



Chief Investment Officer Monthly Report

Jonathan Grabel – Chief Investment Officer 

Board of Investments Meeting
October 8, 2025

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Complete list of slide footnotes are included in the Appendix.



01



Market Environment

Notable Items and Market Themes to Watch



Notable Items



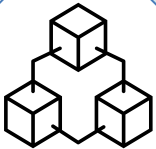
Interest rates and central bank actions

- The Federal Reserve cut rates by 25 basis points while signaling cautious, data-dependent further easing



Economic data and trends

- Inflation, tariffs, elevated trade tensions, & labor developments



Artificial intelligence

- Research developments, applications, infrastructure investment, risk oversight and governance



Stewardship and ESG-related developments

- U.S. Securities and Exchange Commission announced regulatory priorities including company reporting requirements and investor rights

Market Themes

- **Tariff Impacts:** U.S. trade policy continues to be a significant issue for economic and market outcomes. Import tariffs remain high across many sectors. Trade policy risk has been priced into inflation expectations in many forward-looking economic models
- **Inflation:** Global inflation is projected to decline gradually from ~3.4% in 2025 to ~2.9% in 2026. In the U.S., core inflation held steady at 2.9% year-over-year; tariff impacts are expected to gradually build
- **Federal Reserve Policy:** The Federal Reserve cut the federal funds rate by 25 basis points to a 4.00-4.25% range, the first cut of this year. Projections suggest up to two more cuts this year, however, Fed officials have voiced mixed views on further reductions given that inflation is still a concern
- **Geopolitical Uncertainty:** Geopolitical uncertainty remains elevated due to trade tensions, tariff retaliation, and regional conflicts. These factors continue to fuel volatility and input cost pressures
- **Corporate Earnings:** Earnings momentum remained stable with positive revisions emerging

Global Market Performance

As of September 30, 2025

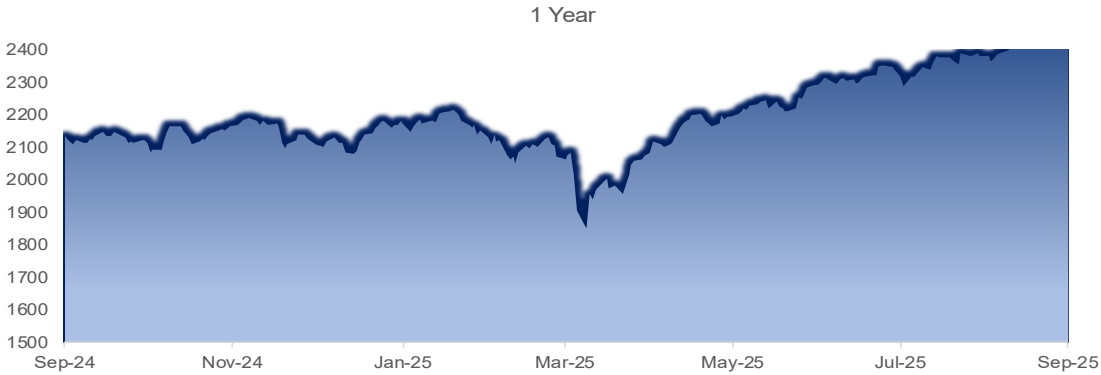


MSCI ACWI IMI Index (Global Equity Market)*

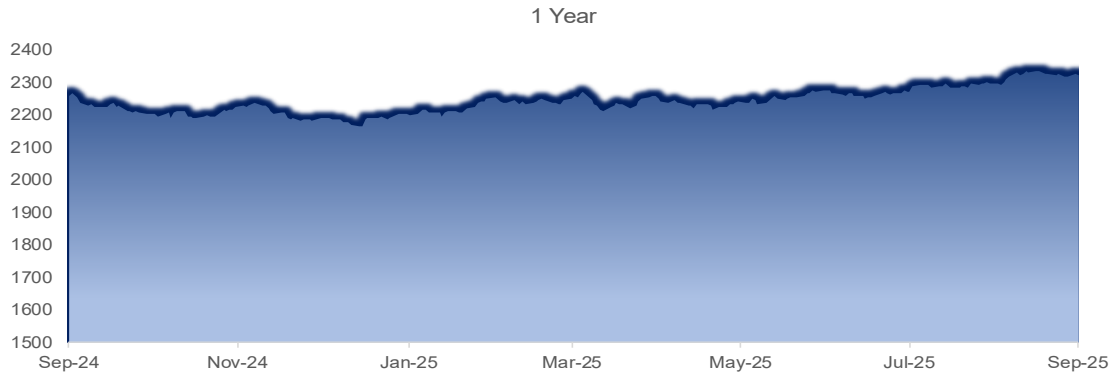
Trailing Returns (%)				Annualized Returns (%)			
1-Month	3-Month	FYTD	YTD	1Y	3Y	5Y	10Y
3.4	7.7	7.7	18.3	16.8	22.5	13.3	11.6

Bloomberg U.S. Aggregate Bond Index**

Trailing Returns (%)				Annualized Returns (%)			
1-Month	3-Month	FYTD	YTD	1Y	3Y	5Y	10Y
1.1	2.0	2.0	6.1	2.9	4.9	-0.4	1.8



*Global Equity Policy Benchmark - MSCI ACWIIMI Index



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

Market	Sub-Category	Index Name	1 M	3 M	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	2.5	5.4	5.4	13.4	11.1	15.3	7.8	7.8
Global Equity	U.S. Large Cap	S&P 500 Total Return	3.6	8.1	8.1	14.8	17.6	24.9	16.5	15.3
	U.S. Small Cap	Russell 2000 Total Return	3.1	12.4	12.4	10.4	10.8	15.2	11.6	9.8
	Non-U.S. All Cap	MSCI ACWI-ex U.S. IMI Total Return	3.4	6.9	6.9	26.0	16.4	20.5	10.2	8.2
	Emerging Markets	MSCI Emerging Markets Total Return	7.2	10.6	10.6	27.5	17.3	18.2	7.0	8.0
Private Equity	Private Equity Buyout	Thomson Reuters PE Buyout Index	4.2	9.6	9.6	21.7	21.4	25.4	12.5	13.8
Fixed Income	U.S. Corporate High Yield Bonds	Bloomberg U.S. Corporate High Yield Total Return	0.8	2.5	2.5	7.2	7.4	11.1	5.5	6.2
	U.S. Long Term Treasury Bonds	Bloomberg Long Term U.S. Treasury Total Return Index	3.1	2.5	2.5	5.6	-3.5	0.4	-7.8	-0.1
	Developed Markets Leveraged Loans	Credit Suisse Leveraged Loan Total Return	0.5	1.7	1.7	4.7	7.1	9.7	6.9	5.4
Real Assets & Inflation Hedges	Natural Resources	S&P Global Natural Resources Total Return Index	2.0	9.5	9.5	21.3	7.0	10.7	14.3	10.4
	Global Infrastructure	Dow Jones Brookfield Global Infrastructure Composite Index	1.2	1.5	1.5	13.6	11.1	13.6	10.7	7.1
	Treasury Inflation-Protected Securities	Bloomberg U.S. Treasury TIPS 0-5 Years Total Return	0.0	1.6	1.6	5.7	5.5	5.4	3.7	3.1
	Real Estate	NCREIF Fund Index - ODCE (Net) ¹	—	0.8	2.7	1.7	2.7	-6.2	2.5	4.4

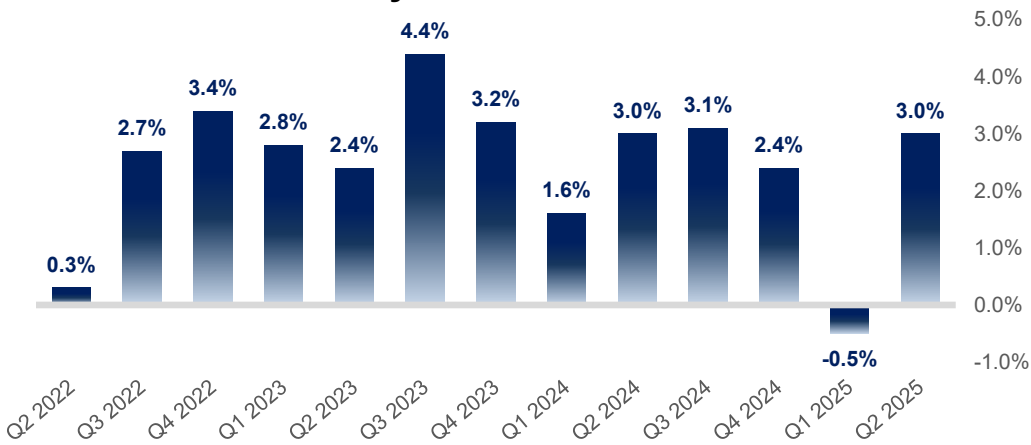
¹ Reported on a 3-month lag.

