

Investment Committee Agenda

REGULAR MEETING

TUESDAY, APRIL 12, 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 April 12, 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# 160 455 1021

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: Sung Won Sohn

Committee Members: Elizabeth Lee
Nilza R. Serrano

Manager-Secretary: Neil M. Guglielmo

Executive Assistant: Ani Ghokassian

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

Notice to Paid Representatives

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

Request for Services

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

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

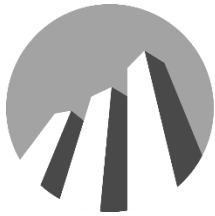
Disclaimer to Participants

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 MARCH 8, 2022, AND POSSIBLE COMMITTEE ACTION](#)
- III. CHIEF INVESTMENT OFFICER VERBAL REPORT
- IV. [REAL ESTATE CONSULTANT SEMI-FINALIST INTERVIEWS AND POSSIBLE COMMITTEE ACTION](#)
- V. [INVESTMENT MANAGER CONTRACT WITH OBERWEIS ASSET MANAGEMENT, INC. REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. SMALL CAP EQUITIES PORTFOLIO AND POSSIBLE COMMITTEE ACTION](#)
- VI. OTHER BUSINESS
- VII. NEXT MEETING: The next Regular meeting of the Investment Committee is scheduled for Tuesday, May 10, 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.
- VIII. ADJOURNMENT



Board of Administration Agenda

SPECIAL MEETING

TUESDAY, APRIL 12, 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 April 12, 2022 meeting will be conducted via telephone and/or videoconferencing.

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President: Cynthia M. Ruiz
Vice President: Sung Won Sohn

Commissioners: Annie Chao
Elizabeth Lee
Sandra Lee
Nilza R. Serrano
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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- VIII. ADJOURNMENT

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 March 8, 2022 meeting was conducted via telephone and/or videoconferencing.

March 8, 2022

1:02 p.m.

PRESENT via Videoconferencing: Chair:	Sung Won Sohn
Committee Members:	Elizabeth Lee Nilza R. Serrano
Manager-Secretary:	Neil M. Guglielmo
Legal Counselor:	Joshua Geller
Executive Assistant:	Ani Ghoukassian

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

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – *THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT* – **PRESS *9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD** – Chair Sohn 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 FEBRUARY 8, 2022 AND POSSIBLE COMMITTEE ACTION – Committee Member Serrano moved approval, and adopted by the following vote: Ayes, Committee Members Elizabeth Lee, Serrano, and Chair Sohn -3; Nays, None.

III

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

- Investment Committee Meeting Forward Calendar
- Real estate consultant semi-finalists interviews scheduled for April Investment Committee Meeting

- Staff continuing with due diligence on the passive investment manager search

IV

PRESENTATION BY LOOMIS, SAYLES & COMPANY, L.P. REGARDING THE MANAGEMENT OF AN ACTIVE HIGH YIELD FIXED INCOME PORTFOLIO – Todd Vandam, Vice President, and Stephanie Lord, Vice President, with Loomis, Sayles & Company, L.P., presented and discussed this item with the Committee for 15 minutes.

Committee Member Serrano left the meeting at 1:30 p.m. due to technical difficulties and reconnected at 1:43 p.m.

V

PRESENTATION BY SEGALL BRYANT & HAMILL REGARDING THE MANAGEMENT OF AN ACTIVE U.S. SMALL CAP VALUE EQUITIES PORTFOLIO – Shaun Nicholson, Senior Portfolio Manager, and Clark Koertner, Director of Institutional Sales, with Segall Bryant & Hamill, presented and discussed this item with the Committee for 10 minutes.

VI

PRIVATE EQUITY AND REAL ESTATE INVESTMENT POLICIES AND POSSIBLE COMMITTEE ACTION – Wilkin Ly, Investment Officer III, Clark Hoover, Investment Officer I, and David Fann, Vice Chairman with Aksia TorreyCove, presented and discussed this with the Committee for 25 minutes. Committee Member Elizabeth Lee moved approval, and adopted by the following vote: Ayes, Committee Members Elizabeth Lee, Serrano, and Chair Sohn -3; Nays, None.

VII

PRESENTATION ON COMPARISON BETWEEN REBALANCING POLICY AND ADAPTIVE ASSET ALLOCATION POLICY – Bryan Fujita, Investment Officer III and James Wang, Investment Officer I, presented and discussed this item with the Committee for eight minutes.

VIII

INVESTMENT DIVISION RESOURCE NEEDS FOR FISCAL YEAR 2022 – Rod June, Chief Investment Officer, presented and discussed this item with the Committee for 20 minutes. The Committee members provided the staff with their insights and direction to move forward with this request for the Investments Division.

IX

OTHER BUSINESS – There were no items discussed.

X

NEXT MEETING: The next Regular Meeting of the Investment Committee is scheduled for Tuesday, April 12, 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

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XI

ADJOURNMENT – There being no further business before the Committee, Chair Sohn adjourned the meeting at 2:39 p.m.

Sung Won Sohn
Chair

Neil M. Guglielmo
Manager-Secretary



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

MEETING: APRIL 12, 2022
ITEM: IV

Neil M. Guglielmo

SUBJECT: REAL ESTATE CONSULTANT SEMI-FINALIST INTERVIEWS AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Committee:

1. Interview StepStone Group Real Estate LP and Townsend Holdings LLC as the semi-finalist candidates for the Real Estate Consultant search; and
2. Select and recommend one or more finalists to the Board for possible interviews and consideration for hire.

Executive Summary

The Board-approved request for proposal (RFP) for a real estate consultant opened on September 8, 2021, and closed on November 8, 2021. A total of six proposals were received, all of which met the minimum qualifications and were evaluated by staff. On January 11, 2022, the Committee advanced StepStone Group Real Estate LP (Stepstone) and Townsend Holdings LLC (Townsend) as semi-finalists for further due diligence. Based on the results of staff's due diligence, staff has deemed both firms capable of providing LACERS with the scope of services pursuant to the RFP.

Discussion

Background

Townsend has served as LACERS' Real Estate Consultant since April 1, 2014. On August 24, 2021, the Board authorized a Real Estate Consultant RFP to test the marketplace for real estate consulting services. The search opened on September 8, 2021, and closed on November 8, 2021. Six responses were received and evaluated by staff.

At its meeting of January 11, 2022, the Committee considered staff's evaluation report and concurred with the staff recommendation to advance StepStone and Townsend as the semi-finalists for staff to conduct further due diligence on.

Additional Due Diligence Activities

Staff conducted due diligence meetings at the headquarters of StepStone and Townsend to confirm information provided in the RFP responses and further understand each firm's resources and capabilities. During these meetings, staff interviewed various professionals on topics including, but not limited to, overall business strategy and growth, organization and reporting structure, staffing and compensation, consulting philosophy and strategy, deal sourcing and due diligence process, risk management, compliance and controls, and technology.

Further, staff conducted reference checks on StepStone and Townsend to gain additional insights from current clients. Based on these due diligence activities, staff has deemed both semi-finalists capable of providing LACERS with the scope of services pursuant to the RFP.

Strategic Plan Impact Statement

The real estate consultant assists LACERS in building a diversified private real estate portfolio to help the fund optimize long-term risk adjusted returns (Goal IV). Implementing a competitive bidding process by issuing an RFP is in line with Goal V (uphold good governance practices which affirm transparency, accountability, and fiduciary duty).

Prepared By: Eduardo Park, Investment Officer II, Investment Division

NMG/RJ/BF/WL/EP:rm

Attachments: 1) Presentation by StepStone Group Real Estate LP
 2) Presentation by Townsend Holdings LLC



StepStone Real Estate Presentation to the Los Angeles City Employees' Retirement System Investment Committee

APRIL 12, 2022 | CONFIDENTIAL





Disclosure

This document is meant only to provide a broad overview for discussion purposes. All information provided here is subject to change. This document is for informational purposes only and does not constitute an offer to sell, a solicitation to buy, or a recommendation for any security, or as an offer to provide advisory or other services by StepStone Group LP, StepStone Group Real Assets LP, StepStone Group Real Estate LP, StepStone Conversus LLC, Swiss Capital Alternative Investments AG and StepStone Group Europe Alternative Investments Limited or their subsidiaries or affiliates (collectively, “StepStone”) in any jurisdiction in which such offer, solicitation, purchase or sale would be unlawful under the securities laws of such jurisdiction. The information contained in this document should not be construed as financial or investment advice on any subject matter. StepStone expressly disclaims all liability in respect to actions taken based on any or all of the information in this document. This document is confidential and solely for the use of StepStone and the existing and potential clients of StepStone to whom it has been delivered, where permitted. By accepting delivery of this presentation, each recipient undertakes not to reproduce or distribute this presentation in whole or in part, nor to disclose any of its contents (except to its professional advisors), without the prior written consent of StepStone. While some information used in the presentation has been obtained from various published and unpublished sources considered to be reliable, StepStone does not guarantee its accuracy or completeness and accepts no liability for any direct or consequential losses arising from its use. Thus, all such information is subject to independent verification by prospective investors.

On September 20, 2021, StepStone Group Inc. acquired Greenspring Associates, Inc. (“Greenspring”). Upon the completion of this acquisition, the management agreement of each Greenspring vehicle was assigned to StepStone Group LP.

The presentation is being made based on the understanding that each recipient has sufficient knowledge and experience to evaluate the merits and risks of investing in private market products. All expressions of opinion are intended solely as general market commentary and do not constitute investment advice or a guarantee of returns. All expressions of opinion are as of the date of this document, are subject to change without notice and may differ from views held by other businesses of StepStone.

All valuations are based on current values calculated in accordance with StepStone’s Valuation Policies and may include both realized and unrealized investments. Due to the inherent uncertainty of valuation, the stated value may differ significantly from the value that would have been used had a ready market existed for all of the portfolio investments, and the difference could be material. The long-term value of these investments may be lesser or greater than the valuations provided.

StepStone Group LP, its affiliates and employees are not in the business of providing tax, legal or accounting advice. Any tax-related statements contained in these materials are provided for illustration purposes only and cannot be relied upon for the purpose of avoiding tax penalties. Any taxpayer should seek advice based on the taxpayer’s particular circumstances from an independent tax advisor.

Prospective investors should inform themselves and take appropriate advice as to any applicable legal requirements and any applicable taxation and exchange control regulations in the countries of their citizenship, residence or domicile which might be relevant to the subscription, purchase, holding, exchange, redemption or disposal of any investments. Each prospective investor is urged to discuss any prospective investment with its legal, tax and regulatory advisors in order to make an independent determination of the suitability and consequences of such an investment.

An investment involves a number of risks and there are conflicts of interest. Please refer to the risks and conflicts disclosed herein.

Each of StepStone Group LP, StepStone Group Real Assets LP, StepStone Group Real Estate LP and StepStone Conversus LLC is an investment adviser registered with the Securities and Exchange Commission (“SEC”). StepStone Group Europe LLP is authorized and regulated by the Financial Conduct Authority, firm reference number 551580. StepStone Group Europe Alternative Investments Limited (“SGEAIL”) is an SEC Registered Investment Advisor and an Alternative Investment Fund Manager authorized by the Central Bank of Ireland and Swiss Capital Alternative Investments AG (“SCAI”) is an SEC Exempt Reporting Adviser and is licensed in Switzerland as an Asset Manager for Collective Investment Schemes by the Swiss Financial Markets Authority FINMA. Such registrations do not imply a certain level of skill or training and no inference to the contrary should be made.

In relation to Switzerland only, this document may qualify as “advertising” in terms of Art. 68 of the Swiss Financial Services Act (FinSA). To the extent that financial instruments mentioned herein are offered to investors by SCAI, the prospectus/offering document and key information document (if applicable) of such financial instrument(s) can be obtained free of charge from SCAI or from the GP or investment manager of the relevant collective investment scheme(s). Further information about SCAI is available in the SCAI Information Booklet which is available from SCAI free of charge.

All data is as of March 2022 unless otherwise noted.

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. ACTUAL PERFORMANCE MAY VARY.



With You Today, the Proposed Client Team



JAY MORGAN, PARTNER, CLEVELAND

Mr. Morgan is a member of the real estate team and focuses on various investment and portfolio management activities, and real estate market research.

Prior to StepStone, Mr. Morgan was with Courtland Partners where he was the consultant to several state and sovereign pension plans, director of research, portfolio manager for the fund-of-funds platform and a member of the investment committee. Before that, he was a partner and head of research at Hartland & Co.

Mr. Morgan received an MBA from Case Western Reserve University and a BS from Denison University.



THOMAS HESTER, MANAGING DIRECTOR, SAN FRANCISCO

Mr. Hester is a member of the real estate team and focuses on various investment and portfolio management activities.

Prior to StepStone, Mr. Hester was a senior vice president at Courtland Partners, Ltd., an international real estate advisory firm which integrated with StepStone Real Estate. Previously, Mr. Hester was director of accounting and financial reporting and chief compliance officer at Mesa West Capital, and CFO at Somera Capital Management, both real estate investment managers. Mr. Hester previously held principal positions at the McMahan Group and Westwood Consulting Group and was a senior manager at Kenneth Leventhal & Company/Ernst & Young. Mr. Hester is a current member of the NCREIF PREA Reporting Standards Council.

Mr. Hester received a BS from San Diego University and attended the University of California, Los Angeles, John E. Anderson Graduate School of Management.



JAMES MAINA, VICE PRESIDENT, NEW YORK

Mr. Maina is a member of the real estate team and focuses on various investment and portfolio management activities.

Prior to joining StepStone full time, Mr. Maina was an intern for the firm, supporting the real estate and investor relations teams. Before that he was a real estate financial analyst Intern at University of Virginia Foundation in Charlottesville, Virginia and an investment banking summer analyst at Akemi Capital in New York.

Mr. Maina received a BS from the University of Virginia.



Proposed Client Team Oversight Partner



MARGARET MCKNIGHT, PARTNER, SAN FRANCISCO

Ms. McKnight is a member of the real estate team and focuses on various investment and portfolio management activities.

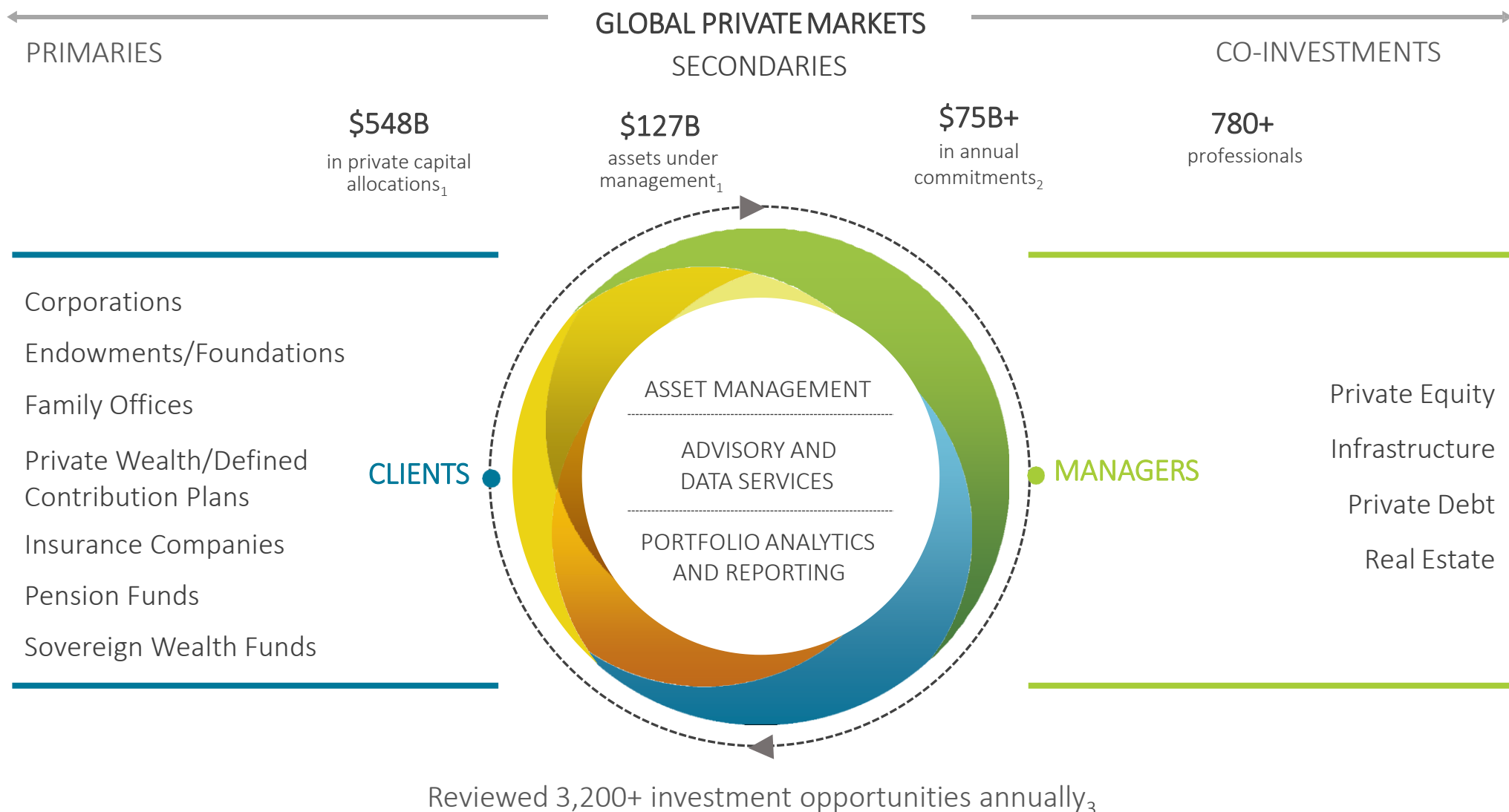
Prior to joining StepStone, Ms. McKnight spent more than a decade at Carlyle's Metropolitan Real Estate, where she served as the co-Chief Investment Officer and was the fund head for Metropolitan's Global Funds series. She was a Consultant with Cambridge Associates and held various roles with JP Morgan. Ms. McKnight sits on the Investment Committee for Sutter Health, the fifth largest US non-profit community-based healthcare provider and the Real Assets Investment Subcommittee for Swarthmore College. She recently served as a Senior Advisor to Juniper Square, focused on Capital Markets applications of their investment management software.

Ms. McKnight graduated with high honors from Swarthmore College and earned an MBA from New York University.

I. INTRODUCTION AND STEPSTONE OVERVIEW



StepStone Group (“SSG”) Has a Critical Position Within the GP & LP Ecosystem



All dollars are USD. Headcount as of January 31, 2022. Data includes Greenspring Associates metrics.

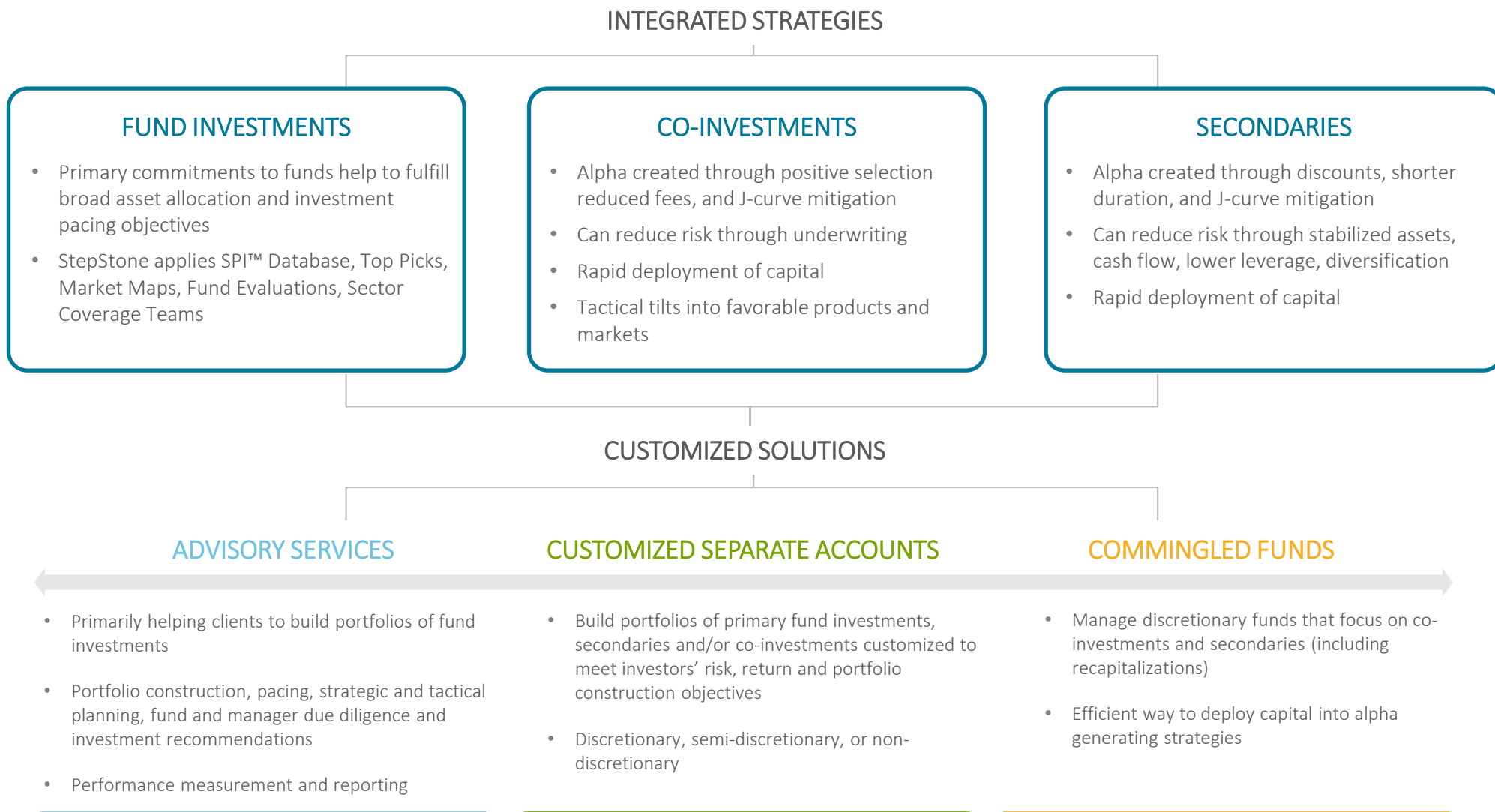
1. \$548B indicates total assets which includes \$127B in assets under management as of December 31, 2021. Reflects final data for the prior period (September 30, 2021), adjusted for net new client account activity through December 31, 2021. Does not include post-period investment valuation or cash activity.

2. StepStone approved over \$75B+ in 2021. Represents StepStone-approved investment commitments on behalf of discretionary and non-discretionary advisory clients. Excludes clientele that receive research-only, non-advisory services. Ultimate client investment commitment figures may vary following completion of final GP acceptance/closing processes.

