

## Legislators' Investment Program

The Legislators' investment program is designed to fund benefit payments for the Legislators' Retirement System. The return and risk goals for this fund are identical to the PERS fund. By statute the assets of the Legislators' Retirement System must be invested separately from PERS, so even though this fund is much smaller (\$4.4 million versus \$23.2 billion) it is designed to generate a statistically similar return and risk profile to PERS.

The investment objective of the Legislators' fund is to:

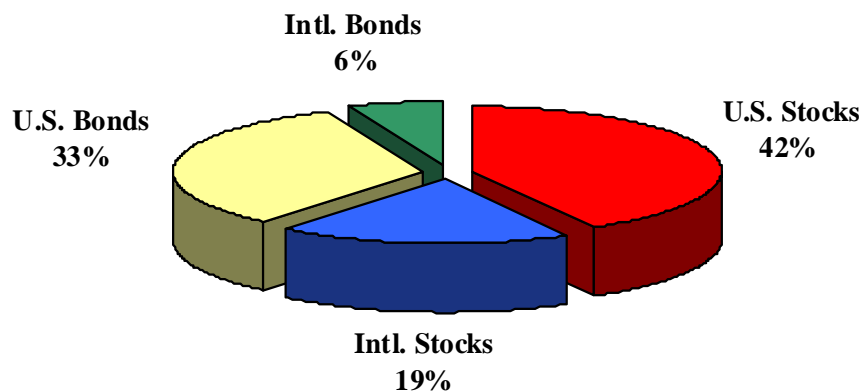
- Generate 8% by producing a long-term total return from investments which exceeds the rate of inflation (CPI) by 4.5% by capturing market returns within each asset class;
- Invest so the short-term volatility of returns will not cause the System to alter its long-term strategy; and
- Structure an investment program which is sufficiently uncomplicated to control the ability to consistently meet return and risk objectives.

### Asset Allocation

Similar to the PERS' fund, the Legislators' portfolio is broadly diversified. The program utilizes 100% index management to support return stability versus the market and efficient administration. Since PERS' managers are utilized for this fund, management fees are quite low. Management costs for this program are 0.03%, which is 94% below the industry average.

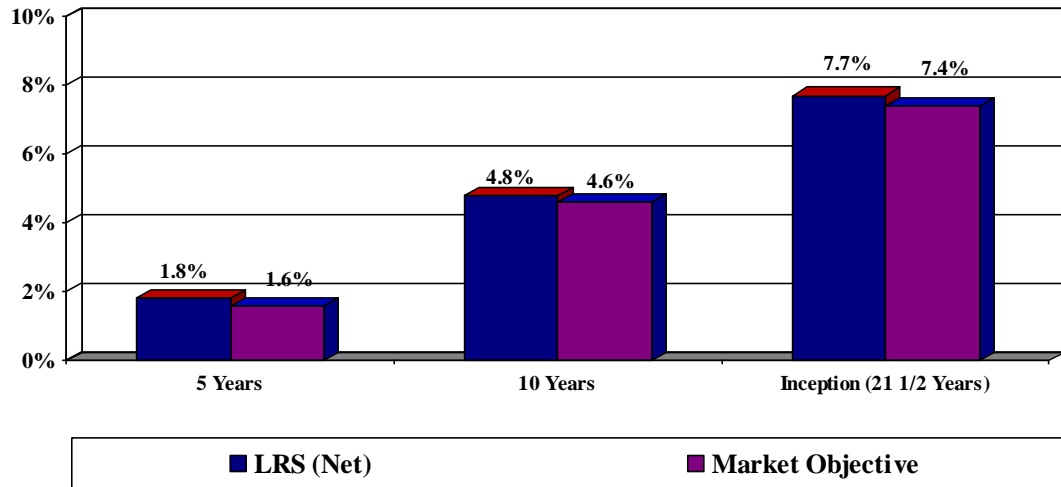
Asset allocation and rebalancing are the primary tools the Board uses to manage risk and return and add value to the program. Since its performance inception, the fund's return ranks in the top 20% of similar sized pension plans. This competitiveness is a result of the Board's emphasis on consistent implementation of a focused, efficient investment strategy.

As of September 30, 2011 total assets were \$4.0 million. Since programs this small have difficulty accessing private market assets such as real estate and private equity, there are some differences between the Legislators' and PERS' asset allocation. The Legislators' fund target asset allocation is detailed below:



## Investment Return

Since the fund's July 1990 inception, the portfolio generated a 7.7% net return. Similar to PERS, an emphasis on index management and disciplined rebalancing has helped this program outperform its market objective in each measurement period. Long term results as of September 30, 2011 are detailed below:



## Administration

The Legislators' portfolio is managed on a fully discretionary basis by external managers. Each firm is also a manager for the PERS fund. Each firm is charged with a specific mandate as follows:

Firm:	Retained:	Mandate:
AllianceBernstein	1999	S&P 500 Index
BlackRock	2003	Barclays Aggregate Index
Mellon Capital	2003	Int'l Stock Index
Payden & Rygel	2004	Int'l Bond Index
Callan Associates	1983	Investment Consultant

- [Legislators' Investment Objectives and Policies](#)