Source: Bloomberg, State Street

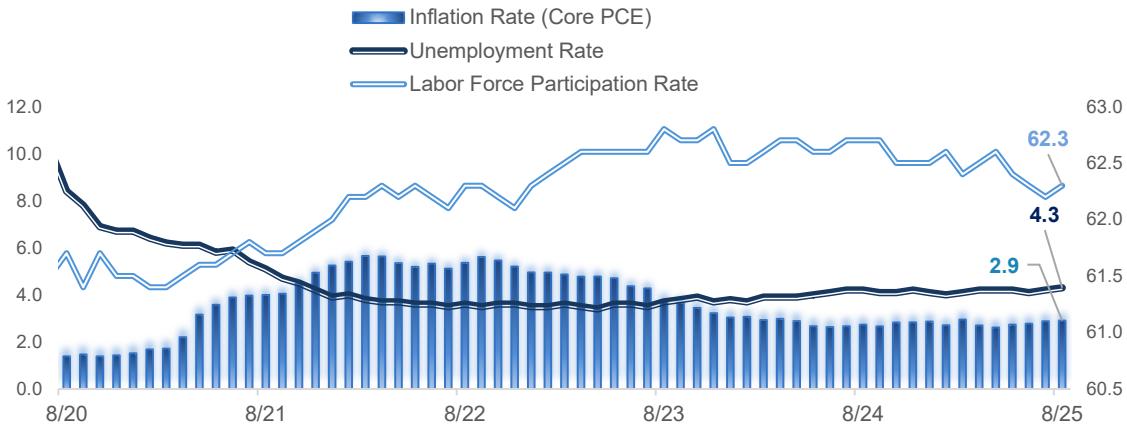
Key Macro Indicators²



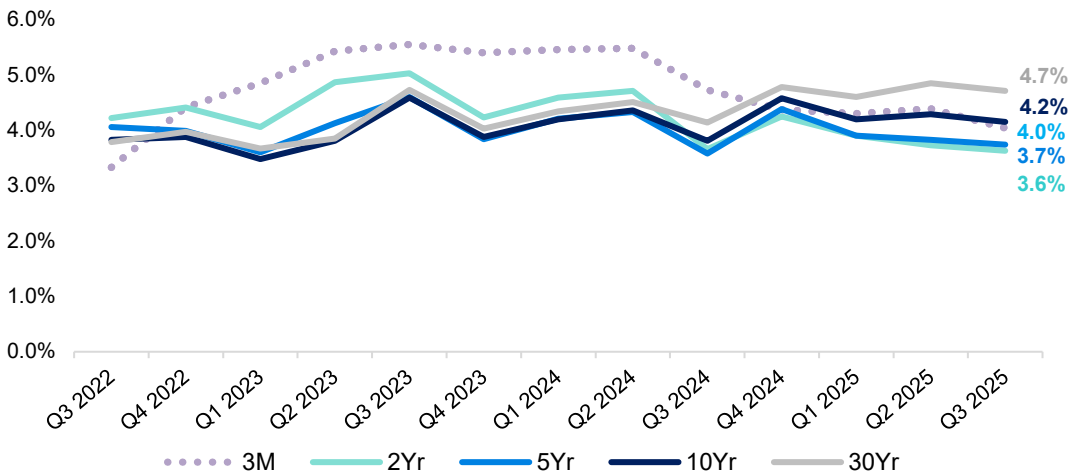
Quarterly Real GDP Growth



Inflation, Unemployment, and Labor Participation

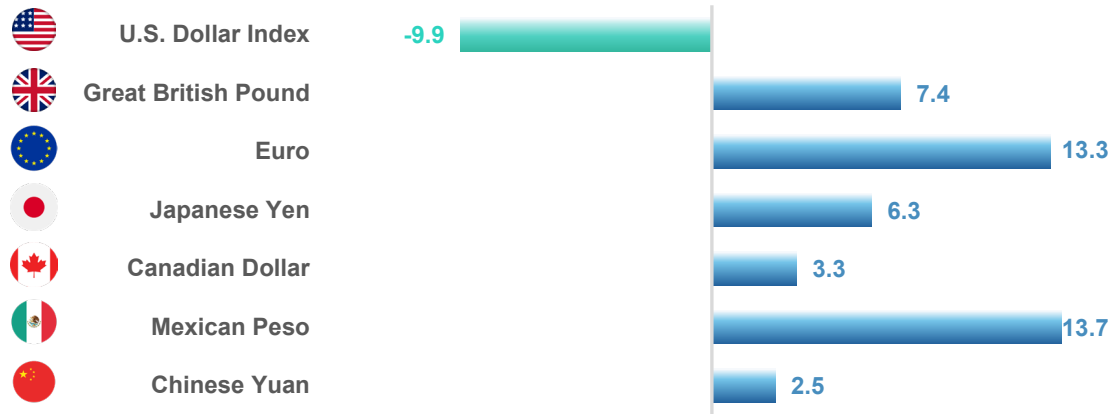


Market Yields on U.S. Treasury Securities



U.S. Dollar and Major Currency Performance

(Year-to-Date as of 9/30/2025)



