



Investments Committee Report 21-08

Date: October 28, 2021

To: Investments Committee

From: Staff

Subject: Search Process for DCP Actively Managed Mandates:

- Mid-Cap Active Value/Growth Equity (Stage 3)
- International Small-Cap Equity (Stage 2)
- Core Plus Fixed Income (Stage 2)

Investments Committee
Raymond Ciranna <i>Chairperson</i>
Joshua Geller
Neil Guglielmo
Jeremy Wolfson

Recommendation:

That the Investments Committee (Committee) develop final fund selection recommendations to the Board of Deferred Compensation Administration (Board) for the Mid-Cap Active Value Equity and Mid-Cap Active Growth Equity mandates; finalists for the International Small-Cap Equity mandate; and finalists for the Core Plus Fixed Income mandate.

Discussion:

A. Background

The Board and the Committee have taken a number of actions with respect to procurements and search processes for Deferred Compensation Plan (DCP) investment managers. Following is a summary of actions to date regarding these ongoing searches:

- On **June 18, 2019**, the Board directed staff to draft revisions to the DCP Core Menu Investment Management Services and Stable Value Fund (SVF) Management Services RFPs to include an evaluation process aligning with the Board's established mutual fund search process. The Board also asked staff to work with the City Attorney's Office and Office of Contract Compliance to identify all non-applicable provisions of the City's general contracting requirements for the investment of DCP funds.
- On **July 16, 2019**, the Board approved staff's proposed process to administer parallel mutual fund and institutional product procurement searches for all DCP investment mandates.
- On **January 14, 2020**, the Committee reviewed and approved staff's proposed revised RFPs.
- On **February 18, 2020**, the Board approved and authorized the release of RFPs for (i) DCP Investment Management Services and (ii) SVF Investment Management Services.
- On **August 17, 2020**, the DCP Core Menu RFP was released; responses were due October 1, 2020. Along approximately the same time frame the DCP investment consultant, Mercer Investments (Mercer), executed the parallel mutual fund search process.

- On **February 16, 2021**, following Committee review on October 30, 2020, and prior Board consideration at its meetings on December 15, 2020, and January 19, 2021, the Board selected Galliard Capital Management to complete its SVF procurement process.
- On **May 18, 2021**, the Board selected Vanguard to provide passive management services for the passively managed components of the DCP Bond, DCP Large-Cap Stock, DCP Mid-Cap Stock, and DCP Small-Cap Stock investment options, following prior consideration at its meeting on April 20, 2021.
- On **June 23, 2021**, the Committee approved a proposal from staff and Mercer for the methodology to be used for reviewing candidates for the actively managed mandates. The process provides that following evaluation of all RFP respondents and mutual fund candidates on RFP evaluation categories, as part of its Stage 1 review Mercer will provide recommendations regarding removing from the candidate list those funds not meeting certain key criteria outlined in Section 5.1, Evaluation Process and Review Criteria, of the RFP and which would otherwise be the basis for ranking candidates in any event.
- On **July 22, 2021**, the Committee approved a refined number of candidate strategies for the Mid-Cap Value Equity, International Small-Cap Equity, International Emerging Markets Equity, and International Developed Markets Equity investment mandates. Consideration of the Core Plus Bond, Mid-Cap Growth Equity, Small-Cap Value Equity, and Small-Cap Growth Equity mandates was deferred.
- On **August 23, 2021**, the Committee approved a refined number of candidate strategies for the DCP Core Plus Bond, Mid-Cap Growth Equity, Small-Cap Value Equity, and Small-Cap Growth Equity investment mandates.
- On **September 17, 2021**, the Committee approved Stage 3 finalists for the International Small-Cap Equity, International Emerging Markets Equity, and International Developed Markets Equity investment mandates.
- On **September 29, 2021**, the Committee approved Stage 3 finalists for the Mid-Cap Active Value Equity and Mid-Cap Active Growth Equity mandates.
- On **October 20, 2021**, the Committee approved Stage 3 finalists for the Small-Cap Active Value Equity and Small-Cap Active Growth Equity mandates; and deferred Stage 3 consideration of the International mandates due to a change in status for one of the prior finalists for the International Small-Cap mandate.

B. Committee Action and Timeline

At the Committee meeting Mercer will review:

- Mid-Cap Active Value Equity and Mid-Cap Active Growth Equity mandates – Stage 3 **(Attachment A)**
- International Small-Cap fund mandate – Stage 2 reconsideration **(Attachment B)**
- Core Plus Fixed Income Mandate - Stage 2 first consideration **(Attachment C)**

The following table provides a timeline for Committee review of the remaining mandates and tentative subsequent consideration by the full Board:

Topic	Investments Committee Meeting Date	Board Meeting Date for Considering Investment Committee Recommendations
Stage 2 – International	September 17, 2021 (completed)	N/A
Stage 2 – Mid-Cap	September 29, 2021 (completed)	N/A
Stage 2 – Small-Cap Stage 3 – International	October 20, 2021 completed Small-Cap	N/A
Stage 2 – Bond Stage 2 – International (Small-Cap) Stage 3 – Mid-Cap	October 28, 2021	November 16, 2021 (Mid-Cap)
Stage 3 – Small-Cap Stage 3 – Bond Stage 3 – International	December 1, 2021	December 21, 2021 (Small-Cap; Bond; International)

Submitted by:



Steven Montagna, Chief Personnel Analyst

City of Los Angeles

Deferred Compensation Plan

Stage 3 Finalist Search Report –
DCP Mid Cap Stock Fund

October 28, 2021



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BACKGROUND

BACKGROUND

DCP MID CAP STOCK FUND FINALISTS

- The DCP Mid Cap Stock Fund approved structure is 50% Passive Mid Cap Core Equity + 25% Active Mid Cap Value Equity + 25% Active Mid Cap Growth Equity.
- At the March 19, 2021 Investment Committee meeting, Mercer presented the Passive search, where the Committee voted to retain the incumbent Vanguard Mid Cap Index Fund as the passively managed portion of the DCP Mid Cap Stock Fund.
- At the September 29, 2021 Investment Committee meeting, Mercer presented Stage 2 search reports for Mid Cap Value Equity and Mid Cap Growth Equity.
- Based on discussion at the meeting, the Committee chose the following candidates as finalists:
 - Mid Cap Value Equity:
 - Virtus Ceredex Mid Cap Value Equity (Incumbent) – Mutual Fund or CIT¹
 - MFS Mid Cap Value Equity – CIT
 - Wells Fargo Special Mid Cap Value Equity – CIT
 - Mid Cap Growth Equity:
 - BlackRock Fundamental Mid Cap Growth Equity – CIT
 - Invesco Mid Cap Growth Equity – CIT
 - Kayne Anderson Rudnick (KAR) Mid Cap Sustainable Growth Equity – CIT

¹ Ceredex submitted an RFP and the strategy is also available through a CIT vehicle.

BACKGROUND

DCP MID CAP STOCK FUND FINALISTS

Notes:

- All performance is net of fees, unless otherwise noted
- Portfolio characteristics and performance exhibits are as of 6/30/21, unless otherwise noted
- Total DCP Mid Cap Stock mandate size is approximately \$524.5 million
 - \$262.3 million (50%) as of June 30, 2021 for Passive Mid Cap Core Equity
 - \$131.1 million (25%) as of June 30, 2021 for Active Mid Cap Value Equity
 - \$131.1 million (25%) as of June 30, 2021 for Active Mid Cap Growth Equity

ACTIVE MID CAP VALUE EQUITY FINALISTS

MID CAP VALUE EQUITY FINALIST SUMMARY

Candidate At A Glance			
	Ceredex	MFS	Wells Fargo
Headquarters	Orlando, FL	Boston, MA	San Francisco, CA
Firm Ownership	Virtus Investment Partners 100%	Sun Life Financial Inc. 80% Employee owned 20%	Private Equity Firms GTCR and Reverence Capital 90.1% ² Wells Fargo & Co 9.9% ²
Firm AUM (millions as of June 2021)	\$9,515	\$608,405	\$512,518
Strategy name	Ceredex Mid Cap Value Equity	MFS Mid Cap Value Equity	Wells Fargo Special U.S. Mid Cap Value Equity
Mercer Rating¹	A	R	R
Strategy AUM (millions as of June 2021)	\$4,336	\$17,822	\$13,817
Strategy Inception Year	2001	2001	2001
Vehicle Name	Virtus Ceredex Mid-Cap Value Equity Fund I	MFS Mid Cap Value Trust Class 1	Wells Fargo Special U.S. Mid Cap Value Equity Trust Class G
Most Cost Effective Vehicle	Mutual Fund or CIT ³	CIT	CIT
Net Effective Cost/Fee (Revenue Sharing)	1.04% (0.50%) / 0.60%	0.50%	0.47%

¹ Mercer rating not evaluated. Further detail in appendix.

² Ownership structure following close of acquisition expected to be completed in second half of 2021.

³ Ceredex submitted an RFP and the strategy is also available through a CIT vehicle with an expense ratio of 0.60%.

MID CAP VALUE EQUITY FINALIST SUMMARY

Firm - rating	Ceredex – A	MFS – R	Wells Fargo – R
Strategy name	Ceredex Mid Cap Value Equity	MFS Mid Cap Value	Wells Fargo Special Mid Cap Value Equity
Team Structure	<p>Ceredex’s investment team is comprised of three senior portfolio managers and eight sector specific research analysts. The Mid-Cap Value Equity Strategy is managed by Don Wordell. The team applies one investment philosophy and process across all strategies. Analysts are assigned industries, covering companies that range in market capitalization (small, mid, and large). Investment decisions are made by the portfolio manager with input from the analysts. Ultimately, the portfolio manager is responsible for stock selection and portfolio construction.</p> <p>By design, the structure of the investment team and approach provides various benefits, such as fostering a dynamic investment culture, enhancing investment insight, facilitating nimble decision-making, and providing natural contingency features (given the team’s collaboration and familiarity across all strategies).</p>	<p>Portfolio managers Brooks Taylor, Kevin Schmitz and Richard Offen are responsible for portfolio construction, final buy and sell decisions and risk management for the portfolio. Brooks, Kevin and Richard make all decision for the portfolio jointly.</p> <p>Institutional Portfolio Manager Joseph MacDougall, CFA participates in the research process and portfolio discussions. He is responsible for customizing separately managed portfolios to client guidelines, managing daily cash flows, and communicating investment policy, strategy and tactics.</p> <p>The portfolio management team is supported by the global research platform. The MFS platform takes an integrated approach combining equity, fixed income and quantitative analysis. MFS’ highly experienced analysts are based in nine investment offices around the world.</p>	<p>The WFAM Special U.S. Mid Cap Value strategy is managed by the 23-person Special Global Equity team led by Senior Portfolio Managers, James Tringas, CFA, and Bryant VanCronkhite, CFA, CPA. The team is supported by four Co-Portfolio Managers, ten dedicated research analysts, one research associate, two product specialists, and four dedicated traders. WFAM Special Global Equity team members focus exclusively on the five strategies managed by the team, three U.S.-focused and two international/global offerings, with analysts responsible for covering stocks across all of the team’s strategies. This global perspective greatly aids the team in the management of their U.S.-focused strategies, particularly within sectors where companies take a more global approach such as financials and materials.</p> <p>Both portfolio managers and analysts are responsible for conducting fundamental research, submitting recommendations, and monitoring existing positions in their respective areas of responsibility. Bryant VanCronkhite is the primary decision maker for the Special U.S. Mid Cap Value strategy.</p>
Portfolio Managers		Brooks Taylor (25 / 27)	Bryant VanCronkhite, CFA, CPA (17 / 17)
(Years at Firm / Years in Industry)	Don Wordell (25 / 25)	Kevin Schmitz (19 / 26) Richard Offen (10 / 16)	James Tringas, CFA (27 / 27) Shane Zweck, CFA (14 / 15)

MID CAP VALUE EQUITY FINALIST SUMMARY

Firm - rating	Ceredex – A	MFS – R	Wells Fargo – R
Style / Philosophy	<p>The Ceredex Mid-Cap Value Strategy employs a relatively traditional value equity style, rooted in a proprietary fundamental, bottom-up approach. The objective is to identify lower expectation stocks (i.e., misunderstood, undervalued equities) of companies with solid and improving fundamentals. Ceredex believes the end result is a well-defined, resilient investment proposition that provides prudent value equity exposure with a higher quality tilt.</p> <p>Ceredex believes equity portfolios of dividend-paying companies exhibiting lower expectations (i.e., misunderstood/ underestimated by the market) and attractive valuations, accompanied by solid and improving fundamentals, can provide an attractive risk-reward profile. The underlying investment tenets of the philosophy include: 1) identify effective capital allocators among dividend-paying companies, 2) seek lower expectations stocks that exhibit attractive historical valuations, 3) apply rigorous fundamental analysis to determine the true value of a company, 4) fact-based, opportunistic active management. Portfolios represent an appropriate balance of conviction and diversification. The Mid-Cap Value Strategy typically holds between 40-60 positions.</p>	<p>The portfolio seeks mid-cap companies with attractive valuations with a focus on high quality companies, but will opportunistically own some businesses that the team believes have significant potential for improvement and/or low market expectations.</p> <p>MFS seeks to leverage their bottom-up, global research platform to try and identify, high - quality companies that generally have: solid balance sheets, resilient business models, scope for improving returns, capital investment discipline and prospects for beneficial capital deployment (dividends and/or share buybacks).</p> <p>While the portfolio is biased toward high-quality businesses, MFS will consider companies with low market expectations and/or improvement potential. The team leverages the breadth and depth of the research platform to evaluate these opportunities to consider the prospects for structural improvement in a business, including industry consolidation, cost-cutting initiatives, cyclical recovery or the implementation of improved capital management.</p> <p>In assessing valuation the team considers if a stock is inexpensive in terms of price/free cash flow, price/book, price/earnings, price/sales, dividend yield or any other relevant measure of valuations. MFS considers how these valuations compare versus the company's history, its peers, the overall market and on an absolute basis. A strong emphasis is placed on cash flow and returns-based methodologies.</p>	<p>The WFAM team believes that “traditional value” represents the best description for the style of the strategy. The team seeks to use stock selection and risk controlled portfolio construction to outperform the benchmark and peers while maintaining a below average risk profile. The team emphasizes consistency and predictability of results based on the consistent execution of their unique and disciplined process.</p> <p>The WFAM team looks to exploit inefficiencies using a CPA based approach to identify how a company can use its financial flexibility to control its destiny via accretive capital deployment. The team invests in companies with durable asset bases, highly sustainable FCF, flexible balance sheets, and management teams that have a track record of using their capital to grow long-term shareholder value.</p> <p>Using a reward/risk valuation framework to objectively make portfolio construction decisions, the team allocates capital when the stock price allows for an asymmetric return profile. By using this framework, the constructed portfolio offers significant upside potential, with mitigated downside risk. Portfolio construction seeks to isolate stock selection as the primary driver of returns to ensure consistency of results and minimize any sources of unintended risk.</p>

MID CAP VALUE EQUITY SELECTED PORTFOLIO GUIDELINES

Firm	Minimum market cap (\$MM) ¹	Maximum market cap (\$MM) ¹	Number of stocks typically held	Average cash position over last 5 years (%)	Average portfolio turnover over last 5 years(%)
Ceredex (Incumbent)	2,189	35,826	50	3	150
MFS	500	25,000	130 - 160	2	26
Wells Fargo	300	20,000	71	4	85

	# of Holdings	% in Top 10 Holdings	Market Cap (\$M)	Dividend Yield	Price / Earnings	Price / Book
Ceredex (Incumbent)	51	31.12	27,685	1.19	20.26	3.36
MFS	149	12.21	19,412	1.56	18.45	2.44
Wells Fargo	69	26.48	22,746	1.12	18.44	2.72
Russell MidCap Value Index	695	4.32	20,565	1.59	22.52	2.70

Key observations:

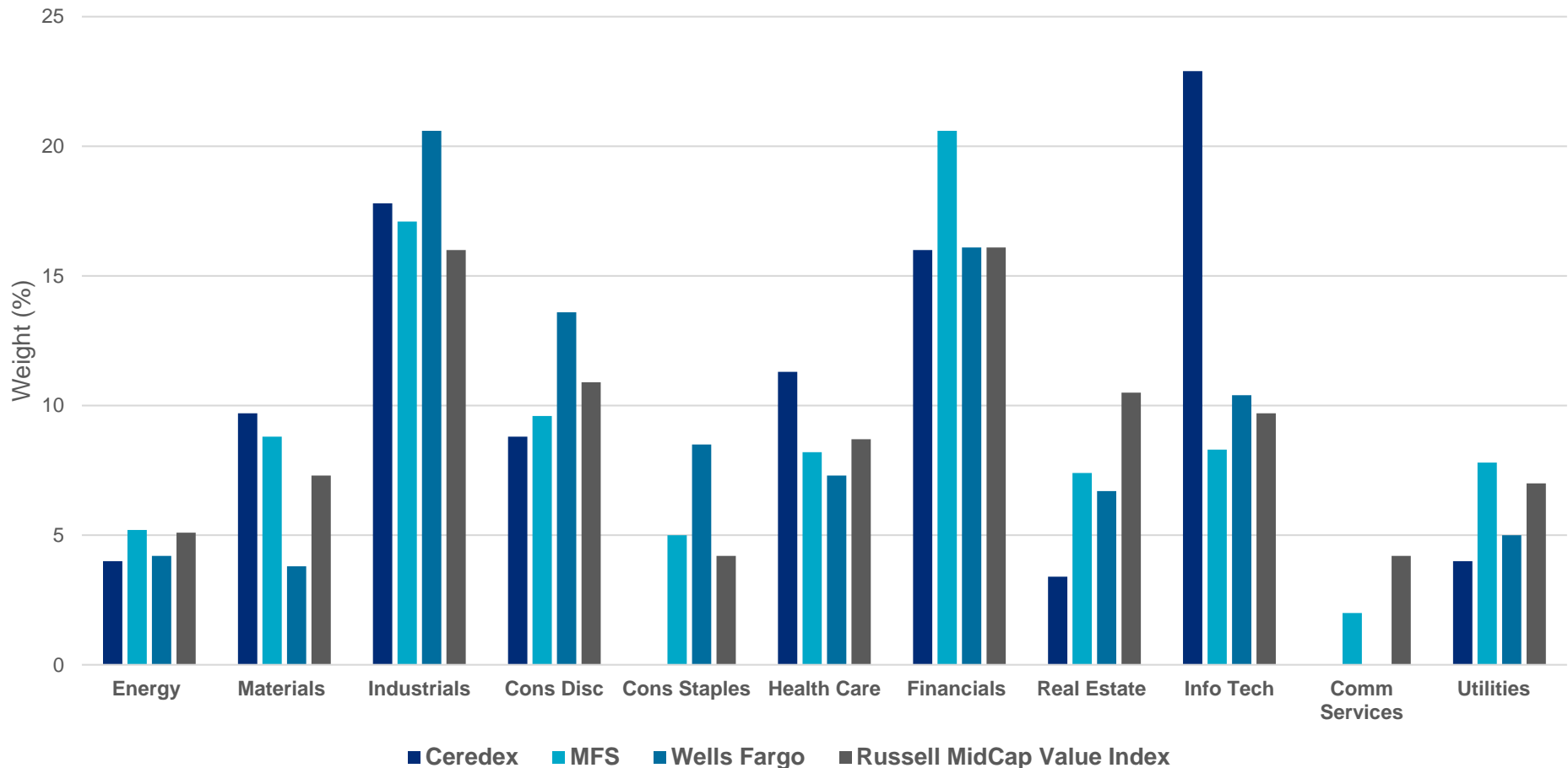
- Ceredex has the most concentrated portfolio, with over 30% in the top 10 holdings, while MFS's portfolio is the most diversified.
- All managers exhibit strong value characteristics.

¹ Market Cap at time of purchase..

As of June 30, 2021

MID CAP VALUE EQUITY STRATEGY CHARACTERISTICS

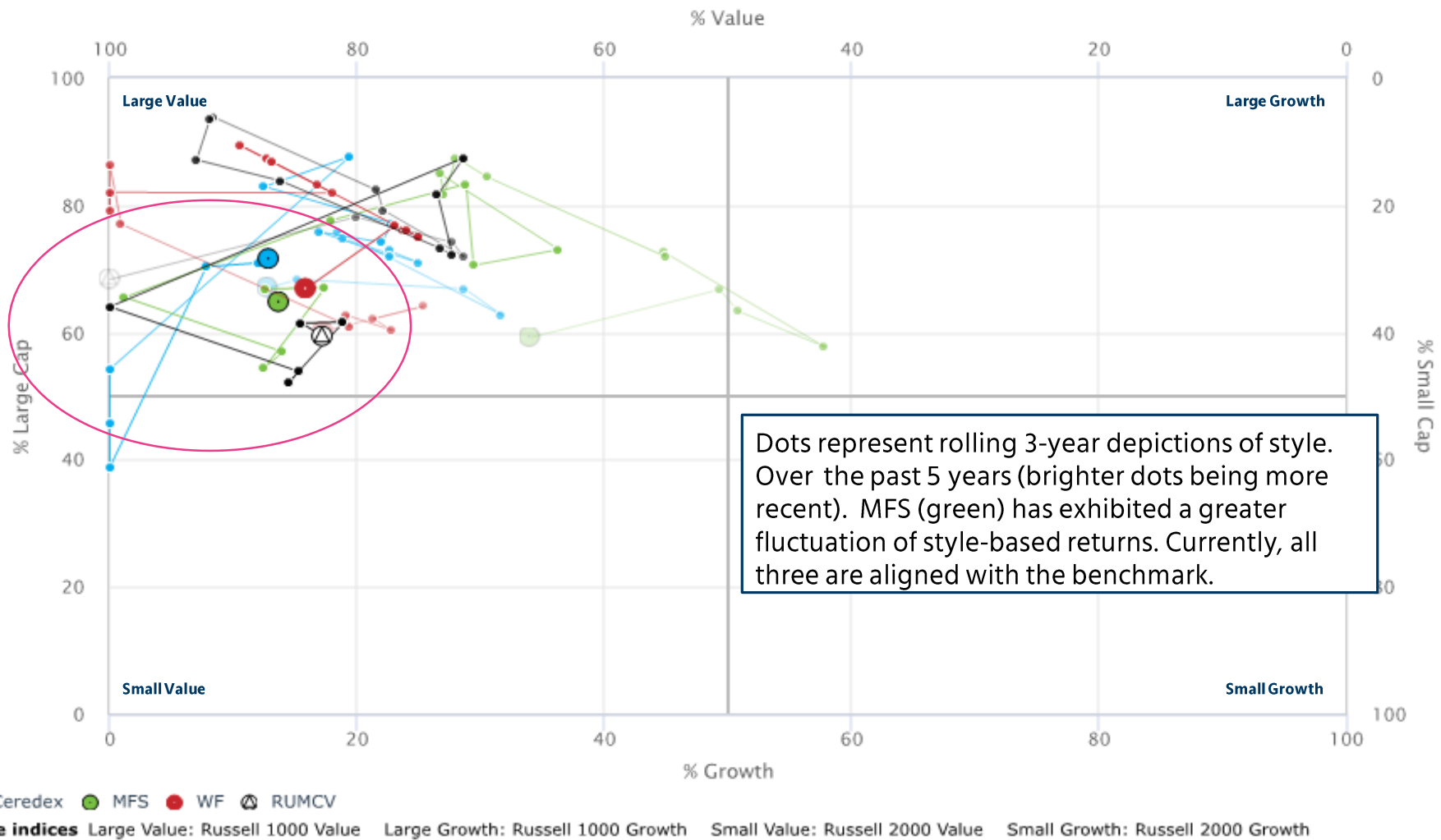
Sector Exposure



- All managers show sector bets, specifically, Wells Fargo is overweight in Industrials and Consumer Discretionaries, MFS is overweight in Financials and Ceredex is showing a substantial overweight in Information Technology.
- Neither Wells Fargo nor Ceredex have allocations to Communication Services.

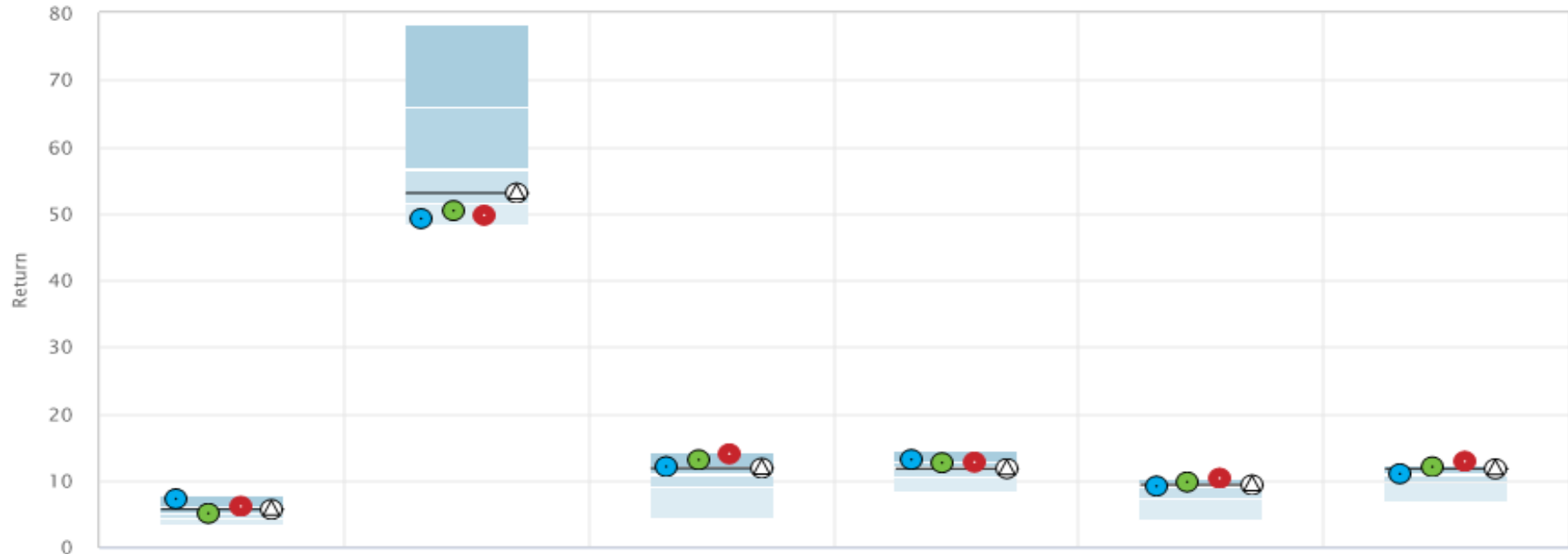
MID CAP VALUE EQUITY RETURNS-BASED STYLE ANALYSIS

Rolling 3 yr Returns based style analysis in \$US (after fees) over 5 yrs ending June-21 (quarterly calculations)



MID CAP VALUE EQUITY ANNUALIZED PERFORMANCE

Return in \$US (after fees) over 3 mths, 1 yr, 3 yrs, 5 yrs, 7 yrs, 10 yrs ending June-21
Comparison with the Mutual Fund US Equity Mid Cap Value universe (Percentile Ranking)

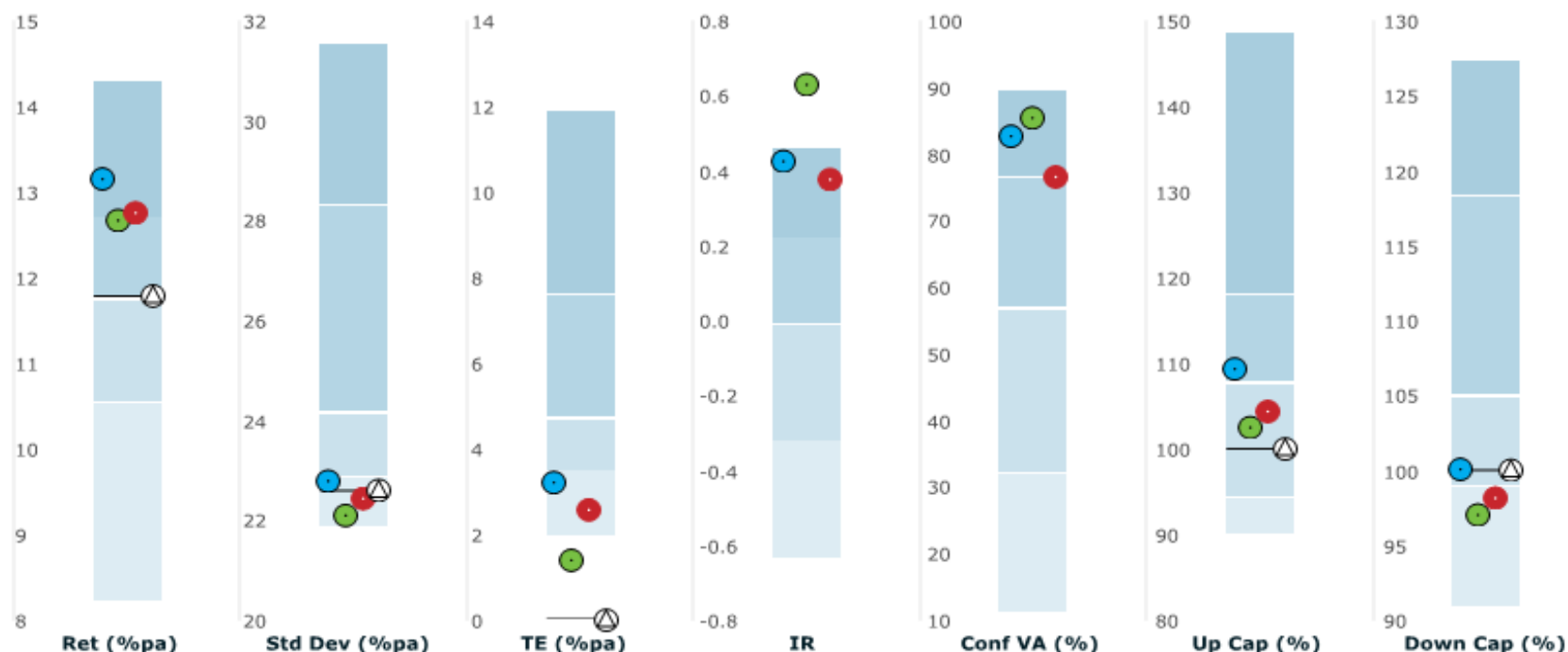


	3 mths (%)	1 yr (%)	3 yrs (%pa)	5 yrs (%pa)	7 yrs (%pa)	10 yrs (%pa)
● Ceredex	7.3(7)	49.2 (93)	12.1 (23)	13.2(21)	9.2(32)	11.0(38)
● MFS	5.1(46)	50.4 (83)	13.1 (17)	12.7(27)	9.8(11)	12.1(5)
● WF	6.1(22)	49.7 (89)	14.0 (5)	12.8(23)	10.4(3)	12.9(0)
⊠ RUMCV	5.7(34)	53.1 (62)	11.9 (25)	11.8(49)	9.3(25)	11.7(22)
5th Percentile	7.5	78.2	14.1	14.3	10.1	12.1
Upper Quartile	5.9	65.9	11.8	12.7	9.3	11.6
Median	5.0	56.5	10.8	11.8	9.0	10.7
Lower Quartile	4.3	51.5	8.9	10.5	7.1	9.7
95th Percentile	3.3	48.4	4.3	8.2	4.1	6.9
Number	58	55	51	48	43	38

- Wells Fargo exhibits the strongest performance of the three candidates over long-term periods, ranking in the top quartile over all periods greater than 1-year, with MFS showing similar results.

MID CAP VALUE EQUITY RISK STATISTICS – 5 YEAR

Performance characteristics vs. Russell Midcap Value in \$US (after fees) over 5 yrs ending June-21
Comparison with the Mutual Fund US Equity Mid Cap Value universe (Percentile Ranking) (quarterly calculations)



	Ret (%pa)	Std Dev (%pa)	TE (%pa)	IR	Conf VA (%)	Up Cap (%)	Down Cap (%)
● Ceredex	13.2(21)	22.8(75)	3.2(81)	0.4(7)	82.7(13)	109.4(41)	100.1(68)
● MFS	12.7(27)	22.1(87)	1.4(98)	0.6(0)	85.4(9)	102.5(56)	97.0(89)
● WF	12.8(23)	22.4(78)	2.6(88)	0.4(9)	76.6(25)	104.4(52)	98.2(80)
⊙ RUMCV	11.8(49)	22.6(76)	0.0(100)	-	-	100.0(63)	100.0(68)
5th Percentile	14.3	31.5	11.9	0.5	89.6	148.5	127.4
Upper Quartile	12.7	28.3	7.6	0.2	76.4	118.0	118.4
Median	11.8	24.2	4.7	-0.0	56.8	107.7	105.0
Lower Quartile	10.5	22.9	3.5	-0.3	32.1	94.4	98.9
95th Percentile	8.2	21.9	2.0	-0.6	11.2	90.2	91.0
Number	48	48	48	48	48	48	48

- Ceredex had the strongest performance in up-markets; however, slightly lagged MFS and Wells Fargo in down-markets.
- MFS tracked the benchmark the closest as compared to the other candidates, with only a fraction of their tracking error.

The risk free rate used for these calculations is the US 3 month T-Bill

ACTIVE MID CAP GROWTH EQUITY FINALISTS

MID CAP GROWTH EQUITY FINALIST SUMMARY

Candidate At A Glance			
	BlackRock	Invesco	Kayne
Headquarters	New York, NY	Atlanta, GA	Los Angeles, CA
Firm Ownership	Public and Employees 100%	Publicly Traded 83% Invesco(& affiliates)employees 17%	Virtus Investment Partners 100%
Firm AUM (millions as of June 2021)	\$9,495,993	\$1,524,990	\$61,162
Strategy name	BlackRock Fundamental US Mid Cap Growth	Invesco Mid Cap Growth	Kayne Mid Cap Sustainable Growth
Mercer Rating ¹	R	N	N
Strategy AUM (millions as of June 2021)	\$17,738	\$8,728	\$3,594
Strategy Inception Year	2002	2009	2012
Vehicle Name	BlackRock Mid Cap Growth Trust	Invesco Mid Cap Growth Trust	KAR Mid Cap Sustainable Growth Trust Class 2
Most Cost Effective Vehicle	CIT	CIT	CIT
Net Effective Cost/Fee (Revenue Sharing)	0.51%	0.46%	0.60%

¹ Mercer rating not evaluated. Further detail in appendix.

MID CAP GROWTH EQUITY FINALIST SUMMARY

Firm - rating	BlackRock - R	Invesco - N	Kayne - N
Strategy name	BlackRock Fundamental US Mid Cap Growth	Invesco Mid Cap Growth	Kayne Mid Cap Sustainable Growth
Team Structure	<p>The seventeen person, dedicated investment team uses traditional bottom-up research and engages with over 1,000 management teams a year. The team employs three portfolio managers, led by Phil Ruvinsky, a director of research, ten research analysts and three dedicated product strategists.</p>	<p>Invesco Mid Cap Growth Strategy has been managed by Ron Zibelli, CFA, and his team since 2010. The team, composed of six investment professionals, is responsible for approximately \$20 billion in AUM across their Small, Mid and Large Cap Growth strategies. The team has not experienced a departure since their formation at Merrill Lynch Investment Management in 2002 and joining OppenheimerFunds (now Invesco) in 2006.</p> <p>Ron Zibelli, CFA serves as lead portfolio manager and Justin Livengood, CFA serves as co-portfolio manager of the Mid Cap Growth strategy.</p>	<p>The KAR Mid Cap Sustainable Growth Portfolio is managed by Douglas Foreman, CFA, and Chris Armbruster, CFA, who ultimately are responsible for the construction and management of the portfolio. All portfolio activity is conducted in KAR's home office in Los Angeles, California.</p> <p>The portfolio managers also serve as Senior Research Analysts and collaborate extensively with Richard Sherry, CFA and Noran Eid, who are research analysts strictly dedicated to the firms mid-and-large strategies.</p>
Portfolio Managers (Years at Firm / Years in Industry)	<p>Philip Ruvinsky, CFA (8 / 24)</p> <p>Lawrence Kemp, CFA (8 / 34)</p>	<p>Ron Zibelli, CFA (15 / 39)</p> <p>Justin Livengood, CFA (15 / 24)</p>	<p>Douglas Foreman, CFA (10 / 35)</p> <p>Chris Armbruster (8 / 16)</p>

MID CAP GROWTH EQUITY FINALIST SUMMARY

Firm - rating	BlackRock – R	Invesco – N	Kayne – N
Style / Philosophy	<p>The BlackRock Mid-Cap Growth Equity Strategy uses a time-tested, bottom-up approach to fundamental analysis and stock selection to construct an active, high conviction and style-pure portfolio. Central to the team’s investment framework is that alpha should be a function of long-term earnings growth and derived primarily through stock selection. The team uses a risk-managed approach that centers on durable growth companies, but that also invests in superior and periodic growth companies as well. Through its collective body of research and extensive palate of resources within BlackRock, the team comprises a balanced portfolio designed to deliver long term capital appreciation.</p> <p>Through careful portfolio construction, Mid Cap Growth aims to deliver above market growth and above market quality characteristics .</p> <p>BlackRock Mid Cap Growth’s diversified approach and emphasis on Durable Growth business models serves to provide a level of downside protection during periods of market volatility.</p> <p>Risk management is focused on stock specific risk to drive returns, while minimizing factor exposures in the portfolio.</p>	<p>The process is founded upon the belief that consistent outperformance can be achieved through the active, fundamental selection of premier growth companies while proactively managing risk. Companies included in the portfolio are leaders in their industry or pioneers in new markets. Risk awareness is achieved by constraining sector bets and enforcing a consistent sell discipline.</p> <p>Dual coverage of the small-cap and mid-cap universes provides the team with familiarity of companies that may be new to the mid-cap space. Approximately half of the team’s mid-cap portfolio was previously or currently owned in the small-cap portfolio.</p>	<p>KAR’s investment philosophy is based on the belief that owning a focused yet economically diversified portfolio of high-quality companies, purchased at attractive prices, will achieve attractive long-term risk-adjusted returns. The firm defines high-quality as a qualitative business characteristic that enables a company to resist competitive forces and thereby produce high and enduring profitability. The KAR Mid Cap Sustainable Growth portfolio managers and research team apply bottom-up fundamental analysis to evaluate a company’s competitive attributes, seeking to uncover some of the most innovative and disruptive companies in the marketplace. Studying these companies through KAR’s high-quality lens with a focus on attractive multi-year growth projections helps identify which of these names have the potential be long term winners. The team has found that the best performing stocks in the mid cap growth space are those that consistently exceed published forecasts and sell-side expectations.</p>

MID CAP GROWTH EQUITY SELECTED PORTFOLIO GUIDELINES

Firm	Minimum market cap (\$MM) ¹	Maximum market cap (\$MM) ¹	Number of stocks typically held	Average cash position over last 5 years (%)	Average portfolio turnover over last 5 years(%)
BlackRock	1,000	25,000	55-85	2	70
Invesco	5,000	50,000	90-100	2	100
Kayne	500	50,000	52	3	30

	# of Holdings	% in Top 10 Holdings	Market Cap (\$M)	Dividend Yield	Price / Earnings	Price / Book
BlackRock	66	26.79	23,015	0.20	76.92	10.01
Invesco	88	21.23	25,121	0.23	55.22	8.88
Kayne	53	34.67	28,048	0.20	149.30	11.11
Russell MidCap Growth Index	390	11.12	26,293	0.48	75.76	12.50

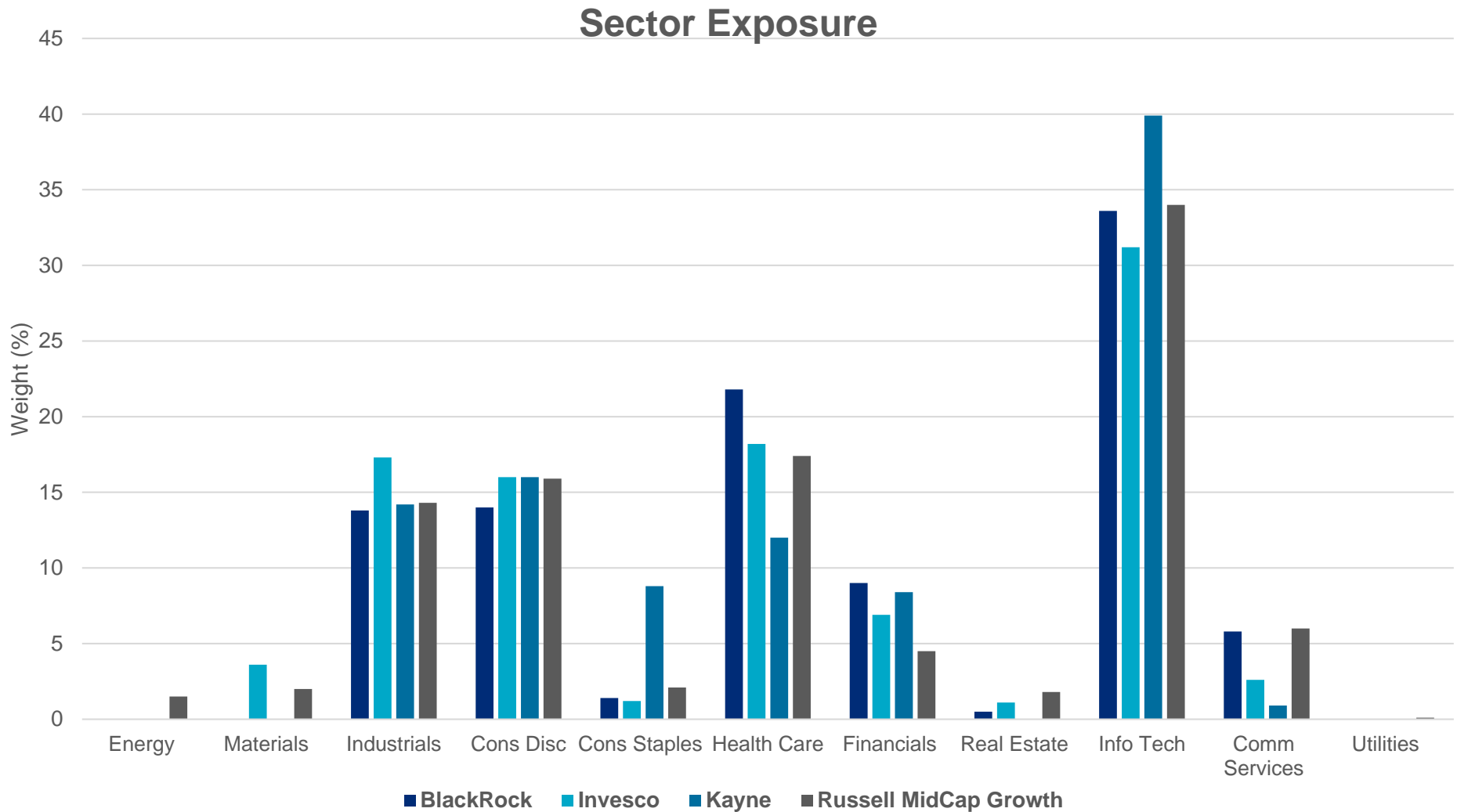
Key observations:

- Invesco holds the most diversified portfolio, while Kayne has the most constrained portfolio with over 1/3 in the top 10 holdings.
- All managers exhibit growth characteristics.

¹ Market Cap at time of purchase..

As of June 30, 2021

MID CAP GROWTH EQUITY STRATEGY CHARACTERISTICS



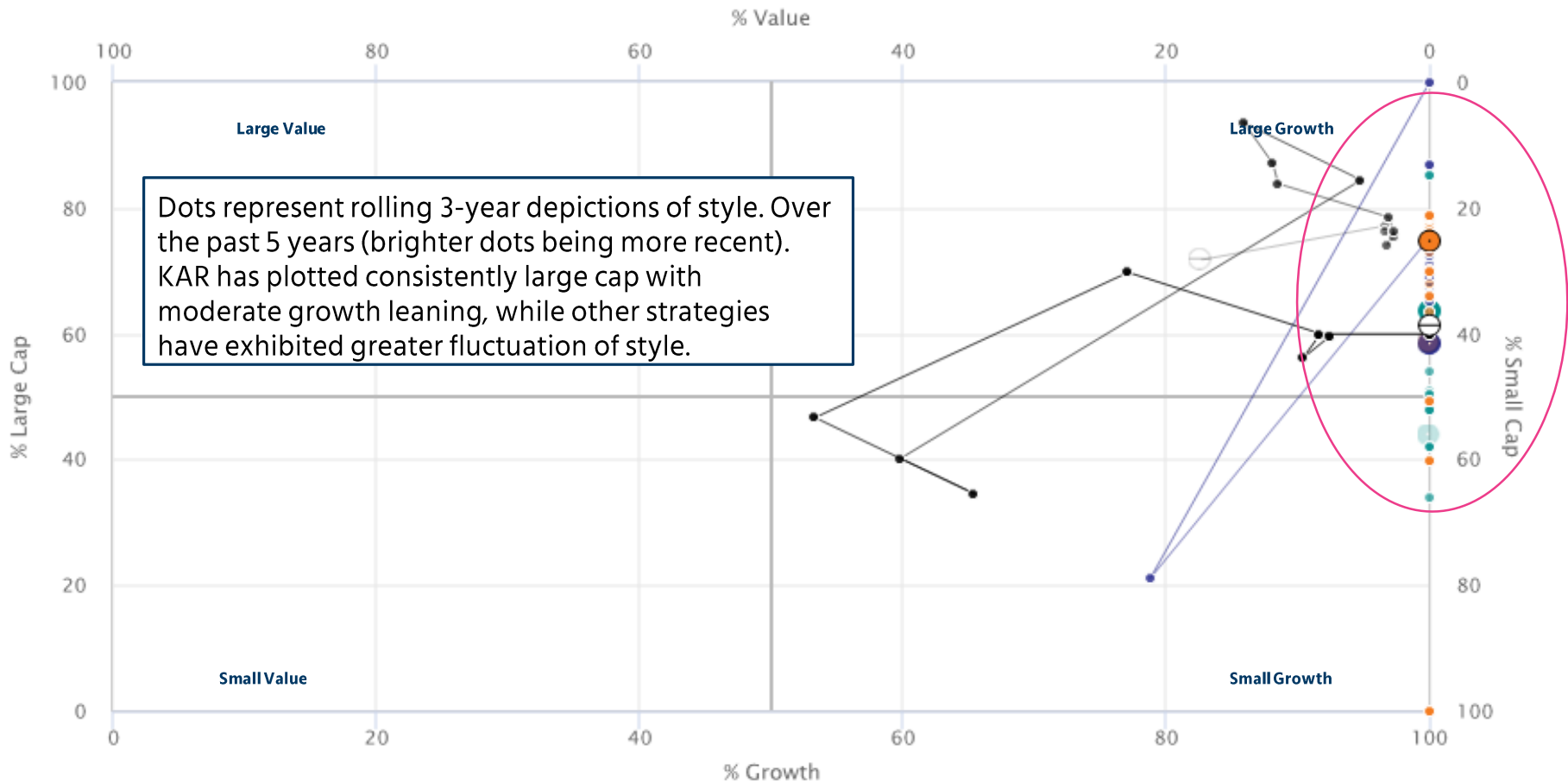
- The candidates show similar allocations across the sector spectrum, with Kayne holding more Information Technology than others, and BlackRock showing increased allocation to Health Care.

