

Investment Committee Agenda

REGULAR MEETING

TUESDAY, SEPTEMBER 8, 2020

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

MEETING LOCATION:

In conformity with the Governor's Executive Order N-29-20 (March 17, 2020) and due to the concerns over COVID-19, the LACERS Investment Committee's September 8, 2020, meeting will be conducted via telephone and/or videoconferencing.

Important Message to the Public

Information to call-in to participate:

Dial: (669) 900-6833 or (253) 215-8782

Meeting ID# 959 0123 2810

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

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).

Chair: Sung Won Sohn

Committee Members: Elizabeth Lee
Nilza R. Serrano

Manager-Secretary: Neil M. Guglielmo

Executive Assistant: Ani Ghoukassian

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

Notice to Paid Representatives

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

Request for services

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

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

Disclaimer to participants

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

[**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 SPECIAL MEETING OF [AUGUST 11, 2020](#) AND SPECIAL MEETING OF [AUGUST 19, 2020](#) AND POSSIBLE COMMITTEE ACTION
- III. CHIEF INVESTMENT OFFICER VERBAL REPORT
- IV. [CONSENT OF ASSIGNMENT OF BARROW, HANLEY, MEWHINNEY & STRAUSS, LLC CONTRACT AND POSSIBLE COMMITTEE ACTION](#)
- V. [SEMI-FINALISTS OF THE CORE FIXED INCOME INVESTMENT MANAGER SEARCH AND POSSIBLE COMMITTEE ACTION](#)
- VI. [PROXY VOTING ACTIVITY REPORT FOR THE PERIOD JULY 1, 2019 TO JUNE 30, 2020](#)
- VII. OTHER BUSINESS
- VIII. NEXT MEETING: The next Regular meeting of the Investment Committee is scheduled for Tuesday, October 13, 2020 at 10:30 a.m. or immediately following the Board Meeting, at LACERS, 977 N. Broadway, Los Angeles, CA 90012 and/or via telephone and/or videoconferencing. Please continue to view the LACERS website for updated information on public access to Board/Committee meetings while responding to public health concerns relating to the novel coronavirus continue.
- IX. ADJOURNMENT



Board of Administration Agenda

SPECIAL MEETING

TUESDAY, SEPTEMBER 8, 2020

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

MEETING LOCATION:

In conformity with the Governor's Executive Order N-29-20 (March 17, 2020) and due to the concerns over COVID-19, the LACERS Investment Committee's September 8, 2020, meeting will be conducted via telephone and/or videoconferencing.

Important Message to the Public

Information to call-in to participate:

Dial: (669) 900-6833 or (253) 215-8782

Meeting ID# 959 0123 2810

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

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

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 Ghokassian

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.

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.

[**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 SPECIAL MEETING OF AUGUST 11, 2020 AND SPECIAL MEETING OF AUGUST 19, 2020 AND POSSIBLE COMMITTEE ACTION
- III. CHIEF INVESTMENT OFFICER VERBAL REPORT
- IV. CONSENT OF ASSIGNMENT OF BARROW, HANLEY, MEWHINNEY & STRAUSS, LLC CONTRACT AND POSSIBLE COMMITTEE ACTION
- V. SEMI-FINALISTS OF THE CORE FIXED INCOME INVESTMENT MANAGER SEARCH AND POSSIBLE COMMITTEE ACTION
- VI. PROXY VOTING ACTIVITY REPORT FOR THE PERIOD JULY 1, 2019 TO JUNE 30, 2020
- VII. OTHER BUSINESS
- VIII. NEXT MEETING: The next Regular meeting of the Investment Committee is scheduled for Tuesday, October 13, 2020 at 10:30 a.m. or immediately following the Board Meeting, at LACERS, 977 N. Broadway, Los Angeles, CA 90012 and/or via telephone and/or videoconferencing. Please continue to view the LACERS website for updated information on public access to Board/Committee meetings while responding to public health concerns relating to the novel coronavirus continue.
- IX. ADJOURNMENT

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

In conformity with the Governor's Executive Order N-29-20 (March 17, 2020)
and due to the concerns over COVID-19, the
LACERS Investment Committee's
August 11, 2020, meeting was conducted
via telephone and/or videoconferencing

Agenda of: Sept. 8, 2020

Item No: II

August 11, 2020

11:37 a.m.

PRESENT via Zoom Meeting:	Chair:	Sung Won Sohn
	Committee Members:	Elizabeth Lee Nilza R. Serrano
	Commissioners:	Annie Chao
	Manager-Secretary:	Neil M. Guglielmo
	Legal Counselor:	James Napier
PRESENT at LACERS offices:	Executive Assistant:	Ani Ghoukassian

The Items in the Minutes are numbered to correspond with the Agenda but are listed in the order heard.

Commissioner Chao was present, this is considered a Special Meeting of the Board of Administration. Any votes taken by Investment Committee members only.

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 SPECIAL MEETING OF JULY 8, 2020 AND REGULAR MEETING OF JULY 14, 2020 AND POSSIBLE COMMITTEE ACTION – Committee Member Elizabeth Lee moved approval of the minutes for the Special Meeting of July 8, 2020 and Regular Meeting of July 14, 2020, 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, provided the Committee with the following report:

- Contracts executed with four small cap equity managers
- Special Investment Committee Meeting on August 19, 2020

IV

INVESTMENT MANAGER CONTRACT WITH AEGON USA INVESTMENT MANAGEMENT, LLC REGARDING THE MANAGEMENT OF AN ACTIVE U.S. HIGH YIELD FIXED INCOME PORTFOLIO AND POSSIBLE COMMITTEE ACTION – Bryan Fujita, Investment Officer III and Jeremiah Paras, Investment Officer I, presented this item to the Committee. Committee Member Serrano moved approval, and adopted by the following vote: Ayes, Committee Members Elizabeth Lee, Serrano, and Chair Sohn -3; Nays, None.

V

ANNUAL REPORT ON LACERS EMERGING INVESTMENT MANAGER PROGRAM – Rod June, Chief Investment Officer, Wilkin Ly, Investment Officer III, and Ricky Mulawin, Management Analyst, presented this item to the Committee. This report was received by the Committee and filed.

VI

INVESTMENT POLICY MANUAL REVIEW AND POSSIBLE COMMITTEE ACTION – Rod June, Chief Investment Officer and Eduardo Park, Investment Officer II, presented this item to the Committee. 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

OTHER BUSINESS – There was no other business.

VIII

NEXT MEETING: The next Special Meeting of the Investment Committee is scheduled for Wednesday, August 19, 2020 at 9:00 a.m. and the next Regular meeting of the Investment Committee is scheduled for Tuesday, September 8, 2020 at 10:30 a.m. or immediately following the Board Meeting, in the LACERS Ken Spiker Boardroom, 202 West First Street, Suite 500, Los Angeles, CA 90012-4401 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 public health concerns relating to the novel coronavirus continue.

IX

ADJOURNMENT – There being no further business before the Committee, Chair Sohn adjourned the meeting at 12:04 p.m.

Sung Won Sohn

Neil M. Guglielmo
Manager-Secretary

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

In conformity with the Governor's Executive Order N-29-20 (March 17, 2020) and due to the concerns over COVID-19, the LACERS Investment Committee's August 19, 2020, Special meeting was conducted via telephone and/or videoconferencing

August 19, 2020

9:07 a.m.

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

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

I

PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION – Chair Sohn asked if any persons wished to speak on matters within the Committee's jurisdiction, to which there was no response and no public comment cards received.

II

FINALIST FIRMS OF THE EMERGING MARKET DEBT INVESTMENT MANAGER SEARCH AND POSSIBLE COMMITTEE ACTION – Rod June, Chief Investment Officer, Jeremiah Paras, Investment Officer I, and Jimmy Wang, Investment Officer I presented this item to the Committee and introduced the first presenter.

Ashmore Investment Management Limited: Mark Coombs, Chief Executive Officer, and Ted Smith, Global Institutional Business Development, Head of Subadvisory, presented and discussed with the Committee for 1 hour, 6 minutes.

Chair Sohn recessed the Special Meeting at 10:23 a.m. for a break and reconvened the Special Meeting at 10:26 a.m.

PGIM, Inc.: Cathy L. Hepworth, Managing Director and Head of PGIM Fixed Income's Emerging Market Debt Team, Peter Taggart, Principal, Client Advisory for PGIM Fixed Income, and Steven Ahrens, Vice

President in Client Management for PGIM Fixed Income, presented and discussed with the Committee for 50 minutes.

Chair Sohn recessed the Special Meeting at 11:18 a.m. for a break and reconvened the Special Meeting at 11:21 a.m.

Wellington Management Company LLP: Kevin Murphy, Partner and Fixed Income Portfolio Manager, Maura A. Neely, Partner and Investment Director, and Akin N. Greville, Managing Director and Business Development Manager, presented and discussed with the Committee for 59 minutes.

After a 30 minute discussion with staff, Committee Member Elizabeth Lee moved approval of Wellington Management Company LLP and PGIM, Inc. with roughly 50% of the commitment amount for each, and adopted by the following vote: Ayes, Committee Members Elizabeth Lee, Serrano and Chair Sohn -3; Nays, None.

III

OTHER BUSINESS – There was no other business

IV

NEXT MEETING: The next Regular Meeting of the Investment Committee is scheduled for Tuesday, September 8, 2020 at 10:30 a.m. or immediately following the Board Meeting, LACERS, 977 N. Broadway, Suite 260, 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 public health concerns relating to the novel coronavirus continue.

V

ADJOURNMENT – There being no further business before the Committee, Chair Sohn adjourned the Meeting at 12:53 p.m.

Sung Won Sohn
Chair

Neil M. Guglielmo
Manager-Secretary



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

MEETING: SEPTEMBER 8, 2020
ITEM: IV

Neil M. Guglielmo

SUBJECT: CONSENT OF ASSIGNMENT OF BARROW, HANLEY, MEWHINNEY & STRAUSS, LLC CONTRACT AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Committee recommend that the Board consent to the assignment of the contract with Barrow, Hanley, Mewhinney & Strauss, LLC for management of an active non-U.S. equities developed markets value portfolio.

Executive Summary

Barrow, Hanley, Mewhinney & Strauss, LLC (BHMS) has entered into an agreement to be acquired by Perpetual Limited (Perpetual), a publicly traded Australian financial services company, from BrightSphere Investment Group (BrightSphere), BHMS' current majority owner. Under the Investment Advisers Act of 1940 and pursuant to LACERS' contract with BHMS, this change in control of the firm is deemed to be a contract assignment (a legal transfer of the obligations and benefits of a contract to another party) and requires Board approval.

Discussion

BHMS has managed an active non-U.S. equities developed markets value portfolio for LACERS since November 2013. The Board recently approved a three-year contract renewal with BHMS on June 23, 2020; the current contract expires on September 30, 2023. Currently, BHMS manages approximately \$514 million of LACERS' assets.

In a letter dated July 27, 2020, BHMS announced that it entered into an agreement to be acquired by Perpetual from BrightSphere, which currently holds a 75.1% controlling equity stake in BHMS (BHMS employees hold 24.9% of the firm's equity). Perpetual is a publicly traded Australian financial services company (ASX: PPT) operating in funds management, financial advisory and trustee services under three businesses lines: Perpetual Investments with A\$27.1 billion (US\$20.0 billion) in assets under management; Perpetual Private with A\$14.8 billion (US\$10.9 billion) in assets under advice; and Perpetual Corporate Trust with A\$764.5 billion (US\$563.9 billion) in assets under administration.

