

PERA Executive Summary

November 2015

Market Values, Asset Allocation & Performance Data:

TABLE I: Fund Market Values (in millions \$)		
Asset Class	11/30/2015	Prev. Month's Chg
Total Equities	6,803	-73
Domestic Equity	3,385	-6
International Equity	3,418	-67
Total Fixed Income	4,547	-16
Core Fixed Income	3,833	-7
Fixed Income Plus	714	-9
Total Alternatives	2,359	39
Absolute Return	713	-2
Private Equity	697	6
Real Estate	515	43
Real Assets	434	-9
STIF/STO/ Overlay Cash Balances	333	-91
TOTAL FUNDS	14,043	-142

TABLE II: Fund Asset Allocation Comparison							
Asset Class	Actual	Target	Variance	Actual with Overlay	Ranges	\$ in Millions	Inclusive of Overlay
Total Equities	48.4%	45.9%	2.5%	49.6%	-	357.5	512.8
Domestic Equity	24.1%	21.1%	3.0%	23.0%	16.1 - 26.1%	422.2	265.5
International Equity	24.3%	24.8%	-0.5%	26.6%	19.8 - 29.8%	-64.7	247.4
Total Fixed Income	32.4%	31.1%	1.3%	33.3%	-	180.1	313.6
Core Fixed Income	27.3%	26.1%	1.2%	28.2%	23.1 - 29.1%	168.3	301.9
Fixed Income Plus	5.1%	5.0%	0.1%	5.1%	3 - 7%	11.7	11.7
Total Alternatives	16.8%	23.0%	-6.2%	16.8%	-	-870.5	-870.5
Absolute Return	5.1%	4.0%	1.1%	5.1%	2 - 6%	151.6	151.6
Private Equity	5.0%	7.0%	-2.0%	5.0%	5 - 9%	-285.9	-285.9
Real Estate	3.7%	5.0%	-1.3%	3.7%	3 - 7%	-187.2	-187.2
Real Assets	3.1%	7.0%	-3.9%	3.1%	5 - 9%	-549.0	-549.0
STIF/STO/ Overlay Cash Balances	2.4%	0.0%	2.4%	0.3%	-	333.0	44.1

TABLE III: PERA Performance for Month and Fiscal Year to Date (in percent %)				
	11/30/2015	Fiscal YTD	1 Year	3 Year
TOTAL FUND	-0.64%	-1.72%	-0.87%	7.71%
Policy Index	-0.74%	-1.58%	-0.14%	7.27%
<i>Value Added</i>	<u>0.10%</u>	<u>-0.14%</u>	<u>-0.73%</u>	<u>0.44%</u>
Total Domestic Equity	0.72%	0.49%	2.87%	16.44%
Russell 3000 Index	0.55%	0.63%	2.58%	16.00%
<i>Value Added</i>	<u>0.17%</u>	<u>-0.14%</u>	<u>0.29%</u>	<u>0.44%</u>
International Equity	-1.95%	-7.21%	-6.38%	4.05%
MSCI ACWI ex-US Index	-1.88%	-7.29%	-6.24%	3.77%
<i>Value Added</i>	<u>-0.07%</u>	<u>0.08%</u>	<u>-0.14%</u>	<u>0.28%</u>
Fixed Income Plus	-1.03%	-2.30%	-3.74%	N/A
Policy Index	-1.55%	-2.88%	-7.48%	N/A
<i>Value Added</i>	<u>0.52%</u>	<u>0.58%</u>	<u>3.74%</u>	<u>N/A</u>
Core Fixed Income	-0.19%	1.15%	0.68%	2.06%
85/15 Barclays Index	-0.22%	1.09%	1.10%	1.51%
<i>Value Added</i>	<u>0.03%</u>	<u>0.06%</u>	<u>-0.42%</u>	<u>0.55%</u>
Alternative Assets	-1.21%	-1.15%	0.64%	8.45%
Policy Index	-1.05%	-0.37%	5.72%	8.74%
<i>Value Added</i>	<u>-0.16%</u>	<u>-0.78%</u>	<u>-5.08%</u>	<u>-0.29%</u>
Cash (STIF)	0.00%	0.12%	1.06%	2.28%

PERA Executive Summary

November 2015

Market Values, Asset Allocation & Performance:

Market Value & Asset Allocation:

The Total Fund market value decreased by \$142 million in November and finished the month at \$14.0 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 3.0% overweight and the Non-US Equity allocation is underweight by 0.5%, which is within policy range. Core Fixed Income is within policy range at a 1.2% variance as well as Fixed Income Plus, which is overweight by 0.1%. The Real Assets and Private Equity portfolios are underweight 3.9% and 2.0%, respectively. Absolute Return is overweight by 1.1% and Real Estate is underweight by 1.3%. 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 \$59 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 \$217 million to the PERA fund, \$857 thousand to the Magistrates account, \$1.5 million to the Judicial account and \$183 thousand to the Volunteer Fire Fighter account. Private partnerships called \$80 million and distributed \$10 million during the month. For last fiscal year capital calls averaged \$27 million per month and totaled \$291 million while distributions averaged \$30 million per month and totaled \$361 million.

Fund Returns & Performance:

The Total Fund returned -0.64%, net of fees, for the month with the Russell 3000 Index returning 0.55% and the MSCI ACWI ex-US IMI Index returning -1.88%; PERA's custom Core Fixed Income benchmark returned -0.22% and the custom benchmark for Fixed Income Plus returned -1.55%. The Fund has returned -1.72% for the fiscal year and 7.71% for the 3-year.

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.