



LACERS

**LA CITY EMPLOYEES'
RETIREMENT SYSTEM**

**Investment Committee Agenda
REGULAR MEETING
TUESDAY, MARCH 10, 2026
10:30 A.M.
LACERS BOARDROOM
977 N. Broadway
Los Angeles, CA 90012**

Chair:

Thuy Huynh

Committee Members:

Susan Liem

Gaylord "Rusty" Roten

Manager-Secretary:

Todd Bouey

Executive Assistant:

Ani Ghoukassian

Legal Counsel:

City Attorney's Office Public Pensions General Counsel Division

ACCESS TO LACERS BOARD AND COMMITTEE MEETING REPORTS

IMPORTANT MESSAGES TO THE PUBLIC

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

Members of the public who do not wish to attend the meeting in person may listen to the live meeting via YouTube streaming at the following link: [LACERS YouTube Livestream Link](#) for Board/Committee meeting audio – only accessible during meetings.

DISCLAIMER TO PARTICIPANTS

Please be advised that all LACERS Board 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 Board in advance of the meeting may be viewed by clicking on LACERS website at www.LACERS.org, at LACERS' offices, or at the scheduled meeting. In addition, if you would like a copy of a public record related to an item on the agenda, please call (213) 855-9348 or email at lacers.board@lacers.org.

NOTICE TO PAID REPRESENTATIVES

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

REQUEST FOR SERVICES

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

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

- I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA
- II. APPROVAL OF MINUTES FOR THE MEETING ON FEBRUARY 10, 2026 AND POSSIBLE COMMITTEE ACTION
- III. CHIEF INVESTMENT OFFICER VERBAL REPORT
- IV. INVESTMENT MANAGER CONTRACT WITH GRANAHAN INVESTMENT MANAGEMENT, INC. REGARDING THE MANAGEMENT OF AN ACTIVE U.S. SMALL CAP GROWTH EQUITIES PORTFOLIO AND POSSIBLE COMMITTEE ACTION
- V. INVESTMENT MANAGER CONTRACT WITH COPELAND CAPITAL MANAGEMENT, LLC REGARDING THE MANAGEMENT OF AN ACTIVE U.S. SMALL CAP CORE EQUITIES PORTFOLIO AND POSSIBLE COMMITTEE ACTION
- VI. OTHER BUSINESS
- VII. NEXT MEETING: The next Regular meeting of the Investment Committee is scheduled for Tuesday, April 14, 2026, at 10:30 A.M., or immediately following the Board Meeting in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, CA 90012-1728.
- VIII. ADJOURNMENT



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

**Board of Administration Agenda
SPECIAL MEETING
TUESDAY, MARCH 10, 2026
10:30 A.M.
LACERS BOARDROOM
977 N. Broadway
Los Angeles, CA 90012**

President:

Annie Chao

Vice President:

Janna Sidley

Commissioners:

Thuy Huynh

Susan Liem

Thomas Moutes

Gaylord "Rusty" Roten

Sung Won Sohn

Manager-Secretary:

Todd Bouey

Executive Assistant:

Ani Ghoukassian

Legal Counsel:

City Attorney's Office Public Pensions General Counsel Division

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- V. INVESTMENT MANAGER CONTRACT WITH COPELAND CAPITAL MANAGEMENT, LLC REGARDING THE MANAGEMENT OF AN ACTIVE U.S. SMALL CAP CORE EQUITIES PORTFOLIO AND POSSIBLE COMMITTEE ACTION
- VI. OTHER BUSINESS
- VII. NEXT MEETING: The next Regular meeting of the Investment Committee is scheduled for Tuesday, April 14, 2026, at 10:30 A.M., or immediately following the Board Meeting in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, CA 90012-1728.
- VIII. ADJOURNMENT

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

February 10, 2026

11:07 A.M.