Perpetual currently has offices in Australia, Singapore, and the U.S. Perpetual also recently acquired Boston-based ESG investment manager Trillium Asset Management as part of its strategic plan to build-out investment capabilities in the U.S.

The BHMS transaction is expected to be completed in the fourth quarter of 2020 subject to regulatory and other customary approvals. Under the Investment Advisers Act of 1940, a change in control of an investment advisory firm is deemed to be a contract assignment (a legal transfer of the obligations and benefits of a contract to another party) that requires written consent of the client. The change in ownership is also a triggering event within LACERS' contract with BHMS, and therefore requires the Board's approval for the assignment of the contract.

Due Diligence

Staff conducted due diligence on this matter and has determined that there will be no changes to BHMS' current management team, portfolio management team, or investment strategy. BHMS will retain its brand autonomy and continue to operate independently. BHMS' existing operating agreement will remain in place and BHMS employees will retain their current 24.9% equity stake. Perpetual will provide more resources for BHMS to expand its distribution into Australia and Asia Pacific and provide overhead support in terms of legal and human resources. BHMS will provide Perpetual with a larger footprint in the U.S. and Europe. Due to the pending ownership change, BHMS has been placed on "On Watch" status as of August 25, 2020, pursuant to the LACERS Manager Monitoring Policy. All terms of LACERS' current contract with BHMS, including the termination provision, will remain intact upon assignment. Staff believes that this acquisition will not adversely affect BHMS' quality of service or investment strategy for the duration of the contract period.

Supplemental Performance Information

As of July 31, 2020, BHMS has outperformed its benchmark over all time periods, as presented in the table below.

Annualized Performance as of 7/31/20 (Net-of-Fees)						
	3-Month	1-Year	2-Year	3-Year	5-Year	Since Inception ¹
BHMS	14.28	-5.94	-5.79	-2.44	-0.05	1.47
MSCI EAFE VALUE ND	6.92	-12.34	-9.70	-5.41	-1.89	-0.31
<i>% of Excess Return</i>	<i>7.36</i>	<i>6.40</i>	<i>3.91</i>	<i>2.97</i>	<i>1.84</i>	<i>1.78</i>

¹Inception Date: 11/30/13

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

Calendar Year Performance as of 12/31/19 (Net-of-Fees)							
	2019	2018	2017	2016	2015	2014	11/30/13-12/31/13
BHMS	26.12	-18.12	23.12	3.23	-6.56	-2.06	2.26
MSCI EAFE VALUE ND	16.09	-14.78	21.44	5.02	-5.68	-5.39	1.36
<i>% of Excess Return</i>	<i>10.03</i>	<i>-3.34</i>	<i>1.68</i>	<i>-1.79</i>	<i>-0.88</i>	<i>3.33</i>	<i>0.90</i>

Staff and NEPC, LLC, (NEPC), LACERS' General Fund Consultant, recommend consenting to the assignment of the BHMS contract.

Strategic Alignment

A continued relationship with BHMS for management of an active non-U.S. equities developed markets value portfolio aligns with the Strategic Plan Goal to optimize long-term risk adjusted investment returns (Goal IV).

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

NMG/RJ/BF/EC:jp

Attachments: 1. Consultant Recommendation – NEPC
2. BHMS Client Consent Form
3. Press Release on Change in Ownership of BHMS



To: Los Angeles City Employees' Retirement System Investment Committee
From: NEPC, LLC
Date: September 8, 2020
Subject: Barrow, Hanley, Mewhinney and Strauss, LLC Ownership Change

Recommendation

Barrow, Hanley, Mewhinney and Strauss, LLC ('BHMS') recently announced that their parent, BrightSphere, has sold their interest in BHMS to Perpetual Limited. NEPC, LLC recommends LACERS maintain its contract with Barrow, Hanley, Mewhinney and Strauss, LLC ('BHMS').

Background

Perpetual Limited, an Australian financial services firm, has acquired the BrightSphere equity interest in Barrow, Hanley, Mewhinney and Strauss, LLC ('BHMS'). Perpetual has three primary business lines, which include: Perpetual Investments, Perpetual Private Wealth Management and Perpetual Corporate Trust services. BHMS believes the agreement will cause minimal disruption to current clients. BHMS will continue to operate autonomously and will retain their 24.9% employee equity ownership. The transaction is expected to be completed in the fourth quarter of 2020. BHMS believes this partnership will allow them to develop growth initiatives and reinvest in their business while better serving clients globally. Perpetual sees the acquisition as one that allows them to diversify their client base and presents them with growth opportunities in the Australian market.

NEPC research recommends a Watch status for Barrow, Hanley, Mewhinney and Strauss, LLC through completion of the ownership change and until such time that NEPC Research is satisfied that the change in ownership does not impact the firm adversely. Below is a definitions table of NEPC Research's due diligence status ratings:

NEPC Due Diligence Committee Status	
No Action	Informational items have surfaced; no action is recommended.
Watch	Issues have surfaced which may require increased monitoring, but which are not considered serious in the near-term. Close monitoring is appropriate until the issues are resolved.
Hold	Serious issues have surfaced which require increased monitoring. These issues could have long-term implications on the investment team's ability to effectively execute the investment strategy.
Client Review	Very serious issues have surfaced with an investment manager. For products that have been fully vetted, the issues may be significant enough to violate the original investment thesis. Clients are advised to review their relationship with the manager.
Terminate	NEPC has lost confidence in the firm or product. Clients are advised to replace the manager.

BARROW, HANLEY, MEWHINNEY & STRAUSS, LLC
2200 Ross Avenue, 31st Floor · Dallas, Texas 75201 · 1-214-665-1900

CLIENT CONSENT FORM

The undersigned hereby consents to the deemed assignment of the Investment Management Agreement between Los Angeles City Employees' Retirement System "LACERS" ("Client") and Barrow Hanley Mewhinney & Strauss, LLC ("Barrow Hanley") that will result from the change of control described herein. Client understands that this change will take effect upon completion of the change of control.

Any other agreements between Client and Barrow Hanley remain unchanged and in full force and effect.

The authorized person signing on behalf of the undersigned Client hereby certifies that he or she has full power and authority to execute and deliver this Consent on behalf of the Client.

Los Angeles Employees' Retirement System

By: _____

Signature: _____

Printed Name: _____

Title: _____

Date: _____

You may return this Consent by email to: clientservices@barrowhanley.com or by mail at: 2200 Ross Avenue, 31st Floor, Dallas, Texas 75201.

This consent should be received by September 30, 2020.



Prominent Value Investment Manager Barrow Hanley Agrees to Partner with Australian Financial Firm Perpetual Limited

*Perpetual Will Acquire BrightSphere's Equity Interest in Barrow Hanley
The Acquisition will Expand Barrow Hanley's Global Reach*

Dallas – July 27, 2020 – Barrow Hanley, Mewhinney & Strauss, LLC (“Barrow Hanley”) announced today that it has entered into an agreement to be acquired by Australian Financial Firm Perpetual Limited (“Perpetual”)(ASX:PPT) from BrightSphere Investment Group (NYSE: BSIG).

This acquisition is consistent with Perpetual’s strategy to build world-class investment expertise and capability and brings together two complementary investment management firms, both with a long track record of value investing and common principles. Barrow Hanley will retain its brand autonomy and continue to operate independently with no change to its investment teams and philosophy. Its existing management will continue to lead the business ensuring a commitment to their established valuation-centric approach and unwavering adherence to their time-tested, disciplined investment process.

CEO and Executive Director of Barrow Hanley Mr. Cory Martin said, “We are confident that we have found the perfect partner and complementary culture to continue our shared mission of delivering competitive investment results with a resolute commitment to clients. This strategic partnership offers the opportunity to further develop our current growth initiatives and to reinvest in our business while maintaining our focus on successfully managing client portfolios. We appreciate the team at BrightSphere for their many years of supporting both Barrow Hanley and our client partners.”

This partnership bolsters Perpetual’s growth plans for the Americas, Europe and around the globe. Additionally, it provides an opportunity for Barrow Hanley to offer its proven investment strategies to Australian, Asian and Pan-Pacific retail and institutional investors.

“Perpetual’s Australian footprint and offices in Singapore, Boston, San Francisco and Portland, coupled with Barrow Hanley’s existing offices in Dallas, London and Hong Kong, will greatly enhance our firm’s ability to serve our clients globally while providing direct local access to these growing markets. The strategic and cultural alignment is clear and we are excited about our future together,” Mr. Martin said.

Perpetual Chief Executive Officer and Managing Director, Mr. Rob Adams said: “This is a compelling acquisition. It provides Perpetual with world-class investment teams, diversifies our client base by sector and geography, and presents us with significant growth opportunities in the Australian market and a formidable platform to scale our business internationally.

“Barrow Hanley has a 40-year track record of value investing with a highly regarded brand, an experienced and invested management team and a broad, blue-chip, institutional client base; many of whom have been with the company for more than 20 years.

“Having been an investor in Barrow Hanley’s global equities strategy since 2016 via our Perpetual Private business, we have been impressed with the rigor of their investment process and quality of their investment professionals. We have developed a strong relationship with the Barrow Hanley team and developed an in-depth understanding of their business and see an alignment in our goals. We look forward to expanding this relationship and applying our strong distribution experience and capabilities to help grow their business,” Mr. Adams said.

The transaction is expected to be completed in the fourth quarter of 2020 subject to regulatory and other customary approvals.

###

For media inquiries, please contact:

Barrow Hanley

James Doyle
973 944 8105
jdoyle@jconnelly.com

Perpetual

Jon Snowball
+61 477 946 068
jon@domestiqueconsulting.com.au

About Barrow Hanley

Founded in 1979, Barrow Hanley is a diversified investment management firm offering more than 25 value-oriented investment strategies spanning global equities and US fixed income. Recognized as one of the remaining true, traditional value firms, Barrow Hanley enjoys a unique boutique culture whose singular focus remains to assist clients in meeting their investment objectives, by providing consistent value exposure utilizing our proven philosophy. Today, Barrow Hanley has around 100 employees (including 55 investment professionals) and manages \$44.1B in assets for a variety of clients including corporate, public, multi-employer pension plans, mutual funds, endowments and foundations, and sovereign wealth funds across North America, Europe, Asia, Australia and Africa. For further information, please visit www.barrowhanley.com.

About Perpetual

Perpetual is a financial services group operating in funds management, financial advisory and trustee services. Our origin as a trustee company, coupled with our strong track record of investment performance, has created our reputation as one of the strongest brands in financial services in Australia. Perpetual recently acquired Boston-based ESG investment manager, Trillium Asset Management as part of its strategic plan to build-out investment capabilities in the US for the betterment of our clients. For further information, visit www.trilliuminvest.com and www.perpetual.com.au.



