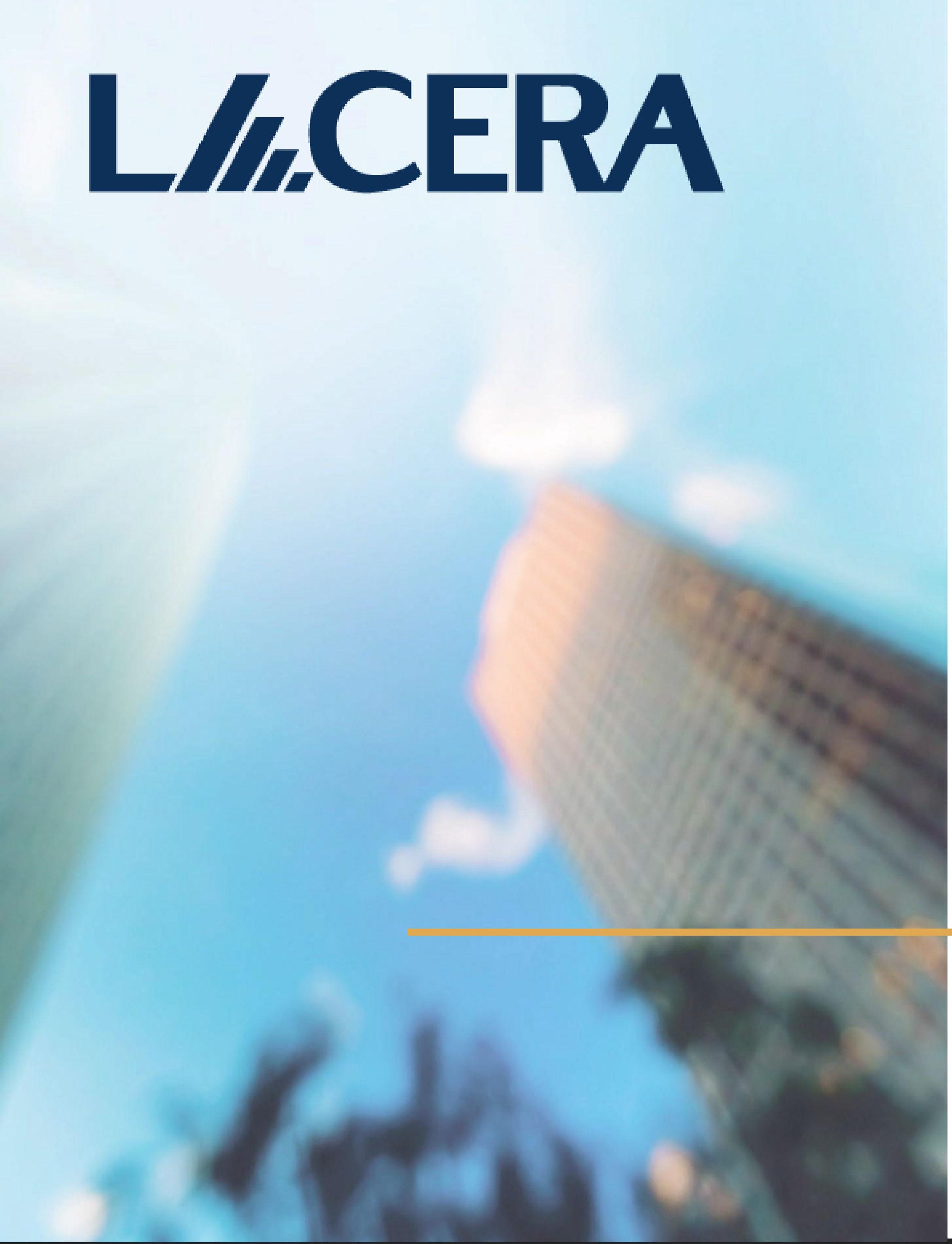

Chief Investment Officer Monthly Report

Jonathan Grabel – Chief Investment Officer

Board of Investments Meeting

February 12, 2025

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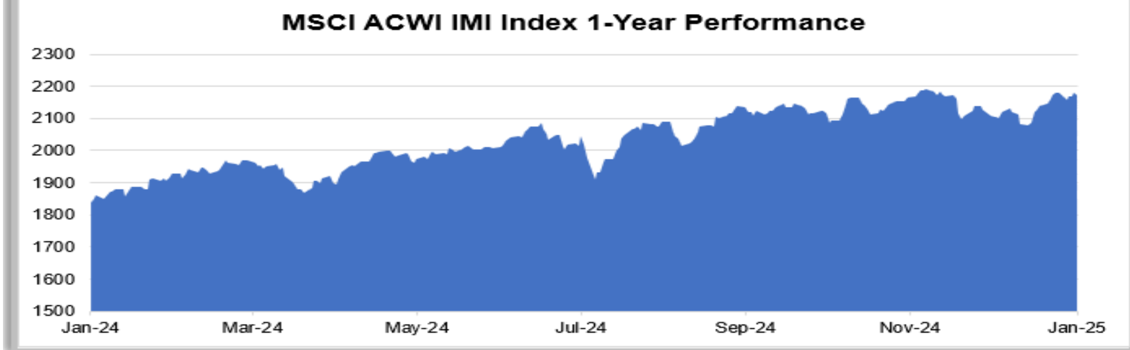
01 Market Environment

Global Market Performance as of January 31, 2025

MSCI ACWI IMI Index (Global Equity Market)*

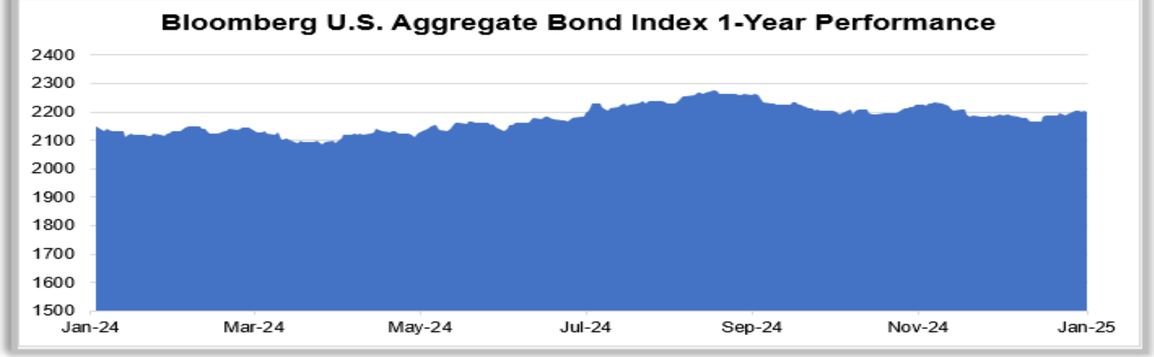
Trailing Returns (%)				Annualized Returns (%)			
1-Month	3-Month	FYTD	YTD	1Y	3Y	5Y	10Y
3.3	4.4	9.0	3.3	19.9	7.9	10.7	9.5



*Global Equity Policy Benchmark - MSCI ACWI IMI Index

Bloomberg U.S. Aggregate Bond Index**

Trailing Returns (%)				Annualized Returns (%)			
1-Month	3-Month	FYTD	YTD	1Y	3Y	5Y	10Y
0.5	-0.1	2.5	0.5	2.1	-1.5	-0.6	1.2



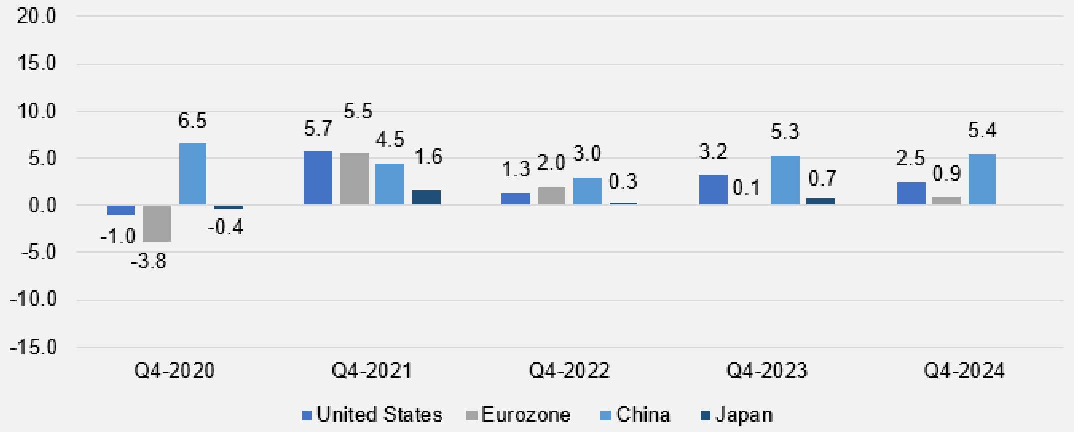
**Investment Grade Bonds Policy Benchmark - Barclays U.S. Aggregate Bond Index

