

**City of New Orleans
Employees' Retirement System
Board of Trustees
Investment Committee Meeting
Purchasing Conference Room
1300 Perdido Street, 4W05
September 10, 2018
9:15am**

Trustees Present:

Dr. Edgar L. Chase, III, Chairman
Ms. Lisa M. Hudson, Vice Chairperson
Mr. Norman L. White, Treasurer/CFO
Ms. Courtney B. Bagneris, Active Representative
Ms. Marina M. Kahn, Retiree Representative

Others Present:

Jesse Evans, Jr., Director of Employees' Retirement System
Janet H. Easterling, Administrative Support Supervisor
Ian Jones, AndCo Consultant
Bernard Robertson, RWA
Tony Marek, Blackrock Multi-Asset Income Fund
Matthew Weinstein, Blackrock Multi-Asset Income Fund
Peter Chiappinelli, GMO Benchmark-Free Allocation Fund
Zac Przysiecki, GMO Benchmark-Free Allocation Fund
Kate Hurley, JPMorgan Global Allocation Fund
Philip Camporeale, JPMorgan Global Allocation Fund
Cyril Moullè-Berteaux, Morgan Stanley Institutional Fund
Michael Chambers, Morgan Stanley Institutional Fund
Brandon Kunz, PIMCO All Asset Fund
Kevin Gray, PIMCO All Asset Fund

The chairman called the meeting to order at 9:15 am.

PRESENTATIONS

Review of GTAA Manager Profiles Mr. Jones informed the Board that from the Global Tactical Asset Allocation (GTAA) search, five (5) managers were selected and will be making presentations today. He said that each presenter will have thirty (30) minutes for their presentation plus five (5) for questions/answers. Mr. Jones said that the concept of GTAA is to allocate money to a manager who basically has unconstrained investment guidelines and can invest around the globe in a combination of different asset classes.

Blackrock Multi-Asset Income Fund Mr. Weinstein said that Blackrock is the world's largest asset manager, truly global. He said that this strategy has a six (6) year track record of attractive risk-adjusted total returns and consistent high income. Mr. Weinstein said that Blackrock has three unique investment approaches; risk mitigation, diversification and flexibility to adapt to market changes. Mr. Marek said that Blackrock's annualized return since inception is 6.45%, upside capture ratio is 47%, downside capture ratio is 33% and beta is 0.3%. He discussed the Blackrock sharpe ratio of 1.31% compared to Bloomberg .65%, MSCI 1.5% and HFRI 1.19%.

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Mr. Marek said that this portfolio was built in 2011. He talked about the downside risk focus, broad global opportunity set and their ability to move the portfolio around in a tactical way thru risk benchmarking to provide the best risk adjusted outcome for investors. Mr. Marek made a presentation on the portfolio performance.

GMO Benchmark-Free Allocation Fund Mr. Przysiecki gave an overview of the company. He said that GMO is a private partnership firm located in Boston. Mr. Przysiecki talked about the asset allocation team lead by Ben Inker. Mr. Chiappinelli discussed the philosophy and principles of GMO.

Mr. White arrived to the meeting.

Mr. Chiappinelli talked about the 60/40 portfolio performance over a ten year period. He discussed the investment overview and performance record. Mr. Chiappinelli said that GMO annualized returns since inception is 8.3%. He said that in 2008 GMO was down only by 11.23% versus HFRX 21.90%, 60/40 25.77%, S&P500 37.00% and ACWI 42.19%. Mr. Chiappinelli said that the GMO's sharpe ratio is 1.04% compared to MSCI ACWI .48%, S&P500 .62% and Barclays U.S. Aggregate .86%. He said that GMO does not own any US stocks in the portfolio. Mr. Chiappinelli discussed the investment process including the 7-year asset class forecasts. He made a presentation on the portfolio performance.

Mr. White left the meeting.

