



LACERS
 LA CITY EMPLOYEES'
 RETIREMENT SYSTEM



Board of Administration Agenda

REGULAR MEETING
TUESDAY, FEBRUARY 13, 2024
TIME: 10:00 A.M.
MEETING LOCATION:
 LACERS Boardroom
 977 N. Broadway
 Los Angeles, California 90012

Important Message to the Public

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

Members of the public who do not wish to attend the meeting in person may listen to the live meeting via one-way audio on Council Phone by calling (213) 621-CITY (Metro), (818) 904-9450 (Valley), (310) 471-CITY (Westside) or (310) 547-CITY (San Pedro Area).

Disclaimer to Participants

Please be advised that all LACERS Board meetings are recorded.

LACERS Website Address/link:

www.LACERS.org

In compliance with Government Code Section 54957.5, non-exempt writings that are distributed to a majority or all of the Board in advance of the meeting may be viewed by clicking on LACERS website at www.LACERS.org, at LACERS' offices, or at the scheduled meeting. In addition, if you would like a copy of a non-exempt record related to an item on the agenda, please call (213) 855-9348 or email at lacers.board@lacers.org.

President: Annie Chao
 Vice President: Sung Won Sohn

 Commissioners: Thuy Huynh
 Elizabeth Lee
 Gaylord "Rusty" Roten
 Janna Sidley
 Michael R. Wilkinson

 Manager-Secretary: Neil M. Guglielmo

 Executive Assistant: Ani Ghoukassian

 Legal Counsel: 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.

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[CLICK HERE TO ACCESS BOARD REPORTS](#)

- I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA

- II. GENERAL MANAGER VERBAL REPORT
 - A. REPORT ON DEPARTMENT OPERATIONS
 - B. UPCOMING AGENDA ITEMS
- III. RECEIVE AND FILE ITEMS
 - A. [ETHICAL CONTRACT COMPLIANCE REPORT NOTIFICATION TO THE BOARD](#)
 - B. [BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER](#)
- IV. COMMITTEE REPORT(S)
 - A. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT FOR THE MEETING ON FEBRUARY 13, 2024
- V. CONSENT ITEM(S)
 - A. [APPROVAL OF MINUTES FOR THE MEETING OF JANUARY 9, 2024 AND POSSIBLE BOARD ACTION](#)
 - B. [APPROVAL OF DISABILITY RETIREMENT APPLICATION OF BRITA GORMAN AND POSSIBLE BOARD ACTION](#)
 - C. [APPROVAL OF DISABILITY RETIREMENT APPLICATION OF ABEL MORENO FOR SERVICE-CONNECTED DISABILITY RETIREMENT OF 72% AND POSSIBLE BOARD ACTION](#)
- VI. INVESTMENTS
 - A. CHIEF INVESTMENT OFFICER VERBAL REPORT INCLUDING DISCUSSION ON THE PORTFOLIO EXPOSURE TO GLOBAL EVENTS
 - B. [LACERS' RESPONSE TO CITY COUNCIL LETTER REGARDING HOTEL WORKERS DISPUTE AND POSSIBLE BOARD ACTION](#)
 - C. [PRESENTATION BY NEPC, LLC REGARDING ASSET ALLOCATION](#)
- VII. LEGAL/LITIGATION
 - A. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(D)(4) TO CONFER WITH AND RECEIVE ADVICE FROM LEGAL COUNSEL REGARDING PENDING LITIGATION (ONE CASE) AND POSSIBLE BOARD ACTION**
 - B. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(D)(4) TO CONFER WITH AND RECEIVE ADVICE FROM LEGAL COUNSEL REGARDING PENDING LITIGATION (ONE CASE) AND POSSIBLE BOARD ACTION**
- VIII. OTHER BUSINESS

IX. NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, February 27, 2024, at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, California 90012-1728.

X. ADJOURNMENT

**LACERS’ ETHICAL CONTRACT COMPLIANCE REPORT
NOTIFICATION TO THE BOARD**

RESTRICTED SOURCES

The Board’s Ethical Contract Compliance Policy was adopted in order to prevent and avoid the appearance of undue influence on the Board or any of its Members in the award of investment-related and other service contracts. Pursuant to this Policy, this notification procedure has been developed to ensure that Board Members and staff are regularly apprised of firms for which there shall be no direct marketing discussions about the contract or the process to award it; or for contracts in consideration of renewal, no discussions regarding the renewal of the existing contract.

Name	Description	Inception	Expiration	Division
Box, Inc.	Electronic Document Management System Migration Study	N/A	N/A	Administration
Levi, Ray & Shoup, Inc.	PensionGold Version 3 - Maintenance and Support Agreement	May 24, 2017	February 28, 2024	Administration
Agility Recovery	Business Continuity Services	September 20, 2021	September 19, 2023	Administration
Languages4You Translation Agency	Interpretation & Translation Services	N/A	N/A	Communication & Stakeholder Relations
Anthem	Medical HMO & PPO	January 1, 2023	December 31, 2023	Health, Wellness, & Buyback
Kaiser	Medical HMO	January 1, 2023	December 31, 2023	Health, Wellness, & Buyback
SCAN	Medical HMO	January 1, 2023	December 31, 2023	Health, Wellness, & Buyback
United Healthcare	Medical HMO	January 1, 2023	December 31, 2023	Health, Wellness, & Buyback
Delta Dental	Dental PPO and HMO	January 1, 2023	December 31, 2023	Health, Wellness, & Buyback

**LACERS' ETHICAL CONTRACT COMPLIANCE REPORT
NOTIFICATION TO THE BOARD**

Name	Description	Inception	Expiration	Division
Anthem Blue View Vision	Vision Services Contract	January 1, 2023	December 31, 2023	Health, Wellness, & Buyback
BlackRock Institutional Trust Company, N.A.	Multi Passive Index Portfolio Management	November 1, 2022	October 31, 2027	Investments
CenterSquare Investment Management, Inc.	Active U.S. REITs	April 1, 2018	March 31, 2024	Investments
Income Research & Management	Active Core Fixed Income	May 1, 2021	April 30, 2024	Investments
Garcia Hamilton & Associates, L.P.	Active Core Fixed Income	May 1, 2021	April 30, 2024	Investments

**LACERS' ETHICAL CONTRACT COMPLIANCE REPORT
NOTIFICATION TO THE BOARD**

ACTIVE RFPs

Description	Respondents	Inception	Expiration	Division
Medical Plans	Alignment Health Plan, Anthem Blue Cross, Blue Shield of California, Humana, Kaiser Foundation Health Plan, Inc., SCAN Health Plan, UnitedHealthcare Insurance Company	March 10, 2023	April 21, 2023	Health, Wellness, & Buyback
Master Trust / Custodial Services and Securities Lending	The Northern Trust Company, State Street Bank and Trust Company	September 11, 2023	November 28, 2023	Investments

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM III-B

Pursuant to the authority delegated to the General Manager under Board Rule GMA 1, General Manager Authorization, adopted by the Board of Administration on June 14, 2016, the following benefit payments have been approved by the General Manager:

SERVICE RETIREMENTS

<u>Member Name</u>	<u>Service</u>	<u>Department</u>	<u>Classification</u>
Sandoval, Raquel G	36	Police Dept. - Civilian	Administrative Clerk
De Leon, Luz Reyes	36	Livability Services Division	Sr Mgmt Analyst
Garcia, Andrea Michele	35	PW - Street Use Inspection	St Svc Investigator
Oleary, Julie Anne	35	CIFD-Consolidated Planning	Ch Management Analyst
Carter, Anita	34	Personnel Dept.	Sr Personnel Analyst
Kha, Tri V	33	PW - Engineering	Civil Engrg Assoc
Ariza, Donald K	33	PW - Engineering	Survey Party Chief
Alonso, Hortensia	32	PW - Engineering	Sr Civil Engineer
Mccord, Rita Annette	32	Police Dept. - Civilian	Sr Administrative Clerk
Concho, George Julian	32	Dept. of Transportation	Traf Officer
Azevedo, Gabriel V	30	PW - Contract Administration	Sr Constr Inspector
Vasquez, Rudolph Rene	28	Police Dept. - Civilian	Sr Police Serv Rep
Myers, Marsha Joi	27	Police Dept. - Civilian	Police Service Rep
Lee, Calvin K	25	ITA	Transitional Worker
Armenta, Timothy J	24	Dept. of Airports	Airp Maintenance Supt
Gutierrez, Jamie Angel	24	Dept. of Airports	Management Analyst
Mendez Segovia, Joaquin A	24	Dept. of Airports	Airport Police Lt
Curry, Ramona N	24	Emergency Preparedness	Emergency Mgt Coord
Myles, Laura Pearl	24	Police Dept. - Civilian	Police Service Rep
Johnson, Zelda P	24	LA Housing Dept.	Sr Accountant
Kidwell, Ronald William	23	Dept. of Bldg. & Safety	Build Mech Inspector
Rodriguez, Rosa I	23	Dept. of Airports	Custodian Airport
Biboso, Maria Isabel	23	Office of the CAO	Secretary
Burrus, Emmer Jean	23	Police Dept. - Civilian	Detention Officer
Urzua, Rafael Martinez	23	Dept. of Transportation	Traf Mark/Sign Supt
Armstrong, Mary N	22	Library Dept.	Librarian
Wagner, Douglas Gabriel	22	Police Dept. - Civilian	Sr Crime & Intel Anlst
Williams, Stephanie Maria	22	Police Dept. - Civilian	Sr Detention Officer
Orozco, Edith O	20	Dept. of Airports	Custodian Airport
Tran, Mayouly M	19	LACERS	Sr Accountant
Patterson, Jacobi S	18	GSD - Mail/Messenger Svcs.	Delivery Driver
Varela, Cynthia F	18	Fire & Police Pensions	Departmental Audit Mgr
Choi, Sally	17	LACERS	GM Lacers
Tillman, Robin A	17	Dept. of Airports	Bus Operator
Larsen, William	17	City Attorney's Office	Deputy City Atty
Rivera, Ezequiel Daniel	17	PW - Contract Administration	Constr Inspector

Sim, Alfonso C	16	Dept. of Airports	Security Officer
Garcia, Rosalinda Quezada	16	Dept. of Rec. & Parks	Administrative Clerk
Silva, Candido Sarmiento	15	Dept. of Animal Svcs.	Animal Care Tech
Orona, Ramon Morales	15	Harbor Dept.	Gardener Caretaker
Oliver, Yolanda Denise	15	Dept. of Rec. & Parks	Commun Info Rep
Duncan, Charles Winston	14	Police Dept. - Civilian	Pr Detention Ofcr
Carrillo, Jose G	14	Dept. of Rec. & Parks	Special Prog Asst
De Guia, Maristela	13	Personnel Dept.	Correctional Nurse
Dow, Doug E	12	Dept. of Rec. & Parks	Sr Gardener
Starks, Sean Kenneth	12	Police Dept. - Civilian	Sr Detention Ofcr
Stone, Lynn D	10	Dept. of Rec. & Parks	Administrative Clerk
Cochrane, Jean M	9	Personnel Dept.	Supvsg Occup Hlth Nurse
Puga, Martha	8	GSD - Bldg. Fac Mgmt.	Custodian
Kyu, Kyu	8	EWDD	Comnty/Admn Sup Wkr
Kamiyama, Pauline K	5	Cultural Affairs	Arts Manager
Slutsky, Tanya A	3	Dept. of Rec. & Parks	Recreation Instructor
Brown, Adela C	3	Dept. of Rec. & Parks	Recreation Asst
Bonilla, Maria Guadalupe	2	Dept. of Rec. & Parks	Locker Room Attendant

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM III-B

Pursuant to the authority delegated to the General Manager under Board Rule GMA 1, General Manager Authorization, adopted by the Board of Administration on June 14, 2016, the following benefit payments have been approved by the General Manager:

Approved Death Benefit Payments

Deceased

TIER 1

Alaniz, Filiberto S

Beneficiary/Payee

Priscilla Alaniz for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance
Unused Contributions

Baier, Edmond E

Irene Damaras Baier for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Brown, Lloyd W

Joyce F. Brown for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Brown, Louis

Brian Hamilton for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Buesch, Audrey Patricia

David Charles Buesch for the payment of the
Accrued But Unpaid Continuance Allowance

Karen Patricia Dohling for the payment of the
Accrued But Unpaid Continuance Allowance

Carter, Antoinette M Christopher D Johnson for the payment of the
Accrued But Unpaid Service Retirement Allowance

Crellin, Dayne D Edward C Lawton for the payment of the
Burial Allowance

Sheryn Lee Morris for the payment of the
Burial Allowance

Culpepper, Conservatee,
Ruth M Donna Ruth Culpepper for the payment of the
Burial Allowance