3. Data reflecting twelve months ended June 30, 2021.

SSG Customized Solutions are a Competitive Advantage

SSG builds customized portfolios of primary **fund investments**, **co-investments** and **secondaries** which its clients and investors can access through advisory services, separate accounts and commingled investment funds



Data-Driven Investment Approach is a Competitive Advantage

SSG leverages its proprietary suite of integrated data and technology solutions

SPI

Private Markets Intelligence Database

Comprehensive access to research on all funds StepStone covers includes:

- Fund summaries
- Investment memos
- Track record analysis
- General Partner Meeting Notes

Omni

In-depth Analysis On Private Markets Portfolios

Performance and exposure analysis across portfolios, funds, and underlying investments:

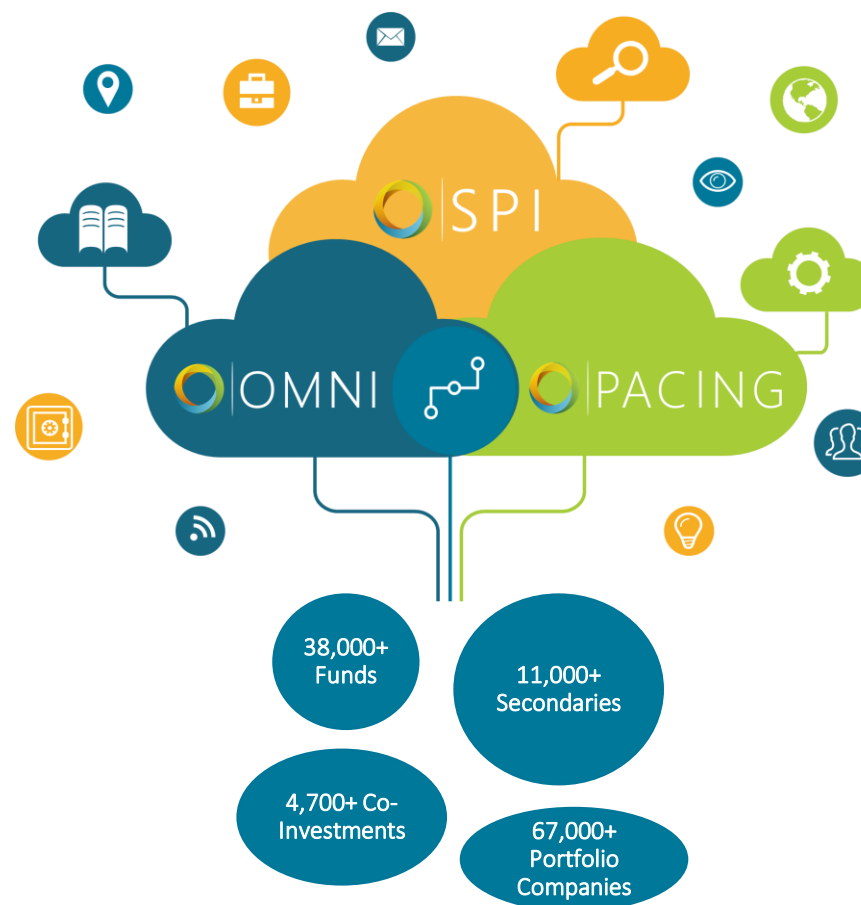
- J-curve and cash flow analysis
- Time period analysis (e.g., IRRs, time-weighted returns)
- PME analysis (e.g., KS PME, Direct Alpha, PME+)

Pacing

Portfolio Forecasting & Optimization

Forecast portfolio cash flow and determine future investment allocations to:

- Create a plan for reaching target allocation
- Anticipate liquidity needs
- Assist client with cash management and planning



The StepStone Real Estate (“SRE”) Advantage

\$151B+

AUM/AUA₁

\$9B+

assets under management₁

~\$17B

approved in 2021₂

70

professionals₃



FOCUSED ON CUSTOMIZATION

Expertise in building customized solutions designed to meet clients’ specific objectives



GLOBAL & LOCAL APPROACH

Dedicated investment professionals in North America, Europe, and Asia



EXPERIENCE-BASED MANAGEMENT

Senior team members have 25 years average experience across real estate products and capital structures, around the globe



ROBUST SOURCING MODEL

700+ meetings with managers in 2021; \$60B/516 secondaries and co-investments reviewed LTM₄



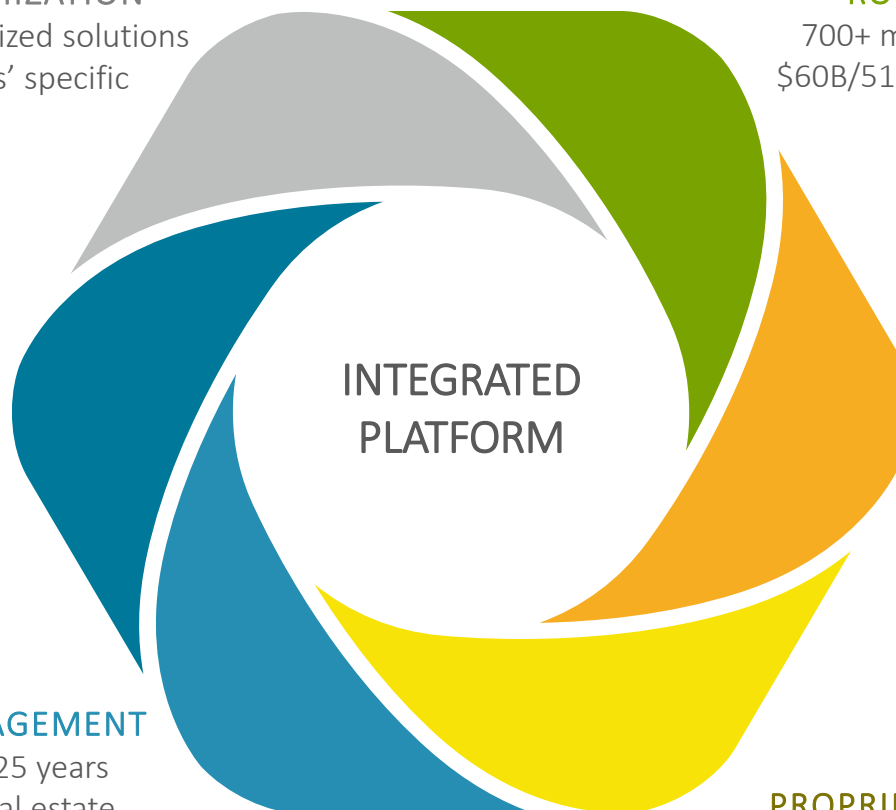
STRATEGIC PARTNER TO MANAGERS

Provide primary, secondary and co-investment capital to best-in-class managers; not being competitive results in differentiated deal flow



PROPRIETARY DATA & TECHNOLOGY

7,500+ real estate funds/3,000+ managers tracked in SPI



INTEGRATED PLATFORM

All dollars are USD. AUA & AUM as of December 31, 2021.

1. \$151B+ indicates total assets which includes \$9B+ in assets under management as of December 31, 2021. Reflects final data for the prior period (September 30, 2021), adjusted for net new client account activity through December 31, 2021. Does not include post-period investment valuation or cash activity. Approved figures represent StepStone-approved investment commitments on behalf of discretionary and non-discretionary advisory clients. Excludes clientele that receive research-only, non-advisory services. Ultimate client investment commitment figures may vary following completion of final GP acceptance/closing processes. Real Estate AUM / AUA includes both Real Estate equity and debt.

2. Approved amount includes approximately \$3B in Real Estate debt. Includes project-based client recommendations and Real Estate credit.

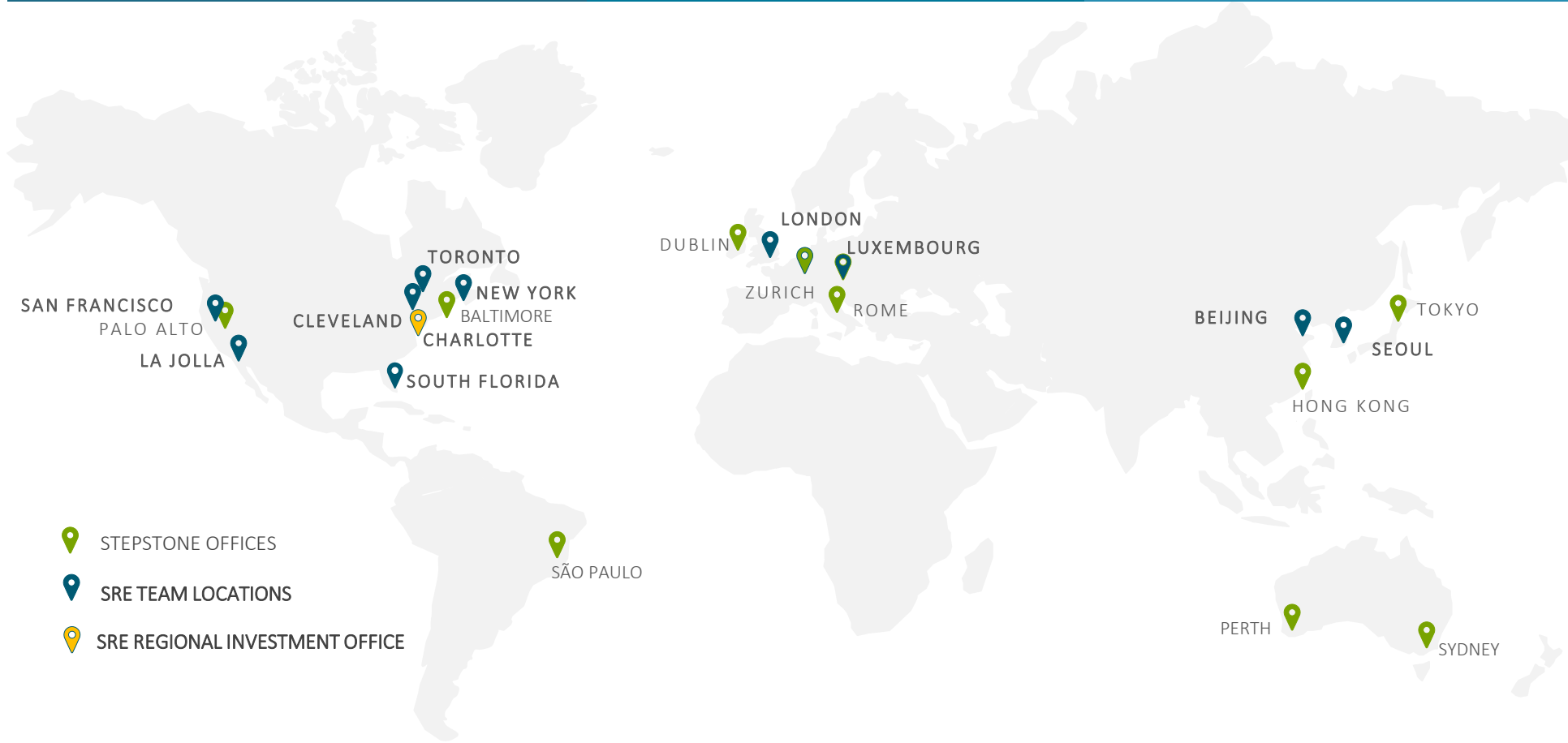
3. Includes 51 investment professionals and 19 support professionals as of February 2021.

4. Last twelve months through January 31, 2022.



Global Presence with Deep Relationships

AMERICAS
EMEA
ASIA-PACIFIC



780+ StepStone Professionals	51 SRE Investment Professionals	7 SRE Partners (25+ years average experience)	21 StepStone Office Locations	10 SRE Team Locations
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Large Team Focused Solely on Real Estate Investing...

73-MEMBER TEAM: 52 INVESTMENT FOCUSED (29 AMERICAS, 19 EUROPE, 4 ASIA*)

SAN FRANCISCO | MIAMI | NEW YORK | LONDON | CHARLOTTE | CLEVELAND | CHICAGO | BEIJING | HONG KONG

20+ SUPPORT PROFESSIONALS | 300+ SHARED SERVICES

PARTNERS: 7



JEFF GILLER
Head of SRE



JOSH CLEVELAND
Partner, Head of EMEA



BRENDAN MACDONALD
Partner & COO



MARGARET MCKNIGHT



JAY MORGAN



DEV SUBHASH



JOHN WATERS
Partner, Head of Investments

RESEARCH & INVESTMENTS: 45

ALEX ABRAMS
Managing Director

FRANK FORSTER
Managing Director

TOM HESTER
Managing Director

ANDREW MITRO
Managing Director

RANDY WANG*
Managing Director

LAIA MASSAGUE
Managing Director

POOJA PATEL
Managing Director

SARA RUTLEDGE
Managing Director

ROBERT MURPHY
Principal

JEREMY GOLDBERG
Principal

ANJA RITCHIE
Principal

MARC RIVITZ
Principal

DREW IADANZA
Principal

JUSTIN THIBAUT
Principal

RICHARD LOWE
Principal

MICHAEL HUMPHREY
Director

ALEC DARBYSHIRE
Vice President

GRAY LAYDEN
Vice President

IAIN GLEN
Vice President

ALANA KARMEINSKY MOLES
Vice President

JAMES MAINA
Vice President

LEE SINGER
Vice President

COLIN DONNELLY
Vice President

SERENA MANDRILE
Senior Associate

OMAR HAMANI
Senior Associate

TOM THORPE
Senior Associate

RUQING ZHOU*
Senior Associate

VAL O'DONOGHUE
Senior Associate

SUE YU
Senior Associate

JOHN AHERN
Associate

ZIAB KABIR
Associate

AIDAN THORNTON
Associate

LYDIA COLIN
Associate

THEA DIAZ
Associate

RANDY WU
Associate

JACK WIERMAN
Associate

NICK KOSSOFF
Senior Analyst

GEORGIE SCARLES
Senior Analyst

TERRY CHAU
Analyst

OMOLARA OYEDEJI
Analyst

STEVIE GREHAN
Analyst

ANNA LEE RICCIO
Analyst

ALEX SMITH
Analyst

GARRETT WINTER
Analyst

ZINEB BENKIRANE
Analyst

...With Substantial Dedicated Support

DUBLIN | LONDON | NEW YORK | CLEVELAND | LA JOLLA | TORONTO | LUXEMBOURG

INVESTOR RELATIONS: 5

DAMI ALADE
Vice President

JULIE LIMPACH
Vice President

SIMI OLUSOGA
Senior Associate

MEGHA PATEL
Associate

PJ BROWN
Analyst

PORTFOLIO ANALYTICS & REPORTING: 16

SUSAN YELIN
Managing Director

THOMAS REDMOND*
Director

ANDERSON SOUZA*
Director

KRISTEN MOORE*
Vice President

GREG SEIFERT*
Vice President

ANGIE TAYLOR
Senior Associate

MICHELLE LEINBACH
Senior Associate

BRANDON D'AMICO*
Associate

SHAAAN COWASJEE*
Associate

RORY GRANT*
Associate

KYLE LEIMBACH*
Associate

ARIELLE GLADSTONE*
Associate

ALEJANDRO SALCEDO*
Associate

DUKE BECKER*
Senior Analyst

RYAN REED*
Senior Analyst

MATTHEW SMITH*
Senior Analyst

LEGAL & COMPLIANCE: 4

JEREMY MATZ*
Partner, Head of Tax

MATT LAMBERT
Deputy SRE General Counsel

MIGUEL IBANEZ
Associate General Counsel

IAN McMAHON
Senior Tax Advisor

FINANCE & ADMINISTRATION: 14

SHEILA GIBSON*
Partner, Head of Fund Accounting

SEAN KELLY*
Managing Director, Head of Luxembourg Office

DAN WOLNIK
Director of Finance

DEVIN MINKOFF*
Director

PATRICIA KLEVE
Controller

RICARDO GOMEZ
Controller

GOKHAN BATUT
Fund Controller

SADMIR SIVIC
Fund Controller

BRITTANY BENNETT
Senior Accounting Manager

DAWN TANDO
Senior Accounting Manager

BRIAN FINTZ
Senior Fund Accountant

JEFF TORRESCANO
Senior Fund Accountant

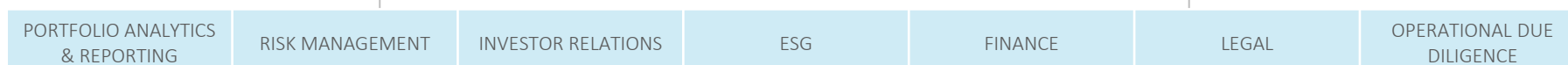
SAKURA KOMATSU
Senior Fund Accountant

JOANNA HUANG*
Accountant

SUPPORT PLATFORM
300+ Professionals



INTEGRATED GLOBAL PRESENCE
Americas, EMEA, Asia, & Australia



SSG'S Commitment to Diversity & Inclusion

We believe that diversity of backgrounds and perspectives among our employees strengthens our ability to analyze, invest, communicate and deliver on our mission

52%
 total diversity of our professionals

37%
 female

29%
 diverse

57%
 total diversity of new hires in 2021 YTD

Global D&I Committee



AWARENESS & ENGAGEMENT

- Focus internally & externally:
- Educational & social events
 - StepStone Diversity & Inclusion Network (SDIN)
 - Partnerships & sponsorships with a network of organizations
 - Employee Resource Groups
 - D&I-focused Roundtables



RECRUITMENT & HIRING

- Broad recruiting outreach:
- Best practices integrated into recruitment and hiring process (e.g., diverse candidate slates)
 - Partnerships to expand and broaden recruiting pipeline
 - Unconscious bias training



RETENTION & PROMOTION

- Tools to build our team's success:
- Holistic parental leave policies & enhanced benefits
 - Sponsorship & mentorship programs
 - Company-hosted community events
 - Generous PTO for volunteering



INVESTMENT PROCESS INTEGRATION

- Continued push industry-wide:
- Diversity data captured during due diligence and post-investment at the manager- and fund-levels
 - Metrics integrated into DD questionnaires across asset classes



Cultivating and Retaining Talent

Our fund investment and advisory practice provides us with a differentiated level of transparency into the turnover and incentive compensation structures of real estate firms across the industry

STABILITY

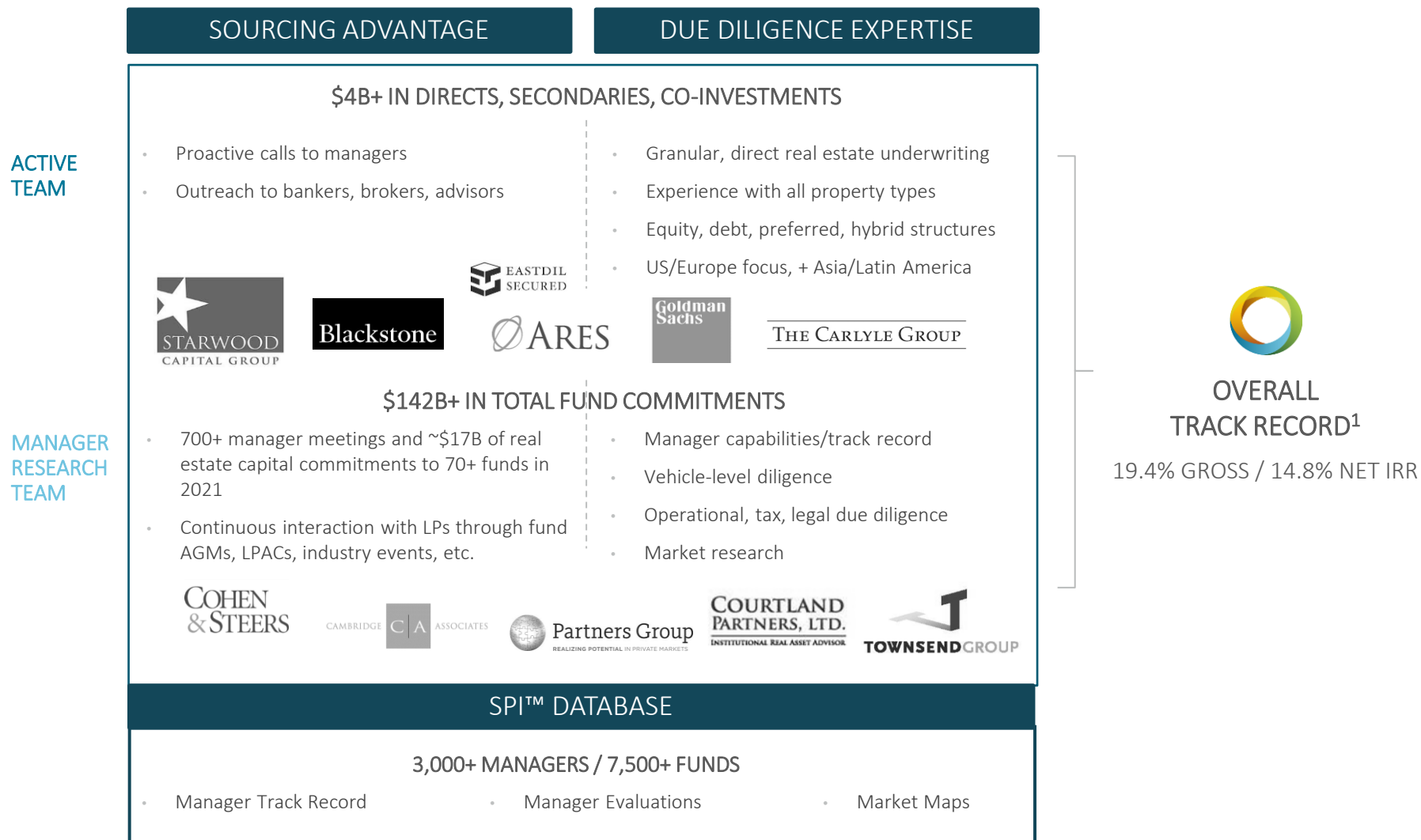
- SRE has exceptionally low turnover relative to our competitors and other managers in the market.
 - Since SRE's inception in 2014, only four professionals at Vice President or higher have voluntarily left the firm.
-

RETENTION FACTORS & INCENTIVES

- Stability is a function of our positive and collegial culture and our competitive compensation structure.
 - Everyone has a voice and is a valuable contributor and professional resource.
 - Continuing education, conference attendance, allowances for industry functions and organizations, and active mentoring are fully supported via policy.
 - Competitive salary, generous discretionary bonus, and full benefit packages for all staff. For the senior team, one of the broadest carried interest sharing structures in the industry.
-

Foundations for a Diligent Investing Culture

SRE's integrated team and proprietary technology creates an information and sourcing advantage



Provided for illustrative purposes only. **Past performance is not necessarily indicative of future results** and there can be no assurance that investments will achieve comparable results or avoid substantial losses.

1. As of September 30, 2021. Reflects all secondaries & co-investments.

SRE's Overall Track Record

	NET IRR
PRIMARY FUND INVESTMENTS	14.8%
<i>Core / Core-Plus</i>	11.8%
<i>Value-Add</i>	15.1%
<i>Opportunistic</i>	15.3%
ALL SECONDARIES & CO-INVESTMENTS (Opp/VA/Core+)	14.8%



As of September 30, 2021. Returns for fund investments and co-investments programs that have been held less than two years are not considered meaningful and have been excluded. **Past performance is not necessarily indicative of future results** and there can be no assurance that investments will achieve comparable results or avoid substantial losses. Fund investments performance reflects open-ended and closed-end funds. Includes discretionary investments only. Returns are net of fees and expenses charged by both the underlying investments and hypothetical StepStone fees. These returns are set forth solely for illustrative purposes and do not represent actual returns received by any investor in any of the investment programs represented above. Fees are available upon request. StepStone fees and expenses are based on the following assumptions:

- **Fund investments:** 25bps of net invested capital for management fee, 5bps of capital commitments for partnership expenses, and 1 basis point of capital commitments drawn down in the first cash flow quarter for organizational costs.
- **Secondaries:** 125bps on capital commitments in years 1 through 4. In year 5, management fees step down to 90% of the previous year's fee. Secondaries also include 5bps of capital commitments for partnership expenses, and 1 basis point of capital commitments drawn down in the first cash flow quarter for organizational costs, and 15.0% of paid and unrealized carry, with an 8% preferred return hurdle.
- **Co-investments:** 100bps on net committed capital for management fee, 5bps of capital commitments for partnership expenses, and 1 basis point of capital commitments drawn down in the first cash flow quarter for organizational costs. Co-investments also include 15.0% of paid and unrealized carry with an 8% preferred return hurdle.

