Staff Report 20-327
Item 4.B.

JOINT DISTRICT/RETIREMENT BOARD MEETING

AC TRANSIT EMPLOYEES' RETIREMENT PLAN

September 17, 2020

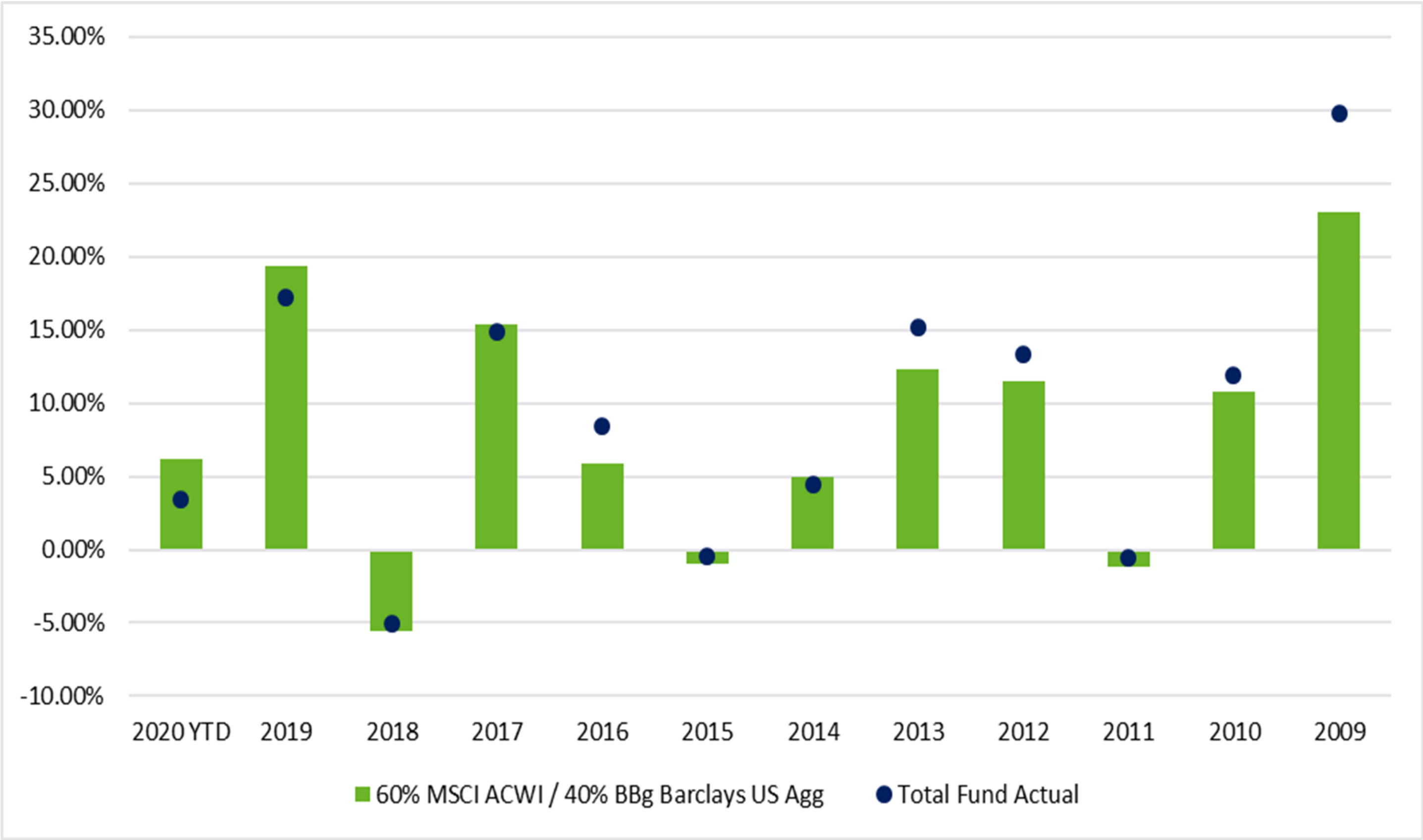
Carolyn Smith, Partner

AC TRANSIT ASSET ALLOCATION – 8/31/2020

	Current 8/31/2020			Current Target		
Domestic Large Cap Equity	$	222,942,371	28.9%	$	169,770,182	22.0%
Domestic Small Cap Equity	$	39,813,713	5.2%	$	46,300,959	6.0%
International Large Cap	$	108,132,683	14.0%	$	108,035,570	14.0%
International Small Cap	$	18,134,090	2.3%	$	23,150,479	3.0%
Emerging Markets Equity	$	26,605,399	3.4%	$	46,300,959	6.0%
Total Equities	**$**	**415,628,256**	**53.9%**	**$**	**393,558,148**	**51.0%**
Core Fixed Income	$	132,615,518	17.2%	$	146,619,702	19.0%
Credit	$	102,649,229	13.3%	$	100,318,744	13.0%
Emerging Market Debt	$	48,321,768	6.3%	$	46,300,959	6.0%