Market	Sub-Category	Index Name	1-Month	3-Month	FYTD	YTD	1 Y	3 Y	5 Y	10 Y
Reference Portfolio	60:40 Equity:Bond Portfolio	60% MSCI ACWI IMI/ 40% Bloomberg U.S. Aggregate Index	2.2	2.6	6.4	2.2	12.5	4.2	6.3	6.4
Equity	Global All Cap	MSCI ACWI IMI Total Return	3.3	4.4	9.0	3.3	19.9	7.9	10.7	9.5
	U.S. All Cap	Russell 3000 Total Return	3.2	6.7	12.5	3.2	26.3	11.3	14.6	13.2
	U.S. Large Cap	S&P 500 Total Return	2.8	6.2	11.5	2.8	26.4	11.9	15.1	13.7
	U.S. Small Cap	Russell 2000 Total Return	2.6	4.5	12.5	2.6	19.1	5.6	8.7	8.4
	Non-U.S. All Cap	MSCI ACWI-ex U.S. IMI Total Return	3.6	0.8	3.6	3.6	10.3	3.1	5.5	5.3
	Emerging Markets	MSCI Emerging Markets Total Return	1.8	-2.0	1.8	1.8	14.8	-0.7	3.0	3.8
Private Equity	Private Equity Buyout	Thomson Reuters PE Buyout Index	4.9	6.9	12.3	4.9	33.1	4.4	10.2	11.9
Fixed Income	U.S. Investment Grade Bonds	Bloomberg U.S. Aggregate Index	0.5	-0.1	2.5	0.5	2.1	-1.5	-0.6	1.2
	U.S. Corporate High Yield Bonds	Bloomberg U.S. Corporate High Yield Total Return	1.4	2.1	6.9	1.4	9.7	4.3	4.5	5.2
	U.S. Long Term Treasury Bonds	Bloomberg Long Term U.S. Treasury Total Return Index	0.4	-3.2	-1.1	0.4	-3.9	-10.6	-6.4	-1.4
	Developed Markets Leveraged Loans	Credit Suisse Leveraged Loan Total Return	0.7	2.2	5.2	0.7	9.0	7.0	5.8	5.2
	U.S. Treasury Inflation Protected Securities	Bloomberg U.S. Treasury TIPS Total Return Index	1.3	0.2	2.4	1.3	3.0	-1.2	1.7	2.1
	U.S. 3 Month Treasury Bill	FTSE 3 Month Treasury Bill	0.4	1.2	3.0	0.4	5.4	4.2	2.6	1.8
Commodity	Commodity Prices Index	Bloomberg Commodity Index Total Return	4.0	5.4	4.2	4.0	9.1	2.5	9.2	2.0
	Natural Resources	S&P Global LargeMidCap Commodity & Resources Index	4.9	-2.8	-1.9	4.9	6.4	2.9	9.8	6.2
Infrastructure	Global Infrastructure	Dow Jones Brookfield Global Infrastructure Composite Index	0.7	0.3	11.7	0.7	14.8	4.9	4.1	4.4
Real Estate	U.S. REITs	MSCI U.S. REIT Index	1.0	-2.3	10.1	1.0	14.6	0.5	4.3	5.1

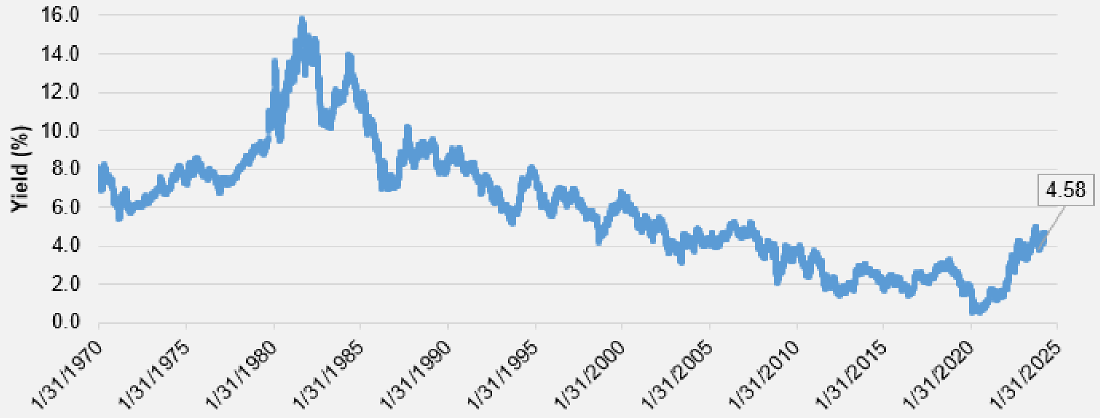
Source: Bloomberg

Key Macro Indicators*

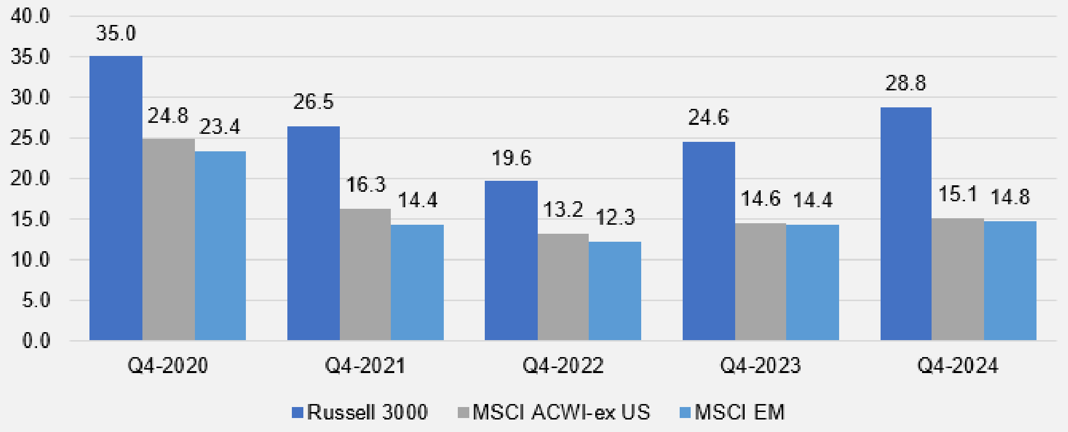
Real GDP Growth YoY (%) - Last Five Years[1]



Historical 10-Year Treasury Yield[2]

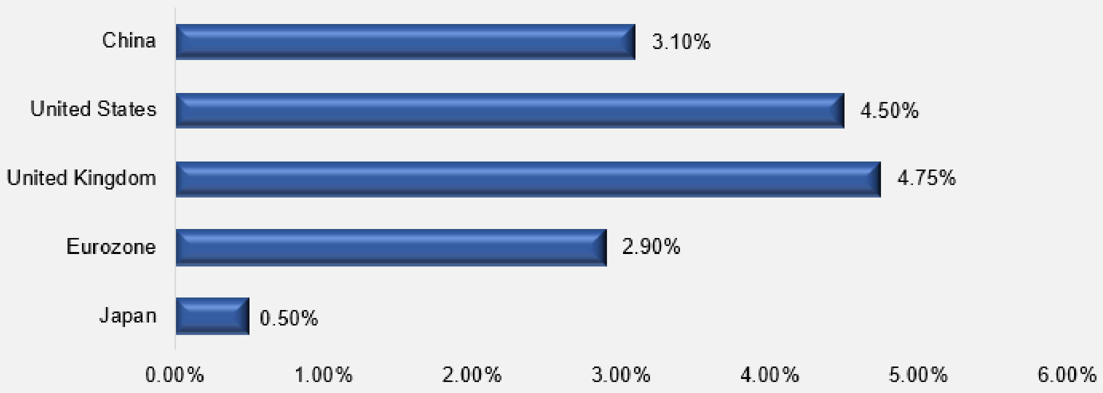


Price-to-Earnings - Last Five Years[3]



Central Bank Rates[4]