Drinkard, Evelyn Cecilia Deborah Wilson for the payment of the
Accrued But Unpaid Disability Continuance Allowance

Evelyn M Lang for the payment of the
Accrued But Unpaid Disability Continuance Allowance

Yvonne Marie Downs for the payment of the
Accrued But Unpaid Disability Continuance Allowance

Durham, Kathleen Donald Durham for the payment of the
Accrued But Unpaid Vested Retirement Allowance

Flores, Blanca Randy Emil Briseno for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Fuller, Antonia V	Judson Loughton Hoyt for the payment of the Accrued But Unpaid Continuance Allowance
	Tara Ann Hoyt for the payment of the Accrued But Unpaid Continuance Allowance
Garcia, Ernest	Catherine Hatwood for the payment of the Accrued But Unpaid Service Retirement Allowance
Garcia, Luis R	Luis Ernesto Garcia Lopez for the payment of the Burial Allowance
	Maria Eugenia Garcia Lopez for the payment of the Burial Allowance
Gilmore, Jeffery L	Maria A Gilmore for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Gomez, Mary F	Daniel V Gomez for the payment of the Accrued But Unpaid Service Retirement Allowance
Harris, Paul L	Mary B Peck for the payment of the Burial Allowance
Hurd, Bertha Ann	Parisha Kinsey for the payment of the Accrued But Unpaid Larger Annuity Allowance

Johnson, Ralph	La Tanya Singleton for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Johnson-Bennett, Shirley	The Shirley Johnson Bennett Trust for the payment of the Burial Allowance
Keehmer, William E	Marc C Keehmer for the payment of the Accrued But Unpaid Service Retirement Allowance
Martinez, Gilbert J	Genevieve G Cabrera for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Meza, Timothy Mitchell	Sheryl Antoinette Meza for the payment of the Burial Allowance
Millette, Paul Karl	David Alan Millett for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Unused Contributions
Momohara, Harold H	Irma Marina Momohara for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Mosley, John E Barbara Ann Foster for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Pecoraro, Joseph C Cruz Maria Rodriguez for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Laura P Sanchez for the payment of the
Accrued But Unpaid Service Retirement Allowance

Perez, Carol F Michelle R Glass for the payment of the
Burial Allowance

Peterson, Gail D Catherine Jean Peterson for the payment of the
Burial Allowance

Plunkett, John F Gary Plunkett for the payment of the
Accrued But Unpaid Service Retirement Allowance

Reamer, John L John Lee Reamer for the payment of the
Accrued But Unpaid Continuance Allowance

Rock, Eileen M George H Rock for the payment of the
Accrued But Unpaid Vested Retirement Allowance
Burial Allowance

Rodriguez, Joaquin R	<p>Lisa Marie Warner for the payment of the Accrued But Unpaid Continuance Allowance</p> <p>Robert Alan Rodriguez for the payment of the Accrued But Unpaid Continuance Allowance</p>
Rohman, Jacqueline	<p>Darrell Rohman for the payment of the Accrued But Unpaid Continuance Allowance Accrued But Unpaid Service Retirement Allowance Burial Allowance</p>
Rolfe, Ernest J	<p>Beverly Rolfe for the payment of the Accrued But Unpaid Service Retirement Allowance</p> <p>Robin Leslie Rolfe for the payment of the Burial Allowance</p>
Rosen, Norma	<p>Jack Rosen for the payment of the Accrued But Unpaid Continuance Allowance</p> <p>Joel Rosen for the payment of the Accrued But Unpaid Continuance Allowance</p>
Sanchez, Guadalupe	<p>Melissa Sanchez for the payment of the Accrued But Unpaid Service Retirement Allowance Unused Contributions</p>
Sauls, Willie R	<p>Nina L. Sauls for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance</p>

Singleton, Alma J	Becky L Madison for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Smith, Mila R	Kimberly Michele Smith for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Stallworth, Marvin	Beverly Stalworth for the payment of the Accrued But Unpaid Survivorship (Disability) Allowance
Stekkinger, Leo P	Margo J Stekkinger for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Swett, Richard W	Sean M. Swett for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Unused Contributions
Thomas, John H	Ebony Cavitt for the payment of the Accrued But Unpaid Survivorship (Retirement) Allowance
Trammel, Leslie A	Michael D Trammel for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Veneracion, Perla S Karen V. Lopez for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Ramil S Veneracion for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Vercher, Jasper W Gertie Lee Vercher for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Walker, Douglas C Caroline D Walker for the payment of the
Accrued But Unpaid Service Retirement Allowance

Williams, Donald G Donald M Williams for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Williams, Gary T Patricia E Williams for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Williams, Shirley F. Michele A Williams for the payment of the
DRO Lump Sum

Wilson, Vincent La Kesha Wilson for the payment of the
Burial Allowance

Zelonski, Mary E

Karen Zelonski for the payment of the
Accrued But Unpaid Continuance Allowance

TIER 3

NONE

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM III-B

Pursuant to the authority delegated to the General Manager under Board Rule GMA 1, General Manager Authorization, adopted by the Board of Administration on June 14, 2016, the following benefit payments have been approved by the General Manager:

Approved Death Benefit Payments

Deceased

Beneficiary/Payee

TIER 1

Active

Conoway, Randy Todd
(Deceased Active)

Amy J Silvia for the payment of the
Limited Pension

Sanchez, Estela
(Deceased Active)

Victor Sanchez Pulido for the payment of the
Accumulated Contributions
Limited Pension

TIER 3

Active

Moreno, Nicholas Armando
(Deceased Active)

Erika Moreno for the payment of the
Limited Pension

Wiley, Karen Levet
(Deceased Active)

Eric Mcdonald for the payment of the
Accumulated Contributions

Disclaimer: The names of members who are deceased may appear more than once due to multiple beneficiaries being paid at different times.

MINUTES OF THE REGULAR MEETING
BOARD OF ADMINISTRATION
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

January 9, 2024

10:03 a.m.

PRESENT:	President:	Annie Chao
	Commissioners:	Thuy Huynh Elizabeth Lee Gaylord "Rusty" Roten Janna Sidley Michael R. Wilkinson
	Legal Counselor:	Anya Freedman
	Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Ani Ghoukassian
Absent:	Vice President:	Sung Won Sohn

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

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – President Chao asked if any persons wanted to make a general public comment to which there was no public comment cards received.

II

GENERAL MANAGER VERBAL REPORT

A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, advised the Board of the following items:

- NCPERS Award
- Discretionary COLA Update
- Year End Financial Reports
- City Employees Parking and Commute Options MOU
- LACERS staff vacancies
- Excess Benefit Notifications

- Required Minimum Distribution Notifications
- Member Questions for Health
- Data Breach
- Departmental Budget
- Actuarial Program
- Human Resources Payroll System Project
- Headquarters update

B. UPCOMING AGENDA ITEMS:

- Board Meeting of January 23, 2024: Triennial Board Policy Review: Board Education and Travel Policy
- Board Meeting of January 23, 2024: Annual Comprehensive Financial Report and Popular Annual Financial Report

III

RECEIVE AND FILE ITEMS

- A. BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER. – This report was received by the Board and filed.
- B. ETHICAL CONTRACT COMPLIANCE REPORT NOTIFICATION TO THE BOARD – This report was received by the Board and filed.

IV

COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL FOR THE MEETING ON DECEMBER 12, 2023 – Commissioner Lee stated the Committee approved the Investment Policy regarding Private Credit Investments and the Enforcement Action and Litigation Reporting. She stated that Northern Trust made a presentation and the Committee approved the contract with Centersquare Investment Management LLC.

V

Commissioner Lee moved approval of Consent Agenda Items V-A, V-B, and V-C, seconded by Commissioner Sidley, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, and President Chao -6; Nays, None.

CONSENT ITEM(S)

- A. APPROVAL OF MINUTES FOR THE REGULAR MEETINGS OF NOVEMBER 28, 2023 AND DECEMBER 12, 2023 AND POSSIBLE BOARD ACTION
- B. APPROVAL OF DISABILITY RETIREMENT APPLICATION OF PETER CARDENAS AND POSSIBLE BOARD ACTION

APPROVAL OF DISABILITY RETIREMENT BENEFIT

FOR PETER CARDENAS

RESOLUTION 240109-A

WHEREAS, the General Manager presented certain medical reports and other evidence, and reported that the application filed was in regular and proper form;

WHEREAS, Physicians 1, 2, and 3 examined and concluded Peter Cardenas is unable to perform his usual and customary duties as a Wastewater Collection Worker II with the City of Los Angeles;

WHEREAS, after some discussion and consideration of the evidence received, it was the finding and determination of this Board that Peter Cardenas is incapacitated pursuant to the definition in Los Angeles Administrative Code § 4.1008(b) and not capable of performing his duties as a Wastewater Collection Worker II;

WHEREAS, an investigation of the employment record established the age, final compensation, and period of continuous service in accordance with the Los Angeles Administrative Code, and such disability is not the result of the applicant's intemperance or willful misconduct; and,

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the disability retirement benefit for Peter Cardenas based upon his claimed disabling condition.

Which motion was seconded by Commissioner Sidley, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, and President Chao -6; Nays, None.

C. APPROVAL OF DISABILITY RETIREMENT APPLICATION OF THOMAS HAMMERSLEY AND POSSIBLE BOARD ACTION

**APPROVAL OF DISABILITY RETIREMENT BENEFIT
FOR THOMAS HAMMERSLEY**

RESOLUTION 240109-B

WHEREAS, the General Manager presented certain medical reports and other evidence, and reported that the application filed was in regular and proper form;

WHEREAS, Physicians 1, 2, and 3 examined and concluded Thomas Hammersley is unable to perform his usual and customary duties as a Mechanical Repairer with the City of Los Angeles;

WHEREAS, after some discussion and consideration of the evidence received, it was the finding and determination of this Board that Thomas Hammersley is incapacitated pursuant to the definition in Los Angeles Administrative Code § 4.1008(b) and not capable of performing his duties as a Mechanical Repairer;

WHEREAS, an investigation of the employment record established the age, final compensation, and period of continuous service in accordance with the Los Angeles Administrative Code, and such disability is not the result of the applicant's intemperance or willful misconduct; and,

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the disability retirement

benefit for Thomas Hammersley based upon his claimed disabling condition.

Which motion was seconded by Commissioner Sidley, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, and President Chao -6; Nays, None.

VI

BOARD/DEPARTMENT ADMINISTRATION

- A. ADOPTION OF 2024 EMPLOYEE MEMBER OF THE BOARD ELECTION CALENDAR AND POSSIBLE BOARD ACTION – Ani Ghoukassian, Commission Executive Assistant II, presented this item to the Board. Commissioner Roten moved approval, seconded by President Chao, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, and President Chao -6; Nays, None.
- B. FEE ADJUSTMENT AND CONTRACT EXTENSION WITH MOSS ADAMS, LLP (MOSS ADAMS) FOR ONE YEAR THROUGH JUNE 30, 2025 AND POSSIBLE BOARD ACTION – Melani Rejuso, Departmental Audit Manager, presented this item to the Board. Commissioner Roten moved approval of the following Resolution:

**CONTRACT EXTENSION WITH MOSS ADAMS LLP (MOSS ADAMS)
FOR FINANCIAL AND OTHER AUDIT SERVICES**

RESOLUTION 240109-C

WHEREAS, LACERS currently has a four-year contract from July 1, 2020 to June 30, 2024 with Moss Adams, LLP (Moss Adams) to provide financial and other audit services;

WHEREAS, LACERS implemented a competitive bidding process in 2020 that resulted in the selection of Moss Adams to provide audit services;

WHEREAS, Moss Adams provided audit services and required audit reports related to LACERS financial statements, 115 Trust Account (Health/Dental accounts), and employers' (City, Airports and Harbor) allocations and pension amounts;

WHEREAS, LACERS continues to require a competent Financial Auditor for the purpose of providing audited financial information for annual actuarial valuation and for the issuance of LACERS' and the City's Annual Comprehensive Financial Reports;

WHEREAS, Charter Section 371(e)(10) provides exemption from the competitive bidding process for contracts that are "undesirable, impractical or impossible";

WHEREAS, the quality and reliability of audit reports increase over time as an auditor becomes more familiar with the subject matter of its audits, and industry best practices recommend retaining an auditor for at least five years;

WHEREAS, conducting a competitive bidding process requires the expenditure of LACERS resources and trust funds and devotion of time by LACERS' Board of Administration;

WHEREAS, the foregoing supports a finding that conducting a competitive bidding process at this time is undesirable and impractical;

WHEREAS, LACERS requires financial auditing services related to its ownership of the headquarters building located at 977 North Broadway Boulevard; and

WHEREAS, LACERS and Moss Adams LLP are both amenable to amending the current contract and extending it for one final year.

