



# Louisiana State Police Retirement System

## Investment Committee Meeting Minutes

<b>Meeting Title</b>	LSPRS Investment Committee Meeting
<b>Date of Meeting</b>	May 22, 2019
<b>Where</b>	9224 Jefferson Highway, Baton Rouge, LA 70809
<b>Start Time</b>	9:00 a.m.

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- 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 – ABSENT  
Jay O'Quinn, President LSTA – PRESENT

The records reflect that the following persons were also present:

Robert Bickham, UBS/PaineWebber                      Kimberly A. Gann, Assistant Director  
Irwin L. Felts, Jr., Executive Director

- 3) The pledge was led by Amy Matthews, and the prayer by Irwin Felts, Jr. No public comments.
- 4) Rob Bickham's advised the committee that we will hear presentations from the US large cap value manager, AJO, Templeton the international value manager, and the Emerging Market value manager Brandes. He will recommend adding AJO and Templeton to the watch list today. He will also be recommending that Vontobel be removed from the watch list since they have improved significantly. Brandes, although improved, should remain on the list. A **MOTION** was made by Jay O'Quinn to add AJO and Templeton to the watch list for performance issues, and to remove Vontobel from the watch list. The motion was seconded by Andrea Hubbard. No opposition. The motion passed.
- 5) Rob Bickham reviewed the Asset Allocation and Manager Analysis reports with the committee. On the asset allocation report (**see Exhibit A**), Mr. Bickham stated that April was a good month giving us a monthly return of 2.36%. This gives us a current fiscal year return of 3.49% with two months remaining in this fiscal year. The total assets for the system are at \$886,995,155. It is important to note that the return since inception is at 7.55% well above the 7% actuarial rate required of the system. He restated for the committee that, with the additions stated above, the watch list now consists of Brandes, AJO, Campbell, and Templeton.
- 6) Manager Presentations:

AJO-Ted Aronson, Cesar Orosco, and Jocelin Reed (**See Exhibit B**)

Summary: The major factors contributing to poor performance over the last three years are, 1) value has not been favored in the market, 2) portfolio heavy in small cap stocks, and 3) high volume over low volume. Mr. Aronson believes that remaining true to the value style is

the reason we hired them and that is what they intend to do with this portfolio. He believes that the markets will favor value going forward.

Templeton-Brian Kahley and Antonio Docal (*See Exhibit C*)

Summary: In 2018 Templeton acquired Edinburgh Partners and Dr. Sandy Naim has been named Chairman of Franklin Templeton. Dr. Naim had previously worked at Templeton and he has begun a number of changes in the structure and administration of the company. The company is changing research coverage teams and currently adding 4 analysts. They are increasing/decreasing exposures, adding/eliminating positions and looking to improve going forward. Rob Bickham feels that they are solid against their peers if you look at the performance books dated May 21, 2019. Irwin Felps has serious concerns about the organizational changes occurring in the company. Amy Matthews agreed with Mr. Felps stating we will continue to watch them closely.

Brandes-Christopher J. Garrett (*See Exhibit D*)

Summary: Brandes had previous organizational issues that have been resolved to our satisfaction. However, they remain on watch for performance. Mr. Garret stated that we hired Brandes as a value manager and they intend to continue that resolve to value. He did acknowledge that it has been a difficult time for value. The trade tariff issues have impacted stocks in a negative way. His company tends to look away from the market focus and search for value. This portfolio protects on the downside. Mr. Felps noted that his concerns have improved.

- 7) In other business Mr. Felps reviewed the Act 1004 Comparison Chart for the 1<sup>st</sup> Quarter of 2019 (*See Exhibit E*) with the members.
- 9) A **MOTION** was made by Andrea Hubbard to adjourn. The **MOTION** was seconded by Jay O'Quinn. No opposition. The motion passed.



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