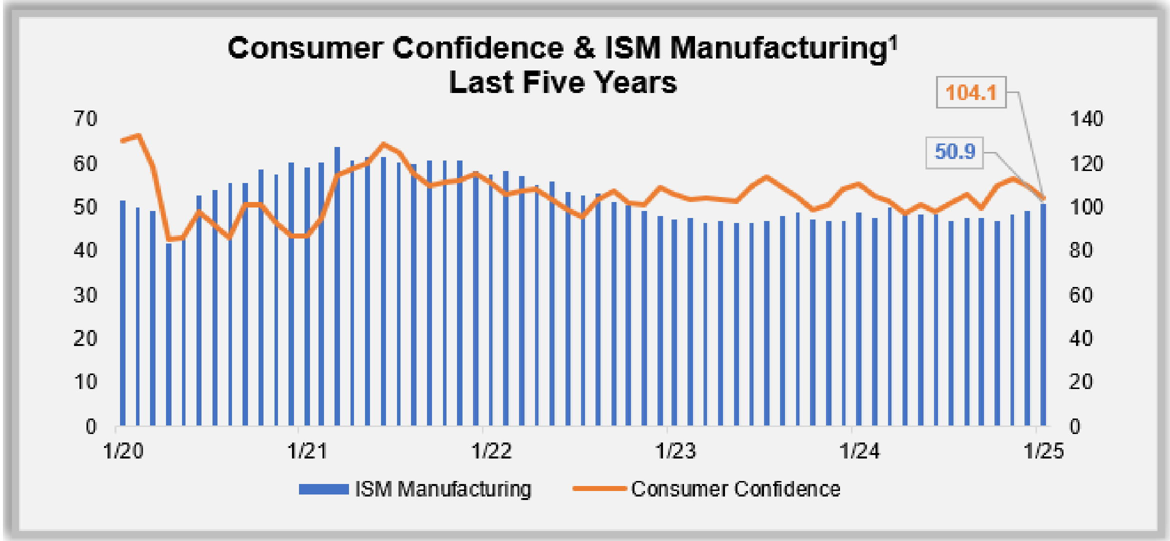
As of 1/31/2025

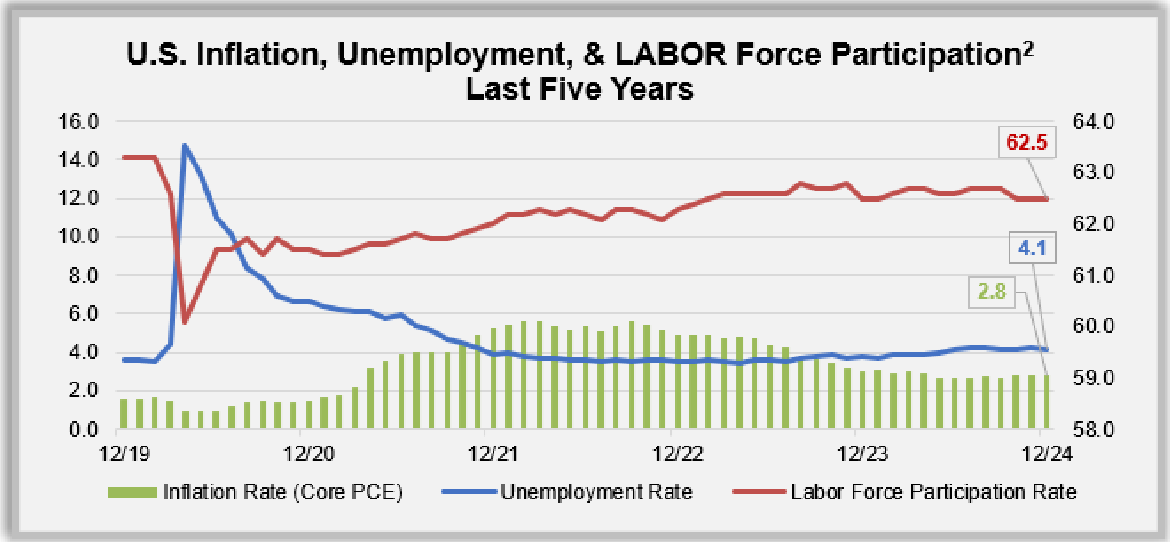


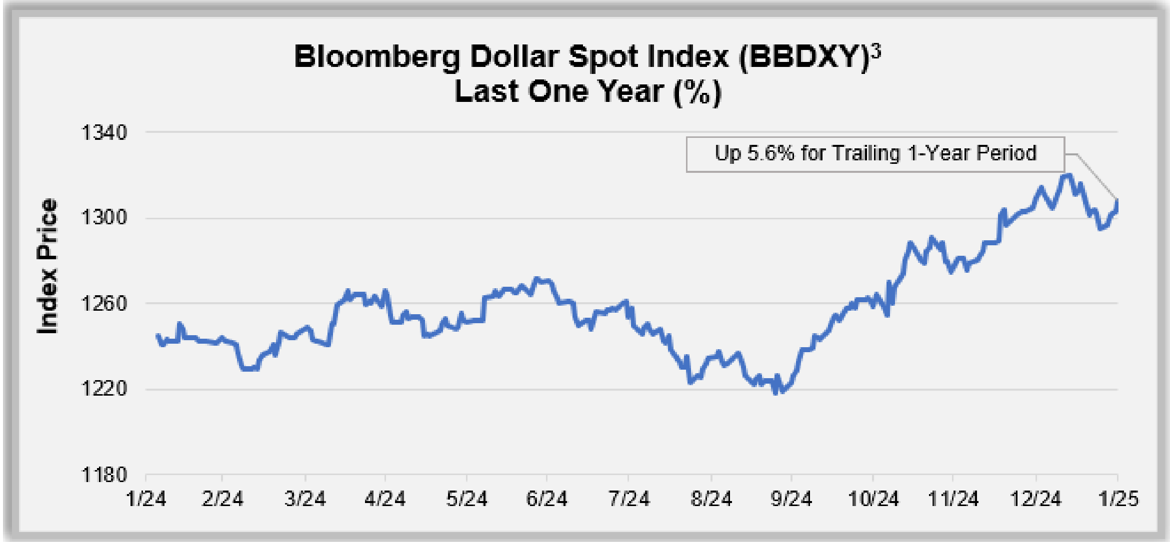
*The information on the "Key Macro Indicators" charts is the best available data as of 1/31/2025 and may not reflect the current market and economic environment.

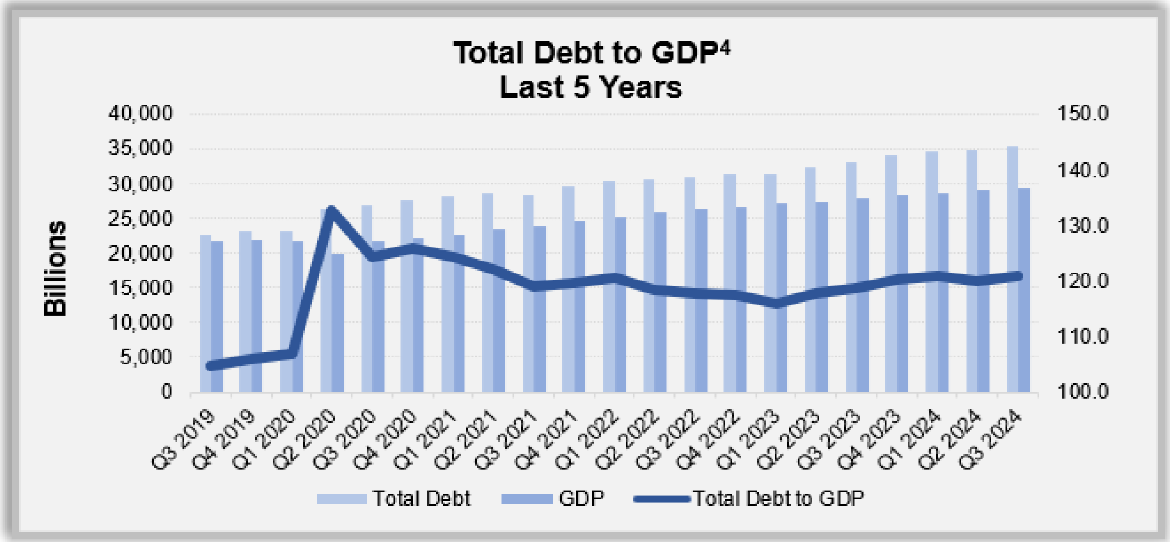
Sources: 1. Bloomberg 2. St. Louis Federal Reserve 3. FactSet 4. FactSet

Key Macro Indicators*









*The information on the “Key Macro Indicators” charts is the best available data as of 1/31/2025 and may not reflect the current market and economic environment.

