# Board of Retirement Regular Meeting

**Sacramento County Employees' Retirement System**

**Agenda Item 20**

**MEETING DATE:** **December 7, 2022**

**SUBJECT:** **International Equity: Emerging Markets Manager Recommendations**

**SUBMITTED FOR:** __ **Consent** _X__ **Deliberation and Action** ___ **Receive and File**

## RECOMMENDATION

Staff recommends the Board:

- Invest approximately $192 million with ARGA Investment Management (Value - Emerging Markets Equity Strategy) and $192 million with Oaktree (Core - Emerging Markets Equity Strategy), and authorize the Chief Executive Officer to execute necessary documents and agreements for each mandate;
- Authorize Staff to determine the most effective method for transitioning assets and execute any necessary documents or agreements to effectuate the transition of assets.

## PURPOSE

This item complies with SCERS' Growth asset category Investment Policy Statement implementation protocols for Staff and Consultants to perform due diligence on public equity investments and make investment manager recommendations to the Board for consideration and approval.

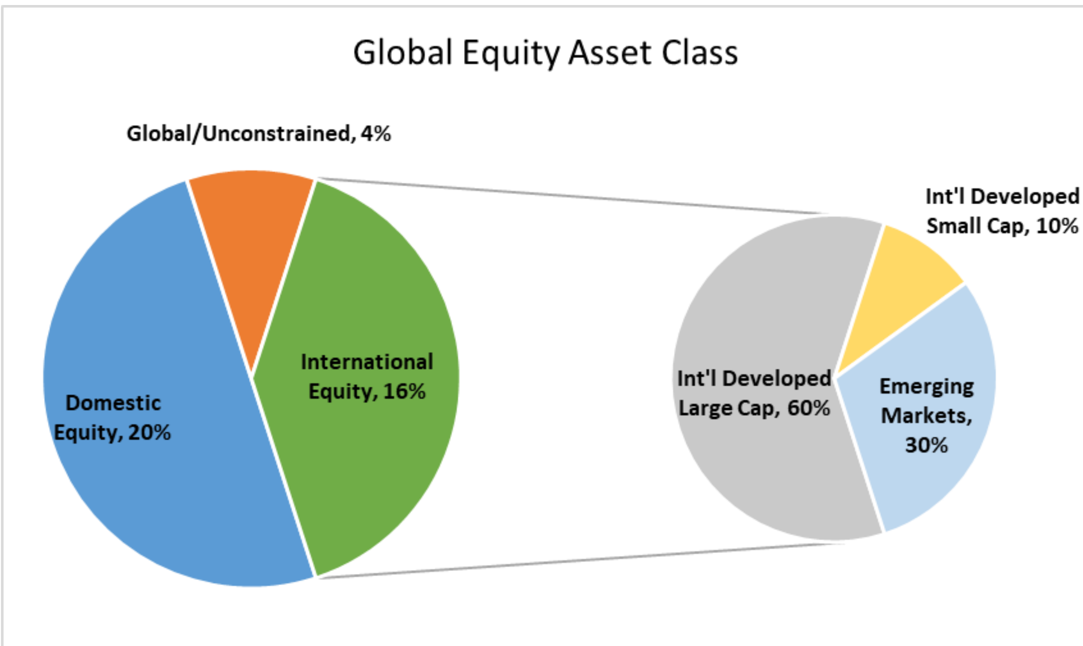
## BACKGROUND

The investment objectives of the Emerging Markets sub-asset class include the following:

- Enhance total fund performance
- Invest in a diversified portfolio of international equity securities, across investment styles and market capitalizations, through externally managed strategies
- Earn net returns in excess of equity index benchmarks, primarily from the selection of investment managers
- Maintain reasonable levels of aggregate risk, as measured through standard deviation and tracking error.

At the December 2021 meeting, the Board approved a 16% target allocation to International Equity, which included a 30% target to Emerging Markets and a 70% target to Developed International Equity (large cap and small cap). The structure for SCERS' Global Equity asset class and International Equity are presented below.

| Asset Class | Target % | Range |
|---|---|---|
| Global Equity | 40% | 36% - 44% |
| Sub-Asset Class | Target % | Range |
| Domestic Equity | 20% | 18% - 22% |
| International Equity | 16% | 14% - 20% |
| Global/Unconstrained Equity | 4% | 1% - 6% |




At the June 2022 Board meeting, the Board approved initiating a manager search for an emerging markets equity manager (or managers). In conjunction with the manager search, Staff and Verus reviewed SCERS' portfolio structure for emerging markets and the existing emerging markets managers, which resulted in the recommended termination of Mondrian Investment Partners. The termination of Mondrian was approved by the Board at the September Board meeting, with the Mondrian Emerging Markets investment fully liquidated at the end of October. As of November 15, 2022, the estimated market value of SCERS' total portfolio is approximately $12 billion, which results in a target allocation to Emerging Markets of approximately $576 million. To fill the allocation, and based on structural considerations for the emerging markets asset class, Staff and Verus are recommending the addition of two new emerging markets managers, a value-oriented manager to replace Mondrian and a new core manager. The target allocation for each mandate will be equal across strategies, balancing exposure across value, core, and SCERS' existing growth-oriented manager, Baillie Gifford. Therefore, based on the target allocation of $576 million, each mandate will have a target allocation of approximately $192 million.

## MANAGER SEARCH SUMMARY

For the emerging markets (EM) equity manager search, Staff and Verus performed extensive due diligence, which included screening the EM manager universe through investment manager databases and leveraging Verus' resources to help construct an initial list of potential candidates. In addition to reviewing available materials on investment manager databases, Staff and Verus also reviewed presentations and materials provided directly from the managers. This evaluation process took the following criteria into consideration: sufficient levels of institutional infrastructure; a minimum amount of assets under management; organizational stability; differentiated investment philosophy and process; and performance record. Additionally, Staff and Verus determined that managers across different investment styles should be evaluated, focusing on value-oriented managers (benchmarked against the MSCI EM Value index) and core managers (benchmarked against the MSCI EM index).

The following managers were selected to interview with Staff and Verus (via videoconference) during August and September:

Value Managers
- AllianceBernstein
- ARGA Investment Management
- Pzena Investment Management

Core Managers
- Ninety One
- Oaktree
- Schroders

Following the interviews, Staff and Verus continued the due diligence process, which included additional data requested from the managers and follow-up communications via call or email. Staff and Verus also had multiple conversations to evaluate the managers being considered.

## RECOMMENDATION

Based on extensive analysis, Staff and Verus recommend the addition of ARGA Investment Management (Value) and Oaktree (Core) as managers within SCERS' Emerging Markets portfolio. Both recommended managers run actively managed and concentrated portfolios, typically between 50 and 75 securities, with high active share[1] and moderate levels of tracking error[2] versus their respective benchmark. The concentrated nature of the portfolios compared to the benchmark, which includes approximately 1,500 constituents, emphasize security selection with the objective of generating meaningful excess returns. Each manager utilizes a

[1] Active Share: Measures the percentage of stock holdings in a manager's portfolio that differs from the benchmark index.

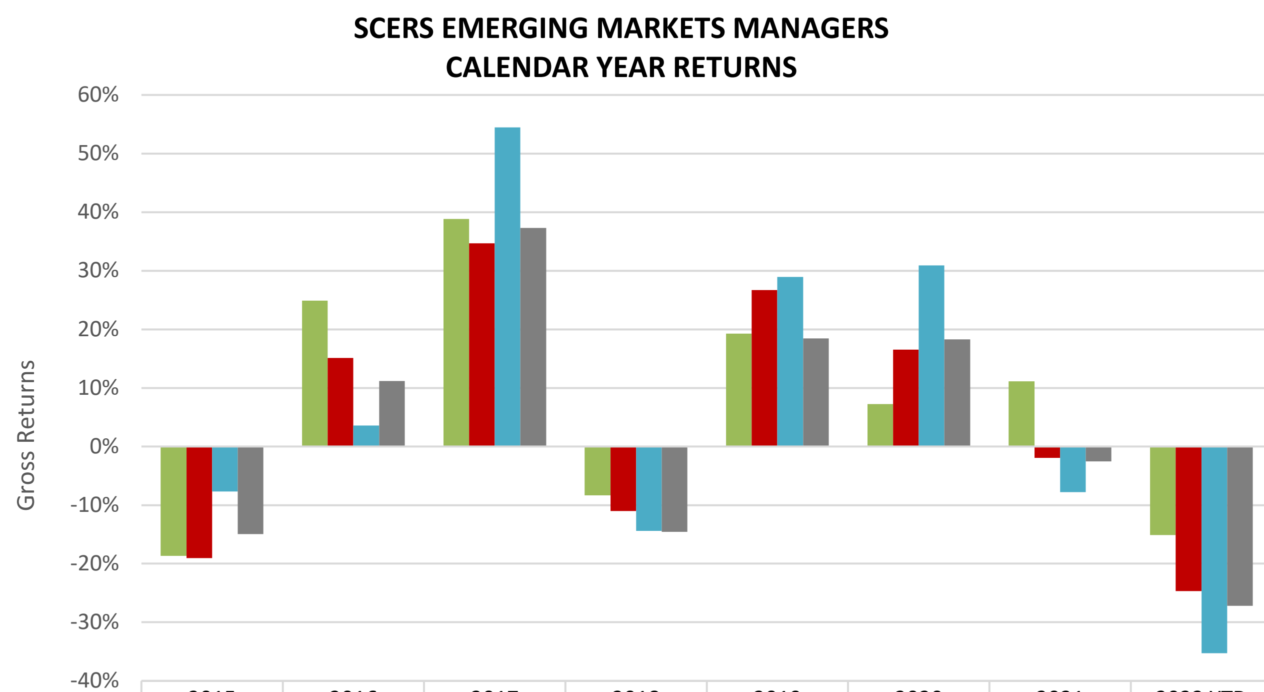
[2] Tracking error: Measure of how a portfolios returns differ compared to the benchmark, calculated as the standard deviation of the difference in returns between a portfolio and the benchmark.

fundamental, bottom-up approach to research and security selection. ARGA and Oaktree each have a unique investment process, starting from identifying and researching stock ideas through portfolio construction and monitoring. With each manager taking a specialized investment approach designed to generate outperformance versus different index benchmarks, the combination of strategies, along with SCERS' growth-oriented manager, should result in a portfolio that can generate excess returns in a variety of market environments. The differences in investment process between the managers should also result in unique portfolios with minimal overlap between securities and varying sector and geographic exposure. While the core Oaktree mandate will be expected to generate excess returns in isolation, the addition of a separate core mandate also provides diversification to Baillie Gifford's high growth mandate and ARGA's deep value mandate.

As noted previously, Staff and Verus recommend equal weighting the allocation across value, core, and growth mandates, with each manager allocation approximately $192 million, which equates to one-third the total targeted allocation for emerging markets. As part of the analysis performed, SCERS and Verus examined the calendar year returns for each manager, including the combined returns for the targeted EM portfolio. This analysis provided additional information on the modeled historical returns for the proposed EM portfolio.

While all manager candidates were highly qualified, this memo will focus on the recommendation of ARGA and Oaktree, and the factors that differentiated these firms from the other managers. Both ARGA and Oaktree have a strong history of generating outperformance versus their respective benchmarks. Additionally, the outperformance has been generated over both the short and longer-term periods, with each manager showing the ability to outperform during different market environments.

The performance chart below shows the historical calendar year performance for ARGA (Value), Oaktree (Core), and Baillie Gifford (Growth), versus the broad MSCI EM index. The chart below helps highlight the complementary performance of the recommended strategies for SCERS' emerging markets portfolio. Worth noting is the variability in returns, and offsetting performance, between the value manager (ARGA) and the growth manager (Baillie Gifford). Also worth noting is the performance of the core manager (Oaktree), which tends to be between the growth and value managers and tracks closer to the core index. The calendar year and annualized returns for ARGA and Oaktree versus their respective benchmarks will be presented later in the report.

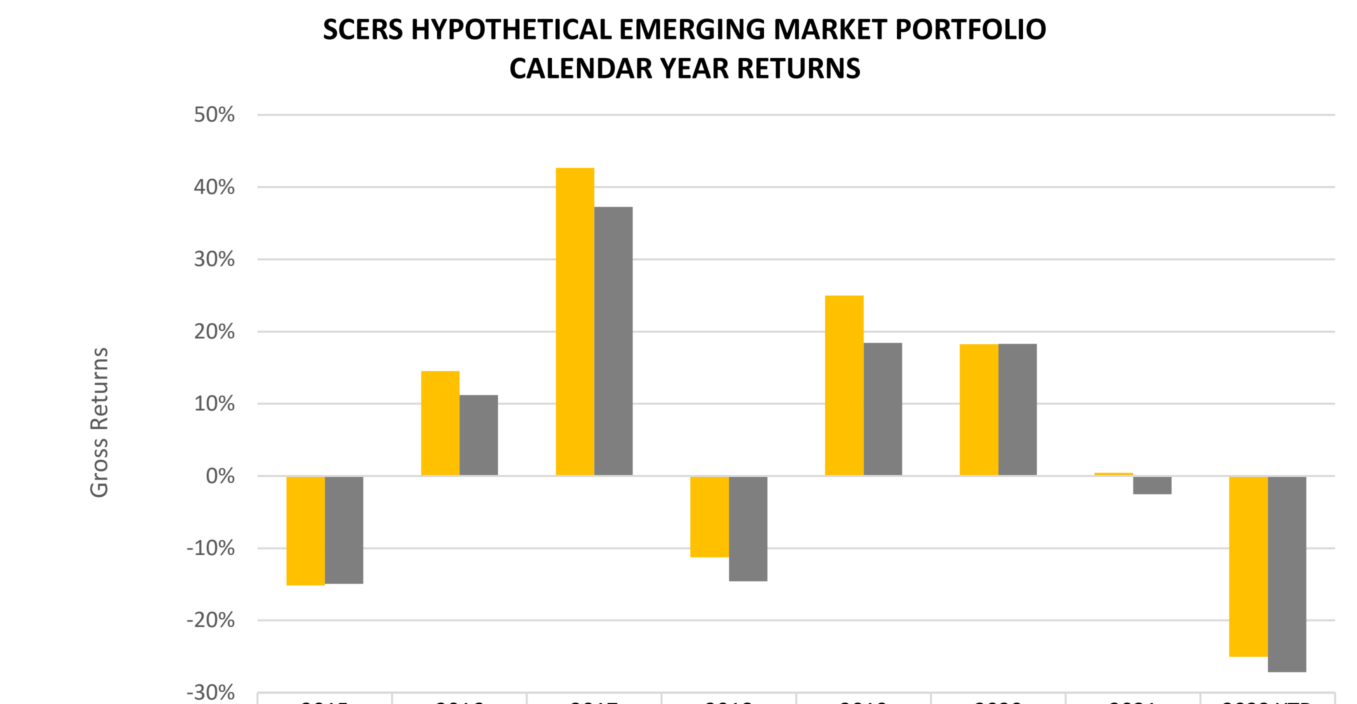



| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 YTD |
|---|---|---|---|---|---|---|---|---|
| ARGA | -18.7% | 24.9% | 38.9% | -8.4% | 19.3% | 7.2% | 11.1% | -15.1% |
| Oaktree | -19.1% | 15.1% | 34.7% | -11.0% | 26.7% | 16.6% | -2.0% | -24.7% |
| Baillie Gifford | -7.7% | 3.6% | 54.4% | -14.4% | 28.9% | 30.9% | -7.8% | -35.3% |
| MSCI EM | -14.9% | 11.2% | 37.3% | -14.6% | 18.4% | 18.3% | -2.5% | -27.2% |

*Source: SCERS, eVestment, as of September 30, 2022. Calendar Year Returns vs MSCI EM Index.*

When considering portfolio construction, Staff also modeled the hypothetical historical performance of the proposed managers and strategies. The chart below assumes an equal weight allocation to each manager. As the chart shows, the combined portfolio would have outperformed the MSCI EM benchmark in six out of the past eight years (including 2022 YTD). Additionally, the magnitude of outperformance is significantly greater than the degree of underperformance[3], with the two years the portfolio underperformed (2015 and 2020), resulting in only marginal underperformance (-0.2% and -0.1%, respectively). While past performance does not guarantee future results, it helps provide confidence that the combined allocation of the three strategies can generate meaningful outperformance versus the benchmark.

[3] Average outperformance in years the portfolio outperformed the benchmark was +3.95%. Average underperformance in years the portfolio underperformed the benchmark was -0.15%.




| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 YTD |
|---|---|---|---|---|---|---|---|---|
| SCERS Portfolio | -15.1% | 14.5% | 42.7% | -11.3% | 25.0% | 18.2% | 0.5% | -25.0% |
| MSCI EM | -14.9% | 11.2% | 37.3% | -14.6% | 18.4% | 18.3% | -2.5% | -27.2% |

*Source: SCERS, eVestment, as of September 30, 2022. Assumes equal weight allocation for each year.*

Both ARGA and Oaktree offer commingled funds for investment, which is the preferred option for emerging markets strategies. Investing in a commingled fund allows SCERS to receive identical performance returns for the strategy without the regulatory burdens necessary to gain market access and hold custody of securities across international and emerging markets. Staff has had discussions with ARGA and Oaktree on the terms and structure of their commingled funds. If the Board approves the selection of these managers, funding will be contingent on successful negotiation of the legal terms and agreements.

## MANAGER REVIEWS

The Verus report has a detailed review of each manager. Below is summary review of each manager by Staff.

## ARGA INVESTMENT MANAGEMENT – EMERGING MARKETS EQUITY (VALUE)

**Firm and Team:**

ARGA Investment Management (ARGA) was founded in 2010 by A. Rama Krishna, who is the majority owner and Chief Investment Officer. Prior to founding ARGA, Mr. Krishna was the President and Portfolio Manager of International Equity at Pzena Asset Management, and previously held roles at Citigroup, AllianceBernstein, and Credit Suisse. Mr. Krishna has 35 years of industry experience with an emphasis on value investing. The firm is independent and 100% employee owned, with Mr. Krishna holding 82% ownership and other employees holding an 18% economic stake. The firm launched with dual locations in the U.S. and India. Investment strategies, which are all value-oriented, include Global, International, EAFE, and Emerging Markets. In total, ARGA has approximately $8.8 billion in AUM, with $3.3 billion AUM in the Emerging Markets strategy. The client base for ARGA is split among U.S. and non-U.S. based institutional clients, with an emphasis on public and corporate pension plan clients, which account for over $4 billion in firm AUM[4].

The investment team at ARGA is led by Founder and CIO, Mr. Krishna, who is heavily involved in all aspects of the firm. The senior leadership at ARGA is highly experienced and includes Steven Morrow, Director of Research (29 years' experience), Robert Mitchell, Global Business Analyst (33 years), and Takashi Ito (26 years). Overall, including senior leadership, the investment team averages 21 years' industry experience, with 10 years at ARGA. The investment team are all considered 'global business analysts' with sector specific coverage responsibilities. The classification as 'global business analysts' is intentional, emphasizing an approach that focuses on the evaluation of businesses for investment. This also corresponds with the sector coverage assignments, which allow for analysts to specialize and become experts in their area of coverage. In addition to the senior investment team, the firm is supported by a deep pool of research associates, including teams that focus on research & development and ESG considerations.

**Investment Strategy:**

ARGA follows a highly disciplined investment process that seeks to identify and invest in companies that are trading at a discount to intrinsic value based on long-term earnings power. The investment process emphasizes evaluating companies, leveraging the deep industry experience and global perspective of the analyst teams. ARGA has invested heavily into internal research tools and technology to supplement their research effort, including building and maintaining proprietary global industry models. The internal technology at ARGA helps to systematize the investment process to make it consistent and repeatable, while also helping to make the research more insightful and applicable across companies (whether by region, size, or industry). As described by ARGA, the technology effort is to augment and support the judgement of analysts, not replace it.

The investment strategy at ARGA can be described as a classic value approach. The firm looks to invest in the top quintile of under-valued companies within the applicable investment universe

[4] AUM levels as of June 30, 2022

(across investment strategies). For emerging markets, the starting point is to quantitatively rank over 1,000 companies based on a combination of valuation metrics, as well as minimum market capitalization and sufficient liquidity. Focusing on the top quintile of companies reduces the investment universe down to approximately 200 companies, where more in-depth fundamental research is performed. The in-depth analysis on the top 200 companies focuses on determining the intrinsic value of the business, The intrinsic value is based on the long-term earnings power of the business, incorporating a dividend discount model approach, which factors in a company's re-investment rate and return on capital. ARGA also scrutinizes the discount rate utilized in the models, with company specific discount rates applied to each company being evaluated. In addition to company specific factors, the discount rates take into account country specific risk considerations. Per ARGA, over 90% of the valuation inputs are generated internally by the ARGA research team. ARGA also stress tests the potential outcomes for a business, including scenario analysis, to evaluate the range of outcomes and upside/downside potential for each investment. The risk analysis helps to ensure that ARGA is comfortable investing in a business even in extreme downside scenarios. ARGA emphasizes downside risk and protecting capital, looking to invest in companies with a positively skewed return profile.

ARGA believes its research process of combining deep industry expertise, a global perspective, and the use of in-house technology, provides it a competitive advantage versus peers. The Firm's proprietary global industry models provide unique insights that improve the quality of inputs used to determine a company's long-term earnings power and valuation metrics. Using a global context helps to better inform relationships between a company's suppliers, customers, and competitors. Additionally, global industry models provide consistency on industry variables, improving model inputs and assumptions, leading to superior company forecasts.

In addition to the disciplined investment process, ARGA also incorporates a disciplined approach to the sale of securities. When a portfolio investment moves to the bottom half of the investment universe (based on valuation), it is sold from the portfolio. The discipline helps remove emotion from the sales process. Other sale considerations can be moving into other more attractive alternatives and or changes in the fundamental view on a company.

**Portfolio Construction:**

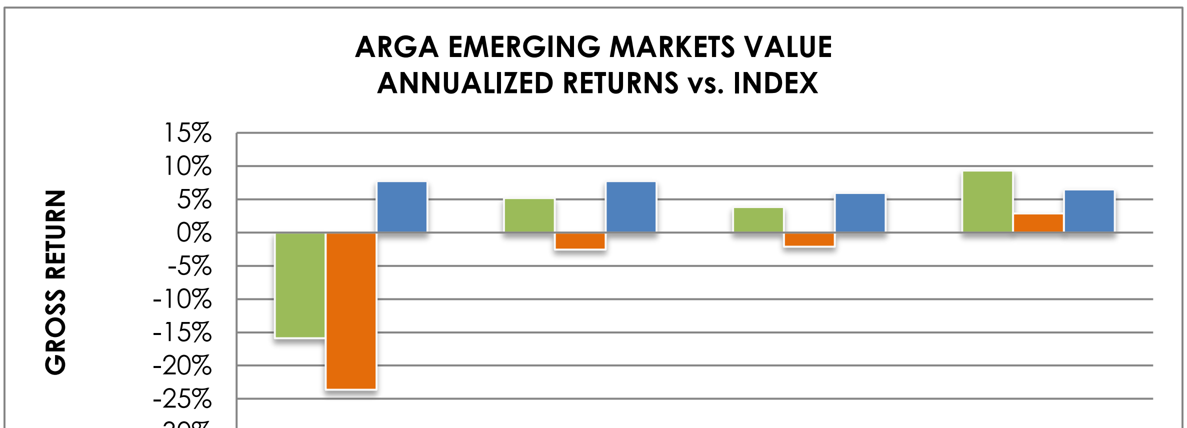
For ARGA, portfolio construction reflects research conclusions from their valuation based investment process. For each strategy, including Emerging Markets, ARGA has a portfolio construction team (PCT), which consists of the CIO and two Global Business Analysts. Position sizing is based on a combination of valuation and upside opportunity relative to downside risk. Generally, the more attractive valuation upside, the larger the position size. Additional considerations include industry and region/country allocations, confidence in valuation inputs, diversification potential, etc.

The ARGA Emerging Markets portfolio typically consists of 50-60 positions, with a stated range of 35-80. Initial position sizes are typically in the 1-3% range, but will be dependent on unique circumstances of each company. Larger initial position sizes would be warranted based on conviction level and lower downside risk. Additional portfolio guidelines include maximum 5% position at purchase, with a guideline to trim positions above 8%. Industry exposure is limited to

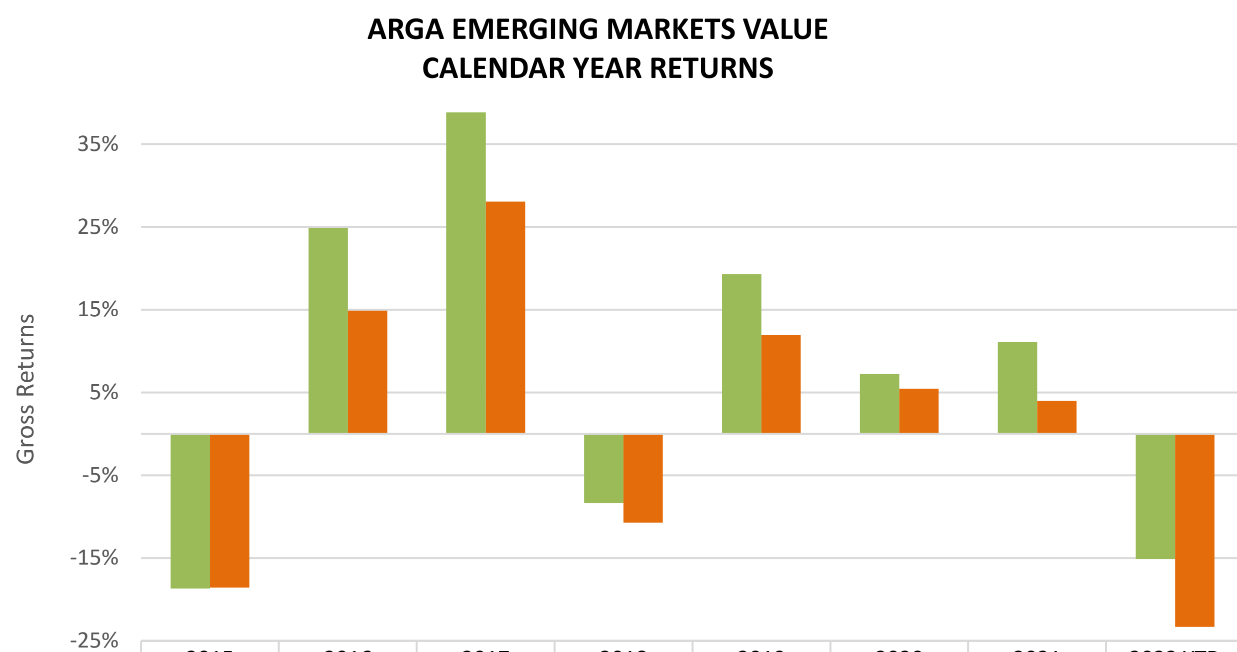
25% at purchase. The current portfolio consists of 52 positions, has an active share of 88% versus the benchmark, and trades at just over 6x 1-year forward earnings.