JPMorgan Stanley Institutional Fund Ms. Hurley gave an overview of the firm. She said that they have approximately \$70 billion in public retirement assets and 150 employees working in Louisiana. Ms. Hurley said that they work with public pension funds; such as, LAPERS, NCPERS and Texas Teachers' Retirement System. Mr. Camporeale said that they have about 80 multi-asset investment professionals and \$257 billion in assets under management. He talked about the risk-adjusted returns over the long term. Mr. Camporeale said that they have 33 multi-asset funds rated 4 or 5 stars by the Morningstar. He discussed the flexible investment strategy of cash/cash equivalents 0-80%, bonds 10-90%, equities 10-90% and alternatives 0-60%. Mr. Camporeale talked about the portfolio management team. He summarized the current asset allocation and the investment process. Mr. Camporeale made a presentation on the portfolio performance. He said that JPMorgan Global Allocation Fund I has a upside capture of 99%, downside capture of 89%, up/down spread of +10% and sharpe ratio of .91%. Mr. Camporeale talked about the fees and expenses.

Morgan Stanley Institutional Fund Mr. Chambers gave an overview of the firm. He said that have a total of \$474 billion asset under management, \$67 billion in the solution & multi-asset fund and \$6 million in the GTAA fund. Mr. Moullè-Berteaux talked about the global multi-asset GTAA strategy and how to generate returns in excess of the benchmark. He discussed the top down approach to the multi-asset of investing, fundamental driven disciplined research supported by the proprietary quantitative research platform. Mr. Moullè-Berteaux summarized the portfolio implementation of overweight U.S. 10-year treasury bonds versus the benchmark and underweight U.S. cyclical stocks/overweight U.S. defensive stocks. He said that they invest across all asset classes and currencies. Mr. Moullè-Berteaux discussed the MSIFT global strategist portfolio

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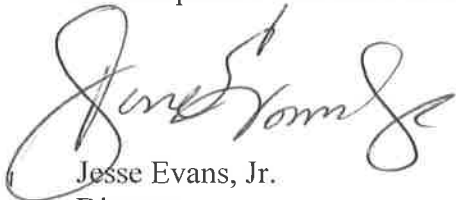
fund and the 40 Act mutual fund vehicle. He said that the MSIFT global strategist portfolio performance since was 7.3% versus Morningstar category of 6.6%. Mr. Moullè-Berteaux briefly summarized the global multi-asset team. He discussed the global multi-asset investment philosophy. Mr. Moullè-Berteaux talked about the four phases of the economic cycle; recovery, expansion/overheat, stagflation and recession/reflation. He discussed the global multi-asset investment process. Mr. Moullè-Berteaux talked about the macroeconomic outlook forecast. He discussed the current asset allocation, as of August 28, 2018.

PIMCO All Asset Fund Mr. Gray gave an overview of the firm. He said that they manage approximately \$90 billion for public funds around the country and \$5.1 billion in the all asset fund. Mr. Kunz talked about the PIMCO all asset's goals to seek attractive real return with a CPI +5% and diversify away from equity risk. He said that the historical average volatility is 9%. Mr. Kunz said that PIMCO all asset fund combines multiple sources of potential value-add: considering very broad and globally diversify opportunity set with third pillar emphasis, incorporating excess return (alpha) and tactically allocating using a value-oriented, contrarian investment process. He summarized the PIMCO all asset third pillar focus; core stocks, core bonds and diversifies. Mr. Kunz said that the all asset average allocation is 10% in core stocks, 14% in core bonds and 77% in diversifies stocks. He discussed the research affiliates investment process: develop asset class forecast, develop PIMCO fund forecast, portfolio optimization and perform qualitative review. Mr. Kunz talked about the annual returns of the all asset fund from 2002 to 2018. He talked about the forecast of the long term real return. Mr. Kunz made a presentation on the portfolio performance.

Discussion of Manager Presentation The Board discussed the managers' presentation. Mr. Jones said that GMO and PIMCO benchmark is considered diagnosis benchmark of CPI + 5 not a 60/40. He informed the Board that GMO and PIMCO do not invest in U.S. stocks. He said that Black Rock, JPMorgan and Morgan Stanley have a global equity benchmark.

Ms. Bagneris left the meeting.

There being no further business, a motion was made by Ms. Hudson and seconded by Dr. Chase to adjourn. The motion passed with three in favor (Ms. Hudson, Dr. Chase and Ms. Kahn).



Jesse Evans, Jr.
Director

JE/jhe