

# POLICE AND FIRE PENSION FUND

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## MEMORANDUM

2014-09-2  
attachment

**Date:** August 29, 2014

**To:** Mayor Alvin Brown  
Council President Clay Yarborough  
City Council Members  
City Council Auditor Kirk Sherman

**From:** John Keane, Executive Director - Administrator

**Subject:** Comparison of Recent Fund Performance with Larger Plans

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On August 26<sup>th</sup>, we released a recap of recent Police and Fire Pension Fund Investment Performance for the preceding Quarter, Fiscal year to Date, Calendar Year to Date and 1, 2, 3, 5 and 10 year.

The fiscal year ends for many State Pension Plans on June 30<sup>th</sup>.

Investment performance for the preceding year has now been reported. A comparison with the return of the Police and Fire Pension Fund is shown below:

Fund	Investment Return for year ending June 30, 2014
<b>Police and Fire Pension Fund</b>	<b>19.46%</b>
Florida Retirement System	17.4%
Louisiana Teachers	18.36%
Iowa Public Employees Retirement System	15.88%
Louisiana State Employees	18.8%
Nashville/Davidson County	18.37%
Chicago Public School Teachers	18.35%
North Carolina Retirement System	15.88%
Connecticut Pension Funds	15.6%

Please note that most of the attachments contain details of the Asset Allocation Plan of each Pension Fund. We have pending before the City Council a request to increase the ability of the Board to invest in "alternative investments".

cc: Chris Hand, Chief of Staff  
Ronnie Belton, Chief Financial Officer  
Joey Greive, City & Fund Treasurer  
Brian Parks, Council Auditor's Office  
Board File



# NEWS RELEASE

## FOR IMMEDIATE RELEASE

**Police and Fire Pension Fund**  
**One West Adams Street, Suite 100**  
**Jacksonville, FL 32202-3616**

**Contact: John Keane**  
**Executive Director – Administrator**  
**Phone (904) 255-7373**

August 26, 2014

The Board of Trustees of the Police and Fire Pension Fund announced the investment returns for the quarter ending on June 30, 2014. According to John Keane, Executive Director – Administrator of the Fund, the second quarter of 2014 moved the Fund into the strongest financial posture in a decade. During January to April, our economy stumbled mainly due to bad weather conditions, post-holiday inventory adjustment, and weak exports, Keane said, noting there are constructive forces in place to continue strengthening the economy. The Federal Reserve announcement of maintaining the current low interest rate policy after winding down the asset purchase program by October 2014, will impact returns in our Bond account, said Keane.

	<b>Quarter</b>	<b>FYTD</b>	<b>CYTD</b>	<b>1 yr.</b>	<b>2 yr.</b>	<b>3 yr.</b>	<b>5 yr.</b>	<b>10 yr.</b>
<b>Police and Fire Pension Fund</b>	<b>4/1/14 to 6/30/14</b>	<b>10/1/13 to 6/30/14</b>	<b>1/1/14 to 6/30/14</b>	<b>6/30/13 to 6/30/14</b>	<b>6/30/12 to 6/30/14</b>	<b>6/30/11 to 6/30/14</b>	<b>6/30/09 to 6/30/14</b>	<b>6/30/04 to 6/30/14</b>
<b>Return in %</b>	<b>4.55</b>	<b>13.08</b>	<b>6.65</b>	<b>19.46</b>	<b>17.0</b>	<b>11.62</b>	<b>13.45</b>	<b>7.43</b>
<b>Rank in percentile</b>	<b>7th</b>	<b>12th</b>	<b>14th</b>	<b>9th</b>	<b>8th</b>	<b>7th</b>	<b>28th</b>	<b>40th</b>

The percentile rankings (1 being the best with 100 being the worst) reflect the results of the ongoing asset reallocation and rebalancing program the Board instituted 18 months ago. The goal of the Fund is to be in the top 10 percent of Pension Funds with similar investment options and asset allocations while maintaining strong risk controls.



