



## Louisiana State Police Retirement System (LSPRS)

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### Investment Committee Meeting Minutes

<b>Meeting Title</b>	LSPRS Investment Committee Meeting
<b>Date of Meeting</b>	September 18, 2022 (Sunday)
<b>Where</b>	New Orleans Marriot - 555 Canal St, New Orleans, LA 70130
<b>Start Time</b>	3:00 pm

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- 1) Investment Committee Chairman, Kevin Marcel called the meeting to order.
- 2) Tausha Facundus, Retirement Benefits Specialist, called roll as follows:  
Frank Besson, Jr., Designee for Superintendent – Vice-Chairman – PRESENT  
Andrea Hubbard, Designee for Commissioner of Administration – PRESENT (Arrived after roll call)  
Kevin Marcel, Chairman – PRESENT  
Hackley Willis, Jr., LSTA President – PRESENT  
Treasurer John Schroder or Amy Mathews, Designee – PRESENT

The records reflect that the following persons were also present:

Alana Perrin, Attorney, Senate Committee on Retirement  
Robin Landa, UBS/Paine Webber  
Rob Bickham, UBS Institutional Consulting  
Racheal Alvey, Griffin & Furman, LLC  
Margaret Michel, LSPRS Acting Executive Director  
Denise Akers, General Counsel, Akers & Wisbar  
Tausha Facundus, LSPRS Retirement Benefits Specialist  
Walter W. Smith, Retiree Representative  
Chris LeDay, President, Central State Troopers Coalition  
Alan Verhoef, Active Member Representative  
Representative Vanessa LaFleur, House Committee on Retirement

- 3) The Pledge of Allegiance was led by Kevin Marcel and the prayer was led by Hackley Willis. No public comments.
- 4) Robin Landa, UBS/PaineWebber, presented the Board with the Asset Allocation and Markets Value and Returns Summary as of July 31, 2022 (**See Exhibit A - Attached**). The total equities had a market value of \$623,591,191 equating to 59.9% of the portfolio which was close to the target of 62.5%, the total fixed income of \$198,990,973 being 19.1%, was slightly above the 16.0% target. The total alternative investments were \$194,938,345, being 18.7% of the portfolio, almost on target with the 19.5% target, and total cash of 2.2% at \$23,183,188, which was slightly above the 2.0% target, and the month ended with a total fund value of \$1,040,703,696.

Ms. Landa directed the Board to view the Market Value and Returns Summary as of July 31, 2022. Looking at the Current Month column, Ms. Landa stated that the return for total domestic equity managers was 10.02%, total international equity was 1.40%, and the return for total equity managers was 7.31%. Total fixed income was 2.86%. For the month, July's total fund was up 4.85% and the manager analyzed return from inception was at 7.48%. **(See Exhibit B - Attached).**

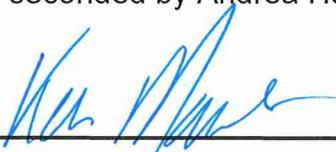
- 5) Rob Bickham presented the committee with the UBS House View Presentation – Chief Investment Office GWM, September 2022. Mr. Bickham started by focusing on the “Quilt chart” of select asset classes’ calendar year performance. For the column dated 2022, Mr. Bickham noted that no asset class has a positive rate of return. For 2022, the asset classes that have the highest rate of return are US municipal bonds at -9.1% and US government fixed income at -10.4%. The LSPRS 60/40 portfolio is -15.4% but does have a positive rate of return from 1999-2022 at 5.6%. **(See Exhibit C - Attached)**

Focusing on page 14 of the House View, Mr. Bickham noted that the US forecasts to go from 1.8% GDP growth in 2022 to 1.4% GDP in 2023. **(See Exhibit D - Attached)**. Mr. Bickham then directed the Board to view the graph on page 21 of the House View detailing returns and drawdowns **(See Exhibit E - Attached)** during a 40-year period. The graph shows brown bars with eight different periods in which the S&P has a negative calendar return, while the other 32 bars have a positive return. Recently, in 2020, the S&P 500 was down -35% but finished the year at 20%. The takeaway is that it is impossible to know when the bottom has been hit during periods like we are currently experiencing.

Mr. Bickham directed the Committee to view page 24 of the House View, which details 12 recessions between 1946 to 2022 with their respective peak and trough period. Of the 12 recessions, there has been an average S&P 500 return of -35.1% and took almost 1.5 years to get from peak to trough. **(See Exhibit F - Attached)** The Central scenario on page 32 of the House View details that average 1.5-year mark that would mark the trough period of June 2023, with the S&P 500 at 4,200 points during that month. In June 2023, equities are projected to be up 5 - 6 % and fixed income to be up 3 - 4%. Mr. Bickham noted that we will see more of the downside scenario if we have a recession. If inflation gets under control and the war in the Ukraine settles down, we may see a bounce back as the upside scenario depicts but there is not a high probability for that scenario. **(See Exhibit G - Attached)**

- 6) Mr. Bickham stated that the watch list will be updated at the January 2023 Investment Committee meeting. He also mentioned that another asset allocation study will be done and the Committee will present to the Board any policy changes that they wish to make. Emerging markets and real estate managers will be addressed in May 2023.
- 7) Ms. Michel mentioned that capital calls to date have been smaller than anticipated but can expect larger ones at any moment. By early November 2022, we may rebalance parameters within asset allocations to get more cash on hand. Currently, the monthly cash outflow is roughly \$6-7M and monthly cash inflow is \$4M.

- 8) Regarding the watch list, Mr. Bickham noted that Franklin Templeton is on the watch list due to their chief investment officer retiring. Carlyle is also on watch due to the exit of the chief executive officer of the company just as an abundance of caution. Mr. Bickham stated some managers may come off the watch list once the annual manager review occurs. **(See Exhibit H - Attached)**
  
- 9) Ms. Michel directed the Committee to view the ESG Guidance letter from Louisiana's Attorney General, Jeff Landry, and the Arizona Attorney General. They cover the ESG governance regarding the ongoing discussion of BlackRock. The letters are only informative, and no action is necessary. **(See Exhibits I & J - Attached)**
  
- 10) A **MOTION** was made by Frank Besson to adjourn the meeting. The **MOTION** was seconded by Andrea Hubbard. No opposition. The motion passed.



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