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

MEETING: SEPTEMBER 8, 2020
ITEM: V

Neil M. Guglielmo

SUBJECT: SEMI-FINALISTS OF THE CORE FIXED INCOME INVESTMENT MANAGER SEARCH AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Committee concur with staff's recommendation to advance the following eight managers as semi-finalists for the Core Fixed Income Mandate Search:

1. Robert W. Baird & Co., Inc.
2. C.S. McKee, L.P.
3. Garcia Hamilton & Associates, L.P.
4. Income Research & Management
5. J.P. Morgan Asset Management
6. Loomis, Sayles & Company, L.P.
7. Neuberger Berman Investment Advisers LLC
8. Segal Bryant & Hamill, LLC

Executive Summary

The Board-approved request for proposal (RFP) for core fixed income investment managers opened on August 19, 2019, and closed on October 4, 2019. A total of 57 proposals were received, representing 54 firms, including four emerging investment managers. For business reasons, one firm withdrew its proposal after submission. Following review, 54 of the 56 remaining proposals met the minimum qualifications and eight proposals from eight distinct firms are recommended to advance as semi-finalists.

Discussion

Background

The Board approved an RFP process to evaluate the current marketplace for core fixed income investment managers on October 23, 2018. Based upon the asset allocation targets approved by the Board on April 10, 2018, approximately \$2.44 billion (13.75% of total fund assets) will be allocated to

this mandate. LACERS seeks one or more qualified investment management firms to actively manage a publicly-traded core fixed income investment strategy through separately managed accounts.

The search opened on August 19, 2019, and closed on October 4, 2019. The search was advertised in the Pensions and Investments and Emerging Manager Monthly publications. The RFP was published on LACERS' website and the websites of LACERS' general fund consultant, NEPC, LLC (NEPC), Association of Asian American Investment Managers, and New America Alliance. Further, the RFP was emailed to all contacts within the LACERS Investment RFP/RFI Notification System database.

Search Results

A total of 57 proposals were received, representing 54 firms, including four emerging investment managers. For business reasons, one firm withdrew its proposal after submission. Following a review of the minimum qualifications (MQs) required to participate in the search, 54 of the 56 remaining proposals met the MQs, including two of the four proposals from the emerging investment managers.

Evaluation Criteria and Recommendation

NEPC evaluated the respondents based on the methodology published in the LACERS Manager Search and Selection Policy (Policy). The scoring criteria and corresponding weightings established by the Policy are as follows:

Criteria	Weight	Sub-weighting
Qualitative Assessment	70%	
<i>Organization/People</i>		30%
<i>Investment Process</i>		40%
<i>Risk Management</i>		30%
Quantitative Assessment	20%	
Expected Fees	10%	

The attached evaluation report includes the summary findings of all firms as well as additional information for each of the proposed semi-finalists:

1. Robert W. Baird & Co., Inc. (incumbent fixed income manager)¹
2. C.S. McKee, L.P.
3. Garcia Hamilton & Associates, L.P.
4. Income Research & Management
5. J.P. Morgan Asset Management
6. Loomis, Sayles & Company, L.P. (incumbent fixed income manager)²
7. Neuberger Berman Investment Advisers LLC (incumbent fixed income manager)³
8. Segal Bryant & Hamill, LLC⁴

¹ Managed approximately \$362 million for LACERS in core fixed income strategy as of July 31, 2020; Strategy submitted under proposal is distinct from current LACERS strategy

² Managed approximately \$893 million for LACERS in core fixed income strategy as of July 31, 2020

³ Managed approximately \$871 million for LACERS in core fixed income strategy as of July 31, 2020

⁴ Allocated \$70 million under a U.S. Small Cap Value Equities Portfolio Management contract effective August 1, 2020

Upon Investment Committee concurrence of the proposed semi-finalist firms, staff will conduct additional due diligence, which may include virtual meetings and reference checks. Following completion of this assessment, staff will recommend finalists for interview and consideration by the Committee, consistent with the process approved by the Board on October 23, 2018.

Strategic Alignment

The RFP for core fixed income investment managers aligns with the Strategic Plan Goal to optimize long-term risk adjusted investment returns (Goal IV); and advances the Asset Allocation Business Plan Initiative.

Prepared by: Barbara Sandoval, Investment Officer II, Investment Division
Jeremiah Paras, Investment Officer I, Investment Division

NMG/RJ/BF/BS/JP

Attachment: 1. Core Fixed Income Investment Manager Search Semi-Finalists Report by NEPC, LLC

CORE FIXED INCOME INVESTMENT MANAGER SEARCH SEMI-FINALISTS



LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

September 8, 2020



BOSTON | ATLANTA | CHARLOTTE | CHICAGO | DETROIT | LAS VEGAS | PORTLAND | SAN FRANCISCO

SEARCH SUMMARY

Summary

- **LACERS received 57 proposals for the core bond search**
 - For business reasons, one firm withdrew after submitting their proposal
- **After a review of the minimum requirements, two proposals did not pass**
 - One firm did not have the minimum assets
 - One firm lacked the minimum track record
- **Using the scoring matrix from LACERS' Manager Search and Selection Policy, eight semi-finalist firms were identified**
 - Several firms proposed core-plus strategies that do not match up with LACERS' desire for core mandates
 - These core-plus products received a lower rating for the investment process in order to account for the mismatch with LACERS' needs

Semi-Finalist Firms

Baird Advisors
C.S. McKee, L.P.
Garcia Hamilton & Associates, L.P.
Income Research & Management

J.P. Morgan Asset Management
Loomis Sayles & Company, L.P.
Neuberger Berman
Segall Bryant & Hamill



CANDIDATE EVALUATION SCORES

Firm	Qualitative Assessment (70%)			Qualitative (70%)	Quantitative Assessment (20%)	Fees (10%)	Total
	Organization / People (30%)	Investment Process (40%)	Risk Management (30%)				
Baird Advisors	4.50	4.50	4.25	4.43	4.11	4.00	4.32
Loomis, Sayles & Company, L.P	4.25	4.25	4.50	4.33	3.78	4.00	4.18
J.P. Morgan Asset Management	4.00	4.00	4.50	4.15	4.25	4.00	4.16
Neuberger Berman	4.25	4.00	4.00	4.08	3.72	5.00	4.10
Income Research & Management	4.50	4.50	4.50	4.50	3.62	2.00	4.07
C.S. McKee, L. P.	4.25	4.50	3.75	4.20	3.50	4.00	4.04
Garcia Hamilton & Associates, L.P.	4.25	4.50	4.00	4.28	3.70	3.00	4.03
Segall Bryant & Hamill	4.00	4.25	4.00	4.10	3.25	5.00	4.02
Firm 9	4.00	3.50	4.50	3.95	3.46	5.00	3.96
Firm 10	4.50	3.75	4.00	4.05	4.07	3.00	3.95
Firm 11	4.25	4.50	4.50	4.43	3.75	1.00	3.95
Firm 12	4.25	4.00	4.00	4.08	3.45	4.00	3.94
Firm 13	3.75	4.25	4.00	4.03	4.06	3.00	3.93
Firm 14	2.50	4.50	4.50	3.90	3.89	4.00	3.91
Firm 15	4.00	4.00	3.50	3.85	3.91	4.00	3.88
Firm 16	4.00	4.00	4.00	4.00	2.85	5.00	3.87
Firm 17	4.25	4.25	3.50	4.03	3.20	4.00	3.86
Firm 18	3.75	3.50	4.00	3.73	3.58	5.00	3.82
Firm 19	3.50	3.75	4.00	3.75	4.10	3.00	3.75
Firm 20	3.50	4.00	4.00	3.85	3.64	3.00	3.72
Firm 21	3.50	4.00	4.00	3.85	3.13	4.00	3.72
Firm 22	4.00	3.00	4.00	3.60	3.48	5.00	3.72
Firm 23	4.00	3.00	4.00	3.60	4.30	3.00	3.68
Firm 24	4.25	4.25	2.75	3.80	3.48	3.00	3.66
Firm 25	4.25	3.00	4.50	3.83	3.85	2.00	3.65
Firm 26	3.50	3.50	4.00	3.65	2.90	5.00	3.64
Firm 27	4.00	3.00	3.75	3.53	3.23	5.00	3.61



CANDIDATE EVALUATION SCORES

Firm	Qualitative Assessment (70%)			Qualitative (70%)	Quantitative Assessment (20%)	Fees (10%)	Total
	Organization / People (30%)	Investment Process (40%)	Risk Management (30%)				
Firm 28	3.50	4.00	3.00	3.55	3.60	4.00	3.61
Firm 29	3.50	3.00	3.50	3.30	4.75	3.00	3.56
Firm 30	3.75	4.00	3.50	3.78	3.54	2.00	3.55
Firm 31	4.25	3.00	4.50	3.83	3.82	1.00	3.54
Firm 32	3.75	3.00	4.00	3.53	4.10	2.00	3.49
Firm 33	2.75	3.25	3.00	3.03	4.35	5.00	3.49
Firm 34	4.00	3.00	3.50	3.45	4.15	2.00	3.45
Firm 35	2.50	3.25	3.50	3.10	3.85	5.00	3.44
Firm 36	3.75	3.00	4.25	3.60	3.40	2.00	3.40
Firm 37	3.00	3.50	3.00	3.20	3.30	5.00	3.40
Firm 38	3.50	3.00	3.50	3.30	4.95	1.00	3.40
Firm 39	2.50	4.00	4.00	3.55	4.05	1.00	3.40
Firm 40	4.25	2.75	2.50	3.13	4.02	4.00	3.39
Firm 41	4.25	3.00	3.00	3.38	3.92	2.00	3.35
Firm 42	3.25	3.50	3.00	3.28	3.70	3.00	3.33
Firm 43	4.00	3.00	4.50	3.75	3.00	1.00	3.33
Firm 44	3.00	3.50	2.75	3.13	4.00	3.00	3.29
Firm 45	3.00	3.25	3.00	3.10	2.95	5.00	3.26
Firm 46	3.00	3.00	3.00	3.00	3.80	3.00	3.16
Firm 47	3.00	3.50	3.00	3.20	2.80	2.00	3.00
Firm 48	2.75	3.00	3.00	2.93	3.77	1.00	2.90
Firm 49	2.75	2.75	2.50	2.68	3.95	2.00	2.86
Firm 50	2.50	3.00	2.75	2.78	3.67	1.00	2.78
Firm 51	2.25	3.00	2.75	2.70	2.84	1.00	2.56
Firm 52	2.50	2.75	2.50	2.60	2.80	1.00	2.48
Firm 53	2.00	2.75	2.00	2.30	3.27	2.00	2.46
Firm 54	1.00	2.00	2.75	1.93	4.18	1.00	2.28



BAIRD ADVISORS

Firm/Personnel Information	
Main Office	Milwaukee
Additional Offices	Chicago, Boston
Year Founded	1919
Ownership Structure	100% Employee-owned
Firm Assets* (\$millions)	96,964.5
Product Assets* (\$millions)	39,016.2
Product Capacity	Will control the number of new large institutional relationships added each year.
Number of Employees Firm	62
Number of Employees Product	26
Number of Employees Spending ≥50% on the Product	26
Team	26 member Portfolio Management Team
Key Team Members	Mary Ellen Stanek, Chief Investment Officer, Warren Pierson, Deputy Chief Investment Officer, Jay Schwister, Research Director

Fund Strategy	
Fund Strategy	Baird Advisors Core Bond
Typical Number of Holdings / Issuers	150-200 holdings
Typical Turnover / Holding Period	20%-50% turnover
Investment Restrictions	Duration neutral to benchmark. Credit risk in general is limited to shorter maturities and is all investment grade. All cash bonds, all U.S. dollar-denominated, no derivatives and no leverage. Industry exposure limited to 20%.
Strategy Description	The investment process begins with determining which issuers appear to offer the best relative value within each sector. Available issues are selected based on credit quality, attributes, structures, and liquidity. Only investment grade securities are purchased for core portfolios. Credit research plays a fundamental role in the investment process and is an important aspect of security selection. Yield curve positioning is an important part of the portfolio's performance over time.

