

LONGVIEW NEWS-JOURNAL
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Longview Firefighters' Retirement and Relief Fund outperformed 98 percent of its peers in returns last year even while taking a loss.

The fund lost 3.11 percent, dropping from \$43.8 million in assets in 2017 to \$40.2 million by Dec. 31. Practically all of the 576 pension funds in LFRRF's peer group sustained losses after what investment adviser Will Harrell described as the worst Christmas Eve in stock market history, when the Dow Jones dropped about 750 points.

The good news was that LFRRF was the seventh-highest performer compared with 575 funds of similar size in stocks, bonds and investments, he said.

Even better news is that the fund enjoyed "pure luck" in the days after Christmas Eve, when investment advisers made stock trades at the bottom of the market, Harrell said. As a result, the pension's equity funds were up 14.3 percent year-to-date through the first six weeks of 2019.

"As of Feb. 15, the portfolio was up 6.7 percent for the year after that rough, rough December, so y'all are back up to \$43 million," he said. Harrell is senior vice president of Robert Harrell Inc., the Austin firm hired Jan. 1, 2017, to manage the fund of more than 300 active and retired Longview firefighters and beneficiaries.

LFRRF Board Chairman Kolby Beckham credits Robert Harrell Inc. with bringing the pension fund's investment returns from among the worst performing in its peer group between 2011-2016, to near the top performing funds over the past two years.

"We were very pleased with how (Harrell) has diversified the fund much more than it was before and that has really reduced the risk portion of the portfolio while still doing a very good job of keeping the returns in a better return category," Beckham said.

On Tuesday, trustees unanimously approved two changes to the fund's asset schedule.

They eliminated hedge fund Balyasny and sold their stock in Cambiar International to replace it with Vanguard International Value Fund, which Harrell described as less volatile. Harrell recommended eliminating Balyasny because of its poor performance and fees, which make up about 2 percent of the pension fund's \$419,000 in required fees.

Last summer, the state's Pension Review Board expressed displeasure with Longview Firefighters' Relief and Retirement Fund fee responsibilities, which equate to about 1 percent of the fund's value.

"That's what the PRB was upset about," Harrell said. "Tyler, for example, is 0.88, and that's high, too, for them, and Tyler's performance has been so good since they hired us eight years ago, they didn't go in front of the PRB."

Liquidation of Balyasny will take one year, because it can be liquidated by only 25 percent every quarter, he said.

Meanwhile, Vanguard International Value Fund has its stocks allocated in what Harrell described as older, more stabilized and pays dividends as compared with Cambiar, saying that Vanguard has "a pretty good track mark of outperforming their benchmark most of the time."