

LASERS

LOUISIANA STATE EMPLOYEES'
RETIREMENT SYSTEM

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

For the Period January 1 to March 31, 2021

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 January 1 to March 31, 2021. 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%.

1st Qtr 2021

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	597.2	83.0	n/a	-
LASERS S&P 500 Index Fund	2105.1	56.2	n/a	-
LASERS S&P 600 Index Fund	500.4	95.9	n/a	-
LASERS NASDAQ 100 Index Fund	639.2	0.0	n/a	-
SMALL CAP VALUE				
LSV Asset Management	264.5	115.8	56.1	345,972
NON-U.S. EQUITY				
LARGE CAP VALUE				
Mondrian Investment Partners	260.7	39.8	27.9	183,491
LARGE CAP CORE				
LASERS MSCI World Ex-USA Index Fund	1104.8	50.4	n/a	-
LASERS Terror-Free International Fund	34.9	44.1	n/a	-
INT'L SMALL CAP				
Mondrian Investment Partners	276.7	59.0	69.5	479,219
Goldman Sachs	436.2	70.2	50.2	541,534
EMERGING MARKETS				
City of London Investment Management	515.2	72.3	88.0	1,128,987
Westwood Global Emerging Markets	349.1	61.8	87.2	753,359
LSV Custom Emerging Markets	410.1	54.6	50.0	504,556
TOTAL EQUITY	\$7,494.1			3,937,118
US FIXED INCOME				
INVESTMENT GRADE				
Loomis Sayles & Co.	190.3	7.4	17.6	84,609
Orleans Capital Mgt	134.9	4.8	12.0	40,999
HIGH YIELD				
JP Morgan	154.0	25.4	27.0	102,926
Nomura	149.6	29.1	45.0	170,282
EMERGING MARKET DEBT				
Stone Harbor	207.3	15.5	52.5	284,244
Gramercy	253.6	8.0	70.0	495,405
Global Multi-Sector				
Doubleline	242.5	25.5	60.0	332,306
Goldentree	292.9	32.6	75.0	480,931
Pimco	347.9	32.0	95.0	778,537
Blackstone	330.0	12.1	78.1	172,574
Zais Group	105.3	20.7	62.5	195,607
TOTAL FIXED INCOME	\$2,408.2			3,138,419

1st Qtr 2021

Manager	Net Asset Value \$ (Millions)	Annual Return	Management Fees	
			Annual Basis Points	Quarterly Dollar Amount
ALTERNATIVE ASSETS				
PRIVATE MARKETS				
Adams Street 2005 Non-US ¹	2.4	2.3	0.0	-
Adams Street Partnership 2002 US ¹	1.0	16.5	0.0	-
Adams Street Partnership 2005 US ¹	6.6	33.0	0.0	-
Adams Street 2007 US Fund	10.2	48.2	15.0	11,461
Adams Street 2007 Non-US	7.1	27.1	15.0	7,292
Adams Street 2007 Direct	2.7	37.1	20.0	2,204
Adams Street 2009 US Fund	21.2	62.2	33.0	20,833
Adams Street 2009 Non-US Developed	9.9	33.6	33.0	12,500
Adams Street 2009 Non-US Emerging	5.8	26.2	33.0	4,167
Adams Street 2009 Direct	3.2	23.5	60.0	7,250
AEA Investors Fund VI	58.8	31.6	150.0	187,500
AEA Investors Fund VII	21.5	16.6	175.0	437,500
Atlas Partner Holdings II	40.8	6.8	100.0	137,363
Baring Asia VII	74.2	69.9	175.0	437,500
BCP Energy Services Fund A	44.2	20.1	200.0	250,000
BCP Fund II A	14.0	-62.9	200.0	375,000
BCP Infrastructure Fund A ²	6.1	n/a	150.0	93,750
Brinson ^{1,3}	3.4	4.7	0.0	-
Brookfield Capital IV	46.8	35.1	150.0	187,500
Brookfield Infrastructure IV	41.5	14.2	140.0	297,500
Brookfield Capital V	42.9	32.2	150.0	378,934
Adams Street V ¹	0.5	73.4	0.0	-
Apollo Inv Fund VII	3.2	14.5	0.0	6,738
Apollo Inv Fund VIII	52.1	3.5	75.0	49,727
Apollo European Fund II	12.5	-10.1	150.0	70,128
Apollo Inv Fund IX	21.7	30.1	150.0	318,750
Arclight Energy Ptr Fund VI	46.8	-26.2	150.0	178,831
CCMP Capital III	54.0	48.6	100.0	89,192
Cerberus VI	139.9	13.9	150.0	304,142
Coller International Partners VI	27.4	5.5	72.9	172,134
Coller International Partners VII	59.6	10.2	100.0	186,134
Coller International Partners VIII	11.8	48.7	150.0	375,000
Double Line Mortgage	102.4	1.6	100.0	453,463
Drug Royalty Fund III ^{1,4}	6.2	n/a	0.0	-
EIG Energy Fund XIV ¹	2.3	-33.5	0.0	-
EIG Energy Fund XV	7.3	-26.8	125.0	49,052
EIG Energy Fund XVI	39.2	-1.5	125.0	116,789
Energy Spectrum Fund VI	8.6	-13.7	175.0	58,123
GTCR Fund XI	92.4	325.5	135.0	114,227
GTCR Fund XII	42.5	39.8	150.0	219,453
KPS SS Mid Cap	4.4	10.1	125.0	62,500
KPS Special Sit. Fund V ⁵	9.4	n/a	125.0	52,083
Gamut Fund I	33.6	19.9	200.0	229,987
Goldman Sachs PEP IX	16.3	0.4	6.0	15,313
Goldentree Distressed Fund III	66.4	19.5	125.0	194,222
HIPEP Partnership III ¹	0.1	-3.6	0.0	-
Harbourvest VI - Direct ¹	1.0	-9.5	0.0	-
Harbourvest VI - Partnership ¹	0.6	-27.6	0.0	-
HIPEP Direct IV ¹	0.2	-18.5	0.0	-
Huff Alternative Fund ¹	4.6	2.0	0.0	-
Insight Venture Partner XI	62.5	40.5	175.0	371,875
Insight Venture Partner X	97.2	73.0	175.0	218,750
KKR Asian Fund III	46.1	24.8	125.0	187,500
Mesirow III	3.1	10.0	32.4	18,641
Mesirow IV	19.8	26.2	30.1	45,195
Mesirow V	39.4	21.5	37.2	55,806
Newstone Mezzanine II	4.8	9.6	100.0	16,666
OHA Strategic Credit Fund II	39.5	11.8	138.0	124,783
Oaktree European Fund III	29.5	-1.8	175.0	104,710
Pantheon Europe VI	15.2	54.5	49.2	42,615
Pantheon VI	1.5	6.4	31.1	38,875
Pantheon VII	13.6	21.5	44.3	55,363
Stepstone Europe Fund II	10.4	-6.1	50.0	13,739
Private Advisors IV	12.2	13.0	49.2	43,051
Private Advisors V	30.0	22.2	65.6	65,610