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## Florida Pension Gains 17.4%, Beats Benchmark

August 20, 2014

Investments made by the **Florida Retirement System (FRS)** pension plan gained 17.4% in the fiscal year ended June 30, edging past a 17% benchmark, the *Sunshine State News* reports.

The fund's investment portfolio was valued at \$149.1 billion as of June 30.

The FRS pension fund climbed by \$16.7 billion in the fiscal year, after net distributions, the **State Board of Administration of Florida (SBA)** says in a statement.

The gains were led by global equities which earned slightly more than 23.5%. Private equity delivered almost 19.9%, while real estate investments earned 14.9%, and "strategic investments" notched 13.2%. Fixed income gained almost 3.8%, while cash gained 0.2%, the SBA says.

The FRS has generated returns of about 8.8% in the 20-year period and about 9% in the 25-year period, says SBA executive director and CIO **Ash Williams**. He credits the fund's long-term performance to "prudence, patience and diversification."

Meanwhile, the **FRS Investment Plan**, designed to give Florida's public employees an alternative to the traditional pension plan, also posted year-end gains.

The Investment Plan's one-year return, based on aggregate employee fund selection, came in at slightly more than 15.5%, beating a benchmark of 15%. The FRS bases the benchmark on the weighted aggregate performance of the indexes representing each member's allocation, the SBA explains.

The Investment Plan recorded year-end assets of about \$9 billion, an increase of about 14.7% over fiscal year 2013 and a new record for the program.

Also, 25% of new state hires in the last fiscal year opted to join the Investment Plan, while more than 5,700 traditional pension plan members elected to switch to the Investment Plan. The FRS Investment Plan now has a record high 157,227 member accounts, the SBA says.

By Kathleen Laverty

- To read the *Sunshine State News* article cited in this story, go to <http://www.sunshinestatenews.com/blog/florida-pension-investments-surpass-targeted-rate-return>.

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# Louisiana Teachers returns 18.36%

By: [Rob Kozlowski](#)

Published: August 15, 2014

Louisiana Teachers' Retirement System, Baton Rouge, returned 18.36% net of fees in the fiscal year ended June 30, spokeswoman Lisa Honore said.

The \$16.9 billion pension fund's fiscal year return exceeded its policy benchmark by 19 basis points.

The top-performing asset class was domestic equities, which returned 25.45%, followed by international developed markets equities at 25.28%.

Alternative assets — which include infrastructure/commodities, private equity, private debt and real estate — returned 16.41%, followed by emerging markets equities at 12.93%, international developed markets fixed income at 8.31%, domestic fixed income at 5.65% and emerging markets fixed income at 3.38%.

As of June 30, the actual allocation was 33% domestic equities, 16% international developed markets equities, 10% each international developed markets fixed income and private equity, 9% domestic fixed income, 8% real estate, 5% emerging markets equities, 4% private market debt, and the rest in emerging markets fixed income and infrastructure/commodities.

The target allocation is 31% domestic equities, 14% domestic fixed income, 13% private equity, 11% international developed markets equities, 8% emerging markets equities, 7% real estate, 6% private market debt, 4% international developed markets fixed income, and 3% each emerging markets fixed income and infrastructure/commodities.

**Original Story Link:** <http://www.pionline.com/article/20140815/ONLINE/140819906/louisiana-teachers-returns-1836>

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# Iowa PERS returns 15.88% for fiscal year

By: [Meaghan Kilroy](#)

Published: August 25, 2014



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Iowa Public Employees' Retirement System, Des Moines, returned 15.88% net of fees for the fiscal year ended June 30, surpassing its policy benchmark of 15.36% by 52 basis points, said Judy Akre, spokeswoman for the \$28 billion pension fund.

The return also surpassed the 10.12% return from the previous fiscal year and the 7.5% assumed rate as assets increased from \$24.8 billion.

