Investment Committee Agenda
REGULAR MEETING
TUESDAY, AUGUST 11, 2026
10:30 A.M., OR IMMEDIATELY FOLLOWING THE BOARD MEETING
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

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The Committee may take action on any item appearing on this agenda, regardless of whether it is listed as an action item. Cal. Gov. Code § 54954.2.

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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 JULY 14, 2026 AND POSSIBLE COMMITTEE ACTION

III. CHIEF INVESTMENT OFFICER VERBAL REPORT

IV. INVESTMENT MANAGER CONTRACT WITH PGIM, INC. REGARDING THE MANAGEMENT OF AN ACTIVE EMERGING MARKET DEBT PORTFOLIO AND POSSIBLE COMMITTEE ACTION

V. OTHER BUSINESS

VI. NEXT MEETING: The next Regular meeting of the Investment Committee is scheduled for Tuesday, September 8, 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.

VII. ADJOURNMENT

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

Board of Administration Agenda
SPECIAL MEETING
TUESDAY, AUGUST 11, 2026
10:30 A.M., OR IMMEDIATELY FOLLOWING THE BOARD MEETING
LACERS BOARDROOM
977 N. Broadway
Los Angeles, CA 90012

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VII. ADJOURNMENT

Committee Agenda of: August 11, 2026
Item No.: II

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

July 14, 2026
11:33 A.M.

Present:

Thuy Huynh, Chair

Susan Liem, Committee Member

Gaylord "Rusty" Roten, Committee Member

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 ON MAY 12, 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 – Wilkin Ly, Acting Chief Investment Officer, discussed the following items:

- Distribution of Investment Committee Forward Calendar
- Distribution of the Manager Watch List Report
- Future Agenda Items: Infrastructure RFP semi-finalist interviews and Public contract renewals

IV

INVESTMENT MANAGER CONTRACT WITH WELLINGTON MANAGEMENT COMPANY LLP REGARDING THE MANAGEMENT OF AN ACTIVE EMERGING MARKET DEBT PORTFOLIO AND POSSIBLE COMMITTEE ACTION – Jeremiah Paras, Investment Officer II, presented and discussed this item with the Committee for nine minutes. Committee Member Liem moved approval, and adopted by the following vote: Ayes, Committee Members Liem, Roten, and Chair Huynh -3; Nays, None.

V

ANNUAL REPORT ON LACERS EMERGING INVESTMENT MANAGER PROGRAM FOR THE PERIOD ENDING DECEMBER 31, 2025 – Wilkin Ly, Acting Chief Investment Officer, and Ricky Mulawin, Management Analyst, presented and discussed this item with the Committee for 19 minutes.

VI

OTHER BUSINESS – There was no other business.

VII

NEXT MEETING: The next Regular meeting of the Investment Committee is scheduled for Tuesday, August 11, 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 12:05 P.M.

Thuy Huynh, Chair
Todd Bouey, Manager-Secretary

LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

REPORT TO INVESTMENT COMMITTEE
MEETING: AUGUST 11, 2026
FROM: Todd Bouey, General Manager
ITEM: IV

SUBJECT: INVESTMENT MANAGER CONTRACT WITH PGIM, INC. REGARDING THE MANAGEMENT OF AN ACTIVE EMERGING MARKET DEBT PORTFOLIO AND POSSIBLE COMMITTEE ACTION

☒ ACTION ☐ CLOSED ☐ CONSENT ☐ RECEIVE & FILE

Recommendation

That the Committee recommend to the Board a three-year contract renewal with PGIM, Inc. for management of an active emerging market debt portfolio.

Executive Summary

PGIM, Inc. (PGIM) has managed an active emerging market debt portfolio for LACERS since February 2021. LACERS' portfolio was valued at $602 million as of June 30, 2026. PGIM is in compliance with the LACERS Manager Monitoring Policy. Staff and NEPC, LLC (NEPC), LACERS' General Fund Consultant, recommend a three-year contract renewal.

