LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

Investment Committee Agenda

REGULAR MEETING

TUESDAY, JUNE 8, 2021

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 June 8, 2021, meeting will be conducted via telephone and/or videoconferencing.

Important Message to the Public

Information to call-in to listen and/or participate:
Dial: (669) 900-6833 or (346) 248-7799
Meeting ID# 816 4665 2597

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 MEETING OF APRIL 13, 2021 AND POSSIBLE COMMITTEE ACTION

III. CHIEF INVESTMENT OFFICER VERBAL REPORT

IV. PRESENTATION BY J.P. MORGAN ASSET MANAGEMENT REGARDING ECONOMIC AND MARKET OUTLOOK

V. REAL ESTATE FISCAL YEAR 2021-22 STRATEGIC PLAN AND POSSIBLE COMMITTEE ACTION

VI. OTHER BUSINESS

VII. NEXT MEETING: The next Regular meeting of the Investment Committee is scheduled for Tuesday, July 13, 2021, at 10:30 a.m., or immediately following the Board Meeting, at 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 response to public health concerns relating to the novel coronavirus continue.

VIII. ADJOURNMENT

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

Board of Administration Agenda

SPECIAL MEETING

TUESDAY, JUNE 8, 2021

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

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President:	Cynthia M. Ruiz
Vice President:	Sung Won Sohn
Commissioners:	Annie Chao Elizabeth Lee Sandra Lee Nilza R. Serrano Michael R. Wilkinson
Manager-Secretary:	Neil M. Guglielmo
Executive Assistant:	Ani Ghoukassian
Legal Counsel:	City Attorney's Office Public Pensions General Counsel Division

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IV. PRESENTATION BY J.P. MORGAN ASSET MANAGEMENT REGARDING ECONOMIC AND MARKET OUTLOOK

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VIII. ADJOURNMENT

Agenda of:	June 8, 2021
Item No:	II

MINUTES OF THE REGULAR 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
April 13, 2021, Regular meeting was conducted
via telephone and/or videoconferencing

April 13, 2021

11:55 a.m.

PRESENT via Videoconferencing:	Chair:	Sung Won Sohn
	Committee Member:	Nilza R. Serrano
	Manager-Secretary:	Neil M. Guglielmo
	Legal Counselor:	James Napier
ABSENT:	Committee Member:	Elizabeth Lee
PRESENT at LACERS offices:	Executive Assistant:	Erin Knight

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

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – *THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT* – **PRESS *9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD** – Chair Sohn asked if any persons wished to speak on matters within the Committee's jurisdiction, to which there was no response and no public comment cards received.

II

APPROVAL OF MINUTES FOR THE MEETING OF MARCH 9, 2021 AND POSSIBLE COMMITTEE ACTION – Committee Member Serrano moved approval, and adopted by the following vote: Ayes, Committee Member Serrano and Chair Sohn -2; Nays, None.

III

CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, presented the Committee with the forward calendar.

IV

CONTRACTS WITH NORTHERN TRUST COMPANY REGARDING MASTER CUSTODIAL SERVICES, SECURITIES LENDING, AND ANCILLARY SERVICES AND POSSIBLE COMMITTEE ACTION – Bryan Fujita, Investment Officer III and James Wang, Investment Officer I, presented this item to the Committee. After a five minute discussion, Commissioner Serrano moved approval, and adopted by the following vote: Ayes, Committee Member Serrano and Chair Sohn -2; Nays, None.

V

DISCUSSION OF PROPOSED AMENDMENT TO EMERGING INVESTMENT MANAGER POLICY AND POSSIBLE COMMITTEE ACTION – Rod June, Chief Investment Officer, Wilkin Ly, Investment Officer III, and Clark Hoover, Investment Officer I, presented this item to the Committee. After a 15 minute discussion, Commissioner Serrano moved approval, and adopted by the following vote: Ayes, Committee Member Serrano and Chair Sohn -2; Nays, None.

VI

Chair Sohn recessed the Regular Meeting at 12:22 p.m. to convene in Closed Session discussion.

CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER A COMMITMENT TO WOLFF CREDIT PARTNERS III, L.P. AND POSSIBLE COMMITTEE ACTION

VII

CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER A COMMITMENT TO KAYNE ANDERSON CORE REAL ESTATE, L.P. AND POSSIBLE COMMITTEE ACTION

VIII

CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER A COMMITMENT TO LION INDUSTRIAL TRUST AND POSSIBLE COMMITTEE ACTION

Chair Sohn reconvened the Regular Meeting at 1:17 p.m.

IX

OTHER BUSINESS – There was no other business.

X

NEXT MEETING: The next Regular Meeting of the Investment Committee is scheduled for Tuesday, May 11, 2021, at 10:30 a.m. or immediately following the Board Meeting, at 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 responding to public health concerns relating to the novel coronavirus continue.

XI

ADJOURNMENT – There being no further business before the Committee, Chair Sohn adjourned the meeting at 1:18 p.m.

Sung Won Sohn
Chair

Neil M. Guglielmo
Manager-Secretary

Economic and Market Outlook

Los Angeles City Employees' Retirement System | June 8, 2021

MARKET INSIGHTS

Guide to the Markets®

U.S.| 2Q 2021| As of May 19, 2021

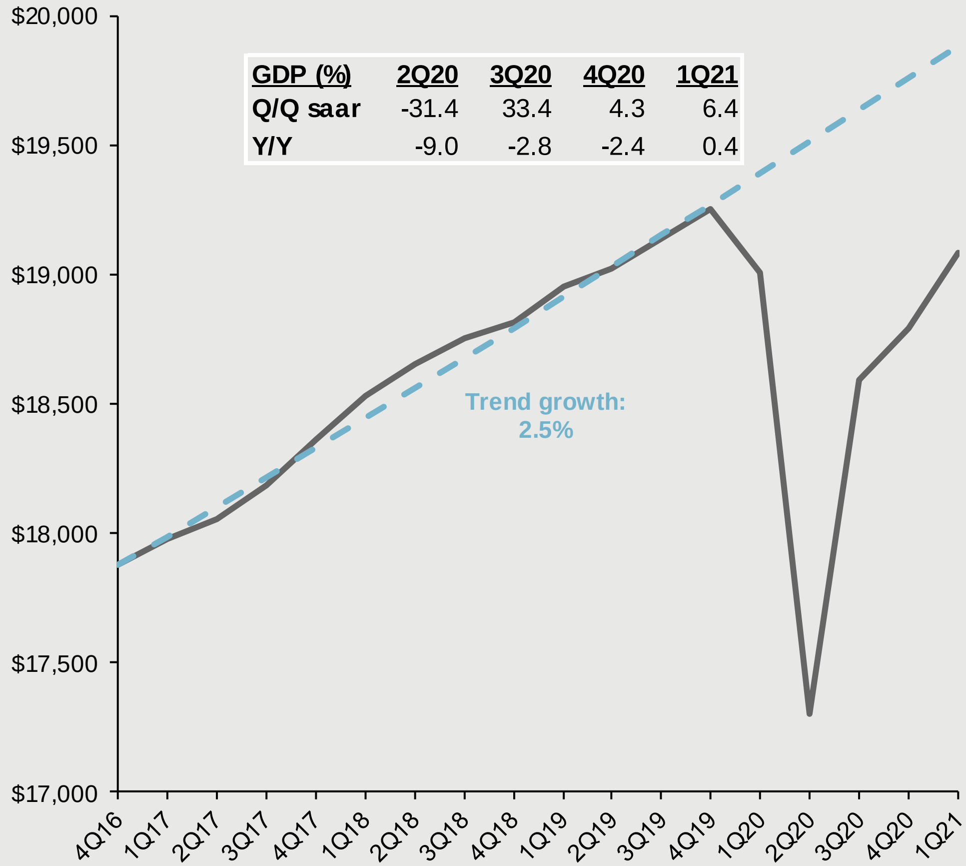
J.P.Morgan
Asset Management

Economy

Economic growth and the composition of GDP

Real GDP

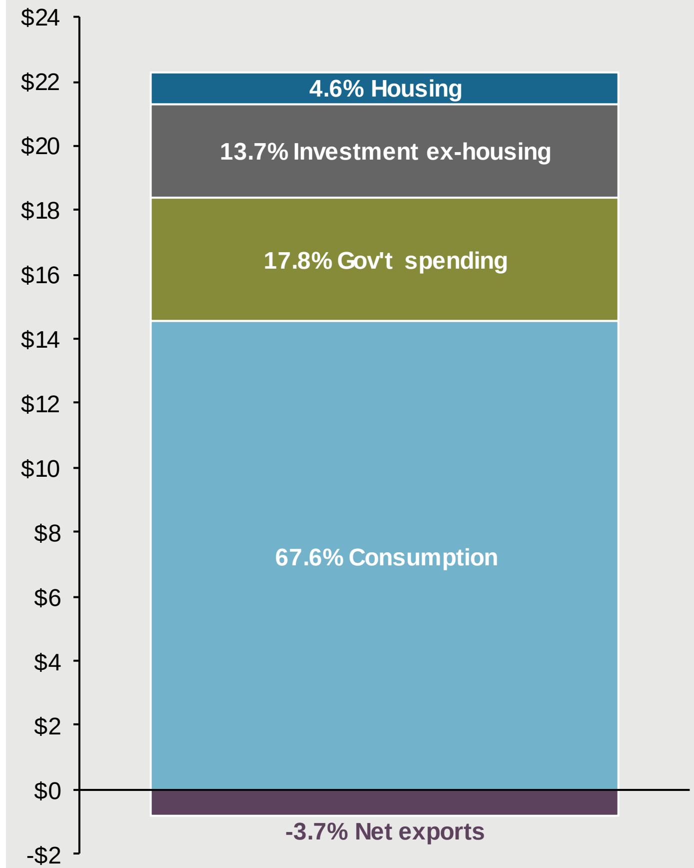
Billions of chained (2012) dollars, seasonally adjusted at annual rates



GDP (%)	2Q20	3Q20	4Q20	1Q21
Q/Q saar	-31.4	33.4	4.3	6.4
Y/Y	-9.0	-2.8	-2.4	0.4

Components of GDP

1Q21 nominal GDP, USD trillions



Source: BEA, FactSet, J.P. Morgan Asset Management. Values may not sum to 100% due to rounding. Forecasts are not a reliable indicator of future performance.
Guide to the Markets – U.S. Data are as of May 19, 2021.

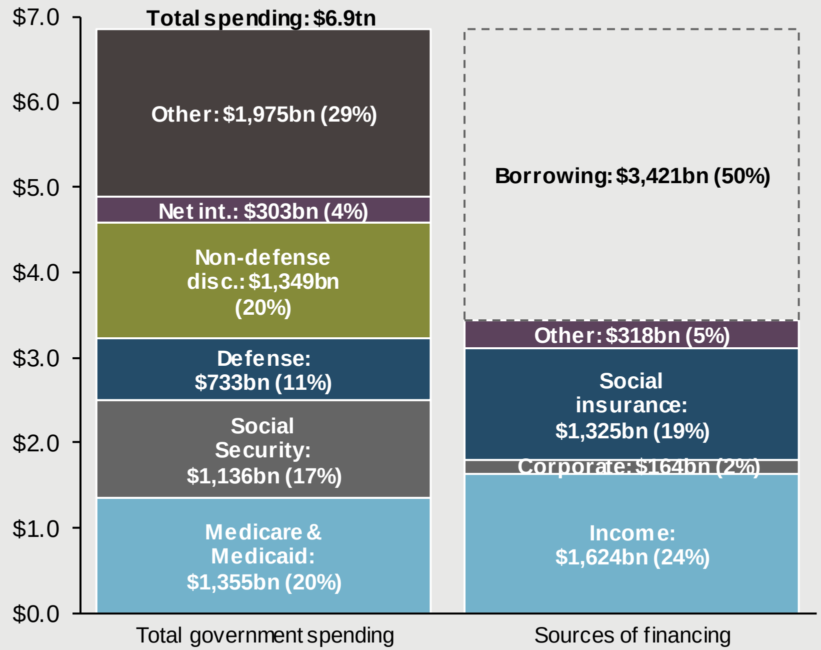
J.P.Morgan
Asset Management

Federal finances

Economy

The 2021 federal budget

Adj. CBO Baseline forecast, USD trillions

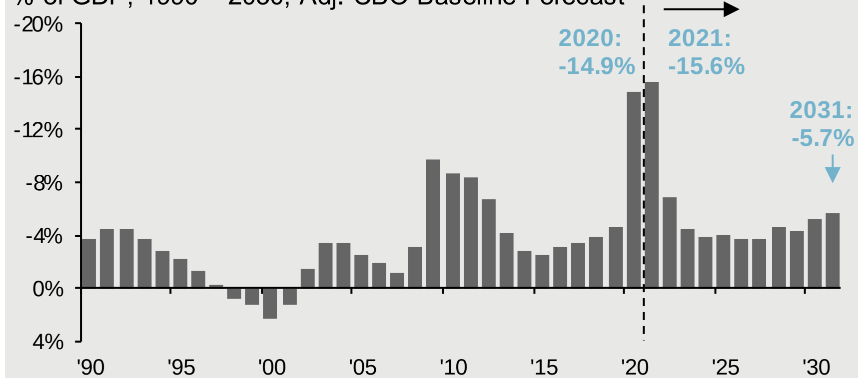


CBO's Baseline economic assumptions

	2021	'22-'23	'24-'25	'26-'31
Real GDP growth	3.1%	2.7%	2.3%	1.7%
10-year Treasury	1.0%	1.4%	1.9%	3.0%
Headline inflation (CPI)	1.7%	2.1%	2.3%	2.4%
Unemployment	6.1%	4.9%	4.3%	4.1%

Federal budget surplus/deficit

% of GDP, 1990 – 2030, Adj. CBO Baseline Forecast



Federal net debt (accumulated deficits)

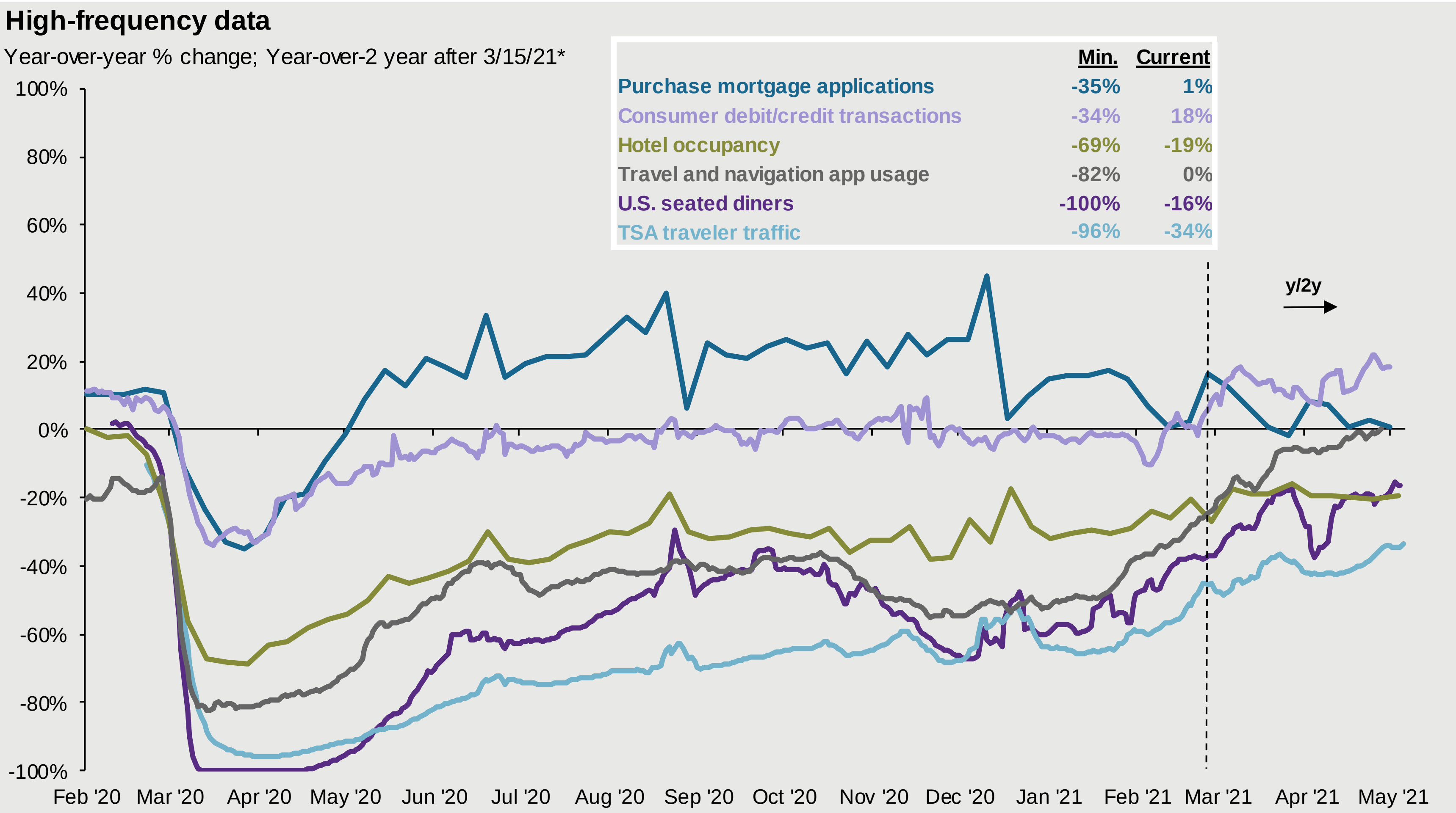
% of GDP, 1940 – 2030, Adj. CBO Baseline Forecast, end of fiscal year

Source: CBO, J.P. Morgan Asset Management; (Top and bottom right) BEA, Treasury Department.
Estimates are based on the Congressional Budget Office (CBO) February 2021 Baseline Budget Forecast adjusted to account for the impact of the American Rescue Plan Act of 2021. CBO Baseline economic assumptions are based on the Congressional Budget Office (CBO) February 2021 Update to Economic Outlook. Other spending includes, but is not limited to, health insurance subsidies, income security and federal civilian and military retirement. Note: Years shown are fiscal years (Oct. 1 through Sep. 30). Forecasts are not a reliable indicator of future performance. Forecasts, projections and other forward looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward statements, actual events, results or performance may differ materially from those reflected or contemplated.
Guide to the Markets – U.S. Data are as of May 19, 2021.

J.P.Morgan
Asset Management

Economy

High-frequency economic activity

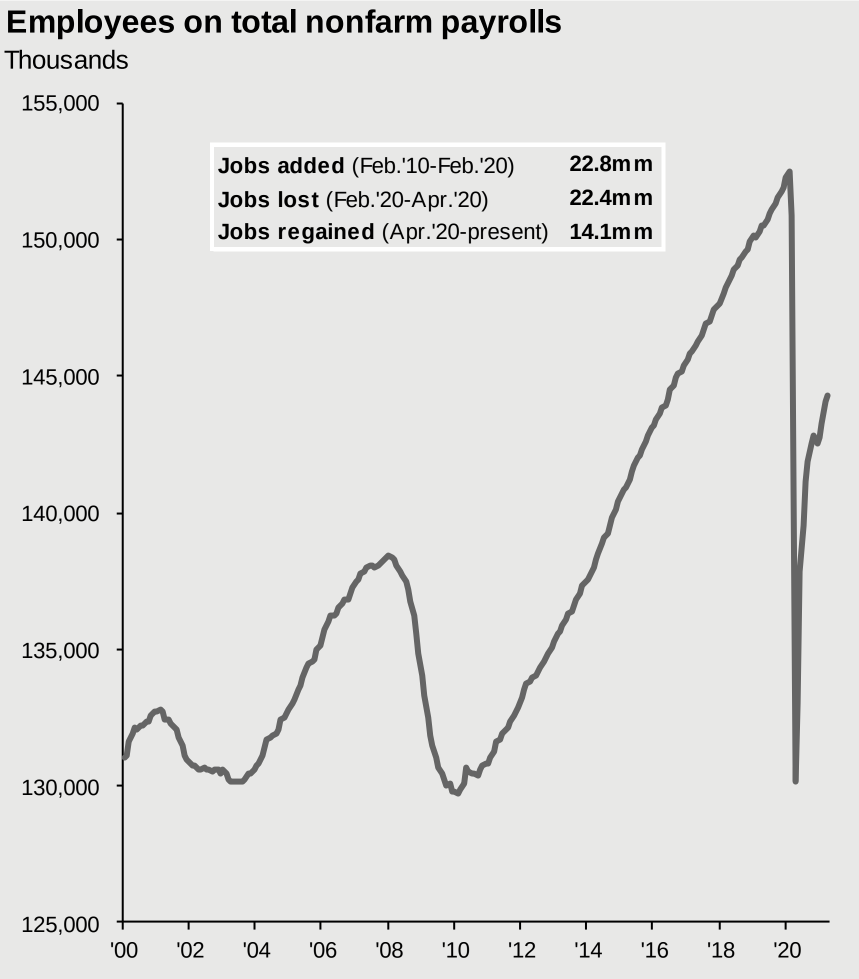


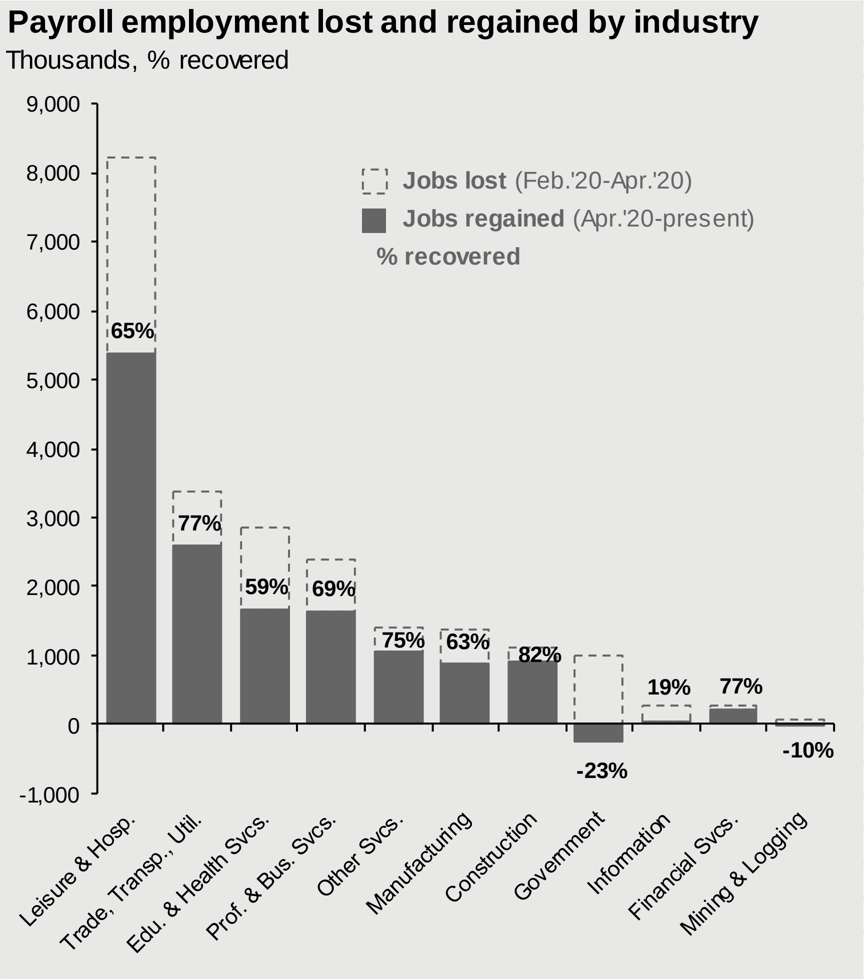
Source: App Annie, Chase, Mortgage Bankers Association (MBA), OpenTable, STR, Transportation Security Administration (TSA), J.P. Morgan Asset Management. *Beginning March 15, 2021, all indicators compare 2021 to 2019. Prior to March 15, 2021, figures are year-over-year. Consumer debit/credit transactions, U.S. seated diners and TSA traveler traffic are 7-day moving averages. App Annie data is compared to 2019 average and includes over 600 travel and navigation apps globally, including Google Maps, Uber, Airbnb and Booking.com. Consumer spending: This report uses rigorous security protocols for selected data sourced from Chase credit and debit card transactions to ensure all information is kept confidential and secure. All selected data is highly aggregated and all unique identifiable information—including names, account numbers, addresses, dates of birth and Social Security Numbers—is removed from the data before the report's author receives it.
Guide to the Markets – U.S. Data are as of May 19, 2021.

J.P.Morgan Asset Management

Economy

Payroll employment





Source: Bureau of Labor Statistics, J.P. Morgan Asset Management.
Guide to the Markets – U.S. Data are as of May 19, 2021.

