



LEA 02	Disclosures: Mandatory	Reason for Interaction	Principle: PRI 1, 2, 3
<p>Type of engagement</p> <p>Individual/ internal staff engagements</p>	<p>Reason for Interaction</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> To support investment decisionmaking in & company's material ESG issues <input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced information <input type="checkbox"/> To engage internal staff <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage in internal staff 		
<p>Type of engagement</p> <p>Collaborative engagements</p>	<p>Reason for Interaction</p> <ul style="list-style-type: none"> <input type="checkbox"/> To support investment decisionmaking in & company's material ESG issues <input type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced information <input type="checkbox"/> To engage internal staff <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage in collaborative engagements 		
<p>Type of engagement</p> <p>Service provider engagements</p>	<p>Reason for Interaction</p> <ul style="list-style-type: none"> <input type="checkbox"/> To support investment decisionmaking in & company's material ESG issues <input type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced information <input type="checkbox"/> To engage internal staff <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage in service provider engagements 		

RI TRANSPARENCY REPORT

2017

Los Angeles Capital

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2017 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	🔒	n/a							✓
OO 08	Segregated mandates or pooled funds	🔒	n/a							✓
OO 09	Breakdown of AUM by market	✓	Public							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	🔒	n/a							✓
OO 12	Modules and sections required to complete	✓	n/a							✓
OO End	Module confirmation page	✓	-							

Strategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public							✓
SG 03	Conflicts of interest	✓	Public							✓
SG 04		✓	Private							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Private							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 08	RI in performance management, reward and/or personal development	✓	Private							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 10	Promoting RI independently	✓	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
SG 12	ESG issues in strategic asset allocation	✓	Public	✓						
SG 13	Long term investment risks and opportunity	✓	Private	✓						
SG 14	Allocation of assets to environmental and social themed areas	✓	Private	✓						
SG 15	ESG issues for internally managed assets not reported in framework	✓	Public							✓
SG 16	ESG issues for externally managed assets not reported in framework	⚠	n/a							✓
SG 17	Innovative features of approach to RI	✓	Private							✓
SG End	Module confirmation page	✓	-							

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private							✓
LEI 02	Reporting on strategies that are <10% of actively managed listed equities	✓	Private							✓
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Private	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	✓	Private	✓						
LEI 06	Types of screening applied	✓	Public	✓						
LEI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 08	Processes to ensure fund criteria are not breached	✓	Private	✓						
LEI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
LEI 10	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 11	Processes to ensure integration is based on robust analysis	✓	Private	✓						
LEI 12	Aspects of analysis ESG information is integrated into	✓	Private	✓						
LEI 13	ESG issues in index construction	✓	Private	✓						
LEI 14	How ESG incorporation has influenced portfolio composition	✓	Private	✓						
LEI 15	Measurement of financial and ESG outcomes of ESG incorporation	✓	Private	✓						
LEI 16	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
LEI 17	Disclosure of approach to ESG incorporation	✓	Public		✓					✓
LEI End	Module confirmation page	✓	-							

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	🔒	n/a		✓					
LEA 02	Reasoning for interaction on ESG issues	🔒	n/a	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	🔒	n/a		✓					
LEA 04	Objectives for engagement activities	🔒	n/a		✓					
LEA 05	Process for identifying and prioritising collaborative engagement	🔒	n/a		✓					
LEA 06	Objectives for engagement activities	🔒	n/a		✓					
LEA 07	Role in engagement process	🔒	n/a		✓		✓			
LEA 08	Monitor / discuss service provider information	🔒	n/a		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	🔒	n/a	✓	✓					
LEA 10	Tracking number of engagements	🔒	n/a		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	🔒	n/a		✓					
LEA 12	Engagement methods	🔒	n/a		✓					
LEA 13	Engagements on E, S and/or G issues	🔒	n/a		✓					
LEA 14	Companies changing practices / behaviour following engagement	🔒	n/a		✓					
LEA 15	Examples of ESG engagements	🔒	n/a		✓					
LEA 16	Disclosure of approach to ESG engagements	🔒	n/a		✓				✓	
LEA 17	Voting policy & approach	✓	Public	✓	✓	✓				
LEA 18	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 19	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 20	Confirmation of votes	✓	Private		✓					
LEA 21	Securities lending programme	✓	Private		✓					
LEA 22	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 23	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 24	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 25	Shareholder resolutions	✓	Private		✓					
LEA 26	Examples of (proxy) voting activities	-	n/a		✓					
LEA 27	Disclosing voting activities	✓	Public		✓				✓	
LEA End	Module confirmation page	✓	-							