Investment Fees/Performance	
Management Fees \$630M	11 bps
Management Fees \$560M	11 bps
Margin on Fees Paid (Net Gain/Fee Paid)**	8.66x
ESG	ESG factors are taken into consideration as part of the credit analysis conducted on individual companies. The firm uses internal and external sources to screen on ESG factors.
PRI Signatory / Year Signed	No

Annualized Performance* (Gross of Fees)						
Fund Name	One Year	Three Years	Five Years	Seven Years	Ten Years	Inception (10/2000)
Baird Advisors Core Bond	9.56	5.92	5.00	4.77	4.99	5.85
Bloomberg Barclays Aggregate Bond Index	8.74	5.32	4.30	3.96	3.82	5.05
Excess	0.82	0.60	0.70	0.81	1.16	0.80



*As of 6/30/2020 **Margin on fees calculated on \$630 million mandate.

C.S. MCKEE, L.P.

Firm/Personnel Information	
Main Office	Pittsburgh
Additional Offices	N/A
Year Founded	1931
Ownership Structure	100% employee owned
Firm Assets* (\$millions)	7,000.9
Product Assets* (\$millions)	2,557.4
Product Capacity	\$12 – 15 billion
Number of Employees Firm	35
Number of Employees Product	6
Number of Employees Spending ≥50% on the Product	6
Team	4 PMs, 2 analysts
Key Team Members	Brian Allen, Sr VP, PM, Bryan Johanson, Sr VP, PM, Jack White, Sr VP, PM

Fund Strategy	
Fund Strategy	CS McKee, L.P. Aggregate Fixed Income
Typical Number of Holdings / Issuers	200-250 holdings
Typical Turnover / Holding Period	132% five-year average
Investment Restrictions	Duration 80-120% of benchmark, Average quality of Aa3/AA- or better. Credit 10-50%, Agency 5-70%, Agency MBS/CMO 5-60%, Nominal Treasury 5-60%, TIPS 0-35%, CMBS/ABS 0-10%
Strategy Description	The investment strategy seeks to take liquidity risks and convexity risk (through securitized bonds) in unconventional parts of the market, therefore preparing for instances where liquidity drains from markets. The goal is to structure the portfolio to be in a better position than the rest of the market. The strategy will invest in corporate bonds, however, the approach with regards to credit is to invest in the most liquid and largest issuers of the credit market, thereby limiting liquidity risks in the corporate sector. The fixed income methodology incorporates a bottom-up approach that is opportunistic, yet risk-controlled, and focuses on out-of-benchmark government-related portions of the market such as agency and treasury-backed securities.

Investment Fees/Performance	
Management Fees \$630M	12.4 bps
Management Fees \$560M	12.7 bps
Margin on Fees Paid (Net Gain/Fee Paid)**	2.16x
ESG	The firm does not incorporate ESG factors into their core strategy. However, if the client has client-ESG guidelines, they can and will incorporate.
PRI Signatory / Year Signed	No

Annualized Performance* (Gross of Fees)						
Fund Name	One Year	Three Years	Five Years	Seven Years	Ten Years	Inception (1/1992)
CS McKee, L.P. Aggregate Fixed Income	8.91	5.60	4.60	4.23	4.24	6.22
Bloomberg Barclays Aggregate Bond Index	8.74	5.32	4.30	3.96	3.82	5.58
Excess	0.17	0.28	0.29	0.27	0.41	0.64



*As of 6/30/2020 **Margin on fees calculated on \$630 million mandate.

GARCIA HAMILTON & ASSOCIATES, L.P.

Firm/Personnel Information	
Main Office	Houston
Additional Offices	N/A
Year Founded	1988
Ownership Structure	100% employee-owned, MBE certified
Firm Assets* (\$millions)	15,778.0
Product Assets* (\$millions)	10,849.0
Product Capacity	None identified
Number of Employees Firm	35
Number of Employees Product	10
Number of Employees Spending ≥50% on the Product	10
Team	6 PMs, 4 analysts
Key Team Members	Gilbert Garcia, Managing Partner, Karen Tass, Partner/Portfolio Manager, Nancy Rodriguez, Partner/Portfolio Manager

Fund Strategy	
Fund Strategy	Fixed Income - Aggregate
Typical Number of Holdings / Issuers	35-45 holdings, 12-15 issuers
Typical Turnover / Holding Period	45%-75% turnover
Investment Restrictions	0-75% treasuries, 0-50% agencies, 0-60% mortgage-backed securities and 5-60% corporate bonds. Corporate bonds are limited to A-rated or better. They do not invest in foreign bonds.
Strategy Description	The investment process is top-down oriented and begins with qualitative research based on analysis of the following factors: sentiment, monetary policy, economic environment, valuation and inflation. The continual analysis of these indicators helps them to anticipate moves in interest rates and informs sector rotation decisions. The team also performs quantitative research, focusing on liquidity and spread models and compares these results to their qualitative findings. The team uses this analysis to set target ranges for duration, yield curve positioning, sector allocations and sector's contribution to duration.

Investment Fees/Performance	
Management Fees \$630M	13.3 bps
Management Fees \$560M	13.5 bps
Margin on Fees Paid (Net Gain/Fee Paid)**	6.41x
ESG	The firm uses both internal and external sources to identify ESG risks and opportunities and inform buy/sell decisions. Additionally, they do not invest in alcohol, tobacco, gambling or defense companies.
PRI Signatory / Year Signed	Yes / 2019

Annualized Performance* (Gross of Fees)						
Fund Name	One Year	Three Years	Five Years	Seven Years	Ten Years	Inception (1/1992)
Fixed Income – Aggregate	8.94	5.34	4.64	4.59	4.90	6.31
Bloomberg Barclays Aggregate Bond Index	8.74	5.32	4.30	3.96	3.82	5.58
Excess	0.20	0.02	0.34	0.62	1.07	0.73



*As of 6/30/2020 **Margin on fees calculated on \$630 million mandate.

INCOME RESEARCH & MANAGEMENT

Firm/Personnel Information	
Main Office	Boston
Additional Offices	N/A
Year Founded	1987
Ownership Structure	88.3% employee owned, 11.7% owned by non-employee founder family members
Firm Assets* (\$millions)	81,304.2
Product Assets* (\$millions)	12,795.2
Product Capacity	No target
Number of Employees Firm	178
Number of Employees Product	32
Number of Employees Spending ≥50% on the Product	32
Team	13 Portfolio managers, 14 research associates and 5 traders
Key Team Members	John Sommers, President, Edmund Ingalls, Principal, William O'Malley, Principal

Fund Strategy	
Fund Strategy	IR+M Aggregate
Typical Number of Holdings / Issuers	150 – 220 Holdings
Typical Turnover / Holding Period	35% - 75% turnover
Investment Restrictions	Maximum security weighting is 15% for Treasury, 5% for securitized and 3% for credit holdings. Maximum sector weights include 75% Credit, 10% Municipal, 50% Agency-guaranteed securitized, 20% other securitized, 25% Agency and 50% Treasury. Duration is =/-0.25 years relative to index.
Strategy Description	IR&M's process is designed to use bottom-up security selection and constructs portfolios to provide yield and convexity advantages. This is achieved by emphasizing selection in investment grade corporate bonds and mortgage-backed securities. The strategy is neutral to the benchmark in terms of duration and yield curve posture. Overweight in bond sectors will be the result of capitalizing on market inefficiencies in various spread sectors. They will use esoteric securities such as century bonds, put bonds, hybrid ARMSs and occasionally convertible bonds when they offer attractive alternatives to plain corporate bonds or mortgage-based securities.

Investment Fees/Performance	
Management Fees \$630M	17.4 bps
Management Fees \$560M	17.7 bps
Margin on Fees Paid (Net Gain/Fee Paid)**	3.22x
ESG	The firm evaluates ESG issues on a case-by-case basis, focusing on factors that have a material impact on company performance. They view ESG as an integral part of risk assessment when evaluating securities.
PRI Signatory / Year Signed	Yes / 2013

Annualized Performance* (Gross of Fees)						
Fund Name	One Year	Three Years	Five Years	Seven Years	Ten Years	Inception (10/2000)
IR+M Aggregate	9.84	5.90	4.85	4.60	4.61	5.77
Bloomberg Barclays Aggregate Bond Index	8.74	5.32	4.30	3.96	3.82	5.05
Excess	1.10	0.58	0.54	0.64	0.78	0.73



*As of 6/30/2020 **Margin on fees calculated on \$630 million mandate.

J.P. MORGAN ASSET MANAGEMENT

Firm/Personnel Information	
Main Office	New York
Additional Offices	15 additional offices
Year Founded	1863
Ownership Structure	Wholly-owned subsidiary of JP Morgan Chase & Co., a publicly traded company
Firm Assets* (\$millions)	2,129,309.3
Product Assets* (\$millions)	69,890.3
Product Capacity	No limit
Number of Employees Firm	6,946
Number of Employees Product	49
Number of Employees Spending ≥50% on the Product	40
Team	17 PMs, 27 Research, 5 Traders
Key Team Members	Richard Figuly, Lead PM

Fund Strategy	
Fund Strategy	JPM Core Bond
Typical Number of Holdings / Issuers	300 – 500 Holdings
Typical Turnover / Holding Period	25% Turnover
Investment Restrictions	Sector allocations include 15%-35% Treasury, 0%-10% Agency (excluding MBS), 20%-45% Corporate and 25% - 60% Mortgage-Backed securities.
Strategy Description	The strategy uses a bottom up approach that is based on finding undervalued securities and sectors in an effort to provide incremental yield and total return versus the benchmark. Their security selection process emphasizes the securitized sectors because they believe that the market is less efficient at pricing these securities. Purchases are investment grade only and they may invest in non-rated securities if the firm internally rates it investment grade. Duration management is the firm's primary risk control measure.

Investment Fees/Performance	
Management Fees \$630M	13 bps
Management Fees \$560M	13.3 bps
Margin on Fees Paid (Net Gain/Fee Paid)**	3.42x
ESG	The firm factors in ESG into the security analysis and uses internal resources including a dedicated team.
PRI Signatory / Year Signed	Yes / 2007

Annualized Performance* (Gross of Fees)						
Fund Name	One Year	Three Years	Five Years	Seven Years	Ten Years	Inception (1/1986)
JPM Core Bond	8.78	5.70	4.70	4.33	4.43	7.20
Bloomberg Barclays Aggregate Bond Index	8.74	5.32	4.30	3.96	3.82	6.47
Excess	0.04	0.37	0.40	0.37	0.61	0.73



*As of 6/30/2020 **Margin on fees calculated on \$630 million mandate.

LOOMIS SAYLES & COMPANY, L.P.