Sources: Bloomberg, St. Louis Federal Reserve



02



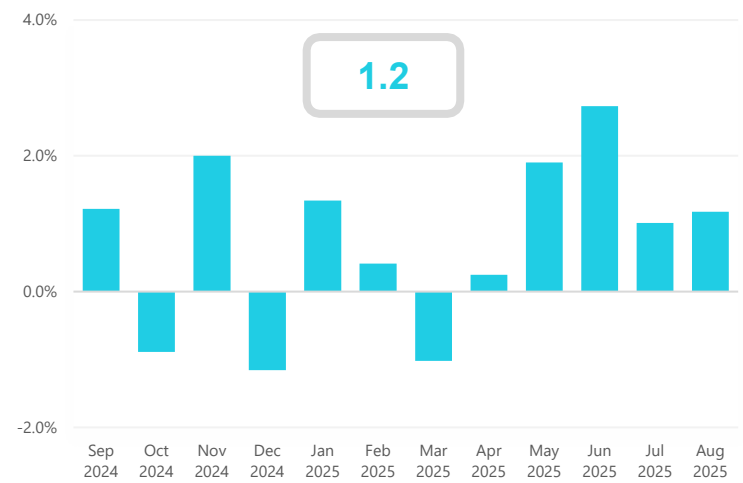
Total Fund Performance & Risk

Total Fund

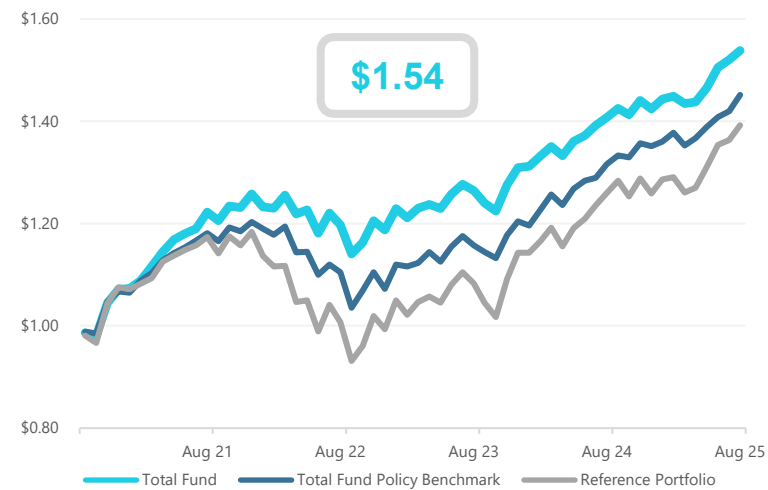
Performance Summary as of August 2025



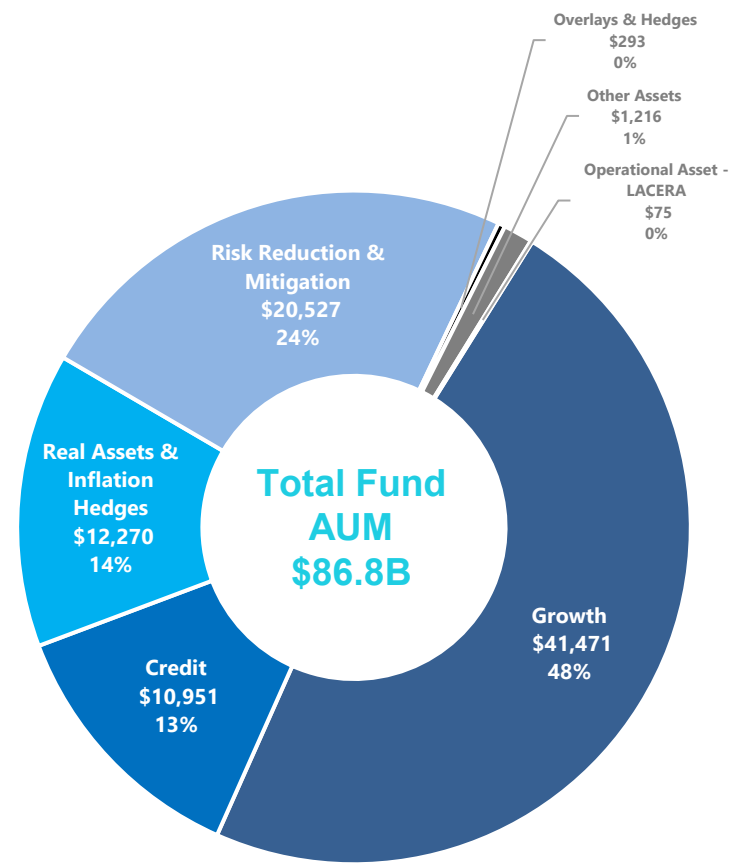
Monthly Return (net)



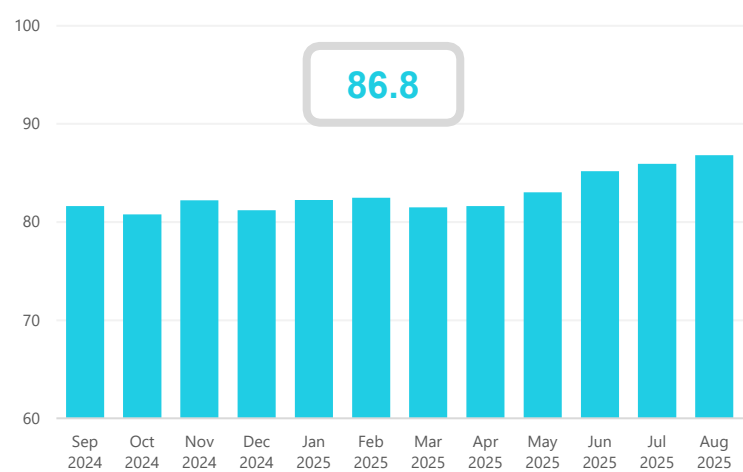
Growth of a Dollar (trailing 5Y)³



Asset Allocation (in millions)⁴



Total Market Value (in billions)



Cash Equivalents (in millions)

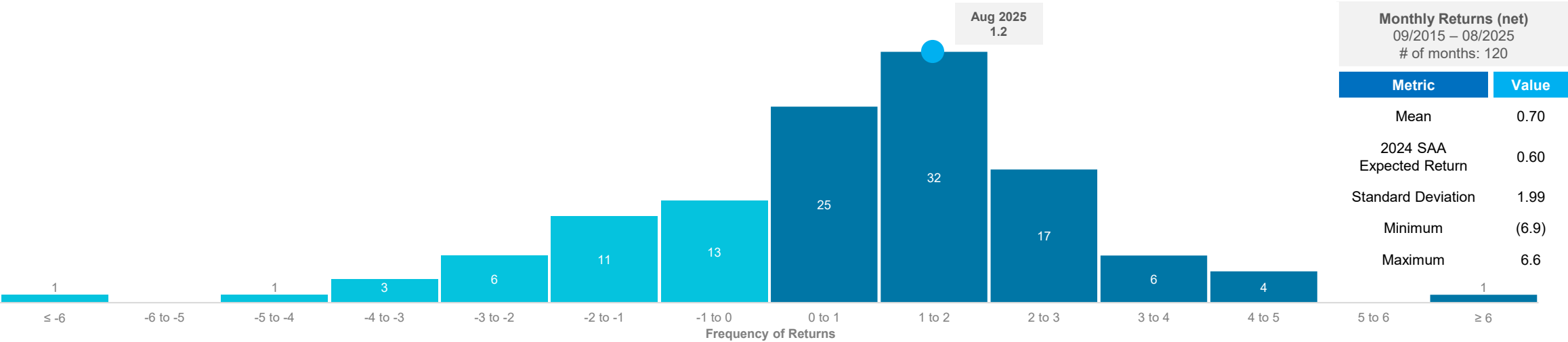


Total Fund

Historical Net Performance as of August 2025



LACERA Pension Fund⁵



	Market Value (\$ mm)	% of Total Fund	Target	1 Month	3 Month	FYTD	YTD	1 Year	3 Year	5 Year	10 Year
Total Fund	86,803	100.0%	100.0%	1.2%	5.0%	2.2%	8.0%	9.3%	8.7%	9.0%	8.5%
Total Fund Policy Benchmark				2.3%	4.5%	3.1%	7.4%	10.3%	9.5%	7.7%	8.0%
Total Fund Actuarial Hurdle				0.6%	1.7%	1.1%	4.6%	7.0%	7.0%	7.0%	7.0%
Growth	41,471	47.8%	48.0%	2.6%	6.5%	3.4%	10.7%	11.8%	12.3%	12.8%	
Growth Policy Benchmark				3.8%	6.5%	5.0%	10.8%	15.0%	14.9%	12.3%	
Credit	10,951	12.6%	13.0%	-3.7%	7.9%	0.5%	9.7%	14.0%	12.8%	9.4%	
Credit Policy Benchmark				0.8%	3.7%	2.0%	5.2%	9.0%	9.4%	5.2%	
Real Assets & Inflation Hedges	12,270	14.1%	15.0%	2.2%	2.9%	1.9%	6.8%	6.6%	1.3%	6.4%	
RA & IH Policy Benchmark				1.0%	2.8%	1.4%	3.4%	6.6%	0.8%	5.8%	
Risk Reduction & Mitigation	20,527	23.6%	24.0%	0.8%	2.1%	0.9%	4.4%	3.7%	3.3%	0.6%	
RR & M Policy Benchmark				0.9%	2.1%	0.8%	4.5%	3.4%	3.2%	0.1%	
Overlays & Hedges	293	0.3%									
Other Assets	1,216	1.4%									
Operational Asset - LACERA	75	0.1%									

