



Investments Committee Report 21-04

Investments
Committee

Raymond Ciranna
Chairperson

Joshua Geller

Neil Guglielmo

Date: August 23, 2021

To: Investments Committee

From: Staff

Subject: Search Process for DCP Actively Managed Mandates:

- Active Core Plus Bond
- Active Mid-Cap Growth Equity
- Active Small-Cap Value Equity
- Active Small-Cap Growth Equity

Recommendation:

That the Investments Committee approve a refined number of candidate strategies for the Deferred Compensation Plan (DCP) Active Core Plus Bond, Active Mid-Cap Growth Equity, Active Small-Cap Value Equity, and Active Small-Cap Growth Equity investment mandates.

Discussion:

A. Background

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

- 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 Investments Committee (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 Investments 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 Investments 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 Phase 1 review Mercer will provide recommendations regarding removing from the candidate list those funds not meeting certain key criteria applying to the evaluation categories and which would otherwise be the basis for ranking candidates in any event.
- On **July 22, 2021**, the Investments Committee approved a refined number of candidate strategies for the Mid-Cap Value, International Small-Cap, International Emerging Markets, and International Developed Markets investment mandates. Consideration of the Core Plus Fixed Income, Mid-Cap Growth, Small-Cap Value, and Small-Cap Growth mandates was deferred.

The DCP Core Menu includes active managers for the investment mandates which are the subject of this report, comprising various percentages of the Core Menu funds and overall DCP assets, as follows:

DCP Core Fund	Active Mandate	Percent of DCP Core Fund	Assets as of 3/31/21
DCP Bond Fund	Core Plus Bond	50%	\$ 402,459,630
DCP Mid-Cap Stock Fund	Mid-Cap Growth/ Mid-Cap Value Equity	50%	\$ 240,449,004
DCP Small-Cap Stock Fund	Small-Cap Growth/ Small-Cap Value Equity	67%	\$ 319,667,198
TOTAL->			\$ 962,575,832
% of DCP Assets->			11%
TOTAL DCP ASSETS			\$ 8,528,938,319

All of the proposals submitted in response to the Board’s RFP were first reviewed by the Personnel Department’s Administrative Services Division (ASD) to ensure the applicable City’s

general contracting requirements were met. All respondents were determined to have met the requirements necessary to proceed with further evaluation.

B. Evaluation Process and Screening Process Recommendations

The RFP provides that the DCP consultant will prepare a report analyzing the responses across the various evaluation categories as delineated within the RFP Proposal Questionnaire. This report combines both institutional funds proposed in response to the RFP as well as mutual funds identified as a result of the search process. Mercer has prepared a report containing its analysis and results (**Attachment A**). In summary, recommendations for finalist fund providers are summarized as follows:

Active Mandate	Proposed Finalist Institutional Fund Providers	Proposed Finalist Mutual Fund Providers	Total
DCP Bond Fund			
Core Plus Bond	BlackRock, Fidelity, JP Morgan, Loomis Sayles, Manulife, TCW, Voya, Wellington, Western Asset	Columbia	10
DCP Mid-Cap Stock Fund			
Mid-Cap Growth Equity	BlackRock, Invesco, Kayne Anderson, MFS	Carillon Eagle, Morgan Stanley, Neuberger Berman	7
DCP Small-Cap Stock Fund			
Small-Cap Value Equity	Fisher, Goldman Sachs, Kayne Anderson, Neuberger Berman, Westwood	Hotchkis & Wiley	6
Small-Cap Growth Equity	AllianceBernstein, Columbia Threadneedle, Franklin Templeton, Lord Abbett, Riverbridge, Victory, Wells Fargo	Fidelity	8
TOTAL FUNDS-->			31

Following its consideration and deliberations, staff recommends that the Investments Committee approve a refined number of candidate strategies for the Deferred Compensation Plan (DCP) Active Core Plus Bond, Active Mid-Cap Growth Equity, Active Small-Cap Value Equity, and Active Small-Cap Growth Equity investment mandates. As a reminder, as the review process proceeds, the City has the option to request and consider updated performance information and portfolio characteristics from all RFP respondents. The City also has the option to request oral presentations of all of or the highest-ranked respondents prior to making a final selection.

Submitted by: 
 Steven Montagna, Chief Personnel Analyst



City of LA Deferred Compensation Plan

Active Manager Search Stage 1 Review Second Meeting

August 23, 2021

Devon Muir, CFA
Ana Tom-Chow
Peter Eibsen

welcome to brighter

Background

- In June, the Investments Committee approved a multi-stage approach to reviewing both the institutional product (RFP responses) and mutual fund search streams for the DCP's actively managed investment mandates.
 - At the July meeting, the 3 International searches, and US Mid-Cap Value searches were discussed and approved. Decisions regarding the Core Plus Fixed Income, Mid-Cap Growth, Small Cap Growth, and Small Cap Value were deferred pending additional information that is contained in this report.
- As discussed, Stage 1 involves conducting a high level evaluation of all candidates (RFP respondents and mutual funds) based on the dimensions outlined in Section 5.1, Evaluation Process and Review Criteria of the RFP. In this analysis, we have identified candidates which we believe readily stand apart from competitors in one or more of the evaluation dimensions. In this document, we provide recommendations of strategies to move to Stage 2 in which Mercer will conduct in-depth analysis.
- Generally strategies that ranked better than the median in their respective peer groups were viewed favorably in the evaluation dimensions. An exception to this occasionally was made in the fee dimension in order to ensure a qualified set of candidates for further evaluation in Stage 2.
- Assuming the Committee is in alignment with our recommendations for each of the remaining mandates, we will proceed to Stage 2.

Background

Search Candidates

- Detail on the search process and candidates for consideration is below.

	Active Int'l Small-Cap Equity	Active Int'l Dev. Markets Equity	Active Int'l Emerging Markets Equity	Active Core Plus Bond	Active Mid-Cap Value Equity	Active Mid-Cap Growth Equity	Active Small-Cap Value Equity	Active Small-Cap Growth Equity
Approx. mandate size as of 3/31/21	\$125 M	\$463M	\$125M	\$402M	\$120M	\$120M	\$160M	\$160 M
(A) RFP responses	13	18	15	13	11	12	13	12
(B) Mutual funds meeting screening requirements	15	13	22	16	23	26	16	18
Total funds reviewed in Stage 1 (A+B)	28	31	37	29	34	38	29	30
Recommended strategies moving to Stage 2	7	11	13	10	7	7	6	8

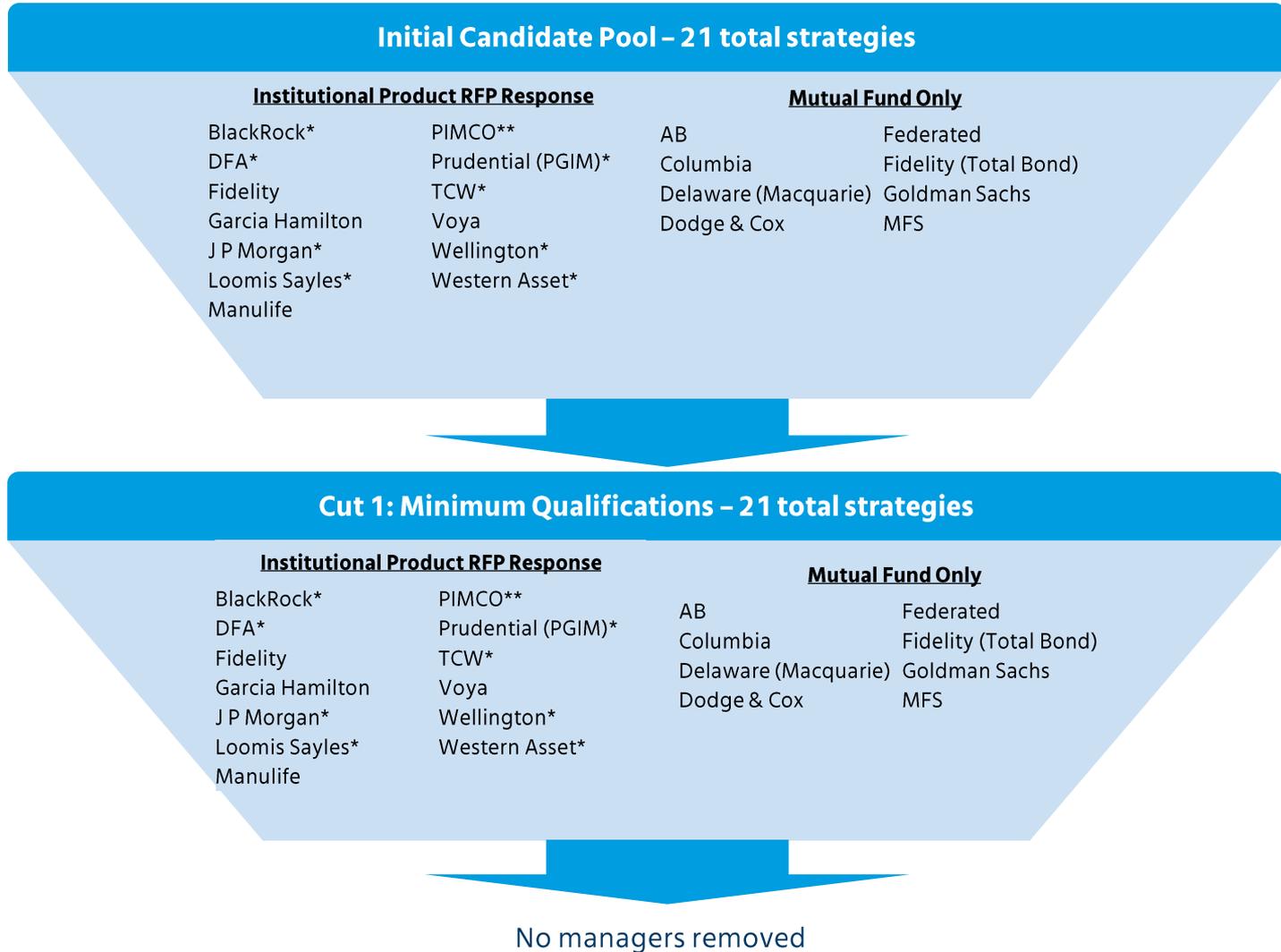
Note: Some of the mutual fund managers submitted RFP responses, and those vehicles will be evaluated with the Institutional Products.

Active Core Plus Bond

1

Stage 1 Evaluation Process

Active Core Plus Fixed Income



*Mutual fund vehicle also available and passed initial screening

**Mutual fund vehicle also available that did not pass initial screening

Stage 1 Evaluation Process

Active Core Plus Fixed Income



*Mutual fund vehicle also available and passed initial screening

**Mutual fund vehicle also available that did not pass initial screening

Stage 1 Evaluation Process

Active Core Plus Fixed Income

Cut 4: Investment Approach & Process – 19 total strategies

Institutional Product RFP Response

BlackRock*
 Fidelity
 J P Morgan*
 Loomis Sayles*
 Manulife
 PIMCO**

Prudential (PGIM)*
 TCW*
 Voya
 Wellington*
 Western Asset*

Mutual Fund Only

AB
 Columbia
 Delaware (Macquarie)
 Dodge & Cox

Federated
 Fidelity (Total Bond)
 Goldman Sachs
 MFS

DFA and Garcia Hamilton were removed due to not having any plus sector exposure, and therefore not fitting the ideal parameters for this mandate (i.e. exposure to spread sectors that complement benchmark holdings).