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

02 Portfolio Performance & Risk Updates

Market Themes and Notable Items to Watch

Recent Themes

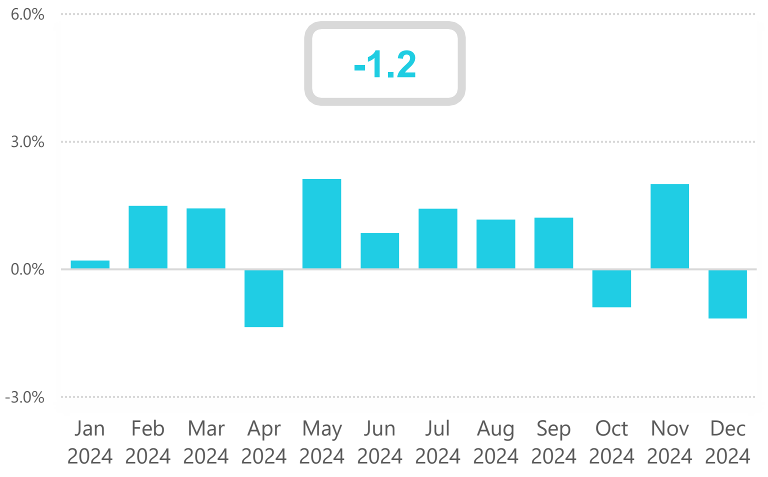
- The Federal Reserve decided to maintain the federal funds rate in the target range of 4.25% - 4.50% in January
- Jerome Powell, Chair of the Federal Reserve, noted that inflation has eased significantly over the past two years but remains above the Fed's 2% longer-run goal
- Powell highlighted that labor market conditions remain solid, with nominal wage growth easing and the jobs-to-workers gap narrowing
- Powell mentioned that economic activity has continued to expand at a solid pace
- The U.S. 10-year Treasury yield ended January at 4.58%, unchanged from the end of December
- Global equities (MSCI All Country World Investable Index) increased 3.3% in January

What to Watch

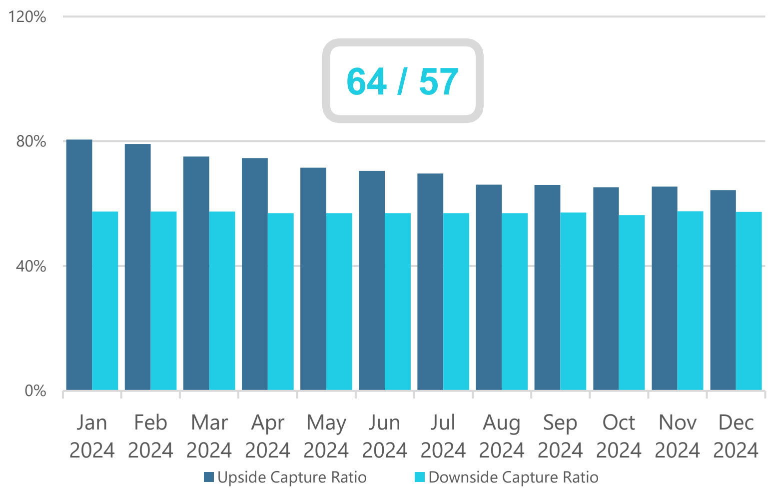
- Interest rates and central bank actions
- Economic data and trends
  - Inflation, supply chains, and labor developments
- Macro conditions and geopolitical activities including tariffs
- Artificial intelligence including research developments, applications, and infrastructure investment
- Corporate governance and stewardship developments
  - Mandatory and voluntary climate risk corporate reporting implementation and global agreements
  - Securities and Exchange Commission guidance on shareholder resolution permissibility

Total Fund Summary as of December 2024

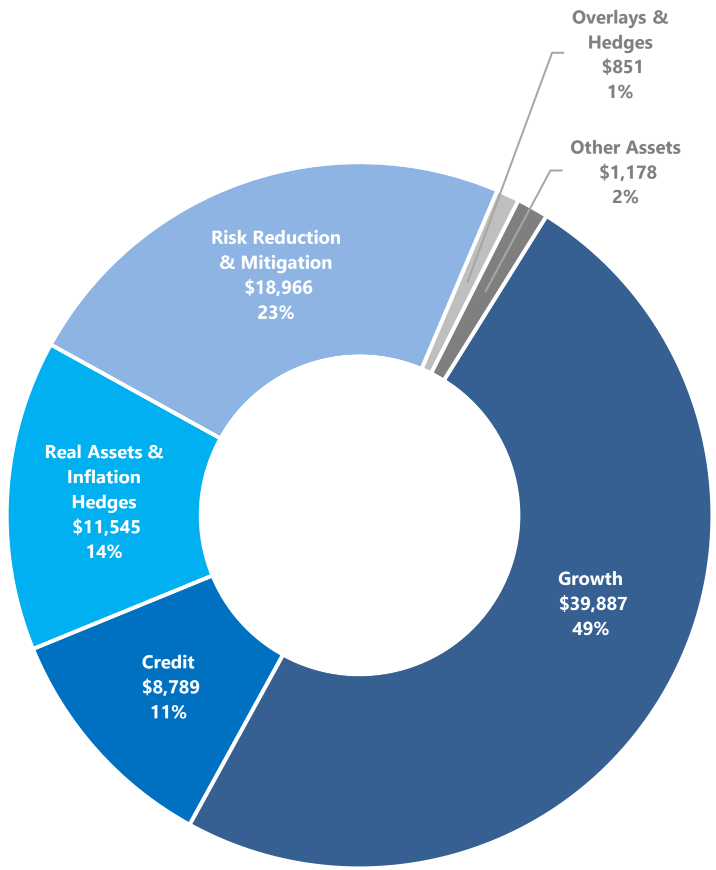
Monthly Net Return (%)



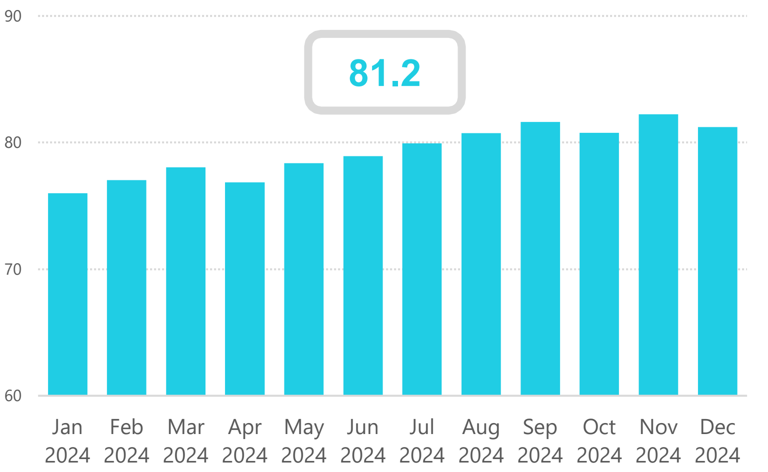
Upside / Downside Capture (%)[1]



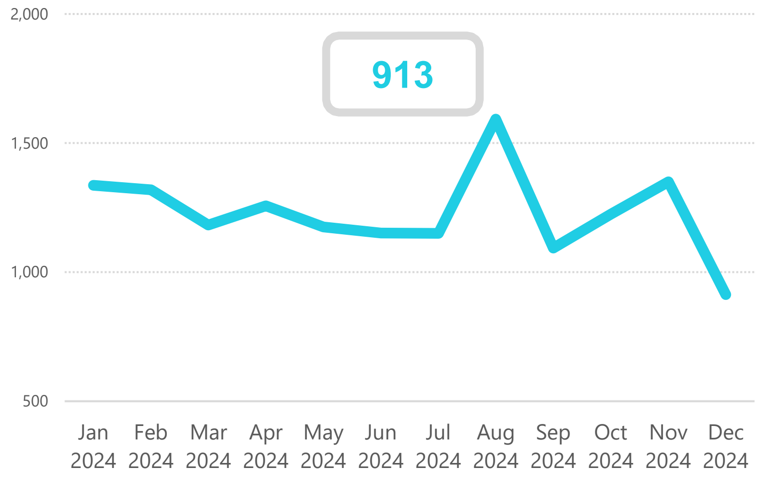
Asset Allocation ($ millions)[2]



Total Market Value ($ billions)



Cash ($ millions)

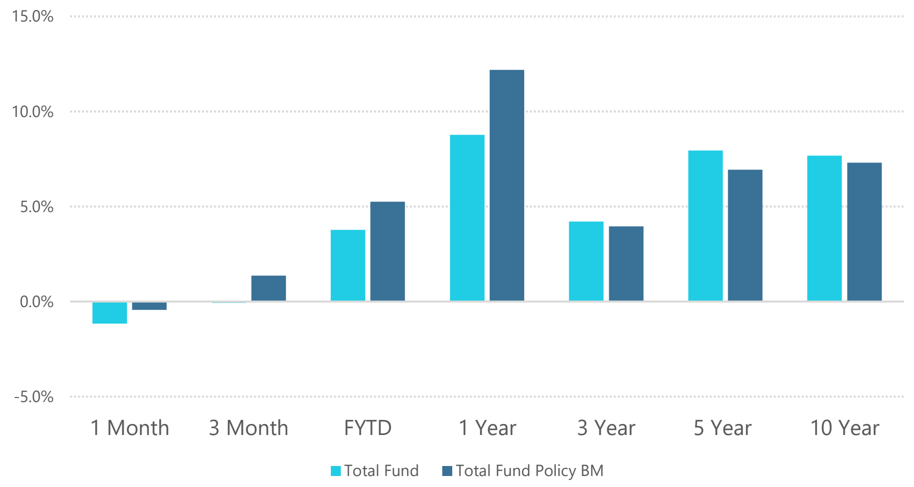


[1] Reference portfolio = 60% MSCI ACWI IMI / 40% Bloomberg US Aggregate Bond Index
[2] Other Assets include receivables due to deferred sales and rebalancing activity pending settlement.