Total Fund

Forecast Volatility as of August 2025⁶



VOLATILITY

Measures how much a portfolio can fluctuate over 1Y

TOTAL FUND
VOLATILITY

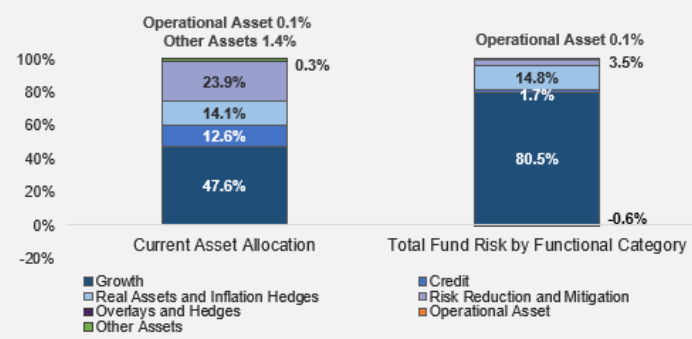
9.2%

BENCHMARK
VOLATILITY

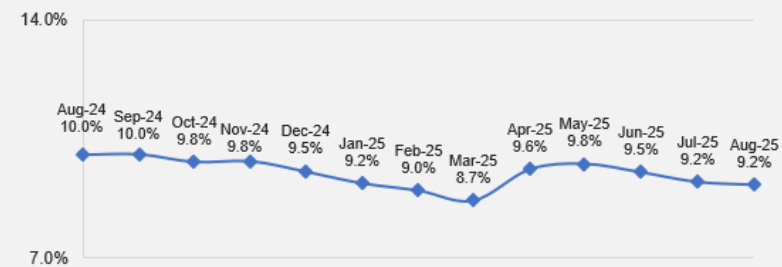
9.4%

Total Fund Asset Allocation

Capital-based versus Risk-based



Forecasted Total Fund Volatility Trend



ACTIVE RISK

1Y forecast that measures how closely the portfolio tracks the benchmark

TOTAL FUND
ACTIVE RISK

1.04%

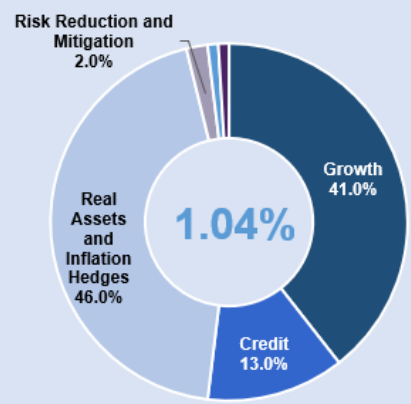
ALLOCATION
RISK

0.04%

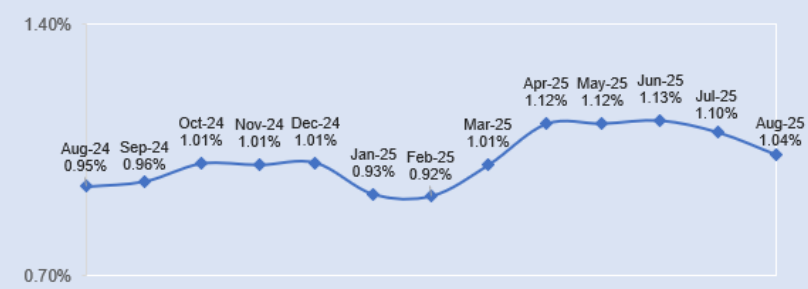
SELECTION
RISK

1.00%

Functional Category Contributions to Active Risk



Forecasted Active Risk Trend



Source: MSCI BarraOne

Total Fund

Geographic Exposure by AUM as of August 2025^{7,8}

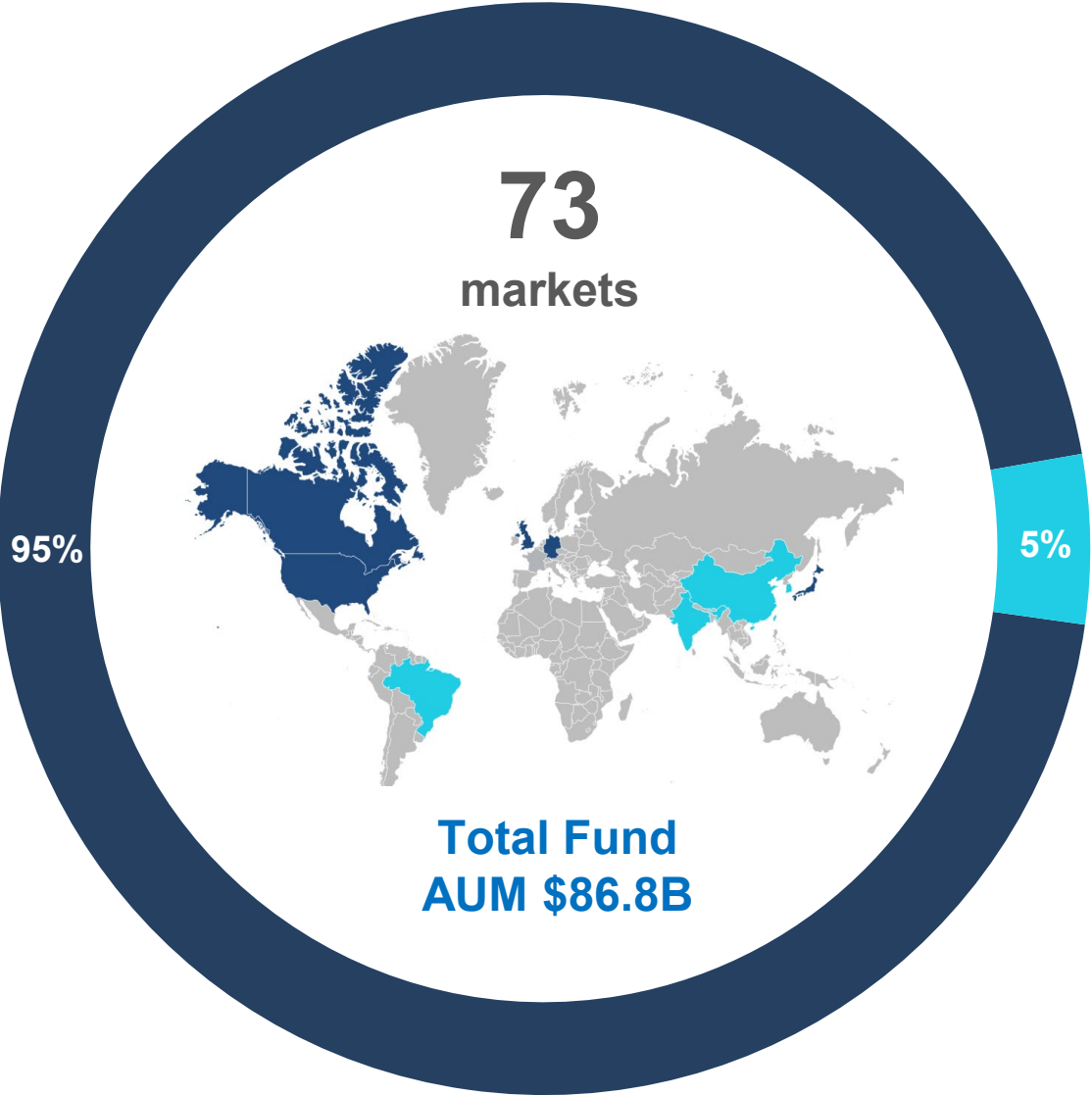


25

developed
markets

Top 5 Countries		Portfolio
	United States	76.5%
	United Kingdom	4.6%
	Canada	2.3%
	Germany	1.6%
	Japan	1.6%

73
markets



48

emerging &
frontier markets

Top 5 Countries		Portfolio
	China	2.0%
	Taiwan	0.7%
	India	0.5%
	South Korea	0.5%
	Brazil	0.4%



