IN PERSON & VIRTUAL BOARD MEETING

AUGUST 12, 2026, AT 8:00 AM

CREDIT AND RISK MITIGATION COMMITTEE MEETING

TO VIEW VIA WEB

https://lacera.gov/leadership/board-meetings

TO PROVIDE PUBLIC COMMENT

Members of the public may address the Board orally and in writing. To provide Public Comment, please visit the above link and complete the request form.

Attention: If you have any questions, you may email PublicComment@lacera.gov.

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

AGENDA

A REGULAR MEETING OF THE CREDIT AND RISK MITIGATION 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, AUGUST 12, 2026*

This meeting will be conducted by the Credit and Risk Mitigation Committee and Board of Investments both in person and by teleconference under California Government Code Section *54953.8.3.*

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

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

I. CALL TO ORDER

II. PROCEDURE FOR TELECONFERENCE MEETING ATTENDANCE UNDER SB707

A. Just Cause (Section 54953.8.3)
B. Statement of Persons Present at SB707 Teleconference Locations

III. APPROVAL OF MINUTES

A. Approval of the Minutes of the Credit and Risk Mitigation Committee Meeting of April 8 ,2026.

IV. PUBLIC COMMENT

(Members of the public may address the Committee orally and in writing. To provide Public Comment, you should visit https://LACERA.gov/leadership/board-meetings and complete the request form by selecting whether you will provide oral or written comment from the options located under Options next to the Board meeting.

If you select oral comment, we will contact you via email with information and instructions 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.gov.)

V. REPORT

A. **Guest Speaker, Dr. Alex Preston of Man Group / OMI Advisory**
Vache Mahseredjian, Principal Investment Officer
Dr. Alex Preston, Man Group
(Presentation) (Memo dated July 31, 2026)

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 agendized 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. 4401from 8:30 a.m. to 5:00 p.m. Monday through Friday or email PublicComment@lacera.gov, but no later than 48 hours prior to the time the meeting is to commence.

MINUTES OF A REGULAR MEETING OF THE CREDIT AND RISK MITIGATION

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 8, 2026

This meeting was conducted by the Credit and Risk Mitigation Committee and Board of Investments both in person and by teleconference under California Government Code Section *54953.8.3.*

COMMITTEE TRUSTEES:

Nicole Mi, Chair

Patrick Jones, Alternate

ABSENT:

Alma Martinez

Debbie Martin

Trevor Fay

MEMBERS AT LARGE:

Aleen Langton

Elizabeth Ginsberg

STAFF, ADVISORS, PARTICIPANTS:

Jonathan Grabel, Chief Investment Officer

Jude Perez, Deputy Chief Investment Officer

STAFF, ADVISORS, PARTICIPANTS:

Vache Mahseredjian, Principal Investment Officer

Chad Timko, Senior Investment Officer

Cindy Rivera, Investment Officer

Jason Choi, Investment Officer

Kunal Gawande, Senior Investment Analyst

I. CALL TO ORDER

The meeting was called to order by Credit and Risk Mitigation Chair Mi at 8:00 a.m. in the Board Room of Gateway Plaza

II. PROCEDURE FOR TELECONFERENCE MEETING ATTENDANCE UNDER SB707

A. Just Cause (Section 54953.8.3)
B. Statement of Persons Present at SB707 Teleconference Locations

There was nothing to report; no trustees participated pursuant to Section 54953.8.3.

III. APPROVAL OF MINUTES

A. Approval of the Minutes of the Credit and Risk Mitigation Committee Meeting of August 13, 2025.

In the absence of a quorum, this item was deferred to a future meeting.

IV. PUBLIC COMMENT

There were no requests from the public to speak

V. REPORT

A. **Risk Reduction and Mitigation Performance Review**
Vache Mahseredjian, Principal Investment Officer
Chad Timko, Senior Investment Officer
(Presentation) (Memo dated March 25, 2026)

Messrs. Mahseredjian and Gawande and Ms. Rivera provided a presentation and answered questions from the Board.

B. **Credit Performance Review**
Vache Mahseredjian, Principal Investment Officer
Chad Timko, Senior Investment Officer
(Presentation) (Memo dated March 25, 2026)

Messrs. Mahseredjian, Timko and Choi and Ms. Rivera provided a presentation and answered questions from the Board.

VI. ITEMS FOR STAFF REVIEW

There were no items for staff review.

