



Chief Investment Officer Monthly Report

Jonathan Grabel – Chief Investment Officer

Board of Investments Meeting
December 13, 2023

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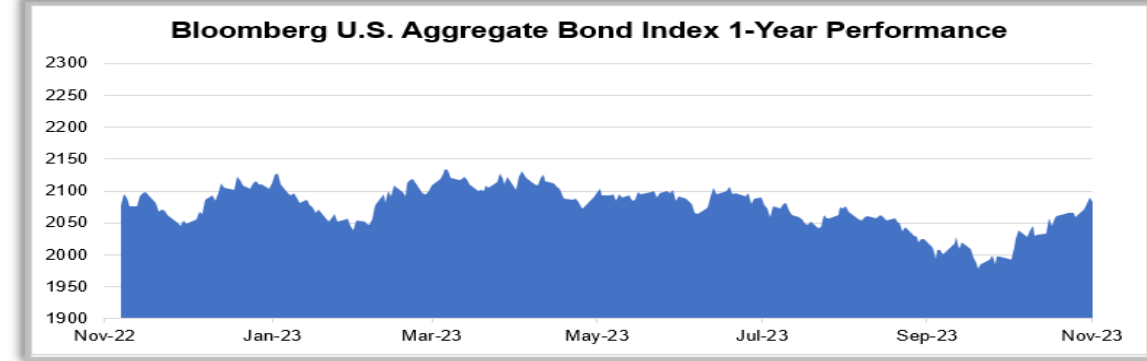
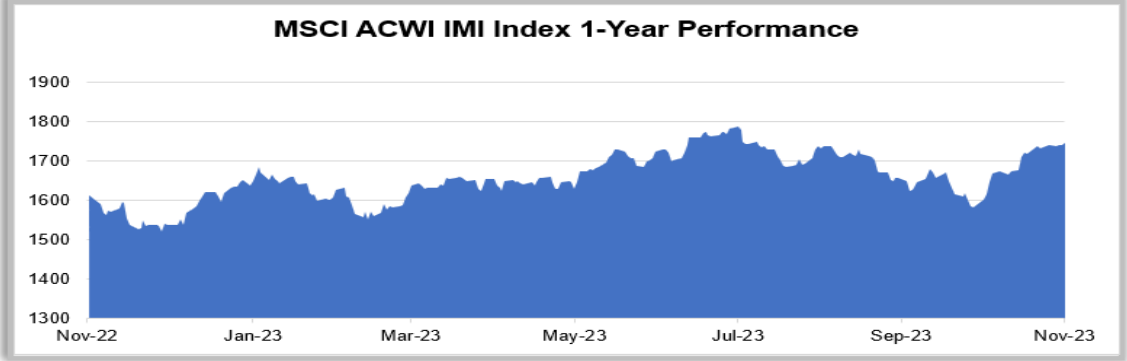
01 Market Environment

Global Market Performance as of November 30, 2023



MSCI ACWI IMI Index (Global Equity Market)*							
Trailing Returns (%)				Annualized Returns (%)			
1-Month	3-Month	FYTD	YTD	1Y	3Y	5Y	10Y
9.2	1.2	2.0	15.5	11.1	5.4	8.7	7.4

Bloomberg U.S. Aggregate Bond Index**							
Trailing Returns (%)				Annualized Returns (%)			
1-Month	3-Month	FYTD	YTD	1Y	3Y	5Y	10Y
4.5	0.3	-0.4	1.6	1.2	-4.5	0.7	1.4



*Global Equity Policy Benchmark - MSCI ACWI IMI Index

**Investment Grade Bonds Policy Benchmark - Barclays U.S. Aggregate Bond Index

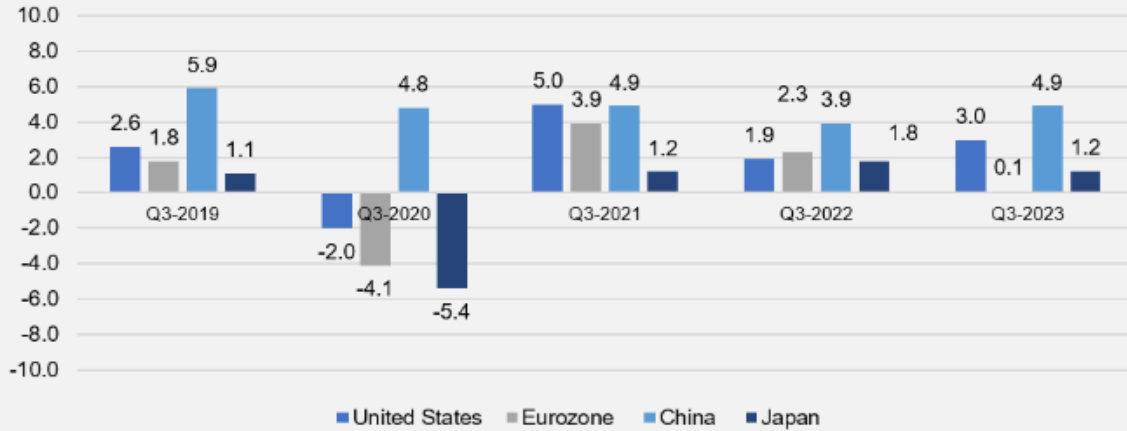
Market	Sub-Category	Index Name	1-Month	3-Month	FYTD	YTD	1 Y	3 Y	5 Y	10 Y
Equity	Global All Cap	MSCI ACWI IMI Total Return	9.2	1.2	2.0	15.5	11.1	5.4	8.7	7.4
	U.S. All Cap	Russell 3000 Total Return	9.3	1.4	3.0	19.6	12.6	8.3	11.8	11.2
	U.S. Large Cap	S&P 500 Total Return	9.1	1.7	3.3	20.8	13.8	9.8	12.5	11.8
	U.S. Small Cap	Russell 2000 Total Return	9.1	-4.4	-3.6	4.2	-2.6	1.1	4.8	6.1
	Non-U.S. All Cap	MSCI ACWI-ex U.S. IMI Total Return	9.1	1.0	0.7	9.9	9.2	1.7	5.1	3.5
	Emerging Markets	MSCI Emerging Markets Total Return	8.0	1.1	0.8	5.7	4.2	-4.0	2.3	2.1
Private Equity	Private Equity Buyout	Thomson Reuters PE Buyout Index	16.9	1.0	3.4	-2.4	-6.4	-2.6	5.8	9.6
Fixed Income	U.S. Investment Grade Bonds	Bloomberg U.S. Aggregate Index	4.5	0.3	-0.4	1.6	1.2	-4.5	0.7	1.4
	U.S. Corporate High Yield Bonds	Bloomberg U.S. Corporate High Yield Total Return	4.5	2.1	3.8	9.4	8.7	1.4	4.1	4.3
	U.S. Long Term Treasury Bonds	Bloomberg Long Term U.S. Treasury Total Return Index	9.2	-3.8	-8.5	-5.1	-6.7	-14.2	-1.8	1.2
	Developed Markets Leveraged Loans	Credit Suisse Leveraged Loan Total Return	1.2	2.1	4.6	11.3	11.7	5.5	4.7	4.3
	U.S. Treasury Inflation Protected Securities	Bloomberg U.S. Treasury TIPS Total Return Index	2.7	0.1	-0.7	1.2	0.1	-1.5	2.7	2.0
	U.S. 3 Month Treasury Bill	FTSE 3 Month Treasury Bill	0.5	1.4	2.3	4.8	5.1	2.1	1.9	1.2
Commodity	Commodity Prices Index	Bloomberg Commodity Index Total Return	-2.3	-2.7	2.6	-5.4	-7.7	13.6	6.3	-0.7
	Natural Resources	S&P Global LargeMidCap Commodity & Resources Index	2.7	-2.0	0.4	-4.5	-8.1	14.1	10.0	4.8
Infrastructure	Global Infrastructure	Dow Jones Brookfield Global Infrastructure Composite Index	9.7	4.2	1.0	3.6	0.2	5.8	5.2	4.7
Real Estate	U.S. REITs	MSCI U.S. REIT Index	10.4	-1.6	-1.8	3.5	-1.8	4.9	3.6	6.6