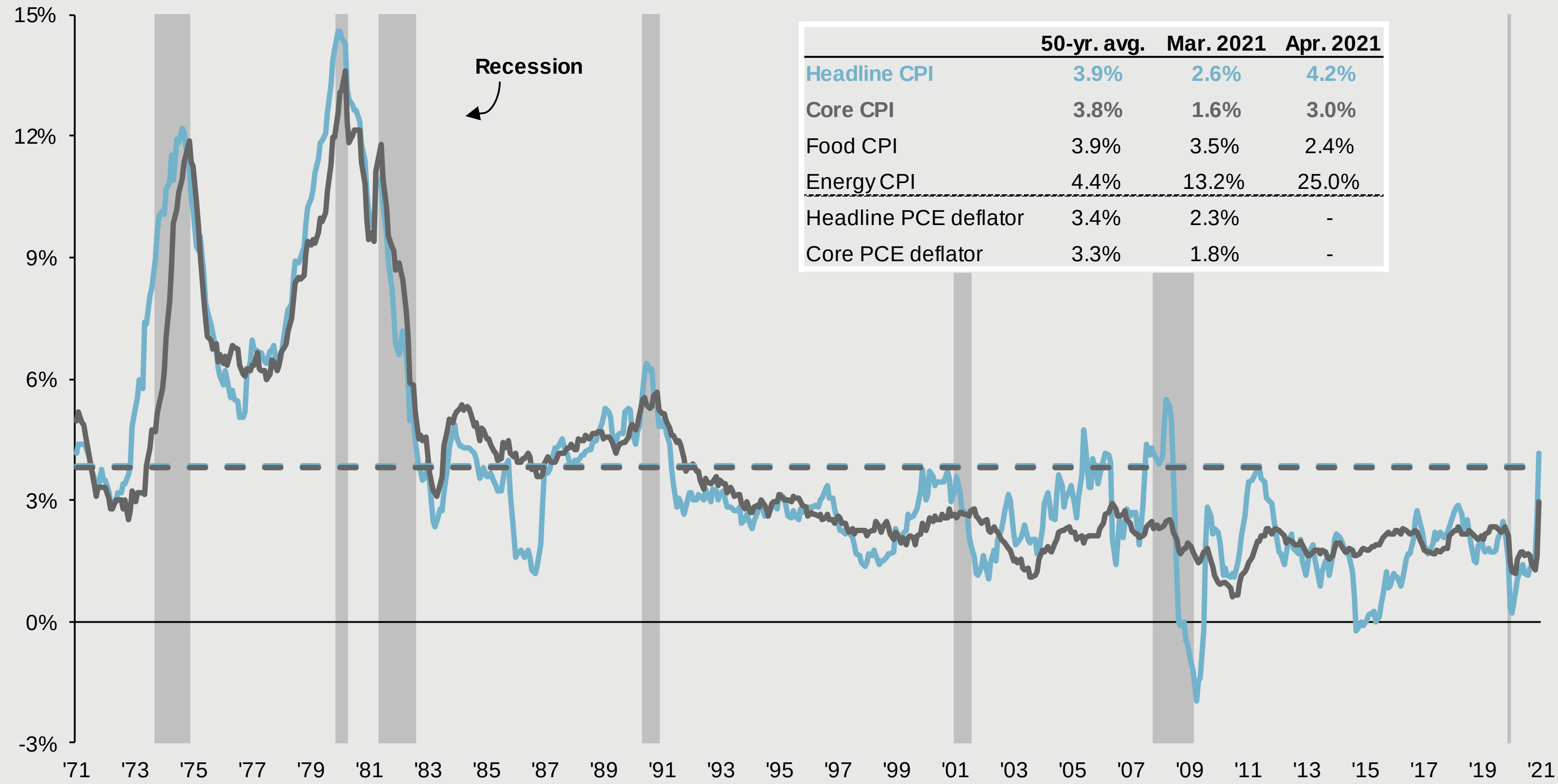
J.P.Morgan Asset Management

Inflation

Economy

CPI and core CPI

% change vs. prior year, seasonally adjusted



	50-yr. avg.	Mar. 2021	Apr. 2021
Headline CPI	3.9%	2.6%	4.2%
Core CPI	3.8%	1.6%	3.0%
Food CPI	3.9%	3.5%	2.4%
Energy CPI	4.4%	13.2%	25.0%
Headline PCE deflator	3.4%	2.3%	-
Core PCE deflator	3.3%	1.8%	-

Source: BLS, FactSet, J.P. Morgan Asset Management.
CPI used is CPI-U and values shown are % change vs. one year ago. Core CPI is defined as CPI excluding food and energy prices. The Personal Consumption Expenditure (PCE) deflator employs an evolving chain-weighted basket of consumer expenditures instead of the fixed-weight basket used in CPI calculations.
Guide to the Markets – U.S. Data are as of May 19, 2021.

J.P.Morgan
Asset Management

Average inflation targeting

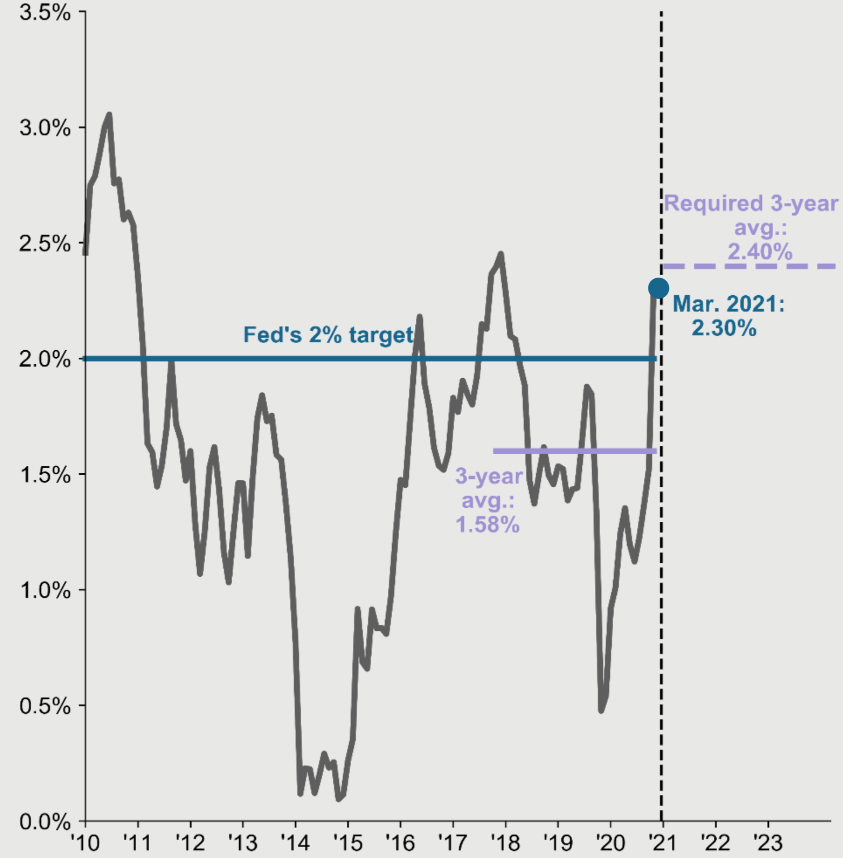
Fixed income

5-year, 5-year forward inflation expectation rate

Percent, not seasonally adjusted

Headline personal consumption deflator

Year-over-year percent change



Source: Bureau of Economic Analysis, Federal Reserve, Federal Reserve Bank of St. Louis, J.P. Morgan Asset Management. The 5-year, 5-year forward inflation expectation rate measures the expected inflation rate (on average) over the five-year period that begins five years from today. Forecasts are not a reliable indicator of future performance. Forecasts, projections and other forward looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward statements, actual events, results or performance may differ materially from those reflected or contemplated.
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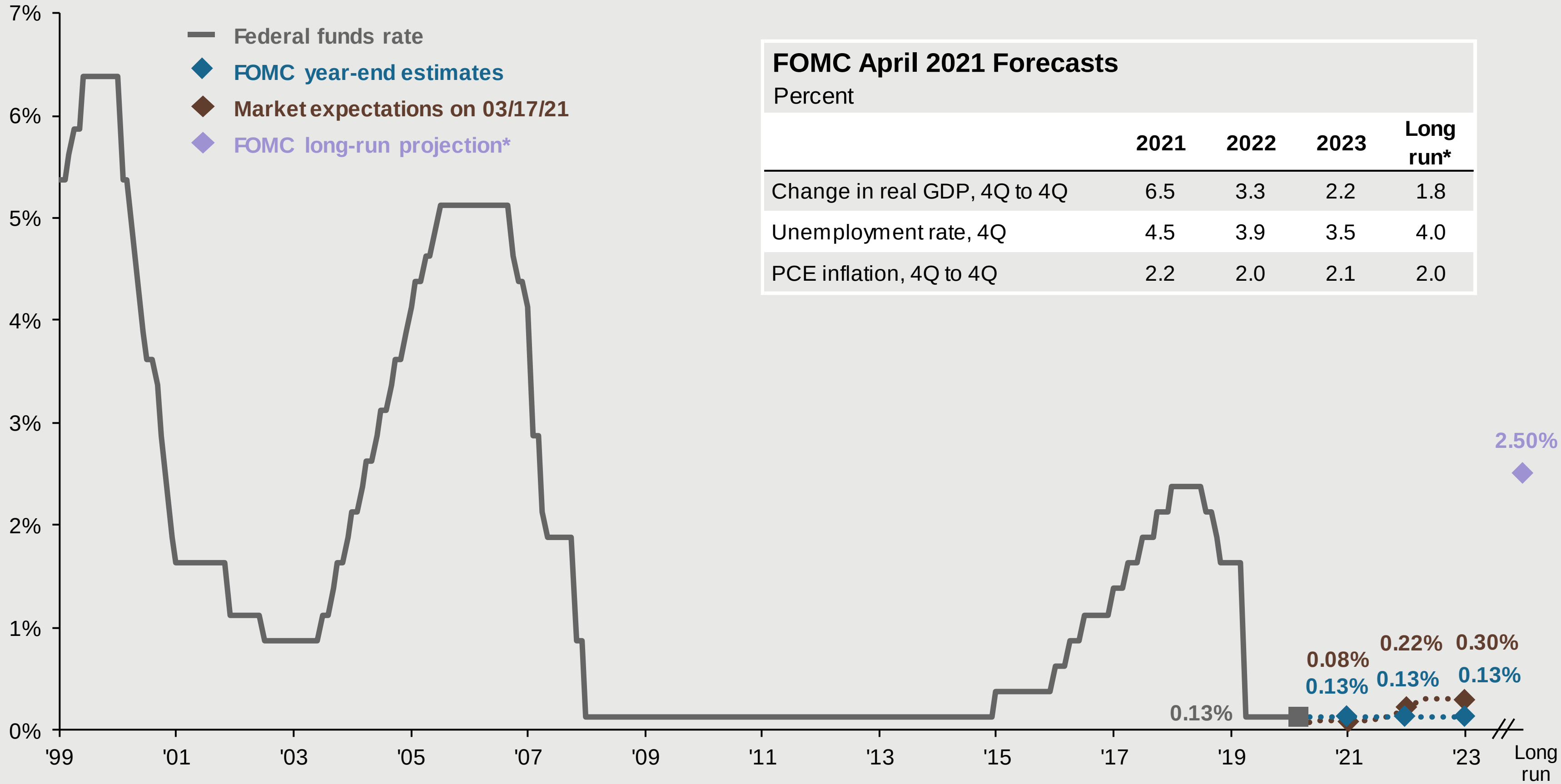
J.P.Morgan Asset Management

The Fed and interest rates

Fixed income

Federal funds rate expectations

FOMC and market expectations for the federal funds rate



FOMC April 2021 Forecasts
Percent

	2021	2022	2023	Long run*
Change in real GDP, 4Q to 4Q	6.5	3.3	2.2	1.8
Unemployment rate, 4Q	4.5	3.9	3.5	4.0
PCE inflation, 4Q to 4Q	2.2	2.0	2.1	2.0

Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management.
Market expectations are the federal funds rates priced into the fed futures market as of the following date of the April 2021 FOMC meeting and are through December 2023. *Long-run projections are the rates of growth, unemployment and inflation to which a policymaker expects the economy to converge over the next five to six years in absence of further shocks and under appropriate monetary policy. Forecasts are not a reliable indicator of future performance. Forecasts, projections and other forward looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward statements, actual events, results or performance may differ materially from those reflected or contemplated.
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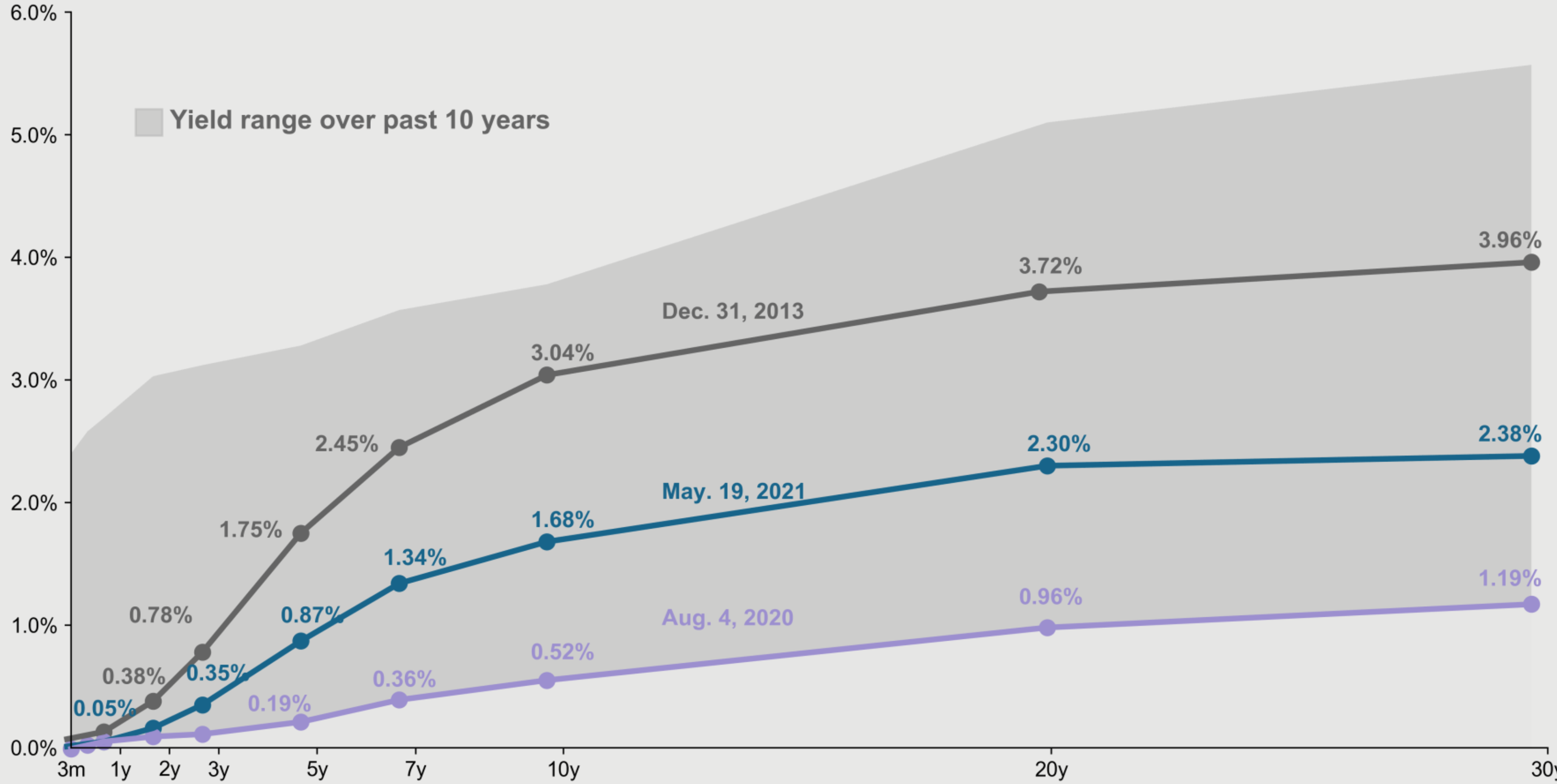
J.P.Morgan Asset Management

Yield curve

Fixed income

Yield curve
U.S. Treasury yield curve



Source: FactSet, Federal Reserve, J.P. Morgan Asset Management.
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J.P.Morgan Asset Management

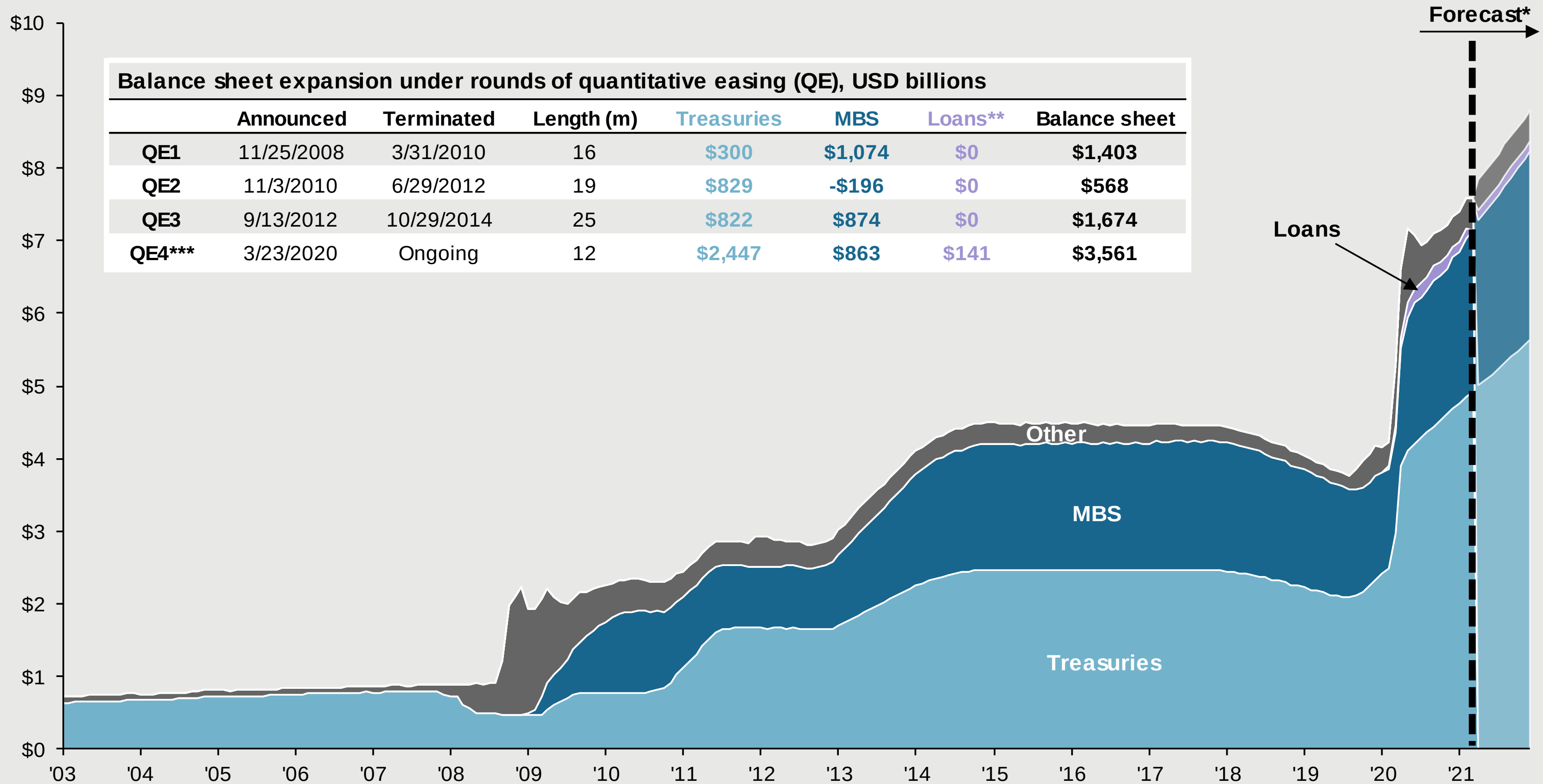
The Federal Reserve balance sheet

The Federal Reserve balance sheet

USD trillions

Balance sheet expansion under rounds of quantitative easing (QE), USD billions

	Announced	Terminated	Length (m)	Treasuries	MBS	Loans**	Balance sheet
QE1	11/25/2008	3/31/2010	16	$300	**$1,074**	$0	**$1,403**
QE2	11/3/2010	6/29/2012	19	$829	**-$196**	$0	**$568**
QE3	9/13/2012	10/29/2014	25	$822	**$874**	$0	**$1,674**
QE4* **	3/23/2020	Ongoing	12	$2,447	**$863**	$141	**$3,561**



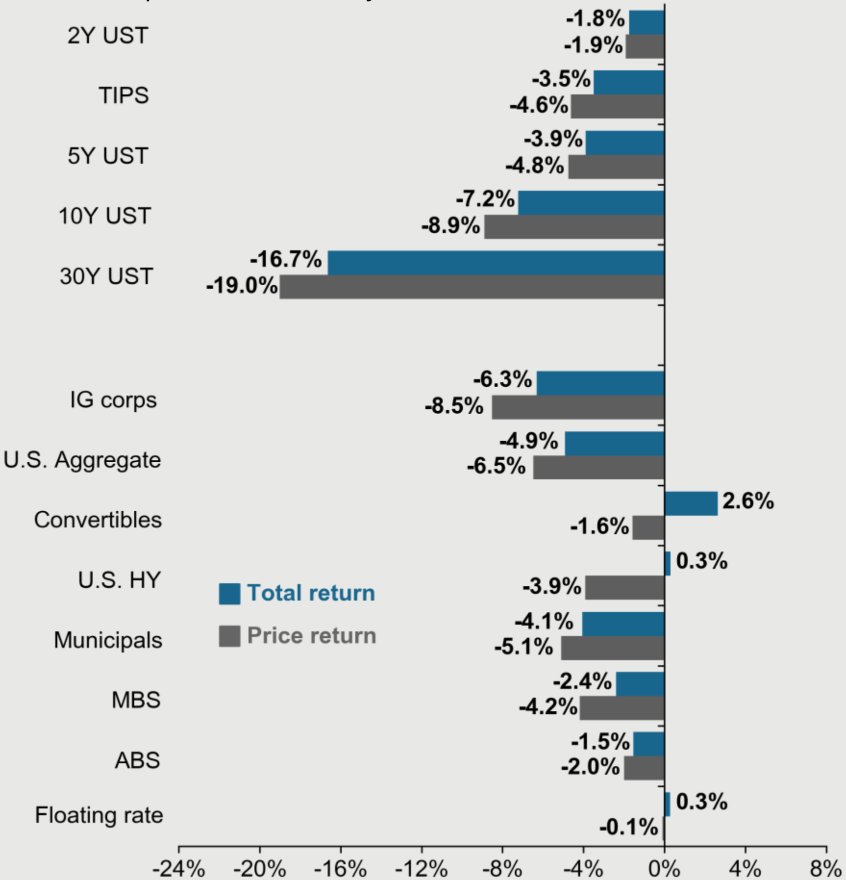
Source: FactSet, Federal Reserve, J.P. Morgan Investment Bank, J.P. Morgan Asset Management.
Currently, the balance sheet contains $4.9 trillion in Treasuries and $2.2 trillion in MBS. The end balance sheet forecast is $5.4 trillion in Treasuries and $2.5 trillion in MBS by December 2021. *Balance sheet forecast assumes the Federal Reserve maintains its current pace of purchases of Treasuries and MBS through December 2021 as suggested in the April 2021 FOMC meeting. **Loans include liquidity and credit extended through newly established corporate credit facilities in March 2020. Loan figures shown are max usage over the QE period referenced and are not growth of loan portfolio over the period. Other includes primary, secondary and seasonal loans, repurchase agreements, foreign currency reserves, and maiden lane securities. ***QE4 is ongoing and the expansion figures are as of the most recent Wednesday close as reported by the Federal Reserve. Forecasts are not a reliable indicator of future performance. Forecasts, projections and other forward looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward statements, actual events, results or performance may differ materially from those reflected or contemplated. *Guide to the Markets – U.S.* Data are as of May 19, 2021.

Fixed income market dynamics

U.S. Treasuries	Yield 5/19/2021	Yield 12/31/2020	Return 2021 YTD	Avg. Maturity	Correlation to 10-year	Correlation to S&P 500
2-Year	0.16%	0.13%	-0.01%	2 years	0.68	-0.39
5-Year	0.87%	0.36%	-1.93%	5	0.92	-0.35
TIPS	-0.80%	-1.06%	0.36%	10	0.57	0.19
10-Year	1.68%	0.93%	-6.28%	10	1.00	-0.33
30-Year	2.38%	1.65%	-15.33%	30	0.93	-0.32
Sector						
IG corps	2.21%	1.74%	-3.93%	12.1	0.42	0.39
U.S. Aggregate	1.57%	1.12%	-2.93%	8.5	0.85	0.02
Convertibles	4.44%	4.91%	-0.15%	-	-0.28	0.88
U.S. HY	4.23%	4.18%	1.78%	6.5	-0.25	0.73
Municipals	1.05%	1.07%	0.57%	12.9	0.38	0.10
MBS	1.80%	1.25%	-0.97%	5.6	0.81	-0.15
ABS	1.90%	2.87%	0.94%	2.1	-0.04	0.32
Floating rate	0.37%	0.54%	0.35%	1.9	-0.21	0.44

Impact of a 1% rise in interest rates

Assumes a parallel shift in the yield curve



Source: Barclays, Bloomberg, FactSet, SIFMA, Standard & Poor's, U.S. Treasury, J.P. Morgan Asset Management. Sectors shown above are provided by Bloomberg unless otherwise noted and are represented by – U.S. Aggregate; MBS: U.S. Aggregate Securitized - MBS; ABS: J.P. Morgan ABS Index; Corporates: U.S. Corporates; Municipals: Muni Bond; High Yield: Corporate High Yield; TIPS: Treasury Inflation-Protected Securities (TIPS); U.S. Floating rate index; Convertibles: U.S. Convertibles Composite. Convertibles yield is as of March 2021 due to data availability. Yield and return information based on bellwethers for Treasury securities. Sector yields reflect yield-to-worst. Convertibles yield is based on U.S. portion of Bloomberg Barclays Global Convertibles. Correlations are based on 15-years of monthly returns for all sectors. Issuance is based on monthly data provided by SIFMA. Past performance is not indicative of future results.
Guide to the Markets – U.S. Data are as of May 19, 2021.

