

FUND EVALUATION REPORT

District of Columbia Retirement Board

Quarterly Summary
September 30, 2014



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District of Columbia Retirement Board

Aggregate Assets Asset Summary as of 9/30/14

Fund	Market Value 6/30/14 (\$ mm)	Market Value 9/30/14 (\$ mm)	% of Retirement Fund	Target Allocation (%)	Target Range (%)
Fund	6,467.1	6,332.6	100	NA	NA
Public Equities	3,533.2	3,428.2	54	48	38-58
Domestic Equity Assets	1,507.6	1,501.6	24	21	17-25
International Developed Market Equity Assets	1,326.7	1,251.0 ¹	20	18	14-22
International Emerging Market Equity Assets	698.9	675.6 ¹	11	9	7-11
Fixed Income²	1,885.1	1,889.1	30	27	22-32
Investment Grade Bond Assets	782.7	768.3 ¹	12	12	7-17
TIPS Assets	310.4	346.4 ¹	5	4	3-5
High Yield Assets	250.2	272.0 ¹	4	3	2-4
Emerging Market Debt Assets	239.0	222.5 ¹	4	3	2-4
Bank Loan Assets	125.4	106.2 ¹	2	3	2-4
Foreign Developed Bond Assets	177.3	173.7 ¹	3	2	1-3
Alternatives	1,005.6	1,002.9	16	25	25
Absolute Return Assets	285.2	276.7 ²	4	10	8-12
Private Equity Assets	372.1	373.8 ²	6	8	5-11
Real Assets	348.4	352.4 ²	6	7	5-9
<i>Real Estate Assets</i>	249.1 ²	245.9 ²	4	4	NA
<i>Infrastructure/Oppportunistic Assets</i>	86.2 ²	89.5 ²	1	2	NA
<i>Private Energy Assets</i>	13.1 ²	17.0 ²	< 1	1	NA
Cash	43.2	12.4	< 1	0	0

¹ Figures represent underlying market exposures.

² Based on June 30, 2014, reported values, adjusted for subsequent cash flows.



District of Columbia Retirement Board

Aggregate Assets Performance as of 9/30/14

	3Q14 (%)	YTD (%)	FY/1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Fund	-1.7	4.1	8.3	11.4	9.4	6.5	1/1/87	8.4
Net of Fees	-1.8	4.0	8.2	11.2	9.2	6.2		8.2
<i>Policy Benchmark¹</i>	-1.1	4.7	8.7	11.0	9.1	7.2		8.9
<i>Active Management-Related Excess Return²</i>	-0.3	-0.4	-0.5	0.1	-0.2	-1.1		NA
<i>Tactical Asset Allocation-Related Excess Return³</i>	-0.4	-0.2	0.0	0.1	0.3	0.1		NA
<i>Actual Allocation Benchmark⁴</i>	-1.5	4.4	8.7	11.1	9.4	7.3		NA
<i>60% Russell 3000 / 40% Barclays Aggregate</i>	0.1	5.9	12.2	14.6	11.3	7.2		9.2

¹ Policy Benchmark, as reported by State Street Bank, reflects targets set forth in the Fund's Investment Policy Statement. The benchmark uses the following indexes as proxies: 21% Russell 3000 (domestic equity), 18% MSCI World ex. U.S., 9% MSCI EM (international equity), 12% Barclays Aggregate (investment grade bonds), 4% Barclays U.S. TIPS (TIPS), 3% Barclays U.S. High Yield (high yield), 3% CSFB Leveraged Loan (bank loans), 2% Barclays Global Aggregate ex. U.S. (foreign bonds), 3% JPM GBI-EM Global Diversified (emerging market bonds), 7% CPI-U + 700 bps (real assets), 10% 3-month LIBOR + 5% (hedge funds), and 8% Cambridge Private Equity (lagged) (alternatives).

² Represents the difference between the Fund (net-of-fees) and the Actual Allocation Benchmark, and measures the contribution from active management.