II. INVESTMENT PHILOSOPHY AND CONSULTING PROCESS

Advisory Solutions

Primary commitments to funds set the foundation of a strategic asset allocation plan, which can then be enhanced with secondaries and co-investments

SOLUTIONS TAILORED TO THE SPECIFIC NEEDS OF EACH CLIENT



UNDERPINNED WITH SOPHISTICATED TECHNOLOGY SYSTEMS AND ANALYTICAL TOOLS

OMNI
Client reporting and performance measurement

- Portfolio analytics
- Performance measurement & analysis
- Monitoring & reporting

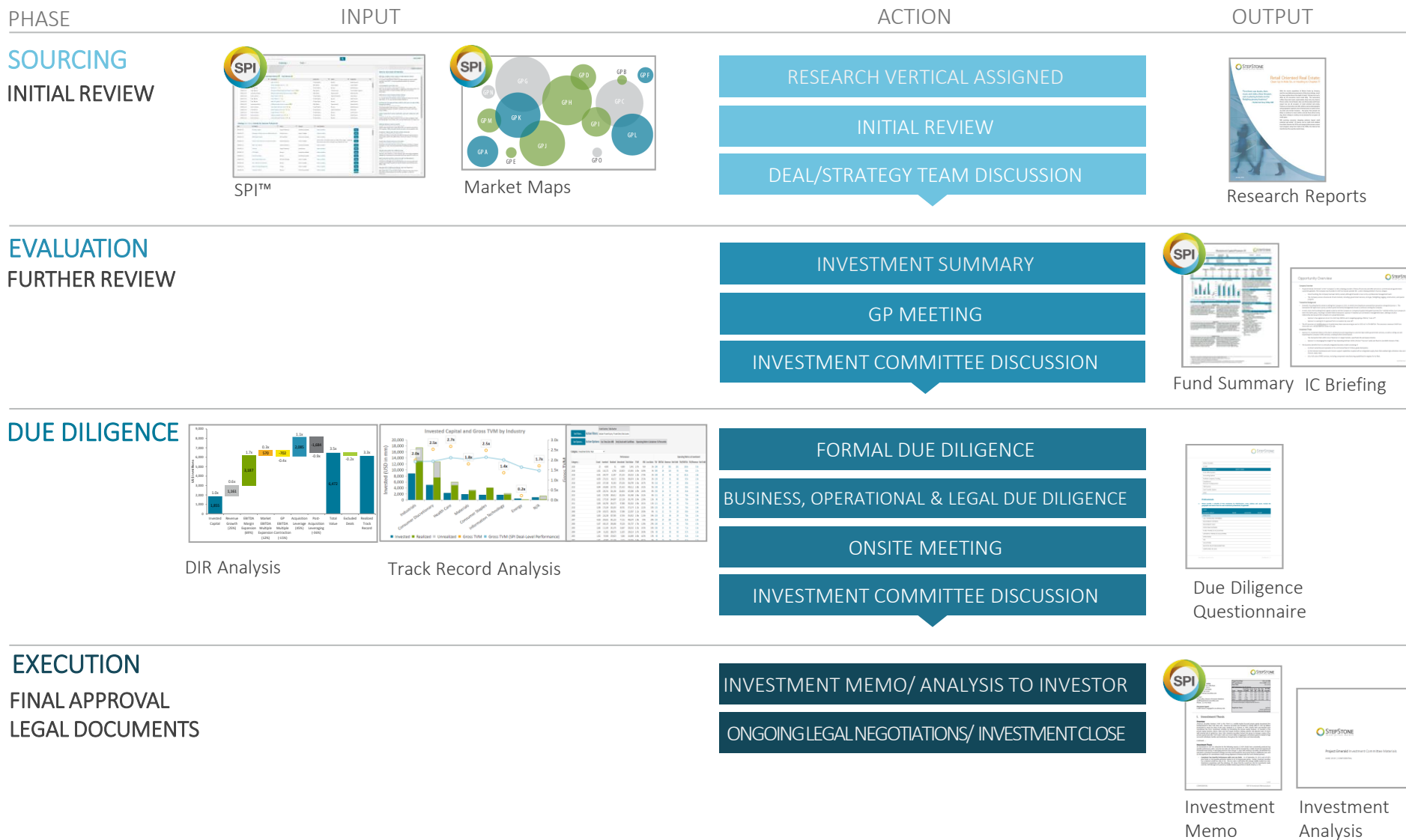


SPI
Manager / Fund research due diligence

- Performance & benchmarking
- Fund attributes & terms
- Meeting notes, fund summaries, DD reports

Investment Process Overview

StepStone's global reach, extensive research, and analysis power our investment process



Investment Due Diligence Overview

StepStone utilizes the power of its global platform, extensive research and database-enabled analysis to support our investment process

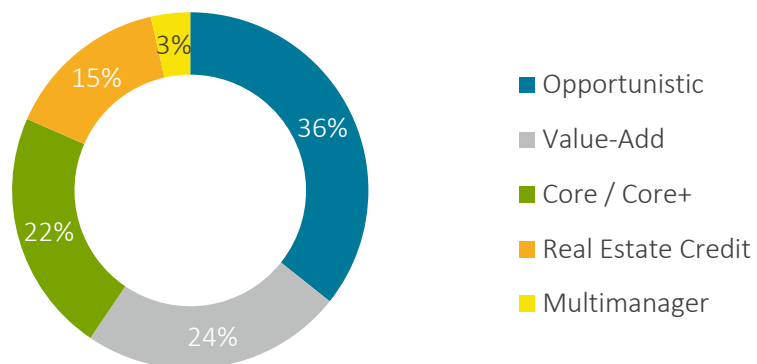
FOCUS	DESIRED ATTRIBUTES	STEPSTONE ANALYSIS
TEAM / PLATFORM	<ul style="list-style-type: none"> • Length and quality of relevant experience • Team cohesiveness and integrity of leadership • Network: ability to source deals and add value • Capacity: AUM per partner, board responsibilities 	<ul style="list-style-type: none"> • Spend time getting to know firm management • Extensive reference calls (on and off list) • Detailed review of legacy portfolio responsibilities • Gauge ability to deploy capital effectively
STRATEGY	<ul style="list-style-type: none"> • Competitive advantages for attractive market opportunity • Evidence of proprietary deal access • Clear evidence of future sustainability • Consistent investment style with ability to adapt to changing market conditions 	<ul style="list-style-type: none"> • StepStone proprietary market research • StepStone periodic industry reviews • Extensive reference calls (on and off list)
PERFORMANCE	<ul style="list-style-type: none"> • Length and attribution of track record • Consistent outperformance • Low loss ratio • Expertise across markets, property types, deal size 	<ul style="list-style-type: none"> • StepStone proprietary analysis • Benchmarking • Reviews of case studies
STRUCTURE	<ul style="list-style-type: none"> • Appropriate legal documentation of firm and fund entities • Fair and compelling economic incentives • Clean record of outstanding claims and litigation 	<ul style="list-style-type: none"> • StepStone thorough legal due diligence review • Identify checks & balances, policies & procedures • Identify “deal killers” in advance of negotiations

III. FUND SOURCING AND SELECTION

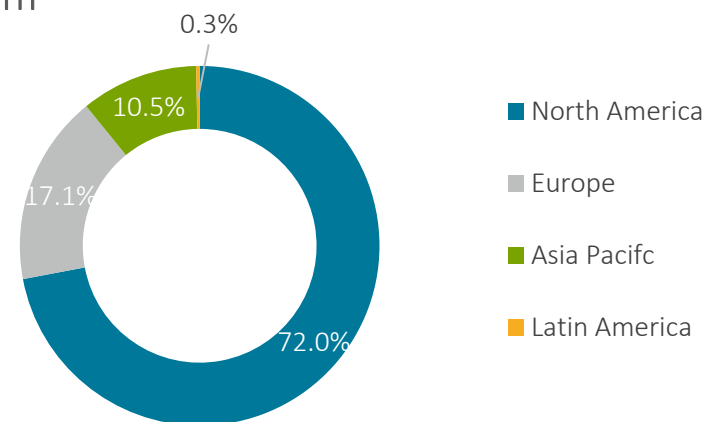
Significant Fund Advisory Experience Creates Differentiated Sourcing Advantages

SRE has advised clients and recommended **\$138B+** client capital commitments to over 687 funds since 2000

STRATEGY

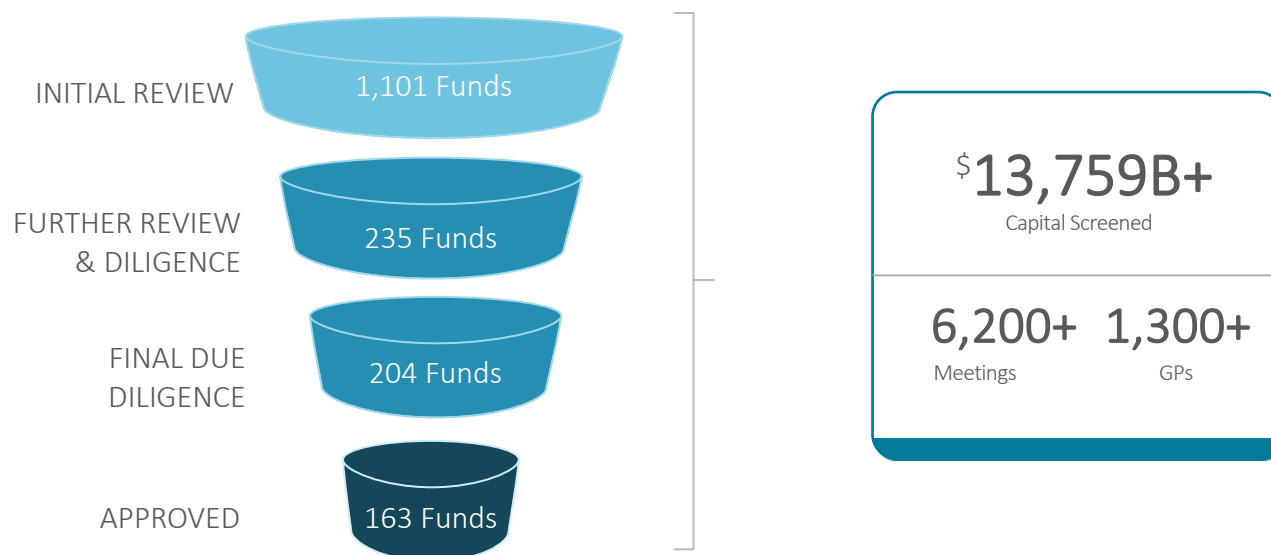


GEOGRAPHY



By amount approved. Europe includes MENA.

REAL ESTATE PRIMARY ACTIVITY (since 2018)*



All data as of September 30, 2021. Reflects total primary fund investments screened since 2000 unless otherwise noted.

*Data as of November 30, 2021. Reflects total primary fund investments screened since April 1, 2018.

Comprehensive Engagement with the GP Universe

SRE has comprehensive and global market coverage of real estate managers (large scale and small/mid-market), which provides access to high quality investment opportunities and potential fee savings

ACCESS TO FUNDS

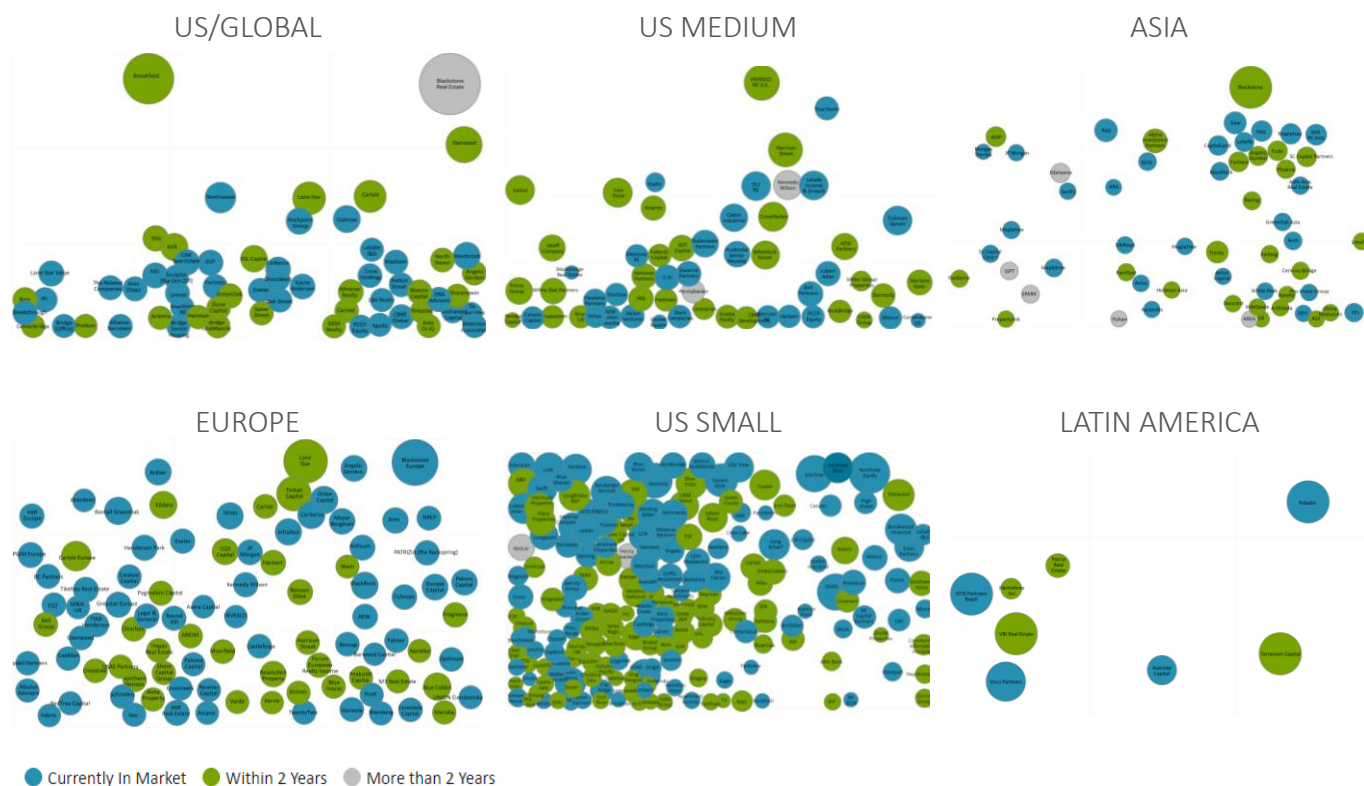
SRE's team has approved commitments to 687 funds since 2000

CAPITAL DEPLOYMENT

SRE assisted clients with approved recommendations for ~\$17B in 2021

DUE DILIGENCE

Since 2014, SRE has logged 4,600+ manager meeting notes and produced 410+ fund summaries

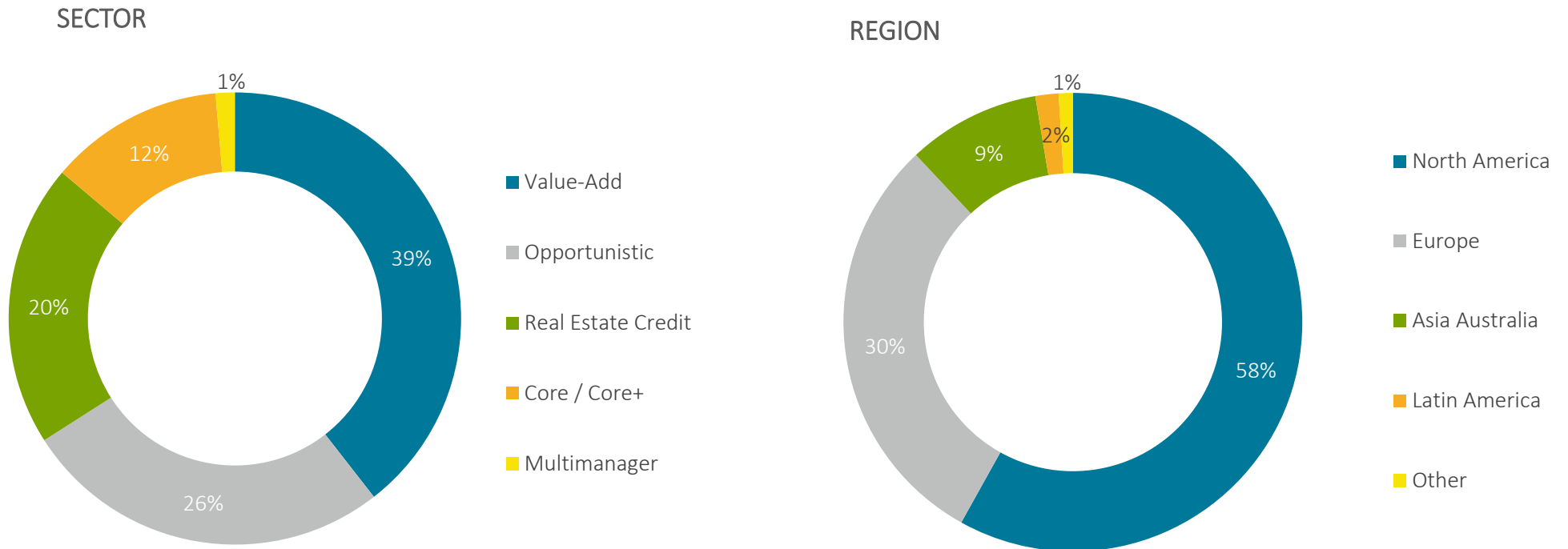


As of September 30, 2021. There can be no assurance that any or all of these funds will come to, or continue to be in, market, will be available to any particular investor, or will close as expected. StepStone has obtained the information shown above from various published and unpublished sources considered to be reliable. However, StepStone cannot guarantee its accuracy, and circumstances may change. Any potential investor should independently confirm all aspects of an offering with the general partner. Manager references are for illustrative purposes only and do not constitute investment recommendations. Size of circle denotes deployment size



SRE is Well Positioned to Help LACERS Achieve Emerging Manager Objectives

SRE has approved over **\$9.5 billion** of investments in emerging manager real estate funds. The SRE manager databases have over **300** funds raising **\$141B+** fitting LACERS' definition



As of: February 2022



StepStone Top Picks

StepStone produces a quarterly list of top picks for the coming year to help inform annual allocation plans and prioritize due diligence. Sector teams update scores based on manager coverage, discuss each fund and set recommended ratings, then IC reviews and ratifies.

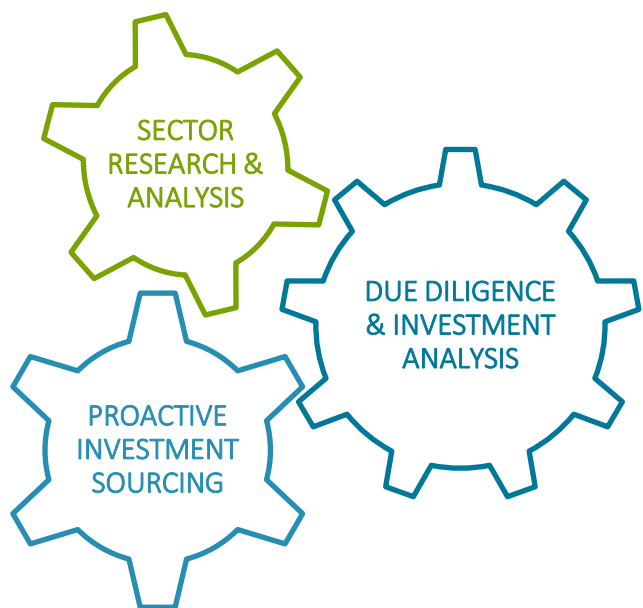
Outlined below are the criteria which StepStone real estate uses to score GPs for its top pick process. A maximum score is “3” and minimum score is “1” for all metrics. For each metric, the factors that may generate a high or low score are as follows:

ORGANIZATION		
Team	3	Large and experienced team, dedicated professionals, long tenure at the firm, low turnover
	1	Newly formed team, High turnover at senior level
Focus & Ownership	3	Senior team owner of the fund, Investment team dedicated to the specific fund/strategy
	1	Third party ownership, Investment team overseeing multiple vehicles/strategies
Competitive Advantage	3	Large RE platform (vertical integration, in-house research, sourcing, underwriting advantages), Specific expertise
	1	No competitive advantages
STRATEGY		
Market Opportunity	3	Promising markets with positive fundamental trends (demographic, structural, lack of supply)
	1	Difficult markets with oversupply, flat revenues, difficult conditions ahead
Consistency	3	GP has been focused on a specific/consistent strategy overtime
	1	GP is raising a fund focusing on a new strategy
Value Creation	3	Vertically integrated platform with proven AM capabilities, doesn't rely on operating partners
	1	No value-add activities
PERFORMANCE		
Relative to Benchmark	3	Consistently top quartile
	1	Third, fourth quartile
High Realizations and low Losses	3	Sizeable realized track record, with no investments generating a loss
	1	Meaningful loss ratios and highly unrealized track record
Track Record length and attribution	3	Long-tenured team with attribution for track record
	1	Newly created team, previous track records not fully attributable to single individuals
STRUCTURE		
Fees	3	Low fees
	1	High AM fees, acquisition fees
Other Terms	3	Above market GP commitment / preferred return
	1	Below market GP commitment / preferred return, Weak key man clause, deal by deal carry
Conflicts	3	Lack of conflicts
	1	Unclear allocation policy, presence of other vehicles competing strategy

IV. MONITORING

Real Estate Specialized Coverage

SRE’s team is organized into specialized teams to ensure comprehensive coverage of the real estate market across fund investments, secondaries and co-investments, in order to enhance sourcing and underwriting capabilities



SRE INVESTMENT TEAM MEMBER LOCATIONS



SPECIALIZED SECTOR COVERAGE

NORTH AMERICA	CORE / CORE PLUS	LARGE CAP VA / OPPORTUNISTIC	MEDIUM / SMALL CAP VA / OPPORTUNISTIC	CREDIT
EUROPE	CORE / CORE PLUS	LARGE CAP VA / OPPORTUNISTIC	MEDIUM / SMALL CAP VA / OPPORTUNISTIC	CREDIT
REST OF WORLD	ASIA	LATIN AMERICA		

StepStone Private Markets Intelligence Database (SPI)



EXTENSIVE ANALYTICS REAL ESTATE

- 7,500+ Funds
- 3,000+ General Partners



COMPREHENSIVE DATA & BENCHMARKING

- By strategy, geography & vintage year
- Updated quarterly
- Fund performance charts by quartile



INCREASED TRANSPARENCY & ACCESS

- Greater access to meeting notes, fund summaries & track record analysis
- Insights into investment processes
- Enhanced track record analysis



ENHANCED RESEARCH & INSIGHT

- Easy access to information on managers
- Extensive data for informed investment decisions
- Top Picks, GP Watchlist & customized pipelines

INFORMED INVESTMENT DECISIONS

StepStone believes its SPI Database is currently the most comprehensive private markets intelligence monitoring tool available to investors

TRADITIONAL PRIVATE MARKET CONSULTANT



STEPSTONE VIA SPI



Client Service & Reporting

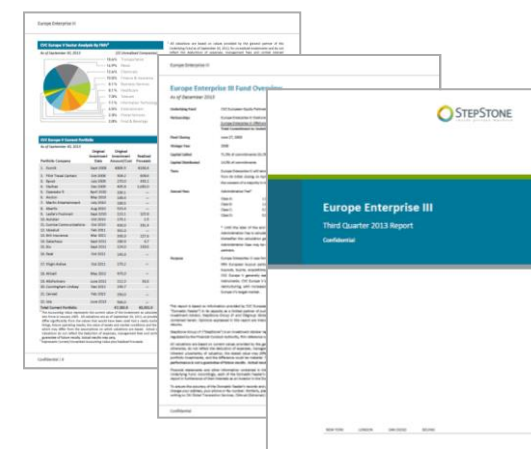
QUARTERLY REPORTING

Quarterly Reporting – Timely and Informative

- Succinct, top-level performance overview
- Current quarter cash and investment activity and quarter-lag valuations
- Overview of current environment
- Portfolio outlook
- Detailed list of portfolio investments
- Highlights of recent noteworthy investment activity, including new investments and realizations
- Fund and relative benchmark performance
- Sector analysis of current portfolio
- Schedule of capital calls/distributions since inception

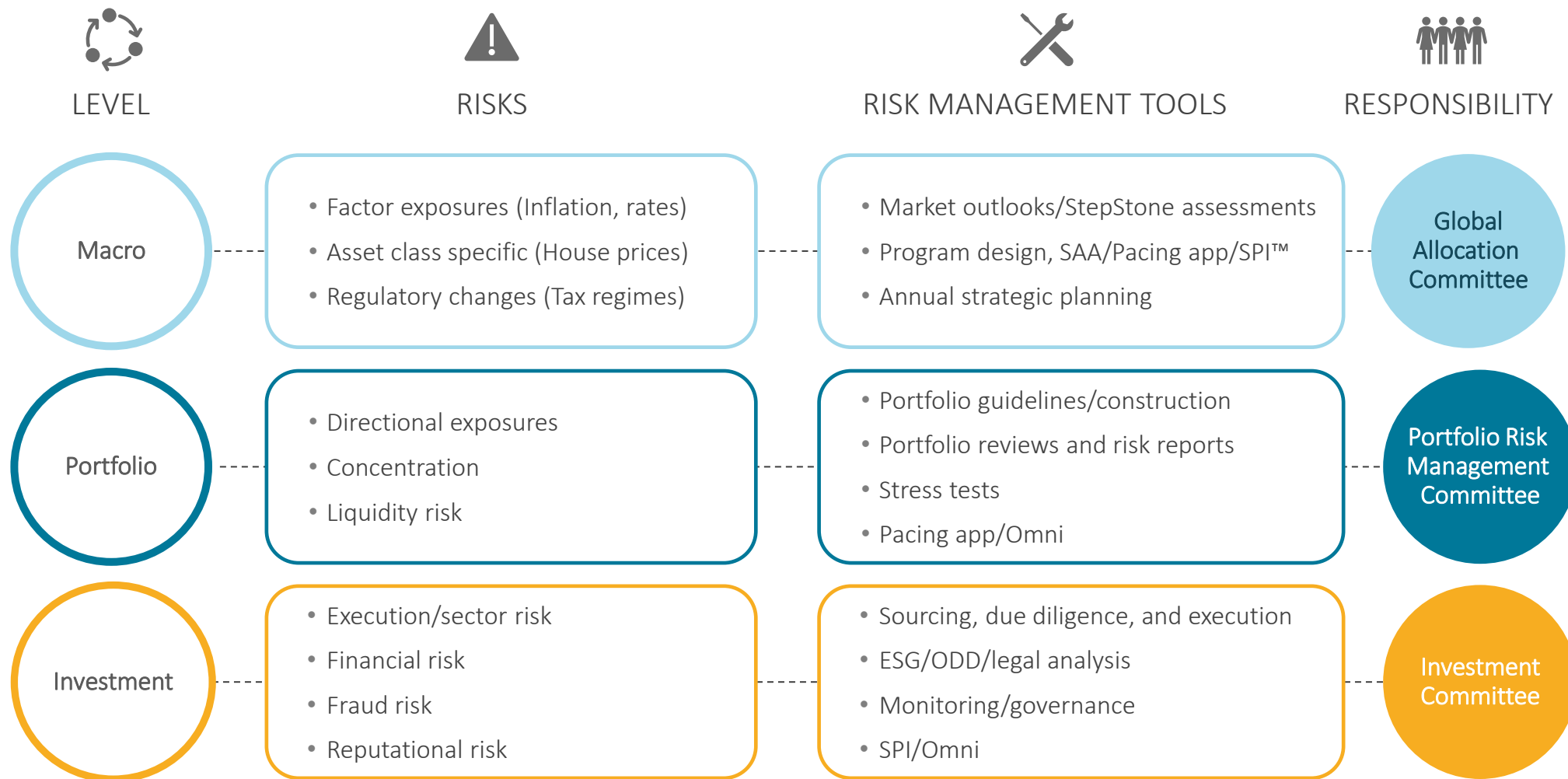
Annual Reporting – All Information in Quarterly, Plus:

- Detailed analysis of entire portfolio
- Overview and outlook on each individual underlying investment






V. RISK MANAGEMENT

Portfolio and Investment Risk Management Overview



Approach to Portfolio and Investment Risk

		POLICIES & PROCESS	PEOPLE
 <p>RISK IDENTIFICATION</p>	<p>Risks differ by asset class & implementation for primary, secondary, co-investment, & direct</p>	<ul style="list-style-type: none"> • Investment • Market/financial • Liquidity • Counterparty • Operational • Derivatives • ESG 	<ul style="list-style-type: none"> • Board of Directors • Global Allocation Committee • Asset Class Heads • Head of Portfolio Management • Head of Risk Management
 <p>RISK MEASUREMENT</p>	<p>Requires processes, data collection, analytics, & tools</p>	<ul style="list-style-type: none"> • SPI • Omni • ESG • Legal • Strategic asset allocation & pacing • Operational due diligence 	<ul style="list-style-type: none"> • Research • SPAR • Operational Due Diligence • ESG • Legal/Compliance • Fund Accounting
 <p>RISK TREATMENT</p>	<p>Avoid, diversify or actively manage risk, tailored by asset class & implementation</p>	<ul style="list-style-type: none"> • Asset selection • Sector/strategy selection • Pacing/strategy selection • Portfolio reviews/planning • Boards/governance • Amendments/legal 	<ul style="list-style-type: none"> • Portfolio and Risk Management Committees • Client Account Managers • Vendor Due Diligence Committee