Los Angeles Capital

Reported Information

Public version

Organisational Overview

PRI disclaimer

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Basic Information

OO 01

Mandatory

Public

Gateway/Peering

General

OO 01.1

Select the services you offer.

Fund management

% of assets under management (AUM) in ranges

- <10%
- 10-50%
- >50%

Fund of funds, manager of managers, sub-advised products

% of assets under management (AUM) in ranges

- <10%
- 10-50%
- >50%

Other, specify

Execution and advisory services

OO 02

Mandatory

Public

Peering

General

OO 02.1

Select the location of your organisation's headquarters.

United States

OO 02.2

Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3

Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

77

OO 02.4 Additional information. [Optional]

Los Angeles Capital is headquartered in Los Angeles and its subsidiary LACM Global Ltd. is headquartered in London.

OO 03 Mandatory Public Descriptive General

OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

Yes

No

OO 04 Mandatory Public Gateway/Peering General

OO 04.1 Indicate the year end date for your reporting year.

28/02/2017

OO 04.2 Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on.

	trillions	billions	millions	thousands	hundreds
Total AUM		24	125	843	909
Currency	USD				
Assets in USD		24	125	843	909

OO 06 Mandatory Public Descriptive General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

OO 06.1 How you would like to disclose your asset class mix.

as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	100	0
Fixed income	0	0
Private equity	0	0
Property	0	0

Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Other (1), specify	0	0
Other (2), specify	0	0

as broad ranges

OO 06.2 Publish our asset class mix as per attached image [Optional].

OO 09	Mandatory to Report Voluntary to Disclose	Public	Peering	General
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OO 09.1 Indicate the breakdown of your organisation's AUM by market.

Developed Markets	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
Emerging, Frontier and Other Markets	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50 %
<i>Total</i>	<i>100%</i>

Gateway asset class implementation indicators

OO 10	Mandatory	Public	Gateway	General
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OO 10.1

Select the direct or indirect ESG incorporation activities your organisation implemented for listed equities in the reporting year.

- We incorporate ESG in our investment decisions on our internally managed assets
- We do not incorporate ESG in our directly managed listed equity and/or we do not address ESG incorporation in our external manager selection, appointment and/or monitoring processes.

OO 10.2

Select the direct or indirect engagement activities your organisation implemented for listed equity in the reporting year.

- We engage with companies on ESG factors via our staff, collaborations or service providers
- We do not engage directly and do not require external managers to engage with companies on ESG factors.

Please explain why you do not.

As an asset manager all securities are internally managed and we do not hire external investment managers. Engaging with company management is not a component of our quantitative bottom up stock selection process.

With regards to incorporating ESG in our investment decisions, the Firm presently manages several portfolios with client directed restrictions including SRI screens and carbon reduction targets. Additionally, across all portfolios, Governance considerations have been part of the model since the Firm's founding in 2002 through the use of Management factors which evaluate the quality of earnings, short sentiment surrounding the stock, and management's trading behavior. The Firm also evaluates analysts' views and feels that ESG factors are indirectly incorporated as analysts' expectations of the impact of ESG factors may be reflected in their estimates and recommendations. All of these factors influence decision making on a weekly basis as they are components of the model which drives security selection for all portfolios.

