

**Minutes of the Meeting of the Investment Committee of the TCRS Board of Trustees  
June 28, 2013**

The Investment Committee of the TCRS Board of Trustees ("Investment Committee") met at 9:00 a.m. on June 28, 2013 in Room 31 of the Legislative Plaza. The Honorable David H. Lillard, Jr., State Treasurer; The Honorable Larry Martin, Commissioner of Finance and Administration; and The Honorable Tre Hargett, Secretary of State were present in person. Mr. Greg Elliott was unable to attend. Mr. Bob Wormsley, whose membership on the committee was up for approval in the following TCRS Board of Trustees meeting, attended the meeting but did not participate as a member of the committee. Also in attendance were Bill Abney, Keith Boring, Michael Brakebill, Daniel Crews, Derrick Dagnam, Matthew Haitas, Peter Katseff, Mike Keeler, Tim McClure, Rick Newton, Andrew Palmer, Jennifer Selliers, and Lamar Villere.

Treasurer Lillard chaired the meeting and called the meeting to order. The Treasurer began by introducing Mr. Bob Wormsley. Mr. Wormsley will be joining the Investment Committee once his membership is approved in the Board of Trustees meeting immediately following the meeting.

Treasurer Lillard next presented the minutes of the November 15, 2012, March 7, 2013, April 10, 2013, and May 31, 2013 meetings for discussion. Secretary Hargett noted that a change needed to be made to minutes of the meeting on April 10, 2013 to reflect the correct spelling of Keith Boring's name. There were no other comments regarding the minutes and Secretary Hargett made a motion for approval of the minutes. The Treasurer seconded a motion to approve the minutes and the motion was approved by voice vote.

Mr. Michael Brakebill was asked to provide a review of the portfolio and its performance. Mr. Brakebill began by providing a brief overview of the overall portfolio. He stated that it tends to have a lower risk profile than peers in addition to stronger funding levels. He stated the majority of the portfolio is internally managed with real estate and international equities being managed externally. Mr. Brakebill then turned to providing an overview of the major strategic changes to the portfolio over the past five years. He highlighted the addition of private equity, the increase in the real estate allocation, the addition of Canadian equities, and the lengthening of duration of the Fixed Income Portfolio. He noted that more recently, the portfolio has added emerging market equities, introduced a strategic lending program to invest in non-investment grade fixed income and added non-core real estate fund investing.

Mr. Brakebill next reviewed the fund's investment performance, which was illustrated in the Investment Report and in the Strategic Investment Solutions (SIS) quarterly performance report. He noted that 1-year performance of 10.6% beat 66% of funds. The fund outperformed its benchmark by 0.7% for 1-year returns and 0.8% for 3-year returns. The 3-year performance beat 96% of peers (10.5%) and the 5-year performance of the fund beat 78% of peers (5.4%).

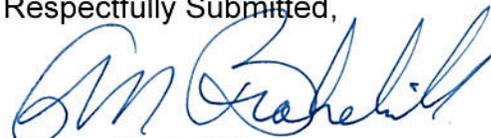
Mr. Brakebill concluded his comments by providing an update on personnel. He noted that a new Real Estate Portfolio Manager will be beginning in August. He added that Crisman Boggan recently began as an Equity Portfolio Manager. Derrick Dagnam, who was previously an Equity Portfolio Manager, will be working with Andrew Palmer on the strategic lending program. Finally, he noted that this meeting would be the last Investment Committee meeting for Lamar Villere as it would be his last day at TCRS.

Mr. Daniel Crews was asked to introduce the proposed investment by TCRS in the Denham Commodity Partners Fund VI. Denham Commodity Partners Fund VI invests in natural resource investments including energy, power, metals and mining. TCRS staff recommended making a \$50 million commitment to the Denham Commodity Partners Fund VI LP. Treasurer Lillard made a motion to approve the investment in the Denham Commodity Partners Fund VI pending successful legal negotiations. The motion was seconded by Commissioner Martin and unanimously approved.

Mr. Andrew Palmer next presented the proposed investment by TCRS in the Neuberger Berman Full Market High Yield Portfolio. The portfolio will invest in the high yield fixed income market. TCRS staff recommended authorizing a commitment up to \$500 million. Mr. Palmer noted that the initial investment would likely be \$100 million, but staff would like the authority to invest up to \$500 million as the investment appears more attractive over time. Secretary Hargett made a motion to approve the investment in the Neuberger Berman Full Market High Yield Portfolio pending successful legal negotiations. The motion was seconded by Commissioner Martin and unanimously approved.

The members of the Investment Committee had no additional questions and the meeting of the Investment Committee was adjourned.

Respectfully Submitted,



Michael Brakebill  
Chief Investment Officer

APPROVED:



David H. Lillard, Jr., Chairman  
TCRS Board of Trustees