios, including the Loomis Sayles Long Duration Corporate Bond strategy, Long Duration Government/Credit strategy, and customized LDI mandates. John is also a voting member of the yield curve team which provides the firm's interest rate forecast. He is a member of the US Government Sector team. He joined Loomis Sayles in 1987 and has 40 years of investment industry experience. Previously, John worked for National City Bank as an investment officer. He was responsible for managing a \$200 million US Treasury, agency and corporate bond portfolio as well as a co-managing a \$1.9 billion taxable bank holding company portfolio. John earned a BBA and an MBA from Baldwin Wallace College.



STEPHANIE S. LORD, CFA, CIC
Vice President, Director, Relationship Management

Stephanie Lord is a vice president and client relationship manager at Loomis, Sayles & Company. Stephanie began her investment industry career in 1987 when she joined Loomis Sayles as a fixed income trader. She was later promoted to fixed income portfolio manager. Stephanie earned a BBA from the University of Iowa.

loomis sayles at a glance

Firm Overview



ASSETS UNDER MANAGEMENT BY CLIENT BASE

- US institutional
- Non-US institutional
- US retail
- Non-US retail



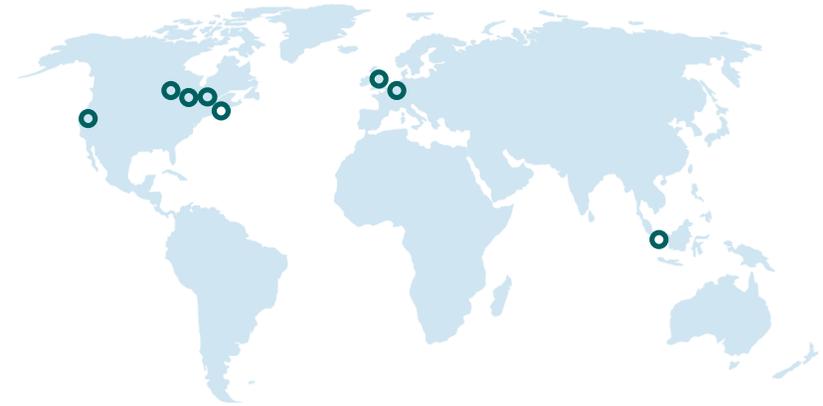
INVESTMENT EXPERTISE ACROSS ASSET CLASSES

Fixed income: **\$226.5 B** Equity: **\$75.7 B**

- Investment Grade Corporates
- Equities
- Developed Country Treasuries
- Mortgage & Structured Finance
- High Yield Corporates
- Emerging Market Debt
- Municipals
- Other
- Bank Loans
- Government Related
- Convertible Bonds

SERVING CLIENTS WITH INTEGRITY & A GLOBAL PERSPECTIVE SINCE

1926



BOSTON • CHICAGO •
DETROIT • MINNEAPOLIS • SAN FRANCISCO
LONDON • SINGAPORE • UTRECHT

*As of 3/31/2023. The Utrecht office opened on November 1, 2020.
Due to rounding, pie chart total may not equal 100%. Other includes cash & equivalents and derivatives.
Total AUM includes the assets of both Loomis, Sayles & Co., LP, and Loomis Sayles Trust Company, LLC. (\$35.8 billion for the Loomis Sayles Trust Company).
Loomis Sayles Trust Company is a wholly owned subsidiary of Loomis, Sayles & Company, L.P.*

foundation for alpha

Firm Overview

CREDIT RESEARCH

Alpha generation through differentiated insights

Providing insight and differentiated perspectives across the credit classes, risk spectrum, and capital structure

EQUITY

Driving alpha through independent thinking

Active long-term strategies built on differentiated non-consensus insight

MACRO STRATEGIES

Focused insights for investment team impact

Tailor-made research and data driven assessments of global macro investment conditions, opportunities and risks

MORTGAGE & STRUCTURED FINANCE

Opportunities outside traditional asset classes

Deploying fundamental research to uncover hidden alpha potential in complex structured markets

QUANTITATIVE RESEARCH & RISK ANALYSIS

Bringing together the art and science of investing

Translating market data and investor intuition into actionable signals

TRADING

Beyond trade execution

+50 trading professionals integrated within all investment processes every step of the way

ESG

Integrate and engage

Education and tools for investment teams to incorporate material ESG factors

INVESTMENT RISK OVERSIGHT

Ensuring investment teams meet client objectives

A common foundation underlying all strategies:

- Sound philosophy
- Rigorous, repeatable process
- Proprietary research
- Disciplined portfolio construction
- Integrated risk management

TECHNOLOGY

Translating data into insight

Tapping the power of our proprietary In2! technology platform, integrating more than 5 billion data points each day

BUSINESS INFRASTRUCTURE

Specialized expertise for critical services

Integrated legal, compliance, distribution, marketing, relationship management & client service teams

alpha engines

Firm Overview

FIXED INCOME

ALPHA STRATEGIES	BANK LOANS	DISCIPLINED ALPHA	EMERGING MARKET DEBT	FULL DISCRETION	GLOBAL	MORTGAGE & STRUCTURED FINANCE	MUNICIPAL	PRIVATE FIXED INCOME†	RELATIVE RETURN
Credit Asset	Senior Loans	Core	Corporate	Multisector	Global Bond	Agency MBS	Short	Private Fixed Income	Short Duration
Emerging Market Debt Blended	Senior Floating Rate and Fixed Income	Intermediate Corporate	Local Currency	Multisector Credit	Global Credit	Core Securitized	Intermediate	Investment Grade Private Fixed Income	Inter. Duration
World Credit Asset	CLO Management	Intermediate Credit	Short Duration	Core Plus Full Discretion	Global Debt Unconstrained	IG Securitized Credit (ERISA)	Medium Crossover***		Core
Multi-Asset Income		Long Corporate	Asia Credit	High Yield Full Discretion	Global Disciplined Alpha**	Opportunistic Securitized Credit			Core Plus
Inflation Protected (TIPS)		Long Gov't Corp		Global High Yield		Dedicated CLOs			IG Corporate
Systematic Investing Strategies		Long Credit		US High Yield					IG Inter. Corp
		Global Disciplined Alpha**		High Yield Conservative					Long Corporate
				Strategic Alpha					Long Credit
									Long Gov't/Credit
\$10.8 B*	\$2.6 B	\$17.7 B	\$3.0 B	\$61.0 B	\$26.5 B	\$13.2 B*	\$6.1 B	-	\$95.4 B

EQUITY

GROWTH EQUITY STRATEGIES	GLOBAL EMERGING MARKETS EQUITY	GLOBAL EQUITY OPPORTUNITIES	SPECIALTY GROWTH STRATEGIES	SMALL CAP VALUE
All Cap Growth	Global Emerging Markets Equity	Global Allocation	Small Cap Growth	Small Cap Value
Global Growth	Global Emerging Markets Equity Long/Short	Global Equity Opportunities	Small/Mid Cap Growth	Small/Mid Cap Core
International Growth			Mid Cap Growth	
Large Cap Growth				
Long/Short Growth Equity				
\$59.5 B	\$306.0 M	\$13.5 B	\$6.1 B	\$2.4 B

As of 3/31/2023.

*Includes accounts that may also be counted as part of other strategies **Co-managed investment strategy. ***Accounts may be co-managed along with other teams as appropriate.

† The Private Fixed Income team joined the firm in January 2022.

investment team

HIGHLY EXPERIENCED TEAM SUPPORTED BY DEEP FIRM RESOURCES

INVESTMENT TEAM (Years of Industry Experience/Years with the firm)

John Hyll	Neil Burke
Portfolio Manager 39 / 35	Portfolio Manager 31 / 25

KEY SUPPORT

Pension Solutions	Product Management	Credit Strategist	Investment Analyst	Portfolio Specialist	Quantitative Risk
Justin Teman, ASA, CFA* Srinivas Andra, PhD Xinjia Liu Abby McLaughlin	EJ Tateosian, CFA Elise Carner, CFA Kristy Keenan Stephanie Abelard	Jeff Bieniek, CFA	Colin Prior, CFA	Peter Obermann	Michael Crowell

SECTOR TEAMS

<ul style="list-style-type: none"> US Yield Curve Global Asset Allocation Developed Non-US Markets 	<ul style="list-style-type: none"> Mortgage & Structured Finance Investment Grade / Global Credit 	<ul style="list-style-type: none"> US Government High Yield/Bank Loans 	<ul style="list-style-type: none"> Emerging Markets Convertibles
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FIRM RESOURCES

Macro Strategies	Credit Research	Mortgage & Structured Finance	Fixed Income Trading	Investment Strategy and Risk Management	Quant. Research & Risk Analysis
<ul style="list-style-type: none"> 2 Directors Associate Director Chief US Economist 5 Senior Sovereign Analysts 4 Sovereign Analysts Senior Commodities Analyst Senior Research Analyst Research Analyst 	<ul style="list-style-type: none"> Director 1 Associate Director Head of Municipal Research Head of Convertibles Research 45 Senior Analysts 6 Analysts 10 Research Senior Associates 5 Research Associates 	<ul style="list-style-type: none"> Head 4 Portfolio Managers 3 Strategists 2 Senior Analysts 3 Research Analysts 3 Senior Research Associates Director, MSF Trading 4 MSF Traders/Tas 	<ul style="list-style-type: none"> 27 Traders/TAs Director, Portfolio Implementation 18 Portfolio Specialists Director, Operational Trading Risk Mgt. Risk Analyst 	<ul style="list-style-type: none"> Chief Inv. Risk Officer Risk Engineer Investment Risk Manager 3 Senior Inv. Risk Analysts 3 Inv. Risk Analysts Inv. Risk Associate 	<ul style="list-style-type: none"> Director 2 Associate Directors 10 Quantitative Analysts <div style="background-color: #0070C0; color: white; text-align: center; padding: 5px; margin-top: 5px;">ESG</div> <ul style="list-style-type: none"> Head Associate Director Senior Climate Analyst Senior ESG Associate

As of 3/31/2023.
*Director of LDI Solutions.

aum summary

AS OF 3/31/2023

ASSETS UNDER MANAGEMENT (billions)

Relative Return	PM Team*	Firm
\$96.97	\$14.87	\$302.13

ACCOUNTS GAINED/LOST

	Relative Return	PM Team*	Firm
Gains 1Q23	17	2	64
Losses 1Q23	7	2	75
Total	10	0	(11)

LACERS ACCOUNT AS A PERCENT OF STRATEGY AUM (RELATIVE RETURN)

1Q23	4Q22
0.61	0.64

*PM Team refers to assets managed by John Hyll and Neil Burke

LACERS originally hired Loomis Sayles in July of 1980 for Long Duration Fixed Income. The benchmark was the Bloomberg Govt/Credit. In August of 1993 the benchmark was changed to the Bloomberg LT Gov Credit. In June of 2000 it was changed to the Bloomberg US Universal and remained with the management team of John Hyll and Kent Newmark. In June of 2013 it was changed to the Bloomberg Aggregate and become a Core mandate but remained with the same portfolio management team of John Hyll and Neil Burke.

guideline summary

BENCHMARK

- Bloomberg Aggregate Index

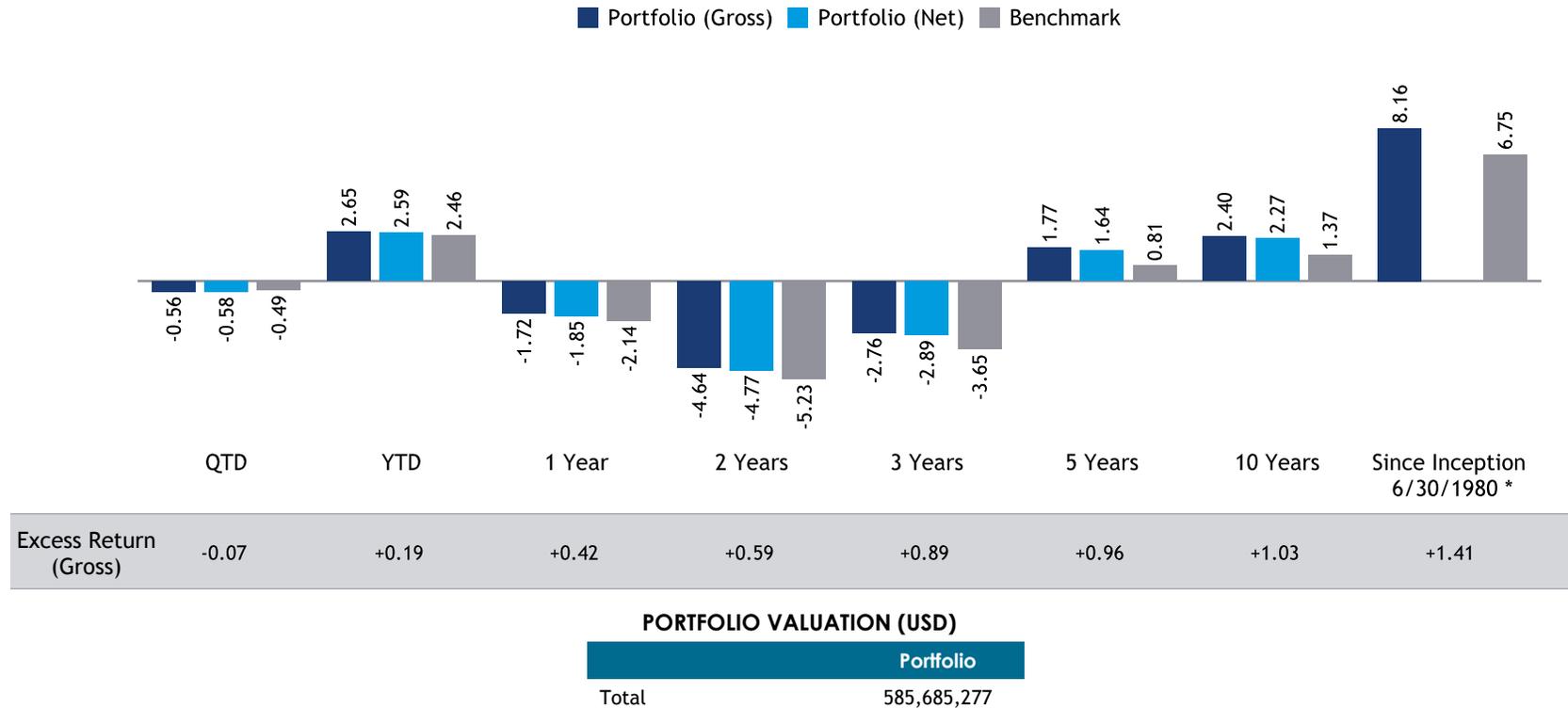
GUIDELINES & LIMITATIONS

- Minimum Credit Quality: Account may not hold securities rated below B3/B- by Moody or S&P.
- Split Rated Securities: Higher rating will govern split-rated securities.
- Issuer: Account may not hold more than 5% MV in any one issuer at time of purchase, excluding U.S. Gov't and Agencies.
- Issuer: Account may not hold more than 10% MV in non-benchmark issuers, excluding 144a's U.S. Gov't and Agencies, at time of purchase.
- Account may hold no more than 10% MV in cash & cash equivalents.
- Bank Loans: Account may invest up to 12.5% MV in the Loomis Sayles Senior Loan Fund, LLC at the time of purchase.
- Private Placements: Account may not hold Private Placement Securities (non-144a).
- Non-dollar: Non-U.S. sovereign debt and non-dollar investment grade corporate bonds are authorized.
- Duration: Maximum spread duration is +30% of the Bloomberg Aggregate Index.

Guideline summary is not a complete restatement of guidelines. The slide is intended to be a summary to aid in the review process.

performance

TRAILING RETURNS AS OF 5/31/2023 (%)



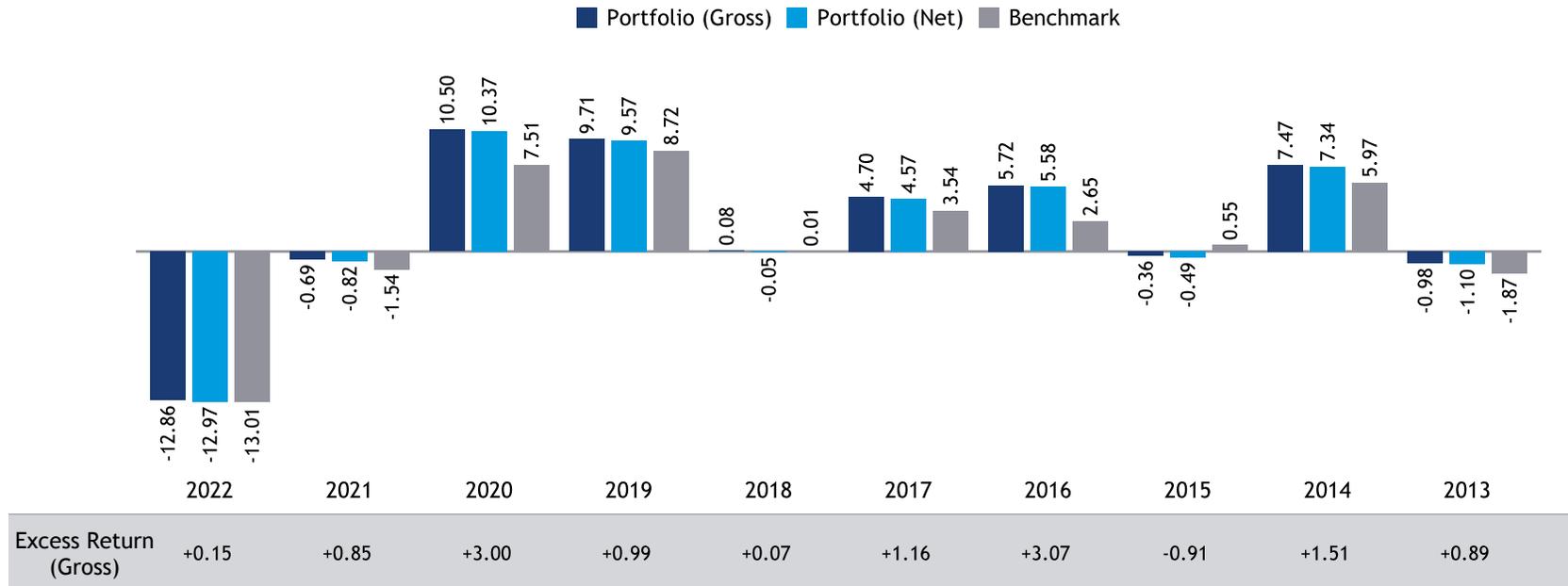
Benchmarks: BBG Govt Credit (6/30/1980 - 8/31/1993), BBG LT Govt Credit (8/31/1993 - 6/30/2000), BBG U.S. Universal (6/30/2000 - 6/30/2013), BBG Aggregate (6/30/2013 - 5/31/2023).

The current benchmark is Bloomberg U.S. Aggregate Index.

* Net returns only available from 12/31/2000.

performance

CALENDAR YEAR RETURNS (%)



Benchmarks: BBG Govt Credit (6/30/1980 - 8/31/1993), BBG LT Govt Credit (8/31/1993 - 6/30/2000), BBG U.S. Universal (6/30/2000 - 6/30/2013), BBG Aggregate (6/30/2013 - 5/31/2023).

The current benchmark is Bloomberg U.S. Aggregate Index.

performance attribution by sector

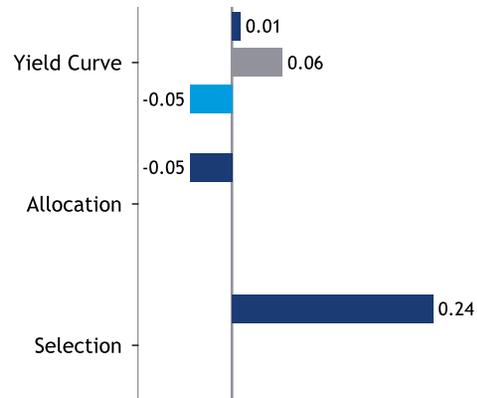
12/31/2022 TO 5/31/2023 (%)

TOTAL RETURNS

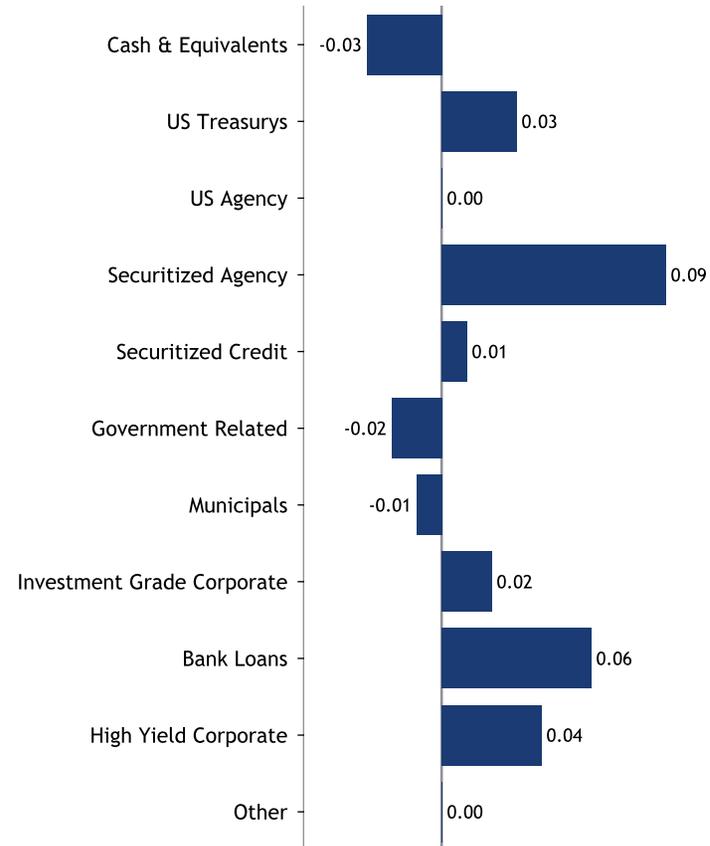
Total Return	
Portfolio Return	2.65
Benchmark Return	2.46
Excess Return	0.19

EXCESS RETURN ATTRIBUTION

■ Total ■ Parallel ■ Non-Parallel



EXCESS RETURN ATTRIBUTION BY SECTOR



Attribution run using Loomis Sayles Performance Attribution. Figures on the bar chart may not add up to total excess return as they exclude impact of trading, pricing and currency differences. Excess Return by sector excludes yield curve impact. Values shown include impact of hedging if utilized. Unless otherwise noted, the performance shown is gross of management fees. The current benchmark is Bloomberg U.S. Aggregate Index.

attribution analysis

12/31/2022 TO 5/31/2023 (%)

Sector Distribution	Portfolio Final Weight	Benchmark Final Weight	Portfolio Average Weight	Benchmark Average Weight	Total Effect
Cash & Equivalents	7.55	0.00	5.07	0.00	-0.03
US Treasurys	46.84	41.13	49.55	40.90	0.03
US Agency	0.00	1.16	0.00	1.17	0.00
Securitized Agency	14.22	27.93	14.12	28.17	0.09
Securitized Credit	0.41	1.36	0.41	1.39	0.01
Government Related	0.45	3.37	0.46	3.30	-0.02
Municipals	0.00	0.64	0.00	0.63	-0.01
Investment Grade Corporate	26.51	24.41	26.39	24.43	0.02
Bank Loans	2.65	0.00	2.56	0.00	0.06
High Yield Corporate	1.36	0.00	1.44	0.00	0.04
Other	0.00	0.00	0.00	0.00	0.00

Attribution run using Loomis Sayles Performance Attribution. Total Effects are impacted by sector returns and allocation shifts. Returns reflect the entire period. Total Effect excludes yield curve impact. Values shown include impact of hedging if utilized. Unless otherwise noted, the performance shown is gross of management fees. The current benchmark is Bloomberg U.S. Aggregate Index.

portfolio summary

12/31/2022 TO 5/31/2023

PORTFOLIO SUMMARY

	12/31/2022			5/31/2023		
	Portfolio	Benchmark	Difference	Portfolio	Benchmark	Difference
Yield to Worst (%)	4.56	4.68	-0.13	4.88	4.60	0.27
Maturity (years)	8.72	8.38	0.34	9.17	8.47	0.70
Effective Duration (years)	6.22	6.14	0.08	6.30	6.28	0.02
Coupon (%)	2.33	2.66	-0.33	2.59	2.82	-0.23
Average Quality	AA3	AA2	-	AA3	AA2	-
OAS (bps)	20	49	-29	48	54	-6

QUALITY SUMMARY (% OF TOTAL MARKET VALUE)

	12/31/2022			5/31/2023		
	Portfolio	Benchmark	Difference	Portfolio	Benchmark	Difference
AAA	69.85	73.84	-3.99	69.82	73.76	-3.94
AA	1.96	3.04	-1.08	1.54	3.02	-1.49
A	11.21	11.28	-0.06	11.79	11.79	0.01
BAA	13.17	11.83	1.33	13.07	11.43	1.63
BA	2.80	0.00	2.80	2.82	0.00	2.82
B & Below	1.00	0.00	1.00	0.97	0.00	0.97

OAS is option adjusted spread.

