



Retirement Connection

Special Newsletter for DCREA Members | March 2016

“It is our mission to provide retirement benefits and superior service to advance the financial security of our members.”

Dallas ERF Beat Benchmark In 2015

From the desk of ERF's Executive Director - Cheryl D. Alston

HAPPY NEW YEAR!

The Employees' Retirement Fund investment portfolio generated a return of -1.77% (net of fees) for calendar year 2015, ending the year with \$3.2 billion in assets. The one year return was 134 basis points better than the policy benchmark of -3.11%. The Fund has performed well over longer time periods. The Fund's 3 year return is 6.95% and the 5 year return is 7.12%.

The best performing asset class in 2015 was Private Equity. The report for Private Equity returns always lag a quarter behind, so the last reported quarter is September 30, 2015. For the 12 month period ended September 30, 2015, the investments in Private Equity returned 13.17%. The Fund's Real Estate investments generated 9.31% for the year. The Real Estate investments consist of publicly traded real estate funds called Real Estate Investment Trusts (“REITs”) and domestic private real estate funds. Our investments in Domestic Equity returned 0.70% for the year.

The International markets struggled due to a number of economic factors, with the benchmarks of MSCI EAFE (developed markets) returning -0.81% and MSCI ACWI ex US (includes emerging markets) at -4.60% for the year. Our investment in International Equity was negative, with a return of -2.12% for 2015. Our allocation to Global Equity returned -2.39%. Public Real Assets, which consists of energy Master Limited Partnerships (MLPs), had the worst performance. The Fund's MLP managers earned -32.19% vs the Alerian MLP benchmark of -32.59%.

Fixed Income is 30% of the ERF investment portfolio. Our investment in Global Fixed Income returned 0.53% compared to the Barclays Aggregate benchmark of 0.55% in 2015. Our High Yield investments posted a negative return of -2.62% vs the Citigroup High Yield cash pay index of -5.41%.

2015 was a volatile year for the stock market and I want to thank the Board members for their discipline, patience, and investment expertise as the markets continue to evolve. As pension fund investors, we have to remember to focus on the long term investment horizon. I would also like to take this opportunity to commend the ERF staff for their diligence and commitment to excellent service to employees and pensioners.



In summary, active members, terminated employees with a vested pension and retirees should feel confident that ERF remains sound and your retirement benefits are safe and secure. We welcome your questions, comments, or suggestions.

