

# IN PERSON & VIRTUAL BOARD MEETING

\*The Committee meeting will be held prior to the Board of Investments meeting.



TO VIEW VIA WEB



TO PROVIDE PUBLIC COMMENT

Members of the public may address the Committee orally and in writing. To provide Public Comment, you should visit the above link and complete the request form by selecting whether you will provide oral or written comment from the options located under Options next to the Committee meeting.

**Attention:** If you have any questions, you may email [PublicComment@lacera.com](mailto:PublicComment@lacera.com). If you would like to make a public comment during the committee meeting, review the [Public Comment instructions](#).

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION  
300 N. LAKE AVENUE, SUITE 650, PASADENA, CA

## AGENDA

A REGULAR MEETING OF THE REAL ASSETS COMMITTEE

AND THE BOARD OF INVESTMENTS\*

LOS ANGELES COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101

8:00 A.M., WEDNESDAY, APRIL 9, 2025

*This meeting will be conducted by the Real Assets Committee both in person and by teleconference under California Government Code Sections 54953 (f).*

*Any person may view the meeting in person at LACERA's offices or online at <https://LACERA.com/leadership/board-meetings>*

*The Committee may take action on any item on the agenda, and agenda items may be taken out of order*

*Teleconference Location for Trustees and the Public under California Government Code Section 54953(b)  
Bloomberg 371 Lexington Ave New York, NY 10022*

### COMMITTEE TRUSTEES:

Patrick Jones, Chair  
Aleen Langton, Vice Chair  
David Ryu  
Debbie Martin  
Mike Gatto, Alternate

- I. CALL TO ORDER
- II. PROCEDURE FOR TELECONFERENCE MEETING ATTENDANCE UNDER AB 2449, California Government Code Section 54953(f)
  - A. Just Cause
  - B. Action on Emergency Circumstance Requests
  - C. Statement of Persons Present at AB 2449 Teleconference Locations

### III. APPROVAL OF MINUTES

- A. Approval of the Minutes of the Real Assets Committee Meeting of December 11, 2024

### IV. PUBLIC COMMENT

(Members of the public may address the Committee orally and in writing. To provide Public Comment, you should visit <https://LACERA.com/leadership/board-meetings> and complete the request [form](#).

If you select oral comment, we will contact you via email with information and instruction as to how to access the meeting as a speaker. You will have up to 3 minutes to address the Committee. Oral comment request will be accepted up to the close of the Public Comment item on the agenda.

If you select written comment, please input your written public comment or documentation on the above link as soon as possible and up to the close of the meeting. Written comment will be made part of the official record of the meeting. If you would like to remain anonymous at the meeting without stating your name, please leave the name field blank in the request form. If you have any questions, you may email [PublicComment@lacera.com](mailto:PublicComment@lacera.com).)

### V. REPORT

#### A. **Real Assets Education**

Jude Perez, Deputy Chief Investment Officer  
Cheryl Lu, Senior Investment Officer  
Terra Elijah, Senior Investment Analyst  
Samuel Blouin, Albourne Partners  
(Presentation) (Memo dated April 1, 2025)

### VI. ITEMS FOR STAFF REVIEW

(This item summarizes requests and suggestions by individual trustees during the meeting for consideration by staff. These requests and suggestions do not constitute approval or formal action by the Board, which can only be made separately by motion on an agenda item at a future meeting.)

### VII. ITEMS FOR FUTURE AGENDAS

(This item provides an opportunity for trustees to identify items to be included on a future agenda as permitted under the Board's Regulations.)