03



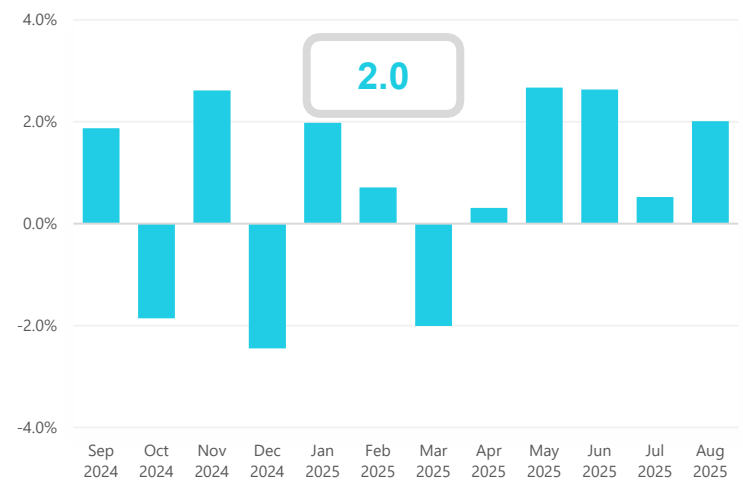
OPEB Trust Performance & Risk

OPEB Trust

Performance Summary as of August 2025



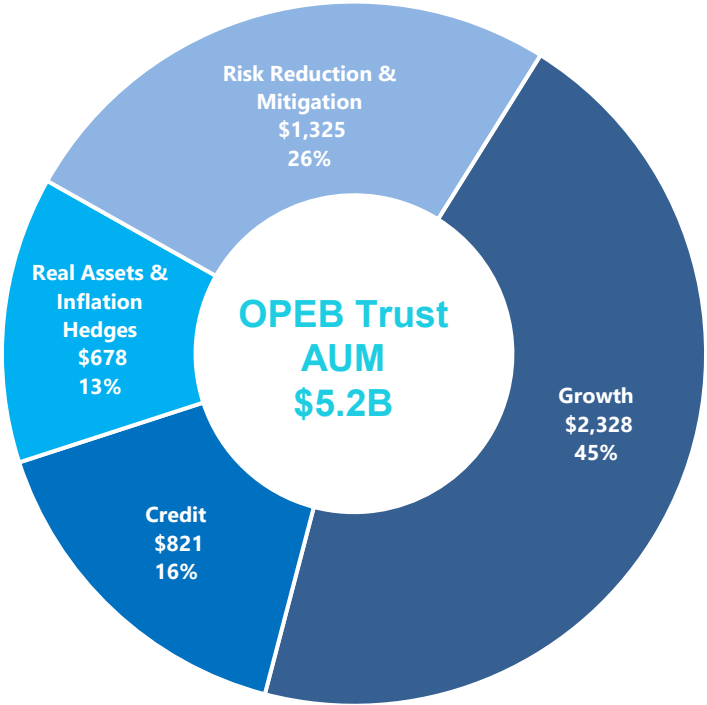
Monthly Return (net)



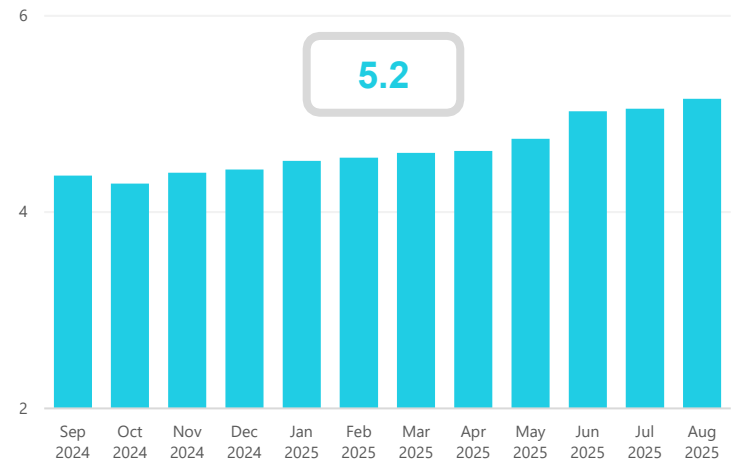
Growth of a Dollar (trailing 5Y)⁹



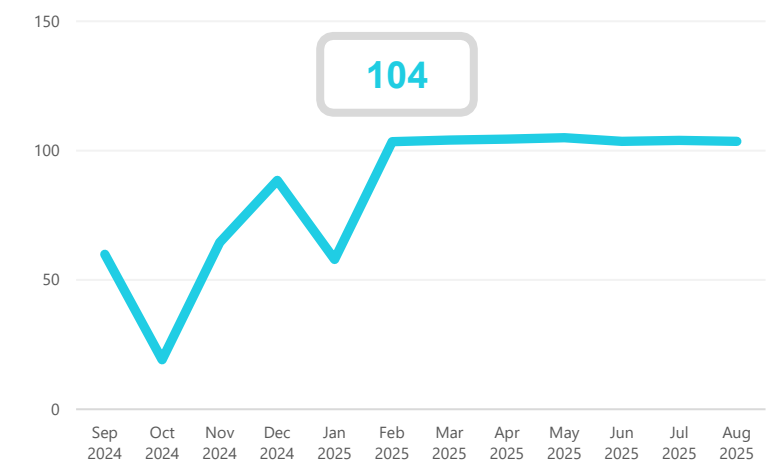
Asset Allocation (in millions)



Total Market Value (in billions)

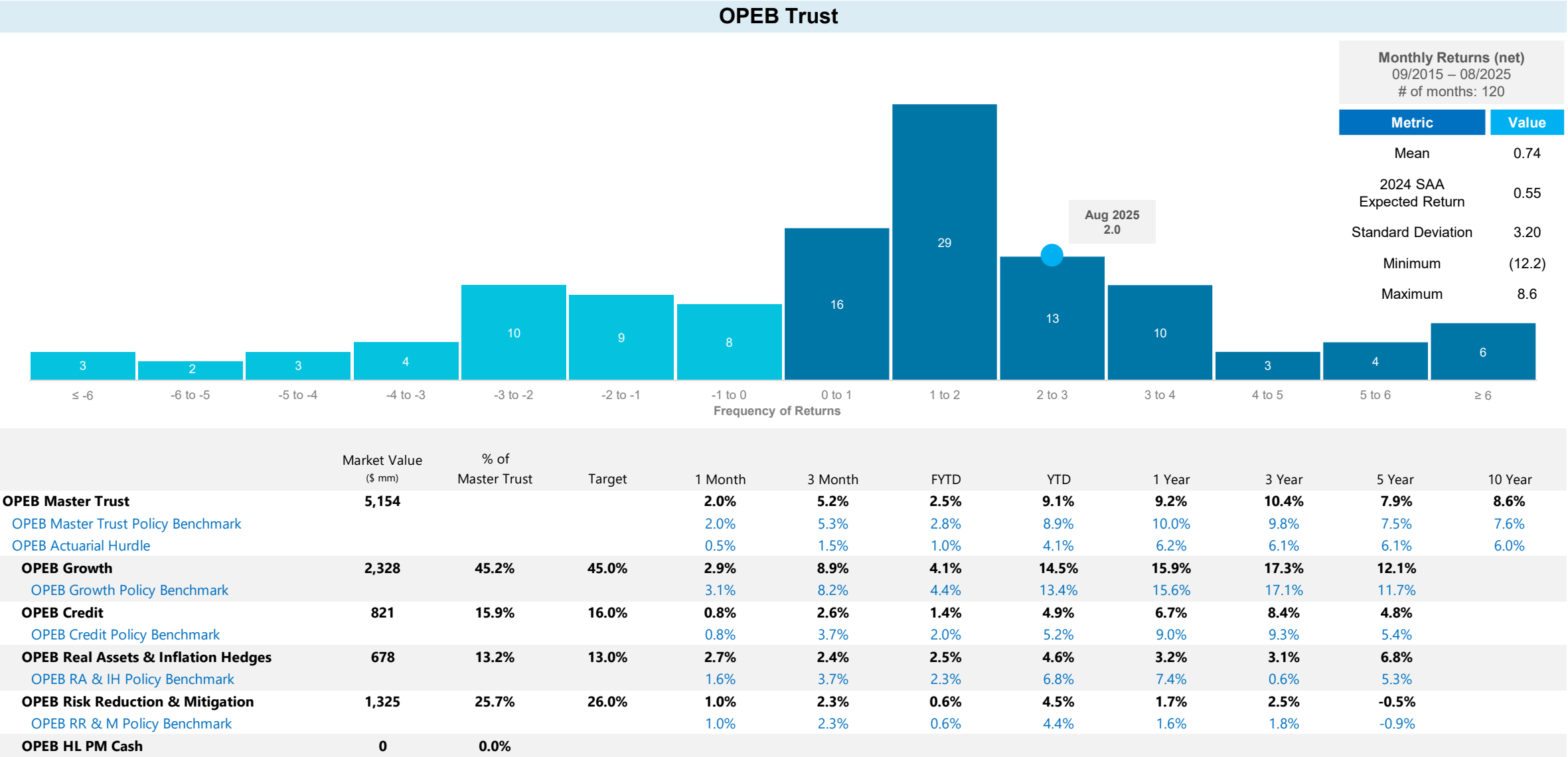


Cash Equivalents (in millions)