1st Qtr 2021

Manager	Net Asset Value \$ (Millions)	Annual Return	Management Fees	
			Annual Basis Points	Quarterly Dollar Amount
ALTERNATIVE ASSETS				
PRIVATE MARKETS cont'd				
Private Advisors VI	28.3	16.9	81.0	81,000
Q-BLK II	9.0	-2.0	30.1	38,385
Q-BLK III ¹	18.6	13.3	0.0	-
Siguler Guff DOF III	37.1	26.5	10.0	49,861
Siguler Guff Fund IV	13.0	2.6	29.0	29,043
Siguler Guff Pelican Gem	103.8	16.8	75.0	243,081
Siguler Guff Pelican Emg Mkt Opp II ⁶	18.1	n/a	75.0	6,719
Sterling Partners	16.4	2.4	200.0	77,578
Vista Equity Partners IV	22.0	-4.6	150.0	57,164
Vista Equity Partners V	91.1	16.1	150.0	182,095
Vista Equity Partners VI	138.0	37.9	150.0	375,000
Vista Equity Partners VII	77.9	13.3	150.0	458,167
Warburg Pincus	49.8	11.3	140.0	350,000
Williams Capital ¹	0.3	-6.9	0.0	-
ABSOLUTE RETURN STRATEGIES				
Prisma Capital Partners	278.3	8.7	65.0	447,852
Entrust Capital Partners	294.0	22.4	107.1	926,203
TOTAL ALTERNATIVE ASSETS ⁷	\$2,955.0			10,889,566
TOTAL PLAN ⁸	\$13,076.3			17,965,102

¹ The fund no longer charges fees.

² The portfolio was funded 12/2020.

³ This is a composite of six limited partnerships.

⁴ LASERS is awaiting final escrow distribution from this fund, so one year return is not listed.

⁵ The portfolio was funded 7/2020.

⁶ The portfolio was funded 8/2020.

⁷ The net asset values and returns are reflected net of fees for all Alternatives, and includes \$1.0 million for Paamco and \$2.2 million for Stark, and \$0.1 million for Stepstone Capital which are being liquidated.

⁸ The Total Plan Market Value includes \$219.0 million in cash/cash equivalents.

The Total Quarterly Dollar Amount does not include \$272,919 for Self-Directed Plan and Optional Retirement Plan.

The Total Quarterly Dollar Amount does not include \$506,197 in fees for new funds.

The Total Quarterly Dollar Amount does not include \$2,549 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.

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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