

LSPRS || LOUISIANA STATE POLICE RETIREMENT SYSTEM

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Investment Committee Meeting Minutes

Meeting Title	LSPRS Investment Committee Meeting
Date of Meeting	January 31, 2024 (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 – PRESENT
Andrea Hubbard, Designee for Commissioner of Administration – PRESENT
Representative Tony Bacala, member – PRESENT
Alan Verhoef, member – PRESENT (Arrived after roll call)

The records reflect that the following persons were also present:

Rob Bickham, UBS Institutional Consulting (via Zoom)
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 Margaret Michel. No public comments.
- 4) Rob Bickham directed the committee to look at the flash report including the Asset Allocation and the Market Value and Returns Summary as of December 31, 2023, noting total investment assets of \$1,071,951,724. Total Equities were above the allocation target at 58.1% (or \$622.4M) of the portfolio. Mr. Bickham noted that the equity markets have really taken off in the 4th quarter of 2023. Fixed income was 22.1% (or \$237.1M) of the portfolio, and Alternatives were below target at 16.4% (or \$175.5M). The Money Market fund position represented \$36.9M, or 3.4% of the portfolio. Mr. Bickham noted that real estate has been a tough market and office is in tough shape. **(See Exhibit A - attached)**

Rob Bickham focused on the calendar year to date period of the returns summary for the period ending December 31, 2023, of the market value and returns summary. In the year-to-date column, Mr. Bickham noted that T Rowe Price was up 46.78% and Russell 1000 Value was up 11.51%. The Russell 1000 Value is not as technology focused so the big gains were mainly in the Magnificent Seven (Apple, Microsoft, Google, Amazon, Nvidia, Meta Platforms, and Tesla). Mr. Bickham noted that the S&P 500 returned 26.25% with 11.69% of that occurring in the last quarter of 2023. Total equity managers returned 19.26%, domestic equity managers returned 22.63%, and international equity managers returned 13.90%. The total fixed income managers

were 6.89% for the year. The total fund performance for 2023 finished at 11.26%. Mr. Bickham stated that 2023 was a surprisingly strong and resilient year, especially with a restrictive monetary policy with the Fed. **(See Exhibit B - attached)**

- 5) Mr. Bickham gave a market update. Mr. Bickham stated that the goods inflation has come down a lot, the service inflation is starting to come down, but the wage inflation is still high. Mr. Bickham stated that the market has indicated that the Feds are done raising rates and will cut rates three times in 2024. **(See Exhibit C - attached)**
- 6) Mr. Hanly described how growth equity would be a solid addition to the LSPRS portfolio. Growth equity strategies have a wide range between the top and bottom performers, and so manager selection is important. Mr. Hanly noted that LSPRS recently added to a buyout firm with KKR so this would help to diversify the portfolio as the first growth equity strategy. Mr. Hanly stated that Edison Partners focuses mainly on growth equity. Historically, Edison has exhibited strong downside protection.

Ms. Mathews asked Mr. Hanly about how Edison would fit into the overall portfolio. Mr. Hanly stated that Edison would likely offer unique exposure because of the smaller size of their target companies.

- 7) Chris Sugden and Rush Baker of Edison Partners presented the investment committee with an overview of the company. Mr. Sugden emphasized that Edison Partners focuses on "Old School" growth equity, which is largely financial technology, healthcare IT, and vertical SaaS. Edison Partners largely leans on the Edison Edge, a comprehensive value platform that has centers of excellence focused on "go to market" strategies, leadership and governance. Edison Partners has four decades of performance most notably with Fund VIII, Fund IX, and Fund X. Edison Partners operates in less competitive opportunity sets and has an initial investment size ranging \$10-\$30M. They focus on underserved geographies and deploys multiple exit strategies, such as GE, PE, strategic, and IPO.
- 8) Mr. Hanly recommended committing \$7M to Edison Partners based on the strength of Mr. Sugden's track record in growth equity investments and Edison's ability to add value with operational capabilities and network. Mr. Hanly stated that the plan is to make three investments with each investment totaling \$7M. Mr. Hanly informed the Investment Committee that while UBS has conducted diligence on Edison, UBS also serves as a placement agent for the fund. Therefore, any investment decision made by LSPRS is independent and LSPRS cannot rely on UBS' research for this fund. Mr. Bickham clarified that UBS does not make any additional compensation when making this investment with Edison. **(See Exhibit D - attached)**

A **MOTION** was made by Andrea Hubbard to approve a \$7M investment in the growth equity manager Edison Partners, subject to legal review. The motion was seconded by Frank Besson. No opposition. The motion passed.

- 9) Ms. Michel stated that there has been no change to the watch list. Ms. Michel and Mr. Hanly are working on getting a final termination date from Campbell since they are now zeroed out. **(See Exhibit E - attached)**

- 10) Mr. Hanly discussed the proposed initiatives for 2024. The first proposal is expanding private markets portfolio. Eventually, the goal is to reach a 10% target over 6 years. Another initiative is to upgrade our US Value exposure. Mr. Hanly described the benefits of absolute return enhancement. Finally, Mr. Hanly discussed how reduced fee negotiations will continue into 2024, building off the success from last year. (**See Exhibit F - attached**)
- 11) Ms. Michel stated that the deadline for RFP for investment consultant has closed. She and Mr. Hanly will work on interviewing candidates and those finalists will be interviewed by the Board at the next board meeting.
- 9) A **MOTION** was made by Alan Verhoef to adjourn the meeting. The motion was seconded by Frank Besson. No opposition. The motion passed.



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