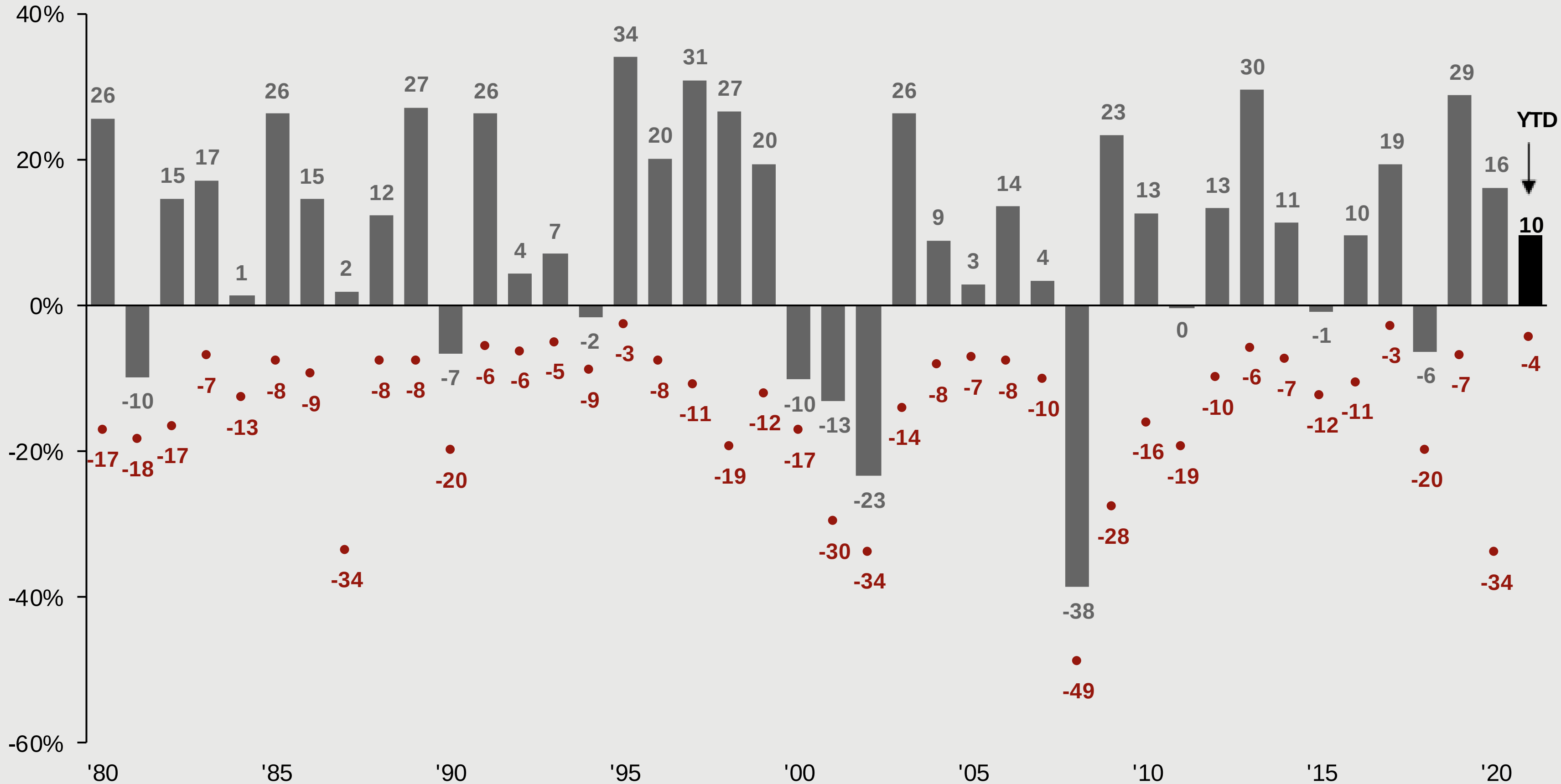
J.P.Morgan Asset Management

Annual returns and intra-year declines

Equities

S&P 500 intra-year declines vs. calendar year returns

Despite average intra-year drops of 14.3%, annual returns positive in 31 of 41 years



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.
Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest market drops from a peak to a trough during the year. For illustrative purposes only. Returns shown are calendar year returns from 1980 to 2020, over which time period the average annual return was 9.0%.
Guide to the Markets – U.S. Data are as of May 19, 2021.

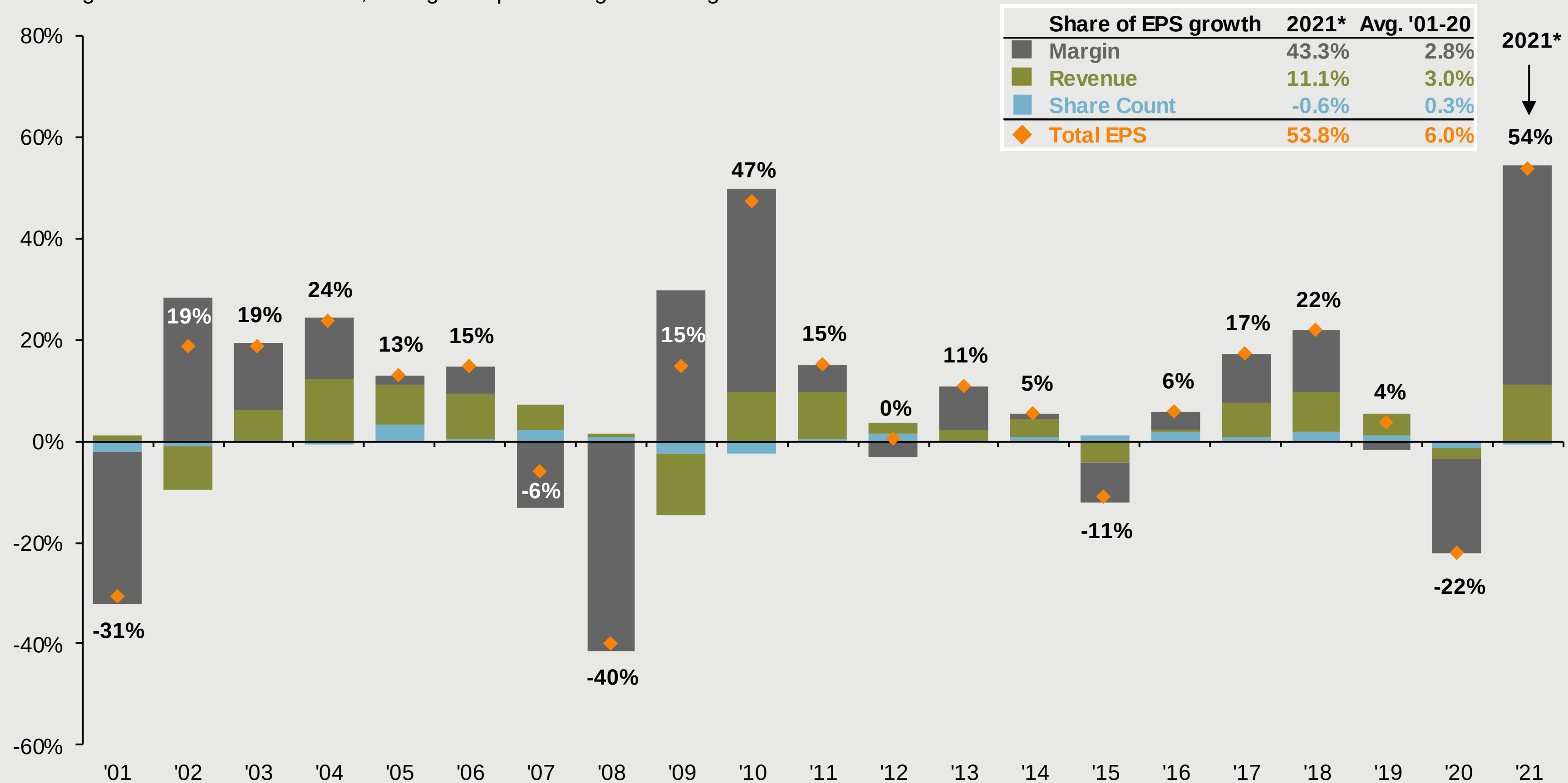
J.P.Morgan Asset Management

Sources of earnings per share growth

Equities

S&P 500 year-over-year operating EPS growth

Annual growth broken into revenue, changes in profit margin & changes in share count



Source: FactSet, Compustat, Standard & Poor's, J.P. Morgan Asset Management.
EPS levels are based on annual operating earnings per share. Percentages may not sum due to rounding. Past performance is not indicative of future returns. *2021 earnings estimates are based on forecasts from FactSet Market Aggregates.
Guide to the Markets – U.S. Data are as of May 19, 2021.

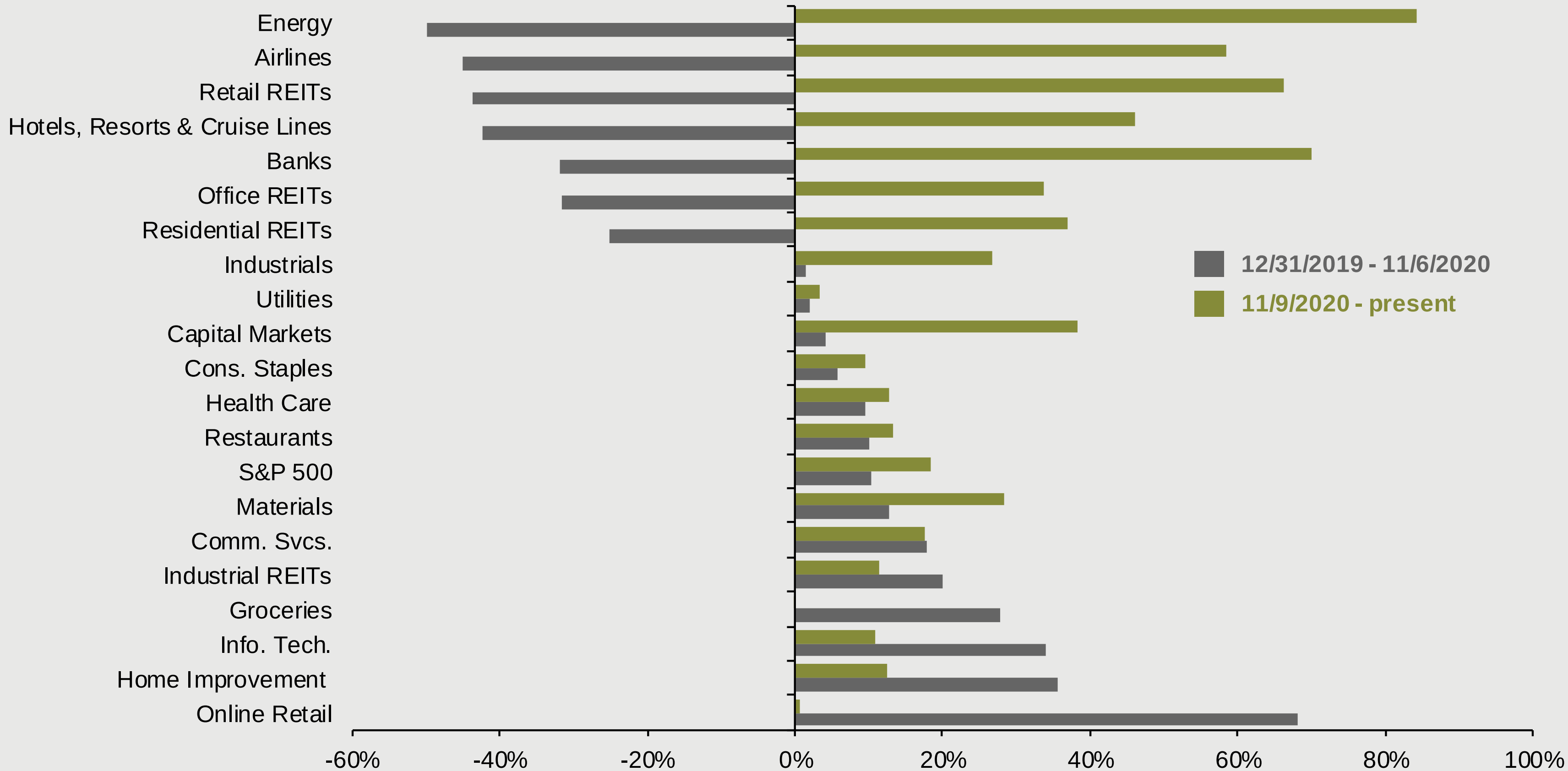
J.P.Morgan Asset Management

Sector leadership through the pandemic

Equities

Returns before and after November 6, 2020

Total returns by sector and industry



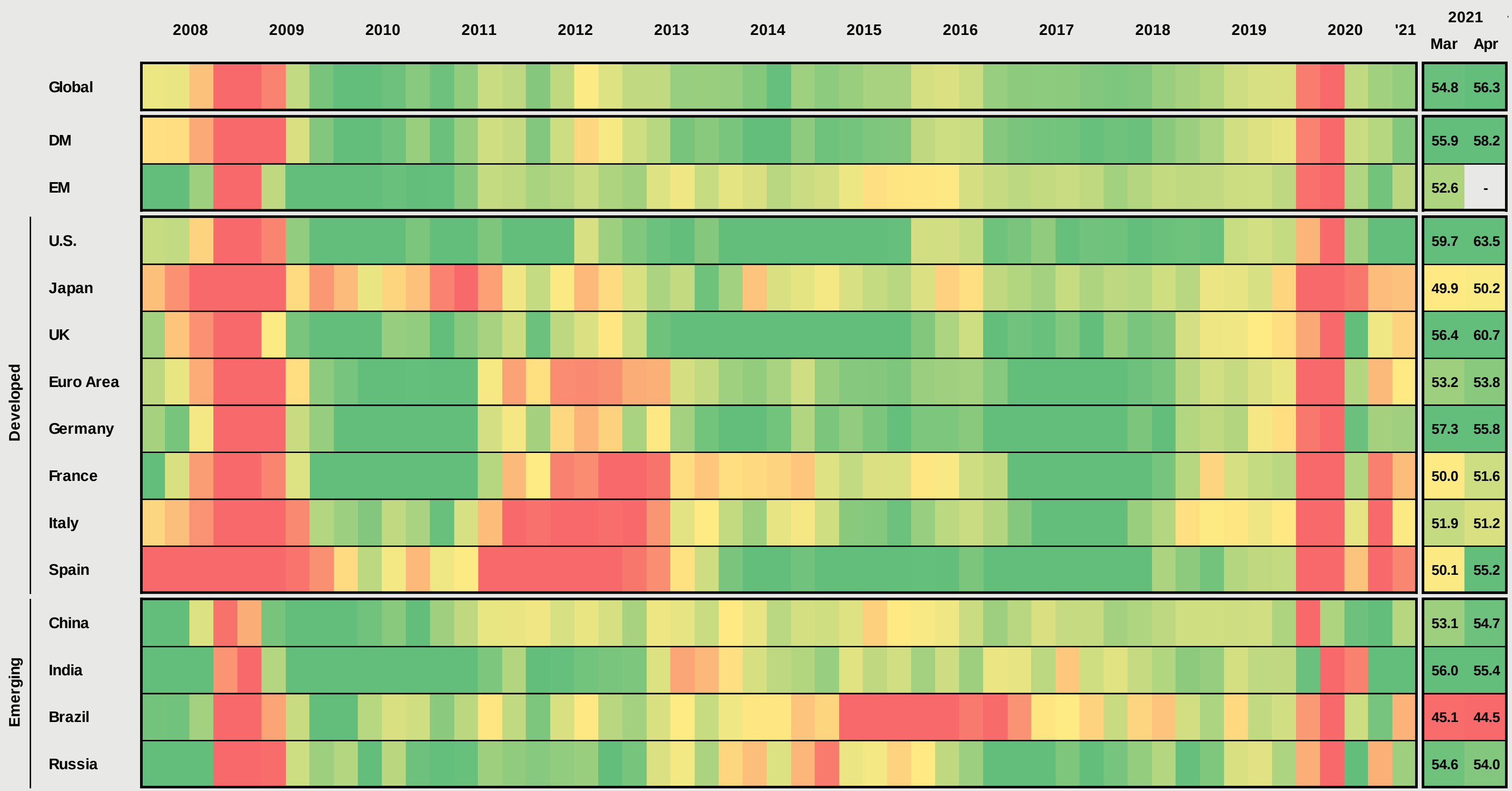
Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management. November 6, 2020 chosen as the last business day before vaccine candidate is revealed to have more than 90% efficacy against the COVID-19 virus in global trials. The company referenced is for illustrative purposes only.
Guide to the Markets – U.S. Data are as of May 19, 2021.

J.P.Morgan
Asset Management

Global economic activity momentum

International

Global Composite Purchasing Managers' Index, quarterly



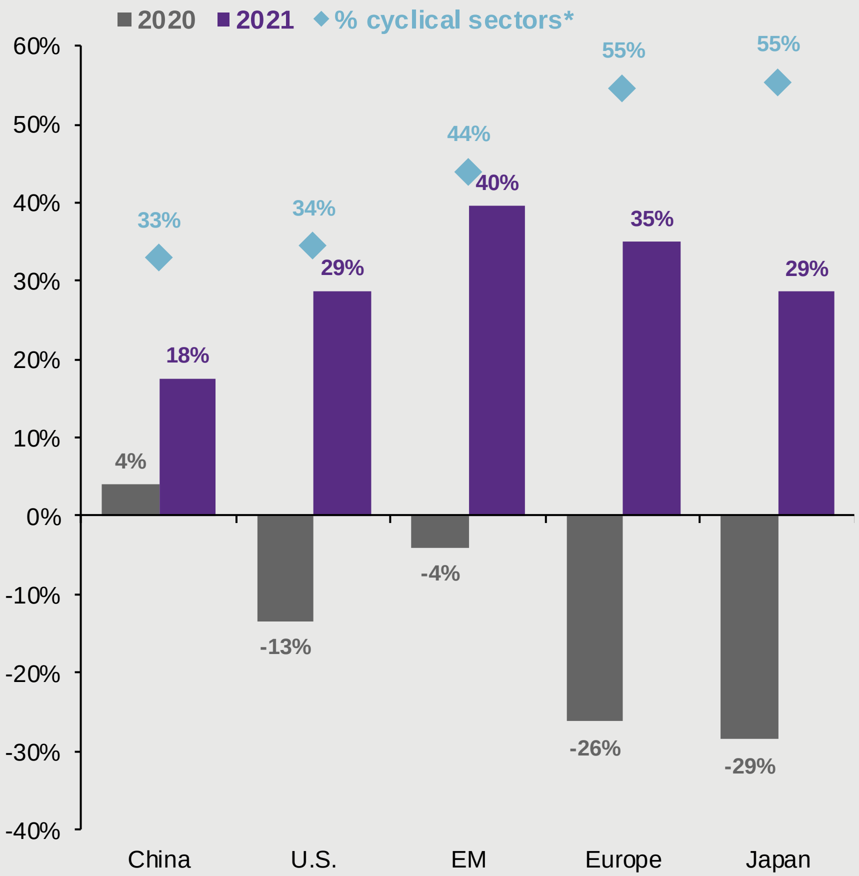
Source: Markit, J.P. Morgan Asset Management.
The Composite PMI includes both manufacturing and services subindices. Heatmap colors are based on PMI relative to the 50 level, which indicates acceleration or deceleration of the sector, for the time period shown. Heatmap is based on quarterly averages, with the exception of the two most recent figures, which are single month readings. Data for the U.S. are back-tested and filled in from December 2007 to September 2009 due to lack of existing PMI figures. DM and EM represent developed markets and emerging markets, respectively.
Guide to the Markets – U.S. Data are as of May 19, 2021.

J.P.Morgan Asset Management

International equity earnings and valuations

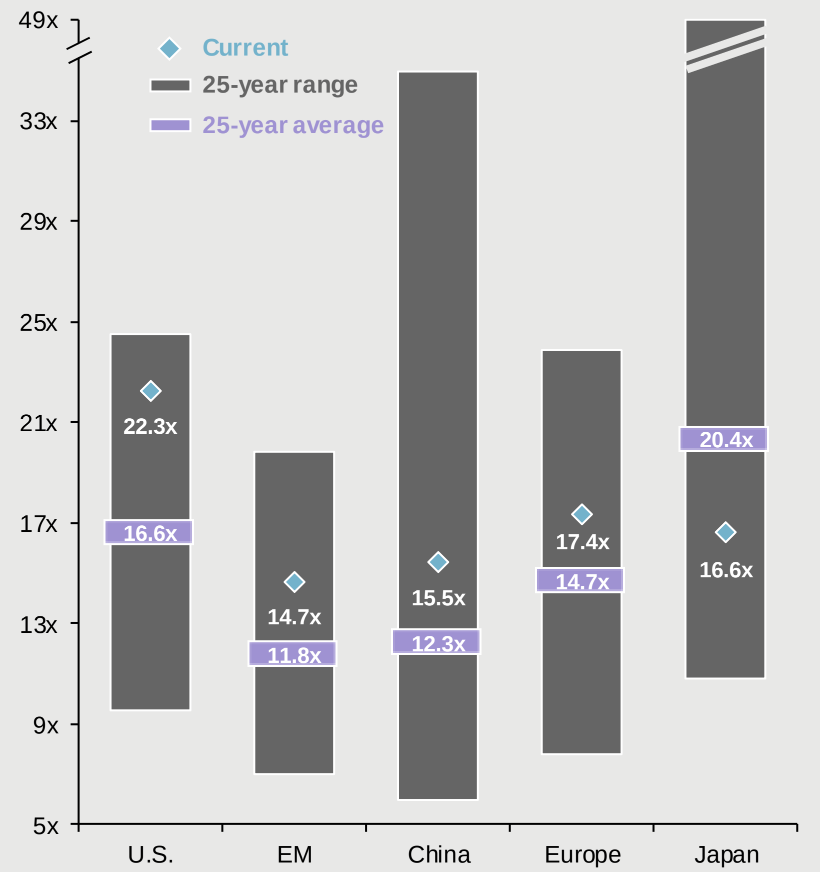
Global earnings growth

Calendar year consensus estimates



Global valuations

Current and 25-year next twelve months price-to-earnings ratio

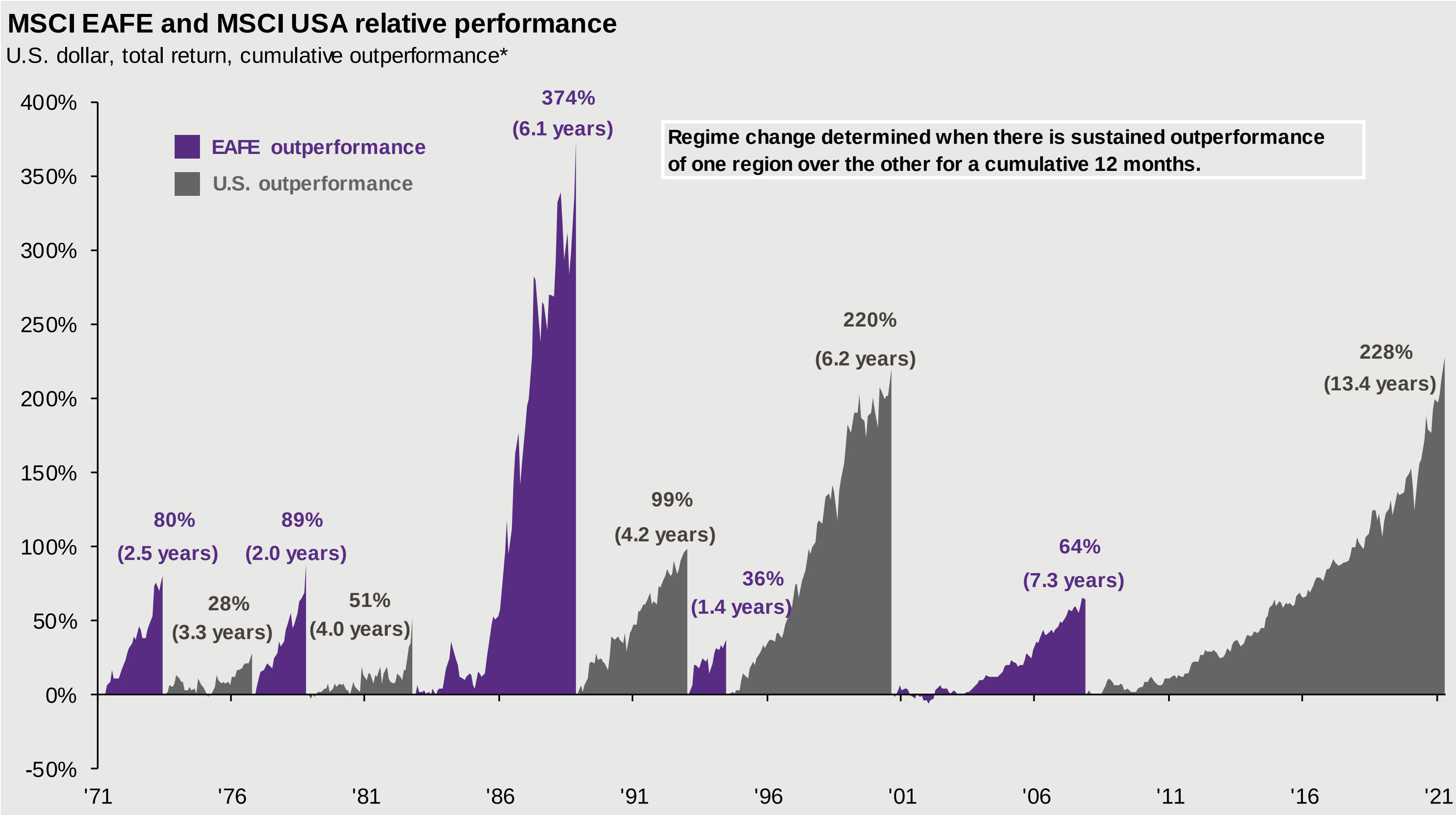


Source: FactSet, MSCI, Standard & Poor's, Thomson Reuters, J.P. Morgan Asset Management.
*Cyclical sectors include consumer discretionary, financials, industrials, energy and materials. The Internet and direct marketing subsector has been removed from the cyclicals calculation. In our judgement, companies in this space do not yet fit into the cyclical category, as they are still in a transitional growth phase and are not being directly impacted by the business cycle. Valuation and earnings charts use MSCI indices for all regions/countries, except for the U.S., which is the S&P 500. All indices use IBES aggregate earnings estimates, which may differ from earnings estimates used elsewhere in the book. MSCI Europe includes the eurozone as well as countries not in the currency bloc, such as Norway, Sweden, Switzerland and the UK (which collectively make up 44% of the overall index). Past performance is not a reliable indicator of current and future results.
Guide to the Markets – U.S. Data are as of May 19, 2021.

