

PERA Executive Summary

May 2015

Market Values, Asset Allocation & Performance Data:

Asset Class	5/31/2015	Prev. Month's Chg
Total Equities	6,767	25
Domestic Equity	3,155	39
International Equity	3,613	-14
Total Fixed Income	4,597	-17
Core Fixed Income	3,860	-12
Fixed Income Plus	736	-5
Total Alternatives	2,466	40
Absolute Return	877	6
Private Equity	680	7
Real Estate	455	2
Real Assets	454	26
STIF/STO/ Overlay Cash Balances	928	-89
TOTAL FUNDS	14,758	-41

Asset Class	Actual	Target	Variance	Actual with Overlay	Ranges	\$ in Millions	Inclusive of Overlay
Total Equities	45.9%	45.9%	0.0%	49.8%	-	-6.7	571.1
Domestic Equity	21.4%	21.1%	0.3%	23.1%	16.1 - 26.1%	40.5	296.0
International Equity	24.5%	24.8%	-0.3%	26.7%	19.8 - 29.8%	-47.2	275.2
Total Fixed Income	31.1%	31.1%	0.0%	33.2%	-	7.1	311.2
Core Fixed Income	26.2%	26.1%	0.1%	28.2%	23.1 - 29.1%	8.6	312.8
Fixed Income Plus	5.0%	5.0%	0.0%	5.0%	3 - 7%	-1.5	-1.5
Total Alternatives	16.7%	23.0%	-6.3%	16.7%	-	-928.0	-928.0
Absolute Return	5.9%	4.0%	1.9%	5.9%	2 - 6%	286.2	286.2
Private Equity	4.6%	7.0%	-2.4%	4.6%	5 - 9%	-353.1	-353.1
Real Estate	3.1%	5.0%	-1.9%	3.1%	3 - 7%	-282.5	-282.5
Real Assets	3.1%	7.0%	-3.9%	3.1%	5 - 9%	-578.7	-578.7
STIF/STO/ Overlay Cash Balances	6.3%	0.0%	6.3%	0.3%	-	927.7	45.7

	5/31/2015	Fiscal YTD	1 Year	3 Year
TOTAL FUND	0.02%	3.50%	5.13%	12.04%
Policy Index	<u>0.08%</u>	<u>3.59%</u>	<u>5.03%</u>	<u>11.29%</u>
<i>Value Added</i>	<i>-0.06%</i>	<i>-0.09%</i>	<i>0.10%</i>	<i>0.75%</i>
Total Domestic Equity	1.26%	8.15%	11.54%	20.84%
Russell 3000 Index	1.38%	9.12%	11.86%	19.92%
<i>Value Added</i>	<i>-0.12%</i>	<i>-0.97%</i>	<i>-0.32%</i>	<i>0.92%</i>
International Equity	-1.32%	-1.82%	-0.34%	13.04%
MSCI ACWI ex-US Index	-1.29%	-2.32%	-0.61%	12.83%
<i>Value Added</i>	<i>-0.03%</i>	<i>0.50%</i>	<i>0.27%</i>	<i>0.21%</i>
Fixed Income Plus	-0.62%	-4.33%	N/A	N/A
Policy Index	<u>0.98%</u>	<u>-1.57%</u>	<u>N/A</u>	<u>N/A</u>
<i>Value Added</i>	<i>-1.60%</i>	<i>-2.76%</i>	<i>N/A</i>	<i>N/A</i>
Core Fixed Income	-0.31%	2.15%	2.33%	3.89%
85/15 Barclays Index	-0.46%	1.49%	1.65%	2.30%
<i>Value Added</i>	<i>0.15%</i>	<i>0.66%</i>	<i>0.68%</i>	<i>1.59%</i>
Alternative Assets	1.14%	7.34%	8.42%	10.59%
Policy Index	<u>1.74%</u>	<u>10.09%</u>	<u>11.34%</u>	<u>12.06%</u>
<i>Value Added</i>	<i>-0.60%</i>	<i>-2.75%</i>	<i>-2.92%</i>	<i>-1.47%</i>
Cash (STIF)	0.01%	0.79%	0.82%	2.26%



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Market Value & Asset Allocation:

The Total Fund market value decreased by \$41 million in May and finished the month at \$14.8 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 0.3% overweight 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 3.9% and 2.4%, 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 \$40 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 \$425 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 \$46 million and distributed \$33 million during the month. This fiscal year, capital calls have averaged \$26 million per month and have totaled \$291 million through May.

Fund Returns & Performance:

The Total Fund returned 0.02%, net of fees, for the month with the Russell 3000 Index returning 1.38% and the MSCI ACWI ex-US IMI Index returning -1.29%; PERA's custom Core Fixed Income benchmark returned -0.46% and the custom benchmark for Fixed Income Plus returned 0.98%. The Fund has returned 3.50% for the fiscal year and 12.04% 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.