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 9:00 a.m.

July 31, 2026

TO: Trustees – Credit and Risk Mitigation Committee

FROM: Vache Mahseredjian, CFA, CAIA, FRM, ASA VM

FOR: August 12, 2026 Credit and Risk Mitigation Committee Meeting

SUBJECT: **Guest Speaker, Dr. Alex Preston of Man Group / OMI Advisory**

Today's Committee agenda consists of a presentation by Dr. Alex Preston, head of Advisory at Man Group, a global alternative investment manager headquartered in London (ticker EMG on London Stock Exchange).

Man Group's roots date back over 240 years, when it began as a sugar brokerage. Today, with AUM of approximately $253 billion, Man Group's investment capabilities span public and private markets, with a mix of long-only and alternative strategies across all major asset classes. One of the Man Group's subsidiaries, Man AHL, manages a quantitative hedge fund portfolio that is part of LACERA's Risk Reduction and Mitigation functional asset category.

Man Group has a collaboration with the University of Oxford called the Oxford Man Institute ("OMI") to conduct research into a broad range of topics including quantitative finance, machine learning, and data analytics. The collaboration with OMI is intended to form a bridge between the academic and practitioner investment communities.

Dr. Preston is responsible for Man Group's client research collaboration with OMI. Today's presentation (**Attachment**), titled "A Divergent World: Policy, Markets, and Macro" will cover the paradigm shift stemming from profound changes in macroeconomic policies and technological disruption. Dr. Preston will discuss the ramifications for global growth, inflation, interest rates, and markets in general. He will conclude with suggestions for institutional investors such as LACERA.

Alex Preston Biography (provided by Man Group)

Alex Preston is Head of Advisory at Man Group, responsible for Advisory and for the firm's client research collaboration with Oxford University, OMI Advisory. He was previously Head of Content at Millennium. Prior to that, he was Client Investment Strategist at Man Group, working for the firm from 2013 to 2020.

Alex started his career in 2001 working for a credit hedge fund before moving to The Carlyle Group, where he was Head of Global Trading. He is a prize-winning author and journalist, writing regularly for *The Economist, Financial Times* and *the Guardian*.

Alex graduated from the University of Oxford with an MA in English Literature, and holds a PhD from University College, London. He is also a CFA charterholder.

Attachment

Noted and Reviewed:

Jonathan Grabel
Chief Investment Officer

VM:mm

ATTACHMENT

A Divergent World: Policy, Markets and Macro

LACERA, Pasadena, CA

Dr Alex Preston | OMI Advisory | Man Group

August 12, 2026

Comprehending a Divergent World

- Forty years of policy convergence is ending as the neoliberal consensus is unwound
- This has dramatic repercussions for economies and markets
- Central banks are now pulling in opposite directions
- New blocs and coalitions are being formed
- Trade, energy, capital flows and labor are all being reshaped
- Portfolio assumptions built for the old regime will need re-testing

Historical Perspectives

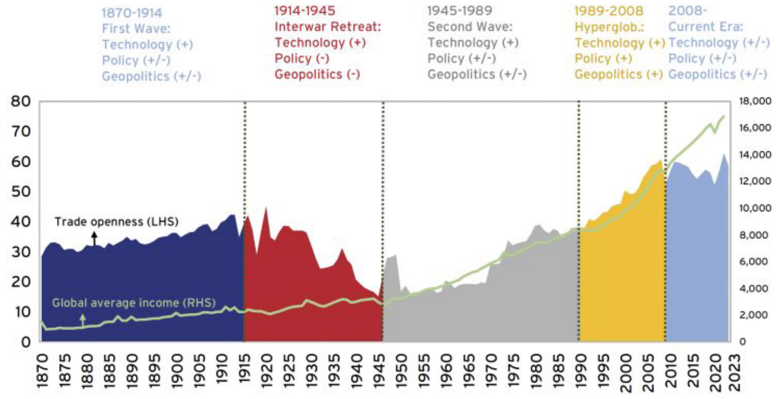
The past as a guide to the future

- The Mamluks controlled key trading posts along the Silk Roads in 13th and 14th century Egypt and the Near East
- They increased tariffs dramatically - 300-400% - under Sultans al-Nasir Muhammed and Barsbay. They imposed a state monopoly on the pepper trade
- This drove innovation in technology – Prince Henry the Navigator and Bartolomeu Dias circumnavigated the Cape of Good Hope to avoid tariffs
- The present seems eternal… until it isn't