OO 10.3

Select the direct or indirect voting activities your organisation implemented for listed equity in the reporting year

- We cast our (proxy) votes directly or via dedicated voting providers
- We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf

Los Angeles Capital

Reported Information

Public version

Strategy and Governance

PRI disclaimer

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Investment policy

SG 01

Mandatory

Public

Core Assessed

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input type="checkbox"/> Formalised guidelines on social factors <input type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Other, specify (1) Policy outlines available ESG approaches. <input checked="" type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM
<div style="background-color: #0070C0; color: white; padding: 2px;">other (2) description</div> Approaches applied upon client request.	

SG 01.4 Indicate what norms you have used to develop your investment policy that covers your responsible investment approach.

- UN Global Compact Principles
- UN Guiding Principles on Business and Human Rights
- Universal Declaration of Human Rights
- International Bill of Human Rights
- International Labour Organization Conventions
- United Nations Convention Against Corruption
- OECD Guidelines for Multinational Enterprises
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

No

SG 01.6 Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

The Firm's Responsible Investing Policy is a natural extension of our Firm's systematic investment approach. Los Angeles Capital's investment philosophy is rooted in the belief that markets are dynamic and Investor Preferences for stock characteristics evolve continuously. The Firm's investment technology is adaptive and well-suited to capture insights into how non-financial metrics and ESG factors influence a stock's expected return. Management factors have been incorporated in the stock selection process since the firm's inception and we are continually exploring how Investor Preferences for ESG related metrics may be shifting. Los Angeles Capital seeks to work collaboratively with clients to develop customized investment solutions designed to achieve investor's objectives in terms of risk, return, and factor exposures. Some investors feel it is prudent to adopt exclusions, while others may embrace positive integration. As such, Los Angeles Capital endorses a customized approach to Responsible Investing. Our policy outlines this thinking and provides a variety of approaches to incorporating ESG such as positive ESG integration, exclusionary/negative screening, carbon budgets, custom benchmarks and proxy voting. While the policy covers all of our AUM, our clients may seek to incorporate ESG in different ways, or some may not wish to consider ESG at all. Therefore a key element of our policy is that we are able to build customized investment solutions for clients which can incorporate ESG in variety of different ways depending on what is important to each client.

SG 02	Mandatory	Public	Core Assessed	PRI 6
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 02.1 Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

- Policy setting out your overall approach

URL/Attachment

- URL

URL

<http://lacapm.com/responsible-investing>

Attachment (will be made public)

Attachment

[LACM ESG Policy Statement March 2017.pdf](#)

Formalised guidelines on environmental factors

Screening / exclusions policy

URL/Attachment

URL

URL

<http://lacapm.com/responsible-investing>

Attachment (will be made public)

(Proxy) voting policy

Other, specify (1)

Other, specify (2)

We do not publicly disclose our investment policy documents

SG 02.4 Additional information [Optional].

The firm maintains a proxy voting policy that is not made publicly available.

SG 03	Mandatory	Public	Core Assessed	General
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SG 03.1 Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

SG 03.2 Describe your policy on managing potential conflicts of interest in the investment process.

The Firm's Code of Ethics and other policies set forth the criteria and procedures for identifying and managing conflicts of interest. They call for all conflicts and potential conflicts including any interest in a client transaction to be reported to the Compliance department. Each reported conflict will be examined by the Chief Compliance Officer and/or General Counsel and President to determine whether a conflict exists and how any conflict should be resolved.

No

SG 03.3 Additional information. [Optional]

A copy of the Firm's Code of Ethics is provided to clients upon request.

Objectives and strategies

SG 05

Mandatory

Public

Gateway/Core Assessed

General

SG 05.1

Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not reviewed

SG 05.2

Additional information. [Optional]

The Firm has established a Responsible Investing Solutions Group (RISG) to govern and manage responsible investment research and processes within our organization. The Group's activities include researching and developing ESG investment strategies, keeping abreast of the regulatory landscape and evolving research on ESG investing, and serving as subject matter experts on responsible investing in discussions with clients and investment consultants. The Group meets on a regular basis and the objectives for the Firm's responsible investment activities are continuously evolving based on client feedback and the changing ESG landscape. The RI Solutions Group is comprised of representatives from the Portfolio Management, Research, Legal and Relationship Management teams and we feel that diverse representation from across the business allows us to think about ESG more holistically. The RI Solutions Group is responsible for continuing ESG research and for developing the Firm's responsible investment offerings in coordination with the Research and Portfolio Management teams. The Investment Committee sets the Firm's broader research agenda on an annual basis and works directly with the Responsible Investing Solutions Group and the whole Research team to set the RI specific research goals for the year. These projects will be managed by the Research Directors and Chief Investment Officer with input from Portfolio Managers and the RI Solutions Group.

