

PERA Executive Summary

March 2018

Market Values, Asset Allocation & Performance Data:

Asset Class	3/31/2018	Prev. Month's Chg.
Global Equity	6,697	-119
Risk Mitigation	3,237	30
Credit	2,323	9
Real Assets	3,145	38
STO Cash	16	3
TOTAL FUND	15,418	-39

Asset Class	SAA		Actuals			Actuals With Overlay		
	Targets	Ranges	Weight	% Variance	\$ Variance	Weight	% Variance	\$ Variance
Global Equity	43.5%	38.5 - 48.5%	43.4%	-0.1%	-9.9	44.1%	0.6%	90.1
Risk Mitigation	21.5%	18.5 - 24.5%	21.0%	-0.5%	-77.5	21.8%	0.3%	47.9
Credit	15.0%	11.0 - 19.0%	15.1%	0.1%	10.4	15.1%	0.1%	10.4
Real Assets	20.0%	16.0 - 24.0%	20.4%	0.4%	61.4	20.4%	0.4%	61.4
STO Cash	0.00%	0.00%	0.1%	0.1%	15.6	0.0%	0.0%	0.0

	3/31/2018	Fiscal YTD	1 Year	3 Year
Total Fund	0.01%	6.11%	9.10%	5.74%
Policy Index	-0.41%	4.25%	7.27%	5.97%
<u>Value Added</u>	<u>0.42%</u>	<u>1.86%</u>	<u>1.83%</u>	<u>-0.23%</u>
Global Equity	-0.83%	10.67%	15.95%	9.28%
Policy Index	-1.61%	9.29%	14.32%	8.90%
<u>Value Added</u>	<u>0.78%</u>	<u>1.38%</u>	<u>1.63%</u>	<u>0.38%</u>
Risk Mitigation	0.61%	0.10%	1.47%	1.82%
Policy Index	0.65%	-0.01%	1.35%	1.28%
<u>Value Added</u>	<u>-0.04%</u>	<u>0.11%</u>	<u>0.12%</u>	<u>0.54%</u>
Credit Oriented Fixed Income	0.09%	5.09%	6.67%	5.34%
Policy Index	0.01%	4.50%	7.25%	6.69%
<u>Value Added</u>	<u>0.08%</u>	<u>0.59%</u>	<u>-0.58%</u>	<u>-1.35%</u>
Real Assets	1.17%	2.43%	2.34%	2.71%
Policy Index	0.73%	-2.15%	-1.11%	2.03%
<u>Value Added</u>	<u>0.44%</u>	<u>4.58%</u>	<u>3.45%</u>	<u>0.68%</u>
Cash (BNYM)	0.12%	1.15%	1.42%	0.95%

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Market Value & Asset Allocation:

The Total Fund market value decreased by \$39 million in March and finished the month at \$15.42 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 0.10% underweight, Risk Reduction and Mitigation is underweight by 0.50%, Credit Oriented Fixed Income is overweight by 0.10%, and Real Assets is overweight by 0.40%, which are in line with Board Approved Strategic Asset Allocation Ranges.

Asset Transfers:

PERA transferred \$43 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 \$445 million to the PERA fund, \$1.8 million to the Magistrates account, and \$3.6 million to the Judicial account and \$1.2 million to the Volunteer Fire Fighter account. Private partnerships called \$65 million and distributed \$38 million during the month. Fiscal year to date, capital calls average \$87 million and totaled \$779 million while distributions average \$37 million and totaled \$334 million.

Fund Returns & Performance:

For the month of March, the Total Fund was flat net of fees, while still outperforming the Policy Index by 42bps. The Global Equity portfolio also outperformed, returning -0.83%, 78bps better than its Policy Index. Risk Reduction and Mitigation continues to track its Policy Index nicely, displaying marginal return dispersion of 4bps for the month of March. Credit Oriented Fixed also tracked its Policy Index closely, returning 0.09%, net of fees, as compared to the index return of 0.01%. The Real Assets portfolio experienced a strong month, producing a net return of 1.17% and outperforming the Policy Index by 44bps. Net of fees, the Fund has returned 6.11% for the fiscal year, 9.10% for the one-year period, and 5.74% 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.