

DEPARTMENT OF FIRE AND POLICE PENSIONS

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REPORT TO THE BOARD OF FIRE AND POLICE PENSION COMMISSIONERS

DATE: NOVEMBER 20, 2025

ITEM: D.5

FROM: JOSEPH SALAZAR, GENERAL MANAGER

SUBJECT: CHIEF INVESTMENT OFFICER'S QUARTERLY REPORT OF INVESTMENT ACTIVITY AND POSSIBLE BOARD ACTION

RECOMMENDATION

That the Board approve the actual asset allocation of the Fund and Staff's plans for bringing asset classes currently outside of their target allocation ranges back within their allocation ranges.

BACKGROUND

The Rebalancing Policy (Board Investment Policies Section 1.7) specifies that the Board will review and affirmatively approve any allocations of Fund assets outside of their target ranges. It states:

Staff will monitor the portfolio's actual asset allocation relative to the target allocations. If the actual allocations fall within the defined ranges, no rebalancing will be required. If the actual allocations fall outside the predetermined range, Staff will implement a rebalancing back within the range of the target allocation.

Staff will report all rebalancing activities to the Board on a quarterly basis at a minimum. In circumstances where it is impractical to rebalance the portfolio for any market or portfolio-specific reason, Staff shall assess the rebalancing options, notify the Board of the out of balance situation, and report its recommendations to the Board. Staff shall seek approval from the Board to implement rebalancing according to Staff's recommended rebalancing plan in situations that involve leaving the portfolio, or some portion of the portfolio out of balance for an extended period of time.

The following table displays the current target asset allocation plan and actual allocation percentages as of October 31, 2025:

Asset Class	Target Allocation	Lower Range ¹	Upper Range ¹	Actual Allocation ²
Broad U.S. Equity		29%		
Domestic Large Cap Equity	23.00%	19.32%	26.68%	26.00%
Small Cap Equity	6.00%	4.86%	7.14%	6.04%
Broad International Equity		18%		
International Developed Equity	18.00%	14.94%	21.06%	18.55%
Private Equity ³		15%		
Private Equity	15.00%	11.25%	18.75%	16.48%

Asset Class	Target Allocation	Lower Range ¹	Upper Range ¹	Actual Allocation ²
LAFPP Custom Fixed Income	22%			
Core Bonds	10.80%	10.26%	11.34%	10.61%
TIPS	3.50%	3.40%	3.61%	3.39%
High Yield Bonds	2.20%	1.97%	2.43%	2.15%
Unconstrained Fixed Income	2.20%	1.97%	2.43%	2.21%
Global Credit	3.30%	3.10%	3.50%	3.03%
Private Credit	3%			
Private Credit	3.00%	2.25%	3.75%	0.79%
LAFPP Custom Real Estate	10%			
Private Real Estate	8.50%	7.23%	9.78%	6.09%
REITs	1.50%	1.19%	1.82%	2.90%
Infrastructure	2%			
Infrastructure	2.00%	1.50%	2.50%	0.16%
Cash Equivalents	1%			
Cash	1.00%	1.00%	4.00%	1.58%
TOTAL	100%			

¹Since the last CIO's report, the upper and lower ranges for public assets classes were updated to reflect current policy ranges adopted by the Board on November 21, 2024.

²May not sum exactly to 100% due to rounding.

³The remainder of the Private Commodities portfolio (approximately 0.36%) is included in Private Equity.

DISCUSSION

As shown in the table above and in Attachment I, Domestic Large Cap Equity, Small Cap Equity, International Developed Equity, Core Bonds, High Yield Bonds, Unconstrained Fixed Income, Private Equity, and Cash were within their target ranges. TIPS and Global Credit are slightly below their target ranges. While the total exposure to Real Estate (public and privately traded) was within its target range, Private Real Estate was under-allocated and Real Estate Investment Trusts (REITs) were overallocated. Additionally, Private Credit and Infrastructure were under-allocated.

Since the previous Chief Investment Officer's Quarterly Report, the S&P 500 Index has continued to climb and reached an all-time high on October 28, 2025. The portfolio market value grew from \$35.73 billion as of September 30, 2025, to \$35.83 billion as of October 31, 2025, an increase of \$102.6 million. During this period, Staff completed the following rebalancing activities:

- 1) On October 1, 2025, the Board did not renew the contract for the Principal Real Estate Investors Global REIT strategy. As of November 10, 2025, the account was fully liquidated. The proceeds of approximately \$221 million were transferred to the Cash account and will be used to fund private real estate commitments.
- 2) In early November 2025, \$575 million was liquidated and withdrawn from the passive RhumbLine Advisors Russell 1000 Growth (R1000G) account. Large Cap Growth stocks have outperformed significantly over the 1-year period ending October 31, 2025, with the R1000G account returning 30.52%. To capture returns and bring the Domestic Equity Large

Cap asset class closer to target, Staff conducted the rebalance and transferred the proceeds to the Cash account for future pension payments, private investment contributions, and rebalancing of the TIPS and Global Credit accounts back within their target ranges (in progress).