Governance and human resources

SG 07

Mandatory

Public

Core Assessed

General

SG 07.1

Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

Roles present in your organisation

- Board members or trustees
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
 - Co-Research Directors, General Counsel**
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- External managers or service providers
- Investor relations
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify (1)
- Other role, specify (2)

SG 07.2

For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.

The Firm has established a Responsible Investment Solutions Group to govern and manage responsible investment activities within our organization. The Group's objective is to develop, oversee and promote ESG integration, keep abreast of the political and economic landscape with regard to ESG, and to educate both internal staff and other investors on the subject. The Group generally meets on a monthly basis. The RI Solutions Group is comprised of members of the Portfolio Management, Research, Legal and Relationship Management teams. Via these representatives from the different functional areas of the business, Los Angeles Capital takes a broad approach to responsible investment. While department representatives report on the progress and initiatives of the RI Solutions Group, the Group also hosts internal educational sessions on ESG issues. The Investment Committee formally approved three projects related to ESG as part of the 2017 research agenda. The ESG projects will be managed by the Research Directors and Chief Investment Officer with guidance from Portfolio Managers and the Responsible Investment Solutions Group. While we have already incorporated ESG data and carbon emissions data sets into our analytics systems so that it is available for portfolios that wish to incorporate ESG into portfolio construction, we continue to explore other data and vendor sources. ESG requests through the use of client directed restricted lists are managed by the Portfolio Management team, with oversight from Compliance, to ensure that they are updated in our optimization/analytics system and to ensure that we understand the impacts restrictions may have on the portfolios' opportunity set and performance. Additionally, carbon emission constraints and reduction targets are managed by the Portfolio Management team and are directly coded into our optimization software. Carbon emissions levels are generally reported to the client on a monthly basis. Three members of the Firm's senior management including the CEO, CIO and the President are part of the Portfolio Management team and are actively involved in ESG issues and discussions both internally and externally. Additionally the Chair of the Responsible Investment Solutions Group is a Portfolio Manager and a member of the Investment Committee. These parties play an integral role in setting parameters for client portfolios and incorporating ESG for interested clients. Members of the Portfolio Management and Relationship Management teams work closely with clients to provide ESG reporting and discuss potential investment solutions to meet our clients' ESG objectives.

SG 07.3

Indicate the number of dedicated responsible investment staff your organisation has.

Number

8

SG 07.4

Additional information. [Optional]

The Responsible Investing Solutions Group consists of eight members across the Portfolio Management, Research, Legal and Relationship Management teams. Via these members we feel the Group has diverse perspectives and broad representation from different functional areas of the firm. Additionally, given the Firm's quantitative investment process, Portfolio Management and Research functions are managed on team basis. Therefore while we have eight employees dedicating focus to ESG, all members of the Portfolio Management, Research and Relationship Management teams are involved in Responsible Investment activities. Portfolio Managers and Relationship Managers are responsible for handling various client and prospect requests related to ESG, while various members of the Research team are involved in the 2017 ESG related research projects, including the two co-directors of Research and the firm's CIO.

Promoting responsible investment

SG 09

Mandatory

Public

Core Assessed

PRI 4,5

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 09.1

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Select all that apply

Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

Since becoming a signatory of PRI, Los Angeles Capital has developed a Responsible Investing Solutions Group, integrated full ESG and carbon data sets into our reporting and portfolio analytics systems, developed a customizable ESG reporting suite, devoted time and resources towards ESG strategy development, and has implemented a carbon reduction strategy for one of our clients. The RI Solutions Group strives to educate fellow employees about the PRI principles and to evaluate productive means to incorporate ESG into the investment process for interested clients. Firm personnel have attended numerous conference related to ESG to keep engaged in the evolving industry landscape and the Firm has hosted various conferences with ESG as a key topic in order to encourage more dialogue on the subject.