Total Fixed Income	**$**	**283,586,515**	**36.7%**	**$**	**293,239,405**	**38.0%**
Private Debt	$	26,481,897	3.4%	$	38,584,132	5.0%
Real Estate	$	37,509,998	4.9%	$	38,584,132	5.0%
Other	**$**	**63,991,895**	**8.3%**	**$**	**77,168,264**	**10.0%**
Cash	**$**	**8,475,978**	**1.1%**	**$**	**7,716,826**	**1.0%**
Total	**$**	**771,682,644**	**100.0%**	**$**	**771,682,644**	**100.0%**

The credit allocation includes investment grade corporate bonds, high yield bonds, bank loans and emerging market debt.
Private debt includes direct lending to corporations and is primarily senior secured loans.
Market values for Private Debt and Real Estate are preliminary.

60% MSCI ACWI / 40% BBG BC AGGREGATE CALENDAR YEAR RETURNS



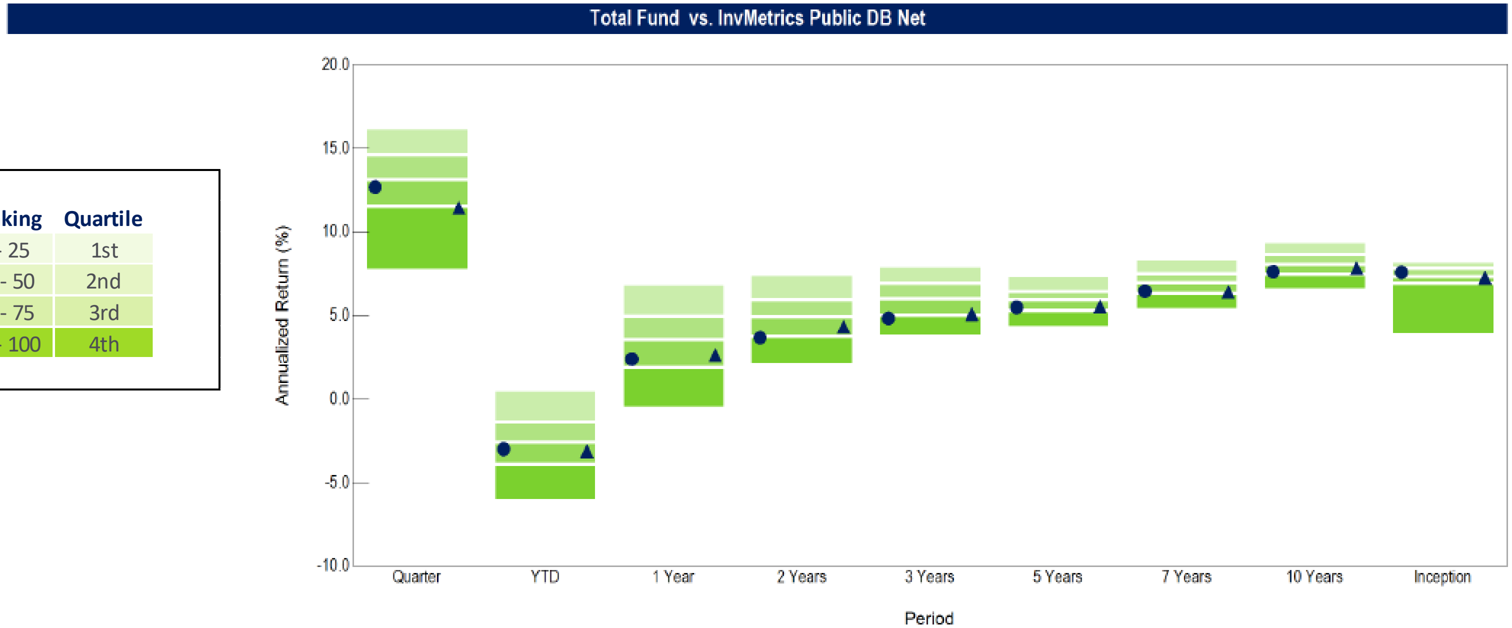
AC TRANSIT PERFORMANCE – 8/31/2020 ANNUALIZED RETURNS

