

PERA Executive Summary

February 2016

Market Values, Asset Allocation & Performance Data:

Asset Class	2/29/2016	Prev. Month's Chg
Total Equities	6,244	78
Domestic Equity	3,118	103
International Equity	3,127	-25
Total Fixed Income	4,539	-32
Core Fixed Income	3,837	-33
Fixed Income Plus	702	2
Total Alternatives	2,341	-1
Absolute Return	614	-34
Private Equity	753	38
Real Estate	549	3
Real Assets	425	-8
STIF/STO/ Overlay Cash Balances	264	-89
TOTAL FUNDS	13,388	-44

Asset Class	Actual	Target	Variance	Actual with Overlay	Ranges	\$ in Millions	Inclusive of Overlay
Total Equities	46.6%	45.9%	0.7%	49.9%	-	99.3	536.2
Domestic Equity	23.3%	21.1%	2.2%	23.1%	16.1 - 26.1%	292.8	265.5
International Equity	23.4%	24.8%	-1.4%	26.8%	19.8 - 29.8%	-193.5	270.7
Total Fixed Income	33.9%	31.1%	2.8%	32.3%	-	375.4	158.0
Core Fixed Income	28.7%	26.1%	2.6%	27.0%	23.1 - 29.1%	343.1	125.7
Fixed Income Plus	5.2%	5.0%	0.2%	5.2%	3 - 7%	32.3	32.3
Total Alternatives	17.5%	23.0%	-5.5%	17.5%	-	-738.2	-738.2
Absolute Return	4.6%	4.0%	0.6%	4.6%	2 - 6%	78.8	78.8
Private Equity	5.6%	7.0%	-1.4%	5.6%	5 - 9%	-184.3	-184.3
Real Estate	4.1%	5.0%	-0.9%	4.1%	3 - 7%	-120.4	-120.4
Real Assets	3.2%	7.0%	-3.8%	3.2%	5 - 9%	-512.4	-512.4
STIF/STO/ Overlay Cash Balances	2.0%	0.0%	2.0%	0.3%	-	263.6	44.0

	2/29/2016	Fiscal YTD	1 Year	3 Year
TOTAL FUND	-0.01%	-5.51%	-6.26%	4.54%
Policy Index	-0.14%	-5.06%	-5.09%	4.40%
<i>Value Added</i>	0.13%	-0.45%	-1.17%	0.14%
Total Domestic Equity	0.10%	-7.50%	-8.30%	10.05%
Russell 3000 Index	-0.03%	-7.03%	-7.84%	10.05%
<i>Value Added</i>	0.13%	-0.47%	-0.46%	0.00%
International Equity	-0.82%	-15.08%	-15.95%	-1.19%
MSCI ACWI ex-US Index	-0.94%	-15.89%	-16.36%	-1.74%
<i>Value Added</i>	0.12%	0.81%	0.41%	0.55%
Fixed Income Plus	0.23%	-4.08%	-4.55%	N/A
Policy Index	0.88%	-8.03%	-7.43%	N/A
<i>Value Added</i>	-0.65%	3.95%	2.88%	N/A
Core Fixed Income	0.70%	2.87%	1.01%	2.27%
85/15 Barclays Index	0.75%	2.93%	1.61%	2.33%
<i>Value Added</i>	-0.05%	-0.06%	-0.60%	-0.06%
Alternative Assets	-0.37%	-2.42%	-1.57%	6.90%
Policy Index	-0.60%	0.54%	4.41%	7.96%
<i>Value Added</i>	0.23%	-2.96%	-5.98%	-1.06%
Cash (STIF)	0.02%	0.16%	0.83%	1.93%



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Market Value & Asset Allocation:

The Total Fund market value decreased by \$44 million in January and finished the month at \$13.4 billion. The PERA Board updated the strategic asset allocation in 2014. PERA's target strategic asset allocation (SAA) is 21.1% US Equity, 24.8% Non-US Equity, 26.1% Core Fixed Income, 5% Fixed Income Plus, 7% Private Equity, 4% Absolute Return, 5% Real Estate and 7% Real Assets. Based on current market values, excluding the cash overlay, US Equity is 2.2% overweight and the Non-US Equity allocation is underweight by 1.4%, which is within policy range. Core Fixed Income is within policy range at a 2.6% variance as well as Fixed Income Plus, which is overweight by 0.2%. The Real Assets and Private Equity portfolios are underweight 3.8% and 1.4%, respectively. Absolute Return is overweight by 0.6% and Real Estate is underweight by 0.9%. The Board and Staff are working on an implementation plan for the new SAA. Per section V. A., Asset Allocation, of the Investment Policy "The Board recognizes that the long-term target allocation may take an extended period to implement."

Asset Transfers:

PERA transferred \$34 million at month-end from the cash account to the PERA STO account for beneficiary payments and operating expenses. For the fiscal year, PERA has transferred \$336 million to the PERA fund, \$1.6 million to the Magistrates account, \$2.6 million to the Judicial account and \$338 thousand to the Volunteer Fire Fighter account. Private partnerships called \$40 million and distributed \$7 million during the month. For last fiscal year capital calls averaged \$27 million per month and totaled \$291 million while distributions averaged \$30 million per month and totaled \$361 million.

Fund Returns & Performance:

The Total Fund returned -0.01%, net of fees, for the month with the Russell 3000 Index returning -0.03% and the MSCI ACWI ex-US IMI Index returning -0.94%; PERA's custom Core Fixed Income benchmark returned 0.75% and the custom benchmark for Fixed Income Plus returned 0.88%. The Fund has returned -5.51% for the fiscal year and 4.54% for the 3-year.

Watch List Update:

None of PERA's active Domestic Equity, International Equity, or Fixed Incomes managers are on the Watch List. Four of PERA's alternative investments are also on Cliffwater's Watch List.