

PERA Executive Summary

February 2018

Market Values, Asset Allocation & Performance Data:

Asset Class	2/28/2018	Prev. Month's Chg.
Global Equity	6,815	-305
Risk Mitigation	3,208	-20
Credit	2,314	20
Real Assets	3,107	-96
STO Cash	13	-2
TOTAL FUND	15,457	-402

Asset Class	SAA		Actuals			Actuals With Overlay		
	Targets	Ranges	Weight	% Variance	\$ Variance	Weight	% Variance	\$ Variance
Global Equity	43.5%	38.5 - 48.5%	44.1%	0.6%	91.7	44.6%	1.1%	176.9
Risk Mitigation	21.5%	18.5 - 24.5%	20.8%	-0.7%	-115.5	21.5%	0.0%	6.0
Credit	15.0%	11.0 - 19.0%	15.0%	0.0%	-4.7	15.0%	0.0%	-4.7
Real Assets	20.0%	16.0 - 24.0%	20.1%	0.1%	15.4	20.1%	0.1%	15.4
STO Cash	0.00%	0.00%	0.1%	0.1%	13.0	0.0%	0.0%	0.0

	2/28/2018	Fiscal YTD	1 Year	3 Year
Total Fund	-2.17%	6.10%	9.96%	5.54%
Policy Index	-3.14%	4.68%	9.30%	5.98%
<u>Value Added</u>	<u>0.97%</u>	<u>1.42%</u>	<u>0.66%</u>	<u>-0.44%</u>
Global Equity	-3.43%	11.59%	18.41%	9.24%
Policy Index	-4.04%	11.08%	17.72%	9.15%
<u>Value Added</u>	<u>0.61%</u>	<u>0.51%</u>	<u>0.69%</u>	<u>0.09%</u>
Risk Mitigation	-0.85%	-0.51%	0.82%	1.61%
Policy Index	-0.84%	-0.66%	0.64%	1.22%
<u>Value Added</u>	<u>-0.01%</u>	<u>0.15%</u>	<u>0.18%</u>	<u>0.39%</u>
Credit Oriented Fixed Income	0.36%	5.00%	7.13%	5.03%
Policy Index	-1.42%	4.49%	8.25%	6.55%
<u>Value Added</u>	<u>1.78%</u>	<u>0.51%</u>	<u>-1.12%</u>	<u>-1.52%</u>
Real Assets	-2.56%	1.25%	2.17%	2.47%
Policy Index	-4.94%	-2.86%	1.93%	0.43%
<u>Value Added</u>	<u>2.38%</u>	<u>4.11%</u>	<u>0.24%</u>	<u>2.04%</u>
Cash (BNYM)	0.14%	1.04%	1.36%	0.92%

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Market Value & Asset Allocation:

The Total Fund market value decreased by \$402 million in February and finished the month at \$15.46 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 0.6% overweight, Risk Reduction and Mitigation is underweight by 0.70%, Credit Oriented Fixed Income is on target, and Real Assets is overweight by 0.1%, which are in line with Board Approved Strategic Asset Allocation Ranges.

Asset Transfers:

PERA transferred \$56 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 \$403 million to the PERA fund, \$1.6 million to the Magistrates account, and \$3.5 million to the Judicial account and \$1.1 million to the Volunteer Fire Fighter account. Private partnerships called \$54 million and distributed \$51 million during the month. Fiscal year to date, capital calls average \$89 million and totaled \$617 million while distributions average \$37 million and totaled \$296 million.

Fund Returns & Performance:

For the month of February, the Total Fund was down 2.17%, net of fees, while still outperforming the Policy Index by 96bps. The Global Equity portfolio also outperformed, returning -3.43%, 0.61bps better than its Policy Index. Risk Reduction and Mitigation continues to track its Policy Index nicely, displaying marginal return dispersion of 1bps for the month of February, and a marginal loss of 0.85% at the portfolio level. Credit Oriented Fixed preserved capital in February, returning 0.36% as compared to a -1.42% Index return. The Real Assets portfolio also experienced a negative month, returning -2.56%, but significantly outperforming its Policy Index by 238bps. Net of fees, the Fund has returned 6.10% for the fiscal year, 9.96% for the one-year period and 5.54% for the three-year period.

Watch List Update:

As of Q4 2017, two of PERA's active Global Equity managers meet the guideline criteria for inclusion in a traditional asset class Manager Watch List, as utilized by Wilshire. These managers continue to be monitored, and PERA's General Consultant will advise if any action is deemed necessary.