

LASERS

LOUISIANA STATE EMPLOYEES'
RETIREMENT SYSTEM

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

For the July 1 to Sept 30, 2020

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, 2020. 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 7.55% effective July 1, 2020. The Board has adopted a plan to reduce the discount rate to 7.4% effective July 1, 2021.

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, 2020, LASERS 30-year actuarial return was 7.57%.

3rd Qtr 2020

Manager	Net Asset Value \$ (Millions)	Annual Return	Management Fees	
			Annual Basis Points	Quarterly Dollar Amount
U.S. EQUITY				
INDEX FUNDS				
LASERS S&P 400 Index Fund	422.7	-2.3	n/a	-
LASERS S&P 500 Index Fund	1428.0	15.3	n/a	-
LASERS S&P 600 Index Fund	328.3	-8.1	n/a	-
SMALL CAP VALUE				
LSV Asset Management	163.9	-14.3	56.2	228,530
NON-U.S. EQUITY				
LARGE CAP VALUE				
Mondrian Investment Partners	207.2	-8.0	28.6	150,758
LARGE CAP CORE				
LASERS MSCI World Ex-USA Index Fund	1120.6	1.2	n/a	-
LASERS Terror-Free International Fund	28.9	-0.5	n/a	-
INT'L SMALL CAP				
Mondrian Investment Partners	224.6	4.0	70.6	396,358
Goldman Sachs	351.6	8.1	51.0	441,597
EMERGING MARKETS				
City of London Investment Management	398.9	11.6	93.0	855,481
Westwood Global Emerging Markets	272.8	-1.5	89.2	591,339
LSV Custom Emerging Markets	469.4	-9.5	50.0	596,608
TOTAL EQUITY	\$5,417.1			3,260,672
US FIXED INCOME				
INVESTMENT GRADE				
Loomis Sayles & Co.	191.5	9.4	17.6	84,961
Orleans Capital Mgt	137.8	7.6	12.0	41,482
HIGH YIELD				
JP Morgan	140.5	1.2	27.0	94,786
Nomura	134.3	0.7	45.0	154,285
EMERGING MARKET DEBT				
Stone Harbor	201.5	-1.5	52.5	270,578
Gramercy	171.4	5.6	85.0	(22,634)
Global Multi-Sector				
Doubleline	226.8	1.6	60.0	310,084
Goldentree	260.9	5.1	75.0	432,234
Pimco	291.0	12.1	95.0	565,017
Blackstone	293.4	3.7	78.1	151,126
Zais Group	93.7	-20.3	62.5	168,613
TOTAL FIXED INCOME	\$2,142.7			2,250,532

3rd Qtr 2020

Manager	Net Asset Value \$ (Millions)	Annual Return	Management Fees	
			Annual Basis Points	Quarterly Dollar Amount
ALTERNATIVE ASSETS				
PRIVATE MARKETS				
Adams Street 2005 Non-US	2.7	-8.4	9.3	3,492
Adams Street Partnership 2002 US ¹	1.1	0.6	0.0	-
Adams Street Partnership 2005 US	6.0	3.1	9.3	8,148
Adams Street 2007 US Fund	10.5	3.9	22.5	17,188
Adams Street 2007 Non-US	6.9	2.5	22.5	10,937
Adams Street 2007 Direct	2.4	24.7	40.0	5,000
Adams Street 2009 US Fund	16.6	8.6	42.0	26,042
Adams Street 2009 Non-US Developed	8.6	6.4	42.0	15,625
Adams Street 2009 Non-US Emerging	5.1	2.7	42.0	5,208
Adams Street 2009 Direct	2.8	7.7	80.0	10,000
AEA Investors Fund VI	56.3	10.0	150.0	30,601
AEA Investors Fund VII	15.0	9.4	175.0	229,205
Atlas Partner Holdings II	22.4	-7.0	100.0	151,444
Baring Asia VII	40.5	3.3	175.0	414,608
BCP Energy Services Fund A	37.4	3.2	200.0	144,147
BCP Fund II A	14.0	-76.0	200.0	199,111
Brinson ^{1,2}	3.3	-1.4	0.0	-
Brookfield Capital IV	37.4	3.4	150.0	195,582
Brookfield Infrastructure IV ³	36.3	n/a	140.0	1,327,916
Brookfield Capital V	33.6	7.9	150.0	378,470
Adams Street V ¹	1.9	-54.9	0.0	-
Apollo Inv Fund VII	5.6	-27.9	0.0	8,596
Apollo Inv Fund VIII	49.7	-0.4	75.0	27,682
Apollo European Fund II	14.7	-13.6	150.0	40,872
Apollo Inv Fund IX	19.5	8.5	150.0	318,751
ArcLight Energy Ptr Fund VI	49.8	-26.6	150.0	190,430
CCMP Capital III	57.2	11.0	100.0	94,291
Cerberus VI	126.7	12.0	150.0	370,616
Coller International Partners VI	26.1	-10.7	72.9	183,808
Coller International Partners VII	59.2	-1.7	125.0	188,183
Coller International Partners VIII ⁴	10.5	n/a	150.0	375,000
Double Line Mortgage	118.5	-2.0	100.0	276,378
Drug Royalty Fund III ^{1,5}	4.7	n/a	0.0	-
EIG Energy Fund XIV ¹	2.5	-48.1	0.0	-
EIG Energy Fund XV	7.6	-31.5	125.0	54,048
EIG Energy Fund XVI	39.4	-6.9	125.0	132,604
Energy Spectrum Fund VI	8.6	-16.3	175.0	58,172
GTCR Fund XI	36.8	29.7	150.0	175,000
GTCR Fund XII	38.6	45.7	150.0	214,438
KPS SS Mid Cap ⁶	3.4	n/a	125.0	100,367
KPS Special Sit. Fund V ⁷	8.4	n/a	125.0	119,061
Louisiana Growth Fund ^{1,5}	0.1	n/a	0.0	-
Louisiana Growth Fund II ⁵	0.3	n/a	12.5	6,522
Gamut Fund I	26.7	-0.3	200.0	236,177
Goldman Sachs PEP IX	20.4	-6.0	8.0	17,720
Goldentree Distressed Fund III	61.0	5.2	125.0	143,510
John Hancock ¹	0.4	-0.7	0.0	-
HIPEP Partnership III ¹	0.1	-7.2	0.0	-
Harbourvest VI - Direct ¹	0.9	-51.7	0.0	-
Harbourvest VI - Partnership ¹	0.7	-15.2	0.0	-
HIPEP Direct IV ¹	0.2	-24.8	0.0	-
Huff Alternative Fund ¹	4.6	0.6	0.0	-
Insight Venture Partner XI ³	25.2	n/a	175.0	731,354
Insight Venture Partner X	61.2	23.3	175.0	73,950
KKR Asian Fund III	34.6	11.9	150.0	181,689
Mesirow III	3.5	-2.6	36.0	18,653
Mesirow IV	22.8	9.0	33.5	50,235
Mesirow V	44.2	10.9	41.3	62,010
Newstone Mezzanine II	4.7	10.2	100.0	16,049
OHA Strategic Credit Fund II	25.6	-7.5	138.0	203,409
Oaktree European Fund III	29.0	2.4	175.0	148,737
Pantheon Europe VI	14.1	19.2	54.7	50,329
Pantheon VI	3.7	-27.8	34.9	42,700
Pantheon VII	14.1	-2.6	49.2	60,833
Stepstone Fund II	0.9	-3.9	37.5	25,233
Stepstone Europe Fund II	12.5	-4.0	50.0	16,513
Private Advisors IV	15.3	1.0	54.7	47,845
Private Advisors V	29.5	8.6	72.9	65,610

