

LASERS

LOUISIANA STATE EMPLOYEES'
RETIREMENT SYSTEM

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

For the Period April 1 to June 30, 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 April 1 to June 30, 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%.

2nd 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	618.2	53.1	n/a	-
LASERS S&P 500 Index Fund	2287.0	40.7	n/a	-
LASERS S&P 600 Index Fund	521.0	67.9	n/a	-
LASERS NASDAQ 100 Index Fund	711.8	0.0	n/a	-
SMALL CAP VALUE				
LSV Asset Management	227.2	77.3	56.3	316,667
NON-U.S. EQUITY				
LARGE CAP VALUE				
Mondrian Investment Partners	273.4	34.8	27.7	167,371
LARGE CAP CORE				
LASERS MSCI World Ex-USA Index Fund	1169.8	37.4	n/a	-
LASERS Terror-Free International Fund	36.8	32.9	n/a	-
INT'L SMALL CAP				
Mondrian Investment Partners	289.4	40.4	69.3	458,360
Goldman Sachs	465.7	46.5	50.0	522,543
EMERGING MARKETS				
City of London Investment Management	535.4	48.1	88.0	1,175,000
Westwood Global Emerging Markets	293.0	46.8	88.5	737,229
LSV Custom Emerging Markets	366.3	47.7	50.0	443,082
BlackRock Emerging Markets ¹	104.1	n/a	8.5	-
TOTAL EQUITY	\$7,899.4			3,820,251
US FIXED INCOME				
INVESTMENT GRADE				
Loomis Sayles & Co.	194.3	3.5	17.6	79,278
Orleans Capital Mgt	138.2	1.4	12.0	40,554
HIGH YIELD				
JP Morgan	159.2	19.2	27.0	93,538
Nomura	155.4	22.2	45.0	155,354
EMERGING MARKET DEBT				
Stone Harbor	216.5	8.4	52.5	261,886
Gramercy	262.7	4.7	70.0	(246,836)
Global Multi-Sector				
Doubleline	249.8	14.1	60.0	291,323
Goldentree	305.0	23.1	60.0	433,722
Pimco	392.1	21.5	95.0	808,022
Blackstone	351.4	14.2	78.1	183,599
Zais Group	110.0	25.0	62.5	202,486
Arrowmark Partners ²	2.6	n/a	n/a	-
TOTAL FIXED INCOME	\$2,537.1			2,302,926

