LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

Investment Committee Agenda

REGULAR MEETING

TUESDAY, NOVEMBER 8, 2022

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

MEETING LOCATION:

In accordance with Government Code Section 54953, subsections (e)(1) and (e)(3), and in light of the State of Emergency proclaimed by the Governor on March 4, 2020 relating to COVID-19 and ongoing concerns that meeting in person would present imminent risks to the health or safety of attendees and/or that the State of Emergency continues to directly impact the ability of members to meet safely in person, the LACERS Investment Committee's November 8, 2022 meeting will be conducted via telephone and/or videoconferencing.

Important Message to the Public

Information to call-in to listen and/or participate:
Dial: (669) 254-5252 or (669) 216-1590
Meeting ID# 161 910 8753

Instructions for call-in participants:

1- Dial in and enter Meeting ID
2- Automatically enter virtual "Waiting Room"
3- Automatically enter Meeting
4- During Public Comment, **press *9** to raise hand
5- Staff will call out the last 3-digits of your phone number to make your comment

Chair:	Elizabeth Lee
Committee Members:	Nilza R. Serrano Janna Sidley
Manager-Secretary:	Neil M. Guglielmo
Executive Assistant:	Ani Ghoukassian
Legal Counselor:	City Attorney's Office Public Pensions General Counsel Division

Notice to Paid Representatives

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

Request for Services

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

Sign Language Interpreters, Communication Access Real-Time Transcription, Assistive Listening Devices, Telecommunication Relay Services (TRS), or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in securing Sign Language Interpreters, five or more business days' notice is strongly recommended. For additional information, please contact: Board of Administration Office at ***(213) 855-9348*** and/or email at ***ani.ghoukassian@lacers.org***.

Disclaimer to Participants

Please be advised that all LACERS Board and Committee Meeting proceedings are audio recorded.

Information to listen only: Live Committee Meetings can be heard at: (213) 621-CITY (Metro), (818) 904-9450 (Valley), (310) 471-CITY (Westside), and (310) 547-CITY (San Pedro Area).

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 – *THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT* - **PRESS *9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD**

II. APPROVAL OF MINUTES FOR THE MEETING OF OCTOBER 11, 2022 AND POSSIBLE COMMITTEE ACTION

III. CHIEF INVESTMENT OFFICER VERBAL REPORT

IV. PRESENTATION BY AKSIA CA LLC OF THE PRIVATE EQUITY PROGRAM 2023 STRATEGIC PLAN AND POSSIBLE COMMITTEE ACTION

V. PRESENTATION BY POLEN CAPITAL CREDIT, LLC REGARDING THE MANAGEMENT OF AN ACTIVE HYBRID HIGH YIELD FIXED INCOME/U.S. FLOATING RATE BANK LOAN PORTFOLIO

VI. INVESTMENT MANAGER CONTRACT WITH AXIOM INVESTORS, LLC REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. EMERGING MARKETS GROWTH EQUITIES PORTFOLIO AND POSSIBLE COMMITTEE ACTION

VII. OTHER BUSINESS

VIII. NEXT MEETING: The next Regular meeting of the Investment Committee is scheduled for Tuesday, December 13, 2022, at 10:30 a.m., or immediately following the Board Meeting, at LACERS, 202 West 1st Street, Suite 500, Los Angeles, CA 90012 and/or via telephone and/or videoconferencing. Please continue to view the LACERS website for updated information on public access to Board/Committee meetings while response to public health concerns relating to the novel coronavirus continue.

IX. ADJOURNMENT

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

Board of Administration Agenda

SPECIAL MEETING

TUESDAY, NOVEMBER 8, 2022

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

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President:	Nilza R. Serrano
Vice President:	Elizabeth Lee
Commissioners:	Annie Chao Thuy T. Huynh Janna Sidley Sung Won Sohn Michael R. Wilkinson
Manager-Secretary:	Neil M. Guglielmo
Executive Assistant:	Ani Ghoukassian
Legal Counsel:	City Attorney's Office Public Pensions General Counsel Division

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IX. ADJOURNMENT

Agenda of:	Nov. 8, 2022
Item No:	II

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

In accordance with Government Code Section 54953, subsections (e)(1) and (e)(3), and in light of the State of Emergency proclaimed by the Governor on March 4, 2020 relating to COVID-19 and ongoing concerns that meeting in person would present imminent risks to the health or safety of attendees and/or that the State of Emergency continues to directly impact the ability of members to meet safely in person, the LACERS Investment Committee's October 11, 2022 meeting was conducted via telephone and/or videoconferencing.

October 11, 2022

12:24 p.m.

PRESENT via Videoconferencing:	Chair:	Elizabeth Lee
	Committee Member:	Nilza R. Serrano
	Legal Counselor:	Anya Freedman
	Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Ani Ghoukassian
ABSENT:	Committee Member:	Janna Sidley

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 – *THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT* – **PRESS *9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD** – Chair Lee asked if any persons wished to speak on matters within the Committee's jurisdiction, to which there was no response.

II

APPROVAL OF MINUTES FOR THE MEETING OF AUGUST 9, 2022 AND POSSIBLE COMMITTEE ACTION – Committees Member Serrano moved approval, and adopted by the following vote: Ayes, Committee Member Serrano and Chair Lee -2; Nays, None.

III

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

- Investment Committee Meeting Forward Calendar
- Special Investment Committee Meeting to be scheduled in November 2022

IV

PRIVATE CREDIT CONSULTANT SEMI-FINALIST INTERVIEWS AND POSSIBLE COMMITTEE ACTION – Wilkin Ly, Investment Officer III, Robert King, Investment Officer II, introduced this item to the Committee. The first to present were members of Aksia, LLC: Mike Krems, Partner, Trevor Jackson, Managing Director, and Tim Nest, Partner. They presented and discussed their presentation with the Committee for 30 minutes. The second to present were members of Meketa Investment Group, Inc.: Mary Bates, Managing Principal, Tad Fergusson, Managing Principal, and John Haggerty, Managing Principal. They presented and discussed their presentation with the Committee for 30 minutes. After both presentations, staff and the Committee further discussed the two presentations. After a 30 minute discussion, Committee Member Serrano moved approval, adopted by the following vote: Ayes, Committee Member Serrano and Chair Lee -2; Nays, None.

V

SECURITIES LENDING PROGRAM MODIFICATIONS AND POSSIBLE COMMITTEE ACTION – Bryan Fujita, Investment Officer III, and James Wang, Investment Officer I, presented and discussed this item with the Committee for 10 minutes. Committee Member Serrano moved approval, adopted by the following vote: Ayes, Committee Member Serrano and Chair Lee -2; Nays, None.

VI

PROXY VOTING ACTIVITY REPORT FOR THE PERIOD JULY 1, 2021 TO JUNE 30, 2022 – Ellen Chen, Investment Officer II, presented this report to the Committee. This report was received by the Committee and filed.

VII

BROKERAGE ACTIVITY REPORT FOR THE PERIOD JULY 1, 2021 TO JUNE 30, 2022 – This report was received by the Committee and filed.

VIII

OTHER BUSINESS – There was no other business.

IX

NEXT MEETING: The next Regular Meeting of the Investment Committee is scheduled for Tuesday, December 13, 2022, at 10:30 a.m. or immediately following the Board Meeting, at LACERS, 202 West 1st Street, Suite 500, Los Angeles, CA 90012, and/or via telephone and/or videoconferencing. Please continue to view the LACERS website for updated information on public access to Board/Committee meetings while responding to public health concerns relating to the novel coronavirus continue.

X

ADJOURNMENT – There being no further business before the Committee, Chair Lee adjourned the meeting at 1:14 p.m.

Elizabeth Lee
Chair

Neil M. Guglielmo
Manager-Secretary

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO INVESTMENT COMMITTEE **MEETING: NOVEMBER 8, 2022**
From: Neil M. Guglielmo, General Manager **ITEM: IV**

SUBJECT: **PRESENTATION BY AKSIA CA LLC OF THE PRIVATE EQUITY PROGRAM 2023 STRATEGIC PLAN AND POSSIBLE COMMITTEE ACTION**

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

Recommendation

That the Committee recommend to the Board the adoption of the Private Equity Program 2023 Strategic Plan.

Discussion

Aksia CA LLC (Aksia), LACERS' Private Equity Consultant, with input from staff, has developed the proposed Private Equity Program 2023 Strategic Plan, which considers strategic objectives and investment plan recommendations for calendar year 2023. Staff has reviewed the plan and recommends its adoption. Aksia will present the proposed plan.

Strategic Plan Impact Statement

The annual private equity strategic plan assists the Board in building a diversified private equity and total fund portfolio and aligns with the Strategic Plan Goals of optimizing long-term risk adjusted investment returns (Goal IV) and promoting good governance practices (Goal V).

Prepared by: Wilkin Ly, Investment Officer III, Investment Division

NMG/RJ/BF/WL:rm

Attachment: 1. LACERS Private Equity Program 2023 Strategic Plan – Aksia CA LLC

Aksia LLC

LACERS Private Equity Program
2023 Strategic Plan

Aksia
New York • London • Tokyo

www.aksia.com

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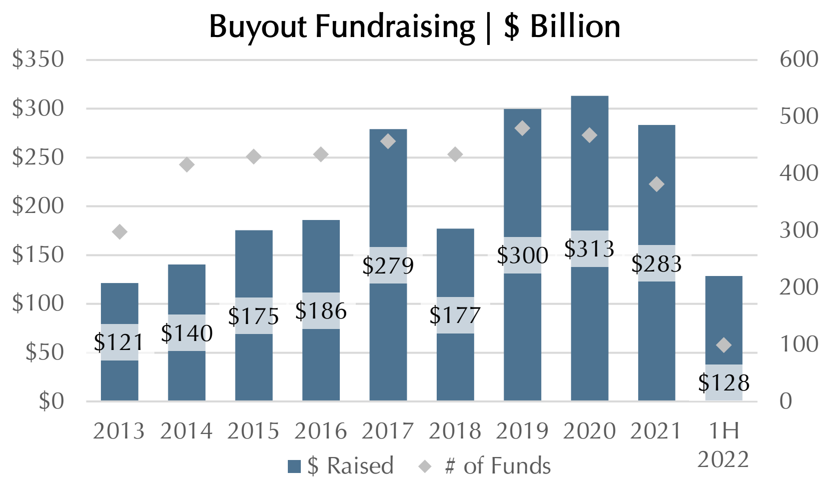
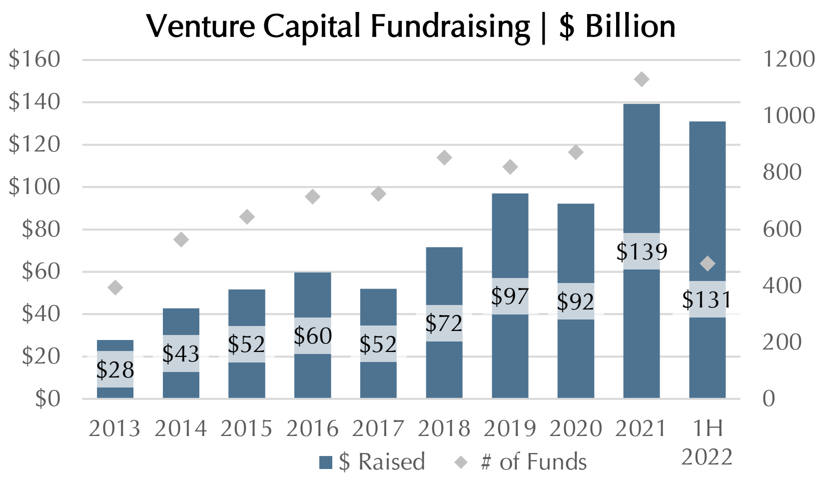
LACERS PRIVATE EQUITY PROGRAM - 2023 STRATEGIC PLAN

Fundraising Activity – North America





- The buyout fundraising landscape remains crowded, with many PE firms back in market following accelerated deployment in 2021. However, some LPs are facing tightening allocations given the denominator effect which is leading to more drawn-out fundraising cycles and may result in some PE firms having difficulty raising their target amounts

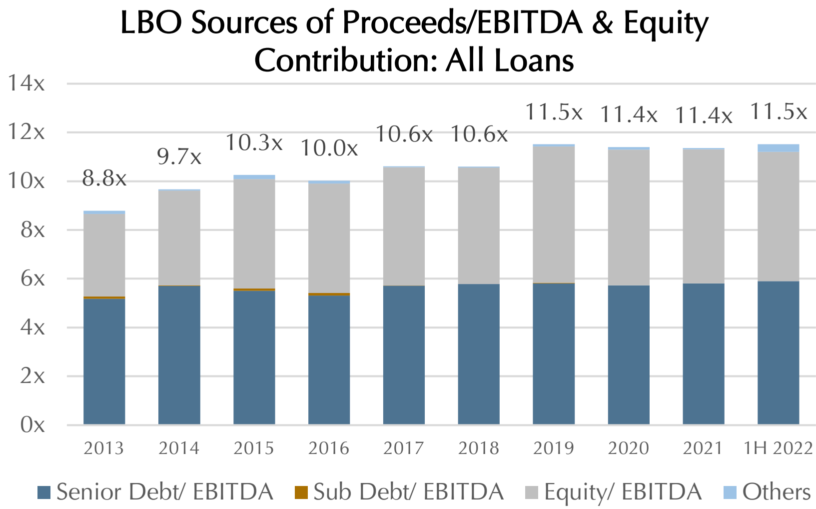
- Fundraising in 2022 jumped out of the gate strongly as momentum from last year spilled over, but we believe it is likely to slow down as investors already have their allocations for the year almost filled (if not already filled) and there is concern for the denominator effect as public equity valuations continued to decline

Source: Pitchbook, as of June 2022. Data has not been reviewed by Pitchbook analysts. The above represents Aksia's market observations. Observations are subject to change.

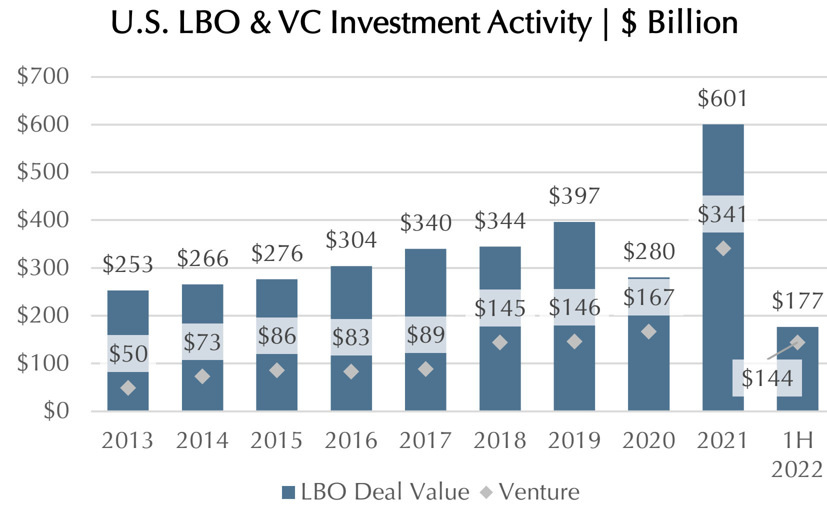
LACERS PRIVATE EQUITY PROGRAM - 2023 STRATEGIC PLAN

Aksia

Investment Activity – North America



Source: Leveraged Commentary & Data (LCD), Pitchbook as of June 2022



Source: Pitchbook & National Venture Capital Association, as of June 2022

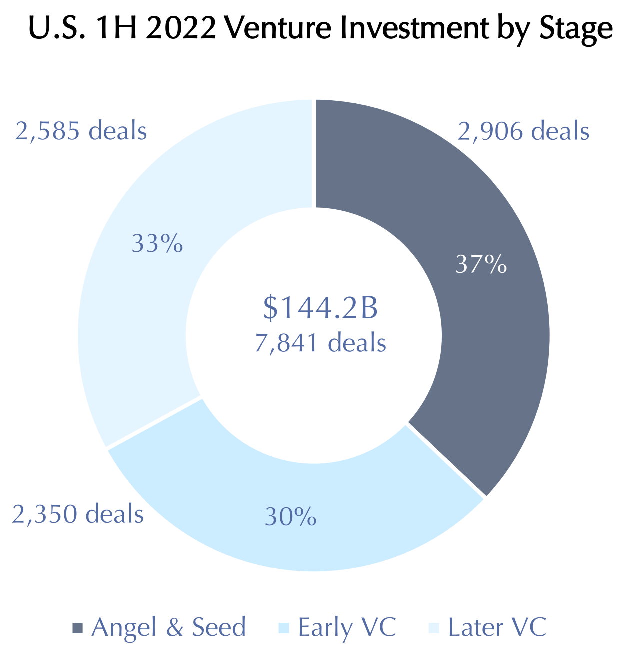
- Buyout valuation multiples remain elevated but may begin to compress given the pullback in public markets and rising interest rates

- We saw a slowdown in deal value across both buyouts and venture capital during the first half of 2022. Looking forward, several PE managers have indicated the possibility of increased take private activity, while within the venture capital landscape, many founders are avoiding fundraising at a down round

Data has not been reviewed by Pitchbook analysts. The above represents Aksia’s market observations. Observations are subject to change.

Aksia

Investment Activity – U.S.



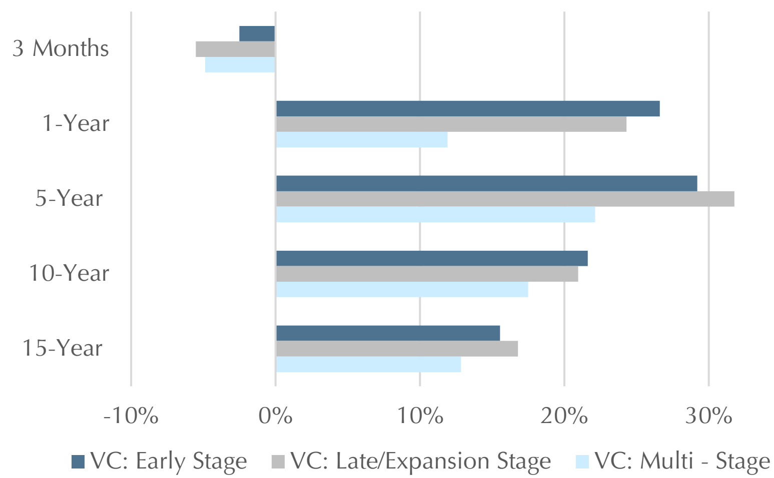
- There has been a slowdown in venture investment activity as of 1H 2022. However, the breakdown of deals has not meaningfully changed

Source: Pitchbook & National Venture Capital Association, as of June 2022. Data has not been reviewed by Pitchbook analysts. The above represents Aksia's market observations. Observations are subject to change.

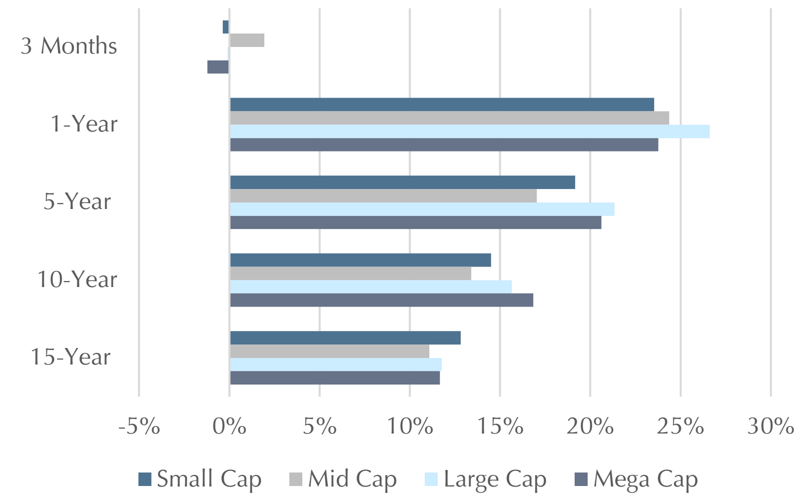
LACERS PRIVATE EQUITY PROGRAM - 2023 STRATEGIC PLAN

Market Performance

Venture Capital Returns



Buyout Returns



- We expect the significant compression in the public markets to start reverberating through Venture returns in 2022 with some lag due to stage blend and valuation policies

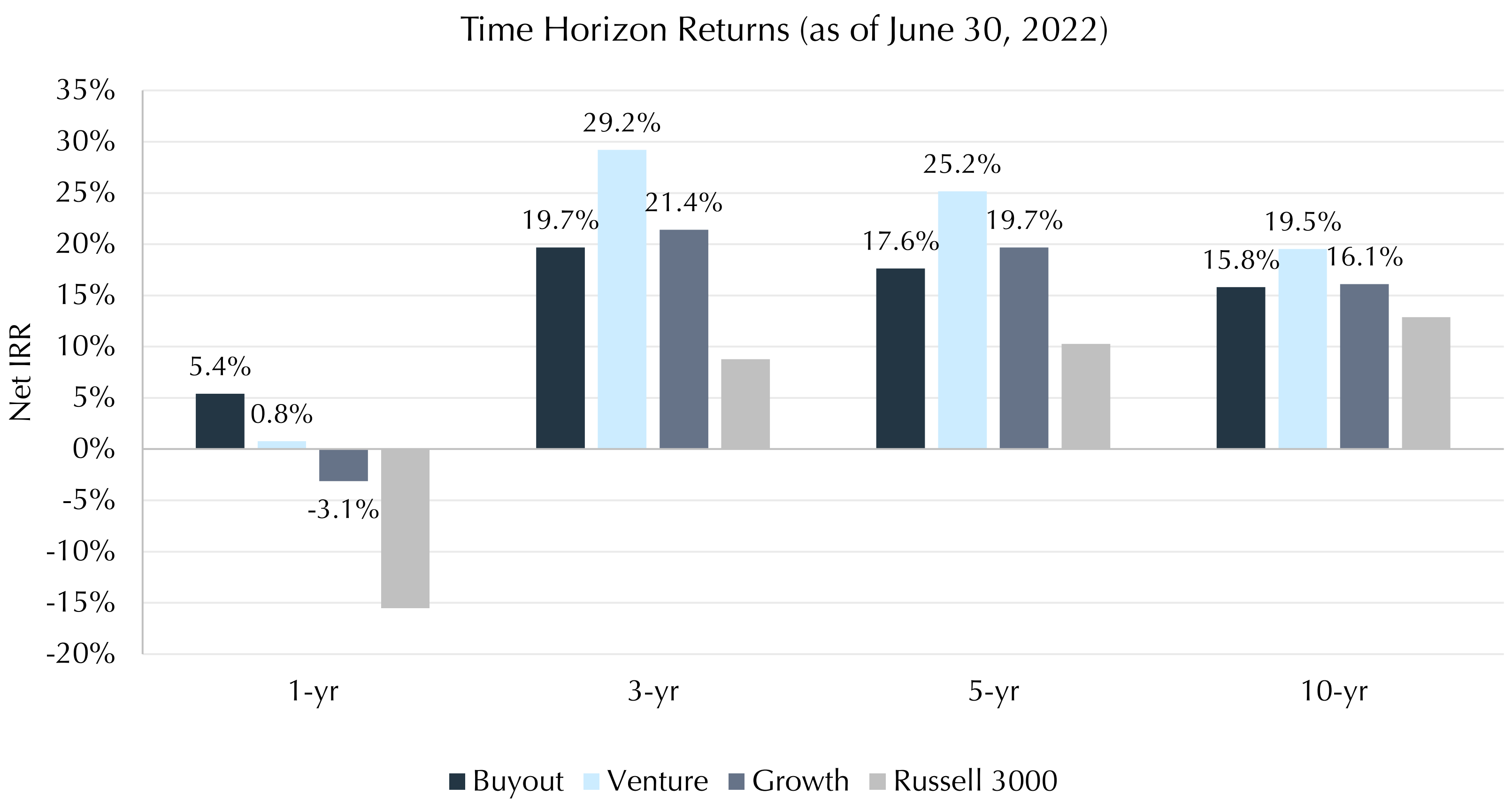
- Performance of most buyout strategies contracted slightly in Q1 2022, which was not unexpected given declines in public markets. Despite the decline, buyout funds have posted 20%+ returns over the past 12 months

Source: Cambridge Associates via Refinitiv, as of March 2022. Past performance is not indicative of future results. The above represents Aksia's market observations. Observations are subject to change.

Aksia

Private Equity Industry Returns Relative to Public Markets

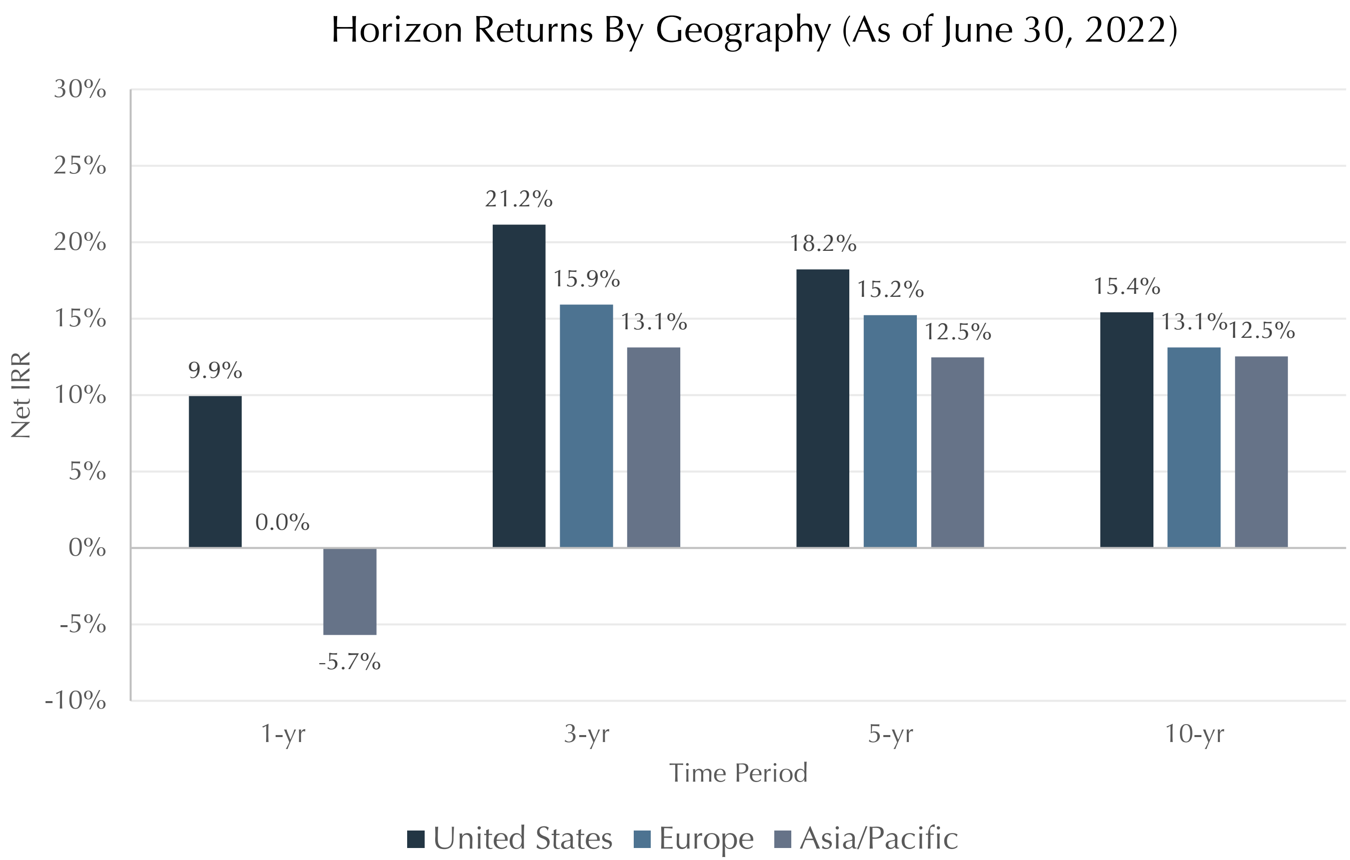
- Venture and growth equity have outperformed buyouts and public equity in most time periods, excluding the past year
- All private equity strategies outperformed the Russell 3000 over all time horizons



Source: Cambridge Associates.

