



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

For the Period July 1 to September 30, 2019

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 July 1 to September 30, 2019. 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 7.60%. 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, 2019, LASERS 30-year actuarial return was 7.79%.

**3rd Quarter 2019**

Q1 2019				
Manager	Net Asset Value \$ (Millions)	Annual Return	Annual Basis Points	Management Fees Quarterly Dollar Amount
U.S. EQUITY				
LARGE CAP VALUE				
Aronson Johnson & Ortiz <sup>1</sup>	226.8	0.0	3.4	-
SMALL CAP GROWTH				
Rice Hall James <sup>1</sup>	197.5	-12.3	0.0	-
SMALL CAP VALUE				
LSV Asset Management	200.4	-11.7	55.9	272,510
INDEX FUNDS				
LASERS S&P 400 Index Fund	432.5	-2.5	n/a	-
LASERS S&P 500 Index Fund	1201.6	4.3	n/a	-
LASERS S&P 600 Index Fund	279.2	-9.3	n/a	-
NON-U.S. EQUITY				
LARGE CAP VALUE				
Mondrian Investment Partners	225.2	1.3	28.3	155,385
LARGE CAP CORE				
LASERS MSCI World Ex-USA Index Fund	1423.8	-0.6	n/a	-
LASERS Terror-Free International Fund	29.1	1.0	n/a	-
INT'L SMALL CAP				
Mondrian Investment Partners	234.1	-3.8	70.3	409,426
Goldman Sachs	343.6	-6.1	51.1	436,882
EMERGING MARKETS				
City of London Investment Management	402.4	3.5	93.0	903,889
Westwood Global Emerging Markets	279.8	-6.3	88.9	623,995
LSV Custom Emerging Markets	639.8	-2.5	50.0	802,522
TOTAL EQUITY	\$6,115.7			3,604,609
US FIXED INCOME				
INVESTMENT GRADE				
Loomis Sayles & Co.	204.6	9.4	17.4	89,048
Orleans Capital Mgt	148.0	9.8	12.0	44,154
HIGH YIELD				
JP Morgan	171.3	5.5	27.0	116,039
Nomura	167.2	3.2	45.0	189,792
EMERGING MARKET DEBT				
Stone Harbor	204.5	9.9	52.5	270,501
Gramercy <sup>2</sup>	129.2	0.0	85.0	297,277
Global Multi-Sector				
Doubleline	250.3	6.3	60.0	344,895
Goldentree	251.1	4.7	75.0	418,177
Pimco <sup>2</sup>	187.8	n/a	95.0	426,254
Blackstone <sup>3</sup>	122.8	n/a	78.1	93,945
Zais Group <sup>4</sup>	68.3	n/a	62.5	115,653
TOTAL FIXED INCOME	\$1,905.1			2,405,735

## 3rd Quarter 2019

Manager	Net Asset Value	Annual Return	Management Fees	
	\$ (Millions)		Annual Basis Points	Quarterly Dollar Amount
ALTERNATIVE ASSETS				
PRIVATE MARKETS				
Adams Street 2005 Non-US	2.9	-4.5	18.6	6,985
Adams Street Partnership 2002 US <sup>5</sup>	1.4	-6.7	0.0	-
Adams Street Partnership 2005 US	7.1	14.1	18.6	16,296
Adams Street 2007 US Fund	13.3	22.0	30.0	22,917
Adams Street 2007 Non-US	8.1	7.6	30.0	14,583
Adams Street 2007 Direct	3.3	26.0	60.0	7,500
Adams Street 2009 US Fund	21.3	18.1	50.0	31,250
Adams Street 2009 Non-US Developed	9.6	17.6	50.0	18,750
Adams Street 2009 Non-US Emerging	5.6	4.8	50.0	6,250
Adams Street 2009 Direct	3.0	0.2	100.0	12,500
AEA Investors Fund VI	51.1	11.4	175.0	162,713
Atlas Partner Holdings II <sup>6</sup>	23.8	n/a	100.0	-
Baring Asia VII <sup>7</sup>	23.1	n/a	175.0	437,500
BCP Energy Services Fund A	46.6	5.9	200.0	250,000
BCP Fund II A <sup>8</sup>	3.4	n/a	200.0	375,000
Brinson <sup>5,9</sup>	3.3	-1.2	0.0	-
Brookfield Capital IV	44.2	32.4	175.0	256,893
Brookfield Capital V	10.0	n/a	150.0	1,158,200
Adams Street V <sup>5</sup>	4.6	11.6	0.0	-
Apollo Inv Fund VII	9.4	-20.9	0.0	17,508
Apollo Inv Fund VIII	60.8	0.1	150.0	57,347
Apollo European Fund II	26.1	-7.8	175.0	60,755
Apollo Inv Fund IX <sup>10</sup>	6.5	n/a	130.0	318,750
ArcLight Energy Ptr Fund VI	70.6	10.2	150.0	197,634
CCMP Capital III	51.7	3.2	150.0	113,888
Cerberus VI	104.8	6.7	150.0	452,959
Coller International Partners VI	31.3	19.0	81.0	203,238
Coller International Partners VII	59.5	10.0	150.0	234,375
Double Line Mortgage	113.5	5.8	100.0	209,378
Drug Royalty Fund III <sup>11</sup>	5.7	n/a	150.0	-
EIG Energy Fund XIV <sup>5</sup>	5.0	-23.6	0.0	-
EIG Energy Fund XV <sup>12</sup>	15.9	-0.8	125.0	62,001
EIG Energy Fund XVI <sup>12</sup>	47.6	-0.7	125.0	130,293
Energy Spectrum Fund V <sup>5</sup>	0.0	-74.8	0.0	-
Energy Spectrum Fund VI <sup>12</sup>	10.3	85.0	175.0	58,123
GTCR Fund XI	43.8	40.3	135.0	168,750
GTCR Fund XII	11.6	-14.7	150.0	225,000
Louisiana Growth Fund <sup>5</sup>	0.1	15.3	0.0	(35,979)
Louisiana Growth Fund II <sup>5</sup>	3.1	3.8	12.5	(74,356)
Gamut Fund I	19.4	26.5	200.0	169,622
Goldman Sachs PEP IX	23.2	5.4	10.7	24,944
Goldentree Distressed Fund III <sup>2</sup>	10.7	n/a	125.0	21,679
John Hancock <sup>5</sup>	0.4	51.9	0.0	-
HIPEP Partnership III <sup>5</sup>	0.1	-6.7	0.0	-
Harbourvest VI - Buyout <sup>5</sup>	0.0	-3.5	0.0	-
Harbourvest VI - Direct <sup>5</sup>	1.9	36.2	0.0	-
Harbourvest VI - Partnership <sup>5</sup>	1.0	-0.7	0.0	-
HIPEP Direct IV <sup>5</sup>	0.3	-26.7	0.0	-
Huff Alternative Fund <sup>5</sup>	10.5	0.1	0.0	-
Insight Venture Partner	38.9	15.5	175.0	218,750
KKR Asian Fund III	28.0	70.0	125.0	166,667
Marathon European Credit Opp Fund <sup>5</sup>	7.6	16.6	0.0	-
Mesirow III	4.2	0.2	40.0	20,723
Mesirow IV	27.2	13.0	37.2	55,815
Mesirow V	49.5	18.6	45.9	68,895
Newstone Mezzanine II <sup>12</sup>	5.5	16.4	100.0	17,942
OHA Strategic Credit Fund II	13.7	6.9	175.0	48,757
Oaktree European Fund III	29.0	1.7	175.0	118,001
Pantheon Europe VI	15.5	12.1	60.8	61,409
Pantheon VI	9.8	5.0	38.4	47,987
Pantheon VII	18.7	4.4	54.7	68,157
Stepstone Fund II	0.9	-17.0	37.5	35,957
Stepstone Europe Fund II	16.0	-1.3	50.0	14,316
Private Advisors IV	19.7	19.4	60.8	53,156
Private Advisors V	36.5	27.9	81.0	72,900
Private Advisors VI	28.2	15.6	90.0	90,000
Q-BLK II	10.8	11.0	45.9	45,863
Q-BLK III <sup>5</sup>	23.1	14.8	0.0	-