PRESENT:	Chair:	Thuy Huynh
	Committee Members:	Susan Liem Gaylord "Rusty" Roten
	Legal Counselor:	Miguel Bahamon
	Manager-Secretary:	Todd Bouey
	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 Huynh asked if any persons wished to speak on matters within the Committee's jurisdiction, to which there were no public comment cards submitted.

II

APPROVAL OF MINUTES FOR THE MEETING OF JANUARY 13, 2026 AND POSSIBLE COMMITTEE ACTION – Committee Member Roten moved approval, and adopted by the following vote: Ayes, Committee Members Liem, Roten, and Chair Huynh -3; Nays, None.

III

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

- Distribution of Investment Committee Forward Calendar
- Distribution of the Manager Watch List Report

IV

INVESTMENT MANAGER CONTRACT WITH PRINCIPAL GLOBAL INVESTORS, LLC REGARDING THE MANAGEMENT OF AN ACTIVE U.S. MID CAP CORE EQUITIES PORTFOLIO AND POSSIBLE COMMITTEE ACTION – Barbara Sandoval, Investment Officer II, presented and discussed this item

with the Committee for six minutes. Committee Member Liem moved approval, and adopted by the following vote: Ayes, Committee Members Liem, Roten, and Chair Huynh -3; Nays, None.

V

INVESTMENT MANAGER CONTRACT WITH DIMENSIONAL FUND ADVISORS LP REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. EMERGING MARKETS VALUE EQUITIES PORTFOLIO AND POSSIBLE COMMITTEE ACTION – James Wang, Investment Officer I, presented and discussed this item with the Committee for four minutes. Committee Member Roten moved approval subject to further fee negotiations, and adopted by the following vote: Ayes, Committee Members Liem, Roten, and Chair Huynh -3; Nays, None.

VI

OTHER BUSINESS – There was no other business.

VII

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

VIII

ADJOURNMENT – There being no further business before the Committee, Chair Huynh adjourned the meeting at 11:29 A.M.

Thuy Huynh
Chair

Todd Bouey
Manager-Secretary



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO INVESTMENT COMMITTEE
From: Todd Bouey, General Manager

MEETING: MARCH 10, 2026
ITEM: IV

T. Bouey

SUBJECT: INVESTMENT MANAGER CONTRACT WITH GRANAHAN INVESTMENT MANAGEMENT, INC. REGARDING THE MANAGEMENT OF AN ACTIVE U.S. SMALL CAP GROWTH EQUITIES PORTFOLIO AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Committee recommend to the Board a one-year contract renewal with Granahan Investment Management, Inc. for management of an active U.S. small cap growth equities portfolio.

Executive Summary

Granahan Investment Management, Inc. (Granahan) has managed an active U.S. small cap growth equities portfolio for LACERS since September 2020. LACERS' portfolio was valued at approximately \$160.8 million as of January 31, 2026. Granahan is in compliance with the LACERS Manager Monitoring Policy. Staff and NEPC, LLC (NEPC), LACERS' General Fund Consultant, recommend a one-year contract renewal.

Discussion

Background

Granahan manages an active U.S. small cap growth equities portfolio for LACERS benchmarked to the Russell 2000 Growth Index. Granahan's fundamental, bottom-up research process seeks to identify secular small cap companies that are positioned to grow consistently and significantly over the next five to seven years. The strategy emphasizes a concentrated portfolio of approximately 40 stocks of companies that have large market opportunities, favorable competitive landscapes, products or services with attractive value-propositions, effective management teams, and strong financial conditions with potential to expand margins. Drew Beja serves as the lead Portfolio Manager and has 43 years of investment experience. Mr. Beja collaborates with the six other portfolio managers/analysts.