- AFIC – La Commission ESG
- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Code for Responsible Investment in SA (CRISA)
- Code for Responsible Finance in the 21st Century
- Council of Institutional Investors (CII)
- ESG Research Australia
- Eumedion
- EVCA – Responsible Investment Roundtable
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Green Bond Principles
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify

National Campus Leadership Council's 2016 Climate Leadership Summit.

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Two members of the RI Solutions Group participated as panelists for a session on ESG investing at the National Campus Leadership Council's 2016 Climate Leadership Summit. Presented various ways of integrating ESG in the investment process and discussed pros and cons of various approaches such as exclusionary screens/divestment, positive tilts, integration, low carbon, etc.

- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

SG 10

Mandatory

Public

Core Assessed

PRI 4

SG 10.1

Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

- Yes

SG 10.2

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Wrote articles on responsible investment in the media.
- Other, specify

- No

SG 10.3

Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [Optional]

We use the words "encouraged the adoption of the PRI" cautiously as we do not feel it is our role to attempt to influence client attitudes on ESG matters. Responsible investing in many cases is values based so we do not advocate a specific position, but rather seek to be a resource for clients to discuss Responsible Investing issues including whether there are potential opportunities for alpha and risk reduction over the long term. Many of clients and prospects have used us as a resource with regard to understanding the investment implications for various approaches to ESG/low carbon integration.

The Firm hosted a series of investor conferences in both the U.S. and Europe where ESG was a key agenda/presentation item. Additionally, the Firm is co-hosted an ESG focused roundtable discussion in Los

Angeles and two members of the RI Solutions Group participated as panelists at the 2016 National Campus Leadership Council's Climate Leadership Summit. Los Angeles Capital seeks to be transparent regarding our approach to responsible investing and has enhanced our website to include our Firm's policy statements as well as an informational video outlining our capabilities.

Implementation not in other modules

SG 12	Mandatory	Public	Descriptive	PRI 1
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 12.1	Indicate if your organisation executes scenario analysis and/or modelling in which the risk profile of future ESG trends at portfolio level is calculated.
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- We execute scenario analysis which includes factors representing the investment impacts of future environmental trends
- We execute scenario analysis which includes factors representing the investment impacts of future social trends
- We execute scenario analysis which includes factors representing the investment impacts of future governance trends
- We execute other scenario analysis, specify
 Governance considerations are part of our model. We monitor preferences for ESG factors and have developed simulations to understand the historical impact of ESG tilts.
- We do not execute such scenario analysis and/or modelling

SG 12.2	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.
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- We do the following
 - Allocation between asset classes
 - Determining fixed income duration
 - Allocation of assets between geographic markets
 - Sector weightings
 - Other, specify
- We do not consider ESG issues in strategic asset allocation

SG 12.3	Additional information. [OPTIONAL]
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Los Angeles Capital manages equities only so is not considering asset allocation, however by considering ESG issues in the portfolio construction process certain sectors or industries, or countries may be systematically favored or disfavored by our model at any point in time. In order to protect against introducing unintended sector or industry biases into a portfolio, we incorporate industry adjusted scores when evaluating a stock's ESG characteristics. We build customized solutions for our clients and upon their direction (whether through exclusionary screens or positive tilts) certain ESG applications may have a more notable impact on sector/country allocations. Additionally, carbon reduction targets may have a more notable impact on sector weightings and the allocation between sectors occurs in a systematic manner based on stock level forward looking expected returns, risk, and stock level carbon emissions.