NOW, THEREFORE, BE IT RESOLVED, that the Board:

1. Make a determination that a competitive bidding process for financial and other audit services would not be advantageous pursuant to City Charter Section 371(e)(10);
2. Approve a one-year extension to LACERS' contract with Moss Adams LLP for financial and other audit services, for the period beginning July 1, 2024, and ending June 30, 2025. The period extension includes an annual fee adjustment of \$3,000;
3. Authorize the General Manager to approve and execute the necessary contract amendment documents with Moss Adams LLP, subject to the approval of the City Attorney as to form, and make any necessary clerical, typographical, or technical corrections to this document.

Which motion was seconded by Commissioner Wilkinson and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, and President Chao -6; Nays, None.

VII

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT INCLUDING DISCUSSION ON THE PORTFOLIO EXPOSURE TO GLOBAL EVENTS – Rod June, Chief Investment Officer, reported on the portfolio value of \$22.6 billion as of January 8, 2024. Rod June discussed the following items:
- Governance – Investment Committee is reviewing the Investment Program Governance and Review Processes
 - Operational – Custody Search Update – Evaluation Phase and Timing
 - Russia Exposure – \$687,968, 0.3 bps
 - China Exposure – Tech = \$23.6 million, 10 bps; Total China = \$233 million, 104 bps
 - Israel Exposure - \$137.7 million, 60 bps
 - PRI Election update
 - Emerging Manager Symposium details
- B. APPROVAL OF 3-YEAR CONTRACT WITH CENTERSQUARE INVESTMENT MANAGEMENT LLC REGARDING THE MANAGEMENT OF AN ACTIVE U.S. REITS PORTFOLIO AND POSSIBLE BOARD ACTION. Jeremiah Paras, Investment Officer I, presented and discussed this item with the Board for 5 minutes. Commissioner Lee moved approval of the following Resolution:

**CONTRACT RENEWAL
CENTERSQUARE INVESTMENT MANAGEMENT LLC
ACTIVE U.S. REAL ESTATE INVESTMENT TRUST SECURITIES
PORTFOLIO MANAGEMENT**

RESOLUTION 240109-D

WHEREAS, LACERS' current three-year contract with CenterSquare Investment Management LLC (CenterSquare) for active U.S. REITS (Real Estate Investment Trust Securities) portfolio management expires on March 31, 2024; and,

WHEREAS, CenterSquare is in compliance with the LACERS Manager Monitoring Policy; and,

WHEREAS, a contract renewal with CenterSquare will allow the LACERS total portfolio to maintain a diversified exposure to the U.S. REITS markets; and,

WHEREAS, on January 9, 2024, the Board approved the Investment Committee's recommendation to approve a three-year contract renewal with CenterSquare.

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

<u>Company Name:</u>	CenterSquare Investment Management LLC
<u>Service Provided:</u>	Active U.S. REITS Portfolio Management
<u>Effective Dates:</u>	April 1, 2024 through March 31, 2027
<u>Duration:</u>	Three years
<u>Benchmark:</u>	FTSE NAREIT All Equity REITS Index
<u>Allocation as of November 30, 2023:</u>	\$489 million

Which motion was seconded by Commissioner Huynh, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, and President Chao -6; Nays, None.

- C. PROPOSED INVESTMENT POLICY REGARDING PRIVATE CREDIT INVESTMENTS AND POSSIBLE BOARD ACTION. Clark Hoover, Investment Officer I, and Trevor Jackson, Managing Director presented and discussed this item with the Board for 5 minutes. Commissioner Lee moved approval, seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, and President Chao -6; Nays, None.

- D. PROPOSED INVESTMENT POLICY REGARDING ENFORCEMENT ACTION AND LITIGATION REPORTING AND POSSIBLE BOARD ACTION. James Wang, Investment Officer I, and Miguel Bahamon, Legal Counselor, presented and discussed this item with the Board for 10 minutes. Commissioner Wilkinson moved approval, seconded by Commissioner Roten, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, and President Chao -6; Nays, None.

- E. NOTIFICATION OF COMMITMENT OF UP TO \$50 MILLION IN WATERTON RESIDENTIAL PROPERTY VENTURE XV, L.P. – This report was received by the Board and filed.
- F. NOTIFICATION OF COMMITMENT OF UP TO \$25 MILLION KAYNE ANDERSON CORE REAL ESTATE, L.P. – This report was received by the Board and filed.

VIII

OTHER BUSINESS – Commissioner Sidley requested the status of the letter to the City Attorney regarding abstention voting. Commissioner Huynh asked if the request for the General Manager’s pay differential was transmitted and the status.

IX

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, January 23, 2024, at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, California 90012-1728.

X

ADJOURNMENT – There being no further business before the Board, President Chao adjourned the Meeting at 10:57 a.m.

Annie Chao
President

Neil M. Guglielmo
Manager-Secretary



LACERS
 LA CITY EMPLOYEES'
 RETIREMENT SYSTEM



REPORT TO BOARD OF ADMINISTRATION
 From: Ferralyn Sneed, Chief Benefits Analyst

MEETING: FEBRUARY 13, 2024
ITEM: V - B

SUBJECT: APPROVAL OF DISABILITY RETIREMENT APPLICATION FOR BRITA GORMAN AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That, pursuant to Los Angeles Administrative Code § 4.1008(b), the Board approve the disability retirement application for Brita Gorman based on her claimed disabling conditions and the supporting medical evidence contained in the administrative record, which includes reports by three licensed, practicing physicians.

Background

Brita Gorman (Applicant) is an Animal Care Technician at the Department of Animal Services, with 8.05350 years of City Service. The Applicant applied for disability retirement on September 13, 2022, 25 months outside the normal filing period. The application was accepted due to the Applicant's open Workers' Compensation claim with the City of Los Angeles.

The Applicant's last day on active payroll was August 13, 2019. If approved, the Applicant's retirement effective date will be August 14, 2019.

Accommodation

Because Physicians 1 and 3 opined no accommodations would allow the Applicant to return to work, no inquiries were made with the employing department.

Fiscal Impact

Upon approval, the Applicant would receive a disability retirement allowance of approximately \$1,593.00 per month, and a retroactive payment covering 55 months of approximately \$87,623.00.

Prepared By: Carol Rembert, Benefits Analyst, Retirement Services Division
 Lady Y. Smith, Senior Benefits Analyst, Retirement Services Division

FS:LYS:cr
 Attachment 1: Proposed Resolution

APPROVAL OF DISABILITY RETIREMENT BENEFIT FOR BRITA GORMAN

PROPOSED RESOLUTION

WHEREAS, the General Manager presented certain medical reports and other evidence, and reported that the application filed was in regular and proper form;

WHEREAS, Physicians 1, 2, and 3 examined and concluded Brita Gorman is unable to perform her usual and customary duties as an Animal Care Technician with the City of Los Angeles;

WHEREAS, after some discussion and consideration of the evidence received, it was the finding and determination of this Board that Brita Gorman is incapacitated pursuant to the definition in Los Angeles Administrative Code § 4.1008(b) and not capable of performing her duties as an Animal Care Technician;

WHEREAS, an investigation of the employment record established the age, final compensation, and period of continuous service in accordance with the Los Angeles Administrative Code, and such disability is not the result of the applicant's intemperance or willful misconduct; and,

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the disability retirement benefit for Brita Gorman based upon her claimed disabling conditions.



REPORT TO BOARD OF ADMINISTRATION
From: Ferralyn Sneed, Chief Benefits Analyst

MEETING: FEBRUARY 13, 2024
ITEM: V - C

SUBJECT: APPROVAL OF DISABILITY RETIREMENT APPLICATION OF ABEL MORENO FOR SERVICE-CONNECTED DISABILITY RETIREMENT OF 72% AND POSSIBLE BOARD ACTION

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

Recommendation

That it be the finding of the Board that:

1. Abel Moreno is incapable of performing the duties of an Airport Police Officer II; and,
2. There is clear and convincing evidence that demonstrates the discharge of Abel Moreno's duties as an Airport Police Officer II is the predominant cause of his incapacity; and,
3. That, pursuant to Los Angeles Administrative Code § 4.1008.1(b), the Board approve the Service-Connected disability retirement application for Abel Moreno, with a rating of 72%, based on his claimed disabling condition and the supporting medical evidence contained in the administrative record, which includes reports by three licensed, practicing physicians.

Background

Abel Moreno (Officer) is an Airport Police Officer II in the Department of Los Angeles World Airports (LAWA) with 16.75895 years of City Service. The Officer applied for a Service-Connected disability retirement on November 7, 2022.

The Officer's last day on active payroll was August 30, 2023. If approved, the Officer's retirement effective date will be August 31, 2023.

Accommodation

Because Physicians 1 and 2 opined no accommodations would allow the Officer to return to work, no inquiries were made with the Officer's employing department.

Basis for Disability Rating Recommendation

Disability Type: Service-Connected
Percentage: 72%
Limitations: Limitations fall within the Severe category

Fiscal Impact

Upon approval, the Officer will receive a Service-Connected disability retirement allowance of approximately \$6,580.00 per month, which is equal to 72% of his Final Compensation, and a retroactive payment covering seven months of approximately \$46,067.00.

Prepared By: Carol Rembert, Benefits Analyst, Retirement Services Division
Lady Y. Smith, Sr. Benefits Analyst I, Retirement Services Division

FS:LYS:cr

Attachment 1: Proposed Resolution

**APPROVAL OF SERVICE-CONNECTED DISABILITY RETIREMENT
BENEFIT FOR ABEL MORENO**

PROPOSED RESOLUTION

WHEREAS, the General Manager presented certain medical reports and other evidence, and reported that the application filed was in regular and proper form;

WHEREAS, Physicians 1, 2, and 3 examined and concluded Abel Moreno is unable to perform his usual and customary duties as an Airport Police Officer II with the City of Los Angeles;

WHEREAS, after some discussion and consideration of the evidence received, it was the finding and determination of this Board that the clear and convincing evidence demonstrates that the discharge of Abel Moreno's duties as an Airport Police Officer II is the predominant cause of the incapacity pursuant to the definition in Los Angeles Administrative Code § 4.1008.1(b) and he is not capable of performing his duties as an Airport Police Officer II;

WHEREAS, an investigation of the employment record established the age, final compensation, and period of continuous service in accordance with the Los Angeles Administrative Code, and such disability is not the result of the Officer's intemperance or willful misconduct;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the Service-Connected disability retirement benefit for Abel Moreno of 72% of his Final Average Compensation based upon his claimed disabling condition.



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guglielmo, General Manager

Neil M. Guglielmo

MEETING: FEBRUARY 13, 2024

ITEM: VI - B

SUBJECT: LACERS' RESPONSE TO CITY COUNCIL LETTER REGARDING HOTEL WORKERS' DISPUTE AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board receive and file this report, which provides a brief summary of the LACERS and LAFPP Joint Letter Response to City Council's letter on Migrant Labor and ESG Concerns regarding LACERS and LAFPP Investments in Advent International / Aimbridge Hospitality received on November 14, 2023.

Executive Summary

The LACERS Board of Commissioners received a letter from City Councilmembers on November 14, 2023, to publicly urge private equity firm Advent International (Advent), to investigate and respond to wage issues and labor relations concerns involving Aimbridge Hospitality (Aimbridge), a hotel management company owned by Advent International (Advent or general partner). Staff has drafted a joint letter response to the City Councilmembers which provides background information, an overview of the fiduciary principles governing public pension plans, and a summary of each of the plans' respective engagement efforts to date.

Discussion

Background

At the LACERS Board Meetings held on August 8, 2023, August 22, 2023, September 12, 2023, October 24, 2023, November 14, 2023, November 28, 2023, and January 23, 2024, representatives of UNITE HERE Local 11 (Unite Here) expressed their concerns about wage issues and labor relations via public comments. Unite Here is a labor union that represents over 32,000 workers employed in hotels, restaurants, airports, sports arenas, and convention centers throughout Southern California and Arizona. A number of these hotels are under the management of Aimbridge, a portfolio company owned by Advent, a private equity firm that manages multi-billion, closed-end investment funds on behalf of global institutional investors such as LACERS.

LACERS investment portfolio is under the plenary authority of the LACERS Board who, as appointed and elected fiduciaries, must act in the best long-term interest of LACERS' retirees and their beneficiaries by ensuring that investments earn appropriate risk-adjusted returns to meet LACERS' financial goals and objectives.

LACERS staff have worked closely with LACERS' private equity consultant, Aksia LLC (Aksia), for assistance in determining appropriate interaction with the general partner to ensure compliance with the limited partnership agreement and to assist LACERS staff in facilitating communication with Advent. Further, Aksia has agreed to continue its communication with Advent to express LACERS' ongoing desire to see a resolution to this labor matter.