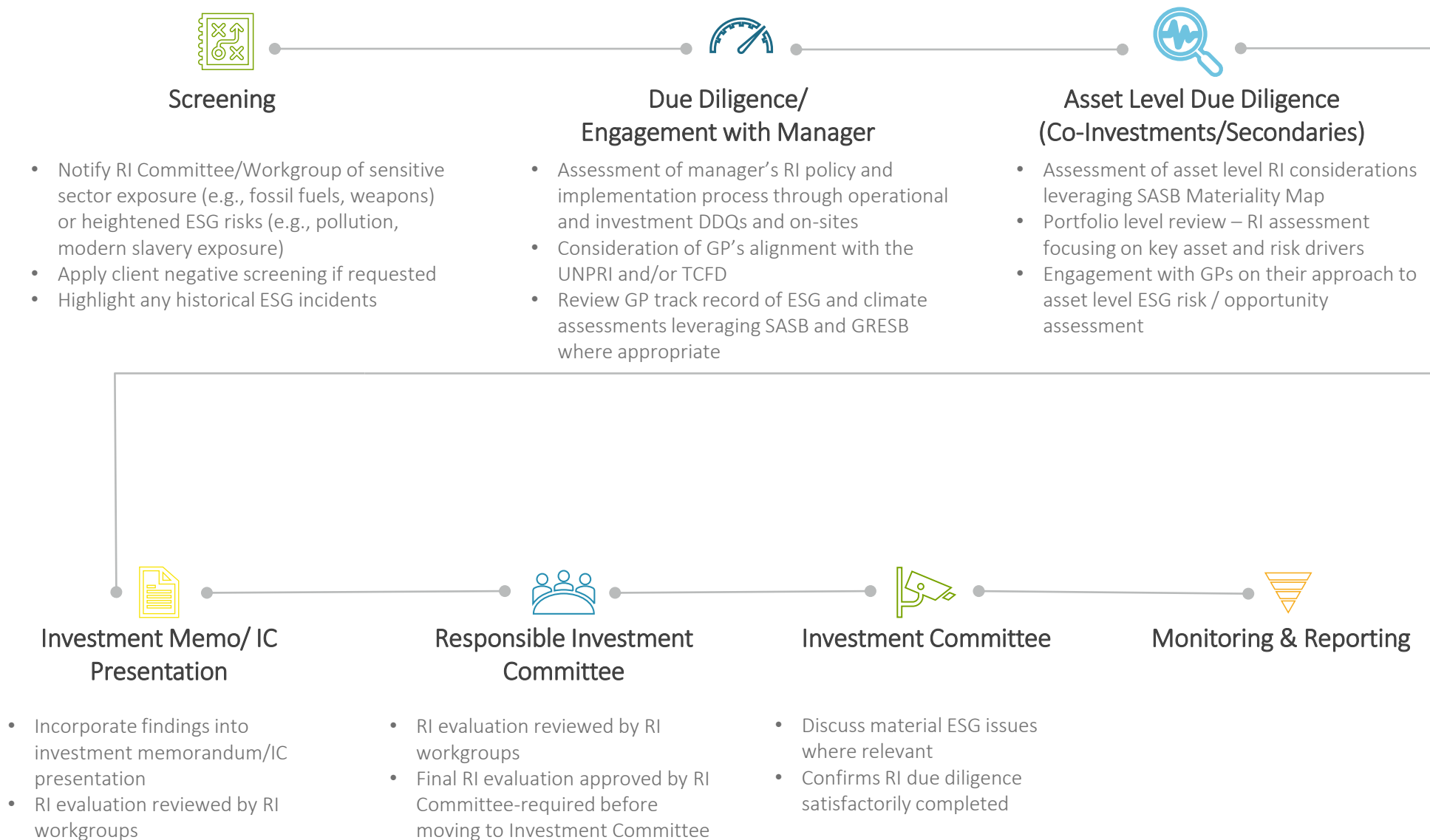
Risk Management Throughout the Process

StepStone’s risk management is enacted through our rigorous, multi-step investment process



Responsible Investment (ESG) Process

RI/ESG is embedded through the entire investment process from screening to investment approval

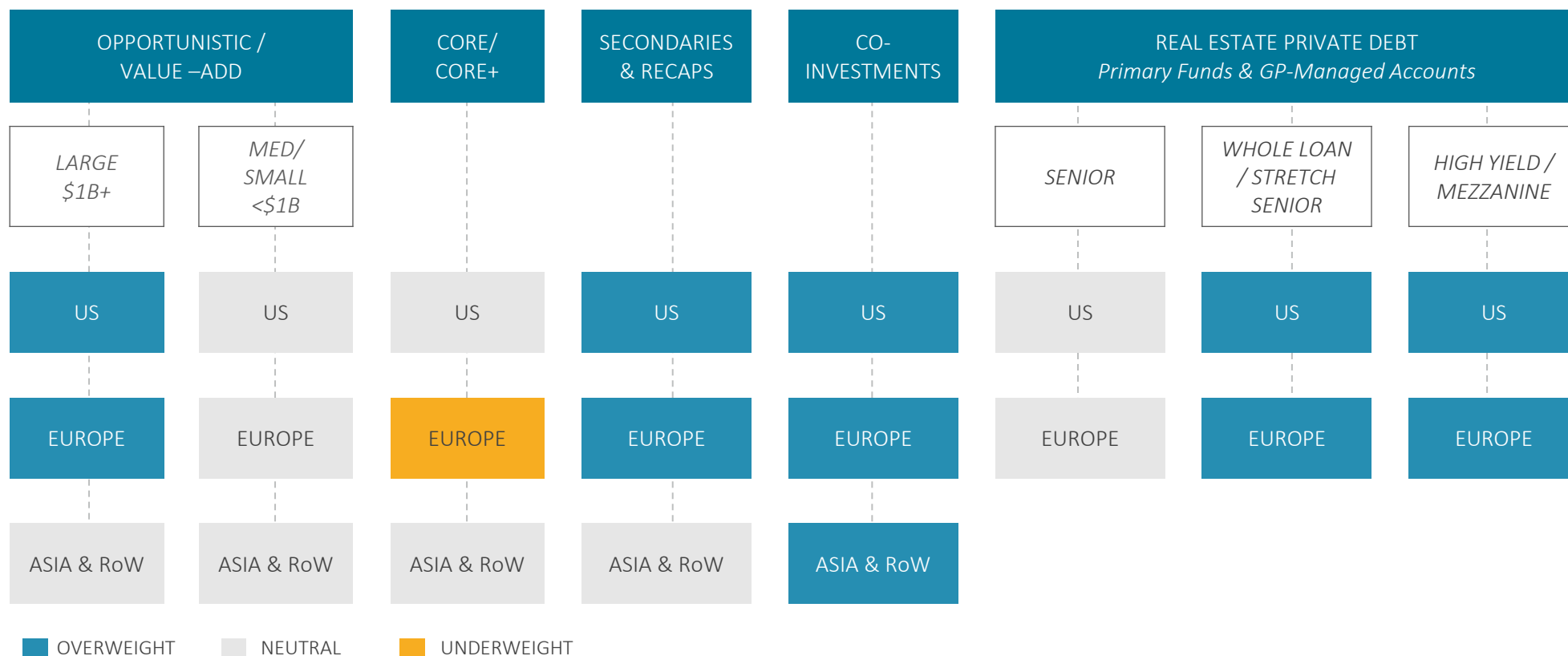


APPENDIX / SUPPLEMENTAL INFORMATION

HEAT MAP

Global Real Estate Indirect Investment Heat Map

This heat map provides a relative value assessment across the various indirect real estate investment options that are available to investors on a global basis. These recommendations are informed by our research team’s quarterly review of the primary fund market and manager universe, and our other investment activities. These recommendations inform portfolio positioning relative to defined investment guidelines and/or benchmarks



RESEARCH AND ANALYTICS

Evolving Importance of Data for Investors



BIG DATA



ARTIFICIAL
INTELLIGENCE



DATA SCIENCE



PREDICTIVE
ANALYTICS



INTERNET OF
THINGS



DATA AS A
COMMODITY



DATA
ADVANTAGE

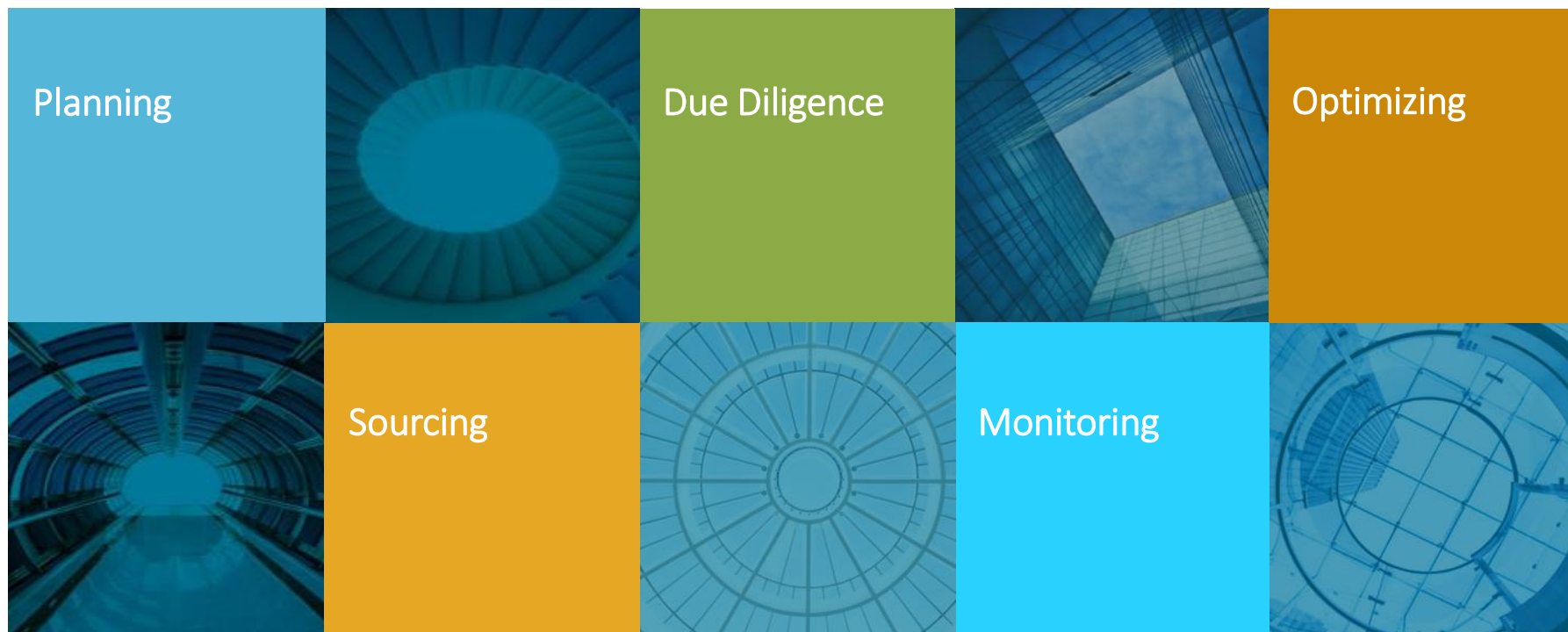


OVERSIGHT
EXPANSION



Embedding Data in the Investment Process

Data is extracted, analyzed and leveraged across the entire investment lifecycle to deliver the investor a unique data advantage



Data Tools and Reporting

ESG Tracking



Portfolio Tracking



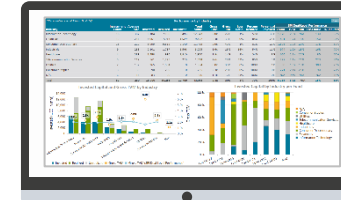
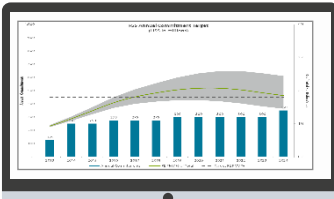
Market Map



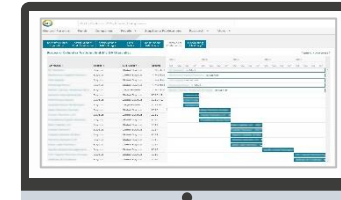
Heat Map



Pacing Model



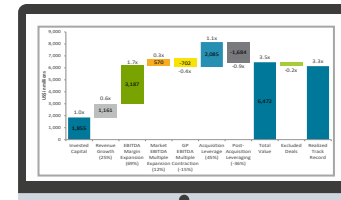
Benchmarking



GP Watchlist



Deal Level Performance Analyzer



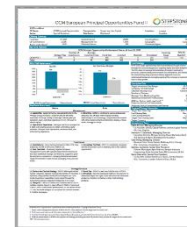
Top Picks



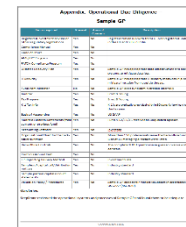
Drivers of Investment Returns



Fund Memos



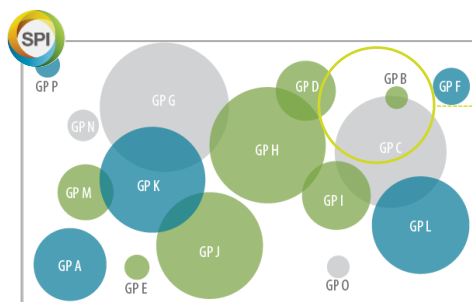
Fund Summary



Operational / Legal DD

Research & Investment Analysis Tools

MARKET MAPS



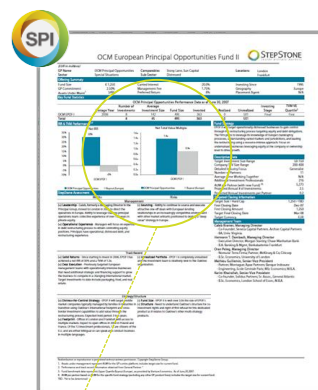
PURPOSE: For each sector StepStone tracks, there is a market map providing a clear depiction of key competitors broken out by recently closed, currently in the market, or expected in market shortly

RESEARCH REPORTS



PURPOSE: StepStone performs detailed research on industries, sectors, geographic regions and reports current and forecast market conditions to clients

FUND SUMMARY



FUND SUMMARIES INCLUDE:

- Key metrics & fund strategy
- Prior fund metrics & performance vs. benchmarks
- Detail investment target data
- Target closing information
- Risks & merits on organization, performance & strategy/structure
- Key investment professionals

PURPOSE: StepStone’s research team creates Fund Summaries on funds that are reasonable prospects for private equity portfolios

INVESTMENT MEMO



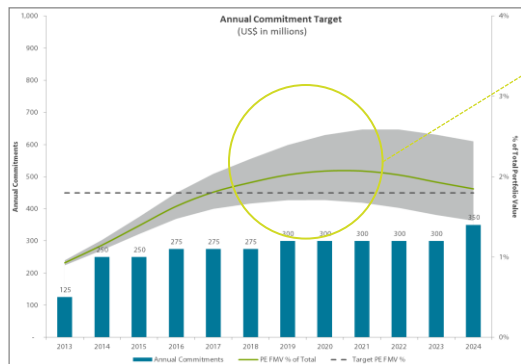
INVESTMENT MEMOS INCLUDE:

- Investment Thesis & Strategy
- Key Risk Factors
- ESG
- Performance & Fund Terms
- StepStone Assessment
- Operational Due Diligence

PURPOSE: A comprehensive review of the investment, firm, strategy, performance analysis and structure; includes detailed merits and risks of the investment

Research & Investment Analysis Tools (continued)

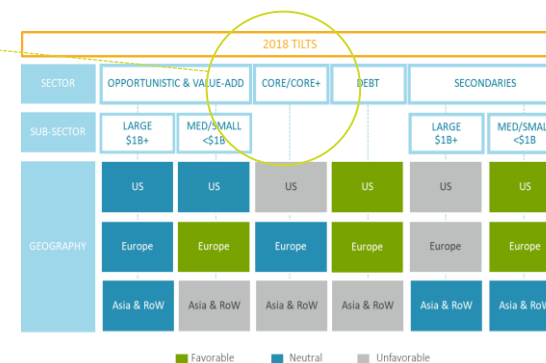
PACING MODELS



PACING MODELS: StepStone reviews the pacing strategy with its client annually in order to accommodate changes in market environment and monitor execution of long term strategy

HEAT MAPS

HEAT MAPS: StepStone's broad coverage results in valuable domain expertise that helps to identify opportunities and potential risks



DUE DILIGENCE REPORTS



OPERATIONAL DUE DILIGENCE REPORTS: StepStone's evaluation provides an overall assessment of whether the operational risks of an investment opportunity are acceptable and whether controls are generally sufficient and in line with industry standards

ESG INTEGRATION



ESG INTEGRATION: ESG guidelines must be adhered to and incorporated into all due diligence reports

Real Estate Specialized Coverage

SRE’s team is organized into specialized teams to ensure comprehensive coverage of the real estate market across GPs, fund investments, secondaries and co-investments, in order to enhance sourcing and monitoring capabilities



SRE INVESTMENT TEAM MEMBER LOCATIONS



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- Insights into investment processes
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TRADITIONAL PRIVATE MARKET CONSULTANT



STEPSTONE VIA SPI



PERFORMANCE REPORTING / OMNI

Client Service & Reporting

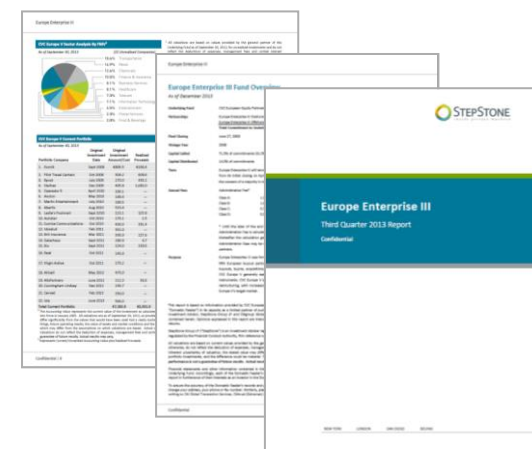
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- Schedule of capital calls/distributions since inception

Annual Reporting – All Information in Quarterly, Plus:

- Detailed analysis of entire portfolio
- Overview and outlook on each individual underlying investment



OMNI Developed to Meet the Needs of Sophisticated Investors

Omni's powerful analytics capabilities and interactive dashboards provide sophisticated investors valuable insights into portfolio performance and exposures



Powerful & Proven

Over 330B+ of private capital allocations across 13,000+ unique investments, and 64,000+ of underlying portfolio assets, are currently tracked, analyzed, and managed in Omni



Fast, Intuitive & Web-based

Fast and intuitive user interface with out-of-the-box analytical capabilities; no software installation required



Fully Integrated

Omni is fully integrated with Pacing (StepStone's portfolio forecasting tool) and SPI (StepStone's Research database). Users can quickly create a plan for their portfolios to reach allocation targets and leverage classifications from StepStone's global investment platform



Secure & Confidential

All data is kept confidential in StepStone's secure cloud-based environment



In-house Support & Maintenance

Omni is built and maintained by StepStone's Data Science & Engineering ("DSE") team, comprising 25+ in-house software engineers and data scientists. Client support includes a dedicated Account Manager.



Continuously Improved

Users benefit from ongoing platform improvements, addition of new features, and analytical capabilities

How it Works

1

Determine Data Requirements

- StepStone advises client on minimum data requirements
 - Data can be sourced from custodians, consultants or accounting systems
 - Required data typically includes daily cash flows and quarterly valuations for all investments in an electronic format
-

2

Data Collection & Management

- Client provides data to StepStone in an agreed upon format
 - StepStone standardizes the data, uploads it into Omni, and verifies upload accuracy
 - Data update frequency can be tailored to client needs
-

3

Portfolio Analytics

- Access to all of Omni's analytical capabilities via web-based platform
 - Analyze performance As of Date, by Vintage Year, Strategy, GP, etc., Point-to-Point IRRs, PME and Private Benchmarking, J-Curve analysis, and more
 - Interactive Quarterly Reports
 - Easily export analyses and all underlying data into Excel
-

+

Add-ons

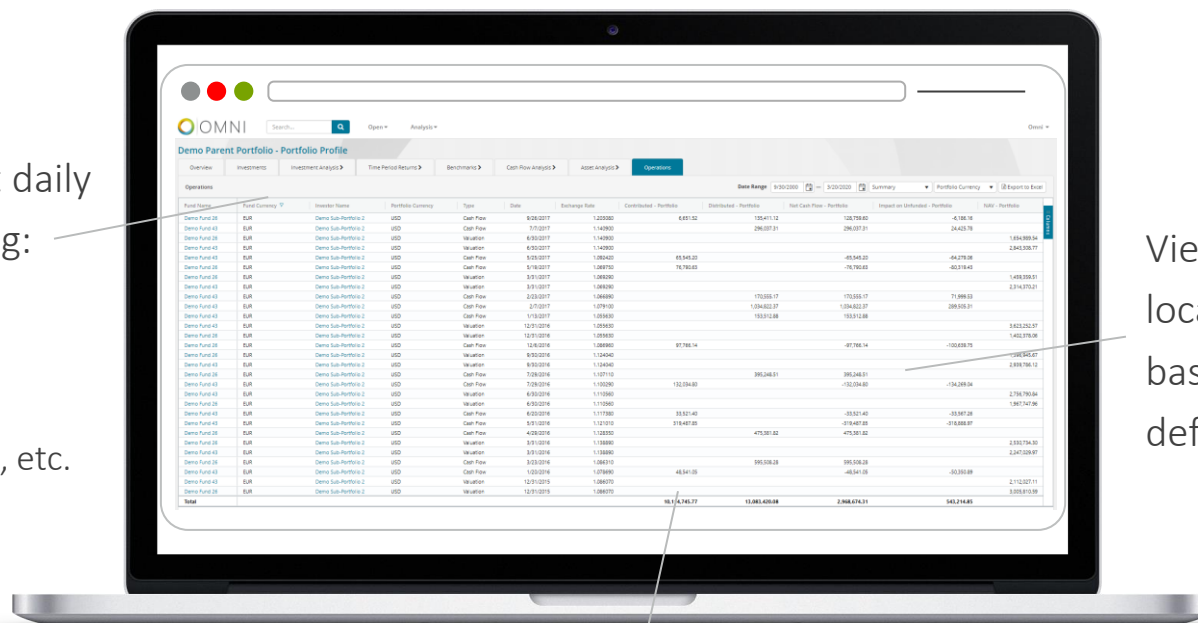
- Leverage StepStone's proprietary Pacing Tool to manage allocation targets and anticipate liquidity needs
- Portfolio Company Performance and Exposure Data
- ESG / Responsible Investment Reporting
- Daily Valuation Engine (DVE) to estimate valuations prior to receiving GP reported market values
- Coming Soon: Operating Metrics

View & Analyze All Investment Operations

Access daily operation details for all of your portfolio investments, inception to-date

View, filter & export daily operations, including:

- Cash flows
- Valuations
- Commitments
- Stock distributions, etc.



View operations in fund/ local currency & portfolio/ base currency; Use Omni default* or custom FX rates

View summarized operations (e.g., called/distributed) or full detail (e.g., called for investments, mgmt. fees, expenses, distributed return of capital, gain, etc.)

*Omni default FX Rate source is Open Exchange Rates Ltd.
For illustrative purposes only and does not constitute investment recommendations.