SG 15	Mandatory	Public	Descriptive	General
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SG 15.1	Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.
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Asset Class	Describe what processes are in place and the outputs or outcomes achieved
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SG 15.2	Additional information [Optional].
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Not applicable

Los Angeles Capital

Reported Information

Public version

Direct - Listed Equity Incorporation

PRI disclaimer

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ESG incorporation in actively managed listed equities

Implementation processes

LEI 03	Mandatory	Public	Gateway	PRI 1
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEI 03.1	Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies (+/- 5%)
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ESG incorporation strategy (select all that apply)

Screening alone (i.e. not combined with any other strategies)

Percentage of active listed equity to which the strategy is applied	 33
---	--------

- Thematic alone (i.e. not combined with any other strategies)
 Integration alone (i.e. not combined with any other strategies)
 Screening and Integration strategies

Percentage of active listed equity to which the strategy is applied	 29
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- Thematic and integration strategies
 Screening and thematic strategies
 All three strategies combined
 We do not apply incorporation strategies

Percentage of active listed equity to which no strategy is applied	 38
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Total actively managed listed equities	100%
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LEI 03.2

Describe your organisation's approach to incorporation and the reasons for choosing the particular ESG incorporation strategy/strategies.

Los Angeles Capital currently manages multiple portfolios which incorporate some form of client directed restrictions, whether it be religious or socially based. These portfolios represent the 33% of assets identified as deploying screening alone. Additionally, we are presently managing two portfolios with a client directed carbon reduction target which represent the 29% of assets explicitly integrating ESG. The remainder of the firm's assets under management incorporate ESG indirectly; however for purposes of this module, we categorized the 38% of firm assets that do not explicitly integrate ESG as not applying incorporation. Governance considerations have been part of the model since the Firm's founding in 2002 through the use of Management factors which evaluate the quality of earnings, short sentiment surrounding the stock, and management's trading behavior. The Firm also evaluates analysts' views and feels that ESG factors are indirectly incorporated, as analysts' expectations of the impact of ESG factors may be reflected in their estimates and recommendations. All of these factors influence decision making on a weekly basis as they are components of the model which drives security selection for all portfolios.

LEI 03.3

Where assets are managed using a combination of ESG incorporation strategies, briefly describe how these combinations are used. [Optional]

For the 29% of assets identified as incorporating screening and integration, these portfolios employ positive integration via carbon reduction as well as client directed social screens.

(A) Implementation: Screening

LEI 06

Mandatory

Public

Descriptive

PRI 1

LEI 06.1

Indicate and describe the type of screening you apply to your internally managed active listed equities.

Type of screening

Negative/exclusionary screening

Screened by

Product

Activity

Sector

Country/geographic region

Environmental and social practices and performance

Corporate governance

Description

Across varying strategies, the firm has implemented client directed restrictions that encompass the above categories.

Positive/best-in-class screening

Screened by

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

	Description
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Our ESG tilt process emphasizes alpha but considers ESG in the objective function of the portfolio optimization. This approach has the effect of integrating ESG broadly across portfolio holdings without dramatically altering the portfolio characteristics. This positive tilt approach can be employed for ESG in the aggregate or with various pillars individually.

- Norms-based screening

LEI 06.2	Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.			
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Clients notify us of changes to exclusion lists and our systems review guidelines on a daily basis. For a positive tilt approach, periodic (typically weekly) portfolio optimizations would indicate whether trades are necessary to balance the trade-off between ESG, alpha opportunities, risk management, and transaction costs.

LEI 07	Mandatory	Public	Core Assessed	PRI 1
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LEI 07.1	Indicate which processes your organisation uses to ensure screening is based on robust analysis.			
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- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies
- A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- A periodic review of the quality of the research undertaken or provided is carried out
- Other, specify
- None of the above

LEI 07.2	Additional information. [Optional]			
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The data providers with whom we are working (MSCI and Trucost) update ESG and carbon emissions scores on a regular basis, which in turn are reflected in our analytics systems. Through the portfolio optimization process and regular guideline checks, we are able to ensure holdings comply with client policy.

(C) Implementation: Integration of ESG issues

LEI 10	Mandatory	Public	Core Assessed	PRI 1
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LEI 10.1 Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.