### VIII. GOOD OF THE ORDER

(For information purposes only)

## IX. ADJOURNMENT

***\*The Board of Investments has adopted a policy permitting any member of the Board to attend a standing committee meeting open to the public. In the event five or more members of the Board of Investments (including members appointed to the Committee) are in attendance, the meeting shall constitute a joint meeting of the Committee and the Board of Investments. Members of the Board of Investments who are not members of the Committee may attend and participate in a meeting of a Committee but may not vote, make a motion, or second on any matter discussed at the meeting. The only action the Committee may take at the meeting is approval of a recommendation to take further action at a subsequent meeting of the Board.***

***Documents subject to public disclosure that relate to an agenda item for an open session of the Board of Investments that are distributed to members of the Board of Investments less than 72 hours prior to the meeting will be available for public inspection at the time they are distributed to a majority of the Board of Investments Members at LACERA's offices at 300 N. Lake Avenue, Suite 820, Pasadena, CA 91101, during normal business hours of 9:00 a.m. to 5:00 p.m. Monday through Friday.***

***Requests for reasonable modification or accommodation of the telephone public access and Public Comments procedures stated in this agenda from individuals with disabilities, consistent with the Americans with Disabilities Act of 1990, may call the Board Offices at (626) 564-6000, Ext. 4401/4402 from 8:30 a.m. to 5:00 p.m. Monday through Friday or email [PublicComment@lacera.com](mailto:PublicComment@lacera.com), but no later than 48 hours prior to the time the meeting is to commence.***

MINUTES OF A REGULAR MEETING OF THE REAL ASSETS COMMITTEE  
AND THE BOARD OF INVESTMENTS\*

LOS ANGELES COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101

8:00 A.M., WEDNESDAY, DECEMBER 11, 2024

*This meeting was conducted by the Real Assets Committee and Board of Investments both in person and by teleconference under California Government Code Sections 54953 (f).*

PRESENT:

Patrick L. Jones, Chair

Nicole Mi, Vice Chair

Trevor G. Fay

Debbie Martin

Elizabeth Ginsberg

STAFF ADVISORS AND PARTICIPANTS

Jon Grabel, Chief Investment Officer

Jude Perez, Deputy Chief Investment Officer

Terri Herubin, Senior Investment Officer

IDR Investment Management

Garrett Zdolshek, Chief Investment Officer

I. CALL TO ORDER

This meeting was called to order by Chair Jones at 8:00 a.m. in the Board Room at Gateway Plaza.

II. PROCEDURE FOR TELECONFERENCE MEETING ATTENDANCE UNDER AB 2449, California Government Code Section 54953(f)

- A. Just Cause
- B. Action on Emergency Circumstance Requests
- C. Statement of Persons Present at AB 2449 Teleconference Locations

There was nothing to report. No trustees participated under Section 54953(f).

III. APPROVAL OF MINUTES

- A. Approval of the Minutes of the Real Assets Committee Meeting of June 12, 2024.

A motion was made by Trustee Fay, seconded by Trustee Mi, to approve the minutes of the regular meeting of June 12, 2024. The motion passed unanimously by the following roll call vote:

Yes: Fay, Jones, Martin, Mi

IV. PUBLIC COMMENT

There were no requests from the public to speak.

V. REPORT

- A. **Education - Real Estate Benchmark: Composition of the NFI-ODCE Index**

Terri Herubin, Senior Investment Officer  
Garrett Zdolshek, Chief Investment Officer, IDR Investment Management. (Memo dated November 25, 2024)

Mr. Zdolshek of IDR Investment Management provided a presentation and answered questions from the Committee. This item was received and filed.

VI. ITEMS FOR STAFF REVIEW

There was nothing to report.

December 11, 2024

Page 3

VII. ITEMS FOR FUTURE AGENDAS

There was nothing to report.

VIII. GOOD OF THE ORDER  
(For information purposes only)

There was nothing to report.

IX. ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 8:54 a.m.



March 28, 2025

TO: Trustees – Real Assets Committee

FROM: Jude Perez   
Deputy Chief Investment Officer

Cheryl Lu   
Senior Investment Officer

Terra Elijah   
Senior Investment Analyst

FOR: April 9, 2025 Real Assets Committee Meeting

SUBJECT: **Real Assets Education**

At the April 9, 2025 Board of Investments Real Assets Committee Meeting, LACERA's real assets advisor Albourne Partners ("Albourne") will make an educational presentation titled "Introduction to Real Assets". Albourne will cover several topics including real assets universe, asset class characteristics and benefits, performance drivers, portfolio objectives and considerations.