**Performance:**

ARGA has delivered strong relative performance since inception and across multiple time periods. Performance is in the top decile over the 3-, 5-, and 7-year time periods. ARGA also has a high upside capture (119) and low downside capture (92), delivering outperformance in both up and down markets. While the standard deviation and tracking error are at the high end compared to other managers, the level of outperformance has still resulted in strong risk-adjusted returns. Notably, ARGA has exceeded the benchmark return in seven out of the last eight years.




| | 1-Year Return | 3-Year Return | 5-Year Return | 7-Year Return |
|---|---|---|---|---|
| ARGA | -15.9% | 5.2% | 3.8% | 9.3% |
| MSCI EM Value | -23.6% | -2.6% | -2.1% | 2.9% |
| Excess Returns | 7.7% | 7.7% | 6.0% | 6.5% |




| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 YTD |
|---|---|---|---|---|---|---|---|---|
| ARGA | -18.7% | 24.9% | 38.9% | -8.4% | 19.3% | 7.2% | 11.1% | -15.1% |
| MSCI EM Value | -18.6% | 14.9% | 28.1% | -10.7% | 12.0% | 5.5% | 4.0% | -23.3% |

*Source: SCERS, eVestment, as of September 30, 2022. Performance versus MSCI EM Value Index.*

## OAKTREE – EMERGING MARKETS EQUITY STRATEGY (CORE):

### Firm and Team:

Oaktree was founded in 1995 with the goal of developing a premier investment management firm dedicated to alternative and non-mainstream investments focused on delivering superior risk-adjusted performance through risk control, loss minimization, and consistency. These original goals fit with the Firm's original investment strategies focused on high yield bonds, distressed debt, convertible strategies, and real estate. In 1998, Oaktree expanded its investment focus to international strategies, which eventually led to emerging markets equity and debt strategies. Since its founding, Oaktree has grown into a leading global investment firm with more than 1,000 employees and offices in 19 cities worldwide. The Firm has $159 billion in AUM[5] across Credit, Real Assets, Private Equity, and Public Equity strategies. The Oaktree client base is predominately institutional investors, including public and corporate pension plans, insurance companies, sovereign wealth funds, and endowments and foundations, with approximately 77% of clients invested in multiple strategies. SCERS is currently an investor in the Oaktree Power Opportunities Fund IV, a closed-end fund within SCERS' Private Equity portfolio.

[5] As of June 30, 2022

In September 2019, Brookfield Asset Management, a publicly traded company (ticker: BAM), acquired a 61% stake in the Oaktree business. Currently, Brookfield owns 62% of Oaktree, with the remaining 38% owned by current and former employees and executives of Oaktree. As detailed in firm documents and through discussions with the investment team, Oaktree continues to operate independently and function as an autonomous business within the Brookfield family, with its own product offerings and investment teams. The merger was completed over three years ago, allowing time for investors to digest the transition, without any meaningful impact to Oaktree and the products and strategies. SCERS is also an investor in several Brookfield funds, across our Real Estate and Real Assets portfolios, with commitments totaling over $300 million.

The Oaktree Emerging Markets Equity strategy began at Oaktree in the early 2000's and was born out of a long/short Oaktree Emerging Markets Absolute Return Fund (EMAR). In July 2011, Oaktree established the long-only emerging markets equity strategy after the investment team was selected as one of the managers of Vanguard's Emerging Markets Select Fund. The Oaktree EMAR Fund was subsequently closed in September 2018, with the long-only strategies being the focus for the Oaktree emerging markets team. Currently, the Emerging Markets Equity strategy at Oaktree has $6.0 billion in AUM, as of June 30, 2022.

The Oaktree EM investment team is led by Portfolio Managers Frank Carroll and Janet Wang. Mr. Carroll joined Oaktree in 1999 and was one of the original members of the Oaktree emerging markets team and Portfolio Manager of the EMAR Fund. Ms. Wang joined Oaktree in 2002 and was an emerging markets research analyst for many years before being promoted to Assistant Portfolio Manager in 2019 and co-Portfolio Manager of the strategy in 2021. The PMs are supported by an experienced team of sector focused analysts and research associates, with the senior analysts averaging 17 years' experience and an 11 year tenure with Oaktree. The investment team is global in nature, with staff located across offices in Stamford Connecticut, Singapore, London, and Hong Kong.

**Investment Strategy:**

The investment strategy for the Oaktree EM Equity strategy is focused on fundamental, bottom-up stock selection, designed to deliver attractive risk adjusted returns. The portfolio managers believe that emerging markets are inherently inefficient, which presents the opportunity for experienced practitioners to capture value in mispriced securities. To capture market inefficiencies, the manager seeks to identify stocks that trade at a significant discount to intrinsic value, based on their internal models. The search for value can identify opportunities in a wide range of stocks, such as fast growing stocks with high P/E ratios or lower growth cyclical stocks. The opportunistic approach allows the strategy to invest across market capitalizations and across countries, sectors, and industries, on a relatively benchmark agnostic basis. With valuation a component of the stock selection process, the strategy will seek to avoid stocks that are extremely over-valued, which can often be the highest growth companies that are not yet profitable or generating positive cash flow.

The approach to stock selection is driven by the investment team, which in addition to the two co-PMS includes eight sector analysts and three associates. The sector specialist approach applied by the analysts allows them to focus their investment coverage and be experts in the companies they follow. Each analyst is broadly responsible for about 100 companies and will have a focus list of about 50 companies. The analysts will perform fundamental analysis to understand the key drivers and risks of the business and build models to incorporate valuation for upside/downside scenarios. In general, the focus is on companies with strong market position and sustainable competitive advantages, positive cash flow generation, industry growth potential, and management teams that are favorable to shareholders (proven history of capital allocation). To support a recommendation for a stock, the analyst will formulate an investment thesis that details why a company may outperform market expectations. Within the investment thesis, the analyst will often identify a catalyst for the future re-rating of a company. The analyst can then monitor a company to determine if it is on the path to improving future returns (i.e. benefiting from the identified catalyst). The analysts will then rank the companies based on the "best ideas" within their sector and across geographies.

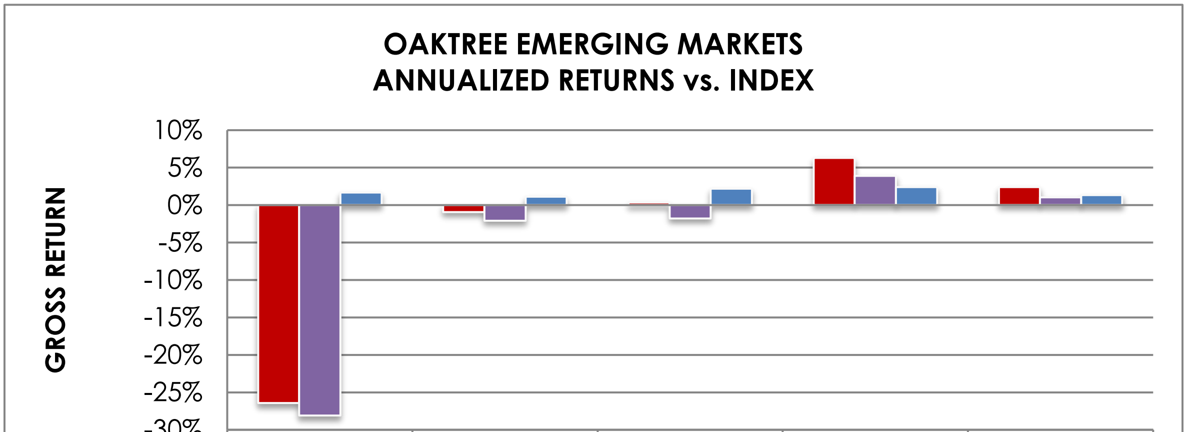
The co-PMs, Frank Carroll and Janet Wang, have ultimate responsibility on the stocks included in the portfolio. They are in constant contact with the analysts, either in-person or via phone/video calls, and travel several months during the year to meet with companies and the analyst team. The long tenure of the analyst team, averaging 11 years with Oaktree, allows for consistency of approach and provides Mr. Carroll and Ms. Wang excellent knowledge of how each member of the team analyzes stocks. In addition to stock selection and portfolio construction (detailed below), the co-PMs are constantly monitoring the portfolio, evaluating risk exposures and drivers of performance, including reviewing each analyst's positions and holding team discussions to identify sources of risk and the market environment.

**Portfolio Construction:**

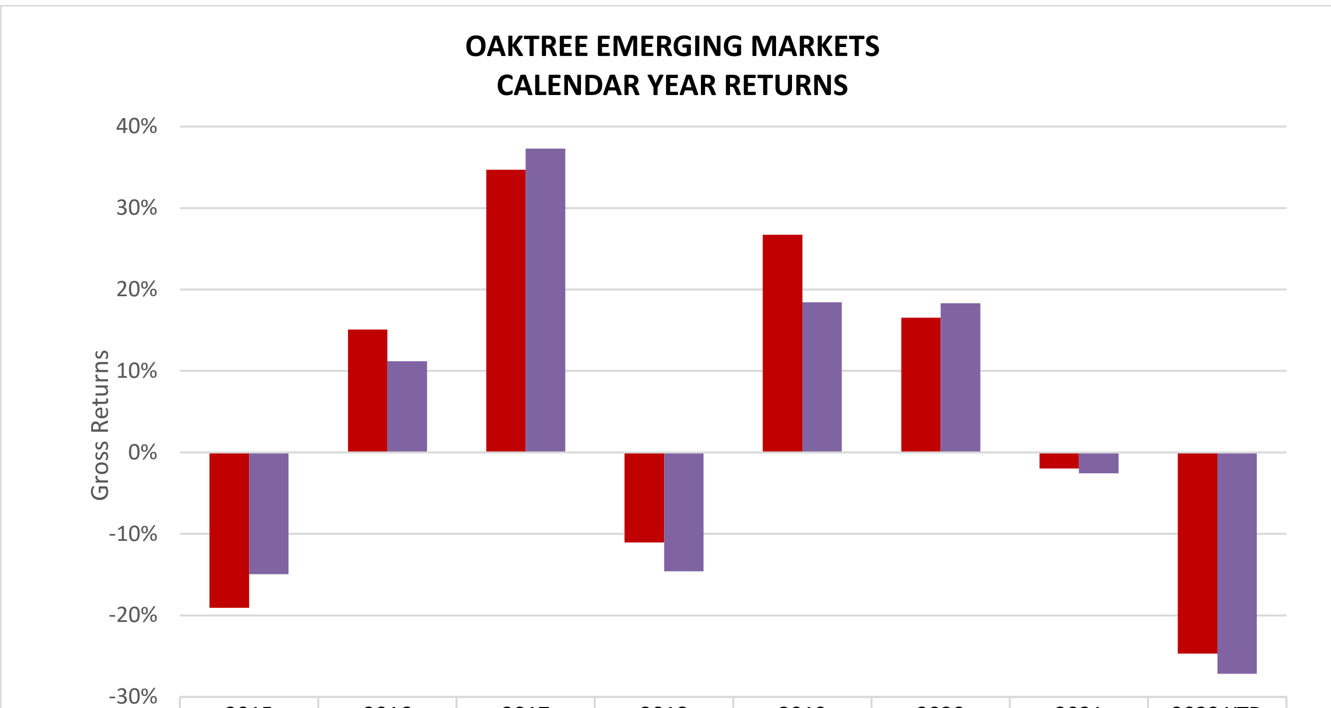
The EM portfolio is constructed with a target of 60-80 stocks, focusing on the "highest conviction" and "best ideas" across sectors. The portfolio managers look to construct a diversified portfolio, not only based on stocks across sectors and industries, but also by diversifying across drivers of returns and factors. The portfolio managers look to construct a portfolio with a wide range of idiosyncratic investment ideas that can drive portfolio returns. The diversified portfolio helps to avoid concentrated bets that can sink performance. With an actively managed, relatively concentrated portfolio, the portfolio has a high active share versus the benchmark and may often contain contrarian and non-consensus positions.

While the portfolio is focused on bottom-up stock selection, which by its nature is benchmark agnostic, the portfolio managers are "benchmark aware" when constructing the portfolio. The investment guidelines do take index construction into consideration to help minimize risk versus the benchmark. However, the investment guidelines provide flexibility for the PMs to generally avoid sectors they don't feel are attractive or don't want to include in the portfolio. With a wide range of opportunities across emerging markets, the portfolio managers are generally able to build a diversified portfolio across sectors and countries, without overly concentrating the portfolio by sector or specific return drivers (factors).

**Performance:**




| | 1-Year Return | 3-Year Return | 5-Year Return | 7-Year Return | 10-Year Return |
|---|---|---|---|---|---|
| Oaktree | -26.4% | -0.9% | 0.4% | 6.3% | 2.4% |
| MSCI EM | -28.1% | -2.1% | -1.8% | 3.9% | 1.1% |
| Excess Returns | 1.7% | 1.1% | 2.2% | 2.4% | 1.3% |




| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 YTD |
|---|---|---|---|---|---|---|---|---|
| Oaktree | -19.1% | 15.1% | 34.7% | -11.0% | 26.7% | 16.6% | -2.0% | -24.7% |
| MSCI EM | -14.9% | 11.2% | 37.3% | -14.6% | 18.4% | 18.3% | -2.5% | -27.2% |

*Source: SCERS, eVestment, as of September 30, 2022. Performance versus MSCI EM Index*

Oaktree has produced good performance versus the benchmark, outperforming seven of the last ten years. Oaktree has relatively modest tracking error versus the MSCI EM benchmark (4% for trailing 10-years), resulting in good risk adjusted performance. While Oaktree has higher beta and downside capture than other managers, it also has high upside capture and good alpha generation, resulting in outperformance versus the benchmark. Additionally, Oaktree has shown the ability to outperform in both up and down equity markets, based on calendar year returns, despite the high downside capture ratio.

While the Oaktree portfolio has a slight value tilt, based on their investment process and style exposure charts, the portfolio has shown the ability to outperform the core EM index in years when value has underperformed. For example, in 2019 the MSCI Value index underperformed the MSCI EM Index (+12.0% versus +18.4%), compared to the Oaktree performance of +26.7%. Since 2012, the MSCI EM Value index has underperformed the MSCI EM index by -1.9%[6], while the Oaktree EM strategy has outperformed the MSCI EM index by +1.5% over the same period[7]. Therefore, despite the value tilt, Oaktree is benchmarked against the core index and has delivered outperformance versus the core benchmark over time.

## MANAGEMENT FEES

Both ARGA and Oaktree offer a commingled fund structure for investment. The fees range from approximately 70-80 basis points. Additionally, ARGA has a share class option that includes a lower base fee with an incentive fee for outperformance. In general, Staff prefers an incentive fee structure; however, with the incentive fee capped to minimize the overall level of fees. With a commingled fee structure, there are limited options for negotiating customized terms (including management fees). Based upon our initial review of fund terms, Staff would recommend the flat management fee share class for ARGA, based on the lack of a maximum fee cap and the level of outperformance needed to generate higher overall fees.

## TRANSITION OF ASSETS

As noted previously, SCERS terminated the emerging markets investment with Mondrian Investment Partners, with an effective redemption date of October 31, 2022. To maintain market exposure during the interim period while the manager search process was being conducted, the assets were invested in an exchange-traded fund (ETF) that tracked the performance of the MSCI Emerging Markets index. The ETF investment is highly liquid, which will allow SCERS to efficiently transition assets to the new active managers. Transition of assets will occur following Board approval and completion of the legal review of fund documents, including negotiation of side letter agreements, as appropriate.

As shown in the table below, SCERS' International Equity portfolio is below the 16% target allocation. Additionally, the allocation to emerging markets (as a percent of International Equity) is below the target allocation (19.3% versus 30% target); while the allocation to international developed large cap is above the target allocation (71.1% versus 60%). The funding of the

[6] Annual returns of MSCI EM Value Index versus MSCI EM Index, averaged for the period 2012 – 2022 YTD.
[7] Annual returns of Oaktree EM less MSCI EM Index, averaged for the period 2012 – 2022 YTD.

emerging markets mandates will provide an opportunity to align the portfolio with the sub-asset class target allocations, which will include rebalancing the international developed equity portfolio. Staff is targeting the first quarter of 2023 to complete the funding of the emerging markets mandates and rebalancing the portfolio as necessary. The Board will be provided with a rebalance plan, incorporating both developed and emerging markets, at that time and prior to implementation.

| Sub-Asset Class | Target Allocation | Sub-Asset Class Target Allocation | Current Allocation |
|---|---|---|---|
| International Equity | 16% | | **14.4%** |
| Developed Large Cap | | 60% | 71.1% |
| Developed Small Cap | | 10% | 9.6% |
| Emerging Markets | | 30% | 19.3% |

*As of September 30, 2022*

Related to implementing the emerging markets mandates and rebalancing the developed and emerging markets mandates, Staff will initially prioritize bringing the mix between developed and emerging markets in line with their target allocations, followed by getting the overall International Equity allocation closer to its 16% target allocation. Getting to the 16% target allocation will also depend on other SCERS/portfolio cash needs, and could be implemented over a longer time-period.

Staff requests that the Board authorize Staff to determine the most effective method for transitioning the assets and execute any necessary documents or agreements to effectuate the transition of assets. Because the recommended investment structure for the emerging markets mandates is through commingled funds, the transition of assets should be relatively simple, with the transfer of assets used to purchase shares in the commingled funds. As noted previously, the funding of the new mandates is contingent upon completion of legal review of fund documents and negotiation of a SCERS specific side letter, as appropriate. Staff will also work with the Overlay Program manager, State Street Global Advisors (SSGA), to adjust overlay exposures as the transition is taking place.

## SUMMARY

Staff and Verus believe that adding investments with ARGA and Oaktree will add value to SCERS' Global Equity asset class. Both managers implement unique emerging markets investment strategies that have delivered outperformance versus their respective benchmarks.

The Board will have the opportunity to hear from both ARGA and Oaktree directly at the December Board meeting and ask any questions, prior to considering the recommendations.

Pending Board approval, and the successful legal review of fund documents and negotiation of side letters, Staff will target funding the new mandates during the first quarter of 2023. Staff also seeks Board approval for the CEO to execute any necessary documents or agreements to effectuate the transition.

## ATTACHMENTS

- Board Order
- Verus Emerging Markets Equity Recommendations Report
- Verus Emerging Markets Equity Search Presentation
- Oaktree Presentation
- ARGA Presentation

Prepared by:

**/S/**

Steve Davis
Chief Investment Officer

/**S**/

Brian Miller
Senior Investment Officer

Reviewed by:

**/S/**

Eric Stern
Chief Executive Officer

# Retirement Board Order

**Sacramento County Employees' Retirement System**

**Before the Board of Retirement**
**December 7, 2022**

AGENDA ITEM:
**International Equity: Emerging Markets Equity Manager Recommendations**

THE BOARD OF RETIREMENT hereby accepts the recommendation of Staff to:

- Invest approximately $192 million with ARGA Investment Management (Value - Emerging Markets Equity Strategy) and $192 million with Oaktree (Core - Emerging Markets Equity Strategy), and authorize the Chief Executive Officer to execute necessary documents and agreements for each mandate; and
- Authorize Staff to determine the most effective method for transitioning assets and execute any necessary documents or agreements to effectuate the transition of assets.

I HEREBY CERTIFY that the above order was passed and adopted on December 7, 2022 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES:
(Present but not voting)

Keith DeVore
Board President

Eric Stern
Chief Executive Officer and
Board Secretary

Verus

# Memorandum

| | |
|---|---|
| **To:** | **Sacramento County Employees' Retirement System (SCERS) Board** |
| **From:** | Brian Kwan, Senior Consultant |
| | John Nicolini, Senior Consultant |
| **Date:** | December 2022 |
| **RE:** | **Emerging Markets Equity Recommendations** |


***Executive Summary***

*In June 2022, the SCERS Board approved an emerging market search recommendation which authorized Staff and Verus to evaluate the existing emerging market managers, Baillie Gifford and Mondrian Investment Partners, along with consideration for any new mandates that may compliment the two-manager structure.*

*In September 2022, the Board approved Staff and Verus' recommendation to terminate Mondrian Emerging Markets, with the expectation that a new value manager would be recommended shortly thereafter. The Board also authorized Staff and Verus to develop and implement an interim solution with passive exposures.*

*Following two lengthy searches and numerous meetings/interviews with emerging market strategies, Staff and Verus are recommending a three-manager structure within emerging markets that will consist of Baillie Gifford (growth), ARGA Emerging Markets (value), and Oaktree Emerging Markets Equity (core).*


**Former Emerging Markets Portfolio**

| Asset Class | Target Allocation |
|---|---|
| **Emerging Markets** | **4.8%** |
| Baillie Gifford Emerging Markets | 2.4% |
| Mondrian Emerging Markets | 2.4% |

**Recommended Emerging Markets Portfolio**

| Asset Class | Target Allocation |
|---|---|
| **Emerging Markets** | **4.8%** |
| Baillie Gifford Emerging Markets | 1.6% |
| ARGA Emerging Markets Equity | 1.6% |
| Oaktree Emerging Markets Equity | 1.6% |

**Emerging Markets Value Search Process**

As highlighted in the September Board meeting, Mondrian's performance challenges and style drift were the key factors in our termination recommendation. Staff and Verus were keenly focused on emerging market strategies that exhibited consistent value-oriented characteristics while also delivering attractive performance through time. Given this focus, we had a relatively small universe of institutional quality managers that avoided the temptation to drift into growth while also generating above benchmark returns. Below are the steps we took in narrowing down this universe to our recommended finalist.

1) Initial search screen criteria were identified based on benchmark objective/manager style, investment process, track record, and minimum AUM. Nine emerging market value managers met the initial criteria for further analysis.
2) Staff and Verus prepared and reviewed both quantitative and qualitative information on each strategy, including the manager's investment approach and process, organization, team stability, and alignment of interests. Based on additional data and analysis, and through a series of internal meetings and discussions, 3 managers were identified and agreed upon for further consideration and additional due diligence:
    a. ARGA – Emerging Markets Equity
    b. Pzena – Emerging Markets Focused Value
    c. Alliance Bernstein (AB) – Emerging Markets Value
3) Supplemental information was requested from each of the finalists, including additional performance and attribution information. Staff and Verus further reviewed and discussed the additional information and developed an agenda and process for conducting virtual interviews with the portfolio managers for each of the strategies. Online interviews were held with each of the managers with a focus on better understanding the organization and team structure, investment strategy, decision making process, and attribution of performance over different market environments.
4) Staff and Verus reviewed due diligence materials, followed by meetings to discuss the finalists, and agreed ARGA stood out among the other finalists as having the most consistent attributes that SCERS was seeking for this mandate.

**Emerging Markets Core Search Process**
Understanding that growth and value investment styles are diversifying of each other, and the combination of both styles together can often have a high correlation with a core investment style, Staff and Verus evaluated core strategies that were significantly differentiated from both the broader core benchmark and growth and value investment styles. This focus produced a significantly small universe of institutional quality managers that generated above benchmark returns. Below are the steps we took in narrowing down this universe to our recommended finalist.

1) Initial search screen criteria were identified based on benchmark objective/manager style, investment process, track record, and minimum AUM. Three emerging market core managers met the initial criteria for further analysis.

2) Staff and Verus prepared and reviewed both quantitative and qualitative information on each strategy, including the manager's investment approach and process, organization, team stability, and alignment of interests. Based on additional data and analysis, and through a series of internal meetings and discussions, Staff and Verus agreed all 3 managers were worth further consideration and additional due diligence:

    a. Ninety-One – Emerging Markets Equity

    b. Oaktree – Emerging Markets Equity

    c. Schroders – Emerging Markets Equity Alpha

3) Supplemental information was requested from each of the finalists, including additional performance and attribution information. Staff and Verus further reviewed and discussed the additional information and developed an agenda and process for conducting virtual interviews with the portfolio managers for each of the strategies. Online interviews were held with each of the managers with a focus on better understanding the organization and team structure, investment strategy, decision making process, and attribution of performance over different market environments.

4) Staff and Verus reviewed due diligence materials, followed by meetings to discuss the finalists, and agreed Oaktree stood out among the other finalists as having the most consistent attributes that SCERS was seeking for this mandate.

**Verus Summary and Recommendation**
Verus and Staff have performed and completed a thorough review of each of the emerging market finalists and are recommending to the SCERS Board an investment of 1.6% of the total fund, or roughly $192 million, to each ARGA Emerging Markets Equity and Oaktree Emerging Markets Equity.

PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS

**November 2022**

Emerging Markets Equity Search

## Sacramento County Employees' Retirement System

# Manager overview

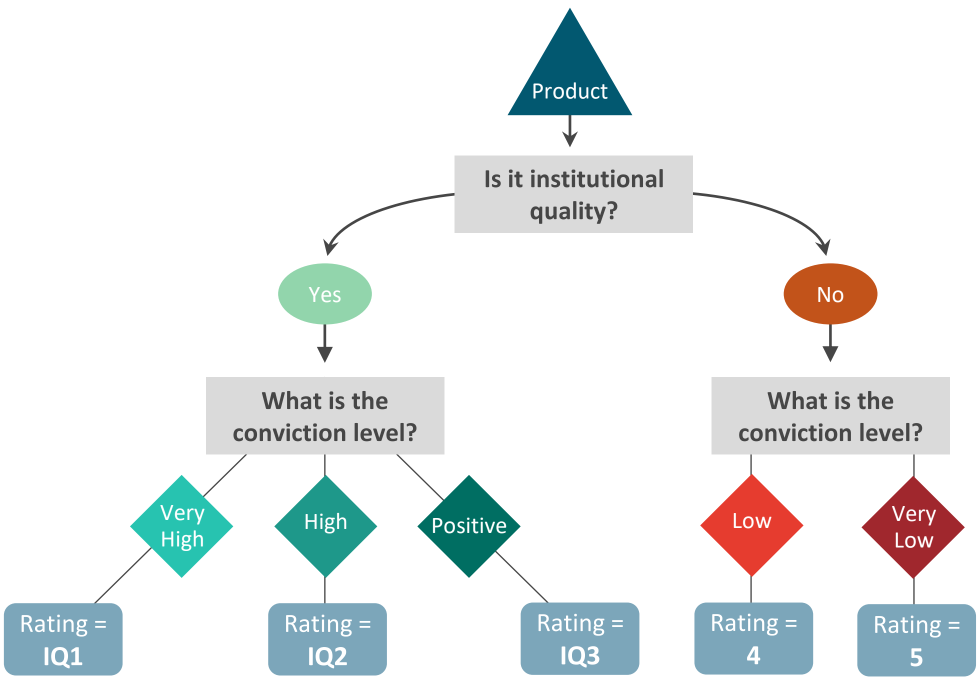
# Manager rating system

## The IQ Rating System communicates our conviction in investment products

There are two components to the rating:

1. **Institutional quality** – (IQ) The product meets or exceeds the standards of fiduciary care required by institutional investors and is suitable for use in clients' portfolios.
2. **Conviction** – (1 to 5) Represents the conviction of our research teams in the distinguishing qualities of the product relative to its peers, with 1 as the highest rating and 5 the lowest.