LACERS PRIVATE EQUITY PROGRAM - 2023 STRATEGIC PLAN

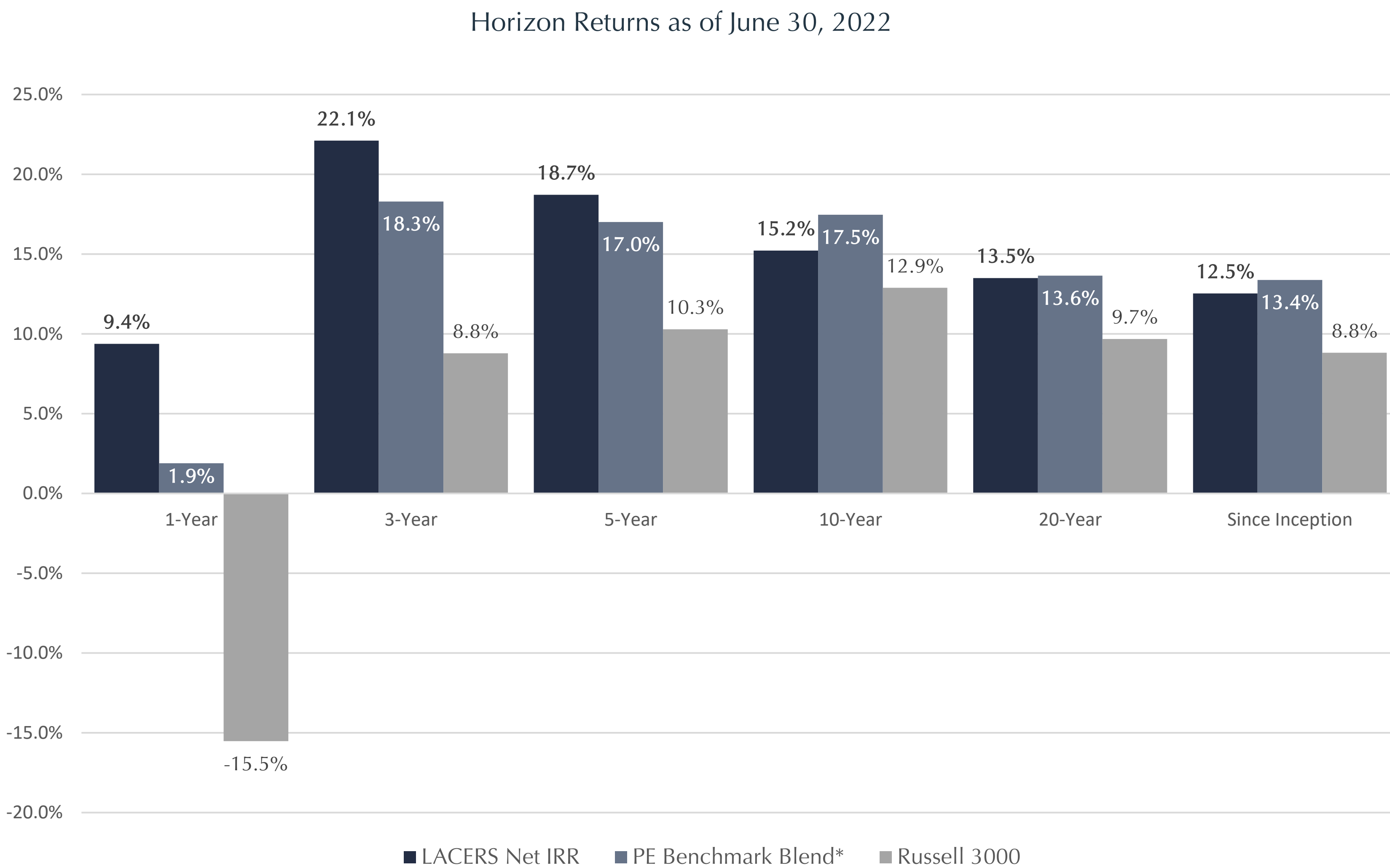
- U.S. Private Equity outperformed both Europe and Asia/Pacific private equity across all time periods as of June 30, 2022
- While risk varies by specific geography, broadly speaking, Europe and Asia/Pacific appear to offer commensurate returns with the U.S. when looking at longer-term returns (i.e. 10-year)
- Adding international exposure can improve diversity in LACERS' PE portfolio without sacrificing risk adjusted returns



Source: Cambridge Associates.

LACERS PRIVATE EQUITY PROGRAM - 2023 STRATEGIC PLAN

Aksia



* PE Benchmark Blend includes the Russell 3000 Index + 400bps (inception – January 31, 2012), the Russell 3000 Index + 300bps (February 1, 2012 – December 31, 2021), and the Cambridge Associates Global PE and VC Index beginning January 1, 2022.

2022 Strategic Plan - Refresher

- Initial Pacing Recommendations*
  - Commitment plan of $1.375 billion proposed for 2022
  - Commitments in 18-25 firms with a target size of $50-$100 million per commitment / relationship
    - Includes 5-7 investments of at least 10% of commitments to various Emerging Managers

- Long-Term Investment Recommendations
  - Develop a framework for the implementation of a co-investment program – from both from an investment and policy perspective
  - Develop a framework for a potential secondary sale – from both from an investment and policy perspective

- Tactical Investment Recommendations
  - Selectively add exposure internationally – primarily to Europe and Asia
  - Increase exposure to Buyouts relative to other sub-asset classes and decrease Venture Capital exposure
  - Consolidate commitments with top performing managers
  - Continue to manage underlying sector exposures
  - Add exposure to strategies designed to outperform in down markets – i.e. Value-Oriented Managers, Turnaround Managers, Distressed Managers

*Updated in 2022 to account for changes in total plan assets due to market environment.

Commitment Statistics

- **2022 Summary Statistics**

- $787 million in total commitments through September 30, 2022
- Annual target is $1.375 billion per 2022 Strategic Plan
- Actual working target is $1B - $1.1B, reduced due to market volatility

- Geographic Breakdown of ITD Commitments
  - ~75% to North American-focused funds
  - ~13% to European-focused funds
  - ~9% to Globally-focused funds
  - ~3% to Asia Pacific-focused funds

- Sector Breakdown of ITD Commitments
  - 61% to Buyout funds
  - 23% to Venture and Growth Equity funds
  - 16% to Credit funds, Real Asset funds, Secondaries, and Fund of Funds

Aggregate Portfolio Summary As Of June 30, 2022

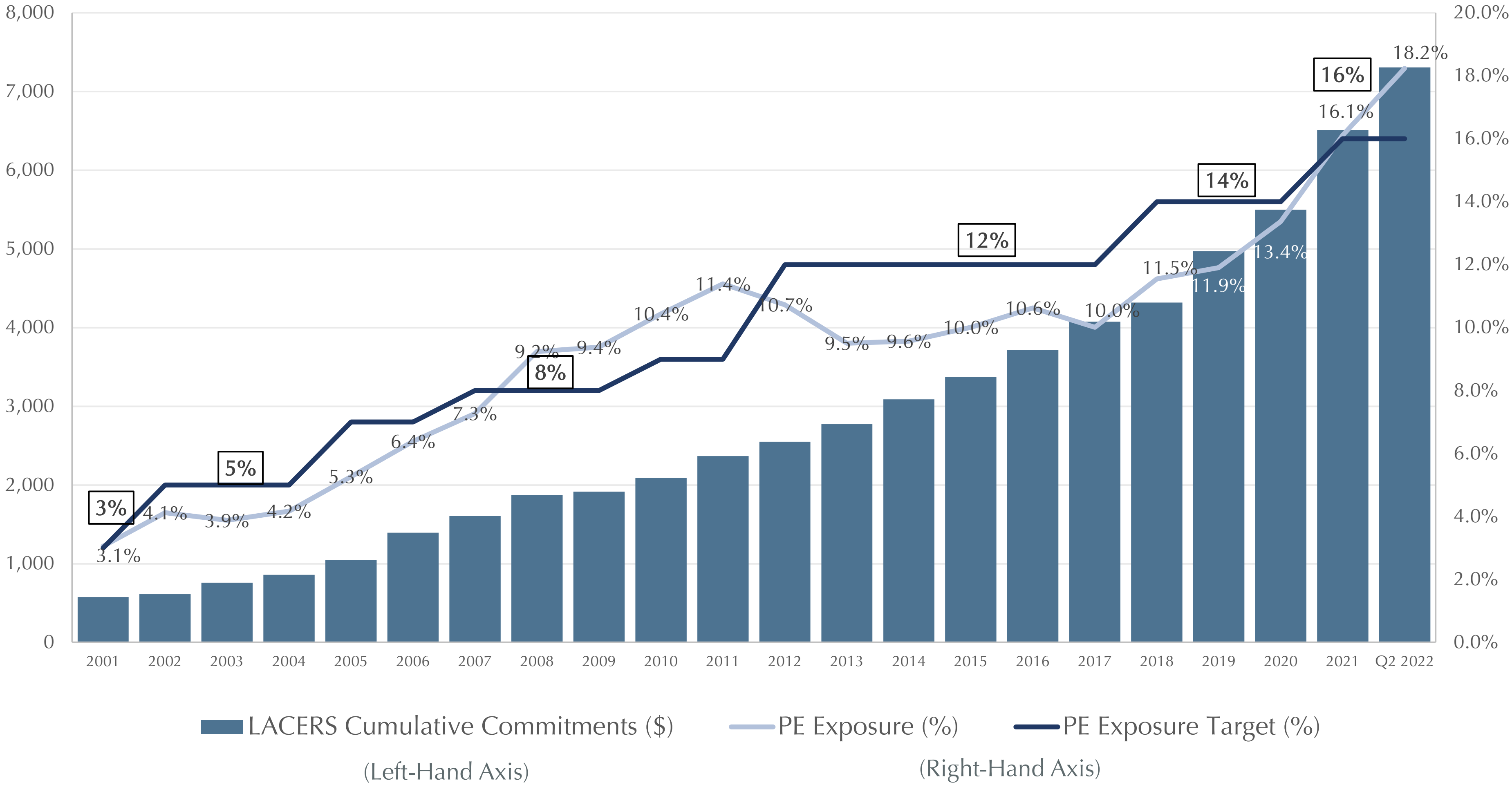
- As of June 30, 2022 the aggregate portfolio's fair market value of $3.8 billion represents 18.2% of Total Plan Assets

Aggregate Portfolio Private Equity Exposure Summary	
Total Plan Market Value	$20.6bn
Private Equity Exposure Target (%)	16.0%
Private Equity Exposure Target ($)	$3.3bn
Private Equity Exposure (%)	18.2%
Fair Market Value ("FMV")	$3.8bn

LACERS PRIVATE EQUITY PROGRAM - 2023 STRATEGIC PLAN

Aksia

- Since inception (1995), LACERS has committed more than $7.0 billion to private equity
- Target exposure to private equity is 16.0%

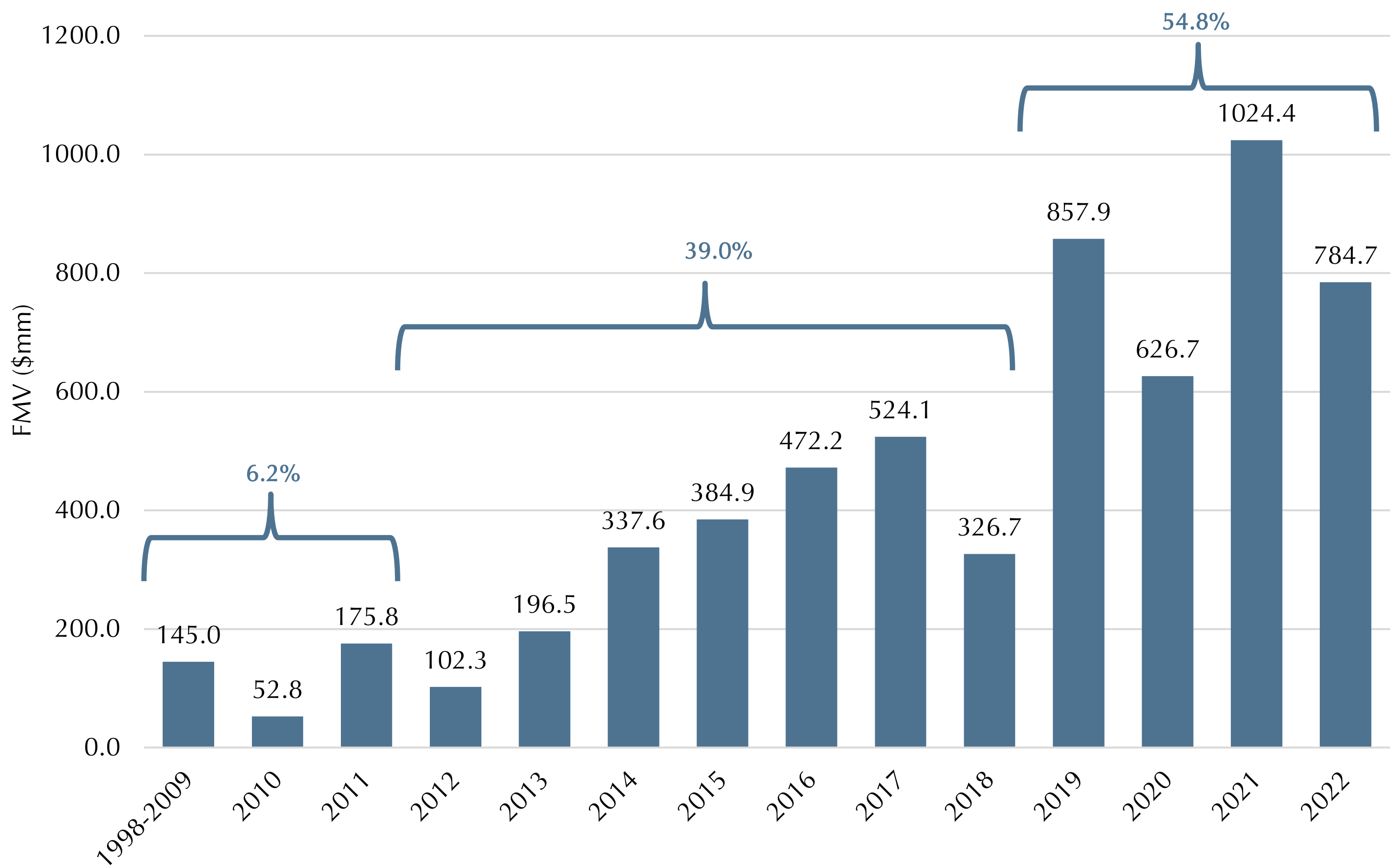


LACERS PRIVATE EQUITY PROGRAM - 2023 STRATEGIC PLAN

LACERS Private Equity Program - Fair Market Value By Vintage Year

- Legacy exposure (1998 – 2011) accounts for ~6.2% of LACERS total private equity exposure

- The bulk of LACERS current private equity exposure (54.8%) is from funds with vintage years from 2019 – 2022



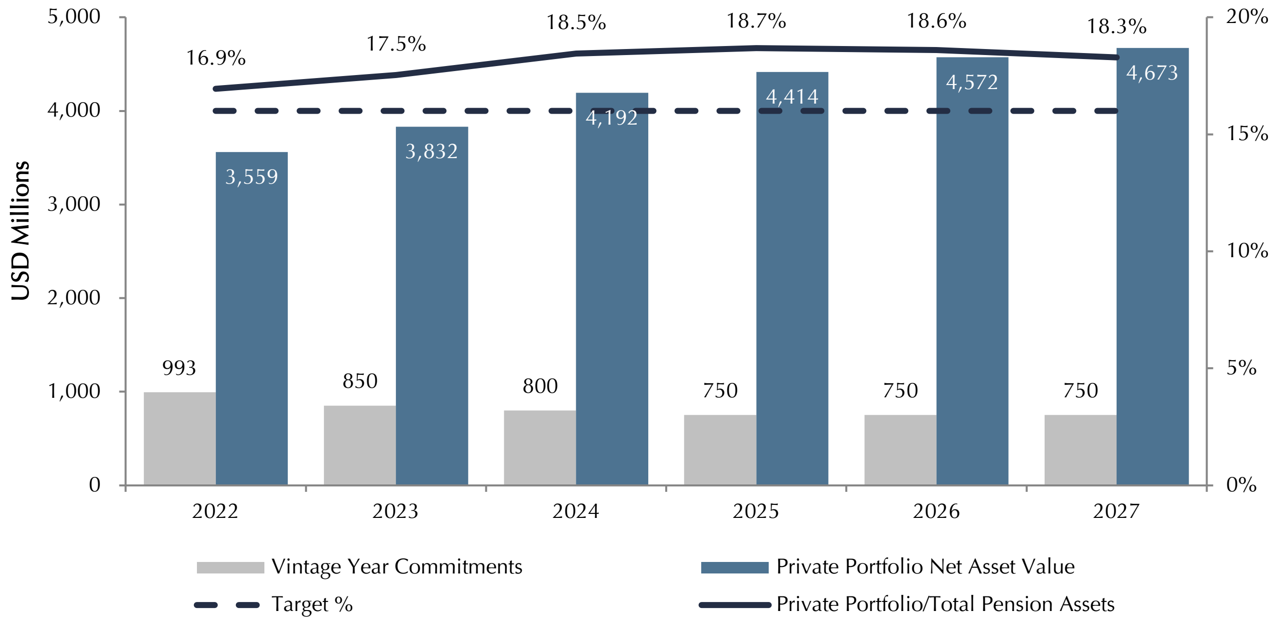
LACERS PRIVATE EQUITY PROGRAM - 2023 STRATEGIC PLAN

Aksia

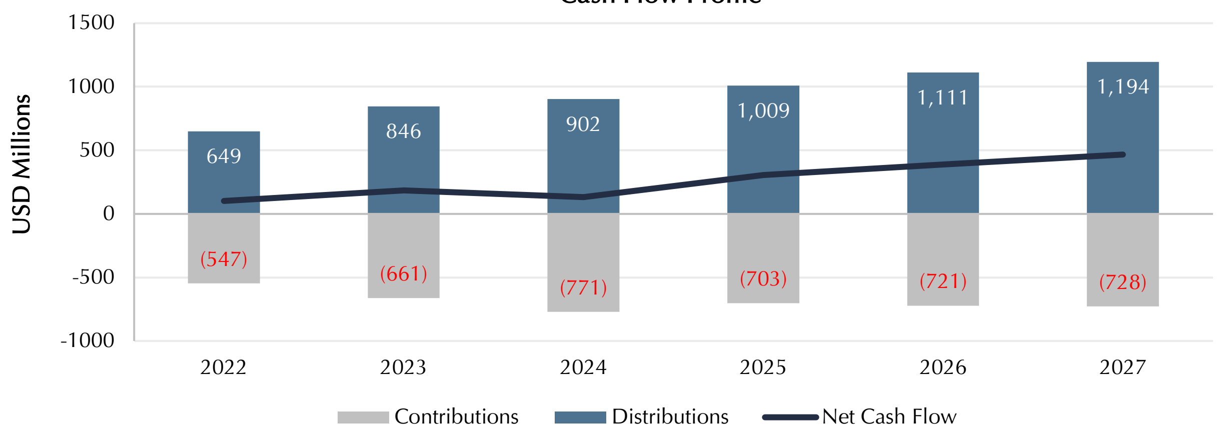
Updated Pacing Model* – As of June 30, 2022

- The performance of public markets year to date has contributed to LACERS being overweight in PE
- Assumes 4% annual TPA growth
- Includes a $150mm commitment to a co-investment SMA in 2023

Pacing Plan



Cash Flow Profile



*Analysis excludes private credit strategies.

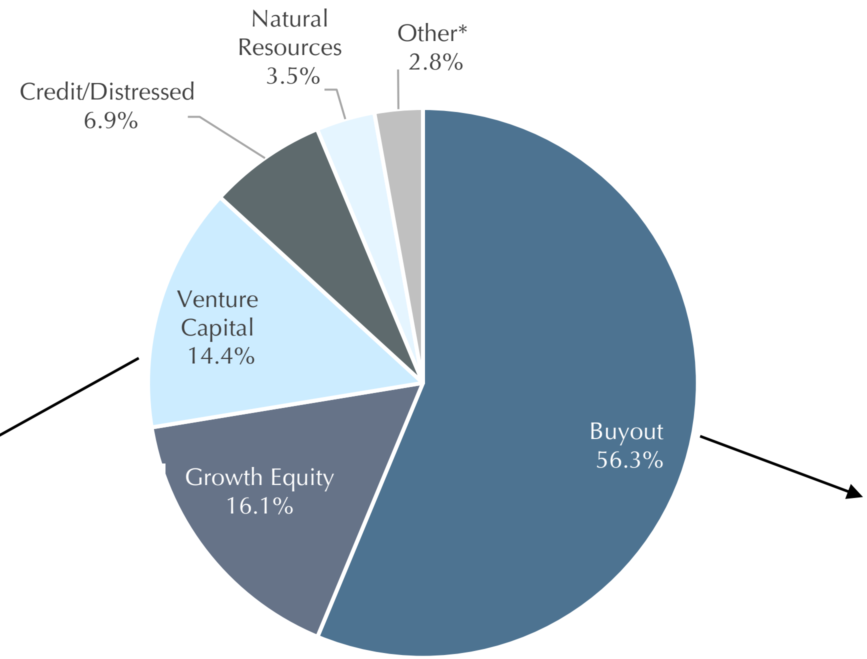
LACERS Private Equity Long-Term Targets

Private Equity Asset and Sub-Asset Classes	LACERS Exposure (%)	Aksia's Suggested Long-Term Target
Buyouts	**56.3%**	**60% – 80%**
Large Buyouts	24.9%	
Medium Buyouts	28.2%	
Small Buyouts	3.2%	
Venture Capital / Growth Equity	**30.5%**	**20% – 40%**
Venture Capital	14.4%	
Growth Equity	16.1%	
Credit / Distressed	**6.9%**	**0% - 10%**
Natural Resources / Other*	**6.3%**	**0% – 10%**

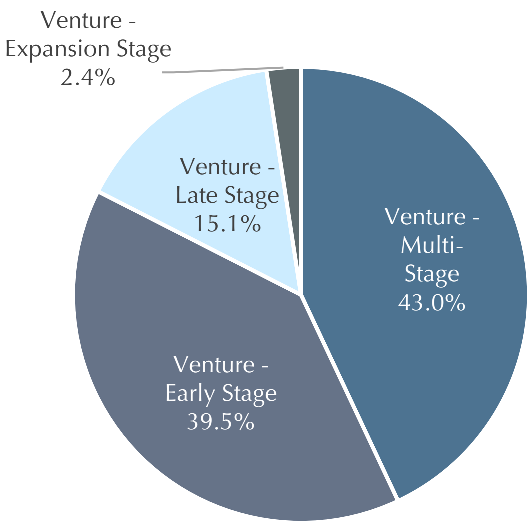
*Other includes Secondary funds and Fund of Funds.

