

# 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 <sup>1</sup>	Upper Range <sup>1</sup>	Actual Allocation <sup>2</sup>
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 <sup>3</sup>	15%			
Private Equity	15.00%	11.25%	18.75%	16.48%

Asset Class	Target Allocation	Lower Range <sup>1</sup>	Upper Range <sup>1</sup>	Actual Allocation <sup>2</sup>
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%			

<sup>1</sup>Since 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.

<sup>2</sup>May not sum exactly to 100% due to rounding.

<sup>3</sup>The 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 nascency 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	Jan 1 – Mar 31, 2026
	Actual/Projected	Projected
City Contributions (Net) <sup>1</sup>	0.0	0.0
Member Contributions	46.0	41.4

Investment Income <sup>2</sup>	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 <sup>3</sup>	-369.8	-357.2
OPEB <sup>4</sup>	-44.5	-44.4
Administrative Expense	-8.7	-7.4
<b>Net Cash Flow (est.)<sup>5</sup></b>	<b>-373.6</b>	<b>-419.7</b>

<sup>1</sup>The 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.

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

<sup>3</sup>Pension Benefits include: service pensions, disability pensions, survivor pensions, and refund of contributions.

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

<sup>5</sup>Negative 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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Investments Division

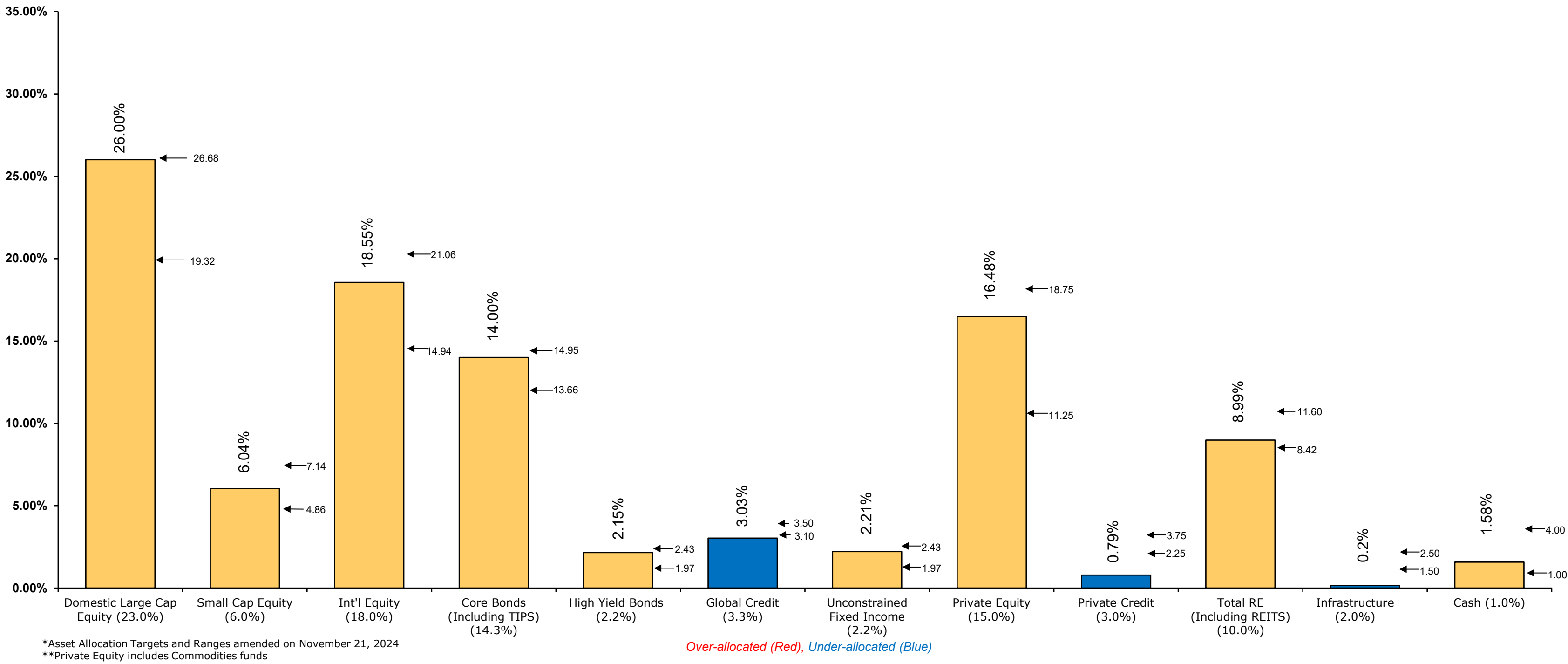
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Attachments: I – Portfolio Allocation Chart as of October 31, 2025  
II – Total Plan Portfolio as of October 31, 2025