Client Guideline Quality Methodology presented.

Maturity distribution is calculated using the years to effective maturity, which takes into account the bonds call date.

The current benchmark is Bloomberg U.S. Aggregate Index.

sector allocation

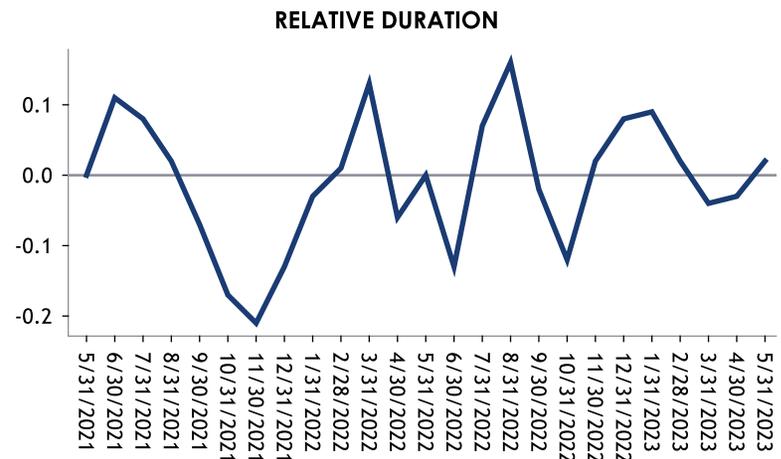
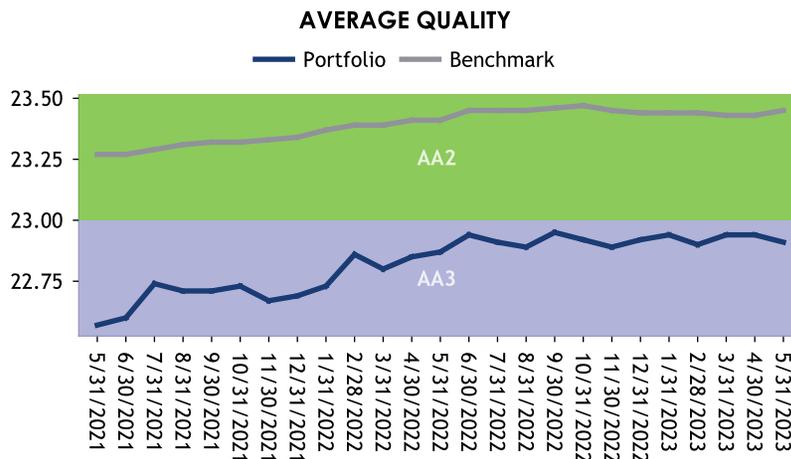
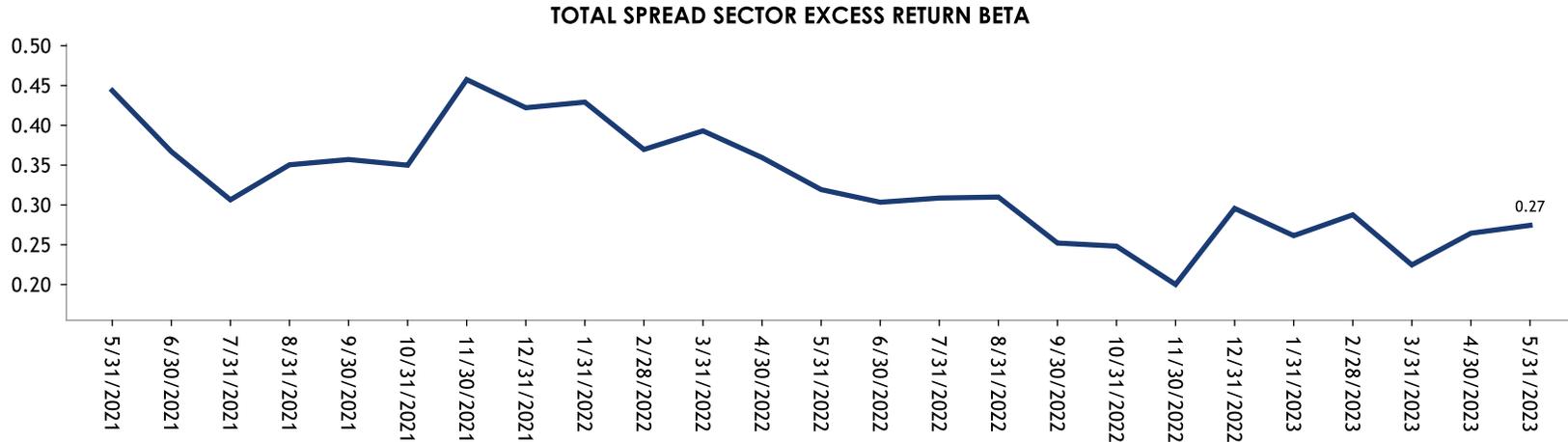
12/31/2022 TO 5/31/2023 (%)

	12/31/2022			5/31/2023			Relative Change
	Portfolio	Bench	Relative	Portfolio	Bench	Relative	
Cash & Equivalents	7.65	0.00	7.65	7.55	0.00	7.55	-0.09
US Treasurys	46.69	40.60	6.10	46.84	41.13	5.71	-0.38
Derivatives	0.00	0.00	0.00	0.00	0.00	0.00	0.00
US Inflation Protected Treasurys	1.65	0.00	1.65	1.63	0.00	1.63	-0.02
US Treasurys	45.05	40.60	4.45	45.22	41.13	4.08	-0.37
US Agency	0.00	1.21	-1.21	0.00	1.16	-1.16	0.06
Securitized Agency	13.96	28.44	-14.49	14.22	27.93	-13.71	0.77
Agency CMBS	4.48	0.86	3.63	3.64	0.84	2.80	-0.82
CMO	1.05	0.00	1.05	0.89	0.00	0.89	-0.16
MBS Passthrough	8.42	27.59	-19.16	9.69	27.09	-17.41	1.76
Securitized Credit	0.42	1.44	-1.02	0.41	1.36	-0.94	0.08
ABS	0.00	0.45	-0.45	0.00	0.44	-0.44	0.01
Non Agency CMBS	0.42	0.99	-0.57	0.41	0.92	-0.50	0.07
Government Related	0.47	3.30	-2.84	0.45	3.37	-2.91	-0.08
Agencies	0.47	0.77	-0.31	0.45	0.76	-0.31	0.00
Local Authorities	0.00	0.24	-0.24	0.00	0.22	-0.22	0.02
Sovereign	0.00	0.97	-0.97	0.00	1.02	-1.02	-0.05
Supranational	0.00	1.32	-1.32	0.00	1.36	-1.36	-0.04
Municipals	0.00	0.62	-0.62	0.00	0.64	-0.64	-0.02
Taxable Muni	0.00	0.62	-0.62	0.00	0.64	-0.64	-0.02
Investment Grade Corporate	26.79	24.37	2.42	26.51	24.41	2.10	-0.32
Financial Institutions	4.88	8.26	-3.39	4.64	8.13	-3.48	-0.10
Industrial	19.33	14.11	5.21	19.00	14.21	4.80	-0.41
Utility	2.59	1.99	0.60	2.86	2.08	0.78	0.19
Bank Loans	2.62	0.00	2.62	2.65	0.00	2.65	0.03
Financial Institutions	0.26	0.00	0.26	0.28	0.00	0.28	0.02
Industrial	2.34	0.00	2.34	2.35	0.00	2.35	0.01
Utility	0.01	0.00	0.01	0.01	0.00	0.01	0.00
High Yield Corporate	1.41	0.00	1.40	1.36	0.00	1.36	-0.04
Industrial	1.41	0.00	1.40	1.36	0.00	1.36	-0.04

The current benchmark is Bloomberg U.S. Aggregate Index.

portfolio history

AS OF 5/31/2023

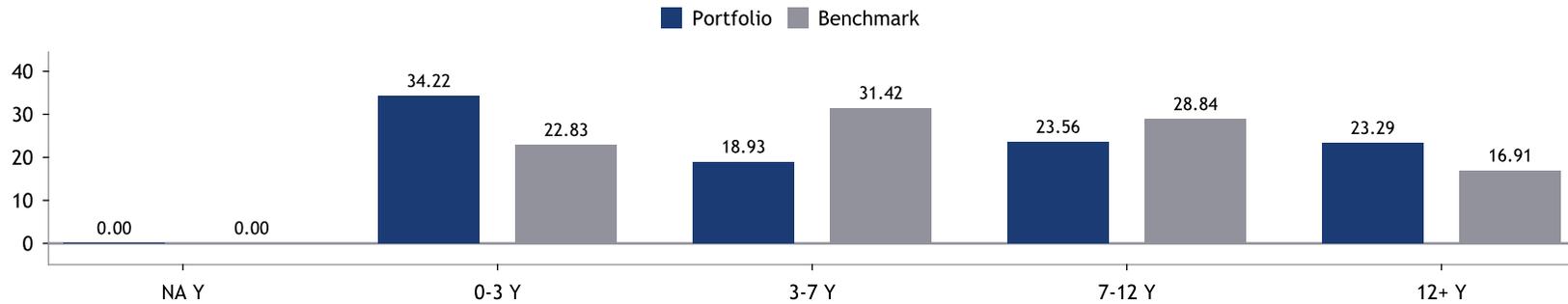


Total Spread Sector Beta capture risk from spread changes to all asset classes.
The current benchmark is Bloomberg U.S. Aggregate Index.

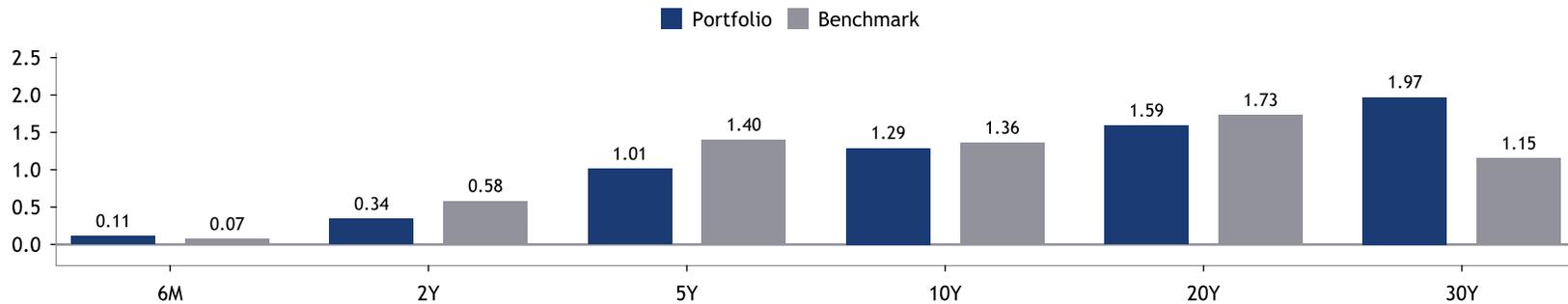
maturity & duration break-down

AS OF 5/31/2023

MATURITY DISTRIBUTION (% OF TOTAL MARKET VALUE)



CONTRIBUTION TO DURATION SUMMARY (YEARS)



*Maturity distribution is calculated using the years to effective maturity, which takes into account the bonds call date.
The current benchmark is Bloomberg U.S. Aggregate Index.*

appendix - industry breakdown

AS OF 5/31/2023 (% OF TOTAL MARKET VALUE)

	5/31/2023				5/31/2023				5/31/2023		
	Portfolio	Benchmark	Difference		Portfolio	Benchmark	Difference		Portfolio	Benchmark	Difference
Cash & Equivalents	7.55	0.00	7.55	Apartment Reits	0.00	0.11	-0.11	Airlines	0.16	0.06	0.10
Cash	2.32	0.00	2.32	Retail Reits	0.00	0.20	-0.20	Railroads	0.44	0.35	0.09
Owned No Guarantee	2.19	0.00	2.19	Industrial	22.72	14.21	8.51	Utility	2.87	2.08	0.79
Treasuries	3.04	0.00	3.04	Basic Industry	1.65	0.66	1.00	Electric	2.63	1.88	0.74
US Inflation Protected Treasuries	1.63	0.00	1.63	Chemicals	0.84	0.34	0.51	Natural Gas	0.25	0.15	0.09
US Treasuries	45.22	41.13	4.08	Metals And Mining	0.50	0.23	0.27	Utility Other	0.00	0.04	-0.04
US Agency	0.00	1.16	-1.16	Paper	0.32	0.09	0.22				
Agency CMBS	3.64	0.84	2.80	Capital Goods	3.30	1.27	2.03				
CMO	0.89	0.00	0.89	Aerospace/Defense	1.94	0.47	1.46				
MBS Passthrough	9.69	27.09	-17.41	Diversified Manufacturing	1.16	0.40	0.77				
Agency MBS Passthrough	9.69	27.09	-17.41	Building Materials	0.11	0.09	0.02				
GNMA 15 Yr	0.00	0.02	-0.02	Environmental	0.05	0.08	-0.02				
Conventional 20 Yr	0.00	0.90	-0.90	Packaging	0.00	0.04	-0.04				
Conventional 15 Yr	0.00	2.72	-2.72	Construction Machinery	0.04	0.20	-0.17				
GNMA 30 Yr	1.07	5.96	-4.89	Communications	3.30	2.10	1.20				
Conventional 30 Yr	8.62	17.49	-8.88	Wirelines	1.41	0.68	0.72				
ABS	0.00	0.44	-0.44	Cable Satellite	0.94	0.44	0.51				
ABS Other	0.00	0.04	-0.04	Media Entertainment	0.52	0.48	0.03				
Car Loan	0.00	0.21	-0.21	Wireless	0.43	0.50	-0.07				
Credit Card	0.00	0.15	-0.15	Consumer Cyclical	4.18	1.67	2.51				
Stranded Utility	0.00	0.05	-0.05	Automotive	1.25	0.42	0.83				
Non Agency CMBS	0.41	0.92	-0.50	Retailers	1.68	0.92	0.76				
Agencies	0.45	0.76	-0.31	Consumer Cyclical	0.49	0.07	0.42				
Government Guarantee	0.00	0.52	-0.52	Lodging	0.34	0.04	0.30				
Owned No Guarantee	0.45	0.24	0.21	Restaurants	0.32	0.13	0.18				
Local Authorities	0.00	0.22	-0.22	Gaming	0.08	0.04	0.04				
Sovereign	0.00	1.02	-1.02	Leisure	0.02	0.00	0.02				
Supranational	0.00	1.36	-1.36	Home Construction	0.00	0.04	-0.04				
Taxable Muni	0.00	0.64	-0.64	Consumer Non Cyclical	5.03	3.73	1.30				
Local Authorities	0.00	0.64	-0.64	Tobacco	0.78	0.29	0.49				
Financial Institutions	4.93	8.13	-3.20	Consumer Products	0.67	0.26	0.41				
Banking	3.36	5.73	-2.37	Pharmaceuticals	1.52	1.22	0.30				
Brokerage Asset Managers	0.09	0.31	-0.22	Food And Beverage	1.06	0.89	0.17				
Finance Companies	0.00	0.28	-0.28	Supermarkets	0.04	0.04	0.01				
Financial Other	0.07	0.01	0.06	Healthcare	0.96	1.04	-0.08				
Insurance	1.38	1.14	0.24	Energy	1.60	1.66	-0.06				
Health Insurance	0.76	0.42	0.33	Midstream	1.13	0.86	0.27				
P&C	0.46	0.44	0.02	Independent	0.19	0.22	-0.03				
Life	0.16	0.27	-0.11	Oil Field Services	0.00	0.06	-0.06				
Reits	0.03	0.66	-0.62	Refining	0.01	0.10	-0.09				
Other Reits	0.03	0.13	-0.10	Integrated	0.27	0.42	-0.15				
Office Reits	0.00	0.10	-0.10	Industrial Other	0.36	0.11	0.24				
Healthcare Reits	0.00	0.11	-0.11	Technology	2.07	2.46	-0.39				
				Transportation	1.23	0.54	0.69				
				Transportation Services	0.63	0.13	0.49				

The current benchmark is Bloomberg U.S. Aggregate Index.



macroeconomic environment and outlook

AVERAGE ANNUAL FORECAST	US DOMESTIC		GLOBAL		WESTERN EUROPE		ASIA PACIFIC		LATIN AMERICA	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
Real GDP Growth	1.1%	0.6%	2.6%	2.7%	0.6%	1.2%	4.5%	4.2%	0.8%	1.7%
Headline CPI Inflation	4.0%	2.9%	5.5%	3.5%	5.7%	2.6%	2.7%	2.7%	21.4%	17.2%
Current Account Balance (% GDP)	-3.2%	-3.0%	-	-	-	-	-	-	-	-
Interest Rates (10-year); End Of Year 2023	2.75%	-	-	-	-	-	-	-	-	-

OUR VIEWS:

RECESSION RISKS ELEVATED, LABOR & INFLATION STILL HOT

- We maintain elevated odds of recession given tighter lending conditions and monetary policy. A number of leading indicators (LEI, manufacturing PMIs, yield curve inversion) suggest we are on the cusp of a downturn, but the timing remains uncertain.
- The labor market continues to show signs of resilience; unemployment ticked up to 3.7% in May, but non-farm payrolls rose by over 300k. We have seen very early signs of weakening labor demand, but most data still points to a very tight labor market.
- Inflation remains elevated overall. We've seen significant deceleration in goods prices resulting from supply chain normalization, so we'll likely need to see softer services inflation to bring us closer to target. We expect shelter to moderate given its lagged relationship with home price appreciation. Core services ex-shelter has cooled a bit recently, but remains too high in our opinion. We believe lower wage pressure would help lead to deceleration in this measure.

CONSUMER & CORPORATE FUNDAMENTALS

- We have been seeing a mild pick-up in consumer loan delinquencies, suggesting some strain on lower-income consumers. We still see signs of a healthy consumer on aggregate, backed by pent up savings and a strong labor market
- We believe we are in the midst of a mild profits recession, but we have not yet seen a collapse that would confirm an economic recession. Margins have been deteriorating from very strong levels.
- Defaults have picked up modestly, but are currently low relative to history. Expectations remain fairly subdued despite rising recession risks, though we could see a pick-up if profits take a more significant hit.

GLOBAL GROWTH MIXED

- Global manufacturing PMI continues to slump and remains near 49.6; we see broad based manufacturing weakness in major developed economies. Services continue to hold up solidly and have not shown serious signs of deterioration.
- European growth remains weak, but we've seen major economies avoid recession so far. Leading indicators (ex: ZEW index) suggest that Europe is not out of the woods yet, particularly as the ECB continues to hike rates. Lending indicators have tightened and downside risks from energy remain.
- China's recovery has soured recently; manufacturing activity remains soft and the property sector continues to have its issues. Low PPI numbers suggest deflationary pressure. The bar is high in our view for broad based stimulus. The domestically oriented, services led recovery could mean the boost to global growth may be more limited compared to previous Chinese cycles.

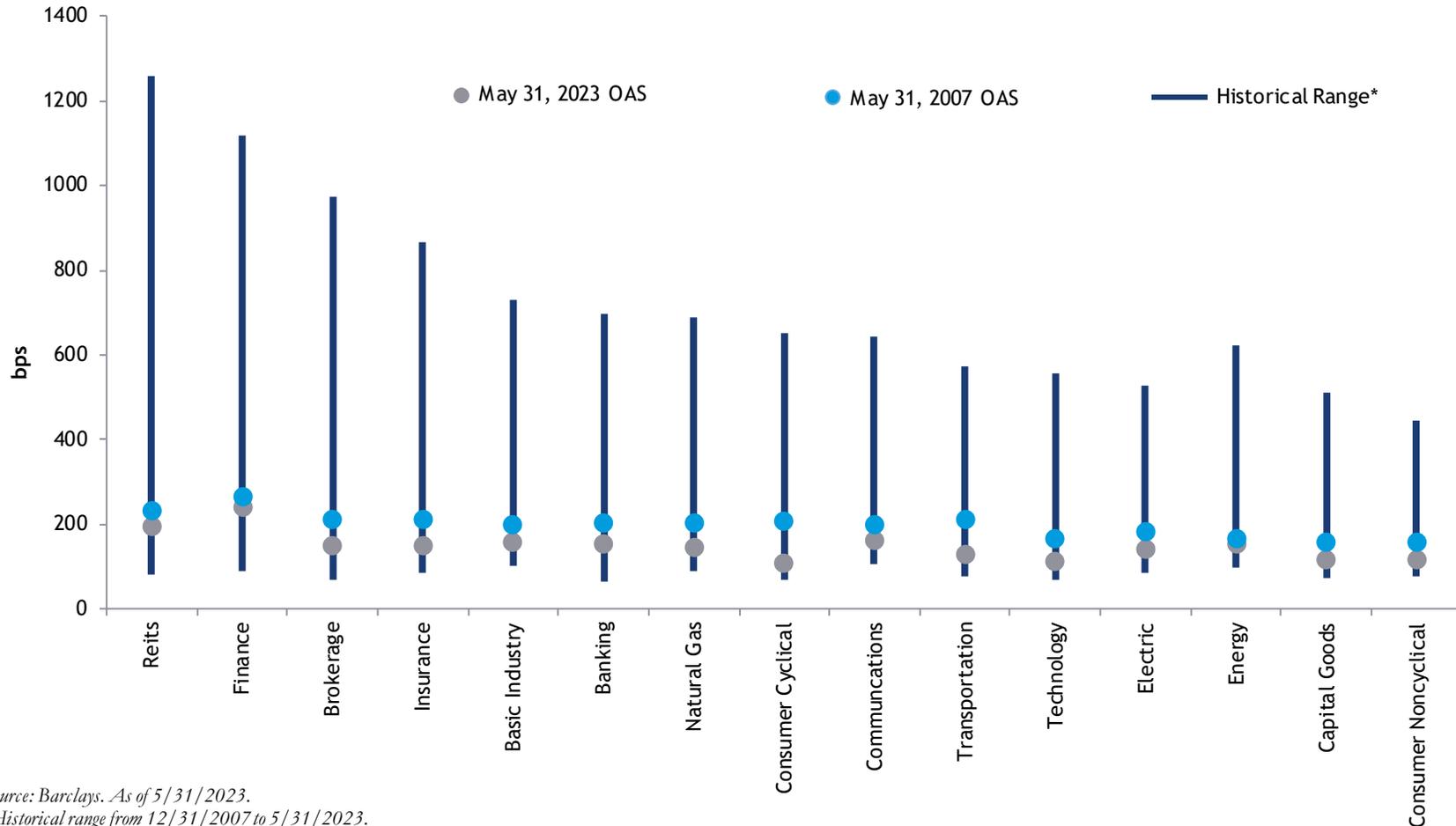
MONETARY POLICY AND INTEREST RATES

- The Fed chose to hold rates steady in June, but signaled they may not be finished with the hiking cycle. The dot plot suggests two more hikes are on the table this year. Inflation seems still too high for the Fed's liking.
- The ECB slowed the pace of rate hikes to 25 bps in May. They suggested there is more tightening to come, but rates have entered into restrictive territory.
- We do not expect the BoJ to raise rates this year, but anticipate significant adjustments to YCC policies.

Source: Loomis Sayles and Bloomberg. Data as of 6/14/2023. Forecasts for US Domestic are based on Loomis Sayles Macro Strategies Group. Forecasts for Global, Western Europe, Asia Pacific and Latin America are based on Bloomberg consensus. This material is provided for informational purposes only and should not be construed as investment advice. Any opinions or forecasts contained herein reflect the current subjective judgments and assumptions of the Macro Strategies Group only, and do not necessarily reflect the views of Loomis, Sayles & Company, L.P. This information is subject to change at any time without notice.

bond market environment

US IG CREDIT SECTORS: CURRENT SPREAD LEVELS VS HISTORICAL HIGH AND LOW



Source: Barclays. As of 5/31/2023.

*Historical range from 12/31/2007 to 5/31/2023.