As of June 30, 2021

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MID CAP GROWTH EQUITY RETURNS-BASED STYLE ANALYSIS

Rolling 3 yr Returns based style analysis in \$US (after fees) over 5 yrs ending June-21 (quarterly calculations)



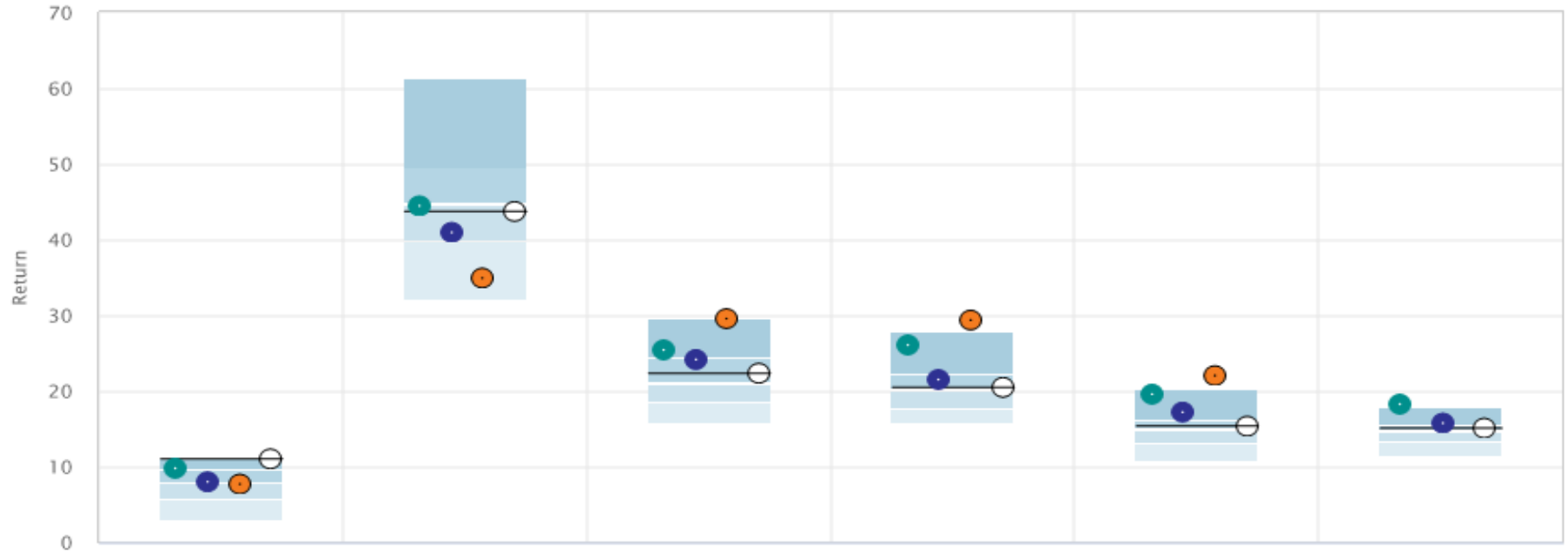
Dots represent rolling 3-year depictions of style. Over the past 5 years (brighter dots being more recent). KAR has plotted consistently large cap with moderate growth leaning, while other strategies have exhibited greater fluctuation of style.

● BlackRock ● Invesco ● Kayne ⊖ RUMCG

Style indices Large Value: Russell 1000 Value Large Growth: Russell 1000 Growth Small Value: Russell 2000 Value Small Growth: Russell 2000 Growth

MID CAP GROWTH EQUITY ANNUALIZED PERFORMANCE

Return in \$US (after fees) over 3 mths, 1 yr, 3 yrs, 5 yrs, 7 yrs, 10 yrs ending June-21
Comparison with the Mutual Fund US Equity Mid Cap Growth universe (Percentile Ranking)

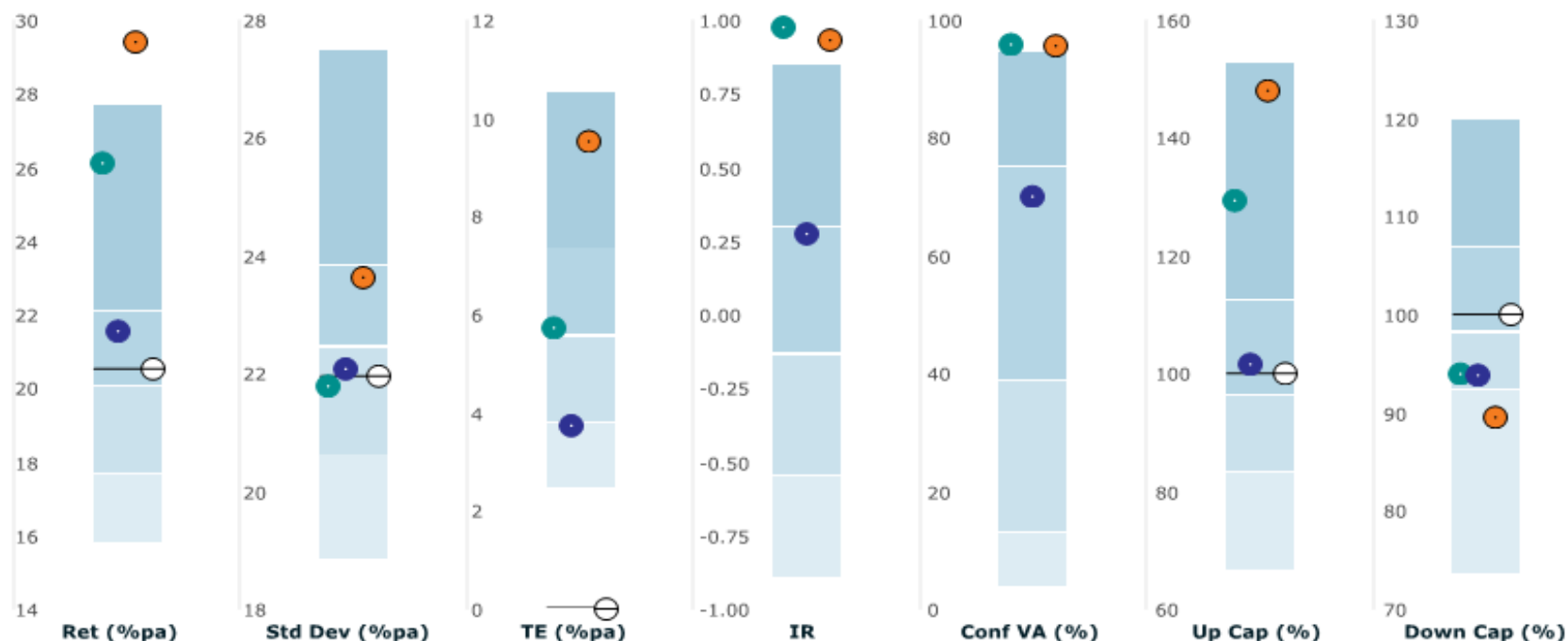


	3 mths (%)	1 yr (%)	3 yrs (%pa)	5 yrs (%pa)	7 yrs (%pa)	10 yrs (%pa)
● BlackRock	9.8 (14)	44.5 (51)	25.5 (18)	26.1 (7)	19.6 (5)	18.3 (3)
● Invesco	8.0 (45)	41.0 (70)	24.2 (25)	21.5 (28)	17.2 (13)	15.8 (15)
● Kayne	7.7 (51)	35.0 (89)	29.6 (5)	29.4 (2)	22.1 (2)	-
○ RUMCG	11.1 (4)	43.8 (56)	22.4 (35)	20.5 (41)	15.4 (41)	15.1 (33)
5th Percentile	11.0	61.2	29.4	27.7	20.0	17.7
Upper Quartile	9.5	49.4	24.4	22.1	16.1	15.4
Median	7.8	44.7	21.0	20.1	14.9	14.6
Lower Quartile	5.6	39.9	18.5	17.7	13.0	13.2
95th Percentile	3.0	32.1	15.7	15.8	10.8	11.4
Number	119	111	102	95	92	85

- Over the long-term periods, BlackRock and Kayne ranked in the top quartile, most often in the top decile.

MID CAP GROWTH EQUITY RISK STATISTICS – 5 YEAR

Performance characteristics vs. Russell Midcap Growth in \$US (after fees) over 5 yrs ending June-21
Comparison with the Mutual Fund US Equity Mid Cap Growth universe (Percentile Ranking) (quarterly calculations)



	Ret (%pa)	Std Dev (%pa)	TE (%pa)	IR	Conf VA (%)	Up Cap (%)	Down Cap (%)
● BlackRock	26.1 (7)	21.8 (58)	5.7 (46)	1.0 (3)	95.9 (4)	129.4 (13)	94.0 (69)
● Invesco	21.5 (28)	22.1 (51)	3.7 (78)	0.3 (26)	70.0 (29)	101.6 (38)	93.8 (69)
● Kayne	29.4 (2)	23.6 (26)	9.5 (8)	0.9 (3)	95.6 (4)	148.0 (7)	89.5 (80)
⊖ RUMCG	20.5 (41)	22.0 (54)	0.0 (100)	-	-	100.0 (41)	100.0 (42)
5th Percentile	27.7	27.5	10.5	0.8	94.7	152.6	119.9
Upper Quartile	22.1	23.8	7.4	0.3	75.3	112.6	106.9
Median	20.1	22.5	5.6	-0.1	38.8	96.3	98.2
Lower Quartile	17.7	20.6	3.8	-0.5	13.0	83.2	92.4
95th Percentile	15.8	18.9	2.5	-0.9	3.9	66.8	73.7
Number	95	95	95	95	95	95	95

- All candidates performed well in up markets and protected in down markets, with Kayne being exceptionally strong in both up and down markets.
- Invesco has tracked the benchmark the closest.

The risk free rate used for these calculations is the US 3 month T-Bill

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DCP MID CAP STOCK FUND PRO-FORMA ANALYSIS

DCP MID CAP STOCK FUND RECOMMENDATIONS/KEY OBSERVATIONS

Key findings:

- As detailed in the following exhibits, all combined portfolios are well diversified and have attractive characteristics and performance metrics that are consistent with a dedicated mid cap portfolio.
- All portfolios will represent a slight increase to fees net of revenue sharing, though expense ratios displayed on communications materials (which do not include revenue sharing) will decline.
- While all portfolio combinations have compelling characteristics, there are certain tendencies exhibited:
 - Portfolios including Kayne provided better downside protection, albeit with higher tracking error relative to the benchmark. They also plotted more growth-oriented on a trailing basis.
 - Portfolio constructions with BlackRock demonstrate strong consistency of returns.
 - Portfolio constructions including incumbent mid value manager Ceredex are competitive.

DCP MID CAP STOCK FUND FEE COMPARISON

Asset Category	Firm	Strategy Name	Expense Ratio (Revenue Sharing)	Net Effective Expense Ratio
Mid Cap Value	Ceredex	Virtus Ceredex Mid-Cap Value Equity Fund I ¹	1.04% (0.50%)	0.54%
	MFS	MFS Mid Cap Value Equity	0.50%	0.50%
	Wells Fargo	Wells Fargo Special U.S. Mid Cap Value Equity	0.47%	0.47%
Mid Cap Growth	BlackRock	BlackRock Mid Cap Growth Trust	0.51%	0.51%
	Invesco	Invesco Mid Cap Growth Trust	0.46%	0.46%
	Kayne	KAR Mid Cap Sustainable Growth Trust Class 2	0.60%	0.60%

Key observations:

- The DCP Mid Cap Stock Fund currently has an expense ratio of 0.44% and 0.20% in revenue sharing, for a net effective fee of 0.24%.
- None of the proposed CITs offer revenue sharing, and all prospective portfolios represent a net effective fee increase to the City, as is detailed on the following page.

As of June 30, 2021

¹ Ceredex submitted an RFP and the strategy is also available through a CIT vehicle with an expense ratio of 0.60% and no revenue sharing

DCP MID CAP STOCK FUND FEE COMPARISON

Composite	Managers ¹	Net Expense Ratio (Revenue Sharing)	Effective Expense Ratio	Estimated Effective % Difference vs Current	Estimated Effective Expense (Based of 6/30/21 Assets of \$524.5M)	Estimated Effective \$ Difference vs Current
Portfolio 1	Ceredex / BlackRock	0.40% (0.13%)	0.28%	0.04%	\$1,455,488	\$196,688
Portfolio 2	Ceredex / Invesco	0.39% (0.13%)	0.27%	0.03%	\$1,389,925	\$131,125
Portfolio 3	Ceredex / Kayne	0.43% (0.13%)	0.30%	0.06%	\$1,573,500	\$314,700
Portfolio 4	MFS / BlackRock	0.27%	0.27%	0.03%	\$1,403,038	\$144,238
Portfolio 5	MFS / Invesco	0.26%	0.26%	0.02%	\$1,337,475	\$78,675
Portfolio 6	MFS / Kayne	0.29%	0.29%	0.05%	\$1,521,050	\$262,250
Portfolio 7	Wells Fargo / BlackRock	0.26%	0.26%	0.02%	\$1,363,700	\$104,900
Portfolio 8	Wells Fargo / Invesco	0.25%	0.25%	0.01%	\$1,298,138	\$39,337
Portfolio 9	Wells Fargo / Kayne	0.28%	0.28%	0.04%	\$1,481,713	\$222,913
Current	Ceredex / Voya	0.44% (0.20%)	0.24%	-	\$1,258,800	-

Key observations:

- All prospective portfolios represent a net effective fee increase to the City, with Portfolio 8 (Wells Fargo/Invesco combination) showing the least potential fee increase.
- Other less expensive portfolios would be Portfolio 5 and 7.

As of June 30, 2021.

¹ All portfolios include 50% allocation to Vanguard Mid Cap Index with an expense ratio of 0.03% and 25% allocations to listed Mid Cap Growth and Mid Cap Value finalists

DCP MID CAP STOCK FUND

PERFORMANCE CHARACTERISTICS

Performance characteristics vs. 50% Vanguard Mid Cap Benchmark / 25% Russ MCG / 25% Russ MCV (Benchmark) in \$US (after fees) over 7 yrs ending June-21
Comparison with the Mutual Fund US Equity Mid Cap Core universe (Percentile Ranking) (quarterly calculations)

		Performance Statistics (7-years)								
		Return (%pa)	Std Deviation (%pa)	Tracking Error (%pa)	Information Ratio	Sharpe Ratio	Alpha (%pa)	Up Markets Capture (%)	Down Markets Capture (%)	Beta
Portfolio 1	Cer / BR	13.35	18.76	1.73	0.59	0.67	1.02	105.57	97.06	0.99
Portfolio 2	Cer / Inv	12.77	18.80	1.07	0.42	0.63	0.44	102.47	98.81	1.00
Portfolio 3	Cer / KAR	13.96	18.80	2.34	0.70	0.70	1.57	106.65	93.11	0.99
Portfolio 4	MFS / BR	13.49	18.59	1.71	0.68	0.68	1.24	104.87	95.20	0.98
Portfolio 5	MFS / Inv	12.91	18.64	1.22	0.48	0.65	0.65	101.78	96.98	0.99
Portfolio 6	MFS / KAR	14.11	18.62	2.22	0.80	0.71	1.79	105.96	91.19	0.98
Portfolio 7	WF / BR	13.65	18.61	1.57	0.85	0.69	1.36	106.12	95.12	0.99
Portfolio 8	WF / Inv	13.07	18.67	1.14	0.65	0.65	0.77	103.01	96.90	0.99
Portfolio 9	WF / KAR	14.26	18.64	2.05	0.95	0.72	1.91	107.24	91.11	0.99
DCP Mid Cap BM*		12.32	18.81	N/A	N/A	0.61	N/A	N/A	N/A	N/A



Key observations:

- All composite portfolios represent attractive options that have outperformed the custom benchmark over the 7-year period.
- Due to 50% of the portfolio being the Vanguard Mid Cap Index Fund, all portfolios have similar peer universe rankings.

* 50% Vanguard Mid Cap Benchmark/25% Russell Midcap Growth/25% Russell Midcap Value

DCP MID CAP STOCK FUND ANNUALIZED PERFORMANCE

Return in \$US (after fees) over 3 mths, 1 yr, 3 yrs, 5 yrs, 7 yrs, 10 yrs ending June-21
Comparison with the Mutual Fund US Equity Mid Cap Core universe (Percentile Ranking)

Portfolio	Managers	3 mths (%)		1 yr (%)		3 yrs (%pa)		5 yrs (%pa)		7 yrs (%pa)		10 yrs (%pa)	
Portfolio 1	Cer / BR	8.11	(1)	47.08	(64)	17.73	(3)	17.74	(3)	13.35	(5)	13.97	(1)
Portfolio 2	Cer / Inv	7.65	(2)	46.16	(69)	17.41	(4)	16.64	(7)	12.77	(6)	13.35	(6)
Portfolio 3	Cer / KAR	7.61	(2)	44.66	(74)	18.76	(1)	18.55	(2)	13.96	(4)		
Portfolio 4	MFS / BR	7.56	(3)	47.37	(62)	17.97	(2)	17.60	(4)	13.49	(5)	14.23	(1)
Portfolio 5	MFS / Inv	7.11	(8)	46.45	(67)	17.65	(3)	16.50	(7)	12.91	(5)	13.60	(5)
Portfolio 6	MFS / KAR	7.06	(8)	44.96	(72)	19.01	(1)	18.41	(2)	14.11	(3)		
Portfolio 7	WF / BR	7.85	(1)	47.22	(63)	18.21	(2)	17.63	(3)	13.65	(4)	14.44	(1)
Portfolio 8	WF / Inv	7.40	(4)	46.30	(69)	17.90	(3)	16.53	(7)	13.07	(5)	13.82	(3)
Portfolio 9	WF / KAR	7.35	(4)	44.82	(73)	19.26	(1)	18.45	(2)	14.26	(3)		
DCP MC BM		8.01	(1)	47.80	(59)	16.85	(4)	15.99	(8)	12.32	(7)	13.30	(6)

- All composite portfolios show strong annualized performance for periods longer than 1-year, outperforming the benchmark and ranking in the top decile of the peer universe during all periods.
- During the 1-year period all portfolios ranked in the third quartile and lagged the benchmark.
- During the second quarter of 2021, all portfolios ranked in the top decile of the peer universe; however, the portfolio with Ceredex and BlackRock was the only one to outperform the composite benchmark.
- Over the 5-year period, all portfolios ranked in the top quartile of the peer universe.

DCP MID CAP STOCK FUND

CALENDAR YEAR PERFORMANCE

Return in \$US (after fees) over last 7 calendar years and Year-to-Date periods ending June-21
Comparison with the Mutual Fund US Equity Mid Cap Core universe (Percentile Ranking)

Portfolio	Managers	2014 (%)		2015 (%)		2016 (%)		2017 (%)		2018 (%)		2019 (%)		2020 (%)		6 mths to 6/2021 (%)	
Portfolio 1	Cer / BR	11.48	(28)	-0.34	(21)	11.48	(85)	21.20	(7)	-5.79	(16)	33.07	(13)	19.56	(7)	14.92	(75)
Portfolio 2	Cer / Inv	11.29	(29)	-0.45	(22)	11.23	(86)	19.75	(14)	-7.95	(24)	33.82	(9)	18.37	(10)	15.00	(74)
Portfolio 3	Cer / KAR	10.73	(40)	-1.30	(26)	11.21	(86)	20.96	(7)	-4.63	(10)	34.72	(8)	23.59	(3)	13.28	(87)
Portfolio 4	MFS / BR	11.40	(29)	0.74	(13)	10.53	(87)	21.83	(5)	-6.66	(19)	32.62	(14)	21.19	(6)	14.85	(76)
Portfolio 5	MFS / Inv	11.21	(32)	0.62	(14)	10.28	(87)	20.38	(9)	-8.80	(29)	33.38	(12)	20.00	(7)	14.93	(75)
Portfolio 6	MFS / KAR	10.65	(40)	-0.23	(18)	10.26	(87)	21.60	(6)	-5.50	(14)	34.27	(8)	25.28	(2)	13.22	(87)
Portfolio 7	WF / BR	11.85	(20)	0.61	(14)	11.93	(83)	21.18	(7)	-7.08	(21)	33.77	(9)	20.94	(6)	14.58	(80)
Portfolio 8	WF / Inv	11.66	(25)	0.49	(14)	11.68	(84)	19.73	(14)	-9.21	(30)	34.54	(8)	19.75	(7)	14.66	(79)
Portfolio 9	WF / KAR	11.10	(34)	-0.36	(21)	11.66	(84)	20.94	(7)	-5.93	(17)	35.44	(7)	25.02	(2)	12.96	(90)
DCP MC BM		13.59	(13)	-1.89	(35)	12.38	(74)	19.25	(20)	-8.88	(29)	31.19	(19)	18.89	(8)	15.20	(73)

- During the 2018 down market Portfolio 3, comprised of Ceredex and Kayne, protected the best, ranking in the top decile of the peer universe; the portfolio also performed extremely well in the 2019 rebound and continued to rank in the top decile.

DCP MID CAP STOCK FUND ROLLING 5-YEAR RETURNS

5 years rolling annualized Return in \$US (after fees) over 5 annual periods
Comparison with the Mutual Fund US Equity Mid Cap Core universe (Percentile Ranking)

Portfolio	Managers	5 yrs to 6/2017 (%pa)		5 yrs to 6/2018 (%pa)		5 yrs to 6/2019 (%pa)		5 yrs to 6/2020 (%pa)		5 yrs to 6/2021 (%pa)	
Portfolio 1	Cer / BR	15.55	(11)	13.58	(5)	10.30	(5)	8.54	(4)	17.74	(3)
Portfolio 2	Cer / Inv	14.50	(34)	12.59	(18)	9.43	(13)	7.96	(8)	16.64	(7)
Portfolio 3	Cer / KAR	14.16	(41)	12.85	(14)	10.53	(3)	9.89	(1)	18.55	(2)
Portfolio 4	MFS / BR	15.70	(10)	13.63	(5)	10.31	(5)	8.43	(4)	17.60	(4)
Portfolio 5	MFS / Inv	14.65	(26)	12.64	(17)	9.45	(13)	7.85	(8)	16.50	(7)
Portfolio 6	MFS / KAR	14.31	(39)	12.90	(13)	10.55	(3)	9.78	(1)	18.41	(2)
Portfolio 7	WF / BR	16.16	(7)	13.79	(4)	10.54	(3)	8.60	(3)	17.63	(3)
Portfolio 8	WF / Inv	15.10	(19)	12.80	(15)	9.67	(9)	8.01	(7)	16.53	(7)
Portfolio 9	WF / KAR	14.76	(25)	13.06	(9)	10.78	(2)	9.95	(1)	18.45	(2)
DCP MC BM		14.75	(25)	12.35	(18)	8.89	(20)	7.24	(12)	15.99	(8)

- On a rolling 5-year basis, Portfolio 9, with Wells Fargo and BlackRock, ranked in the top decile over all overserved periods. Portfolio 1 (Ceredex/BlackRock) fared nearly as well.
- In general, portfolios with BlackRock look attractive on a rolling 5-year basis, consistently ranking at the top.

DCP MID CAP STOCK FUND RISK STATISTICS – 5 YEAR

Performance characteristics vs. 50% Vanguard Mid Cap Benchmark / 25% Russ MCG / 25% Russ MCV (Benchmark) in \$US (after fees) over 5 yrs ending June-21
Comparison with the Mutual Fund US Equity Mid Cap Core universe (Percentile Ranking) (quarterly calculations)

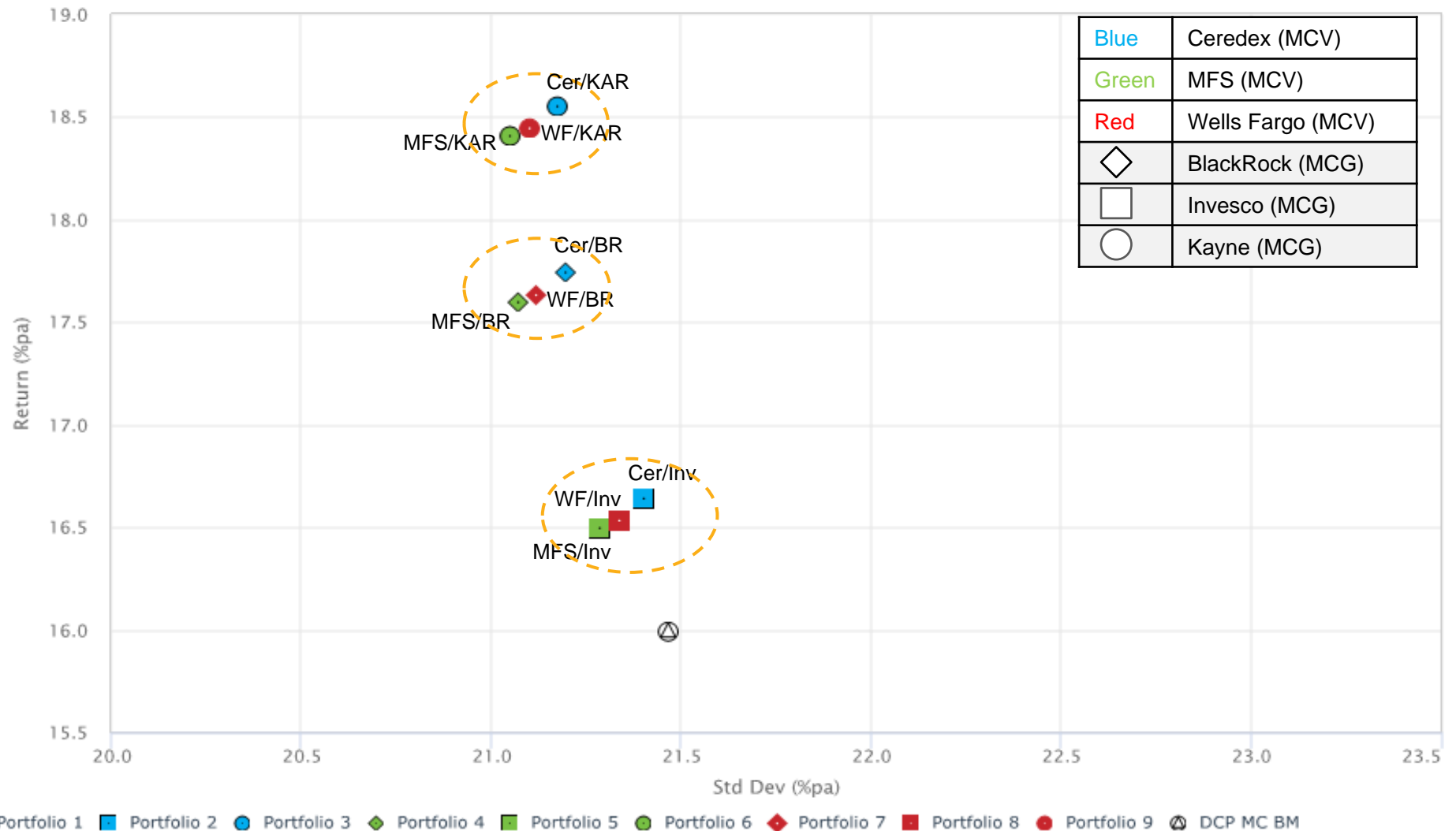
Portfolio	Managers	Ret (%pa)		Std Dev (%pa)	Tracking Error (%pa)	Information Ratio	Confidence of Value Added (%)	Up Cap (%)	Down Cap (%)
Portfolio 1	Cer / BR	17.74	(3)	21.20	1.51	1.16	98.04	107.19	95.63
Portfolio 2	Cer / Inv	16.64	(7)	21.40	0.95	0.68	90.14	103.40	99.27
Portfolio 3	Cer / KAR	18.55	(2)	21.18	2.38	1.08	97.17	107.13	89.57
Portfolio 4	MFS / BR	17.60	(4)	21.07	1.56	1.03	96.34	105.52	94.76
Portfolio 5	MFS / Inv	16.50	(7)	21.29	1.18	0.43	77.02	101.77	98.41
Portfolio 6	MFS / KAR	18.41	(2)	21.05	2.45	0.99	95.78	105.47	88.67
Portfolio 7	WF / BR	17.63	(3)	21.12	1.34	1.23	98.30	106.00	95.07
Portfolio 8	WF / Inv	16.53	(7)	21.34	1.00	0.54	83.38	102.25	98.72
Portfolio 9	WF / KAR	18.45	(2)	21.10	2.30	1.07	96.85	105.97	88.99
DCP MC BM		15.99	(8)	21.46					

- Over the 5-year period, all portfolios have performed very well against the benchmark and peer universe, and rank in the top decile on a risk-adjusted return basis.
- Portfolios with MFS (MCV) and Kayne (MCG), as well as BlackRock (MCG) to a slightly lesser extent, have lower volatility than the other portfolios, but not by a significant margin.
- All Portfolios have performed well in both up and down markets; however, portfolios with Kayne have performed best in down markets.

The risk free rate used for these calculations is the US 3 month T-Bill

DCP MID CAP STOCK FUND RISK / RETURN – 5-YEAR PERIOD

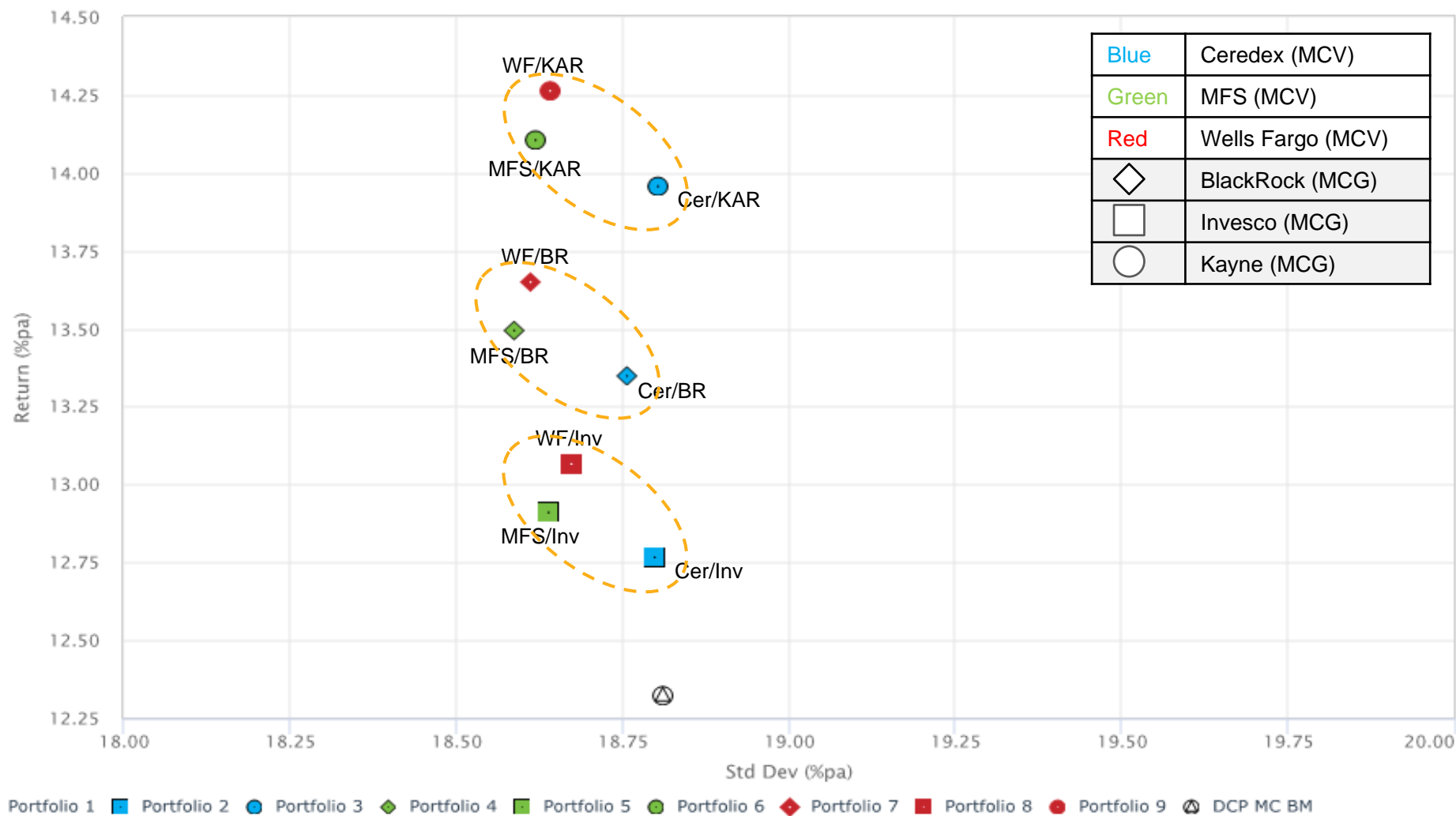
Return and Std Deviation in \$US (after fees) over 5 yrs ending June-21 (quarterly calculations)



- Portfolios including Kayne provided the strongest returns over 5-years, while portfolios with MFS provided the least amount of volatility.

DCP MID CAP STOCK FUND RISK / RETURN – 7-YEAR PERIOD

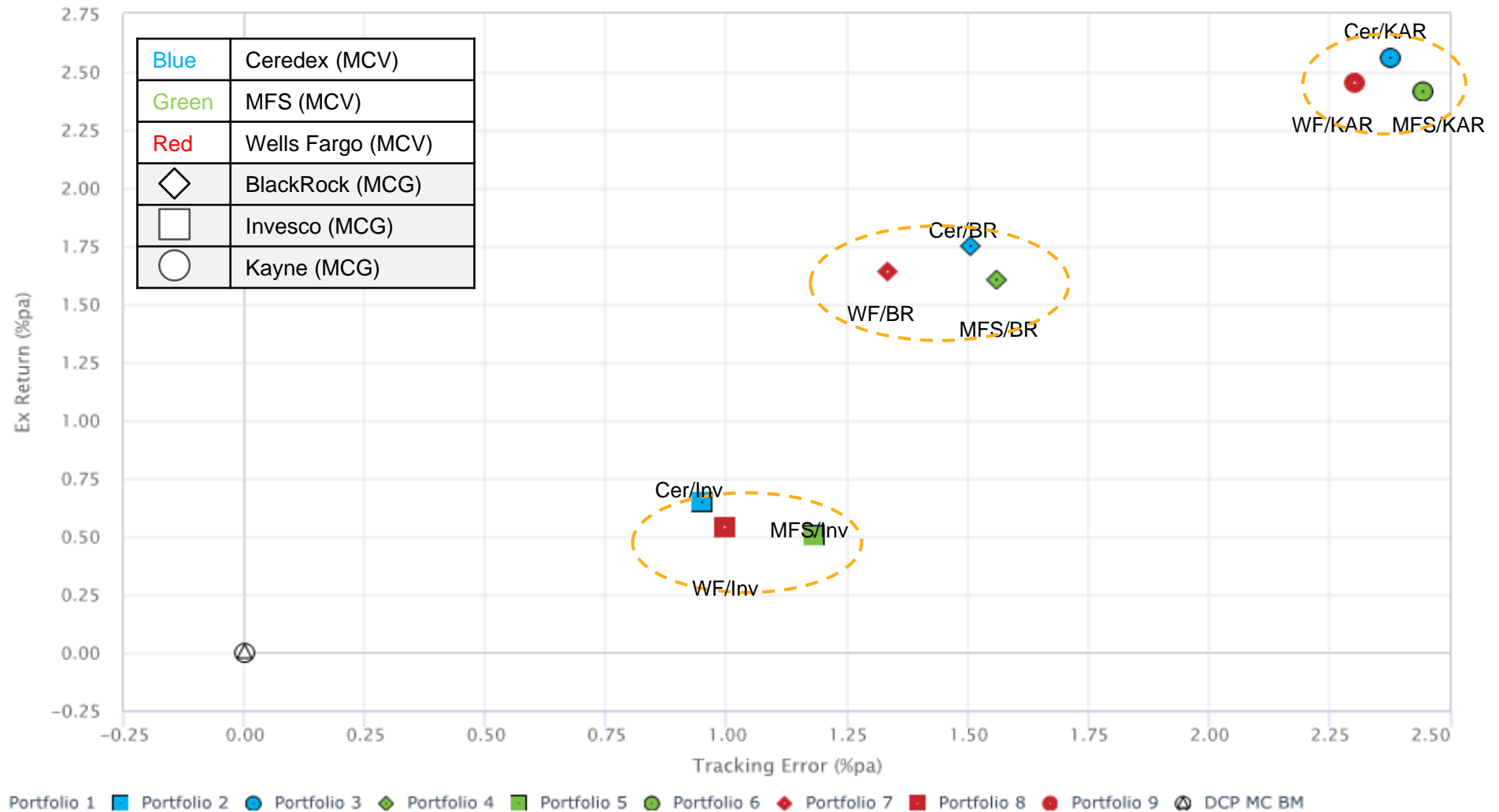
Return and Std Deviation in \$US (after fees) over 7 yrs ending June-21 (quarterly calculations)



- Over the 7-year period, there is slightly more separation between the managers, with portfolios containing Ceredex exhibiting the most volatility.
- Kayne continued to be the top performer, and MFS continued to be the least volatile.

DCP MID CAP STOCK FUND TRACKING ERROR / EXCESS RETURN (5-YR)

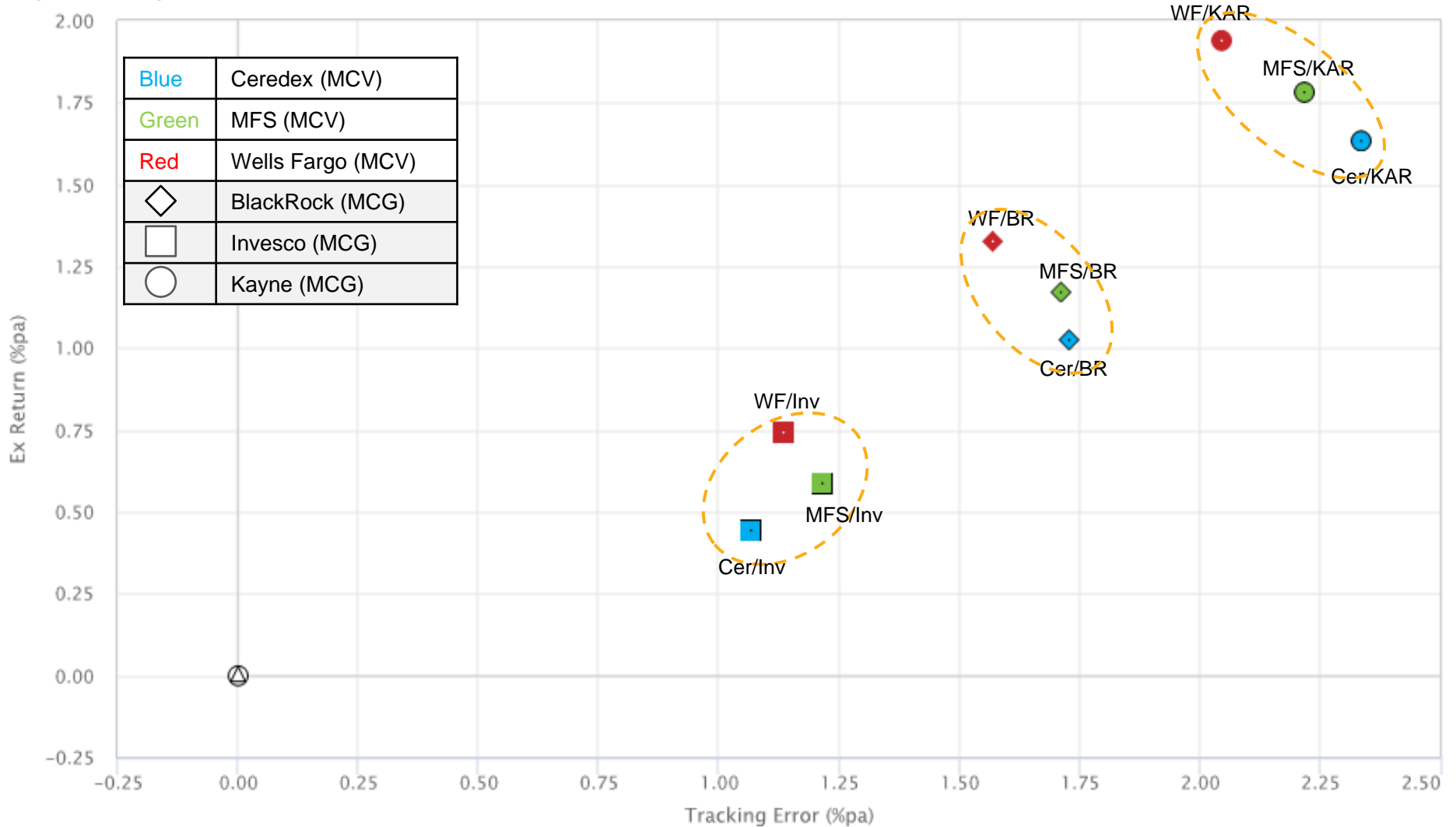
Excess Return and Tracking Error vs. 50% Van MC BM/25% RUMCG/25% RUMCV (Benchmark) in \$US (after fees) over 5 yrs ending June-21 (quarterly calculations)



- Kayne has the highest tracking error vs. the benchmark, and portfolios with Kayne exhibit the highest tracking error of excess return, especially the MFS/Kayne combination.

DCP MID CAP STOCK FUND TRACKING ERROR / EXCESS RETURN (7-YR)

Excess Return and Tracking Error vs. 50% Van MC BM/25% RUMCG/25% RUMCV (Benchmark) in \$US (after fees) over 7 yrs ending June-21 (quarterly calculations)

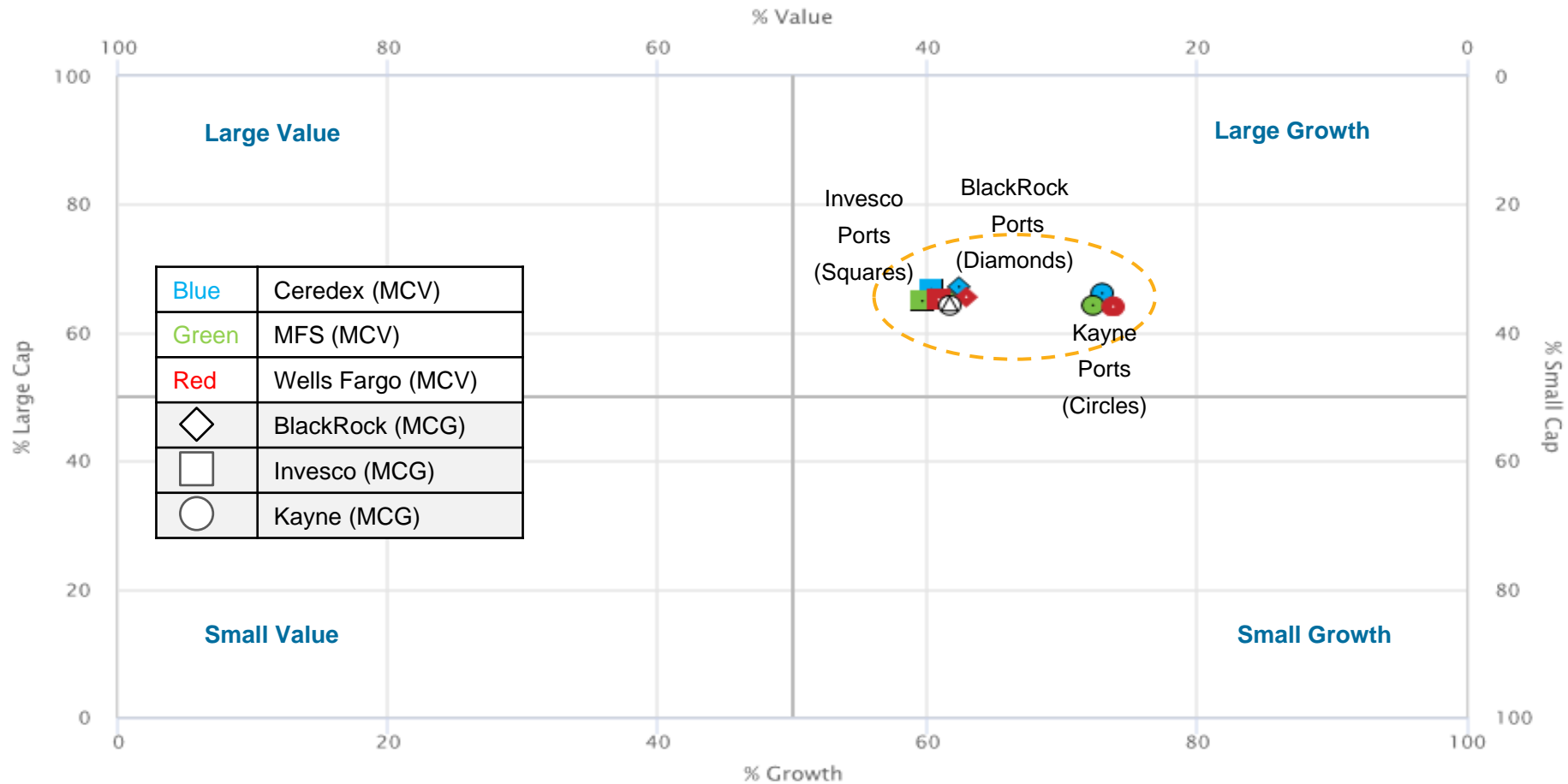


◆ Portfolio 1 ■ Portfolio 2 ● Portfolio 3 ◆ Portfolio 4 ■ Portfolio 5 ● Portfolio 6 ◆ Portfolio 7 ■ Portfolio 8 ● Portfolio 9 ⊕ DCP MC BM

- Similarly to the 5-year exhibit, portfolios with Kayne show the greatest tracking error of excess return.

