

LSPRS || LOUISIANA STATE POLICE RETIREMENT SYSTEM

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Investment Committee Meeting Minutes

Meeting Title	LSPRS Investment Committee Meeting
Date of Meeting	December 13, 2023 (Wednesday)
Where	LA State Police Retirement System Building, 9224 Jefferson Highway
Start Time	9:30 a.m.

1) Investment Committee Chairman, Amy Mathews, called the meeting to order.

2) Gretchen Marquez, Executive Staff Officer, called roll as follows:
Amy Mathews, Chairman – PRESENT
Frank Besson, Designee for Superintendent – Vice-Chairman – NOT PRESENT
Andrea Hubbard, Designee for Commissioner of Administration – PRESENT
Representative Vanessa LaFleur, member – PRESENT (Arrived after roll call)
Alan Verhoef, member – PRESENT

The records reflect that the following persons were also present:

Rob Bickham, UBS Institutional Consulting
Doug Hanly, LSPRS Chief Investment Officer
Margaret C. Michel, LSPRS Executive Director
Gretchen Marquez, LSPRS Executive Staff Officer

3) The Pledge of Allegiance and prayer were led by Alan Verhoef. No public comments.

4) Mr. Hanly gave the Committee an investment update. Fees were negotiated with Ivy Macquarie and LSPRS is now saving approximately \$25,000/year. Fee savings will continue to occur with the investment each year. Mr. Hanly also stated that Hancock's only remaining asset has been sold and LSPRS will expect to get their money back in early 2024. Auto-reinvestments have been turned off for PGIM and JP Morgan to enable collecting cash which will provide the system with liquidity. Finally, Mr. Hanly stated that Orleans Capital has been acquired by Argent Financial Group, Inc. **(See Exhibit A - attached)**

Ms. Michel stated that part of the contract with Argent requires consent to the merger. Ms. Michel stated that LSPRS was holding consent until after the board was made aware of the merger. LSPRS will conduct due diligence and monitor the situation.

5) Rob Bickham directed the committee to look at the flash report including the Asset Allocation and the Market Value and Returns Summary as of October 31, 2023, noting total investment assets of \$986,298,004. Total Equities were just above the allocation target at 55.4% (or \$546.5) of the portfolio. Mr. Bickham noted that we had changed the IPS from 62.5% to 55% target allocation over the last few quarters. Fixed income was 22.1% (or \$217.7M) of the portfolio, and

Alternatives were below target at 18.2% (or \$179.4M). The Money Market fund position represented \$42.5M, or 4.3% of the portfolio. **(See Exhibit B - attached)**

Rob Bickham focused on the calendar year to date period of the returns summary for the period ending October 31, 2023, of the market value and returns summary. In the year-to-date column, Mr. Bickham noted that T Rowe Price and Russell 1000 Value are up significantly largely due to their technological presence. Total equity managers returned 4.72%, domestic equity managers returned 5.31%, and international equity managers returned 3.62%. The total fixed income managers were down -1.83% for the year. Mr. Bickham stated that this chart does not reflect the high returns of the previous 45 days. Most returns in all categories are at least two percent higher returns. The posted November returns will reflect the current returns in each category. The total fund for the calendar year to date period showed a total rate of return of 1.72%, although Mr. Bickham suspects the actual return for November reflects somewhere between 6-7%. **(See Exhibit C - attached)**

- 6) Focusing on page 9 of the House View, Mr. Bickham stated that almost all categories of the quilt chart in 2022 were negative for the year. Last year was a unique year when stocks and bonds moved in the same direction. Commodities were the only category that was positive. For 2023, there has been a reversal and big recovery of most categories compared to 2022. With the introduction of private investments, there will be less risk on LSPRS' 60/40 portfolio and should have comparable returns, if not better. **(See Exhibit D - attached)**

Mr. Bickham directed the committee to view page 17 of the House View. The inverted tenor curve is usually suggestive of a recession. It is believed that GDP will slow in the future. **(See Exhibit E - attached)**

- 7) Ms. Mathews directed the committee to the manager review **(See Exhibit F - attached)** and investment watch list. Ms. Mathews mentioned that LSPRS added Orleans Capital to the watch list due to manager changes, Wellington on watch because of manager changes, and T. Rowe on watch due to underperformance. Brandes was removed from watch due to improved performance. **(See Exhibit G - attached)**

Ms. Michel mentioned that LSPRS's attorney was not ranked on the manager review summary since LSPRS had just changed over to the new attorney, Laura Gail Sullivan.

A **MOTION** was made by Andrea Hubbard to accept the manager review, to add Orleans Capital, Wellington, and T. Rowe to the watch list and to remove Brandes from watch. The motion was seconded by Alan Verhoef. No opposition. The motion passed.

- 8) Mr. Hanly directed the committee to view the private markets commitment plan. Mr. Hanly recommended committing approximately 2% (\$20M) to private funds in 2024, which has been approved by our investment consultant, UBS. The goal is to commit approximately 2% each year for the next six years to get to our 10% target in 2028/2029. Mr. Hanly stated that committing to private funds in a slow and controlled manner helps with the vintage year diversification. Mr. Hanly recommends diversifying the portfolio by investing in growth equity, a secondaries fund, and an opportunistic credit fund. Each year the private equity program can be reassessed and LSPRS can adjust the commitment level where appropriate.

Mr. Hanly mentioned that he is looking to bring in a growth equity manager, specifically Edison Partners.

Ms. Mathews requested to have some educational material sent out by Mr. Hanly beforehand to all committee members of the managers being interviewed so they will have a background on them.

- 9) Mr. Hanly went over the 2024 priorities regarding management and investments. He mentioned that private market exposure is the core initiative with one growth equity manager, one credit-focused manager, and one secondaries fund. A second initiative possibility is to look at our large-cap value exposure. Thirdly, Mr. Hanly recommended looking into optimizing our hedge fund exposure. Mr. Hanly mentioned continuing to work on negotiating fees. Finally, he mentioned the possibility of adding an international equity manager and an enhanced fixed income manager.

Ms. Mathews requested a write-up from Mr. Hanly a month ahead of time going forward so members will have an idea of what to expect at the meeting regarding prospective managers.

- 10) A **MOTION** was made by Alan Verhoef to adjourn the meeting. The motion was seconded by Representative Vanessa LaFleur. No opposition. The motion passed.



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