Cut 5: Performance – 15 total strategies

Institutional Product RFP Response

BlackRock*
 Fidelity
 J P Morgan*
 Loomis Sayles*
 Manulife

PIMCO**
 TCW*
 Voya
 Wellington*
 Western Asset*

Mutual Fund Only

Columbia
 Delaware (Macquarie)
 Dodge & Cox

Federated
 Goldman Sachs

Prudential (PGIM), AB, Fidelity (Total Bond) and MFS were removed due to overall performance metrics falling below expectations.

*Mutual fund vehicle also available and passed initial screening

**Mutual fund vehicle also available that did not pass initial screening

Stage 1 Evaluation Process

Active Core Plus Fixed Income

Cut 6: Administration & Reporting and Transition – 15 total strategies

Institutional Product RFP Response

BlackRock*
Fidelity
J P Morgan*
Loomis Sayles*
Manulife

PIMCO**
TCW*
Voya
Wellington*
Western Asset*

Mutual Fund Only

Columbia
Delaware (Macquarie)
Dodge & Cox

Federated
Goldman Sachs

No managers removed

Cut 7: Fees – 10 total strategies

Institutional Product RFP Response

BlackRock*
Fidelity
J P Morgan*
Loomis Sayles*
Manulife

TCW*
Voya
Wellington*
Western Asset*

Mutual Fund Only

Columbia

PIMCO, Delaware (Macquarie), Dodge & Cox, Federated and Goldman Sachs were removed due to fees above the current net effective expense ratio.

*Mutual fund vehicle also available and passed initial screening

**Mutual fund vehicle also available that did not pass initial screening

Stage 1 Evaluation Process

Active Core Plus Fixed Income



- Following the stage 1 screening process, 10 active core plus fixed income strategies are recommended to be included in the search deck.

*Mutual fund vehicle also available and passed initial screening

**Mutual fund vehicle also available that did not pass initial screening

Stage 1 Evaluation Process

Active Core Plus Fixed Income

	Organizational Strength And Continuity				
	Business Strength And Resiliency	Number of Investment Professionals	Firmwide Assets (\$B)	Year Firm Founded	History Of Legal And Regulatory Proceedings
BlackRock		2,570	8,576.9	1988	
DFA		571	600.8	1981	
Fidelity		622	257.6	1946	
Garcia Hamilton		27	16.7	1988	
JPMorgan		1,085	2,310.3	1984	
Loomis Sayles (incumbent)		735	347.8	1926	
Manulife		833	456.0	1887	
PIMCO		3,048	2,205.8	1971	
Prudential (PGIM)		490	968.2	1875	
TCW		153	246.1	1971	
Voya		471	257.9	1972	
Wellington		889	1,291.4	1928	
Western Asset		383	483.8	1971	
AB		587	738.4	1971	N/A*
Columbia		264	437.1	1985	N/A*
Delaware (Macquarie)		320	360.8	1929	N/A*
Dodge & Cox		116	361.8	1930	N/A*
Federated		880	585.7	1955	N/A*
Fidelity (Total Bond)		763	3,970.7	1946	N/A*
Goldman Sachs		706	1,953.8	1988	N/A*
MFS		249	661.4	1924	N/A*
	Favorable	>50	>25B	>10 years	
		26-50	>5B-25B	5-10 years	
	Further Review	11-25	5B-10B	3-4 Years	
	Concerns	<10	<5B	<3 Years	

*All RFP respondents indicated that there were no material proceedings affecting the services they would provide. Mercer is unable to evaluate the veracity of this assertion, though we viewed these responses to be satisfactory. Legal and Regulatory histories have not been assessed for the mutual fund candidates.

Note: Voya, AB, Columbia, Delaware (Macquarie), Dodge & Cox, Federated, Fidelity (Total Bond), Goldman Sachs and MFS assets as of 6/30/21

Stage 1 Evaluation Process

Active Core Plus Fixed Income

	Investment Experience				Investment Approach And Process								
	History Of Managing Core Plus Fixed Income	Scale Of Core Plus FI Assets Under Management (\$B)	City of LA % of Strategy Assets	Number of Portfolio Managers	Investment Approach - Quantitative (%)	Investment Approach - Qualitative (%)	Number of Issues	Average Quality	Minimum Issue Quality	Maximum Allocation to High Yield (%)	Maximum Allocation to Int'l Bonds (%)	Yield to Maturity (%)*	Effective Duration (years)*
BlackRock	1991	32.3	1.2%	3	30	70	3,559	A+	B	20	20	2.7	5.1
DFA	2011	12.4	3.1%	12	100	0	773	AA-	BBB	0	0	1.8	6.1
Fidelity	2000	59.9	0.7%	4	25	75	2,810	A	CCC	30	8	2.2	6.2
Garcia Hamilton	1991	11.6	3.4%	5	20	80	31	AA+	AA	0	0	1.4	4.8
JPMorgan	1993	20.9	1.9%	8	25	75	2,898	A+	N/A	25	25	2.0	5.4
Loomis Sayles (incumbent)	1986	31.2	1.3%	2	20	80	502	A	CCC & Below	20	10	2.4	5.7
Manulife	1985	28.9	1.4%	3	0	100	1,050	A	CCC	25	25	2.8	6.3
PIMCO	1971	139.5	0.3%	263	10	90	7,500	A+	B-	20	30	2.6	5.5
Prudential (PGIM)	1996	104.0	0.4%	23	35	65	2,401	A	CCC	30	10	2.4	7.6
TCW	1996	130.8	0.3%	10	10	90	470	AA	N/A	20	10	2.1	6.3
Voya	1999	19.4	2.0%	5	20	80	2,320	A	Distressed	20	N/A	2.6	6.0
Wellington	1990	13.2	3.0%	14	10	90	385	A+	NR	20	20	2.5	6.0
Western Asset	1993	116.8	0.3%	65	0	100	1,864	A	B	30	20	3.2	7.1
AB	1987	56.6	0.7%	3	50	50	1,126	A	N/A	35	N/A	3.8	6.3
Columbia	2005	16.1	2.4%	5	0	100	1,082	A3	B	35	20	3.4	4.9
Delaware (Macquarie)	1998	17.1	2.3%	2	0	100	894	A+	CCC	39	15	2.3	5.8
Dodge & Cox	1978	103.0	0.4%	8	5	95	280	A+	N/A	N/A	N/A	1.9	5.2
Federated	1996	12.1	3.2%	14	20	80	3,146	A	CCC	13	10	2.3	5.4
Fidelity (Total Bond)	2002	33.1	1.2%	5	0	100	3,079	BBB	CCC	20	20		6.0
Goldman Sachs	1994	14.4	2.7%	66	10	90	788	A+	NR	25	15	2.5	6.4
MFS	1999	12.5	3.1%	3	10	90	550	A+	B	10	20	2.1	6.1

>12 years	>20	<3%				>300			30-15	30-15	>2.5	5.9-6.9
10-12 Years	>15-20	3-5%				151-300			15-10	15-10	2.1-2.5	5.4-5.8, 7.0-7.4
7-9 Years	10-15	>5% - 10%	1 or >15 & Fundamental			51-150			<10	<10	1.6-2	4.9-5.3, 7.5-7.9
<7 Years	<10	>10%				<50		BBB & Above	>30, 0	>30, 0	<1.6	<4.9, <7.9

*Legend applies to Fundamental and Blend strategies

**Bloomberg Barclays US Aggregate Benchmark: Yield to Maturity is 1.6%. Effective Duration is 6.4 years.

Note: Voya, AB, Columbia, Delaware (Macquarie), Dodge & Cox, Federated, Fidelity (Total Bond), Goldman Sachs and MFS assets as of 6/30/21

Stage 1 Evaluation Process

Active Core Plus Fixed Income

	Investment Performance						Benchmark
	Overall 7-Year Performance	7-Year Std Dev	7-Year IR	7-Year Sharpe Ratio	Correlation vs Blmbg Barc US Agg (unscored for FI)	Overall Performance Metrics (1-20)	
BlackRock	4.6	3.5	0.84	1.07	0.90	15	Bloomberg Barclays US Aggregate
DFA	3.9	3.6	0.66	0.87	0.97	9	Bloomberg Barclays US Aggregate
Fidelity	4.5	3.5	0.62	1.04	0.85	13	Bloomberg Barclays US Aggregate
Garcia Hamilton	3.7	3.1	0.35	0.92	0.94	7	Bloomberg Barclays US Aggregate
JPMorgan	4.4	3.2	0.88	1.15	0.92	15	Bloomberg Barclays US Aggregate
Loomis Sayles (Incumbent)	4.3	3.7	0.49	0.95	0.82	11	Bloomberg Barclays US Aggregate
Manulife	4.7	3.6	0.69	1.07	0.84	15	Bloomberg Barclays US Aggregate
PIMCO	4.1	3.3	0.61	1.00	0.93	12	Bloomberg Barclays US Aggregate
Prudential (PGIM)	4.7	4.7	0.51	0.83	0.83	9	Bloomberg Barclays US Aggregate
TCW	4.0	3.0	1.25	1.06	0.98	14	Bloomberg Barclays US Aggregate
Voya	4.4	3.8	0.55	0.95	0.85	11	Bloomberg Barclays US Aggregate
Wellington	4.4	3.5	0.64	1.01	0.89	12	Bloomberg Barclays US Aggregate
Western Asset	4.9	4.3	0.65	0.95	0.83	11	Bloomberg Barclays US Aggregate
AB	5.1	4.8	0.48	0.89	0.64	9	Bloomberg Barclays US Aggregate
Columbia	5.2	4.1	0.75	1.08	0.78	14	Bloomberg Barclays US Aggregate
Delaware (Macquarie)	4.4	3.8	0.51	0.95	0.82	11	Bloomberg Barclays US Aggregate
Dodge & Cox	4.5	3.1	0.63	1.19	0.82	14	Bloomberg Barclays US Aggregate
Federated	4.3	3.2	0.63	1.11	0.87	14	Bloomberg Barclays US Aggregate
Fidelity (Total Bond)	4.0	3.5	0.39	0.92	0.86	7	Bloomberg Barclays US Aggregate
Goldman Sachs	4.3	3.7	0.52	0.95	0.85	11	Bloomberg Barclays US Aggregate
MFS	4.2	3.8	0.45	0.89	0.85	6	Bloomberg Barclays US Aggregate