DCP MID CAP STOCK FUND RETURNS-BASED STYLE ANALYSIS (5-YR)

Returns based style analysis in \$US (after fees) over 5 yrs ending June-21



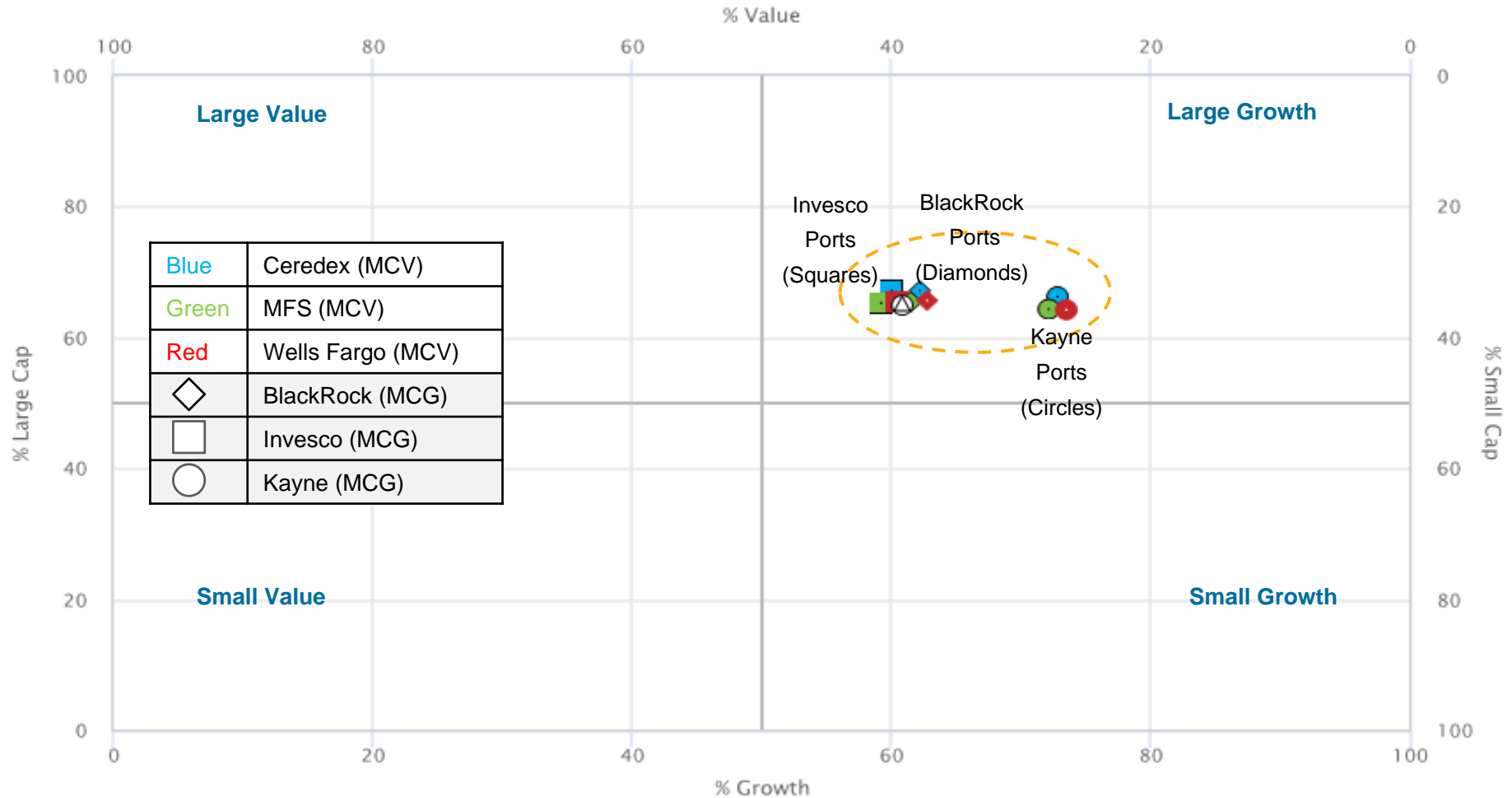
◆ Portfolio 1 ■ Portfolio 2 ● Portfolio 3 ◆ Portfolio 4 ■ Portfolio 5 ● Portfolio 6 ◆ Portfolio 7 ■ Portfolio 8 ● Portfolio 9 ⊕ DCP MC BM

Style indices Large Value: Russell 1000 Value Large Growth: Russell 1000 Growth Small Value: Russell 2000 Value Small Growth: Russell 2000 Growth

- On a returns-based style analysis, all portfolios perform in line with mid cap stocks; however, portfolios with Kayne have a stronger growth bias compared to portfolios with the other two mid cap growth managers.
- The 6 portfolios without Kayne perform well in line with the composite benchmark.
- The 3 portfolios with Invesco as the MCG manager plot closest to the core.

DCP MID CAP STOCK FUND RETURNS-BASED STYLE ANALYSIS (7-YR)

Returns based style analysis in \$US (after fees) over 7 yrs ending June-21



◆ Portfolio 1 ■ Portfolio 2 ● Portfolio 3 ◇ Portfolio 4 ■ Portfolio 5 ● Portfolio 6 ◆ Portfolio 7 ■ Portfolio 8 ● Portfolio 9 ⊕ DCP MC BM
Style indices Large Value: Russell 1000 Value Large Growth: Russell 1000 Growth Small Value: Russell 2000 Value Small Growth: Russell 2000 Growth

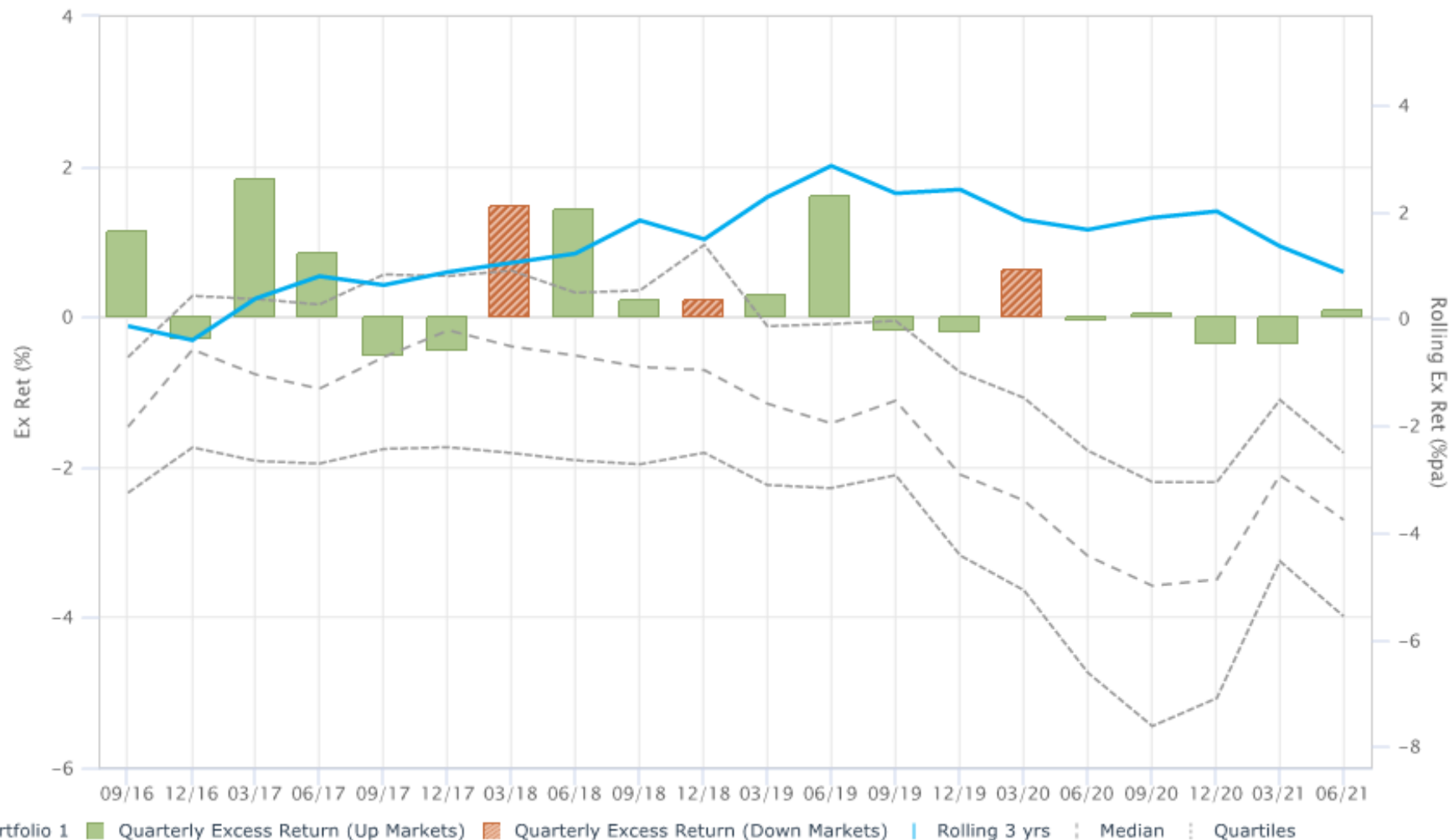
- 7-year period is relatively similar to the 5-year period.
- Portfolios 4 and 8 are the closest to the composite benchmark.

PORTFOLIO 1

QUARTERLY EXCESS RETURN

50% Vanguard/25% Ceredex /25% BlackRock

Quarterly Excess Return vs. 50% Van MC BM/25% RUMCG/25% RUMCV (Benchmark) with rolling 3 yr line in \$US (after fees) over 5 yrs ending June-21
 Comparison with the Mutual Fund US Equity Mid Cap Core universe

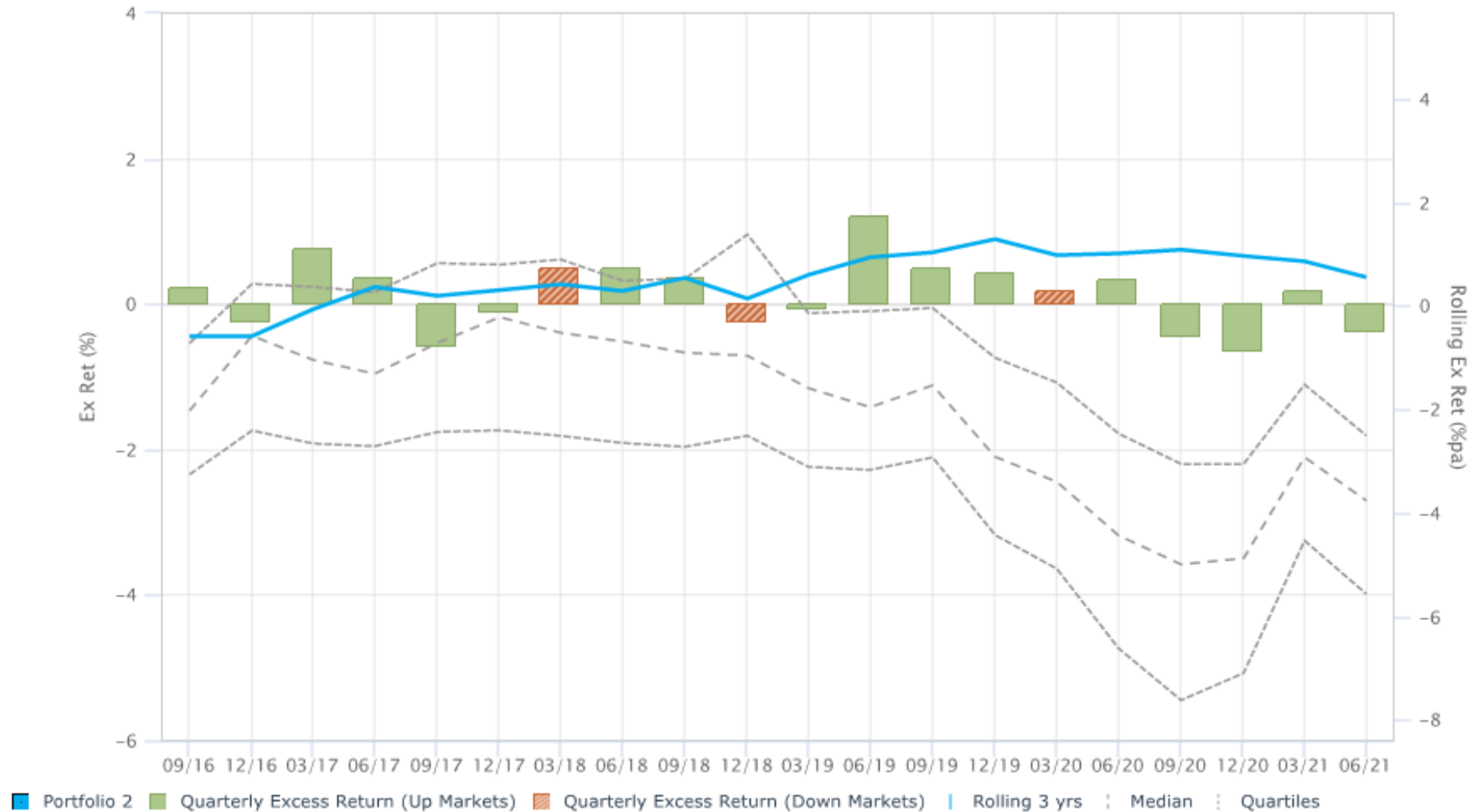


PORTFOLIO 2

QUARTERLY EXCESS RETURN

50% Vanguard / 25% Ceredex / 25% Invesco

Quarterly Excess Return vs. 50% Van MC BM/25% RUMCG/25% RUMCV (Benchmark) with rolling 3 yr line in \$US (after fees) over 5 yrs ending June-21
 Comparison with the Mutual Fund US Equity Mid Cap Core universe

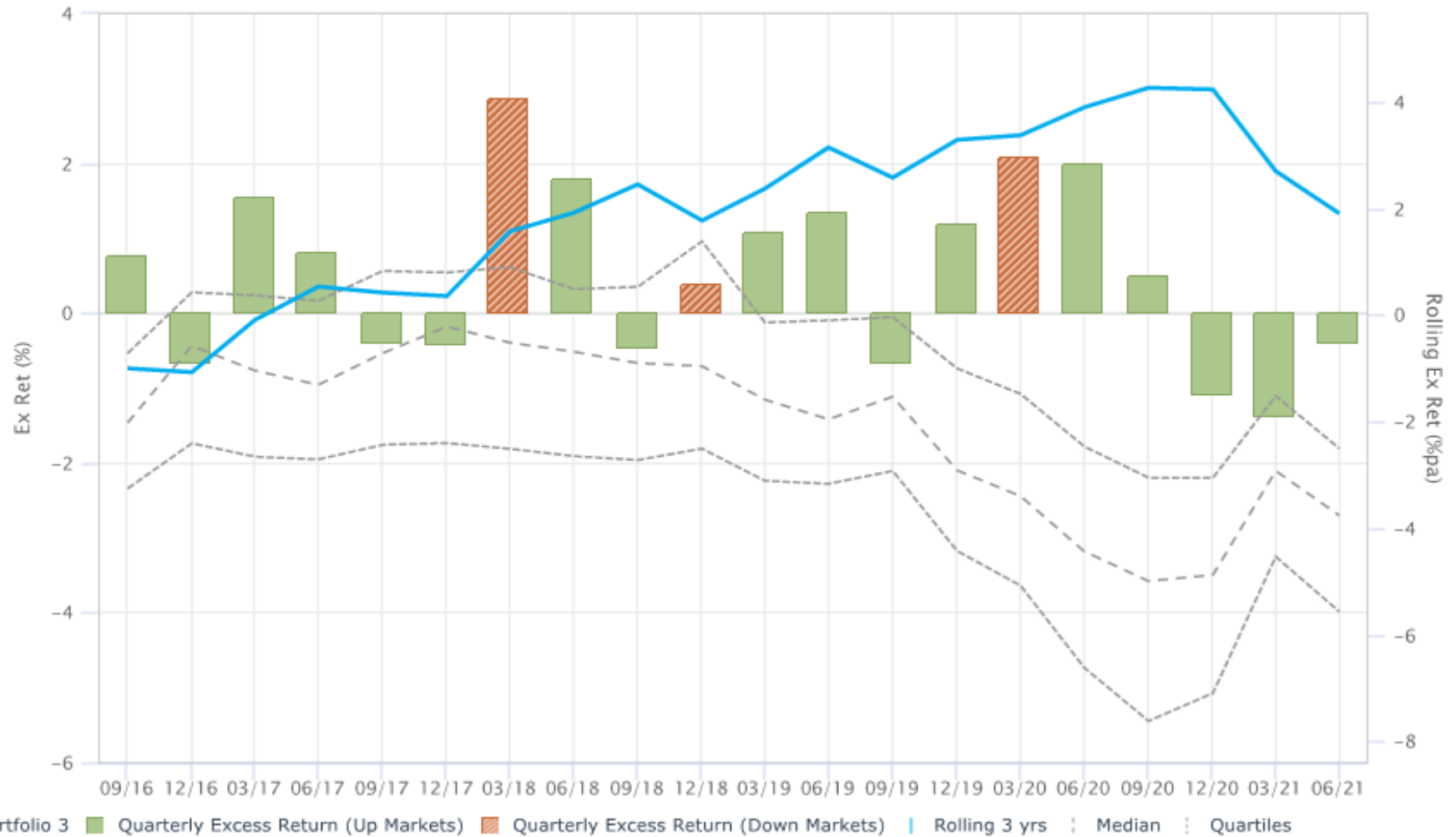


PORTFOLIO 3

QUARTERLY EXCESS RETURN

50% Vanguard/25% Ceredex /25% Kayne

Quarterly Excess Return vs. 50% Van MC BM/25% RUMCG/25% RUMCV (Benchmark) with rolling 3 yr line in \$US (after fees) over 5 yrs ending June-21
 Comparison with the Mutual Fund US Equity Mid Cap Core universe

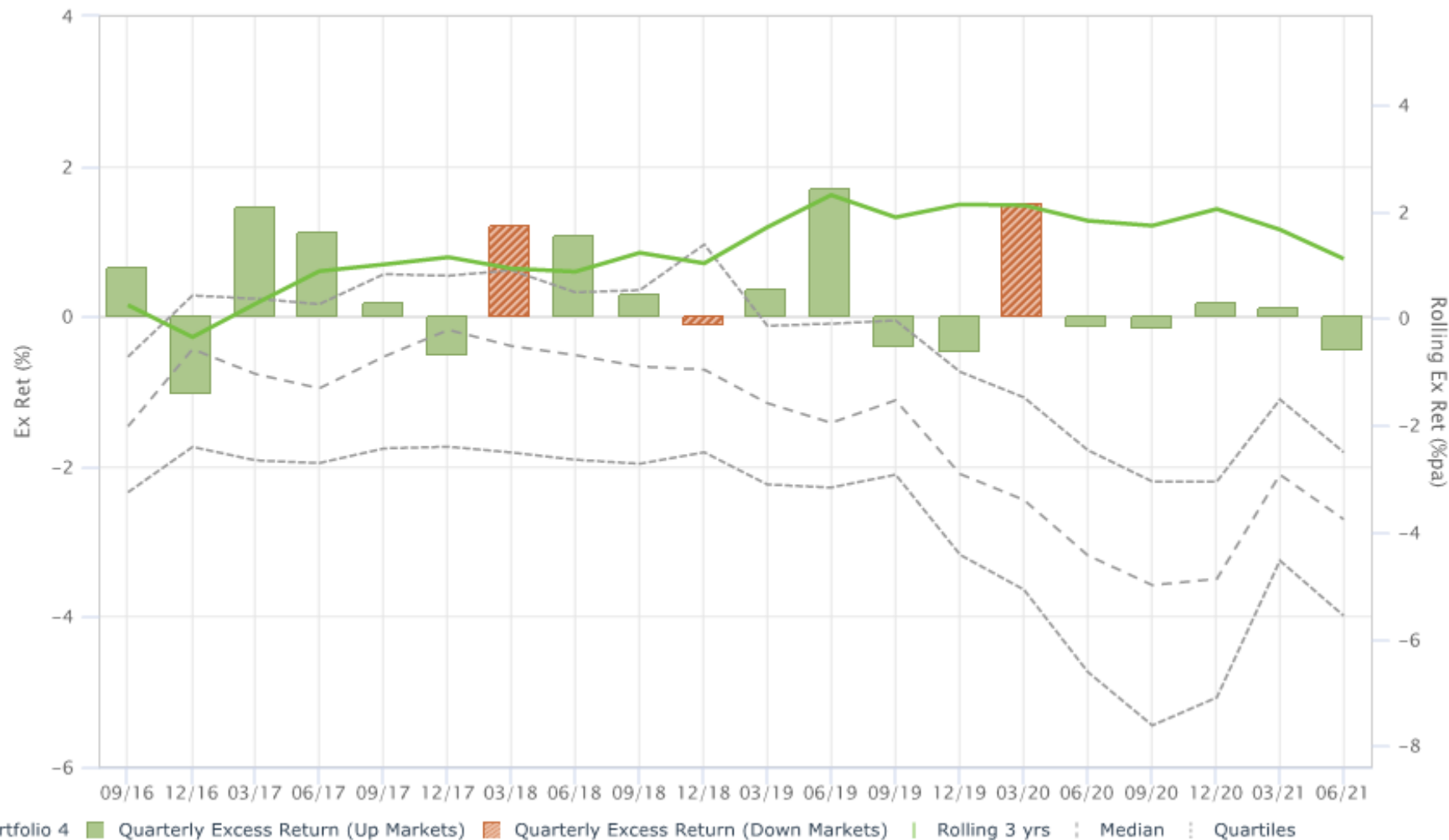


PORTFOLIO 4

QUARTERLY EXCESS RETURN

50% Vanguard/25% MFS /25% BlackRock

Quarterly Excess Return vs. 50% Van MC BM/25% RUMCG/25% RUMCV (Benchmark) with rolling 3 yr line in \$US (after fees) over 5 yrs ending June-21
 Comparison with the Mutual Fund US Equity Mid Cap Core universe

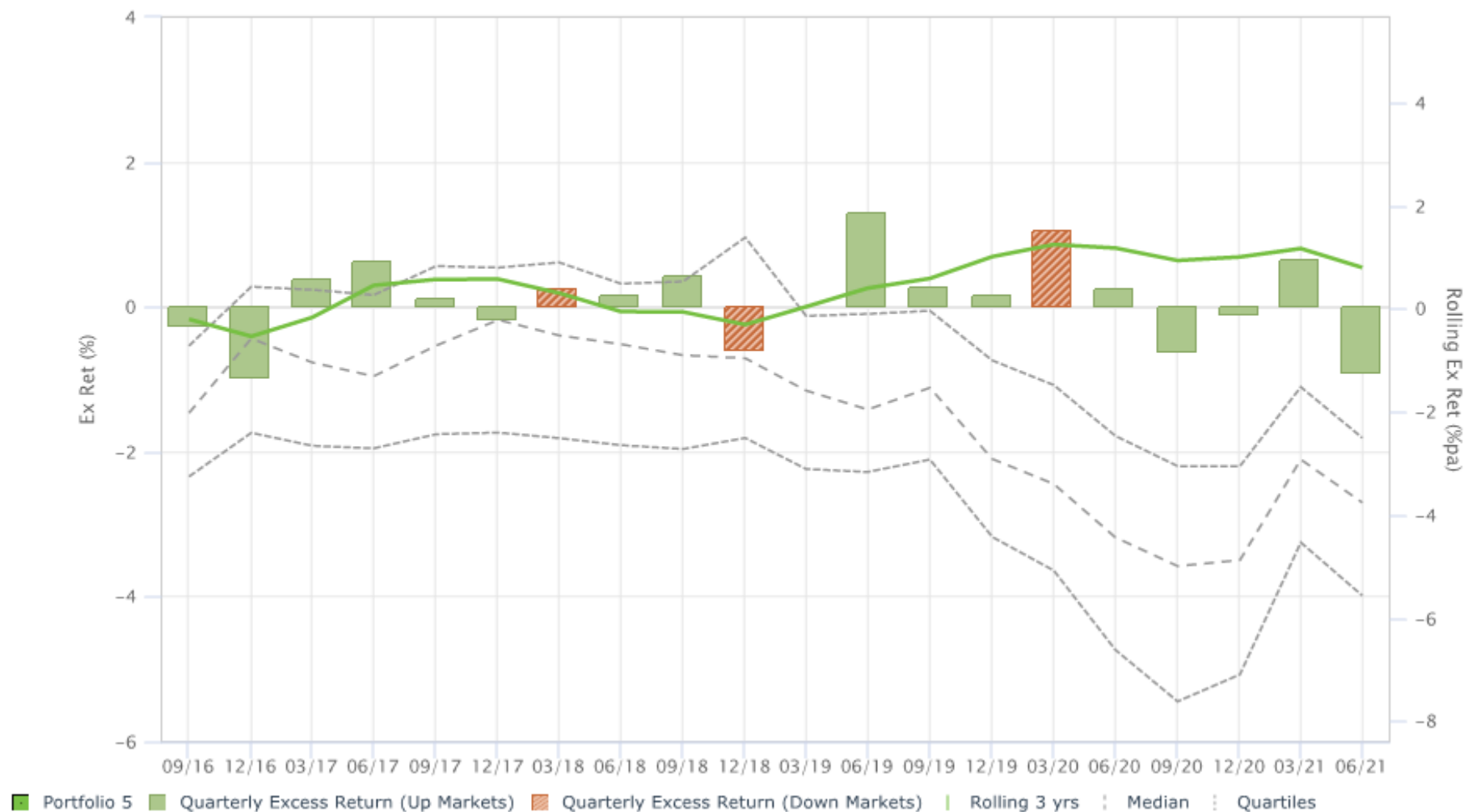


PORTFOLIO 5

QUARTERLY EXCESS RETURN

50% Vanguard/25% MFS /25% Invesco

Quarterly Excess Return vs. 50% Van MC BM/25% RUMCG/25% RUMCV (Benchmark) with rolling 3 yr line in \$US (after fees) over 5 yrs ending June-21
 Comparison with the Mutual Fund US Equity Mid Cap Core universe

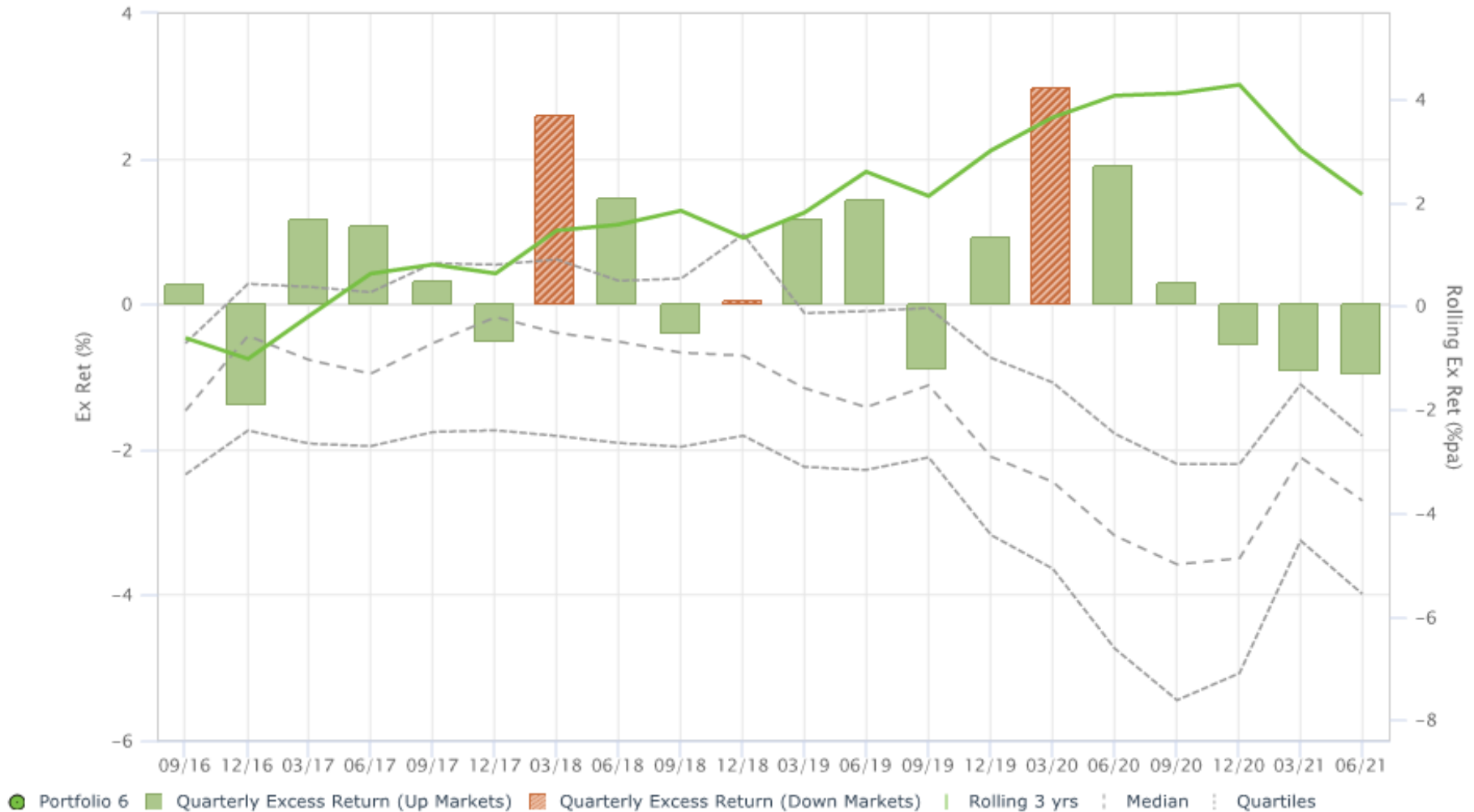


PORTFOLIO 6

QUARTERLY EXCESS RETURN

50% Vanguard/25% MFS /25% Kayne

Quarterly Excess Return vs. 50% Van MC BM/25% RUMCG/25% RUMCV (Benchmark) with rolling 3 yr line in \$US (after fees) over 5 yrs ending June-21
 Comparison with the Mutual Fund US Equity Mid Cap Core universe

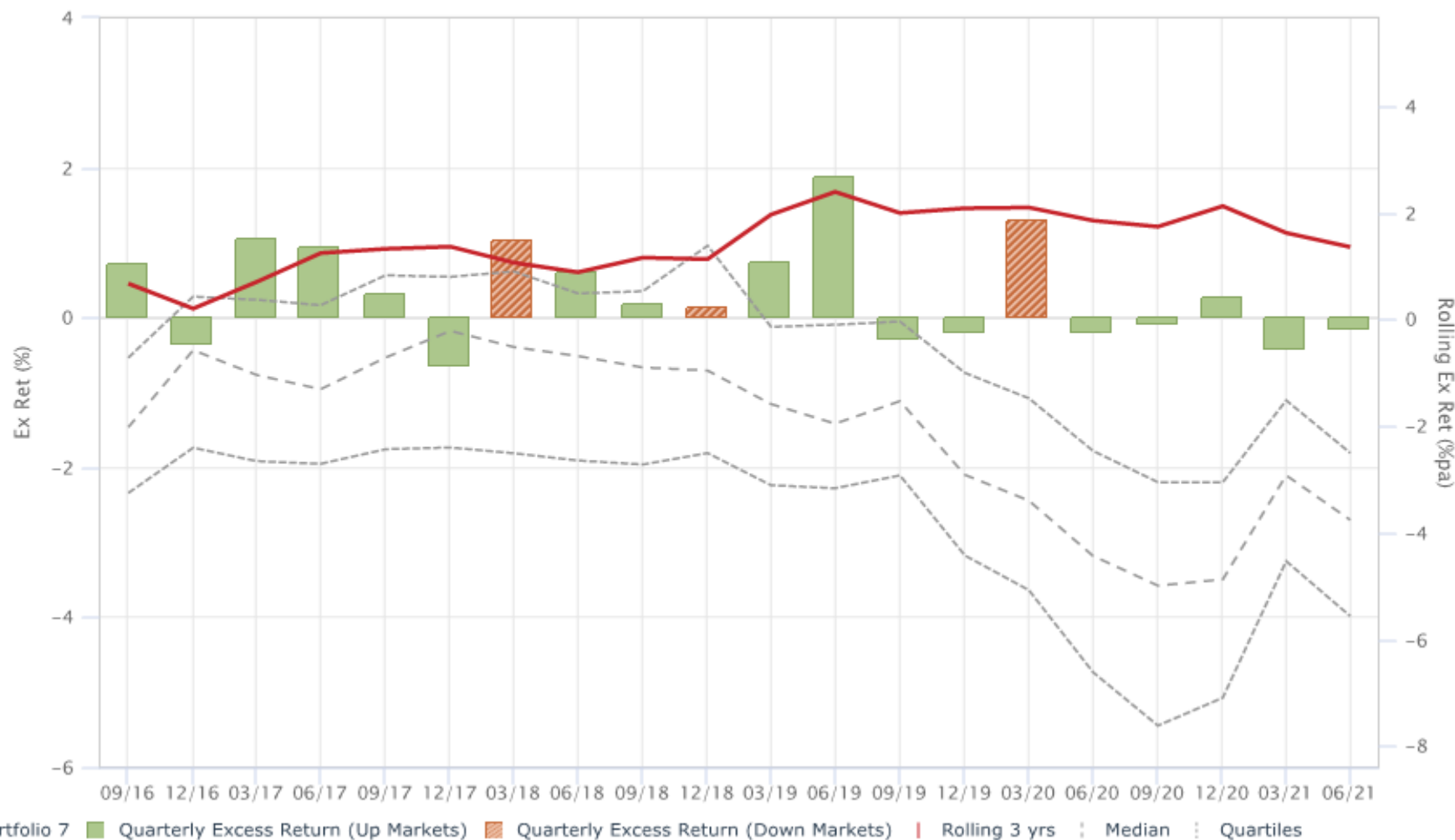


PORTFOLIO 7

QUARTERLY EXCESS RETURN

50% Vanguard/25% WF /25% BlackRock

Quarterly Excess Return vs. 50% Van MC BM/25% RUMCG/25% RUMCV (Benchmark) with rolling 3 yr line in \$US (after fees) over 5 yrs ending June-21
 Comparison with the Mutual Fund US Equity Mid Cap Core universe

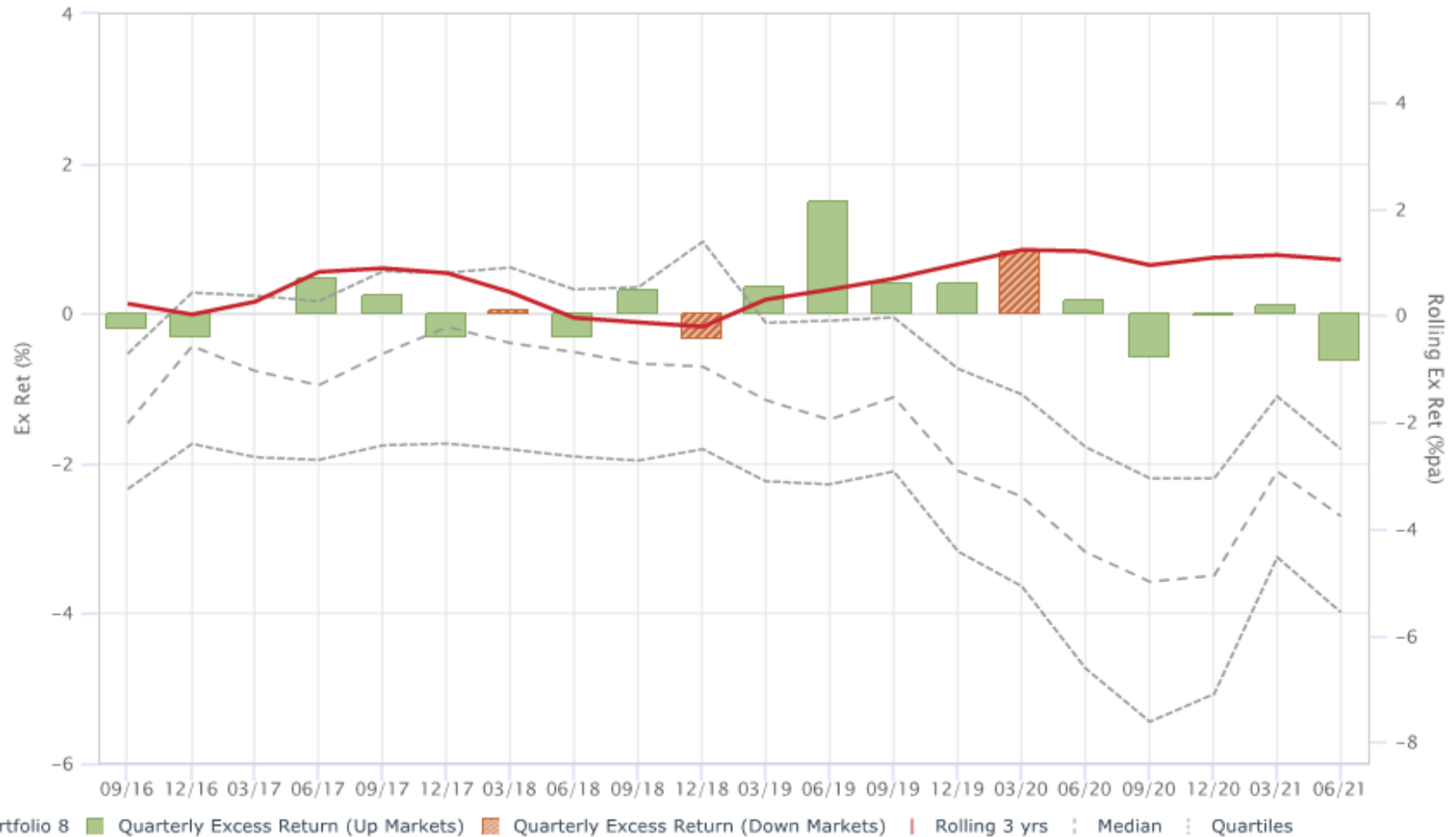


PORTFOLIO 8

QUARTERLY EXCESS RETURN

50% Vanguard/25% WF / 25% Invesco

Quarterly Excess Return vs. 50% Van MC BM/25% RUMCG/25% RUMCV (Benchmark) with rolling 3 yr line in \$US (after fees) over 5 yrs ending June-21
 Comparison with the Mutual Fund US Equity Mid Cap Core universe

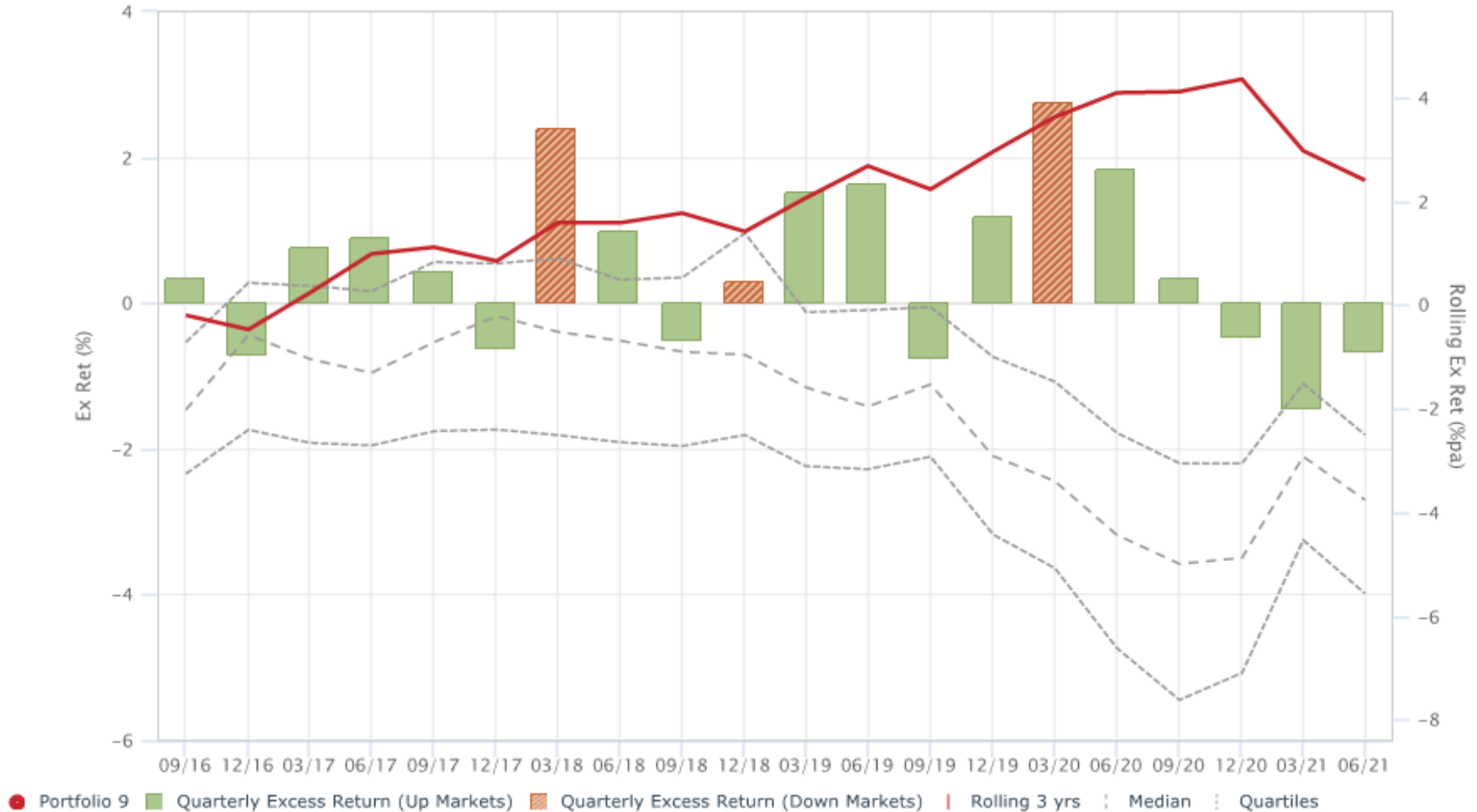


PORTFOLIO 9

QUARTERLY EXCESS RETURN

50% Vanguard/25% WF /25% Kayne

Quarterly Excess Return vs. 50% Van MC BM/25% RUMCG/25% RUMCV (Benchmark) with rolling 3 yr line in \$US (after fees) over 5 yrs ending June-21
 Comparison with the Mutual Fund US Equity Mid Cap Core universe



DCP MID CAP STOCK FUND

ROLLING 3-YEAR PERFORMANCE RANKINGS

Rolling 3 yr Performance characteristics vs. 50% Vanguard Mid Cap Benchmark / 25% Russ MCG / 25% Russ MCV (Benchmark) in \$US (after fees) over 5 yrs ending June-21
Comparison with the Mutual Fund US Equity Mid Cap Core universe (Percentile Ranking) (quarterly calculations)

	Managers	1st Quartile		2nd Quartile		3rd Quartile		4th Quartile		Average Percentile Rank	Outperform	
		No.	%	No.	%	No.	%	No.	%		No.	%
Portfolio 1	Cer / BR	18	90.0	2	10.0	0	0.0	0	0.0	12	18	90
Portfolio 2	Cer / Inv	13	65.0	6	30.0	1	5.0	0	0.0	20	17	85
Portfolio 3	Cer / KAR	15	75.0	4	20.0	1	5.0	0	0.0	14	17	85
Portfolio 4	MFS / BR	17	85.0	3	15.0	0	0.0	0	0.0	13	19	95
Portfolio 5	MFS / Inv	12	60.0	8	40.0	0	0.0	0	0.0	21	14	70
Portfolio 6	MFS / KAR	15	75.0	4	20.0	1	5.0	0	0.0	13	17	85
Portfolio 7	WF / BR	18	90.0	2	10.0	0	0.0	0	0.0	10	20	100
Portfolio 8	WF / Inv	13	65.0	7	35.0	0	0.0	0	0.0	18	17	85
Portfolio 9	WF / KAR	18	90.0	2	10.0	0	0.0	0	0.0	11	18	90
DCP Mid Cap BM		11	55.0	9	45.0	0	0.0	0	0.0	23	20	0

- On a rolling 3-year basis, all portfolios consistently outperformed the median and the benchmark.
- The 3 portfolios with Invesco (MCG) were the only ones to not rank in the 1st quartile at least 75% of the time.
- No portfolios ranked in the bottom quartile on a rolling 3-year basis, and only ranked below the median over a maximum of 1 quarter.

The benchmark result for Number Outperform represents the total number of observations in the period.

DCP MID CAP STOCK FUND

QUARTERLY UP / DOWN MARKET ANALYSIS

Performance characteristics vs. 50% Vanguard Mid Cap Benchmark / 25% Russ MCG / 25% Russ MCV (Benchmark) in \$US (after fees) over 5 yrs ending June-21
Comparison with the Mutual Fund US Equity Mid Cap Core universe (Percentile Ranking) (quarterly calculations)

	Managers	Up Markets			Down Markets			All Markets				
		Outperform		Excess (Av) (%pq)	Outperform		Excess (Av) (%pq)	Outperform		Excess (Av) (%pq)	Outperform (Av) (%pq)	Underperform (Av) (%pq)
		No.	%		No.	%		No.	%			
Portfolio 1	Cer / BR	12	55	0.2	4	67	0.4	16	57	0.2	0.8	-0.5
Portfolio 2	Cer / Inv	13	59	0.1	3	50	0.2	16	57	0.1	0.5	-0.4
Portfolio 3	Cer / KAR	10	45	0.3	4	67	0.8	14	50	0.4	1.4	-0.6
Portfolio 4	MFS / BR	13	59	0.2	3	50	0.5	16	57	0.3	0.8	-0.5
Portfolio 5	MFS / Inv	14	64	0.1	4	67	0.3	18	64	0.1	0.5	-0.5
Portfolio 6	MFS / KAR	12	55	0.2	4	67	1.0	16	57	0.4	1.1	-0.6
Portfolio 7	WF / BR	12	55	0.2	5	83	0.5	17	61	0.3	0.8	-0.4
Portfolio 8	WF / Inv	12	55	0.1	5	83	0.4	17	61	0.2	0.5	-0.4
Portfolio 9	WF / KAR	13	59	0.3	5	83	1.0	18	64	0.4	1.0	-0.6
DCP Mid Cap BM		22	0	0.0	6	0	0.0	28	0	0.0	na	na
Group Statistics												
Upper Quartile		10	45	-0.2	3	50	-0.3	12	43	-0.3	2.6	-1.9
Median		8	36	-0.5	2	33	-1.3	11	39	-0.6	1.9	-2.1
Lower Quartile		7	32	-0.8	1	17	-2.1	9	32	-0.9	1.6	-2.5
Number		69	69	69	69	69	69	69	69	69	69	69

- Over the trailing 7-year period, all portfolios, with the exception of Portfolio 3 (Ceredex & Kayne), have outperformed in the majority of markets.
- All portfolios outperformed in at least half of the down markets, with the Wells Fargo portfolios outperforming most consistently.