Staff continues to execute the Real Assets implementation plan approved by the Board on November 7, 2024. The liquidation of the former Commodities asset class continues to progress as planned. There are 12 remaining private equity commodities funds, with a total value of \$127.7 million or approximately 0.36% of the total fund, that continue to gradually wind down pursuant to the limited partnership agreements. In light of the relatively small exposure, these funds have been consolidated with the Private Equity asset class in the table on page 1 of this report and in Attachments I and II. Further, the reduction in exposure to REITs towards its target allocation of 1.5% continues to progress according to plan. In addition to liquidating the Principal Real Estate Investors Global REIT account, the Board approved a one-year contract extension to the Principal Real Estate Investor U.S. REIT account on October 1, 2025. During this extension period, the account will be fully liquidated to fund recent and forthcoming commitments to private real estate.

The Infrastructure asset class, which the Board adopted in August 2024 to replace the former Commodities asset class, is projected to remain underweight relative to its target allocation for an extended period. At the March 20, 2025 meeting, the Board approved the Infrastructure Strategic and Investment Plan, along with the Infrastructure Investment Policy (Section 5.0 of the Board Investment Policies). This policy outlines a target allocation within the private infrastructure portfolio, with 60% allocated to Strategic investments and 40% to Tactical investments. As discussed in the Infrastructure Strategic and Investment Plan presented by Townsend Group, the infrastructure portfolio is expected to reach its 2% target allocation by 2029. To date, the Board has approved total commitments of \$500 million to six infrastructure funds.

The Private Credit asset class will also continue to be underweight relative to its target allocation for an extended period given the nascent nature of the Private Credit program (launched in June 2023). As indicated in the Private Credit Annual Strategic Plan being presented by the StepStone Group at today's meeting, the target allocation to Private Credit is expected to be achieved within five to six years as the Board commits to new private credit funds at a measured pace. To date, the Board has approved total commitments of \$780 million to 21 private credit funds.

DUE DILIGENCE MEETINGS

During the 1-month period ended October 31, 2025, Staff conducted 17 due diligence meetings (conference calls and annual meetings via video-based platforms) with Asset Managers working for the Fund.

CASH FLOW

The actual and projected pension related cash flows (in millions) for 4Q 2025 and 1Q 2026 are summarized below:

	Oct 1 – Dec 31, 2025 Actual/Projected	Jan 1 – Mar 31, 2026 Projected
City Contributions (Net) ¹	0.0	0.0
Member Contributions	46.0	41.4

Investment Income ²	122.9	122.9
Securities Lending	1.0	0.9
Earnings on Cash + miscellaneous	2.9	2.7
Private RE, PC and PE Cash Flow	-112.8	-102.8
DROP	-10.6	-75.8
Pension Benefits ³	-369.8	-357.2
OPEB ⁴	-44.5	-44.4
Administrative Expense	-8.7	-7.4
Net Cash Flow (est.)⁵	-373.6	-419.7

¹The Net City Contribution = (the Total General Fund Contribution – the retirement contribution payment from LAFPP to LACERS for LAFPP Staff) + the Special Fund (Harbor) contribution + the Special Fund (LAWA) contribution received in the beginning of the fiscal year.

²Investment income (dividends and interest) withdrawals resumed in March 2023 and are used to fund the pension payrolls.

³Pension Benefits include: service pensions, disability pensions, survivor pensions, and refund of contributions.

⁴Other Postemployment Benefits (OPEB) include: health insurance premium subsidy, dental insurance premium subsidy, Medicare reimbursement, and health insurance premium reimbursement.

⁵Negative Cash Flow is funded by Cash and rebalancing.

OTHER INVESTMENT ACTIVITIES

Status updates on key projects related to the implementation of potential and Board-approved structure changes for the Broad U.S. Equity and International Small Cap Equity asset classes are provided in the table below.

