

## Investment Highlights

### Talking Points

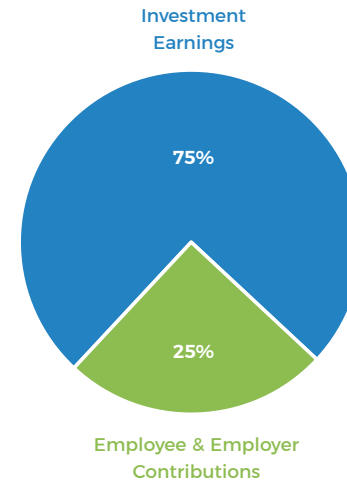
- ACERA's Fund is a long-term, well-diversified, conservative portfolio that typically has performed in the top decile of its peer group.
- The Fund is \$7.6 billion of assets under management as of 06/30/2017.
- For the 1 yr., 3yr., and 5yr. periods ending 06/30/2017, the Fund has returned 16.3%, 5.5%, and 10.1% (gross of fees), respectively.
- The Fund is governed by the Retirement Board and its investment policies. Day-to-day administration of the Fund is provided by ACERA's Investment Department.
- Asset Allocation, Periodic Rebalancing, and Investment Manager selection drive top-tier performance.

**ACERA Funded Ratio:** 78.1%<sup>4</sup>  
**Interest Assumption Rate:** 7.60%<sup>2</sup>

Returns	YTD Return	1 yr. Return	2 yr. Return	3 yr. Return	4 yr. Return	5 yr. Return	7 yr. Return	10 yr. Return	15 yr. Return	20 yr. Return
<b>Total Fund (gross)</b>	9.8	16.3	7.0	5.5	8.7	10.1	10.6	5.7	8.1	7.6
<b>Total Fund (net)</b>	9.7	16.0	6.6	5.2	8.4	9.7	10.3	5.4	7.7	7.3
<b>Policy Index</b>	9.0	15.2	7.7	6.2	9.5	10.5	10.9	6.4	8.3	7.6
<b>Difference (gross)</b>	0.9	1.1	-0.8	-0.7	-0.8	-0.4	-0.3	-0.6	-0.2	0.0
<b>Rank</b>	3	2	29	44	28	14	12	22	3	3

\*Performance data through June 30, 2017 has been provided by Verus.

## Long-Term Funding Sources



	Market Value	Current*	Target
<b>US Equity</b>	\$ 2,514,801,461.00	33.3%	28.0%
<b>International Equity</b>	\$ 2,261,435,563.00	29.9%	26.0%
<b>Fixed Income</b>	\$ 1,206,762,489.00	16.0%	15.0%
<b>Real Estate</b>	\$ 518,595,754.00	6.9%	8.0%
<b>PEARLS</b>	\$ 761,279,873.00	10.1%	18.0%
<b>Real Assets</b>	\$ 271,372,798.00	3.6%	5.0%
<b>Cash</b>	\$ 24,386,926.00	0.3%	0.0%
<b>Total</b>	\$ 7,558,634,864.00	100.0%	100.0%

The chart above displays ACERA's asset allocation by market value, actual %, and target % as of June 30, 2017.

## Plan Funding

- The Board's primary goals in managing the Fund are: (1) To insure that sufficient funds are available to pay vested benefits and maintain supplemental benefits,
- (2) to comply with all applicable fiduciary standards, and (3) to add marginal value that will help reduce the costs of the plan and/or to increase benefits for the beneficiaries.
- Pension plan benefits are funded through three sources: employee contributions, employer contributions, and the earnings on the investments held by the Pension plan.
- The earnings on investments provide approximately 75% of the funding for retirement benefits, and the remaining 25% of funds are provided through employee and employer contributions.

\*May not sum to 100% due to rounding