The Board hired Granahan through the 2019-2020 Active U.S. Small Cap Equities manager search process and authorized a three-year contract on January 28, 2020; the contract became effective on August 1, 2020. The Board authorized a three-year contract renewal on March 28, 2023. The current contract expires on July 31, 2026. At the time of hire, Granahan qualified as an Emerging Investment Manager pursuant to the LACERS Emerging Investment Manager Policy. LACERS' portfolio was valued at approximately \$160.8 million as of January 31, 2026.

Organization

Granahan was founded in 1985 and headquartered in Waltham, Massachusetts. As of December 31, 2025, Granahan managed approximately \$2.7 billion in total assets, with \$1.2 billion in the small cap equities strategy. The firm has 20 employees and is majority owned by its employees with a minority interest held by Kudu Investment Management.

Due Diligence

Staff conducts routine due diligence of the manager and last conducted an on-site visit in January 2026. Based upon these due diligence activities as well as staff's and NEPC's continuous monitoring, staff and NEPC continue to deem Granahan capable of managing assets for LACERS. Granahan's investment philosophy, strategy, and process have not changed materially over the contract period.

When the Board hired Granahan in January 2020, the firm was wholly owned by employees. In November 2021, Granahan sold a minority interest to Kudu Investment Management. Currently, 76% of the firm's equity continues to be held by Granahan employees and is broadly distributed. As the majority stake holder, Granahan maintains control over its business operations and investment processes.

Performance

As of December 31, 2025, Granahan underperformed its benchmark, net-of-fees, in all time periods as presented in the table below.

Annualized Performance as of 12/31/2025 (Net-of-Fees)					
	3-Month	1-Year	3-Year	5-Year	Since Inception ¹
Granahan	-10.18	2.38	12.26	-0.67	5.55
Russell 2000 Growth Index	1.22	13.01	15.59	3.18	8.24
<i>% of Excess Return</i>	<i>-11.40</i>	<i>-10.63</i>	<i>-3.33</i>	<i>-3.85</i>	<i>-2.69</i>

¹Performance inception date: 9/30/2020. Strategy was funded after contract inception date of 8/1/2020.

The strategy's underperformance relative to the benchmark since inception is largely driven by market uncertainty and volatility as well as significant style headwinds. Granahan's strategy has experienced a larger decline than the benchmark due to the portfolio's bias toward longer duration stocks, challenges with exposures in the consumer discretionary sector, and lack of exposure to biotechnology sector. Granahan is in compliance with the LACERS Manager Monitoring Policy (Policy). Staff and NEPC recommend renewing Granahan's contract for a one-year period and will continue to monitor the manager and strategy pursuant to the Policy.

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

Calendar Year Performance as of 12/31/2025 (Net-of-Fees)						
	2025	2024	2023	2022	2021	9/30/2020-12/31/2020
Granahan	2.38	24.83	10.68	-31.38	-0.40	37.35
Russell 2000 Growth Index	13.01	15.15	18.66	-26.36	2.83	29.61
<i>% of Excess Return</i>	<i>-10.63</i>	<i>9.68</i>	<i>-7.98</i>	<i>-5.02</i>	<i>-3.23</i>	<i>7.74</i>

Fees

LACERS pays Granahan an effective fee of 70 basis points (0.70%), which is approximately \$1.2 million annually based on the value of LACERS' assets as January 31, 2026. This fee ranks in the 25th percentile among its peers in the eVestment U.S. Small Cap Growth Universe (i.e., 75% of like-managers have higher fees). From contract inception on August 1, 2020 to December 31, 2025, LACERS has paid Granahan a total of \$4.5 million in investment fees.

General Fund Consultant Opinion

NEPC concurs with this recommendation.

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

TB:RJ:WL:RM:BS

Attachment: 1. Consultant Recommendation – NEPC



To: Los Angeles City Employees' Retirement System Investment Committee

From: NEPC, LLC

Date: March 10, 2026

Subject: Granahan Investment Management – Small Cap Focused Growth Contract Renewal

Recommendation

NEPC recommends that Los Angeles City Employees' Retirement System (LACERS) renew the contract with Granahan Investment Management (Granahan) for a period of one year from the date of contract expiry.