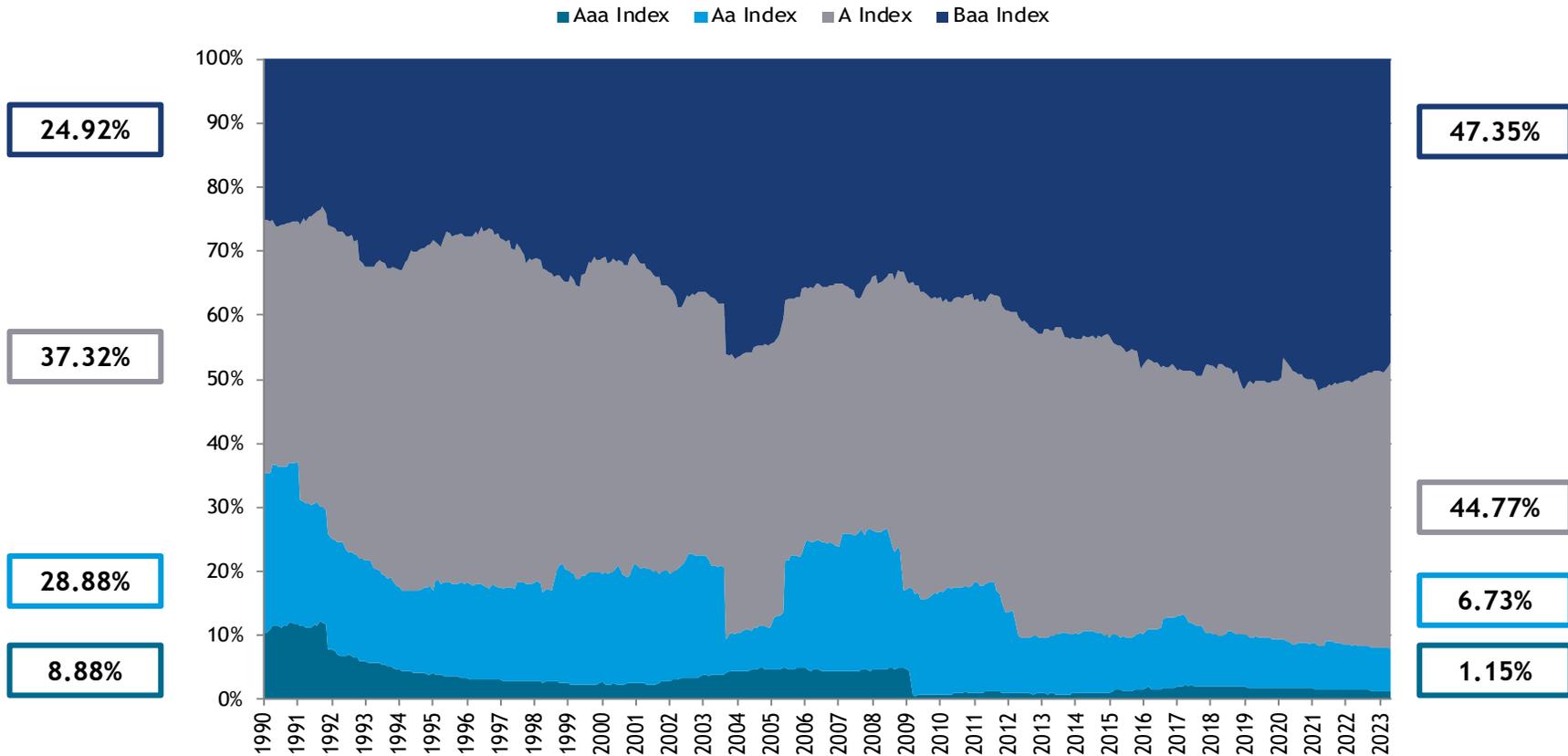
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Past performance is no guarantee of future results.

Indices are unmanaged and do not incur fees. It is not possible to invest directly in an index.

the case of the shrinking AA bucket

QUALITY ANALYSIS OF BLOOMBERG CREDIT INDEX, 1990 - 2023*



*Data shown from 1/31/1990 - 5/31/2023.

Source: Bloomberg

The percentages on the left of the chart represent the start date and the percentages on the right represent the end date. Each side totals 100%.

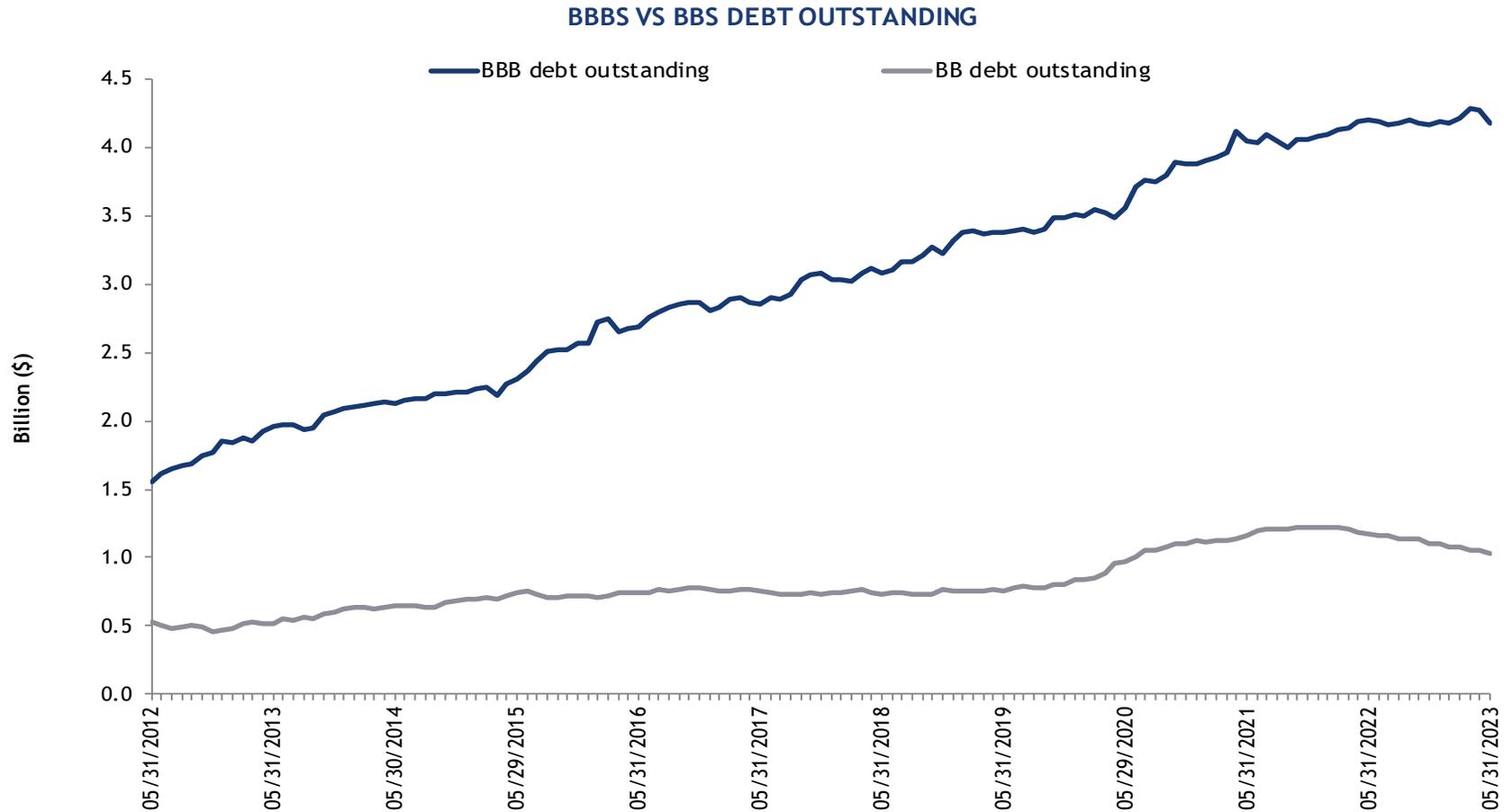
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growth in BBB debt significantly outpaced BB's over the last 10 years



Data: Bloomberg, as of 5/31/2023.

Note: BBB debt is based on BBB rated bonds in Bloomberg US Credit Corp +144A index. BB debt is based on BB rated bonds in Bloomberg US HY +144A index.

The chart presented above is shown for illustrative purposes only.

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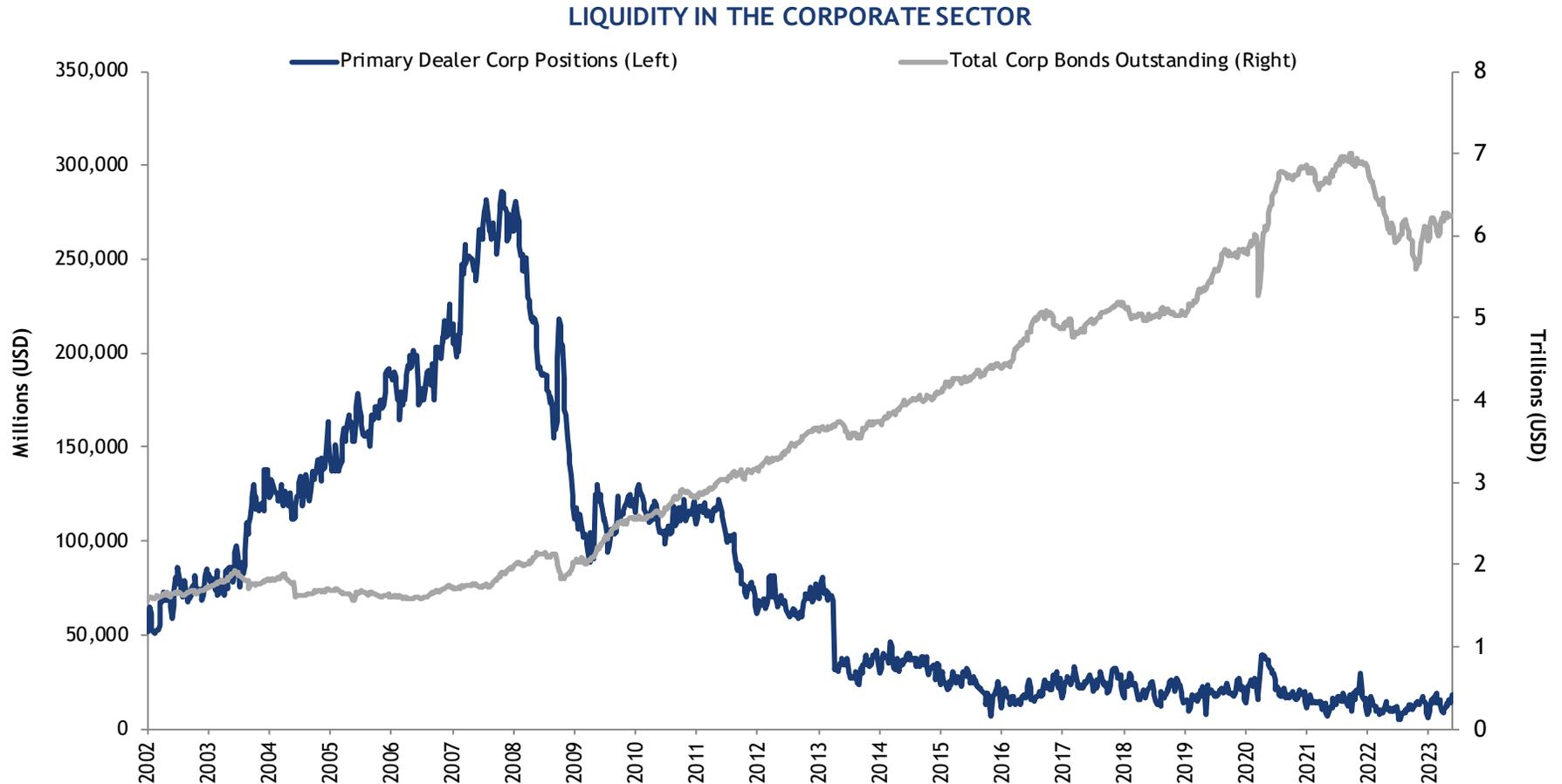
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Past market experience is no guarantee of future results.

liquidity in the corporate sector

MARKET ILLIQUIDITY REMAINS A CONCERN



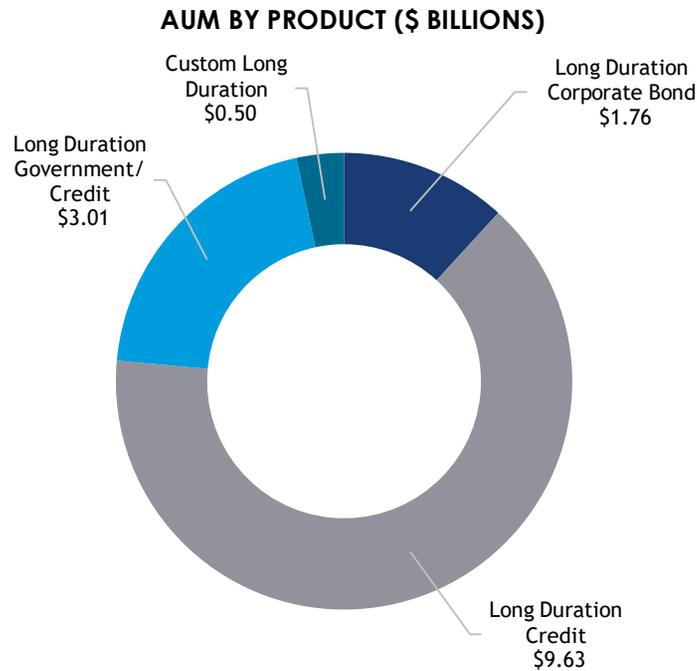
Data: Bloomberg, as of 5/17/2023.

Past market experience is no guarantee of future results.

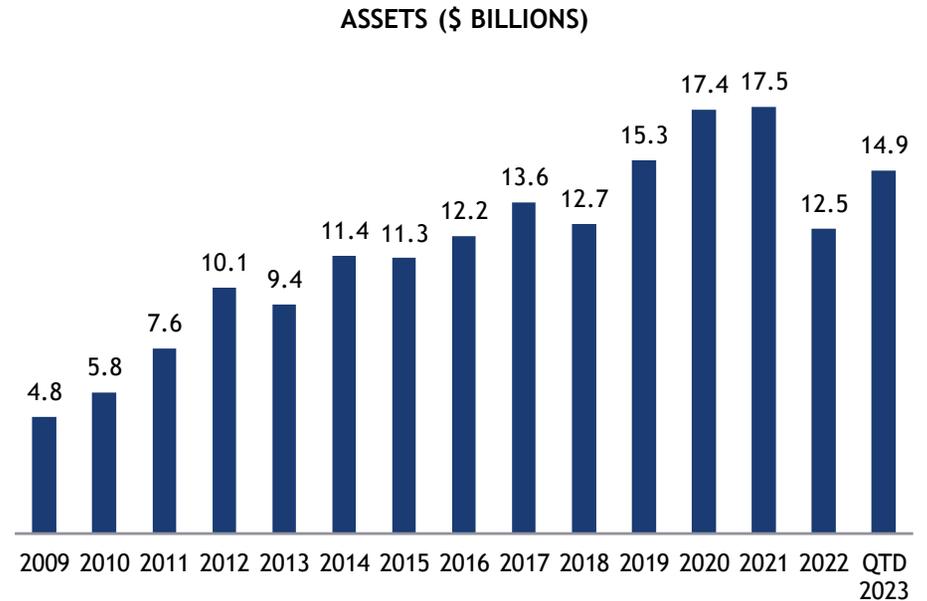
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relative return investing

BROAD CAPABILITIES ACROSS PRODUCTS

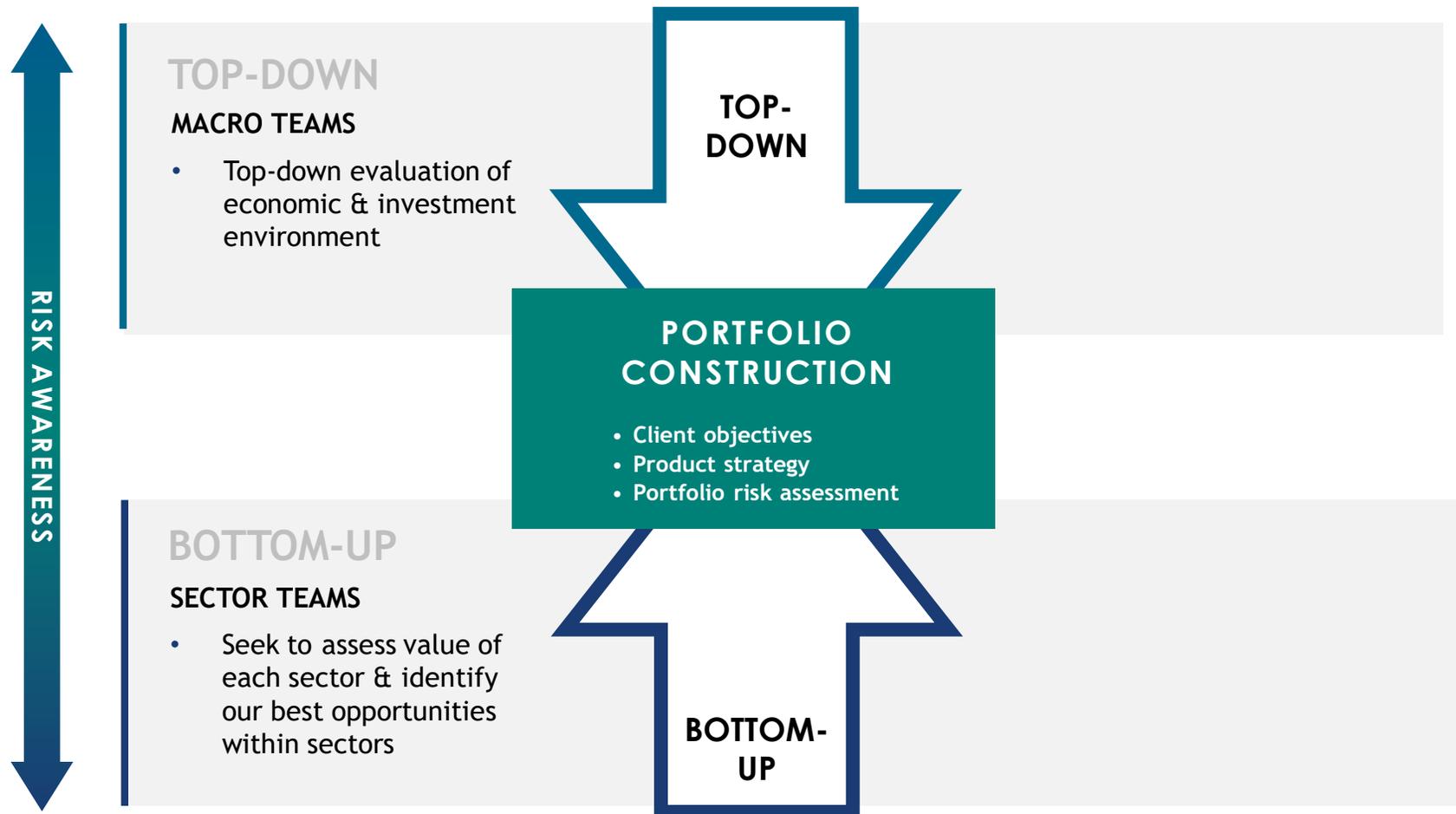


STRONG GROWTH WITH \$14.9B AUM



As of 3/31/2023

investment process

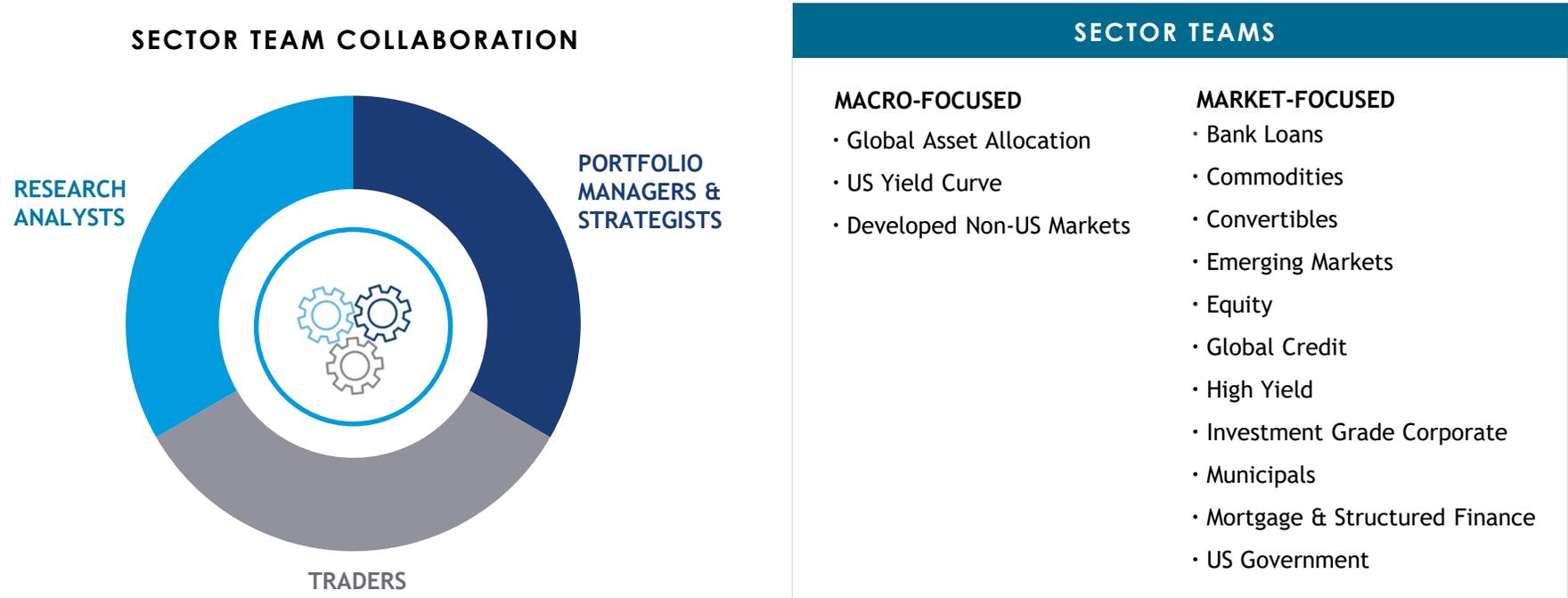


sector teams

COLLABORATION OF PORTFOLIO MANAGERS, STRATEGISTS, RESEARCH ANALYSTS AND TRADERS

Discuss, debate and generate investment ideas and themes to enhance our investment decision making process

- Develop top-down and bottom-up valuation framework and market analysis
- Identify where investment value may lie in various markets and/or what we view as attractive securities in each sector
- Monitor and measure sector performance and trends including secular changes, corporate events, and ESG factors

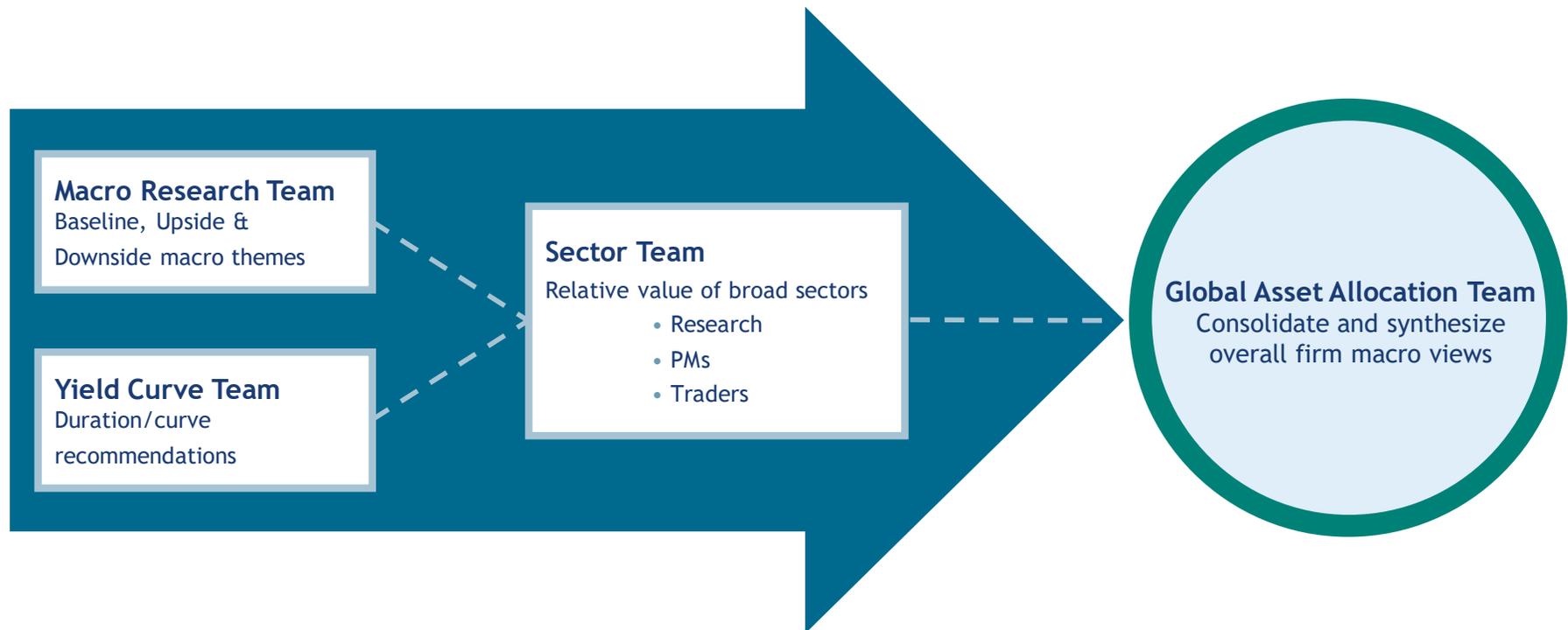


This process reflects the current opinions of the sector teams and views are subject to change at any time without notice. Other industry analysts and investment personnel may have different views and opinions.