The presentation (**Attachment**) will be led by Albourne senior portfolio analyst Samuel Blouin.

Noted and Reviewed:

  
Jonathan Grabel  
Chief Investment Officer

CW:mm



April 2025

# Introduction to Real Assets



# What is a Real Asset?



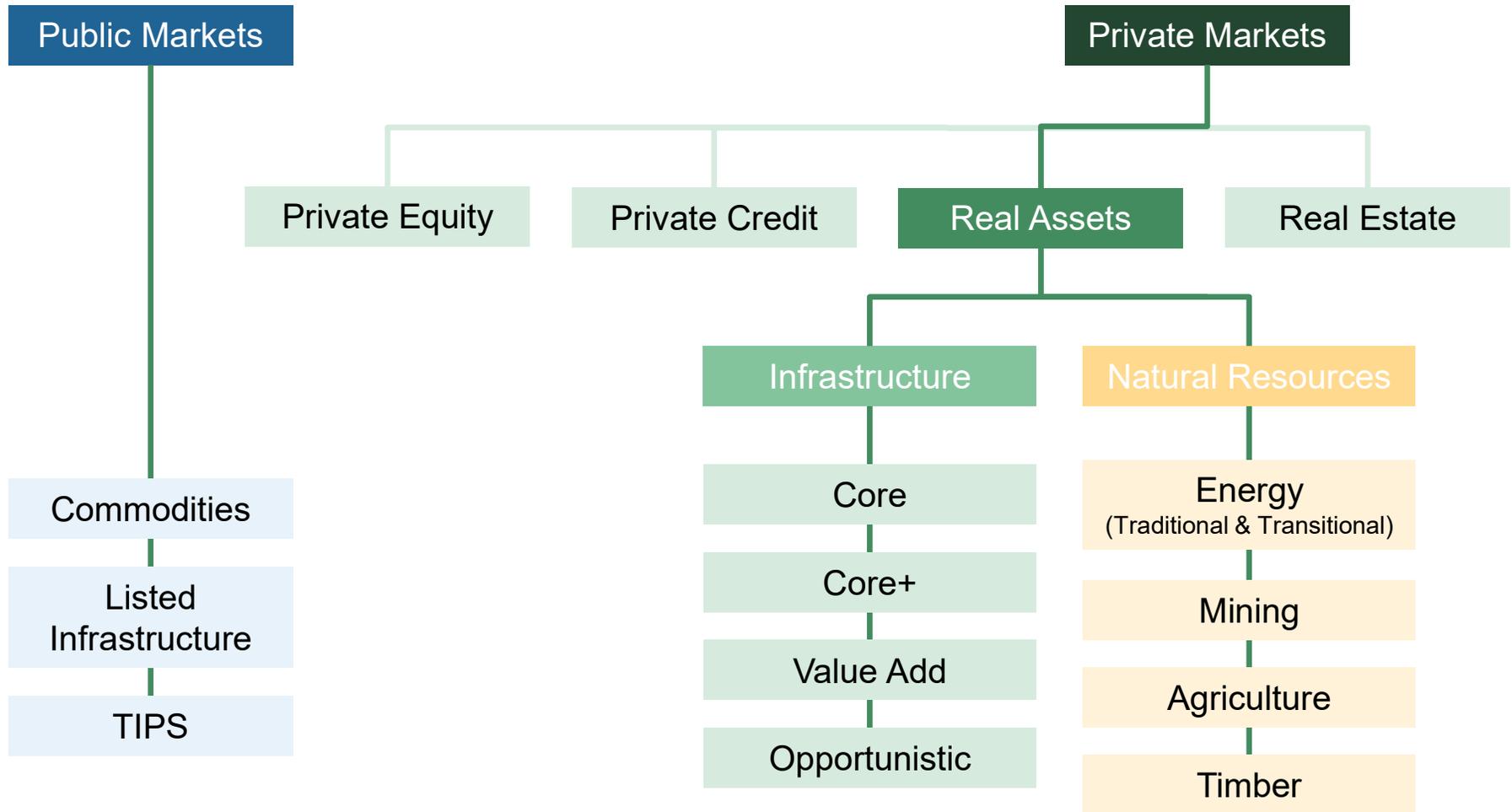
*A Real Asset is an asset that is intrinsically valued based on its utility. It is tangible, homogeneously produced, and consumed. Valuation drivers include characteristics closely aligned to inflation and economic variables tied to supply and demand.*

