

# PERA Executive Summary

April 2016

Market Values, Asset Allocation & Performance Data:

TABLE I: Fund Market Values (in millions \$)		
Asset Class	4/30/2016	Prev. Month's Chg
<b>Total Equities</b>	<b>6,790</b>	<b>78</b>
Domestic Equity	3,317	-1
International Equity	3,473	80
<b>Total Fixed Income</b>	<b>4,472</b>	<b>27</b>
Core Fixed Income	3,738	16
Fixed Income Plus	734	11
<b>Total Alternatives</b>	<b>2,336</b>	<b>-47</b>
Absolute Return	539	-66
Private Equity	761	10
Real Estate	581	-4
Real Assets	455	13
<b>STIF/STO/ Overlay Cash Balances</b>	<b>477</b>	<b>53</b>
<b>TOTAL FUNDS</b>	<b>14,074</b>	<b>112</b>

TABLE II: Fund Asset Allocation Comparison							
Asset Class	Actual	Target	Variance	Actual with Overlay	Ranges	\$ in Millions	Inclusive of Overlay
<b>Total Equities</b>	<b>48.2%</b>	<b>45.9%</b>	<b>2.3%</b>	<b>51.8%</b>	-	<b>329.6</b>	<b>825.0</b>
Domestic Equity	23.6%	21.1%	2.5%	23.4%	16.1 - 26.1%	347.1	330.6
International Equity	24.7%	24.8%	-0.1%	28.3%	19.8 - 29.8%	-17.5	494.4
<b>Total Fixed Income</b>	<b>31.8%</b>	<b>31.1%</b>	<b>0.7%</b>	<b>31.3%</b>	-	<b>95.0</b>	<b>34.1</b>
Core Fixed Income	26.6%	26.1%	0.5%	26.1%	23.1 - 29.1%	64.8	3.9
Fixed Income Plus	5.2%	5.0%	0.2%	5.2%	3 - 7%	30.2	30.2
<b>Total Alternatives</b>	<b>16.6%</b>	<b>23.0%</b>	<b>-6.4%</b>	<b>16.6%</b>	-	<b>-901.2</b>	<b>-901.2</b>
Absolute Return	3.8%	4.0%	-0.2%	3.8%	2 - 6%	-24.0	-24.0
Private Equity	5.4%	7.0%	-1.6%	5.4%	5 - 9%	-224.4	-224.4
Real Estate	4.1%	5.0%	-0.9%	4.1%	3 - 7%	-122.3	-122.3
Real Assets	3.2%	7.0%	-3.8%	3.2%	5 - 9%	-530.5	-530.5
<b>STIF/STO/ Overlay Cash Balances</b>	<b>3.4%</b>	<b>0.0%</b>	<b>3.4%</b>	<b>0.3%</b>	-	<b>476.6</b>	<b>42.2</b>

TABLE III: PERA Performance for Month and Fiscal Year to Date (in percent %)				
	4/30/2016	Fiscal YTD	1 Year	3 Year
<b>TOTAL FUND</b>	<b>1.11%</b>	<b>-0.13%</b>	<b>-1.75%</b>	<b>5.25%</b>
Policy Index	0.81%	0.07%	-1.11%	5.10%
<i>Value Added</i>	0.30%	-0.20%	-0.64%	0.15%
<b>Total Domestic Equity</b>	<b>0.69%</b>	<b>-0.17%</b>	<b>-0.59%</b>	<b>10.96%</b>
Russell 3000 Index	0.62%	0.14%	-0.18%	10.77%
<i>Value Added</i>	0.07%	-0.31%	-0.41%	0.19%
<b>International Equity</b>	<b>2.31%</b>	<b>-5.83%</b>	<b>-9.53%</b>	<b>0.85%</b>
MSCI ACWI ex-US Index	2.65%	-6.58%	-10.28%	0.47%
<i>Value Added</i>	-0.34%	0.75%	0.75%	0.38%
<b>Fixed Income Plus</b>	<b>2.01%</b>	<b>0.74%</b>	<b>-0.97%</b>	<b>N/A</b>
Policy Index	4.75%	3.87%	3.20%	N/A
<i>Value Added</i>	-2.74%	-3.13%	-4.17%	N/A
<b>Core Fixed Income</b>	<b>0.43%</b>	<b>4.25%</b>	<b>2.73%</b>	<b>2.09%</b>
85/15 Barclays Index	0.35%	4.23%	2.79%	2.38%
<i>Value Added</i>	0.08%	0.02%	-0.06%	-0.29%
<b>Alternative Assets</b>	<b>0.45%</b>	<b>-0.60%</b>	<b>-0.50%</b>	<b>6.37%</b>
Policy Index	-1.02%	5.25%	7.21%	8.87%
<i>Value Added</i>	1.47%	-5.85%	-7.71%	-2.50%
<b>Cash (STIF)</b>	<b>-0.02%</b>	<b>0.15%</b>	<b>0.81%</b>	<b>1.71%</b>



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## Market Values, Asset Allocation & Performance:

### Market Value & Asset Allocation:

The Total Fund market value increased by \$112 million in April and finished the month at \$14.1 billion. The PERA Board updated the strategic asset allocation (SAA) in April 2016. This report reflects the previous SAA and will be updated in the following month to reflect the new SAA. PERA's previous SAA was 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 2.5% overweight and the Non-US Equity allocation is underweight by 0.1%, which is within policy range. Core Fixed Income is within policy range at a 0.5% 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 1.6%, respectively. Absolute Return is overweight by 0.2% and Real Estate is underweight by 0.9%. The Board and Staff are working on an implementation plan for the new SAA. Per section IV. A., Strategic Asset Allocation Targets, of the Investment Policy, "The Board recognizes that the long-term target allocation may take an extended period to implement."

### Asset Transfers:

PERA transferred \$42 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 \$416 million to the PERA fund, \$1.8 million to the Magistrates account, \$3.1 million to the Judicial account and \$653 thousand to the Volunteer Fire Fighter account. Private partnerships called \$34 million and distributed \$25 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 1.11%, net of fees, for the month with the Russell 3000 Index returning 0.62% and the MSCI ACWI ex-US IMI Index returning 2.65%; PERA's custom Core Fixed Income benchmark returned 0.35% and the custom benchmark for Fixed Income Plus returned 4.75%. The Fund has returned -0.13% for the fiscal year and 5.25% 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.