ODD CAPABILITIES

StepStone Operational Due Diligence Team

DEDICATED ODD PROFESSIONALS



Brad Stehle
Managing Director
Shadmoor Advisors,
Unigestion, Citi
New York



Elizabeth Ferry
Director
Goldman Sachs,
Imprint Capital
La Jolla



Miriam Penney
Vice President
Natwest
Reinsurance, BZW
Dublin



Elham Watson
Vice President
CalPERS, LP Capital
Advisors
La Jolla



Mathew Hartsough
Vice President
UAW Retiree Medical
Benefits Trust, East End
Advisors, CohnReznick,
LLP.
Baltimore



Tom Stratiotis
Senior Associate
Analytical Research,
Cantor Fitzgerald
New York



Justin Woodley
Senior Associate
SS&C Technologies
New York



Kyle Kenyon
Senior Associate
Aberdeen Standard
Investments,
Cambridge Associates
New York



Rory Bradley
Senior Associate
SMT Trustees
Dublin



Chris Danko
Associate
La Jolla



Austin Reinauer
Analyst
New York

SHARED RESOURCES

FINANCE, LEGAL, COMPLIANCE, & IT



Johnny Randel
Partner, CFO
Citi, Private Equity
La Jolla / New York



Christian Frei
Head of Risk
Swiss Federal
Institute of
Technology
Zurich



Sheila Gibson
Partner
Venture Back
Office
La Jolla



Jennifer Ishiguro
Partner, Chief Legal
Officer
Toyota Financial
Services, TCF
Financial
La Jolla



Jeremy Matz
Partner, Tax
J.P. Morgan Chase
& Co.
Zurich



John McGuiness
CCO
Goldman Sachs
New York



Chris Bernadino
Managing Director,
IT
Quinn Emanuel
La Jolla

Best Practices: Industry Resources

INDUSTRY GROUPS

- StepStone participates and engages with numerous industry groups and initiatives focused on Operational Due Diligence in private markets
- StepStone ODD team members regularly attend and deliver industry training on ODD best practices

RESOURCES AVAILABLE TO INVESTORS

Although helpful, these are starting points that still require experienced professionals to be put to work effectively

- ILPA Questionnaire
- IPEV Guidelines
- AIMA Questionnaire
- SBAI Standards
- IMDDA Training

WWW.PRIVATEEQUITYVALUATION.COM



MANAGED FUNDS ASSOCIATION
 The Voice of the Global Alternative Investment Industry

Due Diligence is both a **science** and an **art**; one's approach should always be, “**trust, but verify**”

Operational Due Diligence Principles

The details behind and the approach to ODD continually evolves, but the goal remains the same

OPERATIONAL RISK DEFINITION

- Operational risk arises from the potential for an investment to suffer losses due to inadequate internal processes, people, and systems or external events
- This can include losses arising from fraud, breach of regulation, or operational failures and errors

OPERATIONAL DUE DILIGENCE

- Our process aims to appropriately identify, measure, and assess all relevant operational risks, while remaining aware of the limitations and complexities of different asset classes
- StepStone maintains a process which includes difficult to measure areas, involves judgement, and also captures how practices match up to philosophies

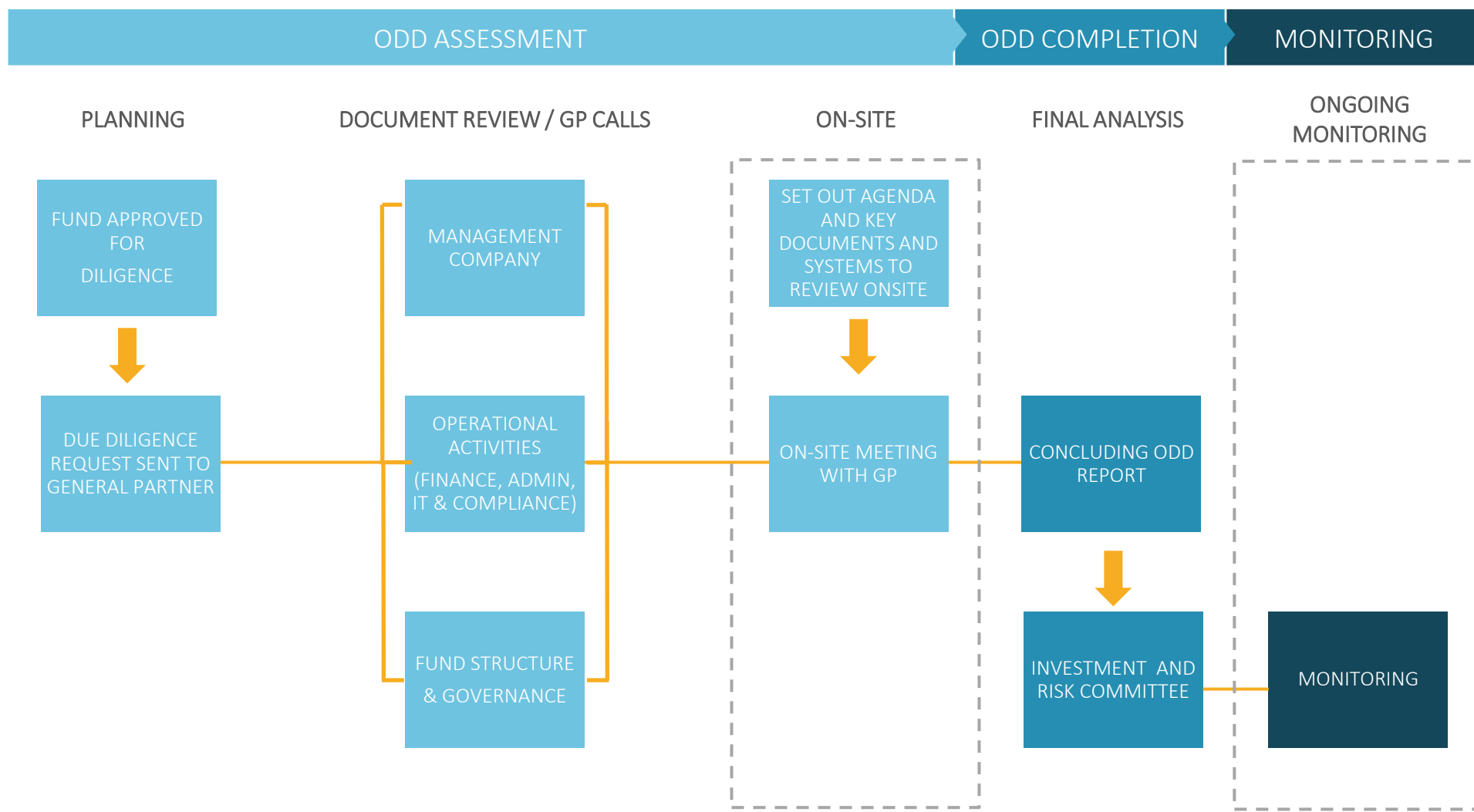
FOUR-EYES PRINCIPLE

- At the core of our assessment is the principle that dual review is essential to proper risk assessment; all work is performed by no less than two ODD analysts, to ensure a “four-eyes principle” approach
- StepStone has a competitive advantage of being able to leverage a platform of 200+ private markets professionals to gain additional perspectives on risk

ASSESSMENT & PROCESS IMPROVEMENT

- The objective of our evaluation is to provide an overall assessment of whether operational risks of an investment opportunity are acceptable and whether controls are generally sufficient and in line with industry standards
- ODD is a continuous improvement process incorporating what we consider best-in-class processes learned through our experience conducting assessments on investment managers in our role as an advisor and investor

Operational Due Diligence Process



Risk-based assessment determines if ODD team will conduct these processes. ODD does not conduct for all diligences.



StepStone Operational Due Diligence Report

ITEMS REQUIRED	RATING	DESCRIPTION
Fund Operations		Summation: It appears that the Firm's fund operations appear to be in line with industry standards, however StepStone notes that the engagement of a third-party fund administrator would elevate the Firm's fund operations to a best practice standard.
Back-Office Team	●	<ul style="list-style-type: none"> - BBP (Bracket Buster Partners"), the investment manager, has a team of approximately 115 professionals that serve in the back-office function, including approximately 40 employees on the Finance and Accounting Team. - The back-office is led by Kyle Guy, CFO of Private Equity and his senior staff including Mamadi Diakite (Controller, Private Equity Finance), Braxton Key (Director, Valuation & Strategic Analysis), Ty Jerome (Director, Taxation) and De'Andre Hunter (Director, GP Finance). - StepStone notes that the members managing the back-office function appear to be qualified.
Front Office/Accounting Systems	●	<ul style="list-style-type: none"> - The Firm utilizes Investran to generate financial statements and limited partner allocations and track the fund's portfolio investment detail. - Waterfall calculations are currently completed in Excel however BBP is in the process of implementing a new system to automate the Firm's waterfall calculations. - The Firm also utilizes iLevel Solutions to store portfolio company level financial data and valuation information used for internal analytics and limited partner reporting.
Fund Administrator	●	<ul style="list-style-type: none"> - BBP performs fund administration internally however noted that it is open to considering the engagement of a third-party fund administrator, which StepStone would view as best practice.
Reconciliations	●	<ul style="list-style-type: none"> - Bank activities are monitored via real time access to Bank of America's CashPro online portal. - Cash reconciliations are prepared monthly by Fund Accounting Associates who do not have wire approval authority. - Cash reconciliations are reviewed and approved monthly by a Senior Associate and/or Manager. - Positions are reconciled on a quarterly basis as a component of the valuations process and independently verified by the auditors on an annual basis.
Capital Call/Distribution Process	●	<ul style="list-style-type: none"> - The CFO meets with the Tax Director weekly to review all completed cash activity and to discuss potential capital calls and distributions. - Investor allocations are prepared in Investran and manual recalculations are performed for independent validation. - The waterfall calculation and supporting documentation is reviewed by Fund Accounting Managers and Controllers. - Capital call and distribution notices are sent to investors via Sungard IDX. - Details contained within the Firm's Capital call and distribution notices are in line with industry standards.

Compliance		Summation: It appears that the Firm has compliance policies and procedures in place that are in line with industry standards.
Compliance Team	●	- The General Counsel & Chief Compliance Officer is supported by a Deputy General Counsel and two Associate General Counsels and three additional professionals.
Compliance Systems	●	<ul style="list-style-type: none"> - The Firm uses the ComplySci compliance system to distribute its updated compliance manual to employees on an annual basis and maintains records for compliance attestations and for logging activities related to such topics as outside affiliations, gifts and entertainment, personal trading and political contributions. - Kroll is utilized by the Compliance Department for AML checks on new investors and for an annual review of existing investors.
Regulatory Registrations	●	<ul style="list-style-type: none"> - SEC: Bracket Buster Partners L.L.C. (CRD# 77 / SEC# 85-OT) effective 1/01/1905 - FCA: Tony Bennett LLP (035-3) effective 1/01/1905
Compliance Manual	●	- StepStone viewed the Firm's Compliance Manual last revised as of February 2018. The manual is in line with industry standards.

Considerations & Mitigating Factors

Self-Administration

There is no independent administrator for Virginia Bracket Buster Fund MMXIX L.P. with the role being performed by the Bracket Buster Partners internal fund administration team. The Firm uses the Investran and PeopleSoft systems for Fund Administration. StepStone consider this as "self-administration" whereas the engagement of a third-party fund administrator would elevate the Firm's fund operations to a best practice standard.

MITIGATING FACTOR:

Experience of the back-office team: The experience of the back-office team and the length of time that the senior members of the back-office team have been at BBP together with the good controls, good processes and good systems that they have in place provides StepStone with enough level of comfort.

Cyber & Information Technology

Both, Riparian and BFML (the "Investment Manager" or "Barak") do not perform intrusion/penetration testing or phishing testing. Additionally, the Firm does not require dual authentication for employees to log in to computers and company systems.

MITIGATING FACTOR:

IT Policies Adopted: BFM and Riparian have developed a Cyber Risk Policy and a Disaster Recovery Plan that are internally tested annually. The latest BCP/DR test occurred in Q3 2018 and uncovered no material deficiencies. Barak and Riparian are planning to implement external checks on their IT infrastructure starting in 2019, including penetration testing.

AML Risk

Strategy attracts a high risk of failure to comply with AML and OFAC sanctions. In addition, there is a risk of trade-based money laundering (lack of information on goods traded and method of transportation). Although the Managers take reasonable steps to alleviate this risk, the risk remains, and ensuing litigation may result in deferred payment.

Scoring Key

● Acceptable	● Acceptable with risk	● Unacceptable	● Information unavailable
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Operational Due Diligence Technology

SPI™

- Searchable database
- Benchmark legal terms
- ODD checklist items
- Project Management

STEPSTONE INVESTOR PORTAL

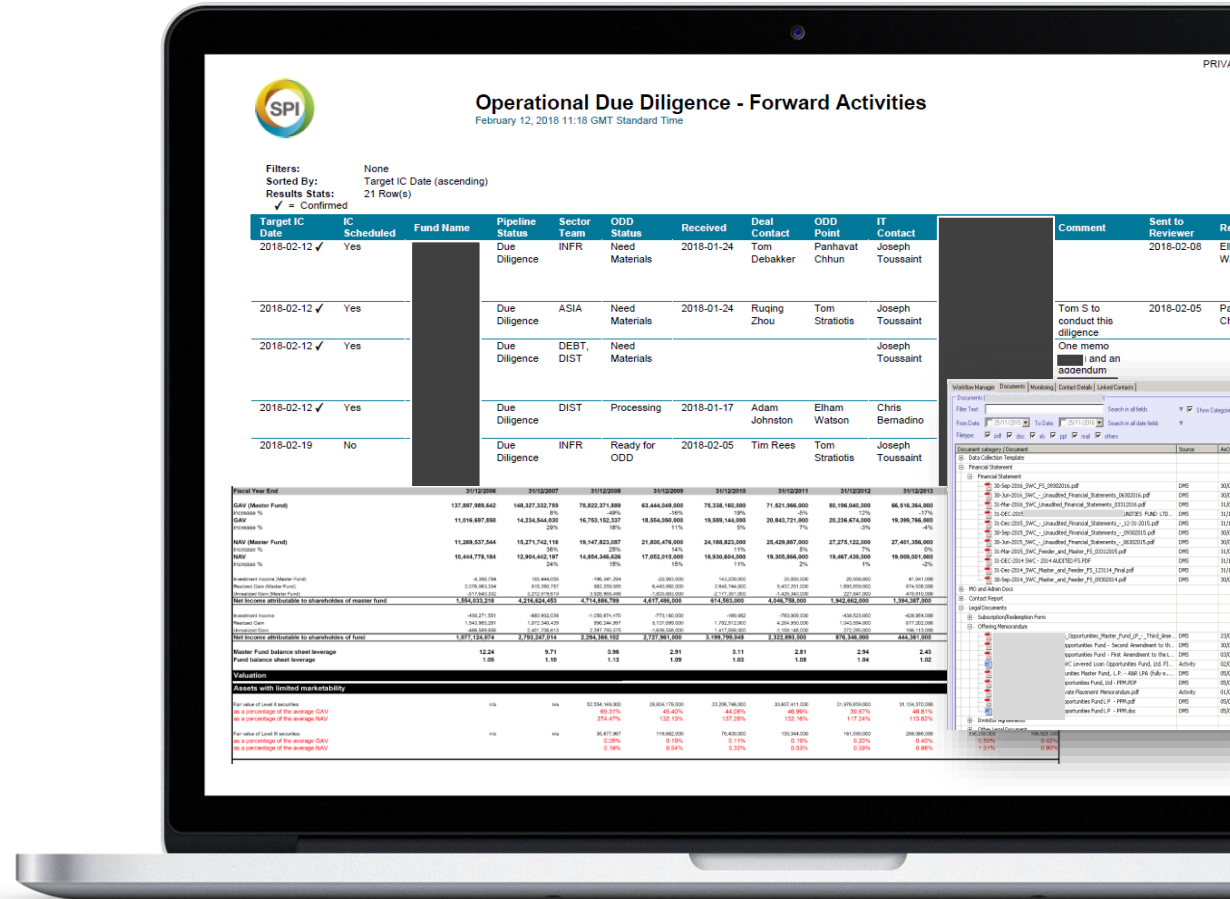
- Storage of documents
- Client access available 24/7

INTERNAL SYSTEMS

- Workflow capabilities & status tracking
- Document centralization
- Data management
- Ongoing monitoring

DILIGENCEVAULT

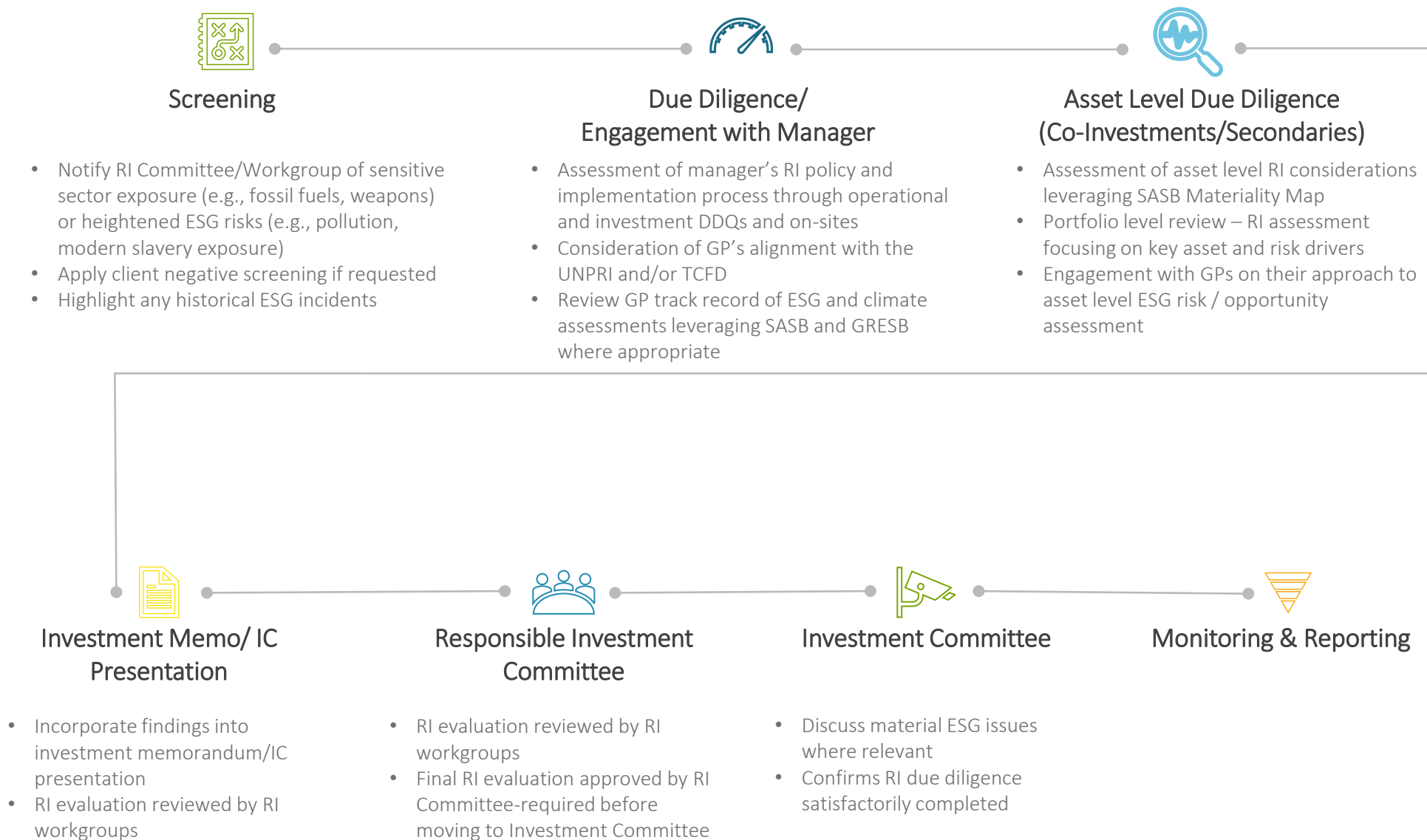
- Digitalized Due Diligence Questionnaire
- Efficient report generator
- Secure audit trail environment
- Ongoing monitoring tool and scheduler
- Digitalized Form ADV module



RESPONSIBLE INVESTING (ESG)

Responsible Investment Process

RI/ESG is embedded through the entire investment process from screening to investment approval

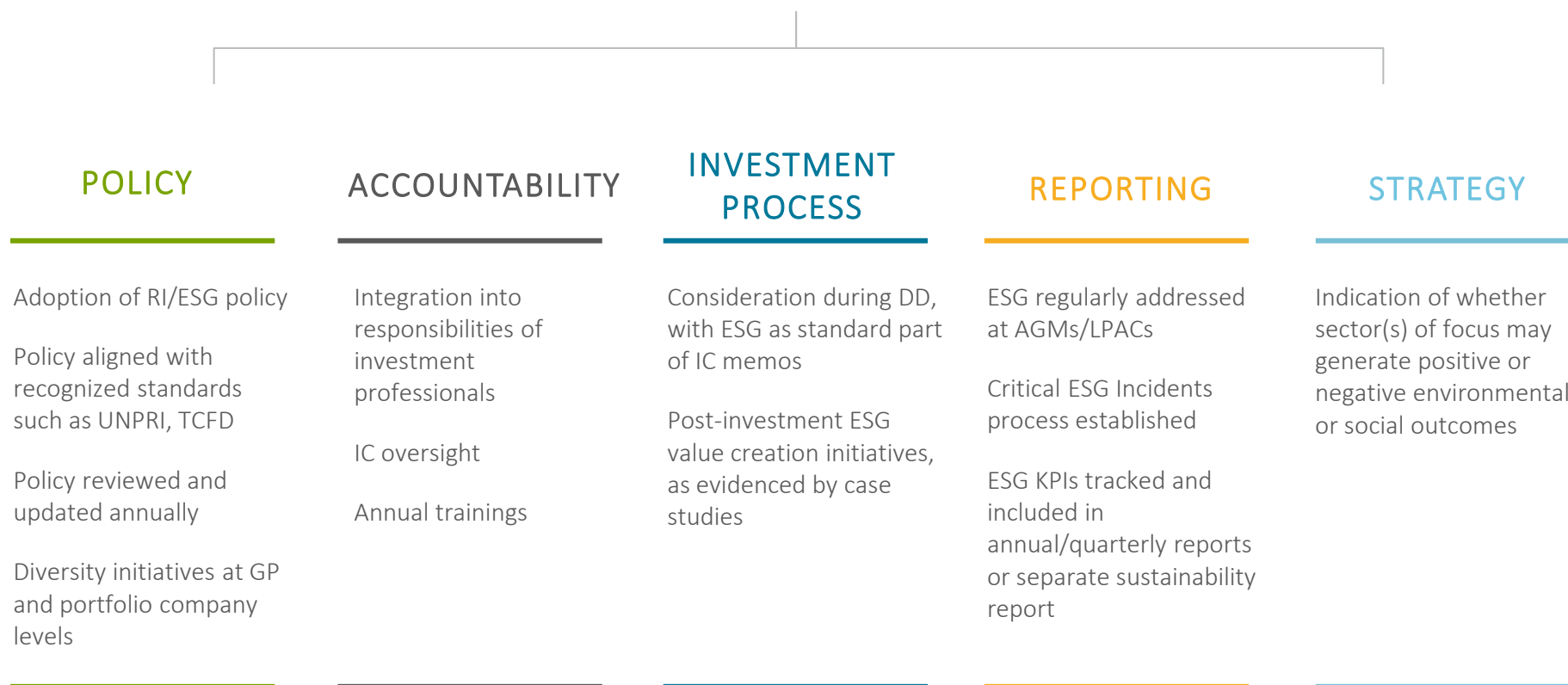




RI Scores in Primary Due Diligence

For primary investments, the due diligence team awards the GP an RI score from 1-4. Scoring aids in peer group analysis as well as monitoring GP progress over time

KEY SCORING AREAS



Selected ESG Case Studies: Overview



RI Policy creation

- Helped newly established European real estate GP develop an official ESG policy prior to making investment
- Engaged with GP to implement a ‘conflicts of interest’ policy to align incentives of board members
- Encouraged and supported a GP to become UNPRI signator



Identification of ESG opportunities

- Invested in water cooler company benefiting from shift from bottled water to filtration POU systems
- Invested in software technology company with “employee first” culture, and strong focus on Inclusion – which is regarded as a competitive advantage in the sector
- Invested in an industrials company forging turbines that resulted in higher energy efficiency



Integration into value creation plans

- Engaged with GP and company management on environmental risks; included in value creation plan senior hire dedicated to environmental impact and workplace safety
- Hired advisor to identify historical management changes as root cause of master tenant’s mediocre rating; monitored improvement post-investment following hire of Chief Nursing Officer
- Drove adoption of emissions measurement and targeting (carbon footprinting) in agriculture investment resulting in further operational efficiency



Support of ESG initiatives expected to add value at exit

- As a condition for selling residential site which was to be redeveloped; we required the development of alternative accommodation for residents that would be required to relocate. Involved extensive community and council engagement
- Supported drinks bottler in increasing use of recycled material despite rise in polyethylene terephthalate (PET) prices
- Supported the development of a dedicated water treatment plant and water efficiency measures in airport investment

TECHNOLOGY

Information Technology Team



Christopher Bernadino
Managing Director
La Jolla



Kevin Shah
Sr. Systems Administrator
La Jolla



Joseph Toussaint
Sr. Network Engineer
New York



John White
Desktop Support Manager
Dublin



David Herrera
Information Sec Eng
La Jolla



Vinay Bharadwaj
Systems Administrator
London



Arturo Ibarra
Systems Analyst II
La Jolla



Kingsley Lasbrey
Systems Analyst II
New York



David Lawrence
Systems Analyst II
La Jolla



Don Ogboi
Analyst
Zurich

Business Continuity/Disaster Recovery Plan

Internal Recovery

- Critical systems backed-up daily
- Data centers in California, Oregon, and Virginia
- Offsite storage of data
- Multiple ISPs at all sites

External Recovery

- Storage of backup data and systems
- Cross-site data replication
- Remote access
- Phone availability

Third-Party Service Providers

- Alternate Business Location
- Operating Procedures during significant business interruption
- Communication with employees and use of Preparis, Inc.
- Extended office outages
- Communications with third parties

Additional Areas

- Loss of key personnel
- Annual review of BC/DR Plan
- VPN/remote access constantly tested
- StepStone review of third-party service providers' BC/DR Plan

Our plan seeks to recover core business procedures internally, and guard against large scale disasters causing significant business interruption





Risks and Other Considerations

Risks Associated with Investments. Identifying attractive investment opportunities and the right underlying fund managers is difficult and involves a high degree of uncertainty. There is no assurance that the investments will be profitable and there is a substantial risk that losses and expenses will exceed income and gains.

Restrictions on Transfer and Withdrawal; Illiquidity of Interests; Interests Not Registered. The investment is highly illiquid and subject to transfer restrictions and should only be acquired by an investor able to commit its funds for a significant period of time and to bear the risk inherent in such investment, with no certainty of return. Interests in the investment have not been and will not be registered under the laws of any jurisdiction. Investment has not been recommended by any securities commission or regulatory authority. Furthermore, the aforementioned authorities have not confirmed the accuracy or determined the adequacy of this document.

Limited Diversification of Investments. The investment opportunity does not have fixed guidelines for diversification and may make a limited number of investments.

Reliance on Third Parties. StepStone will require, and rely upon, the services of a variety of third parties, including but not limited to attorneys, accountants, brokers, custodians, consultants and other agents and failure by any of these third parties to perform their duties could have a material adverse effect on the investment.