Discussion

Background

PGIM manages an active emerging markets blended hard and local currency debt portfolio for LACERS benchmarked against a custom benchmark consisting of a 50% weighting to the J.P. Morgan Emerging Market Bond Index (JPM EMBI) Global Diversified Index and a 50% weighting to the J.P. Morgan Government Bond Index-Emerging Markets (JPM GBI-EM) Global Diversified Index. The firm's investment process starts with the top-down approach of assessing the global appetite for risk. The second step of the investment process is a comprehensive fundamental analysis of countries with country allocation deemed as a primary determinant of returns. The next step is security selection that offers best relative value. The investment process concludes with a risk management assessment that is guided by dynamic risk budgeting. The investment approach also seeks to add value through currency active management and yield curve management.

The Emerging Markets Debt (EMD) Team is led by Senior Portfolio Manager Cathy Hepworth (40 years of investment experience). Cathy Hepworth, alongside Mariusz Banasiak (22 years of investment experience) and Aayush Sonthalia (26 years of investment experience), serve as the senior portfolio managers for the Hard/Local Currency Blend strategy and they co-lead a team of portfolio managers and analysts who are dedicated to specific regions and sectors of the EMD universe. Cathy Hepworth, Mariusz Banasiak and Aayush Sonthalia are also portfolio managers for other strategies more focused on Hard Currency, Local Currency and EMD Corporates respectively. The EMD Team is supported by sovereign and local rates strategists, regional sovereign portfolio managers, global rates and currency specialists, and dedicated emerging markets corporate bond analysts. The EMD Team leverages the firm's full resources, including the Macroeconomic Research, Quantitative Analysis and Risk Management, and Credit Research teams.

The Board hired PGIM through the 2019-2020 Active Emerging Markets Debt search process and authorized a three-year contract on September 8, 2020, and became effective on January 1, 2021. The Board approved a three-year contract renewal on September 26, 2023. The current contract expires on December 31, 2026. LACERS' portfolio was valued at $602 million as of June 30, 2026.

Organization

With over 4,600 employees located in 40 offices throughout the globe, PGIM serves as the wholly-owned global investment management business of Prudential Financial, Inc., a publicly-traded financial services company (NYSE ticker symbol PRU). PGIM Credit, the platform which combined PGIM's public fixed income and private credit businesses in 2025, employs 554 investment professionals and is headquartered in Newark, New Jersey. As of March 31, 2026, PGIM managed $1.4 trillion in total assets, with $1.2 trillion under PGIM Credit and $15.4 billion in the emerging markets blended debt strategy.

Due Diligence

Staff conducts routine due diligence of the manager. In addition to meeting virtually for quarterly portfolio reviews and ad hoc investment discussions, LACERS staff conducted an on-site meeting at PGIM's headquarters in March 2026. During the onsite meeting, staff heard several presentations and engaged in discussions with key personnel across the organization. Staff concluded that PGIM's investment philosophy, strategy, and process have not changed materially over the contract period. This finding supports staff's assessment that PGIM remains capable of consistency in managing LACERS assets and believes it can meet its stated investment objectives.

Performance

As presented in the following table, PGIM has outperformed its benchmark over the 3-month , 1-year, 3-year, 5-year and since inception time periods, as of June 30, 2026.

Annualized Performance as of 6/30/2026 (Net-of-Fees)

Time Period	3-Month	1-Year	3-Year	5-Year	Since Inception 2/12/2021
PGIM	6.59	10.98	9.63	3.42	2.74
50% JPM EMBI Global Diversified Index/50% JPM GBI-EM Global Diversified Index	4.62	9.82	8.84	2.38	1.90
% of Excess Return	*1.97*	*1.16*	*0.79*	*1.04*	*0.84*

Calendar year returns are presented as supplemental information in the following table.

Calendar Year Performance as of 6/30/2026 (Net-of-Fees)

Time Period	1/1/26-6/30/26	2025	2024	2023	2022	2/12/21-12/31/21
PGIM	3.28	16.69	2.93	12.55	-12.63	-5.19
50% JPM EMBI Global Diversified Index/50% JPM GBI-EM Global Diversified Index	2.42	16.79	2.01	11.92	-14.75	-4.97
% of Excess Return	*0.86*	*-0.10*	*0.92*	*0.63*	*2.12*	*-0.22*

PGIM is in compliance with the LACERS Manager Monitoring Policy.

Fees

LACERS pays PGIM an effective fee of 33 basis points (0.33%), which is approximately $2 million annually based on the value of LACERS' assets as of June 30, 2026. This fee ranks in the 11th percentile of fees charged by similar managers in the eVestment database (i.e., 89% of like-managers have higher fees). Since inception, LACERS has paid PGIM a total of $8.3 million in investment management fees as of June 30, 2026.