Historical Net Performance as of December 2024

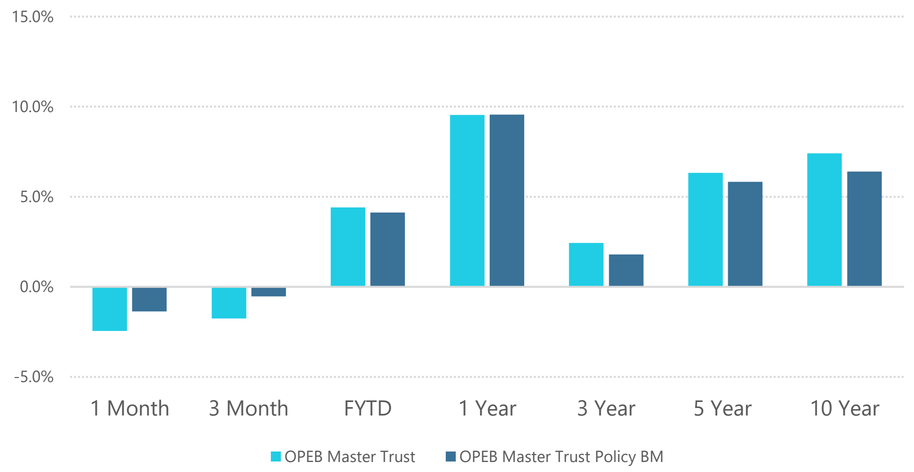
LACERA Pension Fund

	Market Value ($ mm)	% of Total Fund	Interim Target	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
Total Fund	**81,217**	**100.0%**	**100.0%**	**-1.2%**	**-0.1%**	**3.8%**	**8.8%**	**4.2%**	**7.9%**	**7.7%**
Total Fund Policy BM				-0.4%	1.4%	5.3%	12.2%	3.9%	6.9%	7.3%
7% Annual Hurdle Rate				0.6%	1.7%	3.4%	7.0%	7.0%	7.0%	7.0%
Growth	**39,887**	**49.1%**	**50.5%**	**-1.8%**	**-0.6%**	**4.1%**	**11.4%**	**5.0%**	**11.3%**	
Growth Policy BM				-0.8%	1.7%	6.9%	20.1%	6.1%	10.9%	
Credit	**8,789**	**10.8%**	**12.0%**	**0.6%**	**3.0%**	**6.7%**	**14.8%**	**7.2%**	**7.2%**	
Credit Policy BM				1.0%	2.6%	5.5%	10.8%	4.7%	4.6%	
Real Assets & Inflation Hedges	**11,545**	**14.2%**	**16.0%**	**-1.8%**	**-1.1%**	**1.5%**	**0.7%**	**2.1%**	**4.6%**	
RA & IH Policy BM				0.9%	4.1%	4.0%	1.8%	2.0%	4.8%	
Risk Reduction & Mitigation	**18,966**	**23.4%**	**21.5%**	**-1.0%**	**-1.7%**	**2.4%**	**2.8%**	**-0.9%**	**0.9%**	
RR & M Policy BM				-1.4%	-2.2%	2.0%	1.9%	-1.4%	0.3%	
Overlays & Hedges	**851**	**1.0%**								
Other Assets	**1,178**	**1.5%**								



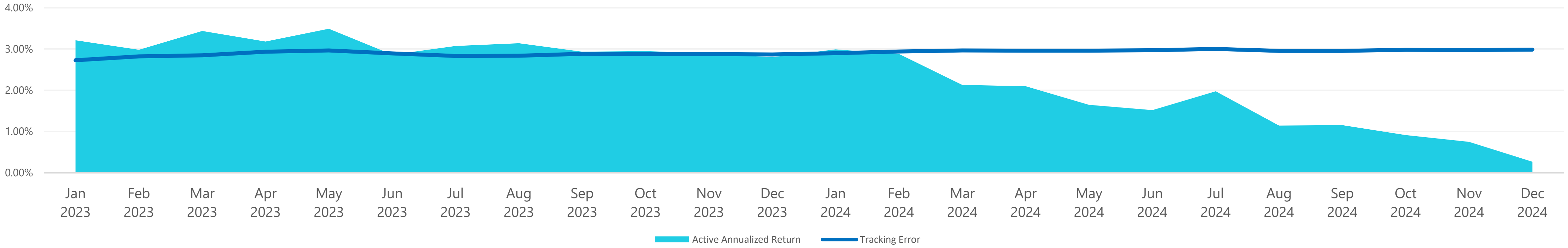
OPEB Trust

	Market Value ($ mm)	% of Master Trust	Interim Target	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
OPEB Master Trust	**4,434**			**-2.4%**	**-1.8%**	**4.4%**	**9.5%**	**2.4%**	**6.3%**	**7.4%**
OPEB Master Trust Policy BM				-1.4%	-0.5%	4.1%	9.6%	1.8%	5.8%	6.4%
6% Annual Hurdle Rate				0.5%	1.5%	3.0%	6.0%	6.0%	6.0%	6.0%
OPEB Growth	**1,996**	**45.0%**	**45.0%**	**-2.8%**	**-1.0%**	**5.6%**	**16.7%**	**5.1%**	**9.9%**	
OPEB Growth Policy BM				-2.1%	-0.3%	6.1%	18.2%	5.0%	9.8%	
OPEB Credit	**768**	**17.3%**	**17.0%**	**0.0%**	**0.4%**	**4.5%**	**6.7%**	**4.2%**	**3.5%**	
OPEB Credit Policy BM				1.0%	2.6%	5.5%	9.8%	4.6%	4.1%	
OPEB Real Assets & Inflation Hedges	**571**	**12.9%**	**16.5%**	**-4.2%**	**-3.5%**	**5.0%**	**5.7%**	**-2.9%**	**3.2%**	
OPEB RA & IH Policy BM				-0.5%	0.0%	1.0%	-0.5%	-4.2%	2.1%	
OPEB Risk Reduction & Mitigation	**1,098**	**24.8%**	**21.5%**	**-2.3%**	**-4.0%**	**1.3%**	**0.0%**	**-2.0%**	**-0.2%**	
OPEB RR & M Policy BM				-2.3%	-4.0%	1.3%	-0.3%	-2.7%	-0.7%	
OPEB HL PM Cash	**0**	**0.0%**								



Active and Excess Return as of December 2024

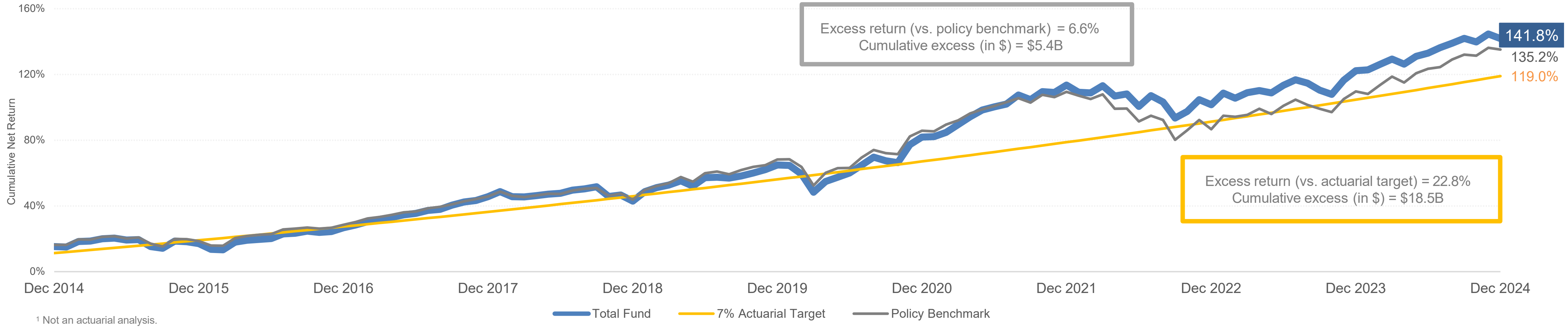
Active Return vs. Tracking Error[1,2,3]



Period Ending	Annualized Return	Annualized Benchmark Return	Annualized Active Return	Tracking Error
Dec 2024	4.2%	3.9%	0.3%	3.0%

[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 Return[1]



[1] Not an actuarial analysis.