Reliance on Managers. The investment will be highly dependent on the capabilities of the managers.

Risk Associated with Portfolio Companies. The environment in which the investors directly or indirectly invests will sometimes involve a high degree of business and financial risk. StepStone generally will not seek control over the management of the portfolio companies in which investments are made, and the success of each investment generally will depend on the ability and success of the management of the portfolio company.

Uncertainty Due to Public Health Crisis. A public health crisis, such as the recent outbreak of the COVID-19 global pandemic, can have unpredictable and adverse impacts on global, national and local economies, which can, in turn, negatively impact StepStone and its investment performance. Disruptions to commercial activity (such as the imposition of quarantines or travel restrictions) or, more generally, a failure to contain or effectively manage a public health crisis, have the ability to adversely impact the businesses of StepStone's investments. In addition, such disruptions can negatively impact the ability of StepStone's personnel to effectively identify, monitor, operate and dispose of investments. Finally, the outbreak of COVID-19 has contributed to, and could continue to contribute to, extreme volatility in financial markets. Such volatility could adversely affect StepStone's ability to raise funds, find financing or identify potential purchasers of its investments, all of which could have material and adverse impact on StepStone's performance. The impact of a public health crisis such as COVID-19 (or any future pandemic, epidemic or outbreak of a contagious disease) is difficult to predict and presents material uncertainty and risk with respect to StepStone's performance.

Taxation. An investment involves numerous tax risks. Please consult with your independent tax advisor.

Conflicts of Interest. Conflicts of interest may arise between StepStone and investors. Certain potential conflicts of interest are described below; however, they are by no means exhaustive. There can be no assurance that any particular conflict of interest will be resolved in favor of an investor.

Allocation of Investment Opportunities. StepStone currently makes investments, and in the future will make investments, for separate accounts having overlapping investment objectives. In making investments for separate accounts, these accounts may be in competition for investment opportunities.

Existing Relationships. StepStone and its principals have long-term relationships with many private equity managers. StepStone clients may seek to invest in the pooled investment vehicles and/or the portfolio companies managed by those managers.

Carried Interest. In those instances where StepStone and/or the underlying portfolio fund managers receive carried interest over and above their basic management fees, receipt of carried interest could create an incentive for StepStone and the portfolio fund managers to make investments that are riskier or more speculative than would otherwise be the case. StepStone does not receive any carried interest with respect to advice provided to, or investments made on behalf, of its advisory clients.

Other Activities. Employees of StepStone are not required to devote all of their time to the investment and may spend a substantial portion of their time on matters other than the investment.

Material, Non-Public Information. From time to time, StepStone may come into possession of material, non-public information that would limit their ability to buy and sell investments.



Real Estate Consultant Search Semi-Finalist Presentation to
Los Angeles City Employees' Retirement System

PROPRIETARY & CONFIDENTIAL
April 2022

LACERS Consulting Team



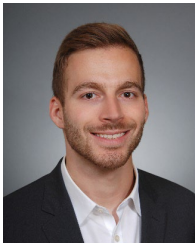
Chae Hong, Partner

Chae Hong is a Partner in the Townsend Group's Advisory practice and based in San Francisco. He leads real estate consulting relationships for a select number of retainer and project clients.

He joined the predecessor firm (Aon) in 2010 and has over 20 years of real estate industry experience. His experience includes real estate market research, manager research, direct property underwriting, and has consulted or advised on over \$10 billion of institutional real estate. Mr. Hong has also sourced and performed due diligence on core, value added, and opportunistic real estate opportunities both domestically and internationally. He has held senior positions with notable firms such as Callan Associates, Cliffwater and RREEF.

He holds a BA and MBA degree from the University of California, Los Angeles.

Industry Experience: 23 years
Aon/Townsend Tenure: 12 years



Felix Fels, Associate Partner

Felix Fels joined Townsend in 2015 and currently works as an Associate Partner in San Francisco. Mr. Fels is involved in portfolio management for \$1.5 billion of discretionary real estate assets under management and investment advisory for clients totaling \$30 billion of real estate allocations. His responsibilities include strategic and investment planning, portfolio management, investment due diligence and execution, portfolio analytics and performance reporting. Mr. Fels was temporarily based out of Townsend's London office to assist with European investment efforts and client relationships before returning to Townsend's San Francisco office.

Prior to joining Townsend in 2015, Mr. Fels interned for IDS Real Estate Group in Los Angeles and DWS Group in Frankfurt, Germany, where he assisted with macro research and portfolio management of multi-asset strategies.

Mr. Fels graduated magna cum laude with a BA in Economics from Occidental College, where he managed part of the college's endowment in an equities and fixed income portfolio for two years.

Industry Experience: 7 years
Townsend Tenure: 7 years



Jamari Omene-Smith, Analyst

Jamari Omene-Smith joined The Townsend Group in July 2021 as an Analyst within the Advisory Group. Jamari's responsibilities include portfolio analytics, investment recommendations and performance monitoring for Townsend's West Coast clients.

Prior to joining Townsend in 2021, Mr. Omene-Smith worked in the Fixed Income team as an Analyst for Ellwood Associates as part of their Advisory division.

Mr. Omene-Smith holds a BA in Economics from the University of Illinois Urbana-Champaign.

Industry Experience: 4 years
Townsend Tenure: <1 year

Global Real Estate Investment Platform

GLOBAL REAL ASSETS PLATFORM

\$137.9B AUA | **\$21.6B** AUM | **6** offices | **119** Professionals | **35** Years Real Assets Experience

REAL ESTATE INVESTMENT & ADVISORY PLATFORMS

- Diverse institutional client base spanning \$137.9 billion of Advised Assets and \$21.6 billion of AUM
- Comprehensive global experience across sectors, regions and strategies
- Leveraging Aon’s global network to further enhance scale and influence

INFORMATION ADVANTAGE

- Leveraging 350+ annual manager meetings, 3,000+ client RE positions, and 100+ fund Advisory Board seats

FRIENDLY, NON-COMPETITIVE CAPITAL PARTNER

- Viewed strategically by partners and managers

DEAL SOURCING ADVANTAGE

- Direct deal sourcing from over 500+ groups
- Highly selective of global opportunities
- Ability to pivot globally without “footprint bias”
- Seek to leverage scale and influence for attractive deal terms



The Townsend Group: Platform Overview

\$137.9 B OF AA & \$21.6B OF AUM ACROSS 108 CLIENT MANDATES⁵

119 PROFESSIONALS ACROSS 6 OFFICES

	ADVISORY SOLUTIONS	INVESTMENT MANAGEMENT SOLUTIONS		
		Separately Managed Accounts (Global Diversified)	TREA Strategy (Global Non-Core)	Core-Plus Strategy (U.S. Core)
Inception	1986	1996	2007	2010
Strategy	Custom	Custom	Global Non-Core	U.S. Core-Plus
AUM / AUA	\$144.6B	\$15.9B ³	\$3.7B ²	\$677.6 MM ²
S.I. Net Return	NA	NA	15.9% ¹	12.5% ⁴
# Mandates	41	51	11	1*

With respect to primary fund investments in pooled funds, Townsend attempts to secure a sufficient amount of allocation to satisfy the demand of all interested client portfolios. In most cases, where client portfolio demand for a pooled fund exceeds the available allocation, Townsend's clients are generally subject to allocation determinations that are made by the manager of the fund. As a result, Townsend generally does not make allocation decisions with respect to pooled fund investments unless a unique opportunity is oversubscribed, and/or the underlying manager will not make the allocation decision. In such an event, generally all eligible clients would have their allocations cut back proportionally based on the portfolio managers' original target indication of interest.

¹Net IRR is the net return earned by an investor over a particular time frame, including the performance of both realized and unrealized investments, at fair value.

²Reflects committed capital as of 3Q21 in USD.

³Managed Solution AUM

TREA Strategy (Global Non-Core) returns, AUM are as of 3Q21; Core-Plus Strategy (U.S. Core) returns, AUM are as of 3Q21, Separate Account AUM is as of 1Q21. The value of unrealized investments is subject to change.

⁴Since Inception Net Time Weighted Return

The number of unique clients would be less than the number of mandates as a single client could participate in multiple strategies. Time periods noted may differ, however the dates shown represent most recent data available.

⁵As of September 30, 2021, Townsend had assets under management of approximately \$21.6 billion; and provided advisory services to clients who had real estate/real asset allocations exceeding \$137.9 billion. Please refer to back pages for additional disclosures and definitions. Employee numbers as of February 2022.

Townsend's views are as of this date of this publication and may be changed or modified at any time without notice. Past performance is not indicative of future results.

*A second strategy designed specifically for ERISA investors was launched on December 3, 2018, with total commitments of \$208.5 million and a since inception net time weighted return of 21.1%.

Customized Investment Solutions

A CORE SET OF INVESTMENT SKILLS USED TO CREATE CUSTOM REAL ASSET SOLUTIONS



Townsend Global Investment Platform

COMPREHENSIVE GLOBAL REAL ASSET COVERAGE WITH DEEP REGIONAL AND SECTOR EXPERTISE



¹ Senior Advisor to The Townsend Group

*Individual may support both client and research functions or other responsibilities on an ongoing basis.

Updated February 2022

Commitment to Diversity and Mentorship

Townsend is committed to creating an inclusive and diverse culture where everyone has opportunities for growth and development

- Examples of organizations we have supported and worked with:
 - The Toigo Foundation
 - SEO
 - United Cerebral Palsy
- In active discussions with a program providing mentorship and teaching financial literacy to students from underserved communities

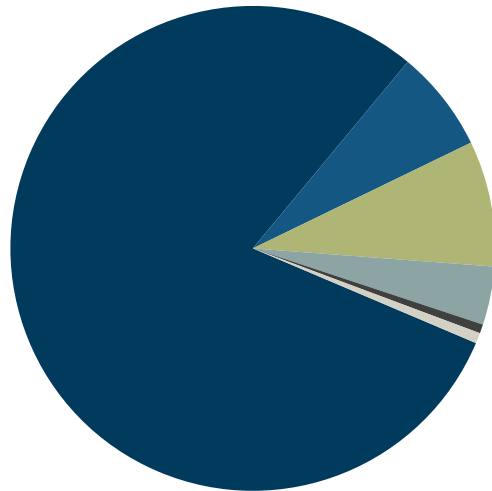
Continue to leverage and incorporate Aon's initiatives regarding diversity, equity and inclusion

- Aon Board of Directors formed Inclusion and Diversity sub-committee to oversee company-wide D&I strategy, initiatives, policies, practices and progress
- Received score of 100% for fourteen consecutive years on Human Rights Campaign Foundation's 2020 Corporate Equality Index
- Required inclusion and diversity training for all people leaders
- Aon CEO Greg Case Recognized as Top Ally on INvolve OUTstanding LGBT+ Ally Executives List

Advisory Solutions Overview

DEDICATED CONSULTANT WITH \$137.9B IN ADVISED ASSETS

ADVISED ASSETS AS OF 3Q21 \$137.9 B



- Public Pension 80%
- Private Pension 7%
- Sovereign Wealth Fund 8%
- Superannuation Fund 4%
- HNW <1%
- Foundation/Endowment <1%

TOWNSEND REPRESENTATIVE CLIENTS

- Pensioenfonds UWV
- New York State Common Retirement Fund
- American Electric Power
- Large U.S. Corporate Plan*
- University of California
- Children's Hospital of Philadelphia
- Australian Superannuation Plan*

* Contract requires confidentiality

Townsend Global Capital Scale and Influence

MORE THAN \$202.2 BILLION OF CAPITAL INVESTED OR COMMITTED SINCE 2004



Source: The Townsend Group. Data as of 3Q21.

Townsend's views are as of this date of this publication and may be changed or modified at any time without notice. Actual results and developments may differ materially from those expressed or implied herein. Past performance is not indicative of future results.

Townsend Investment Advantage – Platform

A GLOBAL PLATFORM | INFORMATION AND ACCESS | EXTENSIVE DEAL SOURCING NETWORK | TIMELY EXECUTION

Access to Specialized Global Opportunities

- A robust pipeline across Americas, Europe, and Asia

Enhanced Governance and Control

- Negotiating key deal terms, advocating for investors

Mitigating the J-Curve

- Seek embedded value and high cash-on-call returns

Attractive Fee Terms (see example)

- Negotiations lead to improvement in gross-to-net spread
- Operator focus helps to eliminate double promote

Investment Track Record

- Creating investment value over time

Townsend Client Fee Negotiations – Recent Examples	Example I	Example II
Fund Fee for \$25 million investor	1.50%	1.75%
Townsend Negotiated Asset Management Fee	1.15%	1.10%
Total Fee Savings	.35%	.65%
Townsend Client Annual Fee Savings (\$25 M Investor)	\$87,500	\$162,500
Townsend Client Cumulative Fee Savings (\$25 M Investor; 8 Year Fund Life)	\$700,000	\$1,300,000

Townsend's Real Estate Philosophy and Approach

PHILOSOPHY

- Develop highly customized investment solutions for each client depending on client's needs and goals
- Investment decisions should be supported by sound theory and empirical evidence
- Investment policy and asset allocation are the primary determinants of long-term performance
- Risks within an investment program should be well understood and measured
- Investors that maintain a long-term perspective have an advantage over others

APPROACH

- Partner with clients. Operate as an extension of staff to understand evolving needs
- Consultatively arrive at an appropriate long-term strategy by understanding client's asset class goals and risk tolerances
- Construct a real estate portfolio using target allocations that are aligned with Townsend's best ideas and our client's policy guidelines
- Provide ongoing education and policy review

Townsend Execution

RESEARCH, STRATEGY, FUND SELECTION AND MONITORING



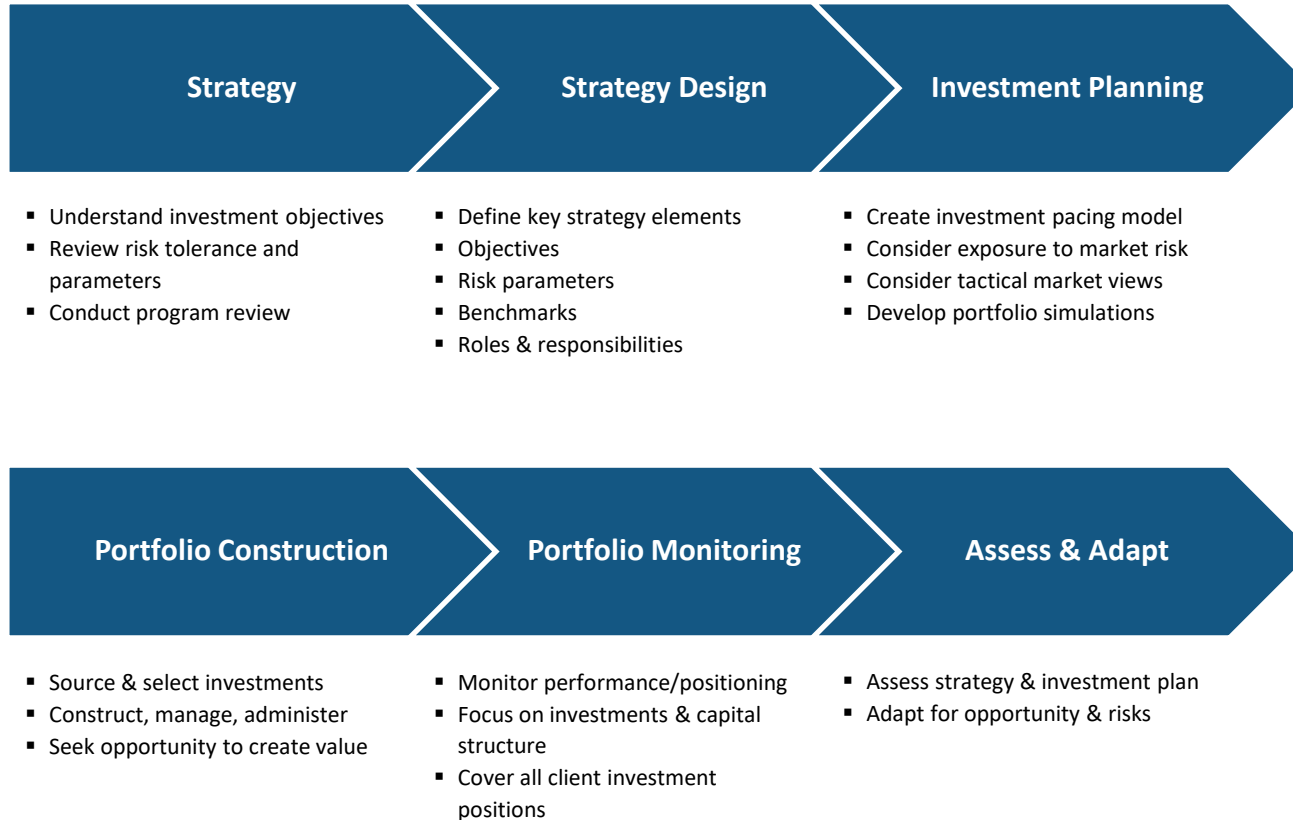
Informed Perspective

A GLOBAL INVESTMENT THESIS INFORMS RESEARCH, SELECTION AND PORTFOLIO CONSTRUCTION



Strategic and Investment Planning

CONSTRUCT AND MANAGE A CUSTOM REAL ASSET INVESTMENT PROGRAM



Townsend Regional and Sector Specialists

North America

Jay Long
John Schaefer
Scott Booth
Tony Pietro
Dan O'Connell
Jose Calderon

Scott Miller
Chris Cunningham
Adam Orlansky
Zane Hemming
Dan Ryder
Khalil Clements

Europe

Morgan Angus
Laurie Woolmer
Oliver Hamilton
Lawrence Thomas
Myles Grover
Will Thompson
Mayte Aragon

Nick Duff
David Dix
George Fenton
Saran Satefanen
Vuong Ngo
James Kipling
Stavroula Tsakalakou

Latin America

Mike Golubic
Chris Cunningham
Nima Edalatjavid

Public Markets

Prashant Tewari

Asia Pacific

Joseph Tang
Henry Chia
Phillip Yim
Don Shin

Min Lim
Gordon Yu
Suzy Ji
Paul Sohn

Special Situations Investing

John Schaefer
Min Lim
Jeff Barone
Adam Orlansky
Tod Akovic
Henry Chia
Brian Booth
Paul Sohn

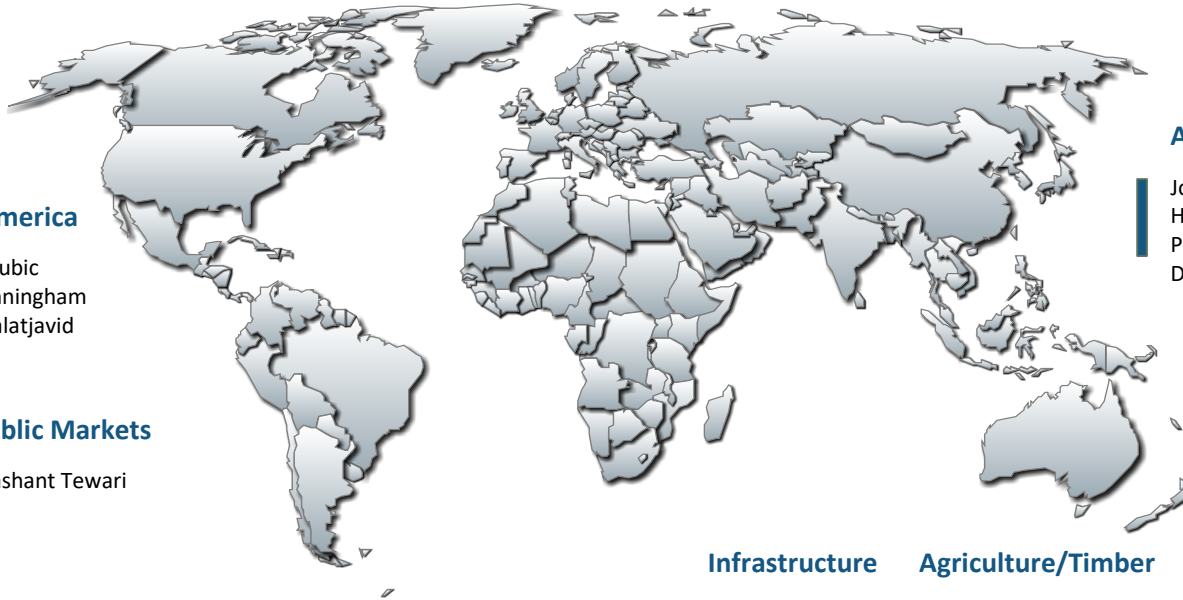
Scott Miller
Laurie Woolmer
Patrick Callam
Nicola King
James Kipling
Dilon Glasko
Mayte Aragon

Infrastructure

Mike Golubic
Karen Rode
Iftikhar Ahmed
Morgan Angus
Nick Duff

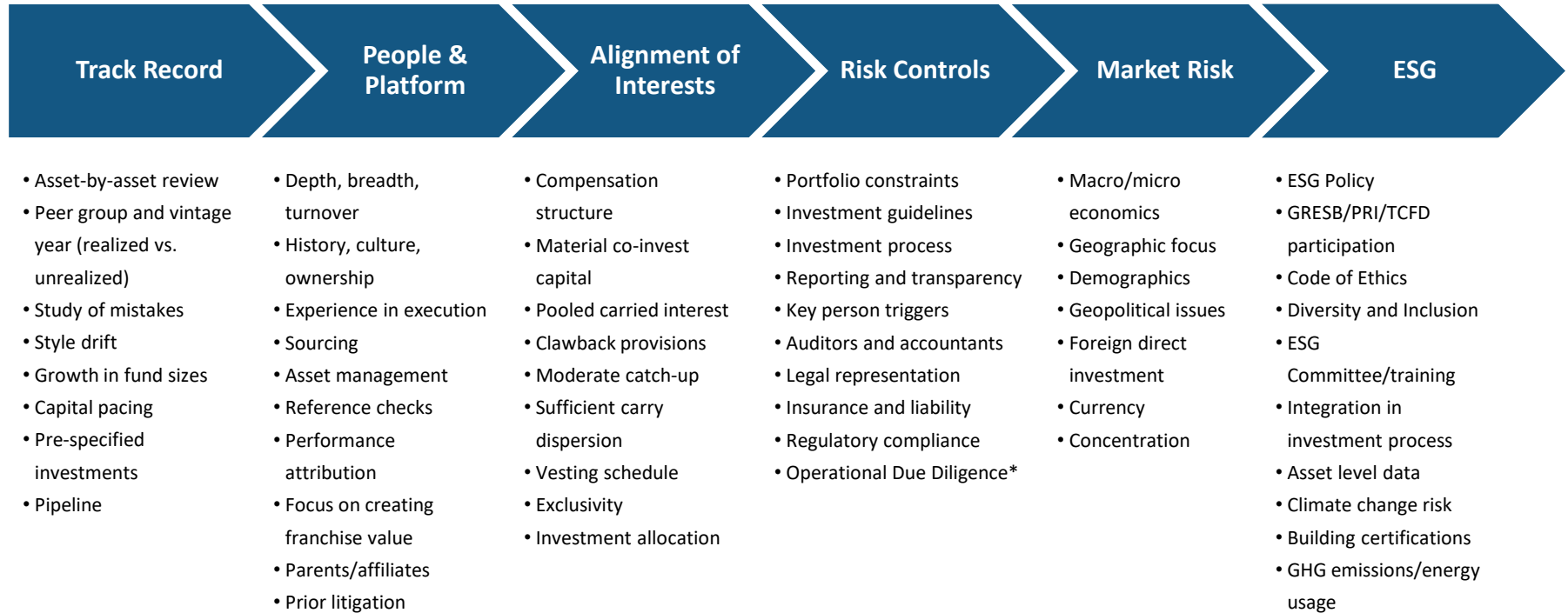
Agriculture/Timber

Chris Cunningham
Kevin Rivchun
Prashant Tewari
Nima Edalatjavid



Due Diligence and Underwriting

RIGOROUS, SYSTEMATIC ANALYSIS YIELDS BETTER CLIENT OUTCOMES

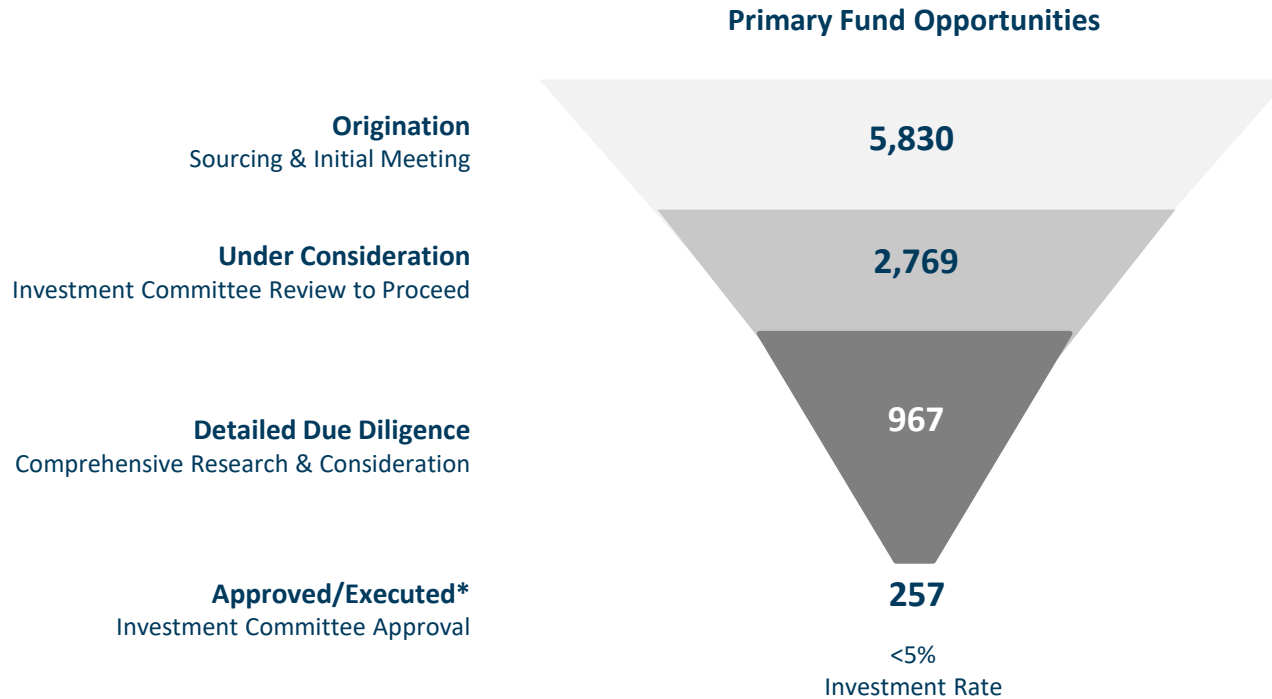


*Operational due diligence is conducted by Aon's fully independent Operational Risk Solutions and Analytics ("ORSA") group. Townsend's views are as of the date of this publication and may be changed or modified at any time and without notice.