**3rd Quarter 2019**

Manager	Net Asset Value		Management Fees	
	\$ (Millions)	Annual Return	Annual Basis Points	Quarterly Dollar Amount
<b>ALTERNATIVE ASSETS</b>				
<b>PRIVATE MARKETS cont'd</b>				
Siguler Guff DOF III	30.8	0.8	16.0	77,988
Siguler Guff Fund IV	15.5	2.1	45.4	36,350
Siguler Guff Pelican Gem	64.9	3.1	75.0	105,325
Sterling Partners	16.6	-24.1	200.0	64,760
Vista Equity Partners IV	24.8	9.5	150.0	57,164
Vista Equity Partners V	97.4	35.4	150.0	279,754
Vista Equity Partners VI	119.8	37.2	150.0	352,151
Vista Equity Partners VII <sup>13</sup>	20.3	n/a	150.0	468,750
Warburg Pincus <sup>10</sup>	4.9	n/a	140.0	350,000
Williams Capital <sup>5</sup>	0.8	55.3	0.0	-
<b>ABSOLUTE RETURN STRATEGIES</b>				
Bridgewater Pure Alpha	142.8	5.6	200.0	714,052
Prisma Capital Partners	270.4	1.4	65.0	457,776
Entrust Capital Partners	269.9	-7.8	108.1	718,429
<b>RISK PARITY</b>				
Bridgewater Custom <sup>14</sup>	438.3	7.7	63.1	691,987
AQR Capital Management	412.4	9.8	110.0	1,186,806
<b>TOTAL ALTERNATIVE ASSETS <sup>15</sup></b>	<b>\$3,347.3</b>			<b>12,159,833</b>
<b>TOTAL PLAN <sup>16</sup></b>	<b>\$11,433.7</b>			<b>18,170,176</b>

<sup>1</sup> The fund's fee structure is performance based.

<sup>2</sup> The portfolio was funded 11/2018.

<sup>3</sup> The portfolio was funded 12/2018.

<sup>4</sup> The portfolio was funded 4/2019.

<sup>5</sup> The fund no longer charges fees.

<sup>6</sup> The portfolio was funded 8/2019.

<sup>7</sup> The portfolio was funded 5/2019.

<sup>8</sup> The portfolio was funded 10/2019.

<sup>9</sup> This is a composite of six limited partnerships.

<sup>10</sup> The portfolio was funded 3/2019.

<sup>11</sup> LASERS is awaiting final escrow distribution from this fund, so one year return is not listed.

<sup>12</sup> Annual Basis Points are based on historical cost or net asset value.

<sup>13</sup> The portfolio was funded 02/2019.

<sup>14</sup> Bridgewater Major Market and Bridgewater All Weather were merged to form this new fund 01/2018.

<sup>15</sup> The net asset values and returns are reflected net of fees for all Alternatives, and includes \$2.3 million for Paamco and \$2.3 million for Stark, which are being liquidated.

<sup>16</sup> The Total Plan Market Value includes \$65.6 million in cash/cash equivalents.

The Total Quarterly Dollar Amount does not include \$318,058 for Self-Directed Plan and Optional Retirement Plan.

The Total Quarterly Dollar Amount does not include \$12,153 in fees for liquidating funds.

The Total Quarterly 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-hundreth 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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