

Global Equity – Investment Guidelines

	Target
Performance	Meet or exceed the MSCI ACWI IMI Index
Tracking Error	1% – 2.5% 7-year

	Target Allocation	Target Allocation Range
Passive (Index)	60%	40 – 80%
Factor-Based	15%	0 – 30%
Active	25%	10 – 40%

Market	Parameter	Target Allocation Range Relative to Benchmark
Capitalization	Large	+/- 5%
	Mid	+/- 5%
	Small	+/- 5%
Region	United States	+/- 5%
	Developed ex US	+/- 5%
	Emerging	+/- 5%

*LACERA allows staff and the external managers some latitude outside of the ranges. In the short term, LACERA does not wish to have staff or its external managers constrained by the designated ranges; i.e., fulfilling target allocations will not drive the investment recommendation process. LACERA will invest consistently over time to gain the proper exposures.



Global Equity – Investment Guidelines (Continued)

	Description
Cash Overlay	If market capitalization or regions deviate +/-1% relative to benchmark, the Cash Overlay program may be used to rebalance market exposures back to target. Rebalancing will not be used for tactical allocation or market timing.
	Description
Currency Hedge Program	50% passive currency hedge (to U.S. Dollar) on the Non-U.S. developed markets foreign currency exposure in accordance with weights of the MSCI World-ex US IMI Index

Prohibited Investment Type	Description
Tobacco	Investment managers should refrain from purchasing tobacco securities when the same investment goals concerning risk, return, and diversification can be achieved through the purchase of another security.
Sudan	Investment managers should refrain from purchasing securities where the company has been identified as doing business in Sudan or with the government of Sudan, when the same investment goals concerning risk, return, and diversification can be achieved through the purchase of another security.
Iran	Investment managers should refrain from purchasing securities where the company has been identified as doing business in Iran's energy sector or with the government of Iran, when the same investment goals concerning risk, return, and diversification can be achieved through the purchase of another security.

*LACERA allows staff and the external managers some latitude outside of the ranges. In the short term, LACERA does not wish to have staff or its external managers constrained by the designated ranges; i.e., fulfilling target allocations will not drive the investment recommendation process. LACERA will invest consistently over time to gain the proper exposures.