% of Portfolio	Asset Class	QTD(%)	YTD(%)	1 Yr(%)	3 Yrs(%)	5 Yrs(%)	10 Yrs(%)	Inception(%)	Ending Market Value
100.0%	**Total Fund**	**6.6**	**3.4**	**10.1**	**6.3**	**7.5**	**8.1**	**7.8**	**771,682,645**
	Policy Index	6.8	3.4	10.1	6.6	7.7	8.3	7.5	
34.0%	**Total Domestic Equity**	**11.8**	**5.5**	**17.3**	**11.3**	**12.1**	**14.1**	**10.1**	**262,756,084**
	Russell 3000	13.3	9.4	21.4	13.9	13.9	14.9	10.0	
28.9%	Domestic Large Cap Equity	12.5	8.9	20.9	13.3	13.5	14.7	10.7	222,942,371
	Russell 1000	13.6	10.4	22.5	14.6	14.3	15.2	10.1	
5.2%	Domestic Small Cap Equity	8.3	-10.0	0.7	2.2	5.8	11.4	8.2	39,813,713
	Russell 2000	8.6	-5.5	6.0	5.0	7.7	11.5	8.8	
16.4%	**Total International Equity**	**9.3**	**-1.2**	**11.1**	**2.9**	**5.7**	**6.1**	**7.3**	**126,266,773**
	MSCI EAFE	7.6	-4.6	6.1	2.3	4.7	5.9	5.8	
3.4%	**Total Emerging Markets Equity**	**11.0**	**-3.4**	**8.1**	**0.7**	**6.6**	**--**	**1.8**	**26,605,399**
	MSCI Emerging Markets	11.3	0.4	14.5	2.8	8.7	3.8	2.1	
36.7%	**Total Fixed Income**	**2.4**	**4.9**	**6.0**	**4.8**	**5.2**	**4.4**	**5.6**	**283,586,515**
17.2%	**Total Domestic Fixed Income**	**0.7**	**6.9**	**6.5**	**5.1**	**4.3**	**3.8**	**5.4**	**132,615,518**
	BBgBarc US Aggregate TR	0.7	6.9	6.5	5.1	4.3	3.7	5.6	
13.3%	Credit Fixed Income	3.6	4.1	5.5	5.4	6.3	--	5.7	102,649,229
	Credit Fixed Income Index	3.5	5.0	6.2	5.0	5.3	--	4.7	
6.3%	Emerging Market Debt	4.4	-0.5	4.3	2.7	5.6	--	4.4	48,321,768
	*50% JPM GBI-EM / 50% JPM EMBI	3.5	-2.8	1.7	1.8	5.2	--	4.9	
3.4%	**Private Debt**	**0.0**	**-2.1**	**1.2**	**4.2**	**4.9**	**--**	**5.7**	**26,481,897**
	S&P/LSTA Leveraged Loan Index (1 QTR Lag)	8.5	-4.0	-2.9	1.7	2.6	--	2.7	
4.9%	**Real Estate**	**0.1**	**0.3**	**0.5**	**4.4**	**5.7**	**--**	**7.1**	**37,509,998**
1.1%	**Cash**	**0.1**	**0.6**	**1.2**	**1.9**	**1.5**	**0.8**	**2.6**	**8,475,978**
	91 Day T-Bills	0.0	0.4	1.0	1.6	1.1	0.6	2.4	