**PROCESS**




*Rating process simplified for illustrative purposes only*

**DEFINITIONS & GUIDELINES**

| Rating | Institutional Quality? | Conviction Level | Defining Characteristics | Recommendations |
|---|---|---|---|---|
| IQ1 | Yes | Very High | Earns Verus' highest conviction. Above-average characteristics most likely to achieve the strategy's desired investment results. | Recommended for use in client portfolios. May be used in Verus discretionary portfolios. |
| IQ2 | Yes | High | Maintains Verus' high conviction. Above-average characteristics most likely to achieve strategy's desired investment results. | Recommended for use in client portfolios. May be used in Verus discretionary portfolios. |
| IQ3 | Yes | Positive | Meets institutional quality standards that can achieve desired investment results. Strengths outweigh weaknesses. | While IQ1 or IQ2 rated products are generally preferable, certain client needs may be better addressed by a highly specialized IQ3 product. |
| 4 | No | Low | Concerns with the product's ability to meet institutional-quality standards. | Clients should re-evaluate retention or monitor closely. |
| 5 | No | Very Low | Significant issues inhibit the product's ability to meet institutional-quality standards. | Verus recommends termination, immediately |

# Manager comparison

| | ARGA | Oaktree |
|---|---|---|
| VERUS RATING | IQ2 | IQ3 |
| FIRM OWNERSHIP | 100% employee owned | 100% employee owned |
| FIRM NAME | ARGA Investment Management, LP | Oaktree Capital Management, L.P. |
| PRODUCT NAME | ARGA Emerging Markets Equity Strategy | Oaktree Emerging Markets Equity |
| FIRM TOTAL AUM ($MM) | $8,824 | $158,920 |
| STRATEGY AUM ($MM) | $3,244 | $6,033 |
| INCEPTION DATE | Jul-13 | Jul-11 |
| PREFERRED BENCHMARK | MSCI EM-ND | MSCI EM-ND |
| INVESTMENT APPROACH | Fundamental | Fundamental |
| SCREENING APPROACH | Bottom-Up | Bottom-Up |
| KEY ATTRIBUTES | Deep value<br>Dividend discount focus<br>Concentrated | Value biased<br>Cash flow focus<br>Lower tracking error<br>L/S risk mentality |

Index: MSCI EM NR USD Returns: Gross of Fees
Data Source: eVestment Universe: eA Emerging Markets Equity

# Strategy overview

| | ARGA | OAKTREE |
|---|---|---|
| **Overview** | ARGA is an independent, boutique asset manager focused solely on value investing within global equities. ARGA employs one firm-wide philosophy and process which seeks to maximize long-term results by using deep, fundamental research to identify equity securities trading at a temporary discount to intrinsic value. | The Emerging Markets Equity strategy evolved out of the Oaktree Emerging Markets Absolute Return fund, a long/short strategy launched in the early 2000s. In 2011, the firm launched a long-only version of the hedge fund capability, and the hedge fund was closed in 2018. The strategy is grounded in Oaktree's belief that imperfect availability of information and country-to-country variations lead to inefficiencies in emerging markets that can be exploited by bottom-up security selection. The team believes forecasting of macroeconomic factors is not critical to investment success and addresses macro influences primarily through the risk control process. |

Index: MSCI EM NR USD Returns: Gross of Fees
Data Source: eVestment Universe: eA Emerging Markets Equity

# Strategy overview

| | ARGA | OAKTREE |
|---|---|---|
| **Verus View** | Verus believes ARGA is a well-aligned, well-resourced boutique with a straightforward and risk-aware philosophy and process. The Emerging Markets Equity strategy offers investors a benchmark-agnostic, high-conviction exposure to attractively priced companies within emerging markets. | We see the Oaktree Emerging Markets Equity product as benefitting from the experience of the investment team and the long history of working together. The hedge fund origins of the investment process impute a high degree of attention on what can go wrong with a company in addition to what can go right. |

# Strategy overview

| | ARGA | OAKTREE |
|---|---|---|
| **Risks and Observations** | While we appreciate ARGA's singular focus on value investing within global equities, it does pose potential business risks when the value factor is out of favor. Additionally, equity ownership in ARGA is relatively concentrated with the founder A. Rama Krishna, and over time, we would like to see equity become more evenly distributed. | Tim Jensen, who was Co-Manager of the strategy, retired in 2021. He has been replaced by Janet Wang, who has worked on the portfolio since 2002 and was Assistant Portfolio Manager prior to being promoted to Co-Manager in 2021. The continuity of the team mitigates any concern about turnover among senior investment professionals. |

# Strategy overview

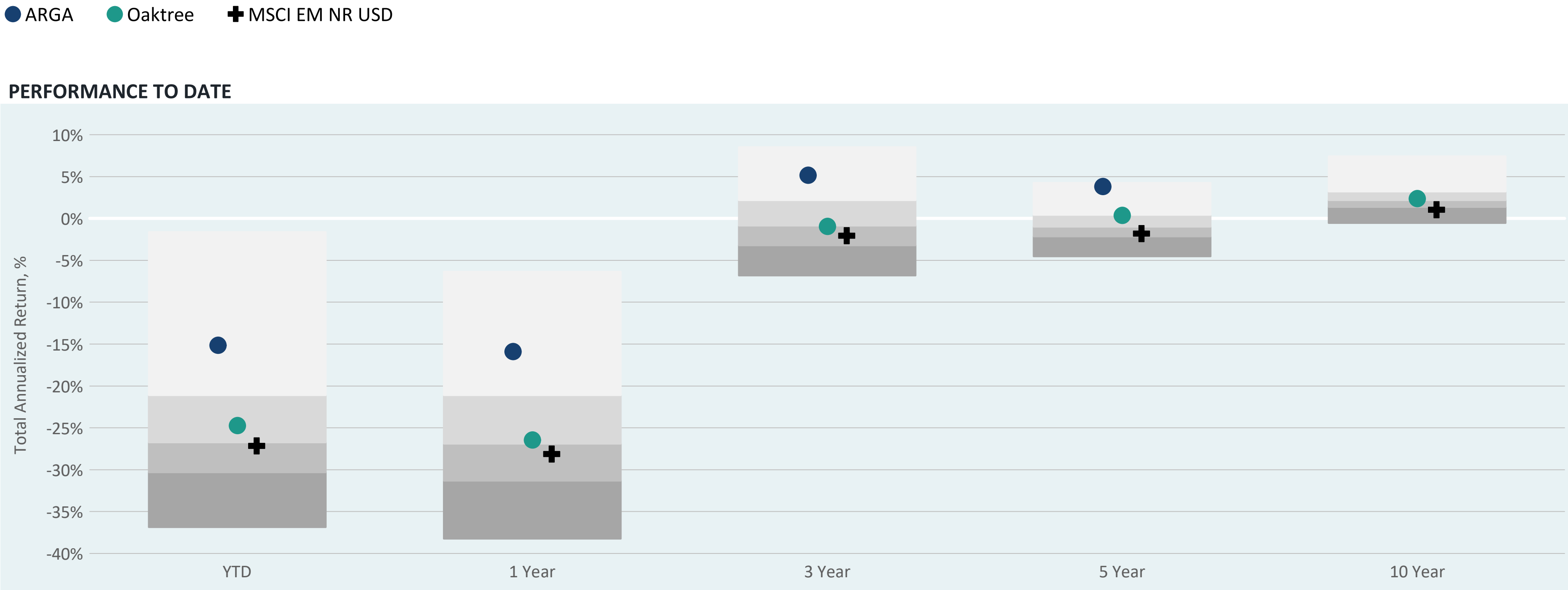
| | ARGA | OAKTREE |
|---|---|---|
| **Performance Sensitivity** | While the Emerging Markets strategy is designed to add value in most market environments, itwill likely perform best in periods where the market favors deep value. Thus, the strategy is likely to outperform in the early stages of a business cycle and lag the benchmark during later stages of the cycle where earnings growth peaks and non-valuationfactors drive stock price momentum. | The investment approach has a slight value bias but can generally be expected to exhibit a value-to-core return pattern. Portfolio beta has exceeded 1 and portfolio standard deviation tends to be in the top portion of the emerging markets equity universe. |

# Investment vehicle information

| | INVESTMENT VEHICLES | MINIMUM INVESTMENT | EXPENSE RATIO | FEE SCHEDULE | Other Fees | Liquidity |
|---|---|---|---|---|---|---|
| **ARGA** | Separate Account | $100,000,000 | 0.70%<br>0.65%<br>0.60%<br>0.50% | First $200,000,000<br>Next $200,000,000<br>Next $200,000,000<br>Balance Remaining | Fund Exp: now 0.13% max 0.25%<br>Other Exp: now 0.03% max 0.05% | Daily |
| | Commingled Fund (Class A) | $100,000,000 | 0.70% | All Assets | | Monthly |
| | Commingled Fund (Class B) | $100,000,000 | 0.49% | All Assets | 15% incentive of outperformance | Monthly |
| | Mutual Fund (ARMIX) | $250,000 | 0.70% | All Assets | Other Exp: 0.20% *Waived through 4/30/23 | Daily |
| **Oaktree** | Commingled Fund | $2,000,000 | 0.80% | All Assets | | Monthly |
| | Separate Account | $100,000,000 | 0.65%<br>0.55%<br>0.45% | First $250,000,000<br>Next $250,000,000<br>Balance Remaining | | Daily |

# Performance Analysis

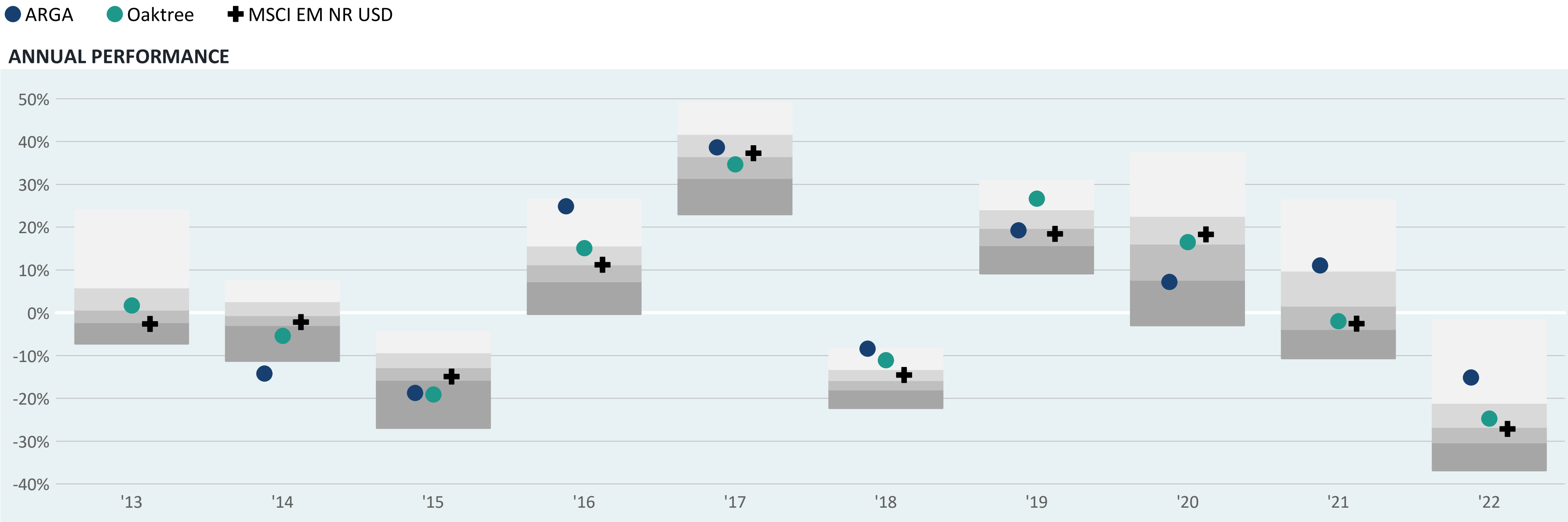
# Performance comparison - as of September 2022




| EXCESS ANNUALIZED RETURN TO DATE, % | YTD | 1 Year | 3 Year | 5 Year |
|---|---|---|---|---|
| ARGA | 12.0 | 12.2 | 7.2 | 5.6 |
| Oaktree | 2.5 | 1.7 | 1.1 | 2.2 |

Index: MSCI EM NR USD   Returns: Gross of Fees
Data Source: eVestment  Universe: eA Emerging Markets Equity

# Calendar year performance




| ANNUAL PERFORMANCE + RANKING | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 (YTD) |
|---|---|---|---|---|---|---|---|---|---|
| ARGA | -14.2 | -18.7 | 24.9 | 38.7 | -8.4 | 19.3 | 7.2 | 11.1 | -15.1 |
| *Rank* | *99* | *88* | *6* | *37* | *5* | *55* | *76* | *23* | *10* |
| Oaktree | -5.3 | -19.1 | 15.1 | 34.7 | -11.0 | 26.7 | 16.6 | -2.0 | -24.7 |
| *Rank* | *84* | *90* | *27* | *60* | *14* | *18* | *49* | *66* | *39* |
| MSCI EM NR USD | -2.2 | -14.9 | 11.2 | 37.3 | -14.6 | 18.4 | 18.3 | -2.5 | -27.2 |
| *Rank* | *70* | *64* | *51* | *45* | *37* | *62* | *42* | *68* | *52* |

Index: MSCI EM NR USD  Returns: Gross of Fees
Data Source: eVestment  Universe: eA Emerging Markets Equity

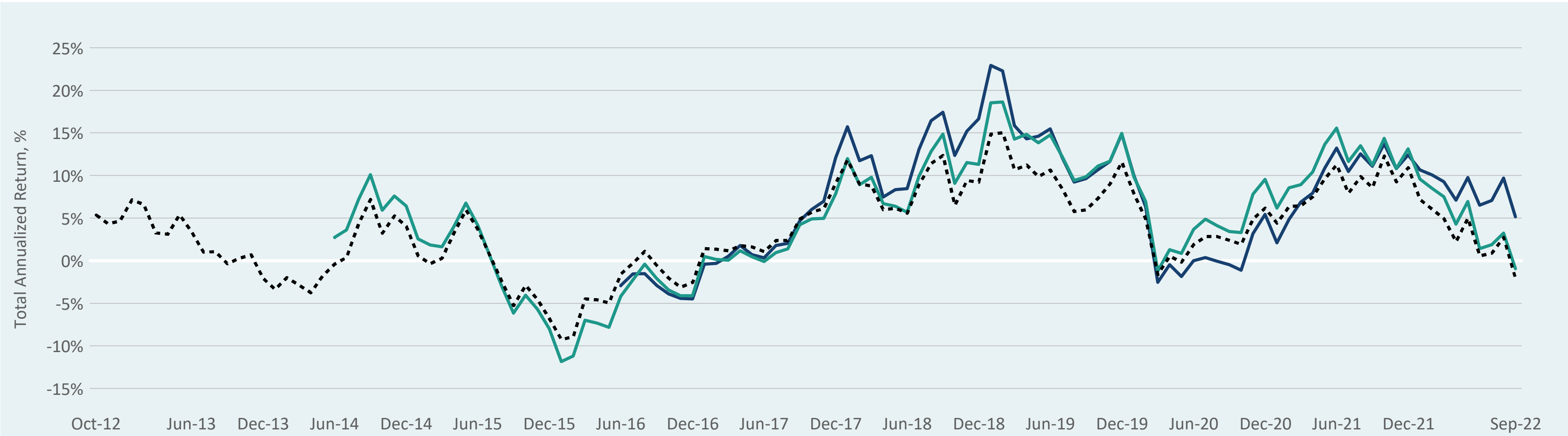
# Performance summary - as of September 2022

| | ARGA | Oaktree | MSCI EM NR USD |
|---|---|---|---|
| **PERFORMANCE ANALYSIS - (5 Years)** | | | |
| Alpha % | 5.8 | 2.8 | 0.0 |
| Beta | 1.0 | 1.1 | 1.0 |
| R-squared % | 84.3 | 95.7 | 100.0 |
| Sharpe Ratio | 0.1 | 0.0 | -0.2 |
| Treynor Ratio | 0.0 | 0.0 | 0.0 |
| Tracking Error % | 7.6 | 4.6 | 0.0 |
| Annualized Std Dev % | 19.0 | 20.1 | 17.7 |
| Information Ratio | 0.8 | 0.5 | --- |
| Max Drawdown % | -30.8 | -33.4 | -33.9 |
| Calmar Ratio | 0.1 | 0.0 | -0.1 |
| Excess Ann. Return % | 5.6 | 2.2 | 0.0 |
| **PERFORMANCE TO DATE** | | | |
| 1 Year | -15.9 | -26.4 | -28.1 |
| 3 Year | 5.2 | -0.9 | -2.1 |
| 5 Year | 3.8 | 0.4 | -1.8 |
| 7 Year | 9.3 | 6.3 | 3.9 |
| 10 Year | --- | 2.4 | 1.0 |
| Common Inception (Jul-13) | 4.8 | 2.6 | 1.6 |
| **CALENDAR YEAR RETURNS** | | | |
| 2021 | 11.1 | -2.0 | -2.5 |
| 2020 | 7.2 | 16.6 | 18.3 |
| 2019 | 19.3 | 26.7 | 18.4 |
| 2018 | -8.4 | -11.0 | -14.6 |
| 2017 | 38.7 | 34.7 | 37.3 |
| 2016 | 24.9 | 15.1 | 11.2 |
| 2015 | -18.7 | -19.1 | -14.9 |
| 2014 | -14.2 | -5.3 | -2.2 |
| 2013 | --- | 1.8 | -2.6 |
| 2012 | --- | 25.1 | 18.2 |

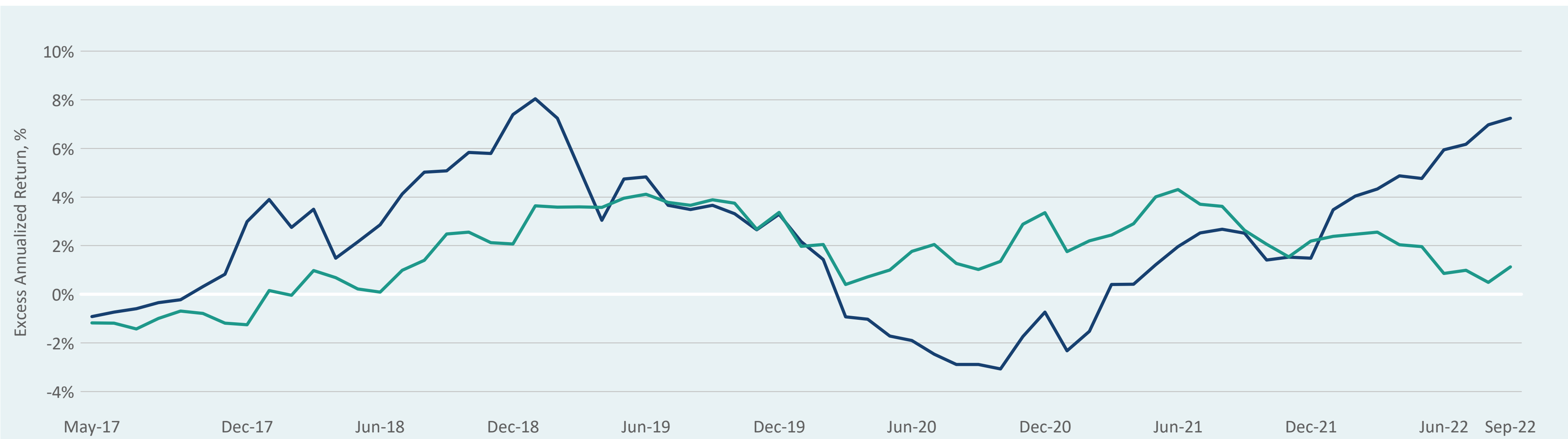
Index: MSCI EM NR USD Returns: Gross of Fees
Data Source: eVestment Universe: eA Emerging Markets Equity

# Rolling performance


**TOTAL 36 MONTH ROLLING PERFORMANCE**



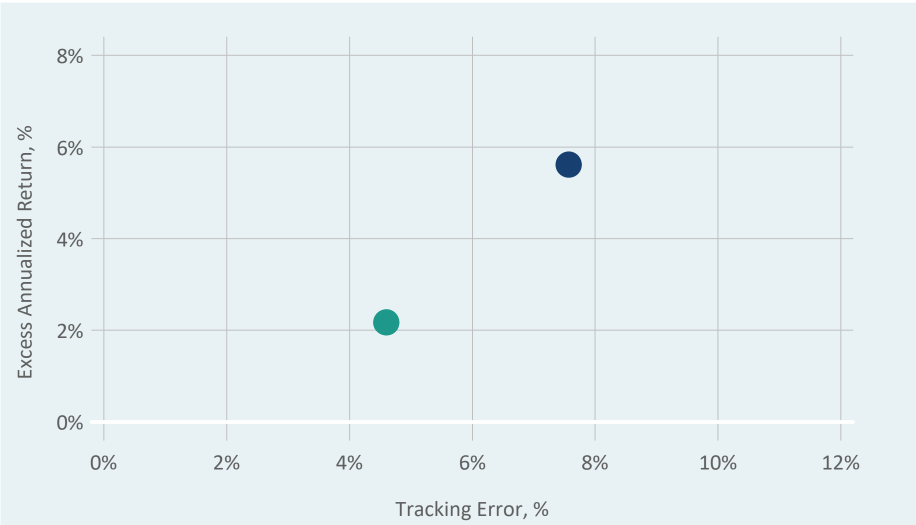

**EXCESS 36 MONTH ROLLING PERFORMANCE**



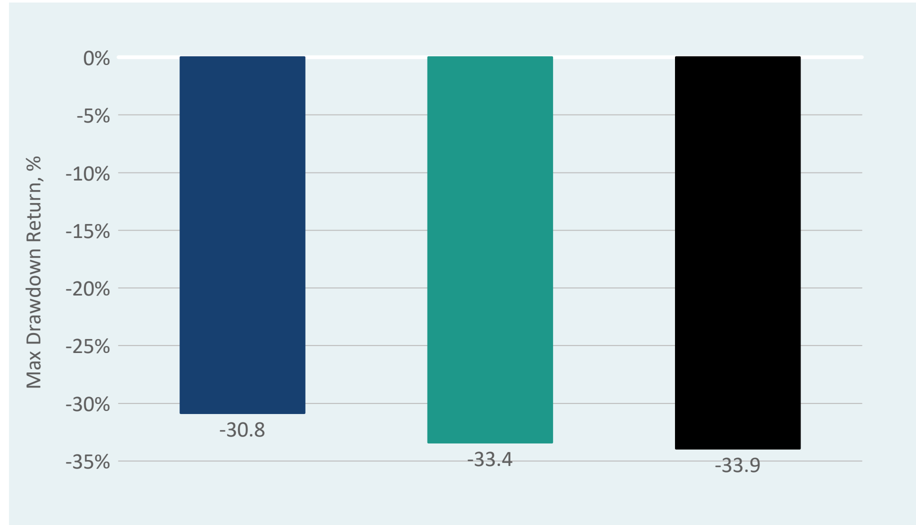
# Performance statistics

ARGA  Oaktree  ✚MSCI EM NR USD

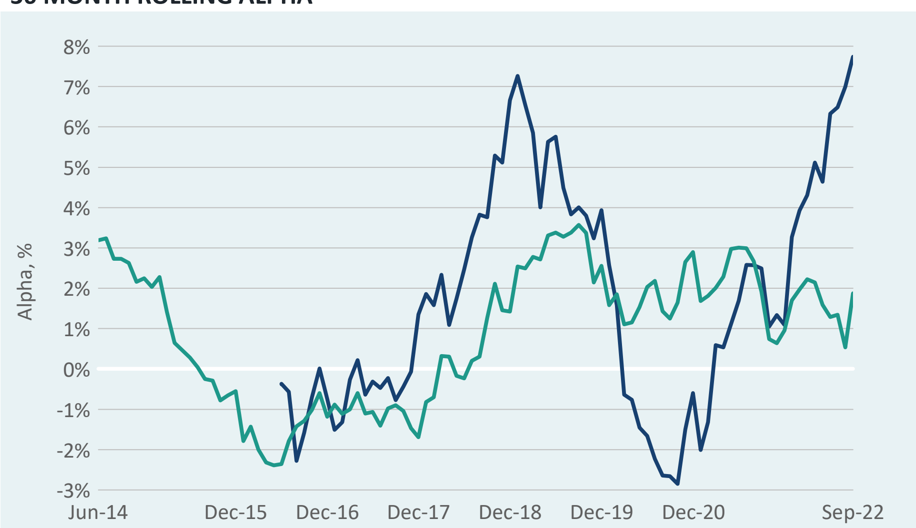
EXCESS PERFORMANCE VS. RISK, OCT-17 TO SEP-22