Among the various asset classes, real assets, which includes timberland and energy master limited partnerships, returned 25.81%, followed by domestic equity, 24.63%; private equity, 23.33%; international equity, 22.94%; real estate, 11.72%; credit opportunities fixed income, 10.47%; core-plus fixed income, 5.22%; and Treasury inflation-protected securities at 4%.

The pension fund's target asset allocation is 28% core-plus fixed income, 23% domestic equity, 15% international equity, 13% private equity, 8% real estate, 5% each credit opportunities and U.S. Treasury inflation-protected securities, 2% other real assets and 1% cash, according to its website.

**Original Story Link:** <http://www.pionline.com/article/20140825/ONLINE/140829938/iowa-pers-returns-1588-for-fiscal-year>

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### LASERS posts 18.8% return

By: [Rob Kozlowski](#)

Published: August 26, 2014



Louisiana State Employees' Retirement System, Baton Rouge, returned a gross 18.8% in the fiscal year ended June 30, said Robert W. Beale, chief investment officer, in an e-mail.

The \$11 billion pension fund exceeded its 17.7% policy benchmark by 110 basis points.

Total equities returned 23.4%, alternatives returned 14.6% and total fixed income gained 9.7% in the fiscal year ended June 30, Mr. Beale said.

"Obviously, the strong equity returns are what drove performance," Mr. Beale said. "We believe that our current allocation works well over time, we're diversified globally, and have a firm commitment to private markets investing and emerging market investments."

As of June 30, the actual allocation was 15% each domestic large-cap equities and international large-cap equities; 13% private equity; 12% emerging markets equities; 8% each absolute return and domestic small-cap equities; 7% risk parity; 4% each domestic core fixed income, domestic high-yield fixed income and domestic midcap equities; 3% international small-cap equities; 2% each emerging markets debt, opportunistic credit and real assets; and 1% cash equivalents.

The target allocation is 15% each domestic large-cap equities and international large-cap equities; 13% private equity; 12% emerging markets equities; 8% each absolute return and domestic small-cap equities; 7% risk parity; 4% each domestic core fixed income, domestic high-yield fixed income and domestic midcap equities; 3% each international small-cap equities and real assets; and 2% each emerging markets debt and opportunistic credit.

**Original Story Link:** <http://www.pionline.com/article/20140826/ONLINE/140829922/lasers-posts-188-return>

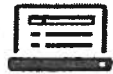
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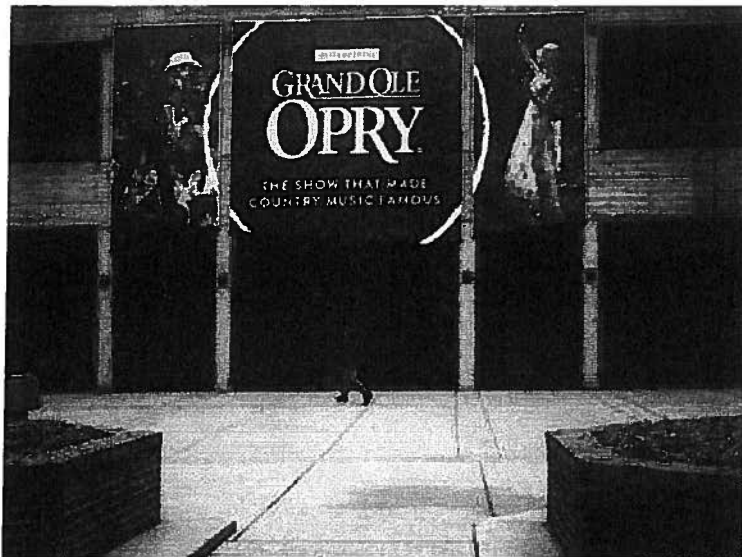
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# Nashville & Davidson County gains 18.37% for fiscal year

By: [Rob Kozlowski](#)

Published: August 26, 2014



Luke Sharrett/Bloomberg

Nashville's Grand Ole Opry

and 7.6% private equity.