1st Quartile (>4.6)	1st Quartile (<3.3)	1st Quartile (>0.67)	1st Quartile (>1.03)	Not evaluated due to low correlation offsetting Agg Index fund	15-16
2nd Quartile (4.2-4.6)	2nd Quartile (3.3-3.6)	2nd Quartile (0.49-0.67)	2nd Quartile (0.95-1.03)		12-14
3rd Quartile (3.9-4.2)	3rd Quartile (3.6-4.1)				10-11
4th Quartile (<3.9)	4th Quartile (>4.1)	<0.49 (Median)	<0.95 (Median)		<10

Stage 1 Evaluation Process

Active Core Plus Fixed Income

	Portfolio Transition	Administrative and Reporting		Fees				
		Able to provide a daily NAV?	Additional Sep. Acct Costs/Reporting	Separate Account (Management Fee Only)	CIT	Mutual Fund (Rev. Share)	Most Cost Effective and/or Viable Vehicle	Effective Expense Ratio
BlackRock				N/A	0.19%	0.45% (0.15%)	CIT	0.19%
DFA	Sep. Acct		If SA used	0.11%	N/A	0.22%	MF	0.22%
Fidelity				N/A	0.25%	N/A	CIT	0.25%
Garcia Hamilton	Sep. Acct		If SA used	0.14%	N/A	N/A	SA	0.14%
JPMorgan				N/A	0.18%	0.46% (0.25%)	CIT	0.18%
Loomis Sayles (incumbent)			If SA used	0.24%	0.25%	0.47% (0.20%)	CIT	0.25%
Manulife				N/A	0.17%	0.62% (0.35%)	CIT	0.17%
PIMCO	Sep. Acct		If SA used	0.27%	N/A	0.46%	MF	0.46%
Prudential (PGIM)				N/A	0.12%	0.49% (0.25%)	CIT	0.12%
TCW			If SA used	0.22%	0.22%	0.33%	CIT	0.22%
Voya			If SA used	0.24%	0.20%	N/A	CIT	0.20%
Wellington				N/A	0.20%	0.35%	CIT	0.20%
Western Asset			If SA used	0.22%	0.25%	0.45% (0.15%)	CIT	0.25%
AB				N/A	N/A	0.53% (0.25%)	MF	0.28%
Columbia				N/A	N/A	0.50% (0.35%)	MF	0.15%
Delaware (Macquarie)				N/A	N/A	0.45% (0.15%)	MF	0.30%
Dodge & Cox				N/A	N/A	0.42% (0.08%)	MF	0.34%
Federated				N/A	N/A	0.39% (0.10%)	MF	0.29%
Fidelity (Total Bond)				N/A	N/A	0.45% (0.10%)	MF	0.35%
Goldman Sachs				N/A	N/A	0.45% (0.10%)	MF	0.35%
MFS				N/A	N/A	0.45% (0.15%)	MF	0.30%

MF
Existing CIT
New CIT
Sep Acct

Grey shading indicates fees above MF screening threshold

Equal or better than 0.27%
Worse than current

Active Mid-Cap Growth Equity



Stage 1 Evaluation Process

Active Mid Cap Growth Equity



Wells Fargo (SMID) was removed for not meeting the minimum qualification of a mid-cap growth equity strategy.
 Principal was removed for not meeting the minimum qualification of strategy assets under \$25Bn.
 Columbia was removed for having a strategy track record of less than 5 years.

*Mutual fund vehicle also available and passed initial screening

**Mutual fund vehicle also available that did not pass initial screening

Stage 1 Evaluation Process

Active Mid Cap Growth Equity

Cut 2: Org Background and Business Strength – 26 total strategies

Institutional Product RFP Response

Amundi Pioneer*
 Baron Capital**
 BlackRock*
 Invesco*
 Kayne Anderson*

MFS*
 TimesSquare**
 Voya*
 Wellington*
 Westfield*

Mutual Fund Only

American Century
 Baird
 Carillon Eagle
 Congress
 D.F. Dent
 Federated Hermes
 Ivy
 MassMutual

Morgan Stanley
 Neuberger Berman
 T. Rowe Price
 TIAA
 Vanguard
 Victory
 Wells Fargo
 William Blair

Nicolas Company was removed for having only 10 total investment professionals.

Cut 3: Investment Experience – 25 total strategies

Institutional Product RFP Response

Amundi Pioneer*
 Baron Capital**
 BlackRock*
 Invesco*
 Kayne Anderson*

MFS*
 TimesSquare**
 Voya*
 Wellington*
 Westfield*

Mutual Fund Only

American Century
 Baird
 Carillon Eagle
 Congress
 D.F. Dent
 Federated Hermes
 Ivy
 MassMutual

Morgan Stanley
 Neuberger Berman
 T. Rowe Price
 TIAA
 Vanguard
 Victory
 Wells Fargo

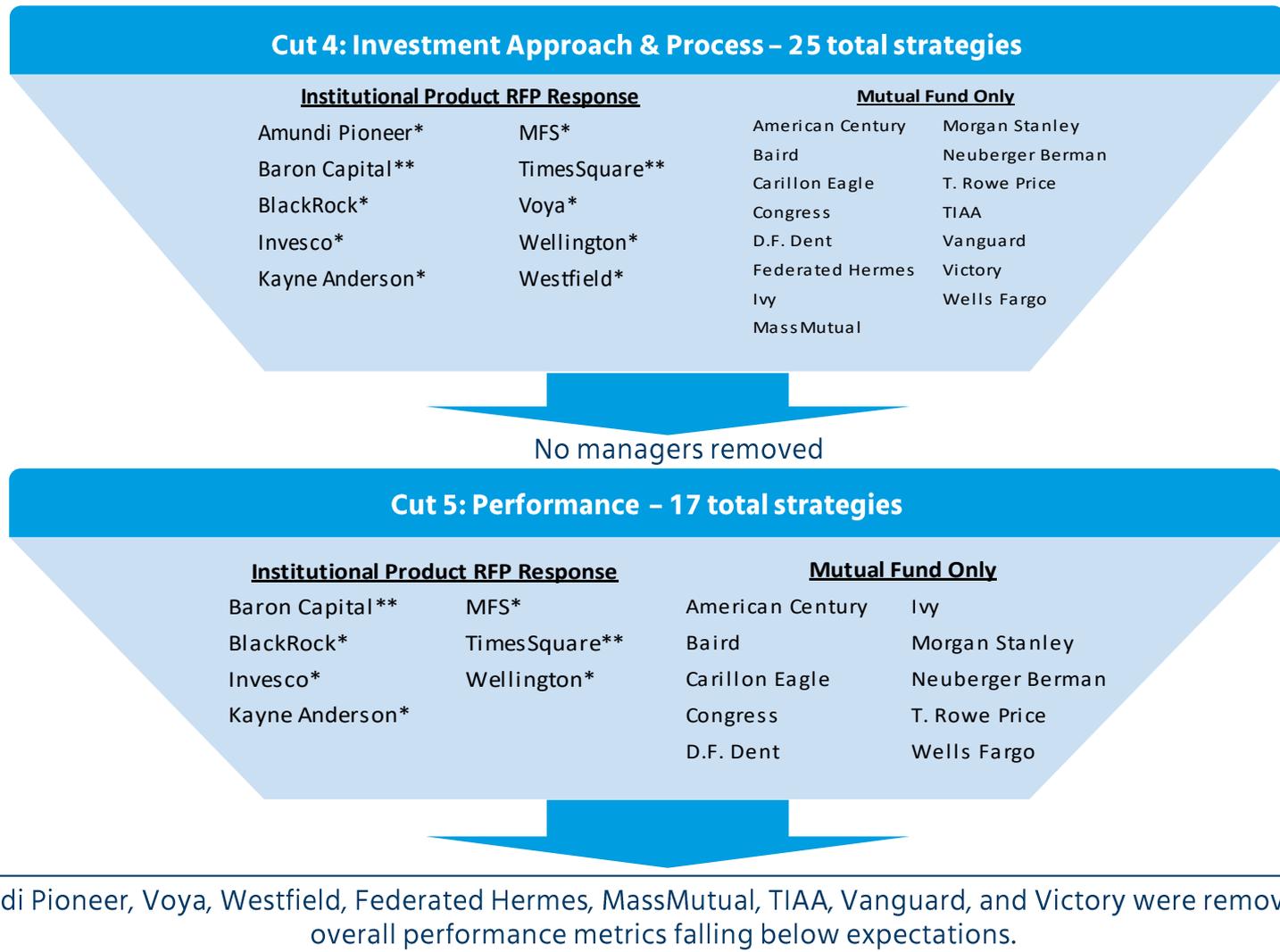
William Blair was removed due to City of LA mandate representing more than 10% of strategy assets, making concentration risk higher than desired.

*Mutual fund vehicle also available and passed initial screening

**Mutual fund vehicle also available that did not pass initial screening

Stage 1 Evaluation Process

Active Mid Cap Growth Equity



*Mutual fund vehicle also available and passed initial screening

**Mutual fund vehicle also available that did not pass initial screening

Stage 1 Evaluation Process

Active Mid Cap Growth Equity

Cut 6: Administration & Reporting and Transition – 17 total strategies

Institutional Product RFP Response

Baron Capital**
 BlackRock*
 Invesco*
 Kayne Anderson*

MFS*
 TimesSquare**
 Wellington*

Mutual Fund Only

American Century
 Baird
 Carillon Eagle
 Congress
 D.F. Dent
 Ivy
 Morgan Stanley
 Neuberger Berman
 T. Rowe Price
 Wells Fargo

No managers removed

Cut 7: Fees – 7 total strategies

Institutional Product RFP Response

BlackRock*
 Invesco*
 Kayne Anderson*
 MFS*

Mutual Fund Only

Carillon Eagle
 Morgan Stanley
 Neuberger Berman

Baron Capital, TimesSquare, Wellington, American Century, Baird, Congress, D.F. Dent, Ivy, T. Rowe Price and Wells Fargo were removed due to high expense ratios above the median of the group.

*Mutual fund vehicle also available and passed initial screening

**Mutual fund vehicle also available that did not pass initial screening

Stage 1 Evaluation Process

Active Mid Cap Growth Equity



- Implementing the proposed Stage 1 Evaluation Process would result in a total of 7 active mid cap growth equity candidates (noted above) for further consideration in Stage 2.

