



Louisiana State Police Retirement System

Investment Committee Meeting Minutes

Meeting Title	LSPRS Investment Committee Meeting
Date of Meeting	November 22, 2017
Where	9224 Jefferson Highway, Baton Rouge, LA 70809
Start Time	9:30 a.m.

- 1) Chairman, Kevin Marcel called the meeting to order.
- 2) Shelley Sebastian, Administrative Assistant, called roll as follows:

Frank Besson Jr., President – PRESENT
Jay Dardenne, Commissioner of Administration, Appearing Thru
Andrea Hubbard, Designee – PRESENT
John Schroder, Treasurer, Appearing Thru
Thomas Enright – PRESENT
Kevin Marcel, Active Representative – PRESENT
Jay O'Quinn, President, LSTA – PRESENT

The records reflect that the following persons were also present:

Robert Bickham, UBS/PaineWebber Representative Sam Jones
Irwin L. Felts, Jr., Executive Director Shelley Sebastian, Administrative Assistant
Kimberly Gann, Assistant Director

The pledge was led by Kevin Marcel and the prayer led by Irwin Felts.

- Let the records reflect that Rep. Sam Jones joined the meeting at 9:35, after roll call
- 3) Rob Bickham advised the committee that the main purposes of today's meeting are as follows:
 - a. Annual Performance Evaluations; Prime Consultant, Custodial Bank, Attorney, and Investment Managers
 - b. Review Investment Priorities for 2017
 - c. Watch List
 - d. Monthly reports; Asset Allocation and Market Value and Returns Summary as of 10/31/2017
 - 4) Irwin Felts reviewed the Prime Consulting (UBS / PaineWebber), Custodial Bank (US Bank) and Attorney (Akers & Wisbar) performance evaluations. (Exhibit A on file at the LSPRS office)

Rob Bickham reviewed the Portfolio and the Investment Managers evaluations. Mr. Bickham explained to the committee how each Investment Manager is graded, Performance, Process and Personnel. Mr. Bickham also discussed the synopsis of the evaluations, pointing out the difference on the synopses from FYE 2016 to FYE 2017. Specifically, in 2016 there were no portfolio components or managers with outstanding performances. However, in 2017, six portfolio and

managers achieved an outstanding evaluation. The two most outstanding managers were T. Rowe Price in the equities and Loomis Sayles in the fixed income group. (Exhibit A on file at the LSPRS office)

5) Irwin Felps updated the committee on The Campbell Group. Mr. Felps stated The Campbell Group may be put into a position that would force an early liquidation of their portfolio. LSPRS currently has \$2.9M invested in The Campbell Group and will probably be liquidated early 2018. At this time, LSPRS will still hold \$3.8M of timber with Hancock Timber.

6) Priorities: Mr. Felps reviewed the 2017 Investment Priorities:

Fixed Income Portfolio – The decision was made to stay with the fixed income portfolio already in place

Real Estate – Currently the Real Estate makes up only 6.7% of the portfolio, and is a little below target, the decision was made not to add anything to the real estate portfolio at this time.

Private Equity – Private equity Sector has been the most impressive area this year. Irwin Felps suggested that in the future LSPRS would make more direct private equity investments. Mr. Felps suggested that Portfolio Advisors would be the “core”, and that LSPRS would add satellite components around that, i.e., infrastructure and energy.

Rob Bickham advised the committee that we had committed \$40M to Portfolio Advisors and recommended committing 20-25% a year to new private equity managers. The budget for this coming year will be \$10M. Mr. Bickham also suggest having the Carlyle Group come to the January 2018 Investment meeting and give a presentation specifically on Infrastructure. This would probably be a \$5M commitment.

Re-balancing – Mr. Felps stated the portfolio has not been re-balanced this year, but will be done in the near future.

Hedge funds – Mr. Felps stated that the Hedge Funds allocation has been reviewed and we will continue to monitor those manager’s very carefully

Mr. Felps suggested, for 2018, to focus on Cash. LSPRS currently has \$33.5M in cash and \$15M will be re-invested. Mr. Felps advised the committee that he will have the priorities for 2018 recommendations for the committee at the January 25, 2018 Investment Committee meeting.

7) Rob Bickham then reviewed the Asset Allocation, Market Value and Returns Summary as of October 31, 2017. The system’s breakdown of assets are as follows; Total equities are \$545M make up 66.1% of the portfolio. Fixed income is at \$142M, which is 17.2% of the portfolio and Alternatives were at \$104M making up 12.6% of the portfolio. The total portfolio was up to \$825M. Value and Returns summary; total Domestic equity managers are up 19.29% year to date and up 7.74% fiscal year to date; the total International equity managers are up 26.61% year to date and up 7.90% fiscal year to date. The total for the Fixed Income managers are up 6.24% year to date and 1.29% fiscal year to date. The total fund performance is up to 15.28% year to date and up 5.40% fiscal year to date. (Exhibit C on file at the LSPRS office)

8) Rob Bickham reviewed the “watch list”. Mr. Bickham stated Vontobel, Aronson, Iridian, Fisher and Campbell Group are on the “watch list” at this time and he would recommend removing Fisher and adding Wellington and Brandes due to performance.

A **MOTION** was made by Frank Besson to add Wellington and Brandes to the "watch list" for under performance, and remove Fisher Investments from the "watch list". The **MOTION** was seconded by Jay O'Quinn. No opposition. The motion passed.

9) Other Business:

Irwin Felps reviewed the ACT 1004 report with the committee. The ACT 1004 report is an investment comparison for all the State and Statewide Systems. (Exhibit D on file at the LSPRS office)

Kim Gann advised the committee that LSPRS has received a \$113,000 check from the Madoff Recovery Fund.

10) A MOTION was made by Jay O'Quinn to adjourn. The **MOTION** was seconded by Frank Besson. No opposition. The motion passed.



Kevin Marcel, Chairperson
Louisiana State Police Retirement System
Investment Committee