OPEB Trust

Historical Net Performance as of August 2025



OPEB Trust

Forecast Volatility as of August 2025¹⁰



VOLATILITY

Measures how much a portfolio can fluctuate over 1Y

OPEB TRUST
VOLATILITY

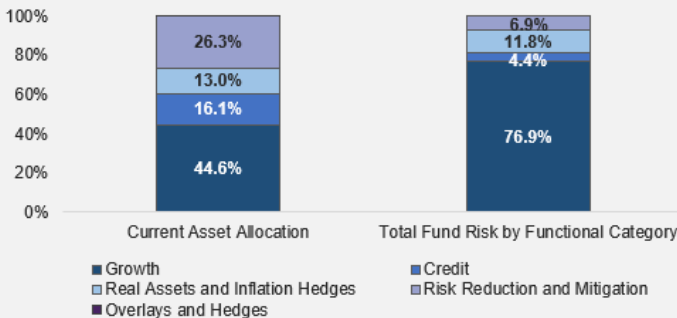
8.6%

BENCHMARK
VOLATILITY

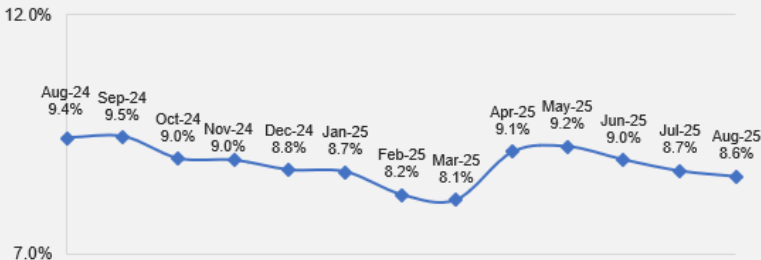
8.6%

OPEB Trust Asset Allocation

Capital-based versus Risk-based



Forecasted OPEB Trust Volatility Trend



ACTIVE RISK

1Y forecast that measures how closely the portfolio tracks the benchmark

OPEB TRUST
ACTIVE RISK

0.75%

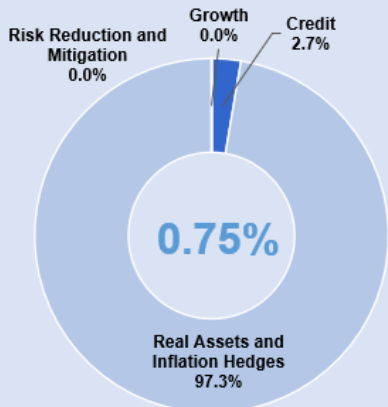
ALLOCATION
RISK

0.01%

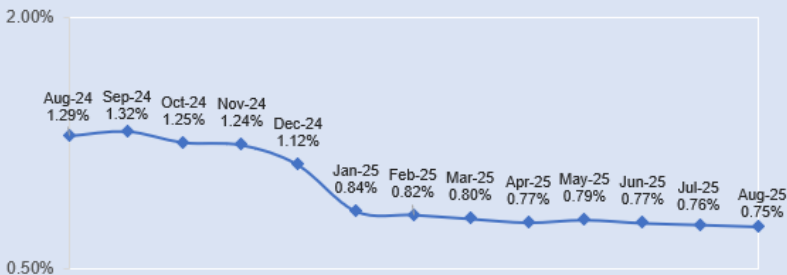
SELECTION
RISK

0.74%

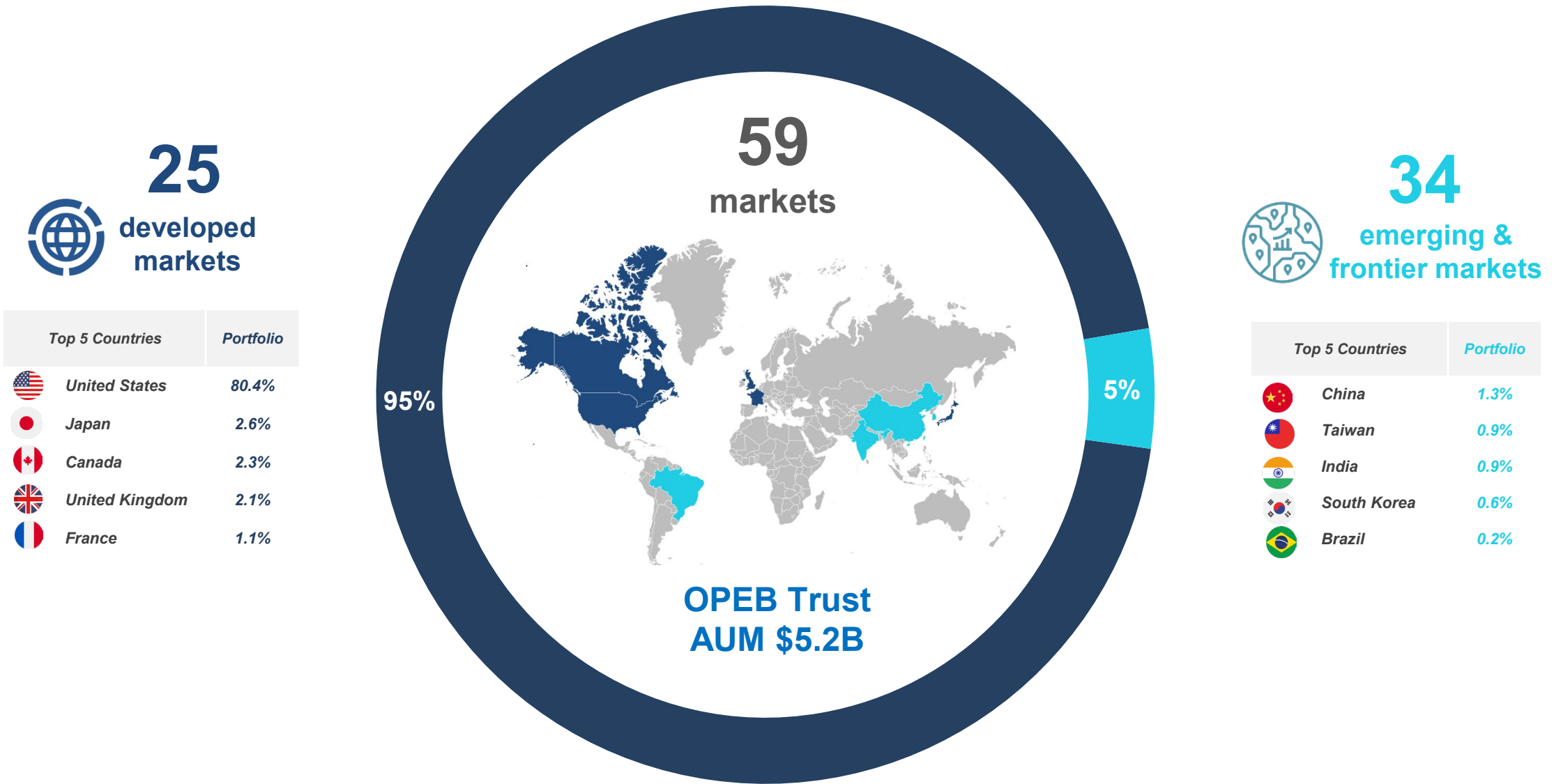
Functional Category Contributions to Active Risk



Forecasted Active Risk Trend



Source: MSCI BarraOne



Top 5 Countries		Portfolio
	United States	80.4%
	Japan	2.6%
	Canada	2.3%
	United Kingdom	2.1%
	France	1.1%

Top 5 Countries		Portfolio
	China	1.3%
	Taiwan	0.9%
	India	0.9%
	South Korea	0.6%
	Brazil	0.2%