The proposed joint letter response with Los Angeles Fire and Police Pensions (LAFPP) provides background information on the labor matter, LACERS' investment in Advent, the fiduciary principles governing all Board investment decisions, the contractual limitations on LACERS' direct involvement in private equity portfolio companies, and a summary of LACERS' engagement efforts with Advent to date.

Strategic Plan Impact Statement

The proposed joint letter aligns with optimizing long-term risk adjusted investment returns (Goal IV); and upholds good governance practices which affirm transparency, accountability, and fiduciary duty (Goal V).

Prepared By: Ellen Chen, Director of Private Markets, ESG Risk Officer, Investment Division

NMG/RJ/WL/EC/rm

ASSET ALLOCATION

LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM

FEBRUARY 13, 2024



AGENDA

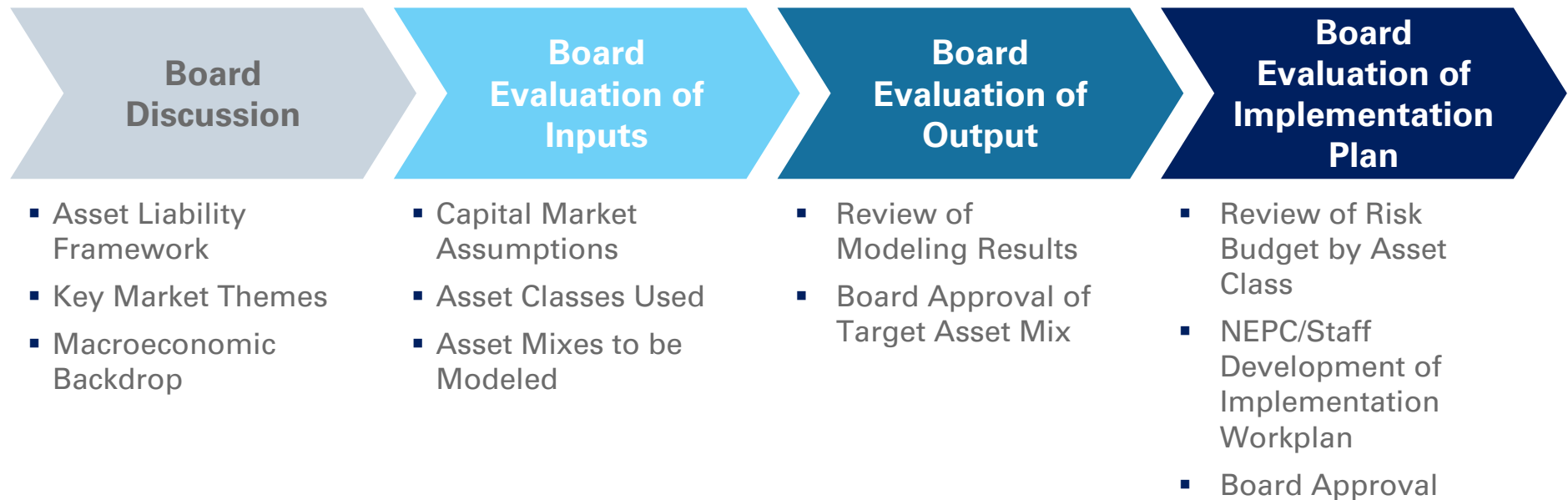
- Introduction 4
- Key Market Themes 9
- Macro Assumptions 27
- Next Steps 32

INTRODUCTION



ASSET ALLOCATION PROCESS

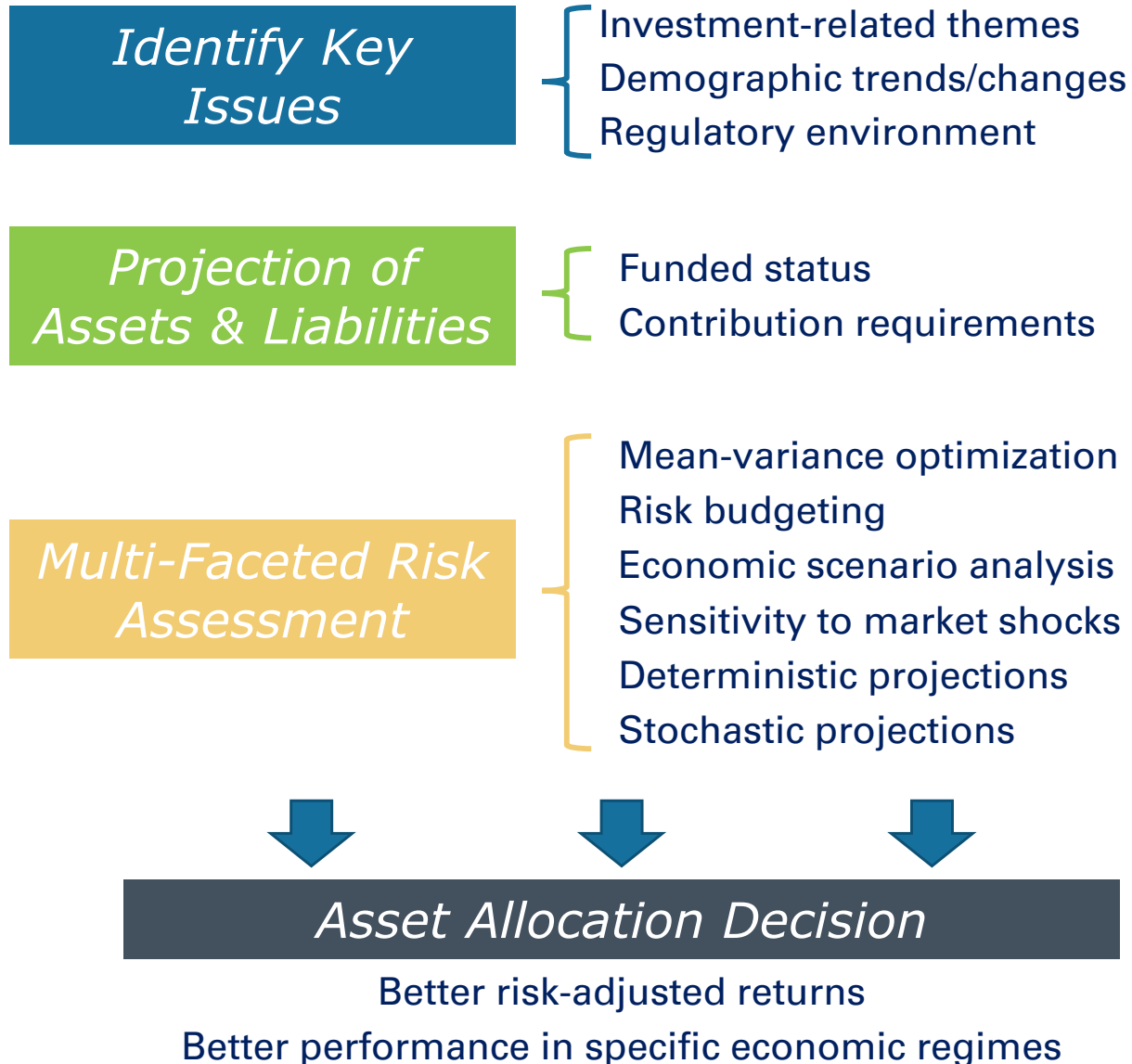
KEY STEPS



PURPOSE OF ASSET LIABILITY STUDY

- **Review the current and projected financial status of the Plan over multiple time periods**
 - Project liabilities and benefit payments
 - Project asset growth and contribution levels
- **Assess the appropriateness of the current asset allocation relative to the expected progress of liabilities and cash flows**
- **Test sensitivity of the Plan (Assets and Liabilities) to a various range of outcomes**
 - Market performance across range of economic environments
 - Contribution volatility
 - Range of liquidity environments
- **Consider different asset mixes and expected return on assets**
 - Assess appropriate return target against tradeoff of volatility/range of outcomes

ASSET LIABILITY FRAMEWORK











METHODOLOGY FOR ASSET LIABILITY STUDY

- **Gather information on assets and liabilities**
 - Assets (information provided by NEPC/LACERS staff)
 - Current Asset Allocation targets
 - Assumptions for Asset Class projections (return/risk/correlation)
 - Liquidity of underlying investments
 - Liabilities (information provided by the Plan's actuary/LACERS staff)
 - Current Valuation of DB and health plan
 - Current Plan provisions
 - Assumptions underlying valuation of liabilities
 - Projection of expected future cash flows
- **Determine asset mixes to model**
- **Run long-term projections to understand asset/liability dynamics**
- **Apply multiple perspectives to assist with decision-making**
 - Mean-variance optimization
 - Risk budgeting
 - Scenario analysis
 - Liquidity analysis
 - Factor analysis

KEY MARKET THEMES



MARKET BACKDROP

		2022	2024			2022	2024
	S&P 500	4,766	4,769		Fed Funds	0.25	5.50
	IG OAS	0.92	0.99		US 10 Year	1.51	3.88
	HY OAS	2.93	3.23		CPI	7.19	3.12
	Gold	1,895	2,072				
	Oil	75	72				

Notes: IG OAS = Investment Grade Corporate Bond Index Option Adjusted Spread; HY OAS = High Yield Bond Index Option Adjusted Spread

INVESTMENT REGIME SHIFTS TAKE TIME



Economic Resilience

Robust labor market reinforces a “no recession” outcome for the U.S.