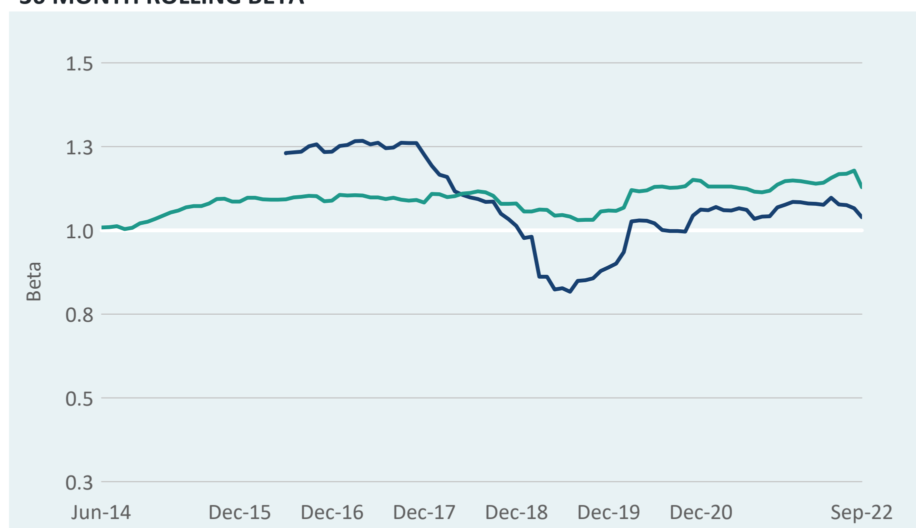

MAX DRAWDOWN RETURN, OCT-17 TO SEP-22




36 MONTH ROLLING ALPHA




36 MONTH ROLLING BETA



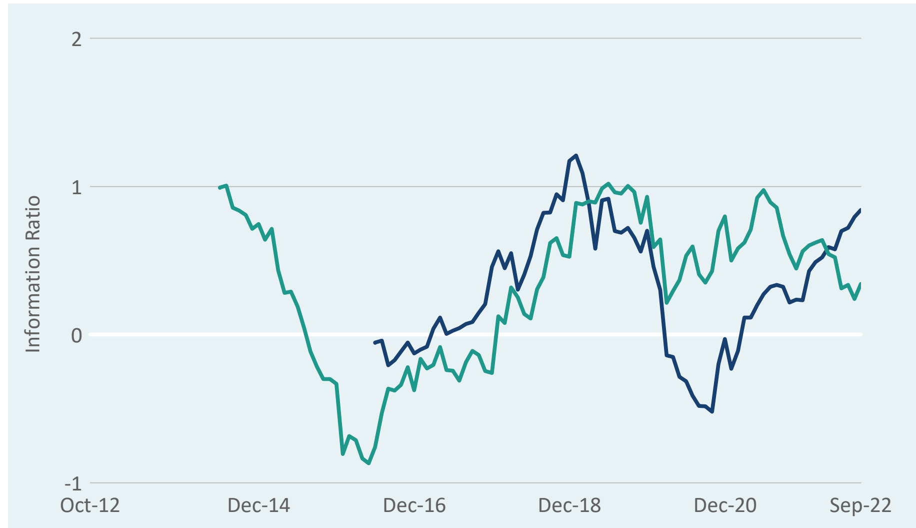

Index: MSCI EM NR USD   Returns: Gross of Fees
Data Source: eVestment  Universe: eA Emerging Markets Equity

# Performance statistics

● ARGA ● Oaktree ✚ MSCI EM NR USD

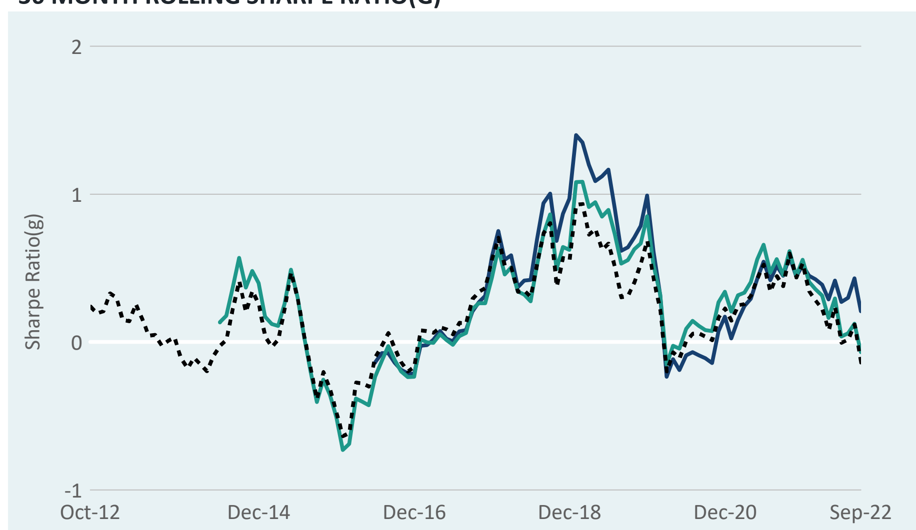
**36 MONTH ROLLING RISK**


**36 MONTH ROLLING INFORMATION RATIO**




**36 MONTH ROLLING TRACKING ERROR**


**36 MONTH ROLLING SHARPE RATIO(G)**



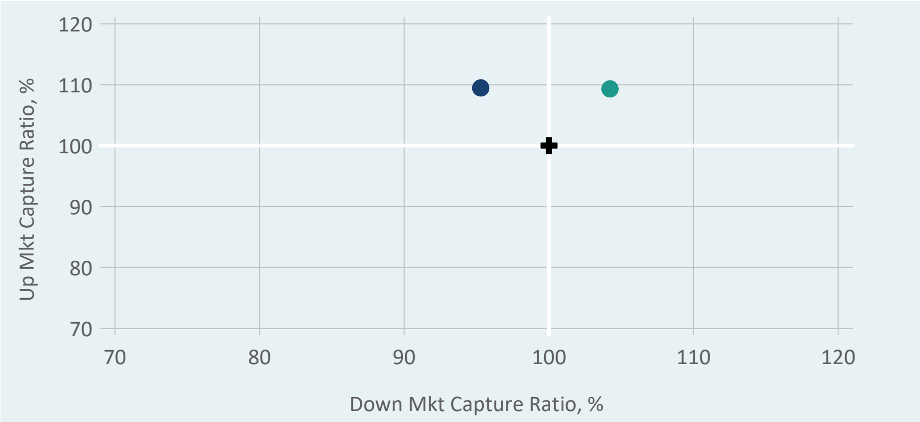

Index: MSCI EM NR USD Returns: Gross of Fees
Data Source: eVestment Universe: eA Emerging Markets Equity

# Style Analysis and Portfolio Analytics

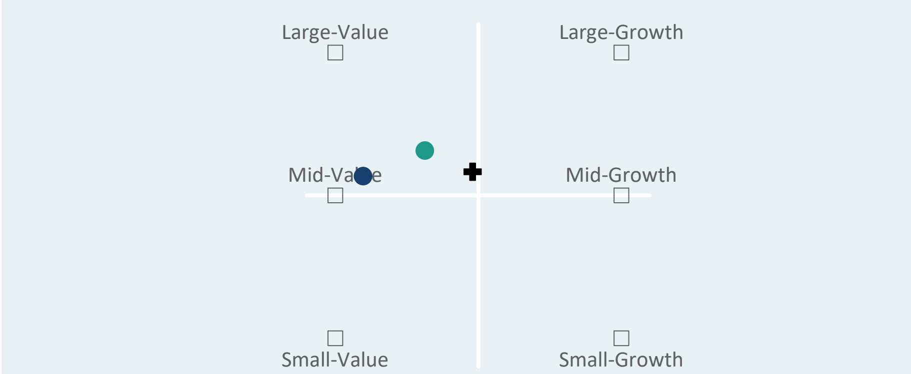
# Style and portfolio comparison

● ARGA ● Oaktree ✚ MSCI EM NR USD

**UP/DOWN MARKET CAPTURE, JUL-13 TO SEP-22**




**MSCI EAFE STYLE, JUN-16 TO SEP-22**




USD, 36-month trailing window; exp. weighted, rescaled

| | ARGA | Oaktree |
|---|---|---|
| % HOLDINGS IN 10 LARGEST STOCKS | 37.0% | 32.1% |
| ANNUAL TURNOVER | 30.9% | 52.8% |
| CASH | 0.4% | 1.8% |
| CURRENT DIVIDEND YIELD | 5.4% | 4.5% |
| CURRENT P/E | 9.4 | 10.4 |
| CURRENT P/B | 0.9 | 1.4 |
| PORTFOLIO HOLDINGS | 50 | 66 |
| WGTD. AVG. MKT. CAP | $ 48,453 | $ 77,597 |
| MAX CASH POSITION | 5.0 | 10.0 |
| MAX POSITION SIZE | 8.0 | 3.0 |



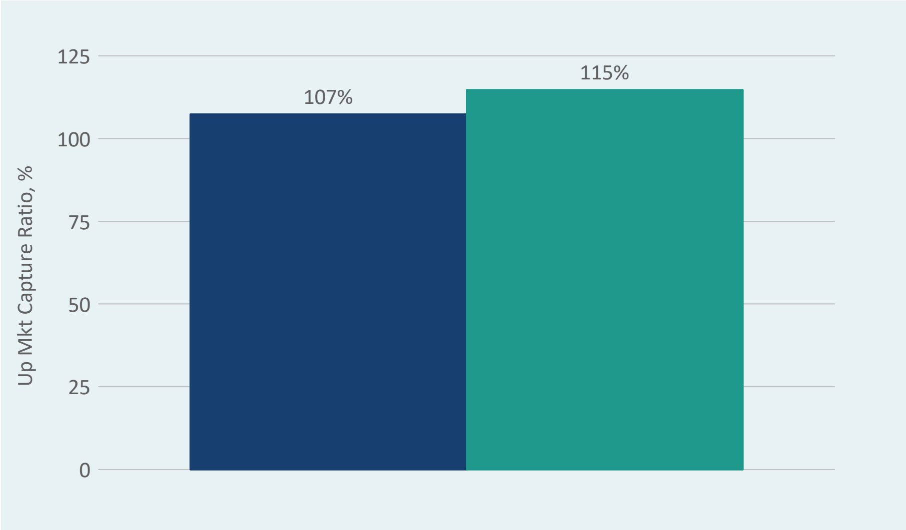
Index: MSCI EM NR USD  Returns: Gross of Fees
Data Source: eVestment  Universe: eA Emerging Markets Equity

# Up & down market analysis

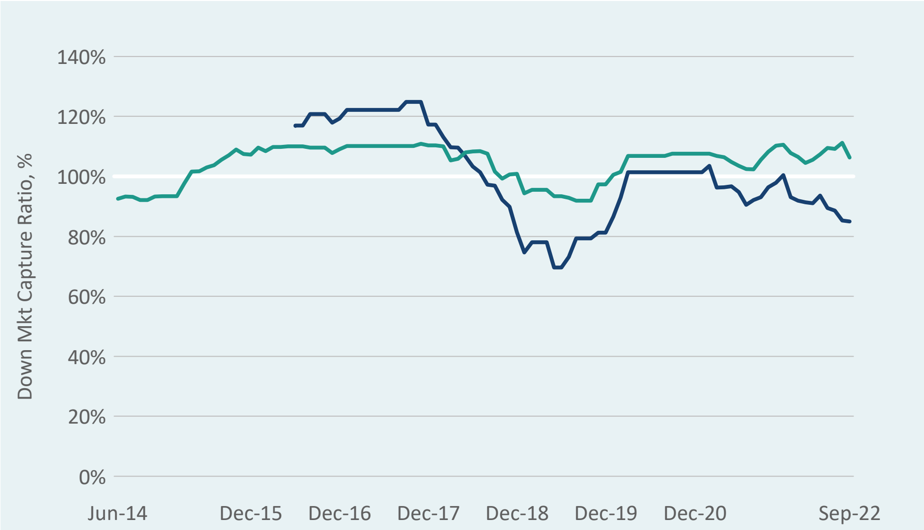
ARGA   Oaktree   ✚ MSCI EM NR USD

**36 MONTH ROLLING UP MKT CAPTURE RATIO**

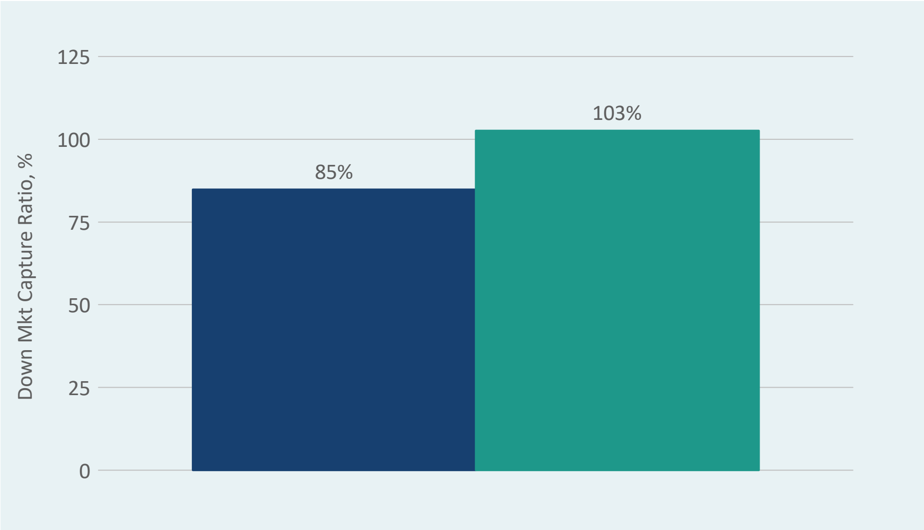

**UP MARKET CAPTURE RATIO, OCT-17 TO SEP-22**




**36 MONTH ROLLING DOWN MKT CAPTURE RATIO**




**DOWN MARKET CAPTURE RATIO, OCT-17 TO SEP-22**

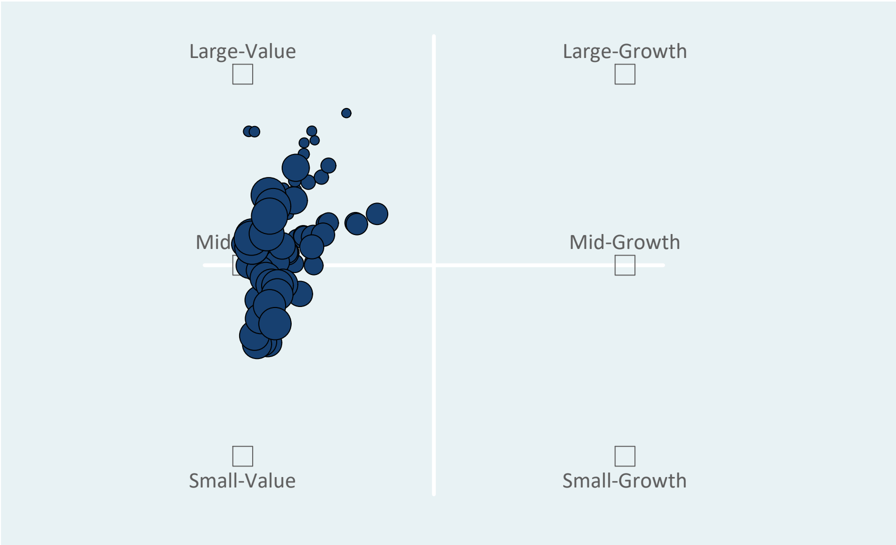



Index: MSCI EM NR USD  Returns: Gross of Fees
Data Source: eVestment  Universe: eA Emerging Markets Equity

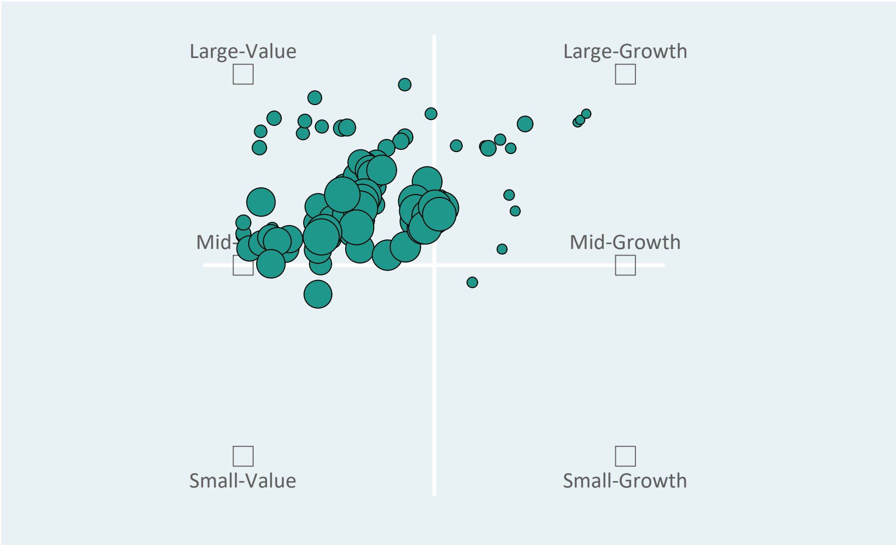
# Style analysis (MSCI EAFE Style)

ARGA Oaktree

**MSCI EAFE STYLE, JUN-16 TO SEP-22**

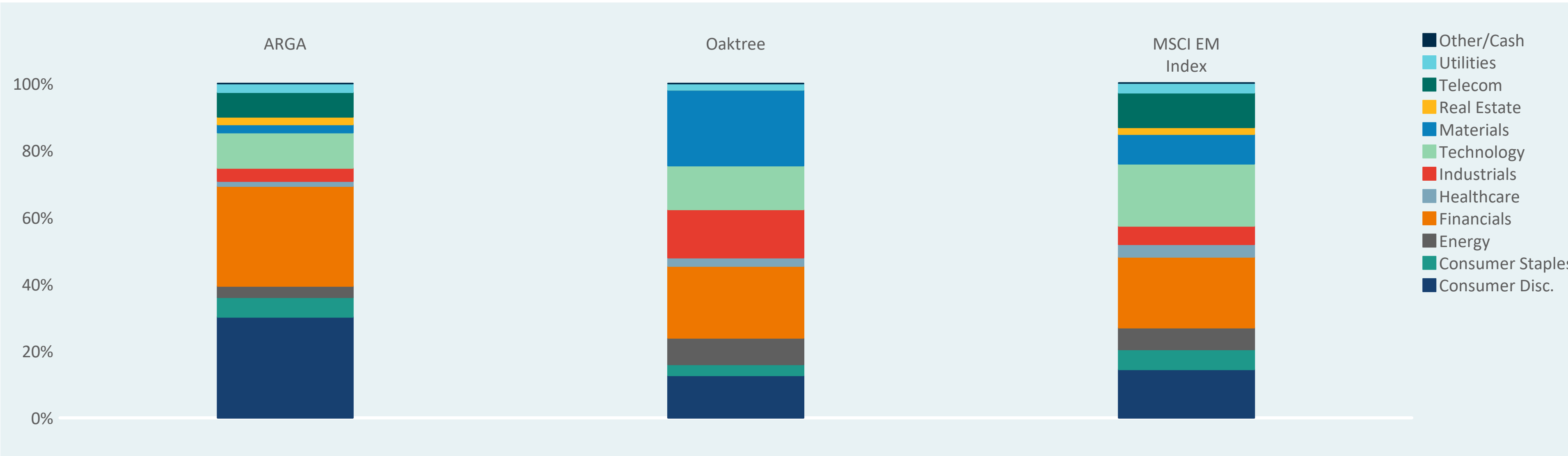



**MSCI EAFE STYLE, JUN-14 TO SEP-22**

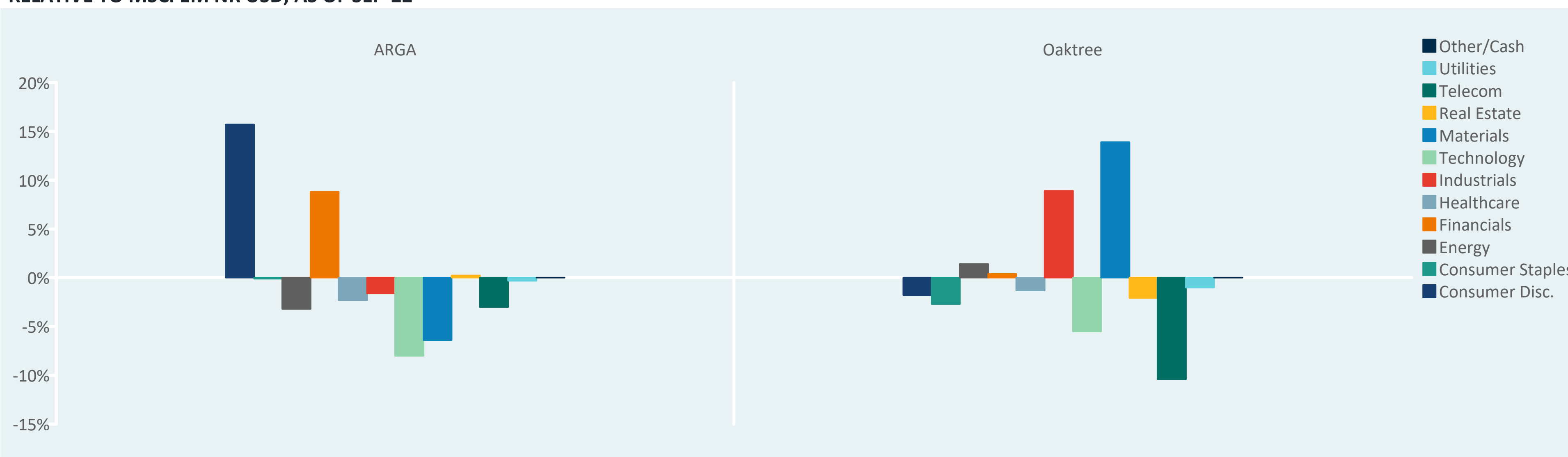


# Equity sector exposure

**CURRENT SECTOR POSITION, AS OF SEP-22**




**RELATIVE TO MSCI EM NR USD, AS OF SEP-22**

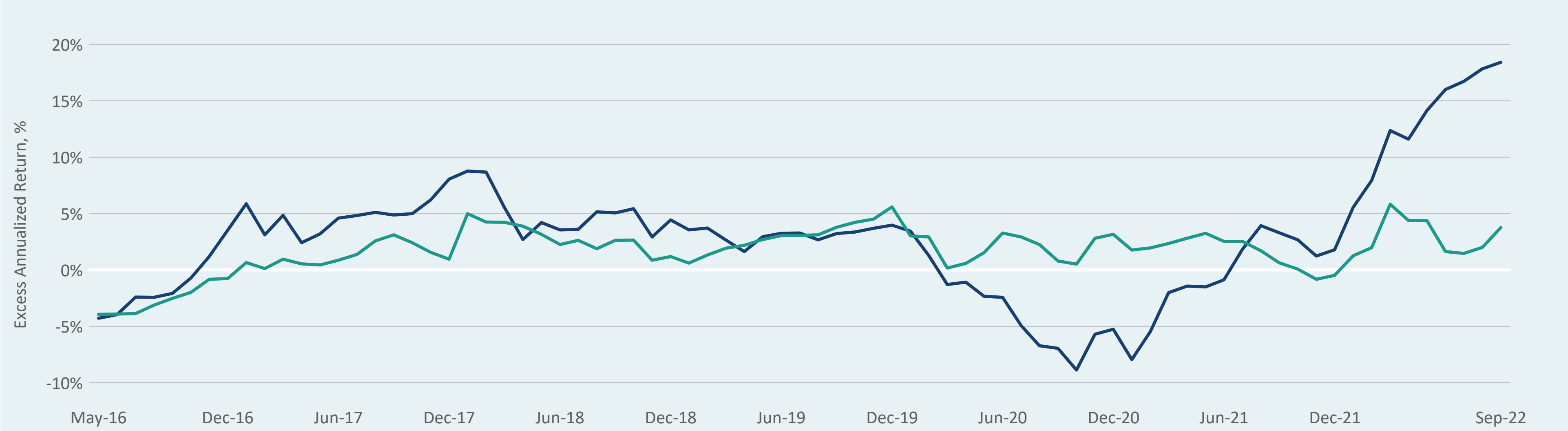



Index: MSCI EM NR USD Returns: Gross of Fees
Data Source: eVestment Universe: eA Emerging Markets Equity

# Risk Analysis

# Excess return correlations

EXCESS 24 MONTH ROLLING PERFORMANCE




**1 YEAR ENDING 09/2022**

| | ARGA | Oaktree |
|---|---|---|
| ARGA | 1.00 | 0.27 |
| Oaktree | 0.27 | 1.00 |

**3 YEAR ENDING 09/2022**

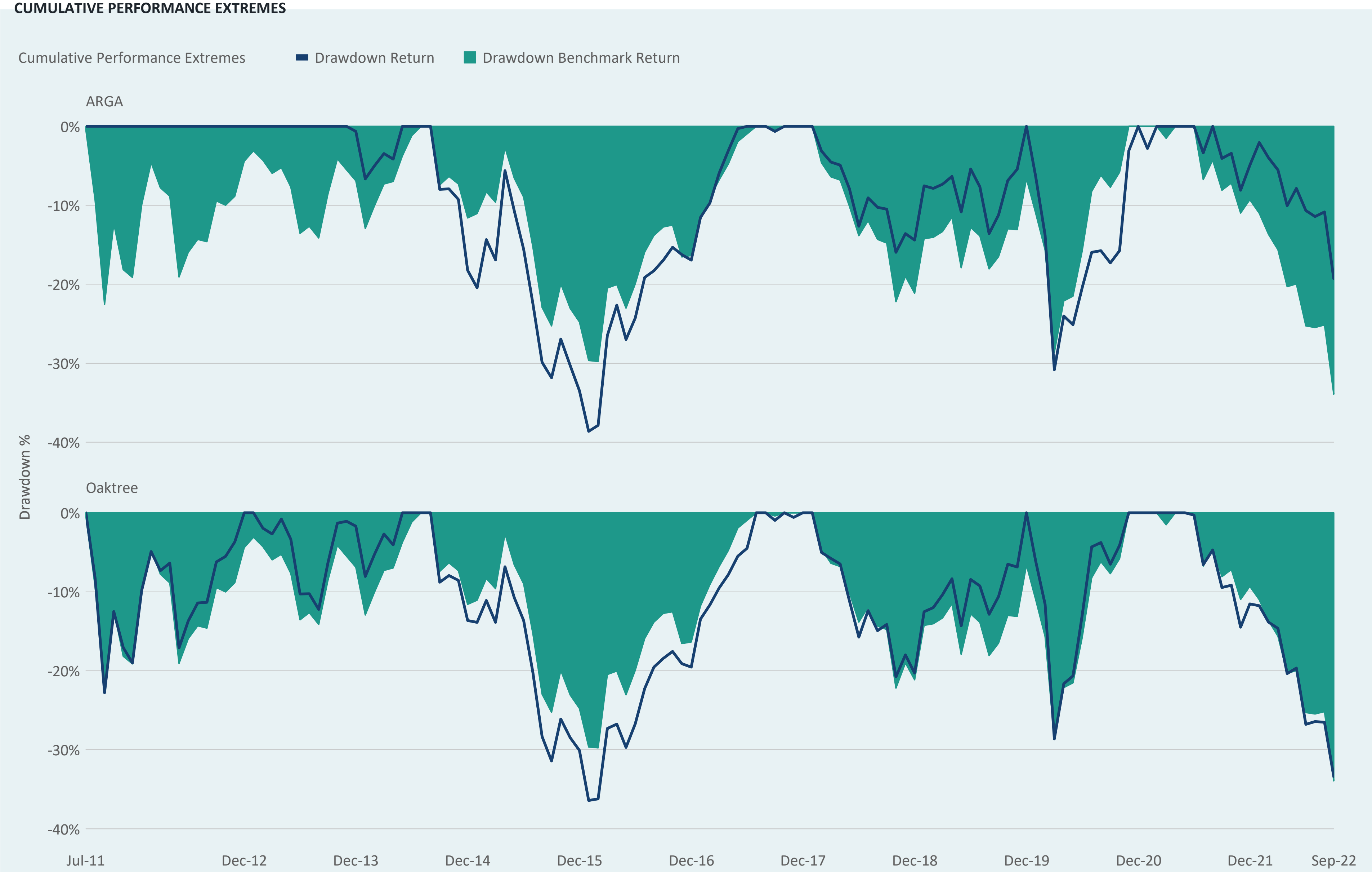
| | ARGA | Oaktree |
|---|---|---|
| ARGA | 1.00 | 0.53 |
| Oaktree | 0.53 | 1.00 |