ESG issues	Coverage/extent of review on these issues	
Environmental	<table border="1"> <tr> <td style="background-color: #0070C0; color: white;">Environmental</td> </tr> </table> <p> <input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues </p>	Environmental
Environmental		
Social	<table border="1"> <tr> <td style="background-color: #0070C0; color: white;">Social</td> </tr> </table> <p> <input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues </p>	Social
Social		
Corporate Governance	<table border="1"> <tr> <td style="background-color: #0070C0; color: white;">Corporate Governance</td> </tr> </table> <p> <input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues </p>	Corporate Governance
Corporate Governance		

LEI 10.2 Additional information. [Optional]

Governance considerations have been part of our Model since the Firm's founding in 2002. Additionally we consider Analyst views as part of our quantitative process which we feel indirectly incorporate ESG since analyst expectations could include an assessment of the expected impact of E,S, and G factors on earnings estimates recommendations. Additionally, we currently monitor changing investor preferences for Environmental and Social factors in a systematic way using the technology of the Dynamic Alpha Model to determine whether these factors drive returns in a significant way. Lastly, as part of the portfolio construction process we have the capability to build portfolios that emphasize alpha but consider ESG in the objective function of the portfolio optimization, thereby systematically reviewing the significance of ESG factors when building ESG portfolios for interested clients. For clients seeking to express a preference for Environmental, Social, or Governance considerations, we are able to customize pillar emphasis.

Communication

LEI 17

Mandatory

Public

Core Assessed

PRI 2,6

LEI 17.1

Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.

- We disclose it publicly

Provide URL

<http://lacapm.com/responsible-investing>

LEI 17.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- Yes

LEI 17.3

Indicate the information your organisation proactively discloses to clients/ beneficiaries and the public regarding your approach to ESG incorporation.

- Broad approach to ESG incorporation
 Detailed explanation of ESG incorporation strategy used

LEI 17.4

Indicate how frequently you typically report this information.

- Quarterly or more frequently
 Biannually
 Annually
 Less frequently than annually
 Ad-hoc/when requested
- No
- We disclose it to clients and/or beneficiaries only
 We do not proactively disclose it to the public and/or clients/beneficiaries

LEI 17.7

Additional information. [Optional]

Los Angeles Capital strive to be transparent about our approach to Responsible Investing and have made several enhancement to our website which now includes an informational video.

Los Angeles Capital

Reported Information

Public version

Direct - Listed Equity Active Ownership

PRI disclaimer

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(Proxy) voting and shareholder resolutions

Overview

LEA 17	Mandatory	Public	Gateway	PRI 1,2,3
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 17.1	Indicate whether your organisation has a formal voting policy.
----------	--

Yes

LEA 17.2	Indicate what your voting policy covers:
----------	--

- Conflicts of interest
- Prioritisation of voting activities
- Transparency
- Decision making processes
- Environmental factors
- Social factors
- Governance factors
- Filing/co-filing resolutions
- Extraordinary meetings
- Share blocking
- Regional voting practices
- Record keeping
- Company dialogue pre/post vote
- Securities lending process
- Other, describe
- None of the above

LEA 17.4	Provide a brief overview of your organization's approach to (proxy) voting.
----------	---

Los Angeles Capital has engaged Glass Lewis as its third-party voting delegate to assist with its administrative proxy functions. Despite the relationship with Glass Lewis, Los Angeles Capital retains final authority and fiduciary responsibility for proxy voting. Los Angeles Capital has adopted Glass Lewis' U.S. and International Proxy Paper Guidelines. Los Angeles Capital's responsibility for voting proxies is generally determined by the obligations set forth under each advisory contract or similar document. If a client wishes to direct how proxies are voted in their account, Los Angeles Capital can create a custom proxy policy to be implemented by Glass Lewis. However, Los Angeles Capital reserves the right to maintain its standard position on all other client accounts.

LEA 17.5	Provide an overview of how you ensure your voting policy is adhered to, giving details of your approach when exceptions to the policy are made (if applicable).
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All proxy votes are reviewed quarterly to ensure adherence to our policy. Any exceptions are noted, investigated and resolved with proper documentation if necessary.

