



Louisiana State Police Retirement System

Investment Committee Meeting Minutes

(Amended April 24, 2019)

Meeting Title	LSPRS Investment Committee Meeting
Date of Meeting	March 27, 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) Irwin Felps, 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 Robert Burns (Exited Prior to Adjournment)
Irwin L. Felps, Jr., Executive Director

- 3) The pledge was led by Kevin Marcel, and the prayer by Irwin Felps, Jr. No public comments.
- 4) Rob Bickham discussed the significance of today's meeting by indicating that everything that we do from an investment perspective begins with the Capital Markets Assumptions and the asset allocation study. These studies and discussions will direct our action as we consider our risk and return options.
- 5) Rob Bickham reviewed the Capitol Market Assumption (see Exhibit A). He indicated that the Capital Market Assumptions were down across the board by approximately 1%. This downward movement is driven by several factors: 1) Late stages of the economic cycle, 2) Lower earning by companies and, 3) Gross National Product projections. In discussing these issues, Mr. Bickham handed out a UBS whitepaper (see Exhibit B) that went into a detailed discussion of how UBS's process and discipline is used in developing their Capital Market Assumptions. Mr. Bickham then discussed LSPR's asset allocation and reviewed our current allocation given our current returns assumption and risk assumption for each asset class. Mr. Bickham then reviewed two options for changing the percentage allocations and the impact those changes would have on our portfolio's return and risk factors. Option 2 would increase our private equity allocation from 5% to 7.50% and reduce our US fixed income core from 10% to 7.50%. This change would increase our return from 5.92% to 6.05%, and a corresponding increase in our risk from 11.62% to 11.87%. Option 3 would increase our private equity allocation to 7.5%, reduce our US Equity core 40% to 35% and increase our International Equity core from 15% to 20%. This option would increase our return to 6.13% and it would increase our risk from 11.62% to 11.92%. Mr. Bickham pointed out that both options with an equilibrium overlay, would result in a return of approximately 7.00%. After a detailed discussion, the committee decided not to change our current asset allocation. The committee also agreed to revisit this critical decision as things change.

- 6) Rob Bickham reviewed the private equity calendar for the remainder of 2019, and he commented that overall the calendar is light for this year. He listed the following possibilities for later this year: 1) Aries Credit Fund – probably not a good fit for LSPRS, 2) Blackstone European Real Estate Fund, 3) Blackstone Capital Partners Fund VIII, 4) Blackstone BTAS VI, and 5) KKR Asia Fund. Mr. Bickham indicated that he will continue to monitor the private equity calendar to find suitable funds for us to invest.
- 7) As for as rebalancing our portfolio, Mr. Bickham said that our allocation is currently within policy guidelines and rebalancing is not necessary. We will continue to monitor this situation, and we will rebalance when the market directs us to do so.
- 8) Mr. Bickham reviewed the Asset Allocation and Manager Analysis reports with the committee. On the asset allocation report (see Exhibit C), Mr. Bickham stated that February was a very good month with an increase of 1.95%. During the month, our equity managers were up 2.89% and our fixed income managers were up slightly at 0.20%. For the fiscal year to date through February, our total assets are up 0.62%. In discussing this Manager Analysis Report (see Exhibit D), Mr. Bickham reported that for the month of February our equity managers progressed well. The fixed income managers also fared well as most met their index performance. The watch list is unchanged with the Campbell Group, Brandes and Vontobel remaining on watch.
- 9) In other business, Irwin Felps discussed two issues relating Ivy Investments. The first issue was an Amendment to the Investment Agreement (see Exhibit E) reducing our fee structure to 0.75 of 1% on the first \$50 million of average assets, and to 0.70 of 1% on the next \$50 million of average assets. The second item that Mr. Irwin discussed was a letter from Ivy (for Exhibit F) informing LSPRS of a trade error that occurred in our account. In correcting this error, Ivy credited our account with \$66,296.66. In addition to correcting the error, Ivy has also implemented enhanced trading controls to reduce the potential for such errors to reoccur.
- 10) 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
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