

PERA Executive Summary

September 2017

Market Values, Asset Allocation & Performance Data:

TABLE I: Fund Market Values (in millions \$)		
Asset Class	9/30/2017	Prev. Month's Chg
Global Equity	7,314	113
Risk Reduction & Mitigation	3,745	-68
Credit Oriented Fixed Income	2,163	22
Real Assets	2,016	1
STO Cash Balances	25	5
TOTAL FUNDS	15,264	72

TABLE II: Fund Asset Allocation Comparison							
Asset Class	Actual	Target	Variance	Actual with Overlay	Ranges	\$ in Millions	Inclusive of Overlay
Global Equity	47.92%	43.5%	4.4%	50.4%	38.5 - 48.5%	674.2	1,055.2
Risk Reduction & Mitigation	24.54%	21.5%	3.0%	26.2%	18.5 - 24.5%	463.5	723.1
Credit Oriented Fixed Income	14.17%	15.0%	-0.8%	14.2%	11.0 - 19.0%	-126.3	-126.3
Real Assets	13.21%	20.0%	-6.8%	13.2%	16.0 - 24.0%	-1,036.4	-1,036.4
STO Cash Balances	0.16%	0.00%	0.2%	0.0%	0.00%	24.9	0.0

TABLE III: PERA Performance for Month and Fiscal Year to Date (in percent %)				
	9/30/2017	Fiscal YTD	1 Year	3 Year
TOTAL FUND	0.80%	3.04%	10.42%	5.88%
Policy Index	<u>0.79%</u>	<u>2.62%</u>	<u>10.85%</u>	<u>6.47%</u>
<i>Value Added</i>	<u>0.01%</u>	<u>0.42%</u>	<u>-0.43%</u>	<u>-0.59%</u>
Global Equity	1.87%	4.95%	19.01%	8.92%
Policy Index	1.67%	4.53%	17.96%	8.65%
<i>Value Added</i>	0.20%	0.42%	1.05%	0.27%
Risk Reduction & Mitigation	-0.42%	0.92%	0.56%	3.01%
Policy Index	-0.46%	0.83%	0.06%	2.66%
<i>Value Added</i>	0.04%	0.09%	0.50%	0.35%
Credit Oriented Fixed Income	0.39%	1.98%	7.00%	2.93%
Policy Index	0.28%	2.65%	9.53%	5.50%
<i>Value Added</i>	0.11%	-0.67%	-2.53%	-2.57%
Real Assets	-0.24%	1.40%	4.69%	2.99%
Policy Index	0.60%	0.40%	8.80%	1.68%
<i>Value Added</i>	-0.84%	1.00%	-4.11%	1.31%
Cash (BNYM)	0.08%	0.25%	0.84%	0.77%

PERA Executive Summary

September 2017

Market Values, Asset Allocation & Performance:

Market Value & Asset Allocation:

The Total Fund market value increased by \$72 million in September and finished the month at \$15.3 billion. The PERA Board updated the strategic asset allocation (SAA) in April 2016. PERA's SAA is 43.5% Global Equity, 21.5% Risk Reduction and Mitigation, 15.0% Credit Oriented Fixed Income, and 20% Real Assets. Based on current market values, excluding the cash overlay, Global Equity is 4.4% overweight, which is inside policy range and Risk Reduction and Mitigation is overweight by 3.0%, which is outside of the policy range. Credit Oriented Fixed Income is 0.8% underweight, which is inside policy range, and Real Assets is underweight by 6.8%, which is outside of policy range. The Board and Staff, with the advice of the investment consultants, 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 \$54 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 \$151 million to the PERA fund, \$0.7 million to the Magistrates account, \$1.3 million to the Judicial account and \$0.7 million to the Volunteer Fire Fighter account. Private partnerships called \$56 million and distributed \$37 million during the month. For last fiscal year capital calls averaged \$40 million per month and totaled \$480 million while distributions averaged \$35 million per month and totaled \$420 million.

Fund Returns & Performance:

The Total Fund returned 0.80%, net of fees, for the month. The Global Equity custom benchmark returned 1.67%, the Risk Reduction and Mitigation benchmark returned -0.46%, the Credit Oriented Fixed Income benchmark returned 0.28%, and the Real Assets benchmark returned 0.60%. The Fund has returned 3.04% for the fiscal year, 10.42% for the one-year and 5.88% for the three-year period.

Watch List Update:

One of PERA's active Global Public Equity managers is on the Watch List and PERA's illiquid investments are currently being reviewed by the new consultants.