Total Plan since inception represents performance from 3/31/1992 to 6/30/2020.
Returns greater than 1-year are annualized.

TOTAL FUND RETURN SUMMARY VS. PEERS AS OF 6/30/2020

Ranking	Quartile
1 - 25	1st
26 - 50	2nd
51 - 75	3rd
76 - 100	4th



	Return (Rank)																	
5th Percentile	16.2		0.5		6.9		7.4		8.0		7.4		8.4		9.4		8.2	
25th Percentile	14.6		-1.4		5.0		6.0		6.9		6.5		7.5		8.7		7.8	
Median	13.2		-2.6		3.6		4.9		6.0		5.9		7.0		8.1		7.3	
75th Percentile	11.6		-3.9		1.9		3.8		5.0		5.3		6.3		7.5		6.9	
95th Percentile	7.7		-6.1		-0.5		2.1		3.8		4.3		5.4		6.5		3.9	
# of Portfolios	580		579		574		562		554		516		486		429		77	
● Total Fund	12.7	(59)	-3.0	(59)	2.4	(68)	3.7	(78)	4.8	(80)	5.5	(71)	6.5	(72)	7.6	(70)	7.6	(35)
▲ Policy Index	11.4	(77)	-3.1	(62)	2.6	(64)	4.3	(66)	5.1	(74)	5.5	(69)	6.4	(73)	7.8	(62)	7.3	(58)

PROJECTED PERFORMANCE AND RISK

	10 Year Expected Return	30 Year Expected Return	Expected Risk	Current Target
Cash	0.70%	1.00%	1.00%	1%
Large Cap Equities	6.57%	7.40%	16.50%	22%
Small/Mid Cap Equities	7.30%	7.60%	20.00%	6%
Int'l Equities (Unhedged)	7.50%	7.60%	20.50%	14%
Int'l Sm Cap Equities (Unhedged)	7.80%	8.00%	22.00%	3%
Emerging Int'l Equities	10.21%	9.50%	28.00%	6%
Total Equity				**51%**
Core Bonds	1.61%	2.62%	6.00%	19%
Credit	5.06%	5.16%	8.48%	13%
EMD (External)	5.70%	5.30%	13.00%	3%
EMD (Local Currency)	5.90%	5.64%	13.00%	3%
Private Debt	8.00%	7.84%	11.54%	5%
Total Fixed Income				**43%**
Core Real Estate	4.50%	5.70%	13.00%	3%
Non-Core Real Estate	5.40%	7.10%	19.50%	3%
Total Real Assets				**5%**

Expected Return 10 yrs				**6.2%**
Expected Return 30 yrs				**6.7%**
Standard Dev				**11.5%**
Sharpe Ratio (10 years)				**0.48**
Sharpe Ratio (30 years)				**0.43**

Probability of 1-Year Return Under 0.0%				**29.4%**
Probability of 10-Year Return Under 0.0%				**4.3%**
Probability of 10-Year Return Over 7.0%				**41.4%**
Probability of 30-Year Return Under 7.0%				**43.9%**

NEPC