investment process

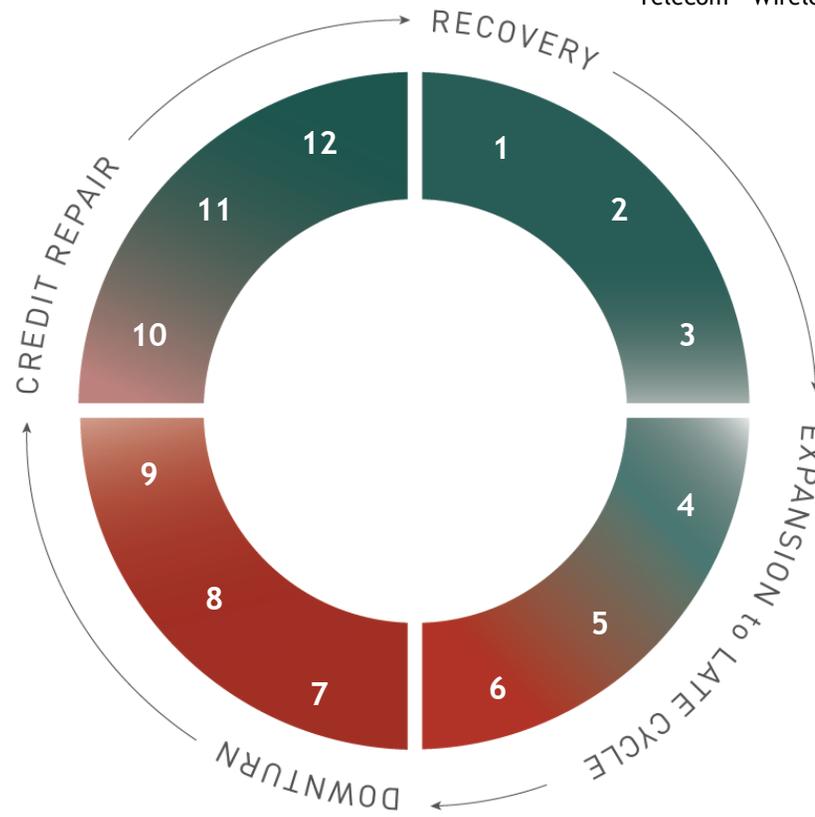
OUR BEST TOP-DOWN IDEAS

Portfolio Managers gain insight into macro themes and sector preferences leveraging the broader Loomis Sayles macro research effort



credit cycle

INDUSTRIES



- Aerospace (1.5)
- Oil Field Services (2)
- Airlines (2)
- Telecom - Wireless (2)

- Telecom - Wireline (3)
- Defense (3.5)
- Construction Machinery (3.5)
- US Banks (4)
- Global Banks (4)
- Supermarkets (4)
- Restaurants (4.5)
- Life Insurance (4.5)
- Packaging (4.5)
- Diversified Manufacturing (4.5)
- Environmental (4.5)
- Food & Beverage (4.5)

- Cable/Satellite (5)
- Integrated (5)
- Independents (5)
- Midstream (5)
- Refiners (5)
- Technology (5)
- Consumer Products (5)
- US Building Materials (5)
- Lodging (5)
- REITS (5)
- Chemicals (5)
- Home Construction (5)
- Healthcare (5)
- Automotive (5)
- Pharmaceuticals (5)
- Retailers, incl Specialty (5.5)
- Health Insurers (5.5)
- Tobacco (5.5)
- Metals & Mining (5.5)
- Railroads (5.5)
- Paper (5.5)

- Media/Entertainment (7)
- Finance Companies (6)
- Electric (6)
- P&C (6)

Views as of 3/31/2023. This material is provided for informational purposes only and should not be construed as investment advice. Investment decisions should consider the individual circumstances of the particular investor. This reflects the current opinions of the presenter and views are subject to change at any time without notice. Other industry analysts and investment personnel may have different views and opinions.

investment process

SOPHISTICATED RISK TOOLS USED TO IMPLEMENT & MONITOR TOP DOWN VIEWS

Analyze sources of risk and beta sensitivity while leveraging GAAT sector forecasts

Sector	Base		Bull		Bear	
	Tot Rtm	Exc Rtrn	Tot Rtm	Exc Rtrn	Tot Rtm	Exc Rtrn
Bank Loans	4.85%	4.55%	5.99%	5.69%	-1.56%	-1.86%
RMBS	3.36%	3.95%	3.30%	6.89%	-2.28%	-3.84%
Equity	8.90%	8.90%	16.20%	16.20%	-17.80%	-17.80%
EUR IG					3.94%	-2.44%
HY					-5.60%	-7.57%
ABS Fixed & Floating					-0.04%	-0.42%
Converts					-13.43%	-13.43%
MBS					2.32%	0.35%
CEMBI	3.93%	5.20%	3.36%	6.70%	-14.36%	-17.30%
CMBS	1.56%	1.57%	1.20%	3.18%	-3.57%	-4.03%
EMBI	2.44%	4.60%	0.51%	6.10%	-5.33%	-11.90%
US IG Corporate	0.38%	2.30%	-1.13%	4.08%	-0.11%	-6.58%
Treasuries	-1.01%	0.00%	-5.14%	0.00%	3.12%	0.00%

GAAT Sector Return Forecasts provide base, bull and bear projections

What are our views?

	Total	USD Term Structure	USD IG Credit	USD Securitized	USD Emerging	USD Treas/Agcy	Residual	All Foreign	US Gov
90 Rec. (8/90 - 10/90)	-1.93	-0.81	-0.82	0.11	0.00	0.00	0.00	-0.04	0.00
90 Recov. (2/91 - 4/91)	0.83	-0.43	0.87	-0.05	0.00	-0.02	0.00	0.05	0.00
94 Fed Hike (2/94 - 1/95)	-1.50	-0.68	0.12	-0.21	0.00	0.01	0.00	-0.90	0.00
Asian Crisis (7/97 - 3/98)	-0.32	-0.09	-0.36	-0.03	0.00	-0.01	0.00	0.16	0.00
LTCM (8/98 - 10/98)							0.01	-0.18	-0.50
Sept 11 (9/01)							0.00	-0.08	-0.39
WorldCom (4/02 - 7/02)							0.00	-0.07	-1.28
WCom Recov. (11/02 - 4/03)							0.00	0.30	0.84
03 Rapid Selloff (7/03)							0.00	-0.10	0.24
04 Fed Hike (6/04 - 12/04)							-0.01	0.36	0.37
Leverage (12/06 - 5/07)	-0.16	-0.73	0.38	-0.12	-0.13	0.00	0.00	0.13	0.30
Subprime (7/07 - 8/07)	-1.20	-0.36	-0.85	0.21	0.13	0.02	0.00	-0.01	-0.35
Equity Selloff (11/07 - 2/08)	-3.61	-1.59	-2.15	0.43	0.20	0.05	0.01	0.03	-0.58
Black Swan (9/08 - 11/08)	-5.74	-0.09	-5.42	1.26	0.76	0.11	0.01	-0.54	-1.84
Euro Sovereigns Concerns (5/10)	-1.36	0.29	-1.29	0.06	0.14	0.00	0.00	-0.14	-0.43

Scenario Returns examines the impact to the portfolio of past known market events and GAAT forecasts

What if scenarios?

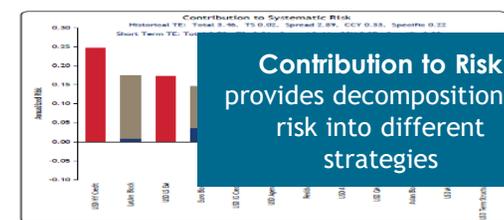
	100-day	Full/Partial
β to Total Bench Return (bps)	0.16	
β to Spread Excess Return (bps)	-0.35 / 0.23	
β to Corp Excess Return (bps)	-0.03 / 0.36	
β to US Treasury Curve		
β to MBS Excess Return		
β to ABS Excess Return		
β to CMBS Excess Return		

Beta Analytics measures the sensitivities of the portfolio to changes in yield curves, spreads, and currencies

What are our sensitivities?

Key Rate Durations	Account	Benchmark	Relative	Pft./Equity
6 Month	0.10	0.11	-0.01	Conv
2 year	0.43	0.68	-0.25	Canad
5 year	1.07	1.45	-0.38	Inter
10 Year	1.15	1.39	-0.24	Emer
20 Year	1.72	0.77	0.94	MUN
30 Year	1.73	0.64	1.09	Bank
	6.20	5.04	1.16	cash

Key Rate Durations provide curve sensitivities of the portfolio



Contribution to Risk provides decomposition of risk into different strategies

What are the sources of risk?

Charts are illustrative for presentation purposes only as a sampling of risk management tool output. Some or all of this information on these charts may be dated, and, therefore, should not be the basis to purchase or sell any securities. The information is not intended to represent any actual portfolio. Scenario analysis has inherent limitations and should not be viewed as predictive of future events. It relies on opinions, assumptions and mathematical models, which can turn out to be incomplete or inaccurate. Actual results will be different. Any investment that has the possibility for profits also has the possibility of losses, including the loss of principal.

credit research

PROPRIETARY RESEARCH: THE CORNERSTONE OF OUR INVESTING PROCESS

PEOPLE



- **70** investment professionals, led by **45** senior analysts averaging **19** average years of industry experience
- Credit analyst is a career position
- Team structure provides deep support to senior analysts

PROCESS



- Analysts perform rigorous fundamentally-driven credit analysis and develop relative value recommendations
- Industry coverage spans the credit spectrum
- Research is integrated into sector team process

PERFORMANCE



- Firm is widely recognized for credit research expertise
- Security selection helps contribute to long-term performance
- CFA Chapter on Credit Analysis authored by Director of Credit Research and select analysts

As of 3/31/2023.

investment process

OUR BEST BOTTOM-UP IDEAS

Portfolio Managers gain insight into individual credits using the broader Loomis Sayles research effort:

FUNDAMENTAL RESEARCH	SECTOR TEAM	TRADING	QUANTITATIVE RESEARCH RISK ANALYSIS (QRR)
<ul style="list-style-type: none"> Solvency analysis Business outlook Management/political 	<ul style="list-style-type: none"> Value of sector Subsector preference Preferred securities 	<ul style="list-style-type: none"> Liquidity Issuer rating/volatility Specific security volatility 	<ul style="list-style-type: none"> Fair value Portfolio construction Risk awareness

Each credit is viewed based on the following framework:

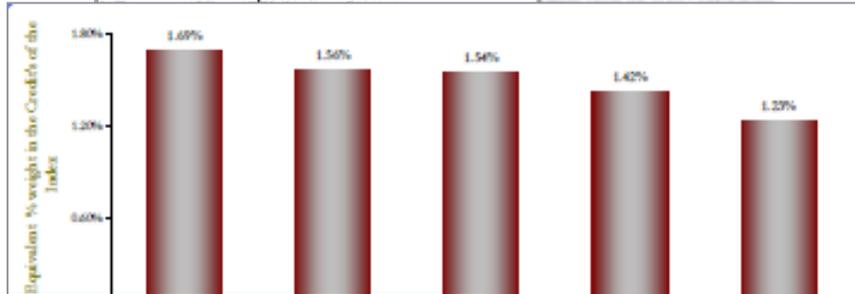
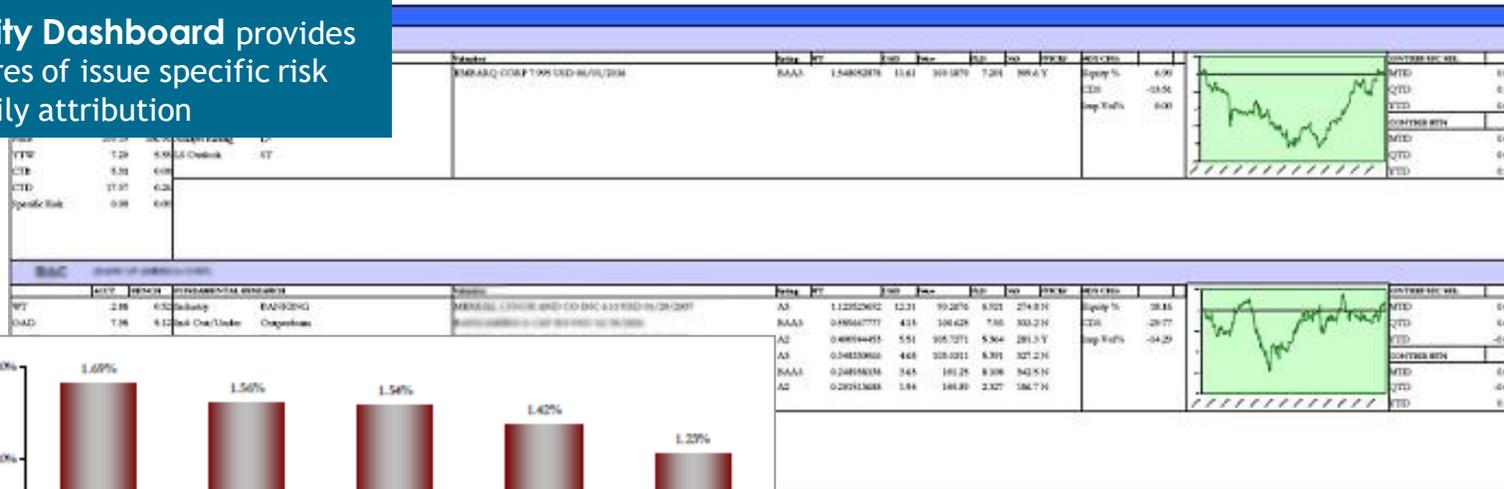
LS ISSUER RATING	INDUSTRY VALUATION	VALUATION BY ISSUER	ISSUER VOLATILITY	ISSUER LIQUIDITY	URV VALUATION
Higher: aaa aa a Lower: bbb	Overperform Market Underperform	Undervalued: 1 2 3 Overvalued: 4	Core Opportunistic Speculative	Very Liquid: 4 3 2 Less liquid: 1	

investment process

SOPHISTICATED RISK TOOLS USED TO IMPLEMENT & MONITOR BOTTOM UP VIEWS

Issuer exposures and attribution versus customized or standard benchmarks

Security Dashboard provides measures of issue specific risk and daily attribution



Issuer Decomposition provides multiple measures of issuer relative contribution to risk



Heat Map provides a daily issuer attribution summary



Charts are illustrative for presentation purposes only as a sampling of risk management tool output. Some or all of this information on these charts may be dated, and, therefore, should not be the basis to purchase or sell any securities. The information is not intended to represent any actual portfolio. Any investment that has the possibility for profits also has the possibility of losses, including the loss of principal.

risk oversight

COMPLIANCE

- Independent function that monitors all client guidelines daily
- Automated compliance system verifies pre-trade and post-trade compliance with client guidelines

PEER REVIEW PROCESS

- Quarterly review of product strategies, risk exposure, and account dispersion
- Chaired by the Chief Investment Risk Officer (CIRO)

RISK MANAGEMENT COMMITTEE

- Reviews products performance, risks and dispersion across the Firm
- Independent of investment function and reports directly to the Board
- Chaired by Chief Executive Officer

Los Angeles City Employees' Retirement System

July 11, 2023

Presented by:

Gilbert Andrew Garcia, CFA
Managing Partner

Ruby Muñoz Dang
Partner

Karen H. Tass, CFA
Partner, Portfolio Manager

Five Houston Center
1401 McKinney Street, Suite 1600
Houston, TX 77010
Tel: (713) 853-2359

Ruby@GarciaHamiltonAssociates.com
www.GarciaHamiltonAssociates.com



GARCIA HAMILTON & ASSOCIATES



Awards/rankings may not represent client experiences and are not indicative of future performance. See Award Methodologies & Disclosures at end of this document for additional information on each award.

Biography



Gilbert Andrew Garcia, CFA

Managing Partner

Investment Experience: 38 Years

Firm Experience: 21 Years

Mr. Garcia received a B.A. in Economics from Yale University. After graduating in 1985, he joined Salomon Brothers in New York City where he became a Vice President specializing in mortgage-backed securities. In 1990, he moved to Houston to join former Mayor Henry Cisneros in building Cisneros Asset Management Company, ultimately becoming its President. In 2002, he joined Garcia Hamilton & Associates, and is the Firm's Managing Partner. Under his leadership, the Firm has grown from \$200 million in fixed income assets under management to over \$22 billion (as of March 31, 2023). As an ongoing CNBC contributor, Mr. Garcia regularly shares his insights into the bond market with consumers and investors.

Mr. Garcia most recently served as a member of the Treasury Advisory Committee on Racial Equity, a newly created FACA Committee convening under the U.S. Department of the Treasury to identify, monitor, and review aspects of the domestic economy that have directly and indirectly resulted in unfavorable conditions for Black, Latino, Asian Americans, and other persons of color. He served on two other FACA Committees with the SEC: the Fixed Income Market Structure Advisory Board and the Asset Management Advisory Committee, where he led the Diversity and Inclusion subcommittee. Mr. Garcia is the longest serving board member with Chairman Henry Kravis on the Board of Directors of SEO, a non-profit providing summer internships on Wall Street for minority undergraduates, and he was awarded SEO's Alumni Leadership Award in 2015 alongside other honorees, including the former mayor of New York City, Michael R. Bloomberg, and Co-Founder & Co-CEO of The Carlyle Group, David M. Rubenstein.

Mr. Garcia and GH&A have received numerous industry recognitions. The Firm recently received Pensions & Investments' Best Places to Work in Money Management for the sixth year (2022, 2020, 2019, 2018, 2017, 2016), and Emerging Manager Monthly has awarded the Firm Fixed Income Manager of the Year in 2019, 2018, and 2010. In 2022, Houston Business Journal recognized the Firm as an Outstanding Diverse Organization within their Diversity in Business Awards. Mr. Garcia was also recognized as a Diversity Champion in 2022 and 2021 for his promotion of diversity and inclusion in the Houston community. In 2020, Mr. Garcia received NASP's Maynard Holbrook Jackson, Jr. Award, which was established to honor the financial services professional who best exemplifies entrepreneurial achievement, community service, and high moral standards. In 2019, he was awarded Houston's Most Admired CEOs, and the Firm was ranked among Houston's Best Places to Work in 2018. Other past awards include the 2018 US Fixed Income Manager of the Year presented by Fundmap, Institutional Investor's Intermediate-Term Fixed Income Manager of the Year in 2016 and 2015, and Institutional Investor's 2014 Fixed Income Investment Grade Manager of the Year. In 2018, Mr. Garcia was co-chair for the Susan G. Komen Race for the Cure. The same year, he was awarded "Male Entrepreneur of the Year 2018" by the Houston Hispanic Chamber of Commerce. Mr. Garcia was recognized by American Jewish Committee Houston (AJC Houston) with the Human Relations Award in 2016.

In 2022, Mr. Garcia was the Co-Grand Marshall of the 44th Annual Martin Luther King Jr. parade in Houston, Texas. From 2010 - 2016, Mr. Garcia served as Chairman of the Metropolitan Transit Authority of Harris County where he implemented the "Garcia Rule," which requires at least one diverse investment manager be included in every asset class search. Under his leadership, METRO received transparency awards and earned the 2015 APTA Award for Outstanding Public Transportation System Achievement. Mr. Garcia recently served as a member of the Board of Trustees for Dallas Police & Fire Pension System. He was previously a member of the Board of Directors of the Yale Club of Houston as well as of the Board of Trustees of the Houston Municipal Employees Pension System, and he served as Secretary of the Board of Directors of the Houston Downtown Management District for 13 years. In addition, he is a Class X graduate of Leadership Houston. Mr. Garcia is married with four children.

Biography



Ruby Muñoz Dang

Partner, Director of Marketing and Client Services
Investment Experience: 30 Years
Firm Experience: 28 Years

Ms. Dang received a B.A. in Finance from the University of Houston-Downtown in 1994. Following graduation, she joined Garcia Hamilton & Associates as a Portfolio Administrator. Over the years, she has held a variety of investment positions including Equity Trader, Equity Research Analyst, and Assistant Equity Portfolio Manager. In January of 2014, Ms. Dang was promoted to Director of Marketing and Client Services. She became a Partner of the Firm in 2014.

Ms. Dang and her team are responsible for fulfilling client inquiries and providing portfolio information. Additionally, they work closely with the consultant community and co-coordinate the Firm's participation in educational forums and conference presentations.

Ms. Dang currently serves on the investment advisory committee for the Employees Retirement System of Texas Fund and previously served as a Trustee for the Metropolitan Transit Authority of Harris County Non-Union Pension Plan & Trust. Furthermore, she has spoken on numerous panels and forums related to market and pension issues. Due to education being so important in her life, she devotes considerable time to mentoring high school and college students. She is active in her kids' school, volunteering for various activities.



Karen H. Tass, CFA

Partner, Portfolio Manager
Investment Experience: 18 Years
Firm Experience: 12 Years

Ms. Tass graduated Magna Cum Laude from Texas A&M University in 2002 with a B.A. in International Studies and a minor in Business. In August 2010, she earned an M.B.A. from University of Houston's Bauer School of Business along with a Graduate Certificate in Financial Services Management. In 2005, she was a Real Estate Analyst with the Situs Companies. In this role, she conducted due diligence and executed financial underwriting models for CMBS securities, and she also performed residential and commercial real estate asset valuations and mortgage analysis. In 2009, she worked for the Cougar Investment Fund, LLC as an Analyst and a Portfolio Manager.

Ms. Tass joined Garcia Hamilton & Associates in June of 2010 as a Fixed Income Analyst. She was promoted to Fixed Income Portfolio Manager in 2013 and oversees all corporate bonds and other portfolio implementations. Ms. Tass became a Partner of the Firm in 2016.

Ms. Tass is a Chartered Financial Analyst (CFA) charterholder. She is a member of the CFA Institute as well as the Houston Society of Financial Analysts. Ms. Tass was a winner of the 2010 Investment Research Challenge-Southwest U.S.