Source: British Library

A Paradigm Shift

- We use our work on regimes in markets to model shifts in economic systems
- Karl Polanyi proposed the idea of the double movement – a way of understanding the interaction of labour and capital in economies
- We augment this with Piketty's equation r>g to understand the drivers of this seismic politico-economic shift



Note: Sample's composition changes over time. Trade Openness (LHS) is measured as percentage of GDP while Global Average Income (RHS) is expressed in 2011 international dollars.
Sources: PIIE, Jorda-Schularick-Taylor Macrohistory Database, Our World in Data, World Bank, Maddison Project Database 2023, and IMF staff calculations.

Bretton Woods (1945 – 1980)	Neoliberalism (1980 – 2016)	Populism Post 2016
Policy Target *Full Employment*	Policy Target *Price Stability*	Policy Target *Rebalancing*
Policy Outcomes: • Positive Inflation • Labor's Share of GDP Increasing • Corporate Profits Low or Stagnant • Inequality Low • Markets Mostly National • Trade Unions Strong • Finance Weak & Immobile • Central Banks Weak & Politicized • Legislatures Role in the Economy Strong	Policy Outcomes: • Secular Disinflation • Capital's Share of GDP Increasing • Wages Low or Stagnant • Inequality High • Markets Globalized • Trade Unions Weak • Finance Strong & Highly Mobile • Central Bank Strong & Independent • Legislatures Abandon Fiscal Role	Policy Outcomes: • Positive Inflation • Nativism in Labor Markets • Deglobalization of Production • Tariff-led Reindustrialization • Weakening the USD and restricting USD Asset Attractiveness • Regressive Social Policies • Anti-Green Assets • 19th Century Foreign Policies

A World of Divergence

When the categories stop working

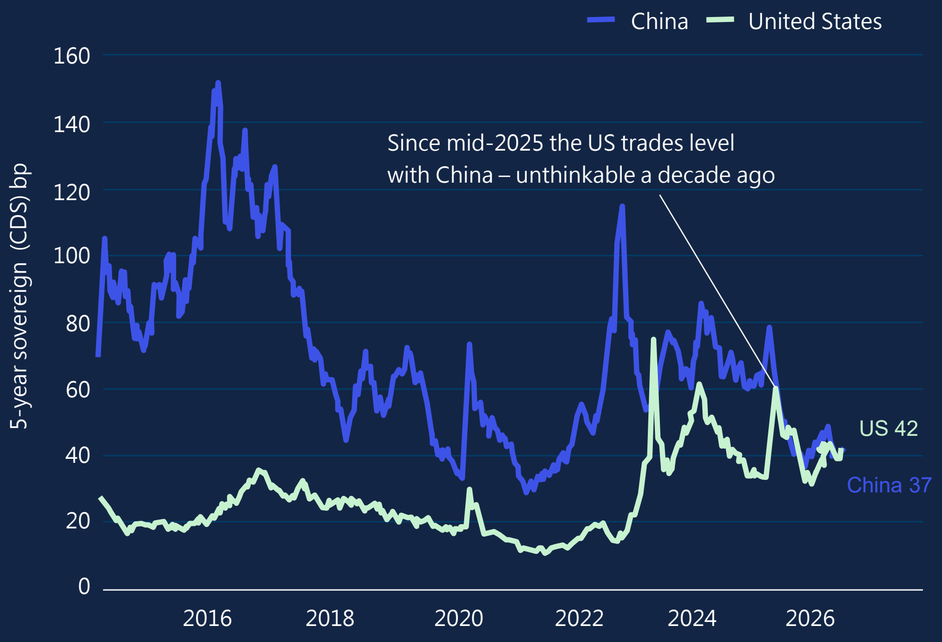
	The Old Order	The Divergent World
Bonds	The diversifier — negative stock-bond correlation anchors 60/40 60/40	A risk asset — stocks and bonds sell off together
DM vs EM	A clean sort by credit quality, yield and policy credibility	Dissolving — DM sovereigns run EM-style term premia; strong EM re-rates
Defensive / risk-on	Sector betas map reliably to the cycle	The state sets cash flows — old betas mis-sort the map
The risk-free rate	Sovereign as anchor; one global disinflation cycle	Fiscal dominance — the sovereign becomes a source of risk
Central banks	One model: independent, inflation-targeting, converging on 2%	Reaction functions split — same shock, opposite responses
The dollar	Unrivalled: transactional, reserve and store-of-value in one	Roles fracture — reserve status erodes as transactional use persists
Tech and AI	Internet as common, English-language platform; global semiconductor supply chain	Proprietary vs Open source, US vs China, centralized cloud intelligence vs. edge and edge and sovereign AI
Energy	Globally-integrated hydrocarbon system	Energy resilience and autarky replacing pure cost efficiency.