The combination of these factors typically create a duration characteristic, similar to that of bonds, combined with an ability to participate in inflation and nominal characteristics skewed to the right of inflationary measures with capital appreciation characteristics over the longer term.

Real Assets are uniquely characterized for the development of objective oriented portfolios. Structural elements allow for investors to consider allocations at the policy, strategic, and tactical level.



# Real Assets Universe



# Illiquid Real Assets



## Agriculture

- Row Crops
- Specialty Crops
- Permanent Crops
- Dairy
- Livestock and Poultry

## Energy

- Upstream
  - Exploration and Production
- Midstream
  - Storage and Processing
- Downstream
  - Power Generation and Distribution
- Energy Transition

## Mining

- Mining
  - Pre- and post-feasibility
  - Off-take agreements and financing

## Infrastructure

- Transportation
- Power
- Midstream
- Social
- Utilities
- Digital

## Timber

- Developed Market
  - Pine Plantations
  - Natural Hardwoods
- Emerging Market
  - Hardwood and softwood plantations

# Liquid Real Assets



## Commodities

- Passive
  - Commodity Indices
- Active
  - Enhanced Indices
  - Long Biased
  - Directional
  - Relative Value



## Resource-Related Securities

- Equities
- Debt
- MLPs
- ETFs



## TIPs

- Treasury Inflation-Protected Securities

# Characteristics & Benefits to Portfolio



	Liquid Real Assets	Illiquid Real Assets
<b>Definition &amp; Characteristics</b>	Financial instruments that provide immediate exposure to physical assets	Investments in or backed by physical assets, other than commercial or residential real estate <ul style="list-style-type: none"> <li>▪ Durable, immobile, tangible</li> <li>▪ Finite in supply</li> <li>▪ Useful to people</li> <li>▪ Unique in location and composition</li> </ul>
<b>Typical benefits to portfolio</b>	<ul style="list-style-type: none"> <li>▪ Diversification</li> <li>▪ Inflation Protection</li> <li>▪ Return Enhancement</li> <li>▪ Tactical</li> </ul>	<ul style="list-style-type: none"> <li>▪ Diversification</li> <li>▪ Inflation Protection</li> <li>▪ Yield Generation</li> <li>▪ Return Enhancement</li> </ul>
<b>Risk &amp; return characteristics</b>	<ul style="list-style-type: none"> <li>▪ Commodities have historically generated equity-like returns</li> <li>▪ High volatility</li> </ul>	<ul style="list-style-type: none"> <li>▪ Viewed by many as a fixed income substitute due to current income and reduced volatility, but with the expectation that asset values will participate with inflation</li> </ul>

# Why Real Assets\*?



## Benefits

### Stable Cash Flows

Real Assets provide exposure to tangible investments which generate consistent income regardless of the economic cycle.

### Inflation Linkage

Real Assets include a wide range of raw materials and assets which provide inputs to fuel economic growth. Valuation drivers include characteristics closely aligned with economic variables tied to supply and demand.

### Low Correlation to Other Asset Classes

Real Assets have displayed low correlation to traditional equity and bond markets. Additionally, cash flows from private Real Assets remain differentiated from other Alternatives.