Partners

INVESTMENT TEAM



GILBERT ANDREW GARCIA, CFA
Managing Partner
Year Hired: 2002
Ownership: 29.2%



KAREN H. TASS, CFA
Portfolio Manager
Year Hired: 2010
Ownership: 5.7%



NANCY RODRIGUEZ
Portfolio Manager
Year Hired: 1998
Ownership: 4.2%



JEFFREY D. DETWILER, CFA, AAMS
Portfolio Manager
Year Hired: 2007
Ownership: 5.6%



BENJAMIN D. MONKIEWICZ
Portfolio Manager
Year Hired: 2010
Ownership: 2.0%



DON ELSENBROCK
Portfolio Manager, Strategist
Year Hired: 2014
Ownership: 1.9%



YVETTE M. DUEÑAS
Portfolio Manager
Year Hired: 2016
Ownership: 1.8%



MARK R. DELANEY, CFA
Senior Portfolio Manager, Strategist
Year Hired: 2021
Ownership: 1.3%



CONNIE FALCON DAVIS
Investment Analyst
Year Hired: 2012
Ownership: 1.0%

CLIENT SERVICE & MARKETING



JANNA HAMILTON
Marketing and Client Services
Year Hired: 1994
Ownership: 14.9%



RUBY MUÑOZ DANG
Director of Marketing and Client Services
Year Hired: 1995
Ownership: 15.0%



STEPHANIE J. ROBERTS
Marketing and Client Services
Year Hired: 2000
Ownership: 5.8%



MORGAN DOYLE
Client Relations Manager
Year Hired: 2014
Ownership: 2.5%



MARCUS SMITH
Vice President of Marketing and Client Services
Year Hired: 2021
Ownership: 1.1%

ADMINISTRATIVE DEPARTMENTS



KEVIN LUNDAY, CPA
Chief Operating Officer
Year Hired: 2007
Ownership: 4.4%



BETH L. MCWILLIAMS
Chief Compliance Officer
Year Hired: 1994
Ownership: 1.7%



GARY MONTGOMERY
Systems Manager
Year Hired: 2007
Ownership: 1.9%

Fixed Income Investment Team



**GILBERT ANDREW
GARCIA, CFA**

*Managing Partner
Portfolio Manager*
Year Hired: 2002
Ind. Experience: 38 yrs



**KAREN H.
TASS, CFA**

*Partner
Portfolio Manager*
Year Hired: 2010
Ind. Experience: 18 yrs
Coverage: Corporates



**NANCY
RODRIGUEZ**

*Partner
Portfolio Manager*
Year Hired: 1998
Ind. Experience: 36 yrs
Coverage: Team Oversight



**JEFFREY D.
DETWILER, CFA, AAMS**

*Partner
Portfolio Manager*
Year Hired: 2007
Ind. Experience: 27 yrs
Coverage: Short Term



**BENJAMIN D.
MONKIEWICZ**

*Partner
Portfolio Manager*
Year Hired: 2010
Ind. Experience: 13 yrs
Coverage: MBS/Agencies



**DON
ELSENBRACK**

*Partner
Portfolio Manager, Strategist*
Year Hired: 2014
Ind. Experience: 31 yrs
Coverage: Strategist/
Short Term



**YVETTE M.
DUEÑAS**

*Partner
Portfolio Manager*
Year Hired: 2016
Ind. Experience: 16 yrs
Coverage: Municipals



**MARK R.
DELANEY, CFA**

*Partner
Senior Portfolio Manager,
Strategist*
Year Hired: 2021
Ind. Experience: 42 yrs
Coverage: US TIPS,
Municipals



**BRIAN
SIMON**

Investment Analyst
Year Hired: 2003-2007,
2018
Ind. Experience: 25 yrs



**REESE
WELLER**

Investment Analyst
Year Hired: 2017
Ind. Experience: 23 yrs
Coverage: Municipals



**CONNIE
FALCON DAVIS**

*Partner
Investment Analyst*
Year Hired: 2012
Ind. Experience: 11 yrs
Coverage: Analytics

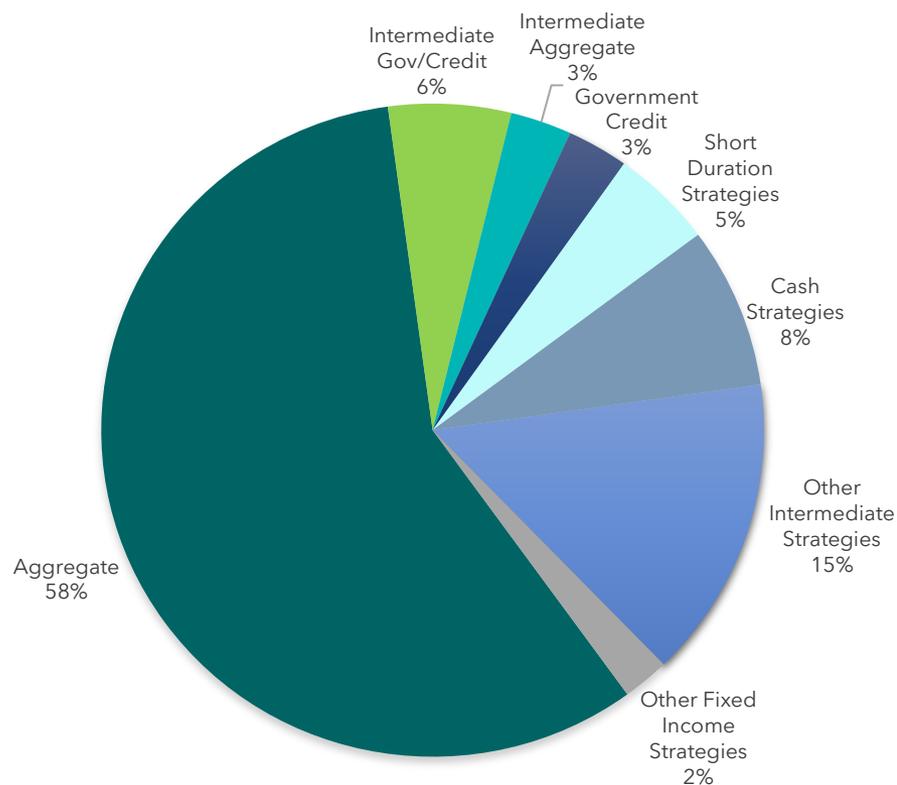


**JAZMINE
DANIELS**

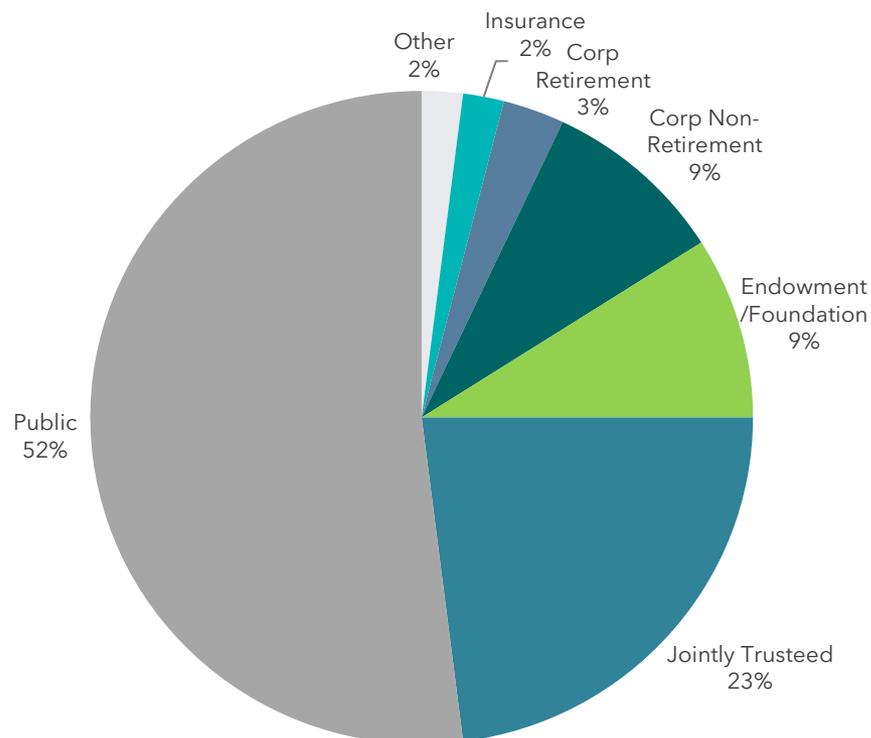
Junior Analyst
Year Hired: 2020
Ind. Experience: 3 yrs

Asset Breakdown

By Type



By Client



Assets Under Management

GARCIA HAMILTON & ASSOCIATES, L.P.	
ASSETS UNDER MANAGEMENT (As of March 31, 2023)	
STRATEGY	AUM (in MM)
Fixed Income - Aggregate	\$12,913
Fixed Income - Intermediate Government/Credit	\$1,440
Fixed Income - Government/Credit	\$594
Fixed Income - Intermediate Aggregate	\$593
Fixed Income - Short Duration Government/Credit	\$461
Fixed Income - Short Duration Opportunistic	\$327
Fixed Income - Short Duration Government	\$33
Fixed Income - Cash	\$739
Fixed Income - Other*	\$4,961
TOTAL FIRM AUM	\$22,061

*Includes: FI - Intermediate Municipal, FI - Credit 1-5, FI - Cash Government, FI - TIPS,
FI - Intermediate Aggregate X Credit, FI - Intermediate Government, FI - BBAA+, FI - Government/Credit 1-5,
FI - Short Treasury, FI - 1-Year Treasury, FI - Unconstrained, FI - Custom, FI - LDI, and FI - Intermediate Treasury

Representative Client List

PUBLIC FUNDS

City of Annapolis Police & FF, MD
Arkansas Local Police & FF, AR
 Arkansas State Highway ERS, AR
 City of Atlanta Police, GE & FF, GA
Town of Bay Harbor Islands ERS, FL
 Beaumont FF, TX
Boynton Beach GE, FL
 California Earthquake Authority, CA
 California Wildlife Fund, CA
 Cambridge Retirement System
 City of Cape Coral Police & FF, FL
 Capital Metropolitan Transportation Authority, TX
 Chicago FF Annuity & Benefit, IL
 Chicago Municipal Annuity & Benefit, IL
 Chicago Police Annuity & Benefit, IL
Chicago Public Schools, IL
 Chicago Transit Authority, IL
 College of Micronesia Land Grant, FM
 Coral Gables RS, FL
City of Coral Springs Police & FF, FL
Corpus Christi FF, TX
 County Employees' & Officers' Annuity and Benefit Fund of Cook County, IL
Dallas Area Rapid Transit, TX
Town of Davie Police & FF, FL
 City of Deerfield Beach FF, FL
 City of Deerfield Beach Police, FL
City of DeLand Police, FL
 Delaware River and Bay Authority, DE
 Delray Beach GE, FL
 City of Detroit General Health Care, MI
 Detroit Retirement Protection Trust, MI
 DFW International Airport, TX
 East Bay Municipal Utility District ERS, CA
 El Paso Fire & Police Pension Fund, TX
 Englewood Area FF, FL
 ERF of the City of Dallas, TX
 ERS of Baltimore County, MD
City of Evanston Police, IL
 Fairfax County Uniformed RS, VA
City of Fort Lauderdale GE, FL
City of Fort Myers Police, FL
City of Fort Walton Beach GE, FL
City of Fort Walton Beach Police & FF, FL
 FSM Social Security Administration, FM
 General RS of the City of Detroit, MI
 Government of Guam, GU
 Greater Orlando Aviation Authority, FL
City of Hialeah FF, FL
Hollywood FF & Police, FL
 Illinois State Board of Investment, IL
 Illinois Student Assistance Commission, IL
Jackson County ERS, MI
 City of Jacksonville Beach, FL
Lake Worth FF, FL
 City of Lakeland, FL
 Lantana Police & FF, FL

Los Angeles City Employees' Retirement System, CA
 Macon-Bibb County, GA
 Maryland-National Capital Park and Planning Commission, MD
 Medford RS, MA
City of Melbourne Police & FF, FL
 City of Memphis Retirement System, TN
 Metropolitan Water Reclamation District, IL
 Miami GE & Sanitation ERS, FL
City of Miramar Police, FL
 Municipality of Anchorage, AK
 MWRA ERS, MA
NC Association of County Commissioners, NC
 Nevada Tuition Program, NV
City of New Port Richey Police, FL
City of North Miami Beach Police, GE & FF, FL
 City of North Miami GE & Police, FL
 Northern Marianas College, MP
City of Oakland Park Police & FF, FL
City of Ocoee Police & FF, FL
 Oklahoma FF, OK
 Orlando Utilities Commission, FL
City of Ormond Beach Police, GE & FF, FL
 Overland Park Police & FF, KS
 Palm Beach County FF, FL
City of Palm Beach Gardens FF, FL
 Town of Palm Beach RS, FL
Village of Palm Springs GE & Police, FL
 City of Pembroke Pines, FL
 Pennsylvania Turnpike Commission Retiree Medical Trust, PA
 City of Pensacola GE & FF, FL
Philadelphia Gas Works, PA
Philadelphia Public ERS, PA
 City of Pinellas Park Police, GE & FF, FL
 City of Plantation Police, FL
City of Pontiac Police & FF, MI
Prince George's County Police & FF, MD
 Prince William County Police & FF, VA
 City of Punta Gorda Police & GE, FL
 Rantoul Police, IL
Republic of Palau Civil Service, Palau
 Republic of Palau COFA Trust, Palau
City of Riviera Beach Police & GE, FL
 Road Commission for Oakland County, MI
 City of Roanoke, VA
 City of Rockledge Police, GE & FF, FL
 City of Sanford Police, FL
 City of Sanford FF, FL
 Santa Barbara County ERS, CA
 City of Sarasota Police, FL
City of Sebring Police, FL
 South Walton Fire Control District FF, FL
 City of St. Cloud Police, GE & FF, FL
 City of St. Louis FF, MO
 St. Petersburg Police, FL
 State Universities RS, IL
Sunrise Police, FL
 City of Tamarac FF, FL

City of Tarpon Springs Police, FL
Teachers' Retirement System, IL
City of Temple Terrace Police & FF, FL
 Village of Tequesta Public Safety Officers, FL
City of Titusville Police & FF, FL
 Travis County ESD #6 FF, TX
 Tyler Firefighter's Relief and Retirement, TX
 Utrik Atoll, Marshall Islands, MH
City of Venice Police & FF, FL
City of Vero Beach Police, FL
 City of West Melbourne Police, FL
 City of West Palm Beach FF, FL
City of West Palm Beach GE & Police, FL
 City of Westland Police & FF, MI
City of Wilton Manors Police & GE, FL
City of Winston-Salem, NC
 City of Winter Garden Police, GE & FF, FL
 City of Winter Haven Police, FL
 Wood Dale Police, IL
 The Woodlands FF RS, TX
 Yap State Trust Fund, FM

CORPORATIONS

2Life Communities, Inc., MA
 Academy of Motion Pictures and Sciences, CA
 Air Force Association, VA
 American Baptist Home Mission Society, PA
 American Quarter Horse Association, TX
American Speech-Language-Hearing Association, MD
 Amerlodge Group LLC, MI
 AOA Deposit and Loan Fund LLC, GA
 Archbold Medical Center, Inc., GA
Archdiocese of Portland, OR
 The Art Students League of New York Inc., NY
 Asbury University, KY
Attorneys' Liability Assurance Society Ltd., IL
 Banner Health, AZ
 Baptist Health Foundation, AR
 Bedford Fund, QUE
 Bethesda, Inc./TriHealth, OH
 Bivium Capital Partners, LLC
 The BridgeSPAN Group, MA
 Bridgewater College
 Brooklyn Museum, NY
 Catholic Education of North Georgia, GA
 Caymich Insurance, CI
Century Insurance Company Ltd., GU
 Church Extension Fund of the Michigan District, MI
 City Public Service Decommissioning Trust, TX
 Construction Association of Michigan, MI
Crime Stoppers of Houston, TX
 Delta Dental Plan of New Hampshire, Inc., NH
 D.W. McMillan Hospital/Escambia County Healthcare, AL
 Earthjustice, CA
 Equal Justice Initiative, AL
 Fairfield Medical Center, OH
 FSM Development Bank, FM
 Harvard Pilgrim Health Care, Inc
 Health Quest Systems, Inc, CT
 H.N.S. Management Co., Inc., CT
 Iliff School of Theology
 Institute of Contemporary Art of Boston, MA
 Illinois College, IL
 John P. McGovern Museum of Health & Medical Science, TX
 KEW Management Investor, NY
 The Los Angeles LGBT Center
 Maryland Medicine Self Insurance Trust, MD
 McNay Art Museum, TX
 Meritus Medical Center, Inc., MD
 Meyer Memorial Trust, OR
 Micronesia Conservation Trust, FM
Naples Community Hospital Healthcare System, FL
 New York Power Authority, NY
 Nissan Motor Co., Ltd., TN
 Northwood University, MI
 Operators Reinsurance Company, CI
 The Orange Bowl Committee, Inc
 Pacific Indemnity Insurance Company, GU
 Paradigm Indemnity Corporation, OR
 Pine Street Inn, Inc
 Pheasants Forever, MN
 Penn Highlands Healthcare, PA
 Poor Handmaids of Jesus Christ Community Support Trust, IN
 Public Broadcasting Service, VA
 Quality Alliance Assurance Company, Ltd., CI
 RJ McElroy Trust, IA
 Roman Catholic Archdiocese of Atlanta, GA
 Rush University Medical Center, IL
 Serve Insurance Ltd., CI
 Silicon Laboratories Inc., TX
 St. Xavier High School, Inc., OH
 Stetson University, Inc., FL
STP Nuclear Operating Company, TX
 Strategic Investment Fund for La Raza, DC
 Stryker Pumps (US) Inc., TX
 Sweeny Community Hospital, TX
 Tufts Medical Center, Inc, MA
 UnidosUS, DC
 Union Presbyterian Seminary, VA
 United Board for Christian Higher Education in Asia, NY
 University Athletic Association, Inc., GA
 University of Arizona Academic Emergency Trust, AZ
 The University of Findlay, OH
 University of Mary, ND
 University of Maryland Medical System, MD
 University of Rio Grande, OH
 Wadsworth Atheneum Museum of Art
 The Walters Art Gallery, MD
 Western Connecticut Health Network Inv., CT
 The Widows Corporation, PA
 The Corporation of Yaddo

ENDOWMENTS/FOUNDATIONS

1889-CHS Foundation, Inc., PA
 All Church Home for Children Foundation, TX
 American Quarter Horse Foundation, TX
 Bakersfield College Foundation, CA
 Baptist Health Foundation of San Antonio, TX
 Barnabas Foundation Common Trust, IL
Board of Higher Education and Ministry, The United Methodist Church, TN
 The Boyd and Joan Kelley Charitable Foundation, VA
 Boys and Girls Club of Wichita Falls, TX
 The Briarwood School, TX
 Brookwood Endowment, Inc., TX
 Catholic Community Foundation of Minnesota, MN
 Central Indiana Community Foundation, Inc., IN
 Charles Hayden Foundation, NY
 The Children's Home Foundation, TX
 Colorado State University Foundation, CO
 Community Foundation of Greater Memphis, TN
 The Community Foundation for Northeast Florida, Inc., FL
 Community Foundation of Greater Flint, MI
 The Community Foundation of Herkimer & Oneida Counties, NY
 Curtis Institute of Music, PA
 Denver Foundation, CO
 E. Rhodes and Leona B. Carpenter Foundation, PA
 East Bay Community Foundation, CA
 East Texas Medical Center Foundation, TX
 Embry Riddle Aeronautical University, FL
 Endowment for Health, Inc., NH
 Florida A&M University Foundation, FL
 Fort Hays State University Foundation, KS
 Genesis Healthcare Foundation, IA
 Gilbert Family Foundation, MI
 Greater Milwaukee Foundation, Inc., WI
 Guam Community College Foundation, GU
 Hartford Foundation for Public Giving, CT
 Marin Community Foundation, CA
 Mary Institute & St. Louis Country Day School, MO
 Mary Louise Curtis Bok Foundation, PA
 McDaniel College, Inc., MD
Medical University of South Carolina Foundation, SC
 Million Dollar Round Table Foundation
 Morris Goldseker Foundation of Maryland, MD
 National Fish and Wildlife Foundation
 National Recreation Foundation, NY
 The Nea Foundation for the Improvement of Education
 Nellie Mae Education Foundation, MA
 University of Northern Iowa, IA
 Northfield Mount Hermon School, MA
 PBS Endowment, VA

The Poetry Foundation, IL
 The Ralph C. Wilson, Jr. Foundation, MI
 Racine Community Foundation Inc., WI
 Rhode Island Community Foundation, RI
 San Francisco Foundation, CA
 Sarah Campbell Blaffer Foundation, TX
 Seattle Foundation, WA
 Silicon Valley Community Foundation, CA
 Special Operations Warrior Foundation, GA
Tallahassee Memorial Healthcare Foundation, Inc., FL
 Triangle Community Foundation, NC
University of Guam Endowment, GU
 University of Hartford, CT
 Westminster Canterbury, VA
White's Residential & Family Services Endowment, IN
 Wichita Falls Area Community Foundation, TX
 Xavier University of Louisiana, LA
 Youngstown State University Foundation, OH

TAFT-HARTLEY & UNION

Bricklayers of Indiana, IN
 Cement Masons Pension Trust Fund for Northern California, CA
 Central Illinois Carpenters Retirement, IL
 District 1199J New Jersey Healthcare Employers, NJ
IBEW Local Union #129, OH
IBEW Local Union #351, NJ
 Indiana Electrical Workers Pension Trust, IN
 Indianapolis Bricklayers Pension, IN
 Local 665 IATSE Annuity, HI
MARTA/ATU Local 732, GA
 The Mason Tenders District Council of Greater New York and Long Island, NY
 Northern California General Teamsters, CA
 Palm Tran, Inc./ATU Local 1577, GA
Plumbers Local Union #68, TX
Roofers Local 149 Security Benefit Trust, MI
Sacramento Area Electrical Workers, CA
San Mateo HERE, CA
 Service Employees International Union Health and Welfare Fund, DC
 Sheet Metal Air, Rail, and Transportation Association Local #33, OH
Sheet Metal Workers Health Plan, CA
 Sheet Metal Workers Pension Plan, CA
 Teamsters Local Union #35, NJ
 WMATA/Local 922 Retirement Plan, DC

OTHER

American Beacon Garcia Hamilton Quality Bond (Mutual Fund), TX
 Garcia Hamilton Quality Aggregate Bond, LP, TX
 Garcia Hamilton ESG Core Bond Fund

Clients retained for 10 to 15 Years (Highlighted in green) **Clients retained for 15 years or more (Highlighted in red)**

This representative client list is provided for informational purposes only and should not be construed as an endorsement of our services. These clients were chosen for name recognition and may be invested in products other than those included in the presentation.

Investment Goal

INVESTMENT GOAL

Our goal is to outperform the benchmark, net of fees, over a full market cycle using a high-quality strategy with less risk. By setting realistic expectations, we avoid taking unnecessary risks.

Core Principles

- Preserve Principal
- Maintain Liquidity
- Provide High Current Income
- Be Responsible Citizens

Key Tools

- Sector Rotation
- Controlled Interest Rate Anticipation
- Yield Curve Positioning

Investment Style

High-Quality

- Portfolio dominated by US Treasuries, agency debentures and agency guaranteed MBS
- Corporate securities rated A- or better
- Spread product exclusively in the short to intermediate maturities to reduce volatility

No Big Surprises

- No foreign bonds/yankees
- No BBB rated securities
- No sin names - tobacco, gambling, alcohol, firearms
- No derivatives
- No leverage/dollar rolls
- No pricing overrides
- Maintain a manageable number of securities
- No soft dollars

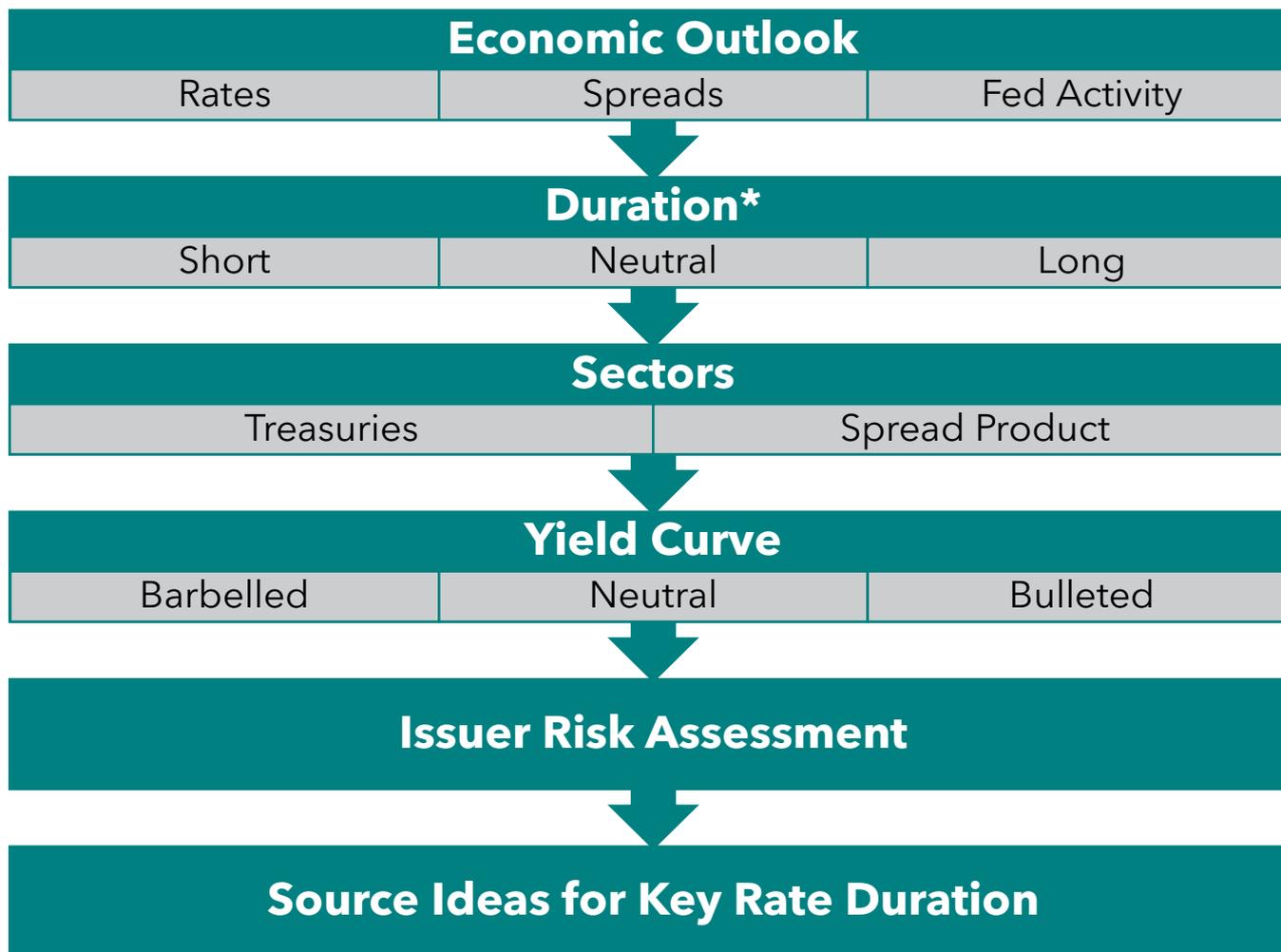
Flexibility

- Actively rotating sectors
- Actively managing yield curve
- Exploiting smaller markets

Risk Controls

- Percentage sector allocation
- Duration contribution by sector
- Credit reviews
- Yield curve
- Performance attribution
- Peer group performance monitoring
- Issuer risk assessment

Portfolio Construction

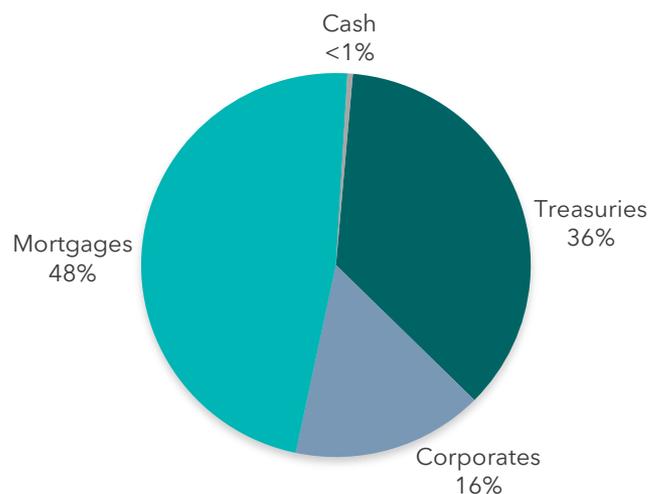


*The firm normally operates in a duration range of +/- 10% of the benchmark index duration for all mandates, excluding 1-3 and cash mandates. In extreme market environments, the firm operates in a duration range of +/- 25%.