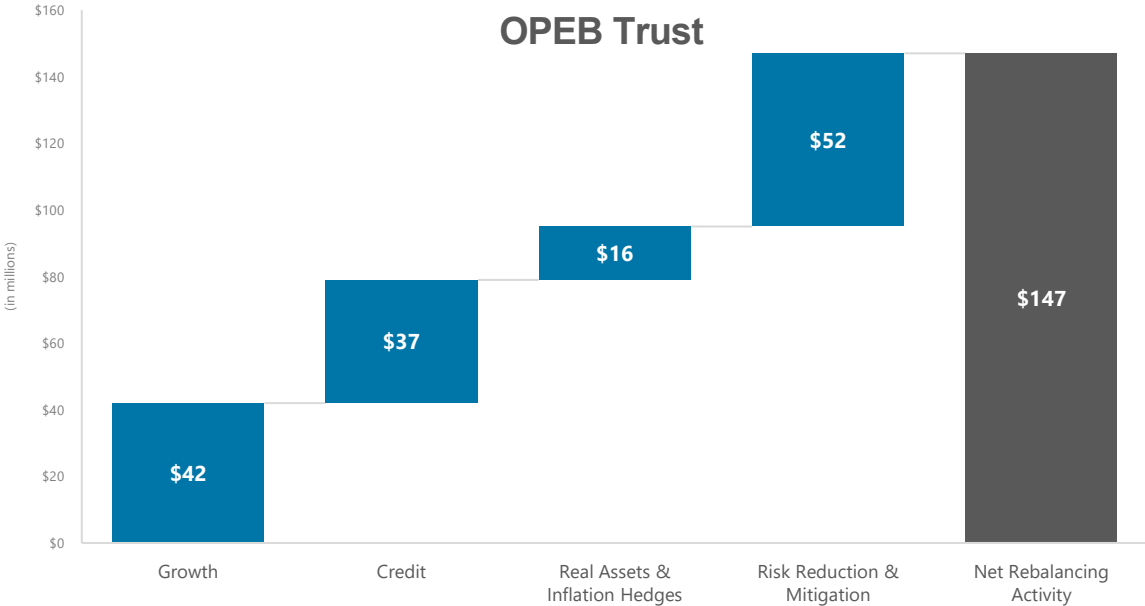
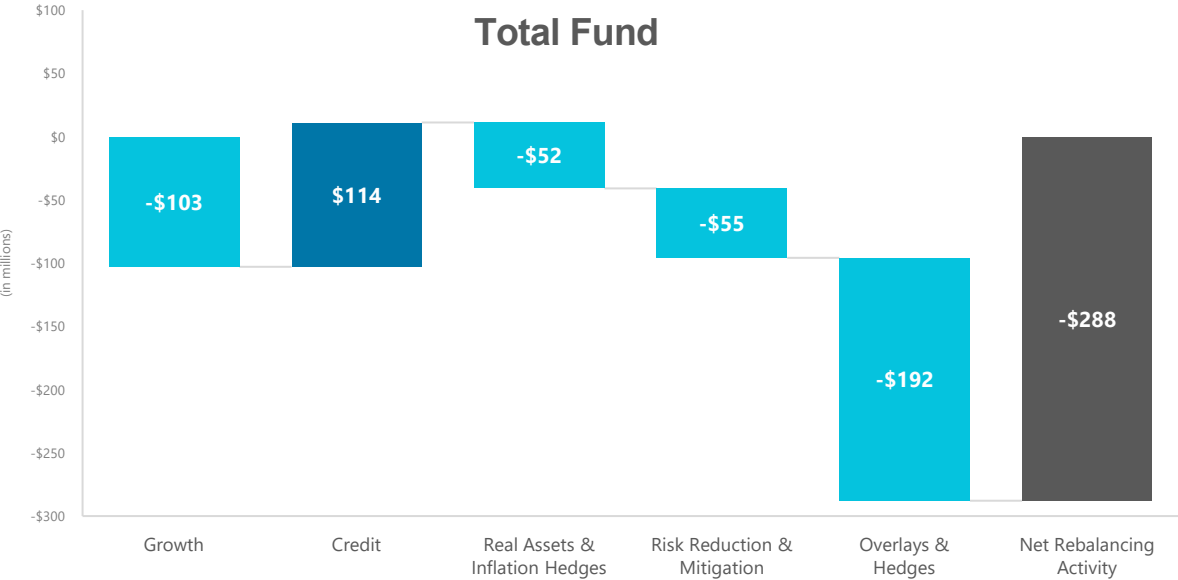
04

Portfolio & Structural Updates





Rebalancing Activity



Overlays & Hedges

Program	August Gain / (Loss) in \$ millions	Since Inception Gain / (Loss) in \$ millions
Currency Hedge	(7.9)	1,463.3
Cash / Rebalance Overlay	8.6	586.2

Key Initiatives and Operational Updates



Key Initiatives & Operational Updates

	Status
Total Fund	
April 2024 approved Strategic Asset Allocation implementation	In Progress
Adhering to the BOI-approved 2025 Strategic Framework	In Progress
Risk system onboarding	In Progress
Manager surveys distributed for annual TIDE report	In Progress
OPEB Trust	
April 2024 approved Strategic Asset Allocation implementation	In Progress
Risk system onboarding	In Progress



Open Personnel Searches

	Status
Investments Division	
Principal Investment Officer – 1 position	In Development
Senior Investment Officer – 1 position	In Progress
Finance Analyst III – 6 positions	In Development
Finance Analyst II – 3 positions	In Progress
Finance Analyst I – 1 position	In Progress

Key Initiatives and Operational Updates



Strategic Updates

Firm	Nominee	New Role	Nominated By	Update
LACERA	Jon Grabel, CIO	Appointed Member, Inclusion Committee	CFA Institute	The CFA Institute appointed CIO Grabel to its Inclusion Committee. As a member of the Committee, Mr. Grabel will help provide strategic oversight for the CFA Institute's inclusion initiatives.

Manager / Consultant Updates

Firm	Mandate	Asset Class	LACERA AUM (prior month end, in millions)	Update
AEW	Fund - AEW Value Add Investors Asia III	Real Estate	\$26	AEW's Head of Asia, Jason Lee, has left the firm and has been replaced by Yian Wang.
Lazard Asset Management	Separate Account	Global Equities	\$578	Christopher Hogbin has been appointed CEO of Lazard Asset Management, effective December 2025, succeeding Evan Russo, who will transition into an advisory role after two decades at the firm. Hogbin brings 30 years of experience, including 20 years at AllianceBernstein where he most recently served as Global Head of Investments.

Change In Fiduciary Net Position¹³



FIDUCIARY NET POSITION

Additions

+
Deductions



ADDITIONS

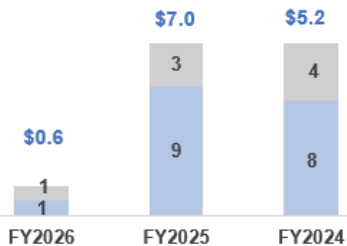
Employer and Employee Contributions
Net Investment Income/(Loss)



DEDUCTIONS

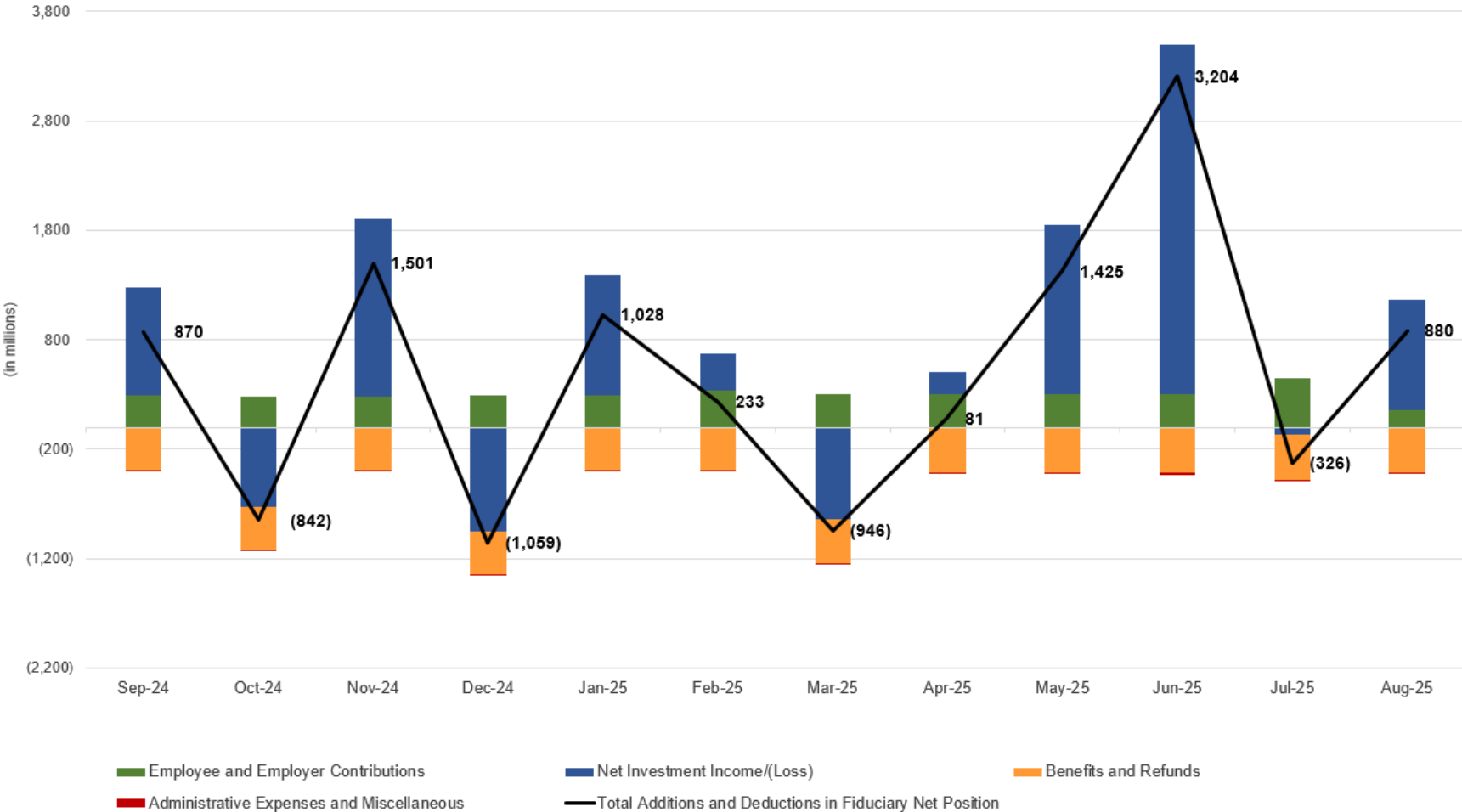
Benefits and Refunds
Administrative Expenses