**5 YEAR ENDING 09/2022**

| | ARGA | Oaktree |
|---|---|---|
| ARGA | 1.00 | 0.41 |
| Oaktree | 0.41 | 1.00 |

# Historical drawdowns

**CUMULATIVE PERFORMANCE EXTREMES**

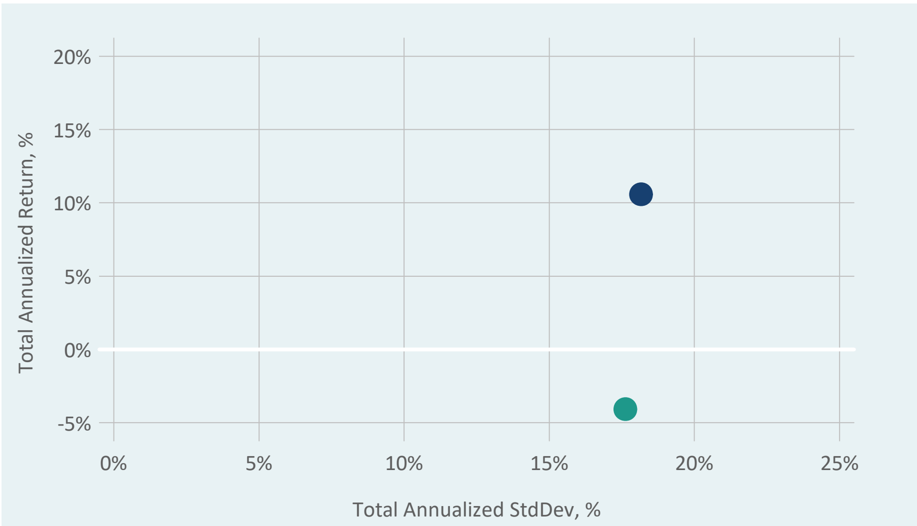



Index: MSCI EM NR USD Returns: Gross of Fees
Data Source: eVestment Universe: eA Emerging Markets Equity

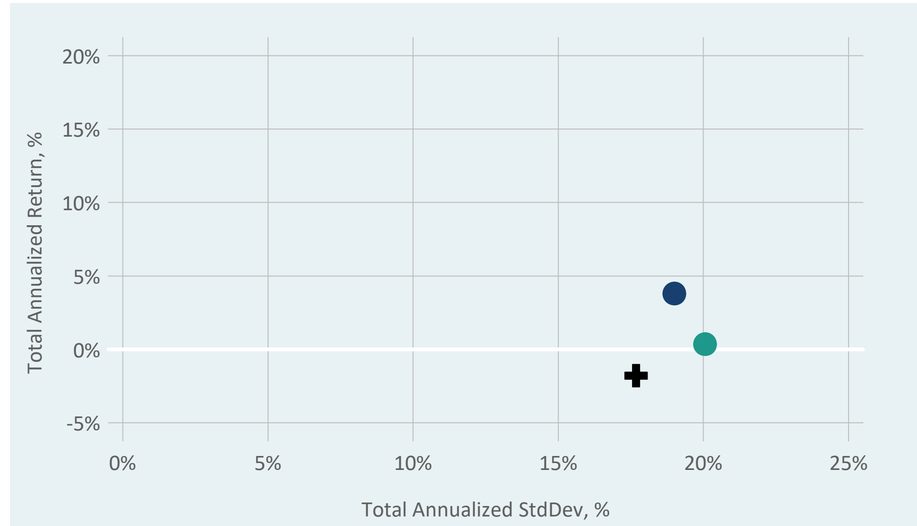
# Risk vs. return

ARGA  Oaktree  MSCI EM NR USD

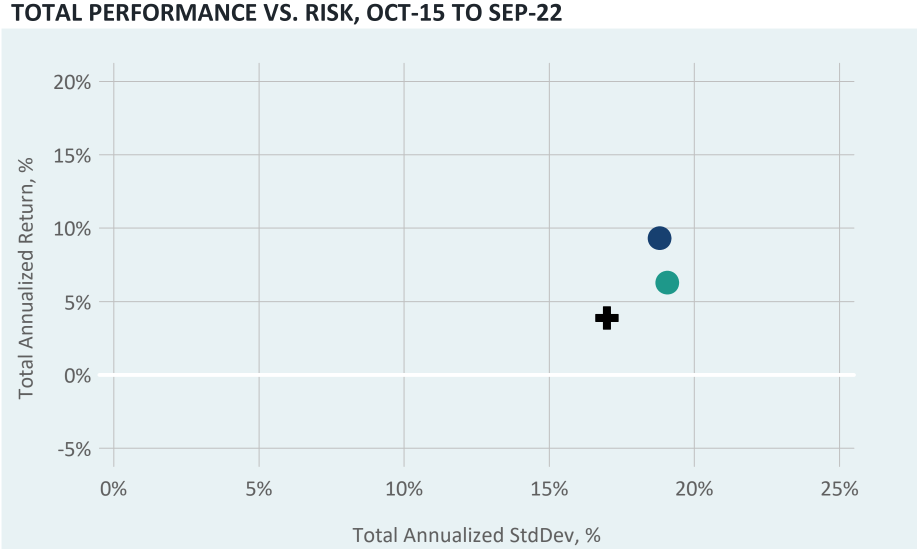
**TOTAL PERFORMANCE VS. RISK, OCT-20 TO SEP-22**



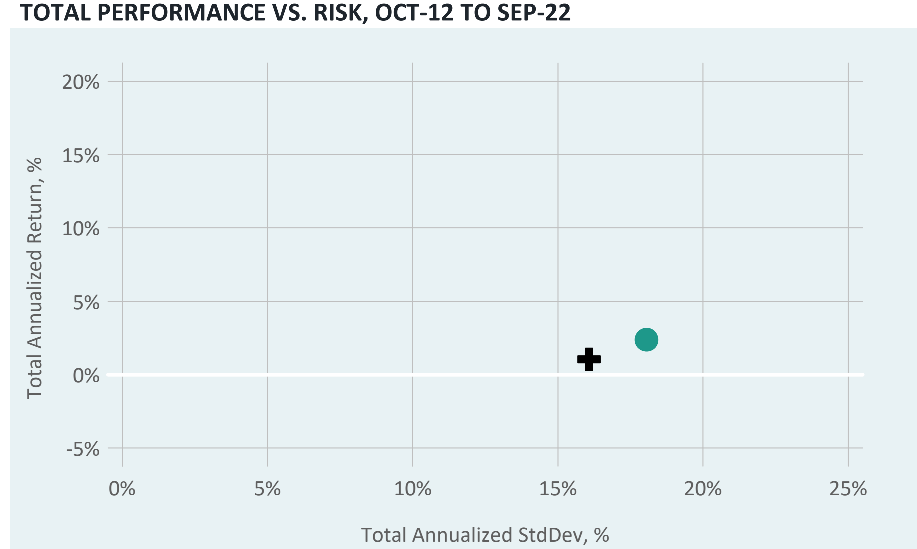

**TOTAL PERFORMANCE VS. RISK, OCT-17 TO SEP-22**




**TOTAL PERFORMANCE VS. RISK, OCT-15 TO SEP-22**



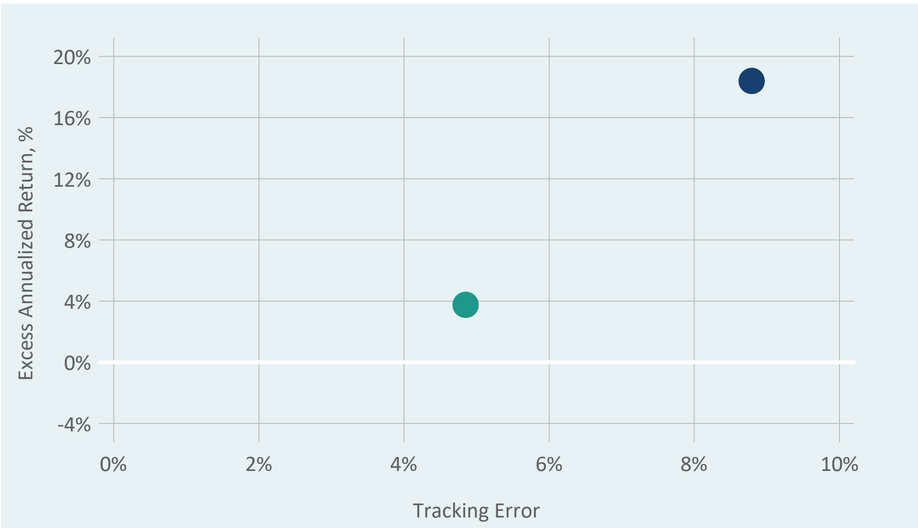

**TOTAL PERFORMANCE VS. RISK, OCT-12 TO SEP-22**



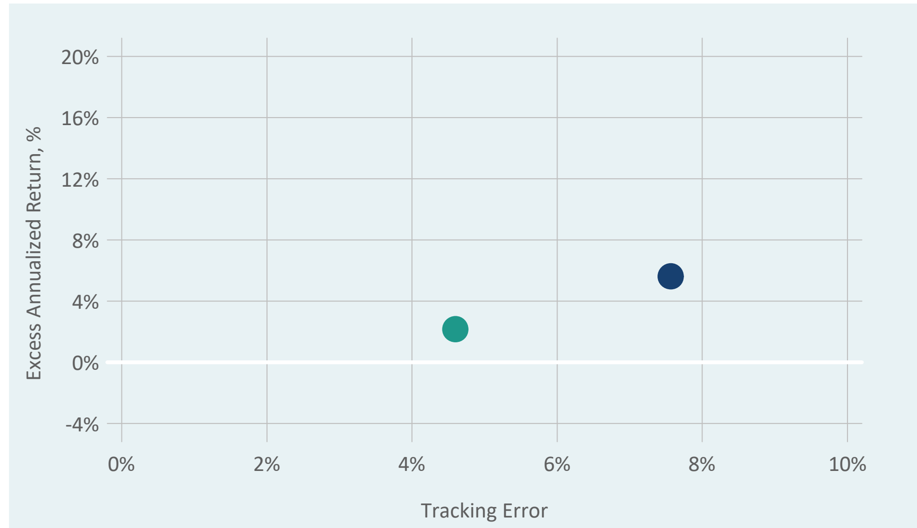
# Performance efficiency

● ARGA ● Oaktree ✚ MSCI EM NR USD

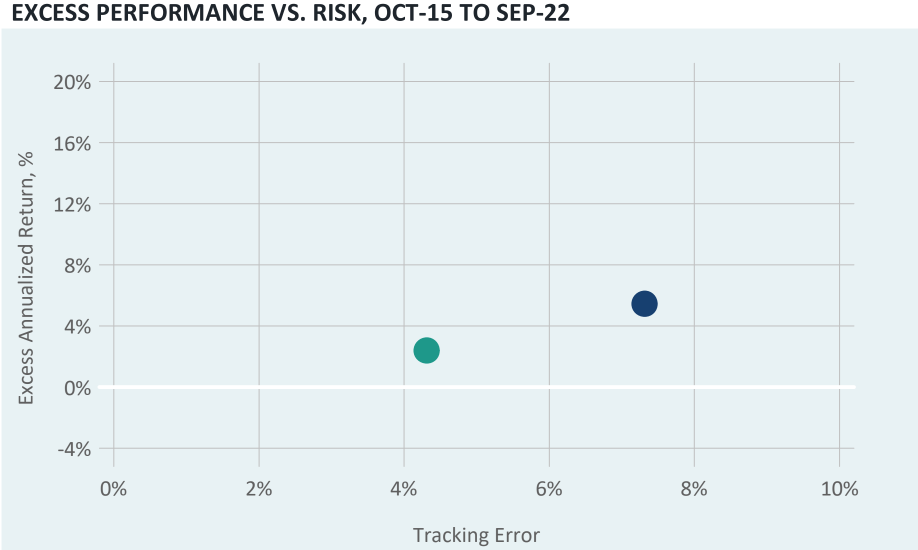
EXCESS PERFORMANCE VS. RISK, OCT-20 TO SEP-22



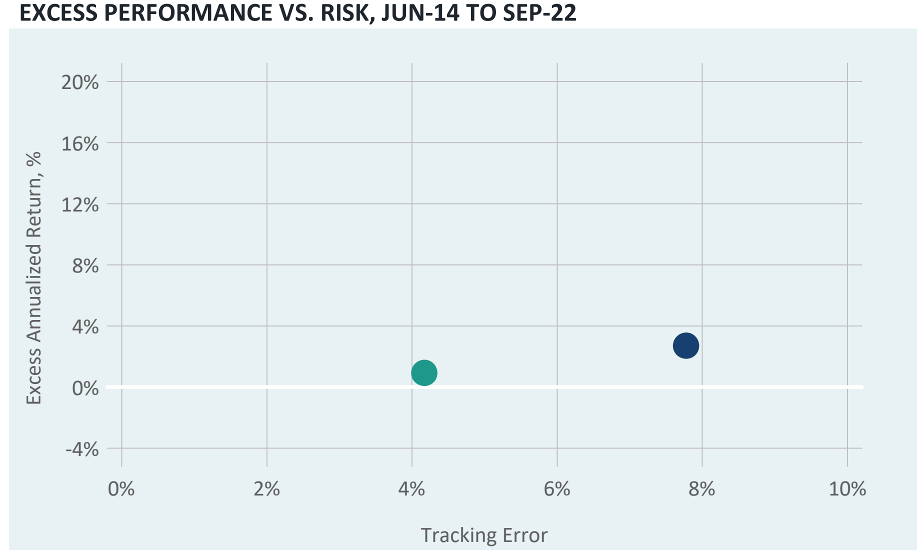

EXCESS PERFORMANCE VS. RISK, OCT-17 TO SEP-22




EXCESS PERFORMANCE VS. RISK, OCT-15 TO SEP-22




EXCESS PERFORMANCE VS. RISK, JUN-14 TO SEP-22




Index: MSCI EM NR USD Returns: Gross of Fees
Data Source: eVestment Universe: eA Emerging Markets Equity

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OAKTREE

NOVEMBER 2022

# OAKTREE EMERGING MARKETS EQUITY STRATEGY

## PRESENTATION TO SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM

# Intended For Sacramento County Employees' Retirement System

This presentation is provided for informational purposes only and does not constitute, and should not be construed as, an offer to sell, or a solicitation of an offer to buy, any securities, or an offer, invitation or solicitation of any specific funds or the fund management services of Oaktree (as defined below), or an offer or invitation to enter into any portfolio management mandate with Oaktree. Any offer of securities or funds may only be made pursuant to a confidential private placement memorandum, subscription presentations and constituent documents in their final form.

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See Marketing Disclosures section of the Appendix for relevant marketing disclosures.

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**Investors should note that, relative to the expectations of the Autorité des Marchés Financiers, this Strategy presents disproportionate communication on the consideration of non-financial criteria in its investment policy.**

# Table of Contents

# Leading Global Alternative Asset Manager

CREDIT

REAL ASSETS

PRIVATE EQUITY

LISTED EQUITIES

**$163** BN[1]

ASSETS UNDER MANAGEMENT

| FOUNDED | BROOKFIELD PARTNERSHIP |
|---|---|
| **1995** | **2019** |

| EMPLOYEES | PORTFOLIO MANAGERS |
|---|---|
| **1,050+**<br>*in 20 cities and 15 countries*[2] | **51**<br>*25 years experience on average* |


***Oaktree employs a contrarian, value-oriented and risk-controlled approach to investing and offers a comprehensive global platform of alternative investment products.***

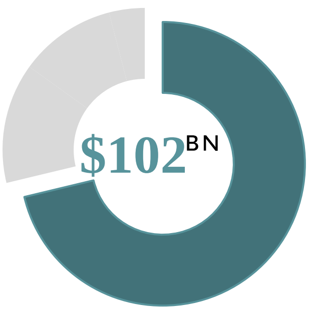
*As of September 30, 2022*

[1] *Includes Oaktree's proportionate amount of DoubleLine Capital AUM resulting from its 20% minority interest therein, and 17Capital AUM. See the Legal Information and Marketing Disclosures section of the Appendix for important information regarding Oaktree's calculation methodology for assets under management.*

[2] *Includes offices of affiliates of Oaktree-managed funds. Oaktree is headquartered in Los Angeles.*

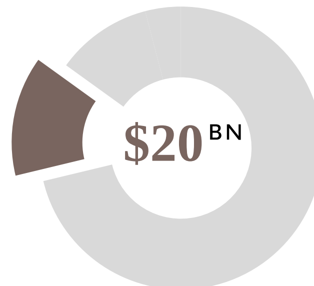
# Broad Yet Specialized Array of Investment Strategies

**THE EMERGING MARKETS EQUITIES TEAM MANAGES $5.3 BILLION IN ASSETS FOR MANY OF THE LARGEST AND MOST SOPHISTICATED INSTITUTIONS AND INTERMEDIARY FIRMS AROUND THE GLOBE**



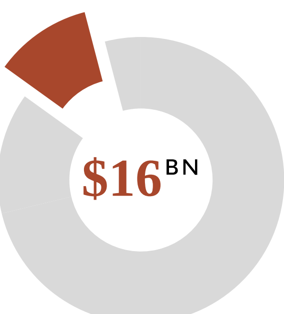

## CREDIT

| | AUM |
|---|---|
| Opportunistic Credit | $40.5 BN |
| Private Credit[1] | 20.9 |
| High Yield Bonds | 12.9 |
| Senior Loans | 10.6 |
| Multi-Asset Credit | 7.5 |
| Investment Grade Solutions | 3.9 |
| Emerging Markets Debt | 2.6 |
| Structured Credit | 1.8 |
| Convertible Securities | 1.6 |



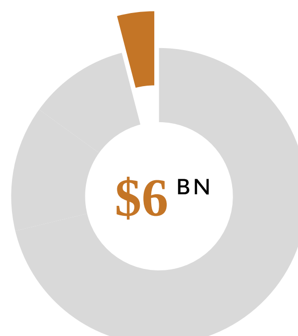

## REAL ASSETS

| | AUM |
|---|---|
| Real Estate | $16.7 BN |
| Infrastructure | 2.9 |




## PRIVATE EQUITY

| | AUM |
|---|---|
| Corporate Private Equity | $9.2 BN |
| Special Situations | 6.6 |




## LISTED EQUITIES

| | AUM |
|---|---|
| Emerging Markets Equities | $5.3 BN |
| Value Equities | 0.6 |

*As of September 30, 2022*

[1] *Includes 17Capital AUM.*

*Note: Excludes proportionate amount of DoubleLine Capital AUM.*

# Strategy Overview

| | |
|---|---|
| FUND MANAGERS | Managed by Frank Carroll and Janet Wang who have worked together at Oaktree for 21 years |
| ANALYSTS | Eight emerging markets sector-specific analysts and three associates with an average of 17 years of investment experience and 11-year tenure with Oaktree |
| TRACK RECORD | • 20-year track record previously managing Oaktree's long/short Emerging Markets Absolute Return strategy<br>• Oaktree's long-only Emerging Markets Equity strategy began in July 2011 |
| APPROACH | • Strategy leans on the value side of core<br>• The team employs a highly disciplined, bottom-up research process<br>• Investment ideas are selected on the basis of:<br>– Valuation: classic or opportunistic<br>– Positive cash flows and attractive price-to-book ratios<br>– Good corporate governance and strong management with a proven history of capital allocation<br>– Businesses with a sustainable competitive advantage |
| PORTFOLIO CHARACTERISTICS | • The bottom-up process – not driven by geographic or benchmark concerns – typically results in a concentrated portfolio of about 65 stocks<br>• Adherence to disciplined stock selection creates an opportunistic portfolio with a bias toward contrarian positions |
| GLOBAL PRESENCE | • Global footprint with staff located in Stamford, CT, Singapore, Hong Kong and London<br>• Portfolio managers split time between Stamford, CT and Hong Kong |

***Experienced team with a long track record of bottom-up investing in emerging markets***

# Oaktree Emerging Markets Equity Team

## PORTFOLIO MANAGEMENT

### HONG KONG

**Frank Carroll**
*Managing Director and Portfolio Manager*
*Relevant Experience: 33 years*
*Years at Oaktree: 23*

### STAMFORD

**Janet Wang**
*Managing Director and Co-Portfolio Manager*
*Relevant Experience: 23 years*
*Years at Oaktree: 21*
*Languages Spoken: Mandarin*

## ANALYSTS

### STAMFORD

**Karen Wang**
*Managing Director*
*Technology, Automotives*
*Relevant Experience: 27 years*
*Years at Oaktree: 18*
*Languages Spoken: Mandarin*

**Alfredo Viegas**
*Managing Director*
*Biotech, Pharma*
*Relevant Experience: 31 years*
*Years at Oaktree: 4*
*Languages Spoken: Portuguese, Spanish*

**Mark Hassey, CFA**
*Vice President*
*Telecommunications, Materials, Utilities*
*Relevant Experience: 13 years*
*Years at Oaktree: 13*

**Jeremiah Schneider, CFA**
*Vice President*
*e-Commerce, Consumers*
*Relevant Experience: 12 years*
*Years at Oaktree: 10*

**Siyi Chen**
*Associate*
*Relevant Experience: 7 years*
*Years at Oaktree: 3*
*Languages Spoken: Mandarin*

**Laura Meng**
*Associate*
*Relevant Experience: 5 years*
*Years at Oaktree: 5*
*Languages Spoken: Mandarin*

**James O'Sullivan, CFA**
*Associate*
*Relevant Experience: 11 years*
*Years at Oaktree: 9*

### HONG KONG

**I-to Chang, CFA**
*Senior Vice President*
*Industrials*
*Relevant Experience: 23 years*
*Years at Oaktree: 17*
*Languages Spoken: Mandarin*

### SINGAPORE

**Pearlyn Chong**
*Managing Director*
*Properties, Airlines*
*Relevant Experience: 25 years*
*Years at Oaktree: 24*
*Languages Spoken: Japanese, Mandarin, Cantonese, Taiwanese*

**Sung Hoon Jung, CFA**
*Senior Vice President*
*Consumers*
*Relevant Experience: 15 years*
*Years at Oaktree: 6*
*Languages Spoken: Korean*

### LONDON

**Robert Self, FCA, CFA**
*Managing Director*
*Financials*
*Relevant Experience: 22 years*
*Years at Oaktree: 12*
*Languages Spoken: French, German*

## TRADING

### STAMFORD

**Bill Kelly**
*Managing Director*
*LatAm, EMEA*
*Relevant Experience: 23 years*
*Years at Oaktree: 21*

**Nicholas Skidd**
*Senior Vice President*
*LatAm, EMEA*
*Relevant Experience: 17 years*
*Years at Oaktree: 9*

### SINGAPORE

**Viren Shah**
*Managing Director*
*Asia*
*Relevant Experience: 26 years*
*Years at Oaktree: 16*
*Languages Spoken: Gujarati, Malay*

**Ken Chia, CFA**
*Senior Vice President*
*Relevant Experience: 13 years*
*Years at Oaktree: 8*
*Languages Spoken: Chinese, Japanese*

## OPERATIONS & ACCOUNTING

### STAMFORD

**Iris Fein**
*Managing Director*
*Accounting*
*Relevant Experience: 23 years*
*Years at Oaktree: 21*

**Peter DiMartino**
*Managing Director*
*Operations*
*Relevant Experience: 20 years*
*Years at Oaktree: 17*

**Ellis Horowitz**
*Senior Vice President*
*Information Technology*
*Relevant Experience: 29 years*
*Years at Oaktree: 23*

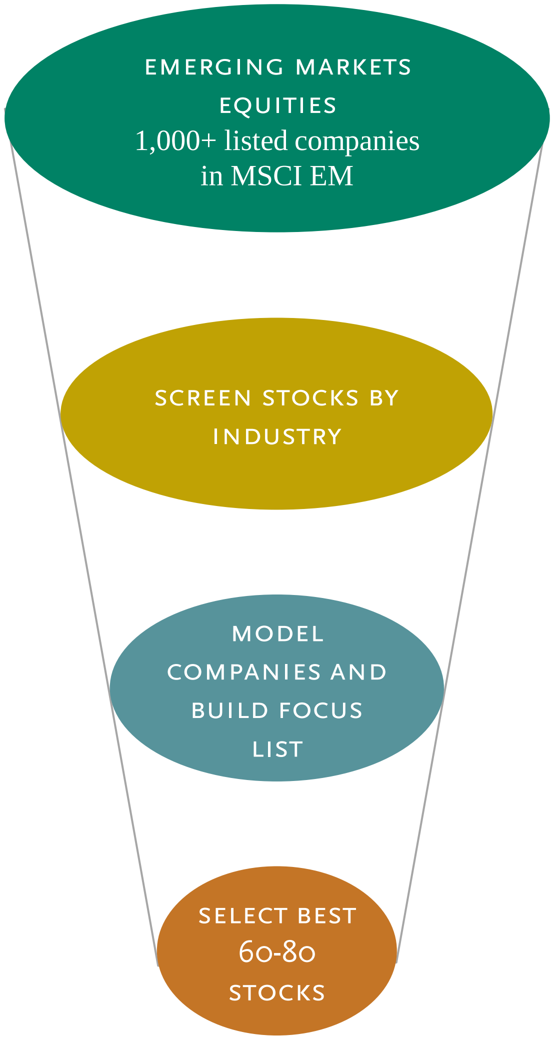
### PRODUCT MANAGEMENT (STAMFORD)