J.P.Morgan Asset Management

International

Cycles of U.S. equity outperformance



Source: FactSet, MSCI, J.P. Morgan Asset Management.
*Cycles of outperformance include a qualitative component to determine turning points in leadership.
Guide to the Markets – U.S. Data are as of May 19, 2021.

J.P.Morgan Asset Management

Presenters

Gabriela D. Santos

Gabriela D. Santos, *Executive Director*, is a Global Market Strategist on the J.P. Morgan Asset Management Global Market Insights Strategy Team. In this role, Gabriela is responsible for delivering timely market and economic insights to institutional and retail clients across the U.S. and Latin America. In addition, Gabriela conducts research on the global economy and capital markets and is responsible for the development of the flagship quarterly Guide to the Markets – Latin America and other publications. Since joining the team, Gabriela has played an instrumental role in the expansion of the Market Insights program in Latin America. Gabriela is also a frequent guest on CNBC, Bloomberg, and other financial news outlets and is often quoted in the financial press. Prior to joining J.P. Morgan in 2012, Gabriela worked at HSBC’s Private Bank for three years, stationed in Singapore, Switzerland and Mexico. In her role as a banker in Singapore, Gabriela provided strategic advice to High Net Worth European clients on managing their personal and family wealth. Previously, she was a trader on the structured products trading desk in Geneva, Switzerland and helped launch a credit platform in Mexico City, Mexico. Gabriela graduated summa cum laude from the University of Pennsylvania with a Bachelor of Arts degree in Philosophy, Political Science, and Economics, as well as French. She is fluent in Portuguese, English and French and proficient in Spanish.

Lara Clarke

Lara Clarke, ***M****anaging Director*, is a Client Advisor within J.P. Morgan Asset Management and is based in Los Angeles. She oversees client and business development efforts providing tailored investment solutions for U.S. institutional investors across public and corporate pension plans. She is also the Client Segment Lead for U.S. public pension funds. Previously, Lara was Director of Marketing and Business Development for Los Angeles Capital Management, an institutional equity investment manager focused on creating customized portfolios to meet client specific needs. She led the firm's marketing strategy for the public pension, corporate plan sponsor, endowment/foundation, and consultant community in the West and Midwest regions. Lara is also the Co-Founder and President of Women in Institutional Investments Network (WIIIN), a 501(c)(3) non-profit organization focused on creating a community for women in institutional investments in Southern California through educational and philanthropic events. Lara received a B.S. in Finance and International Business from Pennsylvania State University and M.B.A. from the UCLA Anderson School of Management. She holds the FINRA Series 7, 63 and NFA Series 3 licenses.

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Asset Management

J.P. Morgan Asset Management – Index definitions

All indexes are unmanaged and an individual cannot invest directly in an index. Index returns do not include fees or expenses.

Equities:

The **Dow Jones Industrial Average** is a price-weighted average of 30 actively traded blue-chip U.S. stocks.

The **MSCI ACWI (All Country World Index)** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets.

The **MSCI EAFE Index (Europe, Australasia, Far East)** is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada.

The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.

The **MSCI Europe Index** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance in Europe.

The **MSCI Pacific Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the Pacific region.

The **Russell 1000 Index**® measures the performance of the 1,000 largest companies in the Russell 3000.

The **Russell 1000 Growth Index**® measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 1000 Value Index**® measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

The **Russell 2000 Index**® measures the performance of the 2,000 smallest companies in the Russell 3000 Index.

The **Russell 2000 Growth Index**® measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 2000 Value Index**® measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

The **Russell 3000 Index**® measures the performance of the 3,000 largest U.S. companies based on total market capitalization.

The **Russell Midcap Index**® measures the performance of the 800 smallest companies in the Russell 1000 Index.

The **Russell Midcap Growth Index** ® measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth index.

The **Russell Midcap Value Index** ® measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values. The stocks are also members of the Russell 1000 Value index.

The **S&P 500 Index** is widely regarded as the best single gauge of the U.S. equities market. The index includes a representative sample of 500 leading companies in leading industries of the U.S. economy. The **S&P 500 Index** focuses on the large-cap segment of the market; however, since it includes a significant portion of the total value of the market, it also represents the market.

Fixed income:

The **Bloomberg Barclays 1-3 Month U.S. Treasury Bill Index** includes all publicly issued zero-coupon US Treasury Bills that have a remaining maturity of less than 3 months and more than 1 month, are rated investment grade, and have $250 million or more of outstanding face value. In addition, the securities must be denominated in U.S. dollars and must be fixed rate and non convertible.

The **Bloomberg Barclays Global High Yield Index** is a multi-currency flagship measure of the global high yield debt market. The index represents the union of the US High Yield, the Pan-European High Yield, and Emerging Markets (EM) Hard Currency High Yield Indices. The high yield and emerging markets sub-components are mutually exclusive. Until January 1, 2011, the index also included CMBS high yield securities.

The **Bloomberg Barclays Municipal Index**: consists of a broad selection of investment- grade general obligation and revenue bonds of maturities ranging from one year to 30 years. It is an unmanaged index representative of the tax-exempt bond market.

The **Bloomberg Barclays US Dollar Floating Rate Note (FRN) Index** provides a measure of the U.S. dollar denominated floating rate note market.

The **Bloomberg Barclays US Corporate Investment Grade Index** is an unmanaged index consisting of publicly issued US Corporate and specified foreign debentures and secured notes that are rated investment grade (Baa3/BBB or higher) by at least two ratings agencies, have at least one year to final maturity and have at least $250 million par amount outstanding. To qualify, bonds must be SEC-registered.

The **Bloomberg Barclays US High Yield Index** covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (sovereign rating of Baa1/BBB+/BBB+ and below using the middle of Moody's, S&P, and Fitch) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included.

The **Bloomberg Barclays US Mortgage Backed Securities Index** is an unmanaged index that measures the performance of investment grade fixed-rate mortgage backed pass-through securities of GNMA, FNMA and FHLMC.

The **Bloomberg Barclays US TIPS Index** consists of Inflation-Protection securities issued by the U.S. Treasury.

The **J.P. Morgan Emerging Market Bond Global Index (EMBI)** includes U.S. dollar denominated Brady bonds, Eurobonds, traded loans and local market debt instruments issued by sovereign and quasi-sovereign entities.

The **J.P. Morgan Domestic High Yield Index** is designed to mirror the investable universe of the U.S. dollar domestic high yield corporate debt market.

The **J.P. Morgan Corporate Emerging Markets Bond Index Broad Diversified (CEMBI Broad Diversified)** is an expansion of the **J.P. Morgan Corporate Emerging Markets Bond Index (CEMBI)**. The CEMBI is a market capitalization weighted index consisting of U.S. dollar denominated emerging market corporate bonds.

The **J.P. Morgan Emerging Markets Bond Index Global Diversified (EMBI Global Diversified)** tracks total returns for U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds. The index limits the exposure of some of the larger countries.

The **J.P. Morgan GBI EM Global Diversified** tracks the performance of local currency debt issued by emerging market governments, whose debt is accessible by most of the international investor base.

The **U.S. Treasury Index** is a component of the U.S. Government index.

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J.P. Morgan Asset Management – Index definitions & disclosures

Other asset classes:

The **Alerian MLP Index** is a composite of the 50 most prominent energy Master Limited Partnerships (MLPs) that provides investors with an unbiased, comprehensive benchmark for the asset class.

The **Bloomberg Commodity Index** and related sub-indices are composed of futures contracts on physical commodities and represents twenty two separate commodities traded on U.S. exchanges, with the exception of aluminum, nickel, and zinc

The **Cambridge Associates U.S. Global Buyout and Growth Index®** is based on data compiled from 1,768 global (U.S. & ex – U.S.) buyout and growth equity funds, including fully liquidated partnerships, formed between 1986 and 2013.

The **CS/Tremont Hedge Fund Index** is compiled by Credit Suisse Tremont Index, LLC. It is an asset-weighted hedge fund index and includes only funds, as opposed to separate accounts. The Index uses the Credit Suisse/Tremont database, which tracks over 4500 funds, and consists only of funds with a minimum of US$50 million under management, a 12-month track record, and audited financial statements. It is calculated and rebalanced on a monthly basis, and shown net of all performance fees and expenses. It is the exclusive property of Credit Suisse Tremont Index, LLC.

The **HFRI Monthly Indices (HFRI)** are equally weighted performance indexes, utilized by numerous hedge fund managers as a benchmark for their own hedge funds. The HFRI are broken down into 4 main strategies, each with multiple sub strategies. All single-manager HFRI Index constituents are included in the HFRI Fund Weighted Composite, which accounts for over 2200 funds listed on the internal HFR Database.

The **NAREIT EQUITY REIT Index** is designed to provide the most comprehensive assessment of overall industry performance, and includes all tax-qualified real estate investment trusts (REITs) that are listed on the NYSE, the American Stock Exchange or the NASDAQ National Market List.

The **NFI-ODCE**, short for NCREIF Fund Index - Open End Diversified Core Equity, is an index of investment returns reporting on both a historical and current basis the results of 33 open-end commingled funds pursuing a core investment strategy, some of which have performance histories dating back to the 1970s. The NFI-ODCE Index is capitalization-weighted and is reported gross of fees. Measurement is time-weighted.

Definitions:

Investing in **alternative assets** involves higher risks than traditional investments and is suitable only for sophisticated investors. Alternative investments involve greater risks than traditional investments and should not be deemed a complete investment program. They are not tax efficient and an investor should consult with his/her tax advisor prior to investing. Alternative investments have higher fees than traditional investments and they may also be highly leveraged and engage in speculative investment techniques, which can magnify the potential for investment loss or gain. The value of the investment may fall as well as rise and investors may get back less than they invested.

Bonds are subject to interest rate risks. Bond prices generally fall when interest rates rise.

Investments in **commodities** may have greater volatility than investments in traditional securities, particularly if the instruments involve leverage. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. Use of leveraged commodity-linked derivatives creates an opportunity for increased return but, at the same time, creates the possibility for greater loss.

Derivatives may be riskier than other types of investments because they may be more sensitive to changes in economic or market conditions than other types of investments and could result in losses that significantly exceed the original investment. The use of derivatives may not be successful, resulting in investment losses, and the cost of such strategies may reduce investment returns.

Distressed Restructuring Strategies employ an investment process focused on corporate fixed income instruments, primarily on corporate credit instruments of companies trading at significant discounts to their value at issuance or obliged (par value) at maturity as a result of either formal bankruptcy proceeding or financial market perception of near term proceedings.

Investments in **emerging markets** can be more volatile. The normal risks of investing in foreign countries are heightened when investing in emerging markets. In addition, the small size of securities markets and the low trading volume may lead to a lack of liquidity, which leads to increased volatility. Also, emerging markets may not provide adequate legal protection for private or foreign investment or private property.

The price of **equity** securities may rise, or fall because of changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. These price movements may result from factors affecting individual companies, sectors or industries, or the securities market as a whole, such as changes in economic or political conditions. Equity securities are subject to "stock market risk" meaning that stock prices in general may decline over short or extended periods of time.

Equity market neutral strategies employ sophisticated quantitative techniques of analyzing price data to ascertain information about future price movement and relationships between securities, select securities for purchase and sale. Equity Market Neutral Strategies typically maintain characteristic net equity market exposure no greater than 10% long or short.

Global macro strategies trade a broad range of strategies in which the investment process is predicated on movements in underlying economic variables and the impact these have on equity, fixed income, hard currency and commodity markets.

International investing involves a greater degree of risk and increased volatility. Changes in currency exchange rates and differences in accounting and taxation policies outside the U.S. can raise or lower returns. Some overseas markets may not be as politically and economically stable as the United States and other nations.

There is no guarantee that the use of **long and short positions** will succeed in limiting an investor's exposure to domestic stock market movements, capitalization, sector swings or other risk factors. Using long and short selling strategies may have higher portfolio turnover rates. Short selling involves certain risks, including additional costs associated with covering short positions and a possibility of unlimited loss on certain short sale positions.

Merger arbitrage strategies which employ an investment process primarily focused on opportunities in equity and equity related instruments of companies which are currently engaged in a corporate transaction.

Mid-capitalization investing typically carries more risk than investing in well-established "blue-chip" companies. Historically, mid-cap companies' stock has experienced a greater degree of market volatility than the average stock.

Price to forward earnings is a measure of the price-to-earnings ratio (P/E) using forecasted earnings. **Price to book value** compares a stock's market value to its book value. **Price to cash flow** is a measure of the market's expectations of a firm's future financial health. **Price to dividends** is the ratio of the price of a share on a stock exchange to the dividends per share paid in the previous year, used as a measure of a company's potential as an investment.

Real estate investments may be subject to a higher degree of market risk because of concentration in a specific industry, sector or geographical sector. Real estate investments may be subject to risks including, but not limited to, declines in the value of real estate, risks related to general and economic conditions, changes in the value of the underlying property owned by the trust and defaults by borrower.

Relative Value Strategies maintain positions in which the investment thesis is predicated on realization of a valuation discrepancy in the relationship between multiple securities.

Small-capitalization investing typically carries more risk than investing in well-established "blue-chip" companies since smaller companies generally have a higher risk of failure. Historically, smaller companies' stock has experienced a greater degree of market volatility than the average stock.

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J.P. Morgan Asset Management – Risks & disclosures

The Market Insights program provides comprehensive data and commentary on global markets without reference to products. Designed as a tool to help clients understand the markets and support investment decision-making, the program explores the implications of current economic data and changing market conditions.

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Prepared by: Stephanie Aliaga, Jordan K. Jackson, David M. Lebovitz, John C. Manley, Meera Pandit, Gabriela D. Santos, Nimish Vyas and David P. Kelly.

Unless otherwise stated, all data are as of April 7, 2021 or most recently available.

Guide to the Markets – U.S.

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LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO INVESTMENT COMMITTEE | **MEETING: JUNE 8, 2021**
From: Neil M. Guglielmo, General Manager | **ITEM: V**

SUBJECT: **REAL ESTATE FISCAL YEAR 2021-22 STRATEGIC PLAN AND POSSIBLE COMMITTEE ACTION**

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

Recommendation

That the Committee recommend to the Board the adoption of the Real Estate Fiscal Year 2021-22 Strategic Plan.

Discussion

The Townsend Group (Townsend), LACERS' Real Estate Consultant, with input from staff, has developed the proposed Real Estate Fiscal Year 2021-22 Strategic Plan, which considers strategic objectives and investment plan recommendations for the next fiscal year. Staff has reviewed the plan and recommends its adoption. Townsend will present the proposed plan.

Strategic Alignment

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

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

NMG/RJ/BF/WL/EP:jp

Attachments: 1. Executive Summary – The Townsend Group
2. Proposed Real Estate Strategic Plan – The Townsend Group

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MEMORANDUM

TO:	**The Board of Los Angeles City Employees' Retirement System**
DATE:	June 2021
SUBJECT:	Real Estate Strategic & Investment Plan for Fiscal Year 2021-2022 – Executive Summary
FROM:	**The Townsend Group**

Executive Summary

The purpose of this report is to review the Los Angeles City Employees' Retirement System ("LACERS" or the "System") Real Estate Strategic Plan ("Strategic Plan") and outline the corresponding Real Estate Investment Plan ("Investment Plan"). The Investment Plan includes actions which will help LACERS to capitalize on current market opportunities while still meeting the guidelines set forth in the proposed Strategic Plan.

Townsend was re-engaged by LACERS's Board in 2014 to serves as its real estate consultant. Since that time, Townsend has worked with LACERS Staff to successfully transition the Portfolio to reflect a more conservative risk profile. The investment strategy from 2014 to-date has emphasized $405 million of investments into Core funds, $335 million into tactical Non-Core funds and close monitoring of pre-GFC underperforming investments which have begun to mature and liquidate.

In April 2018, LACERS Board adopted changes to its Asset Allocation targets, as advised by its general consultant. The impact to real estate was to increase the target from 5.0% of Total Plan Assets to 7.0% of Total Plan Assets. In May 2021, the Board elected to maintain a 7.0% real estate allocation with the adoption of the new asset allocation.

FY 2021-2022 Investment Recommendations

The LACERS Program (the "Program") has a 7.0% allocation target (with an allowable range of ± 2.0%). As of December 31, 2020, the market value of the Portfolio was $777 million on a committed and funded basis (3.7% of Total Plan Assets). With the combination of the recently approved increased allocation to real estate, and planned liquidations, LACERS will need to deploy significant capital in order to reach its 7.0% allocation target over the coming years.

Townsend recommends the following 2021-2022 Goals to LACERS for consideration:

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	LACERS Annual Investment Plan FY 2021-2022
Core	
Capital	**$90 M - $130* M**
Number of Funds/Top-Ups	0-1 New Funds / 2-4 Top-Ups
Target Commitment per Fund/Top-Up	$60-80 M / $25-40M
Non-Core	
Capital	**$120 M - $165 M**
Number of Funds	3-4
Target Commitment per Fund	$35-50 M
Total Annual Commitments	***$210 M - $295 M***

**Core commitment amount includes $50 million in capital to be re-invested from recent Core redemptions.*

Overall Portfolio Goals

- Actively identify and capture opportunities where LACERS can benefit from market distress as well as thematic trends.
    - Aim to complement 2020 commitments with high-conviction, diversifying strategies.
- For compelling opportunities, consider increasing average commitment size to reflect the new real estate allocation.
    - Consider over-committing in 2021-2022 if attractive opportunities continue to appear.
    - Remain mindful of the strategic targets of 60% Core/40% Non-Core, and of the Total Real Estate Benchmark (ODCE+80bps).
    - LACERS has committed to 5 Non-Core strategies since March 2020, which will help increase Non-Core exposure towards target.
        - Non-Core commitments include Waterton Residential Property Venture XIV, Cerberus Institutional Real Estate Partners V, Oaktree Real Estate Opportunities

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Fund VIII, GLP Capital Partners IV and and one additional Non-Core Fund approved in closed session that has not yet closed.

Core Portfolio Goals

- Commit to high conviction, specialist funds that can provide LACERS access to attractive property types with high expected risk-adjusted returns (e.g. industrial, multifamily, or medical office).
- Identify opportunities to rebalance the Core portfolio to optimize fees, increase exposure to outperforming managers and desired property types.

Non-Core Portfolio Goals

- Focus on up to four incremental commitments in Non-Core (ranging from $35 to $50 million per investment) that are Townsend Best Ideas or add complementary exposures, as well as thematic investments arising from the current economic impact on the real estate sector.
  - Explore complementary exposures such as cold storage, life sciences, data centers or single family residential if attractive fund options exist.
  - Consider additional diversified funds due to large opportunity set, with potential to invest in distress in a variety of sectors/regions.
  - Consider diversifying industrial and multifamily exposures further (e.g. through adding new regions or differentiated strategies)
- Continue to evaluate Emerging Managers that are an appropriate fit for LACERS' portfolio, without compromising returns.
- Consider further exploring co-investments and/or secondaries to increase the opportunity set.

END OF INVESTMENT RECOMMENDATIONS

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Real Estate Portfolio

Fiscal Year 2021-2022 Investment Plan

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

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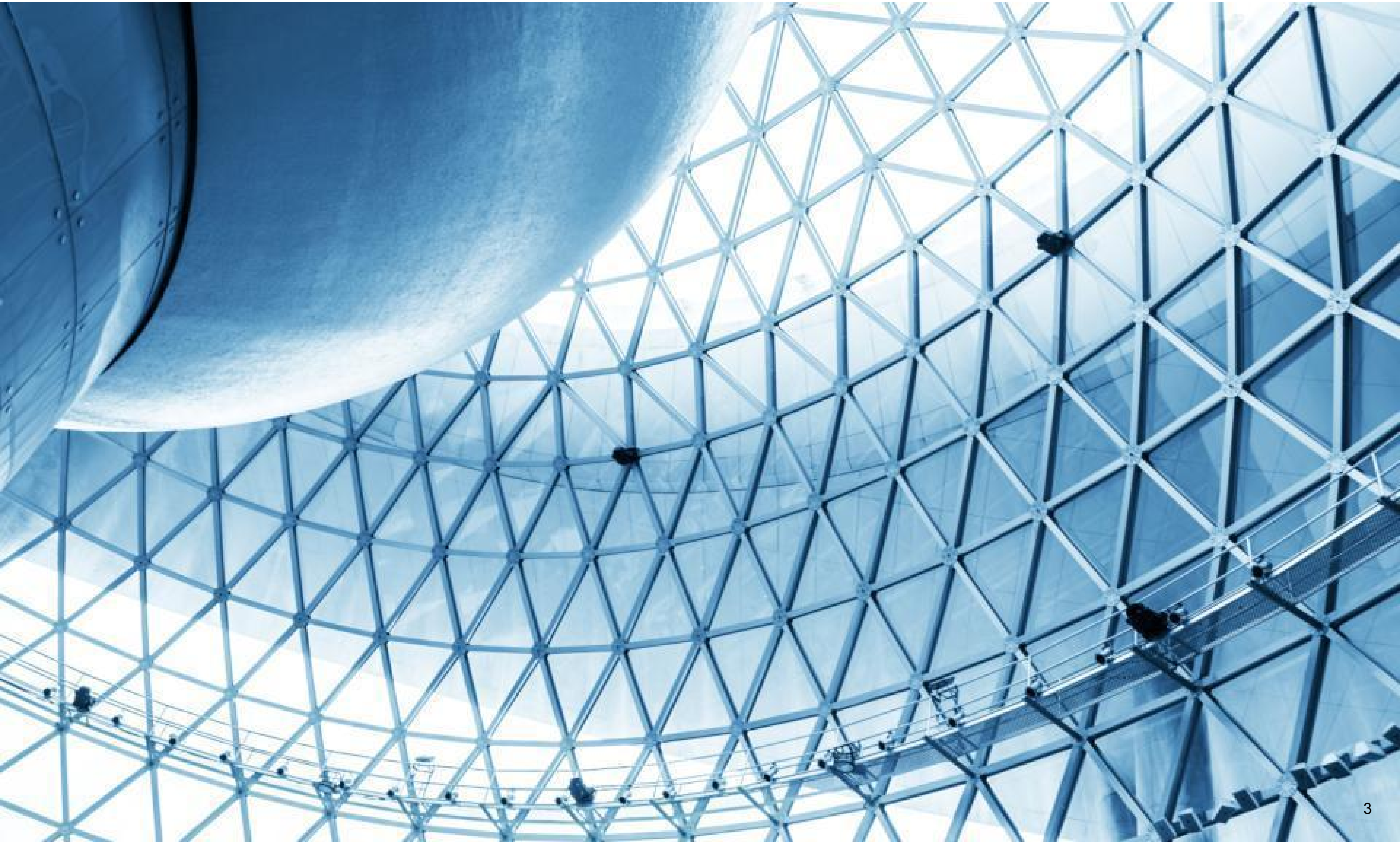
A. Townsend View of the World – Real Estate Market Outlook



The New Normal In A Vaccinated World

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- COVID-19 forced everyone to adapt due to acute circumstances, and measures to moderate the spread of the disease were fairly consistent on a global basis. Looking forward, investors should assess what changes to our routines/habits may stick, what regions will they most impact, and how do those impact property specific demand drivers. So, what do we think happens next?