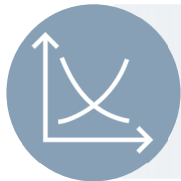
Long and Variable Monetary Policy Lag

Access to capital and liquidity slowly adjusting to the investment landscape



Higher for Longer Interest Rates

Market participants have not accepted long-term interest rates above 4%



Inflation Expectations Are Awry

Market expectations are anchored to the low inflation levels of the past decade

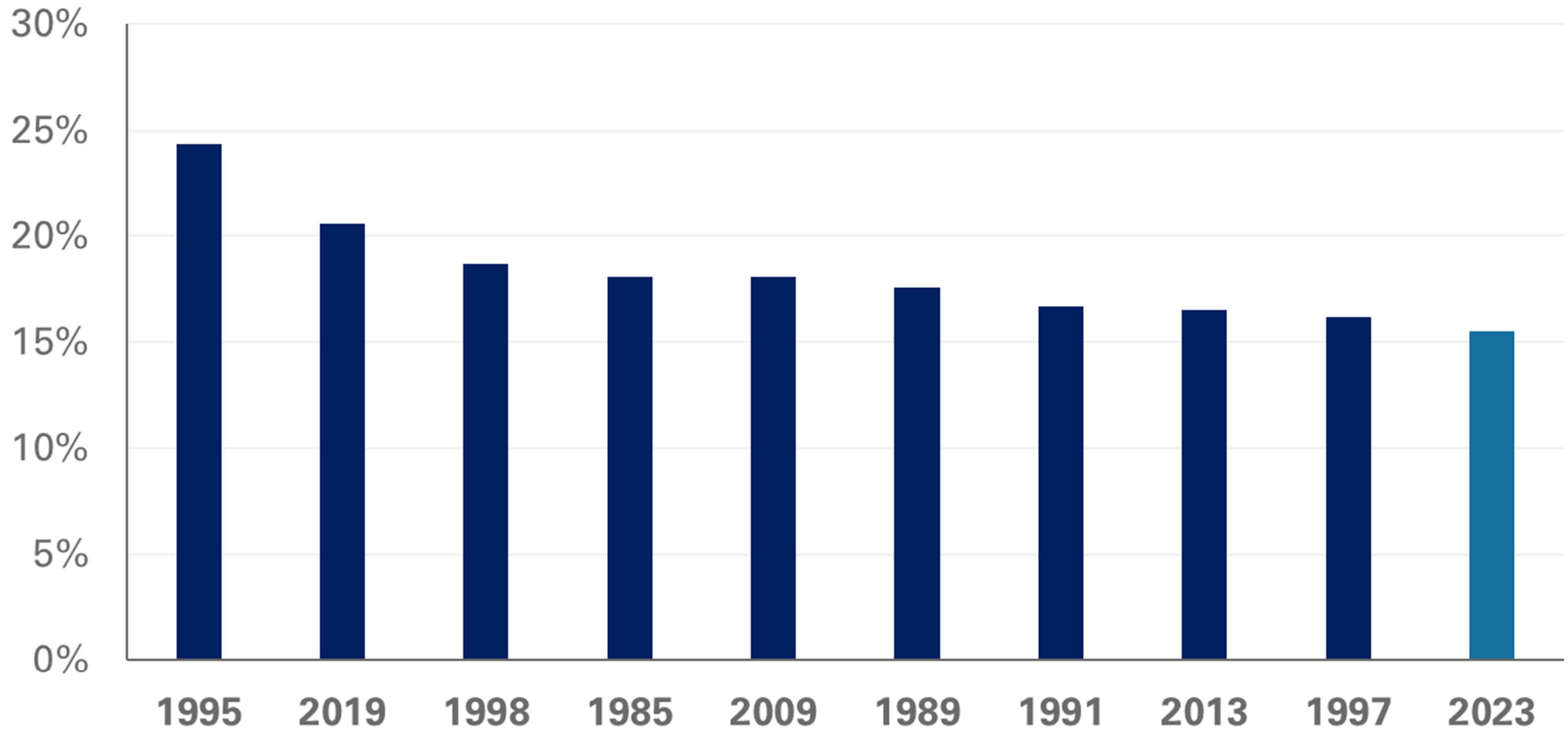


Geopolitical Dynamics

Geopolitical trends are straining supply chains and macroeconomic conditions

2023 WAS A STRONG YEAR FOR 60/40

60/40 ANNUAL PORTFOLIO RETURNS

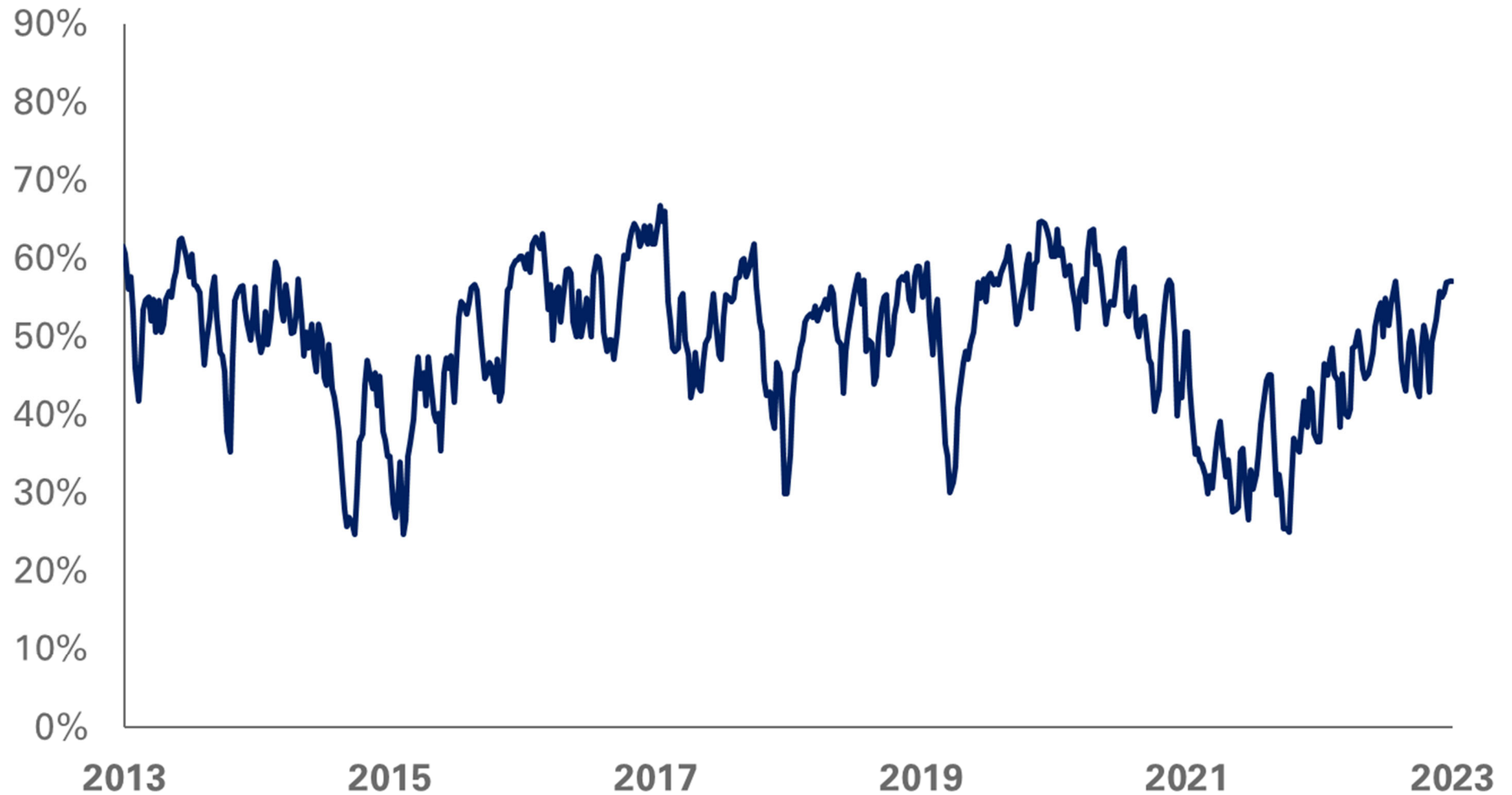


Notes: Chart calculated using annual data 1976 to present. 60% reflects S&P 500 price return, 40% reflects Bloomberg U.S. Aggregate Bond Index returns
Sources: S&P, Bloomberg, FactSet



INVESTOR SENTIMENT SURGED IN 2023

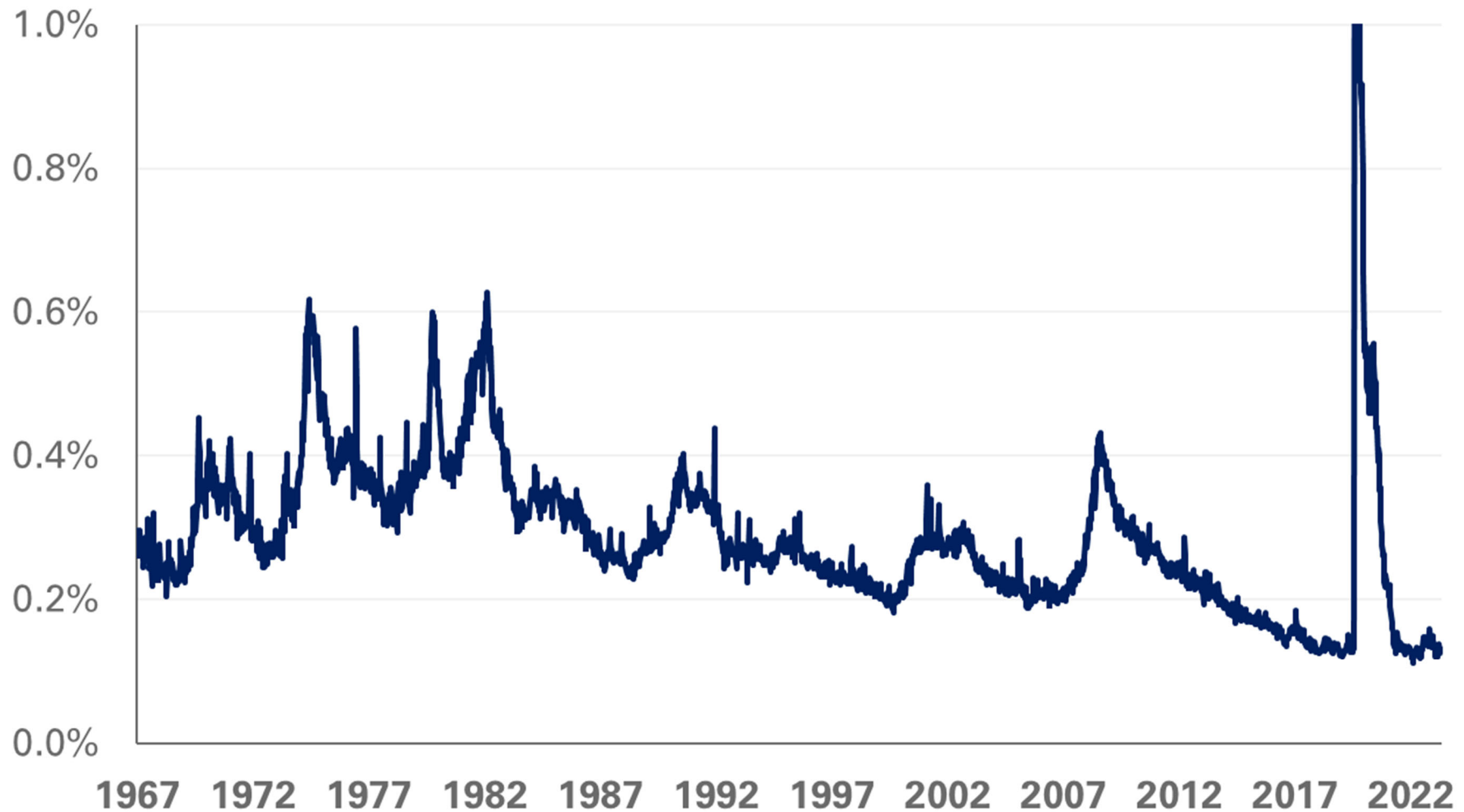
INVESTORS INTELLIGENCE BULLISH SENTIMENT INDEX



Source: Investors Intelligence, FactSet

RESILIENCY STEMMED FROM THE LABOR MARKET

UNEMPLOYMENT INSURANCE CLAIMS AS % OF THE LABOR FORCE



Sources: U.S. Department of Labor, FactSet

INFLATION MAY NORMALIZE ABOVE EXPECTATIONS

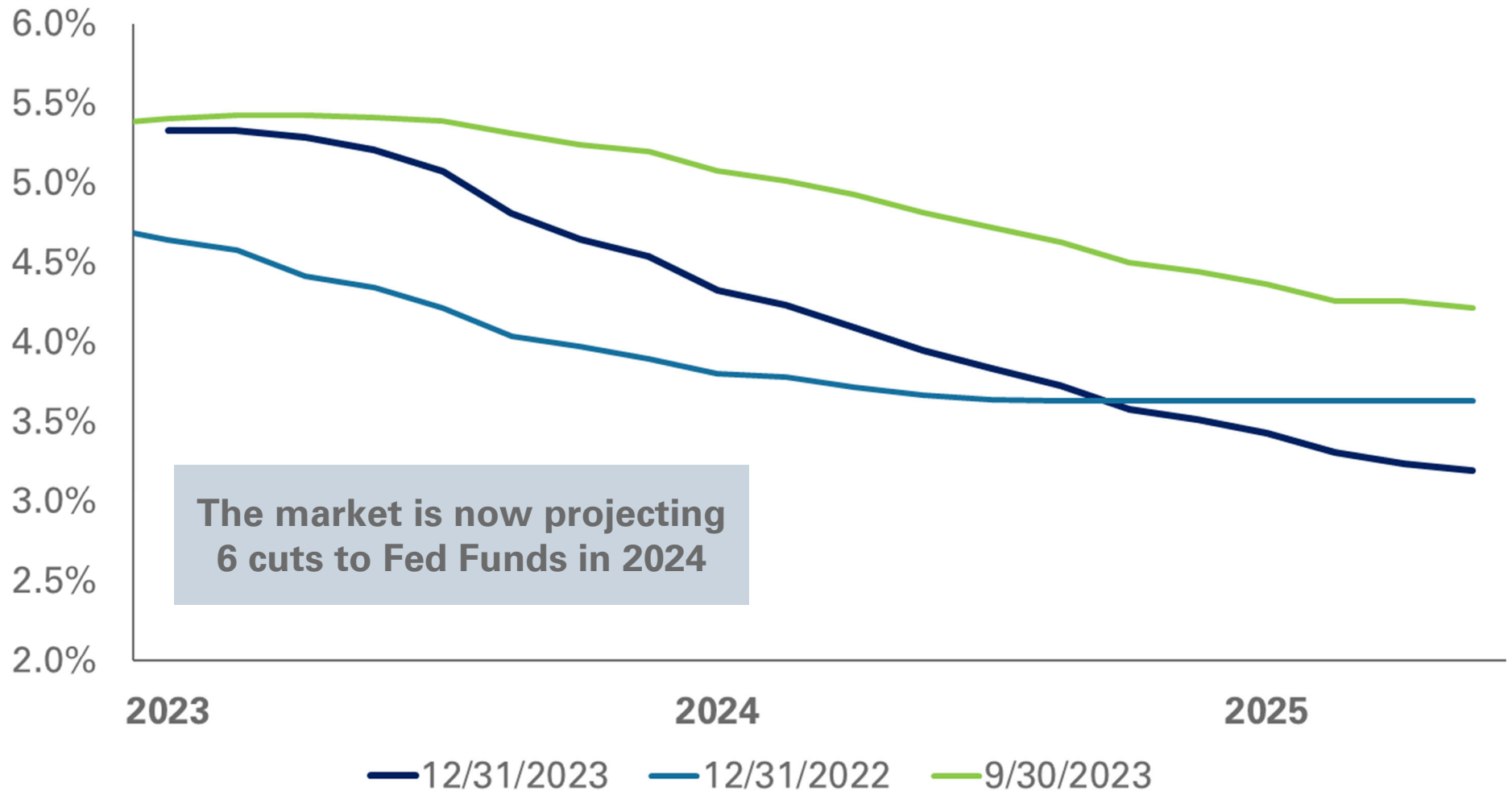
ROLLING 6-MONTH AVG CONSUMER INFLATION EXPECTATIONS