Background

Granahan was funded on October 1, 2020 to provide active investment management within the growth U.S. equity small cap segment. As of December 31, 2025, Granahan managed \$159.9 million or 0.6% of Plan assets. The performance objective is to outperform the Russell 2000 Growth Index, net of fees, annualized over a full market cycle (normally three-to-five years). The account is currently in good standing based on LACERS' Manager Monitoring Policy, but performance tends to be volatile given their investment approach.

Granahan was founded in 1985 and is headquartered in Waltham, Massachusetts. The firm is 76% employee-owned with the remainder held by Kudu Investment Management. Kudu Investment Management has been a passive minority partner since November 2021. Kudu is an independent provider of permanent capital solutions to asset managers and is backed by capital partner White Mountain Insurance Group.

The Small Cap Focused Growth portfolio is managed by Andrew Beja. Mr. Beja collaborates with others on the Granahan team to discuss ideas (both companies and stocks) but has sole responsibility and is accountable for all research and portfolio construction of the Focused Growth product at Granahan. Jane White (Technology), David Rose (Generalist), Jennifer Pawloski (Technology), Jeff Harrison (Generalist), Richard Watson (Generalist) and Chris Martin (Generalist) support Mr. Beja in an Analyst capacity.

The strategy is based on bottom-up fundamental research that looks for sustainable growth companies positioned to grow at 15%+ for many years. Granahan invests in growth companies that they like to call "Desert Island" companies. These are companies that the firm feels are great businesses with strong investment moats. Portfolios are typically constructed with concentration in sectors that exhibit strong secular growth companies (i.e., Technology Services, Business Services, Consumer and Producer Durables). The portfolio is concentrated and aims to hold 30-45 companies which have sustainable 15% earnings growth potential and attractive risk/reward characteristics.

Performance

In Exhibits 1 and 2, since inception ending December 31, 2025, the portfolio has underperformed its benchmark by 2.7% and ranked in the 72nd percentile of a universe of small cap growth managers. Over the past five years, ended December 31, 2025, the portfolio underperformed its benchmark by 3.9% and ranked in the 82nd percentile in its peer group. In the past year, ended December 31, 2025, the portfolio underperformed its benchmark by 10.6% and ranked in the 80th percentile.

In 2025, both allocation and security selection decisions detracted from performance. An underweight positioning to health care stocks versus the benchmark hurt the portfolio's performance for the year. The lack of exposure to biotech, in particular, had a large negative impact on performance. Negative security selection within health care also hurt performance. Altogether, health care explains roughly one-third of the year's underperformance. Security selection within the technology and industrials sectors was another reason for the year's underperformance, explaining most of the remaining underperformance for the year.

The investment philosophy of this strategy typically results in a highly concentrated, high tracking error portfolio that may result in over- or under-exposure to sectors that are not in favor by the market. The manager does not feel the need to invest in every sector and does not try to time sector bets. This may result in periods where the portfolio holdings will be heavily out of favor by investors. Over the past five calendar years since the October 2020 inception, this strategy has underperformed the benchmark for four of those calendar years. 2024 represented a year of outperformance relative to the benchmark. The manager views the portfolio holdings as attractive in aggregate, with solid fundamentals that have not been rewarded by the market, leading to a positive outlook from a valuation perspective over the next 12-36 months.

Fees

The portfolio has an asset-based fee of 0.70% annually. This fee ranks in the 25th percentile among its peers in the eVestment U.S. Small Cap Growth universe. In other words, 75% of the products included in the peer universe have a higher fee than the LACERS account.

Conclusion

Granahan has underperformed its benchmark on a trailing period basis, including since inception. With its concentration in names and sectors, the portfolio can face significant headwinds when its holdings are out of favor. The portfolio has underperformed the benchmark in 2021, 2022, 2023, and 2025. The strategy remains on NEPC's focus list. We recommend a one-year contract renewal while we monitor Granahan's ability to improve performance results.