Globalism was an era of convergence — of prices, policy and correlations. Populism runs each axis in reverse.

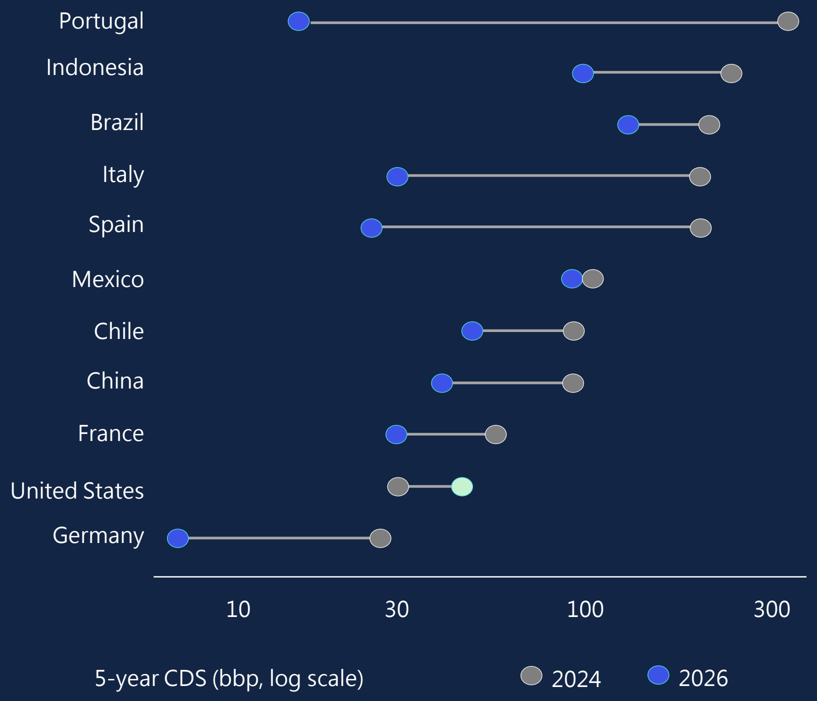
The Sovereign Risk Hierarchy is Compressing

Man

The US now insures like China



Everyone tightened, except the US



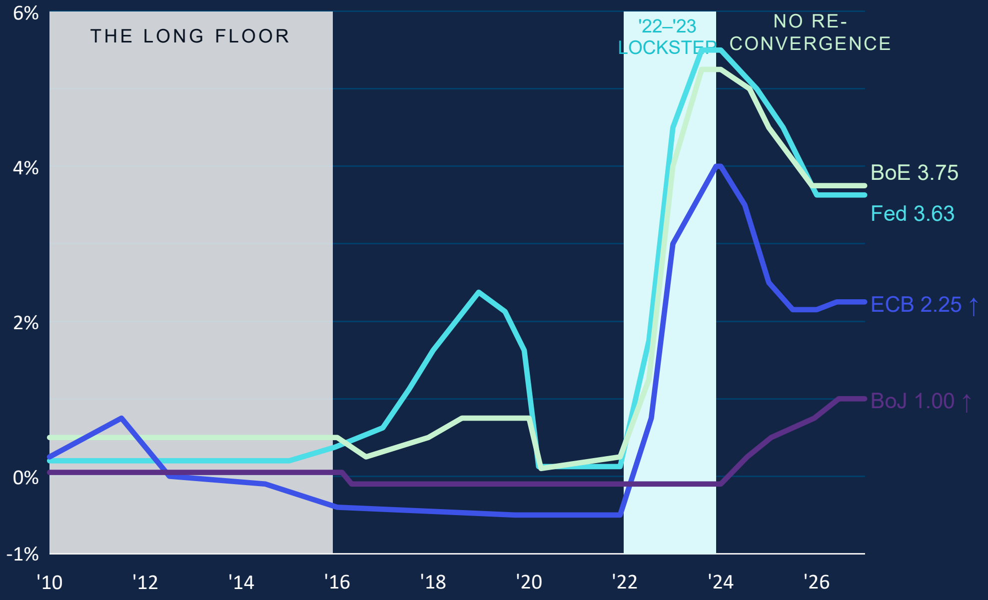
Source: OMI Advisory, Bloomberg

DM vs EM: The Bloc That Broke

The developed world has stopped moving as one and the line between “ safe DM” and “ risky DM” is blurring