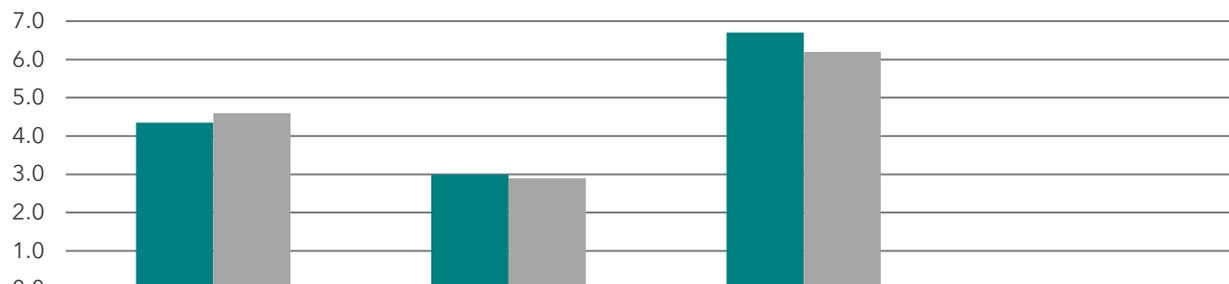
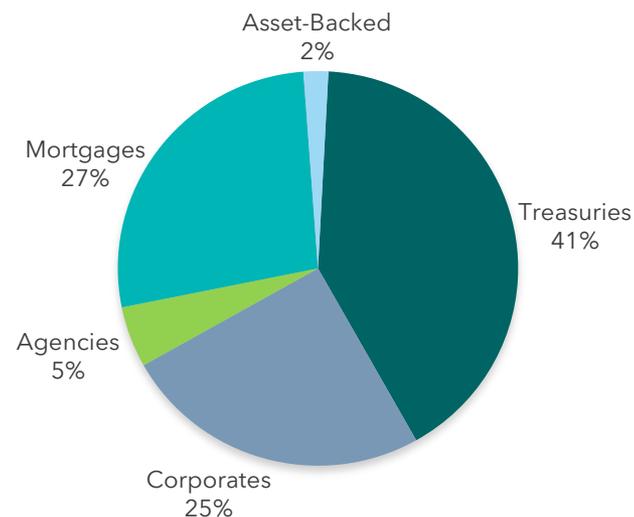
Fixed Income Portfolio Characteristics

Los Angeles City Employees' Retirement System

Portfolio



Bloomberg US Aggregate



	Average YTM	Average Coupon	Average Duration	Average Quality
■ Portfolio	4.4	3.0	6.7	AA+
■ Bloomberg US Aggregate	4.6	2.9	6.2	AA1/AA2

Risk Tools

Los Angeles City Employees' Retirement System

Duration Contribution		Treasury	Agency	Corp	MBS	ABS	Sum
Dec '22	Portfolio	3.52	0.00	1.17	2.10	0.00	6.79
	Bloomberg US Aggregate	2.47	0.27	1.70	1.59	0.09	6.12
May '23	Portfolio	3.50	0.00	0.82	2.38	0.00	6.70
	Bloomberg US Aggregate	2.52	0.27	1.73	1.63	0.09	6.24

Quality Distribution (%)		AAA	AA	A	BBB
Dec '22	Portfolio	78.19	0.00	21.81	0.00
	Bloomberg US Aggregate	73.28	3.11	11.00	12.61
May '23	Portfolio	83.91	0.00	16.09	0.00
	Bloomberg US Aggregate	72.89	3.04	11.61	12.46

May Performance

Los Angeles City Employees' Retirement System

PORTFOLIO COMPOSITION

	Market Value	Pct. Assets
FIXED INCOME	373,740,837.86	99.7
CASH	1,303,182.59	0.3
Total	375,044,020.45	100.0

CHANGE IN PORTFOLIO

Portfolio Value on 03-31-23	377,833,941.72
Accrued Interest	1,637,940.46
Net Additions/Withdrawals	-1,857,809.22
Realized Gains/Losses	115,301.52
Unrealized Gains/Losses	-4,678,103.52
Income Received	1,763,038.85
Portfolio Fees	-121,816.80
Change in Accrued Interest	351,527.45
Portfolio Value on 05-31-23	373,054,552.55
Accrued Interest	1,989,467.91

Total	375,044,020.45
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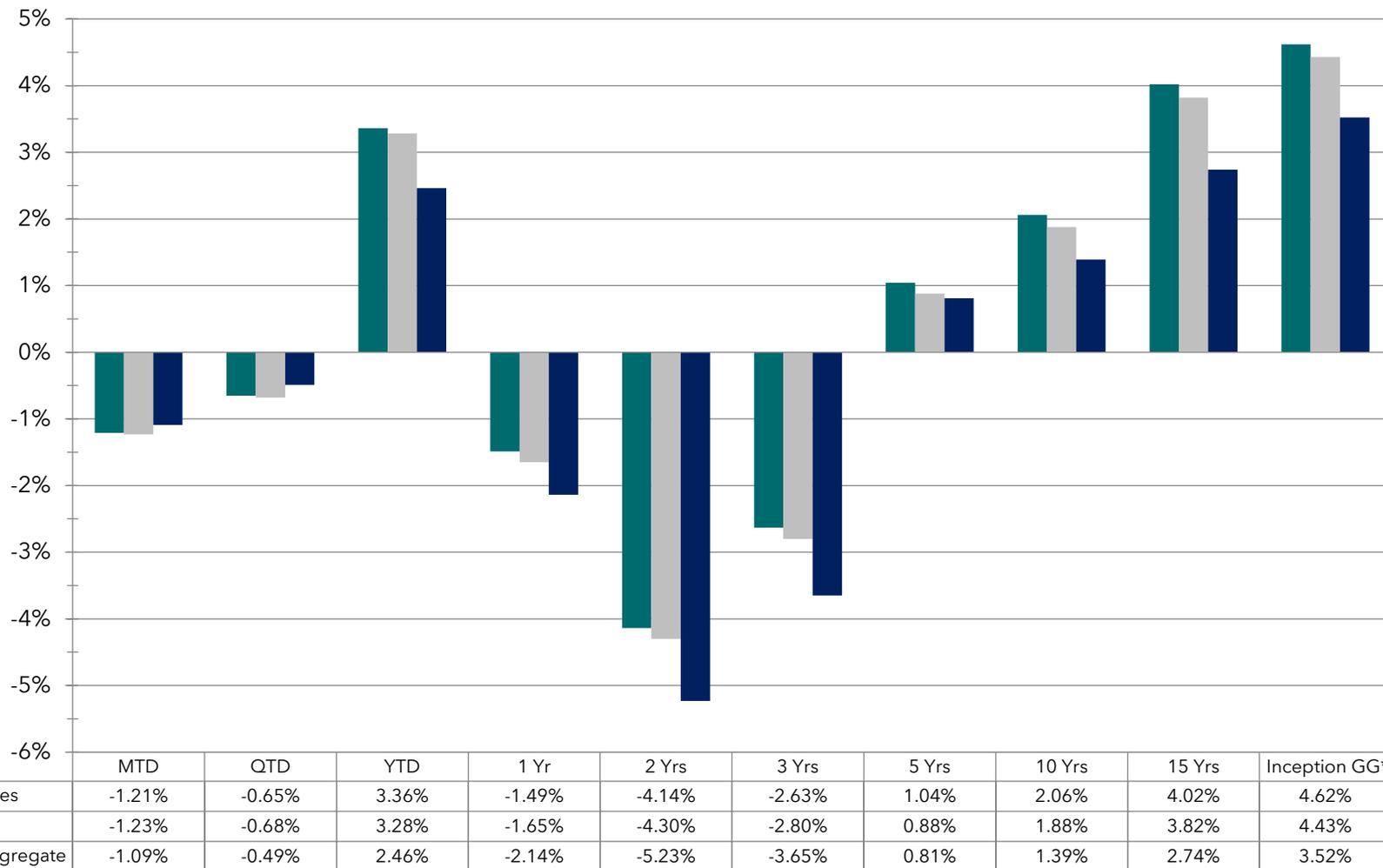
TIME WEIGHTED RETURN

	Month To Date	Quarter To Date	Year To Date	One Year	Annualized Inception 06-30-21 To Date
Gross of Fees	-1.23	-0.65	3.38	-1.58	-4.49
Net of Fees	-1.27	-0.68	3.31	-1.71	-4.61
Bloomberg US Aggregate	-1.09	-0.49	2.46	-2.14	-5.79

Our Form ADV disclosure document is available upon request. We urge you to compare account statements that you receive from us with the account statements that you receive from your custodian. Past performance is no guarantee of future results. See disclosures for other relevant information. Client Use Only.

Fixed Income - Aggregate Composite Returns

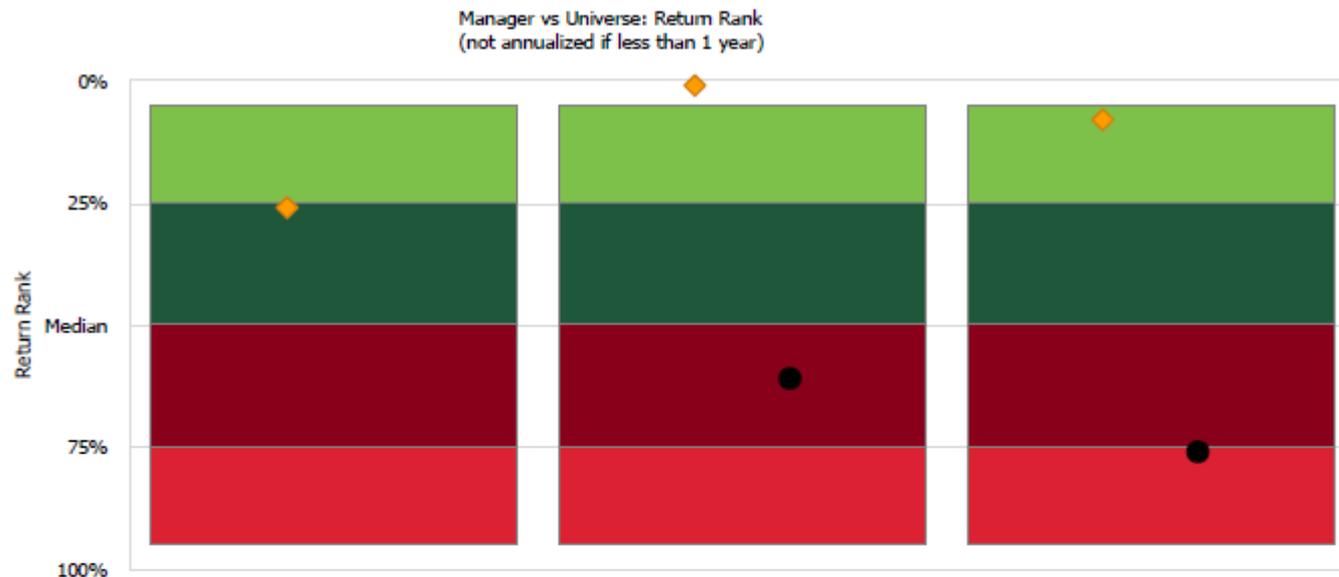
Comparative Annualized Rates of Return



Periods longer than 12 months are annualized.

*Gilbert Garcia management inception March 31, 2002

LACERS Performance and Risk Assessment

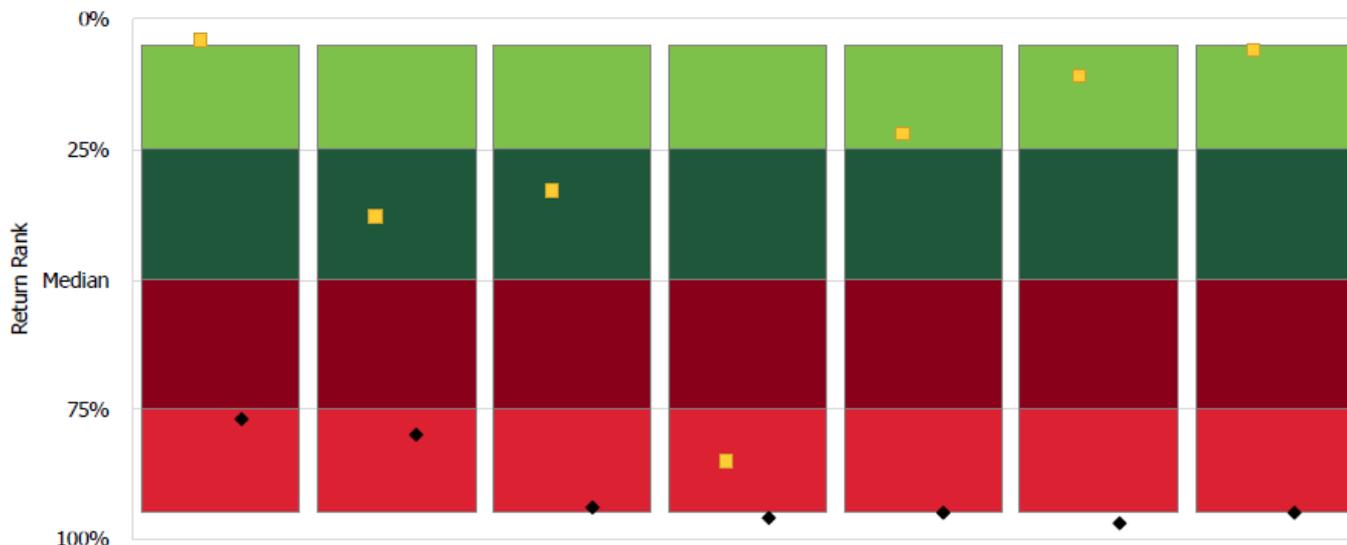


Universe: eVestment US Core Fixed Income (Percentile)

	Information Ratio Since Inception 1.92 Years		Sharpe Ratio Since Inception 1.92 Years		Returns Since Inception 1.92 Years	
		Rk		Rk		Rk
5th percentile	1.16		-0.93		-3.58	
25th percentile	0.76		-0.97		-5.21	
Median	0.39		-1.01		-5.55	
75th percentile	0.01		-1.05		-5.79	
95th percentile	-0.66		-1.13		-6.39	
# of Observations	149		149		149	
◆ LACERS Core Fixed Income	0.75	26	-0.76	1	-4.50	8
● Bloomberg US Aggregate	---	---	-1.03	61	-5.80	76

GH&A Fixed Income Aggregate Composite vs eVestment Core Fixed Income Universe

Manager vs Universe: Return Rank
(not annualized if less than 1 year)



Universe: eVestment US Core Fixed Income (Percentile)

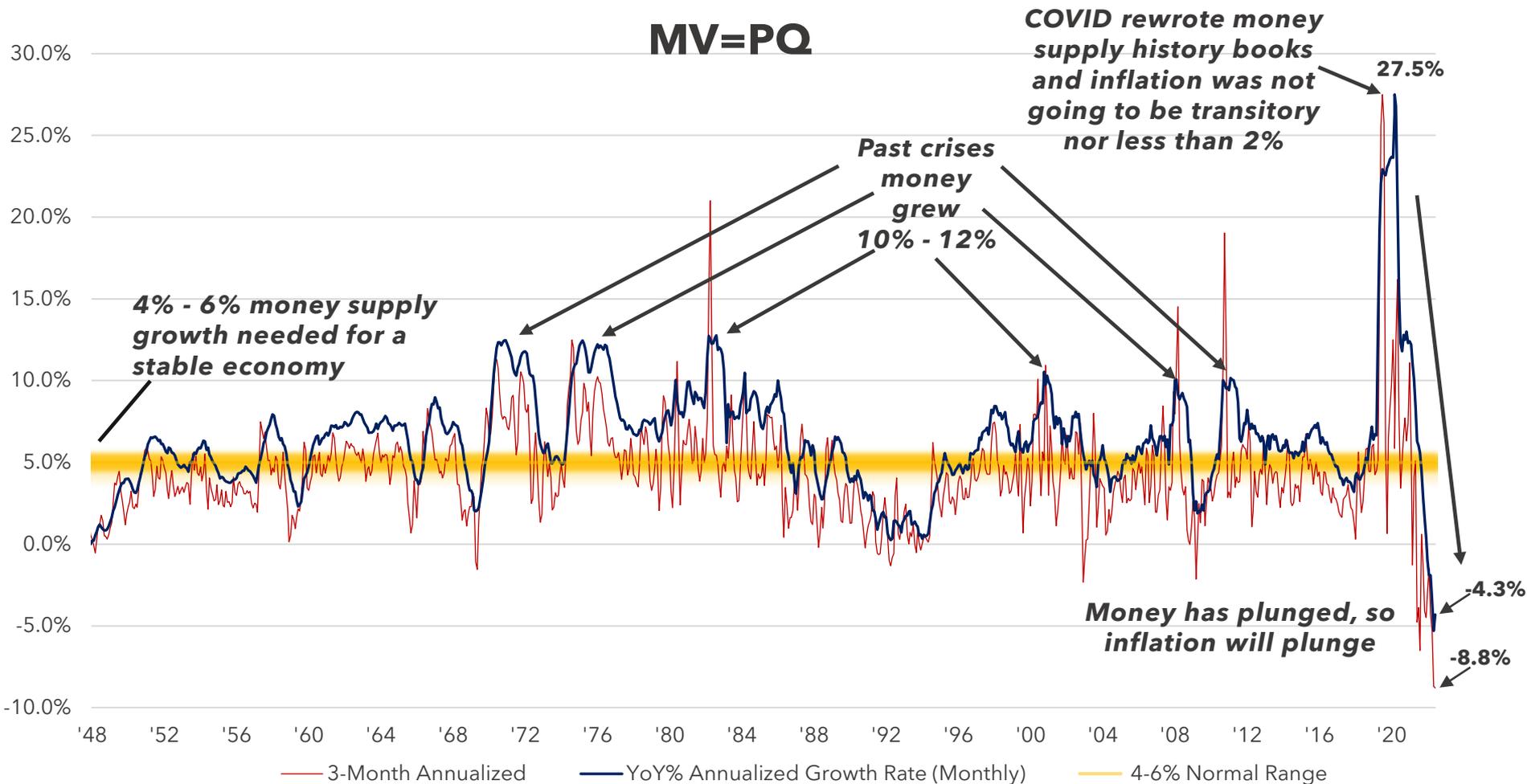
	YTD		1 Year		3 Years		5 Years		10 Years		15 Years		20 Years	
		Rk		Rk		Rk		Rk		Rk		Rk		Rk
5th percentile	3.24		-0.30		-1.66		2.00		2.37		4.22		4.19	
25th percentile	2.90		-1.28		-2.45		1.60		2.05		3.69		3.74	
Median	2.66		-1.65		-2.92		1.32		1.84		3.38		3.49	
75th percentile	2.48		-2.00		-3.22		1.12		1.66		3.17		3.28	
95th percentile	2.12		-2.52		-3.69		0.83		1.39		2.79		3.00	
# of Observations	150		150		145		139		128		113		102	
Garcia Hamilton Fixed Income Aggregate	3.36	4	-1.50	38	-2.63	33	1.04	85	2.05	22	4.01	11	4.16	6
Bloomberg US Aggregate	2.46	77	-2.14	80	-3.65	94	0.81	96	1.39	95	2.74	97	3.02	95

Attribution

Los Angeles City Employees' Retirement System

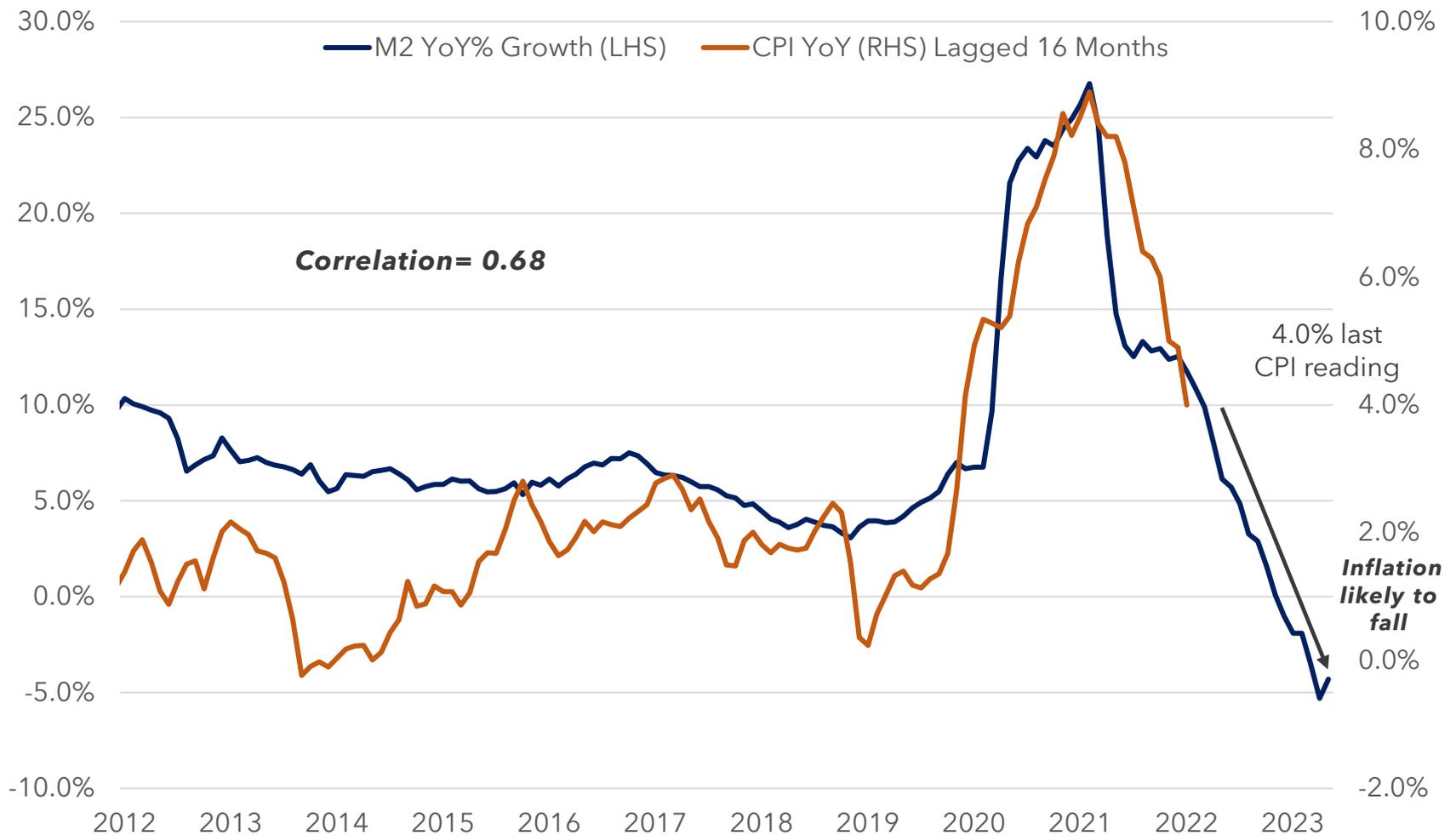
	1Q23	4Q22	3Q22	2Q22
Income	10 bps	9 bps	2 bps	6 bps
Duration	99 bps	3 bps	-97 bps	6 bps
Yield Curve Movement	-12 bps	10 bps	1 bp	15 bps
Sectors	12 bps	-23 bps	39 bps	45 bps
Net Performance	109 bps	-1 bp	-55 bps	72 bps

Money Supply Long Term Growth



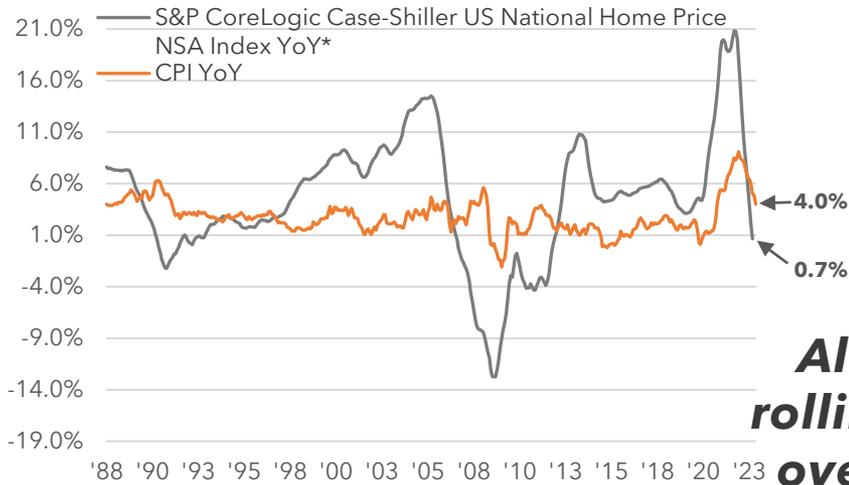
The data used to create the long-term year over year growth rate was compiled from data published by the Federal Reserve Historical Monetary Aggregate Data. The monthly series from Jan 1948 until November 1980 was compiled from the M2SA and M2SL series and is used to calculate the year over year annualized growth rate. After November 1980, the weekly data series for M2 is used to calculate the year over year annual growth rate.