LACERS Exposure / Commitments by Asset Class

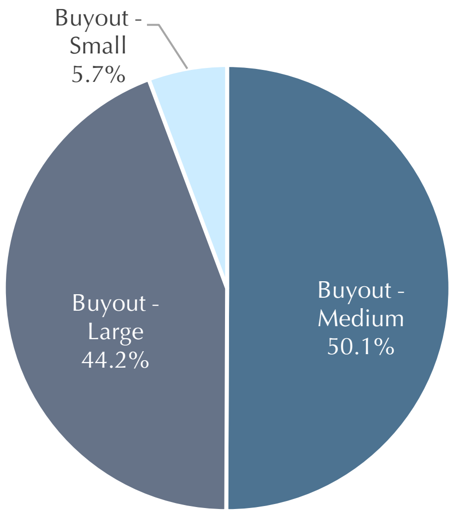
Current Exposure



Venture Exposure



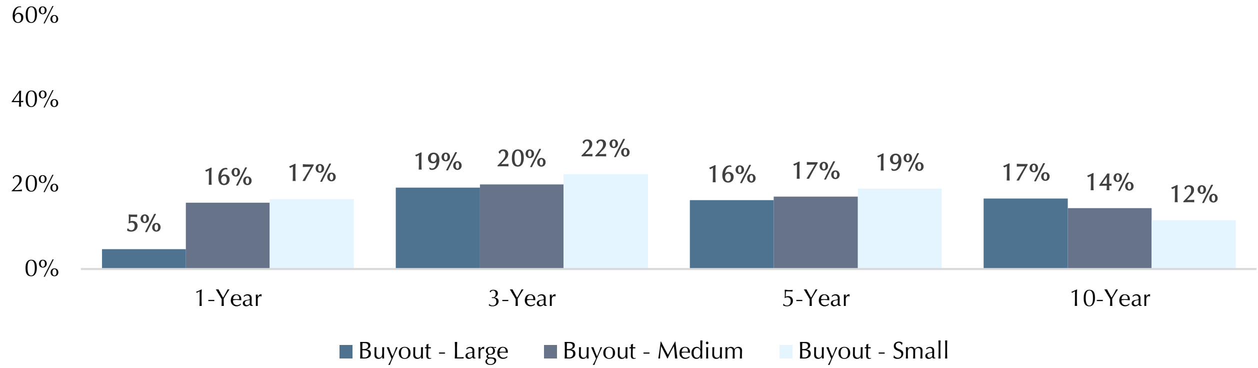
Buyout Exposure



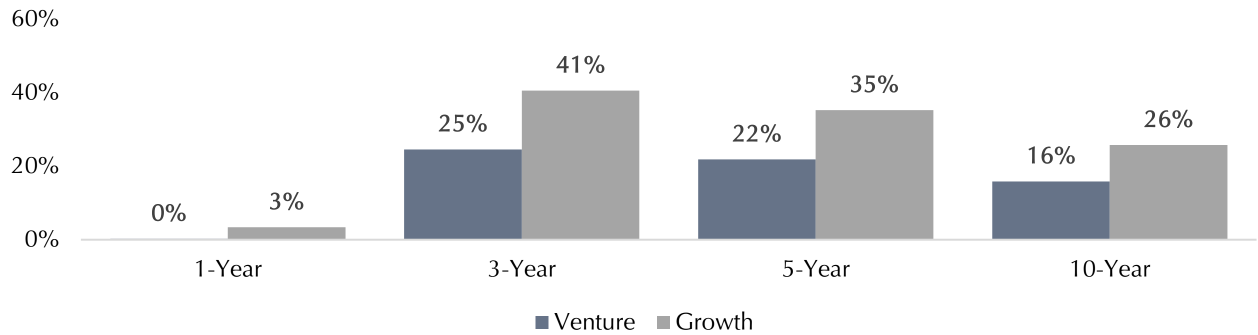
*Other includes Secondary funds and Fund of Funds.

LACERS Horizon Returns by Sub-Strategy

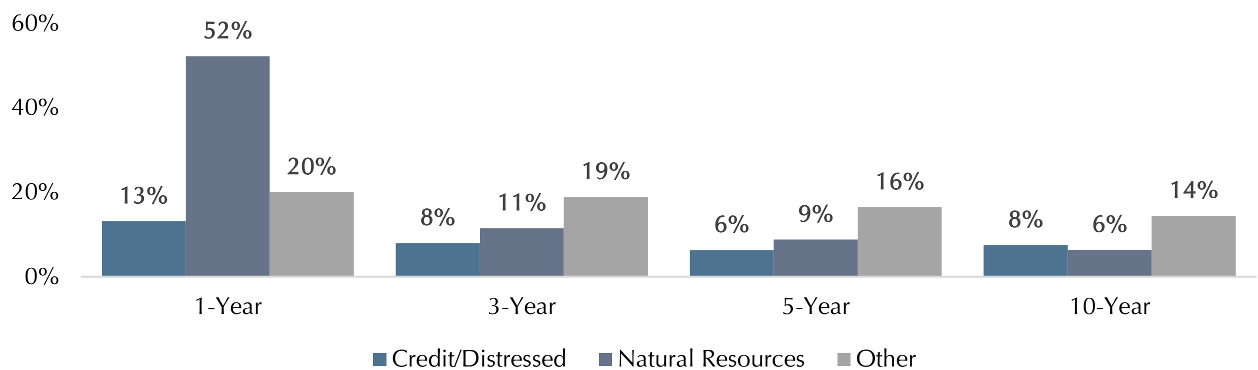
- LACERS' Large Buyout funds have outperformed Small and Medium Buyout funds over time



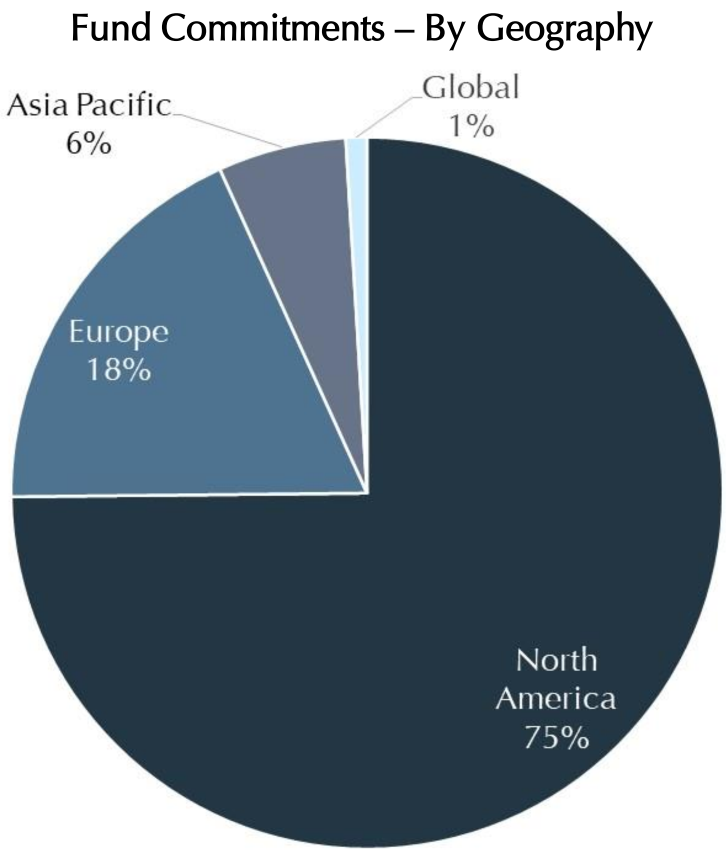
- LACERS' Growth Equity investments have outperformed Venture Capital over various time horizons

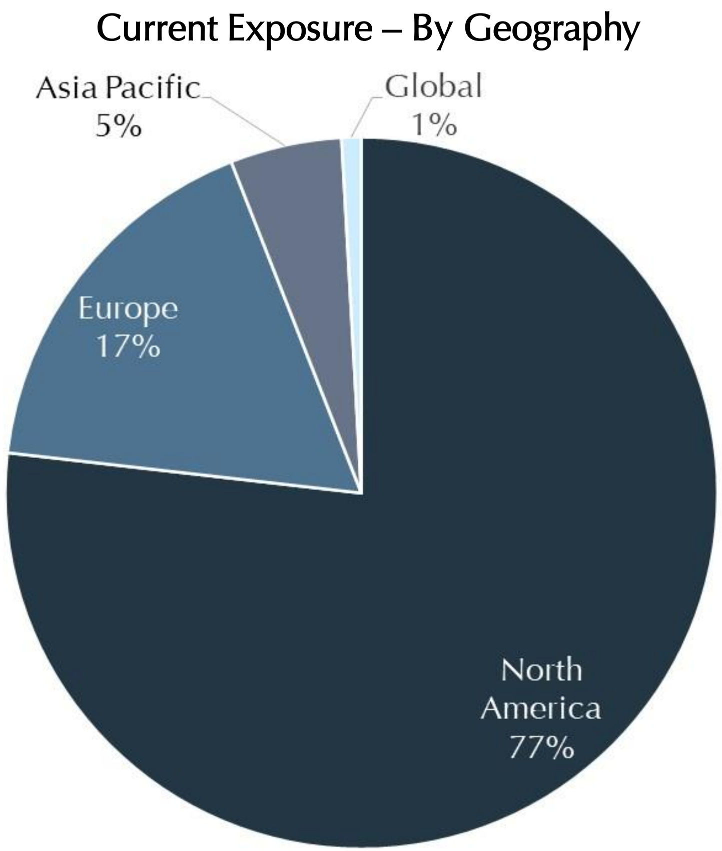


- LACERS' Credit funds have been challenged over the recent years



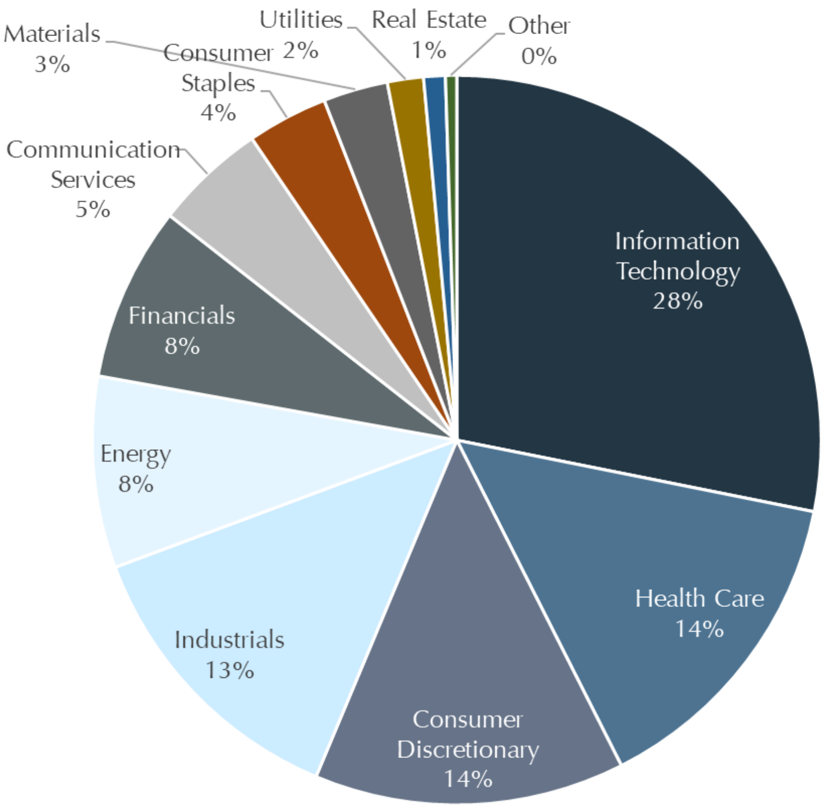
LACERS Commitments by Geography



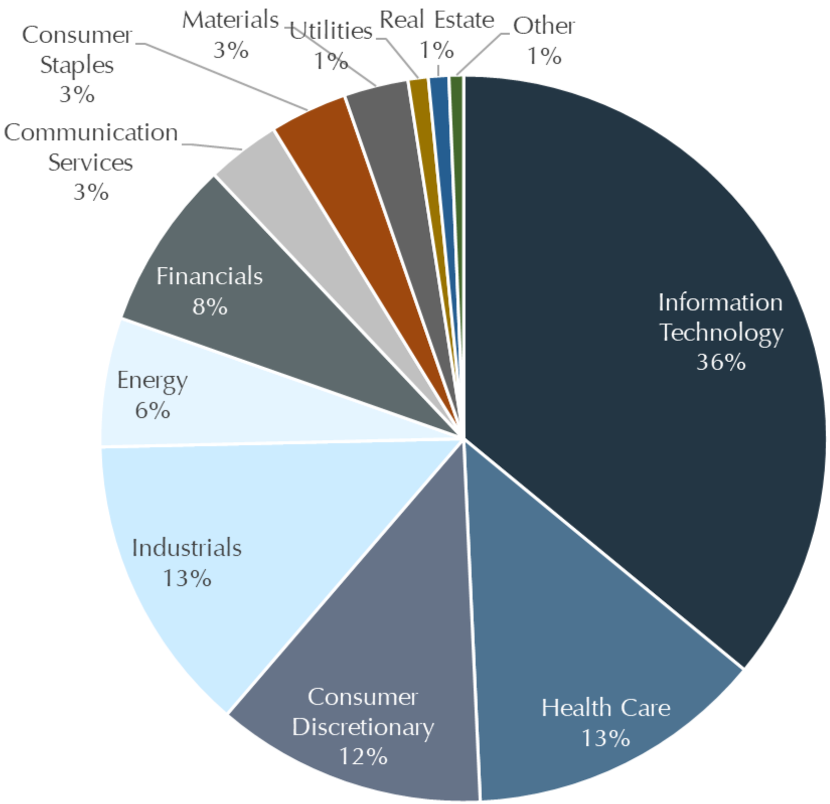


LACERS Commitments and Exposure by Sector

Fund Commitments – By Sector

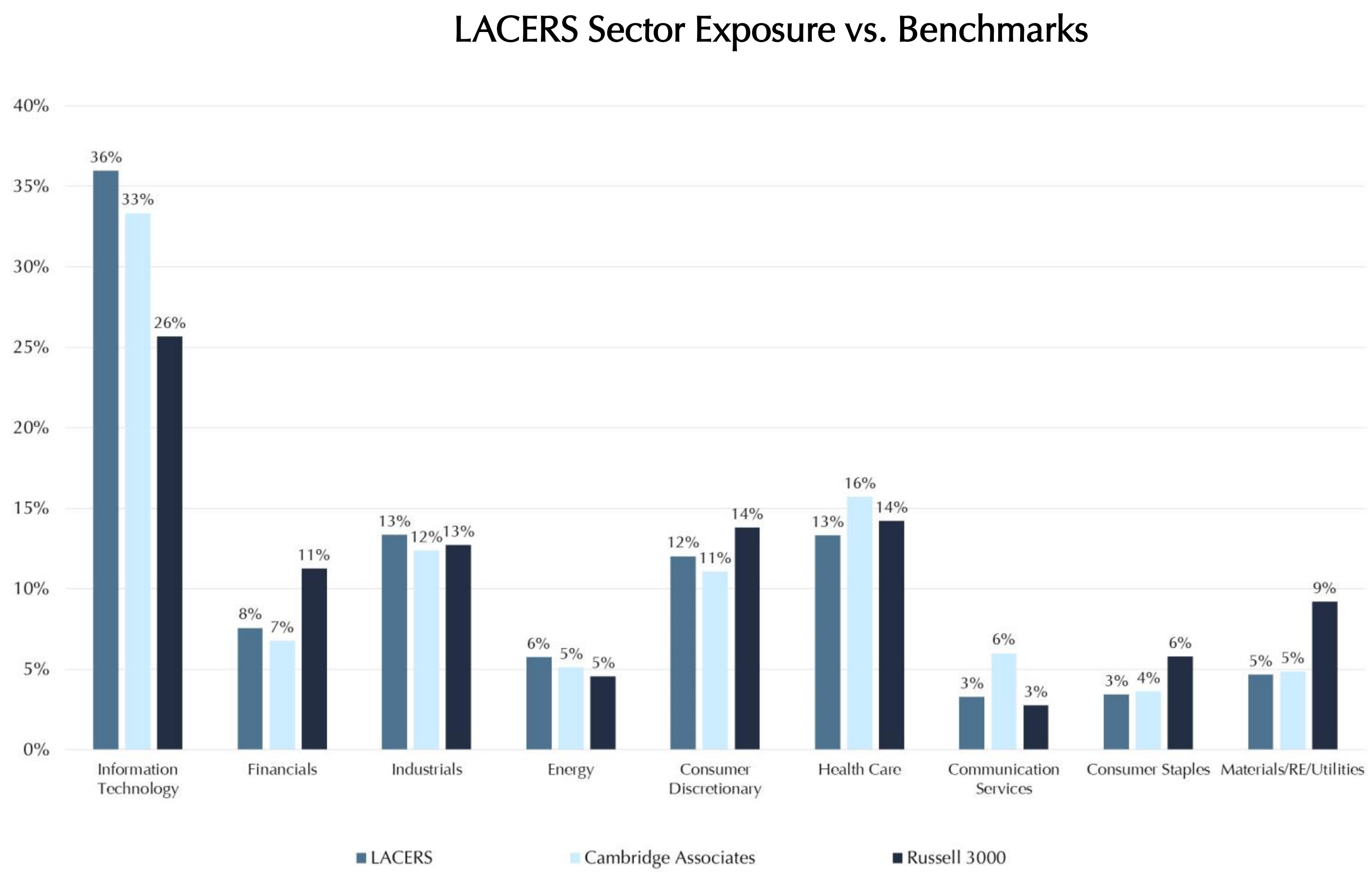


Current Exposure – By Sector



LACERS Exposure by Sector vs. Benchmarks

- When compared to public and private benchmarks, LACERS is over-weight in the Information Technology sector
- When compared to private benchmarks, LACERS is under-weight in the Healthcare sector
- LACERS biggest mismatch with public markets is in the Information Technology sector



Source: Cambridge / Aksia TorreyCove research.

SWOT Analysis – Strengths & Weaknesses

- **Strengths**
  - Existing GP Relationships: LACERS currently maintains relationships with a number of high-quality GPs that should continue to scale over time
  - Brand / Reputation: LACERS has a reputation in the market as a long-term investor with a sophisticated investment staff, which should open door to high-quality established and emerging firms
  - Disciplined Investment Process: LACERS investment process allows for disciplined decision making and consistent deployment regardless of market dislocations
  - Flexible Mandate: LACERS has the ability to invest selectively across a variety of sub-sectors within private equity
  - Sector Exposure: LACERS PE portfolio is currently weighted towards IT (36%) and Healthcare (13%), both sectors which have proven to be resilient in downturns and should benefit going forward from secular market trends
  - Liquidity: LACERS has considerable plan liquidity to maintain the current private equity commitment pacing

- **Weaknesses**
  - Over-Diversification: LACERS has an overdiversified private equity portfolio, with a large enough number of relationships that returns may exhibit reversion to the mean
  - Legacy Performance: The legacy portfolio will continue to be a drag on performance, including the Specialized Portfolio
  - Co-Investment Program: Today, LACERS does not have an active co-investment program. Developments on a program have been discussed and will potentially be implemented in 2023

LACERS PRIVATE EQUITY PROGRAM - 2023 STRATEGIC PLAN

Aksia

SWOT Analysis – Opportunities & Threats

- **Opportunities**
  - Portfolio Consolidation: LACERS has existing relationships with a number of high-quality GP's, and has the potential to develop long-term relationships with other high-quality GP's including emerging managers
  - Co-Investments: Pursue a co-investment strategy that increases exposure to core GP's while simultaneously helping to mitigate costs
  - Secondary Transactions: The secondary market has evolved as both an investment option as well as a portfolio management tool; Given recent market volatility and rising PE allocations, this part of the market could see accelerated LP interest
  - Emerging Managers: Today's emerging managers may be the new generation of top-tier performers. The ability to invest in these managers early on in their life may help with long-term access to outperforming emerging managers
  - Market Volatility: Consistent private equity commitment pacing during periods of market volatility has historically proven to deliver some of the best vintage year performance for private equity portfolios

- **Threats**
  - Broad Co-Investment Appetite: Many LP's are seeking co-investments and are fostering relationships with GP's or third parties to secure access
  - Market Volatility: Recent market economic and interest rate uncertainty have shrunk portfolio values, contracting commitment pacing as private equity becomes a larger share of overall portfolio and public market exits become more challenging
  - Increased Input Pricing and Margin pressure: Rising inflation and interest rates have increased company borrowing costs, put pressure on company margins, and constricted company cash flows
  - Disclosures / Regulations: AB2833 and other reporting requirements may be disagreeable to certain top-quartile GPs; a bigger issue in Venture Capital vs. Buyouts sub-sector

2023 Long-Term Strategic Plan Recommendations

- **Pacing**
  - Maintain relatively consistent longer-term pacing despite market volatility
  - Commitment plan of up to $850 million proposed for 2023
  - Commitments to 10-15 firms with a target size of $40-$75 million per commitment
  - 3-5 investments to Emerging Managers representing at least 10% of total annual commitments

- **Broad Portfolio Considerations**
  - Continue consolidating commitments with top performing managers
  - Continue to selectively add exposure internationally – primarily to Europe, Asia, and Latin America
  - Continue increasing exposure to buyouts relative to other sub-asset classes
  - Continue to manage underlying sector exposures
    - Monitor IT exposure across buyout, growth, and venture
    - Continue to diversify sector exposure, including healthcare and other select cyclical and value-oriented sectors
  - Continue to add exposure to strategies designed to outperform in down, sideways, late cycle markets – i.e. value-oriented managers, turnaround managers, distressed managers

2023 Short-Term Tactical Recommendations

- **Lean Into the Strengths**
  - Existing GP Relationships: maintain exposure to existing, high conviction managers that are back in market in 2023 where possible; this would include the re-evaluation of the strategic and performance value of these relationships to the overall portfolio
  - Brand / Reputation: Leverage LACERS reputation to initiate new relationships of scale with high quality GPs that are in market in 2023 and where the relationship can be scaled over time; Given portfolio value and market volatility, it will be challenging to allocate to all key current relationship as well as add much new relationships
  - Flexible Mandate: Leverage LACERS ability to invest across sub-asset classes and take advantage of the full spectrum of private equity activities
    - Continue to develop a framework for the implementation of co-investment program with potential 2023 launch
    - Continue developing a framework for the implementation of a secondary program and/or secondary fund sales if Board and Staff believes it offers some benefit in the short-term
      - Leverage relationships with commingled secondary funds and secondary transaction vendors
      - Continue exploring potential secondary sales when conditions are favorable and possible valuation discounts are minimal
  - Sector Exposures: Continue to monitor IT sector portfolio weights while maintaining appropriate diversity across other sectors (i.e. healthcare, industrials, consumer)

2023 Short-Term Tactical Recommendations

- **Capitalize on Opportunities**
  - Market Volatility and Interest Rate Hikes: Continue to review and potentially invest with value-oriented, turnaround, and distressed investment managers
  - Co-Investments: Leverage existing 3rd party co-investment managers and continue to develop LACERS co-investment program
  - Secondaries: Continue building a framework for to address secondary transactions – both on the "buy" and the "sell" side
    - Leverage existing 3rd party relationships to learn more and continue to develop LACERS secondaries program
  - Emerging Managers: Continue targeting high-quality first-time managers / spin-outs / diverse managers

- **Minimize Weaknesses / Counter Threats**
  - Over-Diversification: Continue to trim relationships and consolidate capital with higher-conviction managers
  - Legacy Performance: Continue to consider and lay the groundwork for a portfolio secondary sale when appropriate
  - Co-Investment Program: Implement co-investment program in 2023; program to help increase exposure to high-quality GPs and simultaneously mitigate fees and expenses

Going beyond.

Los Angeles City Employees' Retirement System Investment Committee

Polen Capital

Today's Presenters

John Sherman

Portfolio Manager

Background

- **Joined Polen Capital:** 2007
- **Education:** B.B.A. in Finance (magna cum laude) from the University of Notre Dame
- **Years of Industry Experience:** 18
- **Special Interests:** Spending time with family, travel, playing golf, tennis, and paddle tennis

Bill Porter

Senior Relationship Manager

Background

- **Joined Polen Capital:** 2019
- **Education:** B.A. in Government and History from St. Lawrence University and M.B.A. from Northeastern University
- **Years of Industry Experience:** 30
- **Special Interests:** Spending time with family and friends, supporting the athletic pursuits of his children, golf, and cheering on Boston sports teams

Table of Contents

Firm Overview

"Our vision is to be the industry leader in high conviction growth investing. To build an enduring, purpose-driven firm serving a global client base."

Polen Capital Overview

Employee Owned & Aligned with Our Clients

- 72% Employees
- 8% Polen Family Trust (Passive)
- 20% iM Global Partner (Passive)

High Conviction, Growth and Income Solutions

Total Firm Assets: $57.2B

- Focus Growth: $43.9B
- **U.S. Opportunistic High Yield: $4.4B**
- Global Growth: $4.2B
- International Growth: $1.7B
- Upper Tier U.S. High Yield: $1.3B
- U.S. Small Company Growth: 386.1M
- Total Return Credit: $298.9M
- Bank Loan: $145.2M
- Global SMID Company Growth: $51.0M
- U.S. SMID Company Growth: $46.5M
- Global Emerging Markets Growth: $19.2M
- International Small Company Growth: $18.0M
- Global Emerging Markets ex-China Growth: $1.9M

An ESG Friendly Investment Approach

- UN PRI Signatory
- ESG integration inherent within our stakeholder-centric investment approach that considers:
- Employee relationships
- Customer relationships
- Environmental initiatives
- Governance issues

Team-Based Outlook with Global Reach

- Headquarters and Large Company Growth Team: Boca Raton, FL
- Small Company Growth and High Yield Teams: Boston, MA
- Emerging Markets Growth Team: London, UK

A Range of Investment Vehicles

- Strategies available across SMAs, Mutual Funds, CITs, UCITS, Private Funds

Institutional Assets by Client Type

Total	$19,196	100%
Corporate	$4,496	23%
Sub-Advised	$4,319	22%
Public	$3,460	18%
SWF/Supranational	$1,784	9%
Union/Multi-Employer	$1,552	8%
Endowment/Foundation	$1,114	6%
Healthcare	$1,100	6%
Other[1]	$1,372	7%
Defined Contribution[2]	$2,611	14%

As of 09-30-2022. 1 Other includes Insurance and CIT assets. 2 Defined contribution assets are also included in the primary categories listed above.

Our Business Model is Designed to Minimize Distractions

Polen Capital is a fully integrated global investment management firm with a high conviction focus. Our distinct teams of investment professionals are solely focused on investing and research. Our centralized compliance, trading, distribution, marketing and technology teams work together to support our investment process and the investors we serve, allowing managers to focus specifically on their market segment.

Investment Talent

Our approach to investment management is through small, high-powered investment teams. Each team operates independently and autonomously, with sole decision-making authority for security selection in pursuit of true alpha.

Cutting-Edge Technology

This unique and state-of-the-art operational model allows our teams to stay focused on investing, also resulting in exceptional investment technology and reporting for our clients.

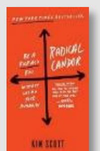
Global Distribution

Polen Capital has distribution partners that span the globe.

Our Culture Drives Us

Continuous Improvement

Learning Environment

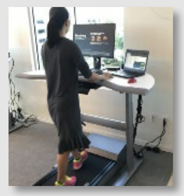


Commitment to training

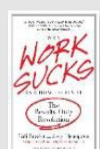
Dale Carnegie Training
Callan
CFA Institute
FOCUS

Autonomy

Results Only Work Environment (ROWE)



You control **when, where and how you work**



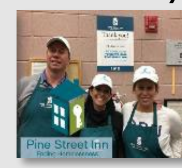
Common Language & Values

Common Language

Community, Wellness, and Diversity & Inclusion

Purpose

Adding value for **Clients, Colleagues** and giving back to the **Community**



MAKE-A-WISH
POLEN CAPITAL GOLF TOURNAMENT

Voted P&I's Best Places to Work 6 Years in a Row!

