

## Investment Committee Meeting Minutes

<b>Meeting Title</b>	LSPRS Investment Committee Meeting
<b>Date of Meeting</b>	December 11, 2019
<b>Where</b>	9224 Jefferson Highway, Baton Rouge, LA 70809
<b>Start Time</b>	9:30 a.m.

---

- 1) Vice-Chairman of the LSPRS Board of Trustees, Kevin Marcel, called the meeting to order.
- 2) Kimberly A. Gann, Assistant, Director, called roll as follows:  
Frank Besson Jr., Designee for Superintendent, – ABSENT  
Andrea Hubbard, Designee for Commissioner of Administration – PRESENT  
Amy Matthews, Designee for Treasurer – Chairperson – PRESENT (arrived after roll call)  
Kevin Marcel, Active Representative, Committee Vice Chairman – PRESENT  
Jay O’Quinn, President LSTA – PRESENT

The records reflect that the following persons were also present:

Robert Bickham, UBS/PaineWebber	Robin Landa, UBS/PaineWebber
Kimberly A. Gann, Assistant Director	Kevin P. Reed, Executive Director

- 3) The pledge and prayer were led by Kevin P. Reed. No public comments.
- 4) Rob Bickham opened the meeting by informing the committee that at this meeting we will review the summary of the annual manager reviews, go over the October 2019 investment reports, look at the cash flow analysis, open a discussion on fee analysis, and discuss the asset managers: Loomis Sayles, Fisher Investments and Brandes. He will be recommending that Brandes be removed from the Watch List and add both Fisher Investments and Loomis Sayles to the Watch List; the reasons for doing so will be discussed shortly.
- 5) Rob Bickham review the October flash report (**See Exhibit A Attached**) noting that October was a good month and within recent times the first time we have seen value style of investing rebound. His firm expects this trend to continue. LSPRS’ monthly return was 1.34%. The fiscal year to date return was .60%. This gives the system a return since inception of 7.46%, well above the expected return of 7%.

The Committee reviewed and discussed the Act 1004 Comparison Chart (**See Exhibit B Attached**). This report gives the committee a snapshot view of how LSPRS compares to other retirement systems on a quarterly basis.

The Committee reviewed the Cash Flow Analysis (**See Exhibit C**) reflecting cash flow from January 2019 through November 2019. Currently, on a monthly basis the system disburses approximately \$1M more than it receives. Over the period reported this would mean that LSPRS used about \$10M more than it received. Kevin Reed noted that we also must consider LSPRS’ cash call commitments of approximately \$30M. Rob Bickham estimates that approximately 25% of that, or \$7M, should be called each year. All agreed that the amount of cash held in the portfolio should be reduced to approximately \$20M, after considering the aforementioned issues. Rob Bickham suggested that the cash position be kept as liquid as

reasonable for future anticipated cash needs. A **MOTION** was made by Kevin Marcel to recommend to the Board that cash in excess of \$20M be invested in the SSGA Agg Bond Index Fund (Fixed Income). The motion was seconded by Andrea Hubbard. No Opposition. The motion passed.

- 6) Rob Bickham review the Annual Performance Evaluation Summary (**See Exhibit D**). He noted that this is a review that we perform each fiscal year. Amy Matthews, Kevin Reed, Kimberly Gann and himself evaluate the managers and present a summary of those evaluations to the committee each year. Noted in this year's evaluations are AJO and Templeton who will remain on the Watch List. Mr. Bickham will recommend that Brandes be removed from Watch and Fisher and Loomis be placed on Watch. Mr. Bickham announces that considering the on-going issues with Fisher his firm has eliminated them from research and will no longer follow them. This Committee must decide a) place them on Watch and monitor them, or b) terminate them. Kevin Reed noted that he would like them placed on an "enhanced" Watch, where they report monthly or weekly to LSPRS and Rob Bickham. Mr. Reed stated that Fisher's performance is good, but he would like to more closely monitor a) how the strategy is performing as a whole, and b) LSPRS' position with Fisher relative to the investment style, vehicle/fund, and other governmental/institutional assets with Fisher. In the meantime, Mr. Reed expressed his desire to look at alternatives and have a potential "migration" strategy in place to be discussed in January. The committee agreed.

Mr. Bickham advised the committee that Loomis would not take instructions from LSPR on the investment we have with them. This occurred during the custodial transition from JPMorgan to US Bank, and how the nominee ownership of LSPRS's assets were registered. Loomis would take instruction from our Custodian, being US Bank. Working to resolve this issue with Loomis, it was ascertained that they have both an Investment Trust fund structure (NHIT) and a separately managed account (SMA) structure that would both resolve the registration/instruction issues and provide lower fees to the LSPRS. The Committee should decide if they a) would like this resolved ownership/registration issue and keep the investment structured as is, or b) move to the NHIT, having the same investment process and expected returns, while providing a lower fee structure for institutional accounts. The SMA structure was dismissed, as it would potentially subject our Custodian to unnecessary trading, currency and liquidity issues.

A **MOTION** was made by Jay O'Quinn to recommend to the Board 1) removing Brandes from the watch list, 2) moving the investment in Loomis to the NHIT and 3) place Fisher on an "enhanced" watch list asking them to report to LSPRS and Rob Bickham monthly or weekly (to be determined by Kevin Reed and Rob Bickham), reporting (assets lost) on the strategy as a whole and LSPRS' portion along with other appropriate metrics. The motion was seconded by Kevin Marcel. No opposition. The motion passed. Rob Bickham announced that he will email Roman Knysh to discuss and we will look at potential alternatives at the January meeting.

- 7) Rob Bickham announced that he will be conducting a fee analysis in the first or second quarter of 2020. This will require the assistance of staff at LSPRS. Amy Matthews advised the committee that other retirement boards are performing similar analysis and she would like to see this analysis on a continuing basis. The committee agreed.

- 8) A **MOTION** was made by Kevin Marcel to adjourn. The **MOTION** was seconded by Jay O'Quinn. No opposition. The motion passed.

---

**Amy Matthews, Chairman, Investment Committee**  
**Louisiana State Police Retirement System**