Investment Activities	Status
Active International Small Cap Equity Manager Search	The Board approved an Active International Small Cap Equity manager search to consider hiring a replacement manager at the March 6, 2025 meeting. Minimum Qualifications were approved by the Board at the July 3, 2025 meeting. The search is in progress; Staff and RVK are currently evaluating qualified candidates.
Broad U.S. Equity Structure Study	The five-part Broad U.S. (Domestic) Equity Structure Study was initiated on October 16, 2025, with RVK conducting a general educational presentation on Public Assets. At today's meeting, RVK will present a second educational presentation on asset class composites. In December, RVK will provide a third educational presentation on LAFPP's current domestic equity structure. At the two meetings in February 2026, RVK will provide a fourth presentation on alternate structures for the asset class and a final presentation

	with recommended changes to optimize risk-adjusted returns.
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Consistent with the FY2025-26 Annual Plan for Strategic Goal No. 2 — *Enhance Outreach by Promoting Inclusivity and Engagement with Emerging Investment Managers*, LAFPP and LACERS co-hosted the 2025 Emerging Manager Networking Forum (EMNF) at LAFPP's offices on November 13, 2025. The event brought together 46 investment professionals from 27 emerging manager firms, including six based in Los Angeles County. Twenty firms representing a range of asset classes were selected by lottery to participate in one-on-one meetings with investment staff from both systems. All attendees were invited to attend the General Consultants Panel and the Alternatives Consultants Panel, featuring the consultants of LAFPP and LACERS. The panels provided attendees education on the consultants' investment processes. Throughout the event, whether in the panel discussions, one-on-one meetings, or networking sessions, staff, consultants and managers had meaningful engagements. The EMNF successfully provided staff the opportunity to learn about various investment opportunities currently offered by emerging managers and a platform to build connections with new firms.

BUDGET

This report has no budget impact.

POLICY

There is no policy impact associated with this report.

CONTRACTOR DISCLOSURE INFORMATION

There is no contractor disclosure information required with this report.

This report was prepared by:

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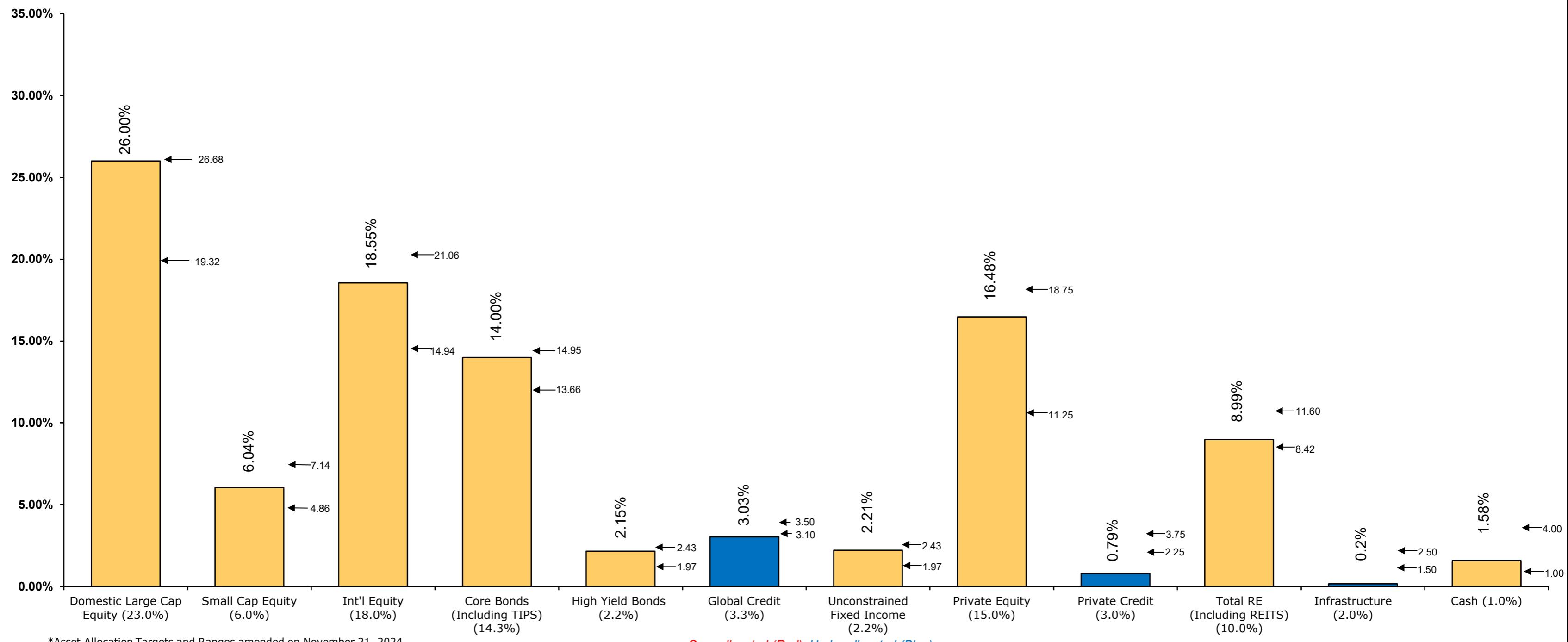
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Attachments: I – Portfolio Allocation Chart as of October 31, 2025
II – Total Plan Portfolio as of October 31, 2025