# Los Angeles Fire and Police Pensions

## Portfolio Allocation







# Los Angeles Fire and Police Pensions

## Portfolio as of October 31, 2025

EQUITIES	STOCKS	BONDS	CASH	TOTAL	ALLOC.
AllianceBernstein (S&P 500 Index)	3,156.6	-	3.6	3,160.2	
AllianceBernstein (Systematic Value)	920.1	-	1.9	922.0	
Rhumblin (Russell 1000 Growth Index)	2,414.6	-	1.8	2,416.4	
NTI S&P 500 Equal Weight	1,397.1	-	8.0	1,405.1	
NTI Stoxx USA 900	649.4	-	2.6	651.9	
Boston Partners (Value)	750.8	-	10.5	761.3	
Terminated/Transition Domestic Equity Managers	-	-	0.1	0.1	
Core Equity Managers (23%)	9,288.6	-	28.4	9,317.0	26.00%
Target Differential	3.00%				1,075.5
Rhumblin (S&P 600 Index)	160.6	-	0.4	160.9	
Frontier Capital Mgt. (Growth)	738.9	-	6.5	745.3	
Channing Capital Mgt. (Value)*	86.9	-	2.4	89.3	
Denali Advisors (Value)*	95.7	-	1.3	96.9	
Eastern Shore Capital (Core)*	73.5	-	2.4	75.9	
Lisanti Capital (Growth)*	71.9	-	2.3	74.2	
PIMCO Stocks Plus (Core)	255.2	-	-	255.2	
Palisade Capital Management (Core)	87.8	-	4.0	91.9	
Phocas Financial (Value)*	86.7	-	3.6	90.3	
Westwood Management (Value)	240.9	-	4.0	245.0	
AllianceBernstein (Value)	238.4	-	1.8	240.2	
Terminated/Transition Small Cap Equity Managers	-	-	0.0	0.0	
Small Cap. Equity Mgrs (6%)	2,136.4	-	28.8	2,165.2	6.04%
Target Differential	0.04%				15.3
Brandes Investment Partners (Value)	2,168.6	-	73.6	2,242.2	
Blackrock (Core Passive)	2,360.5	-	8.0	2,368.5	
Baillie Gifford (Growth)	1,396.2	-	17.9	1,414.1	
Boston Common (ESG)	-	-	0.5	0.5	
Principal Global Int'l Small Cap	266.4	-	3.8	270.2	
Victory Capital Mgt.	345.2	-	5.0	350.2	
Terminated/Transition Int'l Equity Managers	-	-	0.1	0.1	
Int'l Equity Mgrs (18%)	6,536.9	-	108.9	6,645.8	18.55%
Target Differential	0.55%				195.9
TOTAL EQUITIES MANAGERS (47%)	17,961.9	-	166.0	18,128.0	50.59%
Int'l Tax Reclaims	1.1	0.1	2.5	3.7	
FIXED INCOME					
Northern Trust (Fixed Income Index)	-	0.1	0.3	0.4	
JP Morgan Core Bond (Active)	-	905.3	3.6	908.9	
Reams Asset Mgmt. (Opportunistic)	-	964.1	-	964.1	
LM Capital (Opportunistic)	-	915.1	9.3	924.4	
GIA Partners (Opportunistic)*	0.1	110.3	1.5	111.8	
Medalist Partners (MBS)*	-	115.8	-	115.8	
Loomis Sayles (Long Duration)	-	769.4	5.7	775.1	
Reams Asset Mgmt. (Passive TIPS)	-	1,215.7	0.9	1,216.5	
Terminated/Transition Fixed Income Managers	-	-	-	-	
Core Bond Mgrs (14.3%)	0.1	4,995.8	21.3	5,017.2	14.00%
Target Differential	(0.30)%				(106.9)
MacKay Shields (High Yield)	14.6	742.6	13.7	770.9	2.15%
Loomis Sayles Global Credit	-	1,037.8	49.5	1,087.3	3.03%
Credit Fixed Income (5.5%)	14.6	1,780.4	63.2	1,858.3	5.19%
Target Differential	(0.31)%				(112.5)
Reams Asset Mgmt. (Unconstrained)	0.1	399.7	-	399.9	
Payden & Rygel (Unconstrained)	-	392.2	-	392.2	
Unconstrained Fixed Income (2.2%)	0.1	791.9	-	792.1	2.21%
Target Differential	0.01%				3.7
TOTAL FIXED INCOME MGRS (22%)	14.9	7,568.1	84.5	7,667.5	21.40%

Notes  
\* - Denotes Emerging Manager  
City Pension Contribution received on 7/14/25  
Subtotals & totals may not sum up exactly due to rounding.  
Data is unaudited; Dollars expressed in Millions.  
Asset allocation Amended by Board on 11/21/2024. Currently executing implementation plan.