The benchmark results represent the total number of up markets, down markets and observations in the period.

UNDERLYING MANAGER EXCESS RETURN CORRELATION

Correlation of Excess Returns vs. Russell Midcap in \$US (after fees) over 7 yrs ending June-21 (quarterly calculations)

	Ceredex	MFS	WF	BlackRock	Invesco	Kayne
Ceredex		0.71	0.67	-0.62	-0.77	-0.59
MFS	-0.3		0.84	-0.69	-0.74	-0.76
WF	-0.4	-0.2		-0.73	-0.73	-0.81
BlackRock	-3.5	-3.0	-3.4		0.90	0.84
Invesco	-3.8	-3.0	-3.2	-0.2		0.82
Kayne	-3.6	-3.2	-3.7	-0.4	-0.4	

- Relative to the mid cap core benchmark, combinations of Invesco/Ceredex and Kayne/Wells Fargo showed the most risk reduction as highlighted above.
- Overall, all portfolio combinations show strong diversification benefits.

Notes:

Correlation is shown in the right hand side of the table.

Risk Reduction is shown in the left hand side of the table.





Risk Reduction is defined as the reduction in tracking error from diversification when using a 50:50 mix of the two managers.

APPENDIX

MANAGER PROFILES FOR MERCER RATED STRATEGIES

MID CAP VALUE EQUITY

CEREDEX PROFILE

Firm	
Idea Generation 	Ceredex's collaborative approach, sensible and disciplined investment process, and robust fundamental research contribute to strong idea generation. The strategy further benefits from the experience and insights of portfolio manager Don Wordell.
Portfolio Construction 	Portfolio construction emphasizes the team's strength of stock selection, with a deliberate approach to sizing positions based on risk/reward and underlying conviction.
Implementation 	Mercer does not believe asset size has impaired portfolio implementation or the team's ability to invest in its best ideas.
Business Management 	Ceredex operates as an autonomous investment boutique within Virtus Investment Partners (VIP) and employs a reasonable incentive/remuneration structure that keeps the team motivated.
Overall A	Mercer research believes Don Wordell's portfolio management experience, insights, impressive knowledge of companies and industries, as well as the disciplined investment approach, are competitive advantages. The strategy also benefits from a well-resourced and stable team of analysts and seasoned portfolio managers who add differentiated viewpoints and contribute to a collaborative working dynamic; ensuring that attractively valued, dividend-paying companies with positive fundamental catalysts are purchased. Wordell constructs portfolios and implements ideas in a thoughtful manner, and the team's approach to assessing risk is comprehensive.

DCP MID CAP EQUITY FINALIST SEARCH MANAGER PROFILES

Mercer Research ratings and views are solely for informational purposes.

Mercer does not formally rate the MFS Mid Cap Value, Wells Fargo Special U.S. Mid Cap Value Equity, BlackRock Fundamental US Mid Cap Growth Equity, Invesco Mid Cap Growth or Kayne Mid Cap Sustainable Growth strategies.

MERCER RESEARCH RATINGS SCALE

A

Strategies assessed as having “**above average**” prospects of outperformance

B+

Strategies assessed as having “**above average**” prospects of outperformance, but with some reservations.

B

Strategies assessed as having “**average**” prospects of outperformance

C

Strategies assessed as having “**below average**” prospects of outperformance

R

The **R rating** is applied in two situations:

1. Mercer has carried out some research, but has not completed its full investment strategy research process
2. Mercer has in the past carried out its full investment strategy research process on the strategy, but we are no longer maintaining full research coverage

N

No rating, strategies not currently rated by Mercer

W

Watch: where there is some uncertainty about a rating that we do not expect to be resolved soon, but consider it unlikely that it will lead to a rating change

T

Tracking error: potential for high tracking error or high volatility

P

Provisional rating: where there is uncertainty about a rating that we expect to resolve quickly

Please see the Guide to Mercer’s Investment Strategy Ratings <https://www.mercer.com/content/dam/mercer/attachments/private/nurture-cycle/gl-2020-wealth-guide-to-mercers-investment-strategy-research-ratings-mercer.pdf>

PERFORMANCE NOTES

PERFORMANCE NOTES

Mid Cap Value Equity

- **Ceredex (Incumbent)**: Mutual Fund I share class with an expense ratio of 1.04%.
- **MFS Investment Management (Incumbent)**: Composite performance net of 0.50% fee.
- **Wells Fargo**: Composite performance net of 0.47% fee.

Mid Cap Growth Equity

- **BlackRock**: Composite performance net of 0.51% fee.
- **Invesco**: Composite performance net of 0.46% fee.
- **Kayne**: Composite performance net of 0.60% fee.

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Before investing, consider the investment options' or funds' investment objectives, risks, charges, and expenses. Visit the appropriate fund company website listed in the appendix for an offering statement or prospectus and, if available, a summary prospectus containing this and other information. Read it carefully.

An investment's placement along the risk spectrum is based on market risk and credit risk. Other factors considered include prospectus objectives, degrees of diversification, characteristics of typical holdings, and historical volatility of the fund and its benchmark. Risks will vary. This spectrum does not represent actual or implied performance.

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Fund company websites:

www.blackrock.com/investing

www.vanguard.com



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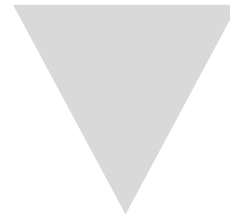
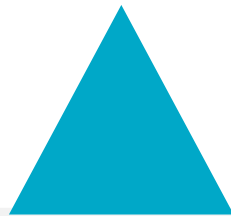
MAKE TOMORROW, TODAY

City of Los Angeles

Deferred Compensation Plan

International Equity Small Cap
Search – Stage 2

September 2021



BACKGROUND

Finalists – 6 total strategies

Institutional Product RFP Response

American Century	TimesSquare
Fidelity	Victory Capital*
Kayne Anderson**	William Blair

*Indicates mutual fund vehicle meeting screening requirements.

**Indicates mutual fund vehicle not meeting screening requirements (Fees).

- For the International Equity Small Cap manager search, the City received 13 RFP responses, of which 12 met the minimum requirements outlined in section 2.2 of the RFP.
- In addition to the institutional products, Mercer evaluated 15 mutual funds, 12 of which passed the minimum requirements for Stage 1 evaluation presented to the City in July 2021.
- Stage 1 resulted in 7 candidates emerging as finalists. Subsequently, however, Acadian (RFP response) and AllianceBernstein (passed the mutual fund screen) notified us their strategies are now closed to new investments.
- Further, upon additional review, American Century's mutual fund vehicle did not meet expense requirements (higher than 0.95%) while TimesSquare's collective investment trust met expense requirements. We have included TimesSquare's strategy in this report and excluded ACIM's mutual fund (CIT still in consideration as noted above).
- Thus 6 candidates are reviewed throughout this document as well as the incumbent manager Brandes Investment Partners (Brandes) who did not pass the Stage 1 evaluation, due to not meeting the minimum qualification of strategy assets greater than \$1 billion, which is included for reference.

STAGE 2 CANDIDATES

- 6 finalist candidates (all RFP respondents) are presented in this document:
 - American Century Investment Management
 - William Blair
 - Fidelity Institutional Asset Management (FIAM)
 - Kayne Anderson Rudnick Investment Management*
 - TimesSquare Capital Management
 - Victory Capital Management*
 - Brandes Investment Partners (*incumbent, added for comparative purposes*)

Notes:

- All performance is net of fees, unless otherwise noted
- Portfolio characteristics are as of 3/31/21 and performance exhibits are as 6/30/21, unless otherwise noted
- Mandate size is approximately \$134.2 million as of June 30, 2021

SUMMARY EVALUATION MATRIX

	Manager			Strategy		Performance			Fees
	Business Management	Team Depth	Personnel Stability	AUM	Portfolio Construction fits Mandate	Long-Term Performance (7-Year)	Performance Consistency (7-Year)	Information Ratio (7-Year)	Attractiveness of Fees
ACIM	✓	✓	✓	=	✗	✓	✓	✓	✗
Blair	✓	✓	✗	✓	✗	✓	=	✓	=
FIAM	✓	✓	✓	✓	✓	✓	✓	✓	✓
Kayne	✓	✓	✓	✓	✓	✓	✓	✓	✓
TSCM	✓	✓	✓	✓	✓	✓	✓	✓	✗
Victory (Trivalent)	✓	✓	✓	✓	✗	✓	✓	✓	✓

SUMMARY EVALUATION

- **Firm strength** – All candidates have well run businesses with substantial levels of overall assets under management and internal resources to support the DCP.
- **Strategy team depth and stability** – While all candidates possess strong depth in terms of team resources devoted to the respective strategies, stability of team personnel for William Blair was lesser than the other candidates.
- **Strategy Assets Under Management (AUM)** – All strategies have sufficient assets under management such that the DCP would not represent a disproportionate percentage of strategy assets, though ACIM is notably smaller than peers.
- **Mandate fit** – Given that screening incorporates a component of trailing performance evaluation, several candidates that screened favorably through Stage 1 exhibit a substantial style bias (most commonly a growth tilt). Ultimately, it is desirable for the strategy to reside close to “core” from a style perspective and within range of benchmark market cap. This dimension of evaluation serves to counterbalance gravitating to top performing strategies over recent years since we expect growth and value styles to rotate over time. Kayne, FIAM, and TSCM all display less style bias over trailing periods.
- **Performance** – Generally all candidates have strong performance, though Kayne, ACIM, and FIAM (up/down market characteristics) display highly competitive performance characteristics.
- **Fees** – All fee proposals represent substantial savings to the DCP. FIAM, Kayne, and Victory Trivalent are most attractive.

MANAGER OVERVIEW

Candidate	Manager Background	Strategy Description & Process
American Century Investment Management	<p>American Century Investments (ACIM) is an independent, privately controlled company that has managed investments since 1958. In addition to U.S. offices in Kansas City, California, New York, and LA (Avantis), the firm maintains a global presence with offices in London, Hong Kong and Sydney. The institutional investment strategies are managed by teams dedicated to a disciplined investment process focused on independent research.</p>	<p>ACIM applies a growth-oriented, earnings momentum approach. The firm's fundamental, bottom-up research process focuses on inflection points in a company's fundamentals. The American Century Non-U.S. Small Cap philosophy is centered on the belief that accelerating growth in earnings and revenues, rather than the absolute level of growth, is more highly correlated to stock price performance. ACIM takes advantage of both the normal price appreciation that results from a company's earnings growth and the market's re-rating of a company's price-to-earnings multiple as the earnings acceleration becomes visible. The goal is to construct a portfolio of stocks that are experiencing accelerating growth that can be sustainable over time.</p>
William Blair	<p>William Blair is 100% active-employee-owned with broad-based ownership Investment teams that are solely focused on active management and employ a disciplined, analytical research process. William Blair is based in Chicago with resources in New York, London, Zurich, Sydney, Stockholm, The Hague, Singapore and dedicated coverage for Canada.</p>	<p>Blair follows a bottom-up, fundamentally-based process. The team focuses on companies that have demonstrated consistent returns on capital with high and consistent rates of growth, are highly profitable, have conservative finances, and are well-managed. Blair describes the approach as high quality growth, falling in-between GARP and aggressive growth with an emphasis on companies with high returns on capital and low leverage. William Blair's quality growth philosophy is based on the belief that the market is inefficient with respect to distinguishing between an average growth company and a quality growth company.</p>
Fidelity Institutional Asset Management (FIAM)	<p>Fidelity Institutional Asset Management (FIAM) leverages Fidelity's broad and deep institutional investment management capabilities, including FIAM Equity, and Fidelity's Fixed Income, High Income and Global Asset Allocation divisions. The investment management units of FIAM, FIAM LLC and Fidelity Institutional Asset Management Trust Company, and the other entities that make up FIAM, are wholly owned, indirect subsidiaries of FMR LLC, commonly known as Fidelity Investments. The firm offers clearly defined, traditional long-only, equity, fixed income, and asset allocation disciplines, as well as customized solutions to meet specific client objectives. Fidelity was founded in 1946 by Edward Johnson 2nd, the grandfather of the current Chairman, Abigail P. Johnson. Privately held for over 70 years, Fidelity maintains its independence to focus on the long-term growth and success of its customers.</p>	<p>Fidelity believes that small cap markets are not fully efficient and that stock-specific pricing anomalies exist. The fundamental stock analysts apply a fundamental, bottom-up process using various valuation methods to find mispriced stocks. The small cap strategy is a core approach without a persistent style bias, although growth and quality biases emerge at times. The Select International Small Cap philosophy is based on the premise that international small-cap is an inefficient, under-covered asset class which presents frequent opportunities to purchase individual equities at a significant discount to their long-term fundamental fair value. The firm believes that fundamental, bottom-up, forward-looking, stock-specific research is the highest-conviction approach to exploiting these inefficiencies.</p>

MANAGER OVERVIEW

Candidate	Manager Background	Strategy Description & Process
Kayne Anderson Rudnick Investment Management	<p>Kayne Anderson Rudnick (KAR) was founded in 1984 by two successful entrepreneurs, Richard Kayne and John Anderson, to manage the funds of its principals and clients. John Anderson was a prominent Los Angeles attorney and businessman, member of the Forbes 400 and named benefactor of The Anderson School of Business at The University of California, Los Angeles. The firm, headquartered in Los Angeles, is wholly owned by Virtus Investment Partners, Inc. (NASDAQ: VRTS).</p>	<p>KAR International Small Cap strategy is a fundamental, research-oriented approach that invests exclusively in "high-quality" international small cap companies. Key differentiators of the firm's investment approach are 1) an exclusive focus on "high-quality" companies; 2) a "business analyst" approach to evaluating potential investment opportunities; and 3) a focused, yet diversified, portfolio. KAR defines "high quality" as a business characteristic that results from a company's ability to source and develop control of its markets. Evidence of this control of markets is characterized by consistent and sustainable growth and profitability through a full economic cycle, high returns on capital, and strong free cash flow supported by an underleveraged balance sheet. The firm further evaluates a company's management team as to its ability to develop and adhere to the business' core competencies and to remain disciplined in their capital allocations.</p>
TimesSquare Capital Management	<p>TimesSquare (TSCM) is a fundamental research-oriented equity investment management firm specializing in growth equity strategies for institutional investors. Senior team members have a long tenure managing equity portfolios for institutional investors, with the firm's investment process tracing its roots back to 1984. TimesSquare is a significantly employee-owned organization. The firm believes that this broad equity participation aligns the interests of clients and associates, and promotes retention of key professionals. TimesSquare is an independent affiliate of Affiliated Managers Group, Inc. (AMG), an asset management company.</p>	<p>TimesSquare believes that price discrepancies exist in the non-US small cap markets due to investors' misunderstanding of a company's longer-term drivers of growth with their focus instead placed on a company's shorter-term earnings prospects. The firm believes its fundamental research skills, which put particular emphasis on assessing the quality of a company's management and business model, and valuation analysis, are keys to outperforming the benchmark. TimesSquare believes that fundamental equity growth research skills, which place a particular emphasis on the assessment of management quality, an in-depth understanding of business models, and valuation discrepancies, enable them to build a diversified portfolio of international small cap stocks that is designed to generate positive risk-adjusted relative returns</p>
Victory Capital Management (Trivalent)	<p>Victory Capital Management Inc. (Victory Capital) is a U.S. SEC-registered diversified global asset management firm. Through predecessor firms, Victory Capital was organized in 1894 and began managing tax-exempt assets in 1912. Victory Capital was wholly owned by KeyCorp until 2013, when the employees of Victory Capital partnered with Crestview Partners to acquire all of KeyCorp's interest. Since then, Victory Capital has made several acquisitions since becoming independent in 2013, including Munder Capital Management in 2014. The International Equity team came together originally at Standish, Ayer and Wood. Standish was acquired by Mellon in 2001, and in 2003, Mellon moved the team under its investment manager, The Boston Company Asset Management (TBCAM). In 2007, the team moved again to Munder Capital. Following Victory Capital's acquisition of Munder in 2014, the International Equity team was re-branded under the name Trivalent Investments.</p>	<p>Trivalent believes the markets have a tendency to underestimate improving business momentum. In capturing this anomaly, the team focuses its fundamental research on companies with demonstrably improving business momentum relative to their peers as determined by the team's proprietary quantitative model. Key metrics include upward earnings revisions, improving business momentum and attractive valuation characteristics. Accordingly, the portfolio is expected to display value and momentum characteristics.</p>

MERCER RATINGS SCALE

A

Strategies assessed as having “**above average**” prospects of outperformance

B+

Strategies assessed as having “**above average**” prospects of outperformance, but with some reservations.

B

Strategies assessed as having “**average**” prospects of outperformance

C

Strategies assessed as having “**below average**” prospects of outperformance

R

The **R rating** is applied in two situations:

1. Mercer has carried out some research, but has not completed its full investment strategy research process
2. Mercer has in the past carried out its full investment strategy research process on the strategy, but we are no longer maintaining full research coverage

N

No rating, strategies not currently rated by Mercer

W

Watch: where there is some uncertainty about a rating that we do not expect to be resolved soon, but consider it unlikely that it will lead to a rating change

T

Tracking error: potential for high tracking error or high volatility

P

Provisional rating: where there is uncertainty about a rating that we expect to resolve quickly

Please see the Guide to Mercer’s Investment Strategy Ratings <https://www.mercer.com/content/dam/mercer/attachments/private/nurture-cycle/gl-2020-wealth-guide-to-mercers-investment-strategy-research-ratings-mercer.pdf>

MERCER RESEARCH ASSESSMENT

While not part of the evaluation process, Mercer research ratings and evaluations are provided, where available, for additional context.

MERCER EVALUATION SUMMARY					
	Manager Rating	Idea Generation	Portfolio Construction	Implementation	Business Management
American Century Investment Management (ACIM)	B+ (T)	■■■□	■■■□	■■■□	■■■□
William Blair	B+ (T)	■■■□	■■■□	■■■□	■■■□
Fidelity Institutional Asset Management (FIAM)	B+	■■■□	■■■□	■■■□	■■■□
Kayne Anderson Rudnick Investment Management	R	N/A	N/A	N/A	N/A
TimesSquare Capital Management (TSCM)	A (T)	■■■■	■■■□	■■■□	■■■□
Victory Capital Management (Trivalent)	R	N/A	N/A	N/A	N/A
Brandes Investment Partners (incumbent)	B+ (T)	■■■□	■■■□	■■■□	■■■■

Mercer's Rating Scale

A	Above average prospects of outperformance	C	Below average prospects of outperformance
B+	Above average prospects of outperformance but which are qualified by: 1) There are other strategies in which we have a greater conviction of outperformance and/or 2) Mercer requires more evidence to support its assessment	R	1) Early stage research 2) Research no longer maintained
B	Average prospects of outperformance	N	Not rated

MERCER RESEARCH COMMENTARY

Candidate	Mercer Rating	Research Commentary
American Century Investment Management	B+ (T)	ACIM applies a bottom-up, fundamental growth-oriented approach geared towards identifying companies experiencing earnings acceleration. It operates with a clear investment thesis and makes disciplined use of its screens to effectively direct the team of three portfolio managers and eight global analysts to candidates that best fit the investment philosophy. The discipline with which the analysts conduct research and portfolio managers execute the strategy are strengths. Trevor Gurwich and Frederico Laffan demonstrate a strong understanding of the portfolio positioning and have the qualitative insights and quantitative tools to assist in managing the portfolio. Laffan is newer to the co-portfolio manager role, and Pratik Patel joined the team in early 2018. As such, there is still an element of uncertainty as to how the working relationship between the three portfolio managers will develop.
William Blair	B+ (T)	Blair's strengths include a disciplined investment process, a consistent emphasis on higher quality growth names, and a cohesive investment team. Blair fosters a collaborative environment in which to vet investments, and the team's experience provides it with the insight to find growth opportunities before they are fully realized by others in the market. Fennel and Flynn work closely with the analysts and other portfolio managers, allowing them to benefit from the broader group and leverage the insights this experienced and tenured team provides. Flynn and have only worked together on International Small Cap Growth since 2017 after a series of portfolio manager changes following George Greig and subsequently Jeff Urbina's retirements. The level of change at the helm of this strategy since 2014 has held us back from a higher rating. Nieman was added as portfolio manager in July 2021 with the announcement of Flynn's pending retirement within the next 18 to 24 months.
Fidelity Institutional Asset Management (FIAM)	B+	The team's edge comes from the institutional small cap team's active engagement with Fidelity's extensive research resources. The Fidelity analysts offer breadth of coverage and clearly identify the best investment opportunities through a well-established stock ranking system. We credit the small cap team with the ability to discern the best ideas for inclusion in the portfolio among the many highly rated stocks, and we like their ability to support their investment choices. Fidelity is a complex firm subject to frequent reorganizations and the potential for changes in the supporting analyst team.

MERCER RESEARCH COMMENTARY

Candidate	Mercer Rating	Research Commentary
Kayne Anderson Rudnick Investment Management	R	Mercer does not formally rate the strategy. Strategy employs a relatively concentrated approach (30-60 stocks) to investing in international small cap companies. Emphasis is placed on high quality companies in developed and emerging countries which are trading at what the team perceives to be reasonable valuations. Strategy aims to be well diversified yet no sector nor geographic constraints are set. Team is led by Craig Thrasher (joined the firm/industry in 2008/2004) and Hyung Kim (2017/2004). Track record has been remarkably strong with only one poor year in the past 8+ years.
TimesSquare Capital Management	A (T)	Portfolio manager Magnus Larsson is an experienced and skilled non-US small cap investor who demonstrates discipline and patience in capturing the inefficiencies among the quality companies he seeks. Larsson is supported by a strong, although small, but equally experienced team of analysts. Additional strengths include the team's discipline and drive to identify quality, sustainable growth companies in which to invest for the long term. Overall, we believe this strategy has an above average likelihood of outperforming the benchmark over a market cycle.
Victory Capital Management (Trivalent)	R	Mercer does not formally rate the strategy. The International Small Cap strategy is led by Dan LeVan (joined the firm/industry in 2007/1994) along with co-PM John Evers (2007/1991). All investment professionals have sector-specific research responsibilities. The team ranks the universe using a five-factor model, broadly grouped into two categories: business momentum and valuation. The former is the most important factor the team considers when purchasing a stock. It assigns a "score" from which the team ranks relative attractiveness on a sector/peer-relative basis, and identifies which securities warrant additional review for purchase or sale. Trivalent conducts fundamental research on stocks that pass the screens. The portfolio typically holds between 190 and 230 stocks. A stock is sold when its earnings outlook declines; the valuation becomes less attractive relative to other opportunities; finance the purchase of stocks with better risk/return profiles; or, maintain the portfolio construction guidelines. Annual turnover ranges between 60% and 80%. Trivalent does not hedge the currency exposures.

STRATEGY OVERVIEW

Quantitative Scorecard

Funds	Performance Characteristics (over 5 Years ending June-21)	% of time out-performing (all/up/down markets over 5 Years ending June-21)	Portfolio Characteristics (AUM as of 6/30/21)	Fees (revenue sharing)
American Century - Non-U.S. Small Cap	Ret (%p.a.): 15.1 (2) Tracking error (%pa): 7.6 (11) Information ratio: 0.4 (0) Return/SD: 0.6 (5)	All markets: 65% Up markets: 79% Down markets: 33%	AUM (\$B): 1.9 Inception year: 2001 Market cap (\$MM): 4,402 No. of stocks held: 125 Avg. turnover(%):150	0.95%
William Blair - International Growth: Small Cap	Ret (%p.a.): 13.8 (4) Tracking error (%pa): 7.0 (13) Information ratio: 0.3 (3) Return/SD: 0.6 (7)	All markets: 45% Up markets: 57% Down markets: 17%	AUM (\$B): 3.3 Inception year: 2004 Market cap (\$MM): 4,913 No. of stocks held: 106 Avg. turnover(%): 100	0.89%
FIAM - Select International Small Cap	Ret (%p.a.): 12.6 (7) Tracking error (%pa): 2.3 (94) Information ratio: 0.3 (3) Return/SD: 0.6 (6)	All markets: 50% Up markets: 57% Down markets: 33%	AUM (\$B): 2.7 Inception year: 1995 Market cap (\$MM): 3,337 No. of stocks held: 196 Avg. turnover(%): 45	0.85%
Kayne - International Small Cap	Ret (%pa): 19.2 (0) Tracking error (%pa): 6.2 (15) Information ratio: 1.2 (0) Return/SD: 0.9 (-)	All markets: 75% Up markets: 79% Down markets:67%	AUM (\$B): 3.6 Inception year: 2012 Market cap (\$MM): 3,164 No. of stocks held: 37 Avg. turnover(%): 30	0.80%
TimesSquare - International Small Cap	Ret (%p.a.): 10.7 (45) Tracking error (%pa): 5.3 (27) Information ratio: -0.2 (47) Return/SD: 0.4 (68)	All markets: 55% Up markets: 79% Down markets: 0%	AUM (\$B): 3.5 Inception year: 2012 Market cap (\$MM): 4,168 No. of stocks held: 79 Avg. turnover(%):40	0.95%
Victory - Trivalent International Small-Cap Equity	Ret (%p.a.): 13.1 (6) Tracking error (%pa): 4.2 (59) Information ratio: 0.3 (3) Return/SD: 0.6 (7)	All markets: 55% Up markets: 57% Down markets: 50%	AUM (\$B): 5.3 Inception year: 2007 Market cap (\$MM): 4,797 No. of stocks held: 216 Avg. turnover(%): 75	0.75%
Brandes - International Small Cap Equity (incumbent)	Ret (%p.a.): 5.8 (100) Tracking error (%pa): 9.1 (8) Information ratio: -0.7 (62) Return/SD: 0.3 (92)	All markets: 25% Up markets: 21% Down markets: 33%	AUM (\$B): 0.9 Inception year: 1995 Market cap (\$MM): 2,318 No. of stocks held: 77 Avg. turnover(%): 24	1.16% (0.15%)

FACTS AND FIGURES

CANDIDATE SUMMARY

Firm	Candidate Characteristics (AUM as of 6/30/2021)					
	Headquarters	Firm Ownership	Firm AUM (billions)	Strategy AUM (billions)	Strategy Inception Year	# of PMs / # of Analysts
ACIM	Kansas City, MO	Nomura Holdings Inc. 39% Stowers family and Stowers Institute 44% Current Employees and Other 17%	\$235.1	\$1.9	2001	3 / 7
Blair	Chicago, IL	Employee owned 100%	\$74.0	\$3.3	2004	3 / 16
FIAM	Smithfield, RI	Officers and Senior Employees of Fidelity 51% Johnson Family 49%	\$295.8*	\$2.7	1995	2 / 148
Kayne	Los Angeles, CA	Virtus Investment Partners 100%	\$61.2	\$3.6	2012	2 / 2
TSCM	New York, NY	Affiliated Managers Group, Inc. 60% TimesSquare CM employees 40%	\$16.1	\$3.5	2012	1 / 4
Victory (Trivalent)	San Antonio, Texas	Crestview Partners, L.P. and Others 44% Victory Employees 23% Public 21% Reverence Capital Partners 12%	\$161.9	\$5.3	2007	4 / 2
Brandes (incumbent)	San Diego, CA	Senior Professionals of the Firm 100%	\$23.7	\$0.9	1995	4 / 25

Key observation:

- All of the managers are established firms with reasonable levels of strategy assets (neither too large nor too small).

STRATEGY ASSETS

Firm	As of December 31, 2020			From December 31, 2017 to December 31, 2020			
	Strategy assets (\$MM)	Number of clients	Largest Account Size (\$MM)	Accounts Gained (#)	Accounts Gained (\$MM)	Accounts lost (#)	Accounts lost (\$MM)
ACIM	1,971	11	410	3	124	0	0
Blair	3,113	12	466	0	0	2	361
FIAM	2,568	52	293	7	36	20	2,044
Kayne	3,004	6	2,934	5	334	1	0
TSCM	2,856	11	1,293	0	0	7	393
Victory (Trivalent)	4,492	10	756	5	632	0	0
Brandes (incumbent)	752	11	473	5	397	45	1,903

Key observations:

- Kayne, Trivalent, and ACIM have tended to have the most positive new client growth in recent years.
- Meanwhile, FIAM and TSCM have seen more client departures.

PERSONNEL

Firm	As of December 31, 2020		Investment professional strategy turnover from December 31, 2017 to December 31, 2020	
	Total investment professionals	Investment professionals in strategy	Additions	Departures
ACIM	195	10	1	1
Blair	144	19	2	6
FIAM	622	150	47	48
Kayne	63	4	1	0
TSCM	46	5	0	0
Victory (Trivalent)	224	6	0	0
Brandes (incumbent)	35	29	3	8

Key observations:

- Staffing appears reasonable at all firms, though Blair shows the most net departures over the past 3 calendar years.
- FIAM, given its size and analyst driven strategy, typically will have higher personnel turnover as noted here.

SELECTED PORTFOLIO GUIDELINES

Firm	Minimum market cap (\$MM)	Maximum market cap (\$MM)	Number of stocks typically held	Average cash position over last 5 years (%)	Average portfolio turnover over last 5 years(%)	Use of currency hedging	Percent limit on hedging (%)	Maximum allocation to emerging markets (%)
ACIM	0	2,000	134	1	150	No Hedging	0	30
Blair	100	5,000	107	3	100	Occasional Hedging	50	35
FIAM	100	5,000	150-200	2	45	No Hedging	0	0
Kayne	50	10,000	43	4	30	No Hedging	0	35
TSCM	0	5,000	75	1	40	No Hedging	0	15
Victory (Trivalent)	100	5,000	220	1	75	No Hedging	0	0
Brandes (incumbent)	250	2,500	60-85	9	24	No Hedging	0	30

Key observations:

- Kayne runs the most concentrated strategy and tends to have wider latitude to its investment guidelines (e.g., higher percentage to EM allowed, higher cap limit, etc.)
- FIAM and Trivalent run more diversified strategies

SELECTED PORTFOLIO GUIDELINES

	# of Holdings	% in Top 10 Holdings	Market Cap (\$M)	Dividend Yield	Price / Earnings	Price / Book
ACIM	125	14.49	4,402	1.1	29.13	3.32
Blair	106	18.61	4,913	0.89	46.38	6.8
FIAM	196	11.08	3,337	1.84	21.13	1.78
Kayne	37	37.39	3,164	1.81	27.93	4.35
TSCM	79	25.07	4,168	1.53	24.67	3.54
Victory (Trivalent)	216	11.07	4,797	1.96	15.51	1.88
Brandes (incumbent)	77	29.04	2,318	2.32	13.73	0.69
MS EAFE SC Index	2,312	2.52	3,274	1.98	21.04	1.63

Key observations:

- Kayne represents the most concentrated strategy with close to 40% of holdings in the top ten. Victory and Fidelity are the most diversified, with the highest number of holdings and less concentration in the top 10.
- FIAM and Kayne tend to be in line with the benchmark average market cap, while Blair and Trivalent move up cap.
- Blair's P/E and P/B are very high, indicating a notable growth orientation.

SECTOR DISTRIBUTION

Firm	Energy (%)	Materials (%)	Industrials (%)	Cons Disc (%)	Cons Staples (%)	Health Care (%)	Financials (%)	Real Estate (%)	Info Tech (%)	Comm Services (%)	Utilities (%)
ACIM	1.1	7.5	28.4	19.7	4.2	5.0	6.7	1.5	18.4	5.1	2.3
Blair	1.0	0.0	29.2	14.6	3.5	14.5	4.8	2.4	22.0	3.1	2.5
FIAM	1.0	10.3	21.5	15.6	4.7	6.9	9.9	8.7	12.8	5.4	1.3
Kayne	3.1	1.2	27.2	9.3	3.7	4.8	15.0	0.0	12.5	23.3	0.0
TSCM	0.0	3.5	25.6	5.9	5.8	8.4	17.1	2.4	16.3	9.8	2.5
Victory (Trivalent)	2.2	9.4	21.3	13.2	4.5	8.8	9.3	8.4	12.6	5.2	2.7
Brandes (incumbent)	3.3	3.9	19.4	10.2	18.7	6.6	16.8	7.3	3.8	6.2	1.4
MS EAFE SC Index	1.7	9.2	23.6	13.5	5.7	6.7	10.9	11.3	9.9	4.5	2.8

Key observations:

- All strategies appear well diversified from a sector concentration standpoint.
- FIAM tends to maintain highly benchmark aware positioning, while TSCM, Blair, and Kayne show some notable sector bets.

Data as of 3/31/2021 except for Kayne which is as of 6/30/2021.

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COUNTRY ALLOCATION

Firm	UK (%)	Europe ex UK (Developed) (%)	Japan (%)	Pacific ex Japan (Developed) (%)	North America (%)	Emerging Markets (%)	Other Developed Markets (%)	Cash (%)
ACIM	12.8	29.9	18.3	5.2	0.0	18.9	14.9	0.0
Blair	11.9	37.5	15.7	2.9	0.0	24.1	5.1	2.8
FIAM	14.9	40.9	20.6	8.9	0.0	4.7	8.3	1.7
Kayne	25.6	32.0	5.3	6.6	0.0	20.4	7.3	2.8
TSCM	14.2	39.2	25.1	9.6	0.0	10.1	1.9	0.0
Victory (Trivalent)	14.0	39.3	19.6	10.4	0.0	6.0	9.9	0.8
Brandes (incumbent)	16.9	23.0	17.3	4.9	0.0	28.8	7.9	1.2
MS EAFE SC Index	17.5	37.7	28.0	16.8	0.0	0.0	0.0	0.0

Key observations:

- EM exposure is a key differentiator for some strategies, with Kayne, Blair, and ACIM all holding large EM positions.

VEHICLES & FEES

Manager	Vehicle	Fund Name	Expense Ratio (Revenue Sharing)	Estimated Expense (Based of 6/30/21 Assets of \$134.2 M)	Estimated \$ Difference vs Incumbent
ACIM	CIT	Non-US Small Cap	0.95%	1,274,893	(281,819)
Blair	CIT	International Growth Small Cap	0.89% ¹	1,261,473	(295,238)
FIAM	CIT	Select International Small Cap	0.85% ²	1,140,694	(416,018)
Kayne	CIT	KAR/International Small Cap	0.80%	1,073,594	(483,117)
TSCM	CIT	International Small Cap	0.95%	1,274,893	(281,819)
Victory (Trivalent)	CIT	Trivalent International Small-Cap Equity	0.75%	1,006,495	(550,217)
Brandes (incumbent)	Mutual Fund	International Small Cap Equity	1.16% (0.15%)	1,556,712	--

Key observations:

- All strategies present fee savings to the Plan.
- Victory has the lowest fee amongst the candidates; meanwhile ACIM, William Blair and TimesSquare are on the higher end.
- Fidelity and Kayne are in the middle of the group.

¹ Includes current operating expenses of 0.05%

² Includes operating expenses capped at 0.10%

PERFORMANCE DETAILS

PERFORMANCE CHARACTERISTICS

Performance characteristics vs. MSCI EAFE Small Cap (Net) in \$US (after fees) over 5 yrs ending June-21
 Comparison with the Mutual Fund World ex US/EAFE Equity Small Cap universe (Percentile Ranking) (quarterly calculations)

	Return (%pa)	Std Deviation (%pa)	Tracking Error (%pa)	Information Ratio	Sharpe Ratio	Alpha (%pa)	Up Markets Capture (%)	Down Markets Capture (%)	Beta
ACIM	15.08	24.79	7.64	0.40	0.56	1.88	136.61	111.18	1.11
Blair	13.84	24.30	6.97	0.26	0.52	0.88	125.41	110.13	1.09
FIAM	12.64	21.30	2.26	0.27	0.54	0.63	104.01	99.92	0.99
Kayne	19.21	21.68	6.15	1.17	0.83	6.96	125.15	77.52	0.97
TSCM	10.73	24.38	5.29	-0.25	0.39	-2.16	118.64	121.85	1.12
Victory (Trivalent)	13.12	22.87	4.22	0.26	0.52	0.58	111.08	103.17	1.05
Brandes (incumbent)	5.54	20.71	9.16	-0.71	0.21	-4.48	63.14	101.62	0.88
MS EAFE SC	12.03	21.37	N/A	N/A	0.51	N/A	N/A	N/A	N/A

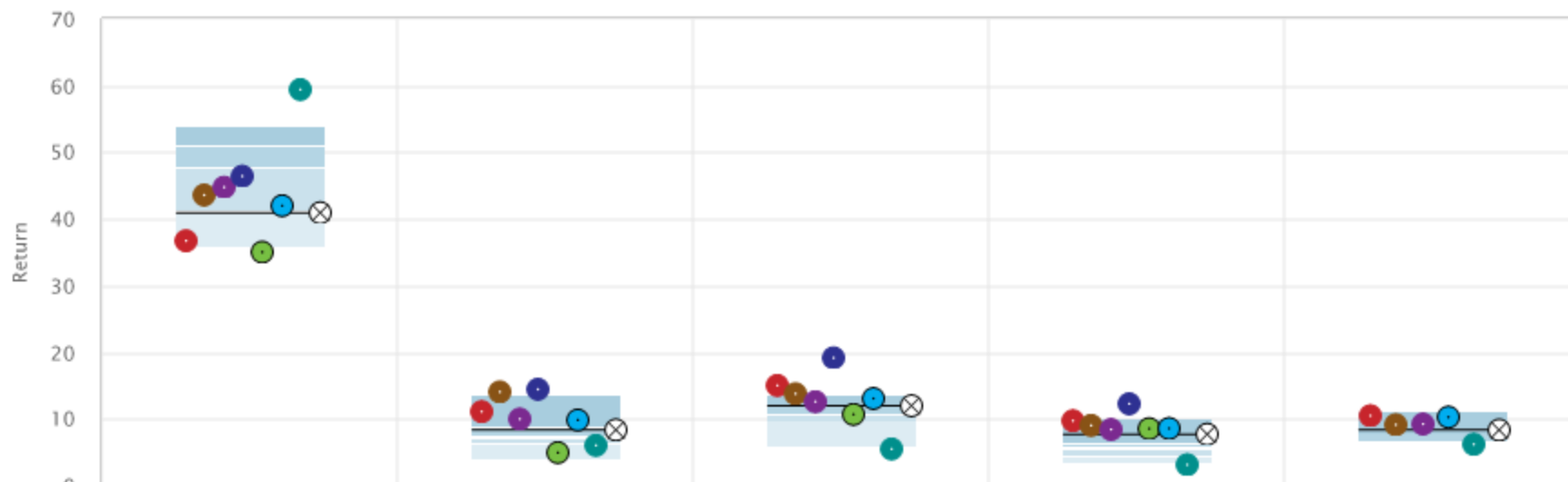
1st Quartile 2nd Quartile 3rd Quartile 4th Quartile

Key observations:

- FIAM's tends to minimize volatility relative to the benchmark, while Kayne's concentrated approach delivers meaningful tracking error versus the benchmark. Despite this, both strategies performed well in from an up/down market perspective, with Kayne having excellent trailing metrics in this regard.
- All others candidates delivered meaningful up market participation, with a downside capture greater than the benchmark.

ANNUALIZED PERFORMANCE

Return in \$US (after fees) over 1 yr, 3 yrs, 5 yrs, 7 yrs, 10 yrs ending June-21
 Comparison with the Mutual Fund World ex US/EAFE Equity Small Cap universe (Percentile Ranking)

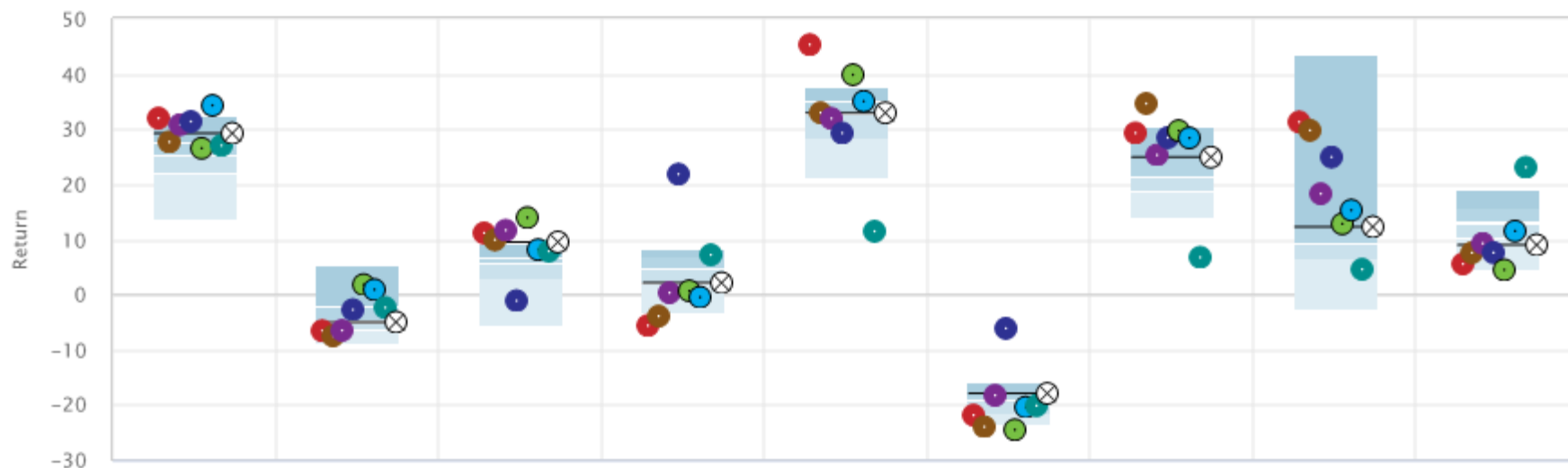


	1 yr (%)	3 yrs (%pa)	5 yrs (%pa)	7 yrs (%pa)	10 yrs (%pa)
● ACIM	36.8 (91)	11.1 (9)	15.1 (2)	9.8 (5)	10.5 (7)
● Blair	43.6 (69)	14.1 (4)	13.8 (4)	9.1 (7)	9.2 (13)
● FIAM	44.8 (56)	10.0 (11)	12.6 (7)	8.5 (8)	9.3 (13)
● Kayne	46.5 (52)	14.5 (3)	19.2 (0)	12.3 (0)	-
● TSCM	35.1 (97)	5.0 (94)	10.7 (45)	8.6 (7)	-
● Victory	42.0 (73)	9.9 (12)	13.1 (6)	8.6 (7)	10.3 (8)
● Brandes (incb)	59.5 (0)	6.1 (79)	5.5 (100)	3.2 (100)	6.2 (80)
⊗ MSEAFESCN	41.0 (76)	8.4 (34)	12.0 (12)	7.8 (9)	8.4 (16)
5th Percentile	53.7	13.4	13.5	9.9	11.1
Upper Quartile	51.0	8.7	11.8	6.2	7.8
Median	47.6	7.2	10.5	5.6	6.6
Lower Quartile	41.1	6.2	9.6	4.4	6.3
95th Percentile	35.8	4.0	5.9	3.3	6.1
Number	17	15	14	10	7

- Generally all candidates delivered excellent performance over trailing periods, with Kayne exhibiting strong consistency.