Firm/Personnel Information		Fund Strategy		Investment Fees/Performance	
Main Office	Boston	Fund Strategy	LACERS Core Fixed Income Account	Management Fees \$630M	13.2 bps
Additional Offices	12 additional offices	Typical Number of Holding / Issuers	145 – 186 holdings	Management Fees \$560M	13.6 bps
Year Founded	1926	Typical Turnover / Holding Period	125% - 175%	Margin on Fees Paid (Net Gain/Fee Paid)**	8.08x
Ownership Structure	Wholly-owned subsidiary of Natixis Investment Managers, L.P.	Investment Restrictions	Duration +/- 20% of the index, Portfolio credit quality greater than A2/A, Individual issue credit quality greater than B3/B-, 5% maximum in single issuer (US government and agencies excluded), out of benchmark issuers are limited to 10% of the portfolio	ESG	The firm's investment analysts are responsible for deciding how ESG factors affect their view of an issuers overall valuation. The firm uses a variety of methods including engagement with the management of companies and the use of third-party analytical tools.
Firm Assets* (\$millions)	310,902.0	Strategy Description	Portfolio construction is driven by a combination of bottom-up security selection and top-down macroeconomic analysis. The firm maintains a centralized research group charged with identifying high potential relative return investment ideas. Portfolio duration is managed in a narrow range relative to the benchmark.	PRI Signatory / Year Signed	Yes / 2015
Product Assets* (\$millions)	14,925.4				
Product Capacity	\$50 billion with current staff				
Number of Employees Firm	695				
Number of Employees Product	15				
Number of Employees Spending ≥50% on the Product	15				
Team	Two portfolio managers supported by 12 investment professionals and large research team				
Key Team Members	John Hyll, PM, Neil Burke, PM				

Annualized Performance* (Gross of Fees)						
Fund Name	One Year	Three Years	Five Years	Seven Years	Ten Years	Inception (7/1980)
Core Fixed Income Account	10.60	6.35	5.45	5.15	5.14	9.05
Bloomberg Barclays Aggregate Bond Index	8.74	5.32	4.30	3.96	3.82	7.45
Excess	1.86	1.03	1.14	1.19	1.32	1.60



*As of 6/30/2020 **Margin on fees calculated on \$630 million mandate.

NEUBERGER BERMAN

Firm/Personnel Information	
Main Office	New York
Additional Offices	34 additional offices
Year Founded	1939
Ownership Structure	100% employee owned
Firm Assets* (\$millions)	356,756.2
Product Assets* (\$millions)	6,656.9
Product Capacity	\$100 billion
Number of Employees Firm	2,299
Number of Employees Product	48
Number of Employees Spending ≥50% on the Product	48
Team	6 PMs, 33 research analysts, 7 traders and 2 portfolio specialists
Key Team Members	Thanos Bardas, Sr. PM, Dave Brown, Sr. PM, Nate Kush, PM

Fund Strategy	
Fund Strategy	Core Bond
Typical Number of Holdings / Issuers	200 – 300 holdings
Typical Turnover / Holding Period	160% year ending 6/30/2019
Investment Restrictions	Portfolio duration +/- 20% of benchmark. Portfolio credit quality ≥ A2 (Moody's) or A (S&P). Individual issue credit quality ≥ B3 by Moody's or B- by S&P. Out of benchmark non-investment grade and non-US are limited to 10%.
Strategy Description	The Core Bond team allocates amongst fixed income sectors using a proprietary asset allocation framework. The team employs a relative value approach to project future return estimates while incorporating tail/principal risk mitigation. Key sources of alpha include sector allocation/rotation and security selection. There is a modest amount of duration/yield curve flexibility versus the benchmark.

Investment Fees/Performance	
Management Fees \$630M	10.4 bps
Management Fees \$560M	10.6 bps
Margin on Fees Paid (Net Gain/Fee Paid)**	7.66x
ESG	Firm uses a proprietary ESG scoring system that is integrated into their credit ratings. The non-corporate credit portion of the portfolio also incorporates ESG considerations in their investment analysis.
PRI Signatory / Year Signed	Yes / 2012

Annualized Performance* (Gross of Fees)						
Fund Name	One Year	Three Years	Five Years	Seven Years	Ten Years	Inception (9/2001)
Core Bond	9.63	5.68	4.64	4.33	4.80	5.98
Bloomberg Barclays Aggregate Bond Index	8.74	5.32	4.30	3.96	3.82	4.68
Excess	0.89	0.35	0.34	0.37	0.97	1.30



*As of 6/30/2020 **Margin on fees calculated on \$630 million mandate.

SEGALL BRYANT & HAMILL

Firm/Personnel Information	
Main Office	Chicago
Additional Offices	Denver, Philadelphia, St. Louis, Naples, FL
Year Founded	1994
Ownership Structure	53% Employee owned, 47% owned by Thoma Bravo, LLC
Firm Assets* (\$millions)	19,793.2
Product Assets* (\$millions)	3,045.2
Product Capacity	Will evaluate when assets approach \$10 billion.
Number of Employees Firm	133
Number of Employees Product	15
Number of Employees Spending ≥50% on the Product	15
Team	8 PMs, 6 analysts
Key Team Members	Jim Dadura, Director of Fixed income, Greg Hosbein, Sr. PM

Fund Strategy	
Fund Strategy	Core Fixed Income
Typical Number of Holdings / Issuers	125 - 175 holdings
Typical Turnover / Holding Period	30% - 40%
Investment Restrictions	Maximum 5% invested in any one issuer (US Treasury and Federal Agencies excluded). Duration +/- 10% of the benchmark. Cash less than 5%. Industry exposure averages less than 15%.
Strategy Description	The strategy focuses on spread sectors of the market, with positions over time usually avoiding Treasury and Agency sectors in favor of high quality securitized bonds, corporate bonds and taxable municipal bonds. Within corporate credit, the goal is to identify a small number of top issues (roughly 10-12 per industry), which do not necessarily translate to smaller companies, but smaller issues that do not trade as frequently.

Investment Fees/Performance	
Management Fees \$630M	10.2 bps
Management Fees \$560M	10.5%
Margin on Fees Paid (Net Gain/Fee Paid)**	0.90x
ESG	The firm integrates ESG factors into their research efforts to ensure they are aware of the risk that unsustainable business practices pose to economic outcomes.
PRI Signatory / Year Signed	Yes / 2017

Annualized Performance* (Gross of Fees)						
Fund Name	One Year	Three Years	Five Years	Seven Years	Ten Years	Inception (1/1995)
Core Fixed Income	9.16	5.53	4.50	4.19	4.03	6.17
Bloomberg Barclays Aggregate Bond Index	8.74	5.32	4.30	3.96	3.82	5.70
Excess	0.42	0.21	0.19	0.23	0.20	0.47

*As of 6/30/2020 **Margin on fees calculated on \$630 million mandate.

