



Response to  
Senate Resolution No.175  
(2005 Regular Session)

For the Period April 1 to June 30, 2017

**\*Final\***

Pursuant to SR 175 of the 2005 Regular Louisiana Legislative Session, each retirement system is to provide a quarterly report of their investments commencing with the quarter beginning July 1, 2005. The following is the quarterly report for LASERS portfolio for the period April 1 to June 30, 2017. The report provides a listing of LASERS investments by asset class, amount of funds invested and with whom, annual returns on the investments and the management fees.

While market returns provide a snapshot view of investment performance, readers should keep in mind that actuarial returns, which are smoothed over five years to offset market volatility, are a better indicator of the system's ability to consistently achieve the assumed annual actuarial return of 7.75%. The Board adopted a plan to reduce the discount rate to 7.5% in 0.05% increments beginning July 1, 2017.

Therefore, in addition to the data presented in the quarterly SR 175 - Senate Resolution No. 175 Report, the following information is given to further illustrate the System's status.

As of June 30, 2016, LASERS 30-year actuarial return was 8.13%.

2nd Quarter 2017

Manager	Net Asset Value	Annual Return	Annual Basis Points	Management Fees
	\$(Millions)			Quarterly Dollar Amount
<b>U.S. EQUITY</b>				
<b>LARGE CAP VALUE</b>				
Aronson Johnson & Ortiz	235.5	20.4	0.0	-
<b>SMALL CAP GROWTH</b>				
Rice Hall James	290.9	17.6	50.0	319,411
<b>SMALL CAP VALUE</b>				
LSV Asset Management	168.2	23.2	56.1	238,692
<b>INDEX FUNDS</b>				
LASERS S&P 400 Index Fund	444.4	18.7	n/a	-
LASERS S&P 500 Index Fund	1302.3	17.9	n/a	-
LASERS S&P 600 Index Fund	301.8	22.7	n/a	-
<b>NON-U.S. EQUITY</b>				
<b>LARGE CAP VALUE</b>				
Mondrian Investment Partners	225.9	15.7	28.3	155,189
<b>LARGE CAP CORE</b>				
LASERS MSCI World Ex-USA Index Fund	1479.7	19.5	n/a	-
LASERS Terror-Free International Fund	26.7	21.9	n/a	-
<b>INT'L SMALL CAP</b>				
Mondrian Investment Partners	232.9	19.3	70.4	380,043
Goldman Sachs	365.5	24.0	50.8	436,597
<b>EMERGING MARKETS</b>				
City of London Investment Management	402.0	24.9	93.0	872,052
LSV Emerging Markets	507.5	30.3	85.0	1,066,805
Westwood Global Emerging Markets	275.3	27.3	90.0	613,329
LSV Custom Emerging Markets	233.7	19.6	50.0	275,836
<b>TOTAL EQUITY</b>	<b>\$6,492.3</b>			<b>4,357,955</b>
<b>US FIXED INCOME</b>				
<b>INVESTMENT GRADE</b>				
Loomis Sayles & Co.	232.6	3.5	17.1	86,027
Orleans Capital Mgt	173.7	0.6	11.0	47,013
<b>HIGH YIELD</b>				
JP Morgan	215.8	11.2	27.0	142,372
Nomura	211.2	14.6	45.0	225,280
<b>EMERGING MARKET DEBT</b>				
Stone Harbor	161.6	7.2	60.0	214,371
<b>Global Multi-Sector</b>				
Doubleline <sup>1</sup>	202.7	n/a	60.0	268,592
Goldentree <sup>1</sup>	220.5	n/a	75.0	274,584
<b>TOTAL FIXED INCOME</b>	<b>\$1,418.2</b>			<b>1,258,240</b>

