

Investment Committee Meeting Minutes

Meeting Title	LSPRS Investment Committee Meeting
Date of Meeting	January 22, 2020
Where	9224 Jefferson Highway, Baton Rouge, LA 70809
Start Time	9:30 a.m.

- 1) Chairman Amy Mathews called the meeting to order.
- 2) Wendy Ingram, Administrative Assistant, called roll as follows:
Frank Besson Jr., Designee for Superintendent, – PRESENT
Andrea Hubbard, Designee for Commissioner of Administration – PRESENT
Amy Mathews, Designee for Treasurer – Chairperson – PRESENT
Kevin Marcel, Active Representative, Committee Vice Chairman – PRESENT
Jay O'Quinn, President LSTA – NOT PRESENT

The records reflect that the following persons were also present:

Kimberly A. Gann, Assistant Director Robin Landa, UBS/PaineWebber
Wendy Ingram, Administrative Assistant Kevin P. Reed, Executive Director

- 3) The pledge and prayer were led by Kevin P. Reed. No public comments.
- 4) Robin Landa opened the meeting by advising the Committee that 2019 (calendar year) was a good year. We will review the flash report in this meeting to discuss where LSPRS ended the calendar year. Ms. Landa noted that we will be discussing at this meeting an analysis of fees, to place later this year, as well as reviewing small cap value manager options.
- 5) Robin Landa reviewed the December 2019 flash report (**See Exhibit A Attached**) noting that 2019 was a good year and 2020 looks promising. Returns for the calendar year were strong with equities up 24.33%, fixed income up 10.74% and alternatives up 4.43%. The calendar year return for 2019 for the portfolio was a strong 17.78%. The fiscal year to date return is at 5.23%. The money market (cash) position will be reduced as stated in the previous meeting. Ms. Landa noted this may be a good time to review the portfolio's allocations.
- 6) Kevin P. Reed advised the Committee that he has had weekly updates from Fisher Investments. In the small cap value area, they have lost approximately \$141M and 5 clients. Mr. Reed continues to monitor them weekly. Robin Landa reminded the committee that UBS has elected to no longer do research on this firm. They consider Fisher a reputational risk and will no longer monitor them nor advise clients to consider them for managing funds.

Ms. Landa asked the committee to review the small cap value options that UBS has provided, pointing them to the Small Cap Value Manager Search booklet (**See Exhibit B Attached**). Ms. Landa pointed out that AllianzGI NFJ is a focused stock selection manager, with Fuller & Thaler being more of a boutique style firm that uses behavioral analysis. Kayne-Anderson focuses on quality and is more concentrated typically having approximately 29 individual holding. Ms. Landa also noted that index funds based on the S&P 600 and the Russell 2000 are investment options as well.

Amy Mathews asked about related fees. Robin Landa stated the numbers provided in the book are gross of fees with the exception of the indexes.

After reviewing the book and discussion of same, Kevin Reed stated he prefers Kayne-Anderson Rudnick and Fuller & Thaler and asked if there is information available regarding the firm's and their specific small cap value investment style, process, discipline, holdings and clients. Robin Landa recommended the committee invite them to a future meeting to gather additional information on each manager. After discussion, it was agreed that all three of these managers will be invited to the March meeting to give a 20-minute presentation with 10 minutes of Q&A to follow. Robin Landa will contact the managers and confirm times with Kimberly Gann.

- 7) Kevin P. Reed advised the Committee that the staff has been in the process of reducing the investment portfolio's money market (cash) position as authorized in the last meeting. On January 8, 2020 \$8M was invested into the SSGA Agg Bond Index Fund.
- 8) Amy Mathews asked for an update on the transfer of the Loomis Sayles bond mutual fund into their Comingled Trust Fund. Kevin P. Reed stated he has received over 300 pages of documents from Chris Lazzaro, performed a preliminary review, and forwarded them to legal counsel for review. The transfer is targeted to occur by the end of April. We currently have a \$66M position in the Loomis Sayles bond mutual fund.
- 9) Kevin P. Reed and Robin Landa briefly advised the Committee that the fee analysis undertaking will be done in conjunction with both LSPRS and UBS. The commencement of the fee analysis may be somewhat delayed as LSPRS is currently facing some staffing issues. Mr. Reed anticipates hiring a student intern to assist the LSPRS with the fee and financial analysis, along with other investment, analytical and trustee focused projects.
- 10) A **MOTION** was made by Kevin Marcel to adjourn. The **MOTION** was seconded by Andrea Hubbard. No opposition. The motion passed.

Amy Mathews 

Amy Mathews, Chairman, Investment Committee
Louisiana State Police Retirement System