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

*Since inception performance calculated by NEPC begins with the first full month of performance for the investment manager; partial month performance is not included.

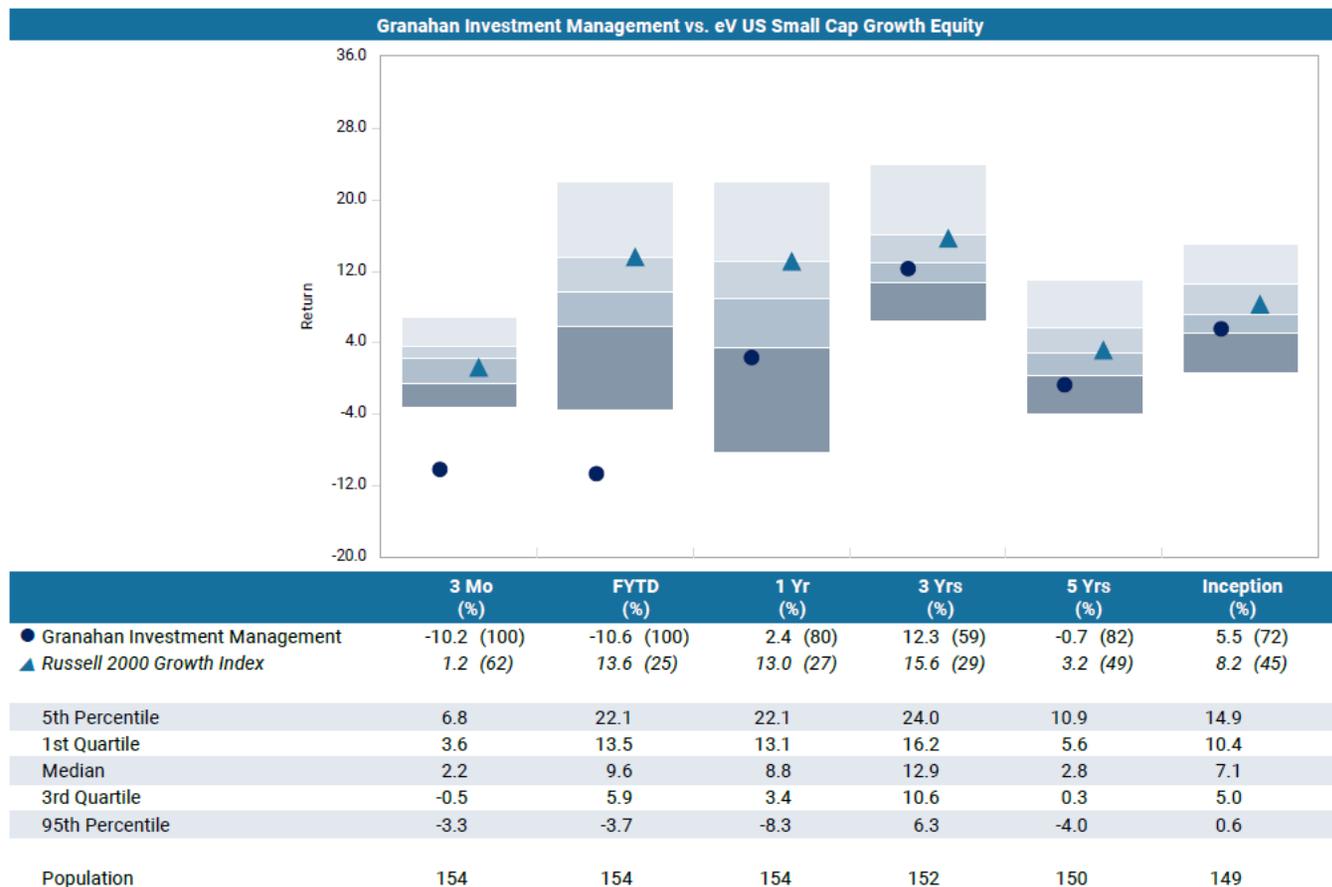
	Market Value (\$)	3 Months	FYTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Granahan Investment Management	159,903,240	-10.2	-10.6	2.4	12.3	-0.7	5.6	Oct-20
Russell 2000 Growth Index		1.2	13.6	13.0	15.6	3.2	8.2	
Over/Under		-11.4	-24.2	-10.6	-3.3	-3.9	-2.7	