CALENDAR YEAR PERFORMANCE

Return in \$US (after fees) over last 9 calendar years ending June-21
 Comparison with the Mutual Fund World ex US/EAFE Equity Small Cap universe (Percentile Ranking)

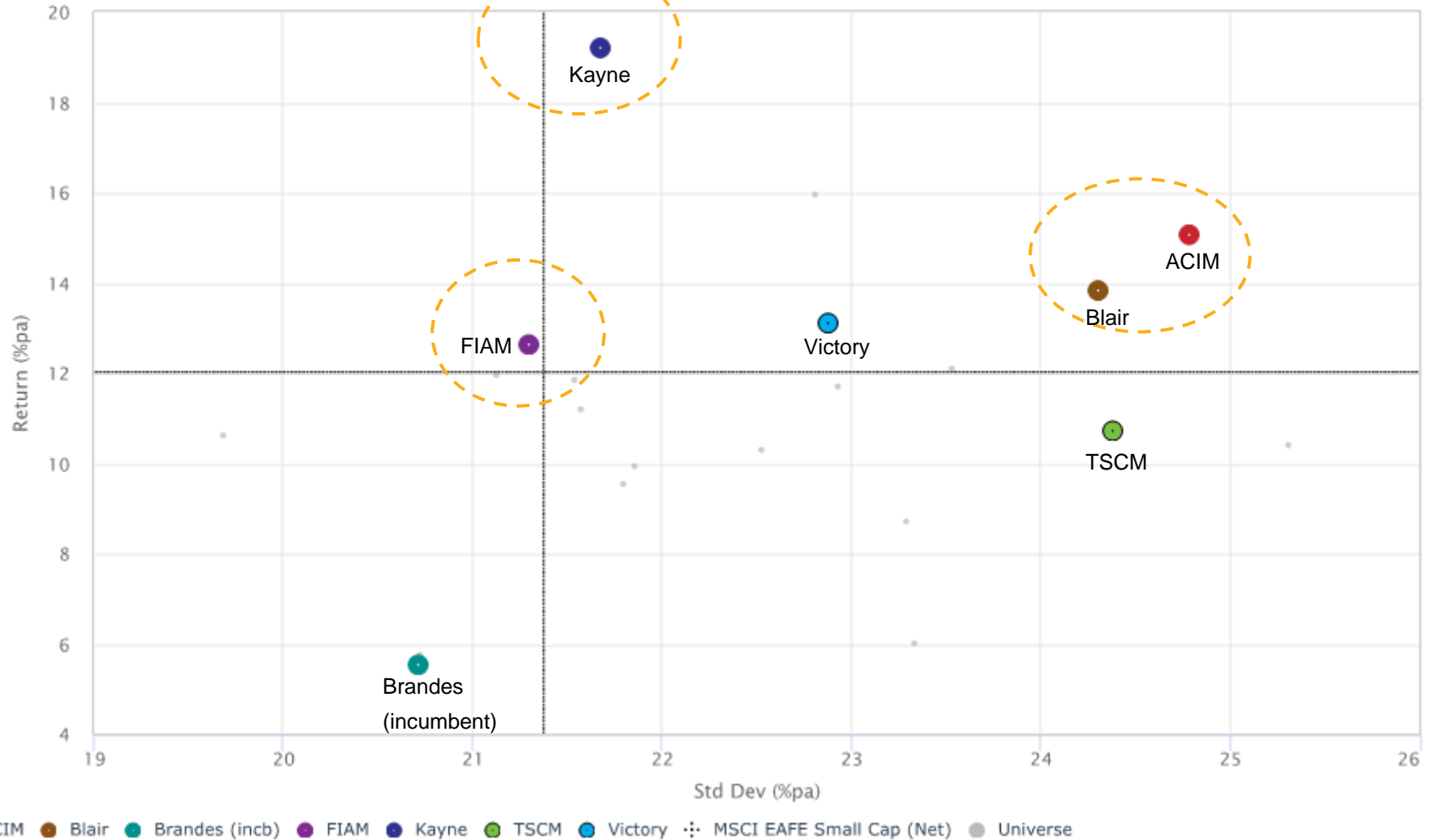


	2013 (%)	2014 (%)	2015 (%)	2016 (%)	2017 (%)	2018 (%)	2019 (%)	2020 (%)	6 mths to 6/2021 (%)
● ACIM	32.1 (6)	-6.5 (76)	11.2 (0)	-5.6 (99)	45.4 (0)	-21.8 (76)	29.4 (7)	31.4 (10)	5.6 (92)
● Blair	27.7 (24)	-7.5 (89)	10.0 (0)	-3.9 (96)	33.0 (46)	-24.0 (99)	34.7 (0)	29.8 (11)	7.6 (86)
● FIAM	30.9 (14)	-6.5 (74)	11.7 (0)	0.4 (81)	32.0 (51)	-18.2 (22)	25.4 (23)	18.3 (16)	9.3 (83)
● Kayne	31.4 (11)	-2.7 (34)	-1.1 (88)	21.9 (0)	29.3 (57)	-6.1 (0)	28.5 (9)	25.0 (12)	7.7 (86)
● TSCM	26.6 (32)	1.9 (14)	14.0 (0)	0.7 (79)	39.9 (0)	-24.5 (100)	29.8 (6)	12.9 (23)	4.5 (95)
● Victory	34.4 (0)	0.9 (16)	8.2 (11)	-0.4 (86)	35.1 (25)	-20.4 (68)	28.5 (9)	15.3 (18)	11.6 (64)
● Brandes (incb)	27.1 (28)	-2.3 (28)	7.9 (13)	7.3 (18)	11.5 (100)	-20.1 (65)	6.8 (100)	4.6 (87)	23.1 (0)
⊗ MSEAFESCN	29.3 (19)	-4.9 (44)	9.6 (0)	2.2 (75)	33.0 (47)	-17.9 (19)	25.0 (25)	12.3 (30)	9.0 (83)
5th Percentile	32.1	5.1	8.9	8.1	37.3	-16.0	30.1	43.4	18.7
Upper Quartile	27.4	-2.2	6.5	6.8	35.0	-18.4	25.0	12.7	15.6
Median	25.2	-5.1	5.7	4.5	32.6	-19.3	21.2	9.2	12.9
Lower Quartile	21.8	-6.5	2.8	2.1	28.3	-21.6	18.6	6.4	10.3
95th Percentile	13.4	-9.0	-5.7	-3.4	21.0	-23.8	13.8	-2.7	4.6
Number	9	10	10	12	15	15	16	16	17

- During the 2018 drawdown, Kayne and to a lesser extent FIAM, protected better than the other managers

RISK / RETURN – 5-YEAR PERIOD (6/30/21)

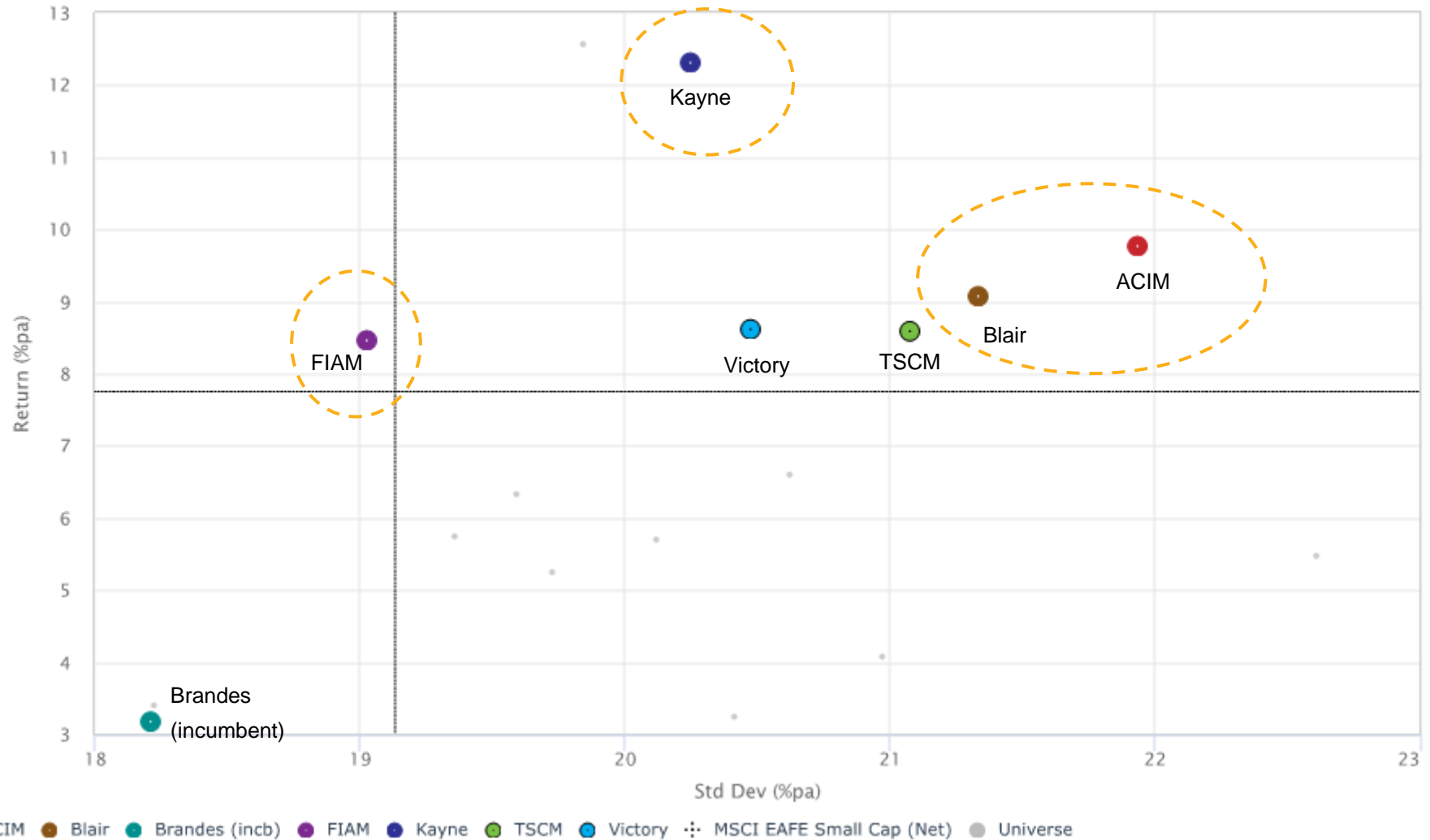
Return and Std Deviation in \$US (after fees) over 5 yrs ending June-21
 Comparison with the Mutual Fund World ex US/EAFE Equity Small Cap universe (quarterly calculations)



- ACIM and Blair performed better than the index, but are much more volatile compared to peers. From a risk/return perspective, FIAM and Kayne stand out.

RISK / RETURN – 7-YEAR PERIOD (6/30/21)

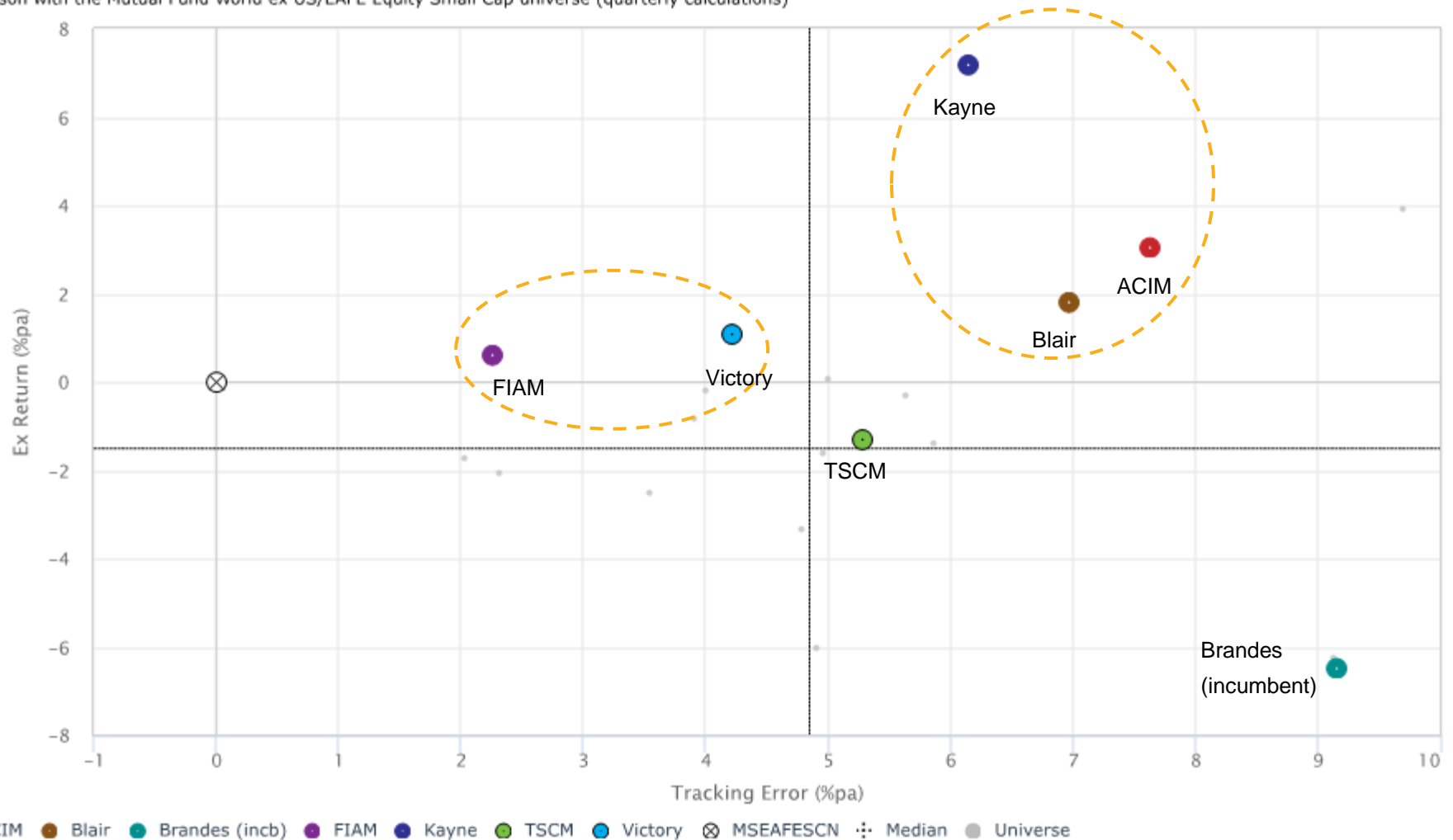
Return and Std Deviation in \$US (after fees) over 7 yrs ending June-21
 Comparison with the Mutual Fund World ex US/EAFE Equity Small Cap universe (quarterly calculations)



- Over longer term, many of the candidates show a similar risk/return profile to the 5-year period.

TRACKING ERROR / EXCESS RETURN (5-YR)

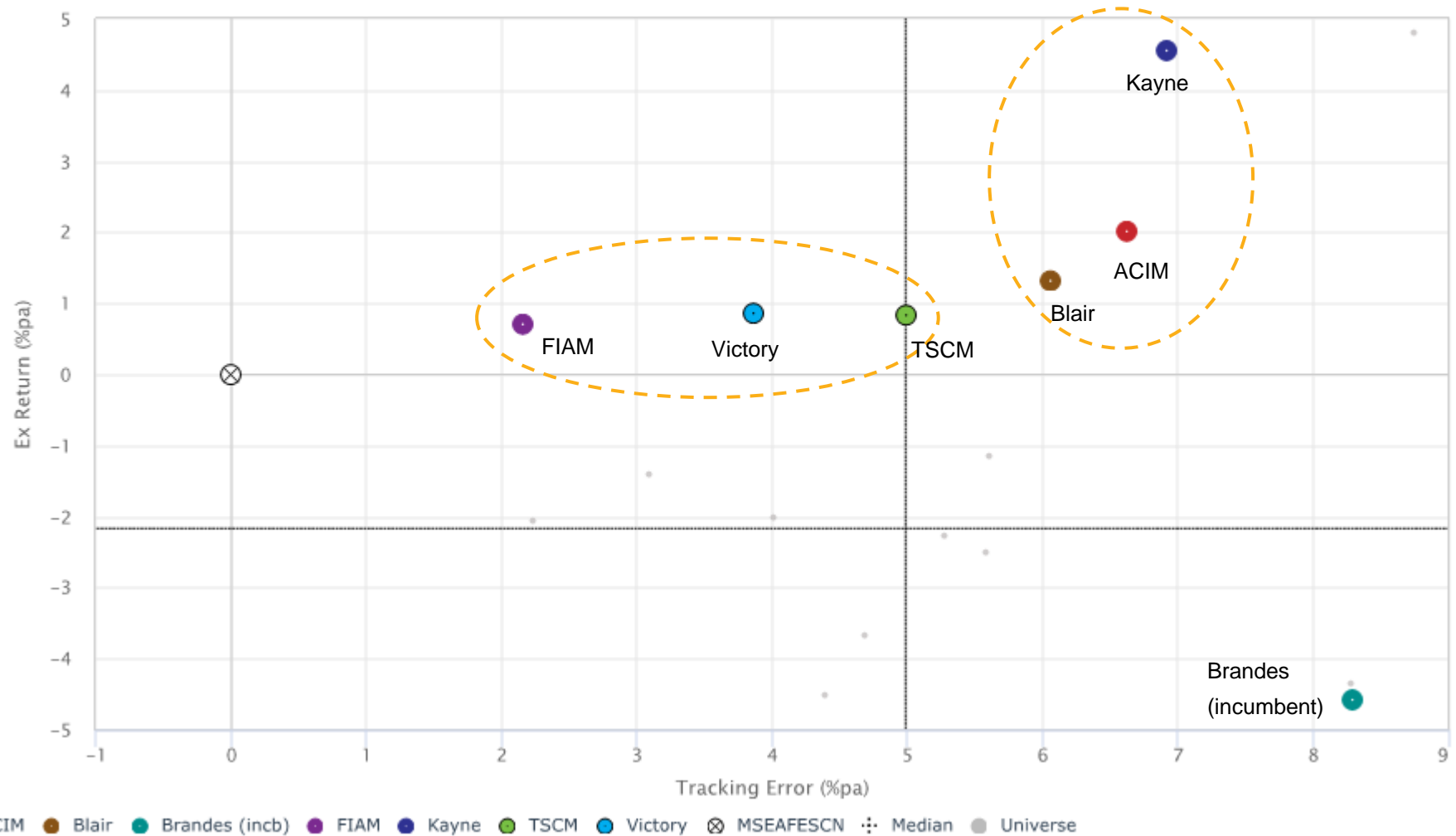
Excess Return and Tracking Error vs. MSCI EAFE Small Cap (Net) in \$US (after fees) over 5 yrs ending June-21
 Comparison with the Mutual Fund World ex US/EAFE Equity Small Cap universe (quarterly calculations)



- Kayne, ACIM and Blair exhibit strong excess performance, but have not tracked the index as closely as some other managers.
- From a risk/return perspective, FIAM and Victory are notable.

TRACKING ERROR / EXCESS RETURN (7-YR)

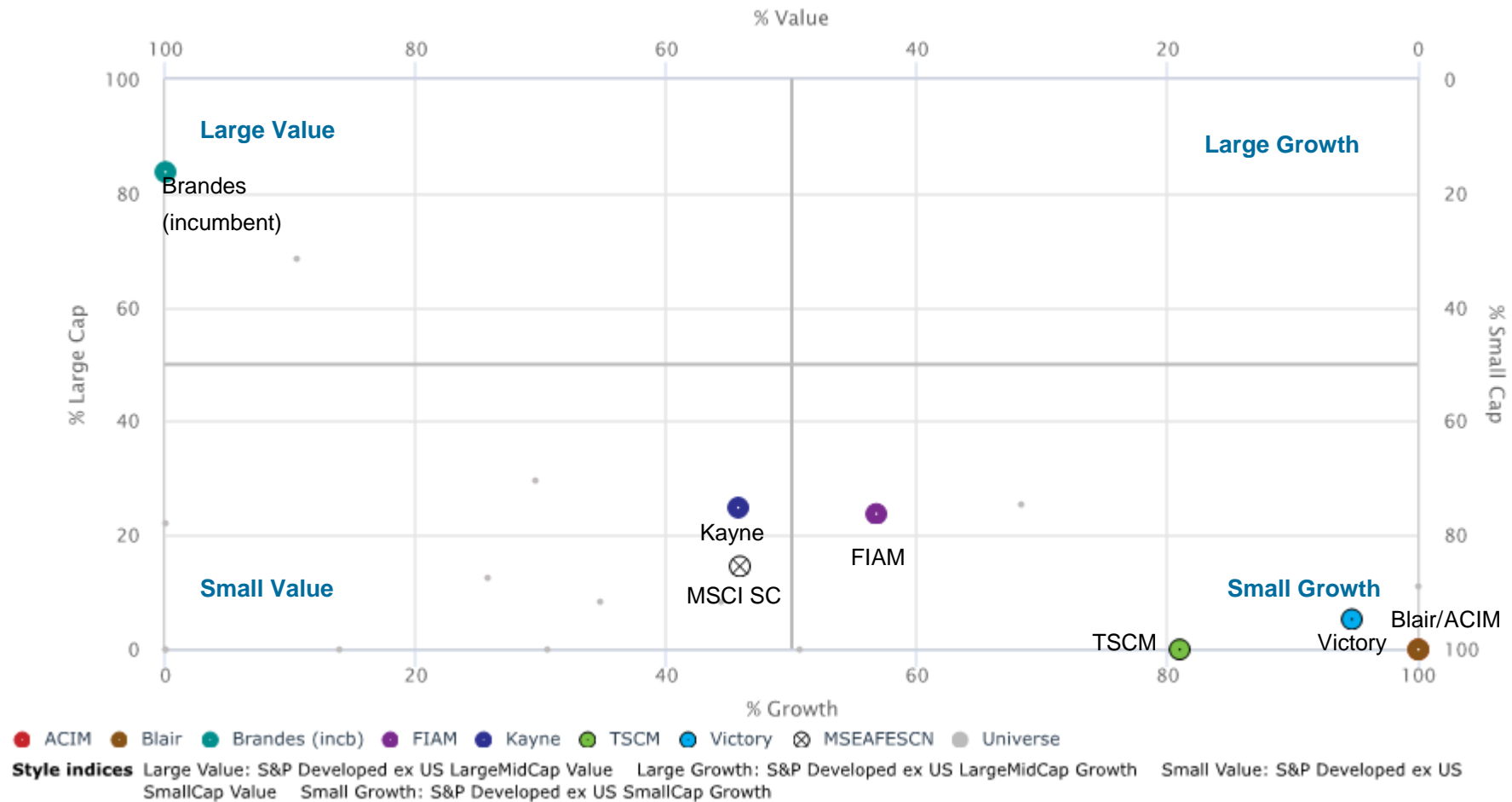
Excess Return and Tracking Error vs. MSCI EAFE Small Cap (Net) in \$US (after fees) over 7 yrs ending June-21
Comparison with the Mutual Fund World ex US/EAFE Equity Small Cap universe (quarterly calculations)



- All 6 candidates exhibit above median excess returns, but similar to the prior exhibit only FIAM and Victory exhibited below median tracking error.

RETURNS-BASED STYLE ANALYSIS (5-YR)

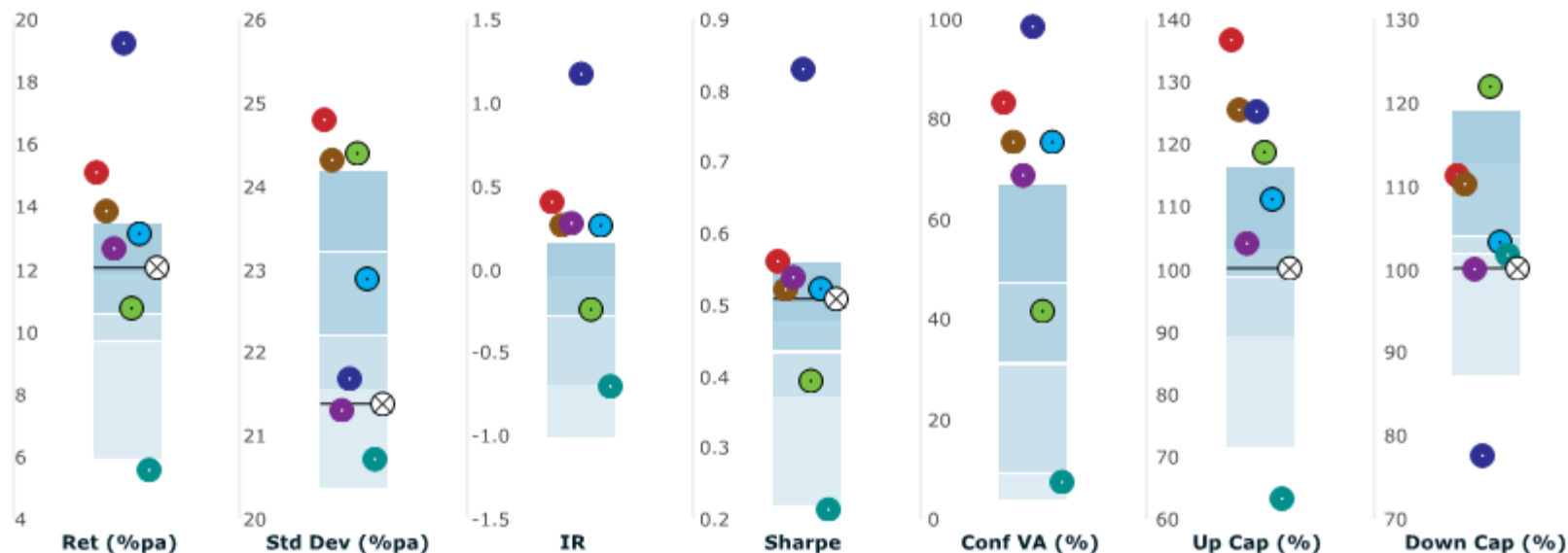
Returns based style analysis in \$US (after fees) over 5 yrs ending June-21
 Comparison with the Mutual Fund World ex US/EAFE Equity Small Cap universe (quarterly calculations)



- Kayne and FIAM have a core orientation while William Blair, ACIM (overlayed by Blair), TimesSquare and Victory exhibit a strong growth orientation.

RISK STATISTICS – 5 YEAR (6/30/2021)

Performance characteristics vs. MSCI EAFE Small Cap (Net) in \$US (after fees) over 5 yrs ending June-21
Comparison with the Mutual Fund World ex US/EAFE Equity Small Cap universe (Percentile Ranking) (quarterly calculations)



	Ret (%pa)	Std Dev (%pa)	IR	Sharpe	Conf VA (%)	Up Cap (%)	Down Cap (%)
● ACIM	15.1(2)	24.8(2)	0.4(0)	0.6(5)	83.2(0)	136.6(0)	111.2(27)
● Blair	13.8(4)	24.3(4)	0.3(3)	0.5(7)	75.3(2)	125.4(0)	110.1(28)
● FIAM	12.6(7)	21.3(81)	0.3(3)	0.5(6)	68.7(4)	104.0(23)	99.9(85)
● Kayne	19.2(0)	21.7(66)	1.2(0)	0.8(0)	98.4(0)	125.2(0)	77.5(100)
● TSCM	10.7(45)	24.4(4)	-0.2(47)	0.4(66)	41.5(38)	118.6(0)	121.9(0)
● Victory	13.1(6)	22.9(34)	0.3(3)	0.5(7)	75.3(2)	111.1(16)	103.2(64)
● Brandes (incb)	5.5(100)	20.7(92)	-0.7(77)	0.2(98)	7.2(86)	63.1(100)	101.6(76)
⊗ MSEAFESCN	12.0(12)	21.4(80)	-	0.5(9)	-	100.0(43)	100.0(85)
5th Percentile	13.5	24.2	0.2	0.6	66.7	116.2	118.9
Upper Quartile	11.8	23.2	-0.0	0.5	47.0	103.1	112.6
Median	10.5	22.2	-0.3	0.4	30.9	98.6	103.9
Lower Quartile	9.6	21.5	-0.7	0.4	8.9	89.1	101.7
95th Percentile	5.9	20.4	-1.0	0.2	3.8	71.3	87.2
Number	14	14	14	14	14	14	14

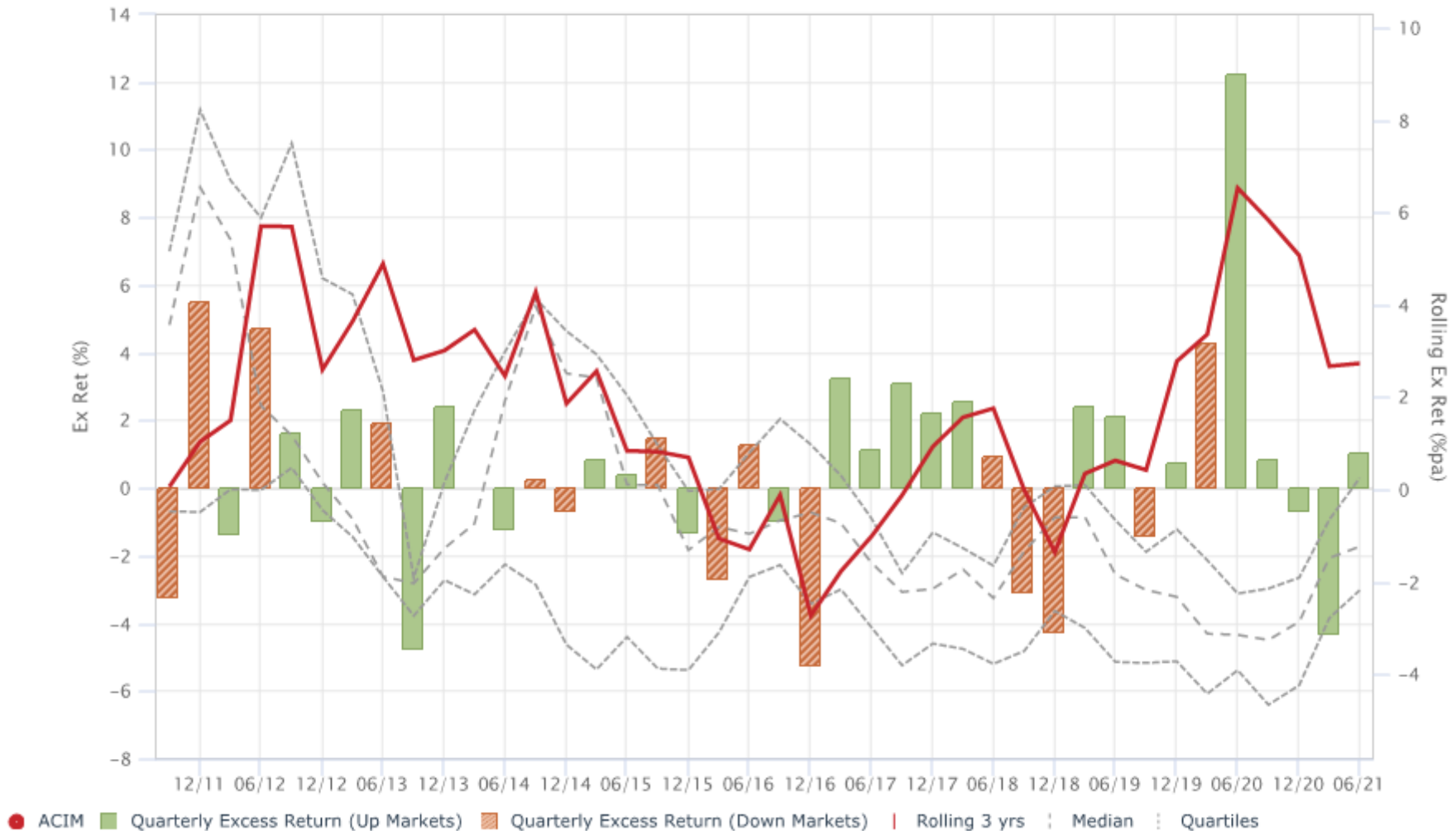
- Kayne has excellent trailing 5-year performance metrics; FIAM displays a more risk measured approach; Meanwhile, ACIM drove higher upside at the cost of greater down market capture.

The risk free rate used for these calculations is the US 3 month T-Bill

QUARTERLY EXCESS RETURN

American Century - Non-U.S. Small Cap

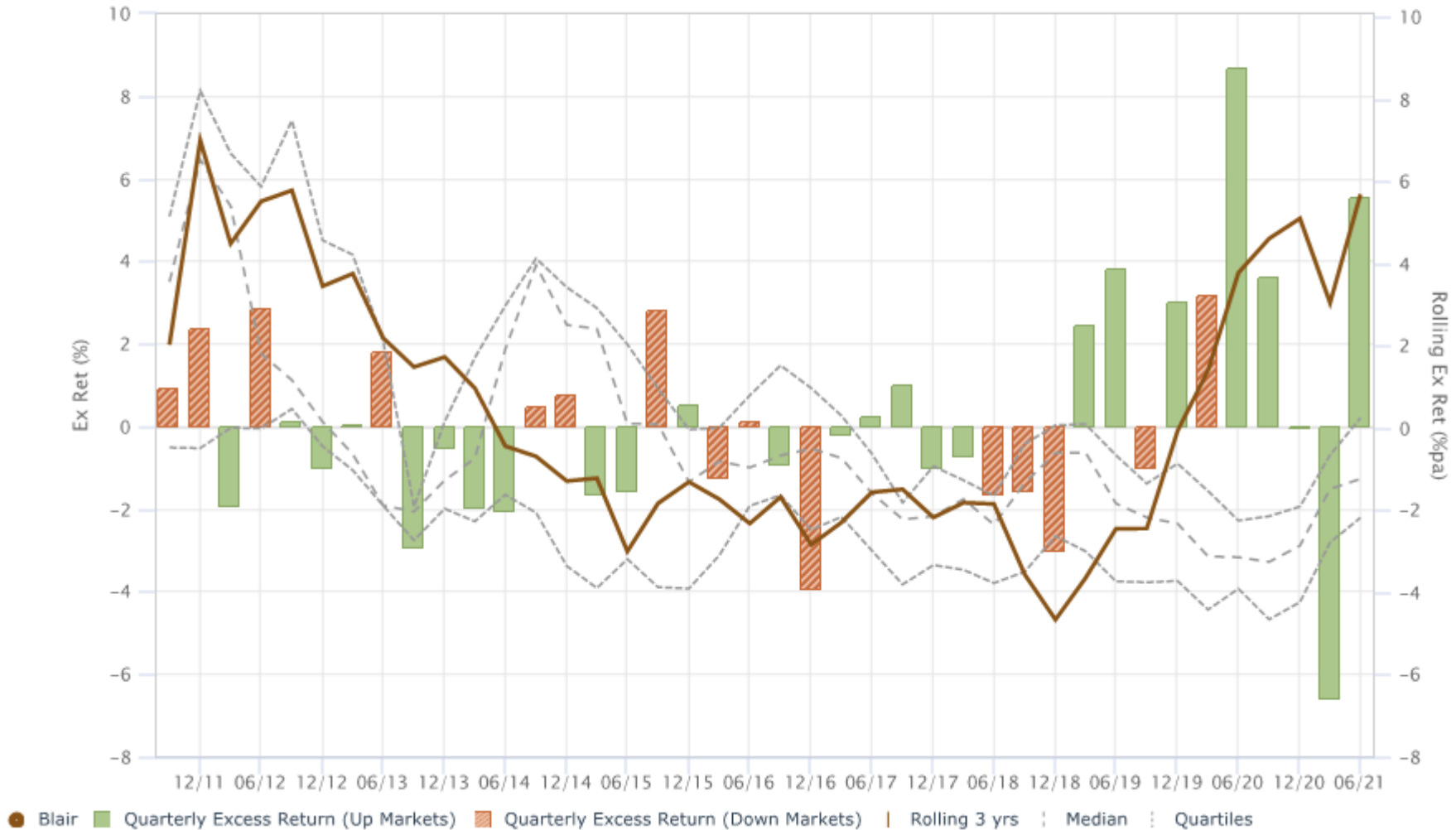
Quarterly Excess Return vs. MSCI EAFE Small Cap (Net) with rolling 3 yr line in \$US (after fees) over 10 yrs ending June-21
 Comparison with the Mutual Fund World ex US/EAFE Equity Small Cap universe



QUARTERLY EXCESS RETURN

William Blair - International Small Cap Growth

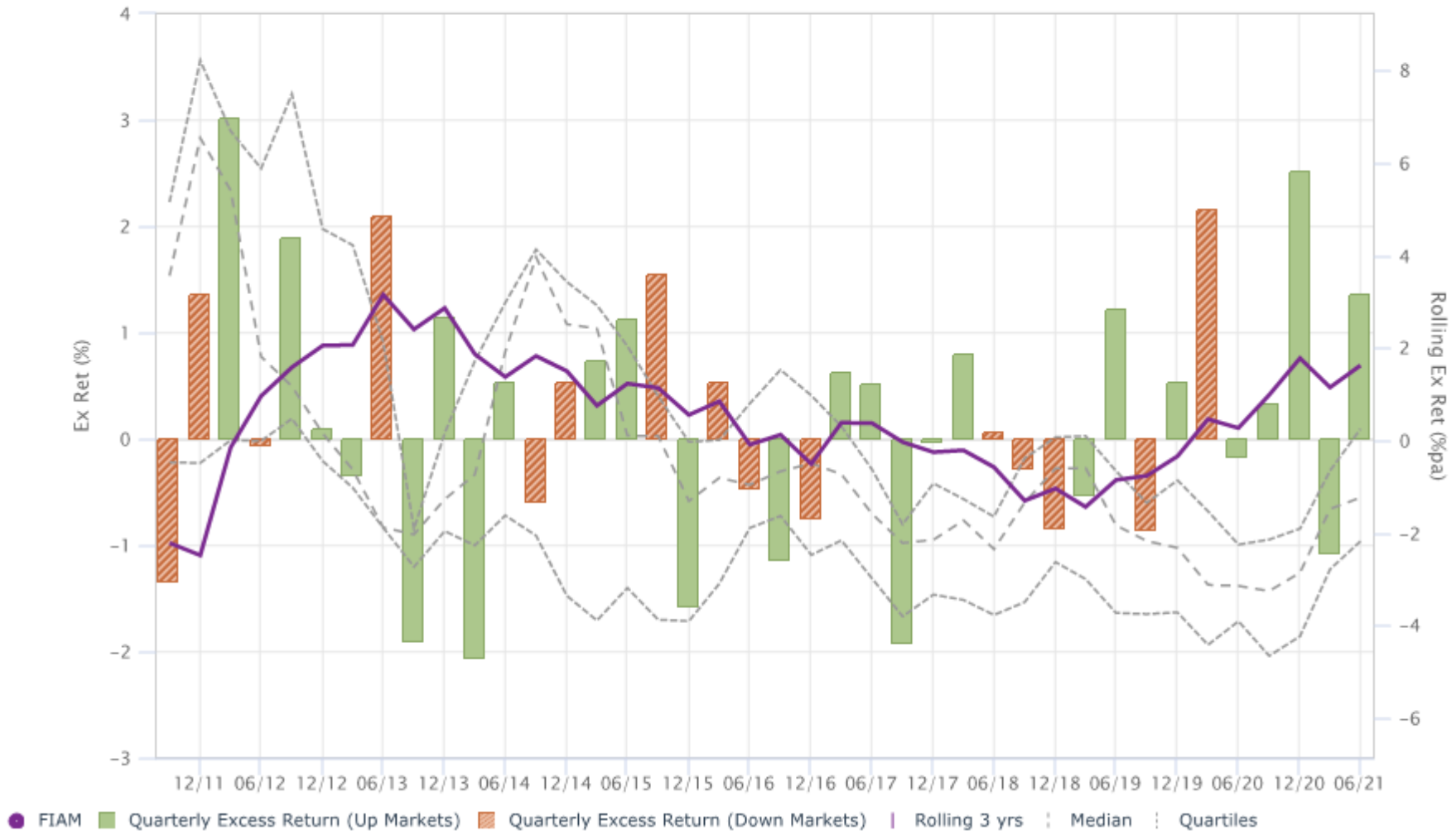
Quarterly Excess Return vs. MSCI EAFE Small Cap (Net) with rolling 3 yr line in \$US (after fees) over 10 yrs ending June-21
 Comparison with the Mutual Fund World ex US/EAFE Equity Small Cap universe



QUARTERLY EXCESS RETURN

FIAM Select International Small Cap Pool

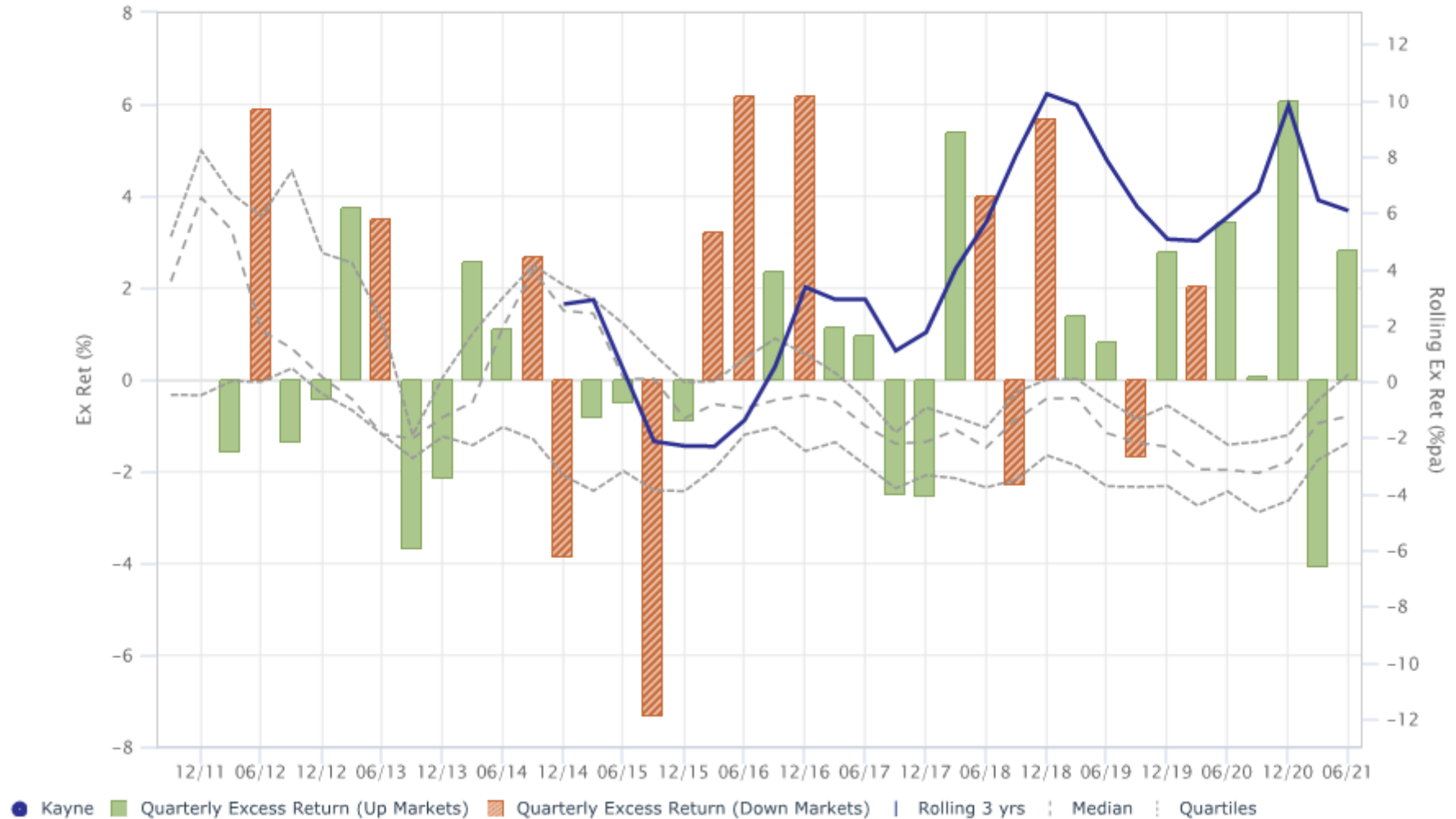
Quarterly Excess Return vs. MSCI EAFE Small Cap (Net) with rolling 3 yr line in \$US (after fees) over 10 yrs ending June-21
 Comparison with the Mutual Fund World ex US/EAFE Equity Small Cap universe



QUARTERLY EXCESS RETURN

Kayne - International Small Cap

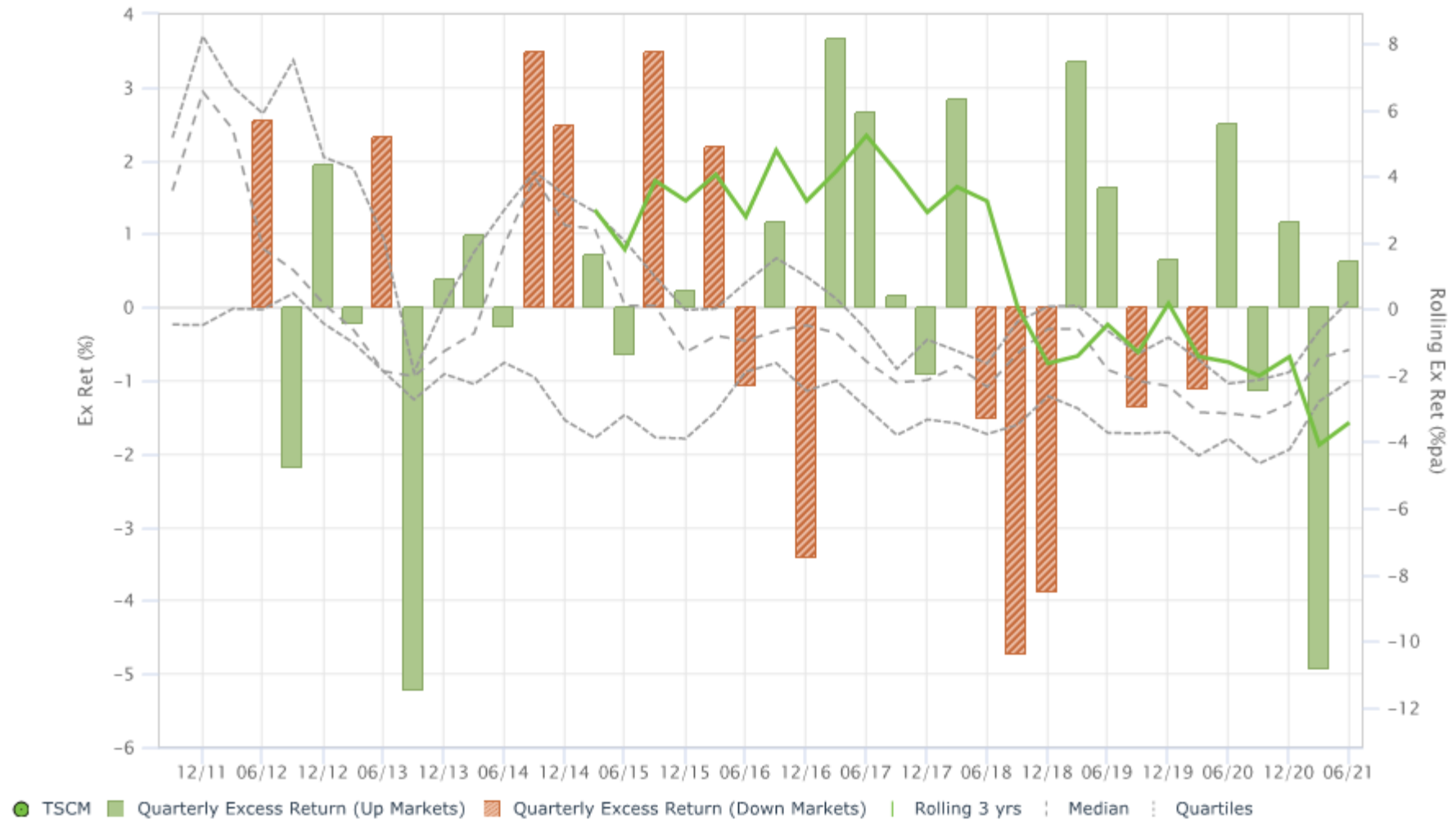
Quarterly Excess Return vs. MSCI EAFE Small Cap (Net) with rolling 3 yr line in \$US (after fees) over 10 yrs ending June-21
 Comparison with the Mutual Fund World ex US/EAFE Equity Small Cap universe