  – Occupiers will search for the optimal balance for work from home arrangements. The pandemic forced a new perspective on work from home, and employees generally enjoy it. Tightness in the labor market and the fight for talent may drive broader acceptance and accommodation. Flexible work arrangements are here to stay. High cost of living areas generally have the highest concentration of WFH-able jobs, and these are the same jobs that are high paying and value talent.

  – We believe the hospitality sector largely recovers, but the demand profile is different than before. After a year or more of being cooped up, we anticipate individuals to seek out leisure travel with a fervor and create a boom. A slower recovery is anticipated for business travel, and a portion of redundant meetings are on Zoom.

  – The roaring twenties 2.0, driven by more fiscal stimulus globally, accommodative monetary policy, and high household savings rates supporting consumer buying power. COVID-19 has emerged as a non-issue for financial markets, as the link between lockdowns and the virus are potentially broken by the vaccine rollout. The global economy is forecasted to grow at its fastest pace in two decades in 2021.

  – We believe a stressed supply chain will not keep up with the boom in demand and the market experiences near-term inflation. Construction, land, and labor costs all drive real asset replacement costs higher, and limit potential new supply. This is already being witnessed in residential construction, with finished lumber prices increasing 3x since pre-COVID and adding roughly $24k in costs to new home construction.

  – Liquidity and an abundance of cheap debt limits distressed selling. Lessons were learned after the GFC[1], and leverage was used more conservatively across the market. A proliferation of high yield debt funds is sitting on the sidelines ready to provide solutions to cash strapped owners. Growing number of GP led recapitalization of funds provides another avenue for liquidity. These factors have culminated in less distressed selling than prior downturns.

[1] Global Financial Crisis represents the time period beginning mid-2007 and ending in early 2009.
Sources: The Townsend Group.

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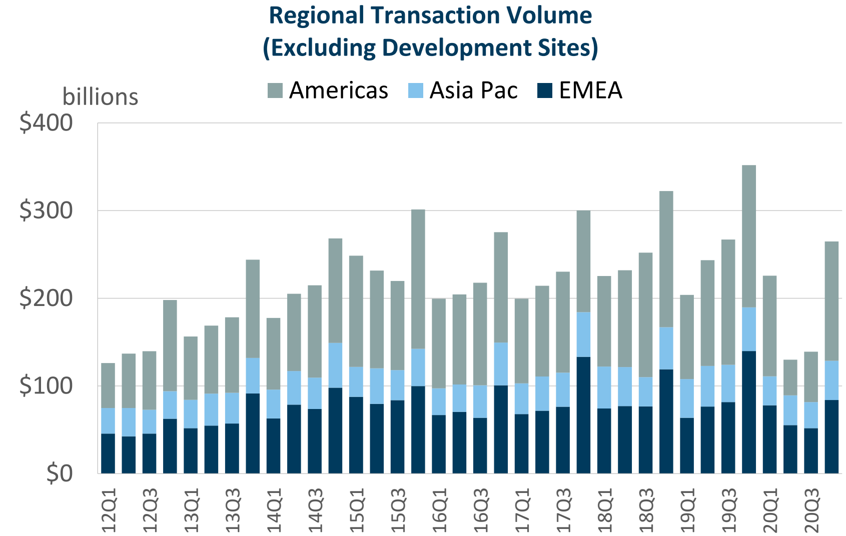
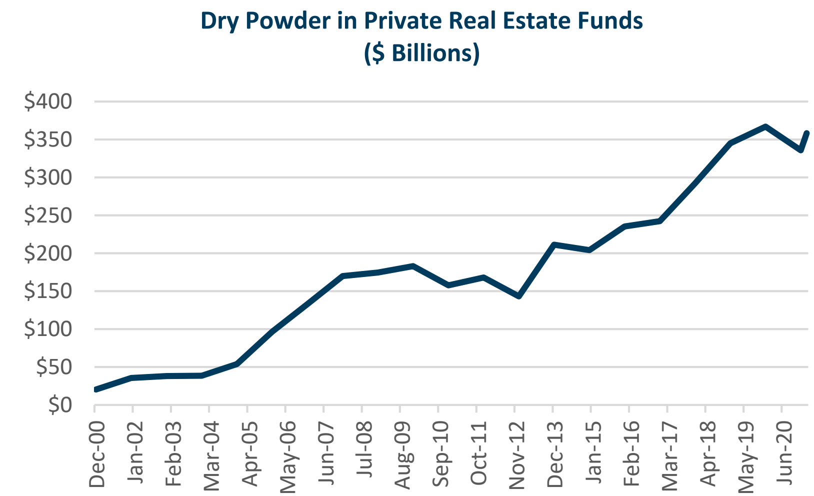
Real Estate Transactions

After an historically subdued period in mid-2020, transactions have rebounded and capital available for real estate investment is near its 20-year peak

- Limited distressed sales have been witnessed thus far, although plenty of capital has been raised to capitalize on any potential opportunities coming out of COVID-19
  - 60% of transaction volume has been driven by the apartment and industrial sectors which were broadly resilient
  - The lodging sector has witnessed the most distress thus far and even then, that only accounts for ~$1 billion of distressed transactions
  - Investors remain eager to take advantage of potential distress and over $80 billion of capital was raised in 2020 by non-core real estate funds
- High yield lenders have provided essential bridge loans to newly developed apartments assets in Central Business Districts (CBDs) to provide interim takeout financing while the owner works to stabilize the asset
- Potential for more undercapitalized or distressed assets coming to market with foreclosure moratoriums rolling off and the pressure to not foreclose on individuals during a pandemic coming off lenders





Source: Real Capital Analytics, Preqin, The Townsend Group.
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Size Of The Investment Opportunity

Non-Traditional Sectors Remains A Small Component Of Total Real Estate Market

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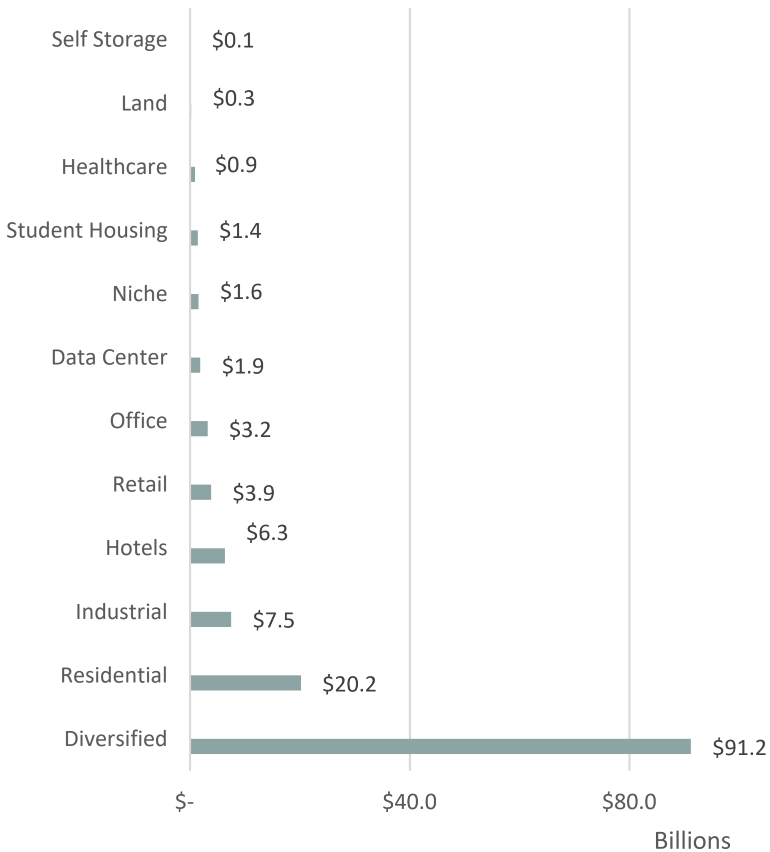
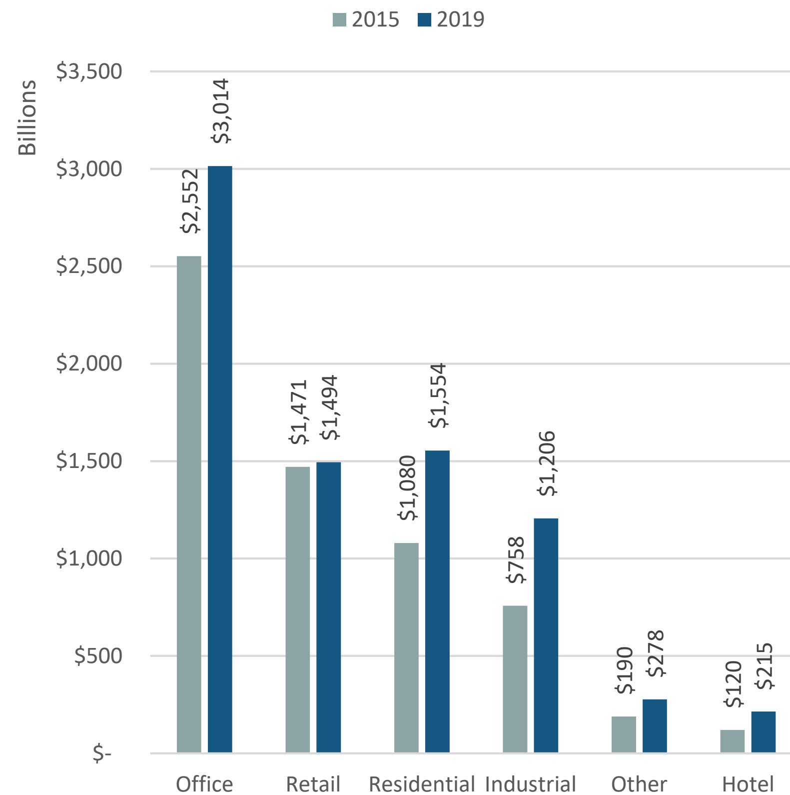
Active Close-End Fund Target Raise by Property Sector



Investable Universe by Property Sector (USD Billions)



Sources: Preqin (April 2021), MSCI, The Townsend Group.
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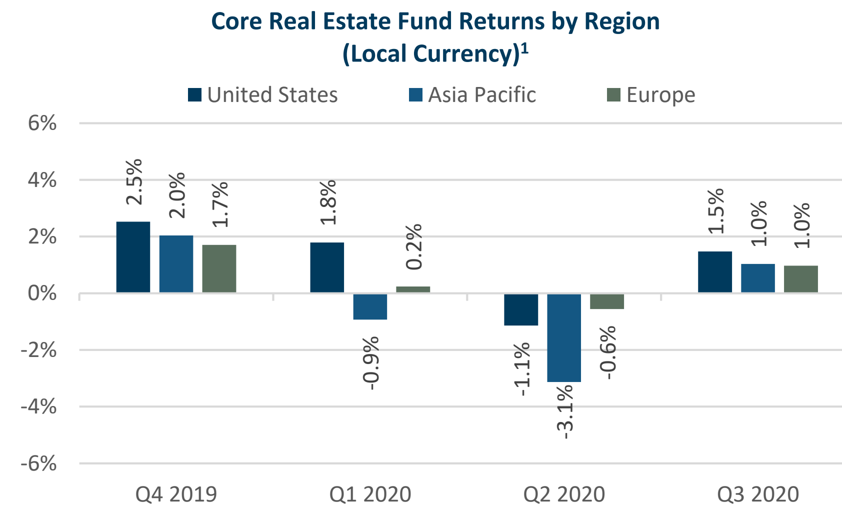
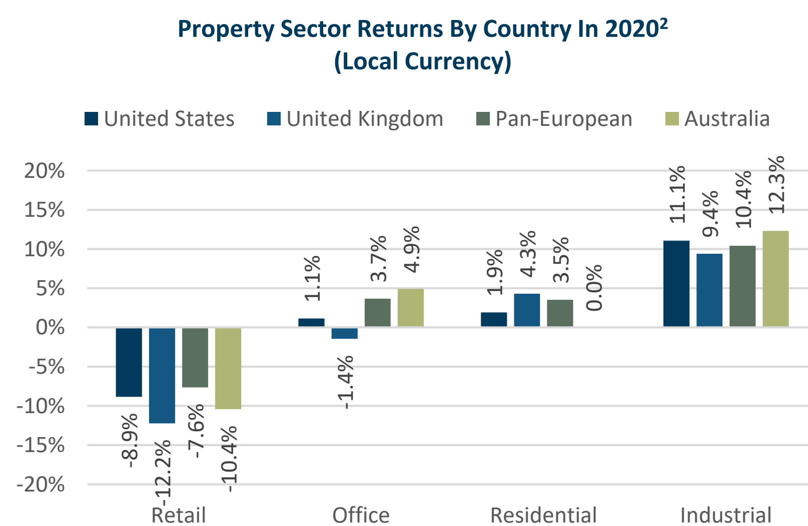
Core Real Estate Returns Turned Negative In 2020

Property Sector Exposure Drove Portfolio Performance

- Technology is changing consumption trends and lifestyle preferences globally, driving demand for certain property sectors consistently across regions
- The acute circumstances of a recession driven by a virus magnified this effect in 2020
- Industrial continues to experience outsized demand driven by consumption shifting to e-commerce, and physical brick & mortar retail is struggling as a result
- The office sector faces uncertainty, because employers may implement flexible work arrangements, but tenant credit quality and long duration leases have resulted in strong cash flows
- Residential has generated positive returns driven by the steady income generation
- Townsend is forecasting certain changes to persist post-COVID and has actively re-evaluated our investment strategy to align with the changing economy





Source: [1]NCREIF, [2]MSCI (Trailing 1-year as of 12/31/20).
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Post-Pandemic Real Estate Investment Themes

Evolution Of The Modern Supply Chain

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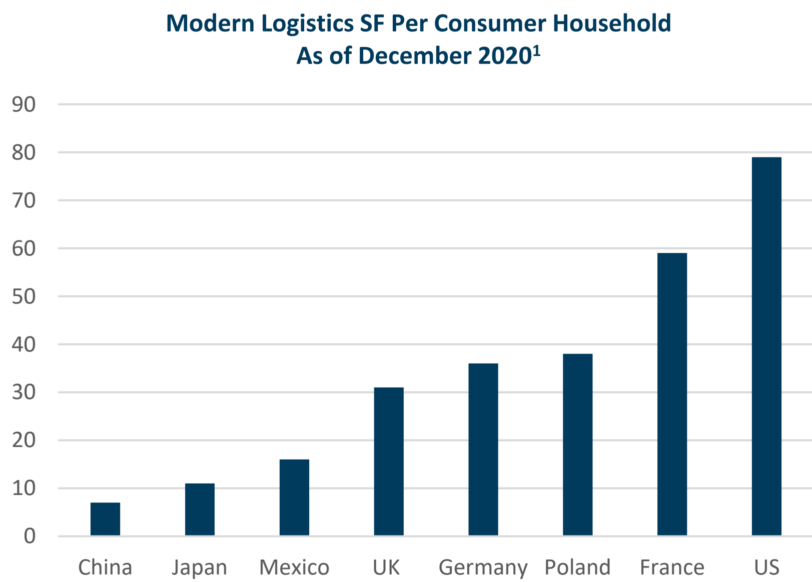
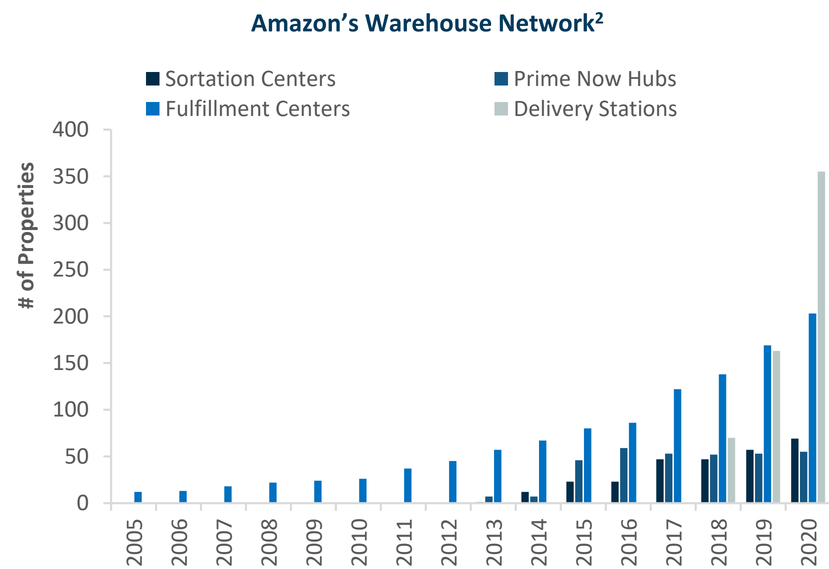
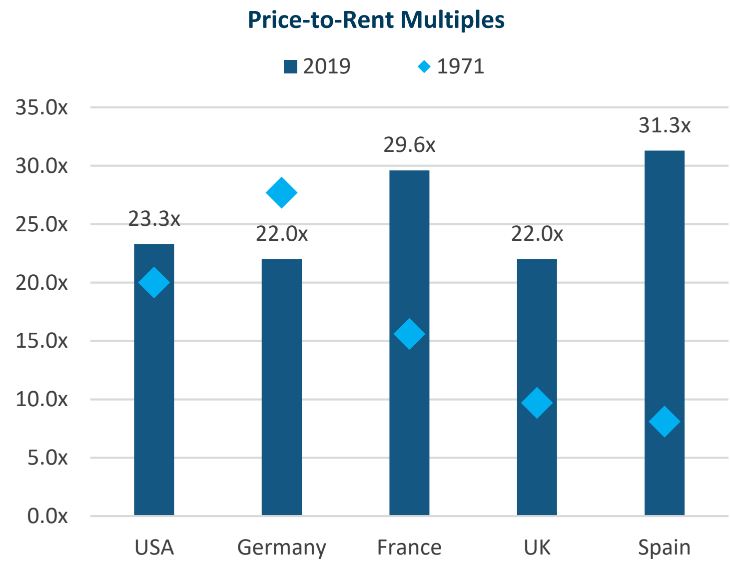


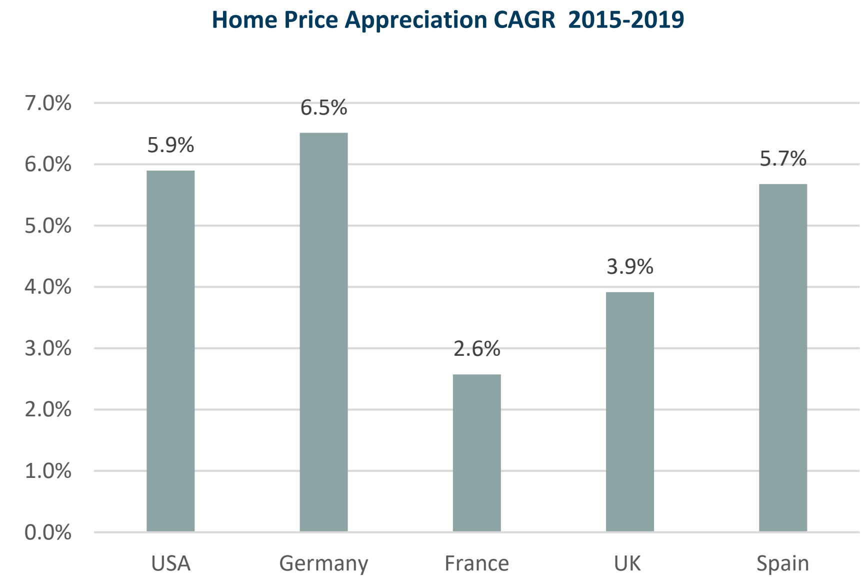


- The COVID-19 pandemic has accelerated a shift in consumption from physical retail outlets to e-commerce, e-commerce utilization in the US was forward from 15% at YE 2019 to a projected 20% at YE 2020
  - US e-commerce is forecasted to grow by 13% p.a. over the next decade and fulfillment requires 2-3x more space than traditional retail
- The entitlement process is becoming more challenging, as communities weigh the nuisance of additional large trucks and smaller parcel trucks impact on traffic
- Townsend believes the warehouse supply/demand mismatch created by e-commerce demand continues to create one of the most compelling real estate investment opportunities today

Source: [1]Prologis Research, [2]Clarion Partners, CBRE, JLL, Colliers, Cushman & Wakefield, Gerald Eve, Oxford Economics, Armstrong & Associates, Inc.

Global Housing Shortage & Affordability Crisis





- Home ownership affordability is a global issue which continues to drive demand for rentals. Apartment / private rental sector occupancy has historically been resilient. The sector has held up well thus far through COVID-19
- Affordability has been challenged by home price appreciation outpacing wage growth. Single family housing demand has boomed in the wake of COVID-19 and accelerating price appreciation has only driven the hurdle towards home ownership higher
- The sector remains fragmented across countries based on estimates of institutional ownership: US – 37%, UK – 2%, and Germany – 15%
- Affordable and workforce housing is growing in importance and focus. Political pressures and the growing risk of regulation are a tail risk for certain regions/product types
- New regional trends will emerge post COVID-19, but it's still too early to tell how long-term demand for housing will be reshaped. The residential remains an attractive and defensively positioned property sector long term

Source: RealPage, OECD, CBRE, company disclosures, Eurostat, Green Street Advisors, The Townsend Group.

Advancement Of Tech: Data Centers Hosting The Future

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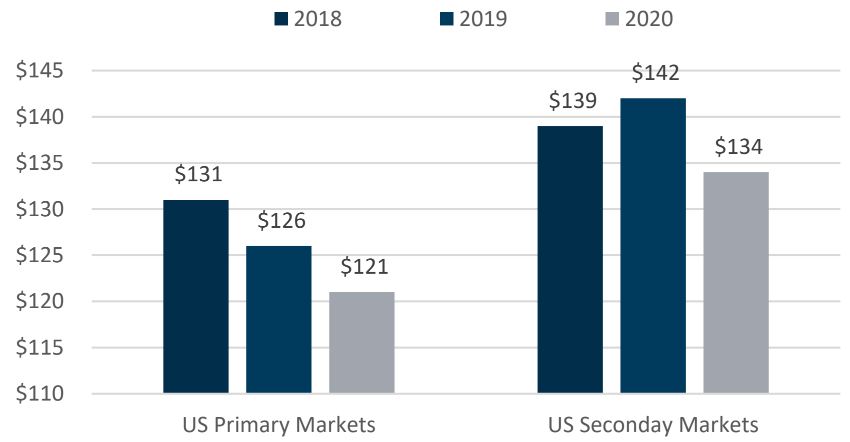
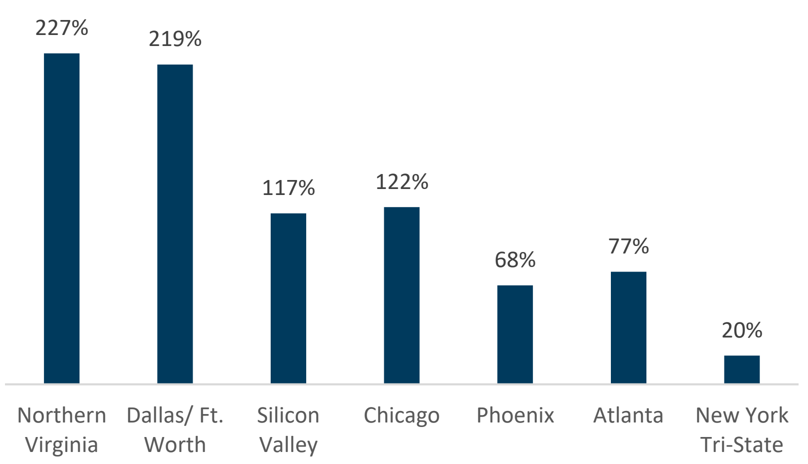
- Data centers and cell towers are essential infrastructure to keep the world connected, working, and consuming
- Apps are fine tuned to capture your attention and alter your habits for incremental engagement, which is ultimately reshaping consumer behavior and preferences
- 5G cell service and 4k media consumption is anticipated to result in substantial near-term demand increases for cell towers and media consumption
- While the demand for data has grown at an astonishing rate, so has supply. Data center development still generates a healthy premium to stabilized cap rates, but rental rate growth has lagged traditional property types
- A strong narrative and hot tech stocks have piqued investor interest, but a selective approach with a focus on markets that have natural barriers to supply and finding the right partner is crucial for these sectors

Average Asking Rental Rates



Inventory Growth of US Primary Data Center Markets Since 2015



Source: CBRE Research, CBRE Data Center Solutions (H2 2020).
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Dislocation In The Lodging Market: A Growing Opportunity

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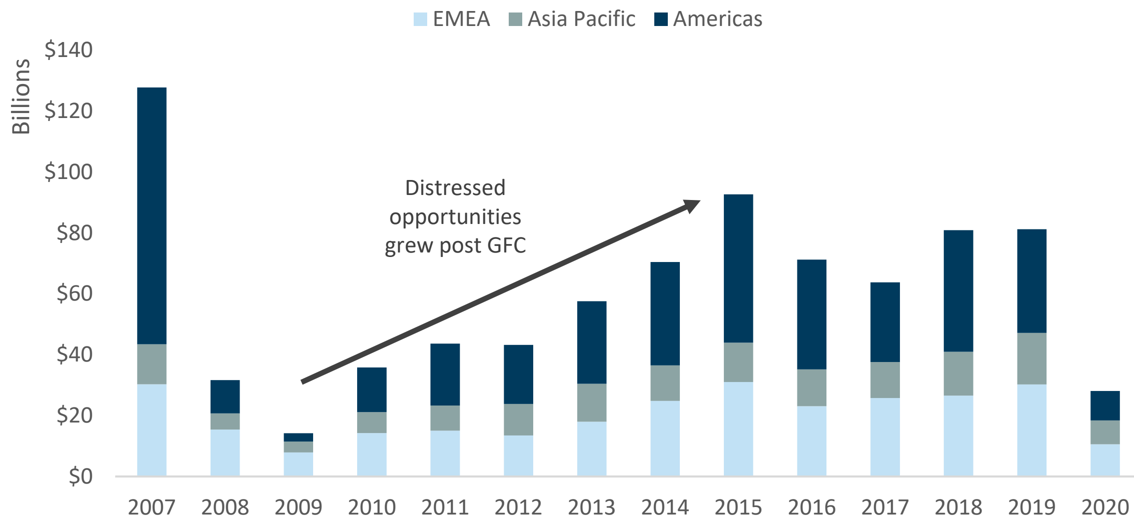
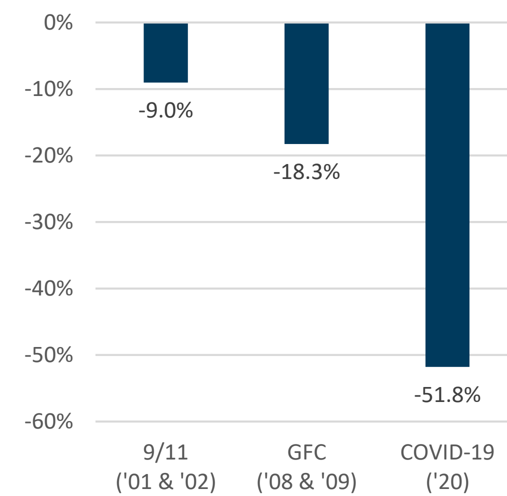
Hotel Transaction Volume By Region



Total US RevPar Decline



- The lodging industry is facing its most challenging operating conditions yet with the COVID-19 pandemic, and measures to control the pandemic at its worst resulted in US lodging RevPAR declining more than 80%
- Through January 2021, CMBS delinquency rates reached 19%
- Distressed acquisition opportunities are anticipated in the lodging sector, and Townsend anticipates the sector to begin to recover in conjunction with the deployment of vaccines and therapeutics, with a full recovery projected by 2024
- Demand will likely recover unevenly across lodging segments, and winners and losers will diverge as some redundant travel is eliminated via video conferencing

Source: RCA, Noble, CBRE hotels Research, Kalibri Labs, The Townsend Group.

