

# PERA Executive Summary

October 2015

Market Values, Asset Allocation & Performance Data:

Asset Class	10/31/2015	Prev. Month's Chg
<b>Total Equities</b>	<b>6,877</b>	<b>506</b>
Domestic Equity	3,391	278
International Equity	3,485	229
<b>Total Fixed Income</b>	<b>4,564</b>	<b>-94</b>
Core Fixed Income	3,841	-95
Fixed Income Plus	723	0
<b>Total Alternatives</b>	<b>2,321</b>	<b>-6</b>
Absolute Return	715	-28
Private Equity	691	-12
Real Estate	472	15
Real Assets	443	19
<b>STIF/STO/ Overlay Cash Balances</b>	<b>424</b>	<b>65</b>
<b>TOTAL FUNDS</b>	<b>14,185</b>	<b>470</b>

Asset Class	Actual	Target	Variance	Actual with Overlay	Ranges	\$ in Millions	Inclusive of Overlay
<b>Total Equities</b>	<b>48.5%</b>	<b>45.9%</b>	<b>2.6%</b>	<b>50.1%</b>	-	<b>365.6</b>	<b>593.9</b>
Domestic Equity	23.9%	21.1%	2.8%	24.6%	16.1 - 26.1%	398.3	498.5
International Equity	24.6%	24.8%	-0.2%	25.5%	19.8 - 29.8%	-32.6	95.4
<b>Total Fixed Income</b>	<b>32.2%</b>	<b>31.1%</b>	<b>1.1%</b>	<b>32.9%</b>	-	<b>152.0</b>	<b>257.7</b>
Core Fixed Income	27.1%	26.1%	1.0%	27.8%	23.1 - 29.1%	138.7	244.3
Fixed Income Plus	5.1%	5.0%	0.1%	5.1%	3 - 7%	13.3	13.3
<b>Total Alternatives</b>	<b>16.4%</b>	<b>23.0%</b>	<b>-6.6%</b>	<b>16.4%</b>	-	<b>-941.9</b>	<b>-941.9</b>
Absolute Return	5.0%	4.0%	1.0%	5.0%	2 - 6%	148.1	148.1
Private Equity	4.9%	7.0%	-2.1%	4.9%	5 - 9%	-302.3	-302.3
Real Estate	3.3%	5.0%	-1.7%	3.3%	3 - 7%	-237.4	-237.4
Real Assets	3.1%	7.0%	-3.9%	3.1%	5 - 9%	-550.3	-550.3
<b>STIF/STO/ Overlay Cash Balances</b>	<b>3.0%</b>	<b>0.0%</b>	<b>3.0%</b>	<b>0.6%</b>	-	<b>424.3</b>	<b>90.3</b>

	10/31/2015	Fiscal YTD	1 Year	3 Year
<b>TOTAL FUND</b>	<b>3.68%</b>	<b>-1.09%</b>	<b>0.91%</b>	<b>8.33%</b>
Policy Index	<u>3.56%</u>	<u>-0.89%</u>	<u>1.58%</u>	<u>7.82%</u>
<i>Value Added</i>	<u>0.12%</u>	<u>-0.67%</u>	<u>-0.67%</u>	<u>0.51%</u>
<b>Total Domestic Equity</b>	<b>7.68%</b>	<b>-0.23%</b>	<b>4.29%</b>	<b>16.63%</b>
Russell 3000 Index	7.90%	0.08%	4.49%	16.09%
<i>Value Added</i>	<u>-0.22%</u>	<u>-0.31%</u>	<u>-0.20%</u>	<u>0.54%</u>
<b>International Equity</b>	<b>7.03%</b>	<b>-5.37%</b>	<b>-3.86%</b>	<b>5.37%</b>
MSCI ACWI ex-US Index	7.24%	-5.51%	-3.89%	5.05%
<i>Value Added</i>	<u>-0.21%</u>	<u>0.14%</u>	<u>0.03%</u>	<u>0.32%</u>
<b>Fixed Income Plus</b>	<b>1.69%</b>	<b>-1.28%</b>	<b>-3.79%</b>	<b>N/A</b>
Policy Index	<u>2.08%</u>	<u>-1.34%</u>	<u>-5.16%</u>	<u>N/A</u>
<i>Value Added</i>	<u>-0.39%</u>	<u>0.06%</u>	<u>1.37%</u>	<u>N/A</u>
<b>Core Fixed Income</b>	<b>0.13%</b>	<b>1.35%</b>	<b>1.46%</b>	<b>2.29%</b>
85/15 Barclays Index	0.07%	1.19%	1.17%	1.15%
<i>Value Added</i>	<u>0.06%</u>	<u>0.16%</u>	<u>0.29%</u>	<u>1.14%</u>
<b>Alternative Assets</b>	<b>0.38%</b>	<b>0.06%</b>	<b>3.13%</b>	<b>9.22%</b>
Policy Index	<u>-0.02%</u>	<u>0.69%</u>	<u>7.82%</u>	<u>9.33%</u>
<i>Value Added</i>	<u>0.40%</u>	<u>-0.63%</u>	<u>-4.69%</u>	<u>-0.11%</u>
<b>Cash (STIF)</b>	<b>0.00%</b>	<b>0.12%</b>	<b>1.15%</b>	<b>2.36%</b>

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## Market Values, Asset Allocation & Performance:

### Market Value & Asset Allocation:

The Total Fund market value increased by \$470 million in October and finished the month at \$14.2 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 2.8% overweight and the Non-US Equity allocation is underweight by 0.2%, which is within policy range. Core Fixed Income is within policy range at a 1.0% 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 2.1%, respectively. Absolute Return is overweight by 1.0% and Real Estate is underweight by 1.7%. 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 \$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 \$159 million to the PERA fund, \$708 thousand to the Magistrates account, \$1.2 million to the Judicial account and \$183 thousand to the Volunteer Fire Fighter account. Private partnerships called \$24 million and distributed \$35 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 3.68%, net of fees, for the month with the Russell 3000 Index returning 7.90% and the MSCI ACWI ex-US IMI Index returning 7.24%; PERA's custom Core Fixed Income benchmark returned 0.07% and the custom benchmark for Fixed Income Plus returned 2.08%. The Fund has returned -1.09% for the fiscal year and 8.33% for the 3-year, which is higher than the target return of 7.75%.

### Watch List Update:

None of PERA's active Domestic Equity, International Equity, or Fixed Incomes managers are on the Watch List. Three of PERA's alternative investments are also on Cliffwater's Watch List.