PRIVATE EQUITY		STOCKS / EQUITY / RE		BONDS	CASH	TOTAL	ALLOC.	
Abbott Capital		0.7		-	-	0.7		
Hamilton Lane		0.1		-	-	0.1		
PCA		0.4		-	-	0.4		
Fairview Capital		267.9		-	-	267.9		
Portfolio Advisors		5,258.4		-	-	5,258.4		
Portfolio Advisors Commodities		127.7		-	-	127.7		
Aldus Equity		101.7		-	-	101.7		
Stepstone Group		42.1		-	-	42.1		
TCP		21.4		-	-	21.4		
Greycroft Growth IV LP		28.9		-	-	28.9		
Baillie Gfd PVC GP II		55.6		-	-	55.6		
TOTAL PRIVATE EQUITY MGRS (15%)		5,904.9		-	-	5,904.9	16.48%	
Target Differential		1.48%					530.0	
PRIVATE CREDIT								
Stepstone Private Credit		283.1		-	-	283.1		
TOTAL PRIVATE CREDIT MGRS (3%)		283.1		-	-	283.1	0.79%	
Target Differential		(2.21)%					(791.9)	
REAL ESTATE								
Alliance REIT		179.9		-	1.0	180.8		
Principal Global REIT		71.1		-	0.9	72.0		
Principal U.S. REIT		303.4		-	2.8	306.2		
Cohen & Steers U.S. REIT		473.1		-	5.5	478.5		
REIT Managers (1.5%)		1,027.4		-	10.2	1,037.6	2.90%	
Target Differential		1.40%					500.1	
REAL ESTATE COMMINGLED FUNDS SUMMARY								
Total Pooled Funds		1,695.2		-	-	1,695.2	4.73%	
REAL ESTATE SEPARATE ACCT. SUMMARY BY MANAGER								
AEW (Heitman, Sentinel)		466.4		-	-	466.4		
Neptune Building		21.1		-	-	21.1		
Real Estate Equity Mgrs		487.5		-	-	487.5	1.36%	
Private Real Estate (8.5%)		2,182.7		-	-		6.09%	
TOTAL REAL ESTATE (10%)		3,210.1		-	10.2	3,220.3	8.99%	
Target Differential		(1.01)%					(362.9)	
INFRASTRUCTURE								
Townsend Infrastructure		58.5		-	-	58.5		
TOTAL INFRASTRUCTURE (2%)		58.5		-	-	58.5	0.16%	
Target Differential		(2.00)%					(658.1)	
CASH								
HOUSE ACCOUNTS								
Tier 1 (Article 17)		-		-	34.5	34.5		
Tier 2 (Article 18)		-		-	303.4	303.4		
Tier 3 (Article 35)		-		-	1.4	1.4		
Tier 4 (New)		-		-	0.5	0.5		
Tier 5 (New)		-		-	204.5	204.5		
Tier 6 (New)		-		-	22.0	22.0		
Transition Account		-		-	0.0	0.0		
115 Trust		-		-	0.3	0.3		
CASH SUMMARY								
Unallocated Cash Reserve (1%)		-		-	566.7	566.7	1.58%	
Target Differential		0.58%					208.3	
TOTAL FUND								
	STOCKS	BONDS	REAL ESTATE	PRIVATE EQUITY	PRIVATE CREDIT	INFRA	CASH	TOTAL
ACTUAL ASSET MIX								
Current Month	17,977.9	7,568.2	3,210.1	5,904.9	283.1	58.5	829.9	35,832.6
	50.17%	21.12%	8.96%	16.48%	0.79%	0.16%	2.32%	100.00%
Last Month	17,794.6	7,546.4	3,311.6	5,907.3	262.4	40.2	867.4	35,730.0
% Change	1.03%	0.29%	-3.06%	-0.04%	7.89%	45.46%	-4.33%	0.29%