**Christie Gribbell**
*Assistant Vice President and Product Specialist*
*Relevant Experience: 5 years*
*Years at Oaktree: 5*

*As of September 30, 2022*

# Selecting the Best Stocks

## INVESTMENT UNIVERSE




## Analysts

**Idea Generation**

- An experienced team of eight analysts and three associates each screen stocks within his/her sector to find companies that are attractive from a valuation proposition and have catalysts to close their valuation gaps
- Each analyst is broadly responsible for about 100 companies and will have a focus list of about 50 names
- Analysts perform ESG analysis to identify companies with strong or improving ESG characteristics
- Investment horizon is typically 2 - 3 years
- Analysts meet with companies in-person on a recurring basis to identify a catalyst for change

## Portfolio Managers

**Best Ideas Selection**

- Portfolio Managers are in constant communication with global analyst team (via phone or video calls, group or 1:1 meetings) in order to target the best 60 - 80 stocks for the portfolio inclusion
- Global PM coverage with each Portfolio Manager traveling 2 - 3 months per year in order to meet with companies and manage global team
- Work to position portfolio with specific sector and stock concentrations to potentially outperform the benchmark

## Portfolio

- An actively-managed portfolio with high active share
- High conviction and best ideas by sector
- Portfolio with a value-bias comprised of contrarian and non-consensus view positions

Note: *The opinions expressed herein reflect the current opinions of Oaktree as of the date appearing in this material only. There is no guarantee that our investment objective can be achieved.*

# Generating the Best Ideas

## Experience

- Portfolio managers have an average of 27 years investing in the emerging markets
- Extensive long-term coverage of emerging market companies
- Senior analyst team with an average of 17 years of experience and an 11-year tenure with Oaktree

## Fundamental Analysis

- Utilize various valuation models throughout research process:
  - DCF
  - Gordon Growth
  - NAV
- Look for companies with:
  - Strong market position
  - Industry growth potential
  - Positive cash flow generation
  - Sustainable competitive advantages
  - Strong/improving ESG characteristics
  - Responsible capex policies
  - Increasing returns to shareholders

## Oaktree Research

- Meticulous research is the cornerstone of our investment process
- Proprietary database compiled from company meetings and research spanning over 17 years and containing more than 85,000 entries
- Company-specific valuation models built in-house and maintained for over 450 names
- Focus list of companies covered and supplemented by internal stock screens
- Review external research to ascertain "Street" expectations

## Company Interaction

- Travel extensively to meet management and supplement with "boots on the ground"
- Maintain close relationships with company management
- Conduct over 1,000 company management meetings per year

***Our bottom-up research approach typically creates a concentrated portfolio of about 65 names, which are diversified across geography and industry***

*Note: The opinions expressed herein reflect the current opinions of Oaktree as of the date appearing in this material only. There is no guarantee that our investment objective can be achieved.*

# Portfolio Construction

## Main Principles

- Concentration of best ideas by sector
- Target of 60 – 80 stocks
- Benchmark consideration in position sizing to seek outperformance
- Typical investment horizon of 2 - 3 years

## Consistent Monitoring

- **Daily Activities**
  - Review of our relative benchmark positions
  - Performance review
  - Surveillance of country, industry and security exposures
- **Weekly Activities**
  - Portfolio attribution analysis
  - Evaluation of market technicals
  - Formal appraisal vs. benchmark
  - Team discussion focused on identifying sources of risk in the current market environment
  - Review each analyst's positions

## Guideline Restrictions

- Position guidelines relative to the Benchmark[1]
- **Country[2]**
  - All countries, ±10% max
- **Industry[2]**
  - <10% of Benchmark, ±15% max
  - >10% of Benchmark, ±20% max
- **Additional guidelines**
  - Cash: 10% max

***Meticulous portfolio construction and monitoring guide the portfolio's positioning***

*Note: The opinions expressed herein reflect the current opinions of Oaktree as of the date appearing in this material only. There is no guarantee that our investment objective can be achieved.*

*[1] Guidelines reflect weightings relative to MSCI Emerging Markets Index Net.*

*[2] The investment limitation for country and industry varies based on the respective weighting of the MSCI Emerging Markets Index Net. For country, the maximum range is ±10% for all countries. For industry, the maximum range is ±15% for industries constituting less than 10% of the benchmark and ±20% for all others.*

# Sell Discipline

## Initiate Position

With awareness of risk, we are willing to be contrarian and take an opportunistic approach

## Hold

Companies are continuously monitored to detect:

- Less appealing risk/reward profile
- Price appreciation resulting in overvaluation
- Revenue/earnings growth deceleration
- Deteriorating fundamentals
- Management issues

## Sell/Trim

The portfolio managers may sell/trim positions for any of the following reasons:

- Thesis proven correct/incorrect
- More attractive opportunities identified
- Deterioration in fundamentals
- Macroeconomic factors turn negative
- Material change in ESG score

*Note: The opinions expressed herein reflect the current opinions of Oaktree as of the date appearing in this material only. There is no guarantee that our investment objective can be achieved.*

# Oaktree's ESG Philosophy

Oaktree strives to deliver **superior investment results with risk under control** while conducting our business with the **highest integrity.**

Environmental, Social and Governance ("ESG") factors can **directly and materially impact investment outcomes.**

As long-term investors, we believe a consistent focus on ESG throughout the investment lifecycle allows us to **avoid undue risk and better identify valuable opportunities.**

Integrating ESG analysis into our investment process helps ensure that we **are aligned with our clients, their beneficiaries and society's collective long-term interests**. At the same time, ESG fits squarely with **our commitment to excellence** in bottom-up investment analysis.

ALIGNED WITH LEADING RESPONSIBLE INVESTMENT ORGANIZATIONS

PRI Principles for Responsible Investment · TCFD Task Force on Climate-Related Financial Disclosures · ESG Data Convergence Initiative · PCAF Partnership for Carbon Accounting Financials · BSR · SASB Sustainability Accounting Standards Board · GRESB Infrastructure

# Emerging Markets Equity ESG Investment Process

## KEY HIGHLIGHTS

### Due Diligence

- Identify and monitor E, S, and G issues in industries and companies
- Use proprietary templates to score portfolio companies on ESG factors, creating an aggregate portfolio score that we can track over time
- Use external resources as an additional screen
- Exchange best practices among the team

### Company Engagement

- Engage with management teams to promote ESG best practices, lobby for improvements in disclosure, and ensure companies have a credible plan for mitigating ESG risks
- Keep detailed records of interactions and corporate progress in our proprietary research database
- Consider ESG factors when voting proxies

### Portfolio Construction

- Rank and monitor companies based on ESG factors
- Invest in companies that demonstrate (a) ESG best practices and/or (b) continuous ESG improvement, while avoiding companies with deteriorating ESG fundamentals
- Actively look for companies that show improving climate metrics and those that are spending to reduce carbon emissions, especially in value-oriented sectors

### Risk Management

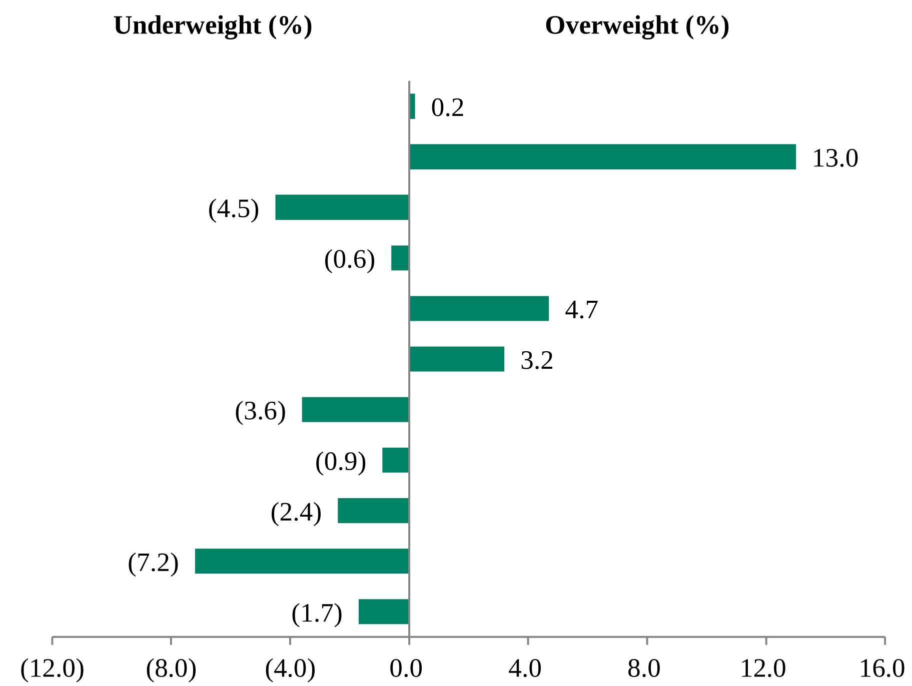
- Assess significant ESG-related company headlines, events and/or controversies
- When necessary, escalate the issue to a committee of independent team members for review
- Actively engage with management to address the issue and related ESG risks
- Determine if we should take any immediate investment action

***We believe that our ESG discipline can add to our investing edge***

Note: *The opinions expressed herein reflect the current opinions of Oaktree as of the date appearing in this material only. There is no guarantee that our investment objective can be achieved.*

# Sector Allocation

| | Representative Account[1] | MSCI EM Index Net |
|---|---|---|
| Financials | 23.8% | 23.6% |
| Materials | 22.1 | 9.1 |
| Information Technology | 14.6 | 19.1 |
| Consumer Discretionary | 11.7 | 12.3 |
| Industrials | 10.8 | 6.1 |
| Energy | 8.8 | 5.6 |
| Consumer Staples | 2.9 | 6.5 |
| Utilities | 2.3 | 3.2 |
| Health Care | 1.7 | 4.1 |
| Communication Services | 1.5 | 8.7 |
| Real Estate | 0.0 | 1.7 |
| **Total** | **100.0%** | **100.0%** |




*As of October 31, 2022*

[1] *Represents the Oaktree (Lux.) Funds – Emerging Markets Equity Fund. This portfolio was selected on the basis of its position as the longest-tenured Oaktree-managed retail account with publicly available holdings information. Additionally, this portfolio utilizes the Morgan Stanley Capital International Emerging Markets Index Net as its benchmark, currently the primary benchmark of the Emerging Markets Equity (MSCI) Composite.*

# Portfolio Allocation by Location

| Region | Representative Account[1] | MSCI EM Index Net Weight |
|---|---|---|
| **Asia** | | |
| China | 29.9% | 26.8% |
| Korea | 11.9 | 11.9 |
| India | 11.1 | 16.2 |
| Taiwan | 7.2 | 13.5 |
| Indonesia | 7.1 | 2.3 |
| Thailand | 3.4 | 2.2 |
| Malaysia | 0.0 | 1.6 |
| Philippines | 0.0 | 0.8 |
| Hong Kong | 0.0 | 0.1 |
| **Subtotal** | **70.6%** | **75.4%** |
| **Latin America** | | |
| Brazil | 15.0% | 6.4% |
| Mexico | 4.9 | 2.6 |
| Peru | 1.8 | 0.3 |
| Chile | 0.0 | 0.6 |
| Colombia | 0.0 | 0.2 |
| **Subtotal** | **21.7%** | **10.1%** |
| **EMEA** | | |
| South Africa | 3.5% | 3.6% |
| Greece | 1.6 | 0.3 |
| Hungary | 1.4 | 0.2 |
| Saudi Arabia | 1.0 | 5.1 |
| Russia | 0.3 | 0.0 |
| United Arab Emirates | 0.0 | 1.5 |
| Turkey | 0.0 | 0.5 |
| Poland | 0.0 | 0.6 |
| Czech Republic | 0.0 | 0.2 |
| Kuwait | 0.0 | 1.1 |
| Qatar | 0.0 | 1.3 |
| Egypt | 0.0 | 0.1 |
| **Subtotal** | **7.7%** | **14.5%** |
| **Total** | **100.0%** | **100.0%** |

*As of October 31, 2022*

[1] *Represents the Oaktree (Lux.) Funds – Emerging Markets Equity Fund. This portfolio was selected on the basis of its position as the longest-tenured Oaktree-managed retail account with publicly available holdings information. Additionally, this portfolio utilizes the Morgan Stanley Capital International Emerging Markets Index Net as its benchmark, currently the primary benchmark of the Emerging Markets Equity (MSCI) Composite.*

# Top 10 Company Over/Underweights

| Company | Representative Account[1] | MSCI EM Index Net | Difference |
|---|---|---|---|
| **Overweight** | | | |
| 1. Bank Rakyat Indonesia Persero Tbk PT | 3.3% | 0.4% | 2.9% |
| 2. Grupo Financiero Banorte SAB de CV | 3.1 | 0.4 | 2.8 |
| 3. Freeport-McMoRan Inc | 2.5 | 0.0 | 2.5 |
| 4. Galaxy Entertainment Group H | 2.5 | 0.0 | 2.5 |
| 5. Vale SA | 3.1 | 0.9 | 2.2 |
| 6. Centrais Eletricas Brasileiras SA | 2.3 | 0.2 | 2.1 |
| 7. China Tourism Group Duty Free Corp Ltd | 2.1 | 0.1 | 2.0 |
| 8. AngloGold Ashanti Ltd | 2.1 | 0.1 | 1.9 |
| 9. Shanghai International Airport Co Ltd | 1.9 | 0.0 | 1.9 |
| 10. Hana Financial Group Inc | 1.9 | 0.2 | 1.8 |
| **Total** | **24.8%** | **2.3%** | **22.6%** |
| **Underweight** | | | |
| 1. Reliance Industries Ltd | 0.0% | 1.7% | (1.7)% |
| 2. Tencent Holdings Ltd | 1.5 | 2.9 | (1.4) |
| 3. Meituan Dianping | 0.0 | 1.3 | (1.3) |
| 4. Infosys Ltd | 0.0 | 1.1 | (1.1) |
| 5. China Construction Bank Corp | 0.0 | 0.9 | (0.9) |
| 6. Housing Development Finance Corp Ltd | 0.0 | 0.9 | (0.9) |
| 7. AL Rajhi Bank | 0.0 | 0.8 | (0.8) |
| 8. JD.com Inc | 0.0 | 0.7 | (0.7) |
| 9. Hon Hai Precision Industry Co Ltd | 0.0 | 0.7 | (0.7) |
| 10. Tata Consultancy Services Ltd | 0.0 | 0.6 | (0.6) |
| **Total** | **1.5%** | **11.6%** | **(10.1)%** |

*As of October 31, 2022*

[1] *Represents the Oaktree (Lux.) Funds – Emerging Markets Equity Fund. This portfolio was selected on the basis of its position as the longest-tenured Oaktree-managed retail account with publicly available holdings information. Additionally, this portfolio utilizes the Morgan Stanley Capital International Emerging Markets Index Net as its benchmark, currently the primary benchmark of the Emerging Markets Equity (MSCI) Composite.*

# Appendix I: Professional Staff Biographies

## Emerging Markets Equities – Senior Management

### Frank Carroll

*Managing Director and Portfolio Manager*

Mr. Carroll is a managing director and served as the co-portfolio manager of Oaktree's Emerging Markets Equity strategy since its inception in 2011. Previously, Mr. Carroll was co-portfolio manager of Oaktree's long/short Emerging Markets Absolute Return strategy from 2005 to 2018 and, prior thereto, served as head trader for the strategy since he joined Oaktree in 1999. Mr. Carroll co-founded and co-chairs Oaktree's ESG Governance Committee and is a longtime member of Oaktree's Diversity and Inclusion Council. Prior to joining Oaktree in 1999, Mr. Carroll was the Head of Trading for Columbus Advisors. Before that, he was the Head Trader for Latin American Fixed Income at Banco Santander and Bankers Trust. Mr. Carroll started his career as an emerging markets trader for Salomon Brothers in 1989. He received a B.A. degree in History from Fairfield University. Mr. Carroll is past-Chairman of the Board of Trustees at Fairfield University, as well as a Trustee at Brunswick School in Greenwich, Connecticut. He is based in Hong Kong.

### Janet Wang

*Managing Director and Co-Portfolio Manager*

Ms. Wang is a managing director and a co-portfolio manager for Oaktree's Emerging Markets Equity strategy. She has covered a range of sectors at Oaktree including energy, cement, chemicals, consumer and utilities. Ms. Wang also contributed to the development of the Emerging Markets Equity team's Environmental, Social and Governance (ESG) process and is a longtime member of Oaktree's Diversity and Inclusion (D&I) Awareness team, having co-led the group from 2017 to 2019. Before joining Oaktree in 2002, Ms. Wang worked for ABN Amro Asia as a research assistant, covering the building materials and airline sectors. Prior thereto, she worked for Evergreen Funds in the Institutional Services department where she served as an institutional services representative. Ms. Wang holds a B.S. degree in finance and marketing from Boston College and an M.B.A. with a concentration in finance from Columbia Business School. She is fluent in Mandarin.

# Appendix I: Professional Staff Biographies (continued)

## Emerging Markets Equities Research – Stamford, CT

### Karen Wang
*Managing Director*

Ms. Wang joined Oaktree in 2004 from Smith Barney, where she spent four years as an equity research associate. Prior to that, she worked for Credit Suisse First Boston in the Value-Based Research Group, where she served as a technology sector specialist. Before that, Ms. Wang spent four years at PricewaterhouseCoopers LLP, most recently as a senior associate in the Audit and Business Assurance department. Ms. Wang holds a B.S. degree in business management and marketing with a concentration in accounting from Cornell University. She is fluent in Mandarin.

### Alfredo Viegas
*Managing Director*

Mr. Viegas joined Oaktree in 2018 from Castlemaine LLC / Comac Capital LLP, where he was a partner and portfolio manager. Prior thereto, he was a managing director and portfolio manager for the Principal Investment Strategies at Nomura securities International. Before that, he was a managing director and emerging markets desk strategist for Knight Capital. Additionally, Mr. Viegas has served in portfolio manager roles at Tiedemann Investment Group and Advent Capital Management. He began his investment career with Cambridge Associates before moving on to emerging market equity analyst roles with Morgan Stanley and Salomon Brothers. Following that, he was a portfolio manager and co-founder of Stratos Advisors and VZB Partners. Mr. Viegas received an M.S. from Swinburne University of Technology and a B.A. with honors from Wesleyan University. He is fluent in Portuguese and Spanish.

### Mark Hassey, CFA
*Vice President*

Mr. Hassey joined Oaktree in 2009 following graduation from the Dolan School of Business at Fairfield University, where he received a B.S. degree in finance with a minor in economics. Mr. Hassey is a CFA charterholder.

### Jeremiah Schneider, CFA
*Vice President*

Mr. Schneider joined Oaktree in 2012 after having spent over a year and a half as an Investment Management Division product controller and senior analyst at Goldman, Sachs & Co. Mr. Schneider received a B.S. degree in accounting, economics and finance from Fairfield University. He is a CFA charterholder.

# Appendix I: Professional Staff Biographies (continued)

## Emerging Markets Equities Research – Stamford, CT

### James O'Sullivan, CFA
*Associate*

Prior to joining Oaktree in 2013, Mr. O'Sullivan worked as an associate for Private Client Resources, LLC. Mr. O'Sullivan earned B.S. and M.B.A. degrees from Fairfield University. He is a CFA charterholder.

### Laura Meng
*Associate*

Ms. Meng joined Oaktree in 2017 from Geller & Company. Prior thereto, she worked as a product controller in equity derivatives group of JPMorgan for three years. Before JPMorgan, Ms. Meng was a senior auditor in the Asset Management division of Ernst & Young. She earned a B.Com. degree in accounting and finance from University of Auckland and a Master in accountancy from Baruch College. Ms. Meng is a Certified Public Accountant and is fluent in Mandarin.

### Siyi Chen
*Associate*

Ms. Chen joined Oaktree in 2019 from Wyndham Hotel Group, where she was most recently a manager within the Strategic Development team underwriting hotel investment opportunities. Prior thereto, Ms. Chen was with RCI, serving as an analyst within the Inventory Management and Pricing division of the Revenue Management group. She received a B.S. in hotel administration from Cornell University and is fluent in Mandarin Chinese.

## Emerging Markets Equities Research – Singapore

### Pearlyn Chong
*Managing Director,*
*Oaktree Capital Management Pte. Ltd.*

Prior to joining Oaktree in 1998, Ms. Chong worked as an analyst at Moon Capital. Ms. Chong is now based in Singapore as part of Oaktree's Asian-based research effort. Prior to joining Moon Capital, Ms. Chong served three years for Tokio Marine & Fire Non-Life Insurance Company in Tokyo and six years for the Singapore Foreign Ministry. Ms. Chong received an M.B.A. in international business from Columbia University and a B.A. degree from Tokyo University of Foreign Studies. She is fluent in Mandarin, Cantonese and Japanese.

### Sung Hoon Jung, CFA
*Senior Vice President,*
*Oaktree Capital Management Pte. Ltd.*

Mr. Jung joined Oaktree in 2016 from Acorn Capital in Melbourne, where he was a portfolio manager for four years. Prior thereto, he was an investment analyst with Strategic Investment Advisors in Singapore. Mr. Jung began his career as an analyst and management associate at DBS Bank in Singapore before moving to DBS Vickers Securities as an equity research analyst. He received a B.S. degree from Yonsei University in Seoul with a major in materials science and engineering and a minor in business administration. Mr. Jung received an M.S. degree in materials science and engineering from Stanford University and is a CFA charterholder.

## Emerging Markets Equities Research – London

### Robert Self, FCA, CFA
*Managing Director,*
*Oaktree Capital Management (UK) LLP*

Prior to joining Oaktree in 2010, Mr. Self spent five years as a vice president in the Equity Research group at Credit Suisse, covering banks and diversified financials. Prior experience includes four years as an assistant manager in the Financial Services Audit group at KPMG. Mr. Self is an honours graduate of the University of Warwick. He is a CFA charterholder and a qualified Chartered Accountant.

## Emerging Markets Equities Research – Hong Kong

### I-to Edward Chang, CFA
*Senior Vice President,*
*Oaktree Capital (Hong Kong) Limited*

Prior to joining Oaktree in 2006, Mr. Chang spent three years at Deutsche Securities Taiwan as a small-cap analyst. Prior experience includes work at Dresdner Kleinwort Benson, CLSA and Lehman Brothers. Mr. Chang received a B.S. degree in mathematics from the University of Toronto. He is fluent in Chinese, and is a CFA charterholder.

# Appendix I: Professional Staff Biographies (continued)

## Trading – Stamford, CT

### Bill Kelly
*Managing Director*

Prior to joining Oaktree in 2002, Mr. Kelly worked at First New York Securities, LLC, most recently as an international equity trader.  Prior to that, he worked as a corporate actions analyst for Fidelity Investments.  Mr. Kelly holds a B.S. degree in economics *summa cum laude* from Fitchburg State University.

### Nicholas Skidd
*Senior Vice President*

Prior to joining Oaktree in 2013, Mr. Skidd was a foreign exchange trader for Dérivée Capital Management.  Previously he was an international equities trader at Access Global Partners.  For four years prior to joining Access, Mr. Skidd was a fixed income and derivatives analyst at SAC Capital Management.   He holds a B.A. in political science from Thomas More College of Liberal Arts.

## Trading – Singapore

### Viren Shah
*Managing Director,*
*Oaktree Capital Management Pte. Ltd.*

Mr. Shah joined Oaktree in 2006 from Kim Eng Securities, where he served as a vice president in Regional Sales Trading.  Before that, he was a vice president in Institutional Sales Trading for G.K. Goh Stockbrokers.  Prior experience includes two years in Institutional Sales at Daiwa Securities Singapore (Pte) Ltd.  Mr. Shah received a B.A. degree in economics and a B.Sc. degree in finance and international studies from Indiana University, U.S.A.  He then went on to receive a Master of Applied Finance degree from the University of Melbourne, Australia.  He is fluent in Malay and Gujarati.

### Ken Chia, CFA
*Senior Vice President,*
*Oaktree Capital Management Pte. Ltd.*

Mr. Chia joined Oaktree in 2014 from Tokio Marine Asset Management International where he served as a senior trader on the institutional buy side.  Prior thereto, he worked as an equity dealer for CIMB Securities Pte. Ltd. Mr. Chia earned a B.S. degree in electrical engineering from Nanyang Technological University, Singapore.  Thereafter, he went on to obtain his Masters in Financial Engineering from National University of Singapore.  He is a CFA charterholder and is fluent in Mandarin.

# Appendix II: Legal Information and Marketing Disclosures

*An investment in any fund or the establishment of an account within the Strategy is speculative and involves a high degree of risk. Such risks include, but are not limited to, those described below. An investment should only be made after consultation with independent qualified sources of investment, tax and legal advice. Prospective investors must review a particular fund's confidential private placement memorandum prior to investing in such fund.*

**Calculation of Assets Under Management**

References to total "assets under management" or "AUM" represent assets managed by Oaktree and a proportionate amount of the AUM reported by DoubleLine Capital LP ("DoubleLine Capital"), in which Oaktree owns a 20% minority interest. Oaktree's methodology for calculating AUM includes (i) the net asset value (NAV) of assets managed directly by Oaktree, (ii) the leverage on which management fees are charged, (iii) undrawn capital that Oaktree is entitled to call from investors in Oaktree funds pursuant to their capital commitments, (iv) for collateralized loan obligation vehicles ("CLOs"), the aggregate par value of collateral assets and principal cash, (v) for publicly-traded business development companies, gross assets (including assets acquired with leverage), net of cash, and (vi) Oaktree's pro rata portion (20%) of the AUM reported by DoubleLine Capital. This calculation of AUM is not based on the definitions of AUM that may be set forth in agreements governing the investment funds, vehicles or accounts managed and is not calculated pursuant to regulatory definitions.

**Investments**

The Strategy will involve investing in securities and obligations that entail substantial risk. There can be no assurance that such investments will increase in value, that significant losses will not be incurred or that the objectives of the Strategy will be achieved. In addition, investing in such securities and obligations may result in the incurrence of significant costs, fees and expenses, including legal, advisory and consulting fees and expenses, costs of regulatory compliance and costs of defending third-party litigation.

