

# Historical Look at PERS and TRS Assumed Rate of Return & Actual Performance

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# Past Performance

	Cumulative Return
FY2023	8.50%
FY2022	-4.31%
FY2021	27.72%
FY2020	2.71%
FY2019	5.71%
FY2018	8.84%
FY2017	11.94%
FY2016	2.07%
FY2015	4.58%
FY2014	17.17%
FY2013	13.04%
FY2012	2.41%
FY2011	21.79%
FY2010	12.87%
FY2009	-20.68%
FY2008	-4.86%
FY2007	17.96%
FY2006	9.07%
FY2005	8.13%
FY2004	13.43%
FY2003	6.61%
FY2002	-7.29%
FY2001	-5.08%
FY2000	7.93%
FY1999	12.08%
FY1998	16.63%
FY1997	19.63%
FY1996	12.60%
FY1995	16.33%

Time Horizon	Cumulative Return
1 Year	5.94%
3 Year	18.72%
5 Year	48.15%
10 Year	108.18%
20 Year	280.96%
Inception to Date	788.80%

Assumed Rate of Return	Date	Annualized Rate of Return
7.3%	7/01/2022	7.69%
7.65%/		7.74%/
7.5% (TRS only)	7/1/2018	7.76%
7.75%	7/1/2004	8.93%
8%	7/1/1985	-

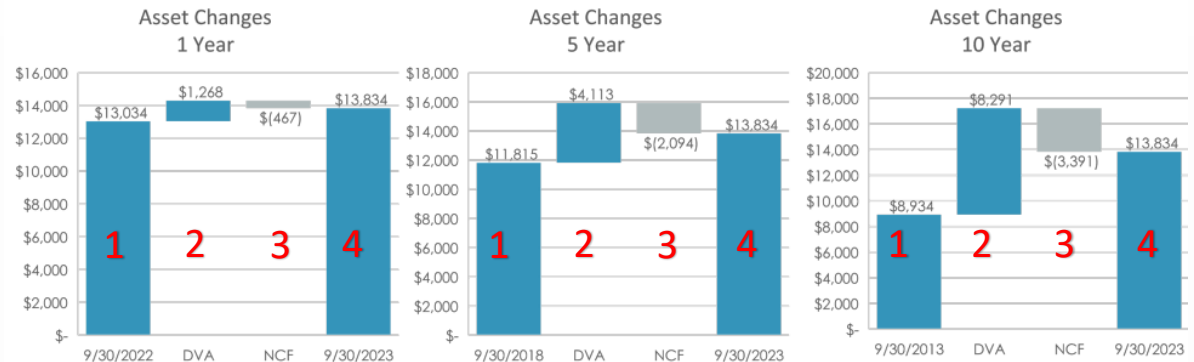
Consistent with Investment Objectives, Pension Fund Returns Have Met Assumed Rates of Returns as Set by the Pension Boards Over Time

# Asset Values Continue to Increase

## Asset Values Continue to Grow Despite “Unfunded” Status

1. Beginning Fund Balance
2. Dollar Value Add (C + I)
3. Net Cash Flow (A + B)
4. Ending Fund Balance

## CIO Update Pension Net Performance



- Dollar Value Added – The total dollar return of the portfolio including income and capital gains
- Net Cash Flow - The total dollar amount distributed from portfolio assets to meet the deficit of contributions minus distributions
  - A grey bar indicates an aggregate net outflow by all plans even though some plans may have experienced net inflows
  - Though aggregates are shown, each plan is independent and not able to rely on other plans to meet their respective liabilities

## Pension Fund Assets Have Grown by Nearly \$5 Billion Over 10 Years

# Performance Measurement

## Macro Attribution of the Portfolio

- Different Aspects of the Portfolio Provide Different Opportunities/Risks
  - Strategic Asset Allocation
  - Tactical Asset Allocation
  - Style Selection
  - Manager Selection

## Administration + Benefits = Contributions + Income

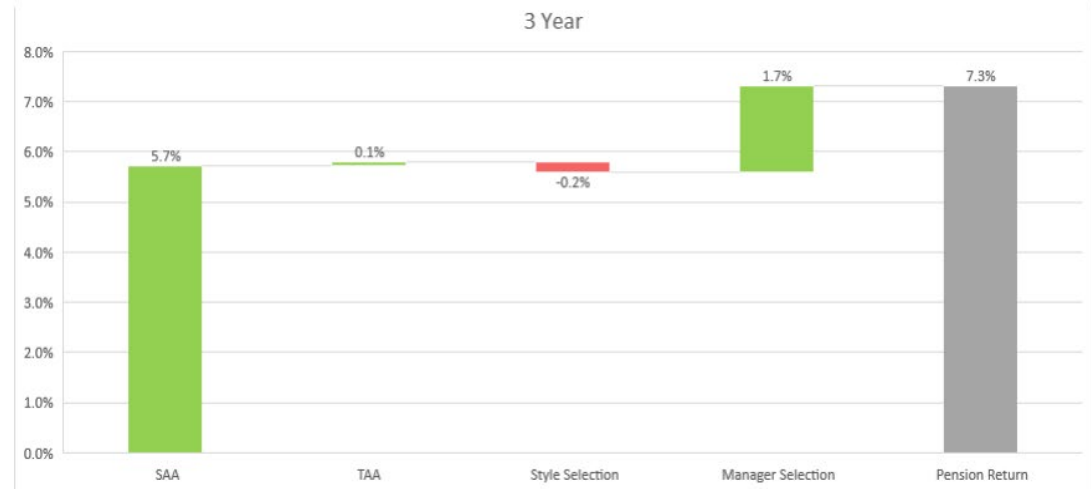
- Benefits are mostly paid with investment income (*approx. 2/3*).
- Benefit payments are priority. Current asset allocations are built around meeting benefit payments and current cash needs in times of plenty as well as times of market turbulence.
- Fluctuations to contributions or benefits, both of which are established by the Legislature in MCA, will have impacts on asset allocations and, thus, investment returns.

# Pension Macro Attribution

## Components of Attribution

1. Midpoint weighted returns?
2. Actual allocations impact to midpoint weighted returns?
3. Portfolio benchmarks impact to actual allocations?
4. Manager performance impact to portfolio benchmarks.

## Macro Attribution



There is more transparency, accountability, and understanding of pension fund returns today that at any point in fund history. The Board and staff are focused on improving outcomes for beneficiaries and taxpayers.