Source: Bloomberg

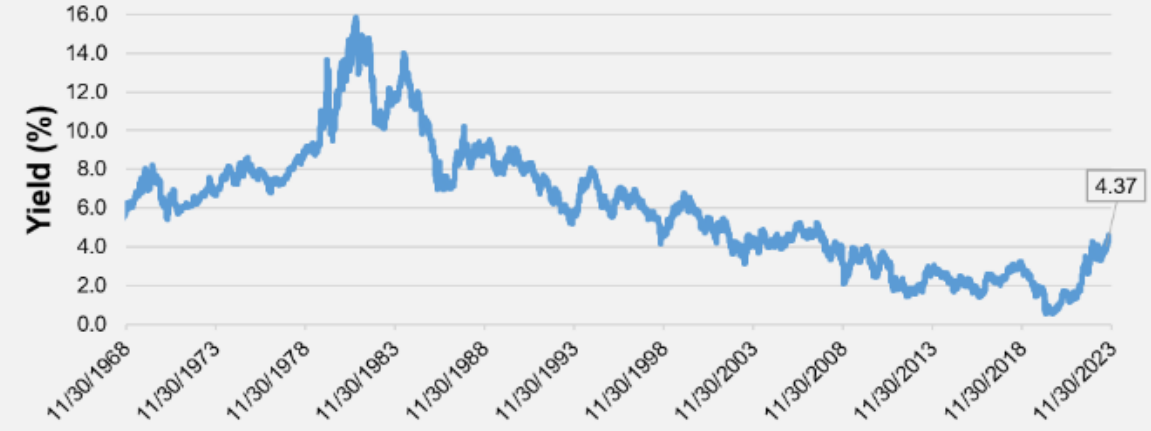
Key Macro Indicators*



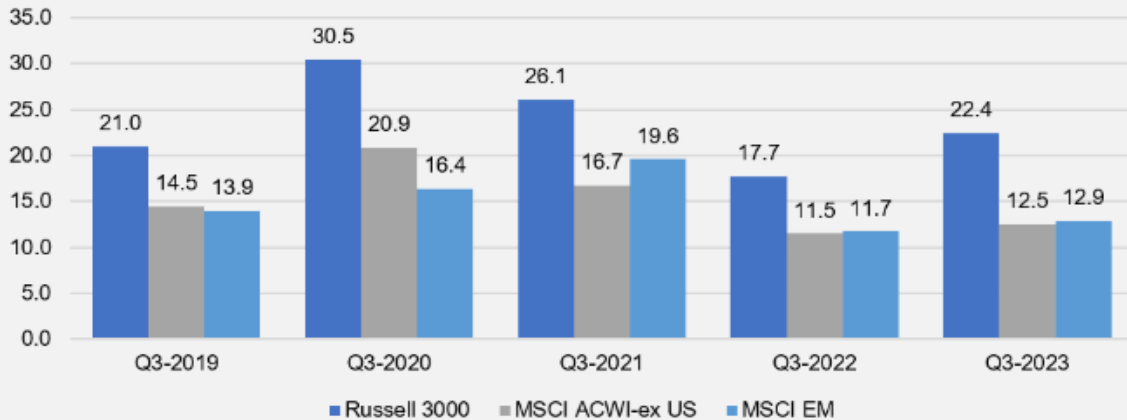
Real GDP Growth YoY (%) - Last Five Years¹



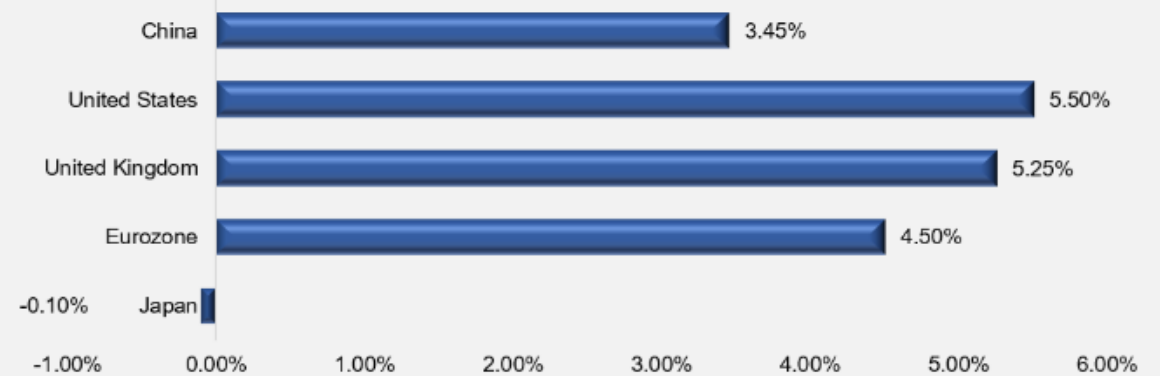
Historical 10-Year Treasury Yield²



Price-to-Earnings - Last Five Years³



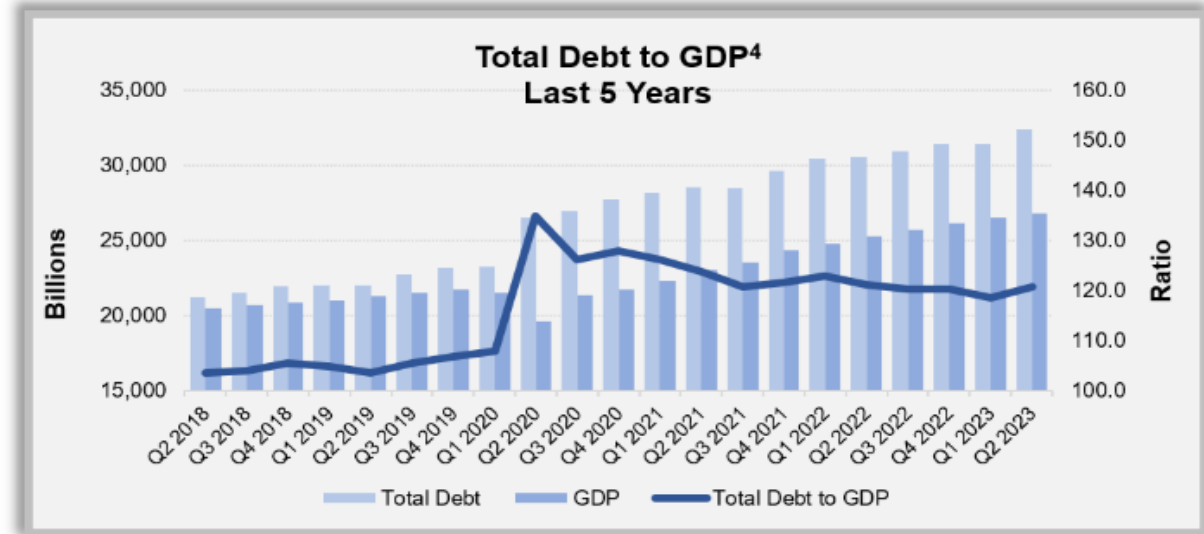
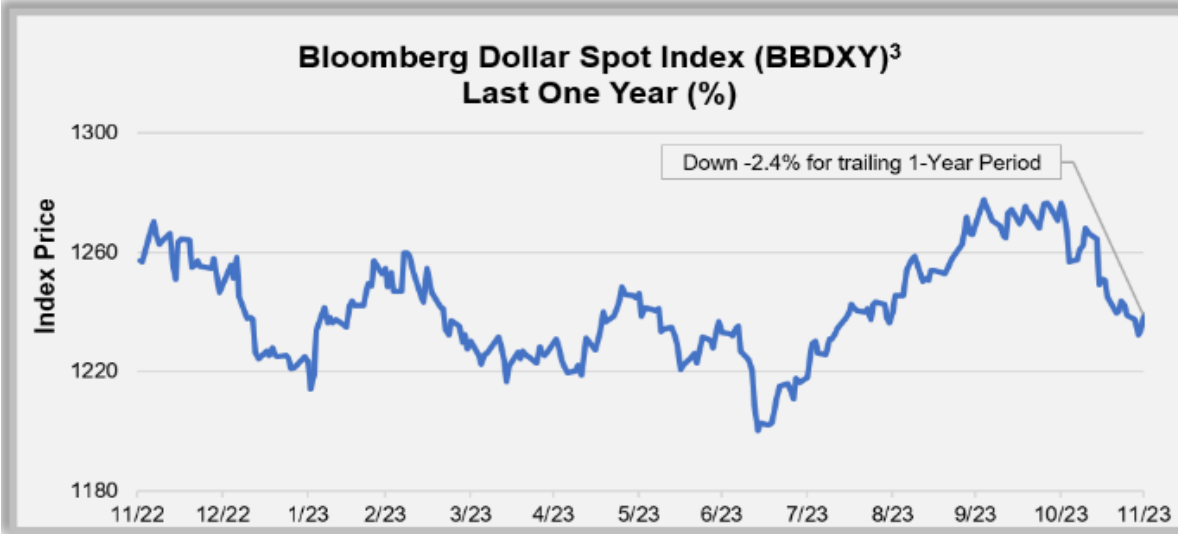
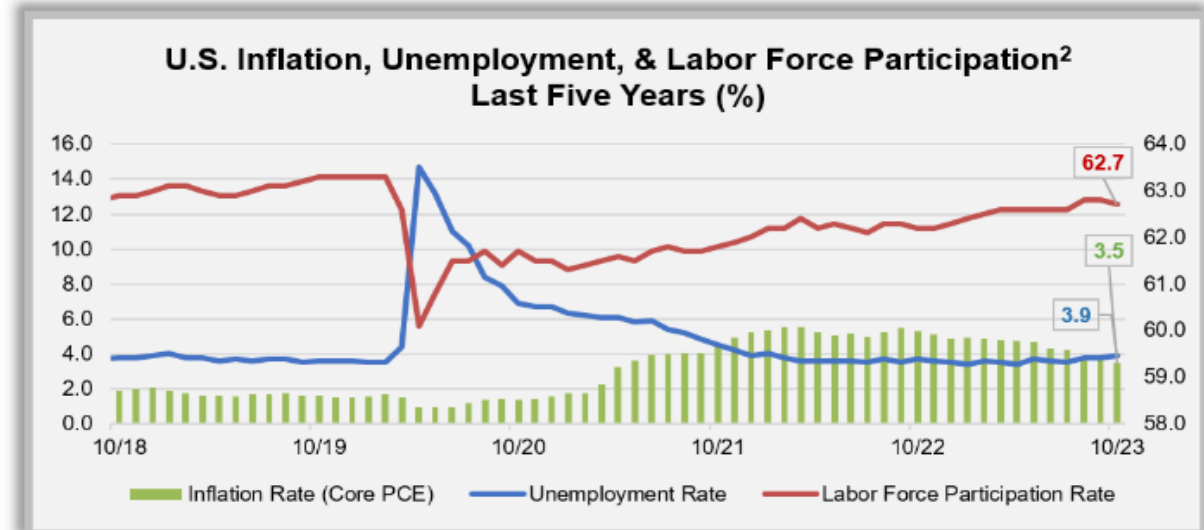
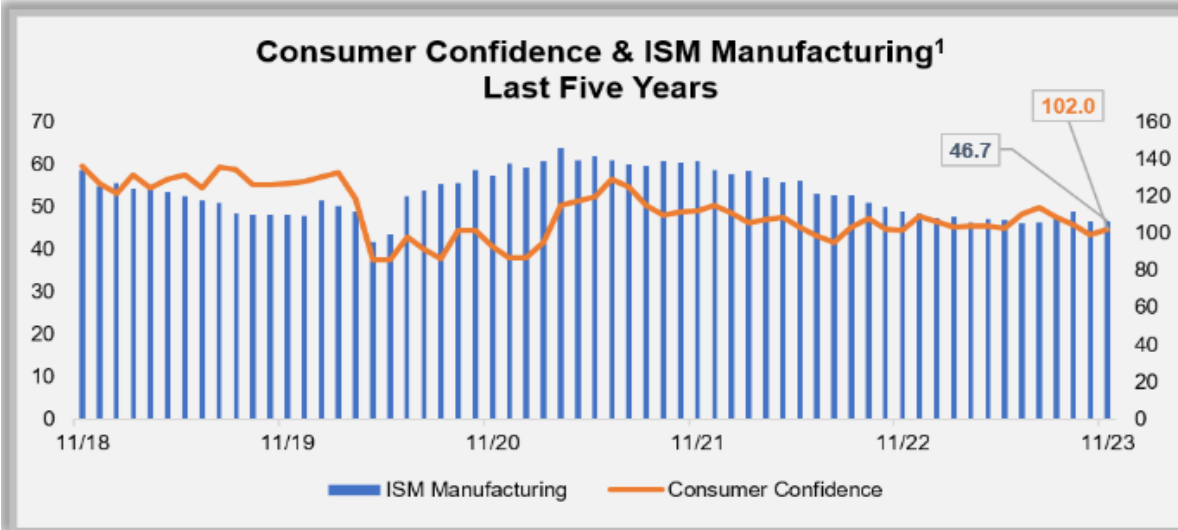
Central Bank Rates⁴ As of 11/30/2023