1. The DM bloc has de-synchronised

Every prior split — the Fed’s 2015–18 lift-off, Brexit — snapped back to a shared floor (COVID reset all four to zero). The post-2023 fan is the first that has not re-converged.



Source: OMI Advisory, Bloomberg

2. The quality hierarchy is inverting

The tables have turned: parts of DM now behave the way EM used to, while EM has earned credibility.

DM BEHAVING LIKE EM

- France trading at a market-implied triple-B; Italy inside France
- UK gilt “moron premium” — 30y above the 2022 spike
- US debt-to-revenue that would rank among the worst in EM
- Super-long JGB yields at multi-decade highs

EM EARNING CREDIBILITY

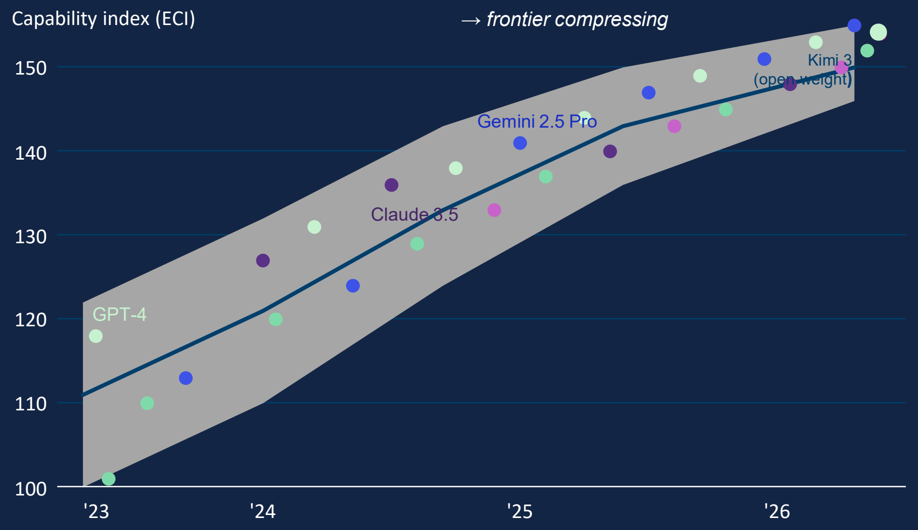
- EM local-bond volatility below DM since 2022
- EM inflation ~2.3% — below DM ~3.2%
- Brazil, Mexico running deeply positive real rates
- Record 2025 EM upgrades vs DM negative outlooks

The AI Race is Converging — The Ability to Deploy it is Not

Frontier model capability is bunching at the top. What diverges now is downstream — and the binding constraint is power

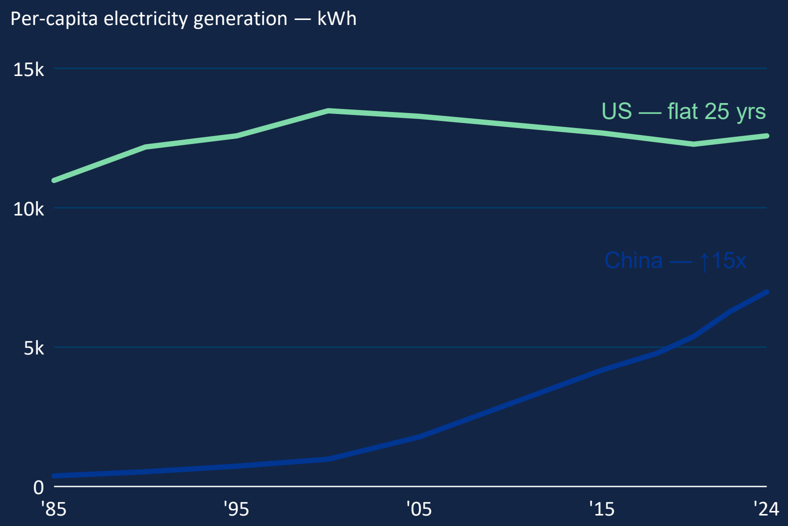
1. Capability is converging

Every major lab — US closed-weight and Chinese open-weight — now crowds the same frontier. Being best is commoditising.