*Mutual fund vehicle also available and passed initial screening

Stage 1 Evaluation Process

Active Mid Cap Growth Equity

	Organizational Strength And Continuity				
	Business Strength And Resiliency	Number of Investment Professionals	Firmwide Assets (\$B)	Year Firm Founded	History Of Legal And Regulatory Proceedings*
Amundi Pioneer		1,511	2,137.2	1950	
Baron Capital		103	47.7	1982	
BlackRock		2,570	8,576.9	1988	
Invesco		828	1,349.9	1935	
Kayne Anderson		62	51.7	1984	
MFS		247	608.4	1924	
TimesSquare		46	16.2	2000	
Voya (Incumbent)		471	255.3	1972	
Wellington		889	1,291.4	1928	
Westfield		33	17.1	1989	
American Century		199	212.5	1958	N/A*
Baird		17	7.7	1971	N/A*
Carillon Eagle		58	32.4	1976	N/A*
Columbia		265	396.2	1985	N/A*
Congress		47	11.7	1985	N/A*
D.F. Dent		16	10.7	1976	N/A*
Federated Hermes		876	585.7	1955	N/A*
Ivy		86	74.8	1937	N/A*
MassMutual		N/A	54.4	1851	N/A*
Morgan Stanley		731	781.3	1975	N/A*
Neuberger Berman		1242	405.4	1939	N/A*
Nicholas Company		10	5.8	1967	N/A*
T. Rowe Price		2596	1,470.2	1937	N/A*
TIAA		812	769.5	1918	N/A*
Vanguard		277	6,742.2	1975	N/A*
Victory		224	147.2	1894	N/A*
Wells Fargo		451	509.0	1981	N/A*
William Blair		143	69.7	1935	N/A*

Favorable	>50	>25B	>10 years	
	26-50	10B-25B	5-10 years	
Further Review	11-25	5B-10B	3-<5 years	
Concerns	<=10	<5B	<3 years	

*All RFP respondents indicated that there were no material proceedings affecting the services they would provide. Mercer is unable to evaluate the veracity of this assertion, though we viewed these responses to be satisfactory. Legal and Regulatory histories have not been assessed for the mutual fund candidates.

Stage 1 Evaluation Process

Active Mid Cap Growth Equity

	Investment Experience			
	History Of Managing Mid Cap Growth Equity	Scale Of Mid Cap Growth Equity Assets Under Management (\$B)	City of LA % of Strategy Assets	Number of Portfolio Managers
Amundi Pioneer	1990	3.0	3.9%	3
Baron Capital	1998	6.1	1.9%	1
BlackRock	2002	15.3	0.8%	2
Invesco	2009	8.1	1.5%	2
Kayne Anderson	2012	3.5	3.4%	2
MFS	2009	17.0	0.7%	3
TimesSquare	2000	5.3	2.2%	2
Voya (Incumbent)	2005	4.6	2.6%	3
Wellington	2000	3.6	3.2%	3
Westfield	1994	3.5	3.4%	16
American Century	1987	7.8	1.5%	2
Baird	1993	3.7	3.1%	2
Carillon Eagle	1998	9.9	1.2%	3
Columbia	2018	2.7	4.3%	3
Congress	1999	3.7	3.1%	4
D.F. Dent	1999	3.2	3.6%	4
Federated Hermes	2000	1.6	6.9%	4
Ivy	1983	9.7	1.2%	2
MassMutual	2000	9.6	1.2%	3
Morgan Stanley	2002	8.2	1.5%	6
Neuberger Berman	1979	2.5	4.6%	1
Nicholas Company	1983	1.2	9.3%	2
T. Rowe Price	1992	5.4	2.2%	3
TIAA	2002	1.7	6.5%	2
Vanguard	1997	5.0	2.4%	55
Victory	1995	3.4	3.4%	5
Wells Fargo	2000	1.2	9.3%	3
William Blair	1997	1.0	10.6%	2

Investment Approach	Investment Approach And Process			
	Typical Number of Holdings*	Expected Annual Turnover	Median Market Cap (\$B)	Average Market Cap (\$B)
Fundamental	128	80%	17.6	27.7
Fundamental	66	10%	21.0	28.6
Fundamental	55-85	70%	16.4	15.2
Fundamental	90-100	100%	19.8	24.3
Fundamental	51	30%	20.9	26.8
Fundamental	111	N/A	18.5	24.5
Fundamental	70-80	74%	16.1	19.9
Fundamental	62	90%	21.0	28.2
Fundamental	70-100	95%	13.7	25.9
Fundamental	54	73%	22.3	25.3
Fundamental	77	90%	22.1	27.1
Fundamental	57	50%	17.9	21.4
Fundamental	91	35%	21.7	30.5
Fundamental	65	N/A	15.6	19.5
Fundamental	40	30%	19.1	20.5
Fundamental	40	30%	28.8	31.5
Quantitative	95-165	148%	24.5	27.2
Fundamental	62	40%	20.8	27.2
Fundamental	217	N/A	19.4	24.4
Fundamental	52	30%	15.5	24.8
Fundamental	89	50%	20.2	23.1
Fundamental	70-90	20%	18.8	21.3
Blend	251	35%	17.0	19.3
Fundamental	118	N/A	16.8	19.8
Fundamental	170	103%	19.8	26.6
Fundamental	87	90%	16.2	22.9
Fundamental	61	100%	20.6	33.3
Fundamental	55	57%	20.6	22.7

>10 Years	>2-12	<3%	
8-10 Years	>12-18	3%-5%	
5-7 Years	1-2, >18-20	>5% - 10%	1 or >10 & Fundamental
<5 Years	<1, >20	>10%	

50-125	<50	+/- 25% from BM**	+/- 25% from BM**
126-200	50-100	+/- 26%-50% from BM**	+/- 26%-50% from BM**
<50, >200	101-200	+/- >50% from BM**	+/- >50% from BM**
	>200		

*Legend applies to Fundamental and Blend strategies

**Russell MidCap Growth Benchmark: Median Market Cap is \$12.1B. Average Market Cap is \$24.0B.

Stage 1 Evaluation Process

Active Mid Cap Growth Equity

	Investment Performance						Benchmark
	Overall 5-Year Performance Relative to Universe	5-Year Std Dev	5-Year IR	5-Year Sharpe Ratio	Correlation vs Russell Midcap Growth Index	Overall Performance Metrics (1-20) (Assigns a 1-4 point score for each of the 5 performance dimensions to the left.)	
Amundi Pioneer	20.6	23.5	0.67	0.82	0.99	12	Russell Midcap Growth
Baron Capital	21.0	20.5	0.53	0.97	0.97	17	Russell Midcap Growth
BlackRock	25.5	21.8	1.25	1.11	0.97	19	Russell Midcap Growth
Invesco	21.5	22.1	0.83	0.92	0.99	16	Russell Midcap Growth
Kayne Anderson	28.6	23.8	1.10	1.15	0.92	16	Russell Midcap Growth
MFS	20.8	19.6	0.51	1.00	0.98	18	Russell Midcap Growth
TimesSquare	19.3	20.3	0.35	0.89	1.00	16	Russell Midcap Growth
Voya (Incumbent)	18.5	20.3	0.02	0.85	0.99	12	Russell Midcap Growth
Wellington	26.6	26.4	1.05	0.96	0.96	17	Russell Midcap Growth
Westfield	19.3	22.0	0.29	0.83	0.99	11	Russell Midcap Growth
American Century	20.0	23.1	0.60	0.81	0.99	13	Russell Midcap Growth
Baird	20.6	21.1	0.70	0.92	0.99	16	Russell Midcap Growth
Carillon Eagle	21.2	23.2	0.80	0.86	0.99	16	Russell Midcap Growth
Columbia	N/A	N/A	N/A	N/A	N/A	N/A	Russell Midcap Growth
Congress	19.2	19.7	0.14	0.91	0.97	14	Russell Midcap Growth
D.F. Dent	20.9	19.2	0.45	1.03	0.97	18	Russell Midcap Growth
Federated Hermes	18.2	23.8	-0.03	0.71	0.97	9	Russell Midcap Growth
Ivy	24.6	23.8	1.72	0.98	0.99	17	Russell Midcap Growth
MassMutual	18.0	21.1	-0.10	0.80	0.99	10	Russell Midcap Growth
Morgan Stanley	38.7	36.9	0.95	1.02	0.86	15	Russell Midcap Growth
Neuberger Berman	20.5	21.7	0.92	0.89	0.99	17	Russell Midcap Growth
Nicholas Company	16.0	19.5	-0.43	0.76	0.97	11	Russell Midcap Growth
T. Rowe Price	19.7	22.0	0.71	0.84	1.00	13	Russell Midcap Growth
TIAA	19.7	24.4	0.35	0.76	0.99	11	Russell Midcap Growth
Vanguard	16.6	22.7	-0.67	0.68	0.99	9	Russell Midcap Growth
Victory	16.9	23.2	-0.38	0.68	0.99	9	Russell Midcap Growth
Wells Fargo	24.4	24.7	1.04	0.94	0.98	17	Russell Midcap Growth
William Blair	15.9	20.6	-0.60	0.71	0.98	10	Russell Midcap Growth

1st Quartile (>21.6)	1st Quartile (<20.4)	1st Quartile (>0.75)	1st Quartile (>0.93)	0.96-1	18-20
2nd Quartile (19.8-21.6)	2nd Quartile (20.4-22.0)	2nd Quartile (0.35-0.75)	2nd Quartile (0.86-0.93)	0.91-0.95	15-17
3rd Quartile (18.0-19.8)	3rd Quartile (22.0-23.4)			0.85-0.90	13-14
4th Quartile (<18.0)	4th Quartile (>23.4)	<0.35 (Median)	<0.86 (Median)	<0.85	<13

Stage 1 Evaluation Process

Active Mid Cap Growth Equity

	Portfolio Transition	Administrative and Reporting		Fees				
		Able to provide a daily NAV?	Additional Sep. Acct Costs/Reporting	Separate Account	CIT	Mutual Fund (Rev. Share)	Most Cost Effective and/or Viable Vehicle	Effective Expense Ratio
Amundi Pioneer				N/A	0.40%	1.03% (0.60%)	CIT	0.40%
Baron Capital			If SA used	0.49%	N/A	1.05% (0.15%)	MF	0.90%
BlackRock				N/A	0.51%	0.80% (0.25%)	CIT	0.51%
Invesco			If SA used	0.46%	0.46%	0.65%	CIT	0.46%
Kayne Anderson			If SA used	0.65%	0.60%	0.85%	CIT	0.60%
MFS			If SA used	0.49%	0.50%	0.70%	CIT	0.50%
TimesSquare				N/A	0.70%	0.98%	CIT	0.70%
Voya (Incumbent)			If SA used	0.39%	0.36%	0.66% (0.30%)	MF	0.36%
Wellington			If SA used	0.55%	N/A	0.80%	MF	0.80%
Westfield			If SA used	0.54%	0.65%	0.77%	CIT	0.65%
American Century						0.66%	MF	0.66%
Baird						0.82%	MF	0.82%
Carillon Eagle						0.64%	MF	0.64%
Columbia						0.90% (0.35%)	MF	0.55%
Congress						0.80%	MF	0.80%
D.F. Dent						0.85%	MF	0.85%
Federated Hermes						1.15% (0.50%)	MF	0.65%
Ivy						0.79%	MF	0.79%
MassMutual						0.71%	MF	0.71%
Morgan Stanley						0.64%	MF	0.64%
Neuberger Berman						0.60%	MF	0.60%
Nicholas Company						0.60%	MF	0.60%
T. Rowe Price						0.67%	MF	0.67%
TIAA						0.48%	MF	0.48%
Vanguard						0.34%	MF	0.34%
Victory						1.20% (0.55%)	MF	0.65%
Wells Fargo						0.80%	MF	0.80%
William Blair						0.95% (0.25%)	MF	0.70%