2nd Qtr 2021

Manager	Net Asset Value \$ (Millions)	Annual Return	Management Fees	
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ALTERNATIVE ASSETS				
PRIVATE MARKETS				
Adams Street 2005 Non-US ³	2.4	12.0	0.0	-
Adams Street Partnership 2002 US ³	0.9	22.4	0.0	-
Adams Street Partnership 2005 US ³	5.5	61.4	0.0	-
Adams Street 2007 US Fund	10.3	93.2	15.0	11,458
Adams Street 2007 Non-US	6.9	58.9	15.0	7,292
Adams Street 2007 Direct	2.8	76.1	20.0	2,500
Adams Street 2009 US Fund	20.1	108.1	33.0	20,833
Adams Street 2009 Non-US Developed	10.2	70.6	33.0	12,500
Adams Street 2009 Non-US Emerging	5.8	45.5	33.0	4,167
Adams Street 2009 Direct	3.3	59.4	60.0	7,500
AEA Investors Fund VI	58.6	24.4	150.0	-
AEA Investors Fund VII	33.2	9.9	175.0	437,500
Atlas Partner Holdings II	41.5	24.3	100.0	139,864
Baring Asia VII	74.8	76.3	175.0	425,510
BCP Energy Services Fund A	47.8	23.6	200.0	250,000
BCP Fund II A	15.4	171.0	200.0	375,000
BCP Infrastructure Fund A ⁴	7.0	0.0	150.0	281,250
Brinson ^{3,5}	3.4	9.9	0.0	-
Brookfield Capital IV	50.0	62.1	150.0	(83,627)
Brookfield Infrastructure IV	48.8	28.0	140.0	294,058
Brookfield Capital V	53.0	28.1	150.0	370,680
Adams Street V ³	0.5	75.9	0.0	-
Apollo Inv Fund VII ³	4.6	115.8	0.0	(6,738)
Apollo Inv Fund VIII	45.4	33.6	75.0	47,851
Apollo European Fund II	9.9	1.0	150.0	8,799
Apollo Inv Fund IX	43.3	51.8	150.0	153,432
Arclight Energy Ptr Fund VI	49.8	6.0	150.0	177,105
CCMP Capital III	63.1	111.4	100.0	90,860
Cerberus VI	129.5	11.1	150.0	479,591
Coller International Partners VI	28.7	46.9	65.6	167,076
Coller International Partners VII	51.5	31.5	100.0	185,451
Coller International Partners VIII	23.9	67.9	150.0	375,000
Double Line Mortgage	106.3	19.7	100.0	81,857
EIG Energy Fund XIV ³	2.4	-5.3	0.0	-
EIG Energy Fund XV	6.7	5.8	125.0	47,414
EIG Energy Fund XVI	43.5	13.2	125.0	114,840
Energy Spectrum Fund VI	8.5	1.1	175.0	58,123
GTCR Fund XI	115.6	431.5	135.0	18,401
GTCR Fund XII	57.8	61.5	150.0	216,678
GTCR Fund XIII ⁶	1.4	0.0	150.0	468,750
KPS SS Mid Cap	5.8	8.3	125.0	(17,672)
KPS Special Sit. Fund V ⁷	11.4	0.0	125.0	104,167
Gamut Fund I	36.1	51.1	200.0	216,083
Glendower SOF V ⁸	3.0	0.0	125.0	-
Goldman Sachs PEP IX	18.4	10.0	6.0	15,313
Goldentree Distressed Fund III	76.8	46.4	125.0	208,252
HIPEP Partnership III ³	0.1	0.6	0.0	-
Harbourvest VI - Direct ³	0.8	-25.1	0.0	-
Harbourvest VI - Partnership ³	0.6	-2.9	0.0	-
HIPEP Direct IV ³	0.2	33.1	0.0	-
Huff Alternative Fund ³	3.8	-8.4	0.0	-
Insight Venture Partner XI	94.9	90.2	175.0	371,875
Insight Venture Partner X	103.3	100.1	175.0	218,750
KKR Asian Fund III	51.5	35.7	125.0	(54,717)
KKR Asian Fund IV ¹	7.7	0.0	150.0	334,716
Mesirow III	3.3	40.6	32.4	18,653
Mesirow IV	24.1	76.5	30.1	45,210
Mesirow V	52.8	82.0	37.2	55,815
Newstone Mezzanine II	4.9	4.6	100.0	15,943
OHA Strategic Credit Fund II	42.2	34.0	138.0	127,369
Oaktree European Fund III	30.9	11.3	175.0	200,239
Pantheon Europe VI	15.8	91.5	49.2	42,615
Pantheon VI ³	1.5	13.5	0.0	(38,875)
Pantheon VII	13.0	58.7	44.3	55,363
Stepstone Europe Fund II	11.9	11.0	50.0	16,394
Private Advisors IV	17.4	89.0	49.2	43,059
Private Advisors V	31.8	44.5	65.6	65,610

2nd Qtr 2021

Manager	Net Asset Value \$ (Millions)	Annual Return	Management Fees	
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ALTERNATIVE ASSETS				
Private Advisors VI	34.1	45.7	81.0	81,000
Q-BLK II	7.4	-21.1	30.1	38,385
Q-BLK III ³	18.3	24.2	0.0	-
Siguler Guff DOF III	35.7	-0.5	10.0	49,912
Siguler Guff Fund IV ³	12.5	-0.8	23.3	23,260
Siguler Guff Pelican Gem	107.9	27.4	75.0	181,706
Siguler Guff Pelican Emg Mkt Opp II ⁹	22.8	0.0	75.0	4,961
Sterling Partners	20.5	53.8	200.0	46,065
Vista Equity Partners IV	22.3	0.8	150.0	57,164
Vista Equity Partners V	96.4	19.0	150.0	182,095
Vista Equity Partners VI	144.6	55.4	150.0	375,000
Vista Equity Partners VII	83.5	18.6	150.0	458,167
Warburg Pincus	80.6	33.7	140.0	203,773
Williams Capital ³	0.3	-4.1	0.0	-
Prisma Capital Partners	286.3	8.8	65.0	459,904
Entrust Capital Partners	286.9	21.0	106.2	588,849
TOTAL ALTERNATIVE ASSETS ¹⁰	\$3,220.8			10,035,375
TOTAL PLAN ¹¹	\$13,836.9			16,158,552

¹ The portfolio was funded 5/2021.

² The fund was funded 6/2021 and the fee structure is performance based.

³ The fund no longer charges fees.

⁴ The portfolio was funded 12/2020.

⁵ This is a composite of six limited partnerships.

⁶ This fund's NAV is based on an estimated June statement.

⁷ The portfolio was funded 7/2020.

⁸ The fund was funded 6/2021.

⁹ The portfolio was funded 8/2020.

¹⁰ The net asset values and returns are reflected net of fees for all Alternatives, and includes \$0.8 million for Paamco and \$2.2 million for Stark, which are being liquidated.

¹¹ The Total Plan Market Value includes \$179.7 million in cash/cash equivalents.

The Total Quarterly Dollar Amount does not include \$354,596 for Self-Directed Plan and Optional Retirement Plan.

The Total Quarterly Dollar Amount does not include \$1,381 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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