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

*Since inception performance calculated by NEPC begins with the first full month of performance for the investment manager; partial month performance is not included.





REPORT TO INVESTMENT COMMITTEE
From: **Todd Bouey, General Manager**

MEETING: MARCH 10, 2026
ITEM: V

T. Bouey

SUBJECT: INVESTMENT MANAGER CONTRACT WITH COPELAND CAPITAL MANAGEMENT, LLC REGARDING THE MANAGEMENT OF AN ACTIVE U.S. SMALL CAP CORE EQUITIES PORTFOLIO AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Committee recommend to the Board a one-year contract renewal with Copeland Capital Management, LLC for management of an active U.S. small cap core equities portfolio.

Executive Summary

Copeland Capital Management, LLC (Copeland) has managed an active U.S. small cap core equities portfolio for LACERS since September 2020. LACERS' portfolio was valued at approximately \$297.3 million as of January 31, 2026. Copeland is currently on watch status since March 2025 due to underperformance. Staff and NEPC, LLC (NEPC), LACERS' General Fund Consultant, recommend a one-year contract renewal.

Discussion

Background

Copeland manages an active U.S. small cap core equities portfolio for LACERS benchmarked to the Russell 2000 Index. Copeland's small cap strategy is founded on the belief that stocks with sustainable dividend growth consistently outperform the market with less risk. Copeland believes that companies that raise their dividends annually are run by corporate management teams with superior capital allocation skills relative to companies which do not have a commitment to growing their dividend yield. Copeland's research shows that its strategy's incidental avoidance of corporate capital allocation mistakes reduces stock specific downside and volatility exposure.

The strategy is managed by a five-person team headed by Lead Portfolio Manager Mark Giovanniello, who also serves as the firm's Chief Investment Officer. The investment team has depth of experience, with four of the five members approaching three decades each in the investment profession. There has been no turnover within the investment team since the inception of the strategy in 2009.

The Board hired Copeland through the 2019-2020 Active U.S. Small Cap Equities manager search process and authorized a three-year contract on January 28, 2020; the contract became effective on

August 1, 2020. The Board authorized a three-year contract renewal on February 28, 2023. The current contract expires on July 31, 2026. LACERS' portfolio was valued at approximately \$297.3 million as of January 31, 2026.

Organization

Copeland was founded in 2005 and headquartered in Conshohocken, Pennsylvania. The firm has 30 employees and is 100% employee-owned; equity is shared broadly across the organization with the investment team holding the most significant ownership percentages. As of December 31, 2025, Copeland managed approximately \$7.8 billion in total assets, with \$3.6 billion in the small cap equities strategy.

Due Diligence

Staff conducts routine due diligence of the manager and last conducted an onsite meeting at Copeland's headquarters in January 2026. Based upon these due diligence activities as well as staff's and NEPC's continuous monitoring, staff and NEPC continue to deem Copeland capable of managing assets for LACERS. Copeland's organization, investment philosophy, strategy, and process have not changed materially over the contract period.

Performance

As of December 31, 2025, Copeland slightly outperformed its benchmark, net-of-fees, over the 5-year period and underperformed on all other time periods as presented in the table below. The strategy has underperformed in the current market where lower quality, unprofitable small cap stocks have outperformed the index.