Mutual Fund		
Existing CIT		
New CIT		
Sep. Acct		

Grey shading indicates fees above MF screening threshold
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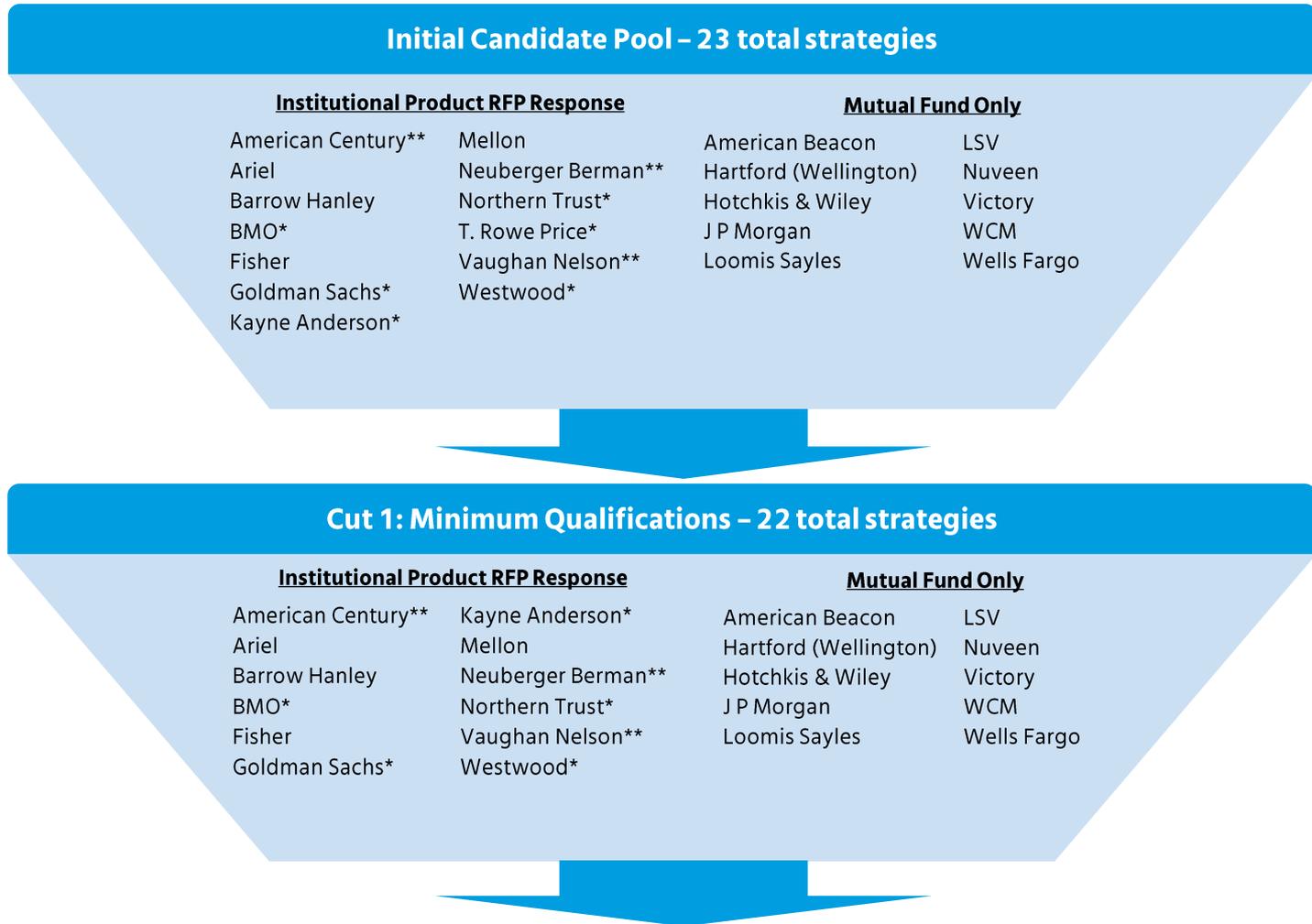
Top 50%
Bottom 50%

Active Small-Cap Value Equity

3

Stage 1 Evaluation Process

Active Small Cap Value Equity



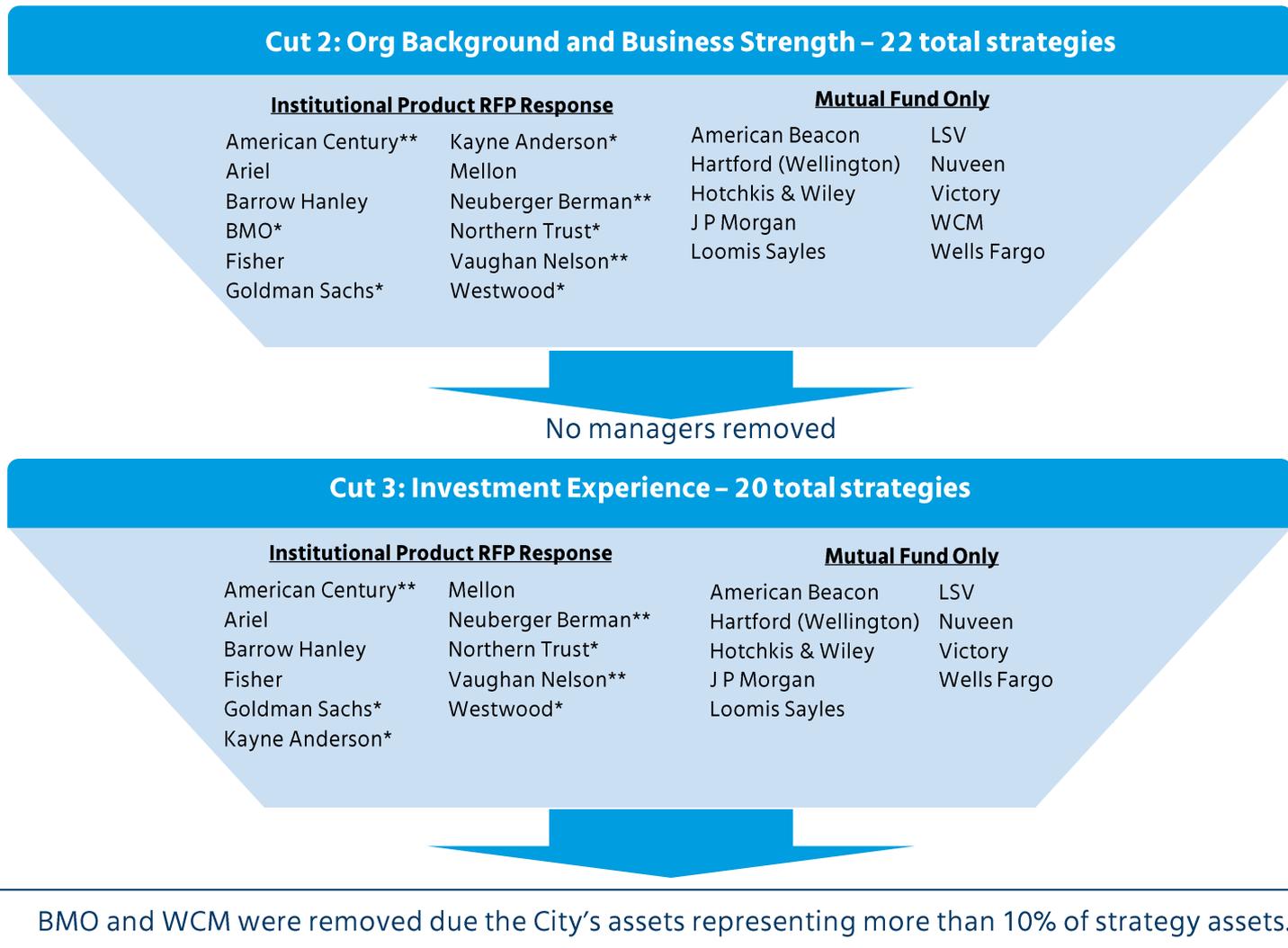
T. Rowe Price was removed for not meeting the minimum qualification of strategy assets under \$15 Billion.