*The information on the "Key Macro Indicators" charts is the best available data as of 11/30/23 and may not reflect the current market and economic environment

Sources: 1. Bloomberg 2. St. Louis Federal Reserve 3. FactSet 4. FactSet

Key Macro Indicators*



Sources: 1. Bloomberg 3. Bloomberg
2. Bloomberg 4. Office of Management and Budget; St. Louis Federal Reserve

*The information on the "Key Macro Indicators" charts is the best available data as of 11/30/23 and may not reflect the current market and economic environment



02 Portfolio Performance & Risk Updates



Recent Themes

- At the last Federal Open Markets Committee (“FOMC”) meeting on November 1st, the U.S. Federal Reserve (“Fed”) unanimously elected to leave interest rates steady at a 22-year high of 5.25 to 5.5%. The next FOMC meeting is on December 12-13
- The U.S. 10-year Treasury yield ended November at 4.37%, 51 bps lower than at the end of last month and after being 3.88% at the end of 2022, 1.52% at the end of 2021 and 0.93% at the end of 2020
- On December 1st during a fireside chat in Atlanta, Fed Chair Jerome Powell said, “The FOMC is strongly committed to bringing inflation down to 2 percent over time, and to keeping policy restrictive until we are confident that inflation is on a path to that objective”
- Global equities (MSCI All Country World Investable Market Index) returned 9.2% in November

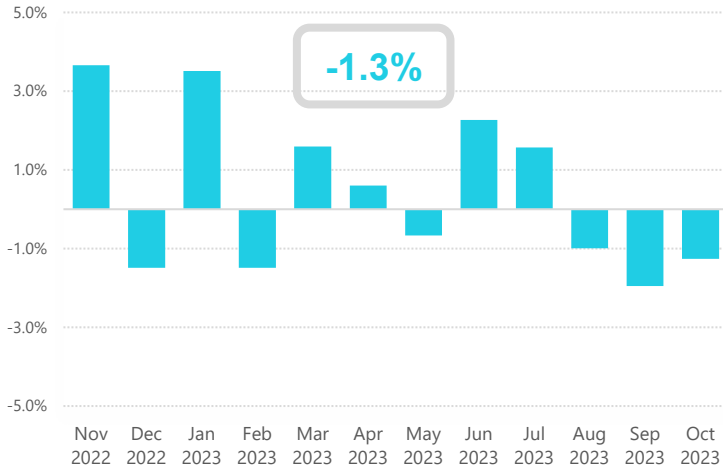
What to Watch

- Interest rates and central bank actions
- Economic data and trends
 - Inflation, supply chains, and labor developments
- Macro conditions and geopolitical risks
- Stewardship and ESG-related developments
 - Global investor coalition representing \$2.5 trillion in assets (and supported by LACERA per October 2023 Corporate Governance Committee) issued [report](#) encouraging phase-out of unequal investor voting rights at public companies

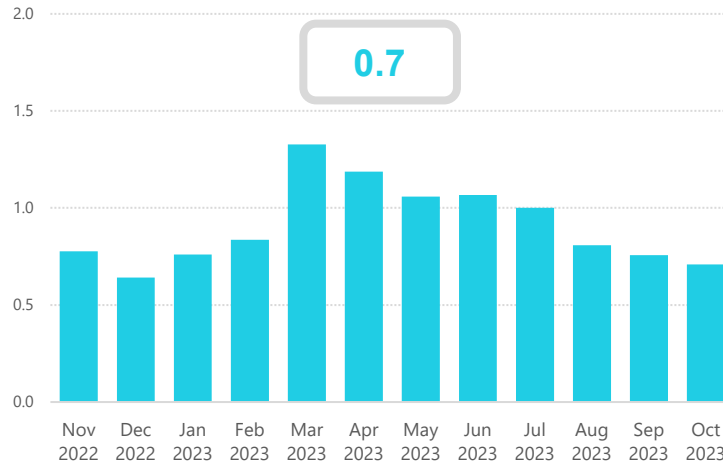
Total Fund Summary as of October 2023



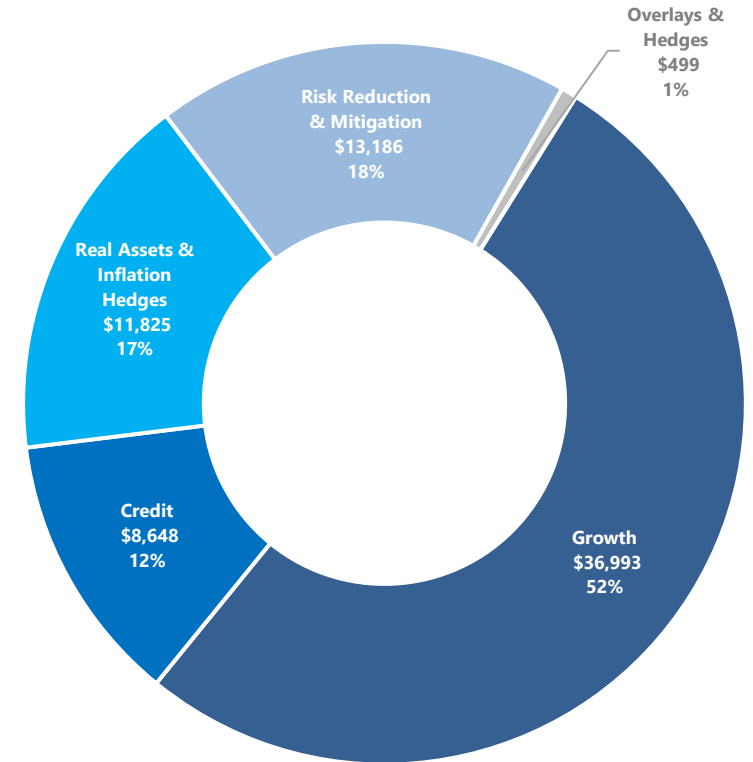
Monthly Return (net)