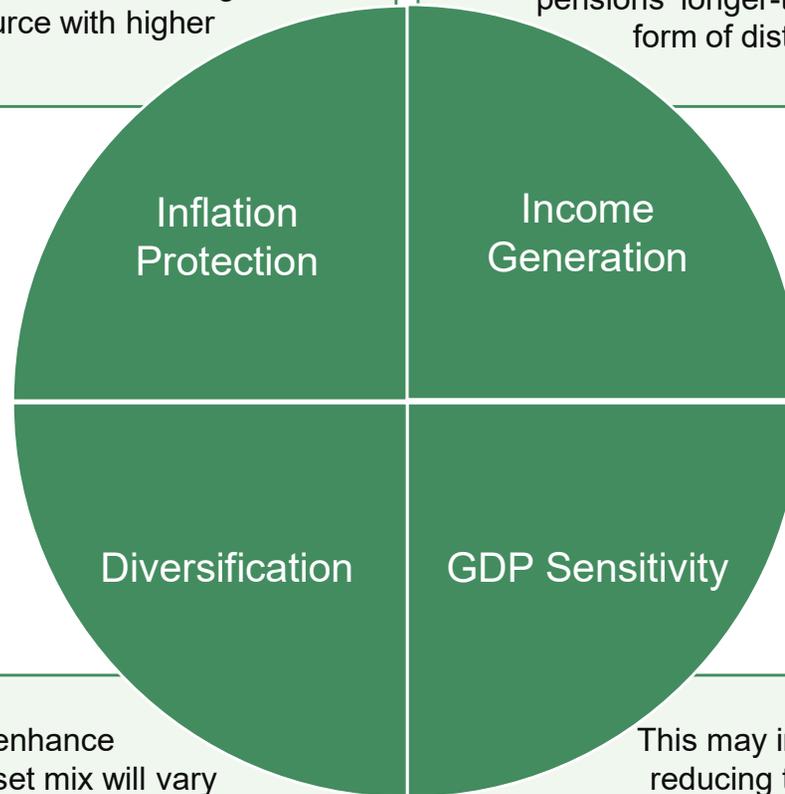
Despite offering clear benefits, rarely are two Real Asset portfolios the same. Other unique characteristics; such as, funded status, liability duration, and location, often lead to different approaches to portfolio construction.

# Portfolio Objectives



Seeking to participate in or protect against both anticipated and unanticipated inflation. Depending on the required spread, some combination of Infrastructure with long term inflation linkages and Natural Resource with higher inflation beta should be targeted.

Seeking to generate yield which is uncorrelated to Fixed Income markets. This portfolio may try to match pensions' longer-term liabilities and serve as a reliable form of distributions regardless of the economic environment.



Seeking to reduce Equity beta and enhance downside protection. Underlying asset mix will vary depending on the required rate of return necessary to justify commitments.

This may include capturing additional upside or reducing the overall GDP sensitivity. Pensions with GDP sensitive liabilities may be more likely to seek this objective.

# Asset Class Characteristics



Asset Class	Income Generation	Inflation Sensitivity	GDP Sensitivity	Leverage
<b>Natural Resources</b>				
Agriculture	Medium	High	Low	Low
Energy	High	High	High	Low
Mining	High	Medium	Medium	Low
Timber	Low	Medium	Medium	Low
<b>Infrastructure</b>				
Core	High	High	Low	High
Core+	Medium	Medium	Low	Medium
Value Add	Low	Medium	Medium	Medium
Opportunistic	Low	Low	High	Low



*Target Deal Returns represent the consensus net returns that GPs collectively expect at the deal level for each respective strategy; they are not adjusted for expected losses. [Includes Albourne estimates].*