Townsend Due Diligence & Underwriting Process

DISCIPLINED SELECTION DRIVES VALUE IN FUND AND DIRECT INVESTING

Robust Pipeline | Specialized Deal Access And Sourcing



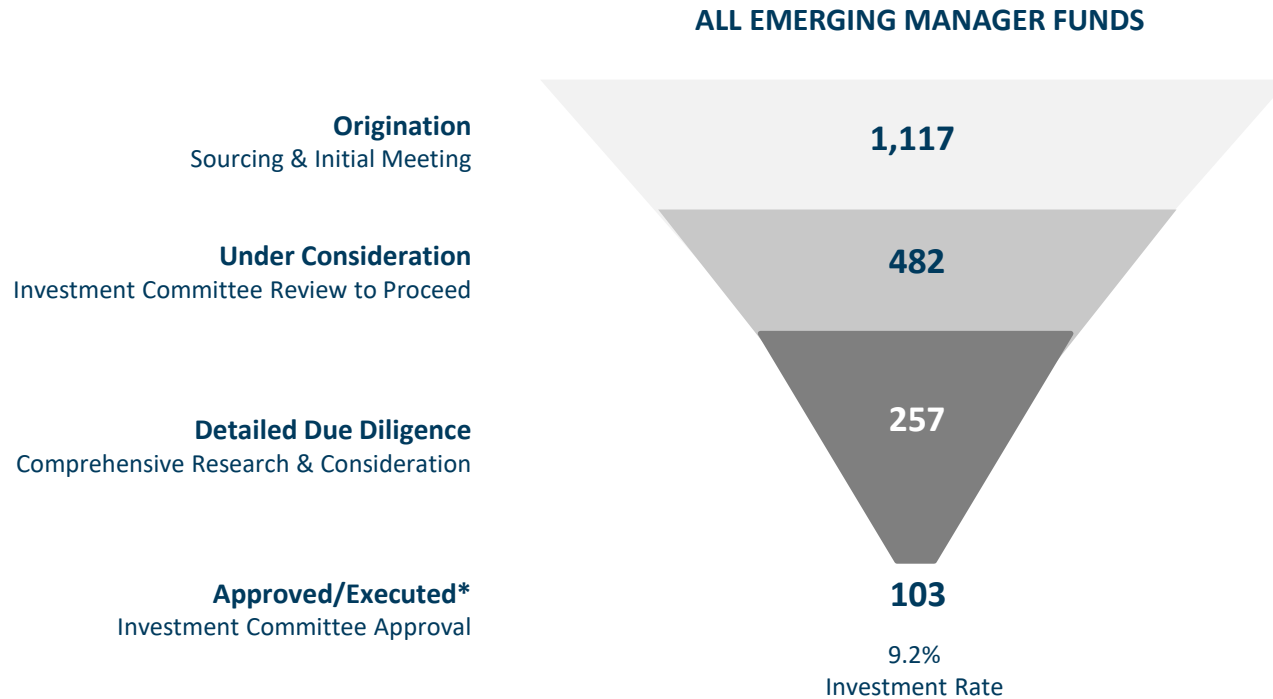
*Includes discretionary best ideas approvals. Non-discretionary client specific approvals are not included.
Source: The Townsend Group. Data from 2007-3Q21

Townsend's views are as of this date of this publication and may be changed or modified at any time without notice. Actual results and developments may differ materially from those expressed or implied herein. Past performance is not indicative of future results.

Townsend Emerging Manager Execution - Due Diligence Selectivity

DISCIPLINED SELECTION DRIVES VALUE IN FUND AND DIRECT INVESTING

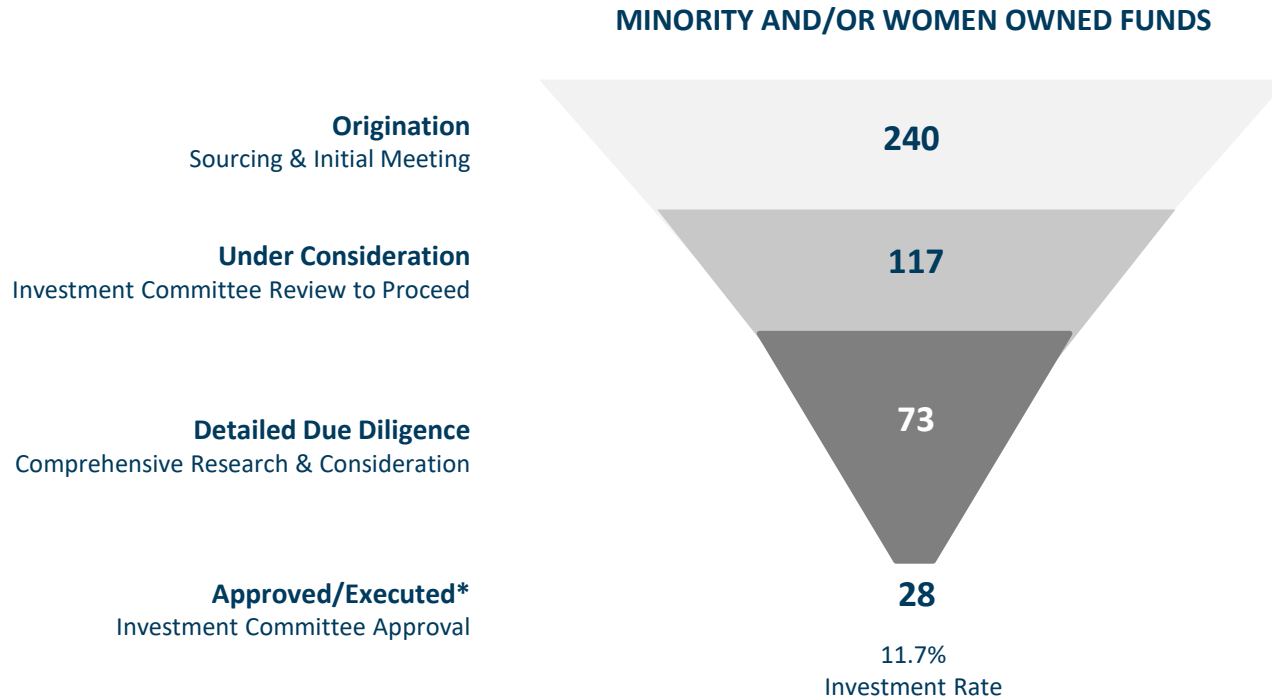
Robust Pipeline | Specialized Deal Access And Sourcing



Townsend Emerging Manager Execution - Due Diligence Selectivity

DISCIPLINED SELECTION DRIVES VALUE IN FUND AND DIRECT INVESTING

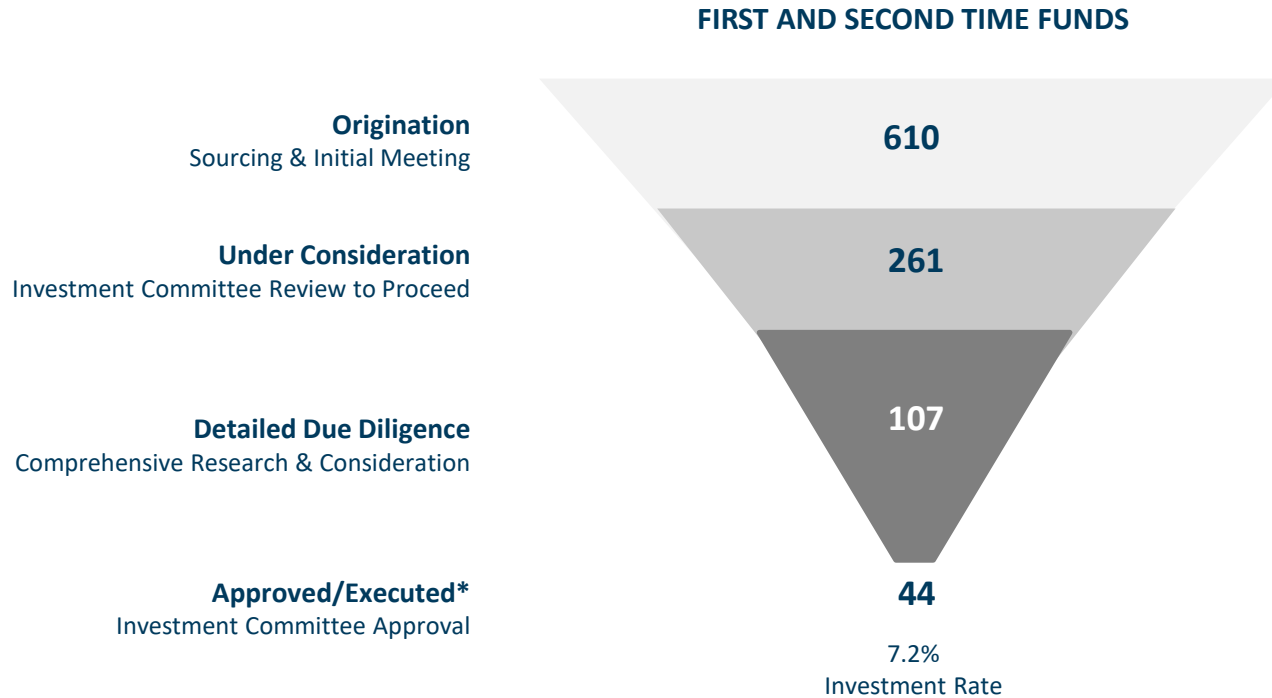
Robust Pipeline | Specialized Deal Access And Sourcing



Townsend Emerging Manager Execution - Due Diligence Selectivity

DISCIPLINED SELECTION DRIVES VALUE IN FUND AND DIRECT INVESTING

Robust Pipeline | Specialized Deal Access And Sourcing



Townsend Emerging Manager Capabilities - Invested Capital

CLIENT CAPITAL INVESTED OR COMMITTED TO REAL ESTATE/REAL ASSETS SINCE 2004



Emerging Manager Sourcing Process

Townsend focuses on identifying emerging managers during its sourcing and monitoring process.

- Network and establish new relationships through regular sourcing channels, outreach and conference attendance
- Involvement in real estate and other professional organizations (such as Toigo, NASP, NAST, REEC, NAA, ULI and ICSC)
- Seek new opportunities that align with Townsend's View of the World
- Uncover experienced niche operating partners interested in raising third-party capital
- Oversight and management of dedicated Emerging Manager programs across the firm
- Maintain active pipeline of Emerging Manager candidates
- Share insights into "Best Practices" from ongoing oversight of over 3,000 client fund positions and continuous due diligence with emerging managers
- Actively vet new owner/operators as potential Emerging Manager candidates
- Townsend's parent company Aon engages in additional emerging manager efforts across other asset classes
- Aon is also a founding member of the Institutional Investor Diversity Cooperative (IIDC) and a member of The Diversity Project

Real Asset ESG Considerations

Townsend And ESG

- Townsend is committed to engaging with the industry at large on sustainability initiatives to understand how they may impact real estate performance at the investment and portfolio level. Townsend became an early signatory to the UN Principles of Responsible Investment (PRI) in 2010 and was an active Advisory Board member to the Global Real Estate Sustainability Benchmark (GRESB), fulfilling an initial five-year term in 2019. In 2016, Townsend's efforts were recognized by GRESB and the US Green Building Council when Townsend was awarded the GRESB Investor Leadership award.
- In 2018, Townsend's Real Asset ESG Team joined forces with the broader Responsible Investment team at Aon. In 2019, Aon & Townsend completed a joint submission to the PRI for the 2018 reporting period, which will continue going forward. Going forward, Townsend's PRI Signatory responsibilities will be completed under Aon Hewitt and Townsend will maintain its relationship with GRESB. Townsend's team is led by Jay Long and includes other professionals from Townsend's global offices. The team focuses on the incorporation of ESG in the due diligence and client reporting process. The team also participates in ESG industry events and organizes periodic internal education sessions.
- Townsend has taken steps to integrate analysis of ESG issues into its due diligence efforts and to use its relationships and indirect ownership positions to engage in dialogue with the entities in which our clients invest. All employees of the firm are responsible for raising the awareness ESG issues in real estate by asking questions throughout the due diligence process and sharing findings with others.

SCREENING AND DUE DILIGENCE ACTIVITIES

- Identify issues relating to ESG prior to making commitments (incorporated via Townsend's standard DDQ and OECF questionnaire).
 - Government and regulatory policy
 - Social and industrial relations issues
 - Environmental performance variables
 - Health and Safety issues (Infrastructure)
- Procure due diligence from experts where these risks have potential to impact value.
- Establish an upfront governance and reporting framework to enable ongoing monitoring of ESG issues after an investment is made.

INVESTMENT OVERSIGHT

- Monitor and manage ESG factors for the duration of investment
- Use of governance rights to actively engage with management on important issues that may impact performance.
- Townsend implemented a report and rating system for several clients interested in understanding how investment managers are incorporating ESG into their real estate portfolio investments; for these clients we typically carry out an annual ESG audit .
- For client portfolio assessment, there are tools available to Townsend employees and Townsend clients through Townsend's relationship with GRESB.

LACERS Portfolio Overview

IC Meeting: 4/12/22
Item IV
Attachment 2

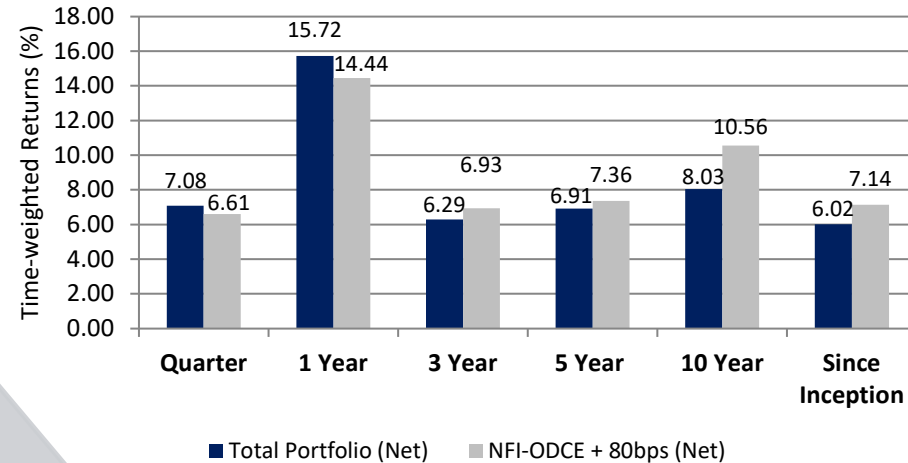


LACERS Real Estate Portfolio Overview

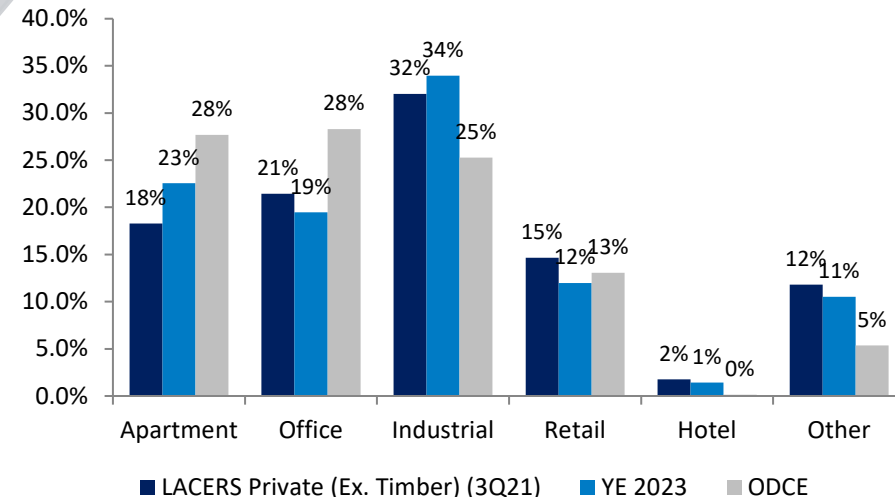
LACERS Real Estate Portfolio is well-positioned:

- \$1bn program with 35 partner managers and 43 investment accounts
- Focus on established specialists where possible
- Below target allocation but with significant dry powder
- Improving relative performance
- Well-positioned by property type
- Significant fee savings boosting net returns

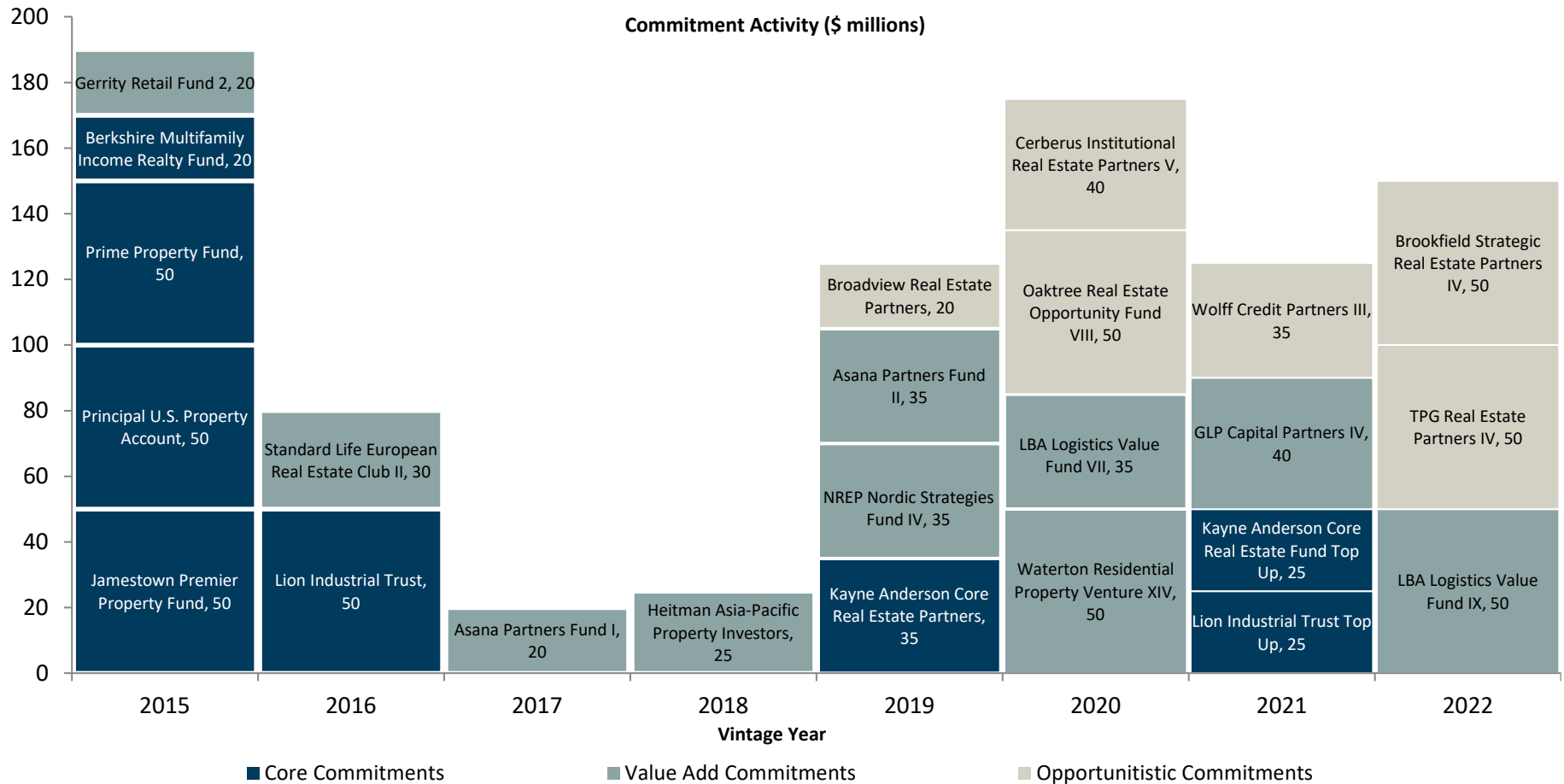
LACERS Total Real Estate Portfolio vs. NFI-ODCE + 80 bps
As of 9/30/21



Private Real Estate Exposure - Property Type Diversification
Private Portfolio (Ex. Timber) as of 9/30/21



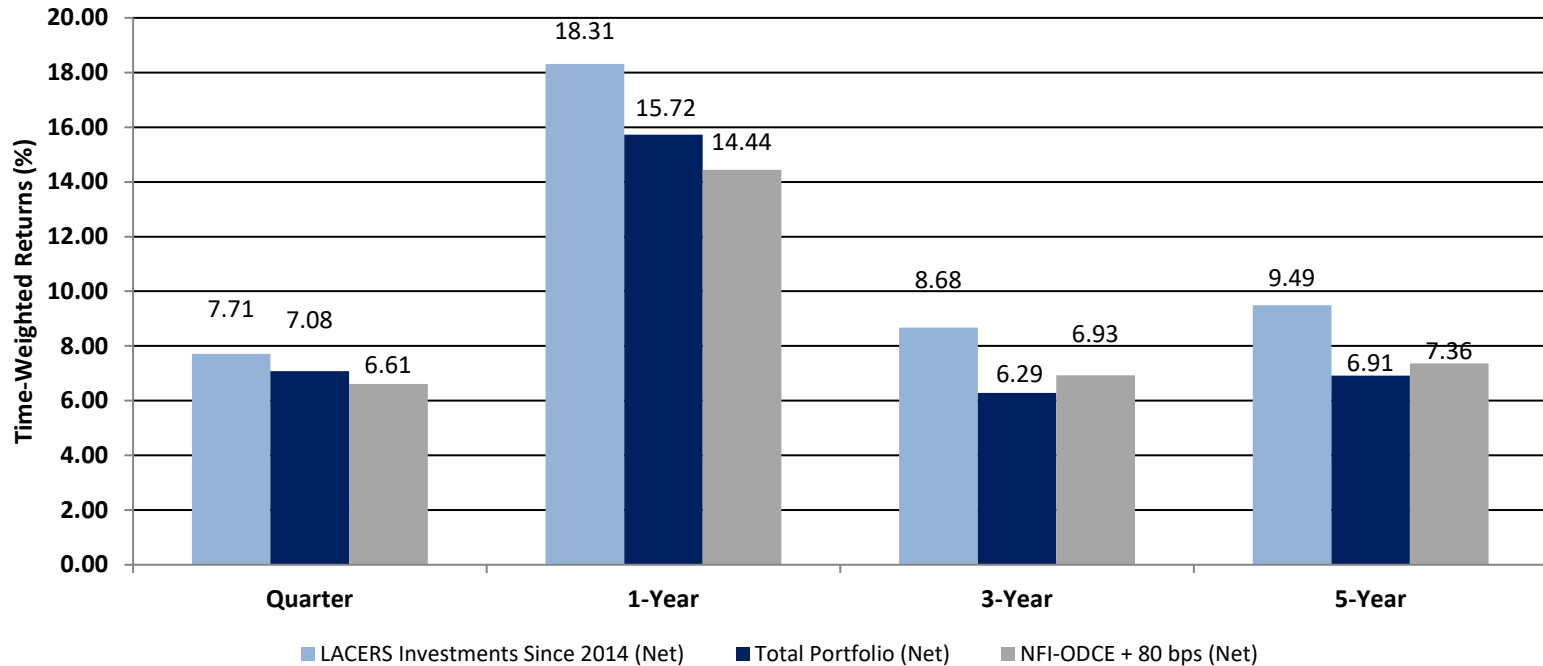
LACERS Investments Since 2014 Repositioned Portfolio



- Improved Diversification of the Core Portfolio by adding six funds including sector specialists to a Core Portfolio previously consisting of only two open-end funds: Invesco Core Real Estate and JP Morgan Strategic Property Fund.
- Added vertically-integrated specialist operators to the Non-Core Portfolio in combination with a few larger diversified “anchor” positions
 - 4 of 16 Non-Core commitments (25%) were made to funds sponsored by emerging managers

Strong Performance of LACERS Investments Made Since 2014

LACERS Investments Since 2014 vs. Total Real Estate Portfolio vs. NFI-ODCE + 80 bps
As of 9/30/21



- Investments recommended since the contract start date in 2014 have consistently outperformed the Total Portfolio and the LACERS benchmark

Recent Portfolio Initiatives

Increased industrial exposure from underweight to significant overweight.