General Fund Consultant Opinion

NEPC concurs with this recommendation.

Prepared By:

Jeremiah Paras, Investment Officer II, Investment Division

TB:WL:EC:RM:JP

Attachment: 1. Consultant Recommendation – NEPC

INVESTMENT COMMITTEE MEETING: AUGUST 11, 2026
ITEM: IV
ATTACHMENT: 1

To: Los Angeles City Employees’ Retirement System Investment Committee

From: NEPC, LLC

Date: August 11, 2026

Subject: PGIM – Contract Renewal

Recommendation

NEPC recommends Los Angeles City Employees’ Retirement System (LACERS) renew the contract that is currently in place with PGIM, Inc (‘PGIM’) for a period of three years from the date of contract expiry.

Background

PGIM was funded on February 12, 2021 to provide the Plan with exposure to emerging markets debt exposure within the Plan’s Credit Opportunities asset class. As of June 30, 2026, PGIM managed $601.6 million, or 2.1% of Plan assets. The performance objective is to outperform the 50% JPM EMBI Global Diversified Index / 50% JPM GBI-EM Global Diversified 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.

Prudential Financial, Inc. (‘PFI’) traces its origins to 1875 with the founding of its insurance affiliate. PFI became a publicly-held company in December 2001. PFI of the United States is not affiliated in any manner with Prudential plc, a company incorporated in the United Kingdom. PGIM, Inc. (‘PGIM’) is the largest investment adviser within PFI. PGIM has been registered as an investment adviser with the U.S. Securities and Exchange Commission (‘SEC’) since December 1984. PGIM, or one of its predecessors, has been managing proprietary fixed income portfolios since 1875 and accounts for institutional clients since 1928.

As of March 31, 2026, the firm had $1.4 trillion in assets under management and strategy assets were $15.4 billion. Ms. Cathy Hepworth, CFA, Head of Emerging Markets Debt and Mr. Mariusz Banasiak, CFA, Head of Local Currency Rates and FX, are the Senior Portfolio Managers of local currency and blend mandates. They are supported by sovereign and local rates strategists, regional sovereign portfolio managers, global rates and currency specialists, and dedicated emerging markets corporate bond analysts. The Emerging Markets Debt Team leverages the firm’s full resources, including a Macroeconomic Research, Quantitative Analysis and Risk Management, and Credit Research Teams. Stephen Warren, Head of Quantitative Analysis and Risk Management, will retire in July 2026 after nearly thirty years in the financial services industry and ten years with PGIM Fixed Income. In September 2025, hard currency portfolio manager, Zulfi Ali, left the firm. Zulfi's responsibilities have been absorbed by the team, with much of that responsibility falling to Rodrigo Navarro. Additionally, Markus Zehnder, FX trader, left the firm with his responsibilities also being absorbed by the team.

PGIM Fixed Income's investment approach seeks to add value primarily through research-based country allocation, security selection, foreign exchange, and, to a lesser extent, yield curve management. The Emerging Markets Team's duration management decisions are made on a country-by-country basis based on the outlook for central bank policy, inflation, and output gaps. It is also a function of PGIM's assessment of the global appetite for risk, which is step one of its investment process. Yield curve decisions are made with similar considerations. When PGIM interprets the global appetite for risk as a positive factor (i.e. global investors appear willing to assume more risk), the portfolio will tend to express this through slightly more aggressive yield curve positioning.

PGIM Fixed Income's Emerging Markets Debt investment philosophy is grounded in four beliefs. First, they believe that investors have an ever-changing risk appetite and believe that this is a primary contributor to both market opportunity and market volatility. Second, Country allocation is a primary determinant of emerging markets portfolio returns and therefore their investment process focuses on determining country views. The country decision process incorporates their global risk view along with an analysis of a country's foreign exchange, local bonds, and hard currency bonds from a fundamental, relative value, and technical perspective. The process relies on qualitative factors in their fundamental analysis, as they believe these are often the best predictors of performance. Third, security selection is a primary source of alpha generating opportunities and their process seeks the widest possible universe of security selection opportunities. PGIM analyzes sovereign issuers as well as "quasi-sovereign" issuers within the same country and evaluate opportunities in both hard currency and local currency bonds based on potential changes in policy rates and inflation. Corporate issuers are also evaluated. Fourth, risk budgeting provides a framework for investment decision-making and overall risk management. The firm relies on risk budgeting and risk management to provide a consistent and disciplined framework for all investment decisions. They develop a broad strategic risk budget for the portfolio that reflects long-term objectives and risk parameters, as well as a tactical risk budget that permits the portfolio to incorporate day-to-day views of market risk tolerances and opportunities within the broader strategic risk budget.