Total Net Position Change Trend (in billions)



■ Positive Months ■ Negative Months

Additions and Deductions in Net Fiduciary Position (Unaudited)



■ Employee and Employer Contributions ■ Net Investment Income/(Loss) ■ Benefits and Refunds
■ Administrative Expenses and Miscellaneous — Total Additions and Deductions in Fiduciary Net Position



05



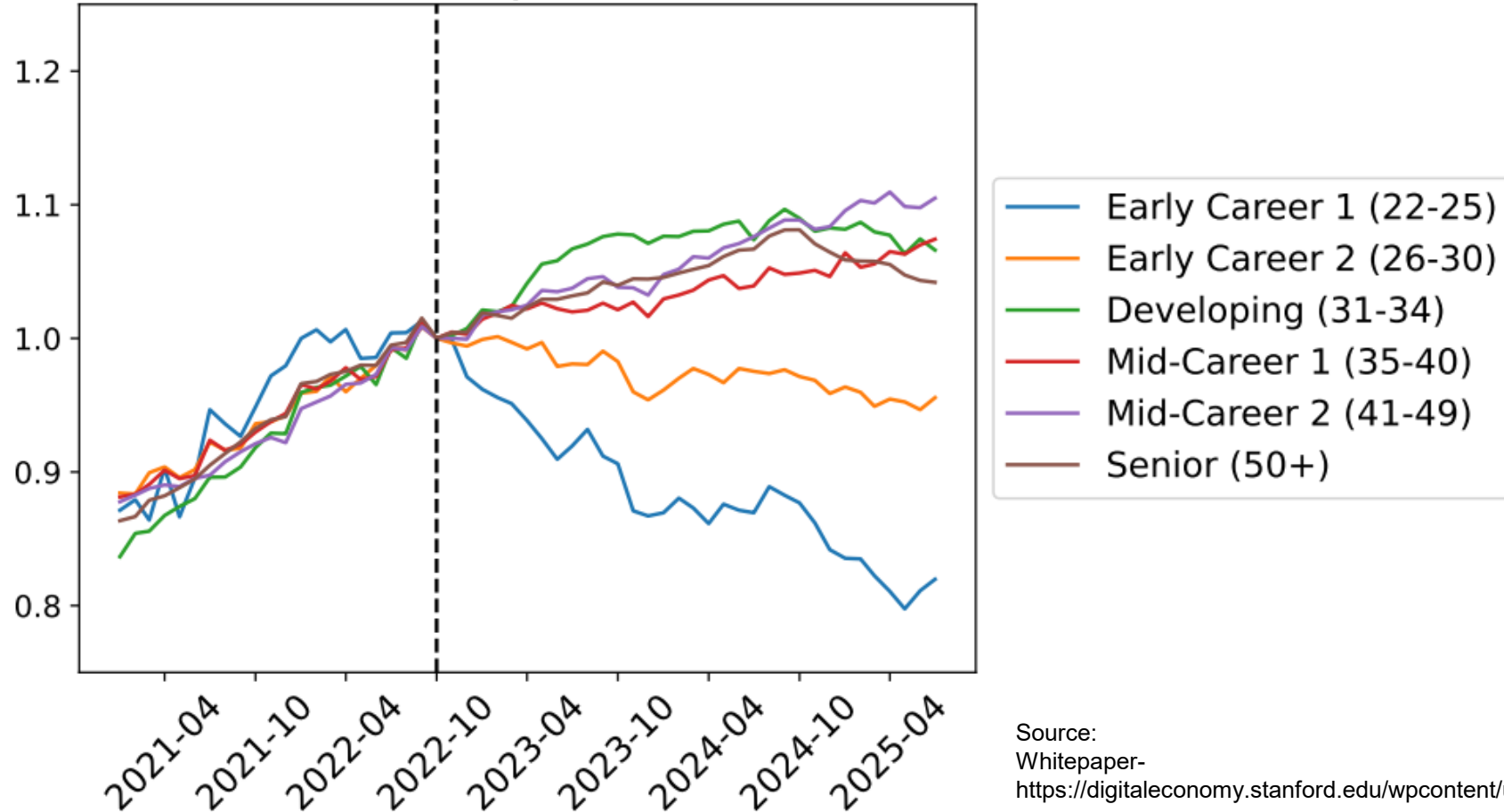
Appendix

Staff Chart of the Month

Employment for Younger Workers in Software Development Has Declined



Headcount Over Time by Age Group
Software Developers (Normalized)



Source:
Whitepaper-
https://digitaleconomy.stanford.edu/wpcontent/uploads/2025/08/Canaries_BrynjolfssonChandarChen.pdf

Quiet Period for Search Respondents



Real Assets Emerging Manager Program Discretionary Separate Account Manager



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

Quiet Period for Search Respondents



Overlays and Hedges Passive Cash Overlay Investment Manager



- Legal & General Asset Management
- NISA Investment Advisors
- Parametric Portfolio Associates
- Russell Investments
- State Street Investment Management

Disclosures & Definitions



Page / Footnote	Disclosure
Page 5 / Footnote 1	NCREIF Fund Index – ODCE (Net) returns represent the latest available quarterly performance.
Page 6 / Footnote 2	The information on the “Key Macro Indicators” charts is the best available data and may not reflect the current market and economic environment.
Page 8, 13 / Footnote 3, 9	Reference portfolio = 60% MSCI ACWI IMI / 40% Bloomberg US Aggregate Bond Index.
Page 8, 9 / Footnote 4, 5	Other Assets include receivables due to deferred sales and rebalancing activity pending settlement.
Page 10, 15 / Footnote 6, 10	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.
Page 11, 16 / Footnote 7, 11	Geographic exposure ex-overlays and hedges is based on the domicile country of a given security/asset.
Page 11, 16 / Footnote 8, 12	Information displayed represents best available holdings level transparency. Based on MSCI Market Classification Framework.
Page 21 / Footnote 13	Includes unrealized and realized net investment income.

Term	Definition
Active risk	Risk that a managed portfolio creates to outperform the benchmark returns.
Allocation risk	Investment manager’s decision to overweight or underweight sector weights in the portfolio versus the benchmark.
Mean	Expected return of an asset over a specified period.
Selection risk	Investment manager’s selection of securities within the portfolio versus the benchmark.
Standard deviation	Statistical measure of dispersion around the mean.
Volatility	Statistical measure of dispersion of returns for a portfolio.