*Mutual fund vehicle also available and passed initial screening

**Mutual fund vehicle also available that did not pass initial screening

Stage 1 Evaluation Process

Active Small Cap Value Equity

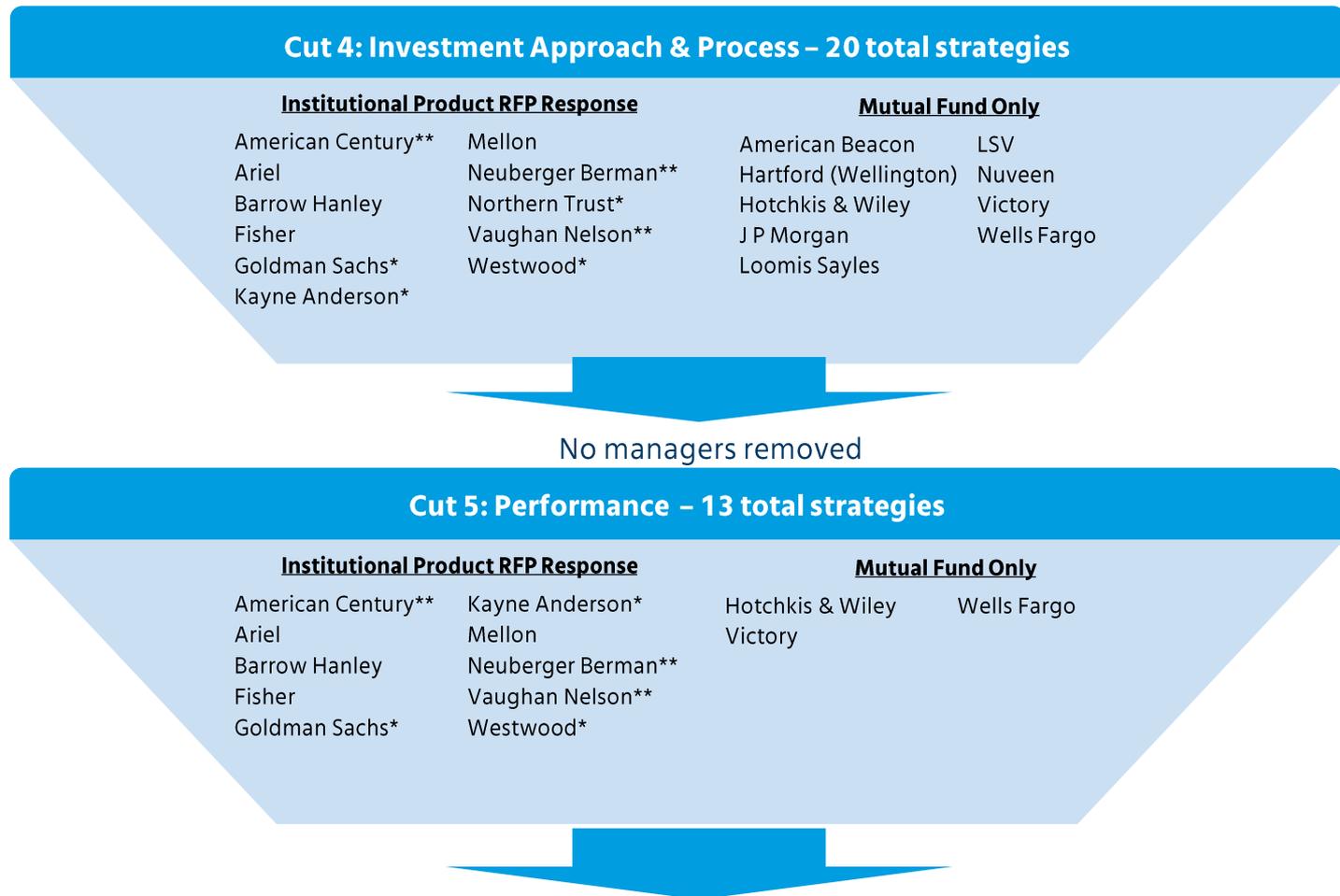


*Mutual fund vehicle also available and passed initial screening

**Mutual fund vehicle also available that did not pass initial screening

Stage 1 Evaluation Process

Active Small Cap Value Equity



Northern Trust, American Beacon, Hartford (Wellington), J P Morgan, Loomis Sayles, LSV and Nuveen were removed due to overall performance metrics falling below expectations.

*Mutual fund vehicle also available and passed initial screening

**Mutual fund vehicle also available that did not pass initial screening

Stage 1 Evaluation Process

Active Small Cap Value Equity

Cut 6: Administration & Reporting and Transition – 10 total strategies

Institutional Product RFP Response

American Century**
Fisher
Goldman Sachs*
Kayne Anderson*

Neuberger Berman**
Vaughan Nelson**
Westwood*

Mutual Fund Only

Hotchkis & Wiley
Victory
Wells Fargo

Ariel, Barrow Hanley and Mellon were removed due to only having a separate account option which would require additional administrative, custody and trading fees, and added complexities. Given the number of qualified strategies, we don't believe it necessary to incur this complexity.

Cut 7: Fees – 6 total strategies

Institutional Product RFP Response

Fisher
Goldman Sachs*
Kayne Anderson*

Neuberger Berman**
Westwood*

Mutual Fund Only

Hotchkis & Wiley

American Century, Vaughan Nelson, Victory and Wells Fargo were removed due to the lowest cost viable vehicle having an expense ratio in the bottom third of candidates (0.81% or higher).

*Mutual fund vehicle also available and passed initial screening

**Mutual fund vehicle also available that did not pass initial screening

Stage 1 Evaluation Process

Active Small Cap Value Equity



- Following the stage 1 screening process, 6 active US small cap value equity strategies are recommended to be included in the search deck.

*Mutual fund vehicle also available and passed initial screening

**Mutual fund vehicle also available that did not pass initial screening

Stage 1 Evaluation Process

Active Small Cap Value Equity

	Organizational Strength And Continuity				
	Business Strength And Resiliency	Number of Investment Professionals	Firmwide Assets (\$B)	Year Firm Founded	History Of Legal And Regulatory Proceedings*
American Century		199	212.5	1958	
Ariel		38	14.6	1983	
Barrow Hanley		77	48.4	1979	
BMO		549	35.1	1989	
Fisher		90	154.1	1979	
Goldman Sachs		706	1,953.8	1988	
Kayne Anderson		62	51.7	1984	
Mellon		306	613.6	1933	
Neuberger Berman		1,242	405.4	1939	
Northern Trust		431	1,165.9	1889	
Vaughan Nelson		25	14.1	1970	
Westwood		80	9.6	1983	
American Beacon		15	59.6	1986	N/A*
Hartford (Wellington)		889	1,291.4	1928	N/A*
Hotchkis & Wiley		42	31.7	1980	N/A*
J.P. Morgan		1085	2,310.3	1984	N/A*
Loomis Sayles		735	357.8	1926	N/A*
LSV		27	112.1	1994	N/A*
Nuveen		277	243.2	1989	N/A*
Victory		224	161.9	1894	N/A*
WCM		47	110.6	1976	N/A*
Wells Fargo		451	509.0	1981	N/A*

Favorable	>50	>25B	>10 years	
	26-50	>5B-25B	5-10 years	
Further Review	11-25	5B-10B	3-<5 Years	
Concerns	<10	<5B	<3 Years	

*All RFP respondents indicated that there were no material proceedings affecting the services they would provide. Mercer is unable to evaluate the veracity of this assertion, though we viewed these responses to be satisfactory. Legal and Regulatory histories have not been assessed for the mutual fund candidates.

Note: Victory and WCM assets as of 6/30/21

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Stage 1 Evaluation Process

Active Small Cap Value Equity

	Investment Experience			
	History Of Managing SCV Equity	Scale Of SCV Equity Assets Under Management (\$B)	City of LA % of Strategy Assets	Number of Portfolio Managers
American Century	1998	5.6	2.8%	2
Ariel	1983	1.8	8.2%	2
Barrow Hanley	1995	2.6	5.8%	2
BMO	2010	1.3	10.8%	2
Fisher	1990	6.4	2.4%	5
Goldman Sachs	1992	9.8	1.6%	7
Kayne Anderson	1998	6.3	2.5%	2
Mellon	1999	2.7	5.5%	2
Neuberger Berman	1997	3.6	4.2%	1
Northern Trust	1994	3.2	4.8%	6
Vaughan Nelson	1997	3.5	4.3%	2
Westwood	2004	2.6	5.9%	3
American Beacon	1998	6.3	2.5%	19
Hartford (Wellington)	1999	3.5	4.4%	3
Hotchkis & Wiley	2005	2.1	7.0%	19
J.P. Morgan	2005	2.6	5.8%	5
Loomis Sayles	1992	1.7	8.7%	2
LSV	1997	4.7	3.3%	5
Nuveen	1997	1.8	8.4%	2
Victory	1993	9.2	1.7%	5
WCM	2013	1.1	12.3%	3
Wells Fargo	1993	7.2	2.2%	6

	Investment Approach And Process			
	Investment Approach	Typical Number of Holdings*	Expected Annual Turnover	Avg. Market Cap (\$B)
Fundamental	102	108%	3.5	2.4
Fundamental	39	25%	5.2	4.5
Fundamental	42	28%	3.8	2.1
Quantitative	170	75%	2.4	1.7
Fundamental	93	25%	8.4	4.5
Fundamental	238	60%	4.1	3.1
Fundamental	31	30%	5.9	4.6
Fundamental	148	60%	3.2	2.7
Fundamental	91	30%	4.9	2.9
Quantitative	1,546	40%	1.5	0.9
Fundamental	54	50%	4.9	3.9
Fundamental	59	60%	2.5	2.3
Blend	663	66%	3.5	2.0
Fundamental	60-90	36%	2.5	2.2
Fundamental	350-400	60%	2.1	1.4
Blend	442	50%	3.0	1.9
Fundamental	124	75%	4.1	3.4
Quantitative	213	25%	2.8	2.2
Fundamental	85	23%	3.4	3.0
Fundamental	113	50%	3.6	3.3
Fundamental	32	30%	3.7	3.3
Fundamental	122	77%	3.1	2.1

>10 years	>2-10	<3%	
>7 Years	>10-12	3-5%	
>5 Years	1-2, >12-15	>5% - 10%	1 or >10 & Fundamental
<5 Years	<1, >15	>10%	

	51-125	<50	+/- 25%	+/- 25%
	126-200	51-100	+/- >25%-50%	+/- >25%-50%
	<50, >200	101-200	+/- >50%	+/- >50%
	>200			

*Legend applies to Fundamental and Blend strategies

**Russell 2000 Value Benchmark: Median Market Cap is \$0.91B. Average Market Cap is \$3.15B

Note: Victory and WCM assets as of 6/30/21

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Stage 1 Evaluation Process

Active Small Cap Value Equity

	Investment Performance						Benchmark
	Overall 5-Year Performance Relative to Universe	5-Year Std Dev	5-Year IR	5-Year Sharpe Ratio	Correlation vs Russell 2000 Value Index	Overall Performance Metrics (1-20)	
American Century	17.5	23.3	0.82	0.70	0.98	18	Russell 2000 Value
Ariel	15.8	23.2	0.33	0.63	0.96	18	Russell 2000 Value
Barrow Hanley	17.2	25.4	0.46	0.63	0.95	16	Russell 2000 Value
BMO	12.2	22.5	-0.38	0.49	0.99	11	Russell 2000 Value
Fisher	19.1	20.3	0.72	0.89	0.94	19	Russell 2000 Value
Goldman Sachs	13.6	21.0	0.02	0.60	0.98	16	Russell 2000 Value
Kayne Anderson	17.8	18.4	0.47	0.91	0.92	19	Russell 2000 Value
Mellon	14.8	21.6	0.31	0.63	0.98	18	Russell 2000 Value
Neuberger Berman	17.7	22.5	0.54	0.73	0.94	18	Russell 2000 Value
Northern Trust	11.3	20.9	-0.77	0.48	0.99	10	Russell 2000 Value
Vaughan Nelson	12.0	19.5	-0.26	0.56	0.97	14	Russell 2000 Value
Westwood	14.8	21.2	0.27	0.65	0.98	17	Russell 2000 Value
Summary							
American Beacon	11.8	24.0	-0.48	0.44	0.99	9	Russell 2000 Value
Hartford (Wellington)	9.1	21.7	-0.95	0.37	0.98	10	Russell 2000 Value
Hotchkis & Wiley	15.3	25.5	0.35	0.56	0.99	16	Russell 2000 Value
J.P. Morgan	12.7	22.3	-0.38	0.52	0.99	11	Russell 2000 Value
Loomis Sayles	11.7	20.2	-0.41	0.52	0.98	12	Russell 2000 Value
LSV	10.7	25.5	-0.60	0.38	0.99	8	Russell 2000 Value
Nuveen	9.1	23.8	-0.97	0.34	0.98	8	Russell 2000 Value
Victory	16.0	19.2	0.4	0.8	0.97	20	Russell 2000 Value
WCM	14.6	21.0	0.1	0.6	0.94	16	Russell 2000 Value
Wells Fargo	14.3	20.5	0.19	0.64	0.99	18	Russell 2000 Value