Sources: University of Michigan, FactSet

MARKETS ARE BIASED TO LOWER U.S. RATES

FEDERAL FUND FUTURES



Source: FactSet

2024 MARKET THEMES

NEPC MARKET OUTLOOK



Cost of Capital

Economy is not acclimated to long-term interest rate environment of 4% or higher



Magnificent Seven

Priced for Perfection: Sky-high earnings growth expectations challenge upside at current valuations



U.S. Fiscal Debt

Fundamentals suggest perpetual deficit cycle requires higher interest rates



Artificial Intelligence

AI Proof Statement: Novel products and successful AI adoption will test valuations in 2024



Geopolitics

The speed of information amplifies tail risks; look to rebalance opportunities amid volatility

SMALL BUSINESSES FEELING RATES PRESSURE

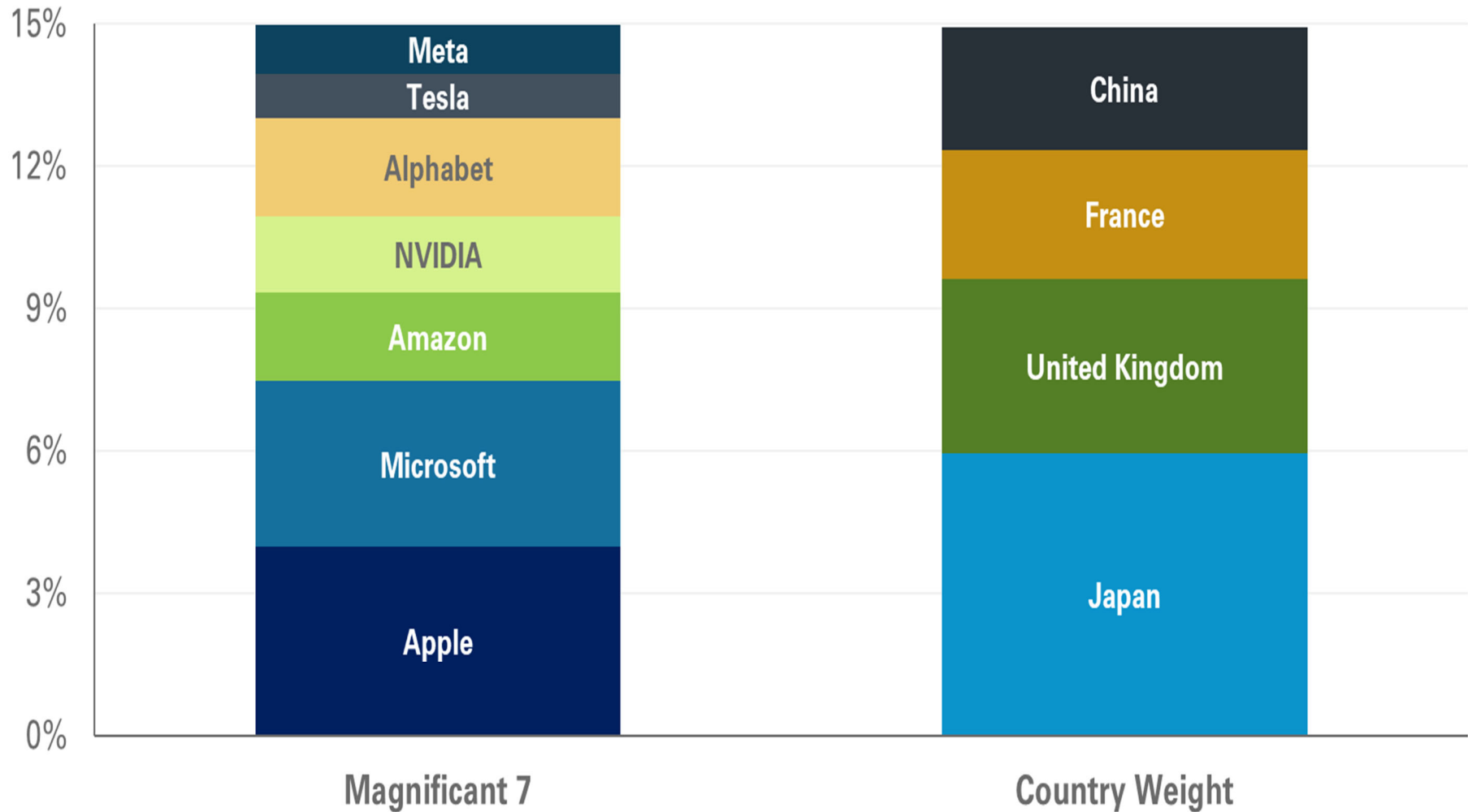
ACTUAL INT. RATE PAID ON SHORT-TERM LOANS



Source: National Federation of Independent Business, FactSet

MAGNIFICENT SEVEN: UNPRECEDENTED SIZE

WEIGHT IN MSCI ACWI IMI INDEX



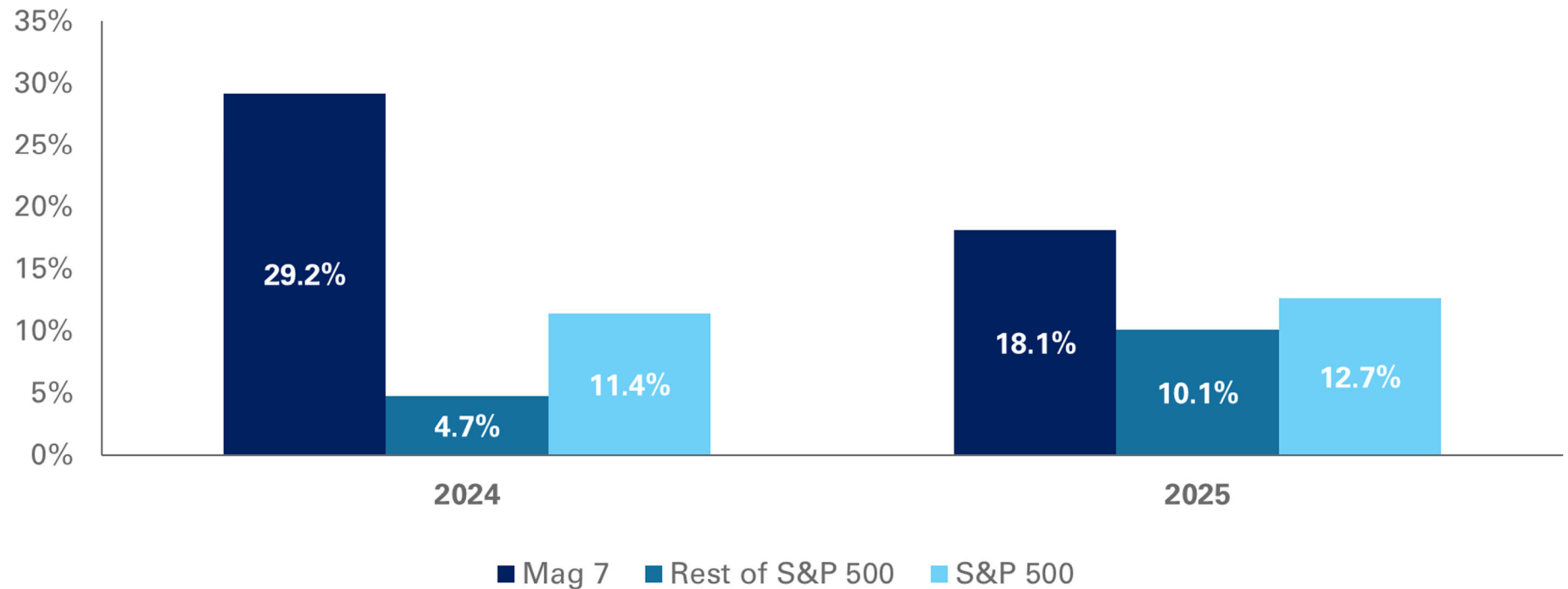
Note: MSCI ACWI IMI Index represents 99% of stocks available for investment around the globe. The index includes large, mid and small cap companies from developed and emerging markets.

Source: MSCI, FactSet



MARKET EXPECTS CONTINUED MAG 7 GROWTH

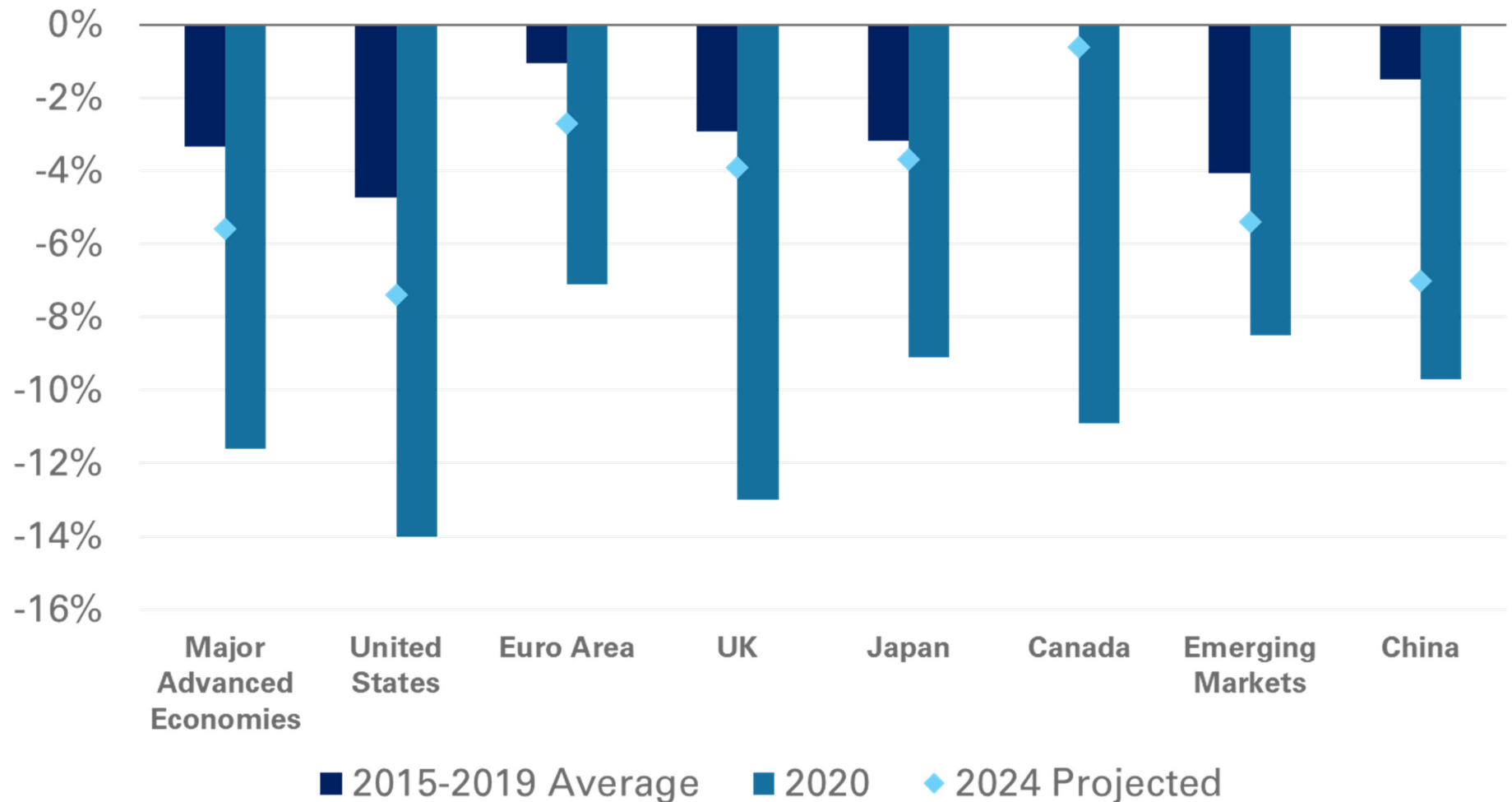
CONSENSUS BOTTOMS UP EARNINGS GROWTH ESTIMATES