No

Process

LEA 18	Mandatory	Public	Descriptive	PRI 2
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LEA 18.1	Indicate how you typically make your (proxy) voting decisions.
-----------------	--

	Approach
--	----------

- We use our own research or voting team and make voting decisions without the use of service providers.
- We hire service provider(s) that make voting recommendations or provide research that we use to inform our voting decisions.
- We hire service provider(s) that make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.
- We hire service provider(s) that make voting decisions on our behalf.

	Based on
--	----------

- the service provider voting policy signed off by us
- our own voting policy
- our clients' requests or policy
- other, explain

LEA 18.2	Additional information.[Optional]
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Clients may vote their own proxies or if they wish to direct how proxies are voted in their account. We are also able to utilize Glass Lewis' ESG Proxy voting guidelines or can work with clients and Glass to Lewis to construct customized ESG proxy voting guidelines.

LEA 22	Mandatory	Public	Core Assessed	PRI 2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 22.1	Indicate whether you or the service providers acting on your behalf raise any concerns with companies ahead of voting
-----------------	---

- Yes, in most cases
- Sometimes, in the following cases:
 - Votes for selected markets
 - Votes relating to certain ESG issues
 - Votes for significant shareholdings
 - Votes for companies we are engaging with
 - On request by clients
 - Other
- Neither we nor our service provider raise concerns with companies ahead of voting

LEA 22.2	Indicate whether you and/or the service provider(s) acting on your behalf, communicate the rationale to companies, when , you abstain or vote against management recommendations.
-----------------	---

- Yes, in most cases
- Sometimes, in the following cases.
- We do not communicate the rationale to companies
- Not applicable because we and/or our service providers do not abstain or vote against management recommendations

Outputs and outcomes

LEA 23	Mandatory	Public	Core Assessed	PRI 2
---------------	------------------	---------------	----------------------	--------------

LEA 23.1	For listed equities where you and/or your service provider have the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.
-----------------	--

- We do track or collect this information

	Votes cast (to the nearest 1%)
--	--------------------------------

	%
--	---

100

	Specify the basis on which this percentage is calculated
--	--

- of the total number of ballot items on which you could have issued instructions
- of the total number of company meetings at which you could have voted
- of the total value of your listed equity holdings on which you could have voted

LEA 23.2 Explain your reason(s) for not voting certain holdings




- Shares were blocked
- Notice, ballots or materials not received in time
- Missed deadline
- Geographical restrictions (non-home market)
- Cost
- Conflicts of interest
- Holdings deemed too small
- Administrative impediments (e.g., power of attorney requirements, ineligibility due to participation in share placement)
- We do not vote on environmental resolutions
- We do not vote on social resolutions
- On request by clients
- Other
- We do not track or collect this information

LEA 24 **Mandatory** **Public** **Additional Assessed** **PRI 2**

LEA 24.1 Indicate if you track the voting instructions that you and/or your service provider on your behalf have issued.

- Yes, we track this information

LEA 24.2 Of the voting instructions that you and/or third parties on your behalf issued, indicate the proportion of ballot items that were:

Voting instructions	Breakdown as percentage of votes cast
For (supporting) management recommendations	 79
Against (opposing) management recommendations	 8
Abstentions	 13

100%

LEA 24.3 Describe the actions you take after voting against management recommendations.

We do not engage with companies after voting against management recommendations.

No, we do not track this information

LEA 24.4 Additional information. [Optional]

Our proxy voting provider tracks this information on behalf of the firm. The more granular breakdown of votes is indicated below. Approximately 12% go to mixed votes which is not an option, so for purposes of the table, mixed votes were included with abstentions.

- For management - 79%
- Against management - 8%
- Abstentions - 1%
- Mixed Votes - 12%

Communication

LEA 27

Mandatory

Public

Core Assessed

PRI 2,6

LEA 27.1 Indicate if your organisation proactively discloses information on your voting activities.

- We disclose it publicly
- We disclose it to clients/beneficiaries only
- We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

LEA 27.8 Additional information. [Optional]

We will provide to clients and prospective investors upon request.