1st Quartile (>15.0)	1st Quartile (<20.7)	1st Quartile (>0.25)	1st Quartile (>0.63)	0.96-1	18-20
2nd Quartile (13.1-15.0)	2nd Quartile (20.7-22.5)	2nd Quartile (-0.08-0.25)	2nd Quartile (0.53-0.63)	0.91-0.95	15-17
3rd Quartile (11.5-13.1)	3rd Quartile (22.5-23.8)			0.85-0.90	13-14
4th Quartile (<11.5)	4th Quartile (>23.8)	<-0.08 (Median)	<0.53 (Median)	<0.85	<13

Stage 1 Evaluation Process

Active Small Cap Value Equity

	Portfolio Transition	Administrative and Reporting		Fees				
		Able to provide a daily NAV?	Additional Sep. Acct Costs/Reporting	Separate Account	CIT	Mutual Fund (Rev. Share)	Most Cost Effective and/or Viable Vehicle	Effective Expense Ratio
American Century			If SA used	0.80%	0.85%	0.90%	CIT	0.85%
Ariel	Sep. Acct			0.55%	N/A	N/A	SA	0.55%
Barrow Hanley	Sep. Acct			0.65%	N/A	N/A	SA	0.65%
BMO			If SA used	0.55%	0.43%	0.84%	CIT	0.43%
Fisher			If SA used	0.75%	0.79%	N/A	CIT	0.79%
Goldman Sachs			If SA used	0.72%	N/A	1.03% (0.40%)	MF	0.63%
Kayne Anderson			If SA used	0.55%	N/A	0.99% (0.20%)	MF	0.79%
Mellon	Sep. Acct			0.53%	N/A	N/A	SA	0.53%
Neuberger Berman				N/A	0.80%	0.91%	CIT	0.80%
Northern Trust				N/A	0.50%	1.00% (0.35%)	CIT	0.50%
Vaughan Nelson			If SA used	0.80%	N/A	1.13% (0.25%)	MF	0.88%
Westwood				0.79%	N/A	0.79%	MF	0.79%
American Beacon				N/A	N/A	0.80%	MF	0.80%
Hartford (Wellington)				N/A	N/A	0.80%	MF	0.80%
Hotchkis & Wiley				N/A	N/A	0.80% (0.25%)	MF	0.55%
J.P. Morgan				N/A	N/A	0.76%	MF	0.76%
Loomis Sayles				N/A	N/A	0.85%	MF	0.85%
LSV				N/A	N/A	0.83%	MF	0.83%
Nuveen				N/A	N/A	0.76%	MF	0.76%
Victory				N/A	N/A	0.93% (0.10%)	MF	0.83%
WCM				N/A	N/A	1.00% (0.15%)	MF	0.85%
Wells Fargo				N/A	N/A	0.85%	MF	0.85%



Grey shading indicates fees above MF screening threshold

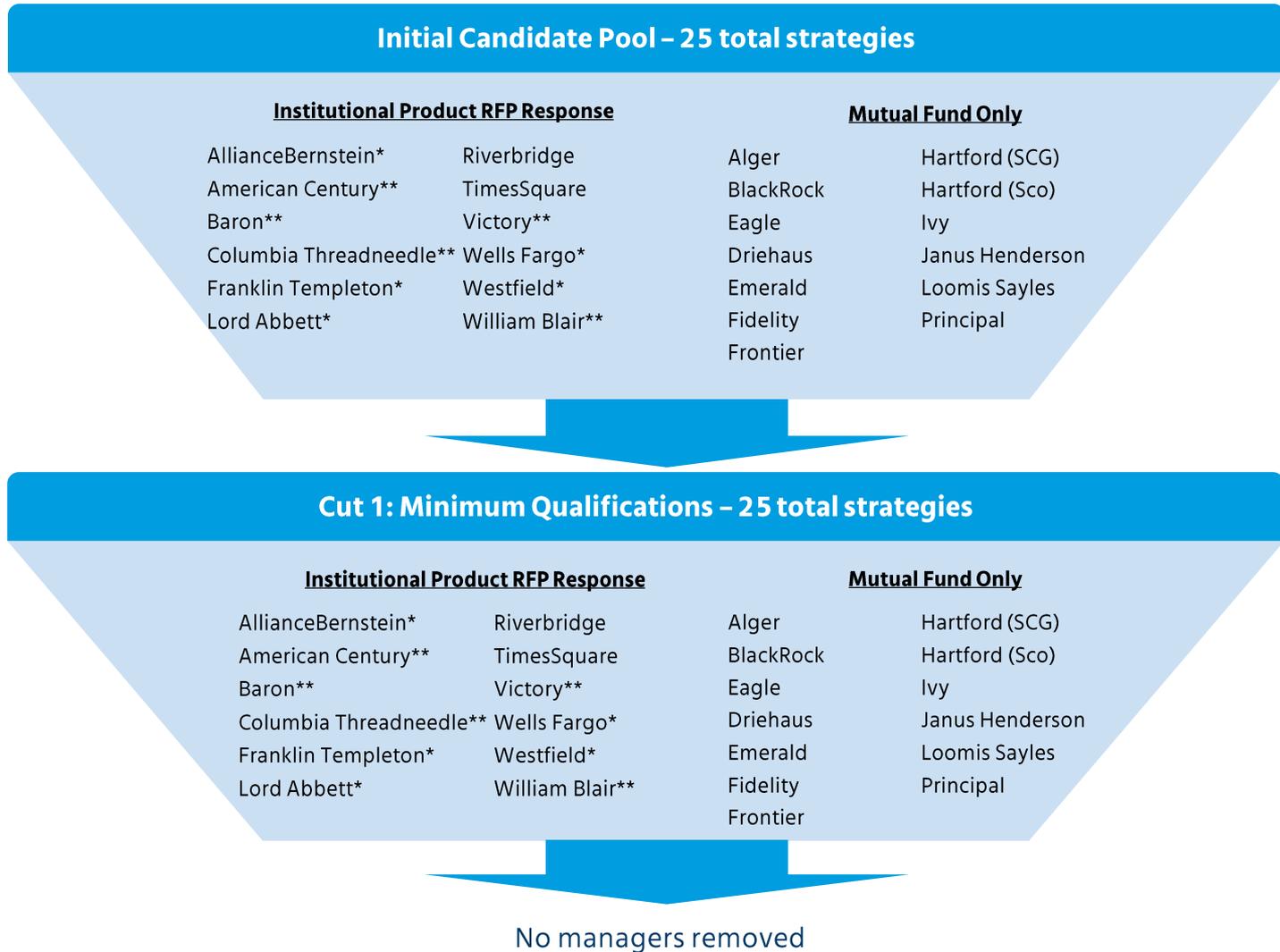


Active Small-Cap Growth Equity

4

Stage 1 Evaluation Process

Active Small Cap Growth Equity



*Mutual fund vehicle also available and passed initial screening

**Mutual fund vehicle also available that did not pass initial screening

Stage 1 Evaluation Process

Active Small Cap Growth Equity

Cut 2: Org Background and Business Strength – 25 total strategies

Institutional Product RFP Response

AllianceBernstein*	Riverbridge
American Century**	TimesSquare
Baron**	Victory**
Columbia Threadneedle**	Wells Fargo*
Franklin Templeton*	Westfield*
Lord Abbett*	William Blair**

Mutual Fund Only

Alger	Hartford (SCG)
BlackRock	Hartford (Sco)
Eagle	Ivy
Driehaus	Janus Henderson
Emerald	Loomis Sayles
Fidelity	Principal
Frontier	

No managers removed

Cut 3: Investment Experience – 23 total strategies

Institutional Product RFP Response

AllianceBernstein*	Riverbridge
American Century**	TimesSquare
Baron**	Victory**
Columbia Threadneedle**	Wells Fargo*
Franklin Templeton*	Westfield*
Lord Abbett*	William Blair**

Mutual Fund Only

Alger	Hartford (Sco)
Eagle	Ivy
Emerald	Janus Henderson
Fidelity	Loomis Sayles
Frontier	Principal
Hartford (SCG)	

Driehaus and BlackRock were removed due to City of LA mandate representing more than 10% of strategy assets, making concentration risk higher than desired.

*Mutual fund vehicle also available and passed initial screening

**Mutual fund vehicle also available that did not pass initial screening

Stage 1 Evaluation Process

Active Small Cap Growth Equity

Cut 4: Investment Approach & Process – 23 total strategies

Institutional Product RFP Response

AllianceBernstein*
 American Century**
 Baron**
 Columbia Threadneedle**
 Franklin Templeton*
 Lord Abbett*

Riverbridge
 TimesSquare
 Victory**
 Wells Fargo*
 Westfield*
 William Blair**

Mutual Fund Only

Alger
 Eagle
 Emerald
 Fidelity
 Frontier
 Hartford (SCG)

Hartford (Sco)
 Ivy
 Janus Henderson
 Loomis Sayles
 Principal

No managers removed

Cut 5: Performance – 16 total strategies

Institutional Product RFP Response

AllianceBernstein*
 American Century**
 Baron**
 Columbia Threadneedle**
 Franklin Templeton*
 Lord Abbett*

Riverbridge
 Victory**
 Wells Fargo*
 Westfield*
 William Blair**

Mutual Fund Only

Alger
 Fidelity
 Hartford (Sco)

Ivy
 Principal

TimesSquare, Eagle, Emerald, Frontier, Hartford (SCG), Janus Henderson and Loomis Sayles were removed due to overall performance metrics falling below expectations.

*Mutual fund vehicle also available and passed initial screening

**Mutual fund vehicle also available that did not pass initial screening

Stage 1 Evaluation Process

Active Small Cap Growth Equity

Cut 6: Administration & Reporting and Transition – 16 total strategies

<u>Institutional Product RFP Response</u>		<u>Mutual Fund Only</u>	
AllianceBernstein*	Riverbridge	Alger	Ivy
American Century**	Victory**	Fidelity	Principal
Baron**	Wells Fargo*	Hartford (Sco)	
Columbia Threadneedle**	Westfield*		
Franklin Templeton*	William Blair**		
Lord Abbett*			

No managers removed

Cut 7: Fees – 8 total strategies

<u>Institutional Product RFP Response</u>		<u>Mutual Fund Only</u>
AllianceBernstein*	Riverbridge	Fidelity
Columbia Threadneedle**	Victory**	
Franklin Templeton*	Wells Fargo*	
LordAbbett*		

American Century, Baron, Westfield, William Blair, Alger, Hartford (Sco), Ivy and Principal were removed due to the lowest cost viable vehicle having an expense ratio below the median fee for candidates (0.70% or higher).

*Mutual fund vehicle also available and passed initial screening

**Mutual fund vehicle also available that did not pass initial screening

Stage 1 Evaluation Process

Active Small Cap Growth Equity



- Following the stage 1 screening process, 8 active small cap growth equity strategies are recommended to be included in the search deck.