Evolution Of The Modern Cold Chain: An Emerging Niche Sector

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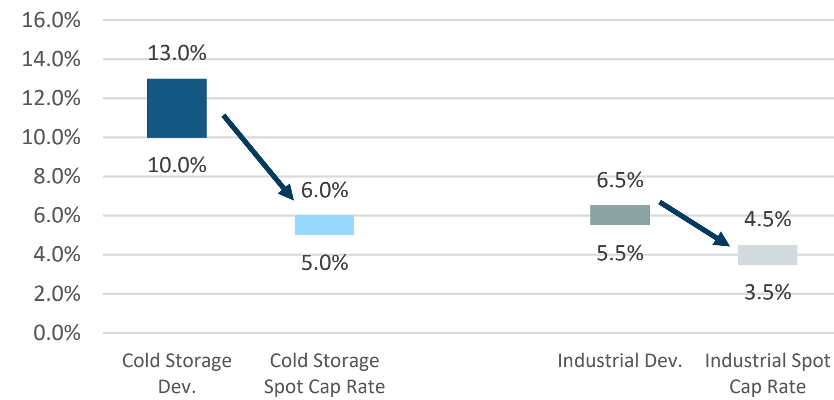
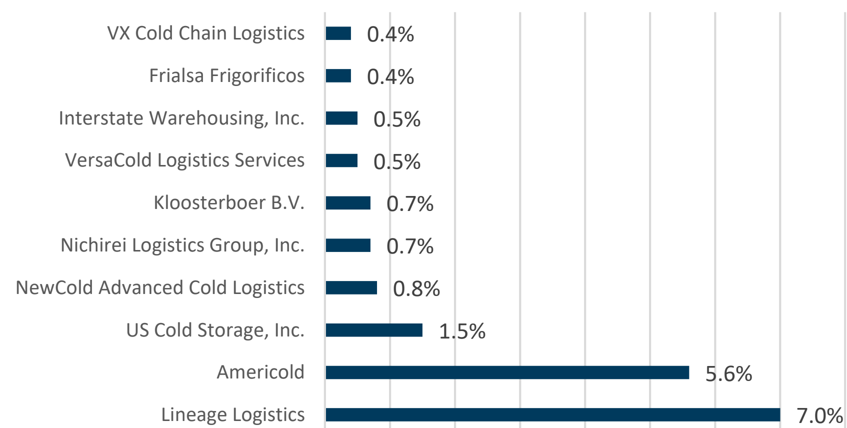
- With the supply chain garnering increased attention, investors are looking beyond traditional logistics assets to the cold storage market
- Cold storage is operationally intensive, more expensive to build, and requires a substantial rent premium to traditional industrial assets
  - This has created a natural barrier to new supply, with speculative development being unusual
  - The cold chain is outdated by modern standards, with the average asset age in the US of c.34 years
- Cold storage demand is directly linked with fresh and frozen food consumption which has historically experienced steady growth
  - Recent shifts in consumption towards perishable items and away from preservatives has buoyed demand
- Cold storage offers diversification via differentiated demand drivers and an attractive overall return profile, which is driven by natural barriers to entry via specialized asset requirements and operational intensity

Illustrative Development Yields[1]



Top 10 Global Cold Storage Platforms[2]



Source: The Townsend Group (April 2021)[1], Americold (Spring 2021 Investor Presentation)[2].
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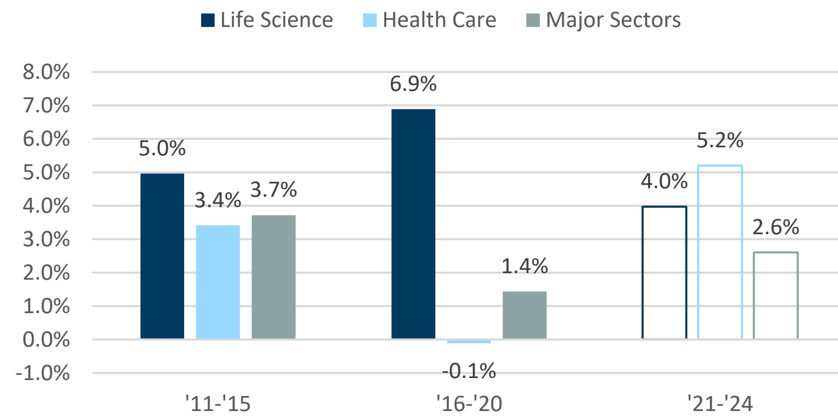
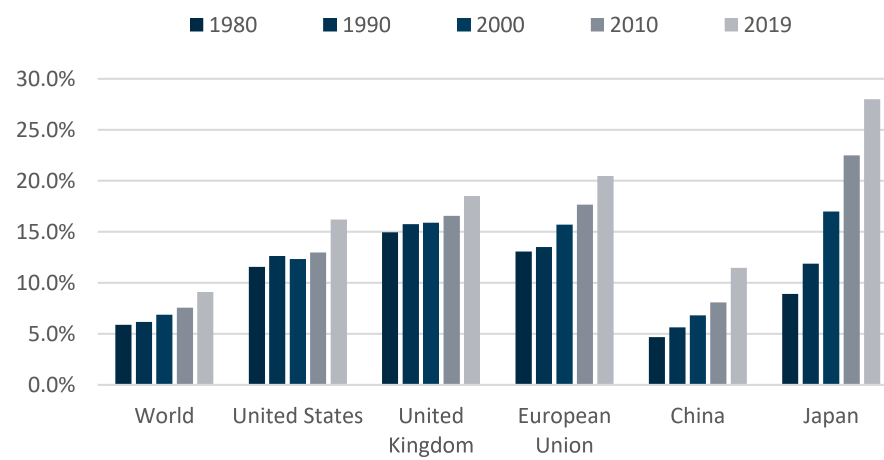
Healthcare: Accommodating The Aging Population

- An aging population continues to drive demand for additional and improved healthcare
  - In 2018, US healthcare expenditures accounted for 17.7% of GDP or roughly $3.7 trillion
  - Individuals over 65 spend 3x more on healthcare on an annual basis than working age individuals ($7,153 vs $19,098 p.a.)
  - The “silver wave” created by the aging baby boomer generation may provide strong tailwinds, an additional 24 million people are expected to be 65 years or older by 2030
  - By 2028, healthcare expenditures are forecasted to reach $6.2 trillion (~5% CAGR). Retail outlet sales and medical products, which include prescription drugs, are anticipated to grow at a rate consistent with overall healthcare expenditures
  - Chronic disease is exceedingly common with 6 in 10 adults having at least one and 4 in 10 adults have at least two
- Global pharma R&D spending has grown by ~7% p.a. over the last 20 years
- These trends are forecasted to create strong secular tailwinds and support outsized demand growth for Life Science, Medical Office, and Senior Housing

US Same-Store NOI Growth



% Of Population Over 65 by Country



Source: Green Street, World Bank, The Townsend Group, Centers for Medicare & Medicaid Services, CDC.

United States: Investment Themes

Industrial: E-commerce Enabling Consumption At A Distance

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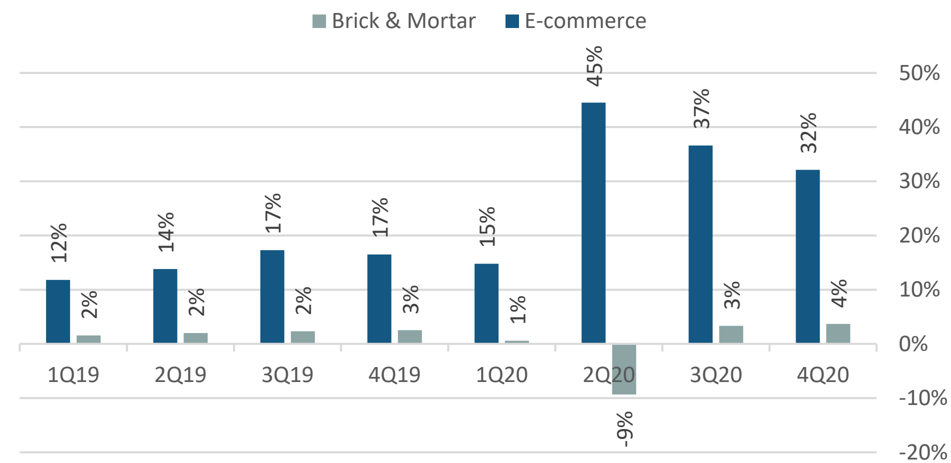
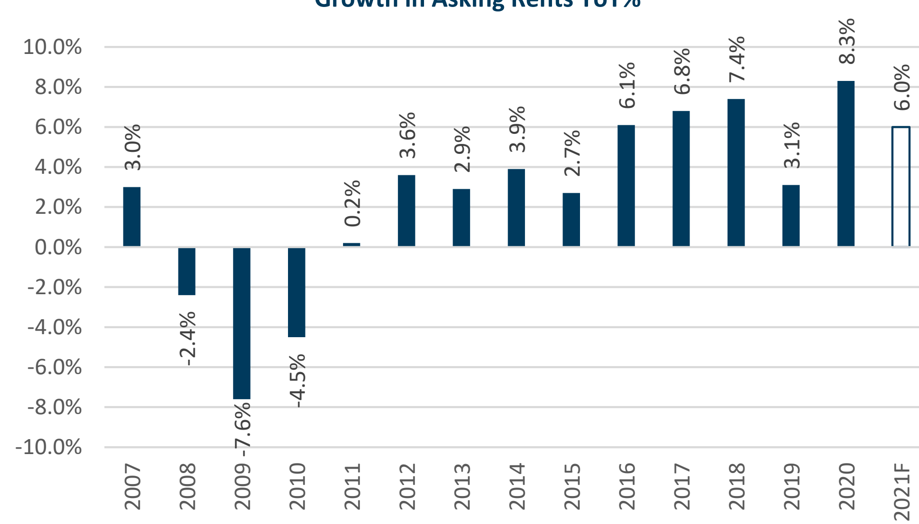
- The COVID-19 crisis has demonstrated the absolute critical need for an online presence and further strengthened the position of successful omni-channel retailers
- E-commerce grew 32.1% YOY despite a global recession and retail consumption only growing 6.9% in total
- Infill and large diversified industrial REITs continue to trade at a premium to private market valuations, indicating the market has high conviction in the resiliency of e-commerce driven demand; especially infill logistics
- Vacancy rates remain below 4% across much of the US, and NOI growth was above 6% for 2020
- Industrial remains well positioned to benefit from shifting consumption habits and near-term demand is forecasted to continuing outpacing new supply

E-Commerce vs. Brick & Mortar Sales Growth YoY



Growth in Asking Rents YoY%



Source: US Census Bureau, Duke Realty (March 2021), CBRE.

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Apartments: Finding A Safe Space

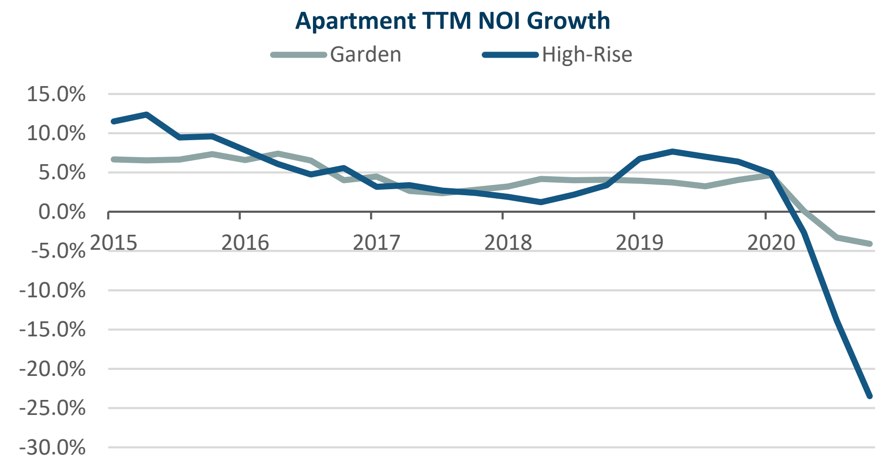
- Apartments have demonstrated operating resiliency, with high rent collections and occupancy levels through the COVID-19 pandemic

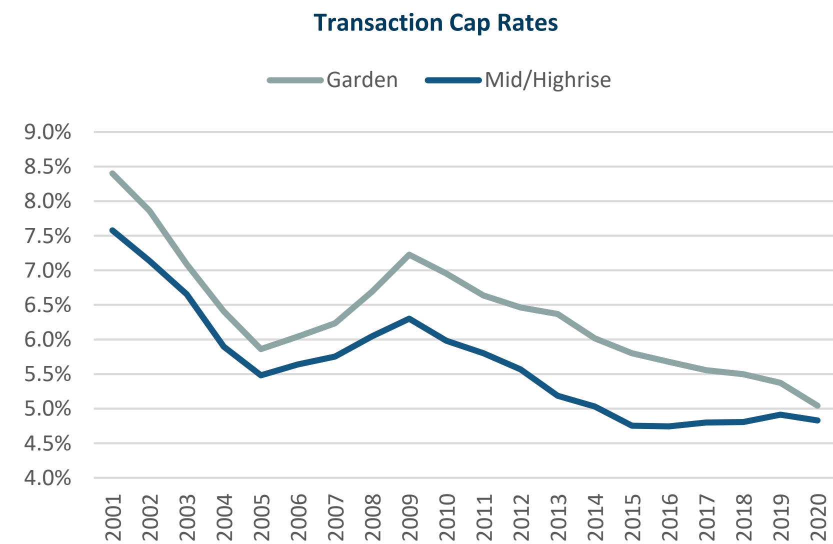
- Effective rents declined meaningfully in select gateway market CBDs, but effects were bifurcated between garden style and mid/high-rise product types

- Historic low borrowing costs have supported asset prices despite declining rents, and transaction cap rates sharpened to offset declines in NOI

- New trends may emerge post COVID-19, but it is still too early to tell if and how much demand has shifted away from CBDs
  - Anecdotally, garden style product in the South/Southwest has recently been trading in the low 4%, indicative of the investors conviction in smile states and the shift towards less dense living arrangements

- Apartments remain an attractive and defensively positioned property sector long-term





Source: The Townsend Group, NCREIF, RCA.

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Single Family For Rent: Millennials Grow Up

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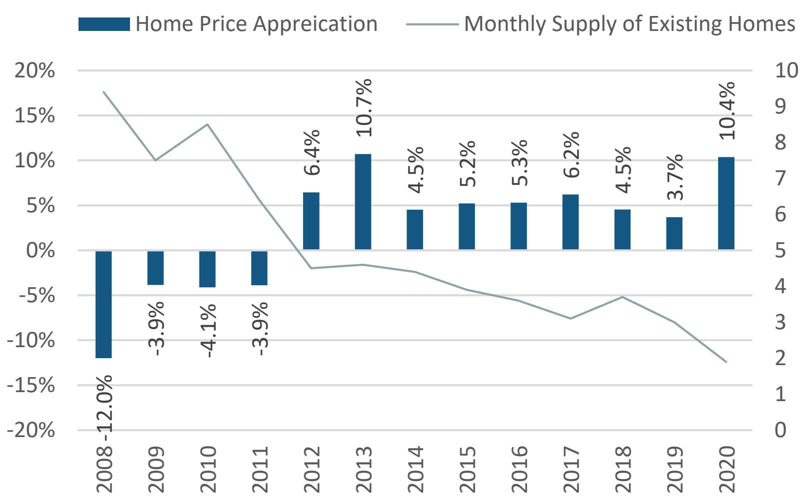
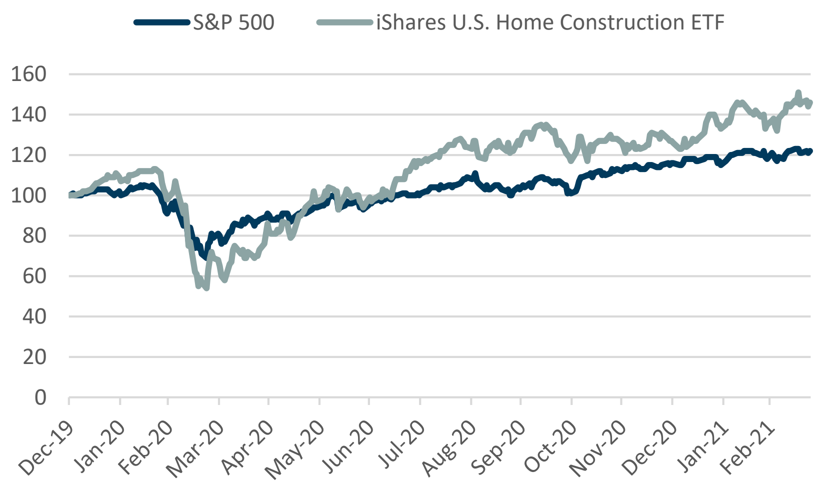




- The largest portion of the millennials are now entering their thirties, and 2020 is anticipated to be the first year of net decline in 25–29-year-olds, and the 35–44-year-old population is anticipated to grow 2x the US average over the next 5-years

- Naturally, the aging millennial cohort was forecasted to shift towards home ownership and less dense living arrangements but work from home arrangements and all-time low mortgages rates have created more immediate outsized demand for single family housing

- The transition has just begun and there are not enough homes to meet demand, and as of January 2021, new and existing home sales exceeded the prior peak of February '06

- A shortage of a housing stock, rising residential construction costs, and tightening lending standards have contributed to a robust rental growth outlook for the single-family rental sector

Source: US Census Bureau, US Department of Housing and Urban Development, S&P Dow Jones Indices LLC, St. Louis Federal Reserve.

Office Sector: A New Relationship With Office

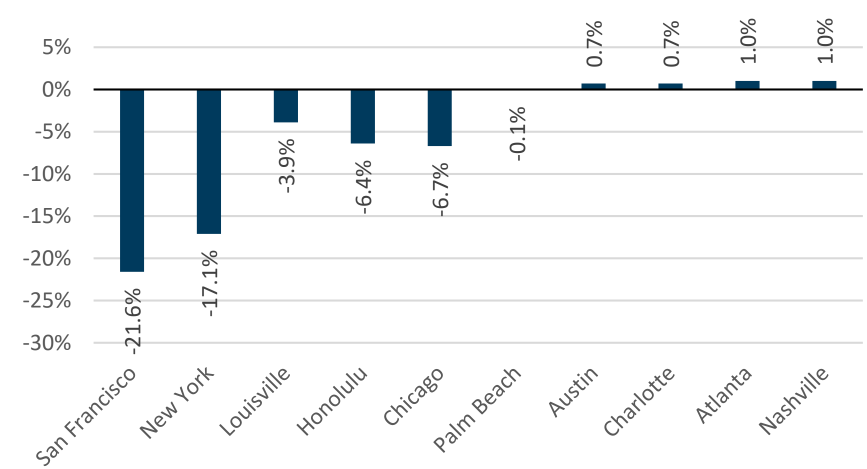
- Increased flexible work arrangements are forecasted to disrupt the correlation between office space demand and economic growth
- Average number of days in the office is more impactful on total office demand than potential de-densification
- Due to typical lease structures and the credit quality of underlying tenants, most high-quality office assets will continue to generate cash flow in the medium-term, but investors need to re-evaluate the long-term prospects
- Office space will be utilized to build the intangible human elements of business and facilitate collaboration, socialization, mentorship, culture building, etc.
- The death of the office market appears exaggerated, but there will need to be meaningful repricing of the sector for it to become attractive on a relative basis
- Townsend seeking office in tech and innovation-oriented markets but only at a meaningful discount to pre-COVID-19 pricing

Aggregate Demand
(Estimated Pre-COVID baseline of 200 square feet / employee and 4.6 days in the office per week)

Space Per Employee In The Office

Avg. Days In The Office	Avg. SF	195	200	205	210	215	220
	+/-%	-2.5%	0.0%	2.5%	5.0%	7.5%	10.0%
	4.60	-2.5%	0.0%	2.5%	5.0%	7.5%	10.0%
	4.40	-6.7%	-4.3%	-2.0%	0.4%	2.8%	5.2%
	4.20	-11.0%	-8.7%	-6.4%	-4.1%	-1.8%	0.4%
	4.00	-15.2%	-13.0%	-10.9%	-8.7%	-6.5%	-4.3%
	3.80	-19.5%	-17.4%	-15.3%	-13.3%	-11.2%	-9.1%
	3.60	-23.7%	-21.7%	-19.8%	-17.8%	-15.9%	-13.9%

2021 Office Market Forecasted M-RevPaf[1] Growth



Source: The Townsend Group, Green Street (2021 Office Outlook).
[1]A measure of the health of a market (or sector) that combines two key operating metrics (effective market rents and occupancy) into a single value. Although same-store NOI growth is a more widely used performance benchmark, this metric is heavily influenced by the length of leases in each sector and does not serve as a timely proxy for market-level operating fundamentals.
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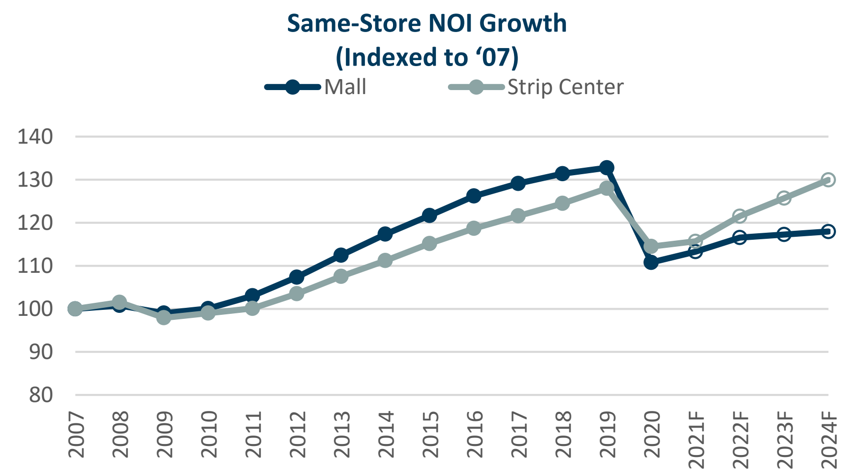
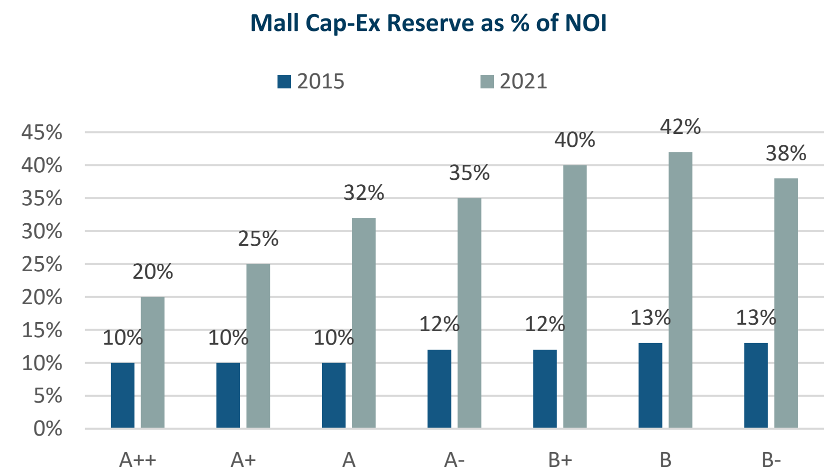
Retail: The Challenges Continue