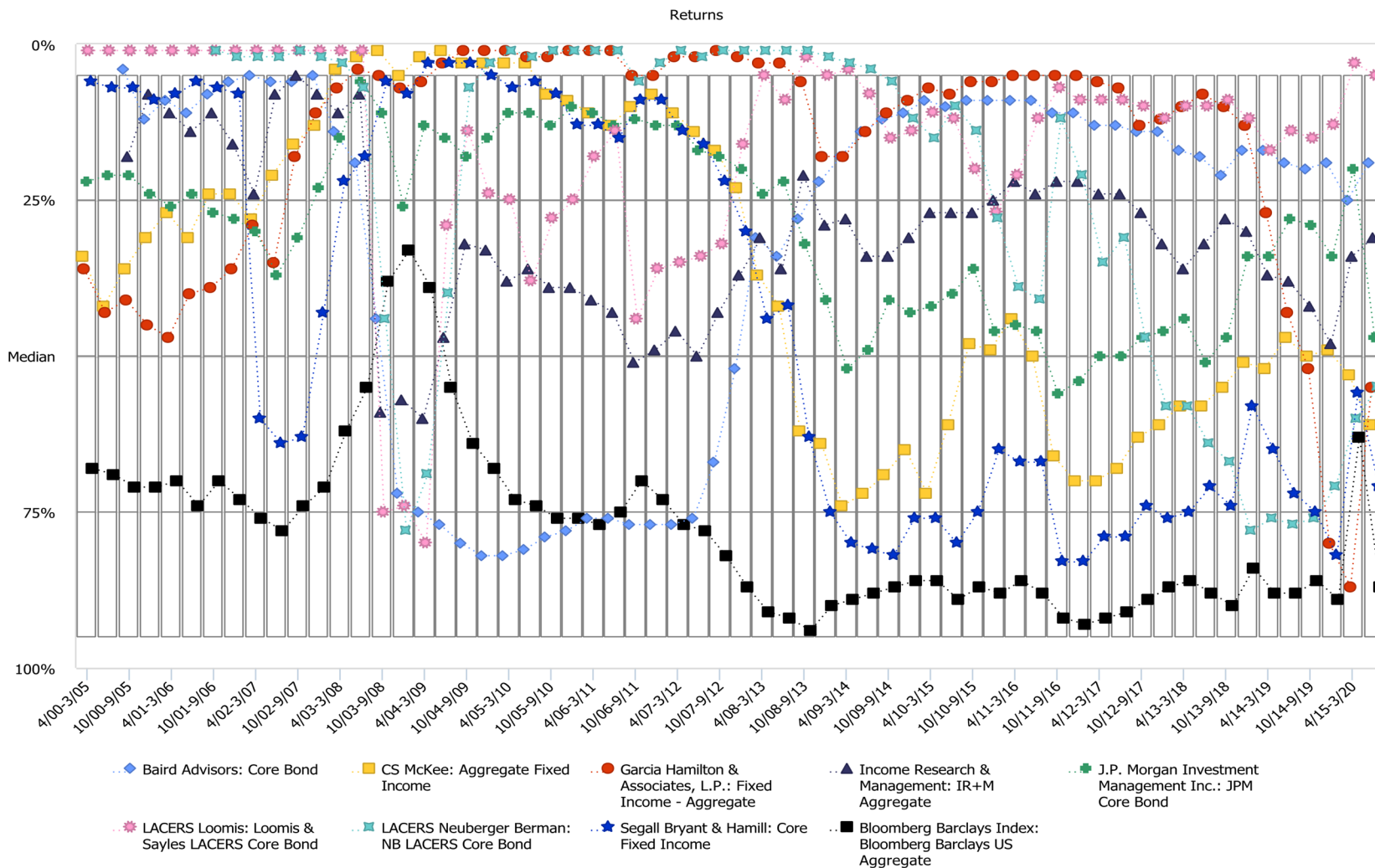


PERFORMANCE COMPARISON



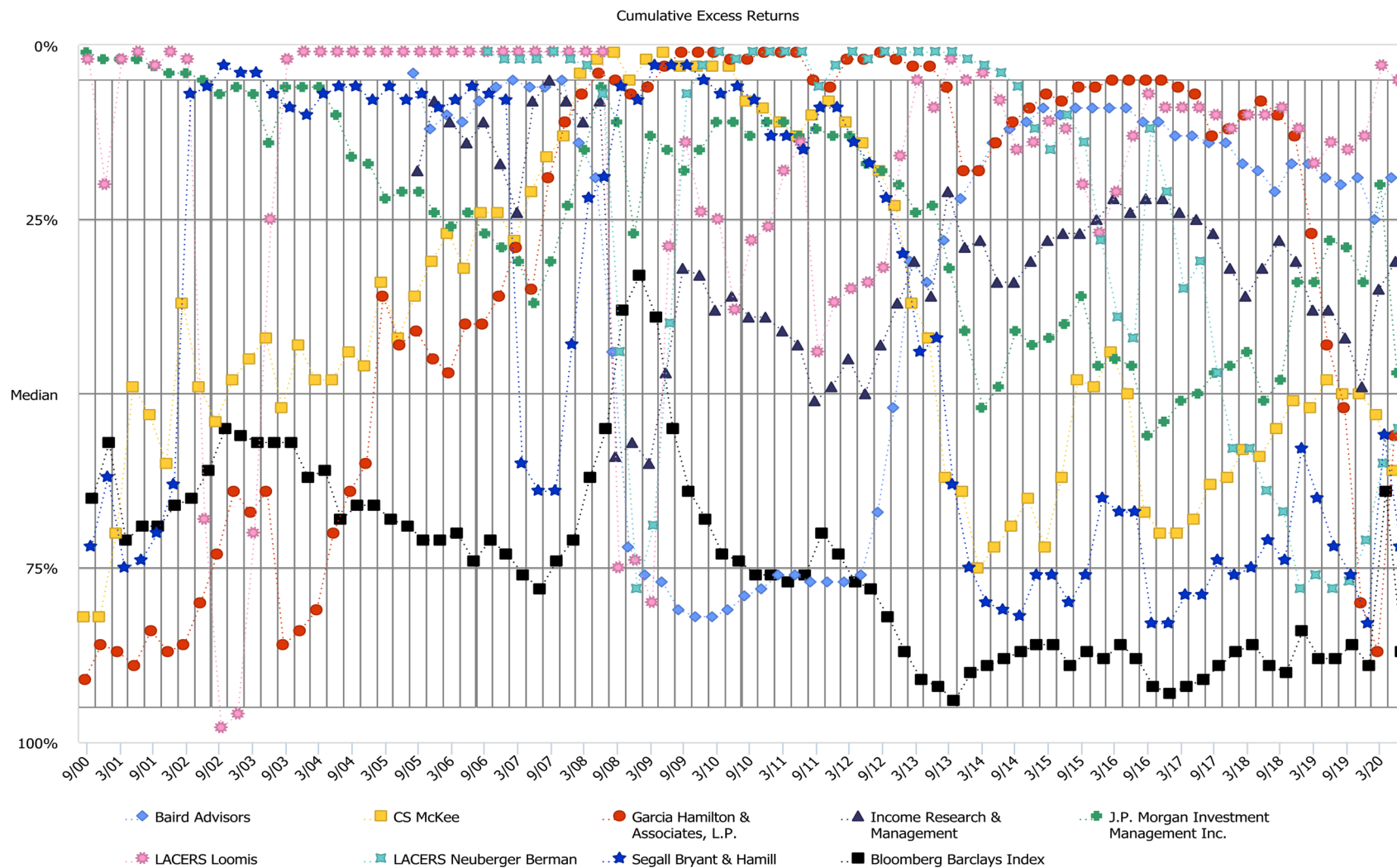
PERFORMANCE COMPARISON

Rolling 5 Year Returns

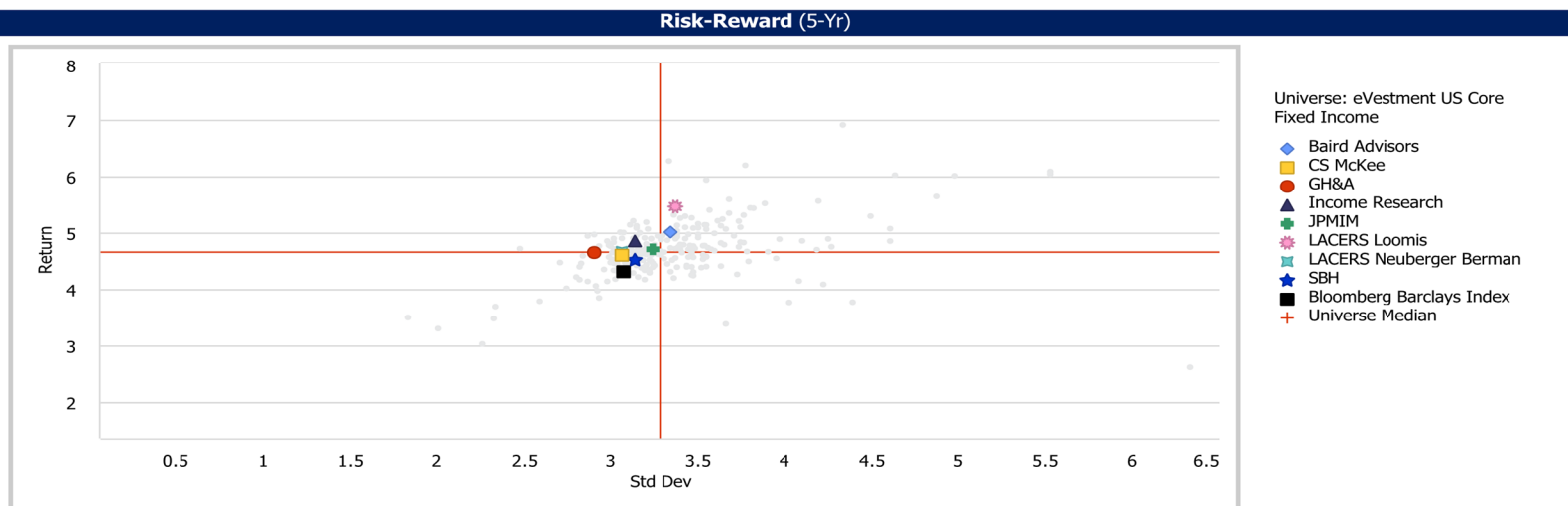


PERFORMANCE COMPARISON

Cumulative Excess. Rolling 5 Years.



RISK-REWARD COMPARISON



Risk-Reward (5-Yr)

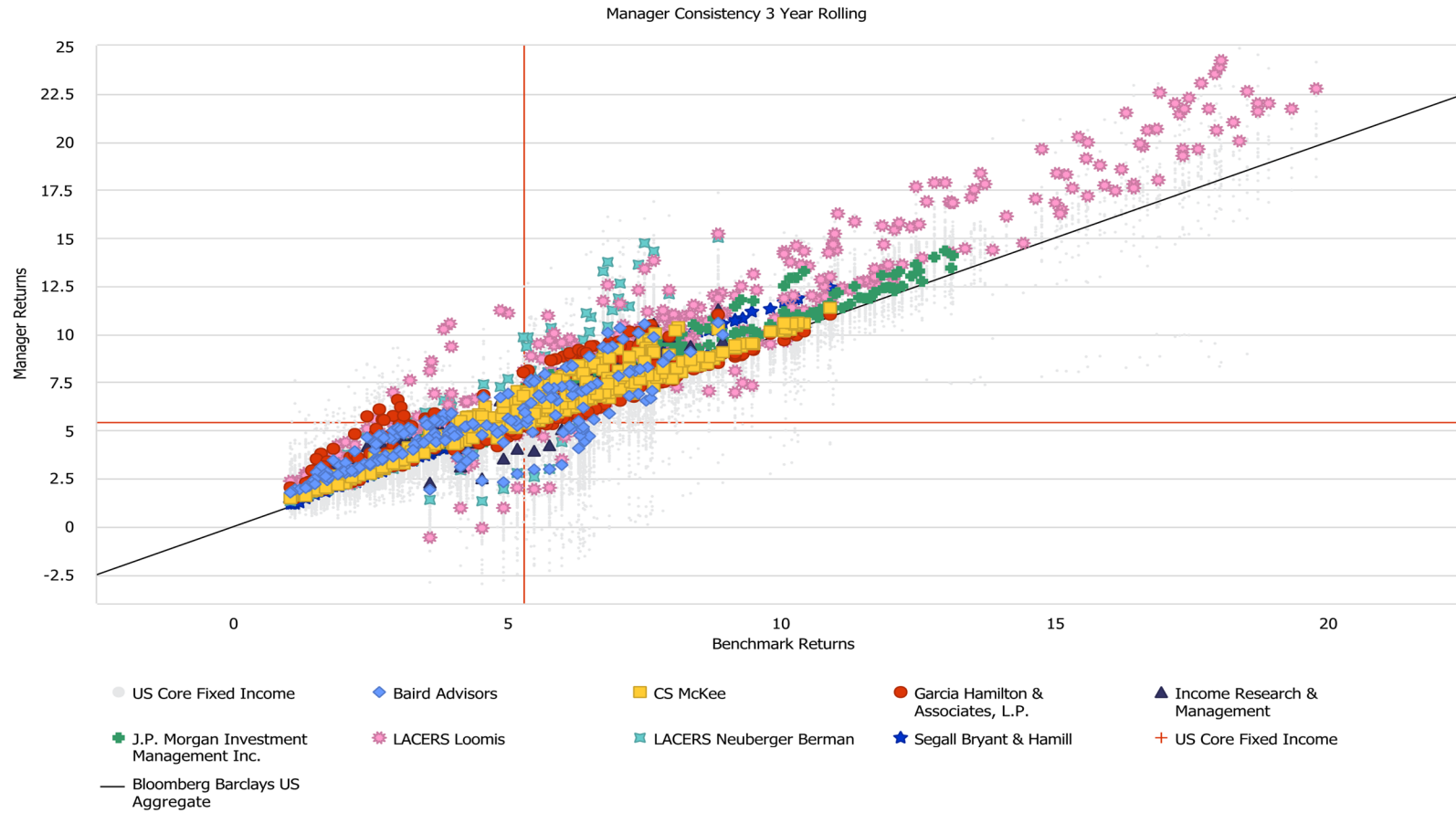
Firm Name	Returns	Std Dev	Alpha	Beta	Batting Average	Info Ratio	Up Mkt Capture	Down Mkt Capture	Tracking Error	Sharpe Ratio
Baird Advisors	5.00	3.35	0.48	1.05	0.75	0.77	112.81	104.44	0.91	1.15
CS McKee	4.60	3.07	0.43	0.97	0.60	0.38	102.83	94.97	0.77	1.12
Garcia Hamilton & Associates, L.P.	4.64	2.91	0.85	0.88	0.55	0.29	96.63	75.55	1.15	1.20
Income Research & Management	4.85	3.14	0.54	1.00	0.68	0.79	107.64	97.10	0.69	1.18
J.P. Morgan Investment Management Inc.	4.70	3.24	0.26	1.03	0.63	0.57	105.83	98.63	0.70	1.09
LACERS Loomis	5.45	3.38	0.93	1.04	0.68	1.06	118.11	99.63	1.07	1.27
LACERS Neuberger Berman	4.64	3.06	0.54	0.95	0.55	0.37	101.73	89.72	0.92	1.14
Segall Bryant & Hamill	4.50	3.14	0.12	1.02	0.63	0.62	102.52	98.41	0.31	1.07
Bloomberg Barclays Index	4.30	3.08	0.00	1.00	0.00	---	100.00	100.00	0.00	1.02

Percentiles	Returns	Std Dev	Alpha	Beta	Batting Average	Info Ratio	Up Mkt Capture	Down Mkt Capture	Tracking Error	Sharpe Ratio
High	6.91	1.83	2.99	1.50	0.78	1.75	157.88	30.81	0.16	1.53
5th	5.43	2.83	1.07	1.17	0.73	1.06	124.00	74.33	0.42	1.26
25th	4.91	3.11	0.55	1.05	0.67	0.65	111.97	93.67	0.69	1.14
Median	4.67	3.28	0.31	1.01	0.62	0.37	106.44	101.42	1.05	1.07
75th	4.46	3.53	0.13	0.97	0.57	0.17	102.49	110.68	1.49	1.00
95th	4.01	4.25	-0.14	0.79	0.47	-0.27	90.82	130.36	2.82	0.86
Low	2.61	6.34	-0.80	0.53	0.32	-1.01	63.16	178.39	6.15	0.23
Observations	242	242	242	242	242	242	242	242	242	242



