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Louisiana Municipal Police Employees' Retirement System

Investment Market Update (As of March 31, 2015)

April 15, 2015

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Index Performance Summary as of 3/31/2015

	2008	2009	2010	2011	2012	2013	2014	JAN	FEB	MAR	YTD
Barclays US Strips 20+	59.5%	-36.0%	10.9%	58.5%	3.0%	-21.0%	46.4%	13.8%	-8.5%	1.4%	5.5%
Russell 2500	-36.8%	34.4%	26.7%	-2.5%	17.9%	36.8%	7.1%	-2.1%	6.0%	1.3%	5.2%
MSCI EAFE	-43.4%	31.8%	7.8%	-12.1%	17.3%	22.8%	-4.9%	0.5%	6.0%	-1.5%	4.9%
FTSE NAREIT Equity REITs	-37.7%	28.0%	28.0%	8.3%	18.1%	2.5%	30.1%	6.7%	-3.5%	1.7%	4.8%
Russell 2000	-33.8%	27.2%	26.9%	-4.2%	16.4%	38.8%	4.9%	-3.2%	5.9%	1.7%	4.3%
Barclays US Govt/Credit Long	8.4%	1.9%	10.2%	22.5%	8.8%	-8.8%	19.3%	6.4%	-3.4%	0.5%	3.4%
Barclays US Long Credit	-3.9%	16.8%	10.7%	17.1%	12.7%	-6.6%	16.4%	5.2%	-2.3%	0.2%	3.1%
Barclays US Corp High Yield	-26.2%	58.2%	15.1%	5.0%	15.8%	7.4%	2.5%	0.7%	2.4%	-0.6%	2.5%
MSCI EM	-53.3%	78.5%	18.9%	-18.4%	18.2%	-2.6%	-2.2%	0.6%	3.1%	-1.4%	2.2%
Credit Suisse Lev Loan	-28.8%	44.9%	10.0%	1.8%	9.4%	6.2%	2.1%	0.3%	1.4%	0.4%	2.1%
JPM EMBI Global Div	-12.0%	29.8%	12.2%	7.4%	17.4%	-5.3%	7.4%	0.9%	0.9%	0.2%	2.0%
Credit Suisse Hedge Fund	-19.1%	18.6%	11.0%	-2.5%	7.7%	9.7%	4.1%	0.8%	1.1%	1.1%	1.9%
Barclays US Agg Bond	5.2%	5.9%	6.5%	7.8%	4.2%	-2.0%	6.0%	2.1%	-0.9%	0.5%	1.6%
Russell 1000	-37.6%	28.4%	16.1%	1.5%	16.4%	33.1%	13.2%	-2.8%	5.8%	-1.3%	1.6%
Barclays US Govt/Credit Interm	5.1%	5.2%	5.9%	5.8%	3.9%	-0.9%	3.1%	1.7%	-0.7%	0.5%	1.5%
Barclays US Agg Interm	4.9%	6.5%	6.2%	6.0%	3.6%	-1.0%	4.1%	1.4%	-0.5%	0.5%	1.3%
Barclays Municipal	-2.5%	12.9%	2.4%	10.7%	6.8%	-2.6%	9.1%	1.8%	-1.0%	0.3%	1.0%
Barclays Govt/Credit 1-5 Yr	5.1%	4.6%	4.1%	3.1%	2.2%	0.3%	1.4%	1.0%	-0.4%	0.4%	1.0%
S&P 500	-37.0%	26.5%	15.1%	2.1%	16.0%	32.4%	13.7%	-3.0%	5.8%	-1.6%	1.0%
Barclays US Govt/Credit 1-3 Yr	5.0%	3.8%	2.8%	1.6%	1.3%	0.6%	0.8%	0.5%	-0.2%	0.2%	0.6%
Citi WGBI	10.9%	2.6%	5.2%	6.4%	1.7%	-4.0%	-0.5%	-0.3%	-1.1%	-1.1%	-2.5%
JPM GBI EM Global Div	-5.2%	22.0%	15.7%	-1.8%	16.8%	-9.0%	-5.7%	0.3%	-1.3%	-3.0%	-4.0%
Alerian MLP	-36.9%	76.4%	35.9%	13.9%	4.8%	27.6%	4.8%	-3.1%	2.1%	-4.2%	-5.2%
Bloomberg Commodity	-35.7%	18.9%	16.8%	-13.3%	-1.1%	-9.5%	-17.0%	-3.3%	2.6%	-5.1%	-5.9%