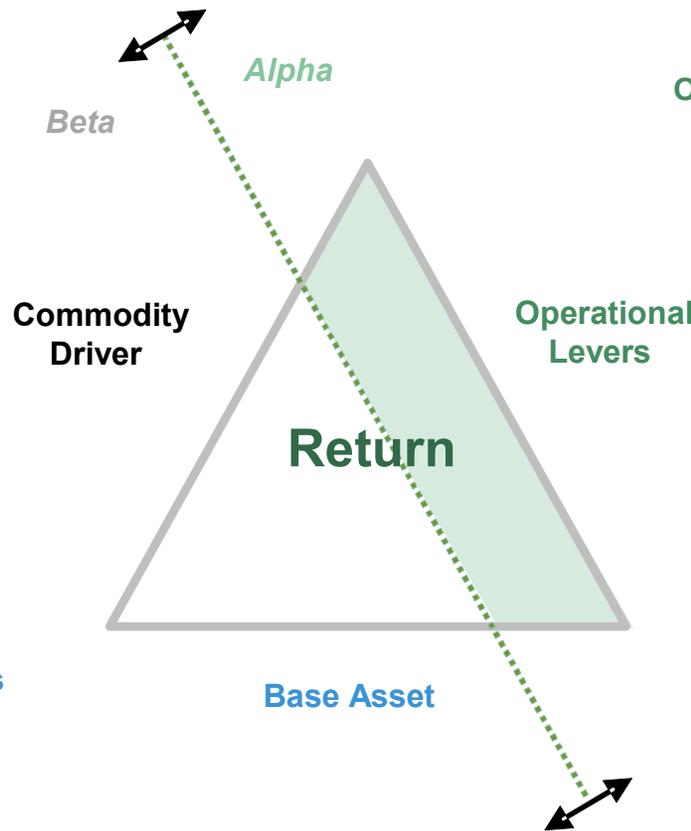
# Performance Drivers



Due to the unique characteristics of Real Assets, performance drivers for Real Assets strategies differ from traditional Private Equity strategies.

## The Commodity Driver

- Supply and demand
- Cyclical
- Macro
- Beta
- Uncontrollable



## Operational Levers

- Dependent on the base asset and commodity driver
- Requires varying degrees of operating expertise
- Contractual experience and regulatory drivers
- Strategic, but also prone to disruption
- Encompasses ESG