Pensions&Investments BEST PLACES TO WORK IN MONEY MANAGEMENT 2016
Pensions&Investments BEST PLACES TO WORK IN MONEY MANAGEMENT 2017
Pensions&Investments BEST PLACES TO WORK IN MONEY MANAGEMENT 2018
Pensions&Investments BEST PLACES TO WORK IN MONEY MANAGEMENT 2019
Pensions&Investments BEST PLACES TO WORK IN MONEY MANAGEMENT 2020
Pensions&Investments BEST PLACES TO WORK IN MONEY MANAGEMENT 2021

Representative Client List

Representative Client List

- City of Sarasota General Employees' Retirement System
- National Railroad Retirement Investment Trust
- Pennsylvania Municipal Retirement System
- Department of Treasury of the State of New Jersey
- Southeastern Pennsylvania Transportation Authority
- VIA Metropolitan Transit Retirement Plan
- Principal Financial
- District of Columbia Retirement Board
- FedEx Corporation Employees' Pension Trust
- Scotiabank, Canada
- City of Boston Retirement System
- Houston Municipal Employees Pension System
- Caterpillar Master Retirement Trust
- Illinois Student Assistance Commission

- City of Alexandria, VA
- City of Fort Lauderdale General Employees' Retirement System, FL
- City of Orlando Pension Funds, FL
- City of St Petersburg GE and Police, FL
- Judges of the Probate Courts of Georgia
- City of Taunton Contributory Retirement System, MA
- Dukes County Contributory Retirement System, MA
- Employees' Retirement System of the City of Milwaukee, WI
- City of Palm Bay Police & Firefighters' Pension Fund, Florida
- City of Rochester Police Benevolent Association, Minnesota
- Town of Jupiter Police Officers' Retirement Fund, Florida
- City of Kansas City Fire, Missouri
- Oklahoma Law Enforcement Retirement System

As of 12-31-2021. The selection of clients was based on client type, not on performance criteria. It is not known whether the listed clients approve or disapprove of a particular strategy, or the advisory services provided.

Strategy Overview

A Differentiated Approach to Investing in Leveraged Credit

Emphasize less efficient areas of the market

- Middle market (EBITDA $75mm-$250mm)
- Lower Tier (B-rated and below)

Flexibility to invest across the leveraged credit capital structure

- Bonds & Loans
- Special situations (i.e., certain private debt transactions, stressed credits, and fallen angels)

Differentiated research process

- A powerful combination: sector specialists and in-house attorneys
- Through the lens of the owner: private equity style investment approach with a focus on loan-to-value

Concentrated, high conviction portfolio

- Target 70-90 issuers with significant weighting in the Top 25
- "Buy-and-hold" mentality: low portfolio turnover + concentration = greater ability to proactively monitor existing positions

Seek to provide outsized returns relative to the risk incurred.

Capturing Market Inefficiencies

Polen Credit U.S. Opportunistic High Yield

We believe the middle market and lower tier (B/CCC-rated) are the most inefficient segments of the high yield market.

Middle Market (EBITDA $75mm - $250mm)	Lower Tier (B-rated and Below)	Special Situations
• Smaller issue size reduces the buyer base and may result in liquidity premium • We believe rating agencies' view of smaller companies as inherently riskier can oftentimes leads to mis-ratings	• Guidelines restricting or prohibiting CCC-rated holdings may result in lower tier being "under-researched" relative to higher quality tiers of the high yield market	• The strategy may also target mispricing opportunities in higher-rated "fallen angels," stressed credits, and certain private debt transactions identified by the investment team at various points in the credit cycle

Not All CCCs are Created Equal

Polen Credit U.S. Opportunistic High Yield

Our goal is to identify the small number of securities within the lower tier that are mis-rated and/or mispriced.

In the aggregate, the lower tier of the high yield market, with higher defaults, greater volatility, and thus poor risk-adjusted returns, historically has not been an attractive space to invest.

However, for the discerning credit investor, the ability to uncover idiosyncratic opportunities provides the potential for outsized returns relative to the risk incurred.

Companies rated CCC due to elevated current leverage, but with a strong growth profile and high cash flow generation, can grow into their capital structure and successfully de-lever over time.

We target these types of companies.

Companies rated CCC with reasonable current leverage but that are facing secular decline oftentimes see their cash flows deteriorate.

We aim to avoid these types of companies.

Investment Process Overview

Polen Credit Investment Review Committee

Leveraged Credit Universe

- 2,000+ issuers of high yield bonds, syndicated loans and private debt

Sourcing

- Secondary debt securities
- Select primary issues
- Originate other investment opportunities

First Pass

- Classify investment thesis
- Sound initial risk-versus-reward
- Strong downside protection

Deep Dive

- Validate investment thesis
- Due diligence and competitive analysis
- Strong loan-to-value and legal protections
- ESG factors evaluated

Portfolio Construction

- Disciplined accumulation
- Overweight high-confidence positions
- Long-term investment mentality

Active Monitoring

- Regularly challenge thesis
- Adjust position weightings
- Proactive credit management

Portfolio Construction

Polen Credit U.S. Opportunistic High Yield

Long-term investment horizon, typically intend to hold positions for ~3-5 years

Portfolios generally target a yield premium of ~200-400 bps

Key Factors:

- Yield and risk characteristics evaluation of each individual name, with the intent of constructing a concentrated portfolio of names that offer the best risk/reward
- Target position sizes of 1.5% to 2.5% on an issuer basis, generally resulting in 70 to 90 issuers and 80 to 100 positions per portfolio
- Determine position size by relative return-versus-risk analysis and availability, as well as in accordance with any applicable guidelines
- Target issues with maturities ranging from 3-10 years at time of investment
- Industry and quality weightings (or targeted weights) are not a driver of portfolio construction, but rather an outcome of our bottom-up, security-by-security portfolio construction process. However, industry and quality bucket weightings are monitored in an effort to maintain sufficient portfolio diversification

Risk Management

Maintaining sufficient downside protection is the key principle to Polen's risk management philosophy. To assess downside protection, we endeavor to undertake a **careful evaluation of principal risk factors: credit, legal, and liquidity.** Polen believes that understanding these risks is a crucial element of due diligence with respect to each investment opportunity.

CREDIT RISK

- Primary portfolio manager concern is on the individual security level
- Credit risk is continuously managed by the investment team, through constant news monitoring, operating performance updates, and communication with management teams
- Each analyst typically covers 2-4 sectors and on average between 20-30 investments, allowing significant resources for researching/monitoring credit risk
- ESG factors are evaluated for each investment

LEGAL/STRUCTURAL RISK

- Strength of legal/contractual protections associated with a given tranche of an issuer's debt securities is an important risk
- Legal analysis is a key component of our diligence and risk management philosophy. Our in-house attorneys work directly with our research analysts to assess the risks that may exist in bond indentures or loan documents, creating a distinctive analytical perspective for assessing downside risk

LIQUIDITY RISK

- The risk of decreased trading or increased aversion in the marketplace is considered a critical factor in determining the relative value of an investment
- To help mitigate liquidity risk, we generally require both stronger credit characteristics and a higher return profile for an illiquid investment compared with a more liquid one
- We have many longstanding relationships with broker-dealers, allowing continuous market assessment for the demand of a particular illiquid investment and providing liquidity depending on the circumstances

ESG Implementation

We have the capabilities to implement ESG analysis in a manner consistent with our clients' views

Investment Research & Portfolio Management Process Integration

- Natural fit with our bottom-up fundamental research process
- ESG factors evaluated for each investment
- ESG engagement with issuer, where applicable

Regular ESG Portfolio Review

- PM/Analyst review of the lowest rated issuers
- Regular review of ESG ratings upgrades and downgrades

All Material Issuers are Assigned a Formal ESG Rating

- Utilize third party (MSCI) ratings when available
- Our analyst ratings used for companies not rated by MSCI
- Issuer ESG scoring is conducted on an industry relative, not absolute, basis

Ongoing ESG Process Improvement

- UNPRI signatory since 2016 ; on an annual basis, Polen Credit has completed a Transparency Report and the UNPRI has provided an Assessment Report
- Detailed ESG data has been incorporated in our order and portfolio management system
- Polen Credit's senior research team completed comprehensive training by UNPRI Academy

The UNPRI, which is not affiliated with the United Nations, is a leading proponent of responsible investment, and works to (i) understand the investment implications of environmental, social and governance (ESG) factors, and (ii) support its international network of investor signatories in incorporating these factors into their investment and ownership decisions. In 2022, following the acquisition of Polen Credit by Polen Capital Management, Polen Credit and Polen Capital were combined as a single UNPRI signatory (under the Polen Capital name). As a signatory of the UNPRI, Polen Capital is required to pay an annual fee to the UNPRI as well as file a Transparency Report on an annual basis. A copy of the PRI Assessment Methodology, which is utilized in calculating the grades within the Assessment Report, is available at https://www.unpri.org/reporting-and-assessment/reporting-and-assessment-archive/6567.article. Copies of Polen Credit's Assessment Report and Transparency Report are each available upon request.

Market Trends and Expectations

- Credit fundamentals relatively healthy heading into potential economic slowdown
- Maturity profile of leveraged credit market favorable given heightened refinancing activity over last two calendar years
- Overall credit quality of market has improved since the onset of the pandemic resulted in default activity being "pulled forward"
- Due to a combination of the above, we expect lower than average default activity and peak spreads during next economic downturn
- We believe overall credit profile of portfolio also improved over past twelve months
- We believe opportunity set is increasing for credit driven relative value trades within the portfolio

LACERS Portfolio Review

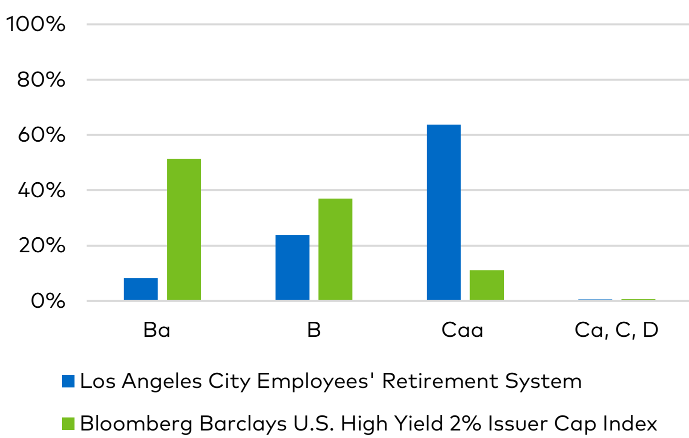
Portfolio Overview

Los Angeles City Employees' Retirement System

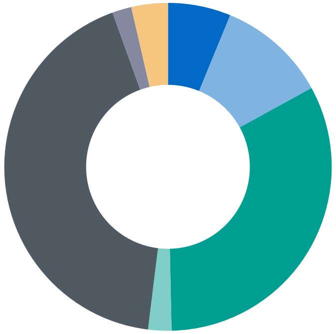
Performance (%)

	QTD	YTD	1 Yr	**Inception** (10-28-2020)
Los Angeles City Employees' Retirement System (Gross)	-0.80%	-11.09%	-11.11%	-1.14%
Los Angeles City Employees' Retirement System (Net)	-0.92%	-11.42%	-11.55%	-1.64%
50% Bloomberg Barclays U.S. HY 2% Issuer Cap / 50% Credit Suisse Leveraged Loan Index	0.31%	-9.10%	-8.46%	0.09%

Credit Quality Allocation (%)



Portfolio by Security Type (%)



Bonds	
Secured Notes – 1st Lien	10.8
Secured Notes – 2nd Lien & 3rd Lien	2.3
Senior Unsecured Notes	42.5
Holdco/Subordinated Debt	1.9
Loans	
Term Loans – 1st Lien	6.2
Term Loans – 2nd Lien	32.6
Equity	**0.0**
Cash & Cash Equivalents	**3.6**

As of 9-30-2022. The Los Angeles City Employees' Retirement System ("LACERS") account was incepted on October 28, 2020. Accordingly, performance since inception set forth above is calculated as of such date. The returns set forth for the account above are presented gross of all fees except for trading expenses, deal-related legal expenses and withholding taxes. Returns are calculated using daily time weighted rates of return and cash flows are recognized at the beginning of the day. Net returns reflect the application of actual management fees to gross returns. The full name of the index presented is the Bloomberg Barclays U.S. High Yield- 2% Issuer Cap Index and is used for comparative purposes only. The endnotes contain important information that should be read concurrently with this slide. **Past performance is no guarantee of future returns.**

Portfolio Characteristics

Los Angeles City Employees' Retirement System

Portfolio Characteristics

	LACERS	BBC HY 2% Cap
Number of Issuers	69	935
Top 10 Issuers	30.8	11.8
Top 25 Issuers	58.5	20.9
Average Rating	Caa1	B1
Average Coupon	8.11	5.77
Avg. Blended Yield	12.37	9.62
Average Price	87.52	85.54
Adj. Effective Duration	2.36	4.24

Top 10 Issuers by Size

	NAV Weight (%)
Ford Holdings	3.9
Tekni-Plex	3.8
Tenet Healthcare	3.5
Baffinland Iron Mines	3.4
Duravant	2.9
Husky Injection	2.9
Ips Corp.	2.8
Kindercare	2.7
Occidental Petroleum	2.5
1 -800 Contacts	2.5
Total	**30.8**

As of 9-30-2022. The endnotes contain important information that should be read concurrently with this slide.

Portfolio Characteristics

Los Angeles City Employees' Retirement System

Top 5 by Issuer YTD (%)

	Average Weight	Contrib. to Return
Polished Metals Limited, LLC	0.78%	0.07%
Medical Solutions Holdings Inc	1.46%	0.06%
MHS Holdings, Inc.	1.29%	0.05%
Cano Health, LLC	1.12%	0.05%
IEA Energy Services Llc	0.51%	0.05%
Total	**5.16%**	**0.26%**

Bottom 5 by Issuer YTD (%)

	Average Weight	Contrib. to Return
Envision Healthcare Corp	1.08%	-0.84%
Ford Holdings, Inc.	3.72%	-0.73%
Wheel Pros	1.07%	-0.60%
Viasat, Inc.	2.04%	-0.55%
NFP Corp	3.03%	-0.54%
Total	**10.95%**	**-3.25%**

Industry Groups by Weight (%)

	LACERS	BBC HY 2% Cap	Difference
Banking	0.00%	1.20%	-1.20%
Basic Industry	7.90%	4.80%	3.10%
Brokers/Asset Mgrs/Exchanges	1.90%	0.90%	1.00%
Capital Goods	18.40%	9.30%	9.10%
Communications	11.80%	16.30%	-4.50%
Consumer Cyclical	16.40%	21.70%	-5.30%
Consumer Non-Cyclical	19.30%	11.20%	8.10%
Electric	0.00%	2.40%	-2.40%
Energy	3.10%	12.80%	-9.70%
Finance Companies	0.00%	2.60%	-2.60%
Insurance	4.20%	2.70%	1.50%
Natural Gas	0.00%	0.00%	0.00%
Other Financial	0.00%	1.20%	-1.20%
Other Industrial	7.90%	1.40%	6.50%
Other Utility	0.00%	0.00%	0.00%
REITS	0.00%	1.90%	-1.90%
Technology	3.20%	7.00%	-3.80%
Transportation	2.40%	2.60%	-0.20%
Cash & Equivalents	3.60%	0.00%	3.60%

As of 9-30-2022. Returns set forth for the account above are presented gross of all fees except for trading expenses, deal-related legal expenses and withholding taxes. Returns are calculated using daily time weighted rates of return and cash flows are recognized at the beginning of the day**. Past performance is no guarantee of future returns**. In order to obtain the calculation methodology with respect to the Contribution to Return set forth, or a list showing a contribution of each holding in the account to the overall account's performance during this period, please contact investorrelations@polencapital.com. The holdings identified do not represent all of the securities purchased, sold or recommended for the account during this period. The endnotes contain important information that should be read concurrently with this slide.

Portfolio Characteristics

Los Angeles City Employees' Retirement System

Price

	LACERS	BBC HY 2% Cap	Difference
<70	3.70%	6.60%	-2.90%
70-85	26.80%	38.60%	-11.80%
85-95	53.30%	37.70%	15.60%
95-100	9.30%	12.40%	-3.10%
100-105	0.00%	3.60%	-3.60%
105-110	0.00%	0.50%	-0.50%
>110	3.30%	0.60%	2.70%
Equity	0.00%	0.00%	0.00%
Cash & Equivalents	3.60%	0.00%	3.60%
Total	**100.0%**	**100.0%**	

Blended Yield

	LACERS	BBC HY 2% Cap	Difference
0-3%	0.10%	0.10%	0.00%
3-6%	0.00%	2.60%	-2.60%
6-9%	19.60%	58.50%	-38.90%
9-12%	21.30%	25.40%	-4.10%
12-15%	40.10%	7.30%	32.80%
15-18%	8.50%	2.60%	5.90%
18%+	6.80%	3.50%	3.30%
Equity	0.00%	0.00%	0.00%
Cash & Equivalents	3.60%	0.00%	3.60%
Total	**100.0%**	**100.0%**	

Issue Size

	LACERS	BBC HY 2% Cap	Difference
<$200mm	8.50%	0.80%	7.70%
$200-400mm	29.60%	13.30%	16.30%
$400-600mm	24.40%	21.40%	3.00%
$600mm-$1bn	15.70%	30.50%	-14.80%
$1-2bn	9.90%	24.90%	-15.00%
$2-5bn	8.40%	9.00%	-0.60%
>$5bn	0.00%	0.00%	0.00%
Equity	0.00%	0.00%	0.00%
Cash & Equivalents	3.60%	0.00%	3.60%
Total	**100.0%**	**100.0%**	

Adjusted Effective Duration

	LACERS	BBC HY 2% Cap	Difference
0-1 yr	40.30%	0.80%	39.50%
1-2 yrs	2.60%	7.50%	-4.90%
2-3 yrs	15.50%	18.10%	-2.60%
3-4 yrs	11.00%	19.70%	-8.70%
4-5 yrs	17.10%	23.10%	-6.00%
5-6 yrs	6.40%	17.70%	-11.30%
>6 yrs	3.50%	13.00%	-9.50%
Equity	0.00%	0.00%	0.00%
Cash & Equivalents	3.60%	0.00%	3.60%
Total	**100.0%**	**100.0%**	

As of 9-30-2022. The endnotes contain important information that should be read concurrently with this slide.

Performance Attribution – Since Inception

Los Angeles City Employees' Retirement System vs. 50/50 BBG HY 2% ISSUER CAP/S&P LSTA

	Portfolio		Benchmark		Fixed Income Performance Attribution				
	Port. Average Weight	Port. Total Return	Bench. Average Weight	Bench. Total Return	Asset Class Allocation Effect	Duration Effect	Group Allocation Effect	Selection Effect	Total Effect
Bank Loan	**34.71**	**4.67**	**50.00**	**5.03**	**-0.69**	**-0.00**	**-0.14**	**-0.18**	**-1.02**
Bond	**62.66**	**-5.24**	**49.89**	**-5.63**	**-0.57**	**0.54**	**-0.89**	**0.28**	**-0.64**
Banking	--	--	0.69	-12.19	--	0.01	0.05	--	0.06
Basic Industry	8.24	5.87	2.62	-5.65	--	0.24	-0.03	0.49	0.71
Brokerage/Asset Mgrs/Exchanges	3.14	-7.92	0.31	-10.66	--	-0.08	-0.10	0.11	-0.07
Capital Goods	14.03	-4.78	4.36	-4.80	--	0.37	-0.09	-0.24	0.04
Communications	8.86	-16.97	8.31	-12.94	--	0.04	0.11	-0.37	-0.22
Consumer Cyclical	8.08	-16.55	10.28	-6.43	--	-0.45	0.07	-0.71	-1.09
Consumer Non-Cyclical	10.28	-2.64	6.58	-11.96	--	0.27	-0.11	0.70	0.86
Electric	--	--	1.34	-8.61	--	0.04	0.02	--	0.06
Energy	4.30	12.84	6.55	14.76	--	-0.18	-0.73	0.10	-0.80
Finance Companies	--	--	1.23	-6.48	--	-0.02	0.04	--	0.02
Insurance	4.84	2.93	1.20	-8.43	--	0.35	-0.14	0.10	0.32
Natural Gas	--	--	0.00	-23.44	--	0.00	-0.00	--	0.00
Other Financial	--	--	0.52	-7.37	--	-0.01	0.02	--	0.01
Other Industrial	0.30	6.67	0.69	-0.90	--	-0.03	-0.01	0.12	0.09
Other Utility	--	--	0.00	2.11	--	-0.00	0.00	--	0.00
REITS	--	--	0.94	-3.61	--	-0.01	-0.02	--	-0.03
Technology	0.58	-8.84	3.23	-8.75	--	0.01	0.13	-0.04	0.10
Transportation	0.00	5.98	1.05	5.02	--	-0.02	-0.12	0.01	-0.12
Equity	**0.02**	**-72.49**	**0.11**	**13.78**	**-0.02**	**0.00**	**--**	**-0.04**	**-0.05**
[Cash]	**2.62**	**0.64**	**--**	**--**	**0.41**	**--**	**--**	**--**	**0.41**
Total	**100.00**	**-1.68**	**100.00**	**-0.39**	**-0.87**	**0.54**	**-1.03**	**0.06**	**-1.29**

The Los Angeles City Employees' Retirement System ("LACERS") account was incepted on October 28, 2020. The full name of the index presented is the Bloomberg Barclays U.S. High Yield- 2% Issuer Cap Index and is used for comparative purposes only. **Past performance is no guarantee of future returns.** Quality is determined internally by Polen Credit pursuant to a consistent methodology based on the designated benchmark. It is not an S&P credit rating or a rating issued from a ratings agency, and is not a credit opinion. Index Data Source: Bloomberg Index Services Limited. BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). Bloomberg or Bloomberg's licensors own all proprietary rights in the Bloomberg Indices. Neither Bloomberg nor Bloomberg's licensors approves or endorses this material, or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith.

Performance Attribution – Since Inception

Los Angeles City Employees' Retirement System vs. 50/50 BBG HY 2% ISSUER CAP/S&P LSTA

	Portfolio		Benchmark		Fixed Income Performance Attribution				
	Port. Average Weight	Port. Total Return	Bench. Average Weight	Bench. Total Return	Asset Class Allocation Effect	Duration Effect	Group Allocation Effect	Selection Effect	Total Effect
Bank Loan	**34.71**	**4.67**	**50.00**	**5.03**	**-0.69**	**-0.00**	**-0.92**	**0.60**	**-1.02**
Bond	**62.66**	**-5.24**	**49.89**	**-5.63**	**-0.57**	**0.54**	**-1.33**	**0.72**	**-0.64**
D	0.01	10.94	0.01	6.72	--	-0.00	-0.01	0.01	-0.01
BAA2	--	--	0.01	-5.54	--	-0.00	0.01	--	0.01
BAA3	--	--	0.12	-1.21	--	0.01	0.00	--	0.01
BA1	4.90	-2.35	9.59	-7.11	--	-0.01	-0.07	0.27	0.18
BA2	2.01	23.21	7.01	-5.98	--	0.03	-0.06	0.49	0.45
BA3	2.31	-2.91	9.49	-5.75	--	0.04	-0.01	-0.02	0.01
B1	3.44	-0.56	6.00	-5.14	--	-0.04	0.02	0.15	0.13
B2	8.04	-12.18	6.96	-6.72	--	-0.10	-0.05	-0.40	-0.55
B3	13.35	-3.67	4.51	-5.72	--	0.05	-0.17	0.34	0.22
CAA1	5.86	-3.84	3.16	-4.75	--	-0.12	-0.03	0.19	0.04
CAA2	20.12	-4.20	2.35	-4.50	--	0.63	-0.31	-0.09	0.23
CAA3	0.79	-59.90	0.46	1.66	--	-0.00	-0.13	-0.17	-0.30
CA	1.25	-22.08	0.17	7.67	--	0.00	0.09	-0.18	-0.09
C	0.02	-43.31	0.05	54.19	--	0.00	-0.04	-0.07	-0.12
NR	0.55	-69.47	0.02	3.70	--	0.07	-0.57	0.23	-0.28
Equity	**0.02**	**-72.49**	**0.11**	**13.78**	**-0.02**	**0.00**	**--**	**-0.04**	**-0.05**
[Cash]	**2.62**	**0.64**	**--**	**--**	**0.41**	**--**	**--**	**--**	**0.41**
Total	**100.00**	**-1.68**	**100.00**	**-0.39**	**-0.87**	**0.54**	**-2.25**	**1.28**	**-1.29**

The Los Angeles City Employees' Retirement System ("LACERS") account was incepted on October 28, 2020. The full name of the index presented is the Bloomberg Barclays U.S. High Yield- 2% Issuer Cap Index and is used for comparative purposes only. **Past performance is no guarantee of future returns.** Quality is determined internally by Polen Credit pursuant to a consistent methodology based on the designated benchmark. It is not an S&P credit rating or a rating issued from a ratings agency, and is not a credit opinion. Index Data Source: Bloomberg Index Services Limited. BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). Bloomberg or Bloomberg's licensors own all proprietary rights in the Bloomberg Indices. Neither Bloomberg nor Bloomberg's licensors approves or endorses this material, or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith.