Los Angeles Fire and Police Pensions

Portfolio Allocation





Los Angeles Fire and Police Pensions

Portfolio as of October 31, 2025

EQUITIES						PRIVATE EQUITY					
	STOCKS	BONDS	CASH	TOTAL	ALLOC.		STOCKS / EQUITY / RE	BONDS	CASH	TOTAL	ALLOC.
AllianceBernstein (S&P 500 Index)	3,156.6	-	3.6	3,160.2		Abbott Capital	0.7	-	-	0.7	
AllianceBernstein (Systematic Value)	920.1	-	1.9	922.0		Hamilton Lane	0.1	-	-	0.1	
Rhumble (Russell 1000 Growth Index)	2,414.6	-	1.8	2,416.4		PCA	0.4	-	-	0.4	
NTI S&P 500 Equal Weight	1,397.1	-	8.0	1,405.1		Fairview Capital	267.9	-	-	267.9	
NTI Stoxx USA 900	649.4	-	2.6	651.9		Portfolio Advisors	5,258.4	-	-	5,258.4	
Boston Partners (Value)	750.8	-	10.5	761.3		Portfolio Advisors Commodities	127.7	-	-	127.7	
Terminated/Transition Domestic Equity Managers	-	-	0.1	0.1		Aldus Equity	101.7	-	-	101.7	
Core Equity Managers (23%)	9,288.6	-	28.4	9,317.0	26.00%	Stepstone Group	42.1	-	-	42.1	
Target Differential	3.00%				1,075.5	TCP	21.4	-	-	21.4	
Rhumble (S&P 600 Index)	160.6	-	0.4	160.9		Greycroft Growth IV LP	28.9	-	-	28.9	
Frontier Capital Mgt. (Growth)	738.9	-	6.5	745.3		Baillie Gfd PVC GP II	55.6	-	-	55.6	
Channing Capital Mgt. (Value)*	86.9	-	2.4	89.3		TOTAL PRIVATE EQUITY MGRS (15%)	5,904.9	-	-	5,904.9	16.48%
Denali Advisors (Value)*	95.7	-	1.3	96.9		Target Differential	1.48%				530.0
Eastern Shore Capital (Core)*	73.5	-	2.4	75.9		PRIVATE CREDIT					
Lisanti Capital (Growth)*	71.9	-	2.3	74.2		Stepstone Private Credit	283.1	-	-	283.1	
PIMCO Stocks Plus (Core)	255.2	-	-	255.2		TOTAL PRIVATE CREDIT MGRS (3%)	283.1	-	-	283.1	0.79%
Palisade Capital Management (Core)	87.8	-	4.0	91.9		Target Differential	(2.21)%				(791.9)
Phocas Financial (Value)*	86.7	-	3.6	90.3		REAL ESTATE					
Westwood Management (Value)	240.9	-	4.0	245.0		Alliance REIT	179.9	-	1.0	180.8	
AllianceBernstein (Value)	238.4	-	1.8	240.2		Principal Global REIT	71.1	-	0.9	72.0	
Terminated/Transition Small Cap Equity Managers	-	-	0.0	0.0		Principal U.S. REIT	303.4	-	2.8	306.2	
Small Cap. Equity Mgrs (6%)	2,136.4	-	28.8	2,165.2	6.04%	Cohen & Steers U.S. REIT	473.1	-	5.5	478.5	
Target Differential	0.04%				15.3	REIT Managers (1.5%)	1,027.4	-	10.2	1,037.6	2.90%
Brandes Investment Partners (Value)	2,168.6	-	73.6	2,242.2		Target Differential	1.40%				500.1
Blackrock (Core Passive)	2,360.5	-	8.0	2,368.5		REAL ESTATE COMMINGLED FUNDS SUMMARY					
Baillie Gifford (Growth)	1,396.2	-	17.9	1,414.1		Total Pooled Funds	1,695.2	-	-	1,695.2	4.73%
Boston Common (ESG)	-	-	0.5	0.5		REAL ESTATE SEPARATE ACCT. SUMMARY BY MANAGER					
Principal Global Int'l Small Cap	266.4	-	3.8	270.2		AEW (Heitman, Sentinel)	466.4	-	-	466.4	
