



Louisiana State Police Retirement System (LSPRS)

9224 Jefferson Highway, Baton Rouge, LA 70809

(225) 295-8400 or (800) 256-5210

Fax: (225) 295-8408

Investment Committee Meeting Minutes

Meeting Title	LSPRS Investment Committee Meeting
Date of Meeting	Wednesday, May 26, 2021
Where	9224 Jefferson Highway, Baton Rouge, LA 70809
Start Time	9:30 a.m.

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

The records reflect that the following persons were also present:

Rob Bickham, UBS Institutional Consulting	Sarah Barcia, KKR
Brandon F. Brahm, KKR	Emily Becker, Orleans Capital Mgmt
Conrad Gorospe, Insight Venture	Claire Guidry, Retirement Benefits Analyst
Todd Hughes, PAPEF	Margaret C. Michel, Assistant Director
Doris Prudhomme, Board Member	Kevin P. Reed, Executive Director
Walter W. Smith, Board Member	Gary Welchel, Orleans Capital Mgmt
Hackley Willis, Board Member	

- 3) The Pledge of Allegiance was led by Frank Besson and the prayer was led by Kevin Reed. No public comments.
- 4) Rob Bickham provided an overview of the meeting during Opening Comments. The meeting today will proceed as follows:
 - Three 45-minute presentations about alternative investments, with Q&A sessions. Allowing Board Members to broaden their knowledge and understanding of the investment sector while obtaining educational training hours in investments.
 - Combining Agenda Items 7, 8, and 11: review the flash report and UBS House View, then discuss portfolio rebalancing.
 - Break for lunch.
 - Orleans Capital will update the Board on the portfolio they manage for LSPRS and provide education on the overall investment grade fixed income investing.

5) Alternative Investments

- a) Brandon Brahm and Sarah Barcia with Kohlberg Kravis Roberts (KKR), gave a presentation via videoconference regarding their Private Equity North American Fund XIII SCSp. **(See Exhibit A-Attached)**.

Kevin Marcel entered the meeting during the above presentation and assumed his duties as Chairman.

- b) Conrad Gorospe with Insight Venture Management gave a presentation via videoconference regarding Insight Partners Growth Fund, its investments primarily focused on the areas of Technology, Software, SaaS. **(See Exhibit B-Attached)**.
- c) Todd Hughes with Portfolio Advisors reviewed the performance of funds currently in the LSPRS portfolio: PAPEF VI, PAPEF VIII, and PAPEF IX and the style of investments contained within these funds. Mr. Hughes also discussed PAPEF XI, which is currently open to investors. **(See Exhibit C-Attached)**.

- 6) Rob Bickham directed the committee to review the flash report including the Asset Allocation and the Market Value and Returns Summary as of April 30, 2021 **(See Exhibit D-Attached)**. Mr. Bickham noted that LSPRS' portfolio remains strong with total funds of \$1,132,090,390. Total equities comprised 66.4% (or \$751 million) of the portfolio, which was above both the target weighting of 62.5% and the maximum equity allocation of 65.0%. Mr. Bickham noted that we continue to rebalance the portfolio with the objective of reducing our allocation to equity, and this will be discussed in more detail later in the meeting. Fixed income is well within guidelines at 19.0% (or \$215 million) of the portfolio along with alternatives at 12.5% (or \$141 million). The money market fund position represented \$23,894,509, or 2.1%.

Rob Bickham focused the committee on to the returns of the portfolio for the period ending April 30, 2021, noting that the equity segment has had outstanding growth. For the fiscal year to date (YTD) period ending April, total domestic equity managers were up 46.02% while total international equity was up 34.34%. Total equity managers were up 42.38% for fiscal YTD ending April. The total fixed income managers were up 3.98% for fiscal YTD. The total fund for fiscal YTD was up 29.03%. Mr. Bickham added that typical investors flocked towards safe investments when the pandemic started, but when looking at market gains from March 2020 to present, equities are up around 54% while safe investments like fixed income are only up around 7%.

- 7) Rob Bickham directed the Committee to view the UBS House View Strategy Guide April 2021 edition **(See Exhibit E-Attached)**. Mr. Bickham noted that the economy is still experiencing a strong recovery, and there has been solid growth as reflected by GDP for 2021. UBS's central case states that inflation will peak in April 2021 then fall below 2%, the Fed will continue its bond purchasing program, the GDP of developed nations will return to pre-pandemic levels by 4Q21, the U.S. will have about \$2 trillion in infrastructure stimulus, COVID-19 vaccines will be highly effective in the U.S. and Europe, and U.S. trade policy will become more multi-lateral and predictable. Moving forward, the biggest risk to continued recovery is if interest rates climb higher and inflation becomes long-term versus a transient issue.

- 8) Kevin Reed and Rob Bickham discussed portfolio rebalancing and prospective alignment with the committee (**See Exhibit F-Attached**). In order to fall within the portfolio allocation guidelines, Mr. Reed and Mr. Bickham proposed moving approximately 3.4% (or \$38.6 million) out of equities: approximately 1.0% from T Rowe Price LCG, 1.0% from SSGA SPX 500 Index Fund, 0.7% from IVY SCG, and 0.7% from Fisher SCV. They proposed investing approximately 2.7% (or \$30.4 million) in fixed income: allocating approximately 1.4% in Brandywine Global and 1.4% in Loomis Sayles NHIT MS. The remaining 0.7% (or \$8.2 million) would be allocated to money market investments. Over the next 1-2 years a portion of the assets allocated to fixed income, considering it a source of funds, may be reallocated toward alternative investments.

A **MOTION** was made by Frank Besson to provide the necessary authority to Kevin Reed to rebalance the portfolio. The **MOTION** was seconded by Amy Mathews. No opposition. The motion passed.

A **MOTION** was made by Frank Besson to provide Kevin Reed with the authority to initiate the process of engaging KKR as an alternative investment manager to invest \$10 million. The **MOTION** was seconded by Amy Mathews. No opposition. The motion passed.

- 9) Emily Becker and Gary Welchel from Orleans Capital Management gave a presentation on the investments they provide to the retirement system, and a broader overview of core fixed income investment management, their outlook on inflation, FED policy intervention, the employment/labor markets, and demographic trends. (**See Exhibit G-Attached**).
- 10) A **MOTION** was made by Andrea Hubbard to adjourn the meeting. The **MOTION** was seconded by Amy Mathews. No opposition. The motion passed.



Kevin Marcel, Chairman, Investment Committee
Louisiana State Police Retirement System