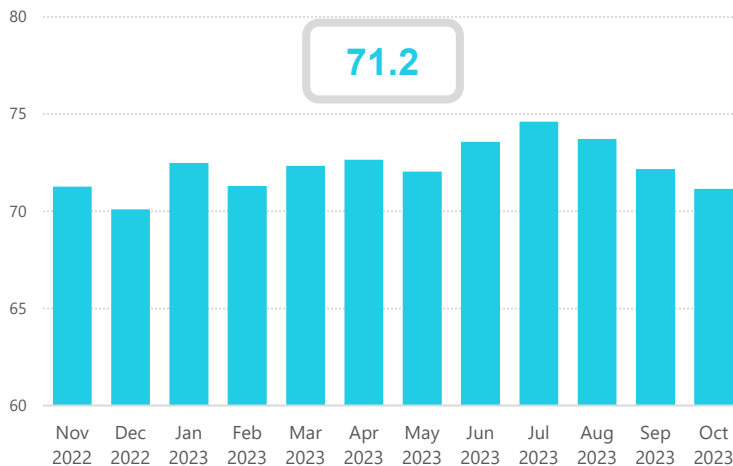
Sharpe Ratio (3-year annualized)



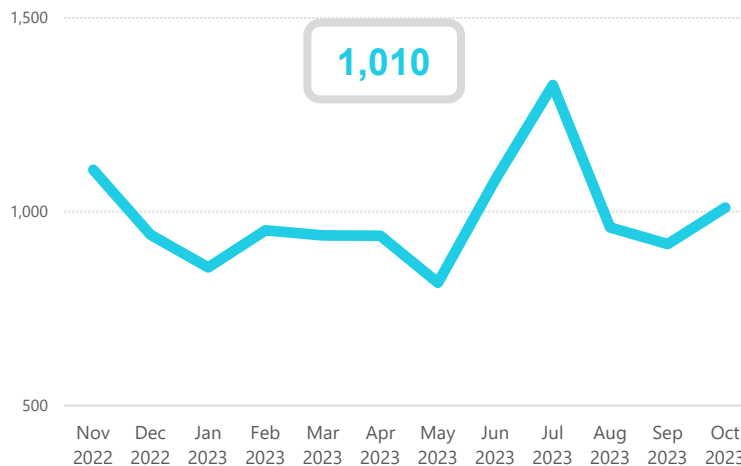
Asset Allocation (\$ millions)



Total Market Value (\$ billions)



Cash (\$ millions)

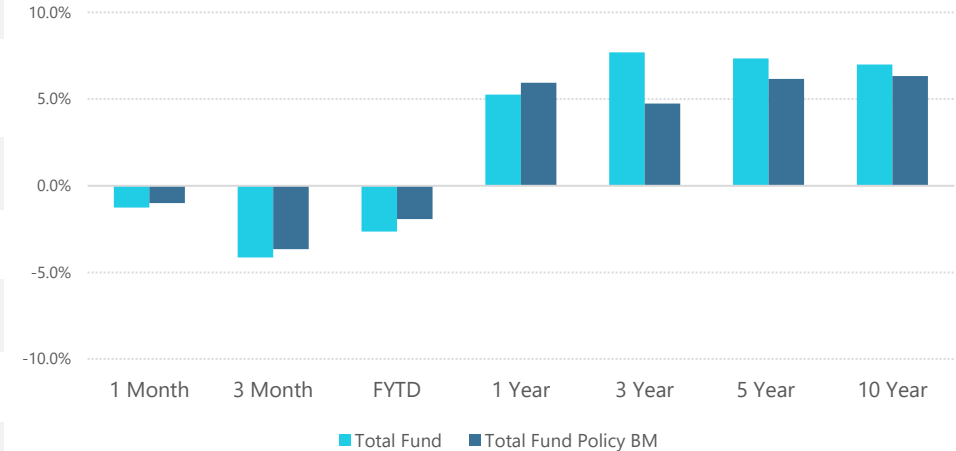


Historical Net Performance as of October 2023



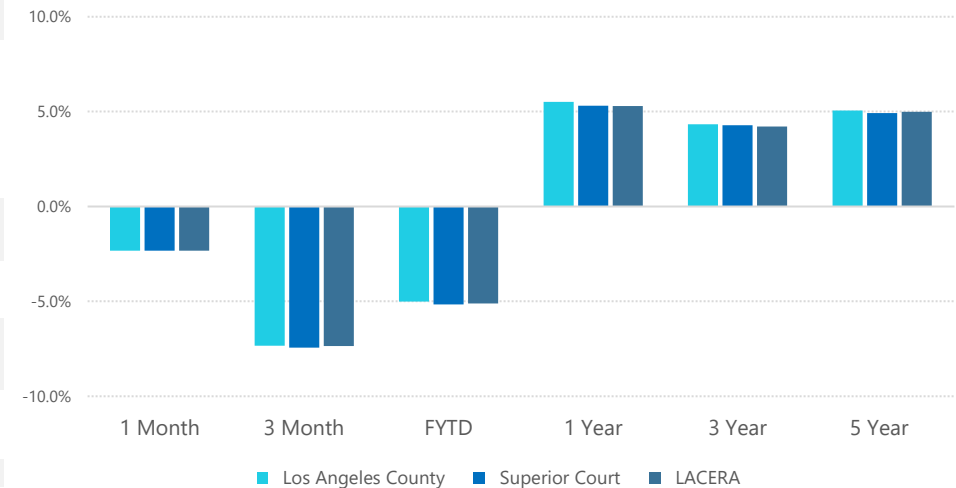
LACERA Pension Fund

	Market Value (\$ millions)	% of Total Fund	Final Target	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
Total Fund	71,152	100.0%	100.0%	-1.3%	-4.1%	-2.6%	5.3%	7.7%	7.3%	7.0%
Total Fund Policy BM				-1.0%	-3.7%	-1.9%	5.9%	4.8%	6.2%	6.3%
7% Annual Hurdle Rate				0.6%	1.7%	2.3%	7.0%	7.0%	7.0%	7.0%
Growth	36,993	52.0%	53.0%	-2.0%	-5.9%	-3.6%	7.6%	11.9%		
Growth Policy BM				-0.8%	-3.5%	-0.9%	10.2%	8.8%		
Credit	8,648	12.2%	11.0%	1.0%	2.7%	4.1%	12.6%	6.3%		
Credit Policy BM				-0.5%	0.6%	2.5%	11.5%	2.0%		
Real Assets & Inflation Hedges	11,825	16.6%	17.0%	-0.5%	-3.7%	-2.8%	-2.1%	8.3%		
Real Assets & Inflation Hedges Policy BM				-1.3%	-5.4%	-4.1%	-4.5%	7.2%		
Risk Reduction & Mitigation	13,186	18.5%	19.0%	-1.3%	-4.2%	-4.5%	0.7%	-3.6%		
Risk Reduction & Mitigation Policy BM				-1.6%	-4.9%	-5.3%	0.5%	-4.4%		
Overlays & Hedges	499	0.7%		0.6%	14.2%	13.6%	25.3%			



OPEB Master Trust¹

	Market Value (\$ millions)	% of Master Trust	Final Target	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
OPEB Master Trust	3,057			-2.3%	-7.3%	-5.0%	5.5%	4.3%	5.1%	5.9%
OPEB Master Trust Policy Benchmark				-1.9%	-5.9%	-3.8%	5.6%	4.5%	5.0%	5.1%
Los Angeles County	2,978	97.4%	—	-2.3%	-7.3%	-5.0%	5.5%	4.3%	5.1%	5.4%
Superior Court	63	2.1%	—	-2.3%	-7.4%	-5.2%	5.3%	4.3%	4.9%	4.9%
LACERA	15	0.5%	—	-2.3%	-7.4%	-5.1%	5.3%	4.2%	5.0%	5.4%
OPEB Growth	1,353	44.3%	45.0%	-3.3%	-9.9%	-6.5%	9.6%	6.7%	7.4%	
OPEB Growth Policy Benchmark				-2.5%	-8.0%	-4.8%	11.0%	6.8%	7.3%	
OPEB Credit	574	18.8%	18.0%	-0.1%	-0.9%	0.6%	10.2%	2.4%	2.9%	
OPEB Credit Policy Benchmark				-0.5%	0.0%	1.7%	10.3%	2.4%	3.0%	
OPEB Real Assets & Inflation Hedges	605	19.8%	20.0%	-2.3%	-8.2%	-5.7%	-3.3%	5.7%	3.2%	
OPEB RA & IH Policy Benchmark				-1.3%	-5.2%	-3.5%	-5.2%	6.5%	3.6%	
OPEB Risk Reduction & Mitigation	524	17.2%	17.0%	-2.2%	-6.8%	-7.1%	-2.3%	-5.2%	-0.3%	
OPEB RR & M Policy Benchmark				-2.3%	-6.9%	-7.5%	-2.1%	-5.8%	-0.8%	
OPEB HL PM Cash	0	0.0%								

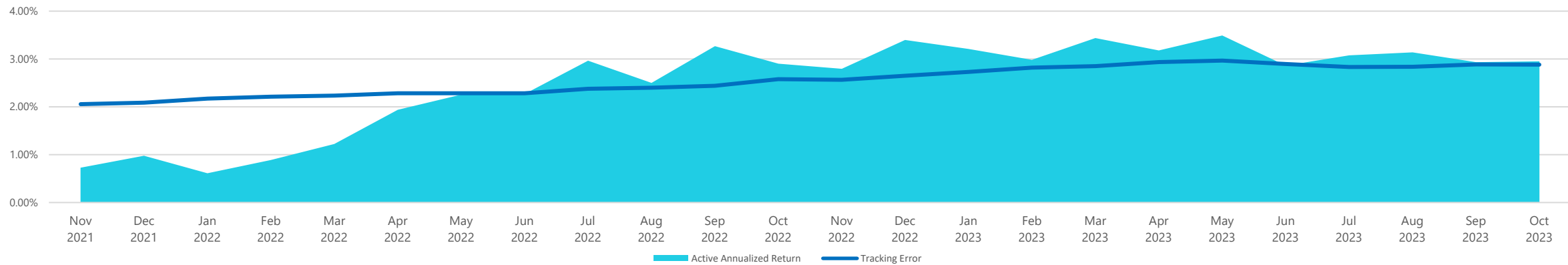


¹ OPEB Master Trust total market value includes participant level cash.