2. Power is where the blocs split

AI's binding constraint has shifted from chips to electrons — the one input a bloc can't import or fake.



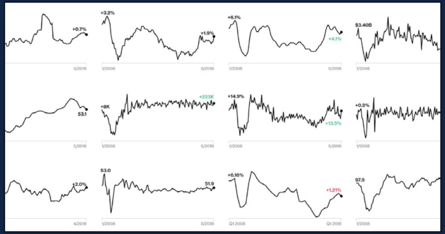
The edge moves downstream: when the model layer commodities, value accrues to the scarce physical complements

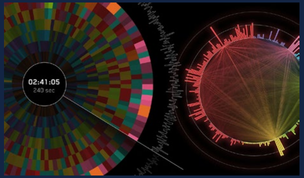
Compute & fabs US-led design; China racing to self-sufficiency	**Humanoid robotics** China ahead on patent filings	**Humanoid robotics** The widest gap of all

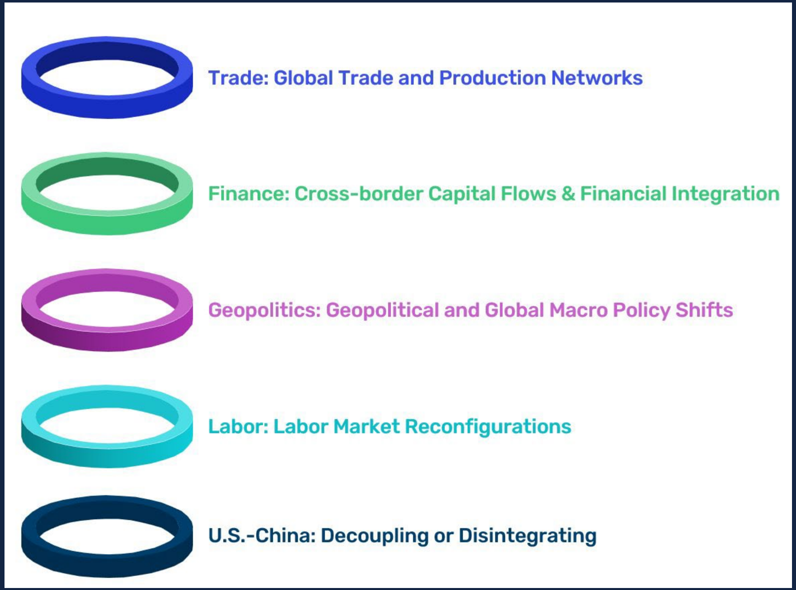
Source: OMI Advisory, Epoch AI, Ember, Our World in Data.

In a World of Complex Data, How to Separate Signal From Noise

- We wanted to use data to understand the size, direction and timing of this seismic change
- We sorted through thousands of datasets to establish what we believe are the fundamental drivers of deglobalization
- We ended up with 75+ datasets separated into 5 key pillars



