

PERA Executive Summary

March 2015

Market Values, Asset Allocation & Performance Data:

TABLE I: Fund Market Values (in millions \$)		
Asset Class	3/31/2015	Prev. Month's Chg
Total Equities	6,509	-251
Domestic Equity	3,112	-301
International Equity	3,397	50
Total Fixed Income	4,610	95
Core Fixed Income	3,883	2
Fixed Income Plus	728	93
Total Alternatives	2,585	-94
Absolute Return	1,028	-98
Private Equity	666	8
Real Estate	464	-1
Real Assets	427	-3
STIF/STO/ Overlay Cash Balances	943	136
TOTAL FUNDS	14,648	-114

TABLE II: Fund Asset Allocation Comparison						
Asset Class	Actual	Target	Variance	Ranges	\$ in Millions	Inclusive of Overlay
Total Equities	44.4%	45.9%	-1.5%	-	-214.4	429.9
Domestic Equity	21.2%	21.1%	0.1%	16.1 - 26.1%	21.0	310.3
International Equity	23.2%	24.8%	-1.6%	19.8 - 29.8%	-235.4	119.6
Total Fixed Income	31.5%	31.1%	0.4%	-	54.9	402.1
Core Fixed Income	26.5%	26.1%	0.4%	23.1 - 29.1%	59.6	406.9
Fixed Income Plus	5.0%	5.0%	0.0%	3 - 7%	-4.8	-4.8
Total Alternatives	17.6%	23.0%	-5.4%	-	-783.8	-783.8
Absolute Return	7.0%	4.0%	3.0%	2 - 6%	442.5	442.5
Private Equity	4.5%	7.0%	-2.5%	5 - 9%	-359.4	-359.4
Real Estate	3.2%	5.0%	-1.8%	3 - 7%	-268.3	-268.3
Real Assets	2.9%	7.0%	-4.1%	5 - 9%	-598.6	-598.6
STIF/STO/ Overlay Cash Balances	6.4%	0.0%	6.4%	-	943.3	-48.2

TABLE III: PERA Performance for Month and Fiscal Year to Date (in percent %)				
	3/31/2015	Fiscal YTD	1 Year	3 Year
TOTAL FUND	-0.49%	2.15%	5.98%	9.79%
Policy Index	-0.54%	1.77%	5.62%	8.63%
<i>Value Added</i>	<i>0.05%</i>	<i>0.38%</i>	<i>0.36%</i>	<i>1.16%</i>
Total Domestic Equity	-0.83%	6.39%	10.76%	17.27%
Russell 3000 Index	-1.02%	7.15%	12.37%	16.43%
<i>Value Added</i>	<i>0.19%</i>	<i>-0.76%</i>	<i>-1.61%</i>	<i>0.84%</i>
International Equity	-1.57%	-4.94%	-0.31%	7.15%
MSCI ACWI ex-US Index	-1.55%	-5.78%	-1.01%	7.04%
<i>Value Added</i>	<i>-0.02%</i>	<i>0.84%</i>	<i>0.70%</i>	<i>0.11%</i>
Fixed Income Plus	-0.59%	-5.47%	N/A	N/A
Policy Index	-0.48%	-4.24%	N/A	N/A
<i>Value Added</i>	<i>-0.11%</i>	<i>-1.23%</i>	<i>N/A</i>	<i>N/A</i>
Core Fixed Income	0.04%	2.89%	5.27%	4.42%
85/15 Barclays Index	0.24%	2.09%	4.25%	2.55%
<i>Value Added</i>	<i>-0.20%</i>	<i>0.80%</i>	<i>1.02%</i>	<i>1.87%</i>
Alternative Assets	0.51%	5.85%	10.01%	10.25%
Policy Index	0.84%	6.72%	10.44%	11.18%
<i>Value Added</i>	<i>-0.33%</i>	<i>-0.87%</i>	<i>-0.43%</i>	<i>-0.93%</i>
Cash (STIF)	0.01%	0.76%	0.80%	2.51%

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Market Value & Asset Allocation:

The Total Fund market value decreased by \$114 million in March and finished the month at \$14.6 billion. 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 overweight by 0.1% and the Non-US Equity allocations are underweight by 1.6%, which is within policy range. Core Fixed Income is within policy range at 0.4% 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 3.0% and Real Estate is underweight by 1.8%. 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 \$30 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 \$340 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 \$27 million and distributed \$35 million during the month. Last fiscal year, capital calls averaged \$20 million per month and totaled \$239 million.

Fund Returns & Performance:

The Total Fund returned -0.49%, net of fees, for the month with the Russell 3000 Index returning a -1.02% and the MSCI ACWI ex-US IMI Index returning -1.55%; PERA's custom Core Fixed Income benchmark returned 0.24% and the custom benchmark for Fixed Income Plus returned -0.48%. The Fund has returned 2.15% for the fiscal year and 9.79% 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.