Annualized Performance as of 12/31/2025 (Net-of-Fees)					
	3-Month	1-Year	3-Year	5-Year	Since Inception ¹
Copeland	-2.43	-1.04	7.39	6.34	9.97
Russell 2000 Index	2.19	12.81	13.73	6.09	11.44
<i>% of Excess Return</i>	-4.62	-13.85	-6.34	0.25	-1.47

¹Performance inception date: 9/30/2020. Strategy was funded after contract inception date of 8/1/2020.

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

Calendar Year Performance as of 12/31/2025 (Net-of-Fees)						
	2025	2024	2023	2022	2021	9/30/2020-12/31/2020
Copeland	-1.04	4.55	19.69	-13.06	26.31	21.12
Russell 2000 Index	12.81	11.54	16.93	-20.44	14.82	31.37
<i>% of Excess Return</i>	-13.85	-6.99	2.76	7.38	11.49	-10.25

Copeland is currently on watch status since March 2025 for underperformance.

Fees

LACERS pays Copeland an effective fee of 46 basis points (0.46%), which is approximately \$1.3 million annually based on the value of LACERS' assets as January 31, 2026. This fee ranks in the 13th percentile among its peers in the eVestment U.S. Small Cap Core Universe (i.e., 87% of like-managers have higher fees). From contract inception on August 1, 2020 to December 31, 2025, LACERS has paid Copeland a total of \$6.1 million in investment fees.

General Fund Consultant Opinion

NEPC concurs with this recommendation.

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

TB:RJ:WL:RM:BS

Attachment: 1. Consultant Recommendation – NEPC



To: Los Angeles City Employees' Retirement System Investment Committee

From: NEPC, LLC

Date: March 10, 2026

Subject: Copeland Capital Management, LLC – Small Cap Dividend Growth Equity Contract Renewal

Recommendation

NEPC recommends Los Angeles City Employees' Retirement System (LACERS) renew the contract with Copeland Capital Management, LLC ('Copeland') for a period of one year from the date of contract expiry. The one year extension reflects the fact that Copeland remains on watch status per LACERS performance criteria.

Background

Copeland was funded on September 30, 2020 to provide active investment management within the core U.S. equity small cap segment. As of December 31, 2025, Copeland managed \$279.3 million, or 1.0% of Plan assets. The performance objective is to outperform the Russell 2000 Index, net of fees, annualized over a full market cycle (normally three-to-five years). The account was placed on watch on March 19, 2025 based on LACERS' Manager Monitoring Policy.

Copeland was founded in 2005 by Eric Brown in Wellesley, Massachusetts and today is headquartered in Conshohocken, Pennsylvania. The firm is 100% employee owned and was founded to invest capital based upon a dividend growth investment philosophy. The firm's clients include corporate pension plans, educational and religious endowments, charitable foundations, health care institutions, municipalities and high net worth individuals. The firm seeks to have broad based ownership with 21 out of 31 total employees having ownership in the firm. Everyone working on investment teams are owners of the firm. The firm has also never lost an investment professional. As of December 31, 2025, the firm's total assets under management was \$7.77 billion with a total of \$3.63 billion managed in the Small Cap Dividend Growth Equity product.

The investment team has a collaborative, team-based investment process. Each team member is a portfolio manager with analyst responsibilities for their own sectors. Mark Govanniello covers Health Care, Energy, and Materials. Dave McGonigle covers Financials and Consumer Discretionary. Jeffrey Walkenhorst covers Technology, Telecom, Consumer Staples, and REITs. Eric Brown covers Utilities and MLPs. John Cummings covers Industrials. These five individuals are named portfolio managers on the Small Cap Dividend Growth strategy, but Mark Giovanniello is the lead portfolio manager on the Small Cap Dividend Growth, Smid Cap Dividend Growth, and Mid Cap Dividend Growth. Mark Giovanniello is also the firm's Chief Investment Officer (CIO). Mark has final decision-making authority for the strategy. Decisions among the team are collaborative with the largest weightings in the portfolio going to the highest conviction names.