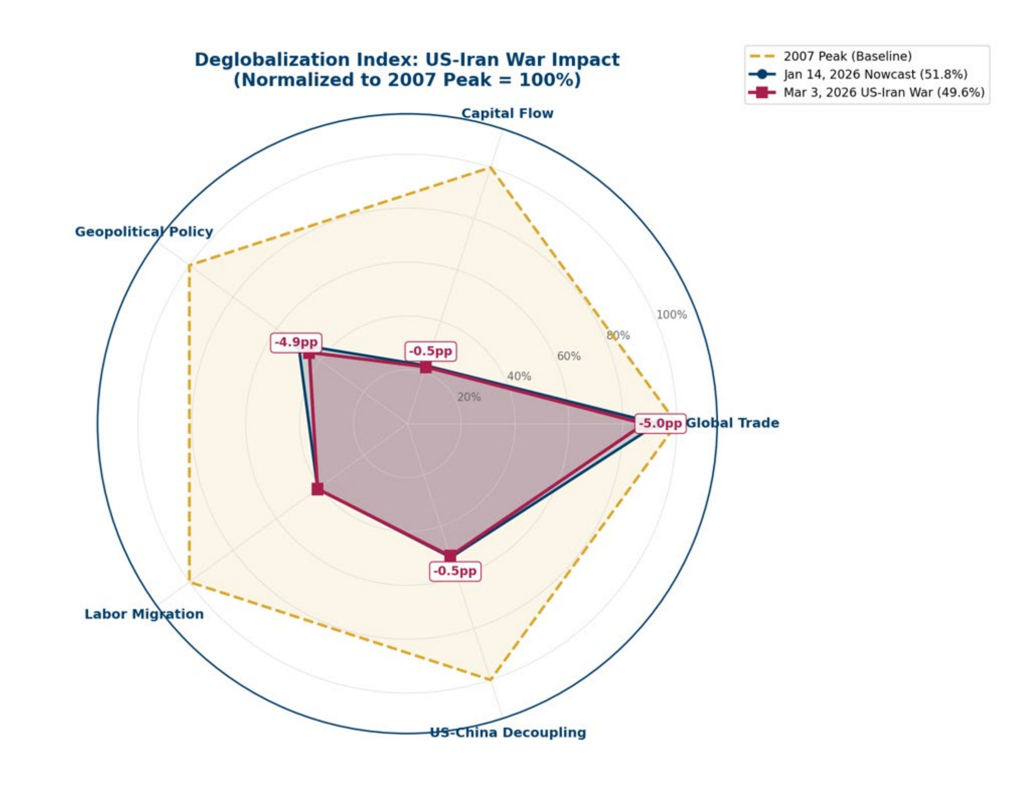




Deglobalisation Risk Radar

Real time insight into the speed, scale and direction of deglobalisation

- Living radar to track key data points indicating where we are in the deglobalization narrative
- Uses the idea of the Weberian Ideal State – 2007 as the height of hyperglobalization
- A multi-dimensional visualisation that can be used to drive allocation decisions, risk management and strategy
- Uses a combination of nowcasting and AI to deliver insights
- Allows us both to question and to confirm our theoretical conclusions and assumptions
- The radar is not a single verdict on globalization. It is a range-aware tracker of five distinct mechanisms



Source: OMI Advisory

Four Possible End States

De-Globalization

The fissuring of the global economy into techno-financial energy blocs based around China, EU and US

Re-Americanization

Rebalancing as US rejoins global economy. A multi-polar world in productive competition with America as leader. Not a return to globalism; a new State Capitalist model

De-Americanization

US withdraws from Global Economy, but ROW regroups balanced between EU and China

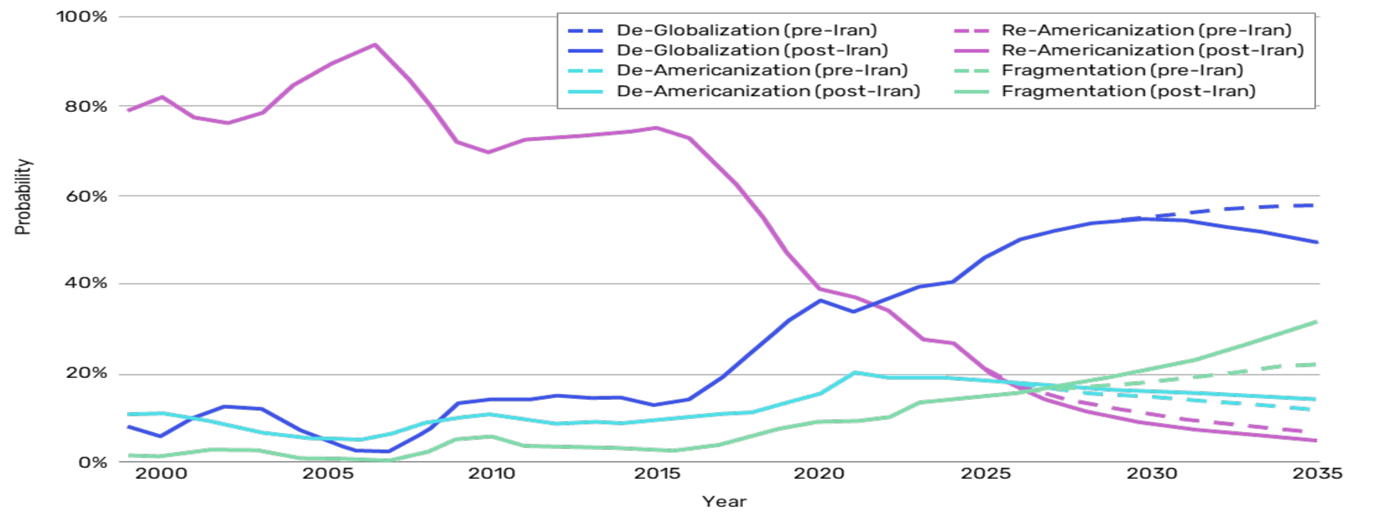
Fragmentation

Geopolitical conflict actualizes, trade collapses, multiple financial crises, fragmentation of the global economy into Cold/hot wars