Total Fund Forecast Volatility as of December 2024*

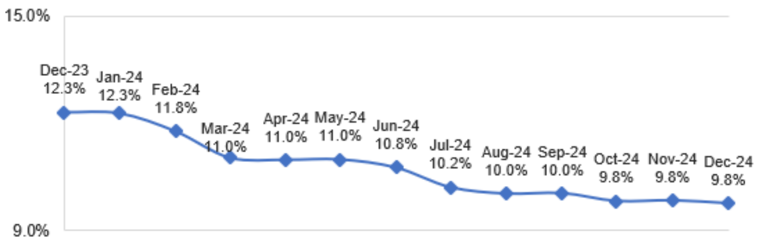
TOTAL FUND VOLATILITY

9.8%

BENCHMARK VOLATILITY

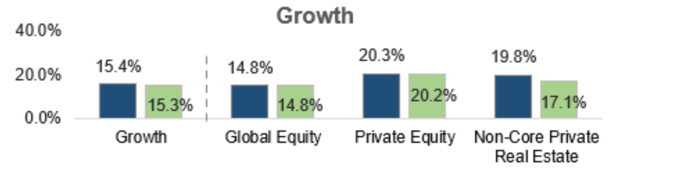
9.7%

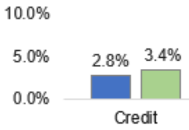
Forecasted Total Fund Volatility Trend

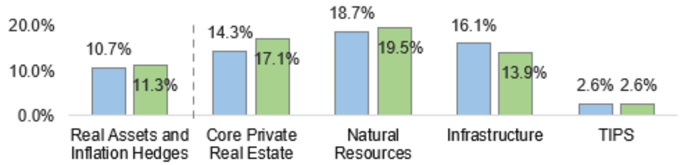


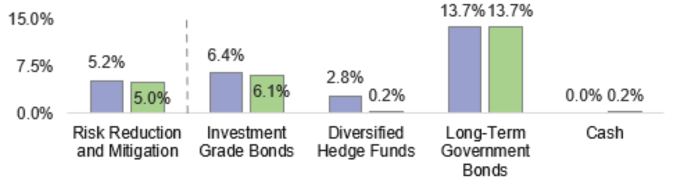
Subcategory Volatility

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

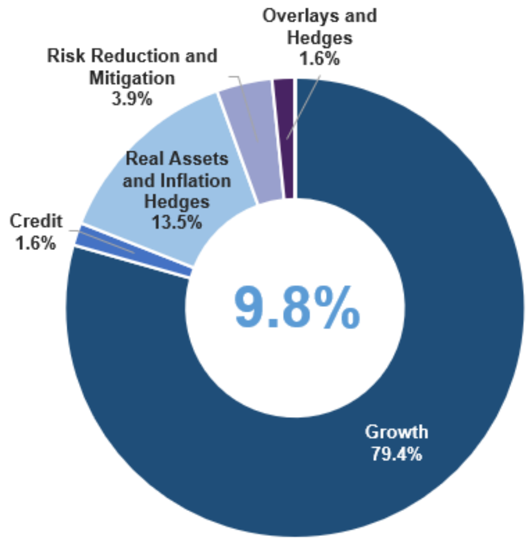






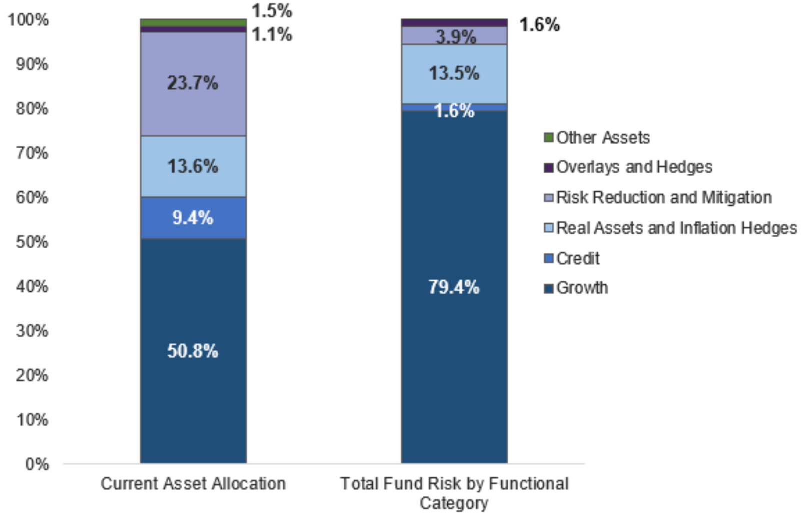


Functional Category Contributions to Total Fund Volatility



Total Fund Asset Allocation

Capital-based versus Risk-based



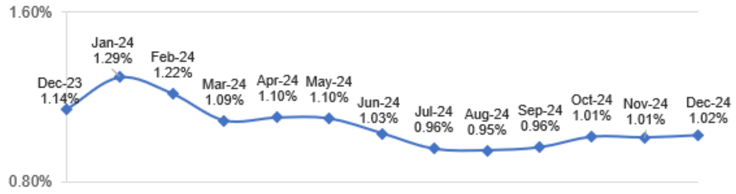
Source: MSCI BarraOne

* 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.

Total Fund Forecast Tracking Error as of December 2024*

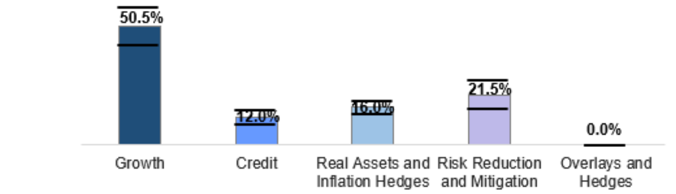
TOTAL FUND TRACKING ERROR	ALLOCATION RISK	SELECTION RISK
1.02%	0.13%	0.89%

Forecasted Tracking Error Trend

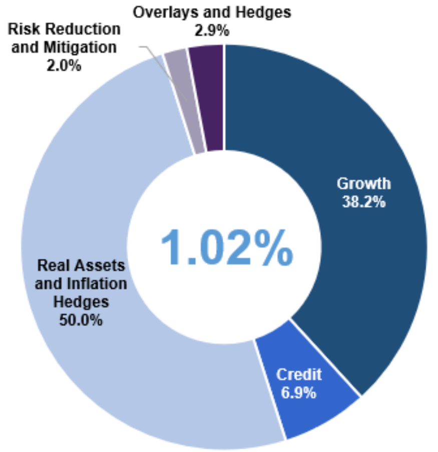


Policy Target Weight for each Functional Category

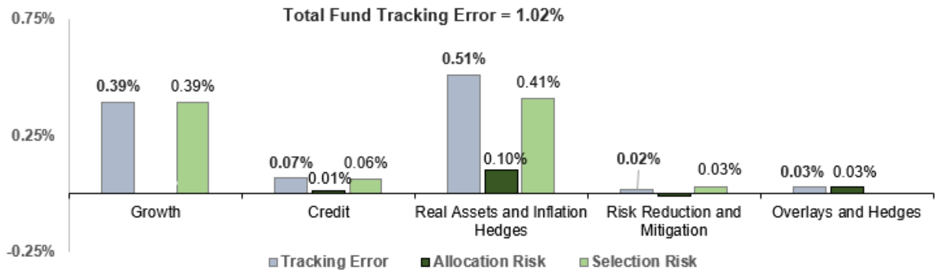
Maximum and Minimum Bands



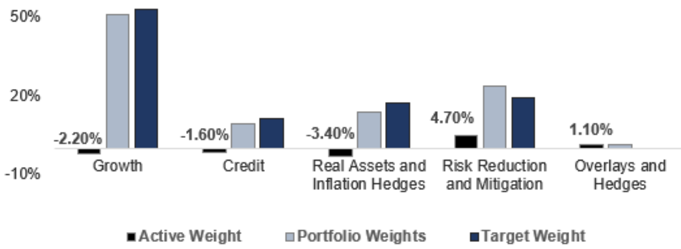
Functional Category Contributions to Tracking Error