³ Represents the difference between the Policy Benchmark and the Actual Allocation Benchmark, and measures the contribution from the variance of the Fund's current asset allocation relative to the long-term target allocation).

⁴ Actual Allocation Benchmark, as reported by State Street Bank, is constructed with the same market indices as the Policy Benchmark, weighted by the Fund's monthly asset allocation, and measures the contribution from manager selection decisions.



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Fund	-1.7	4.1	8.3	11.4	9.4	6.5	1/1/87	8.4
Net of Fees	-1.8	4.0	8.2	11.2	9.2	6.2		8.2
Domestic Equity (net-of-fees)	0.3	6.8	17.5	23.4	15.8	8.1	1/1/87	10.3
<i>Russell 3000</i>	0.0	7.0	17.8	23.1	15.8	8.4		10.3
International Developed Market Equity (net-of-fees)	-5.6	-0.7	5.1	13.4	7.3	7.3	4/1/87	6.2
<i>MSCI World (ex. US)¹</i>	-5.7	-0.7	4.9	13.2	7.1	7.3		5.8
International Emerging Market Equity (net-of-fees)	-3.6	2.6	4.8	7.3	NA	NA	9/1/11	1.8
<i>MSCI Emerging Markets</i>	-3.5	2.4	4.3	7.2	4.4	10.7		1.7
Fixed Income (net-of-fees) ²	-1.7	3.0	2.8	3.1	5.0	4.7	12/1/82	7.9
<i>Barclays Universal</i>	0.0	4.2	4.4	3.2	4.7	4.9		NA
<i>Custom Benchmark³</i>	-1.5	3.1	3.1	2.7	4.3	4.6		7.8
Absolute Return (net-of-fees)	-3.0	2.1	2.9	2.2	10.0	NA	7/1/06	7.8
<i>3 Month Libor + 5%</i>	1.3	3.9	5.3	5.4	5.3	7.1		6.8
<i>HFRI Macro Index</i>	3.0	4.1	6.0	0.6	1.5	4.6		3.8
Private Equity (net-of-fees) ⁴	5.2	16.1	23.0	12.4	15.3	10.4	1/1/87	8.3
<i>Russell 3000 + 3% (1-quarter lagged)</i>	–	–	–	–	–	11.4		13.7
<i>Cambridge Associates Private Equity Index</i>	5.7	16.2	22.0	14.8	17.6	15.2		14.1

¹ The International Developed Market Equity custom benchmark is comprised of the MSCI EAFE Index prior to April 2006, the MSCI ACWI (ex U.S.) Index April 2006 through September 2011, and the MSCI World (ex U.S.) thereafter.

² Prior to August 2011, Fixed Income performance included the performance of infrastructure assets.

³ The Fixed Income custom benchmark is comprised of the Barclays Aggregate prior to April 2006, the Barclays US Universal Index from April 2006 to March 2012, 60% Barclays US Aggregate Index, 12% Barclays US TIPS Index, 12% Barclays US High Yield Index, 8% Barclays Global Aggregate ex US Index, 8% JPM GBI-EM Global Diversified Index from April 2012 to September 2013, and 44% Barclays US Aggregate Index, 15% Barclays US TIPS Index, 11% Barclays US High Yield Index, 11% CSFB Leveraged Loan Index, 8% Barclays Global Aggregate ex US Index, 11% JPM GBI-EM Global Diversified Index thereafter.

⁴ Portfolio and index performance reported one quarter lagged.



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Fund	-1.7	4.1	8.3	11.4	9.4	6.5	1/1/87	8.4
Net of Fees	-1.8	4.0	8.2	11.2	9.2	6.2		8.2
Real Assets (net-of-fees)	0.5	7.6	8.8	NA	NA	NA	7/1/12	8.4
<i>CPI (inflation) + 7%</i>	1.6	7.4	8.8	8.7	9.1	9.4		8.7
Cash	0.0	0.0	0.0	0.1	0.2	1.9	7/1/89	4.3
<i>90-Day T-Bills</i>	0.0	0.0	0.0	0.1	0.1	1.5		3.3