*Mutual fund vehicle also available and passed initial screening

**Mutual fund vehicle also available that did not pass initial screening

Stage 1 Evaluation Process

Active Small Cap Growth Equity

	Organizational Strength And Continuity				
	Business Strength And Resiliency	Number of Investment Professionals	Firmwide Assets (\$B)	Year Firm Founded	History Of Legal And Regulatory Proceedings*
AB		582	685.9	1971	
ACIM		199	212.5	1958	
Baron		103	47.7	1982	
Columbia Threadneedle		265	396.2	1985	
Franklin Templeton		715	1,497.6	1947	
Lord Abbett		392	223.7	1929	
Riverbridge		21	13.0	1987	
TimesSquare		46	16.1	2000	
Victory		224	147.2	1894	
Wells Fargo		451	509.0	1981	
Westfield		33	17.0	1989	
William Blair		143	69.7	1935	
Alger		53	46.2	1964	N/A*
BlackRock		2570	9,496.0	1988	N/A*
Eagle		58	32.4	1976	N/A*
Driehaus		39	12.3	1982	N/A*
Emerald		22	6.0	1991	N/A*
Fidelity		761	3,609.1	1946	N/A*
Frontier		24	13.8	1980	N/A*
Hartford (SCG - Incumbent)		246	103.6	1810	N/A*
Hartford (Sco)		246	103.6	1810	N/A*
ivy		86	74.8	1937	N/A*
Janus Henderson		1604	401.6	2017	N/A*
Loomis Sayles		735	347.8	1926	N/A*
Principal		561	545.0	1998	N/A*

*All RFP respondents indicated that there were no material proceedings affecting the services they would provide. Mercer is unable to evaluate the veracity of this assertion, though we viewed these responses to be satisfactory. Legal and Regulatory histories have not been assessed for the mutual fund candidates.

Note: BlackRock, Frontier and Ivy assets as of 6/30/2021.

Stage 1 Evaluation Process

Active Small Cap Growth Equity

	Investment Experience			
	History Of Managing Small Cap Growth Equity	Scale Of Small Cap Growth Equity Assets Under Management (\$B)	City of LA % of Strategy Assets	Number of Portfolio Managers
AB	1970	8.0	2.0%	5
ACIM	2001	2.0	7.3%	2
Baron	1997	5.2	3.0%	1
Columbia Threadneedle	1992	3.5	4.4%	2
Franklin Templeton	1992	4.6	3.4%	2
Lord Abbett	1973	5.9	2.7%	4
Riverbridge	1988	3.5	4.3%	3
TimesSquare	1986	4.0	3.9%	3
Victory	1987	4.6	3.4%	5
Wells Fargo	1994	1.9	7.8%	4
Westfield	1989	2.3	6.6%	16
William Blair	1994	2.4	6.1%	2
Alger	2015	10.0	1.6%	1
BlackRock	1993	1.2	11.8%	23
Eagle	1993	3.0	5.0%	3
Driehaus	1980	1.4	10.1%	2
Emerald	1992	5.5	2.8%	3
Fidelity	2004	6.3	2.5%	1
Frontier	1985	2.1	7.0%	2
Hartford (SCG - Incumbent)	1994	5.2	3.0%	3
Hartford (Sco)	1996	2.4	6.2%	2
Ivy	2003	4.2	3.7%	3
Janus Henderson	1985	4.7	3.3%	2
Loomis Sayles	2005	5.0	3.1%	2
Principal	2000	2.9	5.2%	2

Investment Approach	Investment Approach And Process			
	Typical Number of Holdings*	Expected Annual Turnover	Median Market Cap (\$B)	Average Market Cap (\$B)
Blend	113	50%	4.2	5.2
Blend	142	250%	3.9	4.6
Fundamental	75	15%	5.7	11.3
Fundamental	93	100%	4.6	6.7
Fundamental	148	50%	3.6	4.5
Fundamental	102	150%	4.6	5.7
Fundamental	50	20%	4.7	5.4
Fundamental	100-120	75%	Not provided	Not provided
Fundamental	106	100%	3.3	4.4
Fundamental	97	75%	3.5	3.9
Fundamental	70	75%	5.6	6.3
Fundamental	88	83%	3.1	3.6
Fundamental	50	40%	5.5	8.4
Quantitative	587	150%	2.3	4.1
Fundamental	100	65%	5.2	5.8
Blend	113	362%	4.2	6.3
Fundamental	110-120	60%	3.2	3.4
Fundamental	269	113%	3.9	5.8
Fundamental	120	87%	4.5	6.8
Blend	164	88%	3.1	3.7
Fundamental	100	175%	3.0	4.0
Fundamental	82	60%	4.6	5.4
Fundamental	134	40%	3.8	6.7
Fundamental	99	85%	3.4	3.8
Quantitative	1267	68%	1.4	2.3

>10 Years	>2-10	<3%	
8-10 Years	>10-12	3%-5%	
5-7 Years	1-2, >12-15	>5% - 10%	1 or >10 & Fundamental
<5 Years	<1, >15	>10%	

50-125	<50	+/- 25% from BM	+/- 25% from BM
126-200	50-100	+/- 26%-50% from BM	+/- 26%-50% from BM
<50, >200	101-200	+/- >50% from BM	+/- >50% from BM
	>200		

*BlackRock, Frontier and Ivy data as of 6/30/21

**Legend applies to Fundamental and Blend strategies

***Russell 2000 Growth Benchmark: Median Market Cap is \$1.28B. Average Market Cap is \$4.22B

Stage 1 Evaluation Process

Active Small Cap Growth Equity

	Investment Performance						Benchmark
	Overall 5-Year Performance Relative to Universe	5-Year Std Dev	5-Year IR	5-Year Sharpe Ratio	Correlation vs Russell Small Cap Growth Index	Overall Performance Metrics (1-20) (assigns a 1-4 point score for each of the 5 performance dimensions to the left.)	
AB	28.5	20.4	1.91	1.34	0.97	19	Russell 2000 Growth
ACIM	26.2	20.1	1.73	1.24	0.98	18	Russell 2000 Growth
Baron	22.5	20.3	0.60	1.05	0.94	15	Russell 2000 Growth
Columbia Threadneedle	30.6	21.7	1.83	1.35	0.95	17	Russell 2000 Growth
Franklin Templeton	23.5	21.4	0.88	1.04	0.97	15	Russell 2000 Growth
Lord Abbett	29.1	21.8	1.17	1.28	0.91	16	Russell 2000 Growth
Riverbridge	25.9	18.6	0.97	1.33	0.93	17	Russell 2000 Growth
TimesSquare	19.4	21.0	0.16	0.87	0.97	10	Russell 2000 Growth
Victory	22.9	20.9	0.72	1.04	0.96	15	Russell 2000 Growth
Wells Fargo	25.9	21.9	1.17	1.13	0.96	15	Russell 2000 Growth
Westfield	22.1	19.5	0.60	1.07	0.96	16	Russell 2000 Growth
William Blair	24.3	19.9	1.14	1.16	0.97	17	Russell 2000 Growth
Alger	27.9	20.6	0.87	1.30	0.86	16	Russell 2000 Growth
BlackRock	16.9	20.9	-0.20	0.80	0.91	8	Russell 2000 Growth
Eagle	17.9	20.5	-0.16	0.82	0.98	10	Russell 2000 Growth
Driehaus	33.2	22.9	1.91	1.40	0.94	16	Russell 2000 Growth
Emerald	20.1	20.7	0.29	0.92	0.97	11	Russell 2000 Growth
Fidelity	22.9	18.7	0.81	1.16	0.97	17	Russell 2000 Growth
Frontier	24.9	24.0	0.90	1.00	0.96	12	Russell 2000 Growth
Hartford (SCG - Incumbent)	18.3	20.7	-0.10	0.83	0.99	10	Russell 2000 Growth
Hartford (Sco)	24.3	21.2	1.10	1.09	0.97	16	Russell 2000 Growth
Ivy	21.7	19.6	0.60	1.10	0.96	16	Russell 2000 Growth
Janus Henderson	18.7	19.4	0.02	0.91	0.98	11	Russell 2000 Growth
Loomis Sayles	21.0	19.4	0.50	1.02	0.97	12	Russell 2000 Growth
Principal	22.0	19.8	0.84	1.05	0.98	15	Russell 2000 Growth

1st Quartile (>26.8)	1st Quartile (<19.7)	1st Quartile (>1.09)	1st Quartile (>1.23)	0.96-1	18-20
2nd Quartile (22.3-26.8)	2nd Quartile (19.7-20.7)	2nd Quartile (0.58-1.09)	2nd Quartile (1.04-1.23)	0.91-0.95	15-17
3rd Quartile (18.9-22.2)	3rd Quartile (20.8-21.8)			0.85-0.90	13-14
4th Quartile (<18.9)	4th Quartile (>21.8)	<0.58 (Median)	<1.04 (Median)	<0.85	<13

Stage 1 Evaluation Process

Active Small Cap Growth Equity

	Portfolio Transition	Administrative and Reporting		Fees				
		Able to provide a daily NAV?	Additional Sep. Acct Costs/Reporting	Separate Account	CIT	Mutual Fund (Rev. Share)	Most Cost Effective and/or Viable Vehicle	Effective Expense Ratio
AB				N/A	0.70%	0.92% ((.25%)	MF	0.67%
ACIM			If SA used	0.75%	0.80%	0.87%	CIT	0.80%
Baron			If SA used	0.73%	N/A	1.05%	MF	1.05%
Columbia Threadneedle			If SA used	0.58%	0.50%	0.89%	CIT	0.50%
Franklin Templeton			If SA used	0.74%	N/A	0.66%	MF	0.66%
Lord Abbett				N/A	0.56%	0.59%	CIT	0.56%
Riverbridge			If SA used	0.90%	0.70%	N/A	CIT	0.70%
TimesSquare				N/A	0.80%	Closed	CIT	0.80%
Victory				N/A	0.70%	1.06%	CIT	0.70%
Wells Fargo				N/A	0.53%	0.85%	CIT	0.53%
Westfield			If SA used	0.65%	N/A	0.81%	MF	0.81%
William Blair				N/A	0.84%	1.18%	CIT	0.84%
Alger				N/A	N/A	0.84%	MF	0.84%
BlackRock				N/A	N/A	0.50% (0.25%)	MF	0.25%
Eagle				N/A	N/A	0.66%	MF	0.66%
Driehaus				N/A	N/A	0.83%	MF	0.83%
Emerald				N/A	N/A	0.72% (0.05%)	MF	0.67%
Fidelity				N/A	N/A	0.61%	MF	0.61%
Frontier				N/A	N/A	0.95% (0.25%)	MF	0.70%
Hartford (SCG - Incumbent)				N/A	N/A	0.66%	MF	0.66%
Hartford (Sco)				N/A	N/A	0.79%	MF	0.79%
Ivy				N/A	N/A	0.89% (0.10%)	MF	0.79%
Janus Henderson				N/A	N/A	0.67%	MF	0.67%
Loomis Sayles				N/A	N/A	0.82%	MF	0.82%
Principal				N/A	N/A	0.84%	MF	0.84%

Mutual Fund			
Existing CIT			
New CIT			
Sep. Acct			

Grey shading indicates fees above MF screening threshold	
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Top 50%
Bottom 50%

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