The target allocation is 37.5% domestic and international equities; 15% each traditional fixed income and alternative fixed income; 12.5% real assets; and 10% each long/short equity and private equity.

**Original Story Link:** <http://www.pionline.com/article/20140826/ONLINE/140829924/nashville-amp-davidson-county-gains-1837-for-fiscal-year>

Nashville (Tenn.) & Davidson County Metropolitan Government Employee Benefit Trust Fund returned 18.37% in the fiscal year ended June 30, said Fadi BouSamra, chief investment officer, in an e-mail.

The return for the \$2.8 billion pension fund came in 301 basis points higher than the 15.36% benchmark, Mr. BouSamra said.

The best-performing asset class was domestic equities, with a 25.42% return, followed by private equity at 22.73%, and international equities at 22.26%.

Other asset class returns were real assets, 18.67%; alternative fixed income, 14.14%; long/short equity, 13.29%; and traditional fixed income, 6.57%.

The current actual allocation is 23.9% domestic equities, 18.8% international equities, 14.5% alternative fixed income, 14.4% traditional fixed income, 10.7% real assets, 10.1% long/short equity,

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# Chicago Public School Teachers gains 18.35% for fiscal year

By: [Barry B. Burr](#)  
 Published: August 14, 2014

Chicago Public School Teachers' Pension & Retirement Fund's investments returned 18.35% for its fiscal year ended June 30, said a statement Thursday from the pension fund.

The pension fund outperformed the 17.63% return of its custom benchmark for the same period, spokesman Mack Reynolds said in an e-mail.

Its current \$10.8 billion in assets represent an 11% increase from the \$9.7 billion in assets a year earlier, the statement said.

The return more than doubled the pension fund's 7.75% assumed rate of return, the statement said.

The pension plan is currently 49.5% funded, the statement said.

**Original Story Link:** <http://www.pionline.com/article/20140814/ONLINE/140819920/chicago-public-school-teachers-gains-1835-for-fiscal-year>

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### North Carolina Retirement Systems return 15.88%

By: [Hazel Bradford](#)

Published: August 13, 2014



North Carolina Retirement Systems, Raleigh, returned 15.88% for the fiscal year ended June 30, and total assets reached \$90.1 billion, state Treasurer Janet Cowell reported Wednesday.

The fiscal year return easily outpaced the pension system's 7.25% target rate of return and 15.37% return of its custom benchmark. Ms. Cowell, in a statement, credited "strategic, incremental diversification efforts" for the results.

Equities returned 24.66% in the fiscal year; private equity, 18.27%; credit strategies, 12.9%; real estate, 12.03%; inflation protection, 8.21%; and fixed income returned 6.04%.

The current allocation is 46.9% equity, 30.4% fixed income, 8.4% real estate, 4.8% alternatives – including private equity and hedge funds – 5.3% credit strategies, 3.4% inflation strategies and 0.8% cash.

For the second quarter, the pension fund returned 3.87%. Alternatives returned 6.4%; equities, 4.67%; real estate, 4.08%; fixed income 2.69%; credit strategies 2.56%; and inflation protection, 2.54%.

**Original Story Link:** <http://www.pionline.com/article/20140813/ONLINE/140819942/north-carolina-retirement-systems-return-1588>

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## 2 Connecticut pension funds exceed 15.6% returns for fiscal year

By: James Comtois

Published: August 13, 2014



Connecticut Treasurer Denise Nappier

Connecticut's two largest pension funds, the Teachers' Retirement Fund and the State Employees' Retirement Fund, posted net returns of 15.67% and 15.62%, respectively, for the fiscal year ended June 30, said David Barrett, a spokesman for Treasurer Denise Nappier, the pension system's principal fiduciary.

Plan assets for the two funds, both based in Hartford, were about \$16.2 billion and \$10.5 billion, respectively, as of June 30. Combined investment gains for the two plans totaled \$3.8 billion. After combined net withdrawals of \$760.4 million, including benefit payments, fees and expenses, the two pension funds jointly had a total value of about \$26.7 billion at June 30, up 13% from the previous fiscal year.