QUARTERLY EXCESS RETURN

TimesSquare - International Small Cap

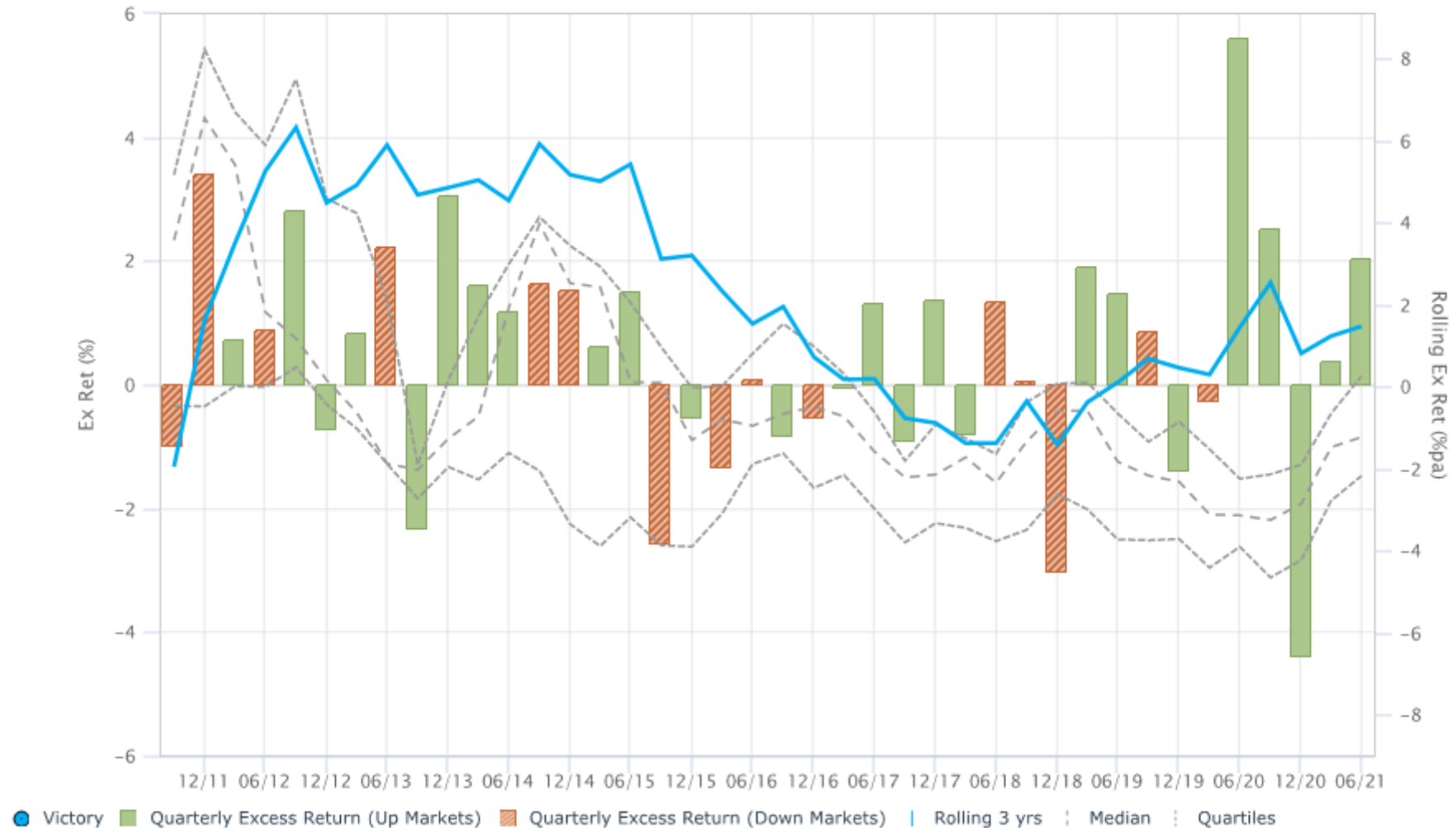
Quarterly Excess Return vs. MSCI EAFE Small Cap (Net) with rolling 3 yr line in \$US (after fees) over 10 yrs ending June-21
 Comparison with the Mutual Fund World ex US/EAFE Equity Small Cap universe



QUARTERLY EXCESS RETURN

Victory Trivalent Intl Small-Cap Eq

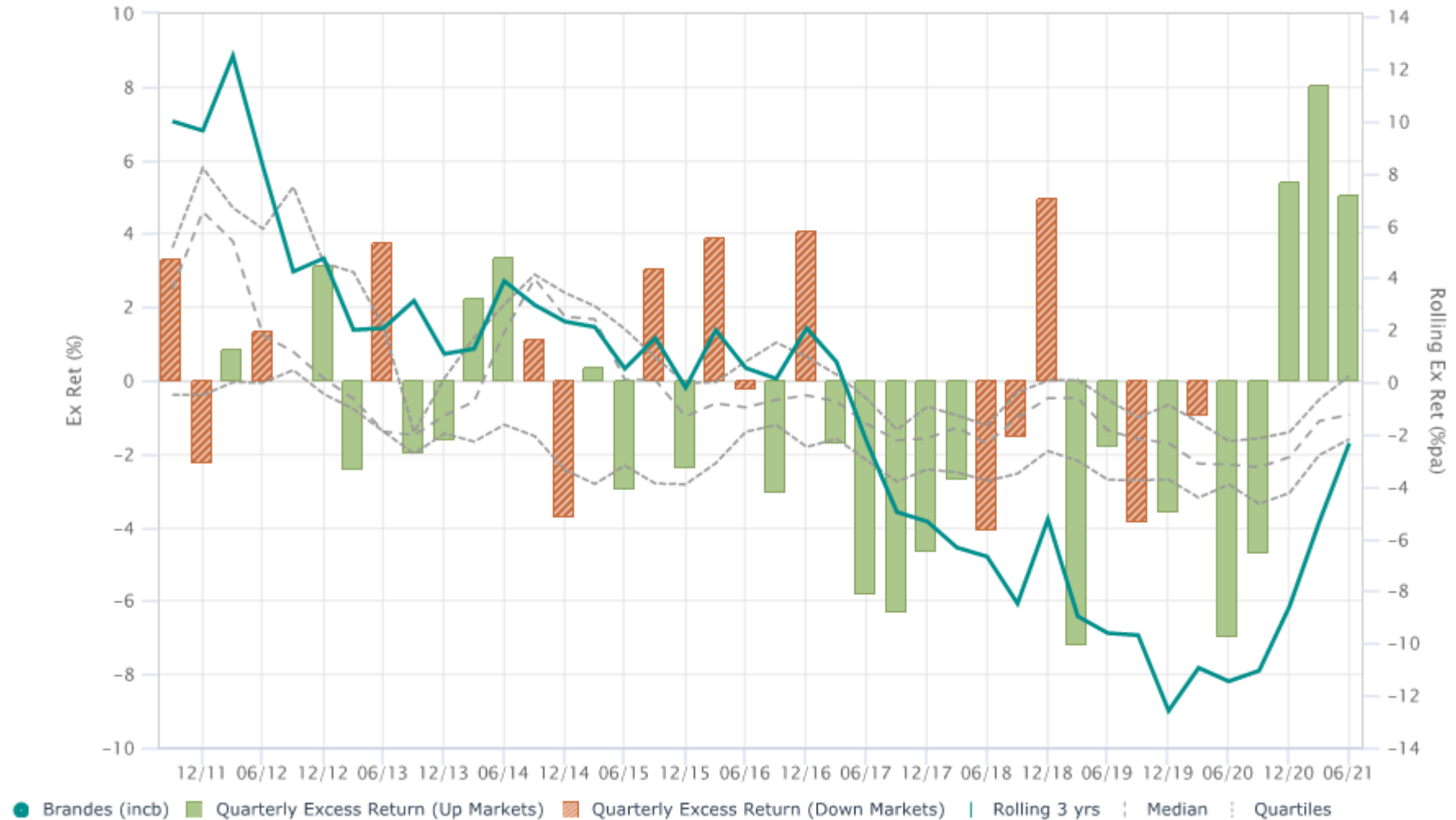
Quarterly Excess Return vs. MSCI EAFE Small Cap (Net) with rolling 3 yr line in \$US (after fees) over 10 yrs ending June-21
 Comparison with the Mutual Fund World ex US/EAFE Equity Small Cap universe



QUARTERLY EXCESS RETURN

Brandes International Small Cap Equity A (incumbent)

Quarterly Excess Return vs. MSCI EAFE Small Cap (Net) with rolling 3 yr line in \$US (after fees) over 10 yrs ending June-21
 Comparison with the Mutual Fund World ex US/EAFE Equity Small Cap universe



ROLLING 3-YEAR PERFORMANCE RANKINGS

Rolling 3 yr performance characteristics vs. MSCI EAFE Small Cap (Net) in \$US (after fees) over 5 yrs ending June-21

Comparison with the Mutual Fund World ex US/EAFE Equity Small Cap universe (quarterly calculations)

Name	1st Quartile		2nd Quartile		3rd Quartile		4th Quartile		Average Percentile Rank	Outperform	
	No.	%	No.	%	No.	%	No.	%		No.	%
Mutual Fund World ex US/EAFE Equity Small Cap Universe - MSCI EAFE Small Cap (Net) Index											
Products											
ACIM	15	75.0	2	10.0	2	10.0	1	5.0	19	14	70
Blair	8	40.0	2	10.0	4	20.0	6	30.0	42	6	30
FIAM	14	70.0	3	15.0	3	15.0	0	0.0	23	9	45
Kayne	19	95.0	1	5.0	0	0.0	0	0.0	3	20	100
TSCM	16	80.0	0	0.0	2	10.0	2	10.0	23	10	50
Victory (Trivalent)	15	75.0	4	20.0	1	5.0	0	0.0	20	13	65
Brandes (incb)	2	10.0	1	5.0	1	5.0	16	80.0	85	3	15
Benchmark											
MSCI EAFE SC (Net)	14	70.0	6	30.0	0	0.0	0	0.0	19	20	0

- On a rolling 3-year basis, Kayne was the only manager to consistently outperform the median over the past 5 years. Most managers performed in the top quartile of the universe on average over the trailing 5 years, with the exception of William Blair.

The benchmark result for Number Outperform represents the total number of observations in the period.

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QUARTERLY UP / DOWN MARKET ANALYSIS

Performance characteristics vs. MSCI EAFE Small Cap (Net) in \$US (after fees) over 5 yrs ending June-21

Comparison with the Mutual Fund World ex US/EAFE Equity Small Cap universe (quarterly calculations)

Name	Up Markets			Down Markets			All Markets				
	Outperform		Excess (Av) (%pq)	Outperform		Excess (Av) (%pq)	Outperform		Excess (Av) (%pq)	Outperform (Av) (%pq)	Underperform (Av) (%pq)
	No.	%		No.	%		No.	%			
Mutual Fund World ex US/EAFE Equity Small Cap Universe - MSCI EAFE Small Cap (Net) Index											
Products											
American Century - Non-U.S. Small Cap	11	79	1.8	2	33	-1.5	13	65	0.8	2.8	-2.9
William Blair - International Small Cap Growth	8	57	1.3	1	17	-1.3	9	45	0.5	3.5	-1.9
FIAM Select International Small Cap Pool	8	57	0.2	2	33	-0.1	10	50	0.1	1.0	-0.8
Kayne - International Small Cap	11	79	1.3	4	67	2.3	15	75	1.6	3.0	-2.6
TimesSquare - International Small Cap	11	79	1.0	0	0	-2.7	11	55	-0.1	1.9	-2.6
Victory Trivalent Intl Small-Cap Eq	8	57	0.6	3	50	-0.3	11	55	0.3	1.7	-1.4
Brandes International Small Cap Equity A (incumbent)	3	21	-2.1	2	33	-0.2	5	25	-1.6	5.5	-3.9
MSCI EAFE Small Cap (Net)	14	0	0.0	6	0	0.0	20	0	0.0	na	na
Group Statistics											
Upper Quartile	7	50	0.2	3	46	-0.2	10	49	0.0	2.2	-1.4
Median	7	46	-0.1	2	33	-0.4	9	43	-0.3	1.6	-1.9
Lower Quartile	6	43	-0.6	1	17	-1.4	8	40	-0.5	1.2	-2.4
Number	14	14	14	14	14	14	14	14	14	14	14

- Kayne outperformed during all markets over the past 5 years 75% of the time; followed by ACIM which outperformed 65% of the time.

The benchmark results represent the total number of up markets, down markets and observations in the period.

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CORRELATION

Correlation of Returns in \$US (after fees) over 5 yrs ending June-21 (quarterly calculations)

	ACIM	Blair	FIAM	Kayne	TSCM	Victory	Brandes (incb)	MSEAFESCN
ACIM		0.98	0.96	0.92	0.97	0.97	0.79	0.96
Blair			0.97	0.94	0.97	0.97	0.82	0.96
FIAM				0.97	0.99	0.98	0.91	0.99
Kayne					0.96	0.93	0.89	0.96
TSCM						0.97	0.85	0.98
Victory (Trivalent)							0.86	0.98
Brandes (incb)								0.91
MSEAFESCN								

Notes:

Correlation is shown in the right hand side of the table.

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APPENDIX

PERFORMANCE NOTES

- **American century** : Composite performance net of 0.95% fee.
- **William Blair** : Net of 0.89% performance provided by manager.
- **Fidelity** : Net performance provided by the manager.
- **Kayne** : Composite performance net of 0.80% fee.
- **Victory** : Composite performance net of 0.75% fee.
- **TimesSquare** : Composite performance net of 0.95% fee.
- **Brandes** : Incumbent, mutual fund vehicle (used A shares ticker: BISAX due to shorter performance history of the I shares: BISMX)

MINIMUM QUALIFICATIONS

- The minimum qualifications outlined in section 2.2 of the RFP for the International Equity Small Cap mandate are included below:
 - Investment style consistent with international (ex-US) small-cap equity investment style and categorized in Mercer GIMD or other commercially available database as an international (ex-US) small-cap equity strategy
 - Stated benchmark of the strategy will be representative of the style (MSCI EAFE Small-Cap Index or comparable), and strategy will have high correlation with the benchmark (similar to median of peer group or higher)
 - Strategy track record of 5 years or longer
 - Risk-adjusted net performance (as measured by Sharpe ratio and/or Information Ratio) better than median over trailing 5-year period ending most recent quarter
 - Minimum assets under management in strategy of \$1 billion
 - Maximum assets under management in strategy of \$20 billion
 - Investment expense, after all rebates, equal to or less than 1.15%

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Each index reflects a group of unmanaged securities. It is not possible to invest directly in an index.

Before investing, consider the investment options' or funds' investment objectives, risks, charges, and expenses. Visit the appropriate fund company website listed in the appendix for an offering statement or prospectus and, if available, a summary prospectus containing this and other information. Read it carefully.

An investment's placement along the risk spectrum is based on market risk and credit risk. Other factors considered include prospectus objectives, degrees of diversification, characteristics of typical holdings, and historical volatility of the fund and its benchmark. Risks will vary. This spectrum does not represent actual or implied performance.

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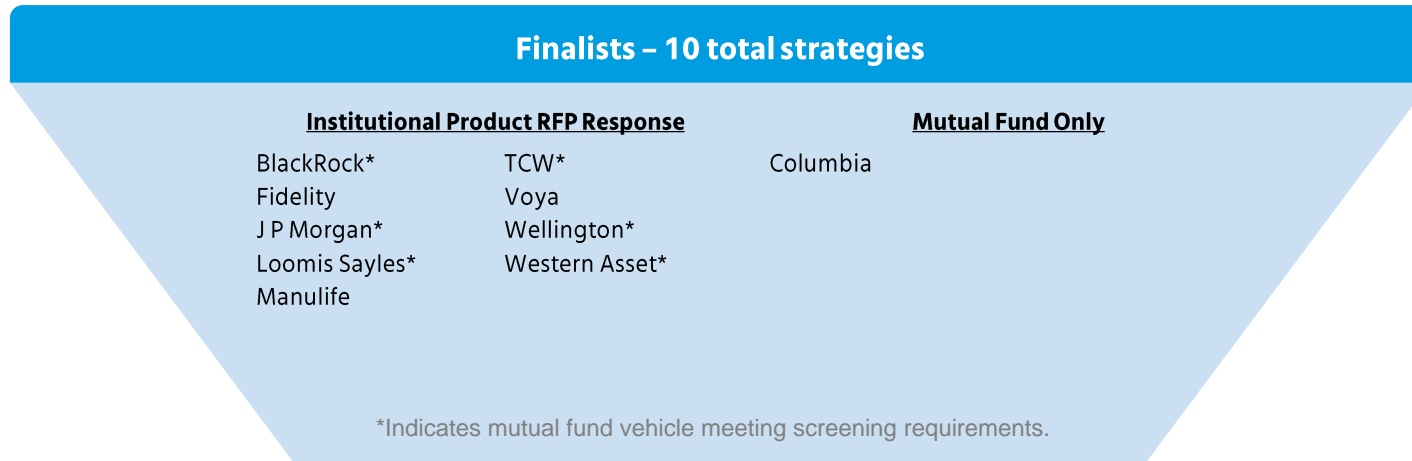
City of Los Angeles

Deferred Compensation Plan

Core Plus Fixed Income
Search – Stage 2

October 28, 2021

BACKGROUND



- For Core Plus Fixed Income manager search, the City received 13 RFP responses, all of which met the minimum requirements outlined in section 2.2 of the RFP.
- In addition to the institutional products, Mercer evaluated 16 mutual funds, all of which passed the minimum requirements for Stage 1 evaluation presented to the City in August 2021.
- Stage 1 resulted in 10 candidates emerging as finalists, and they are reviewed throughout this document, including the incumbent manager Loomis Sayles, who passed the Stage 1 evaluation.

STAGE 2 CANDIDATES

- 10 finalist candidates (9 RFP respondents and 1 Mutual Fund) are presented in this document:
 - BlackRock*
 - Columbia Threadneedle Investments North America – *Mutual Fund*
 - Fidelity Institutional Asset Management (FIAM)
 - JP Morgan Asset Management*
 - Loomis, Sayles & Company* (incumbent)
 - Manulife Investment Management
 - TCW*
 - Voya Investment Management
 - Wellington Management*
 - Western Asset Management Company*

Notes:

- All performance is net of fees, unless otherwise noted
- Portfolio characteristics and performance exhibits are as of 6/30/21, unless otherwise noted
- Mandate size is approximately \$410.4 million as of June 30, 2021

* Eligible mutual fund also available

SUMMARY EVALUATION MATRIX

	Manager			Strategy		Performance			Fees
	Business Strength	Team Depth	Personnel Stability	AUM	Appropriate Fit for Mandate	Long-Term Performance (10-Year)	Performance Consistency (10-Year)	Information Ratio (10-Year)	Attractiveness of Fees
BlackRock	✓	✓	✓	✓	✓	✓	✓	✓	✓
Columbia	✓	✓	✓	✓	=	✓	✓	✓	✓
FIAM	✓	✓	✓	✓	=	✓	✓	✓	=
JP Morgan	✓	✓	✗	✓	=	✓	✓	✓	✓
Loomis Sayles (incumbent)	✓	✓	✓	✓	✓	✓	✓	✓	=
Manulife	✓	✓	✓	✓	✓	✓	✓	✓	✓
TCW	✓	✓	✓	✓	=	=	✓	✓	=
Voya	✓	✓	✓	✓	✓	✓	✓	✓	✓
Wellington	✓	✓	✗	✓	=	✓	✓	✓	✓
Western	✓	✓	✓	✓	=	✓	✓	✓	=

SUMMARY EVALUATION

- **Firm strength** – All candidates have well run businesses with substantial levels of overall assets under management and internal resources to support the DCP.
- **Strategy team depth and stability** – All candidates possess strong depth in terms of team resources devoted to the respective strategies; however, JP Morgan and Wellington have seen more departures. FIAM, Loomis Sayles, Manulife, TCW and Voya have seen net additions to their respective portfolio teams.
- **Strategy Assets Under Management (AUM)** – All strategies have sufficient assets under management such that the DCP would not represent a disproportionate percentage of strategy assets, with DCP accounting for less than 3% of assets for all strategies.
- **Mandate fit** – All managers represent strong Core Plus approaches. Within the context of the DCP Bond Fund which is blended with an equal mix of the aggregate bond index, we believe some managers present more compelling diversification benefits (these include BlackRock, Loomis Sayles, Manulife and Voya). Other managers represent more conservative approaches that arguably are more benchmark-like, presenting less diversification when paired with the Aggregate Index (FIAM, TCW and Wellington). Conversely, other managers present more aggressive options that may yield greater volatility (Columbia and Western). JP Morgan, meanwhile, did not provide detail on minimum issue quality and minimum average quality guidelines in order to form an opinion.
- **Performance** – Generally all candidates have strong performance on a risk adjusted basis.
- **Fees** – Fee proposals represent attractive pricing to the DCP, with all candidates providing fee savings to the Plan. Columbia (net of revenue sharing, Manulife, JP Morgan and BlackRock represent the most attractive options in terms of fees.

MANAGER OVERVIEW

Candidate	Manager Background	Strategy Description & Process
<p>BlackRock</p>	<p>BlackRock was founded in 1988 and has made some significant changes and acquisitions in the past several years. In September 2006, BlackRock merged with Merrill Lynch Investment Managers (MLIM), which combined the history and experience of MLIM with the innovation and technology of BlackRock. In 2007, BlackRock acquired the fund of funds business of Quellos Group. Finally, in 2009, BlackRock acquired Barclays Global Investors (BGI). BGI, at that time, was the world's largest institutional investment manager, with over \$1 trillion in client assets and a focus on global indexed and quantitative strategies. The combined business provides traditional active and passive fixed income and equity strategies, as well as hedge fund, private equity, and real asset fund of funds to institutional and individual investors worldwide. Blackrock has been publicly traded since 1999 under the symbol "BLK" and is headquartered in New York, with investment management offices throughout the world.</p>	<p>Blackrock's style aims to produce a diversified set of return drivers with fewer high conviction bets when compared to peers. The firm places a heavy emphasis on risk quantification and diversification. The Total Return strategy invests in core, global, and macro sectors. BlackRock's investment process combines top-down and bottom-up insights, relying on quantitative and qualitative inputs. Portfolio teams and asset class specialists determine themes and portfolio construction, while underlying investment teams are responsible for sector, sub-sector, and security research. Unlike traditional, core bond portfolios, Total Return can invest across the investment landscape and is less tied to the Bloomberg Barclays US Aggregate Index. Guiding this flexible investment strategy is a structured and active risk budgeting process that is designed to determine and manage appropriate levels of interest rate and credit risk in a relative sense. Using output from investment and portfolio strategy meetings, the portfolio team looks to implement their relative value outlook with respect to sector, country, currency, and security selection, timing and execution. Sector and security selection tend to be the largest drivers of value add. However, Blackrock will look to add value via country and currency selection, which takes into account actual and survey based macro data, as well as views on other key economic drivers such as central bank policy, unemployment, and commodity prices to arrive at a view of inflation and real interest rate yields more broadly.</p>
<p>Columbia Threadneedle</p>	<p>Columbia Management Company (CMC) was founded in 1964. In 1997, CMC was purchased by Fleet Financial Group (Fleet). In late 2001, Fleet acquired the asset management subsidiaries of Liberty Financial Companies, Inc. and placed all the entities under the Columbia Management Group (CMG) umbrella. Two years later, CMG merged six of its subsidiaries into a new asset management firm, Columbia Management Investment Advisers, Inc. (CMIA). The following year, Bank of America (BACAP) acquired Fleet, and in early 2007, BACAP acquired US Trust. CMIA became the asset management arm of BACAP. In 2010, BACAP sold its long-term asset management business to Ameriprise Financial, Inc. In March 2015, affiliated companies Columbia Management and Threadneedle Investments began doing business under the global brand Columbia Threadneedle Investments. There was no change to the corporate structure or regulated entities as a result of the new brand. The firm is headquartered in Boston, MA.</p>	<p>Columbia takes a top-down approach to investment management. The top-down view is developed on a team basis by all fixed income and equity professionals within the firm. The fixed income team implements its strategy by emphasizing sector rotation, minimizing duration bets, maintaining low credit risk, and minimizing price volatility. Mortgage securities are a cornerstone of the strategy. The strategy is designed to have meaningful flexibility to change the risk profile over a full market cycle and thereby solve for two distinct client needs: generate income and navigate interest rate volatility. Columbia implements a multi-sector team approach. Backed by an experienced management team and deep research capabilities, Columbia will shift allocations based on market conditions. Columbia also believes the size of the fund is an important differentiator, as it allows the team to generate performance through individual security selection and reduces reliance on getting a single outsized bet right. By investing in cash bonds as opposed to broad market derivatives, the fund is able to avoid problem areas of the market.</p>

MANAGER OVERVIEW

Candidate	Manager Background	Strategy Description & Process
Fidelity Institutional Asset Management (FIAM)	<p>Fidelity Management and Research LLC (Fidelity) was founded in 1946 by Edward C. Johnson II. The Johnson family (including family trusts and charities) owns 49% of Fidelity. Employees of Fidelity (including members of the Johnson family) hold the remaining 51%. Through a shareholders' voting agreement, the Johnson family effectively controls the firm. Fidelity comprises several wholly-owned organizations that serve different client groups, including the US mutual fund organization, Fidelity Management and Research Company (FMRCo), and Fidelity Institutional Asset Management (FIAM), which serves the institutional market.</p>	<p>FIAM believes that inefficiencies exist in the fixed income markets, and effective fundamental credit research efforts, quantitative analysis, and highly focused trading can consistently identify opportunities to earn a relative advantage over the investment benchmark. The investment process begins with a macro assessment of fundamental and quantitative factors (i.e., economic growth, default cycle, inflation, monetary and fiscal policy, geopolitical risks). Macro risk positioning (i.e., duration / curve targets, spread duration, volatility targets, yield / spread targets) is established and together, these factors set the total amount of portfolio risks over the short- and long-term horizon. The team uses research developed within the Macroeconomic and Structured Research Team along with the Global Asset Allocation Research Team to assist in their analysis. FIAM maintains duration within 0.3 years of the benchmark. The team does not exhibit an explicit yield curve view, but will sometimes maintain moderate active yield curve variances relative to the benchmark as a result of individual security selection and sector allocation.</p>
JPMorgan	<p>JP Morgan Asset Management (JPM) is the investment management business of JP Morgan Chase & Co, formed in 2000 through the merger of J.P. Morgan & Co and The Chase Manhattan Corporation. This merger resulted in the consolidation of their respective investment management subsidiaries, J.P. Morgan Investment Management (JPMIM), and Chase Fleming Asset Management (CFAM). CFAM had, in turn, been established earlier in 2000 after Chase Manhattan purchased Robert Fleming Holdings Limited. J.P. Morgan was founded in 1861, and the Fleming group in 1873. The merged firm is headquartered in New York City, with additional investment management offices around the globe.</p>	<p>JP Morgan believes that bond portfolios managed by a globally integrated fixed income team, within a disciplined risk-controlled framework, will help produce strong risk-adjusted returns. The team believes inefficiencies in the fixed income market are pervasive and will continue. The team seeks to identify inefficiencies through a combination of active investment management and disciplined risk control. The strategy targets diversified sources of portfolio returns and does not rely on any single strategy or market directionality. The JPM Core Plus Bond Strategy seeks to outperform the Bloomberg Barclays U.S. Aggregate Index over a full market cycle (three to five years) within a risk-controlled framework. To help achieve this, the lead portfolio managers leverage ideas from across GFICC, within a risk/return framework that is guided by the benchmark. The strategy seeks disciplined yield enhancement from expanded security selection within "core" sectors and up to 30% exposures in extended sectors including below investment grade and emerging market debt. The strategy emphasizes security selection and sector allocation as the primary sources of outperformance, but also seeks to add value through duration/yield curve positioning.</p>

MANAGER OVERVIEW

Candidate	Manager Background	Strategy Description & Process
<p>Loomis, Sayles & Company (incumbent)</p>	<p>Loomis Sayles & Company, LP (Loomis) was founded in 1926 to provide management for institutional and individual clients. Nvest Companies LP (Nvest), a majority owned subsidiary of New England Mutual Life Insurance Company (New England), acquired a controlling interest in Loomis in 1968. New England was subsequently acquired by Metropolitan Life Insurance Company. In 2000, the entity now known as Natixis Global Asset Management (NGAM), acquired Nvest. NGAM is the US-based subsidiary of Natixis, a French corporate and investment bank based in Paris. Loomis retains previous investment independence, as well as management and operating autonomy. Loomis is headquartered in Boston.</p>	<p>Loomis' fixed income philosophy is based on the belief that fundamental and quantitative research utilized in a value driven investment process is the best approach to an inefficient bond market. The Core Plus strategy invests in all sectors of the fixed income market with a slight bias towards the spread sectors (MBS, ABS, CMBS, corporates, and emerging markets). Loomis' investment process begins with the formation of a firm-wide macro outlook. Sector teams incorporate these macro views within their assessments of the specific sector risks and return characteristics. Strategies undertake significant effective duration bets and limit effective duration to within 1.5 years of the benchmark. Sector allocation views are determined through an analysis of Treasury yield curve and corporate credit curves, combined with the outlook for interest rates. In addition, a proprietary sector model that provides bullish/bearish signals is utilized in conjunction with a subjective evaluation to form a relative value view between sectors. The portfolio process features a high level of integration between the analysts, portfolio managers, and traders.</p>
<p>Manulife Investment Management</p>	<p>Manulife Investment Management (Manulife) is the wholly-owned asset management arm of Manulife Financial Corporation (MFC), a global financial services group headquartered in Toronto, Canada. MFC is a publicly traded company, listed on several exchanges around the globe. The asset management division's origins can be traced back to 1949 when a partnership was formed between Courtland T. Elliott and C. Gordon Page. In 1982, this entity was sold to the North American Life Insurance Company, which was itself bought by MFC in 1996. The investment capability acquired through this acquisition eventually merged with MFC's investment operations globally. In April 2004, MFC bought John Hancock Financial Services, Inc., a US-based insurance company. It folded many of John Hancock's institutional investment service units into the Manulife umbrella. In February 2015, MFC purchased the Canadian operations of The Standard Life Assurance Company of Canada and Standard Life Investments Inc. and merged them into MFC and Manulife. Manulife has several investment offices globally. In 2019, Manulife rebranded its asset management business from Manulife Asset Management to Manulife Investment Management.</p>	<p>Manulife's Core Plus fixed income strategy seeks to produce superior results by anticipating shifts in the business cycle and moderating risk relative to the direction of interest rates. The investment team capitalizes on these shifts by using a research-driven process to identify attractive sectors as well as mispriced securities within those sectors. The team seeks to add value through a combination of in-depth fundamental analysis and business cycle evaluation. Duration is tightly controlled around the benchmark, and portfolios are diversified across multiple sectors and credits. There are four phases of the investment process 1) the investment team creates a business cycle outlook after a thorough top-down analysis of global macroeconomic factors. 2) the investment team identifies excess return opportunities across the broad fixed income universe. Portfolios typically have exposure to Treasuries, Agencies, investment grade corporate bonds, and securitized assets, including mortgage- and asset-backed securities. 3) the team conducts intensive, fundamental analysis of individual issues within the context of relative value. 4) the final phase of the investment process is the structuring and monitoring of the portfolio.</p>

MANAGER OVERVIEW

Candidate	Manager Background	Strategy Description & Process
<p>TCW</p>	<p>Metropolitan West Asset Management (MWAM) was founded in 1996 by the former fixed income portfolio management team of Hotchkis and Wiley. On February 24, 2010, the TCW Group (TCW), an international asset-management firm with approximately \$110 billion in total assets under management acquired MetWest. MetWest became a wholly owned subsidiary of The TCW Group, Inc. In August 2012, TCW management and The Carlyle Group announced a definitive agreement to acquire TCW from Société Générale and the transaction closed in February 2013. At the end of 2017, Nippon Life Insurance Company became a minority equity partner in TCW, buying its stake from the Carlyle Group, an existing owner. Following the transaction, TCW employees own 44.07% of the business; Carlyle holds a reduced stake of 31.18%; and Nippon Life owns 24.75% of the business. Over 100 TCW employees own equity in the firm.</p>	<p>TCW's value-oriented fixed income philosophy consists of five dimensions: duration management, yield curve positioning, sector/subsector allocation, security selection and trading execution. While the strategy is flexible in its use of return drivers, the firm expects security selection and sector rotation to be the most significant drivers of returns over time. TCW believes that fixed income markets are not efficient, and as a result, bonds often are not priced to accurately reflect fundamental risks. Further, TCW builds portfolios with an eye toward mean-reversion, meaning that market indicators (credit spreads, rates, volatility, etc.) tend to return to long-term average levels and portfolios are structured to benefit from this movement. Finally, they follow a disciplined process of dollar cost averaging, allowing them to capture most of the benefit of market movements without having to be precise in picking the top or bottom of markets. TCW bases portfolio duration on its long-term economic outlook and gradually adjusts it throughout the business cycle. TCW determines sector exposure based on relative yield spread analysis, expected volatility, and the firm's macroeconomic forecast. The most important facet of the investment team's portfolio construction process is the application of independent, bottom-up research to identify securities that are undervalued and that offer a superior risk/return profile from the comprehensive databases for both corporate bonds and securitized credit built by TCW.</p>
<p>Voya</p>	<p>Voya Financial became a public company in 2013 after the Dutch conglomerate, ING Group, partially divested its US insurance and investment management business. From May 2013 to March 2015, ING divested their remaining stake in Voya via a public offering, marking Voya's independence as a standalone company. While fixed income makes up the largest portion of the firm's asset base, Voya also manages a range of equity, multi-asset, private capital, and real estate strategies.</p>	<p>Voya believes fixed income markets are diverse and dynamic, and sources of excess return vary over time. The team attempts to allocate risk where return opportunities are the most attractive. Sector rotation and security selection are the primary alpha levers for the team, while duration and yield curve decisions are secondary. The investment process begins with the Fixed Income Strategy Committee formulating themes based on macroeconomic, business cycle and capital markets views. The Strategy Committee utilizes proprietary quantitative and fundamental analyses to synthesize market data and to uncover outliers and relative value opportunities across markets, sectors, industries and individual companies. Voya has a proprietary quantitative, model-driven process that combines top-down and bottom-up inputs in an attempt to find securities that will add the highest return relative to a given level of risk. Following the strategy setting forums, senior members of the fixed income team then make determinations on overall portfolio risk budget, duration positioning and sector allocations within the portfolios. Voya integrates quantitative and fundamental analysis at the center of the disciplined, bottom-up security selection approach.</p>

MANAGER OVERVIEW

Candidate	Manager Background	Strategy Description & Process
<p>Wellington Management</p>	<p>Wellington Management Company, LLP (Wellington) is an independent investment management firm with over 150 active partners. Wellington began operations in 1928 and created America's first balanced mutual fund the following year. In 1967, Wellington merged with Thorndike, Doran, Paine & Lewis. Wellington's employees purchased the firm in 1979. Wellington is headquartered in Boston and has additional investment management and client servicing offices in Radnor, Pennsylvania, London, Singapore, Tokyo, and Hong Kong.</p>	<p>Wellington believes it can achieve superior fixed income results through modest interest rate anticipation plus value-driven sector and security selection supported by intensive credit analysis. Any changes to duration strategy are normally gradual and yield curve positioning is left to the portfolio manager's discretion unless the Strategy Group has a strong opinion about the curve. Portfolio sector weightings are based on analysis of historic and current yield spreads combined with analysts' industry insights and an assessment of the economic cycle, rating trends, and relative valuation. The Mortgage-Backed Strategy Group uses scenario testing and option adjusted spread analysis to identify areas of opportunity within the mortgage and asset backed sectors. The Credit Screening Group maintains a list of acceptable corporate issuers by conducting intensive research into the possibility of downgrades and default risk. The Core Bond Plus strategy includes up to 20% each in high yield/bank loans and non-US dollar bonds (including EMD), with Wellington using these positions opportunistically.</p>
<p>Western Asset Management Company</p>	<p>Western Asset Management Company (Western) was founded in 1971 as the First Interstate Bank of California. In 1986, the firm became an independent affiliate of Legg Mason Inc., a multi-affiliate asset manager. In 1996, Legg Mason purchased the London-based subsidiary of Lehman Global Asset Management which was then integrated within the Western team. In June 2005, Legg Mason acquired the asset management business of Citigroup. Citigroup's fixed income business was integrated into Western's and the firm has built out further investment capabilities throughout the UK, Asia and Brazil. In February 2020, Legg Mason announced it had entered into an agreement to be acquired by Franklin Templeton Investments (FTI). The deal closed in the third quarter of 2020.</p>	<p>Western uses a value-based approach to fixed income management, making use of both traditional and innovative investment tools and techniques to add value. The firm blends short and long term perspectives on interest rates and sector relative value, with active inter- and intra-sector trading. Western's process is rooted in the Global Investment Strategy Committee (GISC), during which senior fixed income investors and sector specialists develop the firm's investment outlook, including views on duration, yield curve, country preferences and currency. Western also determines long term investment themes, which reflect its outlook for fiscal and monetary policy as well as inflation and liquidity conditions. Western's long-term macro views serve as the fundamental backdrop for regional and sector focused teams in their search for opportunities. Western sets portfolio duration based on a 6- to 12-month inflation outlook. The firm controls portfolio duration relative to the benchmark, making duration shifts gradually. Portfolio duration is maintained within 20% of the benchmark, but typically falls within 10%. The firm actively manages its term structure based on analysis of relative value along the yield curve. As a hedge against recessionary markets eroding the price of its spread holdings, Western prefers to maintain a front-end futures position.</p>

MERCER RESEARCH ASSESSMENT

While not part of the evaluation process, Mercer research ratings and evaluations are provided, where available, for additional context.

MERCER EVALUATION SUMMARY					
	Manager Rating	Idea Generation	Portfolio Construction	Implementation	Business Management
BlackRock	A	■■■■	■■■■	■■■□	■■■□
Columbia Threadneedle Investments North America	N	N/A	N/A	N/A	■□□□
Fidelity Institutional Asset Management (FIAM)	B+	■■■□	■■■□	■■■□	■■■□
JP Morgan Asset Management	N	N/A	N/A	N/A	N/A
Loomis, Sayles & Company (incumbent)	A	■■■■	■■■□	■■■□	■■■□
Manulife Investment Management	A	■■■■	■■■□	■■■□	■■■□
TCW	A	■■■■	■■■□	■■■□	■■■□
Voya Investment Management	A	■■■■	■■■□	■■■□	■■■□
Wellington Management	A	■■■■	■■■□	■■■□	■■■□
Western Asset Management Company	A	■■■■	■■■□	■■■□	■■■□

MERCER RATINGS SCALE

A

Strategies assessed as having “**above average**” prospects of outperformance

B+

Strategies assessed as having “**above average**” prospects of outperformance, but with some reservations.

B

Strategies assessed as having “**average**” prospects of outperformance

C

Strategies assessed as having “**below average**” prospects of outperformance

R

The **R rating** is applied in two situations:

1. Mercer has carried out some research, but has not completed its full investment strategy research process
2. Mercer has in the past carried out its full investment strategy research process on the strategy, but we are no longer maintaining full research coverage

N

No rating, strategies not currently rated by Mercer

W

Watch: where there is some uncertainty about a rating that we do not expect to be resolved soon, but consider it unlikely that it will lead to a rating change

T

Tracking error: potential for high tracking error or high volatility

P

Provisional rating: where there is uncertainty about a rating that we expect to resolve quickly

Please see the Guide to Mercer’s Investment Strategy Ratings <https://www.mercer.com/content/dam/mercer/attachments/private/nurture-cycle/gl-2020-wealth-guide-to-mercers-investment-strategy-research-ratings-mercer.pdf>

MERCER RESEARCH COMMENTARY

Candidate	Mercer Rating	Overall Assessment
BlackRock	A	A key distinguishing feature of BlackRock is the depth of resources, in terms of both people and technology, which it applies to relative value analysis across and within sectors. BlackRock's risk management systems continue to be industry-leading as well. Ideas for the total return strategy are driven by underlying sector specialists with risk budgets and overlays determined by named portfolio managers Rick Rieder (CIO), Bob Miller and David Rogal. We have a high opinion of the management team and believe they have a strong grasp on the underlying macro themes affecting asset allocation and rates decisions. We believe Blackrock's ability to add alpha through sector allocation decisions is a key differentiator for its Total Return strategy.
Columbia Threadneedle Investments North America	N	Mercer does not formally rate this strategy.
Fidelity Institutional Asset Management (FIAM)	B+	We have confidence in FIAM's ability to manage Core Plus portfolios. Over the years, we have seen the team evolve from a lead portfolio manager approach to a more thoughtful, co-portfolio management structure. We view this development positively as it minimizes key man risk and adds more transparency to succession planning. We like the team's disciplined approach as it is supported by deep, in-house fundamental research and vetted by an array of robust proprietary risk models. While we believe the strategy has above average potential to outperform the benchmark and its peers, securitized sector expertise is less of a differentiator in our view relative to other managers to which we assign our highest ratings.
JP Morgan Asset Management	N	Mercer does not formally rate this strategy.
Loomis, Sayles & Company (incumbent)	A	Loomis applies a well-rounded approach that incorporates a number of different research groups across the firm. Macroeconomic teams develop top-down views on the economy and asset allocation themes that shape portfolios, while sector specialist groups focus on bottom-up security analysis and recommendations. The depth and breadth of Loomis' fundamental credit analysis is a key strength. We positively view the alignment of portfolio managers, research analysts and traders to provide a sector view that is generated and analyzed from multiple perspectives. In addition, this integration ensures that the insights generated internally benefit the portfolio and provide checks and balances on analysis, through ongoing critical review. The Core Plus strategy leans heavier upon top-down and macro viewpoints than many other strategies at the firm, yet continues to benefit from Loomis' strength in credit research and security selection. The strategy emphasizes opportunistic sector rotation within a relative return and benchmark-aware framework.

MERCER RESEARCH COMMENTARY

Candidate	Mercer Rating	Overall Assessment
Manulife Investment Management	A	Manulife offers an impressive approach to fixed income management. We have confidence in the abilities of Greene, Given and their team. The credit research team is well-integrated into the process and pushes bottom-up investment ideas to the management team. Portfolio holdings are broad and we believe the portfolios to be suitably diversified. We note the team's ability to find value in the securitized credit sector as a particular differentiator and we believe the team has done a good job of finding value in different market environments. We also appreciate the team's high degree of stability and believe the investment firm is managed like a boutique with access to resources of its multinational parent.
TCW	A	We continue to be impressed by TCW's deep and experienced team, its value-oriented style, and its proprietary analytical tools. The team employs macro themes, bottom-up fundamental research, and robust quantitative analysis into a single well-integrated investment process. TCW's analytical tools provide its investors with heightened understandings of both credit cycles and technical factors influencing asset prices, allowing them to uncover undervalued securities and avoid downside risk factors. Like most of TCW's multi-sector fixed income strategies, the Core Plus strategy can remain defensively positioned for prolonged periods, but will extend into risk when valuations become more attractive. The team utilizes a measured approach to risk taking, gradually scaling into risk when valuations appear cheap, and scaling out of risk when assets appear rich.
Voya Investment Management	A	The Voya fixed income platform offers a number of compelling characteristics that directly benefit the Core Plus strategy. Voya offers an attractive combination of strong bottom-up capabilities in both corporates and securitized, a flexible yet reasonable approach to risk taking, and strong investment leadership. The size of the firm provides scale, deep resources, and investor talent, yet allows for greater flexibility and alpha generation via security selection than many competing "mega" managers. Team culture and collaboration across the platform are also viewed as a key strength. The strategy is designed to maximize risk-adjusted returns in a diversified manner while mitigating downside risk. The team takes a thoughtful approach to portfolio construction, where a focus on risk-adjusted returns and risk factor diversification are engrained throughout the process.
Wellington Management	A	Wellington's key competitive advantage is the combination of its various fundamental research teams comprised of 'career' analysts. Experienced portfolio managers have a wealth of resources to draw upon in constructing portfolios, not the least of which is a deep credit team that conducts comprehensive credit research and proposes trades in a disciplined manner. In addition, fixed income analysts maintain regular communication with the firm's large equity research team. Wellington builds portfolios that emphasize diversified sources of returns and risk management, leading to well-balanced portfolios which we believe can consistently generate above average return. The Fixed Income Review Group provides guidelines to ensure consistency across portfolios and an additional level of risk control.

MERCER RESEARCH COMMENTARY

Candidate	Mercer Rating	Overall Assessment
Western Asset Management Company	A	<p>We have high conviction in Western's US Core Plus capabilities. At its core, Western adopts a long-term value investment philosophy, although tactically managing around this. Western has significant resources assigned to cover all segments of the fixed income markets. A committee structure ensures that top-down thinking is well-informed and coordinated across the firm. Bottom-up analysis is supported by deep and experienced sector teams, covering all regions globally. On the backdrop of Western's well informed thematic ideas, this core plus strategy is more willing to aggressively source risk (and potential alpha) from duration, curve, and sector positioning. Nonetheless, we are comfortable with Western's total return orientation, per its commitment to finding an appropriate balance between capturing value and managing volatility. The team has successfully installed a more risk-aware culture over the last several years, which is observable in the form of increased diversification at the issue level within portfolios.</p>

OVERVIEW

Quantitative Scorecard

Funds	Performance Characteristics (over 5 Years ending June-21)	% of time out-performing (all/up/down markets over 5 Years ending June-21)	Portfolio Characteristics (AUM as of 6/30/21)
BlackRock Fundamental Total Return	Ret (%p.a.): 4.1 (29) Tracking error (%pa): 2.3 (70) Information ratio: 0.4 (18) Return/SD: 1.0 (26)	All Markets: 70% Up markets: 69% Down markets: 75%	AUM (\$MM):34,535 Inception year: 1991 Avg. quality: A+ Effective Duration(yrs): 5.7 Yield to Maturity(%): 2.6
Columbia Core Plus Fixed Income	Ret (%p.a.): 5.1 (11) Tracking error (%pa): 4.0 (30) Information ratio: 0.5 (10) Return/SD: 1.0 (23)	All Markets: 75% Up markets: 69% Down markets: 100%	AUM (\$MM):16,100 Inception year: 2005 Avg. quality: A3 Effective Duration(yrs): 4.9 Yield to Maturity(%): 3.4
FIAM Core Plus	Ret (%p.a.): 4.5 (18) Tracking error (%pa): 2.8 (57) Information ratio: 0.5 (9) Return/SD: 1.1 (17)	All Markets: 85% Up markets: 81% Down markets: 100%	AUM (\$MM): 62,857 Inception year: 2000 Avg. quality: A Effective Duration(yrs): 6.2 Yield to Maturity(%): 2.2
JP Morgan Core Plus Bond	Ret (%p.a.): 4.2 (24) Tracking error (%pa): 1.5 (86) Information ratio: 0.8 (1) Return/SD: 1.2 (13)	All Markets: 85% Up markets: 81% Down markets: 100%	AUM (\$MM):25,732 Inception year: 1993 Avg. quality: A Effective Duration(yrs): 5.8 Yield to Maturity(%): 2.3
Loomis Sayles Core Plus Bond (incumbent)	Ret (%p.a.): 4.7 (16) Tracking error (%pa): 2.0 (76) Information ratio: 0.8 (1) Return/SD: 1.2 (12)	All Markets: 70% Up markets: 69% Down markets: 75%	AUM (\$MM):32,089 Inception year: 1986 Avg. quality: A2 Effective Duration(yrs): 5.4 Yield to Maturity(%): 2.4
Manulife Core Plus Fixed Income	Ret (%pa): 4.7 (16) Tracking error (%pa): 2.8 (59) Information ratio: 0.6 (5) Return/SD: 1.1 (17)	All Markets: 85% Up markets: 88% Down markets: 75%	AUM (\$MM):31,062 Inception year: 1985 Avg. quality: A- Effective Duration(yrs): 6.4 Yield to Maturity(%): 2.6

OVERVIEW

Quantitative Scorecard

Funds	Performance Characteristics (over 5 Years ending June-21)	% of time out-performing (all/up/down markets over 5 Years ending June-21)	Portfolio Characteristics (AUM as of 6/30/21)
TCW Core Plus Fixed Income	Ret (%p.a.): 3.6 (43) Tracking error (%pa): 0.8 (97) Information ratio: 0.8 (2) Return/SD: 1.0 (26)	All Markets: 65% Up markets: 56% Down markets: 100%	AUM (\$MM):130,750 Inception year: 1996 Avg. quality: AA Effective Duration(yrs): 6.1 Yield to Maturity(%): 1.8
Voya Core Plus Fixed Income	Ret (%p.a.): 4.2 (26) Tracking error (%pa): 2.8 (58) Information ratio: 0.4 (21) Return/SD: 1.0 (35)	All Markets: 85% Up markets: 88% Down markets: 75%	AUM (\$MM):19,397 Inception year: 1999 Avg. quality: A Effective Duration(yrs): 6.0 Yield to Maturity(%): 2.6
Wellington Core Bond Plus	Ret (%p.a.): 4.3 (22) Tracking error (%pa): 2.4 (68) Information ratio: 0.5 (9) Return/SD: 1.0 (23)	All Markets: 90% Up markets: 88% Down markets: 100%	AUM (\$MM):13,954 Inception year: 1990 Avg. quality: A1 Effective Duration(yrs): 6.0 Yield to Maturity(%): 2.5
Western Asset US Core Plus	Ret (%p.a.): 4.8 (15) Tracking error (%pa): 3.5 (40) Information ratio: 0.5 (14) Return/SD: 0.9 (48)	All Markets: 80% Up markets: 88% Down markets: 50%	AUM (\$MM):122,323 Inception year: 1993 Avg. quality: A Effective Duration(yrs): 7.1 Yield to Maturity(%): 2.9

FACTS AND FIGURES

CANDIDATE SUMMARY

Firm	Candidate Characteristics (as of 6/30/2021)							
	Headquarters	Firm Ownership		Firm AUM (billions)	Strategy AUM (billions)	Strategy Inception Year	# of PMs / # Analysts	
BlackRock	New York, NY	Public and Employees 100%		\$9,496.0	\$34.5	1991	3 / 5	
Columbia Threadneedle	Boston, MA	Ameriprise Financial, Inc. 100%		\$437.1	\$16.1	2005	5 / 4	
Fidelity Institutional Asset Management (FIAM)	Smithfield, RI	Officers and Senior Employees of Fidelity 51%	Edward C. Johnson 3d Family 49%	\$295.8	\$62.9	2000	4 / 62	
JP Morgan	New York, NY	J.P. Morgan Chase & Company 100%		\$2,572.8	\$25.7	1993	8 / 62	
Loomis Sayles (incumbent)	Boston, MA	NATIXIS Asset Management North America 100%		\$357.8	\$32.1	1986	2 / 95	
Manulife	Toronto, Ontario, Canada	Manulife Financial 100%		\$491.7	\$31.1	1985	3 / 18	
TCW	Los Angeles, CA	TCW Employees 44.07%	The Carlyle Group 31.18%	Nippon Life Insurance Company 24.75%	\$266.5	\$130.8	1996	10 / 45
Voya	New York, NY	Voya Financial, Inc. 100%		\$257.9	\$19.4	1999	5 / 161	
Wellington	Boston, MA	Partners 100%		\$1,388.4	\$14.0	1990	13 / 53	
Western (WAMCO)	Pasadena, CA	Franklin Templeton Investments 100%		\$491.3	\$122.3	1993	68 / 66	

- All of the managers are established firms with reasonable levels of strategy assets.