Victory Capital Mgt.	345.2	-	5.0	350.2		Neptune Building	21.1	-	-	21.1	
Terminated/Transition Int'l Equity Managers	-	-	0.1	0.1		Real Estate Equity Mgrs	487.5	-	-	487.5	1.36%
Int'l Equity Mgrs (18%)	6,536.9	-	108.9	6,645.8	18.55%	Private Real Estate (8.5%)	2,182.7	-	-	2,182.7	6.09%
Target Differential	0.55%				195.9	TOTAL REAL ESTATE (10%)	3,210.1	-	10.2	3,220.3	8.99%
TOTAL EQUITIES MANAGERS (47%)	17,961.9	-	166.0	18,128.0	50.59%	Target Differential	(1.01)%				(362.9)
Int'l Tax Reclaims	1.1	0.1	2.5	3.7		INFRASTRUCTURE					
FIXED INCOME						Townsend Infrastructure	58.5	-	-	58.5	
Northern Trust (Fixed Income Index)	-	0.1	0.3	0.4		TOTAL INFRASTRUCTURE (2%)	58.5	-	-	58.5	0.16%
JP Morgan Core Bond (Active)	-	905.3	3.6	908.9		Target Differential	(2.00)%				(658.1)
Reams Asset Mgmt. (Opportunistic)	-	964.1	-	964.1		CASH					
LM Capital (Opportunistic)	-	915.1	9.3	924.4		HOUSE ACCOUNTS					
GIA Partners (Opportunistic)*	0.1	110.3	1.5	111.8		Tier 1 (Article 17)	-	-	34.5	34.5	
Medalist Partners (MBS)*	-	115.8	-	115.8		Tier 2 (Article 18)	-	-	303.4	303.4	
Loomis Sayles (Long Duration)	-	769.4	5.7	775.1		Tier 3 (Article 35)	-	-	1.4	1.4	
Reams Asset Mgmt. (Passive TIPS)	-	1,215.7	0.9	1,216.5		Tier 4 (New)	-	-	0.5	0.5	
Terminated/Transition Fixed Income Managers	-	-	-	-		Tier 5 (New)	-	-	204.5	204.5	
Core Bond Mgrs (14.3%)	0.1	4,995.8	21.3	5,017.2	14.00%	Tier 6 (New)	-	-	22.0	22.0	
Target Differential	(0.30)%					Transition Account	-	-	0.0	0.0	
MacKay Shields (High Yield)	14.6	742.6	13.7	770.9	2.15%	115 Trust	-	-	0.3	0.3	
Loomis Sayles Global Credit	-	1,037.8	49.5	1,087.3	3.03%	CASH SUMMARY					
Credit Fixed Income (5.5%)	14.6	1,780.4	63.2	1,858.3	5.19%	Unallocated Cash Reserve (1%)	-	-	566.7	566.7	1.58%
Target Differential	(0.31)%					Target Differential	0.58%				208.3
Reams Asset Mgmt. (Unconstrained)	0.1	399.7	-	399.9		TOTAL FUND					
Payden & Rygel (Unconstrained)	-	392.2	-	392.2		STOCKS	BONDS	REAL ESTATE	PRIVATE EQUITY	PRIVATE CREDIT	INFRA
Unconstrained Fixed Income (2.2%)	0.1	791.9	-	792.1	2.21%						CASH
Target Differential	0.01%										TOTAL
TOTAL FIXED INCOME MGRS (22%)	14.9	7,568.1	84.5	7,667.5	21.40%						
Notes						ACTUAL ASSET MIX					
* - Denotes Emerging Manager						Current Month	17,977.9	7,568.2	3,210.1	5,904.9	283.1
City Pension Contribution received on 7/14/25							50.17%	21.12%	8.96%	16.48%	0.79%
Subtotals & totals may not sum up exactly due to rounding.						Last Month	17,794.6	7,546.4	3,311.6	5,907.3	262.4
Data is unaudited; Dollars expressed in Millions.						% Change	1.03%	0.29%	-3.06%	-0.04%	7.89%
Asset allocation Amended by Board on 11/21/2024. Currently executing implementation plan.											