Sources: S&P, FactSet

THE U.S. ISN'T ALONE

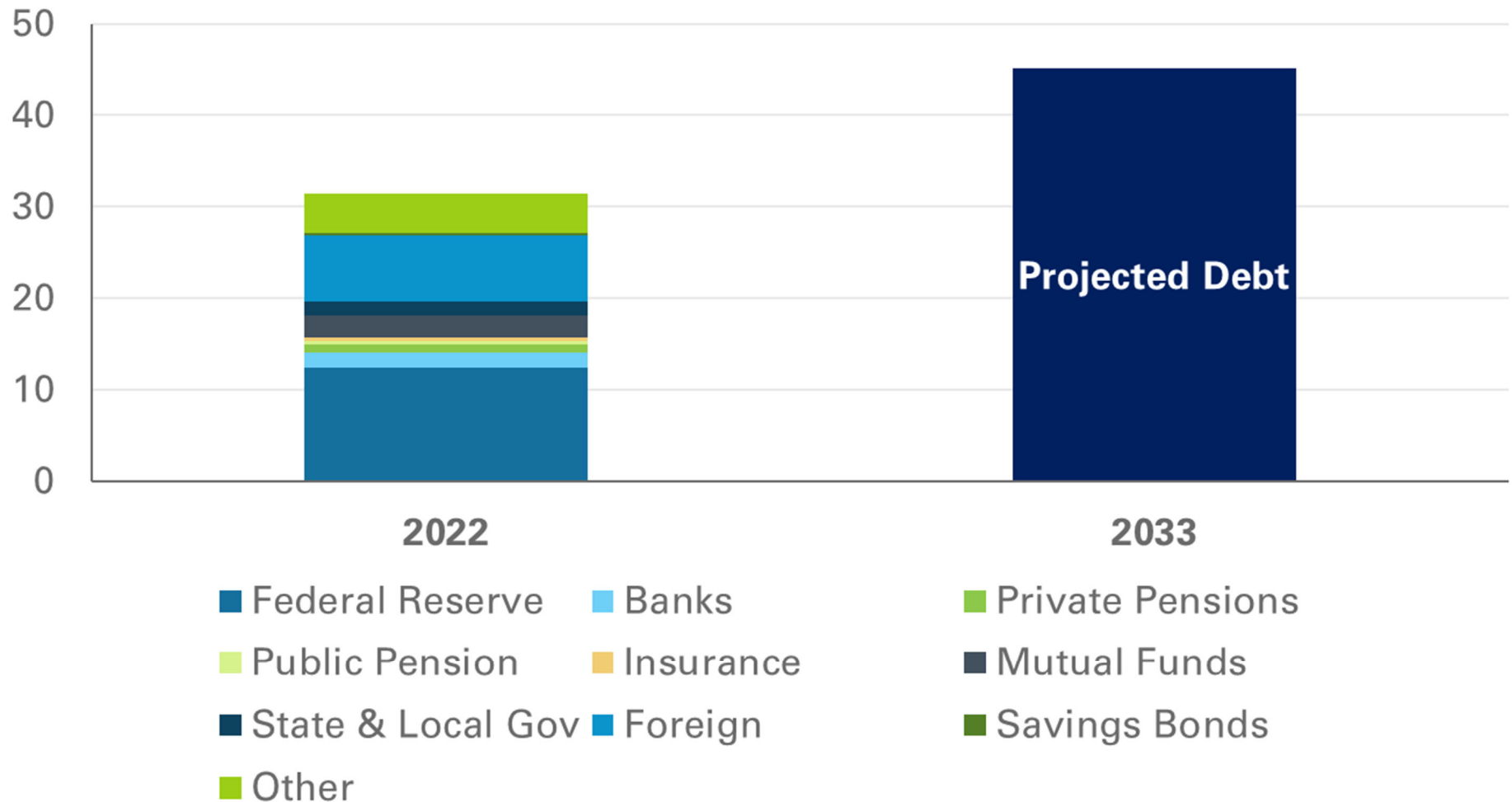
GENERAL GOVERNMENT NET BORROWING AS PERCENT OF GDP



Source: International Monetary Fund October 2023 World Economic Outlook

WHO'S GOING TO BUY ALL THIS DEBT?

OWNERSHIP OF U.S. TREASURY SECURITIES IN TRILLIONS



Source: U.S. Treasury, Congressional Budget Office
As of December 31, 2022



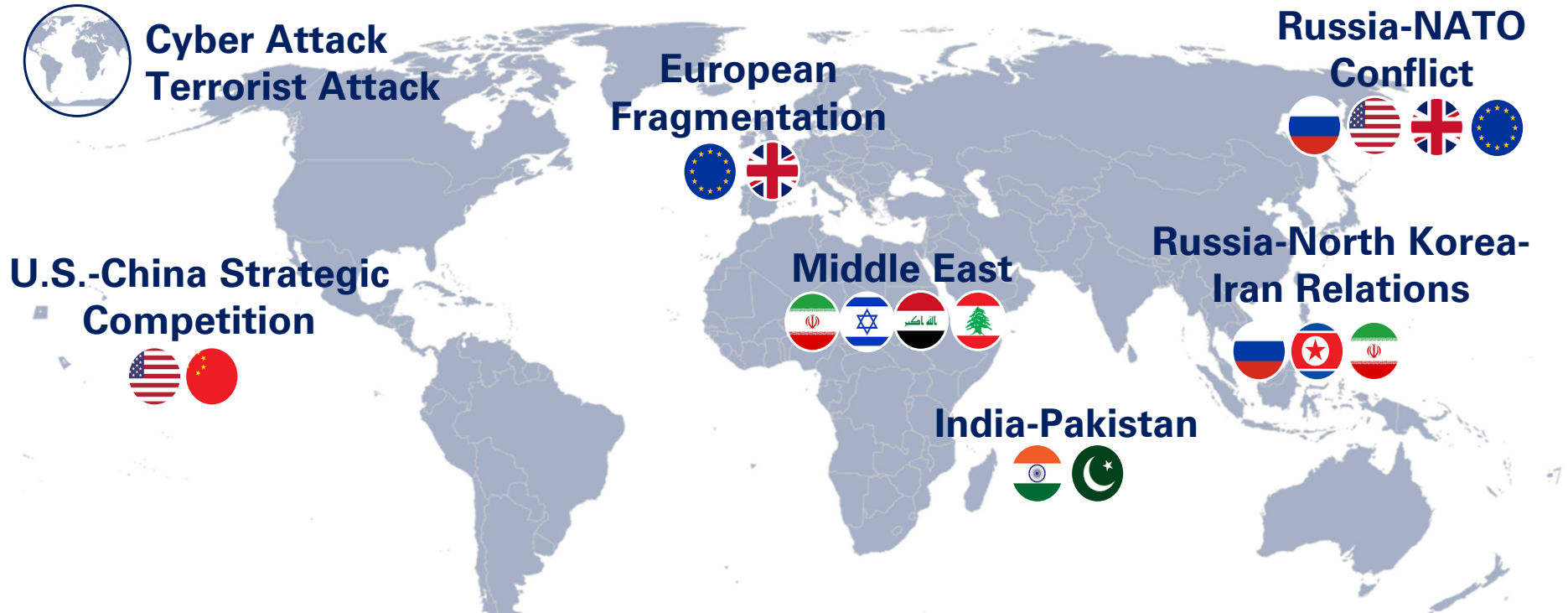
INTEREST IN AI EXTENDS PAST TECH COMPANIES

AI MENTIONED ON EARNINGS REPORT IN RUSSELL 3000



2024 GEOPOLITICAL FLASHPOINTS

ESCALATION RISK IS KEY FOR CAPITAL MARKETS



Potential Economic and Market Impact:



Food Supply



Global Trade



Global Inflation



Energy Supply



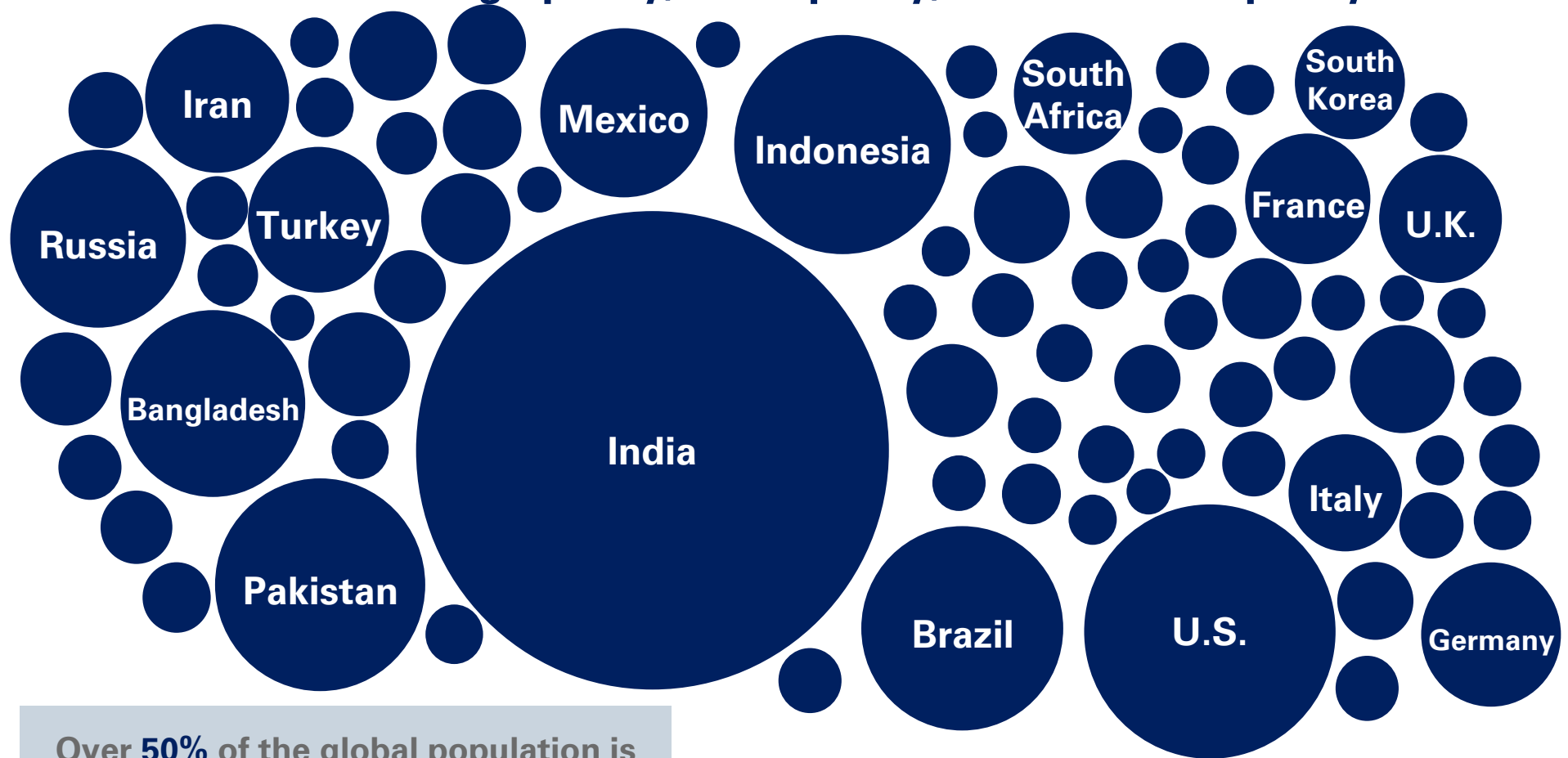
Economic Growth



Currency Volatility

A GLOBAL ELECTION CYCLE COMPLICATES THINGS

- An election “supercycle” in 2024 widens the range of outcomes associated with foreign policy, trade policy, and domestic policy



Over 50% of the global population is heading to the polls in 2024

Notes: Includes the European Union member states that will elect the next Parliament in June 2024. Size of bubble denotes size of population for voting country. Source: FactSet

PORTFOLIO POSITIONING VIEWS

CURRENT OPPORTUNITIES

Look to **reduce S&P 500 and U.S. mega-cap exposure in favor of U.S. value positions and high yield credit**

We suggest **tilting equity implementation to global equity strategies** and encourage greater usage of active equity approaches

With the **normalization of real interest rates**, we support the continued U.S. TIPS exposure to strategic policy targets

We remain comfortable holding greater levels of cash and holding appropriate safe-haven fixed income exposure

