



Louisiana State Police Retirement System

Investment Committee Meeting Minutes

Meeting Title	LSPRS Investment Committee Meeting
Date of Meeting	September 25, 2019
Where	9224 Jefferson Highway, Baton Rouge, LA 70809
Start Time	9:30 a.m.

- 1) Chairperson, Amy Matthews, 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
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 Lowell Good, Legislative Auditor *via teleconference*
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 informed the committee members that he would be reviewing the Capital Market Assumptions and Asset Allocation Analysis. He noted that we did review these reports in March 2019, however it is the foundation of what we do here at LSPRS, and why. Since LSPRS has a new Executive Director, Kevin P. Reed, he thought it appropriate to re-visit the analysis and assumptions. Mr. Bickham also advised that he will review the August 31, 2019 Flash Report, the current watch list, Investment Policy Statement and the Private Equity Summary.
- 5) Kevin P. Reed presented the committee with a letter from Kevin Faxon, Chairman, Real Estate Americas, notifying investors of changes in the management of the JPMCB Strategic Property Fund (**See Exhibit A Attached**). Mr. Reed noted that he does not see this as a dramatic change since the changes include promotions within the organization. Rob Bickham agreed.
- 6) Kevin P. Reed presented the committee with UBS Financial Services, Inc.'s Institutional Consulting Agreement Semi-Annual Written Disclosure Report (**See Exhibit B Attached**). This report is provided semi-annually and appears to be in order affirming that the consultant has not received any payments from any money managers, nor is there any reported conflicts of interest. A **MOTION** was made by Kevin Marcel to accept the report. The motion was seconded by Andrea Hubbard. No opposition. The motion passed.
- 7) Rob Bickham reviewed the Capital Market Assumptions (CMAs) report (**See Exhibit C Attached**) noting that after review of these assumptions and the asset analysis in March, the committee elected to not make any changes to the current allocation. The CMA report reflects the difference between a strategic (7 to 10 year expectation) versus an equilibrium (20 to 30

year expectation). UBS updated the assumptions last year. However it is important to note that typically these assumptions are updated every two to three years when there are substantial changes. Mr. Bickham asked the committee to review page 7 and 8 of the Asset Allocation Analysis (**See Exhibit D Attached**) noting that this page reflects LSPRS' positions as of June 30, 2019 with the exception of Commodities. Currently LSPRS does not invest in Commodities. He includes it because of previous interest in that area, noting this has not been a great asset class. Mr. Bickham noted on page 8 that emerging markets are the highest risk in LSPRS' portfolio. As a point of comparison, emerging markets are high risk but with a higher expected return, versus commodities with high risk and low expected return. Substantiating why this Board has elected not to directly invest in commodities. Overall, as noted on page 11, which gives alternative allocations for LSPRS, the differences are not material and UBS is comfortable with the current allocation.

- 8) Rob Bickham distributed the Private Equity summary (**See Exhibit E Attached**) for the committee's review. This report gives the committee a historical snapshot of cash calls and distributions received to date.
- 9) Rob Bickham asked the committee to review the Investment Policy Statement (IPS) (**See Exhibit F Attached**). He advised that changes will need to be made to the appendix updating manager information. A **MOTION** was made by Jay O'Quinn to approve updating the IPS to reflect current manager information, and to update the policy with the current date. The motion was seconded by Andrea Hubbard. No opposition. The motion passed.
- 10) Rob Bickham reviewed the Flash Report as of August 31, 2019 (**See Exhibit G Attached**). Mr. Bickham noted that the calendar year to date return is 10.16%. However, the fiscal year to date return is at -1.57%. The system has met its expected return over time. This return net of fees is 7.43% reflected over an almost 29-year period. The total assets for the system are at \$873,672,896.

Kimberly Gann noted that the final fiscal year to date return for FY 2019 is 4.21%. This is after all alternatives reported through June 30, 2019.

Rob Bickham reminded the committee that the watch list consists of Brandes (management and performance issues), AJO (performance issues), Campbell, and Templeton (performance issues).

Rob Bickham noted that in November we will do an in-depth study of our managers. We do this each year. UBS will provide books on current manager details. Kevin P. Reed, Kimberly Gann, Amy Matthews, and Rob Bickham will rate these managers and provide a summary of those rating to the committee at its next meeting.

- 11) A **MOTION** was made by Kevin Marcel to adjourn. The **MOTION** was seconded by Andrea Hubbard. No opposition. The motion passed.



Amy Matthews, Chairman, Investment Committee
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