Returns & Efficiency Metrics vs. Peer Group

Returns vs. Peer Group

	YTD		1 Year		Since Inception	
	Return	**Rank** (Percentile)	**Return**	**Rank** (Percentile)	**Return**	**Rank** (Percentile)
LACERS Client Account	-11.10	24	-11.11	28	-1.07	36
Polen DDJ U.S. Opportunistic High Yield Strategy	-9.43	20	-8.54	18	2.72	4

Risk & Efficiency Metrics vs. Peer Group

Since Inception	**Standard Deviation**	**Rank** (Percentile)	**Sharpe Ratio – (using FTSE 3-Month T-Bill)**	**Rank** (Percentile)
LACERS Client Account	6.14	15	-0.23	45
Polen DDJ U.S. Opportunistic High Yield Strategy	6.26	16	0.38	5

Source eVestment. eVestment, LLC and its affiliated entities ("eVestment"), which are wholly-owned subsidiaries of Nasdaq, Inc., provide institutional investment data, analytics and market intelligence covering public and private markets. Peer Group is the eVestment U.S. High Yield Fixed Income Universe. Per eVestment, such universe comprises actively-managed U.S. fixed income products that primarily invest in high yield debt across multiple sectors. Data and information from third-party databases, such as those sponsored by eVestment, are self-reported by investment management firms that generally pay a subscription fee to access such databases. The Polen Credit U.S. Opportunistic High Yield Composite was incepted on 03-31-1998. The returns shown above are based on monthly gross of fee returns obtained by eVestment unless otherwise indicated. **Past performance is no guarantee of future returns. The endnotes contain important information that should be read concurrently with this slide.** LACERS Client Account performance and risk data from **11/1/2020 through 9/30/2022.** The ranking for the LACERS Client Account reflects the ranking that the LACERS Client Account would have obtained had its performance information been included within the eVestment U.S. High Yield Fixed Income Universe.

Risk & Efficiency Metrics vs. Peer Group

Trailing Periods	3 Year		5 Year		10 Year		Since Inception	
	Standard Deviation	**Rank** (Percentile)	**Standard Deviation**	**Rank** (Percentile)	**Standard Deviation**	**Rank** (Percentile)	**Standard Deviation**	**Rank** (Percentile)
Polen Credit U.S. Opportunistic High Yield Composite	11.49	78	9.23	72	7.17	53	8.29	55

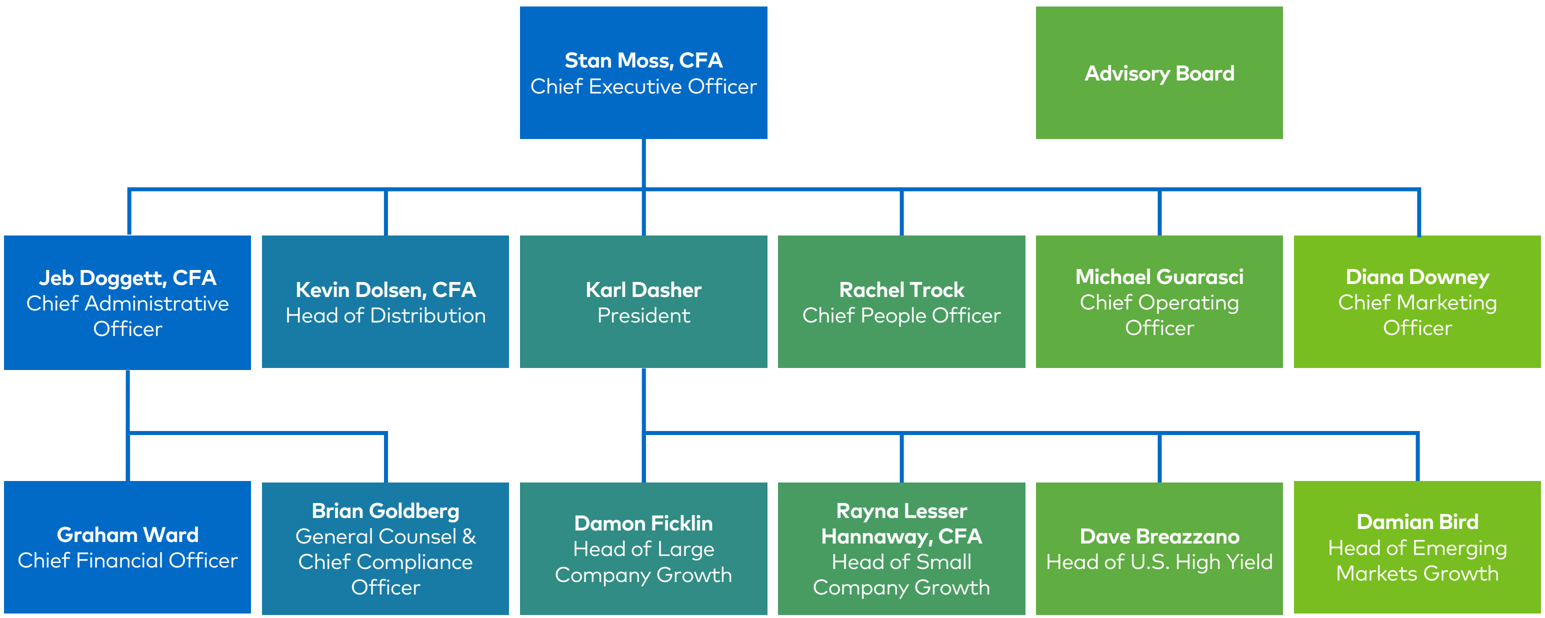
Trailing Periods (using FTSE 3-Month T-Bill)	3 Year		5 Year		10 Year		Since Inception	
	Sharpe Ratio	**Rank** (Percentile)	**Sharpe Ratio**	**Rank** (Percentile)	**Sharpe Ratio**	**Rank** (Percentile)	**Sharpe Ratio**	**Rank** (Percentile)
Polen Credit U.S. Opportunistic High Yield Composite	0.26	3	0.23	16	0.70	10	0.69	7

Source eVestment. eVestment, LLC and its affiliated entities ("eVestment"), which are wholly-owned subsidiaries of Nasdaq, Inc., provide institutional investment data, analytics and market intelligence covering public and private markets. Peer Group is the eVestment U.S. High Yield Fixed Income Universe. Per eVestment, such universe comprises actively-managed U.S. fixed income products that primarily invest in high yield debt across multiple sectors. Data and information from third-party databases, such as those sponsored by eVestment, are self-reported by investment management firms that generally pay a subscription fee to access such databases. The Polen Credit U.S. Opportunistic High Yield Composite was incepted on 03-31-1998. The returns shown above are based on monthly gross of fee returns obtained by eVestment unless otherwise indicated. **Past performance is no guarantee of future returns. The endnotes contain important information that should be read concurrently with this slide.**

Thank You

Appendix

Firm Leadership



As of 9-30-2022.

We are an Enduring, Purpose-Driven Firm Committed to Sustainability

Do the right thing

- Clients always come first
- Act with honesty and integrity
- Results-Only Work Environment (ROWE) enabling employees to choose where, when, and how they work

Growth mindset and support the whole employee

- Employees have an annual $5,000 training budget
- Firm offers employee benefits including fully covered health insurance, counseling, and financial planning resources
- Wellness amenities offered in offices

Minimize our environmental impact

- Boca Raton and Boston offices are in LEED certified buildings
- Implemented paperless workflow processes to minimize paper use
- Track and offset our carbon emissions

Cultivate an environment of acceptance

- Annual workplace harassment and implicit and unconscious bias training
- Culture club, fireside chat and topical dialogue panels to raise awareness and sensitivity
- Employee resource groups seek to support a culture of belonging

Promoting diversity within our firm and industry

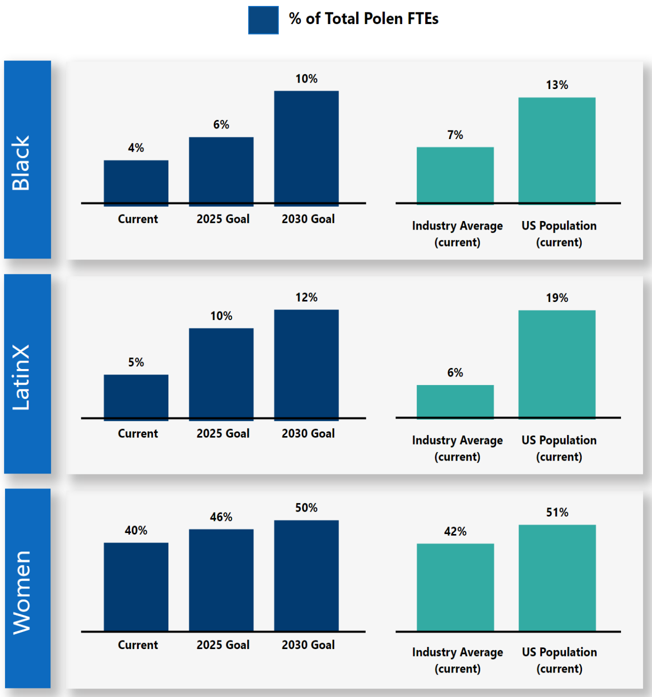
- Partnerships with organizations such as the Tiogo Foundation, the Pat Tillman Foundation, Out in Finance, and Gain UK to support diversity in recruitment
- Working to increase minority representation among full-time employees and interns
- Instituted a donor advised fund to support minority development programs

Passionate about community involvement

- Long-term supporter of the Make-A-Wish Foundation, granting over 300 wishes to children fighting illnesses
- Firm supports Boca Helping Hands, Pine Street Inn, and the Hackney Food Bank
- Matching employee charitable contributions to double the impact of donations

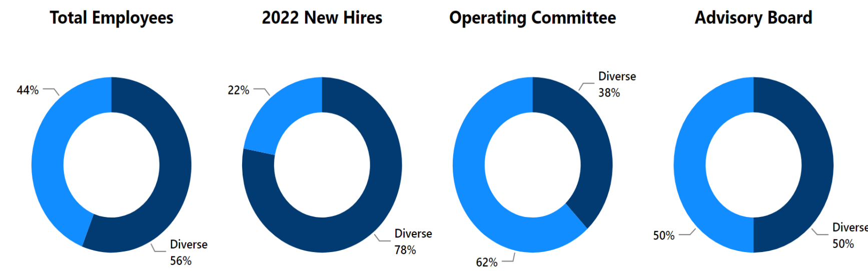
Polen Capital Diversity & Inclusion Addendum

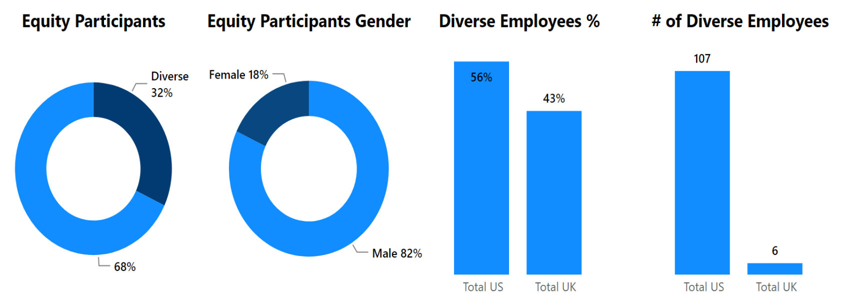
Aspirational Targets at Polen



By The Numbers

Diversity at Polen is defined by women, people of color, veterans, or members of the LGBTQ+ community





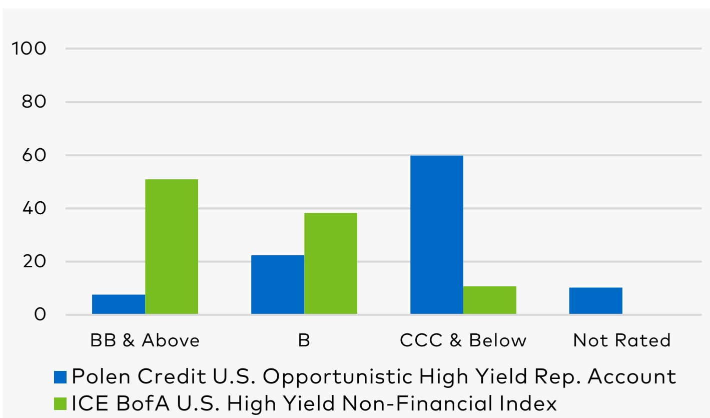
Portfolio Overview

Polen Credit U.S. Opportunistic High Yield

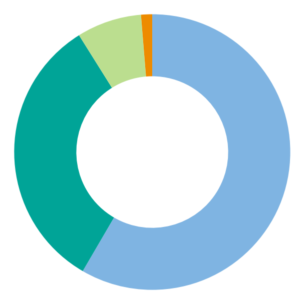
Composite Performance (%)

	YTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr	Inception (03-31-1998)
Polen Credit U.S. Opportunistic High Yield (Gross)[1]	-9.43%	-8.54%	3.52%	3.28%	5.58%	5.68%	7.49%
Polen Credit U.S. Opportunistic High Yield (Net)[1]	-9.87%	-9.08%	3.02%	2.79%	5.07%	5.15%	6.73%
ICE BofA U.S. Non-Financial High Yield Index[2]	-14.54%	-13.98%	-0.68%	1.34%	4.02%	3.74%	5.45%
ICE BofA U.S. High Yield Index[2]	-14.62%	-14.06%	-0.67%	1.41%	4.04%	3.86%	5.59%
Credit Suisse Leveraged Loan Index[2]	-3.31%	-2.62%	2.12%	3.00%	3.67%	3.70%	4.38%

Credit Quality Allocation (%)



Rep. Account Breakdown by Asset Type[3] (%)



Bonds	
Secured Notes – 1st Lien	10.0
Secured Notes – 2nd & 3rd Lien	5.6
Senior Unsecured Notes	35.5
Holdco/Subordinated Debt	7.3
Loans	
Term Loans – 1st Lien	2.8
Term Loans – 2nd Lien	29.9
Equity	**7.6**
Cash & Cash Equivalents	**1.3**

As of 9-30-2022. Returns are trailing through 9-30-2022. Annualized returns are presented for periods greater than one year. The endnotes contain important information that should be read concurrently with this slide. The gross performance returns for the Polen Credit U.S. Opportunistic High Yield Composite set forth above are presented gross of all fees except for trading expenses, deal-related legal expenses and withholding taxes. Net returns reflect the application of actual management and performance-based fees to gross returns. Returns are provided as supplemental information and complement a GIPS Composite report, which is included in the Appendix. **Past performance is no guarantee of future results.**

Gross Returns vs. Peer Group

Trailing Periods	YTD		1 Year		3 Year		5 Year		10 Year		Since Inception	
	Return	Rank (Percentile)	Return	Rank (Percentile)	Return	Rank (Percentile)	Return	Rank (Percentile)	Return	Rank (Percentile)	Return	Rank (Percentile)
Polen Credit U.S. Opportunistic High Yield Composite	-9.43	20	-8.54	18	3.52	1	3.28	8	5.68	3	7.49	4

Calendar Years	2012		2013		2014		2015		2016		2017	
	Return	Rank (Percentile)	Return	Rank (Percentile)	Return	Rank (Percentile)	Return	Rank (Percentile)	Return	Rank (Percentile)	Return	Rank (Percentile)
Polen Credit U.S. Opportunistic High Yield Composite	17.61	13	10.16	11	3.66	25	-3.81	72	17.55	13	12.13	2

Calendar Years	2018		2019		2020		2021	
	Return	Rank (Percentile)	Return	Rank (Percentile)	Return	Rank (Percentile)	Return	Rank (Percentile)
Polen Credit U.S. Opportunistic High Yield Composite	0.88	12	6.18	98	8.34	20	9.91	6

Source eVestment. eVestment, LLC and its affiliated entities ("eVestment"), which are wholly-owned subsidiaries of Nasdaq, Inc., provide institutional investment data, analytics and market intelligence covering public and private markets. Peer Group is the eVestment U.S. High Yield Fixed Income Universe. Per eVestment, such universe comprises actively-managed U.S. fixed income products that primarily invest in high yield debt across multiple sectors. Data and information from third-party databases, such as those sponsored by eVestment, are self-reported by investment management firms that generally pay a subscription fee to access such databases. The Polen Credit U.S. Opportunistic High Yield Composite was incepted on 03-31-1998. The returns shown above are based on monthly gross of fee returns obtained by eVestment unless otherwise indicated. **Past performance is no guarantee of future returns. The endnotes contain important information that should be read concurrently with this slide.**

Endnotes

Gross returns are calculated using daily time weighted rates of return and cash flows are recognized at the beginning of the day. Gross returns also do not reflect the deduction of the investment advisory fee charged by Polen Capital Credit; such expense, as well as other expenses the account may incur, will reduce the gross returns. The investment advisory fees charged to the account are set forth in such client's investment management agreement.

The full name of the index presented is the Bloomberg Barclays U.S. High Yield - 2% Issuer Cap Index and is used for comparative purposes only. Bloomberg index data source: Bloomberg Index Services Limited. BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). Bloomberg or Bloomberg's licensors own all proprietary rights in the Bloomberg Indices. Neither Bloomberg nor Bloomberg's licensors approves or endorses this material, or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith.

Average rating: this characteristic, with respect to the fixed income portion of the portfolio, is determined internally by Polen Credit pursuant to a consistent methodology. It is not an S&P credit rating or a rating issued from a ratings agency, and is not a credit opinion.

Average blended yield: With respect to the portfolio, blended yield is a market value weighted average of (i) for securities trading at or above par, yield to worst for bonds, and yield to three year take out for loans, and (ii) for bonds and loans trading at a discount, yield to maturity. With respect to the benchmark, yield is shown as yield to worst.

Average price: With respect to the portfolio, the average price statistic provided is a market value weighted average price which is calculated only for the fixed income portion of the account.

Adjusted effective duration: With respect to the portfolio, the adjusted effective duration statistic provided is calculated by taking a weighted average of (i) modified duration to next reset date for all floating rate instruments, and (ii) effective duration for all fixed coupon instruments. With respect to the benchmark, duration is shown as effective duration.

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U.S. Opportunistic High Yield Endnotes

1. The Polen Credit U.S. Opportunistic High Yield Composite (the "Opportunistic Composite") includes portfolios that follow the investment restrictions and guidelines described in the Appendix. The Opportunistic Composite represents the greatest percentage of Polen Credit opportunistic high yield assets under management. Its restrictions and guidelines provide investment flexibility to the extent described in the Appendix. Specific investment restrictions and guidelines may vary based upon client requirements. The Opportunistic Composite was incepted on March 31, 1998. Accordingly, the gross and net returns of the Opportunistic Composite since inception as well as the returns for the indices are calculated beginning as of such date. Returns are calculated using daily time-weighted rates of return, and cash flows are recognized at the beginning of the day. Returns presented for periods greater than one year are annualized returns.
2. The ICE BofA U.S. High Yield Index and the ICE BofA U.S. Non-Financial High Yield Index are each broad, unmanaged high yield indices. The ICE BofA U.S. Non-Financial High Yield Index is presently the benchmark for the Opportunistic Composite as historically the accounts within the Opportunistic Composite have had very limited exposure to Financials. The ICE BofA U.S. High Yield Index data referenced herein is the property of ICE Data Indices, LLC, its affiliates ("ICE Data") and/or its Third Party Suppliers and has been licensed for use by Polen Credit. ICE Data and its Third Party Suppliers accept no liability in connection with its use. Please contact Polen Credit for a full copy of the disclaimer. The Credit Suisse Leveraged Loan Index is constructed to reflect the investible universe of U.S.-dollar denominated leveraged loans. None of these indices bears fees and expenses or reflects the Opportunistic Composite's specific investment restrictions and guidelines. An investor can not directly invest in such indices, and therefore the index returns are comparable to Opportunistic Composite returns calculated on a fully gross, and not net, basis; investment results will differ from those of these indices. The benchmark data is used for comparative purposes only.
3. The Polen Credit U.S. Opportunistic High Yield representative account is an account within the Opportunistic Composite that Polen Credit has deemed the most representative of the accounts managed by Polen Credit pursuing the Opportunistic Composite investment strategy. Contractual investment guidelines and length of track record are the most important factors in determining a representative account for the Opportunistic Composite strategy. The Opportunistic Composite statistics provided are based on a representative account and are included as supplemental information and complement a GIPS Composite Report, which has been provided.

U.S. Opportunistic High Yield Disclosures

Schedule of Investment Performance – Polen Credit U.S. Opportunistic High Yield Composite – March 31, 1998 to September 30, 2022

Year End	Total Gross Return (%)	Total Net Return (%)	Custom Benchmark Return (%)	Number of Portfolios	Composite Assets at End of Period ($Millions)	Firm Assets at End of Period ($Millions)	Composite Dispersion (%)	Composite 3 Yr. Annualized Std. Dev. (%)	Benchmark 3 Yr. Annualized Std. Dev. (%)
YTD 2022	-9.43%	-9.87%	-14.54%	21	4,384	6,916	N/A	11.49%	11.24%
2021	9.91%	9.42%	5.42%	20	5,465	8,314	1.70%	10.90%	9.39%
2020	8.36%	7.89%	6.04%	22	5,521	7,987	1.25%	11.06%	9.63%
2019	6.18%	5.73%	13.98%	24	6,041	7,861	0.64%	4.31%	4.23%
2018	0.88%	0.40%	-2.20%	25	6,345	8,207	1.75%	4.16%	4.85%
2017	12.13%	11.56%	7.30%	18	5,643	7,831	0.54%	4.92%	5.93%
2016	17.53%	16.96%	18.33%	21	5,584	7,589	1.40%	4.96%	6.35%
2015	-3.82%	-4.28%	-5.43%	21	5,091	7,401	0.88%	4.04%	5.46%
2014	3.68%	3.12%	2.09%	15	4,091	8,028	1.84%	3.10%	4.51%
2013	10.16%	9.55%	7.23%	15	3,456	7,145	1.01%	4.54%	6.50%
2012	17.61%	16.92%	15.58%	13	2,475	5,032	1.51%	5.27%	7.13%
2011	3.57%	3.04%	4.38%	14	2,459	3,653	1.50%	8.37%	11.15%
2010	19.30%	18.63%	15.19%	10	2,455	3,985	2.86%	14.34%	17.16%
2009	58.52%	57.51%	57.51%	11	2,657	3,414	3.32%	14.19%	17.02%
2008	-29.22%	-29.51%	-26.39%	8	1,231	2,333	1.64%	11.13%	13.50%
2007	3.77%	3.27%	2.19%	7	1,517	2,791	-	3.72%	4.55%
2006	12.15%	11.52%	11.77%	5	1,450	2,835	-	3.85%	3.86%
2005	5.79%	5.32%	2.74%	3	1,425	2,617	-	5.89%	5.47%
2004	13.59%	12.18%	10.87%	2	1,158	2,220	-	7.44%	8.48%
2003	39.51%	34.18%	28.15%	2	914	1,675	-	8.82%	10.63%
2002	10.10%	9.23%	-1.89%	1	468	1,173	-	8.65%	10.30%
2001	7.17%	6.55%	4.48%	1	397	1,166	-	7.40%	7.93%
2000	-7.59%	-8.17%	-5.12%	1	355	1,126	-	-	-
1999	4.68%	4.04%	2.51%	1	363	1,111	-	-	-
1998*	-3.43%	-3.89%	-0.02%	1	347	1,040	-	-	-

Period Ending September 30, 2022	Total Gross Return (%)	Total Net Return (%)	Custom Benchmark Return (%)
1 Year	-8.54%	-9.08%	-13.98%
5 Year	3.28%	2.79%	1.34%
10 Year	5.68%	5.15%	3.75%

*Partial year, inception 03-31-1998

Polen Capital Credit, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Polen Capital Credit, LLC has been independently verified for the periods March 1, 1996 to December 31, 2021.

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 and pooled fund 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. The Polen Credit U.S. Opportunistic High Yield Composite has had a performance examination for the periods January 1, 2005 to December 31, 2021. The verification and performance examination reports are available upon request.

U.S. Opportunistic High Yield Disclosures

Polen Capital Credit, LLC ("the Firm", "Polen Credit") is an investment adviser, registered with the Securities and Exchange Commission, which specializes in high yield securities and special situations investing.
Polen Credit was formerly known as DDJ Capital Management, LLC. On January 31, 2022, Polen Credit was acquired by Polen Capital Management, LLC. Polen Credit's investment team and investment process were not affected by these changes.

The Polen Credit U.S. Opportunistic High Yield Composite ("the Composite") was created in August 2007. The U.S. Opportunistic High Yield strategy seeks to generate capital appreciation and income by investing in high yield securities or higher rated securities that offer yields similar to those available in the high yield market. The strategy focuses on investments in high yield bonds and has a bias toward lower tier securities. Opportunistic High Yield portfolios not denominated in U.S. dollars, where currency hedging is a significant component of the strategy, are excluded from the Composite. Derivatives may be used for hedging purposes only; however, certain credit derivatives may be used in limited circumstances subject to client guidelines. Portfolios within the Composite will be permitted to invest in lower-rated debt securities, equity securities, bank debt, small issues and direct private investments, but allocations to these security types will vary. Portfolios within the Composite will generally invest at least 25% of assets in bank loans, hold no fewer than 50 issuers and will invest in illiquid securities. In January 2021, a lower limit on issuers held was added.

Gross returns do not reflect the deduction of investment management fees, but are net of trading expenses, deal-related legal expenses and foreign withholding tax. Net returns reflect the application of actual management and, if applicable, performance-based fees to gross returns. Composite dispersion is the equal-weighted standard deviation of annual gross returns of all accounts included in the Composite for the entire year. Composite dispersion is not applicable for composites which contain five accounts or fewer for the entire year. The three-year annualized standard deviation measures the variability of the Composite gross returns and the benchmark returns over the preceding 36-month period. A list of composite descriptions, a list of limited distribution pooled fund descriptions, and a list of broad distribution pooled funds as well as policies for valuing portfolio investments, calculating performance, and preparing GIPS Reports are available upon request.

At 12/31/2021, 14% of composite assets were valued using subjective, unobservable inputs.

The custom benchmark, the ICE BofA U.S. Non-Financial High Yield Index, is used for comparative purposes only. Like the investments of the benchmark, the Composite consists primarily of bonds and notes rated BB or lower. However, the benchmark is an unmanaged index and does not include any private (non-144A) obligations, convertible bonds, preferred and common equity, and certain other securities and obligations, and excludes financials. Investments made by Polen Credit on behalf of the portfolios managed according to the strategy may differ from those of the benchmark and may not have the same investment strategy. Accordingly, investment results for the Composite will differ from those of the benchmark. For periods prior to January 1, 2013, the Composite is measured against the ICE BofA U.S. High Yield Index.

The standard fee schedule is as follows (per annum):

Separate Account (Management Fee)	
First $100 million	55 bps
Next $100 million	50 bps
Above $200 million	45 bps
Private Fund (All-In Fee)**	
Founders Share Class***	45 bps
Operating Share Class	55 bps

Collective Investment Trust (All-In Fee)**	
All Assets	60 bps

**The all-in fee and total expense ratio includes all administrative and operational expenses of the fund, as well as the Polen Credit management fee.
*** The Founders Share Class is honored until the applicable fund reaches $250 million in assets.

