

PERA Executive Summary

April 2015

Market Values, Asset Allocation & Performance Data:

Asset Class	4/30/2015	Prev. Month's Chg
Total Equities	6,743	234
Domestic Equity	3,115	4
International Equity	3,627	230
Total Fixed Income	4,613	3
Core Fixed Income	3,872	-10
Fixed Income Plus	741	13
Total Alternatives	2,426	-159
Absolute Return	871	-157
Private Equity	673	7
Real Estate	453	-11
Real Assets	428	2
STIF/STO/ Overlay Cash Balances	1,017	74
TOTAL FUNDS	14,799	151

Asset Class	Actual	Target	Variance	Actual with Overlay	Ranges	\$ in Millions	Inclusive of Overlay
Total Equities	45.6%	45.9%	-0.3%	49.8%	-	-50.1	570.6
Domestic Equity	21.1%	21.1%	0.0%	22.9%	16.1 - 26.1%	-7.1	266.8
International Equity	24.5%	24.8%	-0.3%	26.9%	19.8 - 29.8%	-42.9	303.8
Total Fixed Income	31.2%	31.1%	0.1%	33.4%	-	10.9	343.7
Core Fixed Income	26.2%	26.1%	0.1%	28.4%	23.1 - 29.1%	9.9	342.7
Fixed Income Plus	5.0%	5.0%	0.0%	5.0%	3 - 7%	1.0	1.0
Total Alternatives	16.4%	23.0%	-6.6%	16.4%	-	-977.6	-977.6
Absolute Return	5.9%	4.0%	1.9%	5.9%	2 - 6%	279.1	279.1
Private Equity	4.5%	7.0%	-2.5%	4.5%	5 - 9%	-362.6	-362.6
Real Estate	3.1%	5.0%	-1.9%	3.1%	3 - 7%	-286.5	-286.5
Real Assets	2.9%	7.0%	-4.1%	2.9%	5 - 9%	-607.6	-607.6
STIF/STO/ Overlay Cash Balances	6.9%	0.0%	6.9%	0.4%	-	1,016.8	63.3

	4/30/2015	Fiscal YTD	1 Year	3 Year
TOTAL FUND	1.35%	3.49%	6.97%	10.21%
Policy Index	<u>1.53%</u>	<u>3.51%</u>	<u>6.77%</u>	<u>9.30%</u>
<i>Value Added</i>	<i>-0.18%</i>	<i>-0.02%</i>	<i>0.20%</i>	<i>0.91%</i>
Total Domestic Equity	0.45%	6.80%	12.07%	17.68%
Russell 3000 Index	0.45%	7.63%	12.74%	16.86%
<i>Value Added</i>	<i>0.00%</i>	<i>-0.83%</i>	<i>-0.67%</i>	<i>0.82%</i>
International Equity	4.72%	-0.50%	3.19%	9.23%
MSCI ACWI ex-US Index	5.17%	-1.04%	2.60%	8.87%
<i>Value Added</i>	<i>-0.45%</i>	<i>0.54%</i>	<i>0.59%</i>	<i>0.36%</i>
Fixed Income Plus	<u>1.83%</u>	<u>-3.73%</u>	N/A	N/A
Policy Index	<u>1.80%</u>	<u>-2.52%</u>	N/A	N/A
<i>Value Added</i>	<i>0.03%</i>	<i>-1.21%</i>	N/A	N/A
Core Fixed Income	-0.36%	2.47%	4.01%	3.83%
85/15 Barclays Index	-0.13%	1.96%	3.20%	2.10%
<i>Value Added</i>	<i>-0.23%</i>	<i>0.51%</i>	<i>0.81%</i>	<i>1.73%</i>
Alternative Assets	0.28%	6.13%	9.33%	9.85%
Policy Index	<u>0.98%</u>	<u>8.31%</u>	<u>11.54%</u>	<u>11.39%</u>
<i>Value Added</i>	<i>-0.70%</i>	<i>-2.18%</i>	<i>-2.21%</i>	<i>-1.54%</i>
Cash (STIF)	0.01%	0.78%	0.82%	2.14%

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Market Value & Asset Allocation:

The Total Fund market value increased by \$151 million in April and finished the month at \$14.8 billion, a new high water mark. The PERA Board updated the strategic asset allocation in 2014. PERA's new 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 at target and the Non-US Equity allocations are underweight by 0.3%, which is within policy range. Core Fixed Income is within policy range at 0.1% variance as well as Fixed Income Plus, which is at target. The Real Assets and Private Equity portfolios are underweight 4.1% and 2.5%, respectively. Absolute Return is overweight by 1.9% and Real Estate is underweight by 1.9%. 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 \$45 million at month-end from the STIF account to the PERA STO account for beneficiary payments and operating expenses. For the fiscal year, PERA has transferred \$385 million to the PERA fund, \$2 million to the Magistrates account, \$3 million to the Judicial account and \$1 million to the Volunteer Fire Fighter account. Private partnerships called \$17 million and distributed \$25 million during the month. This fiscal year, capital calls have averaged \$24 million per month and have totaled \$245 million through April.

Fund Returns & Performance:

The Total Fund returned 1.35%, net of fees, for the month with the Russell 3000 Index returning 0.45% and the MSCI ACWI ex-US IMI Index returning 5.17%; PERA's custom Core Fixed Income benchmark returned -0.13% and the custom benchmark for Fixed Income Plus returned 1.80%. The Fund has returned 3.49% for the fiscal year and 10.21% for the 3-year, which is better than the 7.75% target rate of return.

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.