3rd Qtr 2020

Manager	Net Asset Value		Management Fees	
	\$ (Millions)	Annual Return	Annual Basis Points	Quarterly Dollar Amount
ALTERNATIVE ASSETS				
PRIVATE MARKETS cont'd				
Private Advisors VI	31.4	13.7	90.0	81,000
Q-BLK II	8.7	12.3	33.5	42,194
Q-BLK III ¹	19.7	5.8	0.0	-
Siguler Guff DOF III	37.1	37.5	12.0	62,390
Siguler Guff Fund IV	13.8	6.8	29.0	29,080
Siguler Guff Pelican Gem	86.1	4.7	75.0	120,691
Siguler Guff Pelican Emg Mkt Opp II ⁸	4.7	n/a	75.0	-
Sterling Partners	14.1	-16.8	200.0	77,578
Vista Equity Partners IV	22.1	-11.0	150.0	57,164
Vista Equity Partners V	81.0	2.3	150.0	183,051
Vista Equity Partners VI	134.9	23.2	150.0	372,461
Vista Equity Partners VII	42.5	6.4	150.0	461,333
Warburg Pincus	28.5	-1.0	140.0	350,000
Williams Capital ¹	0.4	-13.2	0.0	-
ABSOLUTE RETURN STRATEGIES				
Bridgewater Pure Alpha	7.1	-11.3	200.0	35,779
Prisma Capital Partners	265.7	-1.7	65.0	428,443
Entrust Capital Partners	305.4	-4.8	111.9	788,079
RISK PARITY				
Bridgewater Custom	309.7	3.5	66.9	518,993
AQR Capital Management	262.0	-10.7	110.0	669,710
TOTAL ALTERNATIVE ASSETS ⁹	\$3,182.9			12,578,043
TOTAL PLAN ¹⁰	\$11,084.1			18,089,247

¹ The fund no longer charges fees.

² This is a composite of six limited partnerships.

³ The portfolio was funded 3/2020.

⁴ The portfolio was funded in 5/2020.

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

⁶ The portfolio was funded 9/2019.

⁷ The portfolio was funded in 7/2020.

⁸ The portfolio was funded 8/2020.

⁹ The net asset values and returns are reflected net of fees for all Alternatives, and includes \$1.2 million for Paamco and \$2.3 million for Stark, which are being liquidated.

¹⁰ The Total Plan Market Value includes \$341.4 million in cash/cash equivalents.

The Total Quarterly Dollar Amount does not include \$263,815 for Self-Directed Plan and Optional Retirement Plan.

The Total Quarterly Dollar Amount does not include \$3,174.94 in fees for liquidating funds.

The Total Quarterly Dollar Amount includes fee adjustments from prior periods.

Annual Basis Points for fees vary and may be based on historical cost, net asset value, invested capital or other similar items.

Comments

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

Annual Return	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.
Basis Point	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.
Concentrated Portfolio	A portfolio that generally has fewer securities than traditional portfolios.
Index Fund	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.
Management Fee	The fee charged by the investment manager for supervision of an investment. Generally quoted in terms of a percent of assets.
Market Value	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.
Universe	The list of all assets eligible for inclusion in a portfolio.

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