Increased Core exposure from ~30% in 2014 to 69% in 2021 to add more stability to portfolio. Core investments have outperformed benchmark over 1-year, 3-year and 5-year periods as shown on previous slide.

Identified and recommended established specialist managers in industrial, multifamily, healthcare and retail.

Identified and recommended four emerging manager funds, of which three are outperforming the benchmark.

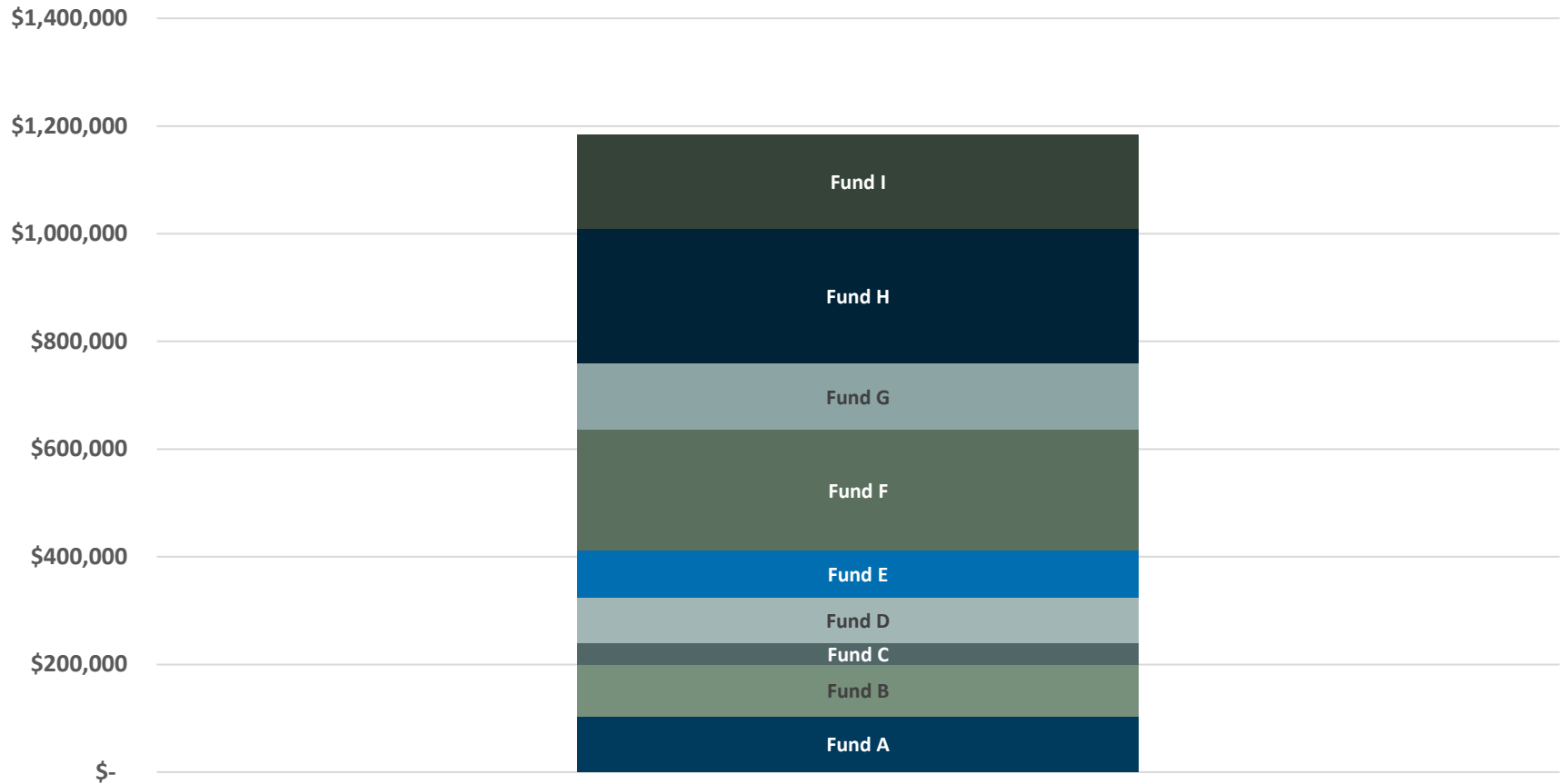
Negotiated fee savings and enhanced net returns.



Townsend-Negotiated Real Estate Fee Savings for LACERS

Approximate Annual Fee Savings from Townsend Affiliation

Based on NAVs and Commitment Amounts as of 9/30/21*



*Assumes fully-funded commitment for funds currently in the investment period and NAV for all other funds.

Source: The Townsend Group. Data as of September 30, 2021. Townsend's views are as of this date of this publication and may be changed or modified at any time without notice. Past performance is not indicative of future results.

Why Townsend?

Senior Level, Tenured Client Team with 30+ Years of Experience

Deep Experience with Public Plans

Depth and Breadth of Practitioner Real Estate Experience

Customized Solutions; Holistic View Across the Portfolio

An Extension of your Staff

Scale Leads to Favorable Fund Terms for Clients

Global Platform With Offices in North America, Europe and Asia

Disclosures



Disclosures

This presentation (the “Presentation”) is being furnished on a confidential basis to a limited number of sophisticated individuals meeting the definition of a Qualified Purchaser under the Investment Advisors Act of 1940 for informational and discussion purposes only and does not constitute an offer to sell or a solicitation of an offer to purchase any security.

This document has been prepared solely for informational purposes and is not to be construed as investment advice or an offer or solicitation for the purchase or sale of any financial instrument. While reasonable care has been taken to ensure that the information contained herein is not untrue or misleading at the time of preparation, The Townsend Group makes no representation that it is accurate or complete. Some information contained herein has been obtained from third-party sources that are believed to be reliable. The Townsend Group makes no representations as to the accuracy or the completeness of such information and has no obligation to revise or update any statement herein for any reason. Any opinions are subject to change without notice and may differ or be contrary to opinions expressed by other divisions of The Townsend Group as a result of using different assumptions and criteria. No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment.

Statements contained in this Presentation that are not historical facts and are based on current expectations, estimates, projections, opinions and beliefs of the general partner of the Fund and upon materials provided by underlying investment funds, which are not independently verified by the general partner. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. Additionally, this Presentation contains “forward-looking statements.” Actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in such forward-looking statements.

Material market or economic conditions may have had an effect on the results portrayed.

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There can be no assurance that any account will achieve results comparable to those presented. Past performance is not indicative of future results.

Townsend is a wholly owned, indirect subsidiary of Aon plc.

Disclosures and Definitions

GENERAL DISCLOSURES

There can be no assurance that any account will achieve results comparable to those presented. Past performance is not indicative of future results. Investing involves risk, including possible loss of principal.

Returns reflect the equal-weighted returns calculated during the periods indicated. Note: If including Core, this is value-weighted. In addition, the valuations reflect various assumptions, including assumptions of actual unrealized value existing in such investments at the time of valuation. As a result of portfolio customization/blending and other factors, actual investments made for your account may differ substantially from the investments of portfolios comprising any indices or composites presented.

Due to the customized nature of Townsend's client portfolios, the performance stated may be considered "hypothetical" as it does not reflect the experience of individual client portfolios, but rather aggregate client positions in the stated investment strategy.

NON REGULATORY ASSETS UNDER MANAGEMENT

As of September 30, 2021, Townsend had assets under management of approximately \$21.6 billion. When calculating assets under management, Townsend aggregates net asset values and unfunded commitments on a quarterly basis. Townsend relies on third parties to provide asset valuations, which typically takes in excess of 90 days after the quarter end. Therefore, assets under management have been calculated using September 30, 2021 figures where available but may also include June 30, 2021 figures. Assets under management are calculated quarterly and includes discretionary assets under management and non-discretionary client assets where the client's contractual arrangement provides the client with the ability to opt out of or into particular transactions, or provides other ancillary control rights over investment decision-making (a/k/a "quasi-discretionary"). Regulatory AUM is calculated annually and can be made available upon request.

ADVISED ASSETS

As of September 30, 2021, Townsend provided advisory services to clients who had real estate/real asset allocations exceeding \$137.9 billion. Advised assets includes real estate and real asset allocation as reported by our clients for whom Townsend provides multiple advisory services—including strategic and underwriting advice for the entire portfolio. Advised assets are based on totals reported by each client to Townsend or derived from publicly available information. Advised assets are calculated quarterly. Select clients report less frequently than quarterly in which case we roll forward prior quarter totals

TREA STRATEGIES (NON-CORE) employ a global non-core multi strategy approach with 50% or more of the investments invested in non primary fund investments such as co-investments, joint ventures, secondaries and clubs. Strategies are diversified by geography, sector, property type, manager and vintage year.

CORE-PLUS STRATEGIES (CORE) employ a global core/core plus multi strategy approach investing in primary funds, joint ventures, co-investments, secondaries, direct investments, debt strategies and REITs. Strategies are diversified by geography, sector, property type, manager and vintage year.

SEPARATE ACCOUNTS includes all Townsend active discretionary accounts which invest in a variety of investment styles and structures.

The NFI-ODCE Index is a capitalization-weighted, gross of fees, time-weighted return index with an inception date of 1/1/1978. Published reports may also contain equal-weighted and net of fees information. Open-end funds are generally defined as infinite-life vehicles consisting of multiple investors who have the ability to enter or exit the fund on a periodic basis, subject to contribution and/or redemption requests, thereby providing a degree of potential investment liquidity. The term Diversified Core Equity style typically reflects lower risk investment strategies utilizing low leverage and generally represented by equity ownership positions in stable U.S. operating properties (as defined herein). The NFI-ODCE is a quasi-managed index based on the periodic review by the Index Policy Committee ("IPC") of the index's criteria thresholds.

Disclosures

TREA STRATEGIES

Townsend's TREA Strategies (Non-Core) employ a global non-core multi strategy approach with 50% or more of the investments invested in non primary fund investments such as co-investments, joint ventures, secondaries and clubs. Strategies are diversified by geography, sector, property type, manager and vintage year.

Global Opportunistic Strategy:

Townsend's 2007 vintage TREA Program was comprised of one closed end single limited partner vehicle (U.S. Public Pension Fund-of-One).

Global Value-Add Strategy:

Townsend's 2007 vintage TREA Program was comprised of one closed end single limited partner vehicle (U.S. Public Pension Fund-of-One).

Townsend's 2008-10-11 vintage TREA Program was comprised of one closed end single limited partner vehicle (Asian Pension Fund-of-One) and two commingled funds (HNW and Small Institution Fund (White Label)).

Townsend's 2012 vintage TREA Program was comprised of one closed end single limited partner vehicle (Asian Pension Fund-of-One) and one commingled fund (Townsend Real Estate Alpha Fund, L.P.).

Townsend's 2015 vintage TREA Program was comprised of one closed end single limited partner vehicle (Asian Pension Fund-of-One) and one commingled fund (Townsend Real Estate Alpha Fund II, L.P.).

Townsend's 2018 vintage TREA Program was comprised of one closed end single limited partner vehicle (Asian Pension Fund-of-One) and one commingled fund (Townsend Real Estate Alpha Fund III, L.P.).

Note: Investment level net IRR's and equity multiples are reported. Net IRR is the net return earned by an investor over a particular time frame, including the performance of both realized and unrealized investments, at fair value. The Net IRR is based upon daily investor level cash flows, current quarter net asset value as hypothetical liquidation mark, and is after the deduction of fees. Investment performance data is reported to Townsend on a quarterly basis by the underlying investment manager. The value of unrealized investments is subject to change.

Net Investment Multiple: Based upon daily investor level cash flows. Calculated as $(\text{Since Inception Distributions} + \text{Since Inception Withdrawals} + \text{Net Asset Value}) / \text{Paid in Capital}$.

The Townsend Group's Investment Committee (IC) collaboratively makes all strategic investment decisions affecting Townsend's client portfolios.



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



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

MEETING: APRIL 12, 2022
ITEM: V

Neil M. Guglielmo

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

ACTION: **CLOSED:** **CONSENT:** **RECEIVE & FILE:**

Recommendation

That the Committee recommend to the Board a three-year contract renewal with Oberweis Asset Management, Inc. for management of an active non-U.S. small cap equities portfolio.

Executive Summary

Oberweis Asset Management, Inc. (Oberweis) has managed an active non-U.S. small cap equities portfolio for LACERS since January 2014. At the time of hire, the firm qualified as an emerging investment manager. LACERS' portfolio was valued at \$274 million as of February 28, 2022. The strategy has outperformed its benchmark since inception and is in compliance with the LACERS Manager Monitoring Policy. Staff and NEPC, LLC (NEPC), LACERS' General Fund Consultant, recommend a three-year contract renewal.

Discussion

Background

Oberweis has managed an active non-U.S. small cap equities portfolio for LACERS since January 2014, and is benchmarked against the MSCI EAFE Small Cap Index. Oberweis employs a growth-biased, fundamental research-based approach to investing. The manager seeks companies that have reasonable valuations and the potential for revenue and earnings growth resulting from innovations in products or technology. The strategy is managed by Ralf Scherschmidt (21 years of experience), Lead Portfolio Manager, who is supported by Jeff Papp (18 years of experience), Assistant Portfolio Manager. In addition, the strategy has three senior analysts: Charles Wilson (24 years of experience), Charles Hill-Wood (21 years of experience), and Yanru Hsu (18 years of experience). LACERS' portfolio was valued at \$274 million as of February 28, 2022.

Oberweis was hired through the 2013 Active Non-U.S. Small Cap Equities Mandate search, and a three-year contract was authorized by the Board on August 13, 2013. The contract became effective on January 1, 2014 and was renewed for three-year terms on September 27, 2016 and July 23, 2019;

the current contract expires on December 31, 2022. Oberweis representatives, Jeff Papp and Brian Lee, most recently presented a portfolio review to the Committee on November 9, 2021.

Organization

Oberweis is 100% owned by its founding professionals and key employees. It is headquartered in Lisle, Illinois with investment professionals based in New York City, Hong Kong, and the United Kingdom. Oberweis has a total of 32 employees and 14 investment professionals. At the time LACERS hired Oberweis, the firm qualified as an emerging investment manager pursuant to the LACERS Emerging Investment Manager Policy. The firm’s total assets under management have grown to over \$3.4 billion, with \$2.9 billion in the non-U.S. small cap equities strategy, as of February 28, 2022.

Due Diligence

Oberweis’ organizational structure, key personnel, investment philosophy, strategy, and process have not changed over the contract period.

Performance

As of February 28, 2022, Oberweis has outperformed the benchmark over the 2-year, 3-year, 5-year, and since inception periods, as presented in the table below. Oberweis is in compliance with the LACERS Manager Monitoring Policy.

Annualized Performance as of 2/28/22 (Net-of-Fees)						
	3-Month	1-Year	2-Year	3-Year	5-Year	Since Inception*
Oberweis	-15.96	-13.04	25.45	15.81	12.52	8.66
MSCI EAFE Small Cap Index	-4.50	-1.48	13.69	8.59	7.86	6.12
<i>% of Excess Return</i>	<i>-11.46</i>	<i>-11.56</i>	<i>11.76</i>	<i>7.22</i>	<i>4.66</i>	<i>2.54</i>

*Performance inception date: January 1, 2014

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	1/1/14-12/31/14
Oberweis	3.92	64.55	25.64	-23.77	41.49	-4.97	15.73	-6.90
MSCI EAFE Small Cap Index	10.10	12.35	24.96	-17.89	33.01	2.18	9.59	-6.32
<i>% of Excess Return</i>	<i>-6.18</i>	<i>52.20</i>	<i>0.68</i>	<i>-5.88</i>	<i>8.48</i>	<i>-7.15</i>	<i>6.14</i>	<i>-0.58</i>

Fees

LACERS pays Oberweis an effective fee of 84 basis points (0.84%), which is approximately \$2.3 million annually based on the value of LACERS' assets as of February 28, 2022. This fee ranks in the 58th percentile of fees charged by similar managers in the eVestment database (i.e., 58% of like-managers have higher fees). Since inception, LACERS has paid Oberweis a total of \$11.4 million in investment management fees as of December 31, 2021.

General Fund Consultant Opinion

NEPC concurs with this recommendation.

Strategic Plan Impact Statement

A contract renewal with Oberweis Asset Management, Inc. will allow the fund to maintain a diversified exposure to the non-U.S. developed market 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 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

NMG/RJ/BF/EC

Attachment: 1. Consultant Recommendation – NEPC, LLC



To: Los Angeles City Employees' Retirement System Investment Committee

From: NEPC, LLC

Date: March 31, 2022

Subject: Oberweis Asset Management, Inc. - Contract Renewal

Recommendation

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

Background

OAM was hired into the Non-U.S. Equity asset class on January 1, 2014 to provide the Plan with public equity exposure across small capitalization international developed countries/markets. The portfolio's strategy is benchmarked against the MSCI EAFE Small Cap Index and has a performance inception date of February 1, 2014. As of February 28, 2022, OAM managed \$274.3 million, or 1.2% of the LACERS Trust's assets. The performance objective is to outperform the MSCI EAFE Small Cap Index, net of fees, annualized over a full market cycle (normally three-to-five years). The account is currently in good standing with the LACERS' manager monitoring policy.

OAM is an independent investment management firm founded in 1989 by James D. Oberweis. The firm is headquartered in suburban Chicago, with investment professionals based in Chicago, New York, Hong Kong, and the United Kingdom. In 1995, James W. Oberweis joined his father at OAM. In 1996, the firm added two new strategies, the Micro-Cap and Small-Cap Opportunities strategies. In 2001, James W. Oberweis became President of OAM, shortly before James D. Oberweis retired from the business in early 2002. In 2005, the firm expanded internationally by building out an Asia-focused team and launched the China Opportunities strategy. The firm is approximately 75% owned by employees and 25% owned by the Oberweis family. As of December 31, 2022, OAM had \$4.098 billion in assets under management.

The investment team is made up of Ralf Scherschmidt, Portfolio Manager, Jeff Papp, CFA, Assistant Portfolio Manager, Yanru Hsu, CFA, Senior Analyst, Charles Wilson, Senior Analyst, and Charlie Hill-Wood, Senior Analyst. These five members of the investment team are all generalists, although different experience has fostered some degree of specialization. Ralf Scherschmidt leads the team and maintains final decision rights. Research and due diligence responsibilities are primarily allocated by Ralf Scherschmidt. Research duties may be allocated based on time availability, and recent sector experience and industry experience. They have a diverse team from various countries, diverse cultures, and different native languages such as Japanese, German, and Chinese representing the underlying markets in which they invest.

The strategy's philosophy finds its foundation in behavioral finance. The investment team seeks to exploit two primary sources of alpha. First, post earnings announcement drift where OAM observes that on average it takes 9-12 months for analysts to adjust their forecasts after a positive

earnings announcement. This allows the team to conduct fundamental research on those small market cap stocks that are at an inflection point for future earnings. The team is attracted to companies experiencing earnings growth relative to analyst expectations. The result is a portfolio that profiles between core and growth. They believe that understanding changes in fundamentals, earnings, cash flows and company net present values in advance of broad market digestion has a proven empirically supported alpha opportunity. Second, is driven by limited research coverage and readily available public information on companies in which they invest.

The investable universe generally consists of all foreign companies (including ADRs) between \$300 million and \$5 billion in capitalization. They do not screen on growth or value metrics. The strategy focuses on earnings growth and earnings revisions to highlight positive transformations in business fundamentals and earnings trends early on. The ideal company has high competitive barriers, such as patents and/or new technologies. In many circumstances, investors do not immediately fully understand the full implications of such rapid transformations. They are looking for companies whose earnings power has been underestimated by the analyst community. Once they have identified candidates whose prospects are potentially misunderstood, they begin the fundamental research process. Next OAM interviews company management and gathers and analyzes third party industry reports and white papers. Importantly, they will talk to independent sources in the industry along the value chain, be it competitors, suppliers, customers, or other industry participants. They review a company's cash flow statement, income statement and balance sheet, and variables such as free cash flow generation, interest coverage ratios and debt balances. The portfolio is created based on highest conviction 50-100 stocks. Ralf Scherschmidt is the final decision maker. OAM will perform factor exposure and cross-correlation analysis on the holdings to ensure diversification across country and sector. They utilize Empirical Research Partners' and Northfield Information Services' extensive risk analysis and portfolio optimization services.

Performance

Referring to Exhibit 1, since inception of the OAM portfolio calculated as of February 1, 2014, the strategy has outperformed the MSCI EAFE Small Cap Index by 2.9%, returning 9.4%, net of fees. Over the past five-year period ended February 28, 2022, the portfolio has outperformed its benchmark by 4.6% returning 12.5%. Ended December 31, 2021, the portfolio outperformed its benchmark by 3.8% returning 11.4% since inception and ranked in the 1st percentile in its peer universe. Over the past five-year period ended December 31, 2021, the OAM has outperformed its benchmark by 7.3% returning 18.3% and ranked in the 4th percentile in its peer universe. In the one-year period ended December 31, 2021, the portfolio underperformed the index by 6.2% and ranked in the 86th percentile in its peer universe. Underperformance in the short-run (trailing one-year) ended December 31, 2021, was driven by stock selection and OAM's fundamentals-based strategy. Many of the portfolio's holdings experienced a contraction in multiples in 2021 which is a reversal of fortune when compared to the multiple expansion the portfolio experienced in 2020. This multiple contraction outweighed the underlying earnings growth story across the portfolio.

Fees

The portfolio has an asset-based fee of 0.83% (83 basis points) annually. This fee ranks in the 58th percentile among its peers in the eVestment EAFE Small Cap Universe. In other words, 58% of the in the peer universe has a lower fee than the LACERS account.



Conclusion

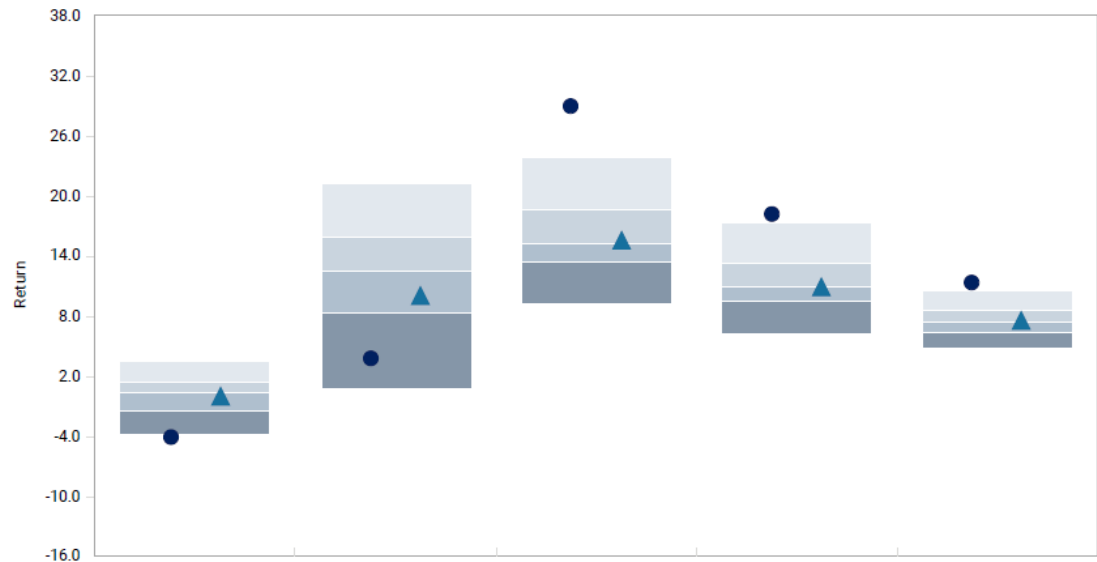
OAM has performed well against its benchmark since inception and over longer-periods of time. The strategy is prone to periods of underperformance over the short-run and this can be observed in the performance evaluation over the past year. We believe in the long-term efficacy of a strategy that focuses on understanding business fundamentals and executing this type of strategy within a less efficient area of capital markets (like small cap) can lead to excess returns. NEPC recommends a contract extension for a period of three years from the period of contract expiry.

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

Exhibit 1: Performance Summary Net of Fees Ended February 28, 2022

	Market Value	1 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Inception	Inception Date
Oberweis Asset Mgmt	274,261,003	-5.6	-17.2	-13.0	15.8	12.5	9.4	Feb-14
MSCI EAFE Small Cap (Net)		<u>-1.3</u>	<u>-8.5</u>	<u>-1.5</u>	<u>8.6</u>	<u>7.9</u>	<u>6.5</u>	
Over/Under		-4.3	-8.7	-11.5	7.2	4.6	2.9	

Exhibit 2: Performance Summary Net of Fees Ended December 31, 2021



	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Inception (%)
● Oberweis Asset Mgmt	-4.0 (97)	3.9 (86)	29.0 (1)	18.3 (4)	11.4 (1)
▲ MSCI EAFE Small Cap (Net)	0.1 (59)	10.1 (65)	15.6 (48)	11.0 (49)	7.6 (49)
5th Percentile	3.6	21.4	24.0	17.4	10.5
1st Quartile	1.5	16.0	18.7	13.3	8.7
Median	0.3	12.6	15.4	11.0	7.4
3rd Quartile	-1.4	8.3	13.5	9.5	6.4
95th Percentile	-3.7	0.8	9.3	6.4	4.9
Population	73	73	67	63	43