Low Money Supply Growth Suggests Lower CPI/Rates

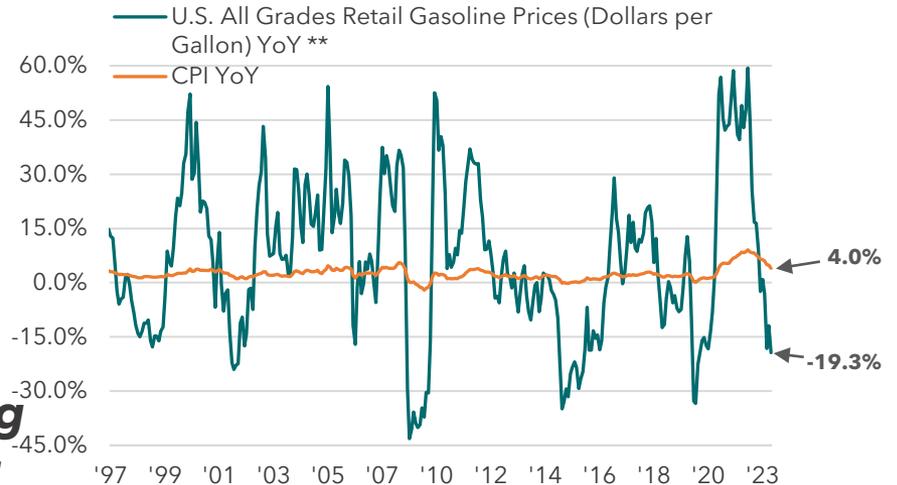


Inflationary Pressures Moderating

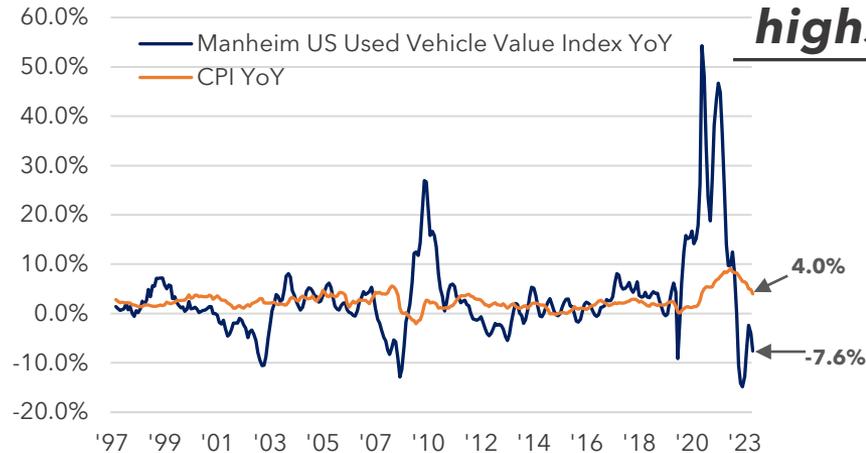
Housing Prices (24% of CPI)



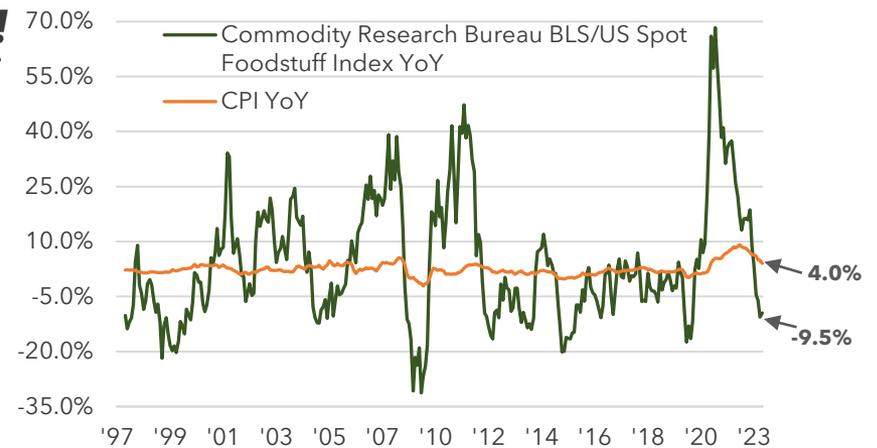
Gas Prices (5% of CPI)



Car Prices (8% of CPI)



Food Prices (13% of CPI)



All rolling over from highs!

Home Affordability Has Declined Significantly

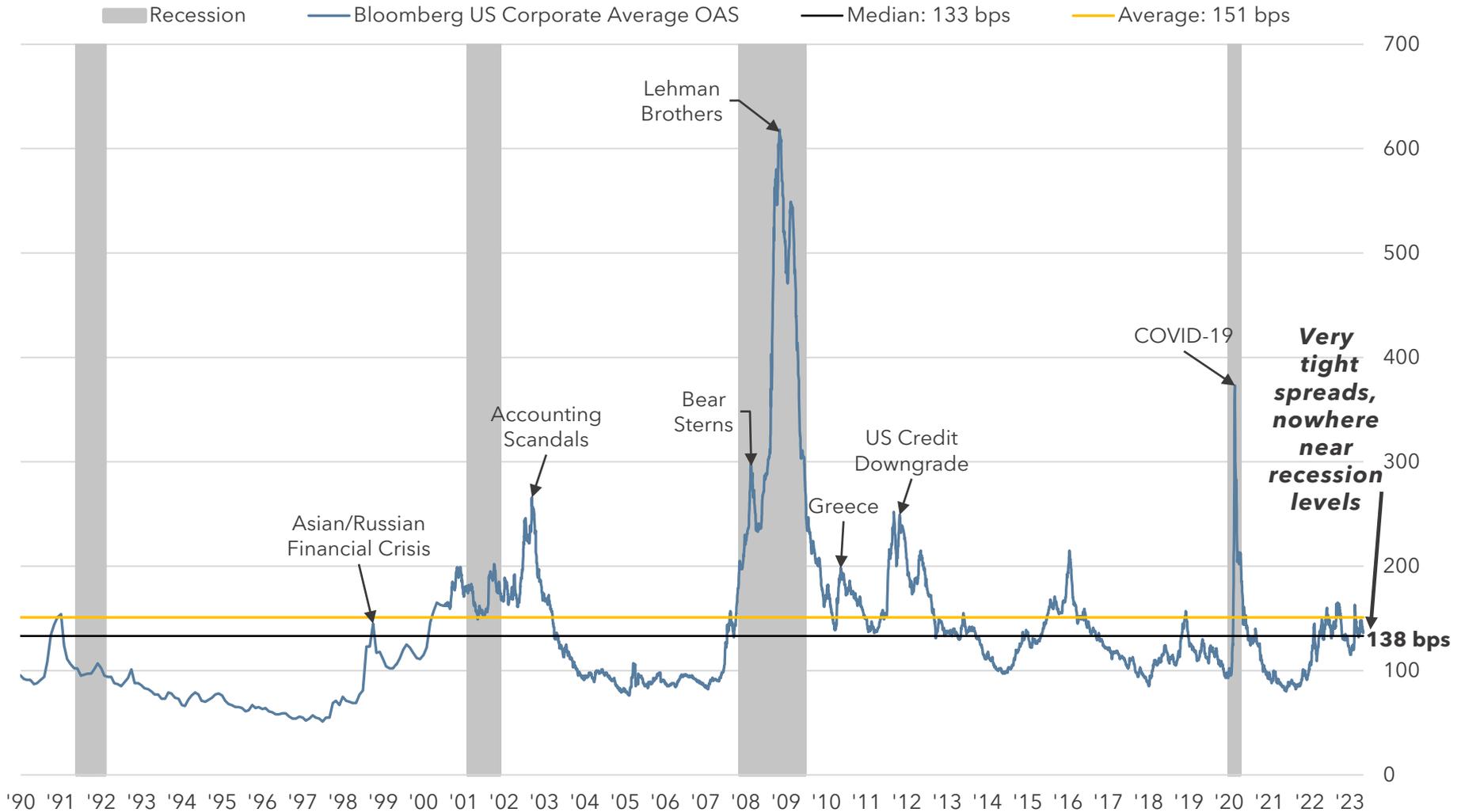
Affordability is poor because home prices have also risen



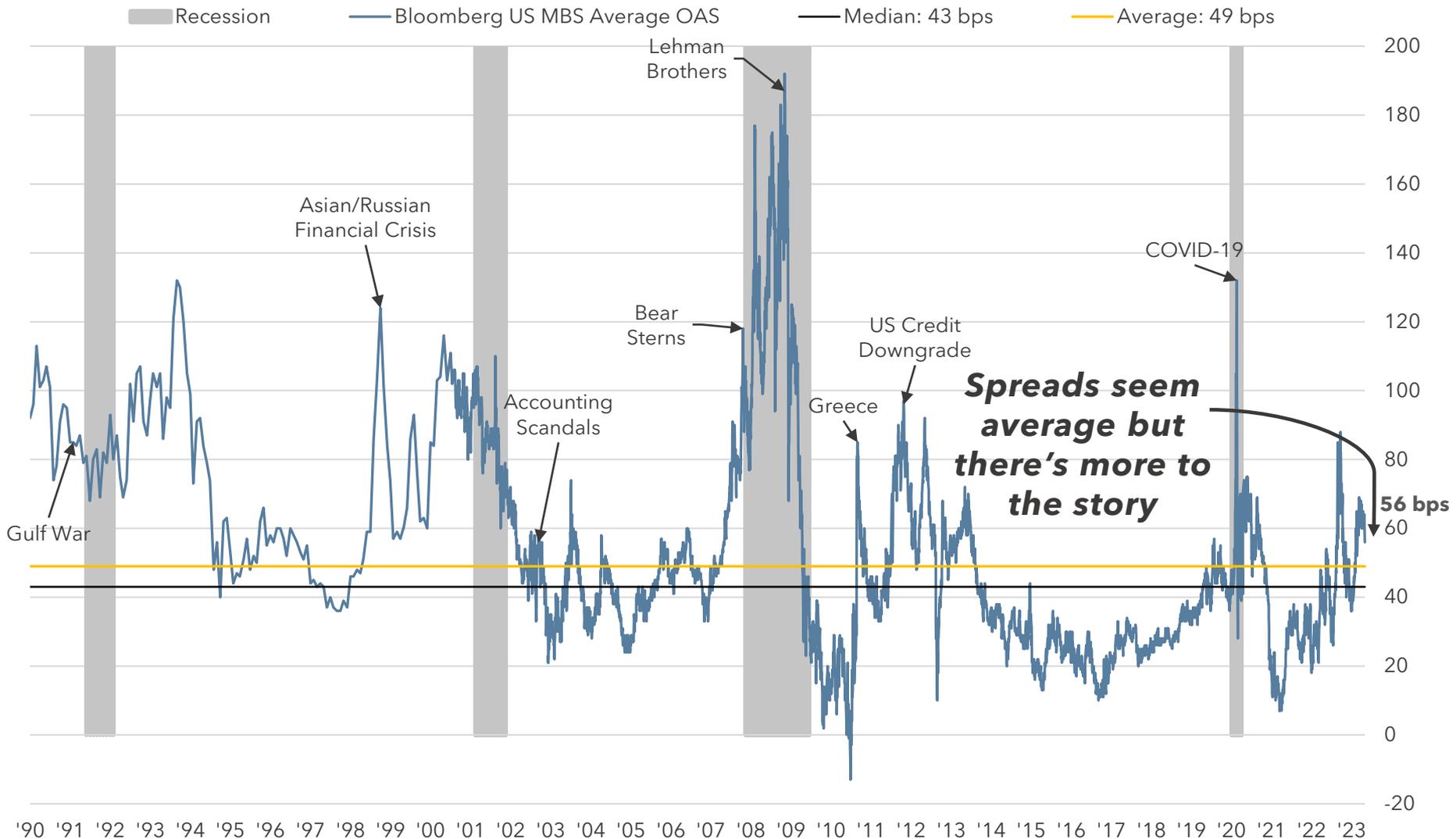
	2020	2021	2023
Median New Home Price	\$317,000	\$390,400	\$420,800
30-Year Mortgage Rate	3.60%	3.25%	7.05%
P&I Payment (assume 20% down)	\$13,824	\$16,308	\$27,852
Property Taxes (1.1%)	\$3,487	\$5,856	\$5,049
Insurance (\$1,400 per \$250k)	\$1,775	\$2,186	\$2,519
Annual Mortgage Payment	\$19,086	\$24,350	\$34,550
Median Household Income	\$67,500	\$69,018	\$70,537
Mortgage Payment as % of Income	28%	35%	49%

Most lenders follow the guideline that a borrower's housing payment should not be higher than 28% of gross income for a 20% down payment.

Average Option Adjusted Spreads (OAS)

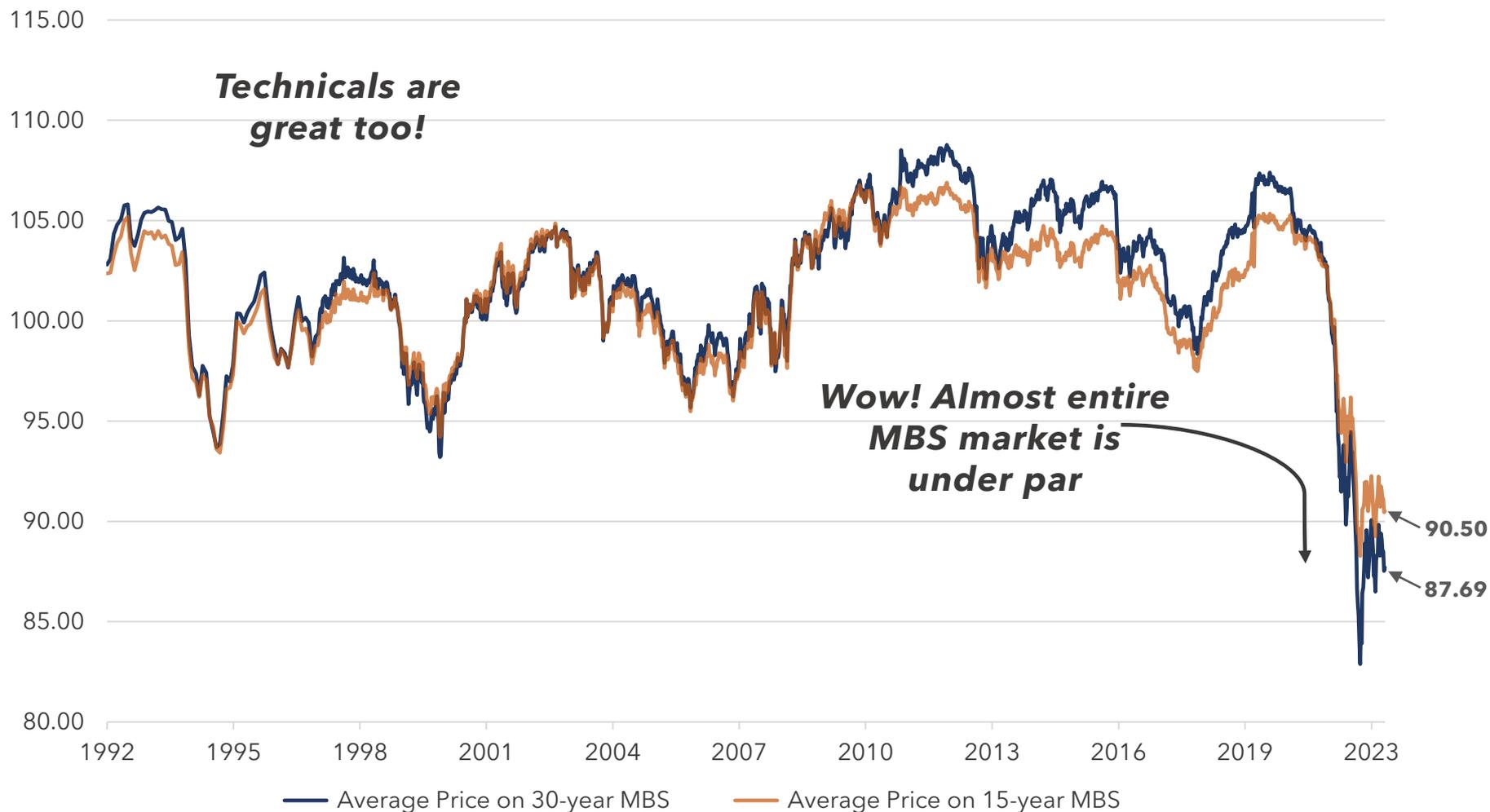


Mortgage Option Adjusted Spreads (OAS)



MBS Market is Trading at Historically Low Prices

Average Price on 30-year and 15-year MBS



Competitive Advantage

- 100% employee-owned and operated, no outside shareholders, no debt.
- Ownership broadly distributed among 17 partners.
- Diversity is a core philosophy leading to better decision making. Diversity in ownership, staff, brokerage activity, vendors and philanthropic endeavors.
- Our core philosophy keeps things simple to avoid unnecessary risk and market landmines.
- Our proprietary processes allow us to monitor our performance, yield curve exposure, sector exposure and sector duration contribution exposure for every client on a daily basis.
- Consistent processes over time with a high conviction philosophy.
- Our flexibility allows us to exploit market inefficiencies quickly.

ESG Sub-Score Metrics

- We have chosen to not “reinvent the wheel” and utilize the third-party research of industry experts in our ESG evaluation.
- We have chosen these providers based on their coverage of “ESG” issues most relative to financial performance.
- The research includes:
 - **S&P Global Ratings ESG Profile Score** - A score (100-0, 100 being best) based on the formerly RobecoSAM Corporate Sustainability Assessment (CSA), a measurement that ranks the sustainability of a company’s core business encompassing 61 industry-specific questionnaires covering 20 key areas.
 - **ISS Quality Score** - A score (1-10, 1 being best) assigned by Institutional Shareholder Services (ISS) to a company’s governance practices, that covers over 220 factors across multiple regions of the globe.
 - **CDP Climate Score** - The score (8-0, 8 being best) is based on an annual questionnaire measuring an organizations’ integration of a climate change strategy that is intended to reduce emissions of GHG’s (Green House Gases).
- We assign weights to these third-party research metrics according to our own priorities and then calculate a weighted average score (0-1) for each issuer and industry. We then stratify the credit universe into 5 categories:

Proprietary Scale

Exemplary	0.75 - 1.00
Satisfactory	0.50 - 0.75
Neutral	0.35 - 0.50
Lagging	0.20 - 0.35
Unsatisfactory	0.00 - 0.20

GH&A Community Engagement

We are proud to have donated over 35,000 masks, boxes of hand sanitizers and cleaning supplies, and over \$100,000 to underserved and underrepresented communities during the COVID-19 pandemic and Texas winter storms.

We partnered twice with the Houston Food Bank and Texas State Representatives Christina Morales and Mary Ann Perez to provide free food, water, CO2 detectors, pet food, diapers, fresh local produce, hand sanitizers and \$25,000 in food gift cards to those most in need in our local community.

We are Garcia Hamilton, and we are Houston strong!



GH&A Community Engagement

We also partnered with HEB and The Baptist Ministers Association to donate \$30,000 in HEB gift cards for food to 120 families from 24 churches.



We are Garcia Hamilton, and we are Houston strong!

Responsible Investing

GH&A became a **Principles for Responsible Investment (PRI)** signatory in 2019.

Our most recent Transparency Report was filed May 2021 for the 2020 reporting year.

We scored higher than the median scores across all modules.

Copies of our most recent PRI Public Transparency report and PRI Assessment Report are available upon request.

Signatory of:



GH&A became a **Task Force on Climate-related Financial Disclosures (TCFD)** supporter in 2021.

As an investment management firm with a long-standing commitment to responsible investment, GH&A supports the TCFD framework. We utilize the third-party research of industry experts in our ESG evaluation including Bloomberg ESG disclosure metrics, which incorporate **TCFD disclosures**. The reports from these third-party providers assist the investment team in its overall evaluation process and provides a base to further study/research these securities for continued inclusion in our portfolio.



In 2022, GH&A adopted the voluntary **CFA Institute DEI** code for Investment Professionals.



**SIGNATORY
ORGANIZATION TO THE
CFA INSTITUTE DIVERSITY,
EQUITY, AND INCLUSION
CODE (USA AND CANADA)**

Client Report Disclosure

PERFORMANCE DATA

Performance data represents historically achieved results for a client's portfolio(s) and is no guarantee of future performance. The market or economic conditions during this period may or may not be repeated. There may be differences between the performance shown and the performance results achieved by any other client retaining Garcia Hamilton for the same investment strategy. Benchmark results are shown for comparison purposes only. The benchmark represents an unmanaged portfolio with characteristics which are similar to the portfolio(s). The returns of the benchmark do not include any transaction costs, management fees or other costs. The holdings in the client's portfolio(s) may differ significantly from the securities that comprise the benchmark shown. The benchmark has been selected by the client as an appropriate benchmark with which to compare the performance of the portfolio(s).

Performance Disclosure

FIXED INCOME - AGGREGATE COMPOSITE (GIPS Report as of December 31, 2022)

Garcia Hamilton & Associates, L.P.

Year End	Annual Composite - Gross Composite Total Return (% US\$)	Annual Composite - Net Composite Total Return (% US\$)	Annual Composite - Bloomberg US Aggregate Index Return (%)	Annual Composite - Composite Dispersion (%)	Composite - Standard Deviation (3-yr) ¹ (%)	Bloomberg US Aggregate Index - Standard Deviation (3-yr) ¹ (%)	Composite Assets - Number of Portfolios	Composite Assets - Period End (US\$ mil)	Total Firm Assets - Period End (US\$ mil)	% of Total Firm Assets
2002	10.4	10.2	10.3	NM	-	-	3	85	3,280	3
2003	4.1	3.9	4.1	NM	-	-	3	88	4,628	2
2004	4.9	4.8	4.3	NM	-	-	4	98	4,710	2
2005	3.8	3.6	2.4	NM	-	-	4	121	4,152	3
2006	4.2	4.0	4.3	NM	-	-	4	126	3,025	4
2007	8.6	8.4	7.0	0.1	-	-	6	184	2,215	8
2008	5.9	5.7	5.2	0.2	-	-	9	248	1,538	16
2009	12.1	11.9	5.9	1.7	-	-	16	419	1,939	22
2010	8.2	8.0	6.5	0.4	-	-	27	653	2,382	27
2011	5.3	5.1	7.8	0.3	3.5	2.8	42	983	2,704	36
2012	10.5	10.3	4.2	0.2	3.1	2.4	47	1,084	3,227	34
2013	0.1	-0.1	-2.0	0.2	3.4	2.7	59	1,372	3,387	40
2014	8.0	7.8	6.0	0.2	2.8	2.6	111	2,485	4,962	50
2015	0.8	0.7	0.6	0.1	3.2	2.9	146	3,768	6,340	59
2016	3.2	3.0	2.7	0.1	3.3	3.0	168	5,080	8,016	63
2017	3.8	3.6	3.5	0.1	3.1	2.8	185	7,135	10,071	71
2018	1.0	0.8	0.0	0.2	2.5	2.8	205	8,287	12,590	66
2019	7.3	7.1	8.7	0.5	2.3	2.9	250	10,113	14,997	67
2020	8.1	7.9	7.5	0.4	3.1	3.4	253	10,994	16,726	66
2021	-2.1	-2.3	-1.5	0.1	3.3	3.4	254	10,951	18,740	58
2022	-11.3	-11.4	-13.0	0.3	6.1	5.8	258	9,968	16,764	59

¹Historical information not required prior to 2011. NM = Not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year. Creation Date: 10/1/1999
Source: Bloomberg

The GH&A Fixed Income - Aggregate Composite is comprised of fully discretionary, fee paying institutional portfolios, including those portfolios no longer with the firm. The Fixed Income - Aggregate investment philosophy utilizes high-quality U.S. investment grade fixed income securities. To help control risk, the portfolios typically purchase spread product (non-Treasuries) with less than 10-year maturities, 15- and 20-year Agency Guaranteed Mortgage-Backed securities and Corporate Bonds rated a minimum of single "A-" or equivalent. The portfolios do not contain derivatives or short positions and do not employ leverage. The duration exposure is generally managed within a +/- 10% band around the Bloomberg US Aggregate Index and a maximum of +/- 25% in extreme market environments.

The composite benchmark is the Bloomberg US Aggregate Index. The benchmark is used for comparative purposes only and generally reflects the risk or investment style of the product. The account minimum for the composite is \$2.0 million. The composite inception date is January 1, 1992.