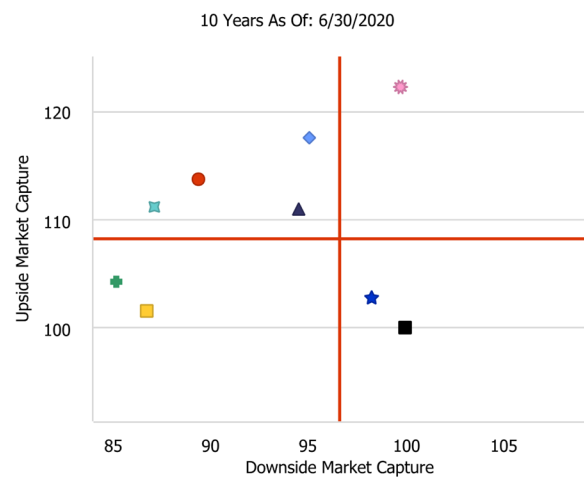
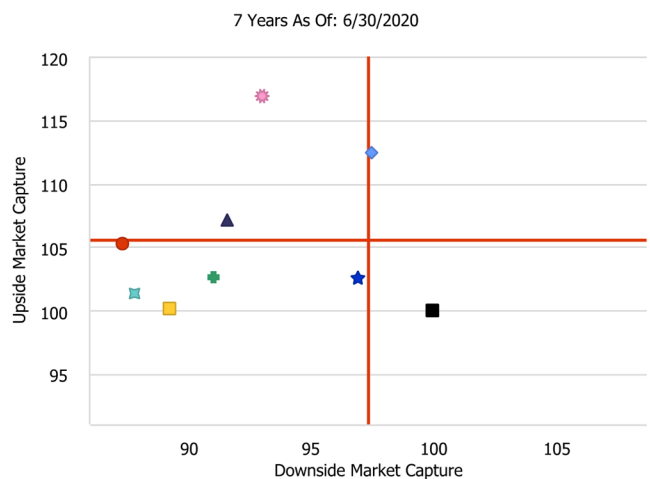
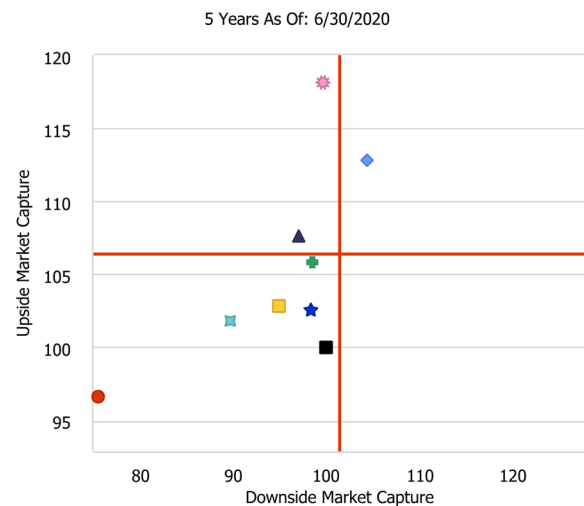
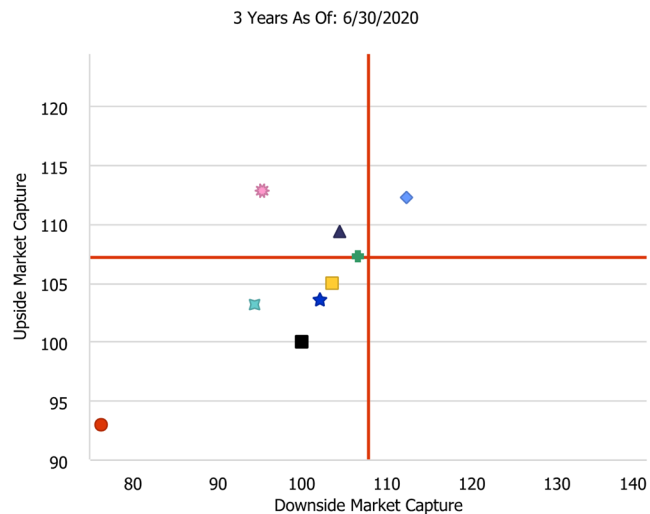
CONSISTENCY COMPARISON

Manager Consistency



UPSIDE vs DOWNSIDE MARKET CAPTURE

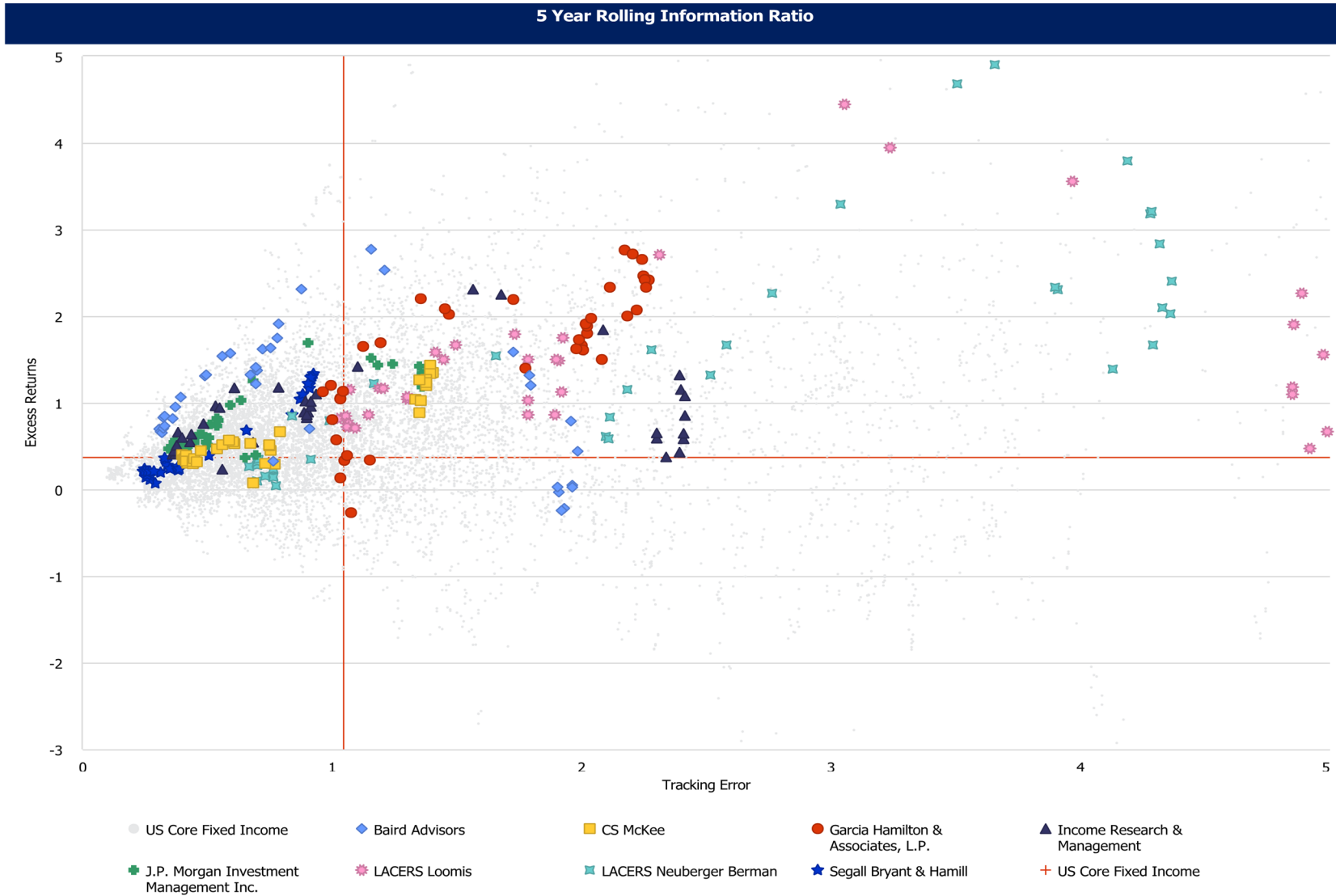
Upside vs. Downside Capture



- ◆ Baird Advisors
- CS McKee
- GH&A
- ▲ Income Research
- JPMIM
- ✱ LACERS Loomis
- LACERS Neuberger Berman
- ★ SBH
- Bloomberg Barclays Index
- + Universe Median