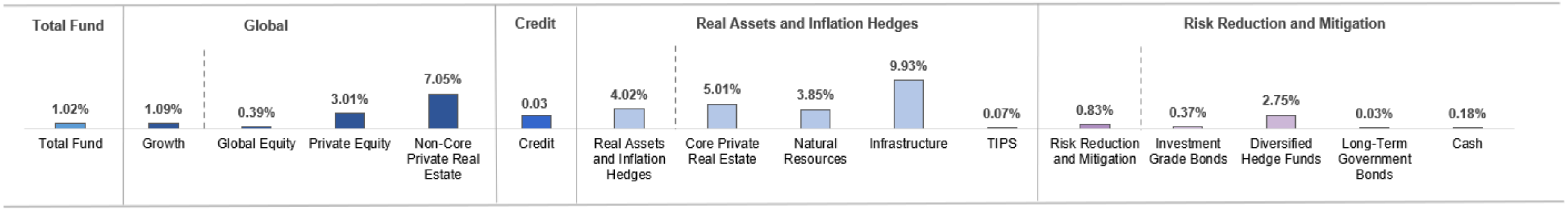
Tracking Error Attribution



Active Weights for each Functional Category



Subcategory Tracking Error

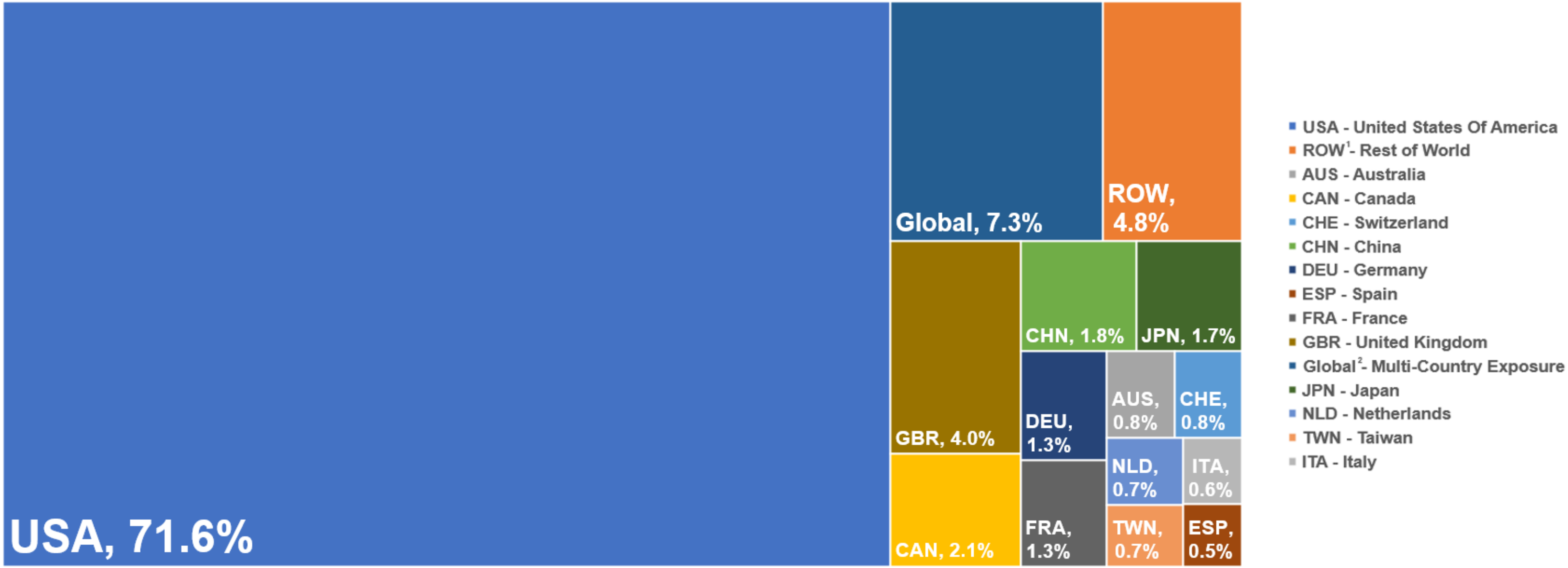


Source: MSCI BarraOne

* 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

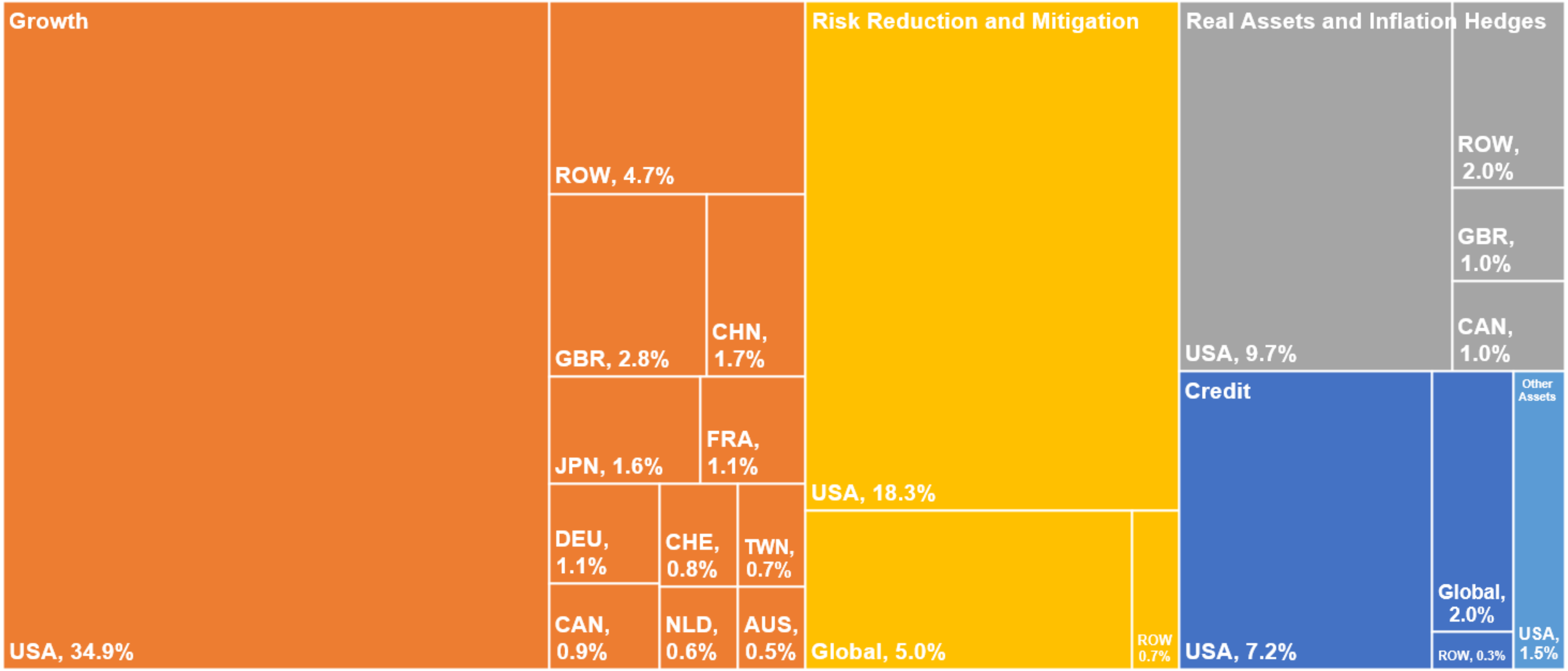
Total Fund as of December 2024* Ex-Overlays and Hedges



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 December 2024* Ex-Overlays and Hedges



USA	United States of America
AUS	Australia
CAN	Canada
CHE	Switzerland
CHN	China
DEU	Germany
FRA	France
GBR	United Kingdom
Global[1]	Multi-Country Exposure
ITA	Italy
JPN	Japan
NLD	Netherlands
ROW[2]	Rest of World
TWN	Taiwan