STRATEGY ASSETS

Firm	As of June 30, 2021			From June 30, 2018 to June 30, 2021			
	Strategy assets (\$MM)	Number of clients ¹	Largest Account Size (\$MM)	Accounts Gained (#)	Accounts Gained (\$MM)	Accounts lost (#)	Accounts lost (\$MM)
BlackRock	34,535	111	0	78	3,052	7	1,204
Columbia	16,100	59	678	2	25	9	1,366
FIAM	62,857	71	34,100	8	1,456	2	21
JP Morgan	25,732	19	2,560	2	53	0	0
Loomis Sayles (incumbent)	32,089	247	6,176	88	7,881	34	2,351
Manulife	31,062	31	24,398	9	867	5	106
TCW	130,750	67	10,086	Not Provided	Not Provided	Not Provided	Not Provided
Voya	19,397	61	2,777	2	144	21	375
Wellington	13,954	48	3,453	12	1,112	7	555
Western	122,323	123	42,219	7	454	5	614

- BlackRock, Loomis Sayles and FIAM have tended to have the most positive new client growth in recent years.

¹The Mutual Fund vehicle is shown as 1 client.

²Includes retail clients

PERSONNEL

Firm	As of June 30, 2021		Investment professional strategy turnover from June 30, 2018 to June 30, 2021	
	Total investment professionals	Investment professionals in strategy	Additions	Departures
BlackRock	2,409	8	0	0
Columbia	264	9	3	2
FIAM	622	71	15	5
JP Morgan	1,093	70	6	19
Loomis Sayles (incumbent)	735	98	13	2
Manulife	835	21	7	2
TCW	153	55	18	11
Voya	471	166	4	4
Wellington	920	84	3	13
Western	379	135	12	14

- Staffing appears reasonable at all firms; however, JP Morgan, Manulife, Wellington and Western have seen net departures.

SELECTED PORTFOLIO GUIDELINES

Firm	Maximum duration above benchmark (%)	Maximum duration below benchmark (%)	Minimum issue quality	Minimum average portfolio quality	Maximum allocation to BB or below (%)	Maximum allocation to Int'l bonds (%)
BlackRock	20	20	B	A	20	20
Columbia	30	30	B	BBB	35	20
FIAM	5	5	CCC	A	30	Not provided ¹
JP Morgan	10	10	N/A	N/A	25	25
Loomis Sayles (incumbent)	25	25	CCC & Below	BBB+	20	10
Manulife	20	20	CCC	BBB	25	25
TCW	20	20	N/A	A	20	10
Voya	20	20	Distressed	BBB-	20	Not provided ²
Wellington	20	20	NR	AA-	20	20
Western	20	20	B	Four rating notches below the benchmark's average	30	20

Key observations:

- All managers' guidelines present flexibility in off-benchmark ("core plus") investments designed at delivering incremental return over the Aggregate Bond Index.
- FIAM is the most interest rate constrained as measured by its duration limits, while Columbia and Loomis allow for more interest rate sensitivity.
- BlackRock, FIAM, TCW, Wellington seek higher average quality portfolios by guideline.

¹ As of 9/30/21, FIAM had 3% exposure to EM Debt and 4% Global Bonds.

² As of 9/30/21, Voya had 5% exposure to EM Debt.

SELECTED PORTFOLIO CHARACTERISTICS

	Number of issues / securities	Yield to maturity (%)	Years to maturity	Average coupon (%)	Average quality	Effective duration (yrs)
BlackRock	3,757	2.6	Not Provided	3.4	A+	5.7
Columbia	1,082	3.4	6.3	3.4	A-	4.9
FIAM	2,810	2.2	10.4	3.2	A	6.2
JP Morgan	3,048	2.3	13.9	3.3	A	5.8
Loomis Sayles (incumbent)	496	2.4	7.6	3.0	A	5.4
Manulife	1,075	2.6	8.1	3.6	A-	6.4
TCW	1,801	1.8	8.0	2.2	AA	6.1
Voya	2,320	2.6	7.9	3.2	A	6.0
Wellington	397	2.5	9.3	2.3	A+	6.0
Western	1,793	2.9	12.2	2.6	A	7.1
Bloomberg US Agg	12,207	1.5	8.5	2.6	AA	6.6

Key observations:

- Manulife and FIAM's duration is in line with the benchmark, while WAMCO is only manager long duration.
- Loomis Sayles and Columbia are currently positioned relatively short duration
- TCW and Wellington are currently position most conservatively, with higher average quality portfolios with correspondingly lower average coupon rates.

SECTOR DISTRIBUTION

Firm	US Treasury (%)	US Gov't Agency (%)	Municipal (%)	Corporate Industrials (%)	Corporate Utilities (%)	Corporate Financials (%)	Non-Corporate (%)	Mortgage (%)	Asset Backed (%)	Non Dollar (%)	Cash Equivalents (%)
BlackRock	26	0	1	21	2	9	0	39	9	12	N/A
Columbia	0	0	0	17	3	4	0	63	16	5	N/A
FIAM	29	0	1	18	2	22	0	16	4	1	7
JP Morgan	17	0	0	22	2	11	1	38	7	0	1
Loomis Sayles (incumbent)	10	1	0	25	2	18	N/A	28	2	3	15
Manulife	17	0	0	39	2	14	0	19	8	1	0
TCW	35	0	0	9	1	7	1	36	4	7	0
Voya	11	N/A	N/A	20	4	12	0	34	16	5	N/A
Wellington	6	0	2	24	3	8	3	52	6	6	N/A
Western	13	0	0	28	1	12	12	25	3	0	6
Bloomberg US Agg	38	2	0	16	2	8	4	29	0	0	0

Key observations:

- There are significant variations in sector bets among the candidates' strategies: US Treasury allocation, for instance, ranges from 0% in Columbia portfolio to 35% in TCW.
- All strategies have a heavy allocation to Mortgages, Columbia and Wellington, however, has over half of its portfolio in the sector.

DURATION DISTRIBUTION

Firm	0 to 1 year (%)	1 to 3 years (%)	3 to 5 years (%)	5 to 7 years (%)	Over 7 years (%)
BlackRock	12	14	27	23	25
Columbia	33	15	11	28	13
FIAM	18	15	25	16	26
JP Morgan	17	18	26	14	25
Loomis Sayles (incumbent)	10	19	29	19	23
Manulife	4	13	31	26	26
TCW	7	22	30	21	20
Voya	18	16	29	10	27
Wellington	10	27	29	8	26
Western	22	14	17	18	28
Bloomberg US Agg	1	22	29	21	27

Key observations:

- Eight out of ten candidate strategies place their greatest duration bets within the 3 to 5 years time frame.
- Columbia's greatest duration allocation is to less than 1 year category, and Western's greatest duration is in over 7 years bucket (albeit in a barbell approach with short duration being its second largest holding).

QUALITY DISTRIBUTION

Firm	Government Guaranteed (%)	AAA (%)	AA (%)	A (%)	BBB (%)	BB (%)	B (%)	Below B (%)	Not Rated (%)
BlackRock	39	6	3	17	22	5	2	2	4
Columbia	16	3	5	8	25	16	7	2	18
FIAM	33	16	2	9	22	9	7	2	-1
JP Morgan	0	46	4	12	15	11	4	0	8
Loomis Sayles (incumbent)	11	32	3	10	27	14	3	0	0
Manulife	30	7	2	7	31	13	7	2	1
TCW	37	30	4	9	14	3	1	2	0
Voya	12	29	4	17	23	9	4	1	0
Wellington	0	56	2	11	23	9	3	1	-5
Western	0	44	6	16	21	7	4	2	0
Bloomberg US Agg	0	71	3	11	15	0	0	0	0

Key observations:

- Wellington has the highest allocation to AAA, with 56%, followed by JP Morgan, Loomis Sayles and TCW.
- Most of Columbia's portfolio tends to be distributed among BBB's and either Government or Not Rated securities, with only 3% in AAA-rated bonds.

VEHICLES & FEES

Manager	Vehicle	Fund Name	Expense Ratio (Revenue Sharing)	Estimated Net Effective Expense ³ (Based of 6/30/21 Assets of \$410.4 M)	Estimated Net Effective \$ Difference vs Incumbent ³
BlackRock	CIT	Fundamental Total Return	0.19% ¹	779,760	(328,320)
Columbia Threadneedle	Mutual Fund	Columbia Total Return Bond I	0.50% (0.35%)	615,600	(492,480)
Fidelity Institutional Asset Management (FIAM)	CIT	FIAM Core Plus Commingled Pool	0.25%	1,026,000	(82,080)
JP Morgan	CIT	JPMorgan Core Plus Bond	0.18%	738,720	(369,360)
Loomis Sayles (incumbent)	CIT	Loomis Sayles Core Plus Bond	0.25% ²	1,026,000	(82,080)
Manulife	CIT	Manulife Core Plus Fixed Income	0.17%	697,680	(410,400)
TCW	CIT	TCW Core Plus Fixed Income	0.22%	902,880	(205,200)
Voya	CIT	Voya Core Plus Fixed Income	0.20%	820,800	(287,280)
Wellington	CIT	Wellington Core Bond Plus	0.20%	820,800	(287,280)
Western (WAMCO)	CIT	Western Asset US Core Plus	0.25%	1,026,000	(82,080)

Key observations:

- All proposed funds represent fee savings to the City.
- Columbia, Manulife, JP Morgan and BlackRock represent the most attractive fees to the Plan.

¹ Includes other expenses capped at 0.01%.

² The City is currently invested in the Mutual Fund Y share class, with an expense ratio of 0.47% and 0.20% revenue sharing, for a net effective expense ratio of 0.27%.

³ Effective fee net of revenue sharing

PERFORMANCE DETAILS

PERFORMANCE CHARACTERISTICS

Performance characteristics vs. Bloomberg US Aggregate in \$US (after fees) over 10 yrs ending June-21
Comparison with the Mutual Fund US Fixed Core universe (Percentile Ranking) (quarterly calculations)

	Performance Statistics (10-years)									
	Return (%pa)	Std Deviation (%pa)	Tracking Error (%pa)	Information Ratio	Sharpe Ratio	Alpha (%pa)	Up Markets Capture (%)	Down Markets Capture (%)	Beta	
BlackRock	4.78	3.52	2.15	0.64	1.18	1.84	128.12	75.68	0.86	
Columbia	4.73	4.05	2.99	0.45	1.02	1.88	124.95	70.56	0.84	
FIAM	4.48	3.51	2.24	0.48	1.10	1.63	120.10	76.31	0.83	
JP Morgan	4.51	3.06	1.61	0.69	1.29	1.73	118.07	68.86	0.81	
Loomis Sayles (incumbent)	4.83	3.91	2.57	0.56	1.08	1.77	130.06	76.64	0.90	
Manulife	5.14	3.77	2.89	0.60	1.20	2.51	133.32	62.80	0.77	
TCW	4.20	3.23	1.59	0.51	1.12	1.26	112.67	76.96	0.86	
Voya	4.73	3.67	2.31	0.58	1.12	1.75	127.74	78.10	0.87	
Wellington	4.35	3.65	1.96	0.48	1.03	1.16	119.84	85.29	0.93	
Western (WAMCO)	4.91	4.24	2.71	0.56	1.02	1.56	142.04	99.77	0.98	
Bloomberg US Aggregate	3.40	3.30	N/A	N/A	0.86	N/A	N/A	N/A	N/A	

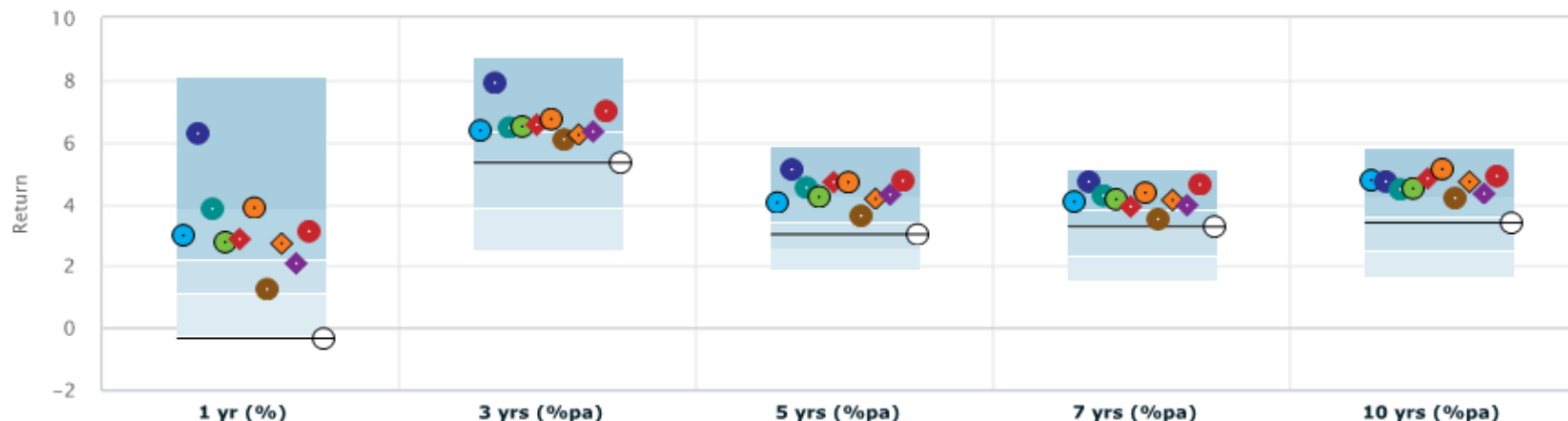


Key observations:

- All candidates have strong performance and risk-adjusted returns over the 10-year period.
- All candidates outperformed in up markets and protected in down markets, although Western did not protect as well in down markets.

ANNUALIZED PERFORMANCE

Return in \$US (after fees) over 1 yr, 3 yrs, 5 yrs, 7 yrs, 10 yrs ending June-21
Comparison with the Mutual Fund US Fixed Core universe (Percentile Ranking)

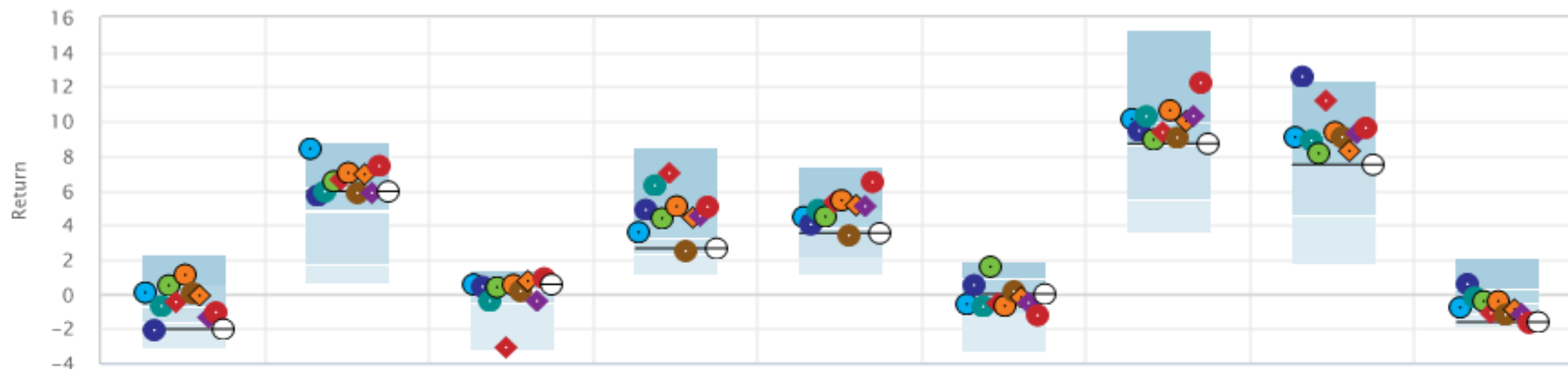


	1 yr (%)	3 yrs (%pa)	5 yrs (%pa)	7 yrs (%pa)	10 yrs (%pa)
● BlackRock	3.0 (36)	6.4 (24)	4.1 (29)	4.1 (18)	4.8 (14)
● Columbia	6.3 (8)	7.9 (8)	5.1 (11)	4.7 (8)	4.7 (14)
● FIAM	3.9 (25)	6.5 (22)	4.5 (18)	4.3 (16)	4.5 (18)
● JPM	2.8 (40)	6.5 (21)	4.2 (24)	4.2 (17)	4.5 (18)
◆ Loomis(incmb)	2.9 (38)	6.6 (20)	4.7 (16)	3.9 (22)	4.8 (13)
● Manulife	3.9 (24)	6.8 (18)	4.7 (16)	4.4 (14)	5.1 (10)
● TCW	1.3 (70)	6.1 (32)	3.6 (43)	3.5 (38)	4.2 (26)
◆ Voya	2.7 (40)	6.2 (27)	4.2 (26)	4.1 (17)	4.7 (15)
◆ Wellington	2.1 (53)	6.3 (25)	4.3 (22)	4.0 (20)	4.3 (22)
● WAMCO	3.1 (34)	7.0 (16)	4.8 (15)	4.6 (10)	4.9 (12)
⊖ BLMBG US AGG	-0.3 (95)	5.3 (52)	3.0 (63)	3.3 (49)	3.4 (59)
5th Percentile	8.1	8.7	5.8	5.1	5.8
Upper Quartile	3.8	6.3	4.2	3.8	4.2
Median	2.2	5.4	3.4	3.2	3.6
Lower Quartile	1.1	3.9	2.5	2.3	2.5
95th Percentile	-0.3	2.5	1.9	1.6	1.6
Number	483	436	381	342	302

- All managers have delivered value-add relative to the benchmark and peer group median over trailing periods.
- Over long periods of time, there is tight dispersion, with top performers being those managers with higher risk/return profiles. Conversely, more conservative managers performed modestly lower.

CALENDAR YEAR PERFORMANCE

Return in \$US (after fees) over last 9 calendar years ending June-21
Comparison with the Mutual Fund US Fixed Core universe (Percentile Ranking)

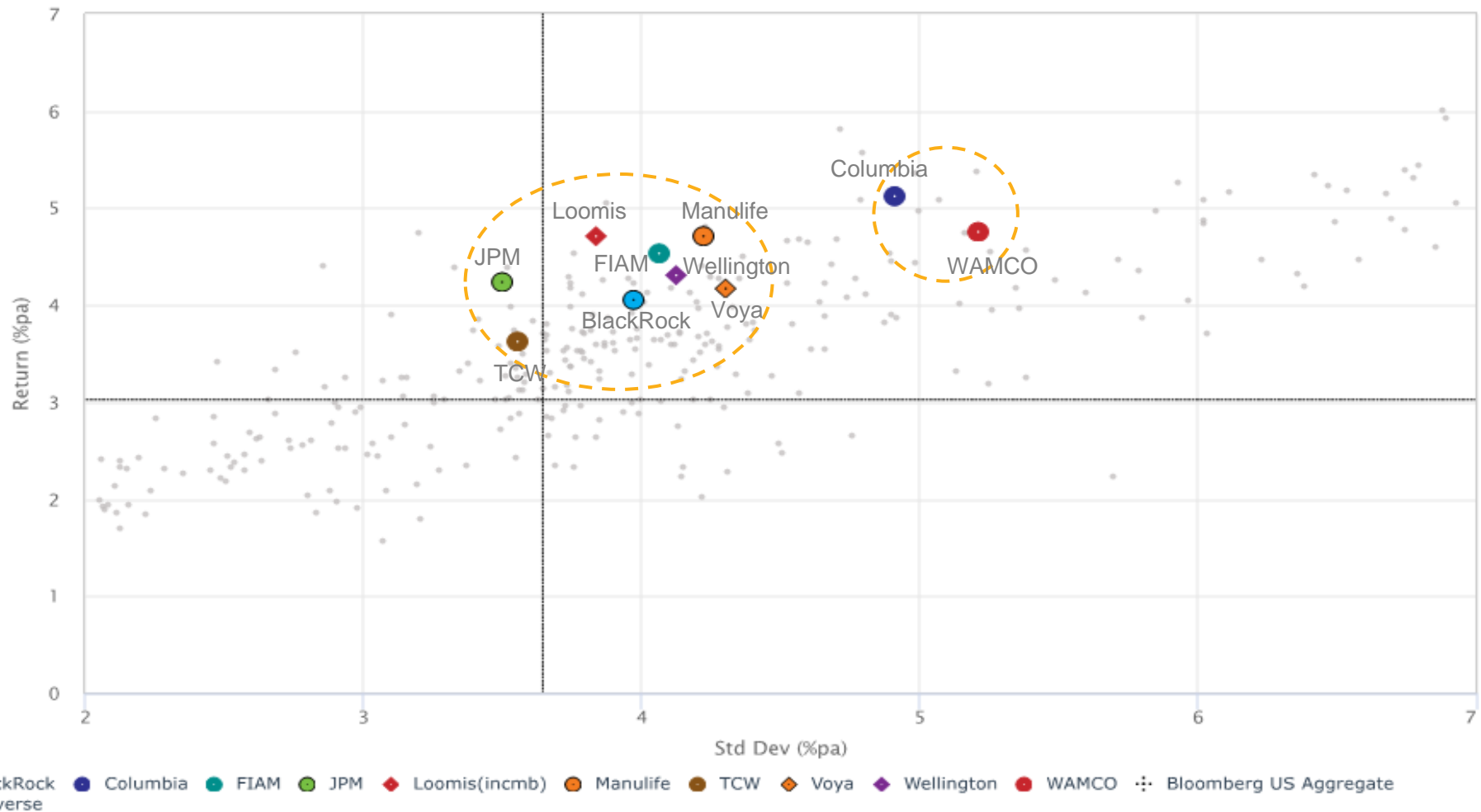


	2013 (%)	2014 (%)	2015 (%)	2016 (%)	2017 (%)	2018 (%)	2019 (%)	2020 (%)	6 mths to 6/2021 (%)
● BlackRock	0.1(35)	8.4(7)	0.6(28)	3.6(44)	4.5(31)	-0.6(59)	10.1(23)	9.1(26)	-0.8(58)
● Columbia	-2.1(82)	5.7(38)	0.4(35)	4.9(25)	4.0(42)	0.5(34)	9.5(35)	12.6(5)	0.6(16)
● FIAM	-0.7(49)	5.9(28)	-0.4(71)	6.3(14)	4.9(25)	-0.7(63)	10.3(22)	8.9(29)	-0.2(40)
● JPM	0.5(25)	6.5(19)	0.4(38)	4.4(30)	4.5(31)	1.6(8)	9.0(44)	8.2(39)	-0.4(45)
◆ Loomis(incmb)	-0.4(46)	6.6(18)	-3.1(94)	7.0(10)	5.3(19)	-0.5(57)	9.4(37)	11.2(8)	-1.1(70)
● Manulife	1.1(14)	7.0(15)	0.6(28)	5.1(22)	5.4(19)	-0.7(62)	10.6(19)	9.4(22)	-0.4(45)
● TCW	0.1(35)	5.9(32)	0.2(51)	2.5(68)	3.4(57)	0.2(39)	9.1(43)	9.1(26)	-1.2(75)
◆ Voya	-0.1(39)	6.9(15)	0.8(18)	4.4(30)	5.2(21)	-0.2(46)	10.0(24)	8.3(37)	-0.9(62)
◆ Wellington	-1.3(65)	5.9(31)	-0.4(71)	4.5(28)	5.1(22)	-0.5(56)	10.3(22)	9.3(23)	-1.1(73)
● WAMCO	-1.0(58)	7.4(12)	0.9(12)	5.1(23)	6.5(10)	-1.2(77)	12.2(13)	9.6(19)	-1.6(89)
○ BLMBG US AGG	-2.0(81)	6.0(28)	0.6(28)	2.7(64)	3.5(54)	0.0(43)	8.7(48)	7.5(49)	-1.6(89)
5th Percentile	2.2	8.8	1.3	8.4	7.3	1.8	15.3	12.3	2.0
Upper Quartile	0.5	6.2	0.6	4.8	4.9	0.9	9.9	9.2	0.3
Median	-0.7	4.8	0.2	3.2	3.8	-0.3	8.6	7.5	-0.6
Lower Quartile	-1.7	1.7	-0.6	2.3	2.2	-1.1	5.4	4.5	-1.2
95th Percentile	-3.1	0.6	-3.3	1.1	1.1	-3.3	3.6	1.8	-1.9
Number	325	339	355	370	392	419	459	477	506

- During the 2013 drawdown and subsequent rebound in 2014, JP Morgan and Manulife ranked in the top quartile during both years.
- Many of the managers struggled in 2018 with only JP Morgan, Columbia and TCW having positive performance.

RISK / RETURN – 5-YEAR PERIOD (6/30/21)

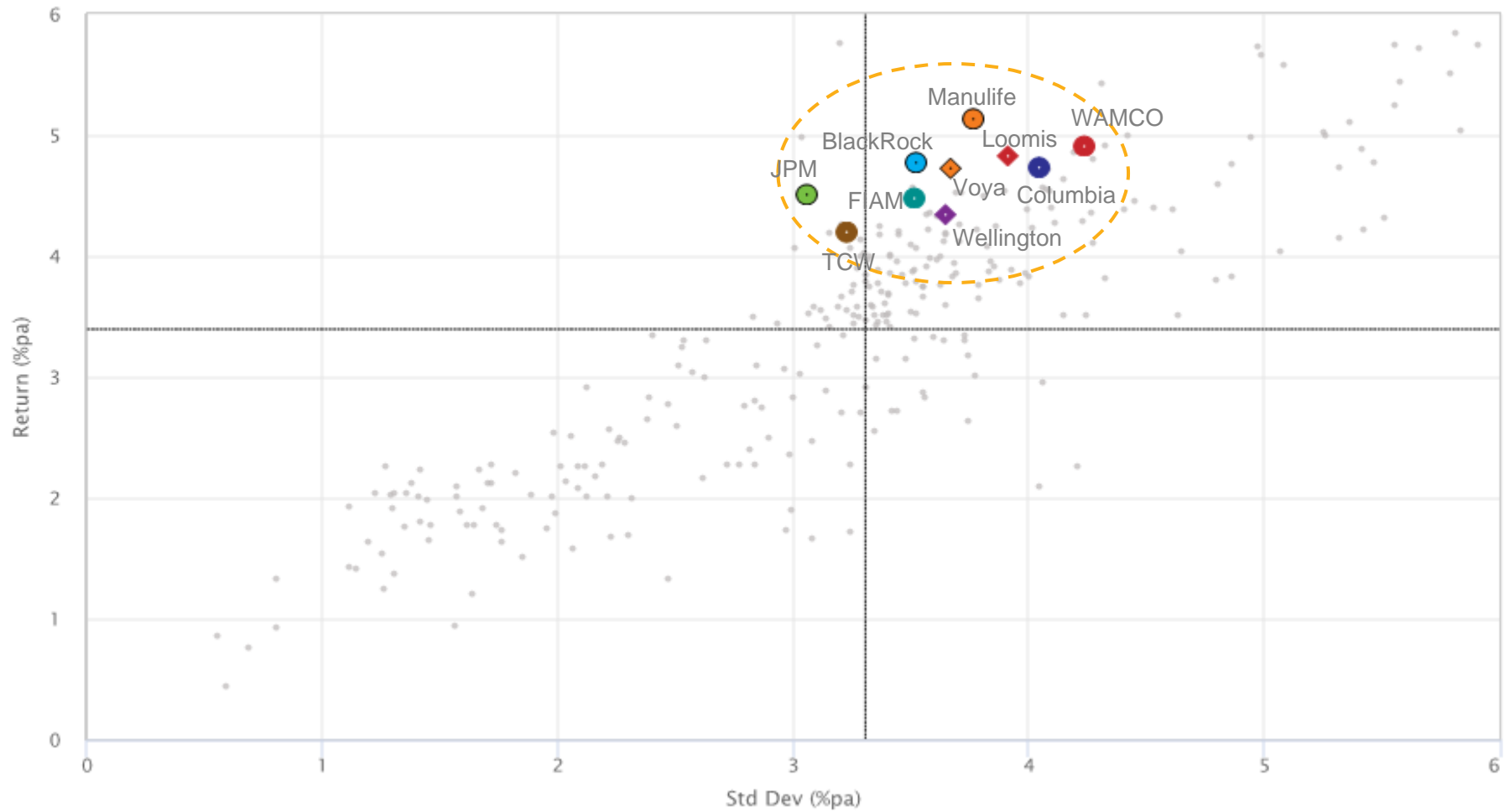
Return and Std Deviation in \$US (after fees) over 5 yrs ending June-21
 Comparison with the Mutual Fund US Fixed Core universe (quarterly calculations)



- The majority of candidates have a similar risk/return profile over the 5-year period.
- Loomis Sayles has attractive performance with lower volatility than most managers.
- JP Morgan and TCW represent the lowest volatility options, with returns in line with peers.

RISK / RETURN – 10-YEAR PERIOD (6/30/21)

Return and Std Deviation in \$US (after fees) over 10 yrs ending June-21
 Comparison with the Mutual Fund US Fixed Core universe (quarterly calculations)

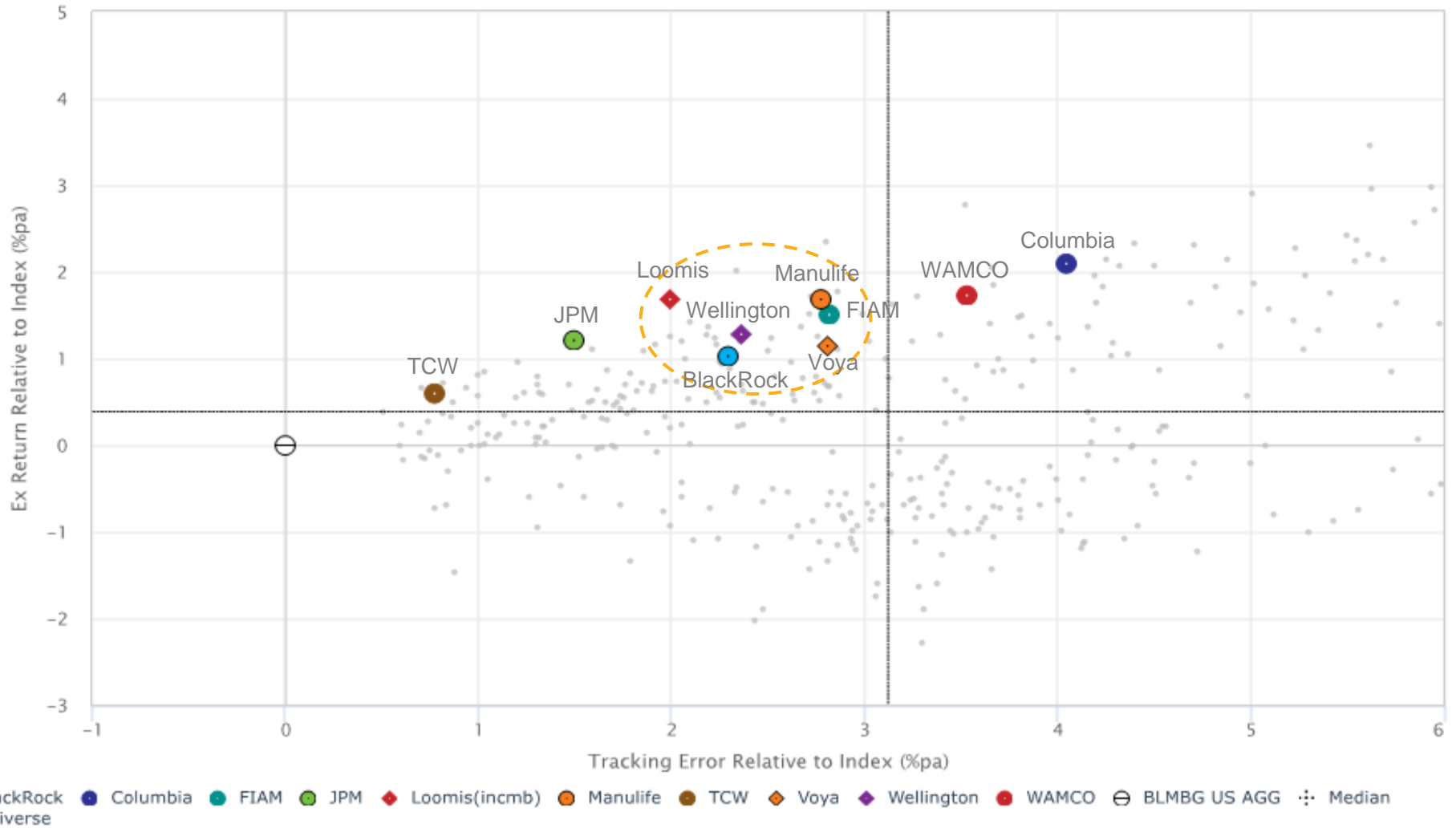


● BlackRock
 ● Columbia
 ● FIAM
 ● JPM
 ◆ Loomis(incmb)
 ● Manulife
 ● TCW
 ◆ Voya
 ◆ Wellington
 ● WAMCO
 ⋯ Bloomberg US Aggregate
 ● Universe

- Many of the candidates show a similar risk/return profile over the long-term, with JP Morgan and TCW continuing to be the lowest volatility options.
- Annualized performance is similar between all candidates, with all managers outperforming the benchmark.

TRACKING ERROR / EXCESS RETURN (5-YR)

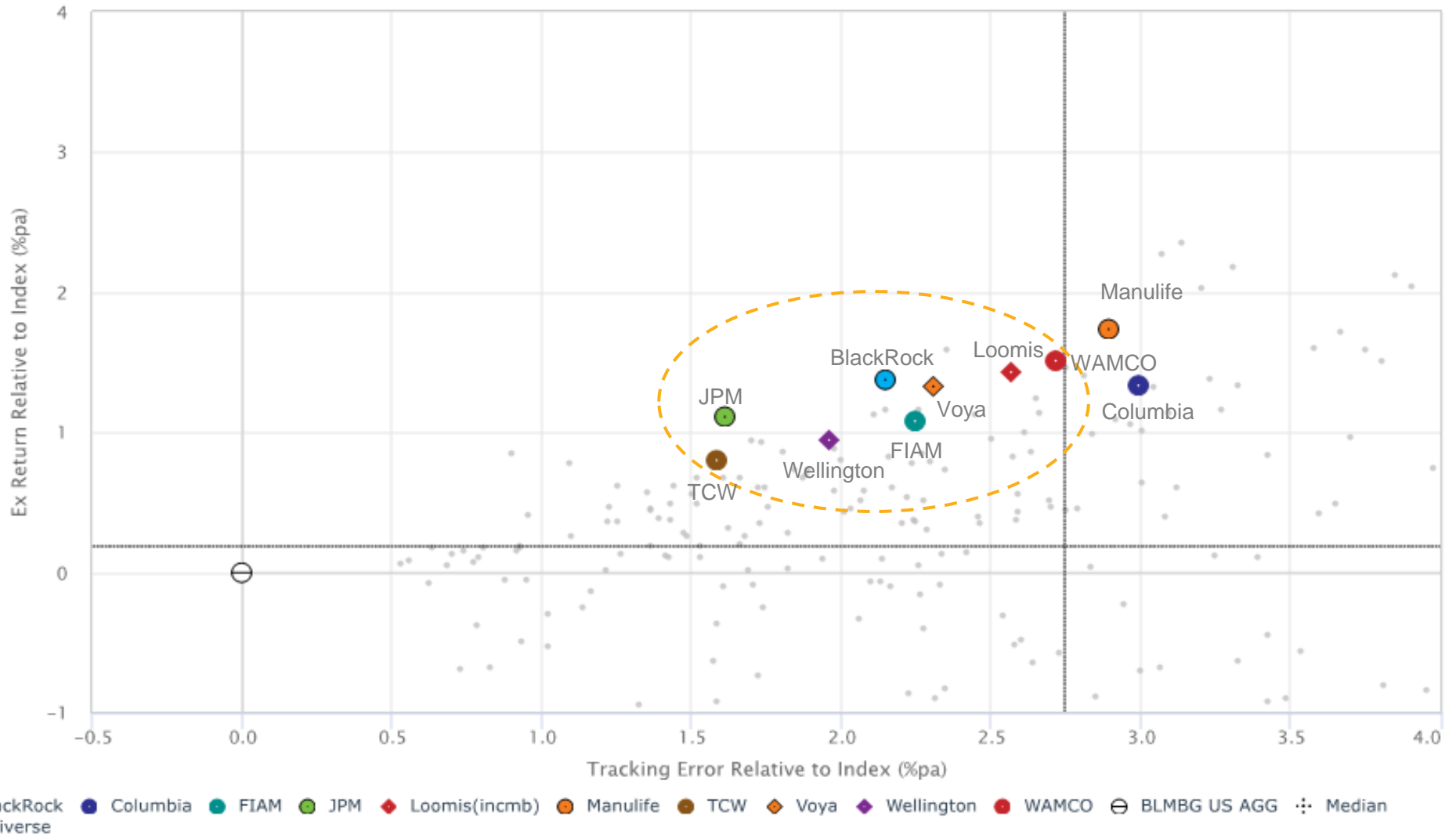
Excess Return and Tracking Error vs. Bloomberg US Aggregate in \$US (after fees) over 5 yrs ending June-21
Comparison with the Mutual Fund US Fixed Core universe (quarterly calculations)



- Loomis Sayles exhibits strong excess performance, with less tracking error than the majority of candidates.
- TCW shows the lowest excess performance of managers analyzed, however, closely tracks the benchmark.
- All managers had stronger excess returns than the universe median, with only WAMCO and Columbia also having higher tracking error than the median.

TRACKING ERROR / EXCESS RETURN (10-YR)

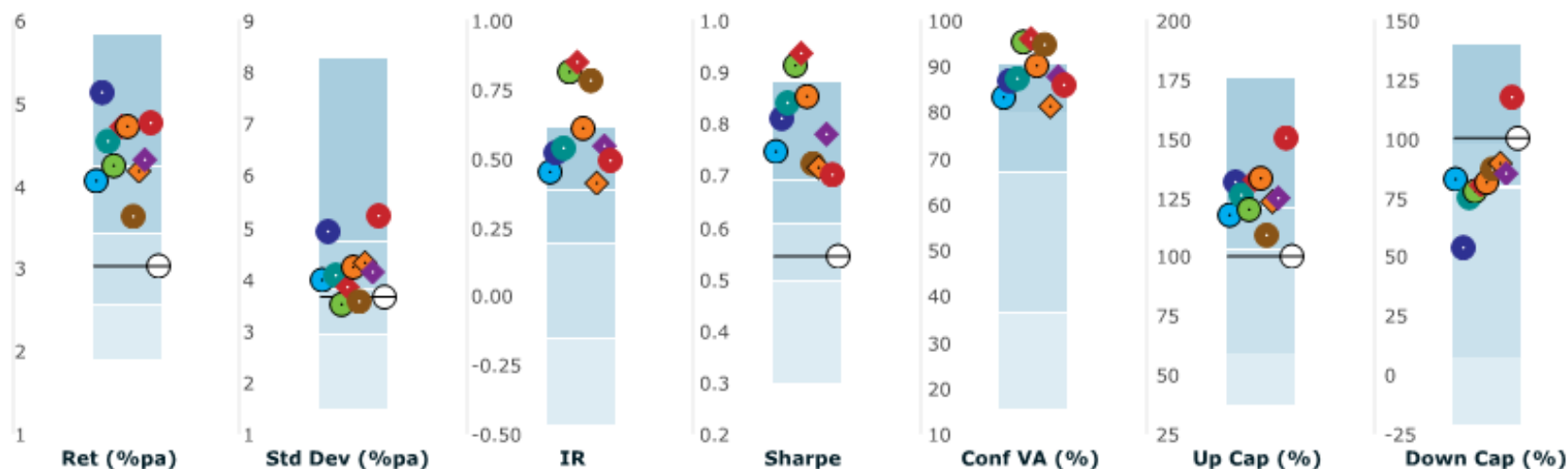
Excess Return and Tracking Error vs. Bloomberg US Aggregate in \$US (after fees) over 10 yrs ending June-21
Comparison with the Mutual Fund US Fixed Core universe (quarterly calculations)



- All managers have higher excess return than the universe median over the 10-year period, with similar excess return values.
- Manulife and Columbia continued to exhibit higher tracking error than the median.

RISK STATISTICS – 5 YEAR (6/30/2021)

Performance characteristics vs. Bloomberg US Aggregate in \$US (after fees) over 5 yrs ending June-21
Comparison with the Mutual Fund US Fixed Core universe (Percentile Ranking) (quarterly calculations)



	Ret (%pa)	Std Dev (%pa)	IR	Sharpe	Conf VA (%)	Up Cap (%)	Down Cap (%)
● BlackRock	4.1 (29)	4.0(44)	0.4(18)	0.7 (15)	83.2 (19)	117.5 (27)	82.7(46)
● Columbia	5.1 (11)	4.9(22)	0.5(10)	0.8(9)	86.8 (12)	131.4 (16)	53.7(60)
● FIAM	4.5 (18)	4.1(41)	0.5(9)	0.8(6)	87.2 (10)	125.9 (19)	74.9(52)
● JPM	4.2 (24)	3.5(65)	0.8(1)	0.9(3)	95.2 (1)	119.8 (26)	77.6(51)
◆ Loomis(incmb)	4.7 (16)	3.8(48)	0.8(1)	0.9(3)	95.9 (1)	132.5 (16)	80.2(48)
● Manulife	4.7 (16)	4.2(35)	0.6(5)	0.9(6)	90.1 (5)	133.0 (15)	81.3(47)
● TCW	3.6(43)	3.6(62)	0.8(2)	0.7 (19)	94.6 (2)	108.9 (42)	87.0(41)
◆ Voya	4.2 (26)	4.3(32)	0.4(21)	0.7(20)	81.2 (21)	123.2 (21)	89.4(37)
◆ Wellington	4.3 (22)	4.1(40)	0.5(9)	0.8(11)	87.7 (9)	124.7 (20)	85.1(43)
● WAMCO	4.8 (15)	5.2(20)	0.5(14)	0.7(23)	85.9 (13)	150.2 (12)	117.3(11)
⊖ BLMBG US AGG	3.0(63)	3.6(59)	-	0.5(66)	-	100.0(54)	100.0(21)
5th Percentile	5.8	8.2	0.6	0.9	90.2	174.9	139.2
Upper Quartile	4.2	4.7	0.4	0.7	79.9	120.2	97.5
Median	3.4	3.8	0.2	0.6	66.8	103.1	79.2
Lower Quartile	2.5	2.9	-0.2	0.5	36.2	58.9	7.3
95th Percentile	1.9	1.5	-0.5	0.3	15.5	37.0	-21.4
Number	381	381	381	381	381	381	381

- Strong up market capture by all managers, with the best down market capture shown by Columbia.
- 5-year returns in the top quartile by seven out of ten candidates and the greatest confidence value (top 1%) for both JP Morgan and Loomis Sayles.