MACROECONOMIC



U.S. INFLATION ASSUMPTIONS

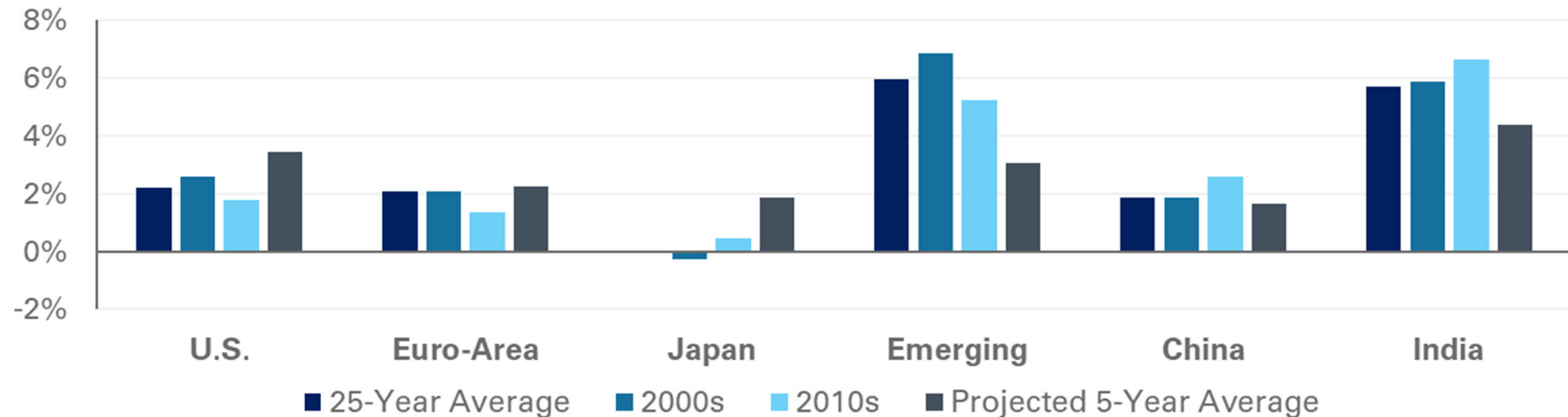
OVERVIEW

- Inflation is a key building block to develop asset class assumptions
- Inflation assumptions are model-driven and informed by multiple inputs for both the U.S. and global assets
- NEPC’s inflation assumption forecasts near-term paths for major Consumer Price Index (CPI) components including food, energy, core services, and shelter costs
 - CPI is expected to converge with breakeven inflation rates over the long-term
- A composite inflation assumption reflects a blend of NEPC’s inflation forecast and market-implied breakeven inflation rates

Region	10-Year Inflation Assumption	12-Month Change	30-Year Inflation Assumption	12-Month Change
United States	2.6%	+0.1%	2.6%	-

GLOBAL INFLATION

HISTORICAL INFLATION

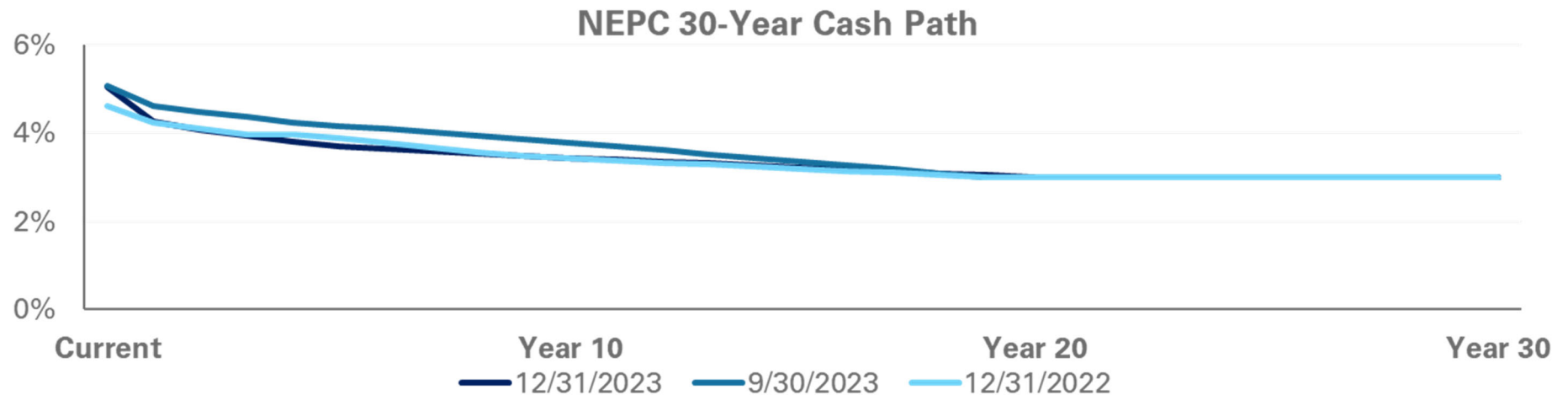


- **Non-U.S. forecasts are guided by IMF forecasts, local consumer and producer price indices, and global interest rate curves**
- **Near-term inflation levels for developed markets are projected to be higher relative to history**
 - Long-term inflation assumptions reflect NEPC and central bank targets
 - The expected inflation differential between emerging and developed markets has narrowed significantly



Sources: IMF, FactSet, NEPC

U.S. CASH EXPECTATIONS



- **Cash is a foundational input for all asset class return expectations**
 - Cash + risk premia is an input for long-term asset class return projections
- **Cash assumptions reflect inflation and real interest rates**
- **A composite cash assumption is built from a blend of NEPC’s cash forecast and market forward pricing of short-term interest rates**

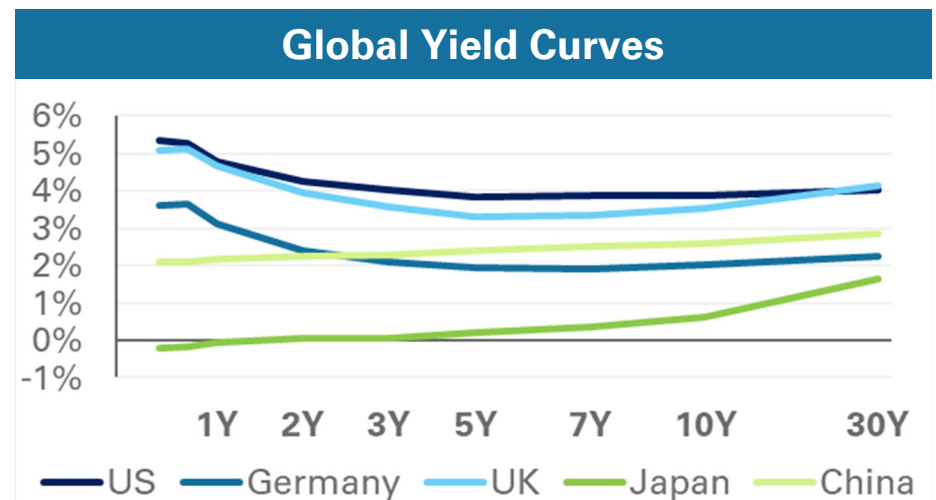
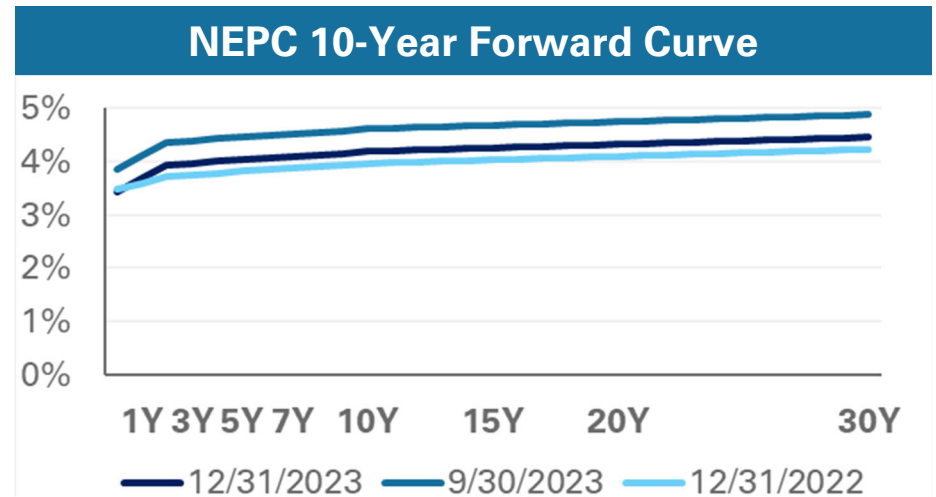
10-Year Cash Assumption	30-Year Cash Assumption
3.9%	3.4%



Sources: Bloomberg, FactSet, NEPC

GLOBAL INTEREST RATE EXPECTATIONS

- **Real yields have normalized, reflecting a tighter monetary policy environment**
 - Attractive real yields should signal a shift in risk posture for investors
- **Markets remain biased to a lower interest rate environment - diverging from Fed projections in the near-term**
- **The outlook is less attractive for non-U.S. developed markets due to the nominal yield differential relative to the U.S.**

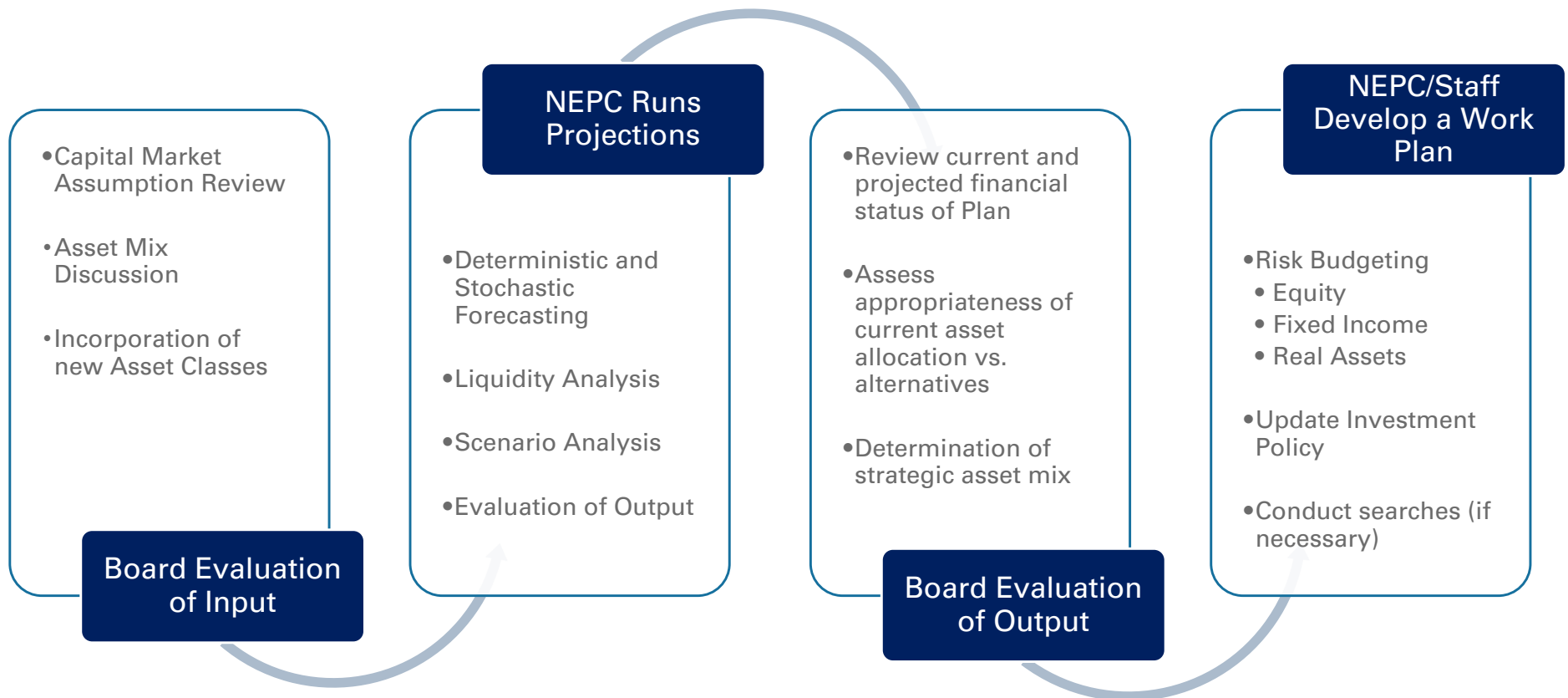


Sources: FactSet, NEPC

NEXT STEPS



NEXT STEPS



APPENDIX



INFORMATION DISCLAIMER

Past performance is no guarantee of future results.

The goal of this report is to provide a basis for substantiating asset allocation recommendations. The opinions presented herein represent the good faith views of NEPC as of the date of this report and are subject to change at any time.

Information on market indices was provided by sources external to NEPC. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.

All investments carry some level of risk. Diversification and other asset allocation techniques do not ensure profit or protect against losses.

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