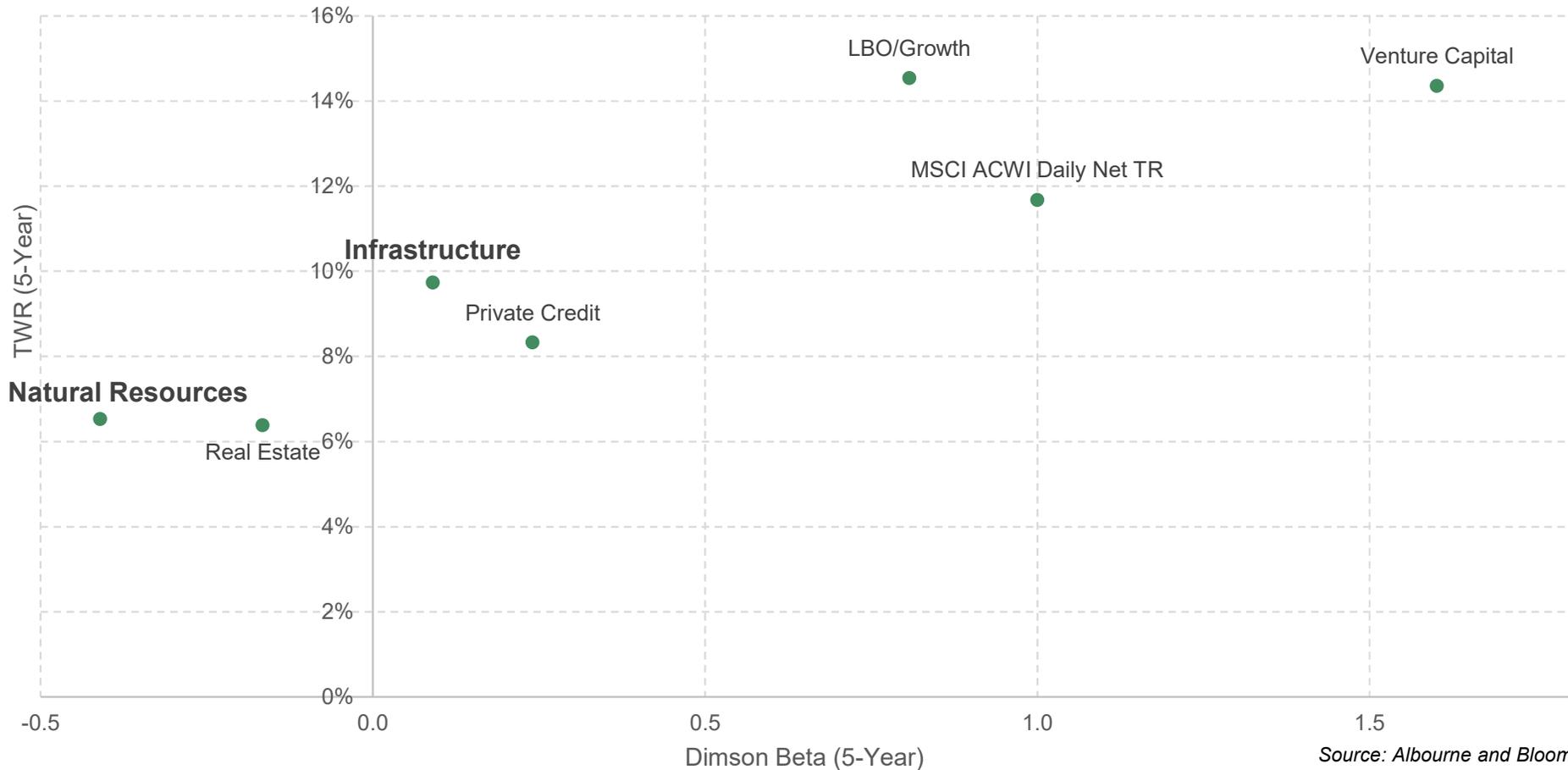
## The Base Asset Analysis

- Tangible
- Value-based
- Beta
- Limited to no control after acquisition

# Equity Beta



MSCI ACWI Dimson Beta: 5-Year



Source: Albourne and Bloomberg  
Data as of 3Q 2024

- When accounting for lagged valuations, Private Infrastructure and Natural Resources have had differentiated equity beta when compared to other asset classes.
- Natural Resources has had negative equity beta, while Infrastructure has had equity beta below 0.1, while achieving a 9.7% return.
- Dimson Beta is an estimator of an asset's volatility or systematic risk (beta) relative to the market, taking into account potentially infrequent trading effects.

## Real Assets Risks\*



### Market

- GDP
- Inflation
- Growth
- Sector
- Commodity Volatility



### Asset

- Counterparty
- Leverage
- Development Stage



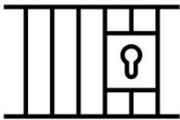
### Liquidity

- Underlying Assets
- Exit Timing



### Operational

- Cycle Experience
- Asset Management
- Scalability
- ESG



### Regulatory

- Permitting
- Reporting
- Restrictions

Inflation • Commodity Volatility • Counterparty • Asset Quality • ESG • Execution

\*Sample of potential risks, list is not comprehensive.

# Other Policy Considerations



Some Institutions will have additional limitations or objectives for their Real Assets portfolio. These additional considerations can significantly impact the target asset mix. These considerations include, but are not limited to:

Regulatory  
limitations

Investment  
Prohibitions

Liquidity  
requirements

Governance  
objectives

Pacing  
requirements

Sustainability  
objectives

Geographic  
limitations

Resource  
limitations

Sophistication

Minimum  
return  
requirements

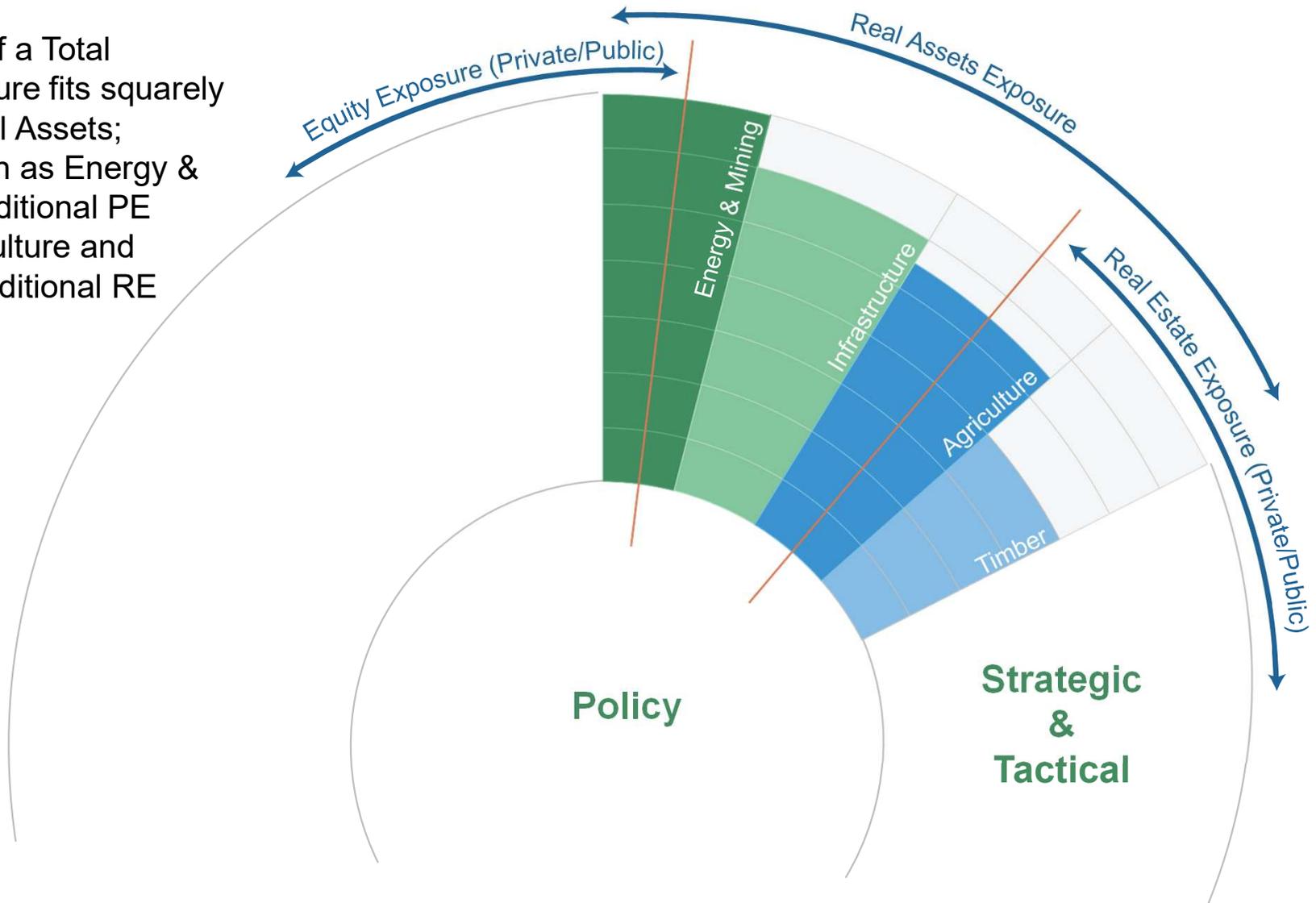
Any additional consideration should be built into the policy so one can gauge the potential contribution of each element to portfolio risk.

# Multi-Dimensional Mapping



## Infrastructure

Within the context of a Total Portfolio, Infrastructure fits squarely in the middle of Real Assets; whereas, areas such as Energy & Mining can carry additional PE exposure and Agriculture and Timber can carry additional RE exposure.



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