

# FUND EVALUATION REPORT

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## District of Columbia Retirement Board

Quarterly Summary  
December 31, 2014



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# District of Columbia Retirement Board

## Aggregate Assets Asset Summary as of 12/31/14

Fund	Market Value 9/30/14 (\$ mm)	Market Value 12/31/14 (\$ mm)	% of Retirement Fund	Target Allocation (%)	Target Range (%)
<b>Fund</b>	<b>6,332.6</b>	<b>6,451.2</b>	<b>100</b>	<b>NA</b>	<b>NA</b>
<b>Public Equities</b>	<b>3,428.2</b>	<b>3,477.8</b>	<b>54</b>	<b>48</b>	<b>38-58</b>
Domestic Equity Assets	1,501.6	1,541.7	24	21	17-25
International Developed Market Equity Assets	1,251.0	1,290.9 <sup>1</sup>	20	18	14-22
International Emerging Market Equity Assets	675.6	645.2 <sup>1</sup>	10	9	7-11
<b>Fixed Income</b>	<b>1,889.1</b>	<b>1,955.5</b>	<b>30</b>	<b>27</b>	<b>22-32</b>
Investment Grade Bond Assets	768.3	840.7 <sup>1</sup>	13	12	7-17
TIPS Assets	346.4	383.5 <sup>1</sup>	6	4	3-5
High Yield Assets	272.0	241.7 <sup>1</sup>	4	3	2-4
Emerging Market Debt Assets	225.5	210.4 <sup>1</sup>	3	3	2-4
Bank Loan Assets	106.2	108.6 <sup>1</sup>	3	3	2-4
Foreign Developed Bond Assets	173.7	170.7 <sup>1</sup>	2	2	1-3
<b>Alternatives</b>	<b>1,002.9</b>	<b>997.9<sup>2</sup></b>	<b>15</b>	<b>25</b>	<b>25</b>
Absolute Return Assets	276.7	278.5 <sup>2</sup>	4	10	8-12
Private Equity Assets	373.8	349.9 <sup>2</sup>	5	8	5-11
Real Assets	352.4	369.5 <sup>2</sup>	6	7	5-9
<i>Real Estate Assets</i>	245.9	259.5 <sup>2</sup>	4	4	NA
<i>Infrastructure/Opportunistic Assets</i>	89.5	90.3 <sup>2</sup>	1	2	NA
<i>Private Energy Assets</i>	17.0	19.7 <sup>2</sup>	< 1	1	NA
<b>Cash</b>	<b>12.4</b>	<b>20.1</b>	<b>&lt; 1</b>	<b>0</b>	<b>0</b>

<sup>1</sup> Figures represent underlying market exposures.

<sup>2</sup> Based on September 30, 2014, reported values, adjusted for subsequent cash flows.



	4Q14 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
<b>Fund</b>	<b>0.0</b>	<b>4.1</b>	<b>10.1</b>	<b>8.7</b>	<b>5.6</b>	<b>1/1/87</b>	<b>8.3</b>
<b>Net of Fees</b>	<b>0.0</b>	<b>3.9</b>	<b>9.9</b>	<b>8.5</b>	<b>5.3</b>		<b>8.1</b>
<i>Policy Benchmark<sup>1</sup></i>	0.3	4.9	9.6	8.4	6.3		8.8
<i>Actual Allocation Benchmark<sup>2</sup></i>	0.2	4.6	9.6	8.7	6.4		NA
<i>Active Management-Related Excess Return<sup>3</sup></i>	-0.2	-0.7	0.3	-0.2	-1.1		NA
<i>Tactical Asset Allocation-Related Excess Return<sup>4</sup></i>	-0.1	-0.3	0.0	0.3	0.1		NA
<i>60% MSCI ACWI/40% Barclays Global Aggregate</i>	-0.2	2.8	8.7	6.7	5.4		6.8

<sup>1</sup> 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).

<sup>2</sup> 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.

<sup>3</sup> Represents the difference between the Fund (net-of-fees) and the Actual Allocation Benchmark, and measures the contribution from active management.

<sup>4</sup> 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).

## District of Columbia Retirement Board

## Aggregate Assets Performance as of 12/31/14

	4Q14 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
<b>Fund</b>	<b>0.0</b>	<b>4.1</b>	<b>10.1</b>	<b>8.7</b>	<b>5.6</b>	<b>1/1/87</b>	<b>8.3</b>
<b>Net of Fees</b>	<b>0.0</b>	<b>3.9</b>	<b>9.9</b>	<b>8.5</b>	<b>5.3</b>		<b>8.1</b>
Domestic Equity (net-of-fees)	5.1	12.2	20.9	15.6	7.6	1/1/87	10.4
<i>Russell 3000</i>	5.2	12.6	20.5	15.6	7.9		10.4
International Developed Market Equity (net-of-fees)	-3.1	-3.8	11.2	6.0	5.5	4/1/87	6.0
<i>MSCI World (ex. US)<sup>1</sup></i>	-3.7	-4.3	10.5	5.5	5.3		5.6
International Emerging Market Equity (net-of-fees)	-4.5	-2.0	4.3	NA	NA	9/1/11	0.3
<i>MSCI Emerging Markets</i>	-4.5	-2.2	4.0	1.8	8.4		0.1
Fixed Income (net-of-fees) <sup>2</sup>	-0.8	2.3	2.3	4.5	4.4	12/1/82	7.8
<i>Barclays Universal</i>	1.3	5.5	3.2	4.8	4.9		NA
<i>Custom Benchmark<sup>3</sup></i>	-0.1	3.0	2.2	4.2	4.5		7.7
Absolute Return (net-of-fees)	0.6	2.7	2.5	9.9	NA	7/1/06	7.6
<i>3 Month Libor + 5%</i>	1.3	5.3	2.3	1.5	NA		2.1
<i>HFRI Macro Index</i>	3.1	6.4	1.9	1.9	4.4		3.9
Private Equity (net-of-fees) <sup>4</sup>	-2.8	12.9	13.5	13.5	10.1	1/1/87	8.1
<i>Russell 3000 + 3% (1-quarter lagged)</i>	-	-	-	-	11.4		13.5
<i>Cambridge Associates Private Equity Index</i>	1.7	18.1	17.1	16.6	15.1		NA

<sup>1</sup> 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.

<sup>2</sup> Prior to August 2011, Fixed Income performance included the performance of infrastructure assets.

<sup>3</sup> 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.

<sup>4</sup> Portfolio and index performance reported one quarter lagged.



	4Q14 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
<b>Fund</b>	<b>0.0</b>	<b>4.1</b>	<b>10.1</b>	<b>8.7</b>	<b>5.6</b>	<b>1/1/87</b>	<b>8.3</b>
<b>Net of Fees</b>	<b>0.0</b>	<b>3.9</b>	<b>9.9</b>	<b>8.5</b>	<b>5.3</b>		<b>8.1</b>
Real Assets (net-of-fees)	3.6	11.5	NA	NA	NA	7/1/12	9.1
<i>CPI (inflation) + 7%</i>	0.3	7.8	8.4	8.8	9.3		8.0
Cash	0.3	0.6	0.7	0.5	2.0	7/1/89	4.2
<i>90-Day T-Bills</i>	0.0	0.0	0.1	0.1	1.5		3.3