Performance

Referring to Exhibit 1, as of June 30, 2026, since the portfolio's inception date of March 1, 2021, the portfolio has outperformed its benchmark by 0.9%. Over the last five years, the portfolio has outperformed the benchmark by 1.0% and over the last three years the portfolio has outperformed by 0.8%. Both near-term and long-term performance have been favorable.

Referring to Exhibit 2, since March 1, 2021, the PGIM portfolio has outperformed its index by 0.6%, net of fees, and ranked in the 49th percentile of its peer universe as of March 31, 2026. In the one-year period ended March 31, 2026, the portfolio underperformed the index by 0.6%, ranking in the 51st percentile. In the three-year and five-year periods, the portfolio outperformed the index by 0.3% and 0.7%, ranking in the 49th and 45th percentiles, respectively.

Fees

The PGIM portfolio has an asset-based fee of 0.33% annually. The fee ranks in the 11th percentile among its peers in the eVestment Global Emerging Markets Fixed Income Blended Currency Universe. In other words, 89% of the products included in the peer universe have a higher fee than the LACERS account.

Conclusion

PGIM has outperformed its benchmark index since inception ended June 30, 2026. The team has added value in both up and down markets. The firm's understandable research-driven approach to emerging market debt investing is supported by a large stable global team. NEPC recommends renewing the contract with PGIM for a period of three years.

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

Exhibit 1: Performance Comparison Net of Fees as of June 30, 2026

This table compares PGIM with the blended benchmark 50% JPM EMBI Global Diversified Index / 50% JPM GBI-EM Global Diversified Index across 1 month, YTD, 1 year, 3 years, 5 years, and since inception as of June 30, 2026. The inception period begins on March 1, 2021. The table also includes an over/under row showing the difference between the strategy and benchmark. PGIM outperforms the benchmark for every time period, with the strongest relative outperformance shown in the one-year period.

Strategy vs. Benchmark	1 Mo %	YTD %	1 YR %	3 YR %	5 YR %	Inception
PGIM	1.2	3.3	11.0	9.6	3.4	3.5
50% JPM EMBI Global Diversified Index / 50% JPM GBI-EM Global Diversified Index	0.5	2.4	9.8	8.8	2.4	2.6
Over/Under	0.7	0.9	1.2	0.8	1.0	0.9

Exhibit 2: Universe Performance Comparison Net of Fees Ending March 31, 2026

PGIM vs. eV All Emerging Markets Fixed Income

This table provides the detailed returns, percentile rankings, peer universe breakpoints, and population counts across 3 months, FYTD, 1 year, 3 years, 5 years, and since inception as of March 31, 2026. The inception period begins on March 1, 2021. The table shows how PGIM and the benchmark rank within the broader peer universe over time, with population sizes ranging from 295 to 330. Percentile rankings are indicated in parentheses with 1 indicating the highest ranking and 100 the lowest ranking.

Strategy vs. Benchmark and Universe	3 Mo %	FYTD %	1 YR %	3 YR %	5 YR %	Inception
PGIM	-2.7 (91)	4.6 (60)	10.5 (51)	8.5 (49)	3.0 (45)	2.5 (49)
50% JPM EMBI Global Diversified Index / 50% JPM GBI-EM Global Diversified Index	-1.7 (68)	5.3 (47)	11.1 (45)	8.2 (55)	2.3 (69)	1.9 (69)
5th Percentile	1.5	10.7	17.2	13.9	6.3	6.6
1st Quartile	-0.6	7.1	12.3	10.2	3.7	3.2
Median	-1.3	5.2	10.6	8.5	2.8	2.4
3rd Quartile	-2.0	3.7	6.6	7.1	2.1	1.6
95th Percentile	-3.0	2.3	4.3	5.6	0.4	0.0
Population	330	329	329	317	286	295