End State Projector

A regime probability engine

- We use our data pillars to trace the movement of our four end states in the past and predict their future path
- This gives us a sense of the likely direction of the global economic regime given the current data
- We then use this to help guide allocation recommendations and market insights



Source: Man Group. As of 30 March 2026. This forecast is hypothetical, based on our proprietary models and current data, and is not a guarantee of future results.

From End States to Macro Implications

How our four futures show up in the macro variables

Macro Variable	Deglobalisation	De-Americanisation	Re-Americanisation	Fragmentation
Growth	↓ Global growth (efficiency loss)	~ Rebalanced, uncertain	↑ U.S.-led resurgence	↓ Subdued & divergent
Inflation	↑ Structural (onshoring costs)	↑ Elevated (split supply chains)	↑ Moderate-high (near-shoring)	↑↑ High (redundancy, tariffs)
Interest Rates	↑ Upward pressure (debt burden)	↑ Up globally (no single anchor)	↑ Higher U.S. yields (growth + debt burden)	↑ Upward trend (policy divergence)
Volatility	↑ High (macro instability)	↑ High (FX & geopolitics)	↑ Mod–High (transition period)	↑↑ Persistent (uncertainty)
Risk Premia	↑ Higher and more volatile	↑ Higher EM risk, some DM repricing	~ Compressed U.S., higher ex-U.S.	↑ Broadly higher (fragmentation risk)
Trade Flows	↓ Regional blocs (less trade)	↓ Rerouted (less U.S.-centric)	↓ Selective reshoring/regionalization	↓↓ Fractured (bloc-constrained)
Capital Flows	↓ Restricted (capital controls risk)	↓ Diversified away from U.S.	↑ Flows to U.S. & allies	↓↓ Limited cross-bloc investment
Climate Policy	Fragmented efforts; China dominant	China leads global green revolution	U.S.-led initiatives (partial)	Disjointed, slow progress
Asset Correlations	Positive stock–bond corr.	Positive stock–bond corr.	Positive stock–bond corr.	Positive stock–bond corr.

Commonalities Across End States

What should we prepare for no matter what end state prevails?

- Structurally higher inflation than the 2010–2020 era.
- Higher government debt (and therefore interest rates) to fund resilience, climate, security and populist promises.
- Positive stock–bond correlation — the 60/40 hedge is no longer reliable.
- Greater volatility and dispersion — the past offers little guidance to the future. Greater uncertainty and a wider gap between winners and losers.
- Trade becomes intra-bloc — even in Re-Americanisation, supply chains thicken rather than globalise.
- Greater state involvement in energy, grids, defence, compute, industrial supply.
- Revocability risk and concerns around property rights increase across all states to a greater or lesser extent.
- FX becomes the focus of geopolitical vol. Hedge dynamically; seize opportunities as well as navigating risks. Weaker US$ in all cases.
- All four regimes sit within a post-neoliberal, populist environment — the state shapes cash flows.

Key Takeaways

Man

What we built

- Deglobalization Risk Radar: a real-time read on the speed and direction of regime change.
- End-State Projector: four distinct futures, each with clear macro and cash-flow consequences.
- Built across Man's discretionary, systematic, quant and macro teams, with researchers from Oxford and Brown.

What the signal says

- The data point away from re-convergence: every plausible end state is inflationary, more volatile and more state-directed — and stock–bond correlation stays positive in all of them.
- Dispersion widens — the gap between winners and losers grows, and the past offers little guidance to the future.

So What for LACERA?

- Institutional portfolios continue to supplement traditional equity and fixed income exposures — diversifying beyond the historical 60/40 anchor – utilizing macro, relative value, real assets and dynamic FX to build resilient portfolios.
- Hold liquidity and optionality; the radar signals when — and toward which end state — to act.
- Readiness is the edge: position for divergence, rather than wait for the old world to return.

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