Performance-based fee schedules are available for separate accounts. Management and performance-based fees may vary according to the specific mandate of the account, investment performance, and assets under management.

U.S. Opportunistic High Yield Disclosures

The index data referenced herein is the property of ICE Data Indices, LLC, its affiliates ("ICE Data") and/or its Third Party Suppliers and has been licensed for use by Polen Credit. ICE Data and its Third Party Suppliers accept no liability in connection with its use. Please contact Polen Credit for a full copy of the applicable disclaimer.

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Past performance is not an indication of future results.

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

MEETING: NOVEMBER 8, 2022
ITEM: VI

SUBJECT: **INVESTMENT MANAGER CONTRACT WITH AXIOM INVESTORS, LLC REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. EMERGING MARKETS GROWTH EQUITIES PORTFOLIO AND POSSIBLE COMMITTEE ACTION**

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

Recommendation

That the Committee recommend to the Board a one-year contract extension with Axiom Investors, LLC for management of an active non-U.S. emerging markets growth equities portfolio.

Executive Summary

Axiom Investors, LLC (Axiom) has managed an active non-U.S. emerging markets growth equities portfolio for LACERS since April 2014. LACERS' portfolio is currently valued at $256 million as of September 30, 2022. Axiom was initially placed on "On Watch" status for performance effective April 17, 2019, but Axiom's performance improved, and the firm no longer triggered "On Watch" status for performance as of June 30, 2020. However, Axiom's watch status was subsequently extended on various dates due to a benchmark change from the MSCI Emerging Markets Growth (MSCI EM Growth) Index to the MSCI Emerging Markets (MSCI EM) Index, the departure of Christopher Lively, Co-lead Portfolio Manager, and the departure of Kurt Polk, President. After monitoring these matters over the last two years, staff and LACERS' General Consultant, NEPC, LLC (NEPC) are satisfied that Axiom has appropriately addressed these issues and have removed Axiom from "On Watch" status. While Axiom's performance as of September 30, 2022, lags behind the benchmark's performance over all time periods, Axiom has not breached the metrics required to be placed on "On Watch" status for performance reasons. Staff and NEPC recommend a one-year contract extension and will continue to monitor the organization and performance of the strategy in accordance with the LACERS Manager Monitoring Policy (Policy).

Discussion

Background
Axiom has managed an active non-U.S. emerging markets growth equities portfolio for LACERS since April 2014 and is benchmarked against the MSCI EM Index. Axiom uses a fundamental research-based investment strategy that focuses on companies exhibiting key growth drivers, such as company-specific improvements and favorable macroeconomic and political factors. Such drivers tend to be indicators of positive company financial and stock price performance. The 13-person investment team is led by four

Co-lead Portfolio Managers: Andrew Jacobson, Chief Executive Officer and Chief Investment Officer (35 years of experience); Donald Elefson, CFA (40 years of experience); Jose Morales, CFA (34 years of experience); and Young Kim (24 years of experience).

The Board hired Axiom through the 2013 Active Emerging Market Growth Equities manager search process and authorized a three-year contract on July 23, 2013; the contract became effective on January 1, 2014. Axiom was awarded a three-year contract renewal on September 27, 2016, and one-year extensions on July 23, 2019; July 28, 2020; and October 26, 2021. The current contract expires on December 31, 2022. Axiom had been on "On Watch" status since April 17, 2019, and was recently removed from the watch list, as discussed in the Due Diligence section of this report.

Organization
Axiom is 100% employee-owned, with 61 employees, and is headquartered in Greenwich, Connecticut. As of September 30, 2022, the firm managed over $15.4 billion in total assets with $5.4 billion in the emerging markets growth equities strategy.

Due Diligence
Axiom's investment philosophy, strategy, and process have not changed over the one-year contract extension period. Axiom was initially placed on "On Watch" status for performance on April 17, 2019. After conducting a thorough review of Axiom's underperformance relative to its benchmark in place at the time, the MSCI EM Growth Index, staff and NEPC determined that the MSCI EM Growth Index had become increasingly concentrated in a few stocks since inception of LACERS' account and that the benchmark was no longer an effective measure by which to compare Axiom's strategy. As of June 30, 2020, Axiom no longer triggered watch status due to performance. However, on July 28, 2020, the Board approved a change of Axiom's benchmark from the MSCI EM Growth Index to the more diversified MSCI EM Index with the condition that Axiom remain on watch through August 1, 2021, in order to monitor Axiom for consistency with its stated strategy. The benchmark change became effective on August 1, 2020.

Subsequently, two material organizational changes at Axiom led to further extensions of Axiom's watch status. First, on September 29, 2020, Axiom announced that Chris Lively would be stepping down from his role as co-lead portfolio manager of the emerging markets growth equities strategy for personal reasons, triggering an extension of Axiom's existing watch status to October 1, 2021. Andrew Jacobson, Axiom's founder, CEO and CIO, and the original architect of the strategy, replaced Mr. Lively as co-lead of the strategy alongside Donald Elefson and Jose Morales. In addition, Axiom hired Young Kim in March 2021 as a fourth co-lead portfolio manager to expand the team's capabilities.

Second, on August 18, 2021, Axiom announced that Kurt Polk, Axiom's President, would be leaving the firm at the end of the year for personal reasons, triggering a further extension of Axiom's existing watch status to October 1, 2022. The firm has no plans to fill the President position. Axiom's existing management committee has assumed Mr. Polk's responsibilities and currently consists of the following members: Edward Azimi, Chief Operating Officer; Lindsay Chamberlain, Managing Director of Client Partnerships; Jonathan Ellis, Director of Research and Portfolio Manager; Andrew Jacobson, CEO and CIO; and Denise Zambardi, Senior Vice President and Chief Compliance Officer and Controller. Further, Axiom has hired additional support personnel for the management committee members.

After closely monitoring and conducting routine due diligence on Axiom's organizational changes and the strategy's benchmark change over the last two years, staff and NEPC are satisfied that Axiom has appropriately addressed these matters. The changes have not resulted in any changes to Axiom's stated investment philosophy and strategy, nor have they had a material adverse impact to the management of the investment strategy and LACERS assets. Accordingly, staff and NEPC have removed Axiom from "On Watch" status.

Performance

As discussed in the Due Diligence section, Axiom's benchmark was changed from the MSCI EM Growth Index to the MSCI EM Index effective August 1, 2020. Since the effective date of the benchmark change, Axiom has underperformed in all periods compared to the MSCI EM Index as presented in the following table. With the rotation of the market from favoring growth stocks to favoring value stocks that began at the end of 2021, the underperformance of Axiom's growth-oriented strategy relative to the MSCI EM Index, an index comprised of growth and value stocks, is expected. The benchmark change has not resulted in any changes to Axiom's investment process, and the strategy continues to be managed according to the same investment philosophy and process in place at the time of hire.

Annualized Performance as of 9/30/22 (Net-of-Fees)				
	3-month	1-Year	2-Year	Since 8/1/2020
Axiom	-14.25	-36.24	-13.30	-11.32
MSCI EM Index	-11.57	-28.11	-7.82	-7.00
% of Excess Return	*-2.68*	*-8.13*	*-5.48*	*-4.32*

The following table presents Axiom's performance since inception of the account on April 11, 2014, relative to a blended benchmark that incorporates the performance of the previous MSCI EM Growth Index from account inception date to July 31, 2020, and the performance of the MSCI EM Index from August 1, 2020 to September 30, 2022. Axiom's underperformance over the three-year, five-year, and since inception time periods is due to the high stock concentration of the former MSCI EM Growth benchmark and LACERS' investment guideline limitations that required Axiom's portfolio to be more diversified than the former benchmark. Please refer to October 26, 2021, report to the Board (Attachment 1) for a detailed discussion of Axiom's underperformance relative to the MSCI EM Growth Index. In light of the benchmark change, historical blended benchmark performance (the three-year, five-year, and since inception time periods) provides minimal value in evaluating the effectiveness of Axiom's strategy. The current benchmark, the MSCI EM Index, as presented in the preceding table, is a more appropriate measure of Axiom's performance considering portfolio diversification requirements of the investment guidelines.

Annualized Performance as of 9/30/22 (Net-of-Fees)						
	3-month	1-Year	2-Year	3-Year	5-Year	Since Inception
Axiom	-14.25	-36.24	-13.30	-2.66	-2.07	1.17
Axiom Blended Benchmark*	-11.57	-28.11	-7.82	2.14	0.68	3.26
% of Excess Return	*-2.68*	*-8.13*	*-5.48*	*-4.80*	*-2.75*	*-2.09*

*Axiom Blended Benchmark incorporates MSCI EM Growth Index returns prior to August 1, 2020 and MSCI EM Index returns from August 1, 2020 to present.

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

Calendar Year Performance as of 12/31/21 (Net-of-Fees)								
	2021	2020	2019	2018	2017	2016	2015	4/11/14-12/31/14
Axiom	-4.28	32.46	24.70	-17.64	40.56	8.40	-12.44	-2.01
Axiom Blended Benchmark	-2.54	32.02	25.10	-18.26	46.80	7.59	-11.34	-2.24
% of Excess Return	*-1.74*	*0.44*	*-0.40*	*0.62*	*-6.24*	*0.81*	*-1.10*	*0.23*

Staff recognizes that Axiom’s strategy has underperformed since the date of the benchmark change (August 1, 2020) and since inception (April 11, 2014) compared to the blended benchmark. Evaluating Axiom’s performance against the watch list criteria, Axiom’s performance is currently in compliance with the Policy, which requires both a peer performance metric and information ratio metric to be breached over two consecutive quarters before placing a manager on “On Watch” status for performance. As presented in the following table, Axiom breached the metrics as of September 30, 2022, and was within the established guidelines as of June 30, 2022.

Evaluation of Watch List Status				
Manager	Metric 1 Underperforms (net of fees) trailing 5-year peer median performance (i.e., peer rank between 50th and 100th percentile)		Metric 2 Trailing 5-year Information Ratio falls below 0.20	
	Peer Ranking 9/30/2022	Peer Ranking 6/30/2022	Information Ratio 9/30/2022	Information Ratio 6/30/2022
Axiom	64 (fail)	37 (pass)	-0.03 (fail)	0.51 (pass)

Staff and NEPC will continue to closely monitor Axiom's organization and performance according to the Policy and take appropriate action as necessary.

Fees
LACERS pays Axiom an effective fee of 60 basis points (0.60%), which is approximately $1.5 million annually based on the value of LACERS' assets as of September 30, 2022. This fee ranks in the 22nd percentile among its peers in the eVestment Global Emerging Markets All Cap Growth Equity Universe (i.e., Axiom's fee is lower than 78% of peers). Since inception, LACERS has paid Axiom a total of $19.1 million in investment manager fees as of June 30, 2022.

General Fund Consultant Opinion
NEPC concurs with these recommendations.

Strategic Plan Impact Statement

A contract extension with Axiom will allow the fund to maintain a diversified exposure to the non-U.S. equities emerging markets, which is expected to help optimize long-term risk adjusted investment returns (Goal IV). The discussion 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, Investment Officer II, Investment Division

RJ/BF/EC:rm

Attachments:
1. Report to Board of Administration Dated October 26, 2021
2. Consultant Recommendation – NEPC, LLC

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION

From: **Investment Committee**
Sung Won Sohn, Chair
Elizabeth Lee
Nilza R. Serrano

MEETING: **OCTOBER 26, 2021**
ITEM: **X-C**

SUBJECT: **INVESTMENT MANAGER CONTRACT WITH AXIOM INVESTORS, LLC REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. EMERGING MARKETS GROWTH EQUITIES PORTFOLIO AND POSSIBLE BOARD ACTION**

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

Recommendation

That the Board:

1. Approve a one-year contract extension with Axiom Investors, LLC for management of an active non-U.S. emerging markets growth equities portfolio.

2. Authorize the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Discussion

On October 12, 2021, the Committee considered the attached staff report (Attachment 1) recommending a one-year contract extension with Axiom Investors, LLC (Axiom). The Board hired Axiom through the 2013 Active Emerging Market Growth Equities manager search and authorized a three-year contract on July 23, 2013. The contract became effective on January 1, 2014; the current contract extension expires on December 31, 2021. Since inception, LACERS has paid Axiom a total of $16.9 million in investment management fees as of June 30, 2021. As of September 30, 2021, LACERS' portfolio was valued at $401 million. Axiom is currently on "On Watch" status through October 1, 2022 due to a benchmark change and two organizational changes. Please refer to Attachment 1 for further details on the history of Axiom's watch status.

The Committee inquired about potential actions at the end of the watch period. Staff explained that if Axiom is unable to achieve outperformance relative to the MSCI Emerging Markets Index since the benchmark change date of August 1, 2020, staff may return to the Committee with possible recommendations to terminate the contract and either conduct a search for a replacement active manager or move the assets to a passive strategy. Based on the discussion and responses by staff, the Committee concurred with the recommendation by staff and NEPC, LLC, LACERS' General Fund Consultant.

Strategic Plan Impact Statement

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

Prepared By: Ellen Chen, Investment Officer I, Investment Division

RJ/BF/EC:rm

Attachments: 1. Investment Committee Recommendation Report dated October 12, 2021
2. Proposed Resolution

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

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

MEETING: OCTOBER 12, 2021
ITEM: VI

SUBJECT: **INVESTMENT MANAGER CONTRACT WITH AXIOM INVESTORS, LLC REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. EMERGING MARKETS GROWTH EQUITIES PORTFOLIO AND POSSIBLE COMMITTEE ACTION**

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

Recommendation

That the Committee recommend to the Board a one-year contract extension with Axiom Investors, LLC for management of an active non-U.S. emerging markets growth equities portfolio.

Executive Summary

Axiom Investors, LLC (Axiom) has managed an active non-U.S. emerging markets growth equities portfolio for LACERS since April 2014. LACERS' portfolio is currently valued at $401 million as of September 30, 2021. Axiom was initially placed on "On Watch" status for performance effective April 17, 2019. Axiom's watch status was subsequently extended on various dates due to a change of the benchmark from the MSCI Emerging Markets Growth (MSCI EM Growth) Index to the MSCI Emerging Markets (MSCI EM) Index, the departure of Christopher Lively, Co-lead Portfolio Manager, and the pending departure of Kurt Polk, President. The firm's current watch status expires on October 1, 2022. In light of Axiom's continued "On Watch" status and consistent with the LACERS Manager Monitoring Policy (Policy), staff and LACERS' General Consultant, NEPC, LLC (NEPC) recommend a one-year contract extension and will continue to monitor the organization and performance of the strategy.

Discussion

Background
Axiom has managed an active non-U.S. emerging markets growth equities portfolio for LACERS since April 2014, and is benchmarked against the MSCI EM Index. Axiom uses a fundamental research-based investment strategy that focuses on companies exhibiting key growth drivers, such as company-specific improvements and favorable macroeconomic and political factors. Such drivers tend to be indicators of positive company financial and stock price performance. The 13 person investment team is led by four Co-lead Portfolio Managers: Andrew Jacobson, Chief Executive Officer and Chief Investment Officer (33 years of experience), Donald Elefson, CFA (38 years of experience), Jose Morales, CFA (32 years of experience) and Young Kim (22 years of experience).

The Board hired Axiom through the 2013 Active Emerging Market Growth Equities manager search process and authorized a three-year contract on July 23, 2013; the contract became effective on January 1, 2014. Axiom was awarded a three-year contract renewal on September 27, 2016, a one-year extension on July 23, 2019, and a one-year extension on July 28, 2020. The current contract expires on December 31, 2021. Axiom has been on “On Watch” status since April 17, 2019 for performance and organizational reasons as discussed in the Due Diligence and Performance sections of this report.

Organization
Axiom is 100% employee-owned, with 57 employees, and is headquartered in Greenwich, Connecticut. As of September 30, 2021, Axiom managed over $19 billion in total assets with $8 billion in the emerging markets growth equities strategy.

Due Diligence
Axiom’s investment philosophy, strategy, and process have not changed over the one-year contract extension period. Axiom was initially placed on “On Watch” status for performance on April 17, 2019. After conducting a thorough review of Axiom’s underperformance relative to its benchmark in place at the time, the MSCI EM Growth Index, staff and NEPC determined that the MSCI EM Growth Index had become increasingly concentrated in a few stocks since inception of LACERS’ account and that the benchmark was no longer an effective measure by which to compare Axiom’s strategy. On July 28, 2020, the Board approved a change of Axiom’s benchmark from the MSCI EM Growth Index to the more diversified MSCI EM Index with the condition that Axiom remain on watch through August 1, 2021 in order to monitor Axiom for consistency with its stated strategy. The benchmark change became effective on August 1, 2020.

Subsequently, two material organizational changes at Axiom led to further extensions of Axiom’s watch status. First, on September 29, 2020, Axiom announced that Chris Lively would be stepping down from his role as co-lead portfolio manager of the emerging markets growth equities strategy for personal reasons, triggering an extension of Axiom’s existing watch status to October 1, 2021. Andrew Jacobson, Axiom’s founder, CEO and CIO, and the original architect of the strategy, replaced Mr. Lively as co-lead of the strategy alongside Donald Elefson and Jose Morales. In addition, Axiom hired Young Kim in March 2021 as a fourth co-lead portfolio manager to expand the team’s capabilities.

Second, on August 18, 2021, Axiom announced that Kurt Polk, Axiom’s President, would be leaving the firm at the end of the year for personal reasons, triggering a further extension of Axiom’s existing watch status to October 1, 2022. Axiom will not be filling the vacancy; the existing management committee will assume Mr. Polk’s responsibilities. Currently, the management committee consists of the following members: Edward Azimi, Chief Operating Officer; Lindsay Chamberlain, Managing Director of Client Service and Marketing; Jonathan Ellis, Director of Research and Portfolio Manager; Andrew Jacobson, CEO and CIO; Kurt Polk, President (departing firm); and Denise Zambardi, Senior Vice President and Chief Compliance Officer and Controller.

After conducting due diligence on these matters, staff and NEPC do not anticipate these organizational changes to have a material adverse impact to the management of the investment strategy and LACERS assets. However, staff and NEPC will continue to monitor Axiom closely through the expiration of the “On Watch” status on October 1, 2022.

Performance

As discussed in the Due Diligence section, Axiom's benchmark was changed from the MSCI EM Growth Index to the MSCI EM Index effective August 1, 2020. Since the effective date of the benchmark change, Axiom's performance has matched the performance of the MSCI EM Index as presented in the following table. The benchmark change has not resulted in any changes to Axiom's investment process; Axiom continues to manage the strategy according to the same growth oriented investment philosophy and process in place at the time of hire.

Annualized Performance as of 9/30/21 (Unaudited and Net-of-Fees)			
	3-Month	1-Year	Since 8/1/2020
Axiom	-7.79	17.90	14.95
MSCI EM Index	-8.09	18.20	14.96
% of Excess Return	*0.30*	*-0.30*	*-0.01*

The following table presents Axiom's performance since inception of the account on April 11, 2014 relative to a blended benchmark that incorporates the performance of the previous MSCI EM Growth Index from account inception date to July 31, 2020 and the performance of the MSCI EM Index from August 1, 2020 to September 30, 2021. Axiom's underperformance over the two-year, three-year, five-year, and since inception time periods is due to the high stock concentration of the former MSCI EM Growth benchmark and LACERS' investment guideline limitations that required Axiom's portfolio to be more diversified than the former benchmark. Please refer to July 28, 2020 report to the Board (Attachment 1) for a detailed discussion of Axiom's underperformance relative to the MSCI EM Growth Index. The current benchmark, the MSCI EM Index, as presented in the preceding table, is a more appropriate measure of Axiom's performance in light of portfolio diversification requirements.

Annualized Performance as of 9/30/21 (Unaudited and Net-of-Fees)						
	3-Month	1-Year	2-Year	3-Year	5-Year	Since Inception
Axiom	-7.79	17.90	20.27	13.48	11.73	7.61
Axiom Blended Benchmark*	-8.09	18.20	21.74	14.40	12.70	8.38
% of Excess Return	*0.30*	*-0.30*	*-1.47*	*-0.92*	*-0.97*	*-0.77*

*Axiom Blended Benchmark incorporates MSCI EM Growth Index returns prior to August 1, 2020 and MSCI EM Index returns from August 1, 2020 to present.

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

Calendar Year Performance as of 9/30/21 (Net-of-Fees)							
	2020	2019	2018	2017	2016	2015	4/11/14-12/31/14
Axiom	32.46	24.70	-17.64	40.56	8.40	-12.44	-2.01
Axiom Blended Benchmark	32.02	25.10	-18.26	46.80	7.59	-11.34	-2.24
% of Excess Return	*0.44*	*-0.40*	*0.62*	*-6.24*	*0.81*	*-1.10*	*0.23*

Additionally, as presented on page four of the attached NEPC report (Attachment 2), Axiom's performance ranks in the top quartile of peers in the eVestment Global Emerging Markets All Cap Growth Equity Universe over the three-year, five-year, and since inception time periods. Relative to the MSCI EM Index benchmark and the peer universe, Axiom's performance does not currently trigger the performance criteria of the LACERS Manager Monitoring Policy. However, staff recognizes that Axiom's strategy has returned index-like performance since the date of the benchmark change (August 1, 2020) and the firm remains on "On Watch" status through October 1, 2022. Upon expiration of the watch period, should Axiom be unable to achieve outperformance relative to the MSCI EM Index since the benchmark change date, staff may return to the Committee with a possible recommendation for contract termination.

Fees
LACERS pays Axiom an effective fee of 62 basis points (0.62%), which is approximately $2.5 million annually based on the value of LACERS' assets as of September 30, 2021. This fee ranks in the 25th percentile among its peers in the eVestment Global Emerging Markets All Cap Growth Equity Universe (i.e. Axiom's fee is lower than 75% of peers). Since inception, LACERS has paid Axiom a total of $16.9 million in investment manager fees as of June 30, 2021.

General Fund Consultant Opinion
NEPC concurs with these recommendations.

Strategic Plan Impact Statement

A contract extension with Axiom will allow the fund to maintain a diversified exposure to the non-U.S. equities emerging markets, which is expected to help optimize long-term risk adjusted investment returns (Goal IV). The discussion 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, Investment Officer I, Investment Division

RJ/BF/EC

Attachments:
1. Report to Board of Administration Dated July 28, 2020
2. Consultant Recommendation – NEPC, LLC

LACERS
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION

From: Investment Committee
Sung Won Sohn, Chair
Elizabeth Lee
Nilza R. Serrano

MEETING: JULY 28, 2020
ITEM: X – C

SUBJECT: **INVESTMENT MANAGER CONTRACT WITH AXIOM INTERNATIONAL INVESTORS, LLC REGARDING THE MANAGEMENT OF AN ACTIVE EMERGING MARKETS GROWTH EQUITIES PORTFOLIO AND POSSIBLE BOARD ACTION**

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

Recommendation

That the Board:

1. Approve a change in Axiom International Investors, LLC's benchmark from the MSCI Emerging Markets Growth Index to the MSCI Emerging Markets Index.

2. Approve a one-year contract extension with Axiom International Investors, LLC for management of an active emerging markets growth equities portfolio.

3. Authorize the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Discussion

On July 14, 2020, the Investment Committee considered the attached staff report (Attachment 1) recommending a benchmark change and a one-year contract extension with Axiom International Investors, LLC (Axiom). Axiom has managed an active emerging markets growth equities portfolio for LACERS since April 2014; the current contract expires on December 31, 2020. As of June 30, 2020, LACERS' portfolio was valued at $464 million. Axiom is currently on "On Watch" status for underperformance relative to the benchmark, pursuant to the LACERS Manager Monitoring Policy. Based on an analysis presented by staff, Axiom's current benchmark, the MSCI Emerging Markets Growth (MSCI EM Growth) Index, is highly concentrated in three stocks, which collectively represent about 34% of the index; this concentration drives benchmark performance and increases risk. Staff and NEPC, LLC (NEPC) recommend changing the benchmark to a more diversified benchmark, the MSCI

Emerging Markets (MSCI EM) Index. This benchmark would better reflect the risk-return profile of Axiom's strategy as governed by LACERS' investment management guidelines.

The Committee inquired about the history of the MSCI EM Growth Index's concentration as well as Axiom's fees. Based on the discussion and responses by staff and NEPC, the Committee concurs with the staff recommendations. Should the Board approve the benchmark change and the contract extension, staff would implement the benchmark change effective as of close of business on July 31, 2020. Staff and NEPC would also extend Axiom's watch status to July 31, 2021 in order to monitor Axiom for consistency with its stated growth strategy and the portfolio's performance in light of the benchmark change.

Strategic Plan Impact Statement

A contract extension with Axiom will allow the fund to maintain a diversified exposure to emerging markets growth equities, which is expected to help optimize long-term risk adjusted investment returns (Goal IV). The discussion of the investment manager's profile, strategy, performance, and management fee structure is consistent with Goal V (uphold good governance practices which affirm transparency, accountability, and fiduciary duty).

Prepared By: Ellen Chen, Investment Officer I, Investment Division

RJ/BF/EC:jp

Attachments: 1. Investment Committee Recommendation Report dated July 14, 2020
2. Proposed Resolution

LACERS
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

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

MEETING: JULY 14, 2020
ITEM: IV

SUBJECT: **INVESTMENT MANAGER CONTRACT WITH AXIOM INTERNATIONAL INVESTORS, LLC REGARDING THE MANAGEMENT OF AN ACTIVE EMERGING MARKETS GROWTH EQUITIES PORTFOLIO AND POSSIBLE COMMITTEE ACTION**

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

Recommendation

That the Committee recommend to the Board:

1. A change in Axiom International Investors, LLC's benchmark from the MSCI Emerging Markets Growth Index to the MSCI Emerging Markets Index.

2. A one-year contract extension with Axiom for management of an active emerging markets growth equities portfolio.

Executive Summary

Axiom International Investors, LLC (Axiom) has managed an active emerging markets growth equities portfolio for LACERS since April 2014. LACERS' portfolio is currently valued at $424 million as of May 31, 2020. Axiom was placed "On Watch" for an initial one-year period effective April 17, 2019 due to performance. Due to a high concentration in three stocks in the existing MSCI Emerging Markets Growth (MSCI EM Growth) Index, which skews benchmark performance and increases risk, staff and NEPC, LLC (NEPC) recommend changing the benchmark to the MSCI Emerging Markets (MSCI EM) Index. In light of Axiom's continued "On Watch" status and consistent with the LACERS Manager Monitoring Policy, staff and NEPC recommend a one-year contract extension.