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.
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[1] Global represents investments made in regions where specific country allocations are not available.
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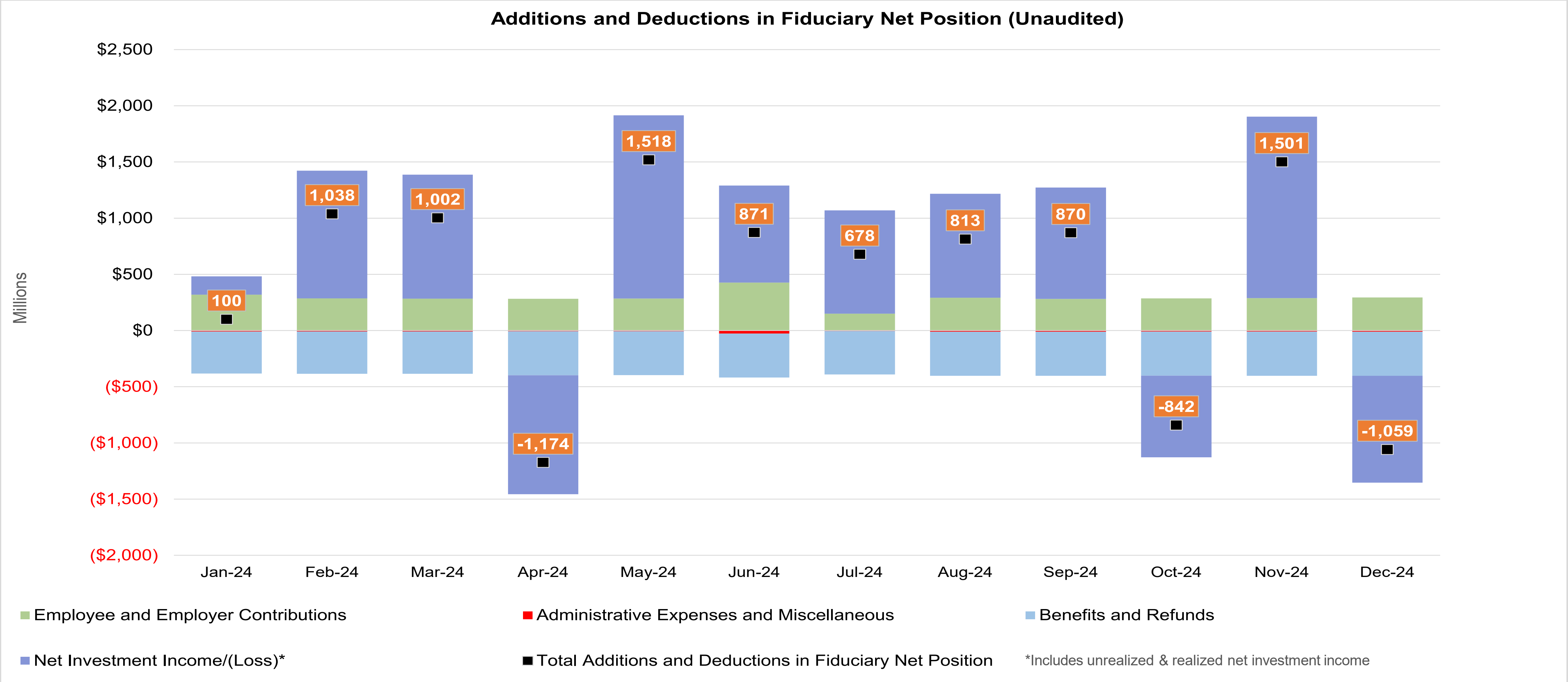
SOURCE: MSCI BarraOne

Change In Fiduciary Net Position



Fiscal Year	Negative Months	Positive Months	Total Net Position Change $
FY-23	5	7	$3.3 billion
FY-24	4	8	$5.2 billion
FY-25	2	4	$2.0 billion

03 Portfolio Structural Updates

Portfolio Structural Updates

Rebalancing Activity

	From		To
Total Fund	$412 million Growth	→	Cash
Total Fund	$253 million Cash	→	Credit
Total Fund	$89 million Cash	→	Real Assets
Total Fund	$600 million Cash	→	Risk Mitigation
Total Fund	$73 million Overlays & Hedges	→	Cash
OPEB Trust	$11 million Growth	→	Cash
OPEB Trust	$60 million Credit	→	Cash
OPEB Trust	$7 million Cash	→	Real Assets
OPEB Trust	$64 million Cash	→	Risk Mitigation

Overlays & Hedges

Monthly Activity

Program	December Return	December Gain/(Loss)	Inception[1] Gain/(Loss)
Currency Hedge[2]	1.5%	$96.8 Million	$1.6 Billion
Cash / Rebalance Overlay[3]	0.3%	$2.9 Million	$577.4 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 Discretionary Separate Account Manager Search	✓	✓	✓

04 Key Initiatives & Operational Updates

Notable Initiatives and Operational Updates

Key Initiative Updates

- The April 2024 approved Strategic Asset Allocation implementation is in progress
  - The allocation shifted from the interim policy targets to final targets on January 1, 2025
- Adhering to the BOI-approved 2025 Strategic Framework and Initiatives
- Financial Analyst I program is under development

Operational Updates

- CIO Report update is in progress
- Onboarding workflow management for risk provider

Manager/Consultant Updates

Global Alpha – Global Equities – Notified LACERA that Tracy Li, Portfolio Manager, will leave the firm for personal reasons, effective February 7, 2025. Her responsibilities will be taken over by portfolio managers Qing Ji, Sain Godhil, and Robert Beauregard, until a replacement is found.

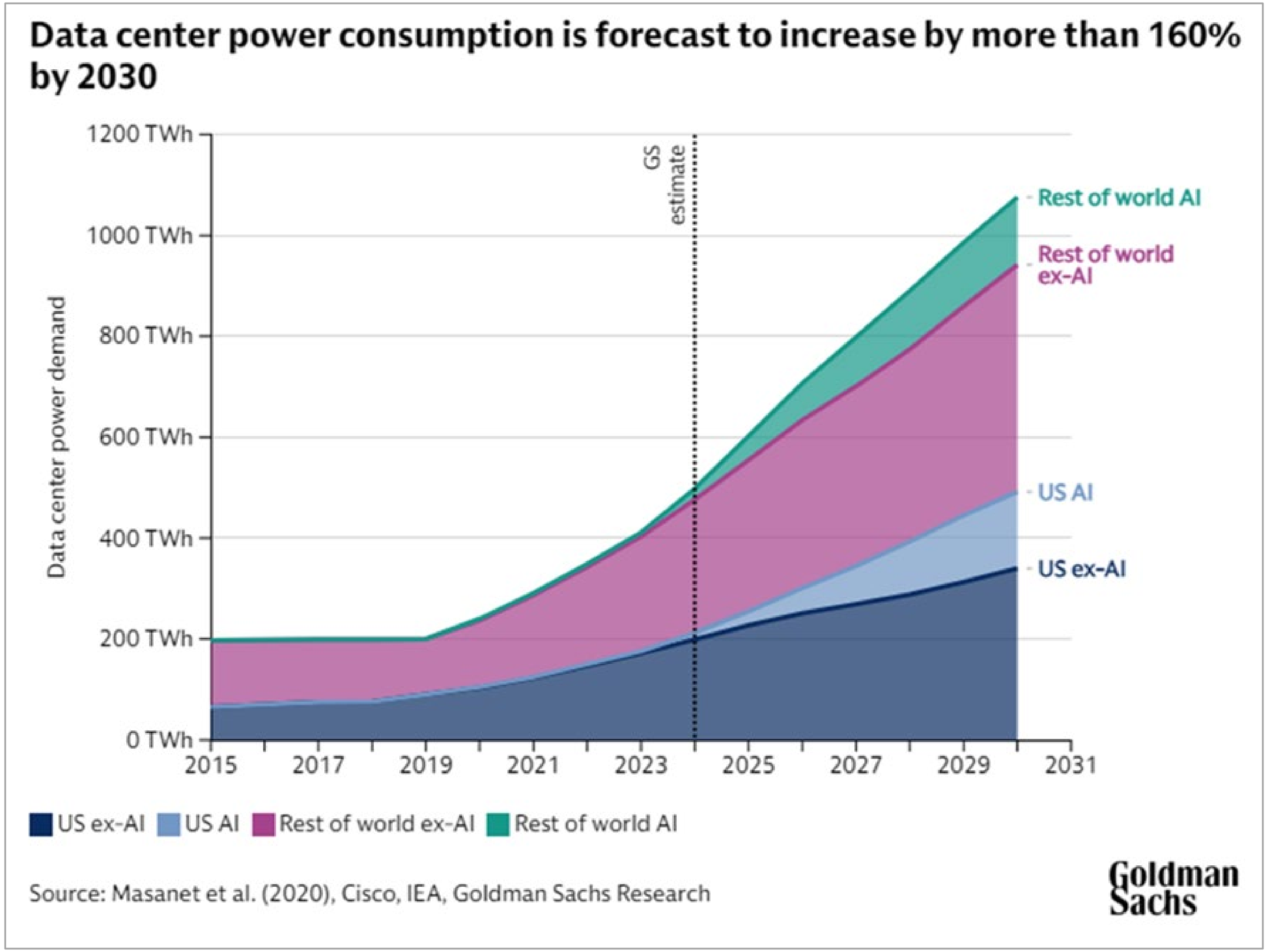
Team Searches and Vacancies

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

05 Commentary

Staff Chart of the Month

Data Center Power Consumption Forecast to Increase Through 2030



06 Appendix

Quiet Period for Search Respondents

Real Assets Emerging Manager Program Discretionary Separate Account Manager

- ✓ ORG Portfolio Management
- ✓ Barings
- ✓ Belay Investment Group
- ✓ Hamilton Lane
- ✓ Cambridge Associates
- ✓ Seed Partners
- ✓ Stable Asset Management
- ✓ Wafra Inc.
- ✓ Artemis Real Estate Partners
- ✓ Aether Investment Partners
- ✓ Neuberger Berman Group
- ✓ The Townsend Group
- ✓ BGO Strategic Capital Partners
- ✓ BlackRock
- ✓ StepStone
- ✓ GCM Grosvenor