## 2nd Quarter 2017

Manager	Net Asset Value		Management Fees	
	\$ (Millions)	Annual Return	Annual Basis Points	Quarterly Dollar Amount
<b>ALTERNATIVE ASSETS</b>				
<b>PRIVATE EQUITY</b>				
Adams Street 2005 Non-US	5.3	13.2	37.3	13,969
Adams Street Partnership 2002 US	3.3	15.9	10.0	3,750
Adams Street Partnership 2005 US	13.6	13.3	37.3	32,592
Adams Street 2007 US Fund	18.5	18.4	55.0	34,376
Adams Street 2007 Non-US	11.3	14.9	55.0	21,874
Adams Street 2007 Direct	3.2	18.0	100.0	12,142
Adams Street 2009 US Fund	21.5	15.2	67.0	41,667
Adams Street 2009 Non-US Developed	10.8	22.2	67.0	25,000
Adams Street 2009 Non-US Emerging	5.0	11.3	67.0	8,333
Adams Street 2009 Direct	3.6	7.6	140.0	17,240
AEA Investors Fund VI	10.6	-2.3	175.0	211,756
BCP Energy Services Fund A	36.0	8.2	200.0	166,044
Brinson <sup>2,3</sup>	7.9	4.2	0.0	-
Brookfield Capital IV	17.4	23.2	175.0	210,682
Adams Street V <sup>2</sup>	4.9	-3.8	0.0	-
Apollo Inv Fund VII	15.1	3.0	0.0	24,474
Apollo Inv Fund VIII	48.5	18.3	150.0	77,191
Apollo European Fund II	89.8	14.0	175.0	197,876
ArcLight Energy Ptr Fund VI	43.6	10.5	150.0	272,703
CCMP Capital III	49.0	11.3	150.0	241,923
Cerberus VI <sup>4</sup>	28.7	n/a	150.0	749,695
Coller International Partners VI	59.2	10.1	125.0	247,269
Coller International Partners VII	5.4	86.7	150.0	182,855
Drug Royalty Fund III <sup>5</sup>	10.8	n/a	150.0	33,236
EIG Energy Fund XVI	41.9	41.4	125.0	265,088
Energy Spectrum Fund V <sup>6</sup>	0.6	34.4	175.0	7,787
Energy Spectrum Fund VI <sup>6</sup>	12.9	53.0	175.0	99,704
GTCR Fund XI	31.4	31.3	150.0	36,141
Louisiana Growth Fund	3.7	-51.9	50.0	53,968
Louisiana Growth Fund II	9.0	26.8	50.0	76,742
Gamut Fund I <sup>7</sup>	0.1	n/a	200.0	-
Goldman Sachs PEP IX	37.5	22.0	25.3	47,343
John Hancock <sup>2</sup>	0.4	-5.5	0.0	-
HIPEP Partnership III <sup>2</sup>	0.5	9.8	0.0	-
Harbourvest VI - Buyout <sup>2</sup>	1.4	9.7	0.0	-
Harbourvest VI - Direct <sup>2</sup>	1.9	-10.9	0.0	-
Harbourvest VI - Partnership <sup>2</sup>	13.1	11.2	0.0	-
HIPEP Direct IV <sup>2</sup>	0.3	36.7	0.0	-
HIPEP Partnership IV <sup>2</sup>	2.7	9.1	0.0	-
Huff Alternative Fund <sup>2</sup>	10.9	16.2	0.0	(2,152)
Marathon European Credit Opp Fund <sup>6</sup>	21.5	6.2	100.0	64,792
Mesirow III	8.0	0.1	49.4	31,241
Mesirow IV	39.5	17.2	45.9	68,885
Mesirow V	52.5	23.0	56.7	85,050
Newstone Mezzanine II	17.2	8.2	150.0	(23,313)
Oaktree European Fund III	43.7	19.0	175.0	125,642
Pantheon Europe VI	27.5	20.5	75.0	52,709
Pantheon VI	18.9	9.3	52.7	108,129
Pantheon VII	31.7	14.1	67.5	91,426
Stepstone Fund II	35.1	15.5	37.5	25,167
Stepstone Europe Fund II	19.4	12.4	50.0	10,209
Private Advisors IV	26.5	19.5	75.0	65,625
Private Advisors V	32.0	12.4	90.0	90,000
Private Advisors VI	14.6	6.3	90.0	90,000
Q-BLK II	23.3	3.6	45.9	54,171
Q-BLK III	34.5	5.8	59.7	73,149
Siguler Guff DOF III	52.9	13.1	24.0	121,465
Siguler Guff Fund IV	22.8	10.7	71.0	56,561
Siguler Guff Pelican Gem <sup>8</sup>	4.6	n/a	75.0	(58,874)
Sterling Partners	22.9	-17.1	200.0	168,602
TCW Energy Fund XIV <sup>6</sup>	6.8	16.7	125.0	70,749
TCW-EIG Energy Fund XV <sup>6</sup>	24.2	16.2	125.0	84,883
Vista Equity Partners VI	46.9	1.7	150.0	211,424
Vista Equity Partners V	76.3	15.7	150.0	247,223
Vista Equity Partners IV	32.9	8.9	150.0	131,250
Williams Capital <sup>2</sup>	0.1	-90.5	0.0	-