Active and Excess Return as of October 2023



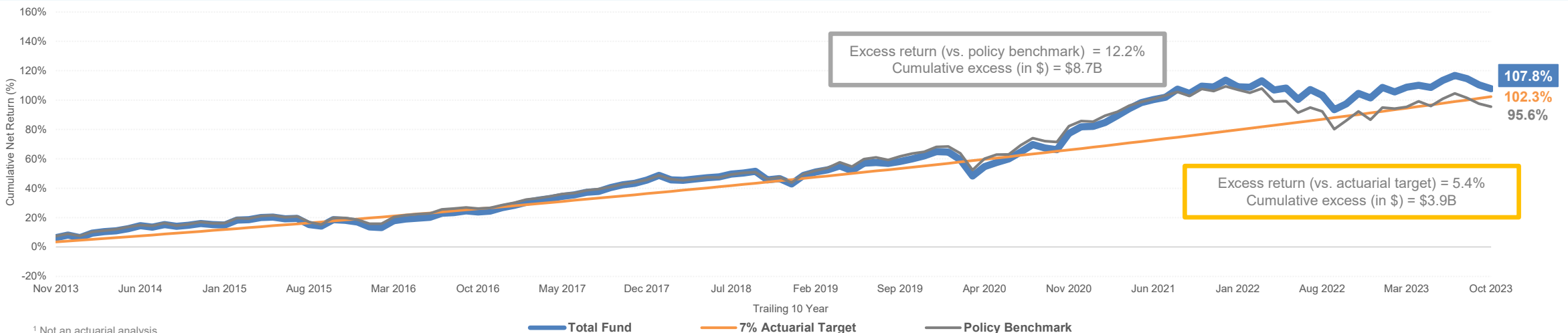
Active Return vs. Tracking Error^{1,2,3}



Period Ending	Annualized Return	Annualized Benchmark Return	Annualized Active Return	Tracking Error
Oct 2023	7.7%	4.8%	3.0%	2.9%

¹ Rolling 36 months.
² Active return equals the difference in return between a portfolio and its benchmark.
³ Tracking error (or active risk) measures the volatility of active returns.

Excess Return¹



¹ Not an actuarial analysis.

Total Fund Forecast Volatility as of October 2023*



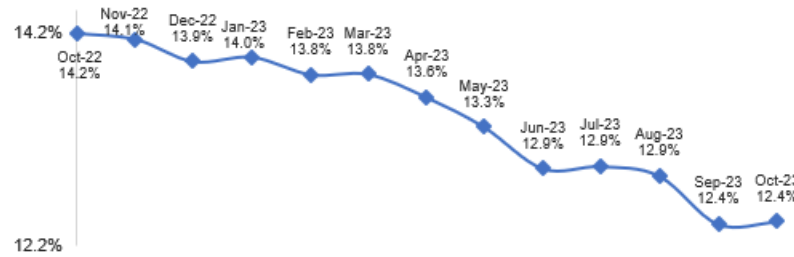
TOTAL FUND VOLATILITY

12.4%

BENCHMARK VOLATILITY

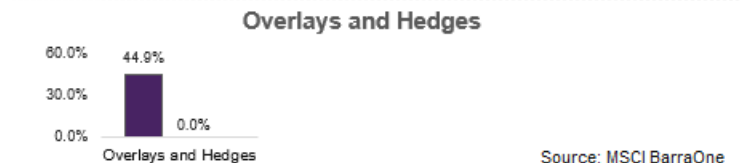
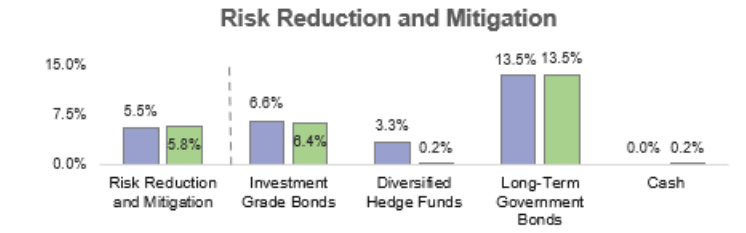
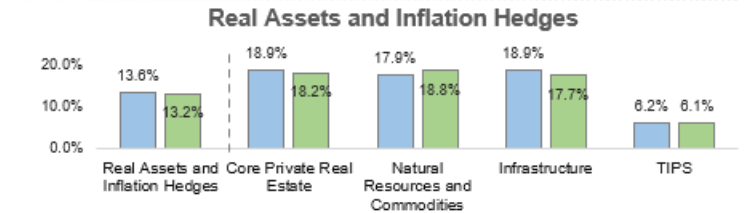
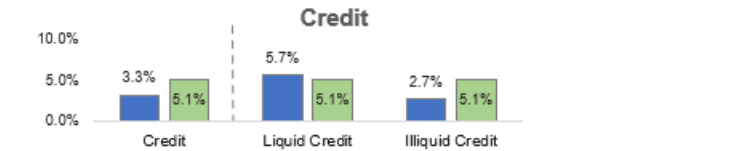
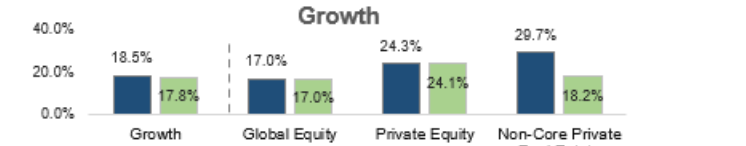
12.0%

Forecasted Total Fund Volatility Trend

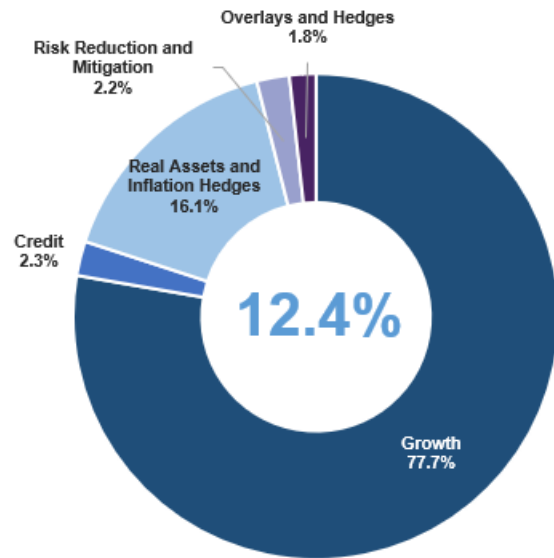


Subcategory Volatility

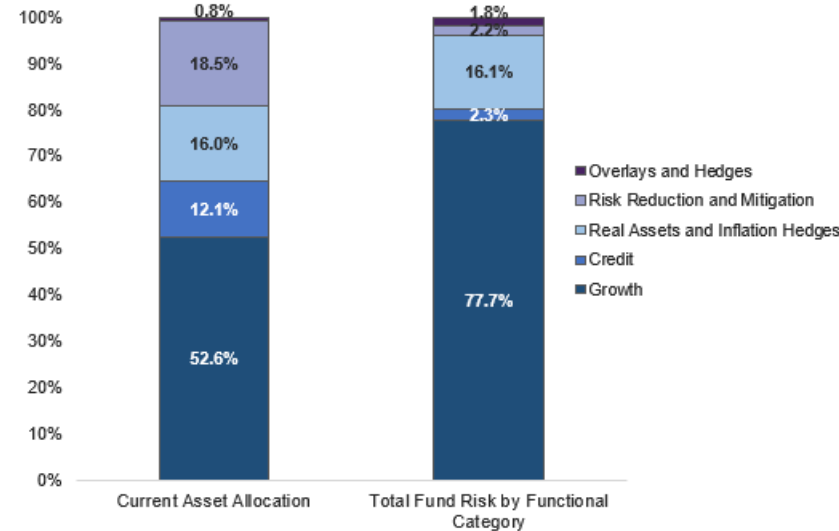
1 Subcategory volatility is on the left bar and benchmark risk is on the right bar.