Discussion

Background
Axiom has managed an active emerging markets growth equities portfolio for LACERS since April 2014, and is benchmarked against the MSCI EM Growth Index. Axiom uses a fundamental research-based investment strategy that focuses on companies exhibiting key growth drivers, such as company-specific improvements and favorable macroeconomic and political factors. Such drivers tend to be indicators of positive company financial and stock price performance. The investment team consists of six

professionals including co-portfolio managers Christopher Lively and Don Elefson, who have 33 and 37 years of experience, respectively.

Axiom was hired through the 2013 Active Emerging Market Growth Equities manager search process and a three-year contract was authorized by the Board on July 23, 2013. Axiom was awarded a contract renewal on September 27, 2016 and a one-year extension on July 23, 2019. The current contract expires on December 31, 2020.

Organization
Axiom is 100% employee-owned, with 50 employees, and is headquartered in Greenwich, Connecticut. As of May 31, 2020, Axiom managed over $13 billion in total assets with $5.9 billion in the emerging markets growth equities strategy.

Due Diligence
Axiom's organizational structure, investment philosophy, strategy, and process have not changed over the one-year contract extension period.

Performance
As of May 31, 2020, Axiom has underperformed the MSCI EM Growth Index over all time periods as presented in the table below.

Annualized Performance as of 5/31/20 (Net-of-Fees)						
	3-Month	1-Year	2-Year	3-Year	5-Year	Since Inception[1]
Axiom	-4.07	4.12	-3.43	2.43	2.73	2.85
MSCI EM Growth Index	-3.42	7.45	-2.67	3.72	3.91	3.84
% of Excess Return	*-0.65*	*-3.33*	*-0.76*	*-1.29*	*-1.18*	*-0.99*

[1]*Inception Date: 4/11/14*

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

Calendar Year Performance as of 5/31/20 (Net-of-Fees)							
	1/1/20 - 5/31/20	2019	2018	2017	2016	2015	4/11/14-12/31/14
Axiom	-11.35	24.70	-17.64	40.56	8.40	-12.44	-2.01
MSCI EM Growth Index	-9.95	25.10	-18.26	46.80	7.59	-11.34	-2.24
% of Excess Return	*-1.40*	*-0.40*	*0.62*	*-6.24*	*0.81*	*-1.10*	*0.23*

Pursuant to the LACERS Manager Monitoring Policy (Policy), Axiom was placed on "On Watch" status for an initial one-year period effective April 17, 2019. The following Policy watch list criteria triggered the "On Watch" status based on the performance as of March 31, 2019.

1. Annualized net underperformance relative to its benchmark for trailing 3 years.
2. Annualized net underperformance relative to its benchmark for trailing 5 years.
3. Annualized net Information Ratio trailing 5 years relative to its benchmark is below .20.

Based on performance as of March 31, 2020, Axiom continued to trigger the same three Policy criteria. Accordingly, staff and NEPC extended Axiom's "On Watch" status for another one-year period effective April 18, 2020.

Benchmark Concentration and Risk

To further understand Axiom's underperformance relative to the MSCI EM Growth Index, staff and NEPC conducted an attribution analysis which revealed a high benchmark concentration in three secular growth stocks: Alibaba Group, Tencent, and Taiwan Semiconductor. Of the 551 stocks in the benchmark, these three stocks collectively comprise about a 34% weight in the benchmark and have driven 99% of benchmark's cumulative three-year performance return (i.e., these stock have produced 11.56% of the benchmark's 11.63% total return, while the remaining stocks in the index have produced 0.07% of the benchmark return, as presented in the following attribution table). LACERS' investment management guidelines specifically limit individual stock holdings to 5% of the portfolio's market value at time of purchase to control risk and ensure sufficient diversification among holdings. This guideline has required Axiom to limit total exposure to Alibaba Group, Tencent, and Taiwan Semiconductor to about half of their current total benchmark weight as illustrated in the table below. As of May 31, 2020, Axiom's total exposure to these three stocks was about 18% of the portfolio, whereas the same three stocks represented about 34% of the index. Over the time period presented in the table, Axiom's underweight to these stocks has contributed a -3.73% cumulative excess return relative to the benchmark, which is more than the cumulative portfolio underperformance of -1.54%. Alternatively stated, Axiom's compliance with LACERS' guidelines has accounted for all of Axiom's underperformance relative to the benchmark.

Los Angeles City Employees' Retirement System vs. MSCI Emerging Markets Growth Attribution of 3 stocks where guideline restriction accounted for more than the overall fund underperformance 3/31/2017-5/31/2020

	LACERS			MSCI EM Growth			Variation			Attribution Analysis		
	Ending Weight	Total Return	Contrib. To Return	Ending Weight	Total Return	Contrib. To Return	Variation in Ending Weight	Total Return Difference	Contrib. To Return Difference	Allocation Effect	Selection + Interaction	Total Effect
Total	**100.00**	**10.10**	**10.10**	**100.00**	**11.63**	**11.63**	—	**-1.54**	**-1.54**	**-0.21**	**-1.32**	**-1.54**
Alibaba	6.32	69.46	2.70	14.35	69.35	4.71	-8.03	0.11	-2.01	-1.58	0.00	-1.57
Tencent	6.41	55.32	2.40	11.18	55.39	3.89	-4.77	-0.06	-1.49	-1.30	-0.01	-1.31
Taiwan Semiconductor	5.45	56.92	2.08	8.83	59.25	2.96	-3.37	-2.32	-0.88	-0.54	-0.31	-0.85
Sum	**18.18**			**34.36**			**-16.17**					**-3.73**

Portfolio guidelines limit each stock to a max 5% position at time of purchase.

3 highly concentrated stocks Compose more than 34% of MSCI EMG benchmark.

Relative underweight per guideline restrictions.

Relative underperformance due to the 3 stocks.

Source: Factset

At the time of Axiom's hiring in 2014, the MSCI EM Growth Index was sufficiently diversified to be a suitable benchmark by which to gauge Axiom's performance. The following table illustrates the growing concentration of Alibaba Group, Tencent, and Taiwan Semiconductor in the LACERS account and the MSCI EM Growth Index, since inception of the account.

	6/30/2014	5/31/2020
Axiom LACERS Account	8.89%	18.18%
MSCI EM Growth	15.86%	31.48%

Staff, NEPC, and Axiom agree that the benchmark's current three stock concentration exposes the benchmark to an imprudent level of risk and that LACERS' guidelines continue to provide appropriate diversification risk controls for Axiom's strategy. To properly reflect the risk-return profile of Axiom's strategy imposed by LACERS guidelines, staff and NEPC recommend changing Axiom's benchmark to the MSCI Emerging Markets (MSCI EM) Index, a diversified index consisting of 1,403 emerging market stocks (the MSCI EM Growth Index is a subset of this index). Such a change would reduce the benchmark concentration risk; the aforementioned stocks account for only 17% of the MSCI EM Index versus 34% for the MSCI EM Growth benchmark. A benchmark change would have no impact on Axiom's process for identifying growth stock opportunities. In fact, it would more accurately reflect Axiom's approach of finding opportunities across a broad range of sectors as Axiom's process begins with the MSCI EM Index as the universe from which to source ideas. Exhibit 1 of Attachment 1 compares the sector allocations of the LACERS account relative to the MSCI EM and EM Growth Indices.

Comparing Axiom's performance to the more diversified MSCI EM Index, Axiom has outperformed over all annualized time periods and most calendar year periods as presented in the tables below. Axiom's performance relative to the MSCI EM Index does not trigger the watch criteria of the Policy.

Annualized Performance as of 5/31/20 (Net-of-Fees)						
	3-Month	1-Year	2-Year	3-Year	5-Year	Since Inception[1]
Axiom	-4.07	4.12	-3.43	2.43	2.73	2.85
MSCI EM Growth Index	-3.42	7.45	-2.67	3.72	3.91	3.84
% of Excess Return	*-0.65*	*-3.33*	*-0.76*	*-1.29*	*-1.18*	*-0.99*
MSCI EM Index	-6.95	-4.39	-6.55	-0.15	0.87	0.98
% of Excess Return	*2.88*	*8.51*	*3.12*	*2.58*	*1.86*	*1.87*

[1]*Inception Date: 4/11/14*

Calendar Year Performance as of 5/31/20 (Net-of-Fees)							
	1/1/20 - 5/31/20	2019	2018	2017	2016	2015	4/11/14- 12/31/14
Axiom	-11.35	24.70	-17.64	40.56	8.40	-12.44	-2.01
MSCI EM Growth Index	-9.95	25.10	-18.26	46.80	7.59	-11.34	-2.24
% of Excess Return	*-1.40*	*-0.40*	*0.62*	*-6.24*	*0.81*	*-1.10*	*0.23*
MSCI EM Index	-15.96	18.42	-14.57	37.28	11.15	-14.92	-3.89
% of Excess Return	*4.61*	*6.28*	*-3.07*	*3.28*	*-2.75*	*2.48*	*1.88*

Further, with the exception of LACERS, all of Axiom's Emerging Markets Equity clients use either the MSCI EM Index or a custom index based off the MSCI EM Index. None use the MSCI EM Growth Index due to the concentration issue. As of June 25, 2020, Axiom currently has 11 other public fund clients invested in the strategy, totaling $2.3 billion in AUM.

Should the Committee and Board approve a benchmark change and contract extension, staff would implement the benchmark change effective as of close of business on July 31, 2020. Staff and NEPC would also extend Axiom's watch status to July 31, 2021 in order to monitor Axiom for consistency with its stated growth strategy and the portfolio's performance in light of the benchmark change.

Fees
LACERS pays Axiom an effective fee of 62 basis points (0.62%), which is approximately $2.6 million annually based on the value of LACERS' assets as of May 31, 2020. This fee ranks in the 23rd percentile among its peers in the eVestment Global Emerging Markets All Cap Growth Equity Universe (i.e. Axiom's fee is lower than 77% of peers).

General Fund Consultant Opinion
NEPC concurs with these recommendations.

Strategic Plan Impact Statement

A benchmark change and contract extension with Axiom will allow the fund to maintain a diversified exposure to the non-U.S. equities emerging markets, which is expected to help optimize long-term risk adjusted investment returns (Goal IV). The discussion 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, Investment Officer I, Investment Division

RJ/BF/EC:jp

Attachments: 1. Consultant Recommendation – NEPC, LLC

NEPC, LLC

To: Los Angeles City Employees' Retirement System Investment Committee

From: NEPC, LLC

Date: July 14, 2020

Subject: Axiom Investors - Contract extension and benchmark change

Recommendation

NEPC recommends the Los Angeles City Employees' Retirement System ('LACERS') change the portfolio's benchmark to the MSCI Emerging Markets Index from the MSCI Emerging Markets Growth Index. NEPC also recommends that LACERS extend the contract that is currently in place with Axiom Investors ('Axiom') for a period of one year from the date of contract expiry.

Background

Axiom was hired on April 11, 2014 to provide the Plan with public equity exposure across emerging markets. The portfolio's strategy is benchmarked against the MSCI Emerging Markets Growth Index and has a performance inception date of May 1, 2014.

As of May 31, 2020, Axiom managed $424.3 million, or 2.4% of Plan assets in an international emerging markets separately managed account. The performance objective is to outperform the benchmark, net of fees, annualized over a full market cycle (normally three-to-five years). The account is currently on Watch due to performance under the LACERS' Manager Monitoring Policy.

Axiom has requested a benchmark change from the MSCI Emerging Markets Growth Index to the broader MSCI Emerging Markets Index. Axiom lists the preferred benchmark for the portfolio as the broader MSCI Emerging Markets Index and uses the broader index as the starting point in constructing the portfolio. Axiom's investment process identifies stocks based on positive earnings growth, positive earnings estimate revisions, positive price movement and favorable valuation characteristics which results in a 'growth' oriented portfolio.

As of March 31, 2020, Axiom's portfolio weights compared to the MSCI Emerging Markets Index and the MSCI Emerging Markets Growth Index are shown in Exhibit 1 below.

Exhibit 1

GICS Sector	Portfolio Weight	MSCI EM Index	Excess Weight	MSCI EM Growth Index Weight	Excess Weight
Energy	6.7%	7.4%	-0.7%	2.5%	4.2%
Materials	3.7%	7.3%	-3.7%	4.2%	-0.5%
Industrials	6.2%	5.3%	0.9%	4.6%	1.5%
Consumer Discretionary	16.6%	14.3%	2.3%	22.0%	-5.4%
Consumer Staples	7.4%	6.2%	1.2%	9.3%	-1.8%
Health Care	2.6%	2.7%	-0.1%	3.9%	-1.4%
Financials	24.5%	24.5%	0.0%	14.9%	9.7%
Information Technology	20.0%	15.6%	4.3%	20.4%	-0.4%
Communication Services	10.2%	11.0%	-0.8%	14.9%	-4.8%
Utilities	0.0%	2.6%	-2.6%	2.0%	-2.0%
Real Estate	2.0%	3.0%	-1.0%	1.4%	0.6%
Unclassified	0.2%	0.0%	0.2%	0.0%	0.2%

When Axiom was hired, the MSCI Emerging Markets Growth index was much less concentrated than it is today and therefore it was more acceptable as a performance benchmark for the Axiom portfolio. To demonstrate how the benchmark has changed over time, Exhibit 2 provides a list of the top ten names in the MSCI Emerging Markets Growth at the time LACERS hired Axiom versus today. As of 3/31/2014, the top ten names in the index represented 27% of the total index, while as of April 30, 2020 the top ten names represented 44.5% of the index. In comparison, the concentration in the top ten names in the broader index for similar time periods was 16.4% and 28.1%.

We first started discussing the concentration in the benchmark with Axiom in 2017. Given that the concentration in the growth index has become much worse and our belief that the restriction in LACERS' investment guidelines (i.e., maximum amount in any one stock to be less than 5%) should remain in place to ensure reasonable diversification, we believe that a benchmark change is warranted for the portfolio. We do not believe that Axiom will change their investment style just because the benchmark is different.

Exhibit 2:

31-Mar-14		April 30 2020	
Asset Name	Weight (%)	Asset Name	Weight (%)
SAMSUNG ELECTRONICS CO LTD	7.26%	ALIBABA GROUP HOLDING	12.47%
TAIWAN SEMICONDUCTOR MANUI	4.99%	TENCENT HOLDINGS LTD	10.92%
TENCENT HOLDINGS LTD	3.70%	TAIWAN SEMICONDUCTOR MANUFACT (	8.93%
NASPERS	2.27%	SAMSUNG ELECTRONICS CO LTD	4.51%
ITAU UNIBANCO HOLDING SA	1.96%	NASPERS	2.49%
AMBEV SA	1.84%	SK HYNIX INC	1.33%
CNOOC LTD	1.40%	JD.COM INC	1.13%
SBERBANK ROSSII PAO	1.34%	SBERBANK ROSSII PAO	1.02%
HOUSING DEVELOPMENT FINANCE	1.14%	NETEASE INC	0.87%
CHINA LIFE INSURANCE CO LTD	1.10%	ICICI BANK LTD	0.86%

We believe that by changing Axiom's benchmark, you will have a benchmark that is fair and not overly concentrated in a few names. Additionally, Axiom will have the ability to express a positive view on a large benchmark-weighted name and remain in-line with LACERS' guidelines. Some of the drawbacks of continuing to use the growth benchmark is that Axiom's performance relative to the benchmark will be primarily determined by the performance of a handful of names (i.e., Alibaba Group, Tencent, and Taiwan Semiconductor). There may be times when there is meaningful dispersion in the Axiom portfolio versus the benchmark and it will have nothing to do with Axiom's skill as an investment manager and everything to do with poor benchmark construction. To our knowledge, LACERS is the only client who has requested that Axiom use the growth version of the emerging markets benchmark. We do not want the firm to manage your account any differently than how they manage their other clients' portfolios.

Axiom is an independent employee-owned investment management firm founded in 1998 by Andrew Jacobson. As of March 31, 2020 the firm had $11.1 billion in assets under management and had 50 employees. Prior to forming Axiom, the investment team was responsible for developing and managing the international equity strategy at Columbus Circle Investors, a division of PIMCO Advisors LP. The Axiom Emerging Markets team is led by Chris Lively and co-portfolio manager Donald Elefson. José Morales joined the firm in 2017 as a portfolio manager. The portfolio managers split the emerging markets by region. Chris Lively retains final buy and sell authority, and ultimately decides portfolio positioning and stock weightings. The team also leverages a shared research platform across all of Axiom's non-U.S. equity products.

The Axiom investment philosophy is to invest in quality companies that are growing and evolving better and more rapidly than expected. Critical to the investment process is the ability to identify these changes in growth, prior to them being reflected in expectations or market valuations. Axiom employs a bottom-up, growth-oriented investment discipline that relies on detailed fundamental stock analysis to identify companies that are improving more quickly than generally expected. The primary emphasis is to isolate those companies that are likely to exceed expectations, which they do by identifying and monitoring the key business drivers of each stock. Key business drivers are essentially the leading indicators of stock price performance. Key drivers can include company specific, industry, macroeconomic and political factors. For each of these drivers, they survey a wide variety of sources to determine investor expectations.

The universe is defined as securities that have a minimum market cap of $1.0 billion, are covered by 1 or more brokerage analysts and have liquidity of over $5 MM/day. About 80% of Axiom's new ideas are typically identified as a consequence of specific, positive, fundamental developments in a company's operations (e.g., favorable sales of a new product, a significant restructuring initiative or a change in industry conditions). Axiom also screens the investment universe on a variety of financial and technical factors to help identify new ideas for further detailed fundamental analysis. These factors include positive earnings growth, positive earnings estimate revisions, positive price movement and favorable valuation characteristics.

Performance

Referring to Exhibit 3, as of May 31, 2020, since the portfolio's inception date of May 1, 2014, the portfolio has underperformed its benchmark by 1.10% (3.11% vs 4.21%). Over the past year, ended May 31, 2020, the portfolio has underperformed the benchmark by 3.33% (4.12% vs. 7.45%). Referring to Exhibit 4, since inception of the Axiom portfolio ended March 31, 2020, the portfolio ranked in the 18th percentile among its peers and underperformed the benchmark by 1.21%. In the trailing one-year ended March 31, 2020, the portfolio ranked in the 8th percentile in its peer group underperforming its benchmark by 1.35%. Since inception, ended March 31, 2020, the information ratio was -0.47 and active risk, as measured by tracking error was 2.56%. Please note that the portfolio's performance exceeds the broader emerging market index for time periods ending March 31, 2020.

Referring to Exhibit 5, since inception, historical cumulative performance has been negative when compared to the growth benchmark. Security selection in the Information Technology, Industrials and Communication Services sectors have been responsible for cumulative negative returns since the first quarter of 2017. Referring to Exhibit 6, Axiom's style box analysis, since inception ending March 31, 2020, reveals that the portfolio is aligned closer to a core portfolio than to a Growth portfolio. This is not surprising given the diversification of the Axiom portfolio and the concentration in names in the MSCI Emerging Markets Growth Index.

Fees

The portfolio has an asset-based fee of 0.62% annually. This fee ranks in the 23rd percentile among its peers in the eVestment Global Emerging Markets All Cap Growth Equity Universe. In other words, 77% of the 48 products included in the peer universe have a higher fee than the LACERS account.

Conclusion

As of this writing, Axiom has struggled to outperform the MSCI Emerging Markets Growth benchmark over all trailing periods. Much of the underperformance can be attributed to their investment process and focus on diversification versus what has become a significantly concentrated style benchmark since March 31, 2014. We believe in the long-term efficacy of a strategy that focuses on understanding the business fundamentals of companies that are growing faster than markets anticipate. NEPC recommends changing Axiom's benchmark to the MSCI Emerging Markets Index from the MSCI Emerging Markets Growth Index. In addition, NEPC recommends a contract extension for a period of one-year from the period of contract expiry.

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

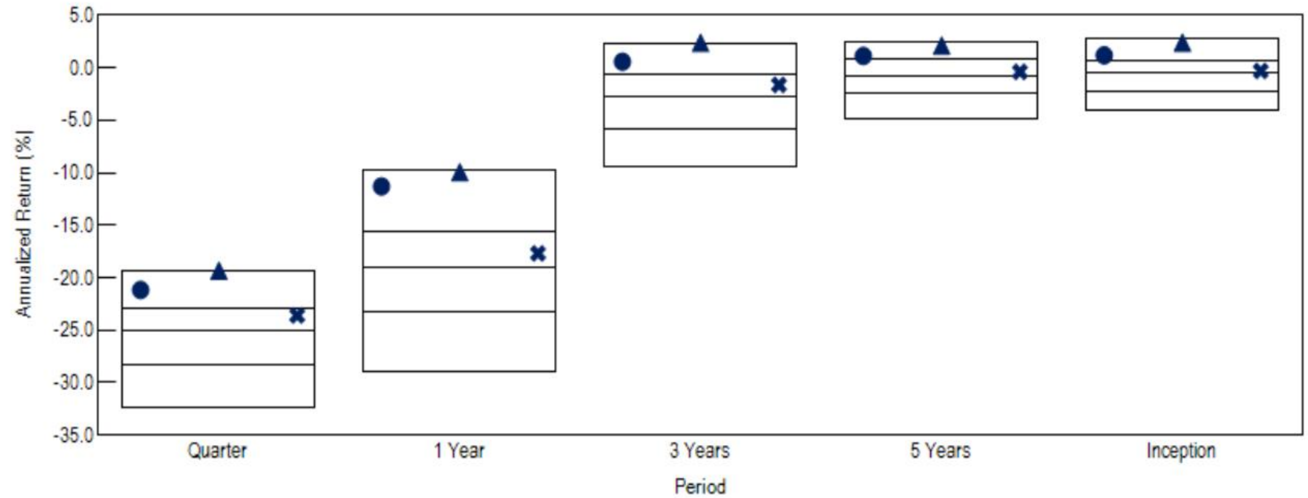
Exhibit 3

	Ending May 31, 2020 Market Value($)	1 Mo(%)	3 Mo(%)	YTD(%)	Fiscal YTD(%)	1 Yr(%)	3 Yrs(%)	5 Yrs(%)	10 Yrs(%)	Inception (%)	Inception Date
Axiom Emerging Markets	424,319,079	2.43	-4.07	-11.51	-2.87	4.12	2.43	2.73	--	3.11	14-May
MSCI Emerging Markets Growth NR USD		1.72	-3.42	-9.95	0.28	7.45	3.72	3.91	4.8	4.21	14-May
MSCI Emerging Markets		0.77	-6.95	-15.96	-10	-4.39	-0.15	0.88	2.47	1.29	14-May

Exhibit 4

eV Emg Mkts Equity Net Return Comparison

Ending March 31, 2020



	Quarter		1 Year		3 Years		5 Years		Inception	
Return (Rank)										
5th Percentile	-19.31		-9.69		2.27		2.46		2.72	
25th Percentile	-22.92		-15.55		-0.69		0.76		0.61	
Median	-25.05		-19.10		-2.71		-0.87		-0.53	
75th Percentile	-28.34		-23.21		-5.77		-2.36		-2.26	
95th Percentile	-32.37		-29.04		-9.44		-4.79		-4.00	
# of Portfolios	224		222		198		173		159	
● **Axiom Emerging Markets**	-21.17	(12)	-11.29	(8)	0.59	(16)	1.14	(22)	1.20	(18)
▲ **MSCI Emerging Markets Growth NR USD**	-19.34	(6)	-9.94	(6)	2.39	(5)	2.13	(10)	2.41	(8)
× **MSCI Emerging Markets**	-23.60	(35)	-17.69	(40)	-1.62	(32)	-0.37	(41)	-0.29	(46)

Exhibit 5

Quarterly and Cumulative Excess Performance

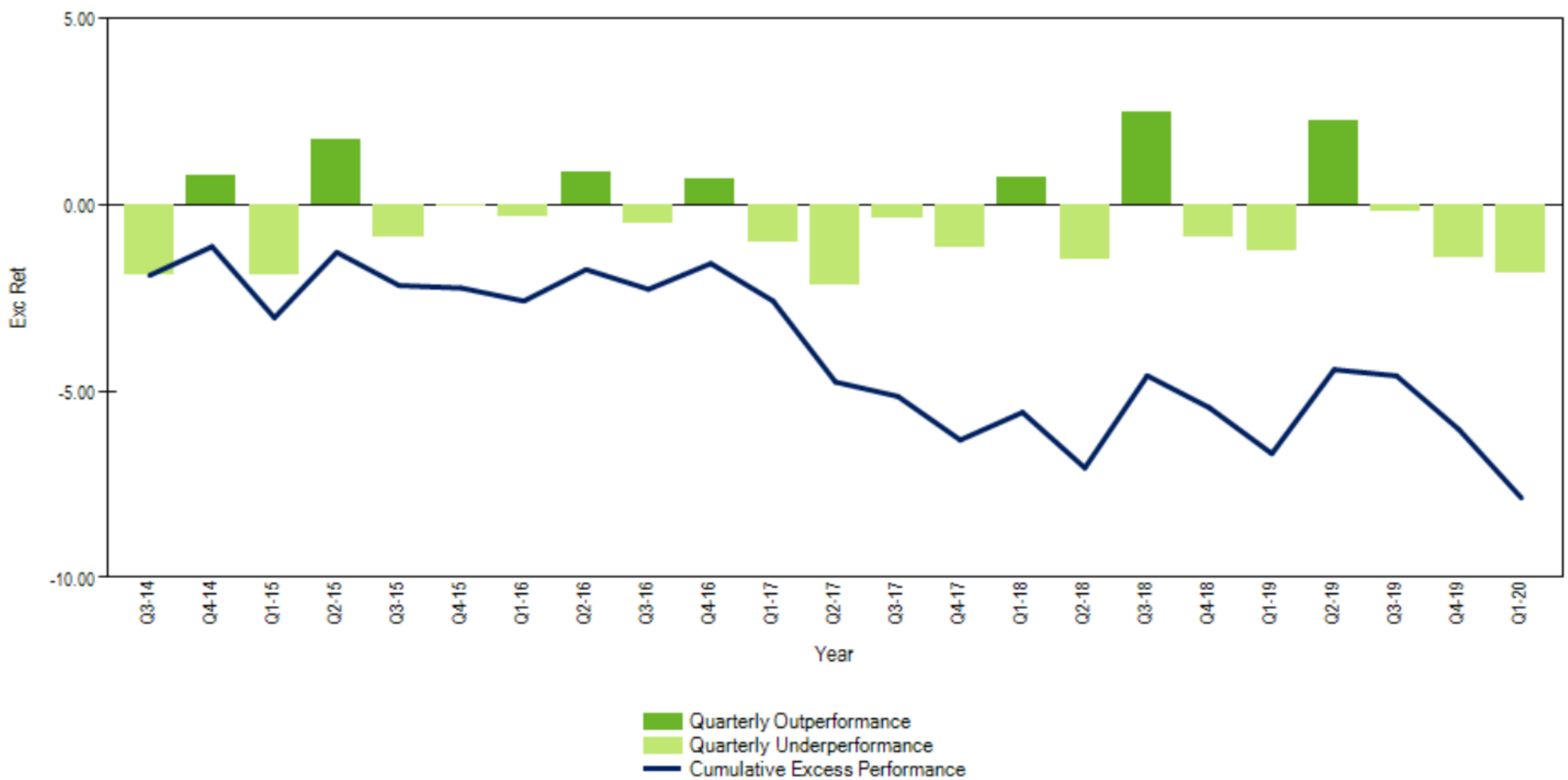


Exhibit 6

Non U.S. Effective Style Map vs. EAFE

5 Years 11 Months Ending March 31, 2020

CONTRACT EXTENSION
AXIOM INTERNATIONAL INVESTORS, LLC
ACTIVE EMERGING MARKETS GROWTH EQUITIES PORTFOLIO MANAGEMENT

PROPOSED RESOLUTION

WHEREAS, LACERS' current one-year contract extension with Axiom International Investors, LLC (Axiom) for active emerging markets growth equities portfolio management expires on December 31, 2020; and,

WHEREAS, Axiom is currently "On Watch" for performance pursuant to the LACERS Manager Monitoring Policy; and,

WHEREAS, Axiom's current benchmark, the MSCI Emerging Markets Growth Index, is concentrated in three stocks and does not properly reflect the diversification and risk-return profile of Axiom's strategy, as governed by LACERS' investment management guidelines; and,

WHEREAS, the MSCI Emerging Markets Index will serve as a more suitable benchmark by which to measure Axiom's performance and risk; and,

WHEREAS, a one-year contract extension will provide the necessary time to evaluate Axiom for consistency with its stated growth strategy relative to a new benchmark; and,

WHEREAS, on July 28, 2020, the Board approved the Investment Committee's recommendations to approve a one-year contract extension with Axiom and to approve a benchmark change to the MSCI Emerging Market Index effective end of business day July 31, 2020.