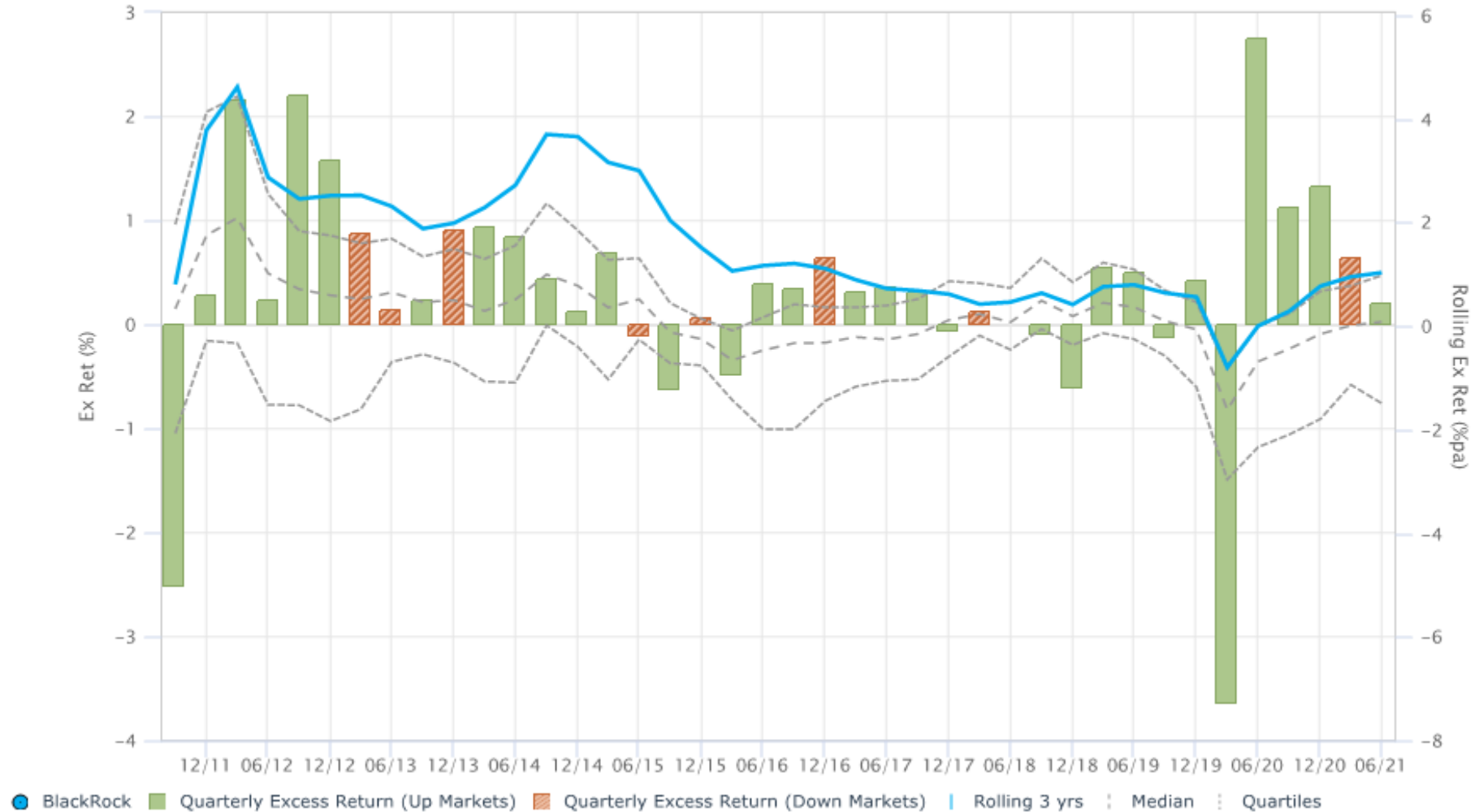
The risk free rate used for these calculations is the US 3 month T-Bill

QUARTERLY EXCESS RETURN

BlackRock - Fundamental Total Return

Quarterly Excess Return vs. Bloomberg US Aggregate with rolling 3 yr line in \$US (after fees) over 10 yrs ending June-21

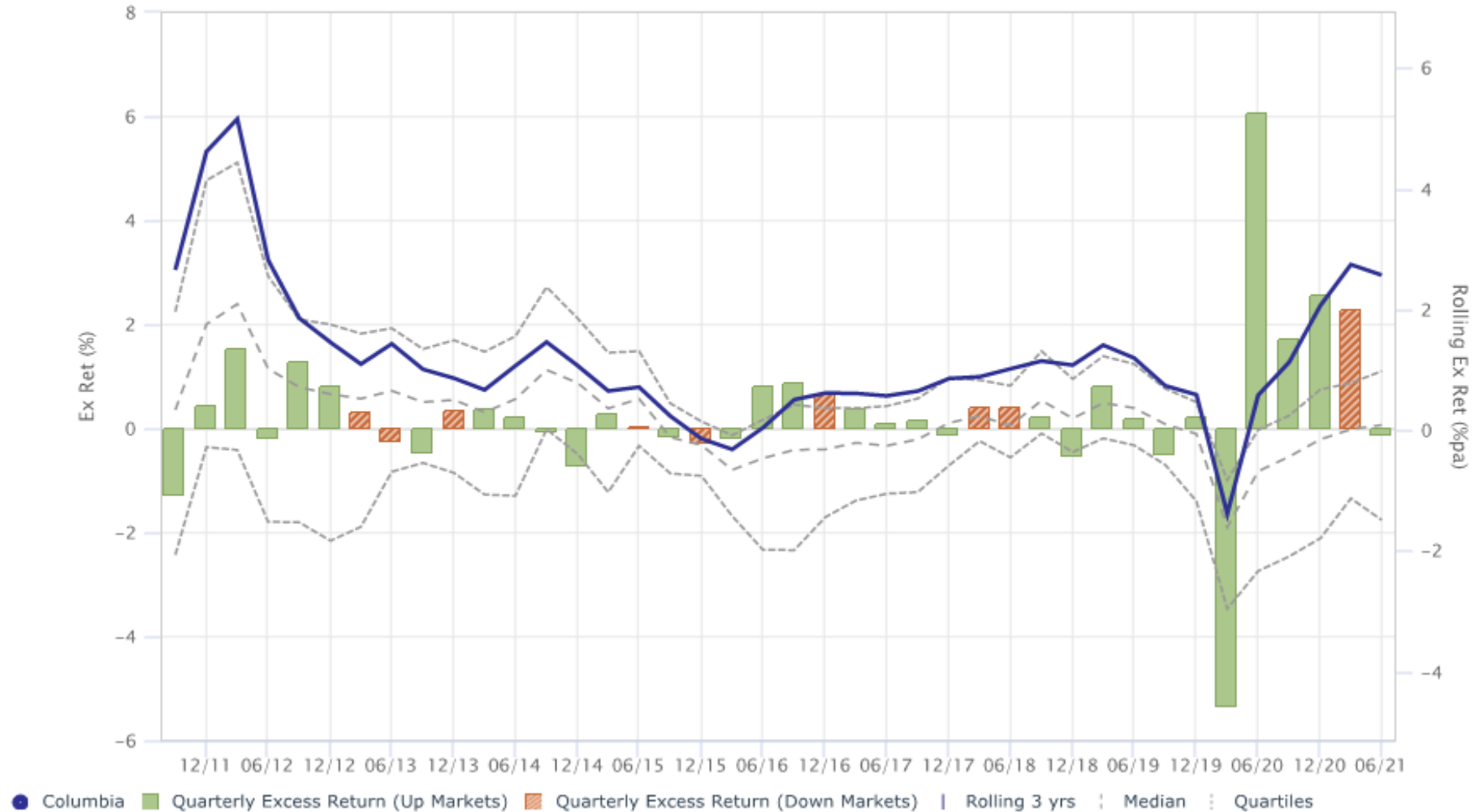
Comparison with the Mutual Fund US Fixed Core universe



QUARTERLY EXCESS RETURN

Columbia Core Plus Fixed Income

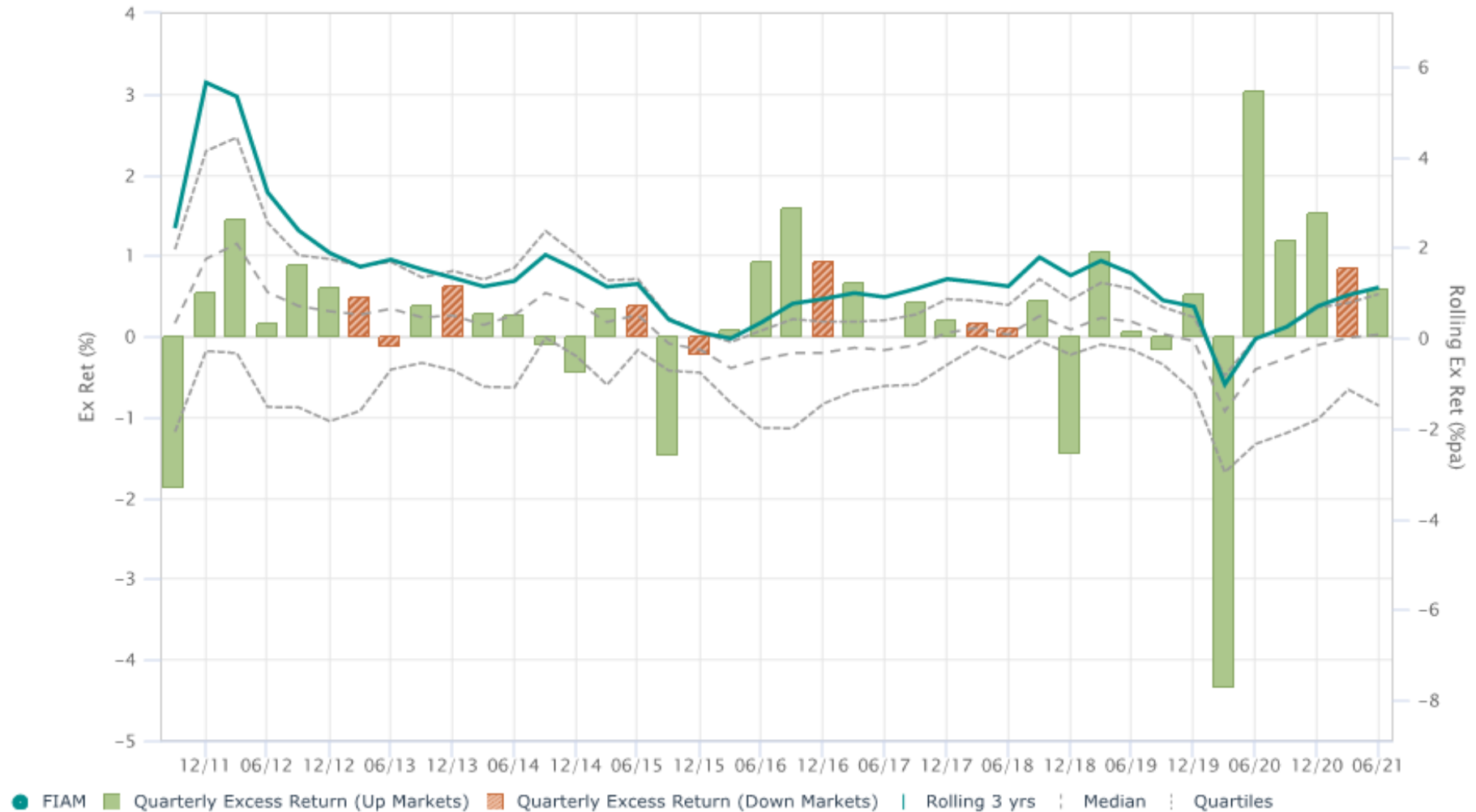
Quarterly Excess Return vs. Bloomberg US Aggregate with rolling 3 yr line in \$US (after fees) over 10 yrs ending June-21
Comparison with the Mutual Fund US Fixed Core universe



QUARTERLY EXCESS RETURN

FIAM Core Plus Commingled Pool Class F

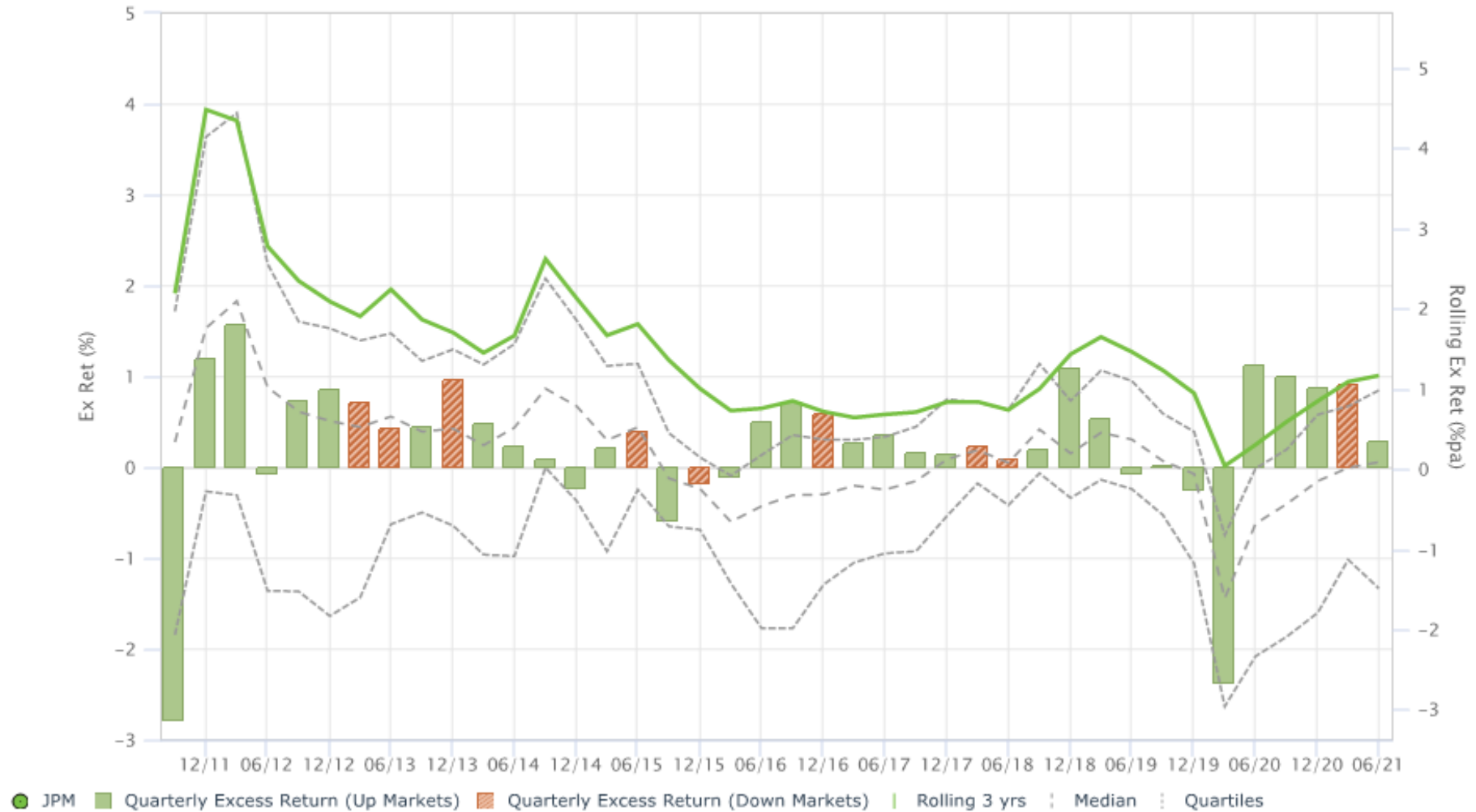
Quarterly Excess Return vs. Bloomberg US Aggregate with rolling 3 yr line in \$US (after fees) over 10 yrs ending June-21
Comparison with the Mutual Fund US Fixed Core universe



QUARTERLY EXCESS RETURN

JPM Core Plus Bond

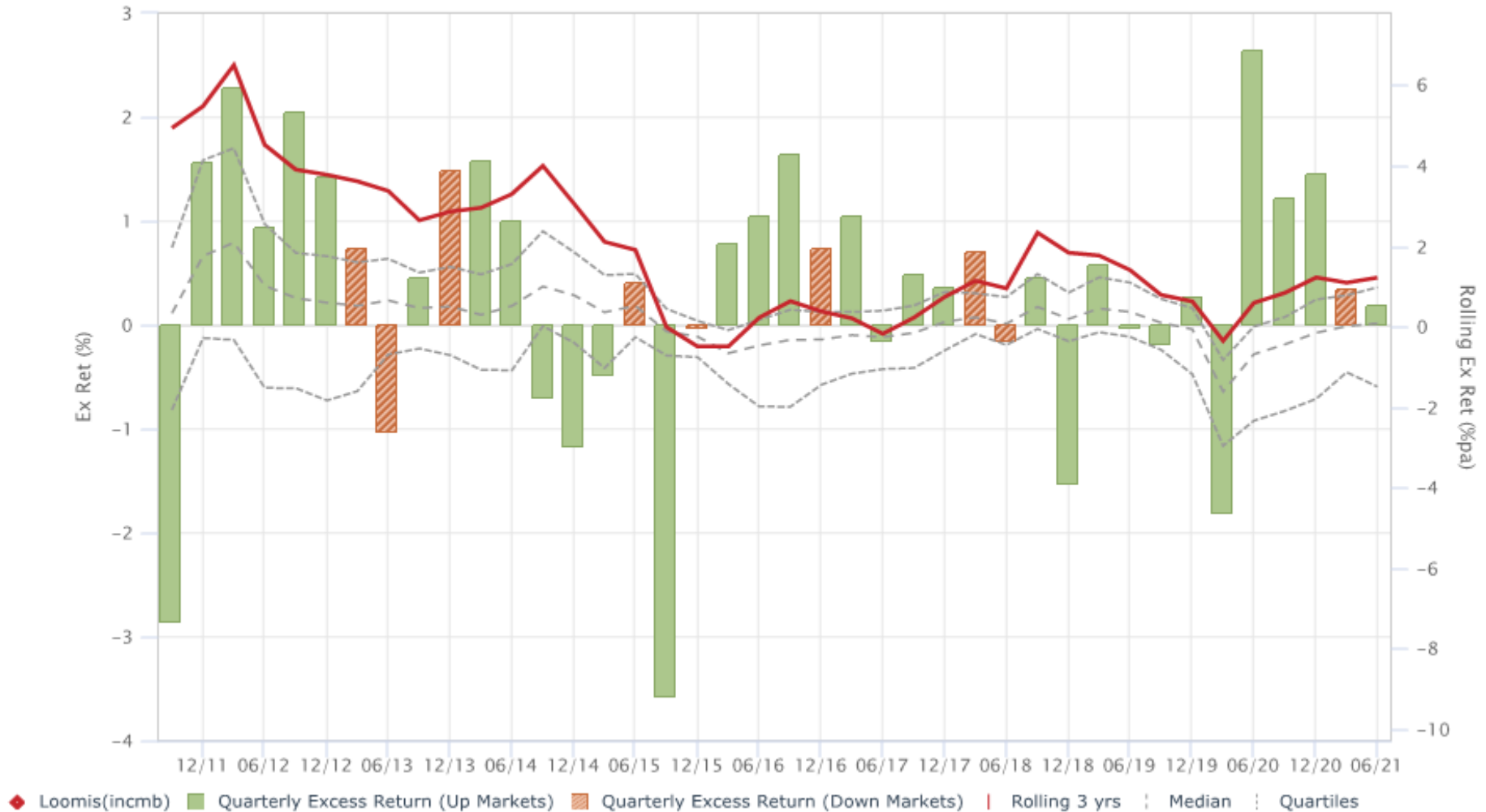
Quarterly Excess Return vs. Bloomberg US Aggregate with rolling 3 yr line in \$US (after fees) over 10 yrs ending June-21
 Comparison with the Mutual Fund US Fixed Core universe



QUARTERLY EXCESS RETURN

Loomis - Core Plus Bond

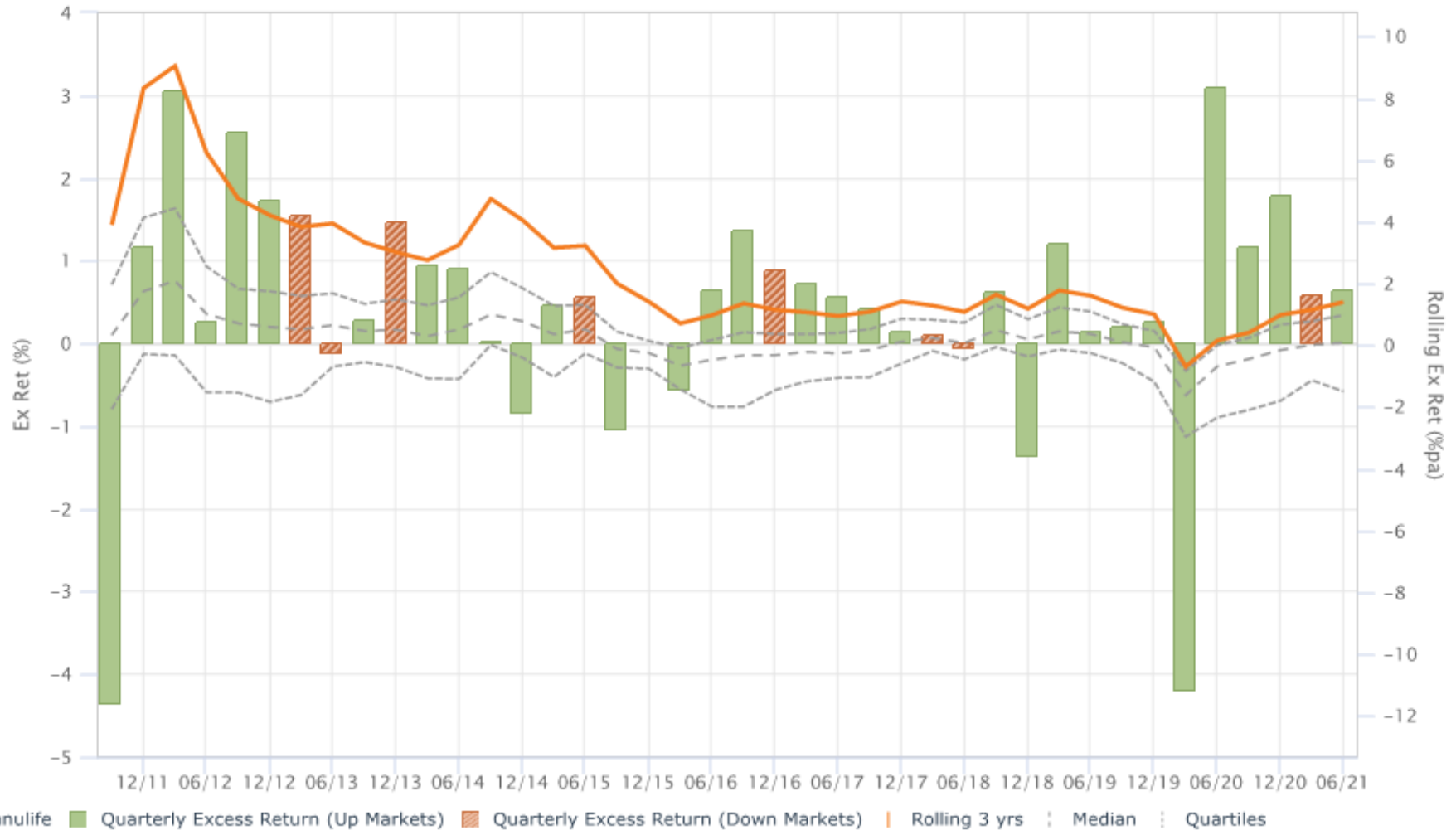
Quarterly Excess Return vs. Bloomberg US Aggregate with rolling 3 yr line in \$US (after fees) over 10 yrs ending June-21
Comparison with the Mutual Fund US Fixed Core universe



QUARTERLY EXCESS RETURN

Manulife Core Plus Fixed Income

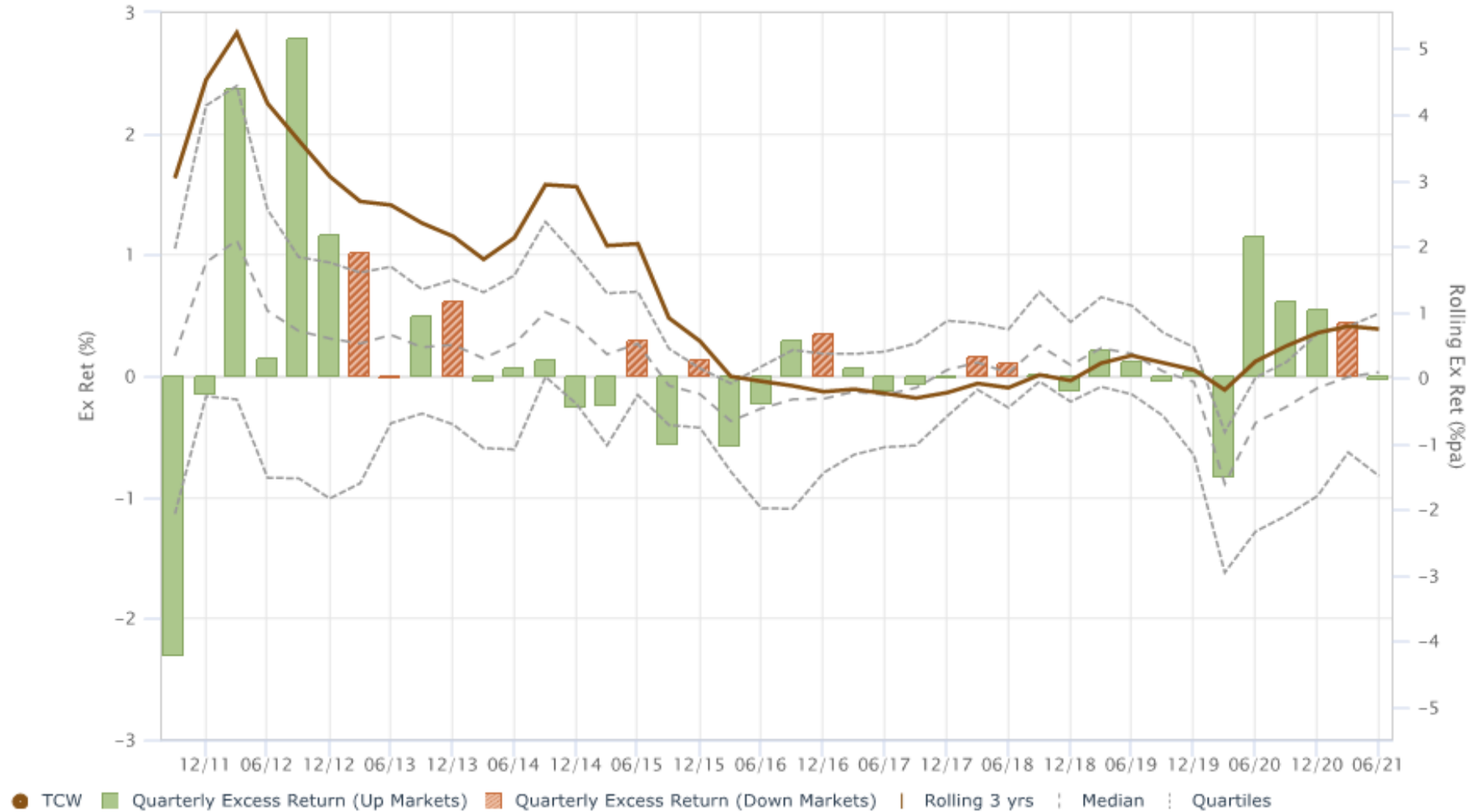
Quarterly Excess Return vs. Bloomberg US Aggregate with rolling 3 yr line in \$US (after fees) over 10 yrs ending June-21
 Comparison with the Mutual Fund US Fixed Core universe



QUARTERLY EXCESS RETURN

TCW Core Plus Fixed Income

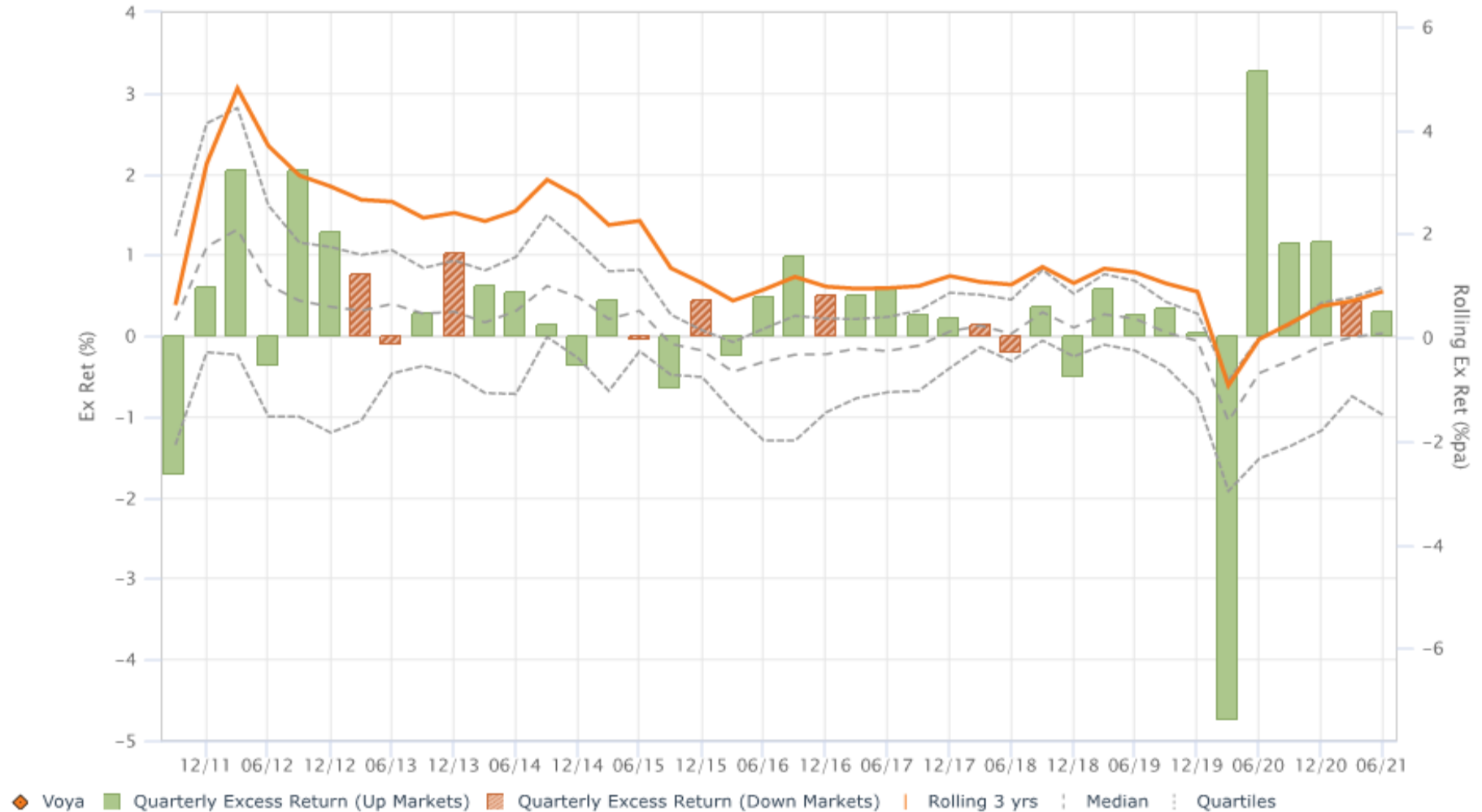
Quarterly Excess Return vs. Bloomberg US Aggregate with rolling 3 yr line in \$US (after fees) over 10 yrs ending June-21
Comparison with the Mutual Fund US Fixed Core universe



QUARTERLY EXCESS RETURN

Voya Core Plus Fixed Income

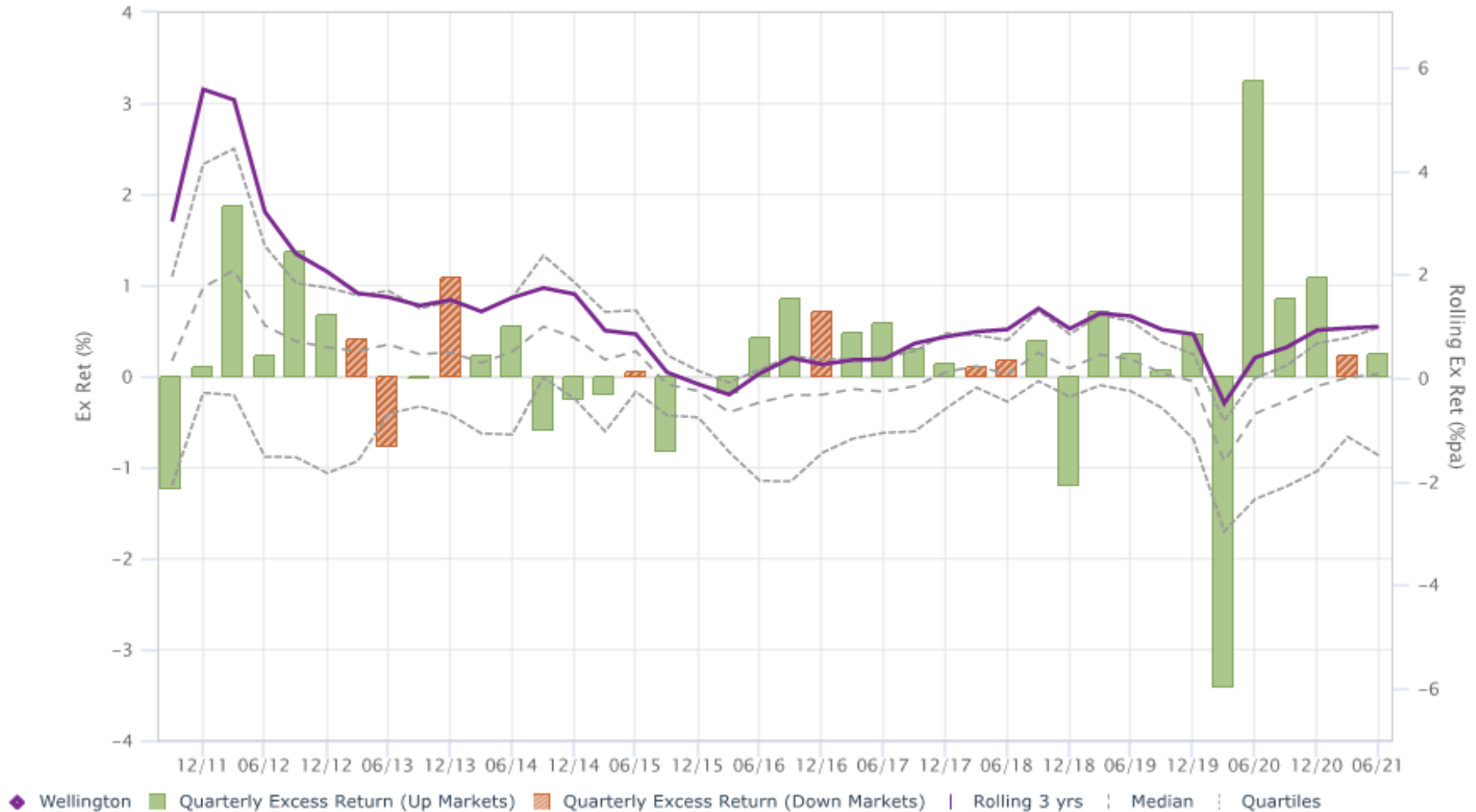
Quarterly Excess Return vs. Bloomberg US Aggregate with rolling 3 yr line in \$US (after fees) over 10 yrs ending June-21
 Comparison with the Mutual Fund US Fixed Core universe



QUARTERLY EXCESS RETURN

Wellington - Core Bond Plus

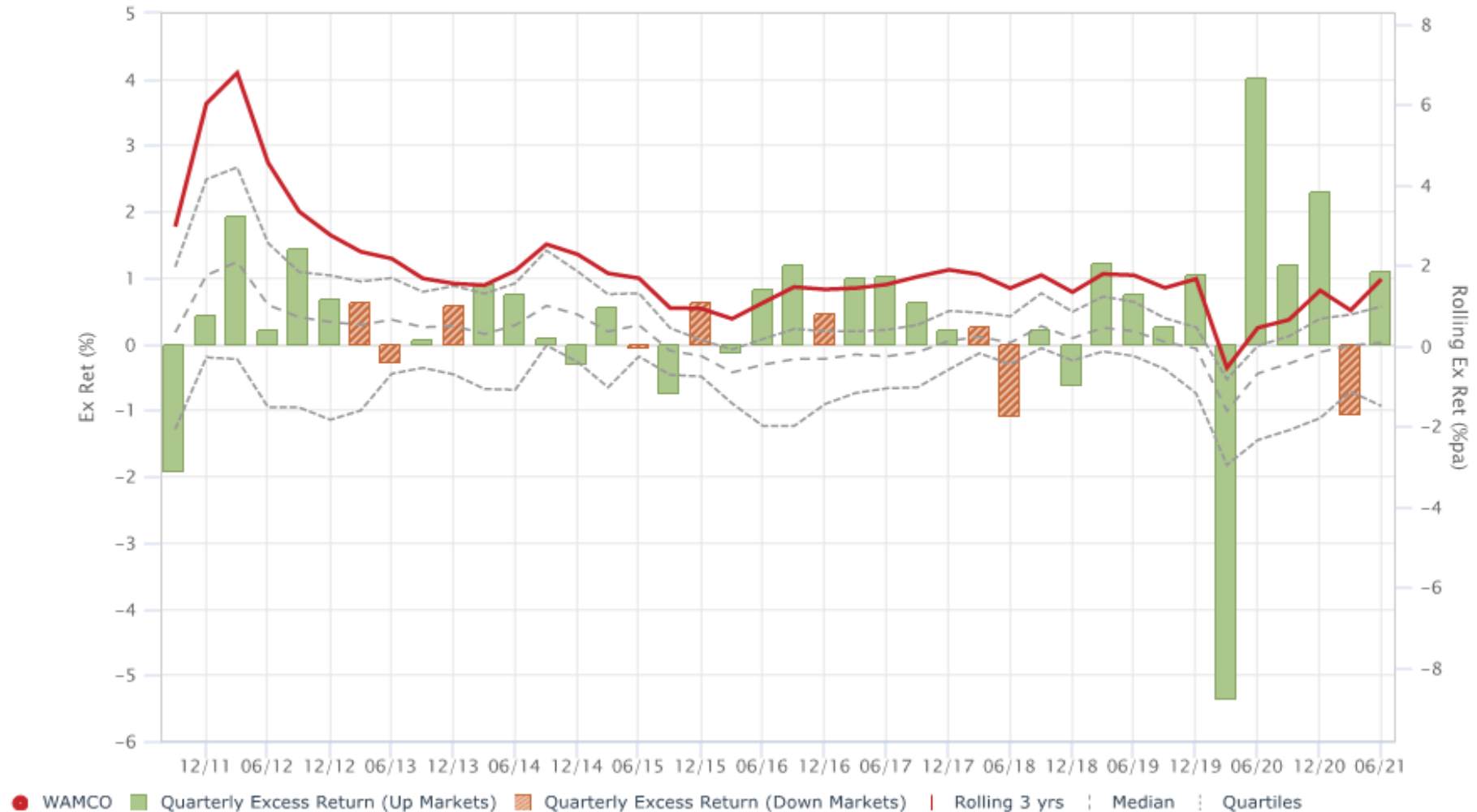
Quarterly Excess Return vs. Bloomberg US Aggregate with rolling 3 yr line in \$US (after fees) over 10 yrs ending June-21
 Comparison with the Mutual Fund US Fixed Core universe



QUARTERLY EXCESS RETURN

Western Asset US Core Plus

Quarterly Excess Return vs. Bloomberg US Aggregate with rolling 3 yr line in \$US (after fees) over 10 yrs ending June-21
Comparison with the Mutual Fund US Fixed Core universe



ROLLING 3-YEAR PERFORMANCE RANKINGS

Rolling 3 yr performance characteristics vs. Bloomberg US Aggregate in \$US (after fees) over 10 yrs ending June-21
Comparison with the Mutual Fund US Fixed Core universe (quarterly calculations)

Name	1st Quartile		2nd Quartile		3rd Quartile		4th Quartile		Average Percentile Rank	Outperform	
	No.	%	No.	%	No.	%	No.	%		No.	%
Mutual Fund US Fixed Core Universe - Bloomberg US Aggregate Index											
Products											
BlackRock - Fundamental Total Return	29	72.5	11	27.5	0	0.0	0	0.0	20	39	98
Columbia Core Plus Fixed Income	22	55.0	18	45.0	0	0.0	0	0.0	26	37	93
FIAM Core Plus Commingled Pool	28	70.0	12	30.0	0	0.0	0	0.0	22	38	95
JPM Core Plus Bond	36	90.0	4	10.0	0	0.0	0	0.0	18	40	100
Loomis - Core Plus Bond	33	82.5	6	15.0	1	2.5	0	0.0	19	35	88
Manulife Core Plus Fixed Income	40	100.0	0	0.0	0	0.0	0	0.0	11	39	98
TCW Core Plus Fixed Income	24	60.0	8	20.0	8	20.0	0	0.0	30	29	73
Voya Core Plus Fixed Income	33	82.5	7	17.5	0	0.0	0	0.0	18	38	95
Wellington - Core Bond Plus	24	60.0	16	40.0	0	0.0	0	0.0	24	37	93
Western Asset US Core Plus	40	100.0	0	0.0	0	0.0	0	0.0	14	39	98
Benchmark											
Bloomberg US Aggregate	2	5.0	12	30.0	25	62.5	1	2.5	53	40	0

- Manulife and WAMCO have ranked in the top quartile on a rolling 3-year basis every quarter over the last 10 years.

The benchmark result for Number Outperform represents the total number of observations in the period.

QUARTERLY UP / DOWN MARKET ANALYSIS

Performance characteristics vs. Bloomberg US Aggregate in \$US (after fees) over 10 yrs ending June-21
Comparison with the Mutual Fund US Fixed Core universe (quarterly calculations)

Name	Up Markets			Down Markets			All Markets				
	Outperform		Excess (Av) (%pq)	Outperform		Excess (Av) (%pq)	Outperform		Excess (Av) (%pq)	Outperform (Av) (%pq)	Underperform (Av) (%pq)
	No.	%		No.	%		No.	%			
Mutual Fund US Fixed Core Universe - Bloomberg US Aggregate Index											
Products											
BlackRock - Fundamental Total Return	23	74	0.3	7	78	0.4	30	75	0.3	0.7	-0.8
Columbia Core Plus Fixed Income	19	61	0.3	7	78	0.4	26	65	0.3	0.9	-0.7
FIAM Core Plus Commingled Pool Class F	24	77	0.2	7	78	0.4	31	78	0.3	0.7	-1.1
JPM Core Plus Bond	23	74	0.2	8	89	0.5	31	78	0.3	0.6	-0.7
Loomis - Core Plus Bond	21	68	0.4	6	67	0.4	27	68	0.4	1.0	-1.1
Manulife Core Plus Fixed Income	25	81	0.4	7	78	0.6	32	80	0.4	0.9	-1.6
TCW Core Plus Fixed Income	16	52	0.2	8	89	0.3	24	60	0.2	0.6	-0.3
Voya Core Plus Fixed Income	24	77	0.3	6	67	0.3	30	75	0.3	0.7	-0.9
Wellington - Core Bond Plus	22	71	0.2	7	78	0.2	29	73	0.2	0.6	-0.8
Western Asset US Core Plus	25	81	0.5	5	56	0.0	30	75	0.4	0.9	-1.2
Benchmark											
Bloomberg US Aggregate	31	0	0.0	9	0	0.0	40	0	0.0	na	na
Group Statistics											
Upper Quartile	22	71	0.2	8	89	1.3	27	68	0.2	1.2	-0.7
Median	17	55	0.0	7	78	0.3	23	58	0.0	0.9	-1.1
Lower Quartile	9	29	-0.6	5	56	0.1	17	43	-0.2	0.6	-1.4
Number	302	302	302	302	302	302	302	302	302	302	302

The benchmark results represent the total number of up markets, down markets and observations in the period.

CORRELATION

Correlation of Returns in \$US (after fees) over 10 yrs ending June-21 (quarterly calculations)

	BlackRock	Columbia	FIAM	JPM	Loomis (incmb)	Manulife	TCW	Voya	Wellington	WAMCO	BLMBG US AGG
BlackRock		0.91	0.95	0.94	0.90	0.96	0.93	0.98	0.97	0.96	0.80
Columbia			0.94	0.84	0.81	0.88	0.78	0.94	0.93	0.92	0.69
FIAM				0.92	0.92	0.94	0.86	0.97	0.98	0.97	0.78
JPM					0.89	0.90	0.93	0.93	0.93	0.91	0.87
Loomis (incmb)						0.92	0.88	0.89	0.92	0.88	0.76
Manulife							0.88	0.95	0.93	0.94	0.67
TCW								0.90	0.92	0.85	0.88
Voya									0.98	0.98	0.79
Wellington										0.96	0.85
WAMCO											0.77
BLMBG US AGG											

Notes:

Correlation is shown in the right hand side of the table.

The information contained within the exhibit was derived by Mercer using content supplied by Lipper, a Thomson Reuters Company.

APPENDIX

NOTES TO PERFORMANCE

- **Blackrock** : Composite performance net of 0.37% fee.
- **Columbia** : Composite performance net of 0.38% fee.
- **FIAM** : Net performance series provided by manager.
- **JPM** : Composite performance net of 0.25% fee.
- **Loomis (incumbent)** : Composite performance net of 0.26% fee.
- **Manulife** : Composite performance net of 0.23% fee.
- **TCW** : Composite performance net of 0.44% fee.
- **Voya** : Composite performance net of 0.21% fee.
- **Wellington** : Composite performance net of 0.30% fee.
- **WAMCO** : Composite performance net of 0.25% fee.

MINIMUM QUALIFICATIONS

- The minimum qualifications outlined in section 2.2 of the RFP for the Active Core Plus Bond mandate are included below:
 - Investment style consistent with an active core plus bond manager investing in intermediate duration bonds and categorized in Mercer GIMD or other commercially available database as a core plus bond strategy
 - In alignment with the foregoing, while investments will primarily be in investment-grade securities, non-US dollar exposure should be limited to 30%, emerging market debt exposure should be limited to no more than 25%, and high yield exposure should be limited to no more than 30% of the overall portfolio.
 - Stated benchmark of the strategy will be the Bloomberg US Aggregate Bond Index
 - Strategy track record of 7 years or longer
 - Risk-adjusted net performance (as measured by Sharpe ratio and/or Information Ratio) better than median over trailing 7-year period ending most recent quarter
 - Minimum assets under management in strategy of \$10.0 billion
 - Investment expense, after all rebates, equal to or less than 0.35%

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Fund company websites:

www.blackrock.com/investing

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