Functional Category Contributions to Total Fund Volatility



Total Fund Asset Allocation Capital-based versus Risk-based



* Real estate and private equity data is based on best available cash flow adjusted market values. Exposure data is based on security level holdings and/or proxies.

Source: MSCI BarraOne

Total Fund Forecast Tracking Error as of October 2023*

TOTAL FUND TRACKING ERROR

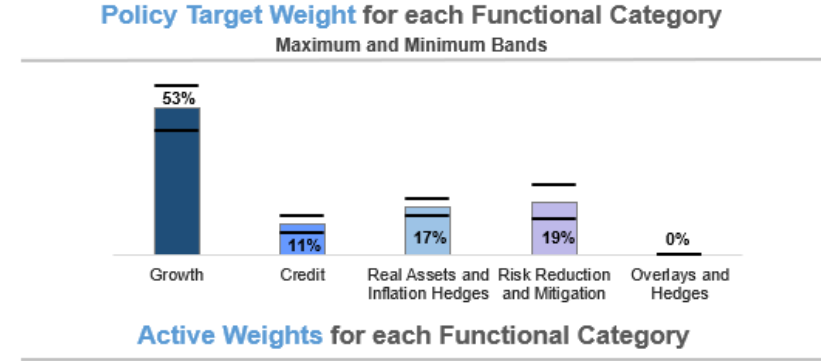
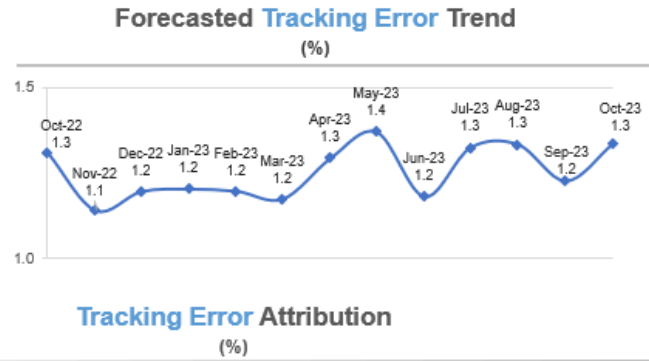
1.34%

ALLOCATION RISK

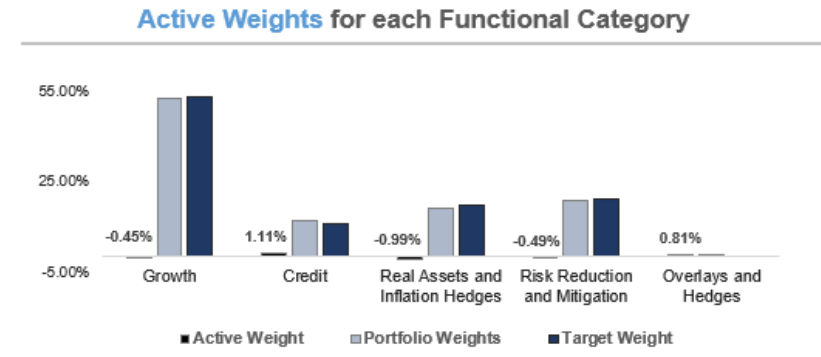
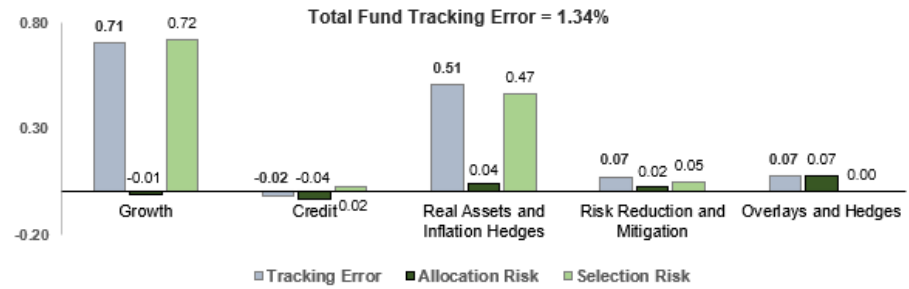
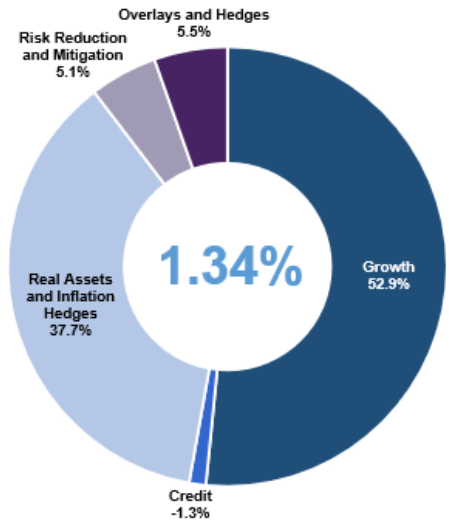
0.08%

SELECTION RISK

1.26%



Functional Category Contributions to Tracking Error



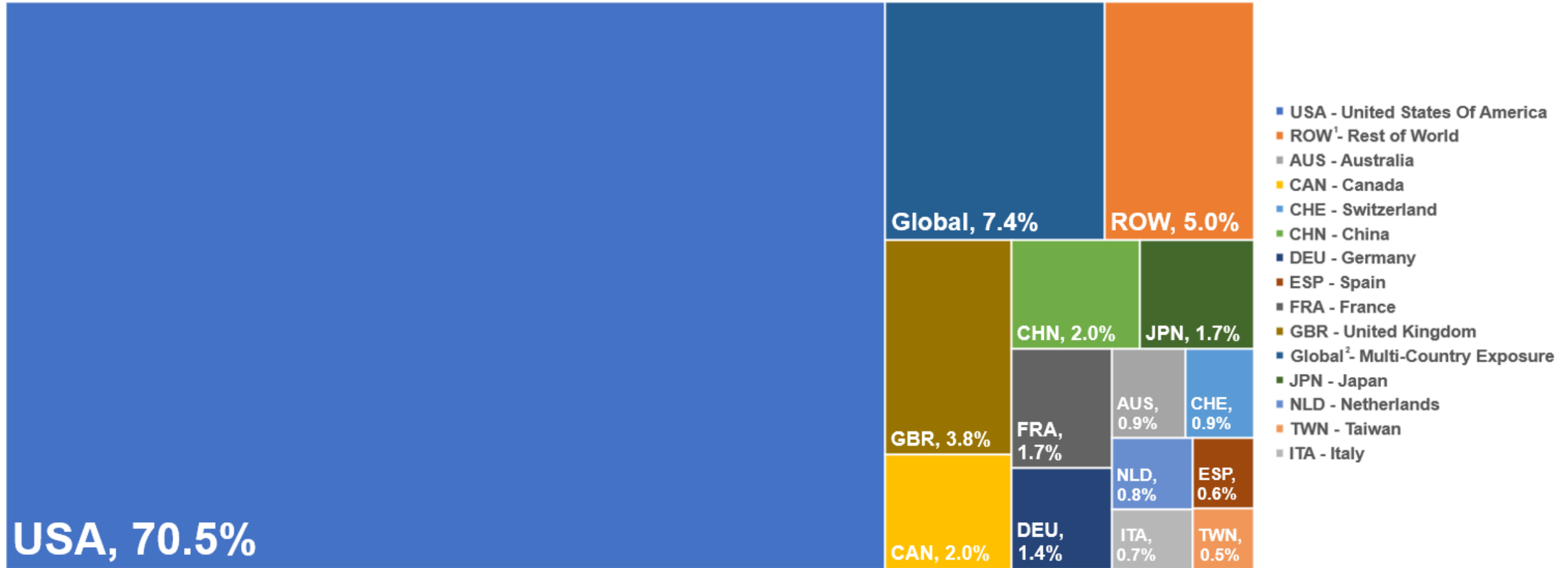
Subcategory Tracking Error (%)

Total Fund	Global				Credit			Real Assets and Inflation Hedges					Risk Reduction and Mitigation					Overlays and Hedges
1.34	1.57	0.39	3.11	13.43	2.67	0.90	4.26	3.61	4.16	4.54	8.86	0.10	1.23	0.27	3.28	0.03	0.25	44.94
Total Fund	Growth	Global Equity	Private Equity	Non-Core Private Real Estate	Credit	Liquid Credit	Illiquid Credit	Real Assets and Inflation Hedges	Core Private Real Estate	Natural Resources and Commodities	Infrastructure	TIPS	Risk Reduction and Mitigation	Investment Grade Bonds	Diversified Hedge Funds	Long-Term Government Bonds	Cash	Overlays and Hedges

Source: MSCI BarraOne
 * Real estate and private equity data is based on best available cash flow adjusted market values. Exposure data is based on security level holdings and/or proxies.

Geographic Exposures by AUM

Total Fund as of October 2023* Ex-Overlays and Hedges



AUM = Assets under management.

Geographic exposure is based on the domicile country of a given security/asset.

* Implementation of the MSCI Risk Platform is ongoing; reconciliation and refinement of the data is progressing and subject to change.

