

Proposed: January 21, 2016
Approved: January 21, 2016

**Louisiana State Employees' Retirement System
Investment Committee Meeting**

December 17, 2015

The Investment Committee of the Louisiana State Employees' Retirement System met on Thursday, December 17, 2015, in the fourth floor conference room of the Retirement Systems building, 8401 United Plaza Boulevard, Baton Rouge, Louisiana. Ms. Connie Carlton, Chair, called the meeting to order at 12:30 p.m. Roll call was conducted by Caye Weaver, recording secretary.

ROLL CALL

Members present: Mr. Thomas Bickham; Ms. Connie Carlton; Judge William Kleinpeter; Ms. Barbara McManus; Ms. Ashlee McNeely – designee, Commissioner of Administration; Ms. Lori Pierce; Ms. Shannon Templet ; Ms. Kathy Singleton

Members absent: Senator Elbert Guillory; Ms. Beverly Hodges; Mr. John Kennedy, Louisiana State Treasurer; Ms. Janice Lansing; Representative Kevin Pearson

Staff present: Ms. Cindy Rougeou, Executive Director; Ms. Maris LeBlanc, Deputy Director; Mr. Trey Boudreaux, Assistant Director; Mr. Bobby Beale, Chief Investment Officer; Ms. Tina Grant, Executive Counsel; Investment Staff: Mr. Darren Fournerat, Ms. Laney Sanders, Ms. Celeste Funderburk, Ms. Alisa Lacombe, Mr. Jacques Brousseau, Mr. Reeves Pearce; and Mr. Blake Steger

Also present: Mr. Rhett Humphreys, Mr. David Barnes, Mr. Seth Bancroft - NEPC

A quorum was declared present and the meeting opened for business. The Chair called for Public Comment. Hearing none, the Chair moved to the next agenda item.

REGULAR BUSINESS

The committee considered the minutes of the November 19, 2015, Investment Committee meeting. **Mr. Bickham moved, seconded by Judge Kleinpeter, to approve the minutes of the November 19, 2015, Investment Committee meeting. With no further discussion, and no objections, the motion carried.**

NEW BUSINESS

1. Mondrian Contract Discussion and Recommendation

Mr. Beale reminded the committee that as part of the International Small Cap search it was recommended to extend the contract with Mondrian and hire another International Small Cap manager. **After further discussion, Judge Kleinpeter moved, seconded by Mr. Bickham, to extend the Mondrian International Small Cap contract for five years, as discussed. With no further discussion, and no objections, the motion carried.**

2. Global Multi-Sector Fixed Income Finalists Selection

Mr. Humphreys introduced Mr. Bancroft to the committee. Mr. Fournerat reviewed the Global Multi-Sector Fixed Income search book. He stated that evaluating the firms will require a more intensive search process. He stated that of the twenty managers profiled in the search book, he would like to conduct due diligence visits to six of the managers, then cut the finalist list to four at the January workshop after the due diligence visits are conducted. He stated the interviews will be conducted at the February Investment Committee meeting. He reviewed each manager, and recommended the following six managers: DoubleLine, GoldenTree Asset Management, Logan Circle Partners, Manulife Asset Management, Marathon Asset Management, and Neuberger Berman. Mr. Bancroft also reviewed the managers selected. The Chair asked for Mr. Beale's input. He stated this is such a wide variety of managers and the six managers selected gives LASERS the opportunity to conduct site visits to further narrow the list to four managers. **After further discussion, Ms. McManus moved, seconded by Ms. Templet to conduct due diligence visits for the Global Multi-Sector Fixed Income mandate for the following managers: DoubleLine, GoldenTree Asset Management, Logan Circle Partners, Manulife Asset Management, Marathon Asset Management, and Neuberger Berman. With no further discussion, and no objections, the motion carried.**

3. Monthly Performance Review

Mr. Beale stated that final numbers were not available for November performance. He reviewed the preliminary numbers with the committee and stated that the Flash Report will be sent once the final numbers are received.

4. Investment Division Annual Report

Mr. Beale informed the committee that Mr. Brousseau and Ms. Sanders passed the CAIA exam. He stated that the LASERS Investment Division now employs five CFA and CAIA charter members.

Mr. Beale then reviewed the Investment Division Annual Report. He commended Ms. Funderburk and Ms. Lacombe for their excellent work.

5. International Small Cap Equity Search Review

Mr. Beale and Mr. Barnes reviewed the due diligence site visits they made with the finalists.

The Committee then moved into the 4th Floor Board Room of the Retirement Systems Building, 8401 United Plaza Boulevard, Baton Rouge LA for the remainder of the meeting.

6. International Small Cap Finalists Interviews:

a. Copper Rock Capital Partners

Mr. Peter Hadelman and Mr. Steve Dexter appeared for Copper Rock Capital Partners

b. Goldman Sachs Asset Management

Mr. Gary Chropuvka, Mr. Osman Ali, and Mr. Joe Hernandez appeared for Goldman Sachs Asset Management

c. Thompson, Siegel & Walmsley

Mr. Brandon Harrell and Ms. Tracey H. Ivey appeared for Thompson, Siegel & Walmsley

7. Discussion and Mandate Selection of International Small Cap Equity Manager

Mr. Beale and Mr. Barnes reviewed the due diligence trips and interviews with the committee. Mr. Barnes stated that Copper Rock Capital Partners and Goldman Sachs Asset Management are both good managers. He stated that he would choose Copper Rock. Mr. Beale stated he is in total agreement with Mr. Barnes on the strengths and weaknesses of Copper Rock and Goldman Sachs. Mr. Beale stated that he would recommend Goldman Sachs. The Chair asked for Ms. Rougeou's recommendation. Ms. Rougeou agreed with Mr. Beale's recommendation of Goldman Sachs. The Chair called for the ballots. The recording secretary passed out and collected the ballots. Mr. Beale tallied the votes, which are as follows:

Trustee	Copper Rock Capital Partners	Goldman Sachs Asset Management	Thompson, Siegel & Walmsley
Mr. Bickham		X	
Judge Kleinpeter		X	
Ms. McManus		X	
Ms. Pierce		X	
Ms. McNeely		X	
Ms. Singleton		X	
Ms. Templet		X	

With Goldman Sachs receiving the majority vote, the mandate will be awarded to them. Ms. McManus moved, seconded by Judge Kleinpeter, to award the International Small Cap mandate to Goldman Sachs Asset Management. With no further discussion, and no objections, the motion carried. Mr. Barnes then reviewed the allocation between Mondrian and Goldman.

OTHER BUSINESS

No other business was brought before the committee. With no further business to discuss, the meeting adjourned at 3:37 p.m.