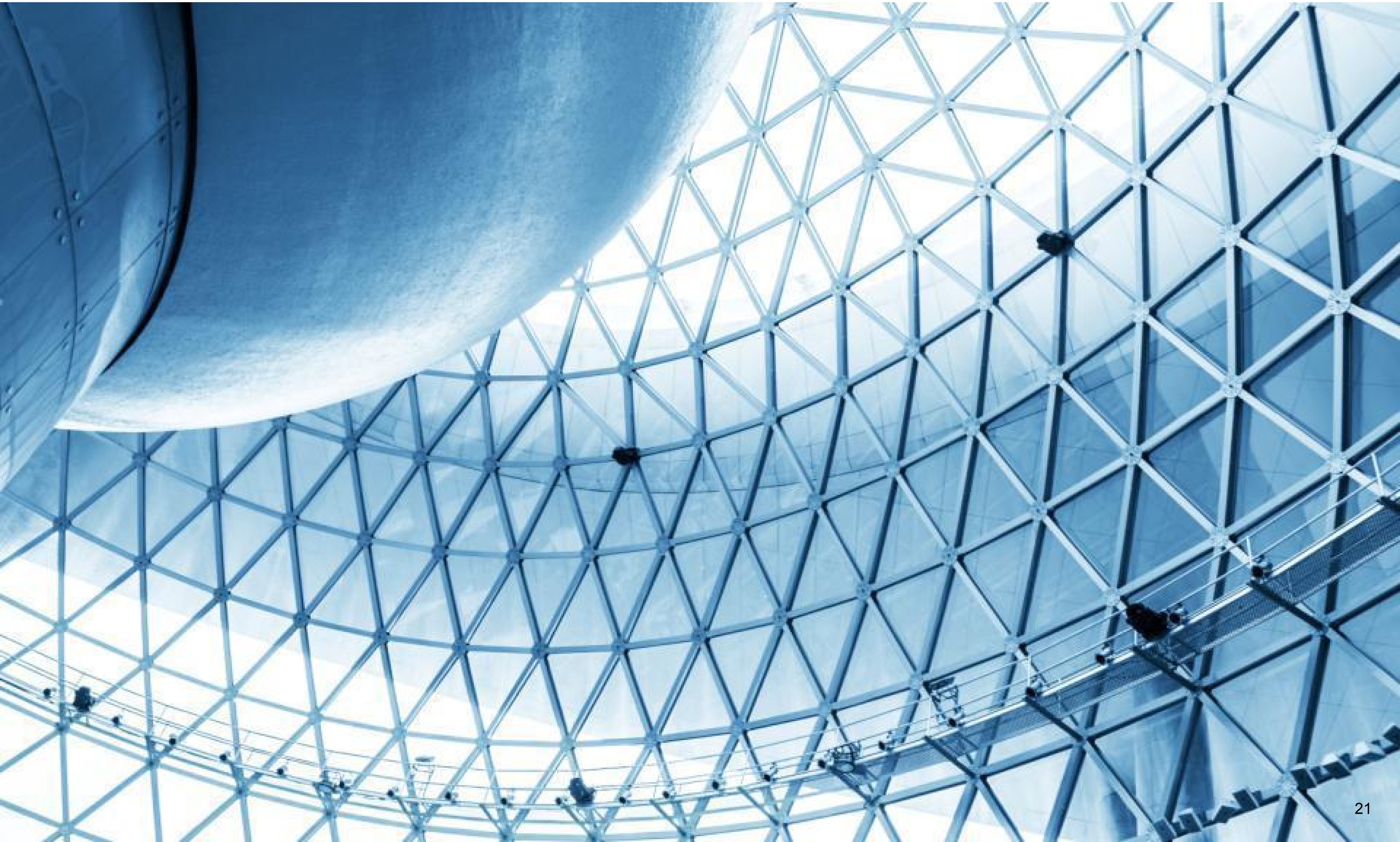
- Total retail sales growth is not anticipated to translate to brick & mortar sales to the extent it has historically. E-commerce has structurally changed the relationship
  - Near-term rebound likely with a return to normal, but long-term growth outlook still low
- The US is a case study for the long-term implications of ecommerce for physical retail outlets. Consolidation is occurring to the most productive locations, but even then, growth comes at the cost of rising capital expenditures
  - Redeveloping anchor space is costly, time consuming, and a primary driver of the growing cap-ex reserves
- Underlying tenant financial strength was deteriorating prior to COVID-19, bankruptcies and store closures forecasted to accelerate
- Green Street's Commercial Property Price Index has estimated mall values are down 24% and strip centers 13% from pre-COVID-19 prices
- Going forward, the retail sector will face a challenging period of price discovery as rents rebase and occupancy rates broadly decline





Source: Green Street, Company Disclosures, NCREIF.

B. LACERS Real Estate Program Overview



LACERS Real Estate Program Overview

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- LACERS began investing in Real Estate in 1989.
- In April 2018, LACERS' Board elected to increase its real estate allocation from 5.0% to 7.0% of Total Plan Assets (with an allowable range of ± 2.0%). In May 2021, the Board elected to maintain a 7.0% real estate allocation with the adoption of the new asset allocation.
- As of December 31, 2020, the market value of the Portfolio was $777 million (3.7% of Total Plan Assets).
- Forecasts show that several investments will be liquidating from the Portfolio over the next three-year period. These liquidations will be offset by Value Add and Opportunistic commitments that have been made over the last three years.

	Market Value ($ millions)*	% LACERS Plan*
LACERS Total Plan Assets	20,959	
Real Estate Target	1,467	7.0%
RE Market Value:		
Core	579	
Non-Core	179	
Timber	19	
Total RE Market Value	777	3.7%
Unfunded Commitments	274	1.3%
RE Market Value & Unfunded Commitments	1051	5.0%
Remaining Allocation	416	2.0%

*Figures may not add due to rounding. Unfunded commitments exclude commitments made after 12/31/20.

LACERS Real Estate Program Overview (continued)

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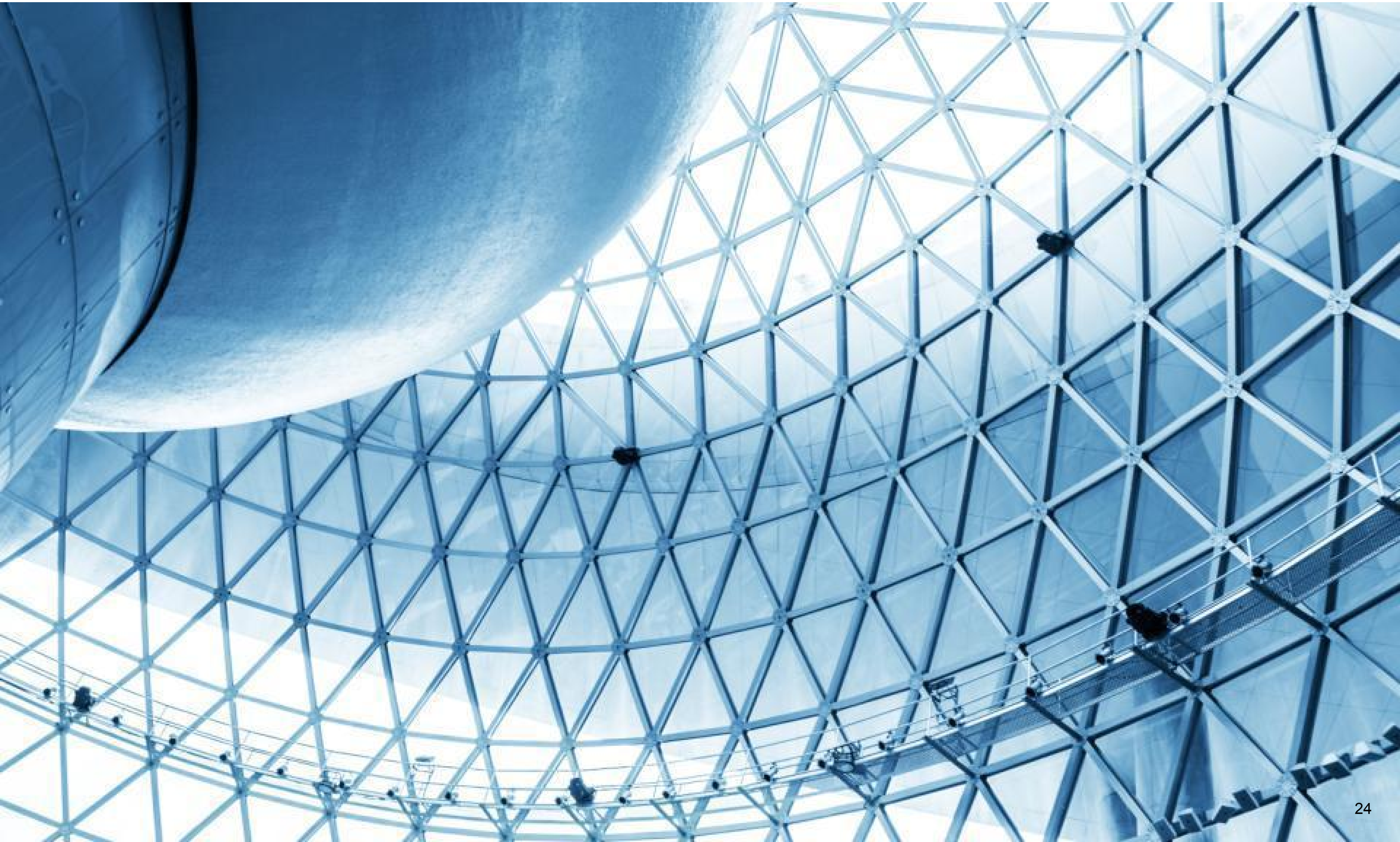
	Strategic Targets		*Portfolio Composition (12/31/2020)**	
	Target Allocation	**Tactical Range**	**Market Value**	**Market Value & Unfunded Commitments**
Core	**60%**	**40% - 80%**	**74.6%**	**55.1%**
Non-Core	**40%**	**20% - 60%**	**23.0%**	**43.1%**
Value Add Portfolio	*N/A*	*N/A*	*13.5%*	*24.2%*
Opportunistic Portfolio	*N/A*	*N/A*	*9.5%*	*18.9%*
Timber	**N/A**	**N/A**	**2.4%**	**1.8%**

- In May 2014, the Board approved the strategic targets displayed above in order to reflect a more conservative risk profile going-forward. At the time, the Portfolio had 30% exposure to Core and 70% exposure to Non-Core.
- Since 2015, in an effort to transition the Portfolio, the LACERS Board has approved $305 million in Core commitments, which have all been fully funded to date, with the exception of the Lion Industrial Trust Top-Up and Kayne Anderson Core Real Estate Fund Top-Up.
- The LACERS Board approved $435 million** in Non-Core investments since 2015. These investments initially focused on Value Add strategies with pre-specified portfolios, embedded value and/or an element of current income, with recent commitments focused on blind pool opportunistic funds and strategies with attractive property type exposures.
- As of 12/31/20, on a funded and committed basis, the LACERS Core and Non-Core allocations are in line with the strategic targets. On a funded basis, LACERS is below the 40% target to Non-Core strategies but within the tactical range.
- The Core Portfolio utilizes 28.3% leverage, measured on a loan-to-value (LTV) basis, well below the 40.0% constraint.
- The Non-Core Portfolio has a 51.8% LTV ratio, well below the 75.0% constraint.

*Figures may not add due to rounding. Funded & Committed figures exclude commitments made after 12/31/20.
**Inclusive of investments approved subsequent to 12/31/2020.

C. LACERS Commitment History



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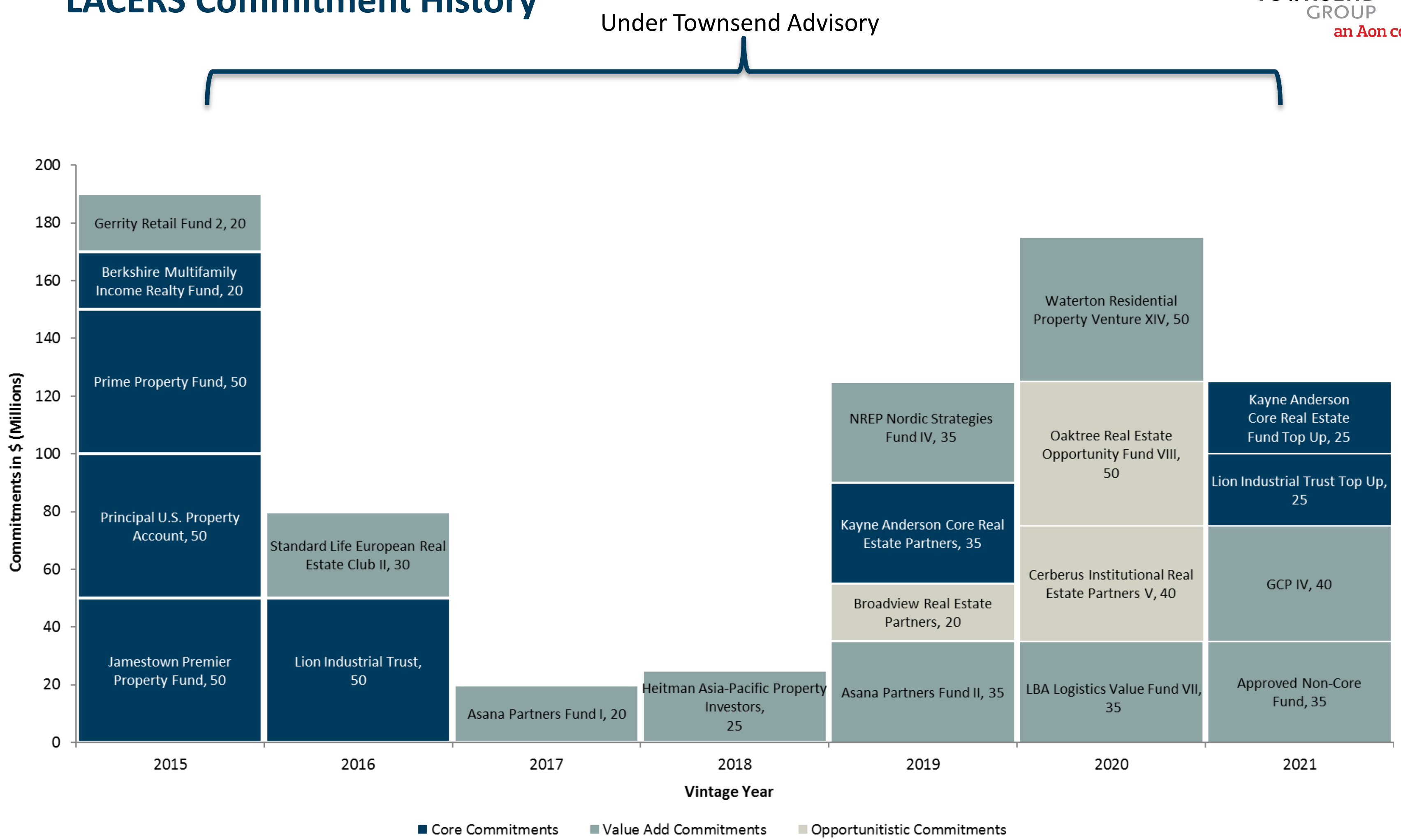
LACERS Commitment History



- LACERS has committed $740* million since 2015 while under advisement of Townsend.
- Four Non-Core commitments since 2015 (Gerrity, Asana I & II, Broadview) met LACERS Emerging Manager guidelines. In the Core open-end fund space, there are currently no managers meeting these guidelines.
- Vintage year classifications are based on LACERS' first capital call (or expected capital call), though commitments may have been approved in prior years.

*Inclusive of investments approved as of May 2021. LACERS total presented in USD.

LACERS New Investment Performance

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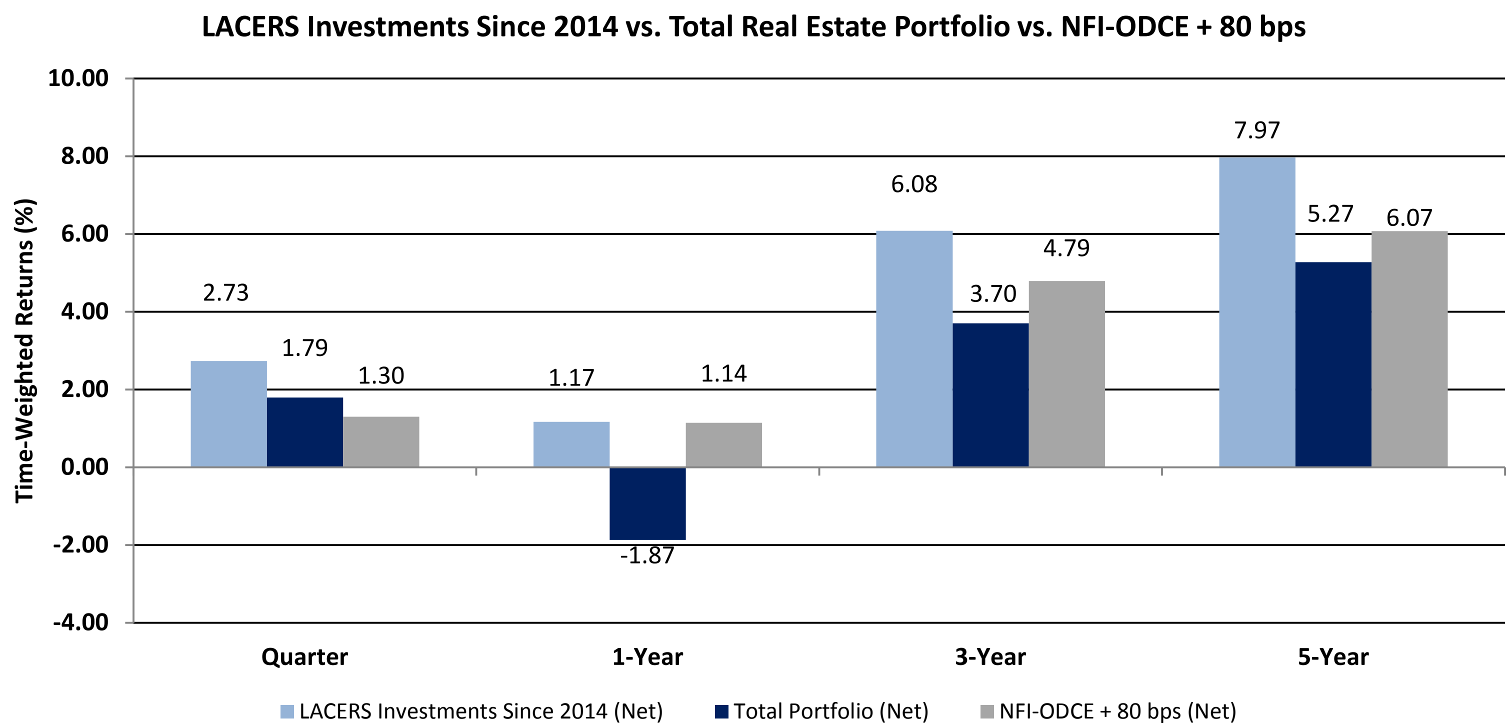

- As of 4Q20, LACERS commitments since 2014 have outperformed the LACERS Total Portfolio over all periods.
- Additionally, recent commitments have outperformed the policy benchmark of NFI-ODCE + 80 bps over the Quarter, 3-year, and 5-year periods, and matched the benchmarked over the 1-year period.
- Going forward, Townsend expects recent investments to drive performance as underperforming Legacy GFC funds liquidate from the portfolio.

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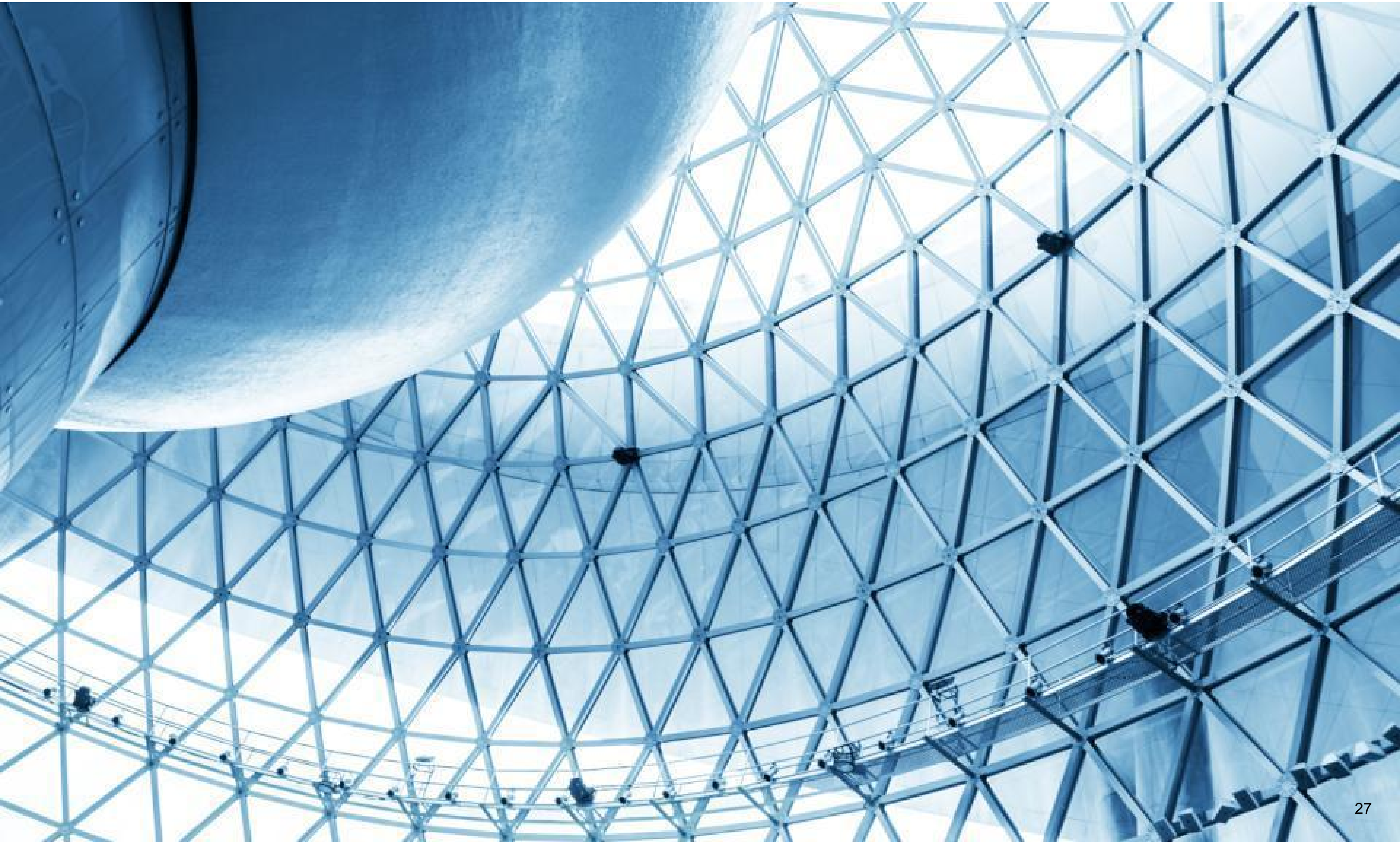
D. LACERS 2021-2022 Objectives and Investment Plan



LACERS Investment Plan Summary – Fiscal Year 2021-2022

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	LACERS Annual Investment Plan FY 2021-2022
Core	
Capital	**$90 M - $130* M**
Number of Funds/Top-Ups	0-1 New Funds / 2-4 Top-Ups
Target Commitment per Fund/Top-Up	$60-80 M / $25-40M
Non-Core	
Capital	**$120 M - $165 M**
Number of Funds	3-4
Target Commitment per Fund	$35-50 M
Total Annual Commitments	***$210 M - $295 M***

**Core commitment amount includes $50 million in capital to be re-invested from recent Core redemptions.*

LACERS Real Estate Return Projections

- Yearly, Townsend conducts an in-depth analysis of expected real estate returns by segment. These projections consider historical returns as well as macro-economic and asset class specific characteristics.
- Overall, real estate returns are expected to moderate towards long term averages of 5%-7%.
- Core strategies are expected to return 6.0%, Value-Added 6.5% and Opportunistic 9.0%.
- All returns are nominal and net of fees.