Real Estate and Private Equity data is based on best available cash flow adjusted market values. Exposure data is based on security level holdings and/or proxies.

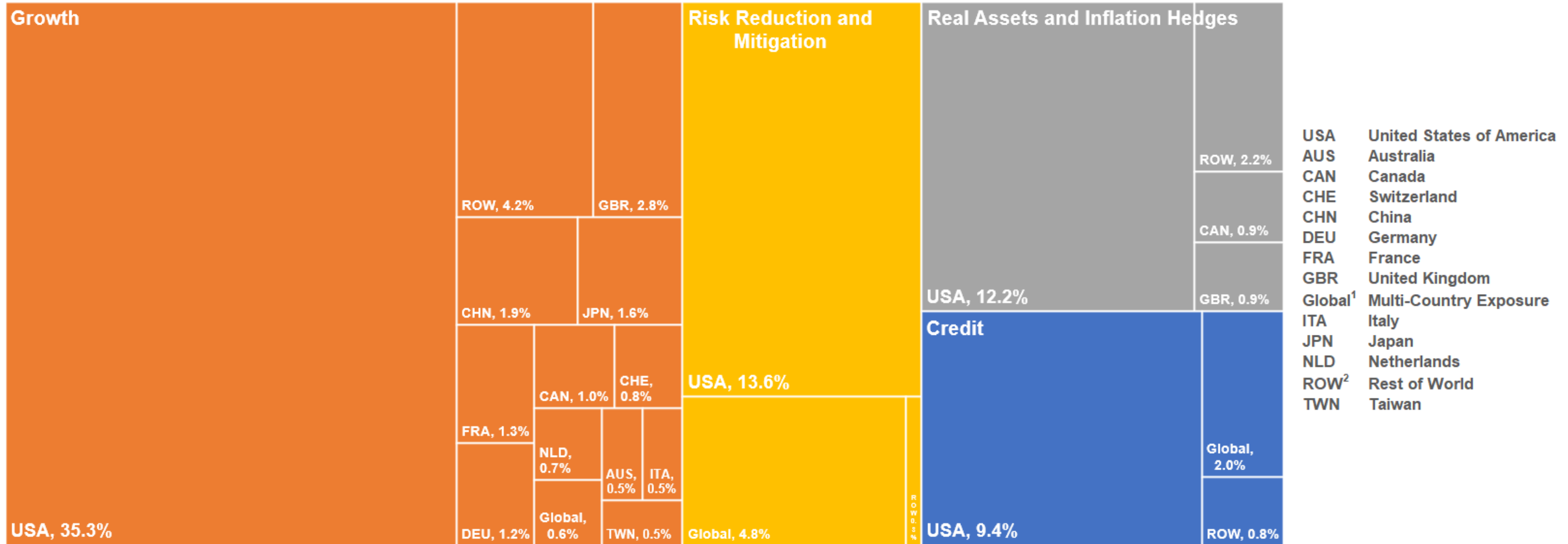
¹ "ROW - Rest of World" is sum of countries with weights below 0.5%.

² Global represents investments made in regions where specific country allocations are not available.

SOURCE: MSCI BarraOne

Geographic Exposures by AUM

Functional Categories as of October 2023* Ex-Overlays and Hedges



- USA United States of America
- AUS Australia
- CAN Canada
- CHE Switzerland
- CHN China
- DEU Germany
- FRA France
- GBR United Kingdom
- Global¹ Multi-Country Exposure
- ITA Italy
- JPN Japan
- NLD Netherlands
- ROW² Rest of World
- TWN Taiwan

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Geographic exposure is based on the domicile country of a given security/asset.

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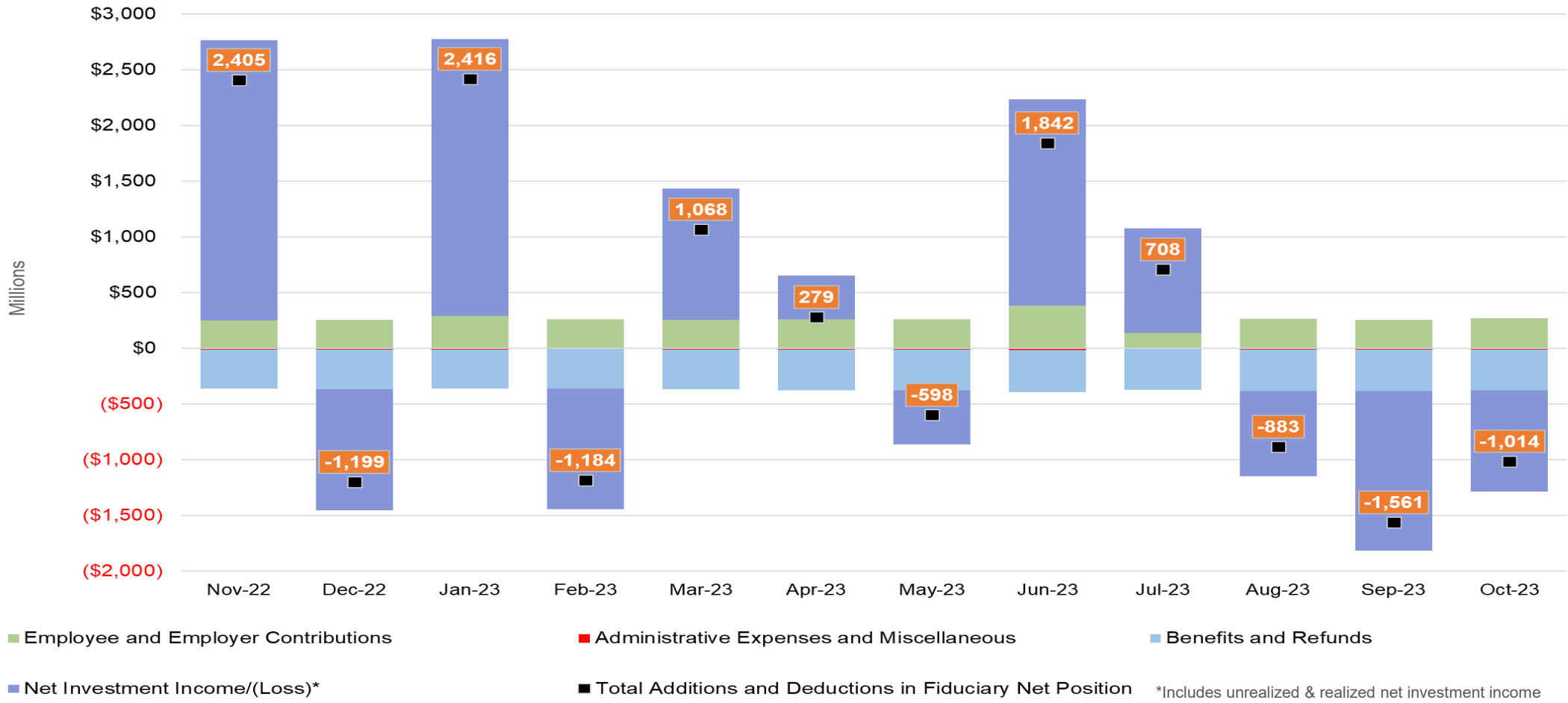
² "ROW - Rest of World" is sum of countries with weights below 0.5%.

SOURCE: MSCI BarraOne

Change In Fiduciary Net Position



Additions and Deductions in Fiduciary Net Position (Unaudited)



Fiscal Year	Negative Months	Positive Months	Total Net Position Change \$
FY-22	7	5	(\$2.5 billion)
FY-23	5	7	\$3.3 billion
FY-24	3	1	(\$2.8 billion)