Meanwhile, the overall Connecticut Retirement Plans & Trust Funds, Hartford, added \$4.15 billion of investment gains to pension assets in fiscal year 2014. After net withdrawals, the overall system ended the fiscal year with assets of \$29.4 billion, up 13.5% from the previous year. The broader system is made up of 12 state pension and trust funds, including the teachers' and employees' funds.

The CRPTF's domestic and international developed equity portfolios returned 25.3% and 22.2%, respectively, while its high-yield bond portfolio returned 12.2% for the year. Additionally, real estate and private equity posted returns of 10.7% and 16.1%, respectively, for the fiscal year.

**Original Story Link:** <http://www.pionline.com/article/20140813/ONLINE/140819945/2-connecticut-pension-funds-exceed-156-returns-for-fiscal-year>

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## 3 report asset owner universe returns for the second quarter and year

By: [Meaghan Kilroy](#)

Published: August 11, 2014



The median return of all plans in the BNY Mellon U.S. Master Trust Universe was 3.74% in the second quarter ended June 30, up from 1.94% in the quarter ended March 31.

The Wilshire Trust Universe Comparison Service returned a median 3.43% for the second quarter, up from 1.66% in the first quarter. And, Northern Trust's institutional universe returned a median 4% up from 2% in the first quarter.

In the BNY Mellon universe, corporate plans had the highest median return of 4% for the quarter, followed by public plans, which returned 3.85%; endowments, 3.66%; health-care plans, 3.6%; foundations, 3.59%; and Taft-Hartley plans, 3.22%.

Among the various plan types in TUCS, public plans had the highest median returns for the quarter, at 3.71%, followed by corporate plans at 3.66%; Taft-Hartley plans, 3.44%; and foundations and endowments, 3.42%.

At Northern Trust, corporate plans were the top performers for the quarter, returning a median 4%, up from 2.8% last quarter. Public plans returned a median 3.9%, while foundations and endowments returned a median 3.5%.

BNY Mellon reported international and domestic equity had the top median returns for the quarter at 4.68% and 4.5%, respectively. The Northern Trust universe also got its best returns from international and domestic equities.

John Houser, senior consultant for BNY Mellon's global risk solutions group, said in a telephone interview that the returns were "significant," adding, "definitely plans benefited from taking on more risk this quarter."

"In a quarter where the Wilshire 5000 Total Market Index and Barclays U.S. Aggregate Index returns are a solid 4.86% and 2.04%, respectively, it isn't surprising that overall plan returns are also strong," Robert J. Waid, managing director at Wilshire Associates, said in a news release.

For the year ended June 30, the median return for BNY Mellon's universe was 16.22%. Public pension funds had the highest median return, 17.16%; corporate plans, 16.88%; foundations, 16.17%; endowments, 15.99%; Taft-Hartley plans, 15.26%; and health-care plans, 14.83%.

In TUCS, Taft-Hartley plans led the one-year returns with 16.88%, followed by public plans, 16.86%; foundations and endowments, at 15.8%; and corporate plans, 15.65%.

Median one-year returns for the Northern Trust universe were 17.1% for public plans, 17% for corporate plans and 15.8% for foundations and endowments.

**Original Story Link:** <http://www.pionline.com/article/20140811/ONLINE/140819985/3-report-asset-owner-universe-returns-for-the-second-quarter-and-year>

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The board also released returns for its FRS Investment Plan, the state's 401(a) investment plan. The one-year return based on aggregate employee fund selection was 15.51% vs. a 15.05% benchmark return. The plan's year-end assets totaled \$9.04 billion, up 14.7% from a year earlier.

**Original Story Link:** <http://www.pionline.com/article/20140819/ONLINE/140819861/florida-retirement-system-posts-preliminary-174-return>

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