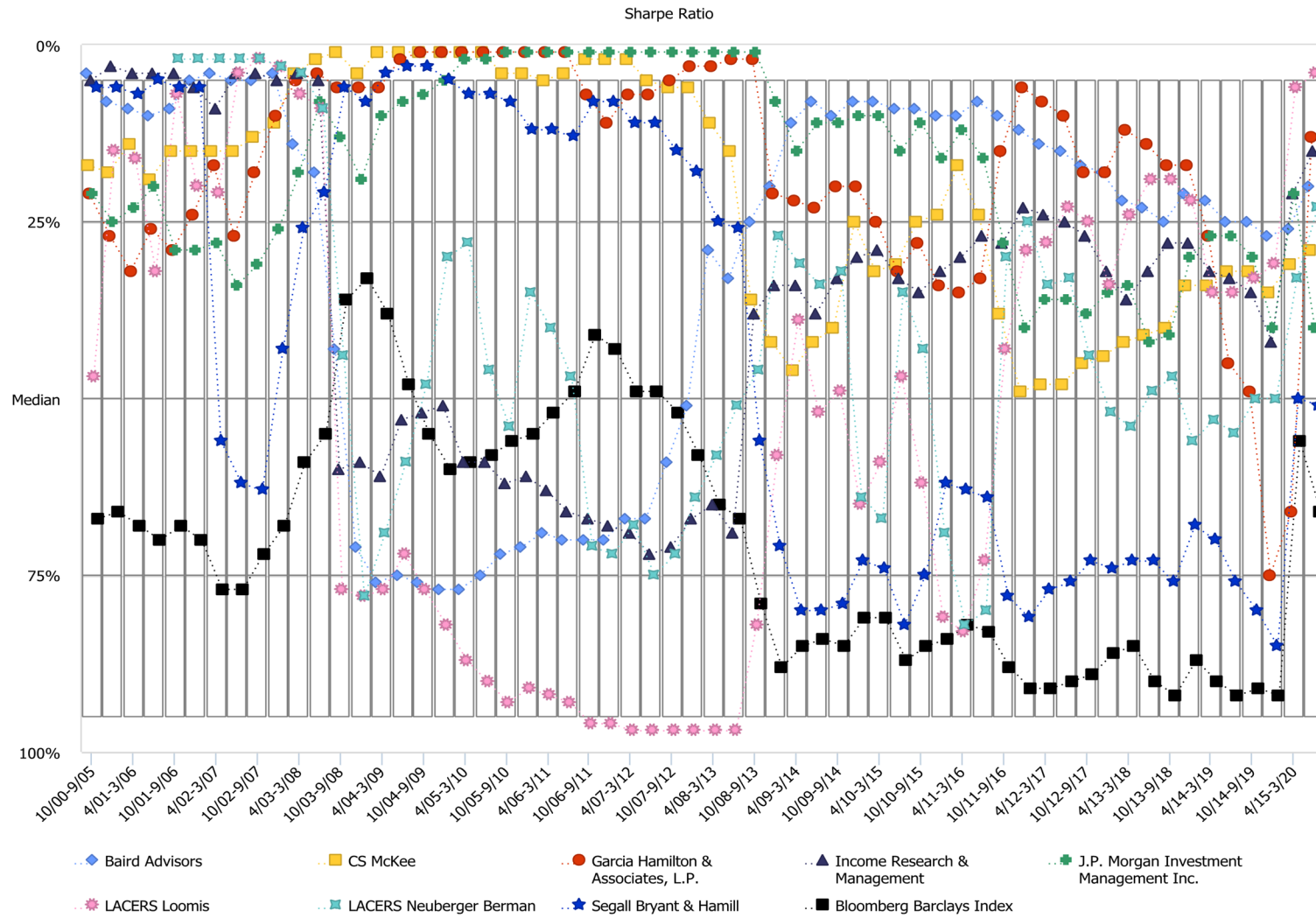


INFORMATION RATIO COMPARISON



SHARPE RATIO COMPARISON

5 Year Rolling Sharpe Ratio



APPENDIX

NEPC, LLC

PROPOSALS RECEIVED

Firm	Product Proposed	Emerging Firm	Pass/Fail	Reason
Amundi Pioneer Institutional Asset Mangement, Inc.	Amundi Pioneer Opportunistic Core	N	Pass	
Baird Advisors	Baird Advisors Core Bond	N	Pass	
BlackRock, Inc.	Total Return Strategy	N	Pass	
BMO Global Asset Management	BMO Core Fixed Income Strategy	N	Pass	
Brown Brothers Harriman & Co.	BBH Core Fixed Income	N	Pass	
C.S. McKee, L. P.	C. S. McKee Aggregate Fixed Income	N	Pass	
Calvert Research and Management	Calvert Bond Strategy	N	Pass	
Conning	Core Fixed Income	N	Pass	
Dimensional Fund Advisors LP	US Core Fixed Income Strategy	N	Pass	
Dodge & Cox	Dodge & Cox Fixed Income	N	Pass	
EARNEST Partners, LLC	Core Fixed Income	N	Pass	
FIAM LLC	Fidelity Institutional Asset Management Core Plus	N	Pass	
FIAM LLC	Fidelity Institutional Asset Management Broad Market Duration	N	Pass	
Galliard Capital Management	Galliard Broad Market Core Composite	N	Pass	
Garcia Hamilton & Associates, L.P.	Fixed Income - Aggregate	N	Pass	
Goldman Sachs Asset Management L.P.	US Core High Quality Fixed Income	N	Pass	
Guggenheim Partners Investment Management, LLC	Guggenheim Investments: Fixed Income	N	Pass	
Income Research & Management	IR + M Aggregate	N	Pass	
Integrity Fixed Income, Management, LLC	IFIM Core Aggregate	Y	Pass	
Invesco Advisers, Inc.	Invesco Core Fixed Income	N	Pass	
J.P. Morgan Asset Management	JPM Core Bond	N	Pass	
Jennison Associates LLC	Active Core	N	Pass	
Lazard Asset Management LLC	Lazard US Core	N	Pass	
LM Capital Group, LLC	Active Core Plus	N	Pass	
LM Capital Group, LLC	Strategic Core	N	Pass	
Longfellow Investment Management Co., LLC	Longfellow Core Fixed Income	N	Pass	
Loomis, Sayles & Company, L.P	Core Fixed Income	N	Pass	
Manulife Investment Management	Core Fixed Income Strategy	N	Pass	
MFS Institutional Advisors, Inc.	MFS U.S. Core Plus Fixed Income	N	Pass	
Morgan Stanley Investment Management	Core Fixed Income	N	Pass	
National Investment Services	National Investment Services, Inc. Core Fixed Income	N	Pass	
Neuberger Berman	Core Bond	N	Pass	
Nuveen, LLC	TIAA Investments Core Impact Bond	N	Pass	
Payden & Rygel	Core Bond	N	Pass	
PGIM Fixed Income	PGIM Fixed Income Core Fixed Income	N	Pass	
Piedmont Investment Advisors, Inc.	Yield Advantage Aggregate	N	Pass	
PIMCO	Core Fixed Income - Total Return	N	Pass	
Princeton Asset Management, LLC	Princeton Core Fixed Income Strategy Composite	Y	Fail	Didn't meet minimum criteria
Progress Investment Management Company, LLC	U.S. Fixed Income	N	Withdraw	Firm closing
Pugh Capital Management, Inc.	Pugh Capital Management, Inc. Core Fixed Income	N	Pass	
Quadratic Capital Management LLC	Quadratic Interest Rate Volatility and Inflation Hedge ETF	Y	Fail	Didn't meet minimum criteria
Ramirez Asset Management	Ramirez Strategic Core Strategy	N	Pass	
Schroder Investment Management North America Inc.	Schroder Investment Mangement Limited: Value Core	N	Pass	
Securian Asset Management, Inc.	Securian AM Core Fixed Income	N	Pass	
Segall Bryant & Hamill	Core Fixed Income	N	Pass	
Segall Bryant & Hamill	Core Plus Fixed Income	N	Pass	
Sit Investment Associates, Inc.	Sit Taxable Total Return	N	Pass	
SLC Management	U.S. Core Fixed Income	N	Pass	
Smith Graham & Co., Investment Advisors, L.P.	Core Fixed Income - Aggregate	Y	Pass	
Sterling Capital Management LLC	Core Fixed Income	N	Pass	
T. Rowe Price Associates, Inc.	US Core Bond Strategy	N	Pass	
TCW Group, Inc.	TCW Core Fixed Income	N	Pass	
The Capital Group Companies, Inc.	US Core Fixed Income (Capital Group)	N	Pass	
Voya Investment Management	Voya Core Plus Fixed Income	N	Pass	
Wellington Management Company LLP	Core Bond	N	Pass	
Wells Fargo Asset Management	Montgomery U.S. Cored Fixed Income	N	Pass	
Western Asset Management Company, LLC	WA US Core Constrained Representative Account	N	Pass	



GLOSSARY

NEPC, LLC

GLOSSARY OF INVESTMENT TERMINOLOGY

Alpha - Measures the relationship between the fund performance and the performance of another fund or benchmark index and equals the excess return while the other fund or benchmark index is zero.

Alpha Jensen - The average return on a portfolio over and above that predicted by the capital asset pricing model (CAPM), given the portfolio's beta and the average market return. Also known as the abnormal return or the risk adjusted excess return.

Annualized Excess Return over Benchmark - Annualized fund return minus the annualized benchmark return for the calculated return.

Annualized Return - A statistical technique whereby returns covering periods greater than one year are converted to cover a 12 month time span.

Beta - Measures the volatility or systematic risk and is equal to the change in the fund's performance in relation to the change in the assigned index's performance.

Information Ratio - A measure of the risk adjusted return of a financial security, asset, or portfolio.

Formula: (Annualized Return of Portfolio - Annualized Return of Benchmark)/Annualized Standard Deviation(Period Portfolio Return - Period Benchmark Return). To annualize standard deviation, multiply the deviation by the square root of the number of periods per year where monthly returns per year equals 12 and quarterly returns is four periods per year.

R-Squared - Represents the percentage of a fund's movements that can be explained by movements in an index. R-Squared values range from 0 to 100. An R-Squared of 100 denotes that all movements of a fund are completely explained by movements in the index.

Sharpe Ratio - A measure of the excess return or risk premium per unit of risk in an investment asset or trading strategy.

Sortino Ratio - A method to differentiate between good and bad volatility in the Sharpe Ratio. The differentiation of up and down volatility allows the calculation to provide a risk adjusted measure of a security or fund's performance without upward price change penalties.

*Formula: Calculation Average (X-Y)/Downside Deviation (X-Y) * 2 Where X=Return Series Y = Return Series Y which is the risk free return (91 day T-bills)*



Standard Deviation - The standard deviation is a statistical term that describes the distribution of results. It is a commonly used measure of volatility of returns of a portfolio, asset class, or security. The higher the standard deviation the more volatile the returns are.

Formula: (Annualized Return of Portfolio - Annualized Return of Risk Free) / Annualized Standard Deviation (Portfolio Returns)

Tracking Error - Tracking error, also known as residual risk, is a measure of the degree to which a portfolio tracks its benchmark. It is also a measure of consistency of excess returns. Tracking error is computed as the annualized standard deviation of the difference between a portfolio's return and that of its benchmark.

$$\text{Formula: Tracking Error} = \sqrt{\frac{\sum_{i=1}^n (R_p - R_b)^2}{N-1}}$$

Where X = periods portfolio return and Y = the period's benchmark return For monthly returns, the periods per year = 12 For quarterly returns, the periods per year = 4

Treynor Ratio - A risk-adjusted measure of return based on systematic risk. Similar to the Sharpe ratio with the difference being the Treynor ratio uses beta as the measurement of volatility.

Formula: (Portfolio Average Return - Average Return of Risk-Free Rate)/Portfolio Beta

Up/Down Capture Ratio - A measure of what percentage of a market's re-turns is "captured" by a portfolio. For example, if the market declines 10% over some period, and the manager declines only 9%, then his or her capture ratio is 90%. In down markets, it is advantageous for a manager to have as low a capture ratio as possible. For up markets, the higher the capture ratio the better. Looking at capture ratios can provide insight into how a manager achieves excess returns. A value manager might typically have a lower capture ratio in both up and down markets, achieving excess returns by protecting on the downside, whereas a growth manager might fall more than the overall market in down markets, but achieve above-market returns in a rising market.

UpsideCapture = TotalReturn(FundReturns)/TotalReturns(BMReturn) when Period Benchmark Return is > = 0

UpsideCapture = TotalReturn(FundReturns)/TotalReturns(BMReturn) when Period Benchmark Return is > = 0



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

MEETING: SEPTEMBER 8, 2020
ITEM: VI

Neil M. Guglielmo

SUBJECT: PROXY VOTING ACTIVITY REPORT FOR THE PERIOD JULY 1, 2019 TO JUNE 30, 2020

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Committee receive and file this report.

Executive Summary

This report summarizes LACERS' proxy votes cast for the period of July 1, 2019, to June 30, 2020.

Discussion

Institutional Shareholders Services Inc. (ISS), LACERS' proxy voting agent, voted a total of 10,496 proxy ballots for 7,816 U.S. and non-U.S. company meetings for the period of July 1, 2019, to June 30, 2020. These totals comprise 3,609 ballots for 2,004 U.S. company meetings and 6,887 ballots for 5,812 non-U.S. company meetings.

Staff has confirmed that all votes cast were in accordance with the LACERS Proxy Voting Policy. However, 56 votes (0.53%) were missed for reasons provided in the table below:

Number of Missed Votes	Explanation
14	No power of attorney on file at local sub-custodian
22	Ballots received after cutoff & meeting changes
1	Advance registration required
1	Do Not Vote instructions
10	Local sub-custodian does not provide proxy voting services
8	Voting requirement not met due to unclear instructions
56	Total missed votes

Strategic Alignment

The review of proxy voting information aligns with the Strategic Plan Goal to optimize long-term risk adjusted investment returns (Goal IV).

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

NMG/RJ/BF/EC:jp