Garcia Hamilton & Associates, L.P. (GH&A) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. GH&A has been independently verified for the periods January 1, 1993, through December 31, 2015, by Ashland Partners & Company LLP and from January 1, 2016, through December 31, 2022, by ACA Performance Services, LLC. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

Returns presented include the reinvestment of all income. The net of fees performance results are calculated based on actual fees. The standard fee schedule is: 0.25% of the first \$25 million, 0.20% of the next \$25 million, 0.18% of the next \$50 million, 0.15% of the next \$100 million, and 0.09% of the balance. GH&A is an investment management firm registered under the Investment Advisers Act of 1940. GH&A was known as Davis Hamilton Jackson & Associates prior to June 30, 2010. Past performance is no guarantee of future results. A complete list and description of firm composites is available upon request.

Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. Composite dispersion is calculated using an asset value-weighted standard deviation of annual gross of fees returns of those portfolios included in the composite the entire year. Standard deviation is presented as a 3-year annualized standard deviation measure of risk using monthly gross of fees returns as of each annual period end. While the composite is older, this date was selected when Mr. Garcia arrived and took over the portfolios.

Award Disclosure

GARCIA HAMILTON & ASSOCIATES, L.P. AWARD METHODOLOGIES & DISCLOSURES

Each third-party award and/or ranking about Garcia Hamilton & Associates, L.P. (GH&A) or its representatives was given based upon various criteria and methodologies. No direct or indirect compensation was provided by the Firm to participate in or distribute the results of any of the awards below. Any information contained in this correspondence is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security. Awards and/or rankings may not be representative of actual client experiences, are not indicative of past or future performance. Rankings and recognitions by unaffiliated publications should not be construed by a client or prospective client as a guarantee that GH&A will provide a certain level of results in client accounts, nor should they be construed as current or past endorsements of GH&A by clients. Such publications base their selections on information prepared and/or submitted by the sponsor organization. Investments in securities involve the risk of loss. Past performance is no guarantee of future results. Do not rely upon this information to predict future investment performance or market conditions. This information is not a substitute for consultation with a competent financial, legal, or tax adviser and should only be used in conjunction with their advice.

Pensions & Investments "Best Places to Work"

Pensions & Investments works with Best Companies Group in Harrisburg, PA to produce the Best Places to Work in Money Management awards. To participate, a firm had to have at least \$100 million of discretionary income, at least 20 employees in the U.S., institutional assets under management or advisement, and be in business for at least one year. Anonymous employee survey responses accounted for 75% of the total company score and employer responses account for the remaining 25%. Unless otherwise noted, all awards are based on AUM as of June 30 of the awarded year.

2022 "Best Places to Work" in Money Management	Companies with 20-49 Employees	Awarded to GH&A December 12, 2022
2020 "Best Places to Work" in Money Management	Companies with 20-49 Employees	Awarded to GH&A December 10, 2020
2019 "Best Places to Work" in Money Management	Companies with 20-49 Employees	Awarded to GH&A December 10, 2019
2018 "Best Places to Work" in Money Management	Companies with 20-49 Employees	Awarded to GH&A December 10, 2018
2017 "Best Places to Work" in Money Management	Companies with 20-49 Employees	Awarded to GH&A December 11, 2017
2016 "Best Places to Work" in Money Management	Companies with 20-49 Employees	Awarded to GH&A December 12, 2016

Houston Business Journal Diversity in Business

The Houston Business Journal's Diversity in Business Awards program recognizes organizations and individuals that have shown exceptional commitment to promoting practices that advance diversity and inclusion in the workplace. Awardees do not apply to be recognized. All company honorees are for-profit and nonprofit organizations local to the Houston business community and are split into three categories: Outstanding Diverse Organization, Outstanding Supplier Diversity, and Outstanding Diversity Helping Hand. All individual honorees are active in the Houston community and are split into two categories: Outstanding Diversity Champion and Outstanding Head of Diversity. Awards are based on activities of the previous calendar year (May to May).

2022 Outstanding Diverse Organization Small Organization (10-99 Employees)	Awarded to GH&A May 6, 2022
2021 Outstanding Diversity Champion	Awarded to Gilbert Andrew Garcia, CFA, Managing Partner, February 24, 2021

Emerging Manager Monthly "Fixed Income Manager of the Year"

Presented by Emerging Manager Monthly, Emerging Manager Awards are awarded annually to firms across seven categories: large-cap equity, small-cap equity, small- to mid-cap equity, all-cap equity, international equity, and core fixed income. Nominees are ranked on the following criteria: excess returns over benchmark, performance versus peers, asset growth, asset percentage growth, and standard deviation. The top three managers in each category are then judged by a committee comprised of highly respected industry experts. The committee remains anonymous and evaluates the merits of each firm on qualitative and quantitative measures. To be eligible for the 2019 awards, managers must have submitted year end 2018 data to PSN Informa by January 25th, have had at least \$10 million in product assets, and have full year 2018 performance figures as well as 2018 year-end product asset information. Firm-wide assets for non-minority and women-owned firms were capped at \$2 billion, and all MWBE fixed-income managers were considered. To be eligible for the 2018 awards, managers must have submitted year end 2017 data to PSN Informa by January 26th, have had at least \$10 million in product assets, and have full year 2017 performance figures as well as 2017 year-end product asset information. Firm-wide assets for non-minority and women-owned firms were capped at \$2 billion, and all MWBE fixed-income managers were considered. The 2010 Emerging Manager Awards were presented by Emerging Manager Monthly, in association with eVestment. To be eligible, managers must have submitted 2009 year-end data to eVestment Alliance, have had less than \$2 billion in assets under management and have had full-year performance figures. Only separately managed accounts were considered.

2019 "Fixed Income Manager of the Year" Award	Awarded to GH&A April 3, 2019
2018 "Fixed Income Manager of the Year" Award	Awarded to GH&A April 5, 2018
2010 "Core Fixed Income Manager of the Year" Award	Awarded to GH&A April 1, 2010

Institutional Asset Management

Sponsored by FundMAP, the 2018 Institutional Asset Management Awards constitute a vote of recognition from U.S. peers and a significant achievement for asset managers. Award winners are selected by majority vote, through an online poll of the entire Institutional Asset Management readership including key industry professionals based on the previous calendar year.

2018 U.S. Fixed Income Manager of the Year	Awarded to GH&A November 13, 2018
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Houston Business Journal "Best Places to Work"

This award from the Houston Business Journal celebrates companies in the Houston area with the most satisfied employees. Companies are ranked by the results of an anonymous employee survey covering the current employee sentiment, which aims to evaluate employee engagement and satisfaction.

2018 "Best Places to Work"	Awarded to GH&A October 24, 2018
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Institutional Investor U.S. Investment Management

Manager of the Year awards are part of Institutional Investor's U.S. Investment Management Awards. Awardees are recognized by endowments, foundations, pension funds, and other institutional investors for innovation and impressive returns during the previous calendar year. Following a public call for nominations, the editorial staff of Institutional Investor selects award nominees based on the staff's analysis of data collected. Once the nominees are publicly announced, the group then conducts a wide survey of U.S. institutional investors and invites them to vote for the manager nominees.

2016 "Intermediate-Term Manager of the Year"	Awarded to GH&A May 10, 2016
2015 "Intermediate-Term Manager of the Year"	Awarded to GH&A May 4, 2015
2014 "Intermediate-Term Manager of the Year"	Awarded to GH&A May 8, 2014



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

MEETING: JULY 11, 2023
ITEM: VI

Neil M. Guglielmo

SUBJECT: INVESTMENT MANAGER CONTRACT WITH BARROW, HANLEY, MEWHINNEY & STRAUSS, LLC REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. DEVELOPED MARKETS VALUE EQUITIES PORTFOLIO AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Committee recommend to the Board a three-year contract renewal with Barrow, Hanley, Mewhinney & Strauss, LLC (BHMS) for management of an active non-U.S. developed markets value equities portfolio.

Executive Summary

BHMS has managed an active non-U.S. developed markets value equities portfolio for LACERS since November 2013. LACERS' portfolio was valued at \$551 million as of May 31, 2023. BHMS' current contract expires on September 30, 2023. Performance returns of the strategy remain strong, outpacing the benchmark by 286 basis points net-of-fees since inception of LACERS' account. BHMS is currently on watch due to several organizational changes. Staff and NEPC, LLC, (NEPC) LACERS' General Fund Consultant, do not anticipate the organizational changes to have a material impact on the portfolio BHMS manages for LACERS and therefore recommend a three-year contract renewal.

Discussion

Background

BHMS has managed an active non-U.S. developed markets value equities portfolio for LACERS since November 2013, and is benchmarked against the MSCI EAFE Value Index. BHMS' fundamental research-based and value-oriented investment strategy emphasizes companies with low price-to-earnings ratios, low price-to-book ratios, and high dividend yields to provide a measure of protection in down markets, as well as participation in improving economic cycles. The portfolio is managed by Rand Wrighton, who has 23 years of industry experience, and Patrik Wibom, who has 18 years of industry experience. LACERS' portfolio was valued at \$551 million as of May 31, 2023.

BHMS was hired through the 2013 Active Non-U.S. Equities Developed Markets Manager Search and three-year contracts were authorized by the Board on June 11, 2013, and on June 28, 2016. The Board

subsequently authorized a one-year contract extension on July 23, 2019, and a three-year contract renewal on June 23, 2020. The current contract expires on September 30, 2023. BHMS representatives Rand Wrighton and James Carpenter most recently presented a portfolio review to the Committee on August 9, 2022.

Organization

BHMS is an investment management firm that specializes in long-only value investing and is majority owned by Perpetual Limited (Perpetual), an Australian financial services company (ASX ticker: PPT). BHMS is headquartered in Dallas and has 99 employees, including 46 investment professionals. As of March 31, 2023, the firm managed \$40 billion in total assets (11% increase in the past three years) with \$2.9 billion in the non-U.S. value equities strategy (81% increase in the past three years).

Due Diligence

Staff conducts routine due diligence of the manager. Since inception of the contract, routine due diligence meetings have been conducted in person and virtually. The most recent comprehensive onsite due diligence meeting at BHMS' headquarters was conducted on June 2, 2023; staff and NEPC found no adverse findings as result of this meeting.

BHMS has been on watch status for approximately the last three years due to several organizational changes. The initial watch status was triggered in August 2020 when the firm's previous majority owner, BrightSphere Investment Group, a public company listed on the New York Stock Exchange (NYSE ticker: BSIG), entered into an agreement to sell its entire equity interest in BHMS to Perpetual; the transaction closed in November 2020. Pursuant to the LACERS Manager Monitoring Policy, staff and NEPC placed BHMS on watch status for an initial one-year period to monitor the firm for any adverse impacts resulting from the ownership change.

Upon expiration of the initial watch period in August 2021, staff and NEPC extended BHMS' watch status for an additional one-year period to continue monitoring the ongoing integration of BHMS with Perpetual. Staff and NEPC had planned to remove BHMS from watch status in August 2022 after deeming Perpetual's acquisition of BHMS to have no material adverse impact on LACERS' portfolio. However, during the same month Perpetual announced its acquisition of Pental Group, an Australian-based firm that owns several investment management organizations, raising concerns about internal competition between Pental Group's strategies and BHMS' strategies. This event triggered another one-year extension to BHMS' watch period, effective August 25, 2022.

Subsequently, in May 2023, TJ Carter, one of three portfolio managers on the non-U.S. value equities strategy, announced his resignation from BHMS, triggering a third one-year extension to BHMS' watch period, effective May 16, 2023.

Staff and NEPC will continue to closely monitor BHMS through the end of the current watch period, but do not anticipate that the Pental Group acquisition nor the departure of TJ Carter will have adverse impacts to LACERS' portfolio. The strategies offered by the Pental Group are managed in styles that are different from BHMS' strategies. The acquisition should further enhance Perpetual's distribution capabilities and give BHMS further access to markets and prospective clients. Moreover, BHMS does not intend to fill the vacancy left by TJ Carter, who served as a co-portfolio manager for approximately

five years. The strategy continues to be managed Rand Wrighton, the lead portfolio manager and founding member of the strategy, and Patrik Wibom, a co-portfolio manager.

Performance

As of May 31, 2023, BHMS has outperformed the benchmark, net-of-fees, over all periods, as presented in the table below.

Annualized Performance as of 5/31/23 (Net-of-Fees)							
	3-Month	1-Year	2-Year	3-Year	5-Year	7-Year	Since Inception
BHMS	-0.38	2.59	2.37	18.00	5.84	7.66	4.83
MSCI EAFE VALUE ND	-2.59	0.08	-2.22	10.61	1.55	4.43	1.97
<i>% of Excess Return</i>	<i>2.21</i>	<i>2.51</i>	<i>4.59</i>	<i>7.39</i>	<i>4.29</i>	<i>3.23</i>	<i>2.86</i>

*Since Inception Date: November 30, 2013

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	11/30/13 to 12/31/13
BHMS	-0.93	14.71	3.75	26.12	-18.12	23.12	3.23	-6.56	-2.06	2.26
MSCI EAFE VALUE ND	-5.58	10.89	-2.63	16.09	-14.78	21.44	5.02	-5.68	-5.39	1.36
<i>% of Excess Return</i>	<i>4.65</i>	<i>3.82</i>	<i>6.38</i>	<i>10.03</i>	<i>-3.34</i>	<i>1.68</i>	<i>-1.79</i>	<i>-0.88</i>	<i>3.33</i>	<i>0.90</i>

Fees

LACERS pays BHMS an effective fee of 50 basis points (0.50%), which is approximately \$2.8 million annually based on the value of LACERS' assets as of May 31, 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). For the new proposed contract period, staff negotiated a more favorable fee structure with BHMS, resulting in a new effective fee of 45 basis points (0.45%) that ranks in the 29th percentile of fees charged by similar managers in the eVestment database (i.e., 71% of like-managers have higher fees). Since inception, LACERS has paid BHMS a total of \$22 million in investment management fees for the period ending March 31, 2023.

General Fund Consultant Opinion

NEPC concurs with this recommendation.

Strategic Plan Impact Statement

A contract renewal with BHMS 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:rm

Attachment: 1. Consultant Recommendation – NEPC, LLC



To: Los Angeles City Employees' Retirement System Investment Committee

From: NEPC, LLC

Date: July 11, 2023

Subject: Barrow, Hanley, Mewhinney & Strauss, LLC

Recommendation

NEPC recommends Los Angeles City Employees' Retirement System ('LACERS') renew the contract with Barrow, Hanley, Mewhinney & Strauss, LLC ('BHMS' or 'Barrow Hanley') for a period of three years from the date of contract expiry.

Background

BHMS has been an investment manager for LACERS since November 30, 2013 managing a non-U.S. developed markets portfolio within the Non-U.S. Equity asset class. As of May 31, 2023, BHMS managed \$550.7 million, or 2.6% of Plan assets. The portfolio is benchmarked against the MSCI EAFE Value Index and has a performance objective of outperforming the benchmark, net of fees, annualized over a full market cycle (normally three-to-five years). BHMS portfolio is currently on Watch pursuant to the LACERS' manager monitoring policy and has been on Watch since August 2020. The portfolio was first placed on Watch on August 25, 2020 due to a change in the firm's ownership resulting from Perpetual Limited's acquisition of BHMS. The Watch status was extended on August 26, 2021 and August 25, 2022 due to additional organizational changes. On May 16, 2023, the Watch status was extended as the portfolio manager managing the strategy, TJ Carter left the firm.

BHMS was founded and registered with the SEC in July of 1979 to manage U.S. tax-exempt portfolios for institutional clients. In January of 1988, BHMS sold themselves to United Asset Management Corporation (UAM), a Boston-based holding company, listed on the New York Stock Exchange. On October 5, 2000, UAM was acquired by Old Mutual plc, an international financial services group based in London. Following the acquisition, Old Mutual plc renamed UAM, "Old Mutual Asset Management". In 2014, Old Mutual plc conducted an initial public offering of Old Mutual Asset Management. OM Asset Management plc rebranded as BrightSphere Investment Group plc in March 2018, following its separation from Old Mutual plc. BrightSphere Investment Group plc is a publicly-listed company traded on the New York Stock Exchange (Ticker symbol: BSIG). In late 2020, BrightSphere Investment Group sold its 75.1% holding in Barrow Hanley to Perpetual Limited, a publicly listed Australian financial services company. Many key employees, including portfolio managers and analysts, have economic ownership in BHMS through a limited partnership that owns a 24.9% equity interest in BHMS LLC.

The LACERS portfolio is managed by two portfolio managers, Rand Wrighton and Patrik Wiborn. Mr. Wrighton has been a lead portfolio manager on the strategy since 2006 and Mr. Wiborn has been with the firm since 2019. In March of 2018 David Hodges, Co-Portfolio Manager, retired after having built the non-US Value portfolio capability at BHMS with Mr. Wrighton. TJ Carter, who left the firm in 2023 was promoted into the portfolio manager role when David Hodges retired. In

addition, Charlie Radtke was brought aboard as a third Portfolio Manager. Mr. Radtke left the firm in September of 2018. Mr. Radtke had been with the firm for approximately a year and he did not have a significant impact on the names in the portfolio, therefore, a replacement has not been pursued.

BHMS' approach to the equity market is based on the underlying philosophy that markets are inefficient. These inefficiencies can best be exploited through adherence to a value-oriented investment process dedicated to the selection of securities on a bottom-up basis. No attempt to time the market or rotate in and out of broad market sectors is used, as they believe that it is difficult, if not impossible, to add incremental value on a consistent basis by top-down or thematic market timing. BHMS stays fully invested with a defensive, conservative orientation, based on the belief that superior returns can be achieved while taking below-average risks. They implement this strategy by constructing portfolios of individual stocks that reflect value characteristics such as: price/earnings, price/book, and enterprise value/free cash flow ratios at or below the market (MSCI EAFE Index), and dividend yields at or above the market.

BHMS' value investing strategy emphasizes low price/earnings ratios, low price/book ratios, and high dividend yields as a way to add protection in down markets, as well as participation in improving economic cycles. Within a broad universe of more than 4,000 non-U.S. stocks, there are approximately 2,600 stocks with market capitalizations greater than \$1 billion with levels of liquidity that they consider sufficient. This subset of stocks is the starting point for their Non-US Value stock selection process. This universe is reduced to the least expensive portion of the universe resulting in approximately 250 stocks that receive the highest ranking by the screening model. These stocks are then placed on BHMS' Non-U.S. Security Guidance List. They then perform bottom-up, fundamental securities analysis on these stocks for potential inclusion in the Non-US Value portfolio. The Security Guidance List is reviewed weekly.

The firm seeks to build equally-weighted portfolios generally consisting of 50 to 70 stocks. While the "core" position size is approximately 2%, positions may be larger if the conviction level is unusually high or the target company's weight in the Index mandates a larger weight to generate sufficient alpha. However, no more than 5% of the portfolio, at market value, will be invested in any one security. Sector and country weightings are a residual of the bottom-up stock selection process and they may vary meaningfully at times from the respective weightings in the MSCI EAFE Index. Sector weightings are limited to an absolute weight of 40% of the portfolio. Individual country weightings are limited to 25%, at market value (ex-Japan and the UK). While the Non-US Value strategy is primarily invested in companies domiciled in developed non-U.S. markets, BHMS may, on an opportunistic basis, invest in companies domiciled in emerging markets, as defined by MSCI.

Performance

Referring to Exhibit 1, as of May 31, 2023, since the portfolio's inception date of December 1, 2013¹, the portfolio has outperformed its benchmark by 3.1%. Over the last five years, the portfolio has outperformed the benchmark by 4.3% and over the last three years the portfolio has outperformed by 7.4%. Broadly, relative to the MSCI EAFE Value Index, stock selection is the key contributor to excess returns.

Referring to Exhibit 2, as of March 31, 2023, since inception the portfolio has outperformed its benchmark's return by 2.8% and ranked in the 9th percentile in its peer group. In the last five years, ended March 31, 2023, the portfolio also outperformed its benchmark return 4.5% and ranked in the

1 - Note, NEPC sets portfolio inception dates to the beginning of the next month if a portfolio is not funded on the first business day of the month.

4th percentile in its peer group. Over the last three years the portfolio has outperformed its benchmark by 9.5% and ranked in the 3rd percentile in its peer group.

Referring to Exhibit 3, outperformance since 2020 has driven since inception cumulative results. In the past year, stock selection within the Industrials, Financials, and Consumer Discretionary sectors were the primary contributors to relative returns. Regionally, effective selection in continental Europe and emerging market holdings were key contributors to relative returns.

Fees

The portfolio has an asset-based fee of 0.50% annually. This fee ranks in the 35th percentile among its peers in the eVestment EAFE Value equity universe. In other words, 65% of the products included in the peer universe have a higher fee than the LACERS account.

Conclusion

While BHMS has been on Watch according to the LACERS manager monitoring policy during the past three years for organization-related events, the portfolio has performed according to expectations. The firm and portfolio management team has exhibited some instability over the past three years, and while this has been cause for increased monitoring of BHMS, has not resulted in negative outcomes for LACERS to date. 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 May 31, 2023

	3 Mo (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	Inception (%)	Inception Date
Barrow Hanley	-0.38	2.59	18.00	5.84	5.05	Dec - 2013
MSCI EAFE Value (Net)	-2.59	0.08	10.61	1.55	1.97	
<i>Excess</i>	<i>2.21</i>	<i>2.51</i>	<i>7.39</i>	<i>4.29</i>	<i>3.08</i>	



Exhibit 2: Universe Performance Comparison Net of Fees Ending March 31, 2023

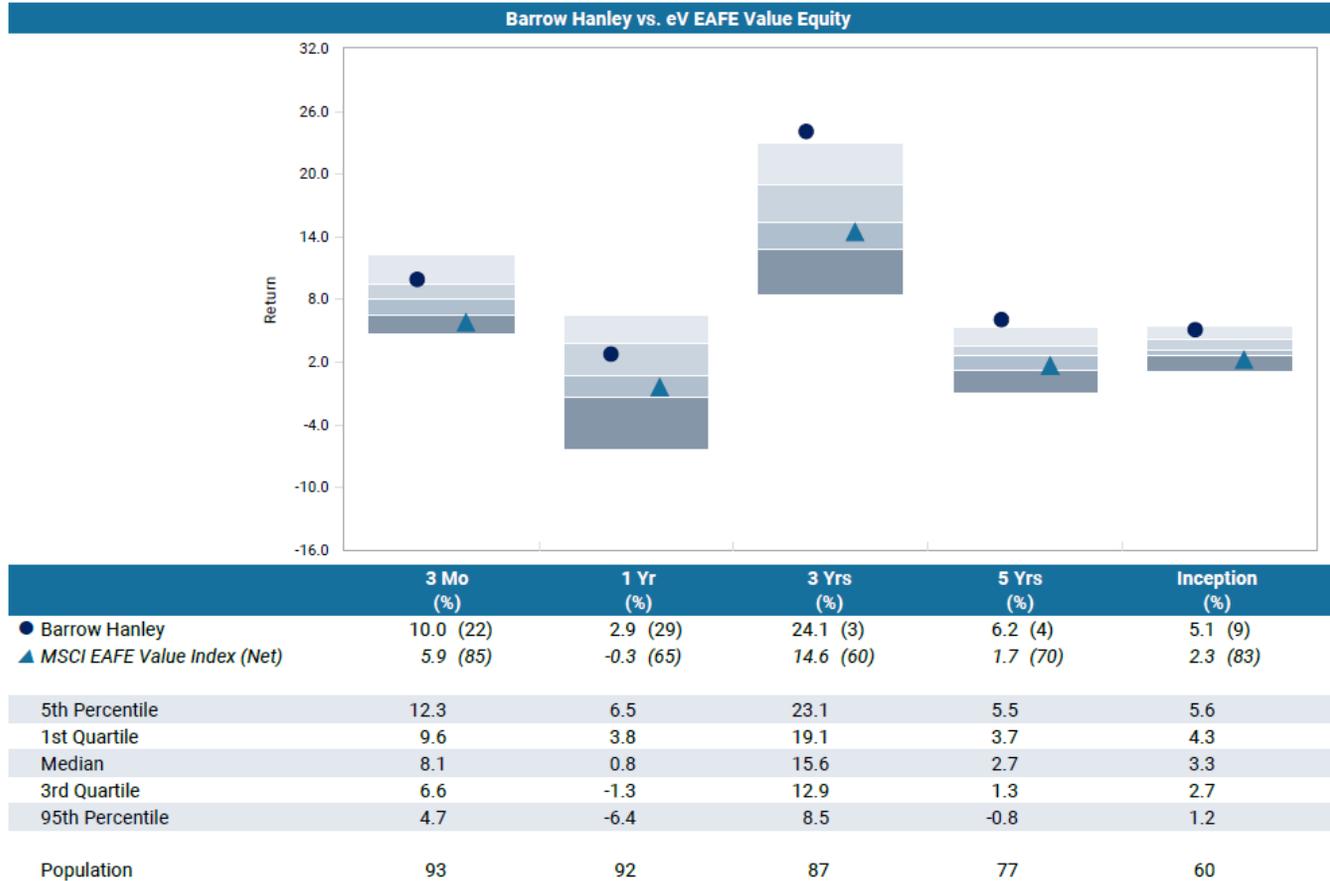


Exhibit 3: Cumulative Excess Performance Net of Fees Ending March 31, 2023