**Investment Environment**

Many factors affect the demand for and supply of the types of investments that the Strategy may target and their valuations. Interest rates and general levels of economic activity may affect the value of investments targeted by the Strategy or considered for investment. The investing activities of the Strategy could be materially adversely affected by instability in global financial markets or changes in market, economic, political or regulatory conditions, as well as by other factors outside the control of Oaktree or its affiliates.

**Investments in Emerging Markets**

Investing in emerging markets involves additional risks and special considerations not typically associated with investing in other more established economies or markets. Such risks include (*a*) the risk of nationalization or expropriation of assets or confiscatory taxation, (*b*) social, economic and political uncertainty, including war and revolution, (*c*) dependence on exports and the corresponding importance of international trade, (*d*) price fluctuations, market volatility, less liquidity and smaller capitalization of securities markets, (*e*) currency exchange rate fluctuations, (*f*) rates of inflation, (*g*) controls on, and changes in controls on, non-U.S. investments and limitations on repatriation of invested capital and on the ability to exchange local currencies for the Strategy's base currency, (*h*) governmental involvement in and control over the economies, (*i*) governmental decisions to discontinue support of economic reform programs generally and impose centrally planned economies, (*j*) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers, (*k*) less extensive regulation of the securities markets, (*l*) longer settlement periods for securities transactions, (*m*) less developed corporate laws regarding fiduciary duties and the protection of investors, (*n*) less reliable judicial systems to enforce contracts and applicable law, (*o*) certain considerations regarding the maintenance of the portfolio securities and cash with non-U.S. sub-custodians and securities depositories, (*p*) restrictions and prohibitions on ownership of property by foreign entities and changes in laws relating thereto and (*q*) terrorism. In emerging markets there is often less government supervision and regulation of business and industry practices, banks, stock exchanges, over-the-counter markets, brokers, dealers, counterparties and issuers than in other more established markets. Any regulatory supervision which is in place may be subject to manipulation or control. Some emerging market countries do not have legal systems comparable in scope, objective and effectiveness to those of more developed countries. Moreover, the process of legal and regulatory reform may not be proceeding at the same pace as market developments, which could result in investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain countries, and there may be the risk of conflict among local, regional and national requirements. In certain cases, the laws and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary appreciation or interpretation. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. Crime and corruption continue to be prevalent in certain emerging market countries. It may also be difficult to pursue legal remedies or obtain and enforce judgments in non-U.S. courts.

Certain of the emerging markets countries may experience rapid economic growth, real currency appreciation, rising real estate prices, elevated growth in credit and rising inflation. Governments may consequently tighten monetary and fiscal policies in an effort to cool inflation of prices of assets, goods and services. Monetary and fiscal tightening in such countries may spread to other countries in which the Strategy's investments are located or make it more difficult to find appropriate investment opportunities.

**Currency Risks and Foreign Exchange**

The Strategy may involve making investments denominated in currencies other than the base currency of the Strategy. Changes in the rates of exchange between such base currency and other currencies may have an adverse effect on the value of investments denominated in such other currencies and the performance of the Strategy. In addition, the costs may be incurred in converting investment proceeds from one currency to another. Oaktree may or may not attempt to hedge currency risk of the portfolio, but in any event it does not expect that the full risk of currency fluctuations can be eliminated due to the complexity of its investments and limitations in the foreign currency market.

# Appendix II: Legal Information and Marketing Disclosures (continued)

**High Portfolio Turnover**

The different strategies used may require frequent trading and a high portfolio turnover. The more frequently trades are executed, the higher the commission and transaction costs and certain other expenses will be.

**Options**

The Strategy may involve purchasing and selling covered and uncovered put and call options. The successful use of options depends principally on the price movements of the underlying securities. If the price of the underlying security does not rise (in the case of a call) or fall (in the case of a put) to an extent sufficient to cover the option premium and transaction costs, part or all of the investment in the option will be lost. If the puts or uncovered calls are sold, unfavorable price movements could result in significant losses.

**Swaps**

The Strategy's activities may include the use of swaps, including total return swaps, interest rate swaps and credit default swaps, in which case there is usually a contractual relationship only with the counterparty of such swap, and not the issuer, As a result, there will be exposure to the credit risk of the counterparty. In addition, certain swaps may be required to be submitted to a central clearing counterparty, in which case there will be exposure to the credit risk of the central clearing counterparty and any Futures Commodity Merchant that may be used to access such central clearing counterparty. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by governmental and judicial action. The effect of any future regulatory change on the Strategy could be substantial and adverse.

**Use of Leverage**

The Strategy may involve the use of leverage, including through swaps. While leverage presents opportunities for increasing total return, it has the potential to increase losses as well. Accordingly, any event that adversely affects the value of an investment would be magnified to the extent leverage is used.

**Illiquidity of Investments**

The Strategy's investments may consist of securities and obligations which are thinly traded, securities and obligations for which no market exists, or securities and obligations which are restricted as to their transferability. These factors may limit the ability to sell such securities at their fair market value.

**Regulatory Risks**

Legal, tax and regulatory changes may adversely affect the Strategy's activities. The legal, tax and regulatory environment for investing in alternative investments is evolving, and changes in the regulation and market perception of alternative investments, including changes to existing laws and regulations and increased criticism of the private equity and alternative asset industry by some politicians, regulators and market commentators, may adversely affect the ability of the Strategy to pursue its investment strategy and the value of its investments.

Market disruptions and dramatic increases in capital allocated to alternative investment strategies have led to increased governmental and self-regulatory scrutiny of alternative investments. Greater regulation of the industry has been considered by both legislators and regulators. The effect of any future regulatory changes are impossible to predict, but could be substantial and adverse.

**Market Conditions and Governmental Actions**

The securities, futures and certain other derivatives markets are subject to comprehensive statutes, regulations and margin requirements. Government regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. Regulators have the ability to limit or suspend trading in securities, which could result in significant losses. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by governmental and judicial action. The effect of any future regulatory changes could be substantial and adverse.

In recent years, world financial markets have experienced extraordinary market conditions. In reaction to these events, regulators in various countries have undertaken and continue to undertake unprecedented action to stabilize markets. The Strategy may be adversely affected by unstable markets and significant new regulations could limit the Strategy's activities and investment opportunities or change the functioning of the capital markets. In the event of a severe economic downturn, significant losses could result.

**Institutional Risk**

The brokerage firms, banks and other institutions who serve as counterparties in the trading activities of the Strategy, or to which securities will be entrusted for custodial and prime brokerage purposes, may encounter financial difficulties, fail or otherwise become unable to meet their obligations. In addition, legal, regulatory, reputational or other risks affecting such institutions could have a material adverse effect on the Strategy.

**Material Non-public Information**

In connection with the Oaktree's activities, personnel of Oaktree may acquire confidential or material non-public information or otherwise be restricted from initiating transactions in certain securities. Oaktree will not be free to act upon any such information and may not be able to initiate a transaction that it otherwise might have initiated.

# Appendix II: Legal Information and Marketing Disclosures (continued)

**Potential Conflicts of Interest**

Oaktree and its affiliates manage a number of different funds and accounts (and may form additional funds and accounts) that invest in, and in some cases have priority ahead of the Strategy with respect to, securities or obligations eligible for purchase. This presents the possibility of overlapping investments, and thus the potential for conflicts of interest. To the extent permitted by law, Oaktree reserves the right to cause funds and accounts it manages to take such steps as may be necessary to minimize or eliminate any conflict between Oaktree-managed funds and accounts even if that requires the divestiture of securities that, in the absence of such conflict, it would have continued to hold or otherwise take action that may benefit Oaktree or any other Oaktree-managed fund or account and that may not be in the best interests of another Oaktree-managed fund or account. Oaktree will seek to manage conflicts in good faith.

**Tax Matters**

There are a series of complex tax issues related to the investments that will be the focus of the Strategy. In addition, changes in the tax laws may adversely affect the Strategy's ability to efficiently realize income or capital gains and could materially and adversely affect the after-tax returns to investors. Prospective investors are urged to consult their own tax advisors regarding the possible tax consequences of an investment in the Strategy.

**Lack of Diversification**

The Strategy's portfolio may not be diversified among a wide range of issuers or industries. Accordingly, returns may be subject to more rapid changes than would be the case if the portfolio maintained a wide diversification among companies, industries and types of securities.

**Investments in Commingled Vehicles**

A potential investor considering an investment in any commingled vehicle will be subject to the risks described above as well as the risks associated with an investment in a commingled vehicle. Interests of a commingled vehicle will generally be an illiquid investment and withdrawals from, and transfers of units of, a commingled vehicle may be subject to restrictions. The portfolio of a commingled vehicle may not be diversified among a wide range of issuers or industries which may make such portfolio subject to more rapid change in value than would be the case if the portfolio was more diversified. Investors also will not have the opportunity to participate in a commingled vehicle's management.

**ESG Scoring Methodology**

The Oaktree Emerging Markets Equity Strategy maintains proprietary ESG rating templates for each portfolio company. Each template consists of three tabs: environmental, social and governance. Within these categories, we collect company data on a number of sub-factors. Examples of these sub-factors include, but are not limited to:

- Environmental: carbon emissions, waste disposal, renewable energy policy, sustainable packaging policy
- Social: human rights policy, employee turnover, workplace health and safety, equal opportunity policy, consumer data protection policy
- Governance: board independence, board diversity, known conflicts of interest, minority shareholder rights, executive compensation

These sub-factor scores are aggregated to give each company a total score within each E, S and G vertical. The E, S, and G scores for each company are then weighted based on the company's respective industry, and combined to create a final company ESG score. Once each company's total ESG score is determined, an aggregate portfolio score is calculated using the weighted average of each company's score based on their percent weighting in the portfolio.

*Certain information contained herein concerning economic trends and performance is based on or derived from information provided by independent third-party sources. Oaktree believes that such information is accurate and that the sources from which it has been obtained are reliable; however, Oaktree cannot guarantee the accuracy of such information and has not independently verified the accuracy or completeness of such information or the assumptions on which such information is based. Moreover, independent third-party sources cited in this presentation are not making any representations or warranties regarding any information attributed to them and shall have no liability in connection with the use of such information in this presentation.*

*In addition, certain information contained in this presentation is based on Oaktree's assumptions and projections or otherwise constitute "forward looking statements," which can be identified by the use of forward looking terminology such as "may," "will," "should," "expect," "anticipate," "forecast," "estimate," "intend," "continue" or "believe" or the negatives thereof or other variations thereon or other comparable terminology. Due to various risks and uncertainties, actual events or results or the actual performance of any scenarios or forecasts discussed herein may differ materially from those reflected or contemplated in such forward looking statements. Oaktree cannot offer assurances that any of the scenarios or forecasts described herein will actually transpire or occur, or if any of them do, what impact they will have on the returns of any investment. Prospective investors are cautioned not to put undue reliance on any of the assumptions, projections or other forward looking statements contained herein. No representation or warranty is made as to future performance or such forward looking statements.*

*Except where otherwise indicated herein, the information provided herein is based on matters as they exist as of the date of preparation of this presentation and not as of any future date. Oaktree does not undertake any obligation to revise or update any information contained herein in light of new information, future developments or otherwise after such date of preparation. This information is intended for informational purposes only. Prospective investors should not rely on it for any other purpose.*

# Appendix II: Legal Information and Marketing Disclosures (continued)

**Bahamas, Bermuda, Brazil, Canada, Cayman Islands, Chile, Colombia, Mexico, Panama, Peru and United States**

This brochure is being provided to persons in these countries by Oaktree with regard to separate accounts available for its Emerging Markets Equity strategy and by OCM® Investments, LLC (Member FINRA), a subsidiary of Oaktree, with regard to commingled vehicles available for such strategy. Persons in these countries should direct all inquiries regarding separate accounts to a representative of Oaktree and should direct all inquiries regarding commingled vehicles to a marketing representative of OCM Investments, LLC.

**Guernsey, Israel, Jersey, Monaco, South Africa, Switzerland and the United Kingdom**

This brochure is being provided to persons in these countries by Oaktree Capital Management (UK) LLP[1], an affiliate of Oaktree. Persons in these countries should direct all inquiries regarding Oaktree's Emerging Markets Equity strategy to a marketing representative of Oaktree Capital Management (UK) LLP.

Oaktree Capital Management (UK) LLP is authorised and regulated by the Financial Conduct Authority of the United Kingdom.

**Member States of the European Economic Area and Switzerland**

This brochure is being provided to persons in these countries by Oaktree Capital Management (Lux.) S.à r.l.[2], an affiliate of Oaktree, and its branches. Persons in these countries should direct all inquiries regarding Oaktree's Emerging Markets Equity strategy to a marketing representative of Oaktree Capital Management (Lux.) S.à r.l. or its branches.

Oaktree Capital Management (Lux.) S.à r.l. is authorised in Luxembourg by the Commission de Surveillance du Secteur Financier under Article 5 of the law of 12 July 2013 relating to AIFMs as an alternative investment fund manager and to provide several services provided under Article 5(4).

**Azerbaijan, Bahrain, the Dubai International Financial Centre, Kazakhstan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Turkey and the United Arab Emirates**

This brochure is being provided to persons in these countries by Oaktree Capital Management (Dubai) Limited[3], an affiliate of Oaktree. Persons in these countries should direct all inquiries regarding Oaktree's Emerging Markets Equity strategy to a marketing representative of Oaktree Capital Management (Dubai) Limited.

Oaktree Capital Management (Dubai) Limited is a private company registered in Dubai International Financial Centre, authorised and regulated by the Dubai Financial Services Authority (DFSA Firm Reference No. F002385).

[1] *This brochure is provided by Oaktree Capital Management (UK) LLP to, or directed at, only the following persons: (i) persons falling within one of the categories of "investment professionals" within the meaning of Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the "CIS Promotion Order") and Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion Order) 2005 (the "Financial Promotion Order"); (ii) persons falling within any category of persons described in Article 22(2) of the CIS Promotion Order and Article 49(2) of the Financial Promotion Order; or (iii) any other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "Relevant Persons"). Persons who are not Relevant Persons must not act on or rely on this brochure or any of its contents. Any investment or investment activity to which this brochure may relate is available only to Relevant Persons and will be engaged in only with Relevant Persons.*

[2] *Oaktree Capital Management (Lux) S.à r.l. is a trade name of LFE European Asset Management S.à r.l., a company registered with the Luxembourg Registre de Commerce et des Sociétés under number B198087.*

[3] *This brochure can only be directed by Oaktree Capital Management (Dubai) Limited to Professional Clients and Market Counterparties as defined by the DFSA Conduct of Business Rulebook and must not, therefore, be directed to, or relied on by a Retail Client*

# Appendix II: Legal Information and Marketing Disclosures (continued)

**Japan**[4]

This brochure is being provided to persons in Japan by Oaktree Japan, Inc. Persons receiving this brochure should direct all inquiries regarding Oaktree's Emerging Markets Equity strategy to a representative of Oaktree Japan, Inc.

Oaktree Japan, Inc. is registered as a Financial Instruments Business Operator under the registration entry "Director General of the Kanto Local Finance Bureau (Financial Instruments Business Operator) No. 645" to conduct Discretionary Investment Management Business, Type II Financial Instruments Business and Investment Advisory and Agency Business under the Financial Instruments and Exchange Act of Japan and is a regular member of the Japan Investment Advisers Association and the Type II Financial Instruments Firms Association of Japan.

**Hong Kong and People's Republic of China**

This brochure is being provided to persons in these jurisdictions by Oaktree Capital (Hong Kong) Limited[5], an affiliate of Oaktree, with regard to Oaktree's Emerging Markets Equity strategy or commingled vehicles available for Oaktree's Emerging Markets Equity strategy. Persons in these jurisdictions should direct all inquiries regarding Oaktree's Emerging Markets Equity strategy or commingled vehicles available for Oaktree's Emerging Markets Equity strategy to a representative of Oaktree Capital (Hong Kong) Limited.

Oaktree Capital (Hong Kong) Limited is a corporation licensed by the Hong Kong Securities and Futures Commission to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities.

**Singapore**[6]

This brochure is being provided to persons in Singapore by Oaktree Capital Management Pte. Ltd., an affiliate of Oaktree, with regard to Oaktree's Emerging Markets Equity strategy or commingled vehicles available for Oaktree's Emerging Markets Equity strategy. Persons receiving this brochure should direct all inquiries regarding Oaktree's Emerging Markets Equity strategy or commingled vehicles available for Oaktree's Emerging Markets Equity strategy to a representative of Oaktree Capital Management Pte. Ltd.

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**Australia[7] and New Zealand[8]**

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ARGA
Investment Management, LP

# ARGA Investment Management, LP

## Sacramento County Employees' Retirement System

## Emerging Markets Equity

## December 7, 2022

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miller@argainvest.com

Prepared for Sacramento County Employees' Retirement System

# Our Philosophy

- **Overreaction creates market anomalies**
  - Temporary stress disproportionately impacts valuations
  - As conditions normalize, valuations recover

- **This inefficiency is persistent and exploitable**
  - Behavioral biases drive near-term focus
  - News adds fear and uncertainty
  - Exploitation requires long-term focus and research

***Fear and uncertainty create opportunity***

*Source: ARGA Analysis. See Risks and Limitations and Material Disclosures.*

ARGA
Investment Management, LP

# ARGA Overview

- **Global value manager**
  - Across environments and geographies
- **Industry experience**
  - Business analysts
- **Global perspective**
  - Developed and emerging markets locations
- **Client communication**
  - Transparent
- **Alignment of interests**
  - Employee-owned

***We bring experience and discipline to global equity investing***

*Source: ARGA Analysis. See Risks and Limitations and Material Disclosures.*

ARGA Investment Management, LP

# Senior Investment Experience

| Name/Position | # Years Experience | Prior Experience |
|---|---|---|
| **A. Rama Krishna, CFA**<br>*Founder/*<br>*Chief Investment Officer* | **35** | - **Pzena Investment Management: President-International, Managing Principal, Portfolio Manager**<br>- Citigroup Asset Management<br>- AllianceBernstein<br>- Credit Suisse First Boston |
| **Steven Morrow, CFA**<br>*Director of Research* | **29** | - **Bank of America Merrill Lynch: Portfolio Manager**<br>- Cumberland Associates<br>- Citigroup Asset Management<br>- Dreyfus Corporation |
| **Robert Mitchell, PhD**<br>*Global Business Analyst* | **33** | - **Citigroup: Director, Investor Relations**<br>- Fannie Mae<br>- Citigroup Asset Management<br>- Marakon Associates |
| **Takashi Ito, CFA**<br>*Global Business Analyst* | **26** | - **Vestec: Director of Business Development**<br>- Highview Research<br>- UBS Global Asset Management<br>- Citigroup Asset Management |
| **Peter Carman**<br>*Non-Executive Chairman* | **49** | - **Citigroup Asset Management: Co-Chairman, Global CIO**<br>- Putnam Investments<br>- AllianceBernstein |

*Source: ARGA Analysis. Numbers/data are unaudited, as is, subject to change without notice and presented for information purposes only. See Material Disclosures.*

# Clients (as of 9/30/2022)

**$8.9 billion AUM**

**Key Strategies**

- International: $3.3B
- Emerging Markets: $3.8B
- EAFE: $1.0B
- Global: $0.8B

**100 Global Institutional Clients**

- Public pensions and related**: $4.1B
- Sub-advisory: $3.4B
- Family office, wealth management, high net worth: $0.6B
- Corporate ERISA, SWF, union pensions: $0.4B
- Endowment & foundation: $0.4B

*Source: ARGA Data. AUM of ARGA strategies in incubation are not presented. 24 client portfolios representing $897 million in AUM are derived from Manager of Manager organizations: 20 public pension portfolios - $826 million, 1 corporate pension portfolio - $33 million, 2 union pension portfolios - $27 million and 1 foundation portfolio - $11 million. *Related refers to entities associated with specific public pension plans and designated to provide investment services.*

*Numbers/data are unaudited, as is, subject to rounding, subject to change without notice and presented for information purposes only. See Material Disclosures.*

ARGA Investment Management, LP

# Research Drives Investing

| Global Business Analyst | Global Sector Coverage | Location |
|---|---|---|
| A. Rama Krishna, CFA | Chief Investment Officer | U.S. |
| Steven Morrow, CFA | Director of Research, Consumer & Industrials | U.S. |
| Vipul Kodan | Associate Director, Financials, Healthcare & Industrials | India |
| Bryan Cheng | Communication Services, Financials & Healthcare | U.S. |
| Hemanta Das, CFA | Energy & Materials | India |
| Haofei Ge | Utilities & Real Estate | U.S. |
| Philip Gutfleish | Consumer, Energy & Materials | U.S. |
| Douglas Hayashi | Industrials & Materials | U.S. |
| Takashi Ito, CFA | Consumer & Industrials | U.S. |
| Sujith Kumar | Financials & Technology | U.S. |
| Robert Mitchell, Ph.D. | Financials & Energy | U.S. |
| Ravivannan Thangaraj | Communication Services & Technology | India |
| Vihaan Malhotra | Industrials, Consumer & Technology | U.S. |
| | **Average years with firm 10 years** | |
| | **Average investment experience 21 years** | |
| Irina Gheorghe, CFA | Head of ESG | India |
| John DeTore, CFA | Head of Strategic R&D | U.S. |
| Monish Mahurkar | Head of Climate Transition | U.S. |

*+ 12 Senior Research Associates, 11 Research Associates, 4 ESG personnel, 6 Climate Transition personnel*

*Source: ARGA Data. Numbers/data are unaudited, as is, subject to change without notice and presented for information purposes only. See Material Disclosures.*

ARGA Investment Management, LP

# Our Investment Approach: Valuation

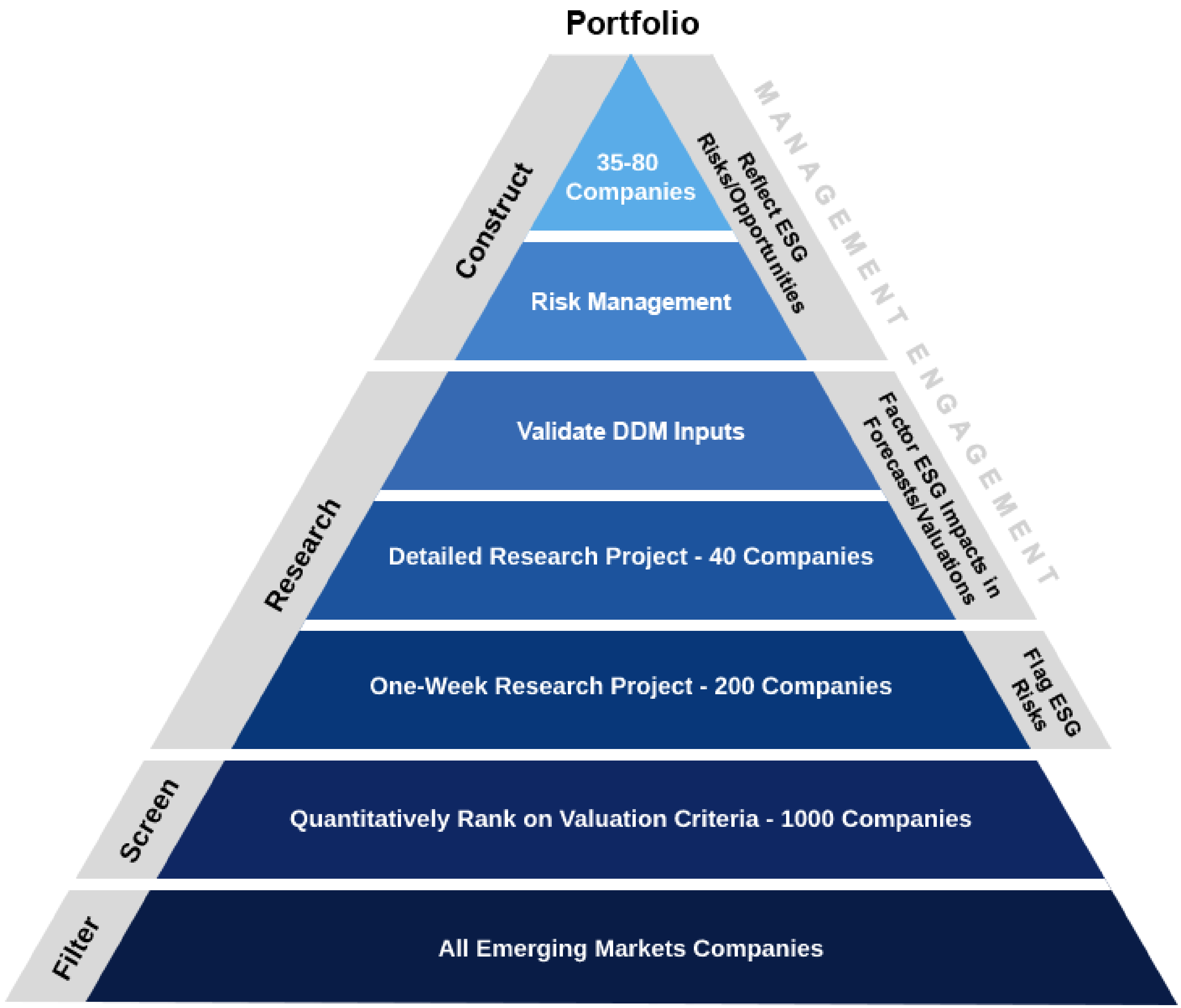
**Invest in undervalued businesses based on fundamental research and present value**

- Investor overreaction results in exploitable anomalies
- Stock screens identify potentially undervalued businesses
- DDM measures base and stress undervaluation
- Consistent industry/company analysis drives DDM inputs
- Adjust for company quality, ESG, economic risks

***We remove emotion from investing***

*Source: ARGA Analysis. See* *Risks and Limitations* *and* *Material Disclosures*.