Source: Morningstar Direct



Overview

Stocks reversed course in March amid subdued economic data, expectations of lower US earnings growth, and ongoing geopolitical tensions. The S&P 500 finished the month down 1.6% amid weaker than expected GDP growth of 2.2% in the fourth quarter and a declining earnings forecast fueled by low oil prices and a stronger dollar which affects US companies doing business overseas. US small caps were the one bright spot with the Russell 2000 returning 1.7% in March. Across the pond, the MSCI EAFE Index fell 1.5% as a declining euro took the wind out of the sails of European stocks boosted by expectations of stronger economic growth and the start of the ECB's debt-buying program. Within emerging markets, equities seesawed, with the MSCI EM Index eventually down 1.4%, driven largely by the effect of lower oil prices on Russian equities and economic weakness in Brazil. Oil prices bounced around, remaining depressed in the high \$40's from over \$100 a barrel a year earlier.

Meanwhile, US debt posted modest gains in March with the yield on the 10-year Treasury dropping six basis points to 1.94%. As expected, the Fed adjusted the wording of its March statement: it dropped its pledge to "be patient" and, instead, emphasized the need to be "reasonably confident" of inflation moving to the 2% target over the medium term before raising rates. These comments pushed the market's expectations for a rate increase farther out into the calendar year. Accordingly, Treasury yields fell and the Barclays Aggregate Index gained 0.5%. Investors, skittish around Fed policy timing and depressed oil prices, pulled out nearly \$3 billion from high yield bond mutual funds in the two weeks ending March 20; the Barclays US Corporate High Yield Index fell 55 basis points. Separately, the Citigroup World Global Bond Index declined 1.1% in March as concerns around Greece's failure to secure additional short-term financing or access remaining bailout funds offset gains spurred by the ECB's bond purchases. Hard-currency emerging market debt recorded moderate gains, benefitting from declining US Treasury yields. Geopolitical concerns and currency depreciation, led by the Brazilian real, were headwinds for local currency emerging market debt, with the JP Morgan GBI-EM Global Diversified Index falling 3.0% in March.

We expect volatility to continue amid speculation around Fed policy, the globally diverging measures being taken by central banks, and a fragile economic scenario overseas. We believe skilled active managers should benefit from this trend and are especially keen on dynamic approaches, such as global equity strategies and macro hedge funds. We recommend investors stay committed to their diversified asset allocation targets, and remain nimble should market volatility increase and present an attractive opportunity. One such opportunity is the dislocation in energy markets, which may offer an appealing entry point for investors with a long-term horizon who are looking to deploy capital in oil-related investments.