2nd Quarter 2017

Manager	Net Asset Value \$ (Millions)	Annual Return	Annual Basis Points	Management Fees Quarterly Dollar Amount
<b>ABSOLUTE RETURN STRATEGIES</b>				
Bridgewater Pure Alpha	306.9	9.3	174.4	1,349,675
Bridgewater PA Major Markets	63.9	10.2	200.0	244,180
PAAMCO	40.1	-0.5	100.0	159,929
Prisma Capital Partners	239.8	6.8	65.0	388,801
Entrust Capital Partners	226.6	9.4	125.0	421,626
Stark Investments (Liquidating)	4.4	n/a	125.0	(824)
<b>GLOBAL ASSET ALLOCATION STRATEGIES</b>				
Bridgewater All Weather	738.8	5.4	30.4	564,279
<b>TOTAL ALTERNATIVE ASSETS <sup>9</sup> \$3,055.5 8,585,097</b>				
<b>TOTAL PLAN <sup>10</sup> 11,029.4 14,201,292</b>				

<sup>1</sup> The portfolio was funded 05/2016.

<sup>2</sup> The fund no longer charges fees.

<sup>3</sup> This is a composite of seven limited partnerships.

<sup>4</sup> The portfolio was funded 09/2016.

<sup>5</sup> LASERS is awaiting final escrow distribution from this fund, so one year return is not listed.

<sup>6</sup> Annual Basis Points are based on historical cost or net asset value.

<sup>7</sup> The portfolio was funded 08/2016.

<sup>8</sup> The portfolio was funded 11/2016.

<sup>9</sup> The net asset values and returns are reflected net of fees for all Alternatives, and includes \$7.5 million for Pinnacle Asset Management.

<sup>10</sup> The Total Plan Market Value includes \$52.4 million in cash/cash equivalents and \$11.0 million in the Harbor Police transition account.

The Total Quarterly Dollar Amount does not include \$291,677 for Self-Directed Plan and Optional Retirement Plan.

The quarterly management fee dollar amount includes fee adjustments from prior periods.

## Comments

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For the majority of LASERS investment managers, management fees are paid quarterly in arrears, based upon the market value of assets under its management, excluding any cash balance, as reported by LASERS custodian bank, and are calculated as follows:

The fee is calculated at the end of each calendar quarter as follows: (Average of market value of assets under management on last business day of each of the four preceding calendar months, which shall not include funds that are managed by LASERS custodian bank) times the annual percentage fee schedule (basis points) divided by four. Fees on invested contributions and withdrawals during each calendar quarter will be computed separately on a pro-rata basis. It is not necessary to pro-rate contributions and withdrawals for Month 1 of the calculation period. Contributions and withdrawals are to be calculated as such:

Contributions: (month end market value for the month in which the contribution was made less any cash balance) minus the amount of the contribution, and then multiplied by the number of days the funds were not in the account, divided by the total number of days for the month.

Withdrawals: (month end market value for the month in which the withdrawal was made less any cash balance) plus the amount of the withdrawal, and then multiplied by the number of days the funds were in the account, divided by the total number of days for the month.

The managers shall provide a monthly reconciliation of their records to LASERS custodian bank. Should the manager fail to reconcile LASERS portfolio on a timely basis, LASERS maintains the right to withhold payment of the management fee until the portfolio has been reconciled to LASERS satisfaction.

Private Equity earns fees as a percentage of LASERS capital commitment to each fund. The fees are deducted from the portfolios on a quarterly basis and verified with the receipt of each manager's annual audited financials. The one exception is for Adams Street Secondary 1998 Fund and Adams Street Primary 1997 and 1999 Funds, for which billing is handled by UBS Global Asset Management. For these funds an invoice is received, verified, and paid on a quarterly basis.

## Investment Terminology

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<b>Annual Return</b>	Annualized returns express the rate of return over a given time period on an annual basis, or as a return per year. An annualized return can be calculated over any period one year or longer and is useful for comparing two or more portfolios over similar time periods.
<b>Basis Point</b>	One gradation on a 100-point scale which is used in expressing variations on the yield of bonds. A basis point is equal to one-hundredth of a percentage point.
<b>Concentrated Portfolio</b>	A portfolio that generally has fewer securities than traditional portfolios.
<b>Index Fund</b>	A fund (or account) comprised of securities, the characteristics of which will produce a return which will replicate (or substantially replicate) a designated securities index.
<b>Management Fee</b>	The fee charged by the investment manager for supervision of an investment. Generally quoted in terms of a percent of assets.
<b>Market Value</b>	The current or prevailing price of a security or commodity as indicated by current market quotations, and therefore the price at which additional amounts can presumably be purchased or sold.
<b>Universe</b>	The list of all assets eligible for inclusion in a portfolio.

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