Copeland focuses on dividend growth, not dividend level, given their belief that companies with sustainable dividend growth are more likely to outperform the market and with less risk. The firm only invests in companies that exhibit consistent dividend growth and are believed to be able to

continue to increase their dividends over time. The firm screens and ranks eligible stocks using a fundamental ranking system. Their initial universe consists of companies that have increased their dividends with market capitalizations between \$250 million and \$4 billion. The Small Cap Dividend Growth product requires 80% or more of their companies to have 3-years of dividend growth. The research team will perform further fundamental analysis on companies that pass and rank favorably in their screen. Fundamental analysis focuses on identifying companies with strong competitive advantages and are believed to have the ability to steadily increase their dividend over time. Examples of competitive advantages include low cost versus differentiation strategies, scale, market share, pricing power, network effects, brands, and high return on invested capital (ROIC).

Performance

Referring to Exhibits 1 and 2, since inception ending December 31, 2025, the portfolio has underperformed its benchmark by 1.5% and ranked in the 69th percentile in its peer group of U.S. small cap investment managers. Over the past five years, ended December 31, 2025, the portfolio outperformed its benchmark by 0.3% and ranked in the 62nd percentile in its peer group. In the past year, ended December 31, 2025, the portfolio underperformed its benchmark by 13.9% and ranked in the 87th percentile in its peer group. Over the past year, the portfolio underperformed its benchmark primarily due to stock selection. Health care, industrials, and financial services stocks were the largest detractors.

Copeland's strategy has endured shorter-term periods of underperformance that have dragged down calendar year relative performance. Their focus on sustainable dividend growth stocks has hurt the strategy's performance in an environment where lower quality, unprofitable small cap stocks have outperformed the index, such as in 2025 when biotech stocks experienced a significant reversal in performance. These unprofitable stocks, which represent ~40% of companies in the Russell 2000 Index, are not the types of stocks that Copeland will own. The strategy's portfolio holdings have been raising dividends in recent periods so the team views their current portfolio as fundamentally strong whereas the index is seeing both earnings growth and dividend growth declining. The team believes that similar environments have been seen in the past, such as in 2021 when SPACs and meme stocks rallied; however, most eventually crash in subsequent years. The nature of the current market rally in small cap is more extreme than the team would like and, unfortunately, the strategy is enduring a historically challenged period of relative performance. On the positive side, the portfolio today is historically cheap relative to the index, trading at an approximate 35% relative discount to the index on P/E.

Fees

The portfolio has an asset-based fee of 0.46% annually. This fee ranks in the 13th percentile among its peers in the eVestment U.S. Small Cap Core universe. In other words, 87% of the products included in the peer universe have a higher fee than the LACERS account.



Conclusion

Copeland has underperformed its benchmark index over the shorter-term and since being funded on September 30, 2020. The team at Copeland has been stable. NEPC believes their investment philosophy of focusing on profitable, dividend growth companies provides diversification and can benefit the Plan over the long run as market sentiment shifts. The strategy is lower beta than the market and tends to participate in up markets while historically providing solid downside protection. NEPC recommends a one-year contract renewal given the current watch status and to see how the strategy performs when market dynamics shift.

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

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

*Since inception performance calculated by NEPC begins with the first full month of performance for the investment manager; partial month performance is not included.

	Market Value (\$)	3 Months	FYTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Copeland Capital Management	279,300,474	-2.4	2.5	-1.0	7.4	6.3	10.0	Oct-20
Russell 2000 Index		2.2	14.9	12.8	13.7	6.1	11.4	
Over/Under		-4.6	-12.4	-13.9	-6.4	0.3	-1.5	





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

*Since inception performance calculated by NEPC begins with the first full month of performance for the investment manager; partial month performance is not included.