Nominal Return Assumptions*			
Risk and Return	Core	Value Add	Opportunistic
Net Expected Return	6.0%	6.5%	9.0%
Standard Deviation	6.4%	9.1%	10.3%

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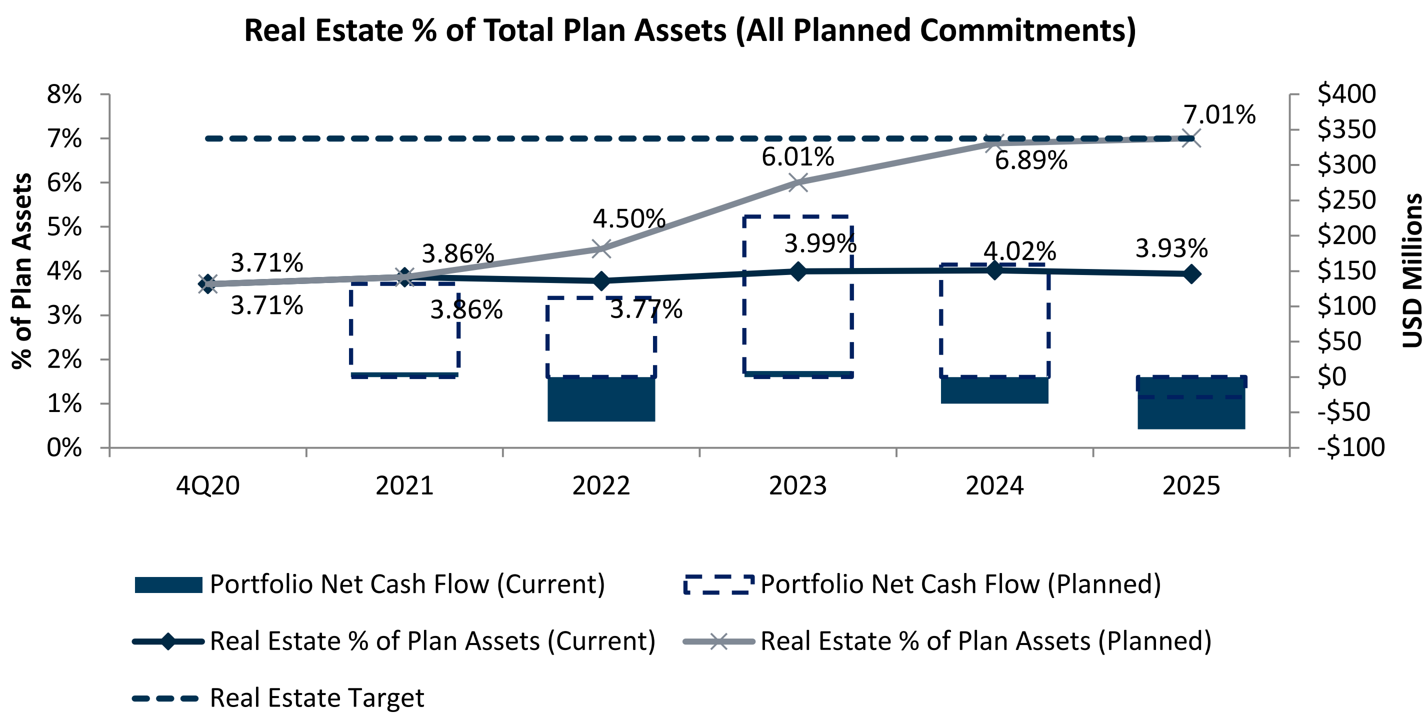
LACERS Capital Pacing Plan

Projected Growth

- The below capital projections assume a 6.0% annual growth rate for Core strategies, a 6.5% annual growth rate for Value Add strategies, and a 9.0% annual growth rate for Opportunistic strategies. Total plan growth is projected at 4.0%.
- According to Townsend's capital projections, LACERS requires annual private real estate commitments in excess of $200 million in order to grow its allocation to 7.0% of Plan Assets by 2024.
- Townsend will work with Staff to carefully manage LACERS investment exposure.
  - Preserve investment capacity to allow LACERS to take advantage of opportunities during all market cycles (not all capital needs to be deployed at once) and maintain vintage year diversification.
  - Monitor contribution and distribution/withdrawal activities, and forecasts provided by LACERS' managers.



LACERS 2021-2022 Investment Plan

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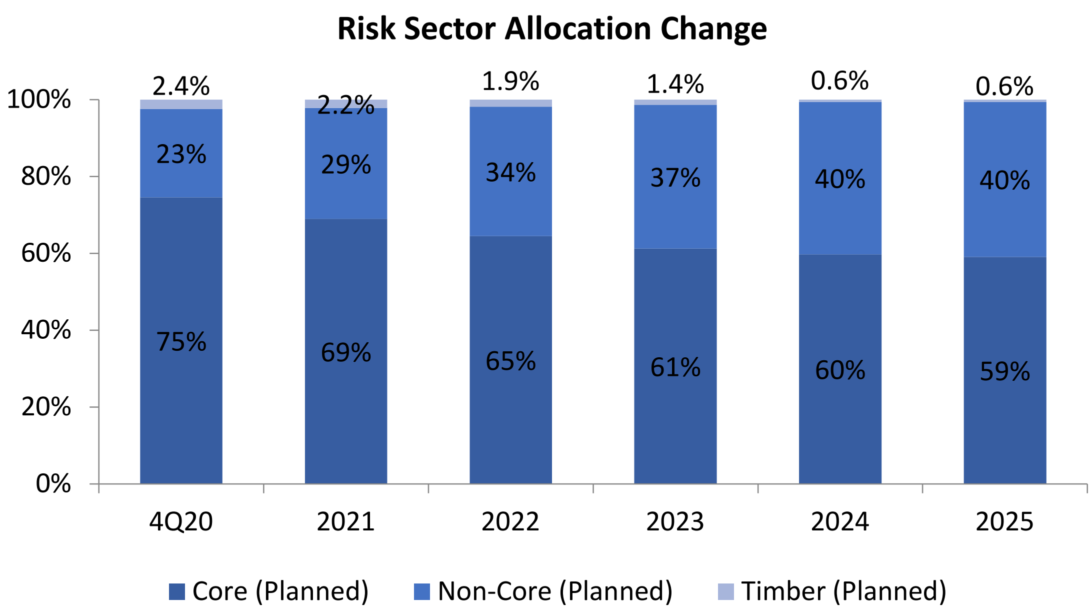
Real Estate Program Proposed Plan

2021-2022 Overall Portfolio Activity

- Actively identify and capture opportunities where LACERS can benefit from market distress as well as thematic trends.
  - Aim to complement 2020 commitments with high-conviction, diversifying strategies.
- For compelling opportunities, consider increasing commitment size.
  - Consider over-committing in 2021-2022 if attractive opportunities continue to appear.
- Remain mindful of the strategic targets of 60% Core/40% Non-Core, and of the Total Real Estate Benchmark (ODCE+80bps).
  - LACERS has committed to 5 Non-Core strategies since March 2020, which will help increase Non-Core exposure towards the target.
    - Non-Core commitments include Waterton Residential Property Venture XIV, Cerberus Institutional Real Estate Partners V, Oaktree Real Estate Opportunities Fund VIII, GLP Capital Partners IV and one additional Non-Core Fund approved in closed session that has not yet closed.



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LACERS 2021-2022 Investment Plan

2021-2022 Planned Commitment Activity ($ in millions)			
Core*		**Non-Core**	
Target	*$110*	*Target*	*$140*
Max	*$130*	*Max*	*$165*
Min	*$90*	*Min*	*$120*
Commitments To-Date			
Lion Industrial Trust**	$25	Approved Non-Core Fund	$35
Kayne Anderson Core Real Estate Fund**	$25	GLP Capital Partners IV	$40
Total	**$50**	**Total**	**$75**
Remaining	**Up to $80**	**Remaining**	**Up to $90**
Core Fund/Top-Up #1	Up to $40	Non-Core Fund #1	Up to $50
Core Fund/Top-Up #2	Up to $40	Non-Core Fund #2	Up to $40

*Includes $50 million in recycled capital from Core redemptions.

**Top-up commitment to redeploy capital redeemed from Jamestown Premier Propery Fund and Berkshire Multifamily Income Fund.

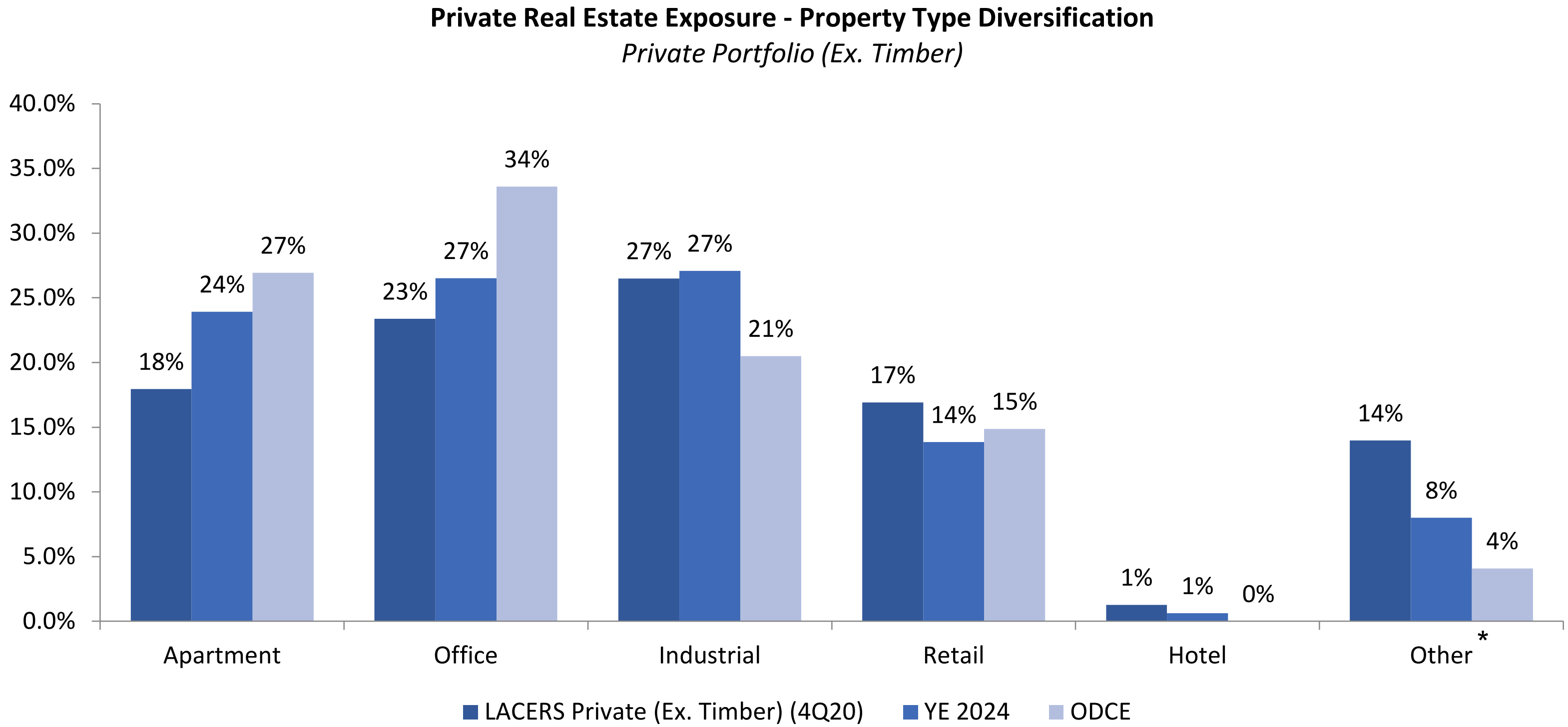
2021-2022 Core Activity

- Commit to high conviction, specialist funds that can provide LACERS access to attractive property types with high expected risk-adjusted returns (e.g. industrial, multifamily, or medical office).
- Identify opportunities to rebalance the Core portfolio to optimize fees, increase exposure to outperforming managers and desired property types.

2021-2022 Non-Core Activity

- Focus on up to four incremental commitments in Non-Core (ranging from $35 to $50 million per investment) that are Townsend Best Ideas or add complementary exposures, as well as thematic investments arising from the current economic impact on the real estate sector.
  - Explore complementary exposures such as cold storage, life sciences, data centers or single family residential if attractive fund options exist.
  - Consider additional diversified funds due to large opportunity set, with potential to invest in distress in a variety of sectors/regions.
  - Consider diversifying industrial and multifamily exposures further (e.g. through adding new regions or differentiated strategies)
- Continue to evaluate Emerging Managers that are an appropriate fit for LACERS' portfolio, without compromising returns.
- Consider further exploring co-investments and/or secondaries to increase the opportunity set.

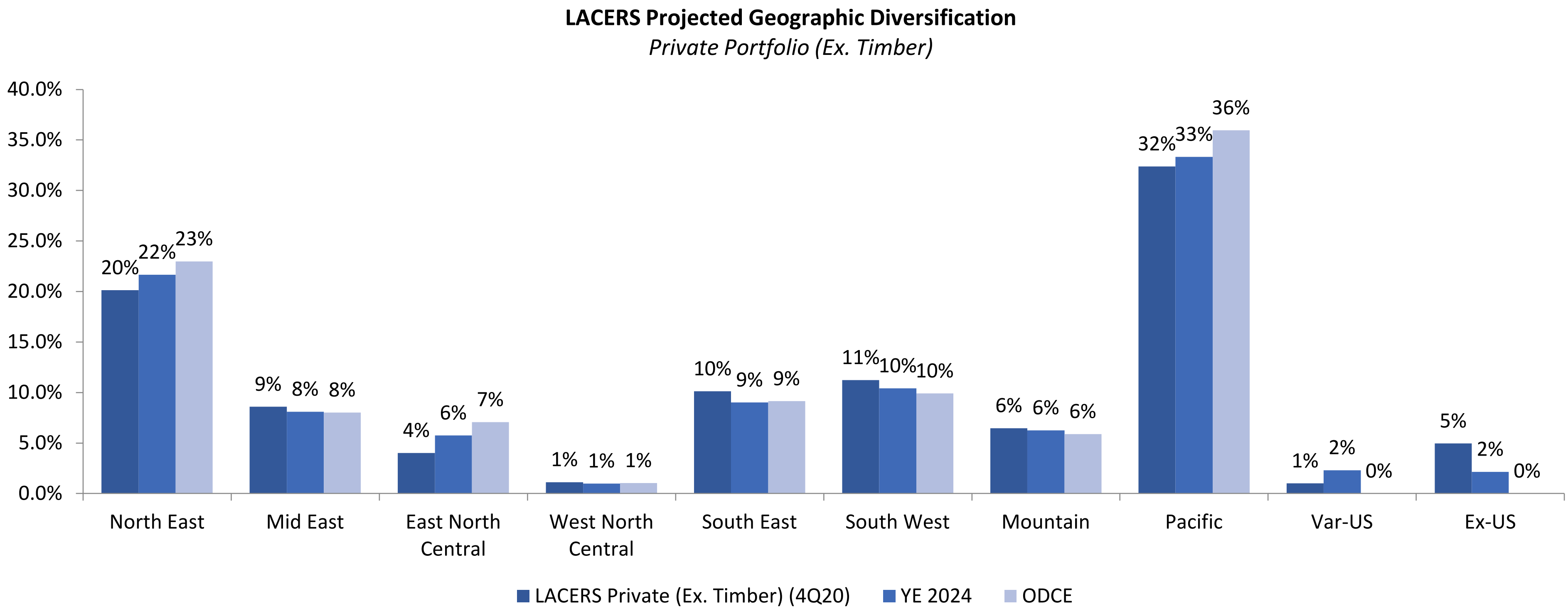
LACERS Diversification Projections



- LACERS continues to be underweight to Office and Apartment.
  - An Office underweight is supported by Townsend's View of the World, due to increased uncertainty within the property type.
  - Apartment exposure is projected to increase due to recent non-core commitments to Waterton and an additional approved fund that has yet to close. This exposure may be increased further through rebalancing of Core open-end fund positions.
- The overweight to industrial is supported by Townsend's View of the World, and we will work towards maintaining that overweight over the near-term.
- Retail exposure is projected to reach an underweight in the next few years as recent commitments fund into the portfolio and redemptions/liquidations continue.

*'Other' reflects properties that do no fit into the traditional classifications (apartment, industrial, office, retail), such as medical office, senior housing, self-storage, student housing, and other property types.

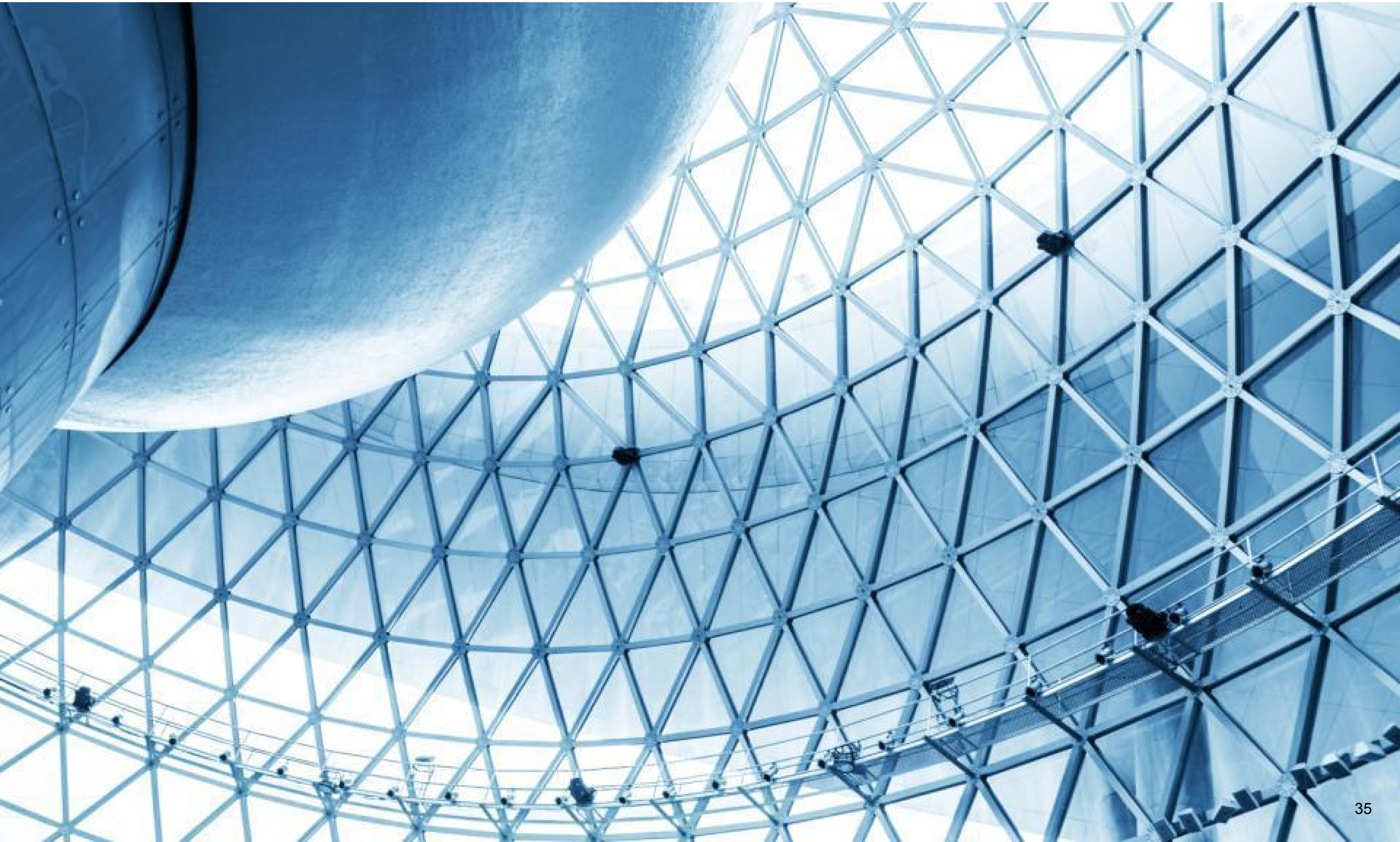
LACERS Diversification Projections



- LACERS continues to be well-diversified geographically and remains within 3% of the benchmark within all U.S. regions.
- While the NFI-ODCE is a U.S.-only benchmark, we are comfortable with selective international exposures to pursue thematic trends and enhance portfolio diversification.
  - As of 4Q20, LACERS held a 4.2% Ex-US exposure, composed primarily of three large regional exposures: Asia (2.6%), Europe (1.0%), and Emerging Americas/Frontier (0.6%).

*Var-US includes any investments that are not directly tied to specific regions, such as real estate debt investments through Torchlight or entity-level investments through Almanac.

E. Sourcing and Deal Flow



Manager Sourcing & Due Diligence

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Core and Core Plus Fund Sourcing and Selection

- Townsend's dedicated open-end fund team reviews and monitors the open-end universe on a monthly and quarterly basis.
- As of December 31, 2020, the statistics for the existing open-end fund universe were as follows:
  - 25 Core Diversified Funds,
  - 17 Core Plus Funds,
  - 14 Specialty Funds (Property Type Specific and Debt Funds).
- Townsend also evaluates Core closed-end funds, though fewer exist.
- Comprehensive review, evaluation and selection process:
  - Sourcing and evaluation of new fund launches,
  - Quarterly data collection and analysis,
  - On-site meetings and quarterly reviews,
  - Advisory board participation,
  - Ongoing platform assessment,
  - Continual due diligence.

Manager Sourcing & Due Diligence

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Non-Core Fund Sourcing and Selection

- In addition to the work completed for open-end commingled funds (evaluation process outlined on the previous page), Townsend is continuously analyzing the universe of Non-Core closed-end funds available for investment.
- In 2020, Townsend's statistics for the Non-Core fund universe were as follows:
  - 279 funds screened.
  - 106 funds in initial due diligence.
  - 77 funds approved for client investment.
  - 72% North America/Global, 16% Europe, 4% Asia, and 8% Rest of the World.
- Detailed due diligence follows a three-phase due diligence process:
  - Sourcing and evaluation of new fund launches.
  - On-site due diligence meetings.
  - Evaluation of investment characteristics includes, but is not limited to the following:
    - *Executive Summary:* Strategy Overview, Comparative Advantages, Potential Issues and Concerns.
    - *Strategy:* Overview, Leverage, Investment Guidelines, Pipeline.
    - *Sponsor*: Organizational Background/History, Turnover, Compensation, and Retention.
    - *Investment Process:* Overview, Investment Committee, Affiliate Transactions, Limited Partner Advisory Committee, Exclusivity and Allocations, Valuations.
    - *Fund Structure:* Key Terms, Fees and Distributions, Analysis of Fees.
    - *Performance:* Detailed Summary of Prior Vehicles, Vintage Year Comparison, Dispersion of Returns, Investment Highlights.
- Ongoing due diligence includes fund coverage, investment monitoring, reporting, advisory board representation and client advocacy.

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Emerging Manager Sourcing Process

Emerging Manager Sourcing

- Townsend focuses on identifying emerging managers during its sourcing and monitoring process.
  - Network and establish new relationships through regular sourcing channels, outreach and conference attendance.
  - Seek new and unique opportunities that align with Townsend View of the World.
  - Uncover experienced niche operating partners interested in raising third-party capital.
  - Oversight and management of dedicated Emerging Manager programs across the firm.
  - Maintain active pipeline of Emerging Manager candidates.
  - Actively vetting new owner/operators as potential Emerging Manager candidates.

LACERS Emerging Manager Efforts

- Majority of Emerging Manager opportunity set is in the Non-Core segment:
  - 2014-2015: 50% of LACERS Non-Core commitments qualified under the LACERS Emerging Manager Program.
  - 2016: In 2H2016, Townsend conducted a LACERS-specific Emerging Manager search resulting in the recommendation of a $20 million Non-Core commitment to Asana Partners I, which was approved by the Board in August 2016.
    - A $35 million commitment to Asana Partners II was recommended and approved in 2018.
  - 2019: A $20 million commitment to Broadview Real Estate Partners was approved by the Board.
- In 2021, LACERS updated its Emerging Manager Policy to the following:
  - The fund size may not be larger than $2 billion.
  - First, second or third institutional fund for a given General Partner.
  - The firm must have been in existence for a minimum of one year (6 months if all senior staff come from an established manager as part of a spin-out).
  - The team must have a minimum track record of five years.
  - No person or entity, other than the principals and/or employees of the firm, shall own more than forty-nine percent (49%) interest of the firm.
  - No Limited Partner can represent more than 30% of the total Fund’s capital.
  - The fund shall have a minimum fund size of $150 million in committed capital inclusive of LACERS pending commitment.
  - For first-time institutional funds, LACERS commitment shall not exceed 10% of the projected final closing fund size or $30 million, whichever is lower (20% or $40 million for second- and third-time institutional funds).

Real Asset ESG Considerations

Townsend And ESG

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

SCREENING AND DUE DILIGENCE ACTIVITIES

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

INVESTMENT OVERSIGHT

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