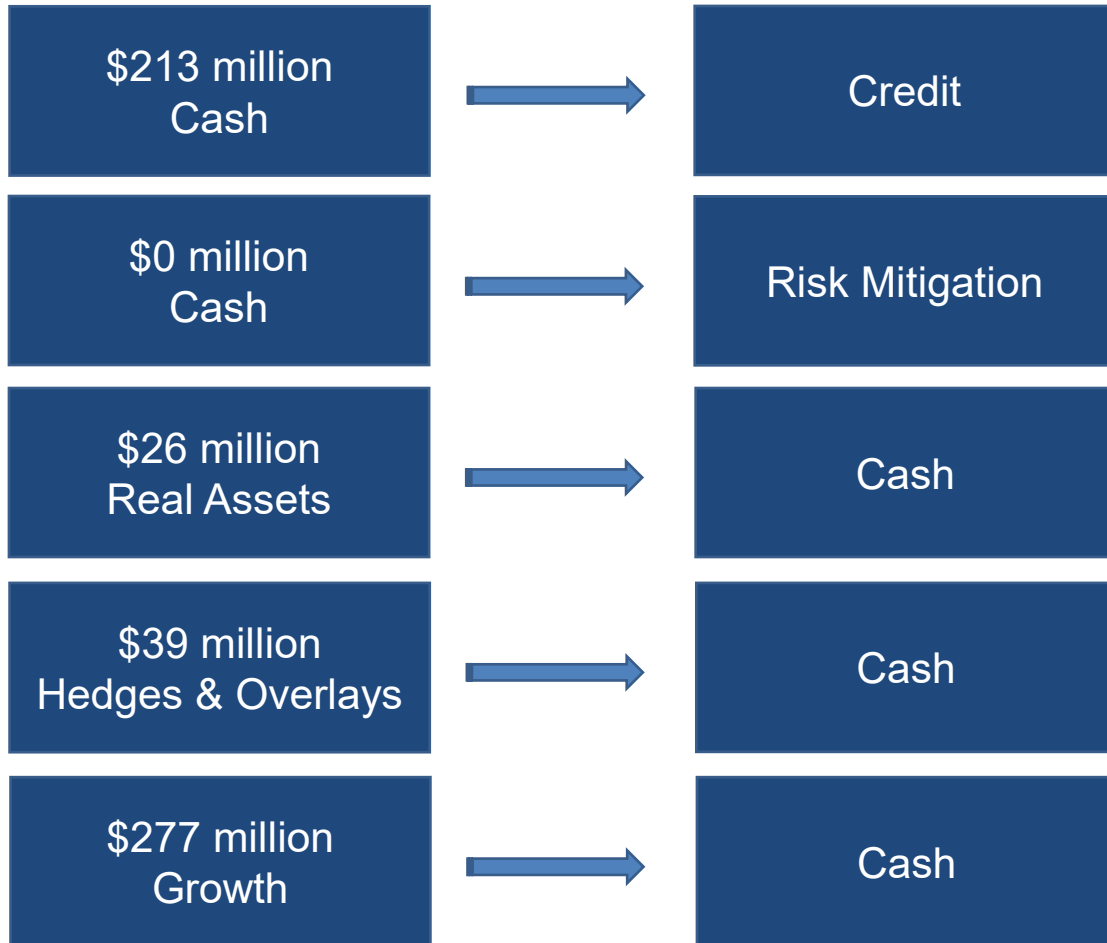
03 Portfolio Structural Updates

Portfolio Structural Updates



Portfolio Movements

Rebalancing Activity



Hedges & Overlays

Monthly Activity

Program	October Return	October Gain/(Loss)	Inception ¹ Gain/(Loss)
Currency Hedge ²	0.6%	\$38.8 Million	\$1.4 Billion
Cash/Rebalance Overlay ³	-1.2%	(\$33.7 Million)	\$251.8 Million

¹ Currency and overlay program inception dates are 8/2010 & 7/2019, respectively.

² LACERA's currency hedge program's 1-month return is calculated monthly whereas the monthly gain/loss amount for the same period is the net realized dollar amount at contract settlement over three monthly tranches.

³ LACERA's overlay program's 1-month return includes interest earned on the cash that supports the futures contracts.

Current Search Activity

Status of Active Searches – Subject to Change

Name	RFP Issued	Due Diligence	Selection/Review
Real Assets Emerging Manager Program Search	✓	✓	TBD
Private Market Analytics Platform Search	✓	✓	TBD



04 Key Initiatives & Operational Updates

Notable Initiatives and Operational Updates



Key Initiative Updates

- The 2024 Strategic Asset Allocation study is underway
- The 2024 Work Plan and Strategic Initiatives are in development
- Board education library under development

Operational Updates

- Annual contract compliance, fee report, and LACERA T.I.D.E. initiatives are in progress with two of the reports being presented at the December BOI.

Manager/Consultant Updates

Aermont – Real Estate - entered a strategic partnership with Keppel Corporation Limited, a Singapore-based asset manager, commencing with a 50/50 joint venture in H1 2024 and concluding with Keppel acquiring the remaining 50% stake in H1 2028. The deal is pending approval from Aermont's LPs, Luxembourg CSSF, UK FCA, and EU regulatory authorities.

Team Searches and Vacancies

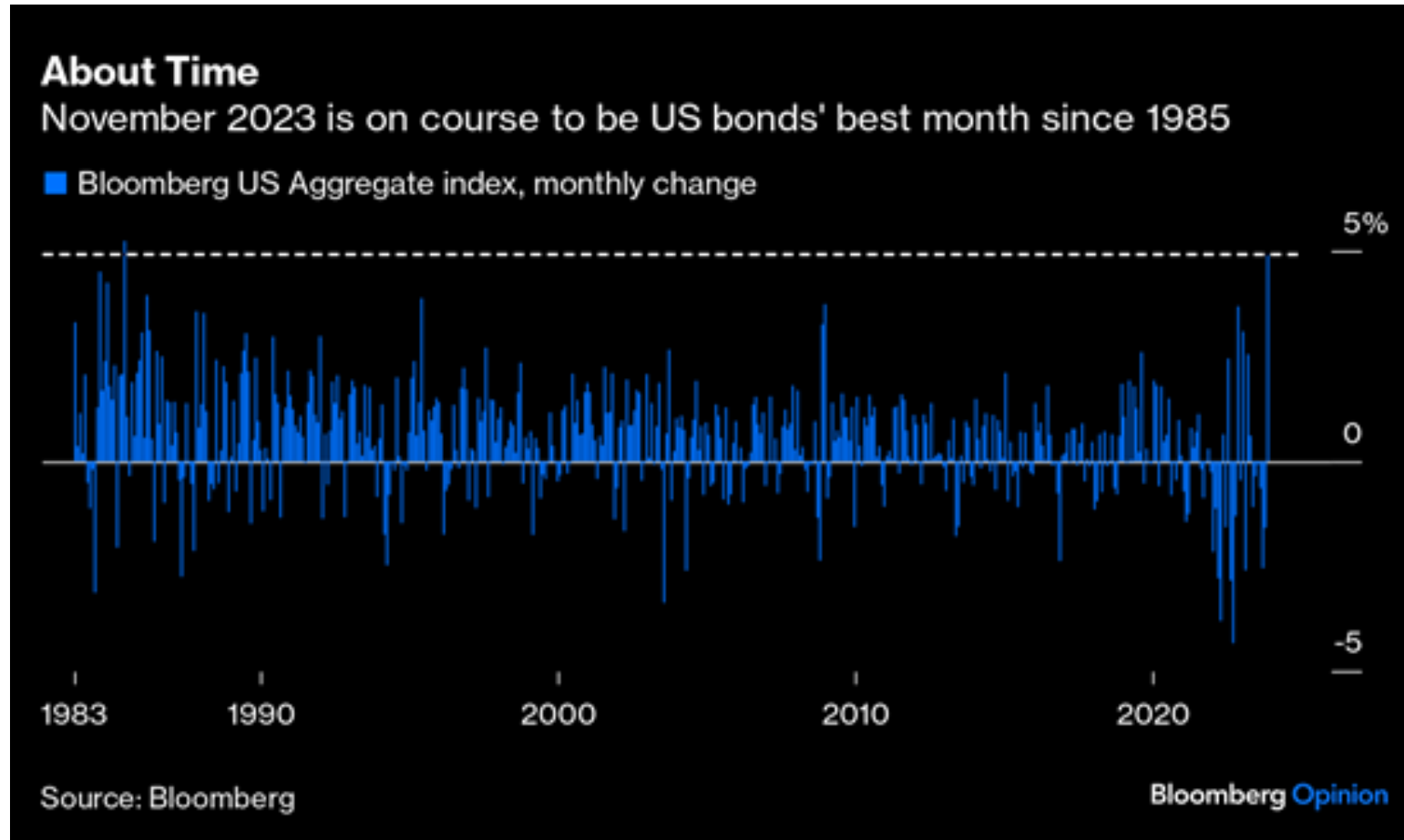
- Principal Investment Officer
- 4 – Senior Investment Officer
 - 2 in progress
- 2 – Financial Analyst-III
 - 2 in progress
- Financial Analyst-II
 - 1 in progress



05 **Commentary**

Staff Chart of the Month

U.S. Bonds Best Monthly Performance Since 1985





06 Appendix

Quiet Period for Search Respondents



Real Assets Emerging Manager Program Discretionary Separate Account Manager Search

- ✓ BlackRock Investments, LLC
- ✓ ACRES Capital
- ✓ Aether Investment Partners
- ✓ Cloverlay
- ✓ ORG Portfolio Management
- ✓ Barings
- ✓ Belay Investment Group
- ✓ Encore Enterprises, Inc.
- ✓ Stable
- ✓ Cambridge Associates
- ✓ GCM Grosvenor
- ✓ The Townsend Group
- ✓ Cypress Creek Partners
- ✓ Hamilton Lane Advisors
- ✓ Neuberger Berman Group
- ✓ Wafra Inc.
- ✓ Artemis Real Estate Partners
- ✓ Hawkeye Partners, LP
- ✓ Astarte Capital Partners
- ✓ Bentall Green Oak
- ✓ Clear Sky Advisers
- ✓ Clear Investment Group
- ✓ Poverni Sheikh Group
- ✓ Trilogy
- ✓ Stepstone
- ✓ Oak Street
- ✓ White Deer

Private Market Analytics Platform Search

- ✓ BlackRock
- ✓ Burgiss
- ✓ CEPRES
- ✓ Clearwater
- ✓ Dynamo
- ✓ Hamilton Lane
- ✓ Nasdaq