Louisiana Municipal Police Employees' Retirement System

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	Fiscal YTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Fund Composite	1,827,434,943	100.0	100.0	-0.3	1.1	2.4	5.1	10.2	9.5	5.8	5.1	Mar-98
<i>Total Fund Policy Index</i>				-0.6	1.1	2.2	4.9	9.1	8.8	6.4	--	Mar-98
<i>Total Fund Allocation Index</i>				-0.6	0.3	2.1	4.4	9.6	--	--	--	Mar-98
Total Equity Composite	1,008,177,847	55.2	52.0	-0.7	1.5	3.0	5.9	12.9	10.9	6.5	4.9	Mar-98
<i>MSCI ACWI</i>				-1.5	0.4	2.3	5.4	10.7	9.0	6.4	5.1	Mar-98
Total Domestic Equity Composite	509,015,384	27.9	25.0	-0.2	8.1	2.7	11.9	16.5	14.7	8.3	5.9	Mar-98
<i>Russell 3000</i>				-1.0	7.1	1.8	12.4	16.4	14.7	8.4	6.4	Mar-98
Total Large Cap Equity Composite	332,513,902	18.2	16.0	-0.7	9.6	2.7	14.0	16.4	14.7	8.0	5.8	Apr-98
<i>Russell 1000</i>				-1.2	7.2	1.6	12.7	16.4	14.7	8.3	6.0	Apr-98
Total Small-Mid Cap Equity Composite	176,501,481	9.7	8.0	0.8	5.3	2.8	8.3	17.1	14.8	9.4	1.3	Apr-98
<i>Russell 2500</i>				1.3	6.3	5.2	10.1	17.1	15.5	9.6	8.6	Apr-98
Total International Equity Composite	361,007,704	19.8	20.0	-0.7	-3.0	4.7	1.4	9.2	6.9	5.2	4.0	Mar-98
<i>MSCI EAFE</i>				-1.5	-4.8	4.9	-0.9	9.0	6.2	4.9	4.4	Mar-98
Total Emerging Markets Equities	138,154,759	7.6	8.0	-2.2	-7.7	0.1	-1.0	--	--	--	-1.0	Apr-14
<i>MSCI Emerging Markets</i>				-1.4	-5.8	2.2	0.4	0.3	1.7	8.5	0.4	Apr-14
Total Fixed Income Composite	379,316,522	20.8	20.0	-0.4	-0.3	1.2	2.4	4.8	6.3	6.5	6.2	Mar-98
<i>Total Fixed Income Policy Index</i>				-0.2	0.9	1.2	3.0	3.0	4.6	5.3	5.6	Mar-98
GTAA Composite	93,010,721	5.1	5.0	0.1	7.0	3.8	8.3	--	--	--	6.7	Jul-12
Total Hedge Funds Composite	88,053,297	4.8	5.0	0.3	-0.3	2.0	1.9	6.7	5.2	--	3.4	Jun-07
<i>HFRI Fund of Funds Composite Index</i>				0.6	3.8	2.5	5.4	5.4	3.5	3.2	1.1	Jun-07
Total Real Estate Composite	175,164,492	9.6	10.0	1.0	9.1	2.1	14.0	11.7	12.8	5.7	7.9	Aug-00
<i>NCREIF ODCE</i>				0.0	6.6	0.0	9.7	11.4	13.8	6.6	7.6	Aug-00
Total Private Equity Composite	31,114,087	1.7	3.0	0.0	3.9	0.0	6.7	--	--	--	9.6	Oct-12
<i>Cambridge Associates US All PE</i>				0.0	1.7	0.0	7.4	13.0	14.3	13.3	13.9	Oct-12
Real Assets - Liquid*	41,054,549	2.2	5.0	-0.3	-28.2	-0.7	-21.8	--	--	--	-16.2	Jan-14
<i>CPI + 3%</i>				0.4	1.5	0.5	2.9	4.0	4.7	5.1	3.3	Jan-14
Cash Account	11,543,429	0.6	0.0	0.2	4.8	1.3	5.8	5.4	5.5	4.9	4.5	Mar-98

Total Fund Policy Index is 16% R1000, 8% R2500, 20% MSCI EAFE, 8% MSCI EM, 11% BC Agg, 3% BC HY, 3% CS Leverage Loan, 5% HFRI FOF Composite, 3% JPM GBI EMDiversified, 10% NCREIF, 5% CPI + 3%, 3% Cambridge PE, 5% Custom Global Equity/Global Bond Index (60% MSCI ACWI/40% Citi WGBI).

Performance returns are reported net of fees.

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