NOW, THEREFORE, BE IT RESOLVED, that the General Manager is hereby authorized to approve and execute a contract subject to satisfactory business and legal terms and consistent with the following services and terms:

Company Name:	Axiom International Investors, LLC
Service Provided:	Active Emerging Markets Growth Equities Portfolio Management
Effective Dates:	January 1, 2021 through December 31, 2021
Duration:	One year
Benchmark:	MSCI Emerging Markets Index
Allocation as of June 30, 2020:	$464 million

July 28, 2020

To: Los Angeles City Employees' Retirement System Investment Committee

From: NEPC, LLC

Date: October 12, 2021

Subject: Axiom Investors - Contract Extension

Recommendation

NEPC recommends the Los Angeles City Employees' Retirement System ('LACERS') extend the contract with Axiom Investors ('Axiom') for a period of one year from the date of contract expiry.

Background

Axiom was hired on April 11, 2014 to provide the Plan with public equity exposure to emerging markets. The portfolio's strategy is benchmarked against the MSCI Emerging Markets Index and has a performance inception date of May 1, 2014. As of July 31, 2021, Axiom managed $410.1 million, or 1.8% of Plan assets in a separately managed account. The performance objective is to outperform the benchmark, net of fees, annualized over a full market cycle (normally three-to-five years). The account is currently on Watch pursuant to the LACERS Manager Monitoring Policy due to the departure of the lead Portfolio Manager in late 2020 as well as a benchmark change.

Axiom's Watch status is a reflection of the changes experienced at the firm as well as the changes to the investment product's benchmark. Recall, that the lead portfolio manager left the firm for medical reasons in late 2020 and was replaced by the firm's Chief Investment Officer, Andrew Jacobson, who re-joined the portfolio management team. Mr. Jacobson was the original architect of the strategy and NEPC was comfortable with the transition given the circumstances. The firm also hired a co-Portfolio manager into the emerging markets team in the first quarter of 2021. In the third quarter of 2021, Kurt Polk, Axiom's President, announced his intention to resign from the firm. His final day will be December 31, 2021. Axiom was founded in Connecticut and Founder, CEO and CIO Andrew Jacobson strongly stands by the structure he implemented with one firm/team in one central location that promotes collaboration. Kurt joined Axiom in 2014 and was one of the 23 equity partners. Upon his departure, he will be selling back his equity stake to the firm at book value.

Additionally, Axiom requested a benchmark change from the MSCI Emerging Markets Growth Index to the broader MSCI Emerging Markets Index in July, 2020. The benchmark change request was granted given the growing level of concentration observed over time in the MSCI Emerging Markets Growth Index; the top 10 names made up 44.5% of the index as of April, 2020. As of August, 2021, the top 10 names made up 40.3% of the index. NEPC recommended granting the change on the basis that we believed the benchmark change would not result in a change in the portfolio's style or strategy. We continue with this belief today.

Axiom is an independent employee-owned investment management firm founded in 1998 by Andrew Jacobson. As of June 30, 2021 the firm had $19.84 billion in assets under management and had 56 employees. Prior to forming Axiom, the investment team was responsible for developing and managing the international equity strategy at Columbus Circle Investors, a division of PIMCO

Advisors LP. The Axiom Emerging Markets team is currently co-led by Andrew Jacobson with three co-Portfolio Managers. Don Elefson and Jose Gerardo Morales have been on the team overseeing the EME strategy since 2012 and 2017 respectively. Young Kim joined the emerging markets team as co-Portfolio manager in the first quarter of 2021. Mr. Kim joined Axiom from Columbia Threadneedle and relocated from Portland, Oregon since Axiom believes in having all team members in one place. Mr. Kim was a co-Portfolio Manager on the Emerging Markets Equity strategy at Columbia Threadneedle which is also 1-rated strategy at NEPC. The portfolio managers split the emerging markets by region and also leverage a shared research platform across all of Axiom's non-U.S. equity products.

The Axiom investment philosophy is to invest in quality companies that are growing and evolving better and more rapidly than expected. Critical to the investment process is the ability to identify these changes in growth, prior to them being reflected in expectations or market valuations. Axiom employs a bottom-up, growth-oriented investment discipline that relies on detailed fundamental stock analysis to identify companies that are improving more quickly than generally expected. The primary emphasis is to isolate those companies that are likely to exceed expectations, which they do by identifying and monitoring the key business drivers of each stock. Key business drivers are essentially the leading indicators of stock price performance. Key drivers can include company specific, industry, macroeconomic and political factors. For each of these drivers, they survey a wide variety of sources to determine investor expectations.

The universe is defined as securities that have a minimum market cap of $1.0 billion, are covered by 1 or more brokerage analysts and have liquidity of over $5 MM/day. About 80% of Axiom's new ideas are typically identified as a consequence of specific, positive, fundamental developments in a company's operations (e.g., favorable sales of a new product, a significant restructuring initiative or a change in industry conditions). Axiom also screens the investment universe on a variety of financial and technical factors to help identify new ideas for further detailed fundamental analysis. These factors include positive earnings growth, positive earnings estimate revisions, positive price movement and favorable valuation characteristics.

Performance

Referring to Exhibit 1, as of July 31, 2021, since the portfolio's inception date of May 1, 2014, the portfolio has outperformed its benchmark by 2.40% (8.40% vs 2.40%). Over the past year, ended July 31, 2021, the portfolio has outperformed the benchmark by 3.04% (23.68% vs. 20.64%). Referring to Exhibit 2 and comparing the portfolio to its peer group, since inception of the Axiom portfolio ended June 30, 2021, the portfolio ranked in the 21st percentile among its peers and outperformed the benchmark by 2.29%. In the trailing one-year ended June 30, 2021, the portfolio ranked in the 45th percentile in its peer group outperforming its benchmark by 3.49%. Since inception, ended July 31, 2021, the information ratio was 0.76 and active risk, as measured by tracking error was 3.19%.

Referring to Exhibit 2, since inception, the portfolio has added value against its benchmark as the historical cumulative performance has been strongly positive over the past two years. The positive performance is primarily due to the portfolio's focus on growthy stocks in a period of time when growth stocks have been rewarded.

Fees

The portfolio has an asset-based fee of 0.62% annually. This fee ranks in the 25th percentile among its peers in the eVestment All Emerging Markets Equity Universe. In other words, 75% of the 421 products included in the peer universe have a higher fee than the LACERS account.

Conclusion

Axiom has had some turnover in senior-level investment decision making roles and we believe that an ongoing Watch diligence status is warranted. The portfolio has outperformed the MSCI Emerging Markets Index over most trailing periods and importantly has added significant value since inception over the benchmark. NEPC continues to be a believer in the long-term efficacy of this strategy that focuses on understanding business fundamentals of companies that are growing faster than markets anticipate. NEPC recommends a contract extension for a period of one-year from the period of contract expiry and for the firm to remain on Watch status.

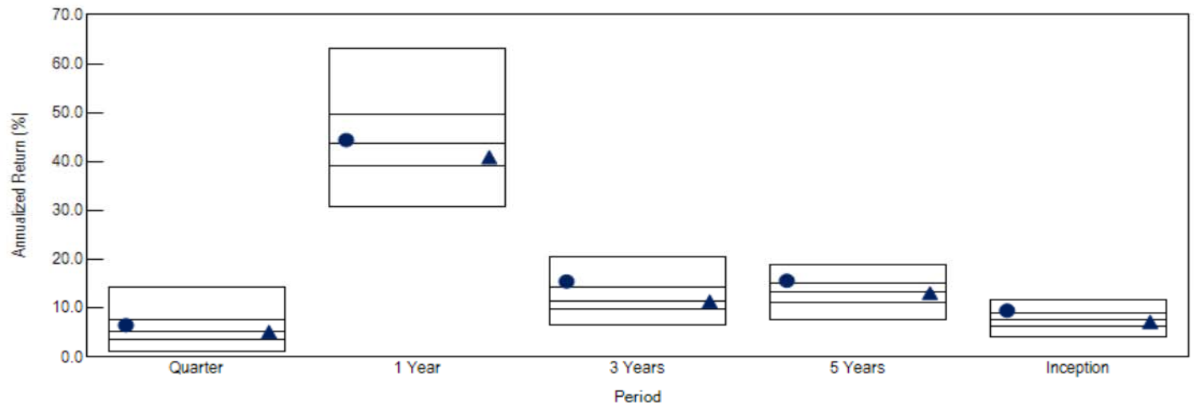
The following tables provide specific performance information, net of fees referenced above.

Exhibit 1: Net of Fee Performance

	Ending July 31, 2021 Market Value($)	3 Mo(%)	YTD(%)	1 Yr(%)	3 Yrs(%)	5 Yrs(%)	Inception(%)	Inception Date
Axiom Emerging Markets	410,107,713	-2.64	-0.47	23.68	12.49	13.08	8.40	14-May
MSCI Emerging Markets		-4.40	0.22	20.64	7.93	10.37	6.00	14-May
Excess		*1.76*	*-0.69*	*3.04*	*4.56*	*2.71*	*2.40*	

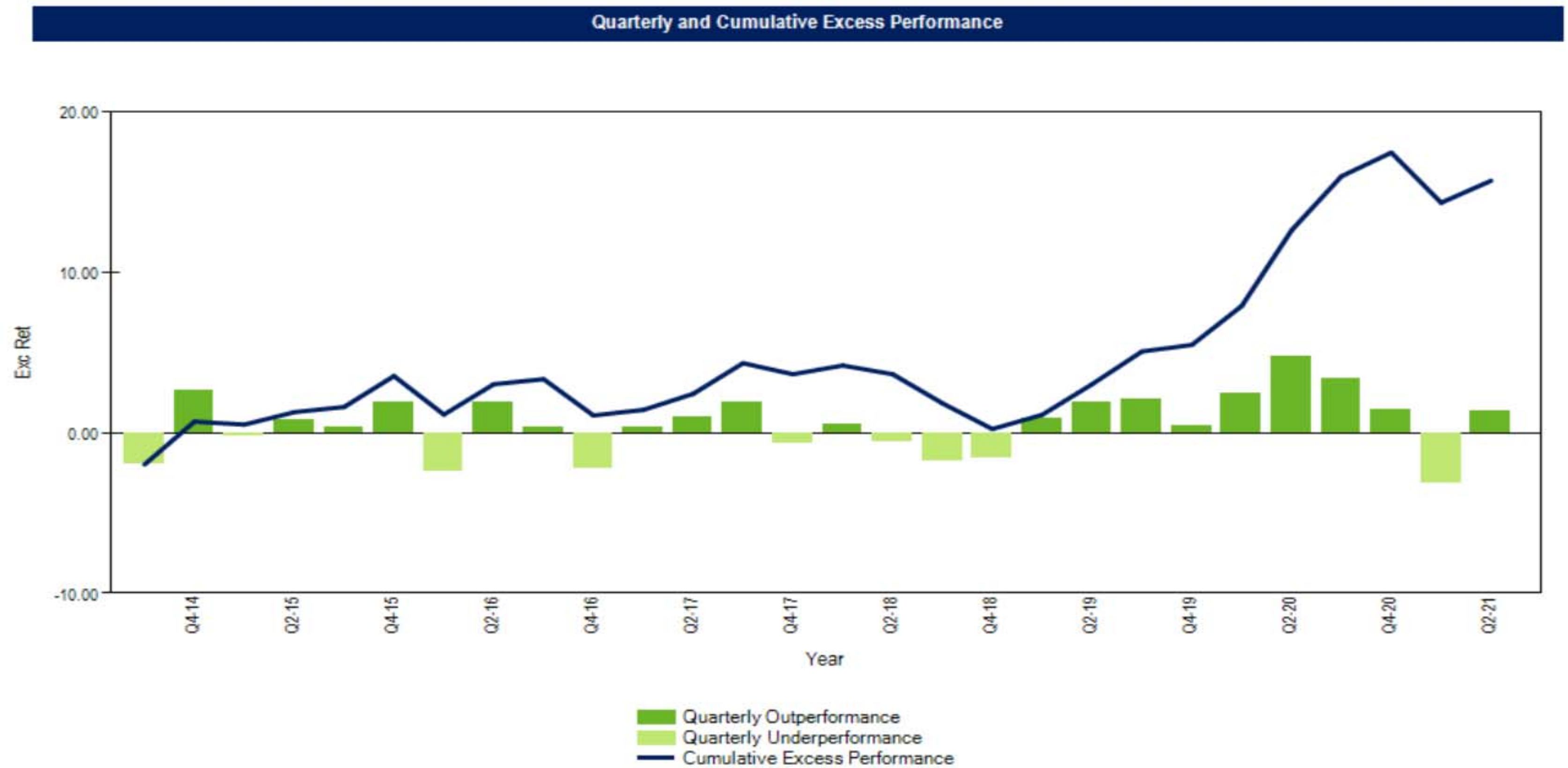
Exhibit 2: Universe Comparison Net of Fees

eV Emg Mkts Equity Net Return Comparison
Ending June 30, 2021



	Quarter		1 Year		3 Years		5 Years		Inception	
Return (Rank)										
5th Percentile	14.39		63.09		20.41		18.85		11.59	
25th Percentile	7.42		49.57		14.20		15.18		8.86	
Median	5.15		43.76		11.23		13.13		7.60	
75th Percentile	3.46		39.02		9.57		11.14		6.28	
95th Percentile	1.04		30.86		6.33		7.54		3.94	
# of Portfolios	231		228		207		182		149	
● **Axiom Emerging Markets**	6.42	(36)	44.39	(45)	15.45	(20)	15.60	(22)	9.39	(21)
▲ **MSCI Emerging Markets**	5.05	(52)	40.90	(65)	11.27	(50)	13.03	(53)	7.10	(59)

Exhibit 3: Cumulative Excess Performance Net of Fees



CONTRACT EXTENSION
AXIOM INVESTORS, LLC
ACTIVE NON-U.S. EMERGING MARKETS GROWTH EQUITIES
PORTFOLIO MANAGEMENT

PROPOSED RESOLUTION

WHEREAS, LACERS' current one-year contract extension with Axiom Investors, LLC (Axiom) for active non-U.S. emerging markets growth equities portfolio management expires on December 31, 2021; and,

WHEREAS, Axiom is currently "On Watch" for a benchmark change and organizational changes pursuant to the LACERS Manager Monitoring Policy; and,

WHEREAS, a one-year contract extension will provide the necessary time to evaluate Axiom's performance with its stated growth strategy relative to its benchmark as well as evaluate the organizational structure of the firm; and,

WHEREAS, on October 26, 2021, the Board approved the Investment Committee's recommendation to approve a one-year contract extension.

NOW, THEREFORE, BE IT RESOLVED, that the General Manager is hereby authorized to approve and execute a contract subject to satisfactory business and legal terms and consistent with the following services and terms:

Company Name:	Axiom Investors, LLC
Service Provided:	Active Non-U.S. Emerging Markets Growth Equities Portfolio Management
Effective Dates:	January 1, 2022 through December 31, 2022
Duration:	One year
Benchmark:	MSCI Emerging Markets Index
Allocation as of September 30, 2021:	$401 million

October 26, 2021

To: Los Angeles City Employees' Retirement System Investment Committee

From: NEPC, LLC

Date: November 8, 2022

Subject: Axiom Investors - Contract Extension

Recommendation

NEPC recommends Los Angeles City Employees' Retirement System ('LACERS') extend their contract with Axiom for a period of one year from the date of contract expiry.

Background

Axiom was hired on April 11, 2014 to provide the Plan with public equity exposure to emerging markets. The portfolio's strategy is benchmarked against the MSCI Emerging Markets Index and has a performance inception date of May 1, 2014. As of September 30, 2022, Axiom managed $255.6 million, or 1.3% of Plan assets in a separately managed account. The performance objective is to outperform the benchmark, net of fees, annualized over a full market cycle (normally three-to-five years). In October of 2021, Axiom's "Watch" status was extended due to the retirement of their President, Kurt Polk. Prior to this change, the lead portfolio manager on the account left the firm for medical reasons in 2020 and was replaced by the Chief Investment Officer, Andrew Jacobson. Mr. Jacobson was the original architect of the strategy. Additionally, in July of 2020, the benchmark was changed from the MSCI Emerging Markets Growth Index to the broader MSCI Emerging Markets index. The benchmark change request was granted given the growing level of concentration in the growth index. The top ten names made up 45% of the index in April of 2020. The change in the benchmark has not resulted in a change to the portfolio's style or investment strategy.

Mr. Polk was not a member of the investment team or involved with the day-to-day management of client portfolios. His duties have been spread across the members of the firm's Executive Committee. Additional support personnel have also been hired to further support the distinct departments that now handle Mr. Polk's previous responsibilities. Mr. Polk was also not a member of the investment team involved with the day-to-day management of LACERS' portfolio. We are comfortable with how the firm is faring post Mr. Polk's retirement.

With the rotation from growth stocks to value stocks that started at the end of 2021, the portfolio's performance has trailed the broad emerging market benchmark. Given the growth nature of the portfolio, in this market environment we expect that the Axiom portfolio will trail the benchmark. The portfolio's recent performance trails the benchmark and peers.

The current structure of LACERS' total emerging market equity exposure includes an anchor index portfolio, coupled with two style-specific active portfolios including Axiom (growth) and DFA (value). Further, the emerging markets allocation is augmented with an active small cap portfolio with a growth orientation. We note that most active managers have the ability to outperform the MSCI

Emerging Markets index over longer periods of time and we are supportive of maintaining the current structure.

Firm Overview

Axiom is an independent, employee-owned investment management firm with 24 equity partners and it was founded in 1998 by Andrew Jacobson. As of September 30, 2022 the firm had $15.4 billion in assets under management. Prior to forming Axiom, the investment team was responsible for developing and managing the international equity strategy at Columbus Circle Investors, a division of PIMCO Advisors LP. The Axiom Emerging Markets team is currently co-led by Andrew Jacobson with three co-Portfolio Managers. Don Elefson and Jose Gerardo Morales have been on the team overseeing the strategy since 2012 and 2017 respectively. Young Kim joined the emerging markets team as co-Portfolio manager in the first quarter of 2021. The portfolio managers split the research coverage by geographic region and they leverage a shared research platform across all of Axiom's non-U.S. equity products.

The Axiom investment philosophy is to invest in quality companies that are growing and evolving better and more rapidly than expected. Critical to the investment process is the ability to identify these changes in growth, prior to them being reflected in expectations or market valuations. Axiom employs a bottom-up, growth-oriented investment discipline that relies on detailed fundamental stock analysis to identify companies that are improving more quickly than generally expected. The primary emphasis is to isolate those companies that are likely to exceed expectations, which they do by identifying and monitoring the key business drivers of each stock. They believe key business drivers are the leading indicators of stock price performance. Key drivers can include company specific, industry, macroeconomic and political factors. For each of these drivers, they survey a wide variety of sources to determine investor expectations.

The universe is defined as securities that have a minimum market cap of $1.0 billion, are covered by 1 or more brokerage analysts and have liquidity of over $5 MM/day. About 80% of Axiom's new ideas are typically identified as a consequence of specific, positive, fundamental developments in a company's operations (e.g., favorable sales of a new product, a significant restructuring initiative or a change in industry conditions). Axiom also screens the investment universe on a variety of financial and technical factors to help identify new ideas for further detailed fundamental analysis. These factors include positive earnings growth, positive earnings estimate revisions, positive price movement and favorable valuation characteristics.

Performance

Referring to Exhibit 1, as of September 30, 2022, since the portfolio's inception date of May 1, 2014, the portfolio has outperformed its benchmark by 0.4% and has ranked in the 51st percentile in its peer group. Over the past year, ended September 30, 2022, the portfolio has underperformed the benchmark by -8.1% and ranked in the 94th percentile in its peer group. Since inception, ended September 30, 2022, the information ratio was 0.13 and active risk, as measured by tracking error was 3.9%.

Referring to Exhibit 2, since inception, the cumulative effect of the strong underperformance over last five quarters performance has resulted in Axiom's portfolio underperforming in the trailing one, three and five years. Underperformance in the portfolio began with the rotation from growth to value toward the last half of 2021 and more recently portfolio underperformance was driven by security selection with the portfolio experiencing adverse effects from the supply shock caused by the war in Europe.

Fees

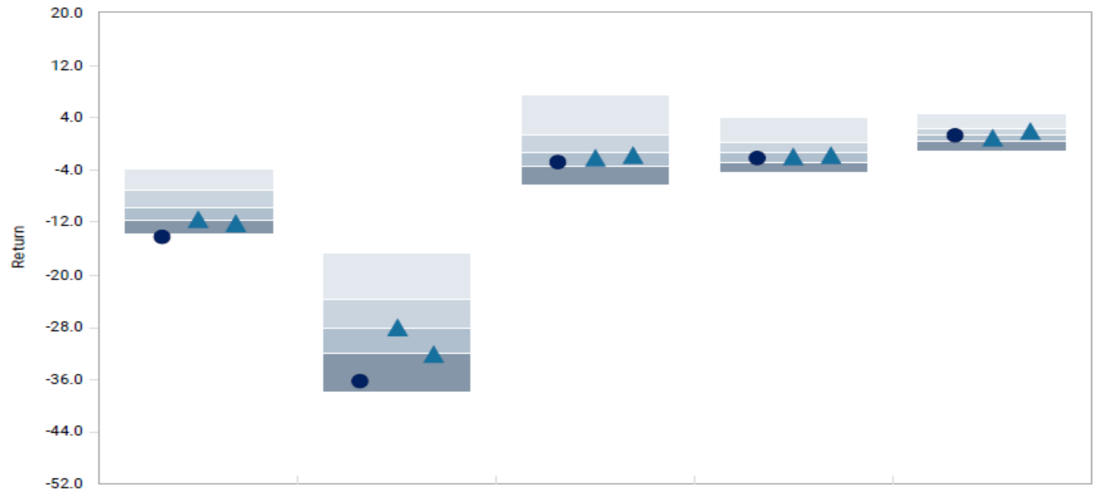
The portfolio has an asset-based fee of 0.60% annually. This fee ranks in the 22nd percentile among its peers in the eVestment All Emerging Markets Equity Universe. In other words, 78% of the products included in the peer universe have a higher fee than the LACERS account.

Conclusion

Axiom has experienced turnover in senior-level management and investment decision making roles and we believe the firm has demonstrated their ability to continue to manage the firm and LACERS portfolio. The portfolio has outperformed the MSCI Emerging Markets Index since inception, however, over most trailing time-periods evaluated the portfolio has underperformed due to weak performance over the last five quarters. NEPC continues to be a believer in the long-term efficacy of this strategy that focuses on understanding business fundamentals of companies that are growing faster than markets anticipate. Axiom has been removed from "Watch" status.

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

Exhibit 1: Universe Comparison Net of Fees Ending September 30, 2022



	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Inception (%)
● Axiom Emerging Markets	-14.3 (98)	-36.2 (94)	-2.7 (70)	-2.1 (64)	1.3 (51)
▲ *MSCI Emerging Markets (Net)*	*-11.6 (73)*	*-28.1 (51)*	*-2.1 (62)*	*-1.8 (61)*	*0.9 (65)*
▲ *MSCI Emerging Markets Growth (Net)*	*-12.1 (81)*	*-32.1 (76)*	*-1.7 (59)*	*-1.6 (57)*	*2.1 (31)*
5th Percentile	-3.7	-16.7	7.5	4.1	4.7
1st Quartile	-7.0	-23.7	1.5	0.4	2.4
Median	-9.8	-28.1	-1.2	-1.3	1.4
3rd Quartile	-11.8	-32.0	-3.3	-2.6	0.6
95th Percentile	-13.7	-37.8	-6.2	-4.3	-1.1
Population	319	314	286	252	196

Exhibit 2: Cumulative Excess Performance Net of Fees Ending September 30, 2022