# Disciplined Investment Process




*Source: ARGA Analysis. See Risks and Limitations and Material Disclosures.*

# Portfolio Construction and Sell Discipline

**Portfolio Construction**

- Valuation: upside vs. downside
- Industry and region confirmation

**Risk Management**

- Stress scenarios
- Risk buckets
- Diversification: currency, industry, geography
- Max 5% in any company at cost, 8% at market
- Max 25% in any industry at cost, 35% at market

**Portfolio Monitoring**

- Daily update
- Ongoing dialog with research team
- ESG developments

**Sell Discipline**

- Bottom half of universe on valuation
- Alternatives more attractively valued

*Source: ARGA Analysis.* *See Risks and Limitations and Material Disclosures.*

# Appendices

- Portfolio Characteristics
- Results
- Terms
- Global Industry Models
- ARGA Differentiation
- ESG Integration
- Climate Transition Initiative
- Biographies

# Portfolio Characteristics

As of 9/30/2022

| | Emerging Markets |
|---|---|
| P/E IBES FY1 | 5.8x |
| Price/Book | 0.9x |
| Return on Equity—5 Yr Average | 12.5% |
| Dividend Yield | 6.5% |
| Market Cap—Weighted Average | $38.4B |
| Market Cap—Median | $8.1B |
| Number of Holdings | 53 |
| Active Share | 88% |

*Source: ARGA Data. Portfolio characteristics are derived from a representative account selected based on objective, non-performance-based criteria, taking into account consistently the weighting of every holding in the representative account as of the last trading day of the previous, full calendar month. They are subject to change without notice, may not be current, and are subject to risk. Portfolio characteristics may not be the same across all accounts; individual portfolios may vary. It should not be assumed that an investment in accounts with these characteristics was or will be profitable. The representative account is the first account managed to the strategy. See Risks and Limitations and Material Disclosures.*

ARGA Investment Management, LP

# Top Ten Holdings

As of 9/30/2022

| | Emerging Markets |
|---|---|
| Alibaba | 4.5% |
| Banco do Brasil | 4.5% |
| Baidu | 4.3% |
| Gree | 4.2% |
| Petrobras | 3.7% |
| Trip.com | 3.5% |
| SK Hynix | 3.3% |
| Sands China | 3.2% |
| Naspers | 3.1% |
| Samsung Electronics | 2.8% |

*Source: ARGA Data. Referenced holdings are derived from a representative account selected based on objective, non-performance-based criteria, taking into account consistently the weighting of every holding in the representative account as of the last trading day of the previous, full calendar month. They are subject to change without notice, may not be current, and are subject to risk. They may not represent all the securities purchased, sold or recommended for client accounts; individual portfolios may vary. It should not be assumed that an investment in these securities, or in accounts with these securities, was or will be profitable. The representative account is the first account managed to the strategy. See Risks and Limitations and Material Disclosures.*

# Sector Exposure

As of 9/30/2022

| | Emerging Markets |
|---|---|
| Communication Services | 7% |
| Consumer Discretionary | 30% |
| Consumer Staples | 6% |
| Energy | 4% |
| Financials | 32% |
| Health Care | 1% |
| Industrials | 3% |
| Information Technology | 11% |
| Materials | 2% |
| Real Estate | 2% |
| Utilities | 2% |

*Source: ARGA Data. Referenced sector weightings are derived from a representative account selected based on objective, non-performance-based criteria, taking into account consistently the weighting of every holding in the representative account as of the last trading day of the previous, full calendar month. They are subject to change without notice, may not be current, and are subject to risk. They may not represent all the exposures recommended for client accounts; individual portfolios may vary. It should not be assumed that an investment in these exposures, or in accounts with these exposures, was or will be profitable. The representative account is the first account managed to the strategy. See Risks and Limitations and Material Disclosures.*

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# Country Exposure

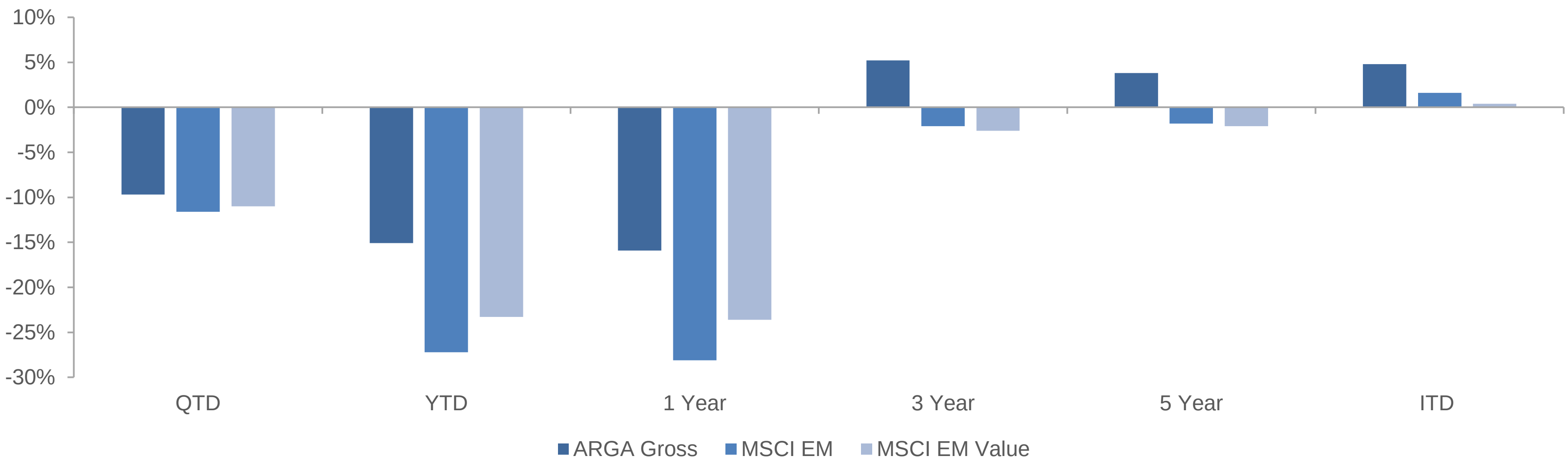
As of 9/30/2022

## Emerging Markets

| | | | |
|---|---|---|---|
| Brazil | 12% | Indonesia | 1% |
| China | 40% | Poland | 4% |
| Czech Republic | 1% | South Africa | 5% |
| Hong Kong | 8% | South Korea | 15% |
| Hungary | 1% | Taiwan | 4% |
| India | 4% | Thailand | 5% |

*Source: ARGA Data. Referenced country exposures are derived from a representative account selected based on objective, non-performance-based criteria, taking into account consistently the weighting of every holding in the representative account as of the last trading day of the previous, full calendar month. They are subject to change without notice, may not be current, and are subject to risk. They may not represent all the exposures recommended for client accounts; individual portfolios may vary. It should not be assumed that an investment in these exposures, or in accounts with these exposures, was or will be profitable. The representative account is the first account managed to the strategy. See Risks and Limitations and Material Disclosures.*

# Results (as of 9/30/2022)




*Source: ARGA Analysis. For illustrative purposes only. Charts/graphs have inherent limitations. See Risks and Limitations and Material Disclosures.*

**Emerging Markets Equity Composite**

| (Inception July 1, 2013) | QTD | YTD | 1 Year | 3 Year | 5 Year | 10 Year | ITD |
|---|---|---|---|---|---|---|---|
| Gross[1] | -9.7% | -15.1% | -15.9% | 5.2% | 3.8% | N/A | 4.8% |
| Net[2] | -10.3% | -17.8% | -18.7% | 2.8% | 1.8% | N/A | 3.0% |
| MSCI Emerging Markets (Net) | -11.6% | -27.2% | -28.1% | -2.1% | -1.8% | N/A | 1.6% |
| MSCI Emerging Markets Value (Net) | -11.0% | -23.3% | -23.6% | -2.6% | -2.1% | N/A | 0.4% |

*[1] Returns are unaudited, do not reflect the payment of investment advisory fees, and are net of withholding taxes on dividends, interest income, and capital gains, and transaction costs and expenses. [2] Returns are unaudited, net of withholding taxes on dividends, interest income, and capital gains, and transaction costs, expenses and investment advisory fees, and based on the maximum possible combined management and performance fees. All returns include the reinvestment of net dividends and other income, and represent past returns, which do not guarantee future returns. Returns for periods of more than one year are annualized. Returns are as is, subject to rounding, subject to change and for information purposes only. Current returns may be lower or higher than presented returns.* ***PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS****.*

*See Risks and Limitations and Material Disclosures.*

# Composite Disclosures

## Emerging Markets Equity Composite

| Year End | Gross Return[1] | Net Return[2] | MSCI EM | Number of Portfolios | Internal Dispersion | Composite Annualized Standard Deviation (gross)[3] | Benchmark Annualized Standard Deviation[3] | Total Composite Assets | Total Firm Assets |
|---|---|---|---|---|---|---|---|---|---|
| 2021 | 11.1% | 8.7% | -2.5% | 10 | 2.0%[7] | 21.6% | 18.3% | $2982.6M | $8615.5M |
| 2020 | 7.2% | 6.1% | 18.3% | 8 | 1.9%[7] | 21.8% | 19.6% | $3372.0M | $7815.8M |
| 2019 | 19.3% | 17.9% | 18.4% | 7 | 0.5%[7] | 13.1% | 14.2% | $1727.8M | $4973.1M |
| 2018 | -8.4% | -10.0% | -14.6% | 6 | 0.8%[7] | 15.8% | 14.6% | $956.1M | $3617.1M |
| 2017 | 38.7% | 37.0% | 37.3% | 6 | N/A[5] | 20.0% | 15.4% | $858.7M | $4036.7M |
| 2016 | 24.9% | 23.4% | 11.2% | 5 | N/A[5] | 21.2% | 16.1% | $302.5M | $2722.3M |
| 2015 | -18.7% | -19.7% | -14.9% | 5 | N/A[5] | N/A[6] | N/A[6] | $214.1M | $2168.0M |
| 2014 | -14.2% | -15.2% | -2.2% | 3 | N/A[5] | N/A[6] | N/A[6] | $116.7M | $2227.4M |
| 2013[4] | 15.2% | 13.7% | 7.7% | 1 | N/A[5] | N/A[6] | N/A[6] | $2.5M | $2248.8M |

*[1] Returns are unaudited, do not reflect the payment of investment advisory fees, and are net of withholding taxes on dividends, interest income, and capital gains, and transaction costs and expenses. [2] Returns are unaudited, net of withholding taxes on dividends, interest income, and capital gains, and transaction costs, expenses and investment advisory fees, and based on the maximum possible combined management and performance fees. All returns include the reinvestment of net dividends and other income, and represent past returns, which do not guarantee future returns. Returns for periods of more than one year are annualized. Returns are as is, subject to rounding, subject to change and for information purposes only. Current returns may be lower or higher than presented returns. [3] Three year standard deviation is calculated using gross returns. [4] Returns are for the period from July 1, 2013 through December 31, 2013. [5] The internal dispersion is not presented because there were 5 or fewer accounts in the composite for the full year. [6] The three-year annualized standard deviation is not presented because 36 monthly returns are not available. [7] ARGA calculates dispersion using the equal-weighted standard deviation of the annual gross returns for composites that include 6 or more portfolios for the entire year.*

*Compliance Statement:*

*ARGA Investment Management, LP ("ARGA") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. ARGA has been independently verified for the period July 1, 2010 to December 31, 2021. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The ARGA Emerging Markets Equity Composite has been examined for the period July 1, 2013 to December 31, 2021. Verification and performance examination reports are available upon request.*

# Composite Disclosures

<u>Firm and Composite/Benchmark Information:</u>

*ARGA is an investment adviser registered with the United States Securities and Exchange Commission. ARGA is also registered in certain provinces in Canada as an adviser in the category of portfolio manager. ARGA manages global, international, and emerging markets equity portfolios for institutional and qualified investors.*

*ARGA Emerging Markets Equity Composite*
*The ARGA Emerging Markets Equity Composite was created on July 1, 2013 with an inception date of July 1, 2013. The composite includes all tax exempt and taxable portfolios utilizing primarily a fully invested equity allocation to mid to large cap emerging markets companies. The benchmark is the MSCI Emerging Markets Index (US D) and is net of withholding taxes on dividends, interest income, and capital gains. The benchmark consists of 24 emerging market country indices. The composite includes all discretionary Emerging Markets accounts managed to the ARGA Emerging Markets Equity Strategy. The composite includes a private fund, a UCITS fund, separate managed accounts and an investment company registered under the Investment Company Act of 1940.*

*A list of composite descriptions, limited distribution pooled fund descriptions, and broad distribution pooled funds is available upon request.*

*The index/benchmark comparisons herein are provided for information purposes only and should not be used as the basis for making an investment decision. There are significant differences between client accounts and the indices/benchmarks referenced herein including, but not limited to, risk profile, liquidity, volatility and asset composition.*

<u>Performance Calculations & Fees:</u>

*Valuations and returns are expressed in US Dollars. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm for the time period managed by the firm. Policies for valuing investments, calculating performance and preparing GIPS Reports are available upon request.*

*The investment advisory fee schedule for the ARGA Emerging Markets Equity Composite is based on a percentage of assets: 1% for assets up to $100 million and 0.70% for assets greater than $100 million. Performance-based fee schedules are also available. The investment advisory fee for Class A interests in the ARGA Emerging Markets Equity Fund (the "Fund") is based on a percentage of assets, as described above. The fee for Class B interests is 70% of base management fee plus 15% of outperformance over the benchmark. Fund expenses (asset-based custodian, trustee and admin fees) are capped at 25 bps; other expenses (audit, legal and tax) are capped at 5 bps. Transaction costs and commissions, and contribution and redemption charges are not included in Fund and other expenses. The investment advisory fee schedule for the ARGA Emerging Markets Value Fund, an investment company registered under the Investment Company Act of 1940, is based on a percentage of assets: 0.70% for all assets. The expense ratio is 0.90%.*

*Actual investment advisory fees incurred by clients may vary.*



***PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE.***



*See Risks and Limitations and Material Disclosures.*

ARGA Investment Management, LP

# Fees

ARGA Emerging Markets Equity Fund is a US-domiciled Commingled Fund with monthly liquidity and offers two classes of beneficial interests. Class A Interests, which are subject to a management fee but no incentive fee and Class B Interests, which are subject to a lower management fee than the Class A Interests and an incentive fee.

| **Proposed Fees for SACERS**<br>***Minimum Investment: $100 million*** | | |
|---|---|---|
| **Assets** | **Class A** | **Class B*** |
| All Assets | 0.70% | 0.49% |

*The above fee proposal applies for a minimum mandate size of USD 100 million. If the mandate size is less than USD 100 million, standard fees shall apply.*

| **Standard Fees for ARGA Emerging Markets Equity Fund**<br>***Minimum Investment: $1 million*** | | |
|---|---|---|
| **Assets** | **Class A** | **Class B*** |
| All Assets | 1.00% | 0.70% |

**Incentive fee is 15% of outperformance over the benchmark, MSCI EM Index (Net USD), and is calculated annually. A high-water mark applies before incentive fee is earned.*

**<u>Fund and Other Expenses</u>**

| | |
|---|---|
| Fund Expenses (including asset-based custodian, administrator' and trustee fee) | Capped at 25 bps; currently at 13 bps |
| Other Expenses <u>(including audit, legal and tax)</u> | Capped at 5 bps: currently at 3 bps |
| Contribution and redemption charge | Variable, 0 bps to 65 bps paid to the fund, not ARGA |

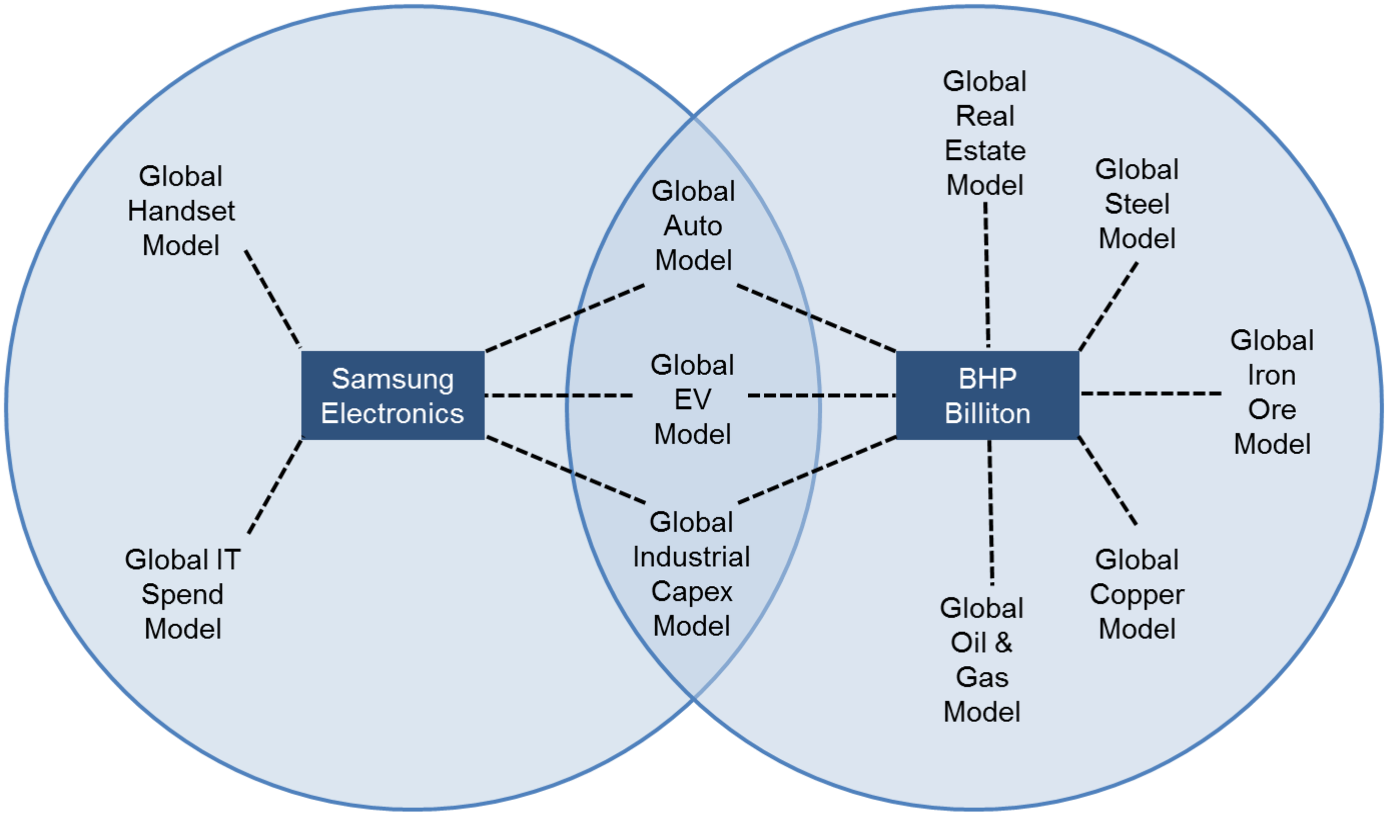
*The abovementioned expense caps of 25 basis points and 5 basis points do not include transaction costs and contribution and redemption charges.*

*Contribution and redemption charges protect existing investors from dilution and are paid to the fund, not ARGA. The contribution and redemption charges vary based on the contribution and redemption amount and are capped at 65 bps. In the event contribution and redemptions are made simultaneously, the charge will be applied on the net contribution and redemption amounts. In the event there is more than one investor contributing or redeeming on the same date, the charges will be based on the aggregated net contribution or redemption amount. ARGA may at its discretion apply a minimum threshold, based on a percentage of the fund's AUM.*

*See Material Disclosures.*

# ARGA Global Industry Models: Research Advantage

- Insights across industries, geographies, companies
- Consistency in forecasts and valuations
- Global benchmark for assumptions, trends, ESG




*Source: ARGA Analysis. Any referenced companies are selected based on non-performance-based criteria and for illustrative and information purposes only to provide insights into ARGA's process. They are subject to change at any time without notice, may not be representative of current holdings and are subject to risk. It should not be assumed that an investment in any referenced company, or in accounts holding any referenced company, was or will be profitable or that any investment decision we make in the future will be profitable. See Risks and Limitations and Material Disclosures.*

# ARGA Differentiation: People and Technology

- **Analyst longevity**
  - Industry expertise
  - Global collaboration

- **Proprietary technology**
  - Technology does not replace judgement – it augments it
  - Comprehensive database system
    - Stores and structures institutional knowledge
    - Applies relationships and algorithms

*Source: ARGA Analysis. See Risks and Limitations and Material Disclosures.*

# ESG Experience

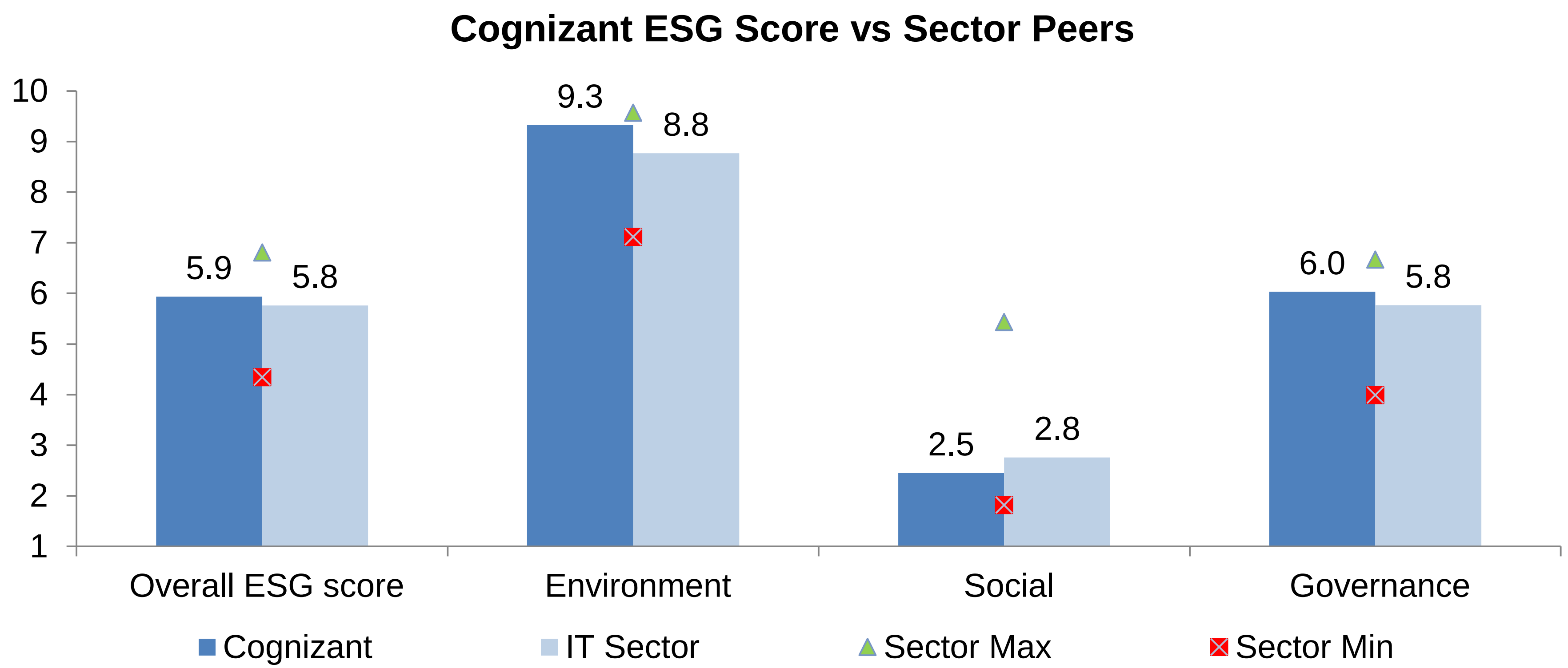
- **Proprietary ESG tools**
  - ARGA Global ESG Scoring Framework flags ESG risks and opportunities
- **ESG process integration**
  - ESG fully reflected in Global Industry Models, forecasts and valuations
- **ESG in portfolio construction**
  - Exposure limits for ESG risks
- **Stakeholder engagement**
  - Enhance ESG outcomes
- **Organizational ESG commitment**
  - Dedicated ESG Team
  - Climate Transition Team adds technical expertise

***ARGA is committed to responsible investing***

*Source: ARGA Analysis. See Risks and Limitations and Material Disclosures.*

# ESG Process Integration Example

- **Issue identification:** higher employee attrition vs peers
- **Forecasting:** lower operating margins medium term
- **Engagement:** advocate Cognizant implement training and incentives

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# Climate Transition Initiative

**Deepens ESG experience in key area of decarbonization**

**Team of 6 engineering specialists provide technical expertise:**

- Analyze climate transition opportunities and risks
- Evaluate alternate decarbonization technologies
- Forecast global climate transition costs

***Insights enhance ARGA research***

*Source: ARGA Analysis. Numbers/data are unaudited, as is, subject to change without notice and presented for information purposes only. See Risks and Limitations and Material Disclosures.*

# Presenter Biographies

**A. Rama Krishna, CFA** *Founder and Chief Investment Officer*

Mr. Krishna has over 25 years' experience in managing global equities. Before founding ARGA in 2010, Mr. Krishna was President, International of Pzena Investment Management (NYSE: PZN) and Managing Principal, Member of Executive Committee, and Portfolio Manager of its operating company in New York. While at Pzena from 2003 to 2010, he led development of the International Value and Global Value strategies, co-managed the Emerging Markets Value strategy, and managed the US Large Cap Value strategy. Mr. Krishna was previously at Citigroup Asset Management, where he was Chief Investment Officer and Head of Institutional and International. He also represented the asset management business on the Citigroup Management Committee and directly managed the Global Emerging Markets Equity strategy. Before that, Mr. Krishna was Director of International Equity Research, Portfolio Manager, International Equities and Chief Investment Officer, Emerging Markets Equities at AllianceBernstein in New York, London and Tokyo. Earlier, he worked at Credit Suisse First Boston in New York, Tokyo and Singapore, first as Equity Research Analyst and later as Chief Investment Strategist and Director - Equity Research. Mr. Krishna earned a joint M.B.A./M.A. in Asian Studies with a Japan Specialization from the University of Michigan in 1987 and a B.A. (Honors) in Economics from St. Stephen's College, The University of Delhi in 1984. He received University of Michigan's Prize Fellowship in Japanese Business and University Fellowship, and Middlebury College Scholarship. He was on the MSCI Editorial Advisory Board and is a Chartered Financial Analyst.

**Lawrence K. Miller II, CFA** *Director – Consultant and Client Relationships*

Before joining ARGA in 2019, Mr. Miller was at Schroder Investment Management North America as Consultant Relations Director since 2007. From 2004 to 2007, he was Vice President – Consultant Relations at U.S. Trust Institutional. Mr. Miller began his investment career in 1996 at MFS Institutional Advisors in a variety of marketing and consultant relations roles. He earned an M.B.A in 1995 from Babson College and a B.A. in 1990 from St. Lawrence University. He is a Chartered Financial Analyst and a member of the CFA Society of Boston.

*See Material Disclosures.*

# Risks and Limitations

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